

Return of Organization Exempt from Income Tax

OMB No 1545-0047

2001

Open to Public Inspection

Department of the Treasury
Internal Revenue ServiceUnder Section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code
(except black lung benefit trust or private foundation)

The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2001 calendar year, or tax year beginning , 2001, and ending , 20

B Check if applicable:

- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Final return
- ☐ Amended return
- ☐ Application pending

Please use IRS label or print or type. See specific instructions.

KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST
ONE KAISER PLAZA, 1550 ORDWAY
OAKLAND, CA 94612

D Employer identification number: 93-0798039

E Telephone number: 510 271-6385

F Accounting method: ☐ Cash ☒ Accrual
☐ Other (specify) _____

G Web site: N/A

J Organization type (check only one): ☒ 501(c) 3 (insert no) ☐ 4947(a)(1) or ☐ 527

K Check here ☐ if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

L Gross receipts. Add lines 6b, 8b, 9b, and 10b to line 12: 1,268,786,799

H and **I** are not applicable to Section 527 organizations.

H (a) Is this a group return for affiliates? ☐ Yes ☒ No

H (b) If yes, enter number of affiliates: _____

H (c) Are all affiliates included? ☐ Yes ☐ No
(If no, attach a list. See instructions.)

H (d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☒ No

I Enter 4-digit group GEN: _____

M Check ☒ if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF).

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (see instructions)

1 Contributions, gifts, grants, and similar amounts received					
a Direct public support		1a			
b Indirect public support		1b			
c Government contributions (grants)		1c			
d Total (add lines 1a through 1c) (cash \$ _____ noncash \$ _____)		1d		0	
2 Program service revenue including government fees and contracts (from Part VII, line 93)		2		1,258,542,046	
3 Membership dues and assessments		3			
4 Interest on savings and temporary cash investments		4			
5 Dividends and interest from securities		5			
6a Gross rents		6a			
b Less rental expenses		6b			
c Net rental income or (loss) (subtract line 6b from line 6a)		6c			
7 Other investment income (describe _____) STMT 17A		7		10,195,000	
8a Gross amount from sales of assets other than inventory		(A) Securities		(B) Other	
		8a		49,753	
b Less cost or other basis and sales expenses		8b		203,652	
c Gain or (loss) (attach schedule) STMT 18		8c		-153,899	
d Net gain or (loss) (combine line 8c, columns (A) and (B))		8d		-153,899	
9 Special events and activities (attach schedule)					
a Gross revenue (not including \$ _____ of contributions reported on line 1a)		9a			
b Less direct expenses other than fundraising expenses		9b			
c Net income or (loss) from special events (subtract line 9b from line 9a)		9c			
10a Gross sales of inventory, less returns and allowances		10a			
b Less cost of goods sold		10b			
c Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)		10c			
11 Other revenue (from Part VII, line 103)		11			
12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)		12		1,268,583,147	
13 Program services (from line 44, column (B))		13		1,109,748,505	
14 Management and general (from line 44, column (C))		14		136,609,219	
15 Fundraising (from line 44, column (D))		15			
16 Payments to affiliates (attach schedule)		16			
17 Total expenses (add lines 16 and 44, column (A))		17		1,246,357,724	
18 Excess or (deficit) for the year (subtract line 17 from line 12)		18		22,225,423	
19 Net assets or fund balances at beginning of year (from line 73, column (A))		19		171,417,837	
20 Other changes in net assets or fund balances (attach explanation) SEE STATEMENT 1		20		481,808	
21 Net assets or fund balances at end of year (combine lines 18, 19, and 20)		21		194,125,068	

10p

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Part II Statement of Functional Expenses All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others.

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (att sch) (cash \$ _____ non cash \$ _____)	22			
23	Specific assistance to individuals (att sch)	23			
24	Benefits paid to or for members (att sch)	24			
25	Compensation of officers, directors, etc	25	1,630,193	1,630,193	
26	Other salaries and wages	26	242,344,525	42,020,476	
27	Pension plan contributions	27	9,353,768	1,673,389	
28	Other employee benefits	28	62,152,470	18,582,812	
29	Payroll taxes	29	20,322,704	3,635,732	
30	Professional fundraising fees	30			
31	Accounting fees	31	429,542	427,692	
32	Legal fees	32	5,425	1,375	
33	Supplies	33	163,222,999	1,212,847	
34	Telephone	34	938,931	755,786	
35	Postage and shipping	35	3,726,830	2,672,712	
36	Occupancy	36	11,530,437	2,594,249	
37	Equipment rental and maintenance	37	4,701,662	698,856	
38	Printing and publications	38	2,039,008	1,321,010	
39	Travel	39	2,514,604	1,360,362	
40	Conferences, conventions, and meetings	40			
41	Interest	41	5,183,000	5,183,000	
42	Depreciation, depletion, etc (attach schedule)	42	23,074,311	3,456,319	STMT 20
43	Other expenses not covered above (itemize)				
a	SEE STATEMENT 2	43a	693,187,315	638,621,906	54,565,409
b		43b			
c		43c			
d		43d			
e		43e			
44	Total functional expenses (add lines 22 - 43). Organizations completing columns (B) (D), carry these totals to lines 13 - 15	44	1246357724	1,109,748,505	136,609,219

0

Joint Costs. Check ☐ if you are following SOP 98-2Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? ☐ Yes ☒ No

If 'Yes,' enter (i) the aggregate amount of these joint costs \$ _____, (ii) the amount allocated to program services \$ _____, (iii) the amount allocated to management and general \$ _____, and (iv) the amount allocated to fundraising \$ _____

Part III Statement of Program Service AccomplishmentsWhat is the organization's primary exempt purpose? ☐ SEE STATEMENT 3

All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) & (4) organizations & section 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants & allocations to others.)

Program Service Expenses
(Required for 501(c)(3) and (4) organizations and 4947(a)(1) trusts but optional for others.)

a	SEE STATEMENT 3	
	(Grants and allocations \$ _____)	1,109,748,505
b		
	(Grants and allocations \$ _____)	
c		
	(Grants and allocations \$ _____)	
d		
	(Grants and allocations \$ _____)	
e	Other program services	(Grants and allocations \$ _____)
f	Total of Program Service Expenses (should equal line 44, column (B), program services)	1,109,748,505

Part IV Balance Sheets (See instructions)**Note:** Where required, attached schedules and amounts within the description column should be for end-of-year amounts only

		(A) Beginning of year		(B) End of year
ASSETS	45 Cash — non-interest-bearing	9,048,278	45	8,302,163
	46 Savings and temporary cash investments		46	195,627
	47a Accounts receivable	47a 39,669,664		
	b Less allowance for doubtful accounts	47b 7,748,560	37,097,611	47c 31,921,104
	48a Pledges receivable	48a		48c
	b Less allowance for doubtful accounts	48b		
	49 Grants receivable		49	
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)		50	
	51a Other notes & loans receivable (attach sch) STMT 17B	51a 1,946,254		
	b Less allowance for doubtful accounts	51b	11,450,000	51c 1,946,254
	52 Inventories for sale or use		20,592,373	52 24,441,498
	53 Prepaid expenses and deferred charges		2,076,363	53 805,399
	54 Investments — securities (attach schedule)	<input type="checkbox"/> Cost <input type="checkbox"/> FMV		54
	55a Investments — land, buildings, & equipment basis	55a		
	b Less accumulated depreciation (attach schedule)	55b		55c
	56 Investments — other (attach schedule)	STMT 17A	62,165,960	56 29,176,256
	57a Land, buildings, and equipment basis	57a 400,765,878		
	b Less accumulated depreciation STMT 20 STATEMENT 5	57b 168,168,953	232,373,969	57c 232,596,925
58 Other assets (describe <input type="checkbox"/> SEE STATEMENT 6)		13,795,628	58 66,285,944	
59 Total assets (add lines 45 through 58) (must equal line 74)		388,600,182	59 395,671,170	
LIABILITIES	60 Accounts payable and accrued expenses		131,593,460	60 106,071,725
	61 Grants payable			61
	62 Deferred revenue		31,078,081	62 35,671,875
	63 Loans from officers, directors, trustees, and key employees (attach schedule)			63
	64a Tax-exempt bond liabilities (attach schedule)			64a
	b Mortgages and other notes payable (attach schedule)		10,000,000	64b
	65 Other liabilities (describe <input type="checkbox"/> SEE STATEMENT 7)		44,510,804	65 59,802,502
	66 Total liabilities (add lines 60 through 65)		217,182,345	66 201,546,102
	Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74			
	67 Unrestricted			67
68 Temporarily restricted			68	
69 Permanently restricted			69	
Organizations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 70 through 74				
70 Capital stock, trust principal, or current funds		171,417,837	70 194,125,068	
71 Paid in or capital surplus, or land, building, and equipment fund			71	
72 Retained earnings, endowment, accumulated income, or other funds			72	
73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72, column (A) must equal line 19 and column (B) must equal line 21)		171,417,837	73 194,125,068	
74 Total liabilities and net assets/fund balances (add lines 66 and 73)		388,600,182	74 395,671,170	

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

BAA

**Part IV-A Reconciliation of Revenue per Audited
Financial Statements with Revenue
per Return (See instructions)**

a	Total revenue, gains, and other support per audited financial statements	a	1254684000
b	Amounts included on line a but not on line 12, Form 990		
(1)	Net unrealized gains on investments \$		
(2)	Donated services and use of facilities \$		
(3)	Recoveries of prior year grants \$		
(4)	Other (specify)		
	\$		
	Add amounts on lines (1) through (4)	b	
c	Line a minus line b	c	1254684000
d	Amounts included on line 12, Form 990 but not on line a		
(1)	Investment expenses not included on line 6b, Form 990 \$		
(2)	Other (specify)		
	SEE STM 8 \$ 13,899,147		
	Add amounts on lines (1) and (2)	d	13,899,147
e	Total revenue per line 12, Form 990 (line c plus line d)	e	1268583147

Part IV-B	Reconciliation of Expenses per Audited Financial Statements with Expenses per Return
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a Total expenses and losses per audited financial statements	a 1,232,459,000
b Amounts included on line a but not on line 17, Form 990 (1) Donated services and use of facilities \$ _____ (2) Prior year adjustments reported on line 20, Form 990 \$ _____ (3) Losses reported on line 20, Form 990 \$ _____ (4) Other (specify) _____ _____ \$ _____ Add amounts on lines (1) through (4)	b
c Line a minus line b	c 1,232,459,000
d Amounts included on line 17, Form 990 but not on line a (1) Investment expenses not included on line 6b, Form 990 \$ _____ (2) Other (specify) _____ <u>SEE STMT 9</u> \$ 13,898,724 Add amounts on lines (1) and (2)	d 13,898,724
e Total expenses per line 17, Form 990 (line c plus line d)	e 1,246,357,724

Part V.	List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated, see instructions)
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[illegible]

75 Did any officer, director, trustee or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations? SEE STATEMENT

SEE STATEMENTS 11 AND 25

☒ Yes☐ **No**

If 'Yes ' attach schedule – see instructions

Part VI Other Information (See specific instructions)

	Yes	No
76 Did the organization engage in any activity not previously reported to the IRS? If 'Yes,' attach a detailed description of each activity		X
77 Were any changes made in the organizing or governing documents but not reported to the IRS? If 'Yes,' attach a conformed copy of the changes	X	
STATEMENT 26		
78a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	X	
78b If 'Yes,' has it filed a tax return on Form 990-T for this year?	X	
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If 'Yes,' attach a statement		X
80a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	X	
b If 'Yes,' enter the name of the organization <u>SEE STATEMENT 12</u> and check whether it is <input checked="" type="checkbox"/> exempt or <input checked="" type="checkbox"/> nonexempt		
81a Enter direct or indirect political expenditures. See line 81 instructions	81a	0
b Did the organization file Form 1120-POL for this year?		X
82a Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?		X
b If 'Yes,' you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)	82b	N/A
83a Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	N/A	
84a Did the organization solicit any contributions or gifts that were not tax deductible?	N/A	
b If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	N/A	
85 501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members?	85a	N/A
b Did the organization make only in-house lobbying expenditures of \$2,000 or less?	85b	N/A
If 'Yes' was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.		
c Dues, assessments, and similar amounts from members	85c	N/A
d Section 162(e) lobbying and political expenditures	85d	N/A
e Aggregate nondeductible amount of Section 6033(e)(1)(A) dues notices	85e	N/A
f Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	N/A
g Does the organization elect to pay the Section 6033(e) tax on the amount on line 85f?	85g	N/A
h If Section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	N/A
86 501(c)(7) organizations Enter a Initiation fees and capital contributions included on line 12	86a	N/A
b Gross receipts, included on line 12, for public use of club facilities	86b	N/A
87 501(c)(12) organizations Enter a Gross income from members or shareholders	87a	N/A
b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	87b	N/A
88 At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations Sections 301.7701-2 and 301.7701-3? If 'Yes,' complete Part IX	88	X
89a 501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under Section 4911 <u>0</u> , Section 4912 <u>0</u> , Section 4955 <u>0</u>		
b 501(c)(3) and 501(c)(4) organizations Did the organization engage in any Section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If 'Yes,' attach a statement explaining each transaction	89b	X
c Enter Amount of tax imposed on the organization managers or disqualified persons during the year under Sections 4912, 4955, and 4958		0
d Enter Amount of tax on line 89c, above, reimbursed by the organization		0
90a List the states with which a copy of this return is filed <u>OREGON AND WASHINGTON</u>		
b Number of employees employed in the pay period that includes March 12, 2001 (see instructions)	90b	6,638
91 The books are in care of <u>NATIONAL TAX DIRECTOR</u> Telephone number <u>510 271-6385</u> Located at <u>1 KAISER PLAZA, 1550 ORDWAY, OAKLAND, CA</u> ZIP + 4 <u>94612</u>		
92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year <u>92</u>		N/A

Part VII Analysis of Income-Producing Activities (See instructions)

Note: Enter gross amounts unless otherwise indicated

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue					
a SEE STATEMENT 13		3,660,517		16,295,525	977,784,075
b					
c					
d					
e					
f Medicare/Medicaid payments					260,801,929
g Fees & contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings & temporary cash invmnts					
96 Dividends & interest from securities					
97 Net rental income or (loss) from real estate					
a debt financed property					
b not debt financed property					
98 Net rental income or (loss) from pers prop					
99 Other investment income SMIT 17A			14	10,195,000	
100 Gain or (loss) from sales of assets other than inventory			18	-153,899	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue a					
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		3,660,517		26,336,626	1,238,586,004
105 Total (add line 104, columns (B), (D), and (E))					1,268,583,147

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See instructions)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)
1	SEE STATEMENT 14
2	
3	
4	
5	

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See instructions)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End of year assets
KAISER PER HEALTH ALTERNATIVE	100 000 %	DENTAL PLAN	5,468,781	3,451,436
ONE KAISER PLAZA, 1550 ORDWAY	%			
OAKLAND, CA 94612	%			
94-3113684	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See instructions)

a Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No

b Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☒ No

Note. If 'Yes' to (b), file Form 8870 and Form 4720 (see instructions)

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please **Robert S. Sasser** **NOV 11 2002**

Date

Schedule A
(Form 990 or 990-EZ)**Organization Exempt Under
Section 501(c)(3)**

OMB No. 1545-0047

(Except Private Foundation) and Section 501(e), 501(f), 501(k), 501(n), or Section 4947(a)(1)
Nonexempt Charitable Trust Supplementary Information — (See separate instructions.)**2001**Department of the Treasury
Internal Revenue Service

Supplementary Information — (see separate instructions)

▶ Must be completed by the above organizations and attached to their Form 990 or 990-EZ.

Name of the Organization

KAISER FOUNDATION HEALTH PLAN OF THE
NORTHWEST

Employer Identification Number

93-0798039

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees

(See instructions. List each one. If there are none, enter 'None'.)

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
ALEC W. VOLVOVIC 1 KAISER PLAZA, OAKLAND, CA	CRNA/NURSE ANES 40	196,076	26,816	0
DENIS J. HEATHER 1 KAISER PLAZA, OAKLAND, CA	CRNA/NURSE ANES 40	169,207	18,169	0
SUSAN MARONEY 1 KAISER PLAZA, OAKLAND, CA	CO DIR-MICROBIO 40	167,720	15,866	0
MANUEL D. ARGUELLO 1 KAISER PLAZA, OAKLAND, CA	CRNA/NURSE ANES 40	149,658	18,285	0
DENISE HONZEL 1 KAISER PLAZA, OAKLAND, CA	INSURANCE SYCS LEADER 40	239,256	22,561	786
Total number of other employees paid over \$50,000 ▶	1,353			

Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services

(See instructions. List each one (whether individuals or firms). If there are none, enter 'None'.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NORTHWEST PERMANENTE, PC 500 NE MULTNOMAH ST., PORTLAND, OR 97232	PHYSICIAN SERVICES	193831626
SW WASHINGTON MEDICAL CENTER VANCOUVER, WA	HOSP INPATIENT SVC	20,307,178
PERMANENTE DENTAL ASSOC 500 NE MULTNOMAH ST., PORTLAND, OR 97232	DENTAL SERVICES	26,052,313
AMERICAN MEDICAL RESPONSE, INC 2821 S PARKER RD, AURORA, CO 80014	AMBULANCE SERVICES	16,393,022
ST. JOHN MEDICAL CENTER 1614 E KESSLER BLVD, LONGVIEW, WA 98632	EMERGENCY RM SVC	13,112,611
Total number of others receiving over \$50,000 for professional services ▶	208	

BAA For Paperwork Reduction Act Notice, see the instructions for Form 990 and Form 990-EZ.

Schedule A (Form 990 or 990-EZ) 2001

Part III Statements About Activities (See instructions)

- 1** During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If 'Yes,' enter the total expenses paid or incurred in connection with the lobbying activities **▶ \$ 201,079**
- (Must equal amounts on line 38, Part VI-A, or line 1 of Part VI-B.)

Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking 'Yes,' must complete Part VI-B and attach a statement giving a detailed description of the lobbying activities.

- 2** During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is 'Yes,' attach a detailed statement explaining the transactions.)

SEE STATEMENT 15

a Sale, exchange, or leasing of property?

b Lending of money or other extension of credit?

c Furnishing of goods, services, or facilities?

SEE FORM 990, PART V

d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?

e Transfer of any part of its income or assets?

SEE STATEMENT 16

- 3** Does the organization make grants for scholarships, fellowships, student loans, etc? (See Note below)

- 4** Do you have a section 403(b) annuity plan for your employees?

Note Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it in furtherance of its charitable programs qualify to receive payments

Part IV Reason for Non-Private Foundation Status (See instructions)

The organization is not a private foundation because it is (please check only **One** applicable box)

- 5** ☐ A church, convention of churches, or association of churches Section 170(b)(1)(A)(i)
- 6** ☐ A school Section 170(b)(1)(A)(ii) (Also complete Part V)
- 7** ☐ A hospital or a cooperative hospital service organization Section 170(b)(1)(A)(iii)
- 8** ☐ A federal, state, or local government or governmental unit Section 170(b)(1)(A)(v)
- 9** ☐ A medical research organization operated in conjunction with a hospital Section 170(b)(1)(A)(iii) Enter the hospital's name, city, and state ▶
- 10** ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit Section 170(b)(1)(A)(iv) (Also complete the **Support Schedule** in Part IV-A)
- 11a** ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A)
- 11b** ☐ A community trust Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A)
- 12** ☒ An organization that normally receives (1) more than 33-1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc, functions — subject to certain exceptions, and (2) no more than 33-1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2) (Also complete the **Support Schedule** in Part IV-A)
- 13** ☐ An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in (1) lines 5 through 12 above, or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2) (See section 509(a)(3))

Provide the following information about the supported organizations (See instructions)

(a) Name(s) of supported organization(s)	(b) Line number from above

- 14** ☐ An organization organized and operated to test for public safety Section 509(a)(4) (See instructions)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12) *Use cash method of accounting.***Note** You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in)	(a) 2000	(b) 1999	(c) 1998	(d) 1997	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28)		NONE	NONE	60,495	60,495
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose	1110328529	1031433687	938249447	852562549	3932574212
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	16,515,370	17,729,540	15,030,632	12,044,377	61,319,919
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22	1126843899	1049163227	953280079	864667421	3993954626
24 Line 23 minus line 17	16,515,370	17,729,540	15,030,632	12,104,872	61,380,414
25 Enter 1% of line 23	11,268,439	10,491,632	9,532,801	8,646,674	
26 Organizations described on lines 10 or 11	a Enter 2% of amount in column (e), line 24. NOT APPLICABLE				26a
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1997 through 2000 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts					26b
c Total support for section 509(a)(1) test. Enter line 24, column (e)					26c
d Add: Amounts from column (e) for lines 18 _____ 19 _____ 22 _____ 26b _____					26d
e Public support (line 26c minus line 26d total)					26e
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f %
27 Organizations described on line 12	a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year: (2000) _____ (1999) _____ NONE (1998) _____ NONE (1997) _____ NONE				
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year: (2000) _____ (1999) _____ NONE (1998) _____ NONE (1997) _____ NONE					
c Add: Amounts from column (e) for lines 15 _____ 60,495 16 _____ 17 <u>3,932,574,212</u> 20 _____ 21 _____					27c 3,932,634,707
d Add: Line 27a total _____ NONE and line 27b total _____ NONE					27d NONE
e Public support (line 27c total minus line 27d total)					27e 3,932,634,707
f Total support for section 509(a)(2) test. Enter amount on line 23, column (e)	27f 3,993,954,628				
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27g 98.4647 %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					27h 1.5353 %
28 Unusual Grants. For an organization described in line 10, 11, or 12 that received any unusual grants during 1997 through 2000, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15					

Part V Private School Questionnaire (See instructions)
(To be completed Only by schools that checked the box on line 6 in Part IV)

		N/A	Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?			
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?			
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If 'Yes,' please describe, if 'No,' please explain (If you need more space, attach a separate statement)			
32	Does the organization maintain the following			
a	Records indicating the racial composition of the student body, faculty, and administrative staff?			
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?			
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?			
d	Copies of all material used by the organization or on its behalf to solicit contributions?			
	If you answered 'No' to any of the above, please explain (If you need more space, attach a separate statement)			
33	Does the organization discriminate by race in any way with respect to			
a	Students' rights or privileges?			
b	Admissions policies?			
c	Employment of faculty or administrative staff?			
d	Scholarships or other financial assistance?			
e	Educational policies?			
f	Use of facilities?			
g	Athletic programs?			
h	Other extracurricular activities?			
	If you answered 'Yes' to any of the above, please explain (If you need more space, attach a separate statement)			
34a	Does the organization receive any financial aid or assistance from a governmental agency?			
b	Has the organization's right to such aid ever been revoked or suspended?			
	If you answered 'Yes' to either 34a or b, please explain using an attached statement			
35	Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If 'No,' attach an explanation			

Part VI-A Lobbying Expenditures by Electing Public Charities (See instructions)
(To be completed Only by an eligible organization that filed Form 5768)

N/A

Check ☐ a ☐ if the organization belongs to an affiliated group Check ☐ b ☐ if you checked 'a' and 'limited control' provisions apply**Limits on Lobbying Expenditures**

(The term 'expenditures' means amounts paid or incurred)

		(a) Affiliated group totals	(b) To be completed for all electing organizations
36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	36		
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37		
38 Total lobbying expenditures (add lines 36 and 37)	38		
39 Other exempt purpose expenditures	39		
40 Total exempt purpose expenditures (add lines 38 and 39)	40		
41 Lobbying nontaxable amount Enter the amount from the following table –			
If the amount on line 40 is –	The lobbying nontaxable amount is –		
Not over \$500,000	20% of the amount on line 40		
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000		
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000		
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000		
Over \$17,000,000	\$1,000,000		
42 Grassroots nontaxable amount (enter 25% of line 41)	42		
43 Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36	43		
44 Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	44		
Caution If there is an amount on either line 43 or line 44, you must file Form 4720			

4 -Year Averaging Period Under Section 501(h)(Some organizations that made a section 501(h) election do not have to complete all of the five columns below
See the instructions for lines 45 through 50)

Lobbying Expenditures During 4 -Year Averaging Period					
Calendar year (or fiscal year beginning in) ▶	(a) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots non-taxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See instructions)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of

- a Volunteers
- b Paid staff or management (include compensation in expenses reported on lines c through h)
- c Media advertisements
- d Mailings to members, legislators, or the public
- e Publications, or published or broadcast statements
- f Grants to other organizations for lobbying purposes
- g Direct contact with legislators, their staffs, government officials, or a legislative body
- h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means
- i Total lobbying expenditures (add lines c through h.)

Yes	No	Amount
	X	
X		
	X	
	X	
	X	
	X	
X		201,079
	X	
		201,079

If 'Yes' to any of the above, also attach a statement giving a detailed description of the lobbying activities SEE STATEMENT 17

BAA

Schedule A (Form 990 or 990-EZ) 2001

CLIENT 904

KAISER FOUNDATION HEALTH PLAN OF THE
NORTHWEST

93-0798039

11/07/02

01 14PM

STATEMENT 1
FORM 990, PART I, LINE 20
OTHER CHANGES IN NET ASSETS OR FUND BALANCES

UNREALIZED GAIN ON INVESTMENTS

	\$	481,808
TOTAL	\$	<u>481,808</u>

STATEMENT 2
FORM 990, PART II, LINE 43
OTHER EXPENSES

	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT & GENERAL	(D) FUNDRAISING
ADVERTISING & MARKETING	492,411	40,145	452,266	
AUDIT ADJUSTMENT	-14048905	-14048905		
BASIC MEDICAL CONTRACT SERVICE	463113845	463113845		
BROKERS COMMISSIONS	5,495,113	358,052	5,137,061	
CONSULTING, OUTSIDE SERVICES	148732200	146840625	1,891,575	
DONATIONS	46,766	46,766		
EMPLOYEE DEVELOPMENT	4,221,970	4,221,970		
INSURANCE EXPENSE	18829668	18774862	54,806	
INTER/INTRA-REGION COST ALLOCA	11043366	3,011,924	8,031,442	
KPIT RECHARGES	30150426	-171	30150597	
MISCELLANEOUS EXPENSES	2,307,639	1,460,409	847,230	
OTHER OUTSIDE SERVICES	7,278,250	2,889,080	4,389,170	
PROVISION FOR DOUBTFUL ACCOUNT	5,138,641	5,138,641		
STATE & LOCAL BUSINESS TAXES	10385925	6,774,663	3,611,262	
TOTAL	<u>\$ 693187315</u>	<u>\$ 638621906</u>	<u>\$ 54565409</u>	<u>\$ 0</u>

STATEMENT 3
FORM 990, PART III
ORGANIZATION'S PRIMARY EXEMPT PURPOSE

THE PRIMARY EXEMPT PURPOSE OF KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST ("HEALTH PLAN"), AN OREGON NOT-FOR-PROFIT CORPORATION, ORGANIZED FOR THE PUBLIC BENEFIT AND GENERALLY EXEMPT FROM INCOME TAX UNDER THE PROVISIONS OF INTERNAL REVENUE CODE SECTION 501(C)(3), IS TO PROVIDE A PROGRAM OF HEALTH CARE SERVICES TO ITS MEMBERS AS A FEDERALLY QUALIFIED PREPAID DIRECT CARE GROUP PRACTICE HEALTH MAINTENANCE ORGANIZATION

HEALTH PLAN IS A SUBSIDIARY OF KAISER FOUNDATION HEALTH PLAN, INC., AN ORGANIZATION ALSO EXEMPT FROM TAX UNDER INTERNAL REVENUE CODE SECTION 501(C)(3). HEALTH PLAN CONTRACTS WITH KAISER FOUNDATION HOSPITALS AND NORTHWEST PERMANENTE, P.C. TO PROVIDE OR ARRANGE FOR HOSPITAL AND MEDICAL SERVICES TO HEALTH PLAN MEMBERS. CONTRACT PAYMENTS TO THE MEDICAL GROUP AND HOSPITALS REPRESENT A SUBSTANTIAL PORTION OF THE EXPENSES FOR MEDICAL AND HOSPITAL SERVICES REPORTED IN THIS TAX RETURN.

PLEASE SEE THE ATTACHMENT, "KAISER PERMANENTE COMMUNITY BENEFIT REPORT FOR KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST FOR 2001." THIS REPORT WILL PROVIDE A DESCRIPTION OF THE ACTIVITIES CONDUCTED BY HEALTH PLAN IN THE ACCOMPLISHMENT OF ITS EXEMPT PURPOSES AND FOR THE BENEFIT OF THE COMMUNITY IN WHICH THE ORGANIZATION CONDUCTS ITS ACTIVITIES.

2001

FEDERAL STATEMENTS

PAGE 2

CLIENT 904

KAISER FOUNDATION HEALTH PLAN OF THE
NORTHWEST

93-0798039

11/07/02

01 14PM

STATEMENT 4
FORM 990, PART IV, LINE 51
OTHER NOTES AND LOANS RECEIVABLE

OTHER NOTES AND LOANS	BALANCE DUE	DOUBTFUL ACCOUNTS ALLOWANCE
KP HEALTH ALTERNATIVE	\$ 1,946,254	\$ 0
TOTAL OTHER NOTES AND LOANS	\$ 1,946,254	\$ 0
TOTAL NET RECEIVABLES	\$ 1,946,254	

STATEMENT 5
FORM 990, PART IV, LINE 57
LAND, BUILDINGS, AND EQUIPMENT

CATEGORY	BASIS	ACCUM DEPREC	BOOK VALUE
MACHINERY AND EQUIPMENT	\$ 93430999	\$ 69600165	\$ 23830834
BUILDINGS	252396370	88275314	164121056
IMPROVEMENTS	5,805,231	2,190,167	3,615,064
LAND	26725024		26725024
MISCELLANEOUS	22408254	8,103,307	14304947
TOTAL	\$ 400765878	\$ 168168953	\$ 232596925

STATEMENT 6
FORM 990, PART IV, LINE 58
OTHER ASSETS

DUE FROM AFFILIATED ORGANIZATIONS	\$ 52,465,638
OTHER ASSETS	792,821
PENSION FUNDING	13,027,485
TOTAL	\$ 66,285,944

STATEMENT 7
FORM 990, PART IV, LINE 65
OTHER LIABILITIES

LONG TERM PORTION PP&L	\$ 21,811,092
LONG TERM PORTION W/C RISK	977,933
OTHER LIABILITIES	1,191,072
POST-RETIREMENT BENEFITS	24,939,157
SELF-INSURED RISK LIABILITIES	9,758,920
WORKERS COMPENSATION LIABILITY	1,124,328
TOTAL	\$ 59,802,502

11/07/02

FEDERAL STATEMENTS

**KAISER FOUNDATION HEALTH PLAN OF THE
NORTHWEST**

PAGE 3

93-0798039

01 14PM

STATEMENT 8
FORM 990, PART IV-A, LINE D(2)
OTHER AMOUNTS

DEBITS TO REV ACCTS RECLASSIFIED TO EXP	\$ 5,138,641
RECLASS LOSSES ON SALE OF FIXED ASSETS	-153,899
RECLASS SERVICE RECHARGES TO REV	8,914,839
ROUNDING TO THE FINANCIAL STATEMENTS	-434
TOTAL	<u>\$ 13,899,147</u>

STATEMENT 9
FORM 990, PART IV-B, LINE D(2)
OTHER AMOUNTS

DEBITS TO REV ACCTS RECLASSIFIED TO EXP	\$ 5,138,641
RECLASS LOSSES ON SALE OF FIXED ASSETS	-153,899
RECLASS SERVICE RECHARGES TO REV	8,914,839
ROUNDING TO THE FINANCIAL STATEMENTS	-857
TOTAL	<u>\$ 13,898,724</u>

STATEMENT 10
FORM 990, PART V
LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

<u>NAME AND ADDRESS</u>	<u>TITLE AND AVERAGE HOURS PER WEEK DEVOTED</u>	<u>COMPEN- SATION</u>	<u>CONTRI- BUTION TO EBP & DC</u>	<u>EXPENSE ACCOUNT/ OTHER</u>
SEE STATEMENT 25		\$ 1630193	\$ 49,350	\$ 903
	TOTAL	\$ 1630193	\$ 49,350	\$ 903

STATEMENT 11
FORM 990, PART V, LINE 75
LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

NAME AND RELATED ORGANIZATION
SEE STATEMENT 25

11/07/02

02 23PM

STATEMENT 12
FORM 990, PART VI, LINE 80B
RELATED ORGANIZATIONS

NAME OF ORGANIZATION	EXEMPT	NONEXEMPT
SEE STATEMENTS 21 & 22		X
SEE STATEMENTS 21 & 22	X	

STATEMENT 13
FORM 990, PART VII, LINE 93
PROGRAM SERVICE REVENUE

PROGRAM SERVICE REVENUE	(A) BUSI- NESS CODE	(B) UNRELATED BUSINESS AMOUNT	(C) EXCLU- SION CODE	(D) EXCLUDED AMOUNT	(E) RELATED OR EXEMPT FUNCTION
INTERREGIONAL REVENUE					\$ 7,434,476
MEMBERS DUES	621500	\$ 668,491			871894461
MISCELLANEOUS	621500	2,992,026	1	\$ 8,584,981	
NONPLAN & INDUSTRIAL					15,047,390
SERVICES RECHARGES			1	7,710,544	
SUPPLEMENTAL CHARGES					83,407,748
TOTAL		<u>\$ 3,660,517</u>		<u>\$ 16295525</u>	<u>\$ 977784075</u>

STATEMENT 14
FORM 990, PART VIII
RELATIONSHIP OF ACTIVITIES TO THE ACCOMPLISHMENT OF EXEMPT PURPOSES

LINE #	EXPLANATION OF ACTIVITIES
93A	MEMBERS DUES REVENUE - REPRESENTS REVENUE RECEIVED FROM OR ON BEHALF OF MEMBERS FOR PREPAID HEALTH CARE COVERAGE UNDER THE PLAN REFERRED TO IN PART III ABOVE REVENUE IS EXCLUDED UNDER THE PROVISIONS OF INTERNAL REVENUE RULING 68-27
93A	NON-PLAN AND INDUSTRIAL REVENUE - REPRESENTS REVENUE RECEIVED FROM NON-MEMBERS FOR HEALTH CARE AND FROM OUTSIDE INSURERS FOR REIMBURSEMENT FOR HEALTH CARE SERVICES PROVIDED TO MEMBERS FOR WORK-RELATED INJURIES REVENUE IS EXCLUDED UNDER THE PROVISIONS OF INTERNAL REVENUE REGULATION 1 501(C) (3) -1
93A	SUPPLEMENTAL CHARGES REVENUE - REPRESENTS REVENUE FROM CO-PAYMENTS RECEIVED FROM OR ON BEHALF OF MEMBERS FOR HEALTH CARE COVERAGE UNDER THE PLAN REFERRED TO IN PART III ABOVE REVENUE IS EXCLUDED UNDER THE PROVISIONS OF INTERNAL REVENUE REGULATION 1 501(C) (3) -1
93A	INTER-REGIONAL REVENUE - REPRESENTS REVENUE RECEIVED FOR PROVIDING MEDICAL SERVICES TO MEMBERS OF RELATED KAISER FOUNDATION HEALTH PLAN ENTITIES AS A PART OF THE KAISER PERMANENTE MEDICAL CARE PROGRAM REVENUE IS EXCLUDED UNDER THE PROVISIONS OF INTERNAL REVENUE REGULATION 1 501(C) (3) -1
93F	MEDICARE/MEDICAID REVENUE - REPRESENTS REVENUE RECEIVED FROM THE SOCIAL SECURITY ADMINISTRATION FOR MEDICAL CARE SERVICES PROVIDED TO PLAN MEMBERS

11/07/02

01 14PM

STATEMENT 14 (CONTINUED)
FORM 990, PART VIII
RELATIONSHIP OF ACTIVITIES TO THE ACCOMPLISHMENT OF EXEMPT PURPOSES

LINE #	EXPLANATION OF ACTIVITIES
--------	---------------------------

	COVERED UNDER PART B OF MEDICARE REVENUE IS EXCLUDED UNDER THE PROVISIONS OF INTERNAL REVENUE REGULATION 1 501(C) (3) -1
--	--

STATEMENT 15
SCHEDULE A, PART III, LINE 2
TRANSACTIONS WITH TRUSTEES, DIRECTORS, ETC.

IN THE ORDINARY COURSE OF CARRYING OUT THE EXEMPT PURPOSE OF THE ORGANIZATION, THE EMPLOYEES, OFFICERS AND DIRECTORS OF HEALTH PLAN ENGAGE IN NUMEROUS COMMERCIAL TRANSACTIONS WITH OTHER ORGANIZATIONS WHOSE DIRECTORS AND/OR OFFICERS MAY ALSO BE DIRECTORS OR OFFICERS OF THIS ORGANIZATION. ALL OF THESE COMMERCIAL RELATIONSHIPS ARE ENTERED INTO IN THE ORDINARY COURSE OF BUSINESS AND MAY INVOLVE TRANSACTIONS OF THE KIND REFERRED TO IN (A) THROUGH (D) OF QUESTION 2, PART III, SCHEDULE A, FORM 990, AT RATES GENERALLY PREVAILING IN THE AREA AT THE TIME FOR EQUIVALENT GOODS, SERVICES AND FACILITIES.

HEALTH PLAN ALSO PAYS COMPENSATION TO ITS EMPLOYEES, OFFICERS AND DIRECTORS AND EITHER PAYS FOR OR REIMBURSES THEM FOR CERTAIN EXPENSES INCURRED IN CONNECTION WITH THEIR DUTIES TO HEALTH PLAN. SEE PART V, FORM 990 FOR SCHEDULE OF COMPENSATION, BENEFITS AND EXPENSE REIMBURSEMENTS PROVIDED TO OFFICERS AND DIRECTORS FOR THEIR SERVICES TO THE ORGANIZATION.

SEE STATEMENT 25

STATEMENT 16
SCHEDULE A, PART III, LINE 3
QUALIFICATIONS OF RECIPIENTS RECEIVING GRANTS OR LOANS

HEALTH PLAN GENERALLY IS NOT A GRANT MAKING ORGANIZATION. MOST OF HEALTH PLAN'S EXPENDITURES RELATE TO PROVIDING HEALTH CARE SERVICES TO ITS MEMBERS INCLUDING OPERATING EXPENSES AND CAPITAL EXPENDITURES INCURRED IN FURTHERANCE OF THIS ACTIVITY.

HEALTH PLAN PROVIDES ITS SERVICES DIRECTLY TO THE MEMBERS OF THE COMMUNITY THROUGH ITS MOSTLY PREPAID HEALTH CARE PROGRAMS. FOR AN EXPLANATION OF THESE PROGRAMS THAT BENEFIT THE COMMUNITY, PLEASE REFER TO THE "KAISER PERMANENTE COMMUNITY BENEFIT REPORT FOR KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST FOR 2001" WHICH IS INCLUDED AS A PART OF THIS RETURN.

STATEMENT 17
SCHEDULE A, PART VI-B, LINE I
DESCRIPTIONS OF THE LOBBYING ACTIVITIES

HEALTH PLAN IS A MEMBER OF THE KAISER PERMANENTE MEDICAL CARE PROGRAM AND PARTICIPATES AND BENEFITS FROM LOBBYING ACTIVITIES CONDUCTED AT THE NATIONAL LEVEL BY THE PARENT ORGANIZATION FOR THE BENEFIT OF ITS MEMBERS AND THE HEALTH CARE INDUSTRY AS A WHOLE. AS AN ORGANIZATION EXEMPT FROM INCOME TAX UNDER INTERNAL REVENUE CODE SECTION 501(C) (3), HEALTH PLAN DOES NOT PARTICIPATE IN OR CONDUCT

11/07/02

02 23PM

STATEMENT 17 (CONTINUED)
SCHEDULE A, PART VI-B, LINE I
DESCRIPTIONS OF THE LOBBYING ACTIVITIES

POLITICAL CAMPAIGNS NOR DOES IT ENGAGE IN GRASS ROOTS LOBBYING ACTIVITIES OF THE TYPE CONTEMPLATED IN THIS QUESTION

HEALTH PLAN HAS SEVERAL EMPLOYEES WHO FROM TIME TO TIME KEEP INFORMED OF FEDERAL AND STATE LEGISLATION HAVING AN IMPACT ON THE ORGANIZATION'S ACTIVITIES AS AN EXEMPT HEALTH MAINTENANCE ORGANIZATION THESE INDIVIDUALS ATTEMPT TO ENSURE THAT PROPOSED LEGISLATION IS COMPATIBLE WITH THE INTERESTS OF HEALTH PLAN AND ITS MEMBERS BY PERFORMING THE FOLLOWING ACTIVITIES

- COLLECTING, ANALYZING AND DISTRIBUTING WITHIN THE ORGANIZATION, PUBLIC AND PRIVATE POLICY RECOMMENDATIONS ON PROPOSED LEGISLATION AND ENACTED LAWS THAT AFFECT THE OPERATION OF THE ORGANIZATION AND ITS ABILITY TO PROVIDE QUALITY SERVICES TO ITS MEMBERS

- MAILING APPROPRIATE INFORMATION MATERIALS TO LEGISLATORS AND TO THEIR STAFFS THAT PERTAIN TO MATTERS OF COMMON INTEREST IN THE HEALTH CARE COMMUNITY AND IN THE NOT-FOR-PROFIT COMMUNITY

- THEY ALSO PREPARE WRITTEN AND ORAL TESTIMONY THEY APPEAR AT LEGISLATIVE HEARINGS, MONITOR LEGISLATIVE PROCEEDINGS AND MEET WITH LEGISLATORS AND/OR THEIR STAFFS REGARDING ISSUES PERTINENT TO THE MISSION OF HEALTH PLAN THOSE INDIVIDUALS APPEARING AT SUCH HEARINGS AND MEETINGS ON BEHALF OF THE ORGANIZATION OFTEN ARE REPRESENTING THE INTERESTS OF COMMON INTEREST GROUPS AS WELL AS THE INTERESTS OF THE MEMBERS OF THE ORGANIZATION

2001

FEDERAL SUPPLEMENTAL INFORMATION

PAGE 1

CLIENT 904

KAISER FOUNDATION HEALTH PLAN OF THE
NORTHWEST

93-0798039

11/08/02

09 39AM

OTHER INCOME PRODUCING ACTIVITIES
OTHER INVESTMENT INCOME [O]POOLED INVESTMENT FUND
KAIVEST I LLC

	\$	8,425,797
		1,769,203
TOTAL	\$	<u>10,195,000</u>

BALANCE SHEET
OTHER (FORM 990)[O]INVESTMENT IN KAIVEST I LLC
MARKETABLE SECURITIES

	\$	28,668,912
		507,344
TOTAL	\$	<u>29,176,256</u>

STATEMENT 17A

FORM 990, PART IV - OTHER NOTES AND LOANS RECEIVABLE

Borrower: KAISER FOUNDTION HOSPITALS

ORIGINAL AMOUNT: 10,620,274.

DATE OF NOTE: 01/01/1991

REPAYMENT TERMS: PAYABLE ON DEMAND WITH VARIABLE INTEREST RATE

SECURITY PROVIDED UNSECURED INTER-ENTITY LOAN

PURPOSE OF LOAN: WORKING CAPITAL AND CAPITAL PROJECTS

DESCRIPTION AND FMV WORKING CAPITAL AND CAPITAL PROJECTS FUNDING

OF CONSIDERATION: PROVIDED BY LENDER TO AFFILIATED ORGANIZATION.

BEGINNING BALANCE DUE 10,000,000.

ENDING BALANCE DUE NONE

Borrower: KAISER PERMANENTE HEALTH ALTERNATIVE

ORIGINAL AMOUNT: 1,450,000.

REPAYMENT TERMS: PAYABLE ON DEMAND WITH VARIABLE INTEREST RATE

SECURITY PROVIDED UNSECURED INTER-ENTITY LOAN

PURPOSE OF LOAN: WORKING CAPITAL AND CAPITAL PROJECTS

DESCRIPTION AND FMV WORKING CAPITAL AND CAPITAL PROJECTS FUNDING

OF CONSIDERATION: PROVIDED BY LENDER TO AFFILIATED ORGANIZATION.

BEGINNING BALANCE DUE 1,450,000.

ENDING BALANCE DUE 1,946,254.

TOTAL BEGINNING OTHER NOTES AND LOANS RECEIVABLE 11,450,000.

TOTAL ENDING OTHER NOTES AND LOANS RECEIVABLES 1,946,254.

FORM 990 PART I, LINE 8.C, COLUMN (B)
GAIN OR (LOSS) FROM SALES OF ASSETS OTHER THAN INVENTORY

DESCRIPTION	DATE & HOW ACQ'RD	DATE SOLD	SALES PRICE	COST/ EXPENSE OF SALE	ACCUM DEPREC	GAIN OR (LOSS)
	NOTE #1					
GAIN AND LOSS ON SALES AND OTHER DISPOSITIONS						
Various Equipment	Various	1/31/01	469	29,131	28,267	(395)
Various Equipment - Trade in	Various	Various	0	7,024	7,024	-
Various equipment	Various	2/28/01	4,748	219,121	209,745	(4,628)
Various Equipment - Autokeratometer Lost	Various	2/28/01	0	11,404	4,847	(6,557)
Various equipment	Various	3/31/01	1,770	144,428	138,216	(4,442)
Various equipment - Scrap	Various	3/31/01	0	859,459	858,417	(1,042)
Various equipment	Various	04/30/01	220	67,552	67,448	116
Various Equipment - Trade in	Various	04/30/01	4,000	63,354	62,337	2 983
Various equipment	Various	5/31/01	7,354	1 081,009	1,043,625	(30,030)
Various Equipment - Trade in	Various	5/31/01	2 348	8,210	4,515	(1,347)
Sale of Vehicle	Various	6/30/01	1,300	14,955	14,955	1,300
Various equipment	Various	6/30/01	3,878	286,429	277,241	(5,310)
Various Equipment - Trade in	Various	6/30/01	1,000	47,245	45 458	(787)
Various Equipment - Scrap/Stolen	Various	Various	0	8 448	6,261	(2,187)
Various Equipment - Scrap/Stolen	Various	7/31/01	0	34,446	32,701	(1 745)
Various equipment	Various	7/31/01	712	31,953	31,953	712
Various equipment	Various	8/31/01	879	81,447	78,556	(2,012)
Various Equipment - Trade in	Various	8/31/01	1,000	5,364	5,364	1,000
Various Equipment	Various	9/30/01	2,403	1,975,397	1,975,017	2,023
Sale of Vehicle	Various	10/31/01	750	16,207	16,207	750
Various Equipment	Various	10/31/01	135	12,506	12 366	(5)
Various Equipment - Trade in	Various	12/31/01	0	15,884	10 325	(5,559)
Various equipment	Various	12/31/01	8,112	80,384	76,424	4,152

FORM 990 PART I, LINE 8, C, COLUMN (B)
GAIN OR (LOSS) FROM SALES OF ASSETS OTHER THAN INVENTORY

DESCRIPTION	DATE & HOW ACQ'RD	DATE SOLD	SALES PRICE	COST/ EXPENSE OF SALE	ACCUM DEPREC	GAIN OR (LOSS)
Various Equipment - Scrap/Stolen	Various	Various	35	36,812	35,071	(1,706)
Various Equipment Disposal - Write Offs	Various	Various	0	3,039,065	3,021,931	(17,134)
Various Equipment - Donated	Various	Various	0	5,324,518	5,282,243	(42,275)
Dental Equipment	Various	Various	8,640	198,811	194,449	4,278
Dental Equipment - Donated	Various	6/30/01	0	1,831	1,780	(51)
Dental Equipment - Write Offs	Various	Various	0	322,807	278,924	(43,883)
TOTALS FOR SALES/OTHER DISPOSITIONS			49,753	14,025,201	13,821,667	(153,781)
Miscellaneous Adjustment			0	118	0	(118)
GAINS AND LOSS ON DISPOSITIONS			49,753	14,025,319	13,821,667	(153,899)

RECAP OF NET GAIN/(LOSS)

ORIGINAL COST AND EXPENSE OF SALE	14,025,319
ACCUMULATED DEPRECIATION	13,821,667
NET BOOK VALUE	203,652
LESS GROSS SALES PROCEEDS	(49,753)
NET GAIN/(LOSS)	(153,899)

NOTE #1 THE FOREGOING FIXED ASSETS AND OTHER EQUIPMENT WERE ALL ACQUIRED BY PURCHASE BY THE ORGANIZATION FOR USE IN ITS TAX-EXEMPT PURPOSE

STATEMENT OF FIXED ASSETS AND DEPRECIATION

**FORM 990 PART IV, LINE 57 - LAND, BUILDING AND EQUIPMENT,
LESS ACCUMULATED DEPRECIATION AND AMORTIZATION, AND
PART II, LINE 42, COLUMN (B) - DEPRECIATION AND AMORTIZATION.**

	COST		ACCUMULATED DEPREC/AMORT		2001
	BEGINNING OF YEAR	END OF YEAR	BEGINNING OF YEAR	END OF YEAR	DEP/AMORT EXPENSE
LAND	27,394,376	26,725,024	0	0	0
LAND IMPROVEMENTS	9,054,601	9,054,602	7,732,759	8,103,307	898,099
BUILDINGS	248,564,731	252,396,370	76,924,897	88,275,314	10,860,442
LEASEHOLD IMPROVEMENTS	4,425,868	5,805,231	2,101,457	2,190,167	376,764
EQUIPMENT	102,389,163	87,268,348	75,202,430	65,718,715	10,371,956
CAPITALIZED SOFTWARE	160,614	6,162,651	122,854	3,881,450	567,050
CAPITALIZED LEASES	0	0	0	0	0
CONSTRUCTION IN PROGRESS	2,469,013	13,353,652	0	0	0
OTHER AMORTIZATION - START UP AND DEFERRED COSTS -					0
TOTALS TO					
PART IV, LINE 57(A)	394,458,366	400,765,878			
PART IV, LINE 57(B)			162,084,397	168,168,953	
PART IV, LINE 57(C)	232,373,969	232,596,925			
PART II, LINE 42 COLUMN (B)					23,074,311

**ATTACHMENT FOR:
FORM 990 PART VI, QUESTION 80 - RELATED AND AFFILIATED ENTITIES
AND/OR
FORM 1120, SCHEDULE K, QUESTIONS 3, 4 AND 5**

KAISER FOUNDATION HEALTH PLAN, INC , A CALIFORNIA NOT-FOR PROFIT CORPORATION,
EXEMPT FROM INCOME TAX UNDER INTERNAL REVENUE CODE SECTION 501(C)(3), HAS A
CONTROLLING OR AFFILIATED INTEREST IN THE FOLLOWING CORPORATIONS AS OF DECEMBER 31, 2001

EMPLOYER ID #	ENTITY NAME	DIRECT & INDIRECT % CONTROLLED BY KFHP, INC.
SUBSIDIARY ENTITIES THAT ARE OWNED DIRECTLY OR INDIRECTLY BY KAISER FOUNDATION HEALTH PLAN, INC, THAT ARE ALSO EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3)		
93-0798039	KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST	100%
84-0591617	KAISER FOUNDATION HEALTH PLAN OF COLORADO	100%
48-0924402	KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC	100%
58-1592076	KAISER FOUNDATION HEALTH PLAN OF GEORGIA, INC	100%
56-1421313	KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA	100%
52-0954463	KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC	100%
34-0922268	KAISER FOUNDATION HEALTH PLAN OF OHIO	100%
23-7425486	COMMUNITY HEALTH PLAN	100%
94-3299124	KAISER HEALTH PLAN ASSET MANAGEMENT, INC	100%
93-0954562	KAISER HEALTH ALTERNATIVES	100%
94-3299123	CAMP BOWIE SERVICE CENTER	100%
93-0480268	OHP	100%
91-2171891	LOKAHI ASSURANCE, LTD	100%

**SUBSIDIARY ENTITIES THAT ARE OWNED DIRECTLY OR INDIRECTLY BY KAISER
FOUNDATION HEALTH PLAN, INC. THAT ARE TAXABLE FOR FEDERAL AND
STATE INCOME TAX PURPOSES**

03-0329760	OAK TREE ASSURANCE, LTD	100%
95-4237200	KAISER FOUNDATION ADDED CHOICE HEALTH PLAN, INC	100%
94-3113684	KAISER PERMANENTE HEALTH ALTERNATIVES, INC	100%
94-3259432	KAISER PROPERTIES SERVICES, INC	100%
91-1814507	CHP COMPANIES, INC	100%
22-2751724	HUDSON VALLEY COMMUNITY SERVICES CORP	100%
22-2973489	UPSTATE COMMUNITY SERVICES, INC	100%

**KAISER FOUNDATION HEALTH PLAN, INC. IS AFFILIATED WITH THE FOLLOWING
ENTITIES EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3)**

94-1105628	KAISER FOUNDATION HOSPITALS	*(1)	N/A
94-3299125	KAISER HOSPITALS ASSET MANAGEMENT, INC	*(2)	N/A

**KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST
FORM 990 TAX YEAR 2001**

93-0798039

**KAISER FOUNDATION HEALTH PLAN, INC IS AFFILIATED WITH THE FOLLOWING
ENTITIES THAT ARE NOT EXEMPT FROM FEDERAL INCOME TAX.**

94-3245176	KAISER PERMANENTE INTERNATIONAL	*(2)	N/A
94-3292262	KAISER PERMANENTE VENTURES	*(2)	N/A
68-0444615	CARETOUCH, INC (LLC)	*(2)	N/A
94-3289704	KAIVEST I, LLC	*(2)	N/A
91-2166347	KP ONCALL, LLC	*(2)	N/A
94-3203402	KAISER PERMANENTE INSURANCE COMPANY	*(3)	50%

NOTE *(1) KAISER FOUNDATION HOSPITALS, A CALIFORNIA NOT-FOR-PROFIT CORPORATION, EXEMPT FROM INCOME TAX UNDER THE PROVISIONS OF INTERNAL REVENUE CODE SECTION 501(C)(3), SHARES A COMMON BOARD OF DIRECTORS WITH KAISER FOUNDATION HEALTH PLAN, INC

NOTE *(2) THESE ENTITIES ARE SUBSIDIARIES OF KAISER FOUNDATION HOSPITALS

NOTE *(3) KAISER PERMANENTE INSURANCE COMPANY IS A NON-EXEMPT PROPERTY AND CASUALTY INSURANCE COMPANY OF WHICH 100% OF THE PREFERRED STOCK AND 50% OF THE COMMON STOCK IS OWNED BY KAISER FOUNDATION HEALTH PLAN, INC THE REMAINING 50% OF COMMON STOCK IS OWNED BY NON-AFFILIATED PHYSICIANS PRACTICE GROUPS

THE COMMON ADDRESS FOR ALL ENTITIES LISTED ABOVE IS

**C/O KAISER FOUNDATION HEALTH PLAN, INC
PROGRAM OFFICE CONTROLLER'S DEPARTMENT - TAX
ONE KAISER PLAZA, 1550 ORDWAY
OAKLAND, CA 94612**

**CONSENT TO APPORTIONMENT PLAN FOR TAXABLE INCOME BRACKETS
BY CONTROLLED GROUP MEMBERS**

PURSUANT TO REGULATIONS ISSUED UNDER INTERNAL REVENUE CODE SECTION 1561(a)(1), WITH RESPECT TO THE TAXABLE INCOME BRACKETS AS ENUMERATED IN THE TAX TABLES AT IRC SECTION, 11(b), THE UNDERSIGNED CORPORATIONS, COMPONENT MEMBERS OF A CONTROLLED GROUP OF CORPORATIONS, WITHIN THE MEANING OF IRC SECTION 1563(a), HEREBY CONSENT TO THE APPORTIONMENT PLAN LISTED BELOW WITH RESPECT TO THE TAXABLE YEAR OF EACH CORPORATION WHICH INCLUDES DECEMBER 31, 2001

EMPLOYER TAX ID #	NAME AND ADDRESS	APPLIC- ABLE TAX FORM	ALLOCATION OF TAX BRACKETS		
			FIRST \$50,000	NEXT \$25,000	NEXT \$9,925,000
<u>KAISER FOUNDATION HEALTH PLAN GROUP.</u>					
94-1340523	KAISER FOUNDATION HEALTH PLAN, INC	990-T	\$50,000	\$25,000	\$9,925,000
93-0798039	KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST	990-T	NONE	NONE	NONE
84-0591617	KAISER FOUNDATION HEALTH PLAN OF COLORADO	990-T	NONE	NONE	NONE
48-0924402	KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC	990-T	NONE	NONE	NONE
58-1592076	KAISER FOUNDATION HEALTH PLAN OF GEORGIA, INC	990-T	NONE	NONE	NONE
56-1421313	KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA	990-T	NONE	NONE	NONE
52-0954463	KAISER FOUNDATION HP OF THE MID-ATLANTIC STATES, INC	990-T	NONE	NONE	NONE
34-0922268	KAISER FOUNDATION HEALTH PLAN OF OHIO	990-T	NONE	NONE	NONE
23-7425486	COMMUNITY HEALTH PLAN	990-T	NONE	NONE	NONE
94-3299124	KAISER HEALTH PLAN ASSET MANAGEMENT, INC	990-T	NONE	NONE	NONE
93-0954562	KAISER HEALTH ALTERNATIVES	990-T	NONE	NONE	NONE
94-3299123	CAMP BOWIE SERVICE CENTER	990-T	NONE	NONE	NONE
93-0480268	OHP	990-T	NONE	NONE	NONE
91-2171891	LOKAHI ASSURANCE, LTD	990-T	NONE	NONE	NONE
03-0329760	OAK TREE ASSURANCE, LTD	1120-PC	NONE	NONE	NONE
95-4237200	KAISER FOUNDATION ADDED CHOICE HEALTH PLAN, INC	1120	NONE	NONE	NONE
94-3113684	KAISER PERMANENTE HEALTH ALTERNATIVES	1120	NONE	NONE	NONE
94-3259432	KAISER PROPERTIES SERVICES, INC	1120	NONE	NONE	NONE
91-1814507	CHP COMPANIES, INC	1120	NONE	NONE	NONE
22-2751724	HUDSON VALLEY COMMUNITY SERVICES CORP	1120	NONE	NONE	NONE
22-2973489	UPSTATE COMMUNITY SERVICES, INC	1120	NONE	NONE	NONE
<u>KAISER FOUNDATION HOSPITALS GROUP.</u>					
94-1105628	KAISER FOUNDATION HOSPITALS	990-T	NONE	NONE	NONE
94-3299125	KAISER HOSPITALS ASSET MANAGEMENT, INC	990-T	NONE	NONE	NONE
94-3245176	KAISER PERMANENTE INTERNATIONAL	1120	NONE	NONE	NONE
94-3292262	KAISER PERMANENTE VENTURES	1120	NONE	NONE	NONE
68-0444615	CARETOUCH, INC	1120	NONE	NONE	NONE
94-3289704	KAIVEST I, LLC	1065	NONE	NONE	NONE
91-2166347	KP ONCALL LLC	1065	NONE	NONE	NONE
TOTAL OF EACH BRACKET ALLOCATED			\$50,000	\$25,000	\$9,925,000

THE COMMON ADDRESS OF ALL ENTITIES JOINING IN THIS ELECTION OF APPORTIONMENT AS LISTED ABOVE IS

C/O KAISER FOUNDATION HEALTH PLAN, INC
PROGRAM OFFICE CONTROLLER'S DEPARTMENT - TAX
ONE KAISER PLAZA, 1550 ORDMAY
OAKLAND, CA 94612

AUTHORIZATION CONSENT FOR ALLOCATION ON BEHALF OF ALL MEMBER COMPANIES



DEBORAH STOKES, VICE PRESIDENT AND CONTROLLER OF
KAISER FOUNDATION HEALTH PLAN, INC AND OF KAISER FOUNDATION HOSPITALS
THE ULTIMATE PARENT CORPORATION AND/OR SOLE MEMBER OF EACH OF THE ABOVE
ENTITIES JOINING IN THIS ELECTION OF APPORTIONMENT

**CONSENT TO APPORTIONMENT PLAN FOR ALTERNATIVE MINIMUM TAX EXEMPTION
BY CONTROLLED GROUP MEMBERS**

PURSUANT TO REGULATIONS ISSUED UNDER INTERNAL REVENUE CODE SECTION 1561(a)(3), THE UNDERSIGNED CORPORATIONS, COMPONENT MEMBERS OF A CONTROLLED GROUP OF CORPORATIONS, WITHIN THE MEANING OF IRC SECTION 1563(a), HEREBY CONSENT TO THE APPORTIONMENT PLAN LISTED BELOW WITH RESPECT TO THE TAXABLE YEAR OF EACH CORPORATION WHICH INCLUDES DECEMBER 31, 2001

EMPLOYER TAX ID #	NAME AND ADDRESS	APPLIC- ABLE TAX FORM	ALLOCATION OF \$40,000 EXEMPTION
<u>KAISER FOUNDATION HEALTH PLAN GROUP.</u>			
94-1340523	KAISER FOUNDATION HEALTH PLAN, INC	990-T	\$40,000
93-0798039	KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST	990-T	NONE
84-0591617	KAISER FOUNDATION HEALTH PLAN OF COLORADO	990-T	NONE
48-0924402	KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC	990-T	NONE
58-1592076	KAISER FOUNDATION HEALTH PLAN OF GEORGIA, INC	990-T	NONE
56-1421313	KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA	990-T	NONE
52-0954463	KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES IN	990-T	NONE
34-0922268	KAISER FOUNDATION HEALTH PLAN OF OHIO	990-T	NONE
23-7425486	COMMUNITY HEALTH PLAN	990-T	NONE
94-3299124	KAISER HEALTH PLAN ASSET MANAGEMENT, INC	990-T	NONE
93-0954562	KAISER HEALTH ALTERNATIVES	990-T	NONE
94-3299123	CAMP BOWIE SERVICE CENTER	990-T	NONE
93-0480268	OHP	990-T	NONE
91-2171891	LOKAHI ASSURANCE, LTD	990-T	NONE
03-0329760	OAK TREE ASSURANCE, LTD	1120-PC	NONE
95-4237200	KAISER FOUNDATION ADDED CHOICE HEALTH PLAN, INC	1120	NONE
94-3113684	KAISER PERMANENTE HEALTH ALTERNATIVES	1120	NONE
94-3259432	KAISER PROPERTIES SERVICES, INC	1120	NONE
91-1814507	CHP COMPANIES, INC	1120	NONE
22-2751724	HUDSON VALLEY COMMUNITY SERVICES CORP	1120	NONE
22-2973489	UPSTATE COMMUNITY SERVICES, INC	1120	NONE
<u>KAISER FOUNDATION HOSPITALS GROUP.</u>			
94-1105628	KAISER FOUNDATION HOSPITALS	990-T	NONE
94-3299125	KAISER HOSPITALS ASSET MANAGEMENT, INC	990-T	NONE
94-3245176	KAISER PERMANENTE INTERNATIONAL	1120	NONE
94-3292262	KAISER PERMANENTE VENTURES	1120	NONE
68-0444615	CARETOUCH, INC (LLC)	1120	NONE
94-3289704	KAIVEST I, LLC	1065	NONE
91-2166347	KP ONCALL, LLC	1065	NONE

THE COMMON ADDRESS OF ALL ENTITIES JOINING IN THIS ELECTION OF
APPORTIONMENT AS LISTED ABOVE IS

c/o KAISER FOUNDATION HEALTH PLAN, INC
PROGRAM OFFICE CONTROLLER'S DEPARTMENT-TAX
ONE KAISER PLAZA, 1550 ORDWAY
OAKLAND, CA 94612

CONSENT AND AUTHORIZATION FOR ALLOCATION ON BEHALF OF ALL MEMBER COMPANIES



DEBORAH STOKES, VICE PRESIDENT AND CONTROLLER OF
KAISER FOUNDATION HEALTH PLAN, INC AND OF KAISER FOUNDATION HOSPITALS
THE ULTIMATE PARENT CORPORATION AND/OR SOLE MEMBER OF EACH OF THE ABOVE
ENTITIES JOINING IN THIS ELECTION OF APPORTIONMENT

COMPENSATION, BENEFITS AND EXPENSES OF DIRECTORS AND OFFICERS

FORM 990, PART V LIST OF OFFICERS, DIRECTORS, TRUSTEES AND KEY EMPLOYEES

		(C) COMPENSATION		(D) BENEFITS		(E) REIMBURSEMENT OF EXPENSES	
(A) NAME	(B) TITLE	TOTAL	ALLOCATE TO KFHP NW	TOTAL	ALLOCATE TO KFHP NW	TOTAL	ALLOCATE TO KFHP NW
DIRECTORS.							
JAMES A VOHS	CHAIRMAN EMERITUS	0	0	0	0	0	0
DAVID M LAWRENCE, MD	CHAIRMAN AND CEO	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW
L DALE GRANDALL	DIRECTOR	67,489	2,028	5,222	157	1,109	33
DAVID R ANDREWS	DIRECTOR	64,452	1,936	5,222	157	3,107	92
THOMAS W CHAPMAN	DIRECTOR	53,889	1,619	5,222	157	0	0
HENRY M KAISER	DIRECTOR	29,889	898	5,222	157	0	0
CHANG-LIN TIEN	DIRECTOR	48,600	1,460	114	3	1,874	56
BARBARA D BLUM	DIRECTOR	45,850	1,377	114	3	113	3
DOROTHY H MANN PHD MPH	DIRECTOR	49,330	1,482	5,371	161	0	0
MARY E RERES EDO	DIRECTOR	64,213	1,929	9,804	295	645	19
ROBERT L RIDGLEY	DIRECTOR	62,080	1,865	5,371	161	2,665	80
DANIEL P GARCIA	DIRECTOR	52,689	1,583	5,222	157	0	0
DEAN O MORTON	DIRECTOR	40,500	1,217	114	3	0	0
EDWARD E PENHOET	DIRECTOR	40,966	1,231	3,945	119	0	0
BARRY L WILLIAMS	DIRECTOR						
SUBTOTAL DIRECTORS		619,947	18,625	50,943	1,530	9,513	283
OFFICERS & KEY EMPLOYEES.							
DAVID M LAWRENCE MD	CHIEF EXECUTIVE OFFICER	1,493,462	68,199	25,864	1,181	0	0
BERNARD J TYSON	GROUP PRESIDENT	709,674	27,345	25,011	964	0	0
BARBARA WEST	REGIONAL PRESIDENT (Retired 3/31/2001)	1,259,212	957,001	23,904	18,167	0	0
CHRISTOPHER L BINKLEY	REGIONAL PRESIDENT (Interim to 9/30/2001)	526,345	20,001	24,502	931	0	0
CYNTHIA A FINER	REGIONAL PRESIDENT (From 9/30/2001)	506,578	341,687	26,511	17,882	0	0
L DALE GRANDALL	EXECUTIVE VICE PRESIDENT	1,397,022	45,601	34,612	1,097	2,100	37
WILLIAM A GILLESPIE MD	EXECUTIVE VICE PRESIDENT	1,149,373	47,407	28,953	1,194	800	33
RICHARD R PETTINGILL	EXECUTIVE VICE PRESIDENT	630,561	26,008	28,953	1,194	1,140	47
ARTHUR SOUTHAM MD	EXECUTIVE VICE PRESIDENT	389,491	16,065	18,560	766	3,300	136
ROBERT BRIGGS	SENIOR VICE PRESIDENT	0	0	0	0	0	0
KIRK E MILLER	SENIOR VICE PRESIDENT	775,917	25,687	27,273	903	2,100	70
STEVEN R ZATKIN	SENIOR VICE PRESIDENT	362,293	14,943	27,279	1,125	2,093	86
THOMAS R MEIER	VICE PRESIDENT & TREASURER	225,809	7,475	21,541	713	2,100	70
DEBORAH STOKES	VICE PRESIDENT & CONTROLLER	241,304	9,953	23,751	980	2,100	87
VICTORIA B ZATKIN	ASSISTANT SECRETARY	138,028	4,195	23,811	724	1,805	55
SUBTOTAL OFFICERS AND KEY EMPLOYEES		9,805,068	1,611,568	360,526	47,820	17,538	620
TOTAL DIRECTORS, OFFICERS AND KEY EMPLOYEES		10,425,015	1,630,193	411,469	49,350	27,051	903

NOTE 1 THIS ORGANIZATION IS ONE OF THE CORPORATE ENTITIES LISTED ON THE STATEMENT "RELATED AND CONTROLLED ENTITIES" INCLUDED AS A PART OF THIS RETURN. THIS ORGANIZATION IS A PARTICIPATING MEMBER OF THE DIRECT SERVICE PREPAID HEALTH CARE PROGRAM COMMONLY REFERRED TO AS "THE KAISER PERMANENTE MEDICAL CARE PROGRAM" (MEDICAL CARE PROGRAM).

NOTE 2. COMPENSATION, BENEFIT CONTRIBUTIONS, AND REIMBURSEMENT FOR CERTAIN EXPENSES OF DIRECTORS, OFFICERS AND KEY EMPLOYEES ARE PAID BY KAISER FOUNDATION HEALTH PLAN, INC. (HEALTH PLAN) AS COMMON DISBURSEMENT AGENT FOR PARTICIPATING MEMBER ORGANIZATIONS. CERTAIN DIRECTORS, OFFICERS AND KEY EMPLOYEES PERFORM SERVICES FOR SEVERAL OF THE MEDICAL CARE PROGRAM MEMBER ORGANIZATIONS.

BASED ON MANAGEMENT ANALYSIS AND CONSISTENT WITH THE ALLOCATION OF OTHER COMMON EXPENSES, A COMPOSITE ALLOCATION OF COMPENSATION, BENEFIT CONTRIBUTIONS AND REIMBURSEMENT OF EXPENSES ARE ALLOCATED TO KAISER FOUNDATION HOSPITALS. SPECIFIC ALLOCATIONS ARE THEN MADE TO CERTAIN OTHER PARTICIPATING ORGANIZATIONS BASED ON REASONABLE CONSIDERATIONS. THE BALANCE OF COMPENSATION, ETC. IS THEN ALLOCATED TO KAISER FOUNDATION HEALTH PLAN, INC. AND ITS SUBSIDIARY REGIONAL HEALTH PLANS BASED ON THE PERCENTAGE OF REGIONAL HEALTH PLAN MEMBERSHIP TO THE TOTAL MEMBERSHIP OF ALL HEALTH PLAN ENTITIES COMPRISING THE MEDICAL CARE PROGRAM.

FOR THOSE INDIVIDUALS ASSIGNED TO A SPECIFIC ENTITY OR SUB-GROUP OF ENTITIES, THEIR COMPENSATION, BENEFIT CONTRIBUTIONS AND REIMBURSEMENT OF EXPENSE ARE ALLOCATED DIRECTLY TO THE ENTITY AND/OR BASED ON A RATIO OF THE MEMBERSHIP OF THE ENTITY TO TOTAL MEMBERSHIP OF THE SUB-GROUP OF ENTITIES FOR WHICH THE INDIVIDUAL HAS ASSIGNED RESPONSIBILITIES.

NOTE 3. THE AMOUNTS REPORTED ABOVE FOR REIMBURSEMENT OF EXPENSE DO NOT INCLUDE SUCH ORDINARY AND NECESSARY EXPENSES AS TRAVEL, TRANSPORTATION, LODGING, MEALS, BUSINESS MEETINGS, CONFERENCES AND OTHER ROUTINE EXPENDITURES FOR WHICH THE INDIVIDUAL ACCOUNTS TO THE EMPLOYER ORGANIZATION. THESE ITEMS ARE REIMBURSED ON A SPECIFIC EXPENDITURE BASIS CONSISTENT WITH ADOPTED POLICIES AND PROCEDURES BASED ON PRUDENT FIDUCIARY RESPONSIBILITIES AND STANDARDS. THE POLICIES UNDER WHICH THESE INDIVIDUALS ACCOUNT TO THE EMPLOYER MEET THE REQUIREMENTS OF INTERNAL REVENUE CODE SECTION 274 SUBSTANTIATION REQUIREMENTS.

NOTE 4. THE ABOVE LISTED INDIVIDUALS ARE SCHEDULED TO WORK A MINIMUM OF 40 HOURS PER WEEK IN THEIR RESPECTIVE POSITIONS.

NOTE 5. THE ABOVE LISTED INDIVIDUALS CAN BE CONTACTED C/O
KAISER FOUNDATION HEALTH PLAN, INC.
ONE KAISER PLAZA, 1550 ORDMAN
OAKLAND, CA 94612

NOTE 6. THE ABOVE LISTED INDIVIDUALS CAN BE CONTACTED C/O
KAISER FOUNDATION HEALTH PLAN, INC.
ONE KAISER PLAZA, 1550 ORDMAN
OAKLAND, CA 94612

**KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST
FORM 990 TAX YEAR 2001**

93-0798039

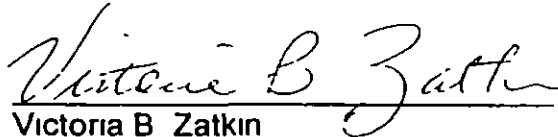
THE REVISED BYLAWS WERE APPROVED AT A MEETING OF THE BOARD OF DIRECTORS
ON OCTOBER 23, 2001 AND ARE ATTACHED

KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST

BYLAWS CERTIFICATE

I, the undersigned, Victoria B Zatkín, hereby certify that I am the duly elected Assistant Secretary of Kaiser Foundation Health Plan of the Northwest, an Oregon nonprofit corporation. I further certify that attached hereto is a true and correct copy of the Bylaws of Kaiser Foundation Health Plan of the Northwest, and I do further certify that the attached Bylaws have not been altered, amended or revoked, and are, at the date of this certificate, in full force and effect

IN WITNESS WHEREOF, the undersigned has hereunto signed her name this 25th day of June, 2002

A handwritten signature in cursive script, reading "Victoria B Zatkín", written over a horizontal line.

Victoria B Zatkín
Assistant Secretary

BYLAWS OF
KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST

ARTICLE A

PURPOSES

Section A-1 Principal Purpose

This corporation exists for the principal purpose of establishing and maintaining a nonprofit comprehensive, predominantly prepaid, direct service health care plan at reasonable cost for members of the public, without regard to sex, race, religion or national origin.

Section A-2 Related Purposes.

This corporation's related purposes are to promote and encourage the advancement and improvement of the nation's health care delivery system, with special emphasis on organizing and providing health care services on a cost-effective basis, to participate in activities designed and carried on to promote the community's general health, and, subject to Sections A-3 and A-4, to support such other charitable, scientific, educational and hospital endeavors as the corporation may deem advisable.

Section A-3. Nonprofit Character

This corporation is a nonprofit corporation and is not organized for the private gain of any person. This corporation is organized for, and its assets are irrevocably dedicated to, public and charitable purposes. The corporation does not and shall not have the

power to distribute gains, profits or dividends to its Directors or officers, and no part of its net earnings shall inure to the benefit of any Director or officer of the corporation or to any other individual, but the corporation may compensate Directors and officers for the reasonable value of goods or services that they furnish to the corporation.

Section A-4. Disposition of Assets on Liquidation or Dissolution.

Upon the corporation's liquidation or dissolution, the Board of Directors shall, after paying or adequately providing for the corporation's liabilities, distribute the corporation's assets to one or more organizations exempt from tax under §501(c)(3) of the Internal Revenue Code of 1954 or any amendment or successor thereto. The corporation's assets may not be distributed so as to inure directly or indirectly to the benefit of any Director or officer of the corporation, or to any other individual, or to any corporation, trust or organization whose net earnings inure to the benefit of any individual.

Section A-5. Non-discrimination.

This corporation, in the operation of its nonprofit comprehensive health care plan and related activities, shall conduct its activities and shall offer the services and benefits of its plan and other activities to all persons equally, without discrimination because of race, color, religion, sex, or national origin, and shall take affirmative action to maintain equality in such matters.

ARTICLE B

OFFICES

Section B-1. Principal Office.

The principal place of business and home office of this corporation shall be located in Portland, Multnomah County, Oregon. This corporation shall keep therein accurate and complete accounts and records of its assets, transactions and affairs in accordance with the provisions of the Oregon Insurance Code.

Section B-2. Other Offices.

This corporation may at any time establish other offices at such place or places as the Board of Directors may designate.

ARTICLE C

MEMBERS

Section C-1 Status of Membership.

Kaiser Foundation Health Plan, Inc., a California nonprofit corporation, is the sole member of this corporation

Section C-2 Changes in Membership.

Changes in membership may be effected in such manner as the Board of Directors of this corporation, acting with the approval of a majority of the members of this corporation, shall determine.

Section C-3 Termination.

All rights and powers incident to membership shall cease upon termination of membership

Section C-4 Dues, Assessments and Liabilities.

No member of this corporation shall be subject to any charge for dues or assessments, nor shall any member be in any way liable for any debt, liability or obligation of the corporation.

Section C-5. Meetings.

There shall be an annual meeting of members at the time of the first regular Board meeting each year Meetings of members shall be governed by Section D-5, relating to meetings of Directors, except that meetings of members shall be held upon at least ten days' notice by first class mail.

Section C-6. Other Action by Members.

The members may, by written consent, take any action which the members of an Oregon nonprofit corporation are permitted to take without a meeting, and any action so taken shall have the same effect as, and be in all respects as valid as, action taken at a meeting duly held.

Section C-7. Power and Authority of Members

Members shall have the maximum power and authority provided or permitted to members of Oregon nonprofit corporations under the laws of the State of Oregon except that all such powers shall be exercised consistently with, and in furtherance of, the irrevocable dedication of the assets of this corporation to the purposes specified in Article A of these Bylaws.

ARTICLE D

DIRECTORS

Section D-1. Power and Authority of Directors

All corporate powers shall be exercised by or under the authority of the Board of Directors, and the Board shall control the business and affairs of the corporation. The Board shall have the maximum power and authority now or hereafter provided or permitted under Oregon law to directors of Oregon nonprofit corporations, acting as a board, except that all such powers shall be exercised consistently with, and in furtherance of, the irrevocable dedication to the assets of this corporation to the purposes specified in the Articles of Incorporation and in these Bylaws.

The following powers of the corporation are illustrative only, and shall not be construed as constituting or implying any limitation upon powers exercisable by the Board or the corporation. The corporation shall have power to:

- (a) Commence, conduct and defend legal proceedings,
- (b) Adopt, use and alter a corporate seal, but failure to affix a seal shall not affect the validity of any act or instrument of the corporation;
- (c) Adopt, amend and repeal Bylaws, subject to the power of the members to change or repeal the Bylaws, except that no change may be made by the Directors in the authorized number of Directors;
- (d) Select, remove and prescribe powers, duties and compensation of officers, agents and employees, and require security for faithful service;

(e) Qualify to conduct, and conduct activities anywhere in the world;

(f) Acquire, hold, lease, encumber, convey, exchange, transfer upon trust, or otherwise dispose of real and personal property anywhere in the world, and receive and accept inter vivos or testamentary gifts of real or personal property, or both,

(g) Borrow money, contract debts and issue bonds, debentures, notes or other evidences of indebtedness therefor, and secure the performance of obligations by mortgage or otherwise,

(h) Acquire, subscribe for, hold, own, pledge and otherwise dispose of and represent shares of stock, bonds and securities of any other corporation, domestic or foreign;

(i) Purchase or acquire its own bonds, debentures or other evidences of its indebtedness or obligations,

(j) Make donations for charitable purposes;

(k) Act as trustee under any trust incidental to the principal objects of the corporation, and receive, hold, administer and expend funds and property subject to such trust,

(l) Participate with others in any partnership, joint venture or other association, transaction or arrangement of any kind, whether or not such participation involves sharing or delegation of control with or to others;

(m) Enter into any contracts, assume any obligations or do any other acts incidental to the conduct of corporate affairs or the attainment of corporate purposes;

(n) Do all other acts necessary or expedient for administration of the affairs and attainment of the purposes of the

corporation.

Section D-2. Number.

The number of Directors may be changed at any time by amendment of these Bylaws by the member. Until changed by the member, there shall be 14 Directors, one of whom shall be the Chairman of the Board of this corporation who shall serve ex officio and only so long as he or she holds such office, and one of whom shall be a senior officer of this corporation designated by the Chairman of the Board. Each Director, including the ex officio Director and the designated Director, shall be counted for purposes of determining the presence of a quorum and shall have one vote.

Section D-3. Vacancies.

A vacancy shall exist whenever a Director resigns, for any reason becomes unable to serve, is not re-elected as provided in Section D-4, is removed in accord with law, or is removed by the member at a meeting of the member's Board of Directors provided that the notice of the meeting of the member's Board of Directors indicates the purpose of the meeting. Additional vacancies shall arise whenever and to the extent that the number of Directors is increased as provided in Section D-2

Section D-4. Election and Term of Office.

The twelve Directors other than the Chairman of the Board and the Director designated by the Chairman of the Board shall be divided into three classes of four Directors each. At the first regularly scheduled meeting of the member's Board of Directors each year, upon the expiration of the term of a class of Directors, Directors of that class shall be elected for a term which shall end at the later of the first regularly scheduled meeting of the member's Board of Directors in the third year following their election or when their successors are elected except that in any event the term of a Director shall end on December 31 of the year in which he or she attains age 70, and the Chairman of the Board, upon his or her retirement or resignation as Chairman of the Board, shall be precluded from continuing to serve as a Director. Any vacancy may be filled by the member, acting through its Board of Directors or its Executive Committee. Each Director shall hold office until the end of his or her term, or until he or she shall resign, become unable to serve as a Director, or be removed in accord with Section D-3.

Section D-5. Meetings.

(a) Place of Meetings Meetings shall be held at such place as the Board of Directors shall designate by resolution or written consent, but unless another place shall be so designated, all meetings shall be held at One Kaiser Plaza, Oakland, California.

(b) Call of Meetings Meetings of the Board of Directors may be called at any time by the Chairman of the Board, or by any two Directors.

(c) Notice. Notice of meetings shall be mailed, telegraphed, or personally delivered to each Director, at his or her usual business address. Notice of a meeting need not be given to any Director who signs a waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Director.

(d) Proof of Notice. A statement showing service of any notice pursuant to Section D-5(c) may be entered in the minutes of the meeting, and such entry shall be conclusive evidence that notice was duly given. Any waivers, consents and approvals given in lieu of regular notice shall be entered in the minutes of the meeting.

(e) Quorum. A majority of the Directors then in office shall constitute a quorum for the transaction of business. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

(f) Meetings Without Notice If all Directors are present at any meeting, or if a quorum is present and all Directors not present either (1) sign a waiver of notice of such meeting, or a consent to the holding thereof, whether prior to or after the meeting, or (2) approve the minutes thereof, the transactions of such meeting shall be as valid as if conducted at a meeting regularly noticed.

(g) Adjourned Meetings. A majority of the Directors

present at any meeting, although less than a quorum, may adjourn the meeting from time to time, without further notice, until a quorum shall attend.

Section D-6. Action Without a Meeting.

Any action required or permitted to be taken by the Board of Directors may be taken without a meeting if all members of the Board individually or collectively consent in writing to such action. Such action by written consent shall have the same force and effect as a unanimous vote of the Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

ARTICLE E

OFFICERS

Section E-1. Officers.

The officers of the corporation shall be a Chairman of the Board, a President, one or more Executive or Senior Vice Presidents, a Secretary, a Chief Financial Officer, a Controller, a Treasurer and one or more Assistant Secretaries. These shall be the only officers of the corporation. The Chairman of the Board or the President of Kaiser Foundation Health Plan, Inc. may assign such other titles as may be appropriate to other individuals, including the title of Vice President, but such other individuals shall not be corporate officers.

Only the Chairman of the Board must be a Director. One person may hold two or more offices, except that the same person may not be both President and Secretary.

Section E-2 Election or Appointment and Term of Office

Each officer shall be elected by the Board of Directors at the first regular Board meeting each year or at any other meeting of the Board for a term of office which shall end at the first Board meeting the following year, or for such other term as the Board of Directors may specify, or until he or she shall resign or is not re-elected as provided in this section.

Section E-3. Subordinate Officials

The Chairman of the Board or President may appoint or delegate authority to appoint such other officials as the needs of the .

corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as the appointing officer, pursuant to authority conferred by the Board of Directors, may from time to time determine. These officials shall not be officers of the corporation. Such officials holding the title of Vice President shall have authority to sign contracts and other documents on behalf of the corporation.

Section E-4. Removal and Resignation.

Any officer may be removed, at any time, either with or without cause, by the Board of Directors. Except for officers chosen directly by the Board of Directors, any officer may be removed, either with or without cause, by any officer authorized to appoint such officer, or by any officer upon whom such power of removal may be conferred by the Board of Directors.

Any officer may resign at any time by giving written notice to the Board of Directors or to the President or to the Secretary. Any such resignation shall take effect upon receipt of such notice, or at any later time specified therein; unless otherwise specified therein, a resignation shall be effective without express acceptance.

Section E-5. Vacancies.

A vacancy in any office because of death, resignation, removal, inability or disqualification to serve, or otherwise, shall be filled in the manner provided in the Bylaws for regular election or appointment to such office.

Section E-6. Chairman of the Board.

The Chairman of the Board shall be the Chief Executive Officer of the corporation and shall preside at all meetings of the Board of Directors and shall have such other powers and duties as the Board of Directors shall designate or the Bylaws may provide.

Section E-7. President

Subject to the direction of the Board of Directors and the Chairman of the Board, the President shall have the general powers and duties of management usually vested in the office of President of a corporation as well as such other powers and duties as the Board of Directors shall designate or as the Bylaws may provide. If there is not a Chairman of the Board of Directors in office and then acting, or if the Chairman of the Board is absent or disabled, the President shall perform all of the duties of the Chairman of the Board, and when so acting shall have the powers of, and be subject to the restrictions upon, the Chairman of the Board, as prescribed in the Bylaws or by the Board of Directors.

The President shall have such other powers and perform such other duties as the Board of Directors shall designate or as the Bylaws may provide.

Section E-8. Executive or Senior Vice President.

Each Executive or Senior Vice President shall assist the President in the performance of his or her duties. In the absence or disability of the President, the Executive Vice President, if one is designated by the Board, or in the absence of such designation, the Senior Vice

Presidents in order of their rank as fixed by the Board of Directors, shall perform the duties of the President, and when so acting, shall have all the powers of, and be subject to all restrictions upon, the President. Each Executive or Senior Vice President shall have such other powers and duties as the Board of Directors shall designate or as the Bylaws may provide.

Section E-9. Secretary

The Secretary shall be responsible for keeping a book of minutes at One Kaiser Plaza, Oakland, California or at such other place as the Board of Directors shall designate, of all meetings and all formal actions of the Board of Directors. Minutes of meetings shall reflect.

the time and place of the meetings, whether they were held pursuant to notice, waiver, or consent, if they were held pursuant to notice, the notice given; the names of persons present; the business transacted, and such other matters as the Board of Directors shall designate.

The Secretary shall be responsible for giving notice of meetings as required by the Bylaws. He or she shall maintain safe custody of the seal, shall make certificates and authenticate documents reflecting actions of the corporation as may be required or desirable, and shall have such other powers and perform such other duties as the Board of Directors shall designate or as the Bylaws may provide. Subject to the supervision of the Secretary, any Assistant Secretary may perform all or any part of the duties of the Secretary.

Section E-10. Chief Financial Officer.

The Chief Financial Officer shall supervise banking relations, including the handling, depositing and disbursing of all funds. The Chief Financial Officer shall render to the President and to the Board of Directors, on request, an account of his or her transactions as Chief Financial Officer and of the financial condition of the corporation. The Chief Financial Officer shall have such other powers and perform such other duties as the Board of Directors shall designate or as the Bylaws may provide. Subject to the supervision of the Chief Financial Officer, any other official may perform all or any part of the duties of the Chief Financial Officer.

ARTICLE F

COMMITTEES

Section F-1. Provision for Committees

The corporation shall have an Executive Committee and such other committees as the Board of Directors may appoint to advise and assist the Board of Directors in managing the corporation's affairs

Section F-2. Action Without a Meeting

Any action required or permitted to be taken by a committee of the Board of Directors may be taken without a meeting if all members of the committee individually or collectively consent in writing to such action. Such action by written consent shall have the same force and effect as a unanimous vote of the committee. Such written consent or consents shall be filed with the minutes of the proceedings of the committee.

Section F-3. Executive Committee.

(a) Composition. The Executive Committee shall consist of six (6) Directors, who shall be selected by the Board of Directors, and who shall continue as members of the Executive Committee at the pleasure of the Board

(b) Authority and Duties. The Executive Committee shall have authority to act for the Board of Directors between Board meetings. Unless otherwise provided by law, the Board of Directors, the Articles of Incorporation, or the Bylaws, any action taken by the Executive Committee shall have the same force and effect as though taken by a

majority of Directors present at a meeting of the Board duly called and held pursuant to the Bylaws, except that the Executive Committee shall have no authority to: (1) Fill vacancies on the Board or the Executive Committee; (2) Fix the compensation of Directors for serving on the Board or any committee, (3) Adopt, amend or repeal Bylaws, (4) Amend or repeal any resolution of the Board which by its express terms is not so amendable or repealable, (5) Appoint committees of the Board or appoint the members thereof; (6) Change roles, titles or employment status of corporate officers; or (7) Approve any aspect of a transaction involving the corporation when a Director has a material financial interest in that transaction, except as expressly provided by the law.

(c) Conduct of Business A quorum of the Executive Committee shall consist of three (3) committee members The Executive Committee shall report to the Board of Directors regarding its recommendations, actions and decisions

Section F-4 Other Committees

The Board of Directors may establish such other committees, of such composition and with such duties, authority and manner of conducting business, as the Board may from time to time deem advisable. Each such committee shall consist of two or more Directors, who shall be selected by the Board of Directors.

ARTICLE G
MISCELLANEOUS

Section G-1. Inspection of Corporate Records

The books of account, minute book and records of committee actions and proceedings shall be open to inspection upon written demand by any Director or member at any reasonable time and for any purpose reasonably related to his or her interests as a Director or member. Such inspection may be made in person, or by any agent or attorney designated by the Director or member and shall include the right to make extracts and copies. Demands for inspection may be presented to the Board of Directors at any meeting, or to the President or Secretary, or if such demand relates to the books of account, to the Controller. Each such demand may be granted by the officer to whom it is presented, but unless so granted, shall be referred by such officer to the Board of Directors.

Section G-2. Execution or Endorsement of Checks

All checks, drafts or other orders for payment of money, and notes or other evidences of indebtedness issued in the name of or payable to the corporation shall be signed or endorsed by such person or persons, and in such manner, as the Board of Directors shall from time to time by resolution determine.

Section G-3. Execution of Contracts

The Board of Directors may authorize any officer or officers and any agent or agents to enter into any contract or execute any

instrument in the name of, and on behalf of, the corporation, and such authority may be general or limited to specified instances. No officer, agent or employee shall have any power or authority to bind or obligate the corporation by any commitment, contract or engagement, or to pledge its credit or render it liable for any purpose or in any amount unless duly authorized by the Board of Directors.

Section G-4. Bylaws, Minutes and Membership Records

The original or a certified copy of the Bylaws, together with all amendments thereto, and the minute book shall be kept at One Kaiser Plaza, Oakland, California and shall be subject to inspection as provided in Section G-1.

Section G-5 Representation of Shares of Other Corporations

The President or any Vice President, acting together with the Secretary or any Assistant Secretary of this corporation, are authorized to vote, represent and exercise on behalf of this corporation all rights incident to any and all shares of stock of any other corporation or corporations which may be owned by or stand in the name of this corporation, and such authority may be exercised by such officers in person or by any person authorized by proxy or power of attorney duly executed by such officers.

Section G-6. Fiscal Year.

The fiscal year of this corporation shall be the calendar year.

Section G-7. Indemnification of Directors, Members, Officers and Employees.

Every person heretofore, now, or hereafter serving as a Director, officer or employee of the corporation, and every person heretofore, now or hereafter serving at the written request of the corporation (or at its oral request subsequently confirmed in writing), as director, trustee, member, officer, or employee of another corporation or other business association which the corporation controls or in which the corporation owns shares of capital stock or other proprietary interest or of which the corporation is a creditor shall be indemnified and held harmless by the corporation from and against any and all loss, cost, liability and expense that may be imposed upon or incurred by him or her in connection with or resulting from any claim, action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal, in which he or she may become involved as a party or otherwise by reason of his or her being or having been a Director, Trustee, member, officer, or employee of the corporation, or of another corporation or other business association which the corporation controls or in which the corporation owns shares of capital stock or other proprietary interest or of which the corporation is a creditor, whether or not he or she continues to be such at the time such loss, cost, liability or expense shall have been imposed or incurred. As used herein, the term "loss, cost, liability and expense" shall include all expenses incurred in the defense of such claim, action, suit or proceeding and the amounts of

judgments, fines, or penalties levied or rendered against any such person, provided, however, that no such person shall be entitled to indemnity hereunder unless the Board of Directors of the corporation determines in good faith that such person (a) was acting in good faith, and (b) reasonably believed that the conduct was in the corporation's best interest, or at least not opposed to the corporation's best interest. In addition, in the case of a criminal proceeding, no person shall be entitled to indemnification hereunder unless such person had no reasonable cause to believe that the conduct was unlawful. The termination of a proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent is not, of itself, determinative that a person did not meet the standard of conduct described in this Section G-7. Payments authorized hereunder include amounts paid and expenses incurred in settling any such claim, action, suit, or proceeding whether actually commenced or threatened. Expenses incurred with respect to any such claim, action, suit or proceeding may be advanced by the corporation prior to the final disposition thereof upon receipt by the corporation of (a) an undertaking satisfactory in form and amount to the Board of Directors by or on behalf of the recipient to repay such amount unless it is ultimately determined that he or she is entitled to indemnification and (b) a written affirmation of the recipient's good faith belief that such recipient has met the standard of conduct described in this Section G-7. The foregoing right of indemnification shall not be deemed exclusive of any other rights to which any person may be otherwise entitled by contract or as a matter of law.

Section G-8. Indemnification to Full Extent of Law.

Notwithstanding the above provisions, the corporation shall indemnify Directors, officers, and employees to the fullest extent permitted by law

Section G-9. Insurance

This corporation shall have the power to purchase and maintain insurance on behalf of any Director, officer or employee of the corporation against any liability asserted against and incurred by such person in his or her official capacity or arising out of his or her status as such, whether or not the corporation would have the power to indemnify that person under the provisions of Section G-7

Section G-10. Annual Report

No annual report shall be required in connection with the activities of the corporation except as required by the laws of Oregon.

ARTICLE H
AMENDMENT AND EFFECT OF BYLAWS

Section H-1. Previous Bylaws Superseded

These amended Bylaws supersede the previous Bylaws of this corporation and all amendments thereto

Section H-2. Effect of Bylaws

These Bylaws are in all respects subordinate to, and shall be controlled by, applicable provisions of the laws of the State of Oregon, other applicable laws, and the Articles of Incorporation of this corporation. Except as these Bylaws may be inconsistent with said laws and Articles, they shall regulate the conduct of the business and affairs of this corporation with respect to all matters to which they relate

Section H-3. Manner of Amendment.

(a) In any Legal Way These Bylaws may be amended in any manner now or hereafter provided by the applicable provisions of the laws of the State of Oregon, except as provided in Section H-3(b) of this Article.

(b) By Directors These Bylaws may be amended by majority vote of the Board of Directors at any meeting, provided a quorum of the Board is present and voting, except that those portions of Article D, Section D-4 of these Bylaws regarding election of Directors may be amended only by the member, acting through its Board of Directors.



COMMUNITY BENEFIT REPORT
for
KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST
FY 2001

For Attachment to the
Internal Revenue Service Form 990
Return of Organization Exempt from Income Tax
(rev 10/01/2002)



TABLE OF CONTENTS

KAISER PERMANENTE.....	4
COMMUNITY BENEFIT PROVIDED BY HEALTH PLAN.....	5
DIRECT COMMUNITY BENEFIT INVESTMENT PROGRAM.....	6
2001 DCBI EXPENDITURES FOR NATIONAL PROGRAM .	7
2001 DCBI EXPENDITURES IN THE NORTHWEST REGION . .	8
Dues Subsidy Program	8
Participation in Medicaid and Other Publicly Financed Programs	9
Clinical and Health Services Research	9
Graduate Medical Education .	13
Continuing Medical Education .	14
Charitable Care	14
Community Contributions and Grants/Donations	14
Medical Libraries	15
Tumor Board and Registry .	15
Other Community Service Activities	15

INTRODUCTION

Kaiser Foundation Health Plan of the Northwest ("Health Plan") is a nonprofit, federally qualified HMO that is a subsidiary of Kaiser Foundation Health Plan, Inc. Kaiser Foundation Health Plan, Inc., its five principal operating tax exempt subsidiary health plans (Kaiser Foundation Health Plan of Ohio, Kaiser Foundation Health Plan of Colorado, Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc., Kaiser Foundation Health Plan of Georgia, Inc., and Kaiser Foundation Health Plan of the Northwest), and Kaiser Foundation Hospitals ("Hospitals") are nonprofit corporations that are part of the integrated health care delivery system known as the Kaiser Permanente Medical Care Program ("Kaiser Permanente"). Additionally, Kaiser Foundation Health Plan, Inc. has five subsidiary health plans that are no longer operating and will be dissolved because Kaiser Permanente has divested its Northeast, North Carolina and Kansas City Regions (Kaiser Foundation Health Plan of Connecticut, Inc., Kaiser Foundation Health Plan of Kansas City, Inc., Kaiser Foundation Health Plan of North Carolina, CHP Companies, Inc. and Community Health Plan).

In 2001, Kaiser Permanente served over 8 million people in 11 states (California, Colorado, Georgia, Hawaii, Kansas, Maryland, Missouri, Ohio, Oregon, Virginia and Washington) and the District of Columbia. It is the largest private non-profit health care program in the United States with over 120,000 employees and over 11,000 full-time equivalent contracting physicians. In the Northwest Region, Kaiser Permanente serves about 455,000 people, with approximately 7,980 employees, approximately 733 contracting physicians, and approximately 130 contracting dentists.

In December 1996, the Boards of Directors of Kaiser Foundation Health Plan, Inc. and of Hospitals approved the Direct Community Benefit Investment (DCBI) Policy to assist Kaiser Foundation Health Plan, Inc., its tax-exempt subsidiaries, and Hospitals achieve our collective social purpose to improve the health of our members and the communities we serve. The Direct Community Benefit Investment Policy is as follows:

"Each year, we will devote 3% of revenue, but no more than 50% of net income based on a rolling multi-year average, as our national goal for direct community benefit investments. The "50% of net income" standard will be implemented subject to management discretion.

Based upon the needs of the communities we serve and our ability to impact these needs, we will focus our investments on three overlapping areas of priority:

- Improving the health of children*
- Improving the health of the uninsured through subsidized coverage or care*
- Advancing medical knowledge through clinical and health services research*

This report describes the structure of Kaiser Permanente and documents the community benefit provided by Health Plan in the Northwest Region, as well as the national community benefit activities of Kaiser Foundation Health Plan, Inc. and its other subsidiary health plans and Hospitals.

KAISER PERMANENTE

Kaiser Permanente is not just a financial arrangement. It is an integrated health care delivery system that combines the provision and financing of health care services. People who elect to enroll in Kaiser Permanente receive a full range of prepaid health care services, including hospital care, professional care in hospitals and physicians' offices, X-ray and laboratory services, physical therapy, emergency ambulance service, preventive services, health education and prescribed drugs.

In the Northwest Region, Kaiser Permanente is conducted by four separate legal organizations: Health Plan, an Oregon nonprofit corporation, which is a federally qualified health maintenance organization ("HMO") exempt from federal income tax under Internal Revenue Code §501(c)(3), Hospitals, a California nonprofit public benefit corporation exempt from federal income tax under Internal Revenue Code §501(c)(3), the Northwest Permanente Physicians, PC, an independent multi-specialty group of physicians organized as a professional corporation, and Permanente Dental Associates, PC, an independent multi-specialty group of dentists organized as a professional corporation.

Persons enroll in Kaiser Permanente through Health Plan through a group or individual contract under which Health Plan undertakes to arrange comprehensive health care services for members on a predominantly prepaid basis. Health Plan fulfills its contractual obligations to members by contracting with Hospitals to provide hospital services, the Northwest Permanente Physicians, PC ("Northwest Permanente Physicians") to provide the required health care services and Permanente Dental Associates, PC ("Permanente Dental Associates") to provide covered dental services.

Members receive physician services from Northwest Permanente Physicians and dental services from Permanente Dental Associates. Northwest Permanente Physicians and Permanente Dental Associates accept responsibility for professional care of Health Plan members; are responsible for their own physician and dentist recruitment, selection and staffing, and are independent from Health Plan, Hospitals and each other. Northwest Permanente Physicians and Permanente Dental Associates treat members in facilities owned or leased by the Health Plan or Hospitals.

Hospitals and Health Plan are separate corporations governed by identical Boards of Directors. Hospitals accepts responsibility to provide or arrange necessary hospital services and facilities for Health Plan members. In the Northwest, Hospitals owns and operates Kaiser Sunnyside Medical Center, a nonprofit, community hospital that offers services to all persons in the community. Staff privileges are available, on a nondiscriminatory basis, to physicians in the communities served. Hospitals also contracts with community hospitals to provide hospital services to members for specialized care and other services.

Membership in Health Plan is available without regard to sex, race, religion, ethnic background, sexual orientation, occupational status or income level. Health Plan members are broadly representative of the various age, social and income groups within the areas it serves.

Once enrolled, a member is free to maintain membership, irrespective of age, health status or employment.

COMMUNITY BENEFIT PROVIDED BY HEALTH PLAN

Health Plan's primary social mission is the organization and provision of comprehensive health care services on a prepaid basis through an integrated health care delivery system, available to the community as a whole. Because Health Plan is a nonprofit organization, revenues that exceed the cost of operations and the provision of care are used to benefit the members through improved facilities and service, increased benefits and affordable rates rather than to paying dividends to stockholders.

Providing low-cost, high quality, comprehensive health benefits coverage and care that emphasizes prevention helps to prevent medical indigence and contributes to the quality of life in the communities we serve. Health Plan has incorporated the following elements that support and facilitate the attainment of its social mission into its operations:

- *Integrated services and facilities* - Health Plan has organized and integrated the professional and physical resources required to provide comprehensive health care. In the Northwest this primarily occurs at our Kaiser Sunnyside Medical Center, local community hospitals with which Hospitals has contracted, and outpatient medical offices and other medical office buildings owned or leased by Health Plan or Hospitals.
- *Group practice* - Northwest Permanente Physicians and Permanente Dental Associates are each organized into a large multi-specialty group practice that takes responsibility for providing comprehensive care to a defined population in facilities owned or leased by Health Plan or Hospitals. Northwest Permanente Physicians and Health Plan exclusively contract with each other to provide medical services to Health Plan members. Permanente Dental Associates and Health Plan exclusively contract with each other to provide dental services to Health Plan members with dental coverage. Group practice enhances the quality and appropriateness of care for members and for the community by facilitating the development and sharing of "best clinical practices" throughout the community and across the nation. The income received by Northwest Permanente Physicians and its physicians and by Permanente Dental Associates and its dentists is solely in consideration of their professional medical, dental and related services. The amounts paid to Northwest Permanente Physicians and to Permanente Dental Associates is negotiated annually at arms' length. By altering the straight-line relationship between service performed and income received, Health Plan removes incentives to perform unneeded services, encouraging use of the most appropriate services.
- *Prepayment* - Health Plan pays the Northwest Permanente Physicians and the Permanente Dental Associates a separate per capita payment that does not vary with the amount of service provided. Physicians who are part of Northwest Permanente Physicians and dentists who are part of Permanente Dental Associates are not compensated on a fee-for-service basis.
- *Comprehensive Benefits* - Health Plan provides coverage for unlimited hospital days, physician visits, preventive services, immunizations, well-baby care and prenatal care. Enrollees pay limited copayments, which protect members from substantial out-of-pocket costs. Comprehensive, prepaid coverage removes or minimizes financial barriers to care promoting early consultation, detection and treatment of disease. Health Plan actively

encourages members to maintain their health through regular preventive care services such as well-baby check-ups, immunizations and screening tests. This reduces uncompensated care and prevents medical indigence by encouraging and financing preventive medical care at the most effective and appropriate level.

- *No Pre-Existing Condition Exclusions* - Pre-existing condition exclusions allow carriers to exclude from coverage care for a condition that preceded enrollment with the carrier. Health Plan imposes no pre-existing condition exclusions and thereby provides substantial protection for new members who are ill at the time of enrollment. Health Plan offered health benefits coverage in all its markets without any pre-existing condition exclusions for many years prior to recently enacted federal and state statutes prohibiting pre-existing condition exclusions in certain markets. By ensuring that all our enrollees are covered for all their medical needs, we reduce the amount of uncompensated care, promote the health of our members, and prevent medical indigence.
- *Participation in Medicare* - Kaiser Permanente, nationally and in the Northwest Region has participated in Medicare since it was first implemented in 1965. In 2001, Health Plan enrolled approximately 51,000 Medicare beneficiaries in the Northwest through Medicare Risk Contracts, which provides all Medicare Part A and Part B services, plus additional drug, optical, and inpatient coverage.

COMMUNITY BENEFIT PROGRAM

In addition to the above, Kaiser Permanente has a wide variety of community benefit programs, some of which are allocable to Kaiser Foundation Health Plan, Inc. and its subsidiaries, some to Hospitals. This report highlights examples of Kaiser Permanente's national Direct Community Benefit Investment Policy ("DCBI") as well as the DCBI activities of Health Plan and Hospitals in the Northwest. Consistent with our DCBI Policy, based upon the needs of the communities we serve and our ability to impact these needs, Kaiser Permanente is focusing its investments nationally on three overlapping areas of priority:

- Improving the health of children
- Improving the health of the uninsured through subsidized coverage or care.
- Advancing medical knowledge through clinical and health services research

In the Northwest, improving neighborhoods and local communities was added as a fourth, local priority. Community benefit programs, while consistent in nature, will differ in amount and scope from year to year, based on the resources and objectives of Kaiser Permanente nationally and locally.

In 2001, Kaiser Foundation Health Plan, Inc., its subsidiaries, and Hospitals spent approximately \$349 million or approximately 1.7% of revenue, on DCBI activities across the nation in the communities we serve. In the Northwest, Health Plan and Hospitals spent approximately \$21.4 million on DCBI activities in 2001. The following charts summarize 2001 DCBI expenditures nationally and in the Northwest. The expenditures reflected in the charts are unaudited estimates calculated in accordance with Kaiser Permanente's DCBI Accounting Policy.

2001 DCBI Expenditures for National Program

DCBI CATEGORY	NATIONAL DCBI TOTAL	NATIONAL HOSPITALS TOTAL	NATIONAL HEALTH PLANS TOTAL
Dues Subsidy	\$36,540,132	\$8,177,106	\$28,363,026
Medicaid Shortfalls	\$201,204,002	\$62,618,916	\$138,585,086
Other Publicly Subsidized Programs	\$1,662,171	\$396,207	\$1,265,964
Charitable Care	\$15,121,244	\$10,621,244	\$4,500,000
Graduate Medical Education	\$27,233,578	\$26,514,928	\$718,650
Health Professional Training Programs (non-MD)	\$5,453,665	\$5,097,995	\$355,670
Continuing Medical Education	\$7,133,586	\$7,103,928	\$29,658
Health Education Activities	\$2,180,439	\$1,531,990	\$648,449
Community Health Care Services	\$5,235,651	\$5,143,439	\$92,212
Educational Symposiums	\$838,914	\$838,914	0
Grants\Donations – Health Care	\$10,481,301	\$8,765,412	\$1,715,889
Grants\Donations – Non Health Care	\$270,912	\$85,325	\$185,587
Medical Research	\$9,013,299	\$7,810,128	\$1,203,171
Medical Libraries	\$6,296,969	\$6,296,969	0
Tumor Board & Registries	\$3,611,978	\$3,438,578	\$173,400
Educational Theatre	\$4,971,712	\$4,013,560	\$958,152
Youth\Other Employment Programs	\$1,504,288	\$1,401,948	\$102,340
Board of Directors Fund	\$887,233	\$887,233	0
Other Community Service	\$3,230,520	0	\$3,230,520
TOTAL	\$342,871,594	\$160,743,820	\$182,127,774

2001 DCBI Expenditures in the Northwest Region

DCBI CATEGORY	KAISER PERMANENTE NORTHWEST TOTAL	NORTHWEST HOSPITALS TOTAL	NORTHWEST HEALTH PLAN TOTAL
Dues Subsidy	\$5,239,677	0	\$5,239,677
Medicaid Shortfalls	\$6,387,049	0	\$6,387,049
Charitable Care	\$1,834,718	\$1,834,718	0
Graduate Medical Education	\$1,485,422	\$1,485,422	0
Continuing Medical Education	\$322,085	\$322,085	0
Health Education Activities	\$115,821	\$115,821	0
Community Health Care Services	\$193,000	\$193,000	0
Educational Symposiums	\$30,000	\$30,000	0
Grants\Donations – Health Care	\$126,063	\$126,063	0
Medical Research	\$1,912,118	\$1,912,118	0
Medical Libraries	\$233,156	\$233,156	0
Tumor Board & Registries	\$728,085	\$728,085	0
Youth\Other Employment Programs	\$5,000	0	\$5,000
Other Community Service	\$2,800,638	0	\$2,800,638
TOTAL	\$ 21,412,832	\$6,980,468	\$ 14,432,364

HIGHLIGHTS OF COMMUNITY BENEFIT PROGRAM IN OREGON AND SOUTHWEST WASHINGTON

The following are some highlights of the 2001 community benefit programs in Oregon and southwest Washington

Dues Subsidy Program

In 2001 Health Plan spent over \$5.2 million on the Dues Subsidy Program. A portion of this money helps fund additional benefits for the Oregon Health Plan (Medicaid) members that are not covered by the state's program. In addition, a portion was used for the Northwest's "Transitions" program. Since the early 1990s, this Dues Subsidy Program has provided health care for qualified single parents who have returned to school at local community college. Finally, a portion of the Dues Subsidy Program subsidizes participants in the Washington BHP program. The Washington Basic Health Plan is a state-funded program for low-income individuals. The Washington Basic Health Plan provides comprehensive healthcare benefits for Washington residents meeting the income standard of no greater than 200% of federal poverty level. Beneficiaries at this income level pay a portion of their premium on a sliding scale based on income.

Participation in Medicaid and Other Publicly Financed Programs

Health Plan and Hospitals have a long history of participation in publicly financed health programs

- **Medicaid** - As of December 31, 2001, Health Plan enrolled approximately 17,000 Medicaid beneficiaries in the Northwest on a prepaid basis. The average for the year was approximately 18,483. In the Northwest, Health Plan spent approximately \$6.4 million to subsidize these members, in addition to the amount contributed by the Dues Subsidy Program to cover benefits not covered through Medicaid.
- **Basic Health Plan Plus** - As discussed under the heading "Dues Subsidy Program", the Health Plan participates in Washington State's Basic Health Plan program. Medicaid funds the portion of the Basic Health Plan which serves pregnant women and children. (This is called Basic Health Plan Plus).
- **Risk Pools** - Health Plan has spent over \$2.8 million to finance coverage for high-risk persons not eligible for Medicaid who are uninsurable through the Oregon and Washington Risk Pools. Each insurer in each of the states is required by state law to pay a percentage in the risk pools based on the plan's membership.

Clinical and Health Services Research

Hospitals in the Northwest spent more than \$1.9 million in 2001 to support clinical and health research activities. From the beginning, research has been a core value at Kaiser Permanente in the Northwest and nationally. DCBI funds support research that meets important medical and social needs, such as preventing violence, preventing infectious disease and improving health care for adolescents, youth and underserved populations. For 40 years, Kaiser Permanente researchers across the nation have parlayed modest grants financed through our community service budget into major discoveries that have served our communities, influenced national policy, and informed medical practice throughout the nation and the world.

During 2001 there were more than 140 research projects under way at the Northwest Region's Center for Health Research (CHR), exclusive of a large number of cancer research protocols taking place in the Research Oncology Department. Described below are some of the most significant of these projects, significant either because of size, potential impact on the health of members and the general public, or their fit with the DCBI program focus on improving the health of children.

- **Lifestyle Change to Increase Bone Density in Teen Girls (Youth)** - The YOUTH study is a five-year randomized clinical trial. The goal is to evaluate whether a lifestyle intervention, focusing on specific diet and exercise patterns can enhance bone mineral density among teenage girls and thereby lower risk for fractures and for osteoporosis. The intervention includes group and Web activities. Two hundred fifty girls, ages 14-16, will be recruited into this study from among Kaiser Permanente Northwest members in the Portland metropolitan area and southwestern Washington. The National Institute of Child Health and Development through June 2004 funds YOUTH.
- **Internet-based Interventions for Youth Disorders** - This five-year development grant aims to create and pilot two different internet-based self-help, skills training programs. The first program will teach depressed adolescents skills to overcome negative and unrealistic thinking patterns that contribute to depression. The second program will train parents in skills and

techniques to address disruptive behaviors in their children ages 2 to 8. The first step is to develop the infrastructure necessary to implement these skill-training sites and integrate them with more traditional health care delivery in several representative settings. The National Institute of Mental Health through May 2005 funds this study.

- **Toddler Obesity and Tooth Decay (TOTS)** – This study is testing whether community and family-based interventions can alter patterns of recreational drink consumption in expectant mothers and their offspring and extend the length of breastfeeding, and whether such behavioral changes can reduce childhood obesity and dental caries. American Indian youth experience the highest rates of childhood obesity and early childhood dental caries of any US population. Obesity is a major risk factor for type 2 diabetes, which is now occurring in American Indian youth as well as adults. The greatest dietary shift over the last 20 years has been the replacement of water, milk, and juice with soft drinks and other sugared beverages. This shift has coincided with increases in energy consumption that can lead to childhood obesity and various presentations of dental caries, including early childhood caries. This project, part of the Native American Research Center for Health from the Northwest Portland Area Indian Health Board, targets reducing the experience of these health problems through community and family interventions to increase water consumption and reduce sugared beverage consumption in four Northwest tribal communities.
- **Assessing Medical Care Need Among Children in Managed Care** - Health insurance sponsors are increasingly using payments based on risk assessments as a response to the undesired incentives created by capitated payments to managed-care organizations (MCOs). Little is known about whether risk-adjusted capitation will adversely affect children's access to medical care by failing to reimburse health plans and providers for the cost of pediatric health care. This study addresses the impact of risk adjusting capitated health plan payments for children. The study will determine how well different risk assessment instruments predict medical need among children and among families with children by directly comparing general and pediatric-specific risk assessment tools. It also will assess whether additional health status information improves the predictive performance of existing risk assessment instruments. Most risk assessment models rely on a specific type of information, for example diagnoses or prescription drugs. We will evaluate how additional risk information can improve a model's predictive power and will evaluate the revenue implications for health plans that enroll children and families with children if payments are based on alternative risk assessment instruments.
- **Psychosocial Treatment of Depression in Delinquents** - The goal of this study is to evaluate the efficacy of a cognitive-behavioral treatment intervention for adolescents who exhibit symptoms of both depression and conduct disorder. Over a four-year period, 240 adolescents with both depression and conduct problems will be randomly assigned to one of two groups: (1) the usual services provided to delinquent youth in the diversion program (typically an educational program with various goals such as alternatives to stealing, reducing alcohol and drug use, and academic tutoring) or (2) the usual services plus the Adolescent Coping With Depression (CWD-A) course. The CWD-A course will be modified to address the special needs of adolescents with both depression and conduct disorder (e.g., increasing social skills to develop nondeviant peer groups, and dealing with anger in addition to depression).
- **Treatment of SSRI-Resistant Depression in Adolescents (TORDIA)** - This five-year, six-center study examines medication and psychotherapy treatments that may be effective with

depressed adolescents who have failed to respond to an initial course of selective serotonin reuptake inhibitor antidepressant medication. National Institute of Mental Health through August 2005 funds this study

- **Study for Testing Effective Approaches to Depression in Youth (STEADY)**—This four-year study, which began in 1999, will test the effectiveness of combining psychotherapy with antidepressant medication therapy to treat adolescents suffering from depression. The study will enroll 150 teens aged 12-18 who are newly diagnosed with depression and will take place at four KPNW medical offices. Depressed teens that join the study will be treated by their pediatrician and by a mental health therapist, who will work together in a team approach.
- **Smoking Expert System for Teens in Primary Medical Care (Teen TRAC)** - Teen TRAC tests the long-term efficacy of brief clinician advice and an expert system interactive computer program for reducing the prevalence of smoking among teenagers aged 14 to 17 who are being seen for routine medical care.
- **Tobacco Prevention for Kids (Steering Clear)** - This large randomized trial tests a family-based outreach approach for preventing younger children, ages 10-12, from starting to smoke over a two-year period. It is a collaborative project between the Center for Health Studies at Group Health Cooperative and CHR. Half of the 5,000 study participants will be recruited at each HMO. The National Cancer Institute funds the study. The study is still underway.
- **Multi-center Vaccine Safety Datalink Project (VSD)** - This 10-year multi-center study began in 1990, funded by the Centers for Disease Control. It establishes a system of large computerized medical outcome databases linked with immunization histories that address the relationship of general health status as well as several neurological diseases to childhood vaccinations. Detailed chart abstraction studies of specific associations between vaccines and medical outcomes are also conducted.
- **Breast Cancer Prevention Trial** - This study tests whether Tamoxifen, an antiestrogen proven effective in treating breast cancer, is also useful in preventing breast cancer in women with no previous malignancy. The subjects are women over age 60, as well as women whose risk of breast cancer matches those of women over 60. The women are randomized to either Tamoxifen or placebo groups for five years. Follow-up takes place in the general clinics of Kaiser Permanente and in periodic group sessions organized for more efficient study monitoring and data collection. This study is funded through the National Surgical Adjuvant Breast and Bowel Project. Six years after its inception in 1992, the trial showed a 45 percent reduction in breast cancer incidence among the high-risk participants who took Tamoxifen. As a result, investigators released the initial study results in March 1998, about 14 months earlier than expected and notified the 13,388 participants of the findings so those women who had been taking a placebo could consider starting Tamoxifen therapy after consulting with their personal physicians.
- **Dietary Approaches to Stop Hypertension 2 (DASH-Sodium)** is a multi-center randomized clinical trial that compares the effects of three levels of sodium intake and two dietary patterns on blood pressure. Participants are 400 adults with above average blood pressure or mild hypertension. The CHR serves as Coordinating Center for this NHLBI-funded study. Study subjects are assigned to one of two dietary patterns using a parallel group design and are fed at each of three sodium levels using a crossover design. The study provides participants with all food during a two-week run-in feeding period and three separate

intervention feeding periods (one month at each of the three sodium levels). Preliminary results, released in the Spring of 2000 at the annual conference of the American Society of Hypertension, reconfirmed the findings of the first DASH trial (that a diet low in fat and high in fruits, vegetables and low-fat dairy products lowers blood pressure quickly and significantly), showed that lowering sodium intake reduces blood pressure, and showed eating the DASH diet and reducing sodium lowers blood pressure more than doing either alone

- **Hemochromatosis**—This five-year study, funded by the National Heart, Lung and Blood Institute, is to develop better scientific understanding of the prevalence, causes, and impact on patients of iron overload and hemochromatosis. Twenty thousand Kaiser Permanente members age 25 and older in the Northwest and Hawaii Regions will be screened for high levels of iron in their blood. Some participants will receive a second screening test, some will be invited to receive clinical exams, some will participate in a longer family study, and others will participate in a study of the ethical, legal and social issues that impact individuals and families who receive screening for hemochromatosis. The study hopes to answer for major questions about this common genetic disorder: Who should be screened, when should people be screened, what are the most effective screening tests, and what are the ethical, legal and social issues involved in mass screening?
- **Oregon Center for Complementary and Alternative Medicine (OCCAM)**—This is an \$8 million grant, funded by the National Center for Complementary and Alternative Medicine (a component of the National Institutes of Health) to conduct rigorous scientific research on complementary and alternative medicine (CAM) approaches for a wide variety of diseases. During the first five years, researchers and practitioners at OCCAM will focus on treating two craniofacial disorders, temporomandibular joint disease (known as TMD or TMJ) and periodontal disease. Institutions involved in OCCAM include the CHR, KPNW's TMD Clinic, Oregon Health Sciences University's School of Dentistry, and the four major alternative medicine schools located in Portland—National College of Naturopathic Medicine, Oregon College of Oriental Medicine, Oregon School of Massage and Western States Chiropractic College. The study will evaluate the effectiveness of conventional dental and CAM approaches for treating dental disease.
- **Cancer Research Network**—This study is a \$16-million grant from the National Cancer Institute to study ways to improve cancer prevention and control programs in health maintenance organizations. The Network is a consortium of public-interest research centers affiliated with 10 non-profit managed care organizations throughout the United States, including the Center for Health Research as well as research centers in four other Kaiser Permanente regions. The Network will use the funding to
 - Develop an effective research laboratory by blending the memberships, research resources and data systems of large HMOs,
 - Develop new research tools to promote future studies of effective cancer interventions among the large, diverse populations enrolled in HMOs, and
 - Conduct research in the participating HMOs on the effectiveness of smoking cessation programs, on the prevention of advanced breast and cervical cancer, and on the effectiveness of preventive strategies, such as mammography and prophylactic mastectomy for women with a personal or family history of breast cancer.

- **Research Approaches to Cancer in a HMO (REACH)**—REACH is a Cancer Prevention Research Unit (CPRU) consisting of five projects to develop, implement, and evaluate low-cost, effective population-based cancer prevention and control strategies in a managed care setting (Kaiser Permanente, Northwest Division), and to evaluate strategies for integrating effective approaches to cancer control into the delivery of care. Conducted jointly with the Oregon Research Institute in Eugene, REACH is a continuation of the TRACC (Tobacco Reduction and Cancer Control) and TRACC II program projects. The five projects are.
 - **Women's Cancer Control Study (WCCS)** develops and tests the effectiveness of two interventions; a dietary intervention that uses an automated, computer-assisted program and a breast self-exam (BSE) intervention. The diet change intervention is designed to reduce cancer risk by increasing consumption of fruits and vegetables and decreasing consumption of fat. The BSE intervention is designed to reduce cancer mortality by helping participants be more effective in early detection of breast cancer. Participants are women aged 40-70.
 - **Cancer Risk Intervention and Screening Project—CRISP** compares the effectiveness of clinic-based, outreach (mail and phone), and combined clinic and outreach interventions in improving mammogram and Pap smear testing rates for women who fall into the safety net (excessive interval since last tested) for these procedures.
 - **Genetic Testing for Cancer Risk: Measuring Opinions** assesses knowledge of breast cancer risk and genetics and attitudes about genetic testing for breast cancer susceptibility using focus groups and structured interviews of health care consumers and providers.
 - **Quality of Life and Cancer** identifies psychosocial services, including alternatives or complementary therapies such as acupuncture and naturopathy, available to cancer patients, and assesses cancer patients' awareness of, interest in, use of, and satisfaction with these services.
 - **Women's Health Initiative (WHI)**, funded by the National Institutes of Health, is the largest study of women's health issues to be undertaken in the United States. A 40-center study, the WHI started in late 1994 will enroll 163,000 postmenopausal women (age 50-79) nationwide in two studies, a multi-factor randomized clinical trial and an observational study. The clinical trial examines the effects of low-fat diets in preventing heart disease and breast and colon cancer, the effects of hormone replacement therapy on heart disease and osteoporotic fractures, and the effects of calcium and vitamin D in preventing colon cancer and osteoporotic fractures. The observational study examines how genetics, environmental factors, and lifestyle affect women's health and attempts to identify biological markers that predict heart disease, cancer, and osteoporosis. An ancillary study, Women's Health Initiative Memory Study (WHIMS), evaluates the role of hormone replacement therapy in the prevention and treatment of Alzheimer's disease. The project is planned to extend into the next century, with final results available in 2007.

Graduate Medical Education

Hospitals spent over \$1.4 million on graduate medical education for over 25 interns and residents in the Northwest. Approximately two-thirds of these rotations were in primary medicine (internal medicine, pediatrics, and ob/gyn).

Continuing Medical Education

Hospitals in the Northwest spent over \$300,000 continuing medical education to Kaiser Permanente providers and to community providers and physicians not affiliated with Kaiser Permanente

Charitable Care

Hospitals in the Northwest spent over \$1.8 million to provide free inpatient, outpatient and other hospital services to persons who could not otherwise afford health care

Community Contributions and Grants/Donations

Health Plan in the Northwest spent over \$126,000 to make direct financial and in-kind contributions to support charitable, nonprofit organizations that help promote and maintain the physical, mental, and social health of people living in Northwest Oregon and Southwest Washington. The focus is on projects and groups that improve the health of children, care for the uninsured, advance medical knowledge, or improve neighborhoods and local communities. Some examples include

- *Partnering with the Oregon and Washington SAFE KIDS coalitions* The goals of SAFE KIDS are greater awareness of childhood injuries and better strategies for preventing them. Kaiser Permanente Northwest has donated free helmets to elementary and middle school children in the community, as well as giving car safety seats to agencies. Through our helmet safety exhibit, parents and children learn how to prevent injuries. This exhibit travels to many health fairs and community activities teaching people how to wear a helmet correctly, providing information about helmet safety, and giving away helmets.
- *Kaiser Permanente Northwest's Poison Prevention Garden* allows visitors to learn common plants that are toxic.
- *School-to-Work* provides work-based learning opportunities for high school students at our outpatient medical offices.
- *Oregon Health Systems in Collaboration* The Northwest Region supports various projects, such as increasing immunization efforts, preventing domestic violence, and educating teens about ways to prevent pregnancy.
- *Pathways 2020* Hospitals has joined with others in the Longview-Kelso, Washington community to develop a profile of community health issues and needs and to focus health resources where they can do the greatest long-term good.
- *African American Wellness Conference* Each year, Health Plan has sponsored the African American Wellness Conference, presented by the African American Health Coalition. The conference educates participants in ways to prevent diseases of special concern to the African American community, such as diabetes.
- *Cancer Survivors Day* Hospitals continues to support the annual Cancer Survivors Day, which recognizes survivors and their families with a day of celebration.
- *Friends of Trees Seed the Future* Hospitals has made several grants to Friends of Trees Seed the Future campaign, which provides trees for children to plant at their schools.
- *Volunteer Efforts*. The Northwest supports and encourages its leaders to serve on boards in the community. Examples of board participation include Self Enhancement, Inc., the Urban League, CC2010, and the United Way of Willamette Valley.

- *Community Choices 2010* This program in Vancouver, Washington assesses the community's most urgent health care problems and plans the most effective ways to address them. Hospitals have become a major supporter both financially and through involvement of staff, including our Regional Medical Director.
- *Race for the Cure*. For the past few years, Kaiser Permanente yielded the largest corporate team. The top building lights of the Kaiser Permanente Building are illuminated pink in honor of the race. Kaiser Permanente supports the Race with a gold-level sponsorship with a donation of 50,000 bottles of water.
- *Reach the Beach*. Kaiser Permanente has sponsored this American Lung Association bicycle event to raise funds for research and educational programs.

Medical Libraries

Hospitals in the Northwest spent over \$233,000 to support medical libraries and other health resource and information dissemination services. These programs allow medical staff and the greater professional community access to health-related research conducted within and outside of Kaiser Permanente.

Tumor Board and Registry

Hospitals in the Northwest spent over \$728,000 to support the Tumor Board and Registry. In Oregon and Washington, the Northwest Region is required by state law to provide specific cancer patient data to the state at particular intervals after diagnosis. Each patient is followed on an annual basis for the remainder of his or her life. The Northwest's Tumor Registry has been accredited since its inception. Staff from the Tumor Registry assist physicians with case abstraction of cancer information, compile incidence and survival statistics, monitor follow-up of the cancer patient and notify patients of needed follow up appointments. These funds support these efforts.

Other Community Service Activities

Hospitals in the Northwest spent over \$1.9 million on other community service activities. This included activities such as supporting a United Way "loaned executive" position. These funds are also used to run the Northwest's Community Giving Campaign, which includes United Way, Black United Fund, and the Earthshare of Oregon.

- If you are filing for an Additional (not automatic) 3-Month Extension, complete only Part II and check this box ☒ **Note: Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868**
- If you are filing for an Automatic 3-Month Extension, complete only Part I (on page 1)

Part II Additional (not automatic) 3-Month Extension of Time — Must File Original and One Copy.

Type or print	Name of Exempt Organization KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST	Employer identification number 93-0798039
File by the extended due date for filing the return. See instructions	Number, street, and room or suite no. If a P.O. box, see instructions ONE KAISER PLAZA, 1550 ORDWAY	For IRS use only
	City, town, or post office, state, and ZIP code. For a foreign address, see instructions OAKLAND CA 94612	

Check type of return to be filed (File a separate application for each return)

- ☒ Form 990 ☐ Form 990-EZ ☐ Form 990-T (sec. 401(a) or 408(a) trust) ☐ Form 1041-A ☐ Form 5227 ☐ Form 8870
☐ Form 990-BL ☐ Form 990-PF ☐ Form 990-T (trust other than above) ☐ Form 4720 ☐ Form 6069

STOP. Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868

- If the organization does not have an office or place of business in the United States, check this box ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the whole group, check this box ☐ If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension is for

- 4 I request an additional 3-month extension of time until NOVEMBER 15, 20 02
- 5 For calendar year 2001, or other tax year beginning 20 and ending 20
- 6 If this tax year is for less than 12 months, check reason ☐ Initial return ☐ Final return ☐ Change in accounting period
- 7 State in detail why you need the extension THIS ENTITY IS A MEMBER OF AN AFFILIATED GROUP COMPRISING A NATIONAL MANAGED HEALTH CARE DELIVERY PROGRAM AND IT MUST DEFER RETURN FILING UNTIL DATA FOR EACH MEMBER'S RETURN IS COMPLETE.
- 8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax less any nonrefundable credits. See instructions \$ NONE
- b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 \$ NONE
- c Balance Due. Subtract line 8b from line 8a. Include your payment with this form, or if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \$ 0

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature *Deborah Stalder* Title VICE PRESIDENT/CONTROLLER Date 7/29/2002**Notice to Applicant — To Be Completed by the IRS**

- ☒ We have approved this application. Please attach this form to the organization's return.
- ☐ We have not approved this application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions). This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely return. Please attach this form to the organization's return.
- ☐ We have not approved this application. After considering the reasons stated in item 7, we cannot grant your request for an extension of time to file. We are not granting a 10-day grace period.
- ☐ We cannot consider this application because it was filed after the due date of the return for which an extension was requested.
- ☐ Other _____

Director _____ By _____ Date _____

Alternate Mailing Address — Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above

Type or print	Name	EXTENSION APPROVED AUG 13 2002
	Number and street (include suite, room, or apt. no.) Or a P.O. box number	
	City or town, province or state, and country (including postal or ZIP code)	

RECEIVED

SEP 03 2002

PROGRAM OFFICES
CONTROLLER**COPY**LINDA WEISKOPF, FIELD DIRECTOR,
SOUTH-CENTRAL PROCESSING CENTER
Form 8868 (12-2000)

**Application for Extension of Time To File an
Exempt Organization Return**

OMB No 1545-1709

▶ File a separate application for each return

- If you are filing for an Automatic 3-Month Extension, complete only Part I and check this box ▶ ☒
 - If you are filing for an Additional (not automatic) 3-Month Extension, complete only Part II (on page 2 of this form)
- Note: Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868**

Part I Automatic 3-Month Extension of Time — Only submit original (no copies needed)**Note: Form 990-T corporations requesting an automatic 6-month extension — check this box and complete Part I only** ▶ ☐

All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns. Partnerships, REMICs and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066 or 1041.

Type or print	Name of Exempt Organization	Employer identification number
	KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST	93-0798039
File by the due date for filing your return. See instructions	Number, street, and room or suite no. If a P.O. box, see instructions	
	ONE KAISER PLAZA, 1550 ORDWAY	
	City, town or post office, state and ZIP code. For a foreign address, see instructions	
	OAKLAND CA 94612	

Check type of return to be filed (file a separate application for each return)

- | | | |
|--|---|------------------------------------|
| <input checked="" type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (corporation) | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990-BL | <input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-EZ | <input type="checkbox"/> Form 990-T (trust other than above) | <input type="checkbox"/> Form 6069 |
| <input type="checkbox"/> Form 990-PF | <input type="checkbox"/> Form 1041-A | <input type="checkbox"/> Form 8870 |

- If the organization does not have an office or place of business in the United States, check this box ▶ ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) NA. If this is for the whole group, check this box ▶ ☐. If it is for part of the group, check this box ▶ ☐ and attach a list with the names and EINs of all members the extension will cover.

1 I request an automatic 3-month (6-month, for 990-T corporation) extension of time until AUGUST 15, 20 02 to file the exempt organization return for the organization named above. The extension is for the organization's return for

▶ ☒ calendar year 20 01 or▶ ☐ tax year beginning _____, 20 ____ and ending _____, 20 ____

2 If this tax year is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720 or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.

\$ 0

b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.

\$ _____

c **Balance Due.** Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.

\$ 0.00**Signature and Verification**

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature ▶ [Signature]Title ▶ VICE PRESIDENT/CONTROLLER Date ▶ 5/8/2002

For Paperwork Reduction Act Notice, see instruction

Form **8868** (12-2000)