

Return of Organization Exempt From Income Tax

OMB No 1545-0047

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

2002

Department of the Treasury
Internal Revenue Service

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

Open to Public
Inspection

A For the 2002 calendar year, OR tax year period beginning 1/1/2002, 2002, and ending 12/31/2002	
B Check if applicable: <input checked="" type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST Number and street (or P O box if mail is not delivered to street address) Room/suite ONE KAISER PLAZA, SUITE 1550L City or town State or Country ZIP code OAKLAND CA 94612
D Employer identification number 93-0798039	E Telephone number (510) 271-6611
F Accounting method <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify)	
G Web site N/A	
J Organization type (check only one) <input checked="" type="checkbox"/> 501(c) (3) (insert no) <input type="checkbox"/> 4947(a)(1) <input type="checkbox"/> 527	
K Check here <input type="checkbox"/> 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 1,453,916,476	
H and I are not applicable to section 527 organizations H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) If "Yes" enter number of affiliates N/A H(c) Are all affiliates included? N/A <input type="checkbox"/> Yes <input type="checkbox"/> No (If "No" attach a list. See instructions.) H(d) Is this a separate return filed by an organization covered by a group ruling? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No I Enter 4-digit GEN M Check <input checked="" type="checkbox"/> if the organization is not required to attach Sch B (Form 990 990-EZ, or 990-PF)	

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances

(See Specific Instructions on page 16)

Revenue	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		
	2 Program service revenue including government fees and contracts (from Part VII, line 93)	2	1,448,875,476	
	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 SEE STATEMENT LINE 7)	7	4,531,018	
	8a Gross amount from sales of assets other than inventory	(A) Securities	(B) Other	
	b Less cost or other basis and sales expenses	8a	509,982	
	c Gain or (loss) (attach schedule)	8b	466,900	
	d Net gain or (loss) (combine line 8c, columns (A) and (B))	8c	43,082	
9 Special events and activities (attach schedule)		SEE STATEMENT LINE 8	8d	43,082
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	1,453,449,576
13 Program services (from line 44, column (B))			13	1,325,759,266
14 Management and general (from line 44, column (C))			14	76,923,696
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	1,402,682,962
18 Excess or (deficit) for the year (subtract line 17 from line 12)			18	50,766,614
19 Net assets or fund balances at beginning of year (from line 13, column (A))			19	194,125,068
20 Other changes in net assets or fund balances (attach explanation)			20	(42,977,098)
21 Net assets or fund balances at end of year (combine lines 18, 19, and 20)			21	201,914,584

For Paperwork Reduction Act Notice, see the separate instructions

Form 990 (2002)

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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. (See Specific Instructions on page 21.)

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 (cash \$ 20,000 noncash \$ STMT LINE 22)	22 20,000	20,000		
23 Specific assistance to individuals (attach schedule)	23			
24 Benefits paid to or for members (attach schedule)	24			
25 Compensation of officers, directors, etc	25			
26 Other salaries and wages	26 267,536,147	267,536,147		
27 Pension plan contributions	27 16,038,414	16,038,414		
28 Other employee benefits	28 66,190,386	66,190,386		
29 Payroll taxes	29 21,554,746	21,554,746		
30 Professional fundraising fees	30			
31 Accounting fees	31 503,142	503,142		
32 Legal fees	32 274,119	274,119		
33 Supplies	33 177,773,361	177,773,361		
34 Telephone	34 557,122	557,122		
35 Postage and shipping	35 4,415,221	4,415,221		
36 Occupancy	36 9,754,058	9,754,058		
37 Equipment rental and maintenance	37 5,571,969	5,571,969		
38 Printing and publications	38 2,434,790	2,434,790		
39 Travel	39 2,392,569	2,392,569		
40 Conferences, conventions, and meetings	40			
41 Interest	41 1,226	1,226		
42 Depreciation, depletion, etc STMT LINE 57	42 22,763,735	22,763,735		
43 Other expenses (itemize) a	43a			
b SEE STATEMENT LINE 43	43b 804,901,957	727,978,261	76,923,696	
c	43c			
d	43d			
e	43e			
f	43f			
44 Total functional expenses (add lines 22 through 43) Organizations completing columns (B) - (D), carry these totals to lines 13 - 15	44 1,402,682,962	1,325,759,266	76,923,696	

Joint Costs Check ☐ if you are following SOP 98-2

Are any joint costs from a combined education campaign and fundraising solicitation reported in (B) Program services?

Yes ☐ No ☒

If "Yes" enter (i) the aggregate amount of these joint costs \$ N/A

(ii) the amount allocated to Program services \$ N/A

(iii) the amount allocated to Management and general \$ N/A

and (iv) the amount allocated to Fundraising \$ N/A

Part III Statement of Program Service Accomplishments

(See Specific Instructions on page 24.)

What is the organization's primary exempt purpose?

SEE STATEMENT PART III

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) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)

Program Service Expenses

(Required for 501(c)(3) and (4) orgs. and 4947(a)(1) trusts but optional for others.)

a SEE STATEMENT PART III	(Grants and allocations \$ 20,000)	1,325,759,266
b	(Grants and allocations \$)	
c	(Grants and allocations \$)	
d	(Grants and allocations \$)	
e Other program services (attach schedule)	(Grants and allocations \$)	
f Total of Program Service Expenses (should equal line 44, column (B), Program services)		1,325,759,266

Part IV Balance Sheets

(See Specific Instructions on page 24.)

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	8,302,163	45	6,399,360
46	Savings and temporary cash investments	195,627	46	128,996
47a	Accounts receivable	47a 39,749,024		
b	Less allowance for doubtful accounts	47b 7,493,458	31,921,104	47c 32,255,566
48a	Pledges receivable	48a		
b	Less allowance for doubtful accounts	48b		48c
49	Grants receivable		49	
50	Receivables from officers, directors, trustees, and key employees (attach schedule)		50	
51a	Other notes and loans receivable (attach schedule) SEE STATEMENT LINE 51	51a 2,033,254		
b	Less allowance for doubtful accounts	51b	1,946,254	51c 2,033,254
52	Inventories for sale or use		24,441,498	52 24,281,925
53	Prepaid expenses and deferred charges		805,399	53 2,088,029
54	Investments - securities (attach schedule) <input type="checkbox"/> Cost <input type="checkbox"/> FMV			54
55a	Investments - land, buildings, and equipment basis	55a		
b	Less accumulated depreciation (attach schedule)	55b		55c
56	Investments - other (attach schedule)		29,176,256	56 31,505,421
57a	Land, buildings, and equipment basis SEE STATEMENT LINE 56	57a 402,425,141		
b	Less accumulated depreciation SEE STATEMENT LINE 57	57b 173,020,892	232,596,925	57c 229,404,249
58	Other assets (describe SEE STATEMENT LINE 58)		66,285,944	58 169,425,995
59	Total assets (add lines 45 through 58) (must equal line 74)		395,671,170	59 497,522,795
Liabilities				
60	Accounts payable and accrued expenses		106,071,725	60 127,151,491
61	Grants payable			61
62	Deferred revenue		35,671,875	62 44,502,370
63	Loans from officers, directors, trustees, and key employees			63
64a	Tax-exempt bond liabilities (attach schedule)			64a
b	Mortgages and other notes payable (attach schedule)			64b
65	Other liabilities (describe SEE STATEMENT LINE 65)		59,802,502	65 123,954,350
66	Total liabilities (add lines 60 through 65)		201,546,102	66 295,608,211
Net Assets or Fund Balances				
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		194,125,068	70 201,914,584
71	Paid-in or capital surplus, or land, bldg, 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)		194,125,068	73 201,914,584
74	Total liabilities and net assets/fund balances (add lines 66 and 73)		395,671,170	74 497,522,795

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.

Part IV-A **Reconciliation of Revenue per Audited
Financial Statements with Revenue per
Return** (See Specific Instructions page 26)

N/A

Part IV-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return

N/A

a Total revenue, gains, and other support per audited financial statements	a		a Total expense and losses per audited financial statements	a	
b Amounts included on line a but not on line 12, Form 990			b Amounts included on line a but not on line 17, Form 990		
(1) Net unrealized gains on investments			(1) Donated services and use of facilities		
(2) Donated services and use of facilities			(2) Prior year adjustments reported on line 20, Form 990		
(3) Recoveries of prior year grants			(3) Losses reported on line 20, Form 990		
(4) Other (specify)			(4) Other (specify)		
Add amounts on lines (1) thru (4)	b		Add amounts on lines (1) thru (4)	b	
c Line a minus line b	c		c Line a minus line b	c	
d Amounts included on line 12 Form 990 but not on line a			d Amounts included on line 17 Form 990 but not on line a		
(1) Investment expenses not included on line 6b, Form 990			(1) Investment expenses not included on line 6b, Form 990		
(2) Other (specify)			(2) Other (specify)		
Add amounts on lines (1) and (2)	d		Add amounts on lines (1) and (2)	d	
e Total revenue per line 12, Form 990 (line c plus line d)	e		e Total expenses per line 17, Form 990 (line c plus line d)	e	

Part V List of Officers, Directors, Trustees, and Key Employees

(List each one even if not compensated, see Specific

Instructions on page 26)

[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?

If "Yes," attach schedule - see Specific Instructions on page 27

☒ Yes☐ No

SEE STATEMENT LINE 75

Part VI Other Information

(See Specific Instructions on pages 27.)

Yes or No

76	Did the organization engage in any activity not previously reported to the Internal Revenue Service? If "Yes," attach a detailed description of each activity	76	NO
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	SEE STMT LINE 77 77	YES
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	YES
78b	If "Yes," has it filed a tax return on Form 990-T for this year?	78b	YES
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79	NO
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?	80a	YES
b	If "Yes," enter the name of the organization SEE STATEMENT LINE 80 and check whether it is <input checked="" type="checkbox"/> exempt OR <input checked="" type="checkbox"/> nonexempt		
81a	Enter the amount of political expenditures, direct or indirect, as described in the instructions for line 81	81a	NONE
b	Did the organization file Form 1120-POL for this year?	81b	NO
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?	82a	NO
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 for reporting in Part III)	82b	N/A
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	YES
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	N/A
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	N/A
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	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? If "Yes" 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	85b	N/A
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 in 85f?	85g	N/A
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount in 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) orgs - 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) orgs - 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	NO
89a	501(c)(3) organizations - Enter Amount of tax paid during the year under section 4911 NONE, section 4912 NONE, section 4955 NONE	89	NO
b	501(c)(3) and 501(c)(4) orgs 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		
c	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under section 4912, 4955 and 4958		NONE
d	Enter Amount of tax in 89c, above, reimbursed by the organization		NONE
90a	List the states with which a copy of this return is filed OREGON AND WASHINGTON		
b	Number of employees employed in the pay period that includes March 12, 2002 (See instructions)	90b	7,171
91	The books are in care of DONALD RUHL, NATIONAL TAX DIRECTOR Located at ONE KAISER PLAZA, 1550L, OAKLAND, CA	Telephone no (510) 271-6385 ZIP code 94612	
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here enter the amount of tax-exempt interest received or accrued during the tax year	92	N/A

SCHEDULE A
(Form 990 or 990-EZ)

Organization Exempt Under Section 501(c)(3)

(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)

OMB No 1545-0047

2002

Department of the Treasury
Internal Revenue Service

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 page 1 of the 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, Suite 1550L Ordway Oakland, CA 94612	CRNA Nurse Anesthst 40 Hours	257,414	18,525	0
Gary O Morgan 1 Kaiser Plaza, Suite 1550L Ordway Oakland, CA 94612	Director Sales Account Mgmnt 40 Hours	174,308	7,121	10,800
Brian L Ryder 1 Kaiser Plaza, Suite 1550L Ordway Oakland, CA 94612	CRNA Nurse Anesthst 40 Hours	175,098	11,599	0
Manuel D Arguello 1 Kaiser Plaza, Suite 1550L Ordway Oakland, CA 94612	CRNA Nurse Anesthst 40 Hours	154,835	22,491	0
Denise Honzel 1 Kaiser Plaza, Suite 1550L Ordway Oakland, CA 94612	Mktg & Sales Leader 40 Hours	205,187	283,444	786
Total number of other employees paid over \$50,000	1,614			

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

(See page 1 of the 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 Street Portland, OR 97232	Medical Services	199,141,301
Kaiser Foundation Hospitals 500 NE Multnomah Street Portland, OR 97232	Hospital Services	187,191,975
Permanente Dental Associates 500 NE Multnomah Street Portland, OR 97232	Dental Services	28,850,719
St John Medical Center 1614 E Kessler Blvd Longview, WA 98632	Hospital Services	12,632,023
Oregon Health & Science University 3181 SW Sam Jackson Park Rd Portland, OR 97201	Hospital Services	9,005,906
Total number of others receiving over \$50,000 for professional services	214	

Part III Statements About Activities

(See page 2 of the instructions)

		Yes	No
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 (Must equal amounts on line 38, Part VI-A, or line I 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	SEE STMT SCH A PART III, LINE 1 265,640	1 X
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any of its 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		
a	Sale, exchange, or leasing of property?	SEE STMT SCH A PART III, LINE 2	2a X
b	Lending of money or other extension of credit?	SEE STMT SCH A PART III, LINE 2	2b X
c	Furnishing of goods, services, or facilities?	SEE STMT SCH A PART III, LINE 2	2c X
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	SEE STMT PART V	2d X
e	Transfer of any part of its income or assets?		2e X
If the answer to any question is "Yes," attach a detailed statement explaining the transactions			
3	Does the organization make grants for scholarships, fellowships, student loans, etc.?	SEE STMT SCH A PART III, LINE 3	3 X
4a	Do you have a section 403(b) annuity plan for your employees?		4a X
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 pages 3 through 6 of the 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, page 5.)
- 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 below.)
- 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 page 5 of the 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 page 6 of the 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) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28.)					
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is not a business unrelated to the organization's charitable, etc., purpose	1,254,881,529	1,110,328,529	1,031,433,687	938,249,447	4,334,893,192
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	13,855,517	16,515,370	17,729,540	15,030,632	63,131,059
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	1,268,737,046	1,126,843,899	1,049,163,227	953,280,079	4,398,024,251
24 Line 23 minus line 17	13,855,517	16,515,370	17,729,540	15,030,632	63,131,059
25 Enter 1% of line 23	12,687,370	11,268,439	10,491,632	9,532,801	

26 Organizations described in lines 10 or 11	a Enter 2% of amount in column (e), line 24	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 1998 through 2001 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," attach a list (which is not open to public inspection) 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:	
	(2001) (2000) (1999) (1998)	
b For any amount included in line 17 that was received from each person (other than "disqualified person"), 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:	(2001) (2000) (1999) (1998)	
c Add: Amounts from column (e) for lines 15 _____ 16 _____ 17 4,334,893,192 20 _____ 21 _____		27c 4,334,893,192
d Add: Line 27a total _____ and line 27b total _____		27d
e Public support (line 27c minus line 27d total)		27e 4,334,893,192
f Total support for section 509(a)(2) test. Enter amount on line 23, column (e).		27f 4,398,024,251
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))		27g 98.56%
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))		27h 1.44%

28 Unusual Grant For an organization described in line 10, 11, or 12 that received any unusual grants during 1998 through 2001, 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.

NONE

Part V Private School Questionnaire

(See page 7 of the 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 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 page 9 of the instructions)

(To be completed ONLY by an eligible organization that filed Form 5768)

N/A

- Check here a ☐ If the organization belongs to an affiliated group
- Check here 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, 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 on page 11 of the instructions)

Calendar year (or fiscal year beginning in)	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots nontaxable 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 by organizations that did not complete Part VI-A) (See page 12 of the 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		1,737
	X	
	X	
X		263,903
	X	
		265,640

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities

SEE STMT SCH A PART III, LINE 1

Schedule A (Form 990 or 990-EZ) 2002

(See page 12 of the instructions)

	Yes	No
51a(i)		X
a(ii)		X
b(i)		X
b(ii)		X
b(iii)		X
b(iv)		X
b(v)		X
b(vi)		X
c		X

KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST
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STATEMENT LINE 7
FORM 990 PART I, LINE 7 - OTHER INVESTMENT INCOME

INVESTMENT INCOME FROM PARTNERSHIP	4,531,018
TOTAL OTHER INVESTMENT INCOME	<u>4,531,018</u>

KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST
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STATEMENT LINE 8
FORM 990 PART I, LINE 8 - SALE OF ASSETS OTHER THAN INVENTORY

<u>DESCRIPTION</u>	<u>GROSS PROCEEDS</u>	<u>COST & EXPENSES</u>	<u>ACCUM DEPREC</u>	<u>GAIN/(LOSS)</u>
8B SALE OF OTHER				
<u>Sale of Land - Lane County</u>	448,945	421,059	0	27,886
<u>Sale of Medical and Other Equipment</u>				
Various Medical Equipment - Sold	3,658	110,124	107,500	1,034
Medical Equipment - Trade-In	5,550	3,473	3,009	5,086
Various Other Equipment - Sold	39,795	3,850,095	3,807,641	(2,659) 0
Other Equipment - Trade-In	5,000	5,062	5,062	5,000 0
Various Dental Equipment - Sold	7,034	101,196	100,897	6,735
TOTAL Line 8b	<u>509,982</u>	<u>4,491,009</u>	<u>4,024,109</u>	<u>43,082</u>
8d Net Gain or Loss on Sale of Assets Other Than Inventory				<u>43,082</u>
<u>Recap of Net Gain/Loss</u>			<u>Other</u>	
Original Cost Basis and Cost of Sale			4,491,009	
Less Accumulated Depreciation			<u>4,024,109</u>	
Net Cost or Adjusted Basis			466,900	
Less Gross Sales Proceeds			<u>509,982</u>	
Net Gain/(Loss) for Reporting Purposes			<u>43,082</u>	<u>43,082</u>

KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST
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STATEMENT LINE 20
FORM 990 PART I, LINE 20--OTHER CHANGES IN FUND BALANCE

<u>DESCRIPTION</u>	<u>AMOUNT</u>
UNREALIZED LOSS ON INVESTMENTS	(106,265)
RESERVE FOR MINIMUM PENSION LIABILITY	(42,870,833)
	<hr/>
TOTAL - OTHER CHANGES IN FUND BALANCE	<u>(42,977,098)</u>

KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST
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GRANTS AND ALLOCATIONS
STATEMENT LINE 22
FORM 990, PART II, LINE 22

<u>DESCRIPTION</u>	<u>AMOUNT</u>
UNIVERSITY OF PORTLAND 5000 N WILLAMETTE BLVD PORTLAND, OR 97203	5,000
ALZHEIMER'S ASSOCIATION 1311 NW 21ST AVE PORTLAND, OR 97210	15,000
TOTAL LINE 22	<hr/> 20,000 <hr/>

KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST
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OTHER EXPENSES
STATEMENT LINE 43
FORM 990, PART II, LINE 43

<u>DESCRIPTION</u>	<u>TOTAL</u>	<u>PROGRAM SERVICE</u>	<u>MANAGEMENT & GENERAL</u>	<u>FUNDRAISING</u>
PURCHASED MEDICAL SERVICES - BCP	566,476 173	566 476,173	0	0
PURCHASED MEDICAL SERVICES - OUTSIDE SVCS	7,242,430	7,242,430	0	0
PURCHASED SERVICES - OTHER PROFESSIONAL	8,314,660	8,314,660	0	0
PURCHASED SERVICES - OTHER NON-PROFESSIONAL	155,368,704	155,368,704	0	0
PROFESSIONAL & PUBLIC LIAB INSURANCE	17 451 517	17 451,517	0	0
OTHER INSURANCE	332,922	332,922	0	0
INFORMATION TECHNOLOGY SERVICES	45 110 991	45,110,991	0	0
PROVISION FOR DOUBTFUL ACCOUNTS	1 147 974	1,147,974	0	0
BUSINESS LICENSES & TAXES	8,477 196	8,477,196	0	0
PROPERTY TAXES	3 832,087	3 832,087	0	0
DUES & SUBSCRIPTIONS - PROFESSIONAL	310 574	310,574	0	0
DUES & SUBSCRIPTIONS - OTHER	248,575	248,575	0	0
EMPLOYEE DEVELOPMENT EXPENSES	1,508 469	1 508,469	0	0
EMPLOYEE RELATED EXPENSES	1,894,211	1,894,211	0	0
ADVERTISING AND MARKETING EXPENSES	1 031,115	1 031,115	0	0
BROKER COMMISSIONS	6 376 498	6,376,498	0	0
INTER-REGIONAL CHARGES	11,814,333	11,814,333	0	0
PUBLIC AND COMMUNITY RELATIONS	75,750	75,750	0	0
CHARITABLE CARE	219,162	219,162	0	0
LOSS ON RETIREMENT OF FIXED ASSETS	283 505	283,505	0	0
MISCELLANEOUS AND OTHER EXPENSES	8,086,341	8 086 341	0	0
FACILITIES & SERVICES COST RECOVERIES	(40,701,230)	(40 701,230)	0	0
ALLOCATED ADMINISTRATIVE EXPENSES	0	(76 923,696)	76,923,696	0
TOTAL LINE 43	804,901 957	727 978,261	76,923,696	0

KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST

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STATEMENT PART III

FORM 990, PART III - STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

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 Internal Revenue Code Section 501(c)(3), and comparable state statute, is to provide a program of health care and medical services as a 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 contracted with Kaiser Foundation Hospitals (Hospitals), Northwest Permanente, P.C. and Permanente Dental Associates (Medical Groups) to provide or arrange for hospital, medical and dental services for its members. Contract payments to Hospitals and Medical Groups represent a substantial portion of the expenses for medical, dental 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 2002." This report will provide a description of activities conducted by Health Plan in the accomplishment of its exempt purposes and for the benefit of the community in which it conducts its activities.

KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST
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STATEMENT LINE 51 - OTHER NOTES AND LOANS RECEIVABLE
FORM 990 PART IV

Name and Title	Borrower's Relationship	Original Amount	Balance Due		Date of Note	Maturity Date	Terms	Interest Rate	Security	Purpose
			at 12/31/01	at 12/31/02						
Kaiser Permanente Health Alternatives										
Affiliated Health Plan		1,450,000	1,946,254	2,033,254					Payable on Demand	Unsecured Variable Working Capital
TOTAL			<u>1,946,254</u>	<u>2,033,254</u>						

KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST
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INVESTMENTS - OTHER
STATEMENT LINE 56
FORM 990, PART IV, LINE 56

<u>DESCRIPTION</u>	<u>BEGINNING OF YEAR AMOUNT</u>	<u>END OF YEAR AMOUNT</u>
Kaivest 1, LLC	28,668,912	30,120,837
Marketable Securities	507,344	1,384,584
TOTAL LINE 56 - OTHER INVESTMENTS	<u><u>29,176,256</u></u>	<u><u>31,505,421</u></u>

KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST
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STATEMENT LINE 57

FIXED ASSETS DESCRIPTION	COST BASIS		ACCUMULATED DEPRECIATION		2002 DEP/AMORT EXPENSE
	BEGINNING OF YEAR	END OF YEAR	BEGINNING OF YEAR	END OF YEAR	
LAND	26 725 024	30 402 967	0	0	0
LAND IMPROVEMENTS	9 054 602	9 054 602	8 103 307	8 354 234	250 927
BUILDINGS	252 396 370	258,878 271	88 275 314	99 394 943	11 499 823
LEASEHOLD IMPROVEMENTS	5 805 231	17 682 834	2 190 167	3 595 625	1 405 458
EQUIPMENT	87 268 348	80 422 741	65 718 715	61 515 476	9 601 975
CAPITALIZED SOFTWARE	6 162,651	5 135 317	3 881 450	160 614	5 552
CONSTRUCTION IN PROGRESS	13 353 652	848 409	0	0	0
TOTALS	<u>400,765 878</u>	<u>402 425 141</u>	<u>168 168 953</u>	<u>173,020 892</u>	<u>22 763 735</u>
TOTALS TO PART IV LINE 57(A)	<u>400 765 878</u>	<u>402,425,141</u>			
PART IV LINE 57(B)			<u>168 168 953</u>	<u>173 020 892</u>	
PART IV LINE 57(C)	<u>232 596 925</u>	<u>229 404 249</u>			
PART II LINE 42(A) - DEPRECIATION AMORTIZATION DEPLETION ETC					<u>22 763 735</u>

KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST
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OTHER ASSETS
STATEMENT LINE 58
FORM 990, PART IV, LINE 58

<u>DESCRIPTION</u>	<u>PRIOR YEAR AMOUNT</u>	<u>END OF YEAR AMOUNT</u>
DUE FROM KAISER PERMANENTE AFFILIATED HEALTH PLANS	52,465,638	152,267,706
PENSION FUNDING - LONG TERM	13,027,485	0
INTANGIBLE PENSION ASSETS	0	16,784,876
OTHER LONG TERM ASSETS	792,821	373,413
	<hr/>	<hr/>
TOTAL LINE 58 - OTHER ASSETS	<u>66,285,944</u>	<u>169,425,995</u>

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

DESCRIPTION	BEGINNING OF YEAR AMOUNT	END OF YEAR AMOUNT
RESERVE FOR UNCLAIMED PROPERTY	0	156,776
RESERVE FOR SELF-INSURED RISKS	9,758,920	9,911,366
RESERVE FOR PROFESSIONAL & PUBLIC LIAB	21,811,092	17,501,013
RESERVE FOR WORKERS COMP RISKS	2,102,261	2,048,827
DEFINED PENSION LIABILITY	0	55,062,748
POST RETIREMENT BENEFIT LIABILITIES	24,939,157	38,081,910
OTHER LIABILITIES	1,191,072	1,191,710
TOTAL LINE 65	59,802,502	123,954,350

KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST

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SCHEDULE FORM 990, PART V STATEMENT OF DIRECTORS, OFFICERS AND KEY EMPLOYEES COMPENSATION, BENEFITS AND REIMBURSEMENTS

NAME and ADDRESS	TITLE	SCHEDULED HOURS	COMPENSATION	BENEFIT PLANS	OTHER PAYMENTS
DIRECTORS					
James A Vohs	Chairman Ementus - to 4/30	As Needed	0	0	0
David M Lawrence, MD	Chairman Ementus - fm 5/1 and	As Needed			
	Director & Chair - to 4/30	As Needed	0	0	0
George C Halvorson	Director & Chair - fm 5/1	As Needed	0	0	0
L Dale Crandall	Director	As Needed	0	0	0
David R Andrews	Director	As Needed	0	0	0
Barbara B Blum	Director	As Needed	0	0	0
Thomas W Chapman	Director	As Needed	0	0	0
Daniel P Garcia	Director	As Needed	0	0	0
Henry M Kaiser	Director	As Needed	0	0	0
Dorothy H Mann, PhD, MPH	Director	As Needed	0	0	0
Dean O Morton	Director	As Needed	0	0	0
Edward E Penhoet	Director	As Needed	0	0	0
Mary E Reres, EdD	Director	As Needed	0	0	0
Robert L Ridgley	Director	As Needed	0	0	0
Chang-Lin Tien	Director	As Needed	0	0	0
Barry L Williams	Director	As Needed	0	0	0
OFFICERS AND KEY EMPLOYEES					
Bernard J Tyson	Group President	As Needed	0	0	0
Cynthia A Finter	Regional President	As Needed	0	0	0
L Dale Crandall	Executive Vice President	As Needed	0	0	0
William A Gillespie, MD	Executive Vice President	As Needed	0	0	0
Richard R Pettingill	Executive Vice President	As Needed	0	0	0
Robert E Bnggs	Senior Vice President	As Needed	0	0	0
Kirk E Miller	Senior Vice President	As Needed	0	0	0
Arthur M Southam, MD	Senior Vice President	As Needed	0	0	0
Steven R Zatzkin	Senior Vice President	As Needed	0	0	0
Thomas R Meier	Vice President - Treasurer	As Needed	0	0	0
Deborah Stokes	Vice President - Controller	As Needed	0	0	0
Victoria B Zatzkin	Assistant Secretary	As Needed	0	0	0
Total Compensation of Directors, Officers and Key Employees for Part V			0	0	0

NOTES, See Notes on Statement Form 990, Part V, Line 75 for description of compensation, benefits and reimbursements

KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST
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SCHEDULE FORM 990, PART V, LINE 76
STATEMENT OF DIRECTORS, OFFICERS AND KEY EMPLOYEES PAID BY
RELATED EXEMPT ORGANIZATION

NAME	TITLE	COMPENSATION	BENEFIT PLANS	OTHER PAYMENTS
See Note 2		See Notes 3 & 4	See Notes 4 & 5	See Notes 4 & 6
DIRECTORS				
James A Vohs	Chairman Ementus to 4/30	0	0	0
David M Lawrence MD	Chairman Ementus - fm 5/1 and Director & Chair - to 4/30	926 924	4 559 427	0
George C Halvorson	Director & Chair - fm 5/1	1,264 651	913 821	15 663
L Dale Crandall	Director	See Below	See Below	See Below
David R Andrews	Director	49,418	5 812	0
Barbara B Blum	Director	82 375	90	0
Thomas W Chapman	Director	64,730	18 756	0
Daniel P Garcia	Director	138,700	51,569	891
Henry M Kaiser	Director	80 018	5 817	0
Dorothy H Mann, PhD, MPH	Director	53,575	90	0
Dean O Morton	Director	60,918	5,817	0
Edward E Penhoet	Director	4 185	90	0
Mary E Reres EdD	Director	64 356	5,806	23,392
Robert L Ridgley	Director	65 806	11 377	0
Chang-Lin Tien	Director	5 268	5 727	0
Barry L Williams	Director	55 718	17 817	0

OFFICERS AND KEY EMPLOYEES

Bernard J Tyson	Group President	794,823	997,938	0
Cynthia A Finter	Regional President	811,098	692 922	36 953
L Dale Crandall	• Executive Vice President	4 723 765	2 723 388	1 080
William A Gillespie, MD	• Executive Vice President	1,267,294	2,466,903	960
Richard R Pettingill	• Executive Vice President	813,804	3 884,924	855
Robert E Briggs	Senior Vice President	928,363	429,518	70,824
Kirk E Miller	Senior Vice President	483,216	1,047,175	2 158
Arthur M Southam, MD	Senior Vice President	825,077	937,710	1,920
Steven R Zalkin	Senior Vice President	388 022	576 530	1,920
Thomas R Meier	Vice President - Treasurer	253 098	201 527	2,160
Deborah Stokes	Vice President - Controller	334 087	201 161	2,055
Victoria B Zalkin	Assistant Secretary	145 955	144 923	1 920

NOTES for current and future compensation, benefits and other reimbursements.

Note #1 - This Organization is one of the corporate entities listed on the Statement Line 80 "Related and Controlled Entities" which is included as a part of this return. This Organization is a participating member of the integrated direct service prepaid health care program commonly referred to as "The Kaiser Permanente Medical Care Program" (Kaiser Permanente).

Note #2 - The above individuals can be contacted care/of
Kaiser Foundation Health Plan, Inc
Program Office Controller's Department
One Kaiser Plaza, Suite 15L Ordway
Oakland, CA 94612

NOTES See following page for continuation of notes applicable to the above reporting

KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST

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12/31/2002

**SCHEDULE FORM 990, PART V, LINE 75
STATEMENT OF DIRECTORS, OFFICERS AND KEY EMPLOYEES PAID BY
RELATED EXEMPT ORGANIZATION**

Continuation of notes for current and future compensation, benefits and other reimbursements

Note #3 - The executive compensation plan for Kaiser Permanente is designed to recruit, retain and motivate qualified senior management personnel. The comprehensive compensation plan is designed for positions that have a significant impact on the high-level strategic and policy direction of the organization.

Base pay for executive positions is established at a level comparable to market compensation. Market data analyses are made of comparable organizations and comparable benchmark positions in the market. In addition, certain components of the total compensation plan bear an 'at-risk' feature designed to establish a total executive compensation which is equivalent to the general comparable outside market in which the organization must compete for executive leadership candidates. These plans create an environment that allows the executive to focus on individual and team performance objectives as identified by the organization over time.

Note #4 - Compensation, benefit plan contributions and reimbursement for certain expenses (collectively referred to as "compensation") of Directors, Officers and Key Employees are paid by Kaiser Foundation Health Plan, Inc. (Health Plan) as common paymaster and disbursement agent for the participating member organizations of Kaiser Permanente. Certain Directors, Officers and/or Key Employees perform services for several of the Kaiser Permanente member organizations. Compensation for these individuals is included in a mix of other administrative costs and expenses allocated to the member entities based on membership and other factors. Specific allocation of these compensation elements are not shown by entity as they are not computed separately by management.

Note #5 - Some of the amounts shown as Benefits were earned in prior years and deferred. Other amounts were earned in 2002 and not paid until 2003. These amounts are shown on this 2002 report and will be shown again in 2003 when actually paid. These dollars are reported twice but paid only once.

Among the benefits offered all employees are a Defined Benefit Plan (Plan A), a Qualified Contribution Plan (Plan B), a Section 403(b) Tax Sheltered Annuity Plan (TSA), and health and welfare benefit plans. Included in Benefits reported for this purpose are the value of the annual contributions to Plan B, TSA and general health and welfare benefit plans. For future payment, these amounts were not actually paid in 2002. Future benefits under Plan A are excluded from this reporting as they are not readily determinable on an annual basis but are actuarially determined at the time the individual qualifies for retirement benefits.

For other benefit plans available to executives which provide future benefits where the specific amounts are available and determinable by the time this tax report is filed, the amount is included in the Benefits reported in this return. This would include the amounts of compensation exchanged or converted under the Key Employee Savings Option Plan (KESOP) in the year. Amounts that are paid under the Annual Incentive Plan (AIP) and the Long Term Incentive Plan (LTIP) that are paid out to the individual participants in the following year but prior to filing the return are determined to be fixed or determinable as of year-end and are included. Amounts known at year-end under termination of employment arrangements calling for a stream-of-payments in a subsequent year are included in the Benefit Plans column for this purpose. Individuals noted with (*) have amounts included by reason of termination of employment and/or have received payouts from benefit plan accounts that consist of amounts previously earned.

Where benefit plans provide for a future benefit that contains elements of a substantial risk-of-forfeiture conditioned on continued employment and on achieving individual and Program-wide performance targets, these amounts are excluded from the reporting.

Note #6 - The amounts reported as Other Payments include amounts for reimbursement of expenses. The included amounts 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 policies and procedures based on prudent fiduciary responsibilities and standards. The policies under which these individuals account to the payer meet the substantiation requirements of Internal Revenue Code Section 274. This reporting includes taxable moving and relocation reimbursements and allowances.

Note #7 - The above listed Officers and Key Employees are scheduled to work a minimum of 40 hours per week in their respective positions for the Kaiser Permanente Medical Care Program. The amount of time the individuals spend on management issues germane to a specific entity is appropriate to the needs of the entity.

KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST
93-0798039
12/31/2002
FORM 990

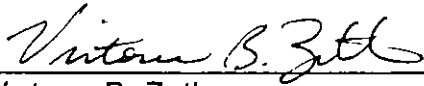
THE REVISED BYLAWS WERE APPROVED AT A MEETING OF THE BOARD OF DIRECTORS
ON SEPTEMBER 11, 2002 AND ARE ATTACHED

KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST

BYLAWS CERTIFICATE

I, the undersigned, Victoria B. Zatzkin, 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 the Bylaws of Kaiser Foundation Health Plan of the Northwest were last amended by the Board of Directors on September 11, 2002, and that the Bylaws have not been altered, amended or revoked since that date, and are, at the date of this certificate, in full force and effect.

IN WITNESS WHEREOF, the undersigned has hereunto signed her name this 5th day of February, 2003


Victoria B. Zatzkin
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, unless the Chairman of the Board specifically requests a Director to remain on the Board for an interim transition period, 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.

KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST
93-0798039
12/31/2002

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

KAISER FOUNDATION HEALTH PLAN, INC AND KAISER FOUNDATION HOSPITALS, CALIFORNIA NOT-FOR PROFIT CORPORATIONS, EXEMPT FROM INCOME TAX UNDER INTERNAL REVENUE CODE SECTION 501(C)(3), HAVE A CONTROLLING OR AFFILIATED INTEREST IN THE FOLLOWING CORPORATIONS AS OF DECEMBER 31, 2002

EMPLOYER		DIRECT & INDIRECT % CONTROLLED BY KFHP, INC
ID #	ENTITY NAME	
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%
94-3113684	KAISER PERMANENTE HEALTH ALTERNATIVES, INC	100%
94-3259432	KAISER PROPERTIES SERVICES, INC	100%
91-1814507	CHP COMPANIES, 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

93-0798039

12/31/2002

RELATED ORGANIZATIONS

STATEMENT LINE 80

FORM 990, PART VI, LINE 80

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	*(2)	N/A
91-2166347	KP ONCALL, LLC	*(2)	N/A
94-3203402	KAISER PERMANENTE INSURANCE COMPANY	*(3)	50%
N/A	HAMI - COLORADO, LLC	*(4)	N/A
94-3289704	KAIVEST I, LLC	*(5)	N/A

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 ARE OWNED BY KAISER FOUNDATION HEALTH PLAN, INC THE REMAINING 50% OF COMMON STOCK IS OWNED BY NON-AFFILIATED PHYSICIANS PRACTICE GROUPS

NOTE *(4) HAMI - COLORADO, LLC - THE SOLE MEMBER OF THIS LIMITED LIABILITY COMPANY IS KAISER HOSPITALS ASSET MANAGEMENT, INC

NOTE *(5) KAIVEST I, LLC - THIS CASH POOLING INVESTMENT FUND HAS THREE AFFILIATED MEMBERS KAISER FOUNDATION HEALTH PLAN OF COLORADO, KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST, and KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC

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 ORDMAN
OAKLAND, CA 94612**

KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST

93-0798039

12/31/2002

**STATEMENT FORM 990 PART VIII
RELATIONSHIP OF ACTIVITIES TO EXEMPT PURPOSE**

LINE NUMBER - 93

93A MEMBERS HEALTH CARE PREMIUMS

Revenue received from or on behalf of members for prepaid health care coverage under the HMO care plans offered by Health Plan to its members
Revenue excluded under the provisions of Revenue Ruling 68-27

93B SUPPLEMENTAL CHARGES

Revenue received for co-payments from or on behalf of members for health care services provided under the plans referred to in 93A above
Revenue excluded under the provisions of Internal Revenue Regulation 1 501(c)(3)-1

93C NON-PLAN AND INDUSTRIAL REVENUE

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 or conditions
Revenue excluded under the provisions of Internal Revenue Regulation 1 501(c)(3)-1

93D INTERREGIONAL REVENUE

Revenue received from other Kaiser Permanente Medical Care Program affiliated entities for health care services provided to visiting members and other services provided by this organization for the affiliated entities
Revenue excluded under the provisions of Internal Revenue Regulation 1 501(c)(3)-1

93E OTHER PROGRAM SERVICE REVENUE

Revenue received as a result of providing services and/or benefits to members
Revenue excluded under the provisions of Internal Revenue Regulation 1 501(c)(3)-1

93F MEDICARE/MEDICAID PAYMENTS

Revenue received from the Social Security Administration for medical and health care services provided to Plan members covered under Part B of Medicare
Revenue excluded under the provisions of Internal Revenue Regulation 1 501(c)(3)-1

KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST
93-0798039
12/31/2002

INFLUENCE LEGISLATIVE MATTER
FORM 990, SCHEDULE A, PART III, LINE 1

The Organization is a member of the Kaiser Permanente Medical Care Program and participated and benefited from lobbying activities conducted at the national level by the parent organization for the benefit of its members and of the healthcare industry as a whole. As an organization generally exempt from income tax under Internal Revenue Code Section 501(c)(3), Health Plan did not participate in or conduct political campaigns.

This Organization may have to an insubstantial degree made comments or statements concerning legislation which may affect the healthcare industry. Health Plan has not intervened in any political campaign. Health Plan may have possibly engaged in telephone conversations and/or written letters to various federal, state, and local officials regarding matters which affected the healthcare industry as a whole. The amount of time and money involved in the activities was negligible.

The Health Plan has several employees and/or may retain a full time professional consultant to represent Health Plan's interests in various legislative and regulatory bodies and from time-to-time to keep informed of Federal and State legislation having an impact on the Health Plan's charitable activities as an exempt Health Maintenance Organization.

These individuals attempt to ensure that proposed legislation and enacted laws are compatible with the interests of Health Plan and its members by performing the following activities:

- * Collecting, analyzing and distribution within the Organization, public and private policy recommendations regarding proposed legislation and enacted laws that affect the operation of Health Plan and its ability to provide quality health and medical care services to its members in a cost effective environment.
- * Providing appropriate informational 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.
- * Also by preparing written and oral testimony, these individuals 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 for and on behalf of Health Plan often are representing the interests of common interest groups as well as the interests of the members of Health Plan.
- * Other employees and officers perform services by delivering speeches at various public and private functions and in serving as faculty in healthcare related educational programs throughout the community.

KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST
93-0798039
12/31/2002

STATEMENT ABOUT ACTIVITIES
STATEMENT SCH A P III LN 2
FORM 990, SCHEDULE A, PART III, LINE 2

As reflected in Statement Line 80, Kaiser Foundation Health Plan of the Northwest (Health Plan) was affiliated with other organizations, exempt and non-exempt. During the year, in the normal course of business in carrying out the exempt charitable care purpose of the organization, Health Plan may have entered into leases, the extension of credit, and/or the furnishing of services, goods and/or facilities with these organizations. Health Plan may have also entered into these types of transactions with organizations whose officers were members of the Board of Directors of Health Plan, such transactions would have been at a price which is not less than cost nor more than fair-market-value.

KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST
93-0798039
12/31/2002

STATEMENT ABOUT ACTIVITIES
STATEMENT SCH A P III LN 3
FORM 990, SCHEDULE A, PART III, LINE 3

Health Plan generally is not a grant making organization. When organizations are selected for direct or indirect support they must meet the criteria of exemption under Internal Revenue Code Section 501(c)(3) and the program supported must also be compatible with the exempt purpose of Health Plan.

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 and those that benefit the community, please refer to the "Kaiser Permanente Community Benefit Report for Kaiser Foundation Health Plan of the Northwest for 2002" which is included as a part of this return.

**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 THAT INCLUDES DECEMBER 31, 2002

EMPLOYER TAX ID #	NAME AND ADDRESS	TAX FORM	Tax Bracket Allocations				
			First \$50,000	Next \$25,000	Next \$25,000	Next \$235,000	Next \$9,665,000
		TAX BRACKET RATE	15%	25%	34%	39%	34%
KAISER FOUNDATION HEALTH PLAN GROUP							
94-1340523	KAISER FOUNDATION HEALTH PLAN, INC	990-T	\$44,000	\$22,000	\$22,000	\$208,800	\$9,015,000
93-0798039	KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST	990-T	NONE	NONE	NONE	NONE	NONE
94-0591617	KAISER FOUNDATION HEALTH PLAN OF COLORADO	990-T	NONE	NONE	NONE	NONE	NONE
48-0824402	KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY INC	990-T	NONE	NONE	NONE	NONE	NONE
58-1592076	KAISER FOUNDATION HEALTH PLAN OF GEORGIA INC	990-T	NONE	NONE	NONE	NONE	NONE
58-1421313	KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA	990-T	NONE	NONE	NONE	NONE	NONE
52-0954483	KAISER FOUNDATION HP OF THE MID-ATLANTIC STATES INC	990-T	NONE	NONE	NONE	NONE	NONE
34-0822288	KAISER FOUNDATION HEALTH PLAN OF OHIO	990-T	NONE	NONE	NONE	NONE	NONE
23-7425486	COMMUNITY HEALTH PLAN	990-T	NONE	NONE	NONE	NONE	NONE
94-3299124	KAISER HEALTH PLAN ASSET MANAGEMENT INC	990-T	NONE	NONE	NONE	NONE	NONE
93-0954582	KAISER HEALTH ALTERNATIVES	990-T	NONE	NONE	NONE	NONE	NONE
94-3299123	CAMP BOWME SERVICE CENTER	990-T	NONE	NONE	NONE	NONE	NONE
93-0480288	OHP	990-T	NONE	NONE	NONE	NONE	NONE
91-2171891	LOKAHI ASSURANCE, LTD	990-T	NONE	NONE	NONE	NONE	NONE
03-0329760	OAK TREE ASSURANCE LTD	1120-PC	NONE	NONE	NONE	NONE	\$300,000
94-3113684	KAISER PERMANENTE HEALTH ALTERNATIVES	1120	\$6,000	\$3,000	\$3,000	\$28,200	\$350,000
94-3259432	KAISER PROPERTIES SERVICES, INC	1120	NONE	NONE	NONE	NONE	NONE
91-1814507	CHP COMPANIES INC	1120	NONE	NONE	NONE	NONE	NONE
94-3289704	KAIVEST I LLC	1065	NONE	NONE	NONE	NONE	NONE
KAISER FOUNDATION HOSPITALS GROUP							
94-1105628	KAISER FOUNDATION HOSPITALS	990-T	NONE	NONE	NONE	NONE	NONE
94-3299125	KAISER HOSPITALS ASSET MANAGEMENT INC	990-T	NONE	NONE	NONE	NONE	NONE
94-3245176	KAISER PERMANENTE INTERNATIONAL	1120	NONE	NONE	NONE	NONE	NONE
94-3292262	KAISER PERMANENTE VENTURES	1120	NONE	NONE	NONE	NONE	NONE
68-0444615	CARETOUCH INC	1120	NONE	NONE	NONE	NONE	NONE
91-2166347	KP ONCALL LLC (DISREGARDED ENTITY)	-	NONE	NONE	NONE	NONE	NONE
N/A	HAMI - COLORADO LLC (DISREGARDED ENTITY)	-	NONE	NONE	NONE	NONE	NONE
TOTAL OF EACH BRACKET ALLOCATED			\$50,000	\$25,000	\$25,000	\$235,000	\$9,665,000

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 ORDMAN
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 PLAN OF APPORTIONMENT OF TAXABLE INCOME BRACKETS

**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, 2002

EMPLOYER TAX ID #	NAME AND ADDRESS	APPLIC- ABLE TAX FORM	ALLOCATION OF \$40,000 EXEMPTION
KAISER FOUNDATION HEALTH PLAN GROUP			
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 INC	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
94-3113684	KAISER PERMANENTE HEALTH ALTERNATIVES	1120	NONE
94-3259432	KAISER PROPERTIES SERVICES, INC	1120	NONE
91-1814507	CHP COMPANIES, INC	1120	NONE
94-3289704	KAIVEST I, LLC	1065	NONE
KAISER FOUNDATION HOSPITALS GROUP:			
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	1120	NONE
91-2166347	KP ONCALL LLC (DISREGARDED ENTITY)	-	NONE
N/A	HAMI-COLORADO, LLC (DISREGARDED ENTITY)	-	NONE
	TOTAL ALTERNATIVE MINIMUM TAX EXEMPTION		\$40,000

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 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
CONSENT TO PLAN OF APPORTIONMENT OF AMT EXEMPTION



**COMMUNITY BENEFIT REPORT
FOR
KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST
FY 2002**

*For Attachment to the
Internal Revenue Service Form 990
Return of Organization Exempt from Income Tax*



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INTRODUCTION

Kaiser Foundation Health Plan of the Northwest (“Northwest Health Plan”) is a nonprofit, federally qualified HMO that is a subsidiary of Kaiser Foundation Health Plan, Inc. Kaiser Foundation Health Plan, Inc. (KFHP), with its five principal operating tax exempt subsidiary health plans (Kaiser Foundation Health Plan of Colorado, Kaiser Foundation Health Plan of Georgia, Inc., Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc., Kaiser Foundation Health Plan of the Northwest and Kaiser Foundation Health Plan of Ohio) as well as Kaiser Foundation Hospitals (KFH) 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 have been or are being 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 2002, Kaiser Permanente served over 8.4 million people in 9 states (California, Colorado, Georgia, Hawaii, Maryland, Ohio, Oregon, Virginia and Washington) and the District of Columbia. The program is the largest private non-profit health care program in the United States and has more than 131,000 employees and over 11,000 contracting physicians. In the Northwest Region, the Health Plan serves more than 450,000 members, has 7,400 administrative, clerical and technical employees as well as 670 Permanente physicians and 134 Permanente dentists.

This report describes the structure of Kaiser Permanente and documents the national community benefit activities, programs and services of KFHP and its subsidiaries, and KFH, (combined) and the specific community benefit provided in the Northwest Region.

Kaiser Permanente is not just a financial arrangement, but 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, and preventive services, health education, and prescribed drugs.

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

Persons enroll in Kaiser Permanente through KFHP or one of its subsidiaries ("Health Plan") Health Plan provides and arranges comprehensive health care services for members on a predominantly prepaid basis and fulfills its contractual obligations to group and individual members by contracting with KFH, Northwest Permanente Physicians and Permanente Dental Associates to provide the required health care and covered dental services

Members receive services from various Permanente Medical Groups in the respective Kaiser Permanente regions In the 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 legally separate entities independent from Health Plan, KFH and each other Northwest Permanente Physicians and Permanente Dental Associates treat members in facilities owned or leased by Health Plan and KFH

KFHP and KFH are separate corporations governed by identical boards of directors KFH accepts responsibility to provide or arrange necessary hospital services and facilities for Health Plan members In the Northwest Region, KFH owns and operates the Kaiser Sunnyside Medical Center, a nonprofit community hospital in Oregon providing emergency and inpatient services to all persons in the community Staff privileges are available on a nondiscriminatory basis to physicians in the communities served KFH also contracts with other community hospitals to provide hospital services to members for specialized care and other services

Membership in KFHP and its health plan subsidiaries 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 ages, social, and income groups within the areas served Once enrolled, a member is free to maintain membership regardless of age, health status, or employment

KAISER PERMANENTE'S COMMITMENT TO THE COMMUNITY

Through the Kaiser Permanente mission, the organization contributes to the health of the communities in two related ways First, Kaiser Permanente strives for excellence in serving its more than eight million members, through market leading performance in quality, service and affordability By doing this, Kaiser Permanente raises the bar for the performance of all healthcare organizations, benefits more people as it grows, provides a discipline in the marketplace by demonstrating the greatest value, and generates resources to reinvest in the community's health

Second, Kaiser Permanente directly invests in improvements to its communities' health, working to increase access for the underserved, disseminate care improvements, alter the social determinants of health, and inform public policy

This latter approach, which Kaiser Permanente calls the Direct Community Benefit Investment program (DCBI), is fundamental to being a nonprofit organization It embodies the organization's commitment to improve the health of communities beyond services to Health Plan

members. It is more than traditional corporate citizenship or corporate philanthropy. It is an intentional, planned, budgeted, measurable, accountable creation for better health in our communities. It is done in collaboration with, not isolation from, the community. Direct Community Benefit fulfills Kaiser Permanente's social purpose, justifies its tax-exempt status, and differentiates it from other healthcare organizations.

This tradition of community benefit dates from the earliest days of the Program, when charitable care to non-employees, and later, non-members, was initiated. That heritage has continued through the years in Kaiser Permanente's early participation in the Medicaid and Medicare programs, establishment of residency training and medical research programs, and later in the development of the Educational Theatre, Community Health Partnerships and Dues Subsidy programs.

In 2001, the Board reaffirmed Community Benefit as a national program and set the following four goals:

- Address critical questions in American health care that the Program's history, culture and competencies position it uniquely to examine
- Build the reputation of Kaiser Permanente for its leadership in helping solve major health challenges
- Create a program that engages the creativity and spirit of the people of Kaiser Permanente at all levels
- Meet the requirements placed on KFH, KFHP, and its subsidiary health plans, as tax-exempt organizations that return value to the communities served beyond the provision of health care to members

The Board directed that this new community benefit program be guided by a national strategy, with continued local flexibility and implementation, supported by national and regional funding pools, and built on the organization's integrated healthcare system. Community benefit investments are to be concentrated in four areas:

- *Vulnerable Populations* - Address the financing and delivery problems of populations that are vulnerable because of socioeconomic status, illness, ethnicity, age, or other disabling factors
- *Evidence-based Medicine* - Develop and communicate the evidence basis to determine what form of medical care works, for which patients and populations, under what circumstances, at what cost and in which delivery settings
- *Education* - Evaluate and demonstrate educational models for the health professions in integrated care systems and for health care consumers for managing their own health and obtaining health care services
- *Public Policy* - Develop and disseminate public policy information that reflects the interests of the nation as a whole

The Board elaborated that at least 75% of total community benefit funding will be directed to the Program priorities within the four focus areas, and the remaining 25% of funding will be directed by local Regions to respond to local community benefit needs and opportunities that may or may not be within the four key focus areas

As part of the new approach, the Board also approved the formation of a national Community Benefit Governance Council to oversee the new program, and designated a national executive of KFHP and KFH to lead Kaiser Permanente's Community Benefit Program as a full time assignment. Raymond J. Baxter, PhD is the Senior Vice President of Community Benefit.

COMMUNITY BENEFIT PROVIDED BY KAISER FOUNDATION HEALTH PLAN, INC.

KFHP'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 the Health Plan is a nonprofit organization, revenues that exceed the cost of operations and provision of care are used to benefit members through improved facilities and service, increase benefits, and maintain affordable rates rather than to pay dividends to stockholders. Providing affordable, high quality, comprehensive health benefits coverage and care that emphasizes prevention helps to minimize medical indigence and contributes to quality of life in the communities we serve. KFHP has incorporated the following elements that support and facilitate the attainment of its social mission into its operations:

- **Integrated Services and Facilities** – KFHP has organized and integrated the professional and physical resources required to provide comprehensive health care. In hospital-based Kaiser Permanente Regions, this care primarily occurs at major medical centers, as well as at nearby outpatient medical offices owned by KFH and at medical office buildings owned or leased by KFHP. Our members typically have available in one place all the services and professional care they require which facilitates a coordinated approach to care. Equipment and supporting personnel are shared and high-technology services such as neurosurgery, open heart surgery, and cancer treatment centers are also centralized to facilitate development and transfer of best clinical practices among all Permanente providers.
- **Group Practice** – Contracting Permanente Medical Groups are organized into large multi-specialty group practices that take responsibility for providing comprehensive care to a defined population in facilities owned or leased by KFH or KFHP. The income that Permanente Medical Groups and their physicians receive is solely in consideration of their professional medical and related services. The amounts paid to the Permanente Medical Groups are negotiated annually. By altering the direct relationship between service performed and income received, KFHP removes incentives to perform unneeded services, and encourages use of the most appropriate medical care. Group practice enhances quality and appropriateness of care for members and for the community by facilitating development and sharing of "best clinical practices" throughout the community and across the nation.

- **Prepayment** – KFHP pays the Permanente Medical Groups a per capita payment that does not vary with the amount of service provided. Permanente Medical Group physicians are not compensated on a fee-for-service basis.
- **Comprehensive Benefits** – KFHP provides coverage for unlimited hospital days, physician visits, preventive services, immunizations, well-baby care and prenatal care for most plans. Enrollees pay limited copayments at amounts that 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. KFHP actively encourages members to maintain their health through regular preventive self-care. In addition to improving quality of life of the individuals and their families, 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 existed before enrollment with the carrier. KFHP imposes no pre-existing condition exclusions and thereby provides substantial protection for new members who are ill at time of enrollment. KFHP 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** – KFHP has participated in Medicare since it was first implemented in 1965. KFHP and its subsidiaries enrolled approximately 850,000 Medicare beneficiaries, providing Medicare Part A and Part B services, plus additional drug, optical, and inpatient coverage.
- **Participation in Medicaid** – KFHP began enrolling Medicaid beneficiaries in the mid 1960's. Currently, KFHP and its subsidiaries provide care to over 145,000 Medicaid managed care members and serve a large number of Medicare and Medicaid patients on a fee for service basis.

COMMUNITY BENEFIT PROVIDED BY KAISER FOUNDATION HOSPITALS

KFH's principal purpose is to provide inpatient medical and surgical care, extended care and home health care to members of the public without regard to age, sex, race, religion, or national origin. KFH's general community benefits are:

- **Emergency departments** – KFHP operates full-time emergency departments in each of its 27 licensed hospitals (including three licensed hospitals with multiple campuses) in California, Hawaii and Oregon. Emergency medical services are available to all individuals regardless of their ability to pay.

- **Care provided to all insured patients** – Hospital care is provided to individuals with health care coverage from any private or government-sponsored health plan
- **Open Medical Staff Privileges** – Staff privileges in the hospitals are available to community practitioners who are not affiliated with a Permanente Medical Group
- **Board of Directors** – KFHP and KFHP have identical 14 members Boards of Directors. The Board is comprised of individuals from the academic world and private industry who are representative of the community at large. George C. Halvorson serves as the Chairman and Chief Executive Officer for the KFHP and KFHP Boards of Directors.
- **No private inurement** – KFHP pays KFHP for hospital services, and all surplus revenues are reinvested for capital replacement or expansion of facilities and equipment, debt amortization, improvement in patient care and services, and medical education and research.

THE COMMUNITY BENEFIT PROGRAM IN THE NORTHWEST REGION

In 2002, KFHP and KFHP spent approximately \$485 million or approximately 2.2% of revenue, to support the Community Benefit Program in the communities. In the Northwest Region, Kaiser Permanente spent over \$41.8 million, of which 82% is allocable to Northwest Health Plan and 18% is allocable to KFHP.

The following showcases many of the signature community benefit programs and services in the Northwest Region, according to the new focus areas:

EDUCATION

KFHP and Northwest Health Plan spent approximately \$2.1 million to educate consumers and health care professionals during 2002 in the Northwest Region.

CONSUMERS

KFHP spent over \$171,000 on community wellness/health education programs in the Northwest Region.

Health Education Activities

Northwest Health Plan also provides a variety of health education classes, events and programs to both members and the general public. During 2002, the Health Education Department staffed booths at local health fairs, conducted smoking cessation, weight loss and parenting classes, and hosted a series of seminars on health-related topics such as diabetes, stress management, and managing chronic illness.

Other Community Health Education Support

Northwest Health Plan donations of community benefit funds support community programs and services aimed at educating consumers on a wide range of health issues and topics

- Several years ago, Kaiser Permanente provided a seed grant for the first African American Wellness Village to address the health disparities in African Americans in Oregon and Washington. Now in its seventh year, this one-day event, presented by the African American Health Coalition, features free health screenings, education and information on diseases and health issues prevalent in African Americans. The current focus is on cardiovascular, breast and cervical cancer, diabetes, obesity, and HIV/AIDS awareness and testing. Surveys of participants indicated that this event is the only opportunity to get certain health screenings or to receive pertinent information on health. Kaiser Permanente has also supported this organization with volunteers and participants on the Board of Directors.
- Kaiser Permanente has supported a number of programs for the Foundation for Medical Excellence, an organization that promotes quality health care and sound health policy. The Foundation hosts educational programs on medical concerns for physicians and other health care professionals. Most recently, Kaiser Permanente supported patient safety training programs.
- The YWCA of Clark County, Washington, provides a broad-spectrum of services for the community of Vancouver. Kaiser Permanente has supported the agency with a grant for the yearly educational symposium luncheon, which features national speakers on civil rights, social justice, and support for vulnerable populations. The YWCA also provides services for victims of domestic violence, preschool education, youth in foster care, and teenage pregnancy.

HEALTH CARE PROFESSIONALS

Continuing Medical Education

KFH in the Northwest Region spent approximately \$337,000 in providing continuing medical education to community physicians and providers, and to the physicians affiliated with the Permanente Medical Groups and other health care providers. Some 660 different continuing education programs were offered during 2002, with over 11,900 attendees and 2,649 continuing education units (CEU) earned.

Graduate Medical Education

KFH in the Northwest Region spent nearly \$1.6 million on graduate medical education to educate 245 interns and residents. Over 53% (143) of these interns and residents are studying within the primary care medicine areas of Internal Medicine, Pediatrics, OB/GYN, Family Medicine and Psychiatry, with the balance (102) studying in specialty care such as Genetics, General Surgery, Pathology and Urology. As part of their residency program in the Northwest

Region, many of the graduate medical residents include a community service rotation component

Nurse Practitioner and Other Non-Physician Training Programs

KFH in the Northwest Region partnered in 16 training programs for podiatrists, nurse practitioners, midwives, optometrists, physician assistants and behavioral health professionals. During 2002, Northwest Health Plan supported the training and education of 97 students pursuing a career in the health care field. Examples of these programs are listed below:

- ◆ *California College of Podiatric Medicine*
- ◆ *Des Moines University, College of Podiatric Medicine*
- ◆ *Lewis & Clark University, Addiction Medicine Program*
- ◆ *Oregon Health & Science University, School of Nursing*
- ◆ *Pacific University, School of Optometry and Physician Assistants Program*
- ◆ *Portland State University, School of Clinical Social Work*

EVIDENCE-BASED HEALTH CARE

KFH in the Northwest Region spent approximately \$3.5 million to support clinical and health research activities. From the beginning, research has been a core value at Kaiser Permanente. Kaiser Permanente conducts more research than any other non-academic institution in the United States. Kaiser Permanente partners with more than 40 eminent academic research institutions including Duke University, Harvard, Stanford University, the National Institutes of Health, and the Centers for Disease Control and Prevention.

In the Northwest Region, the Center for Health Research (CHR) partners with 26 academic institutions including Duke University, Oregon Health & Sciences University, Penn State, UC San Francisco, University of North Carolina at Chapel Hill and University of Washington. In addition, CHR partners with 24 nonprofit agencies and private foundations.

Clinical and Health Services Research

For 40 years, Kaiser Permanente researchers have leveraged modest grants financed through its community service budget into major discoveries that have served our communities, influenced national policy, and informed medical practice throughout the nation and the world.

Community Benefit funds support research that meets important medical and social needs, such as preventing violence, infectious disease and improving health care for adolescents, youth and underserved populations. Many of our research studies address problems of current health policy interest, are designed to improve care for common conditions where treatment is often linked to community-based efforts, and are broadly disseminated through articles and professional presentations. During 2002, KFHC, through the Northwest Region's Center for Health Research,

spent \$2.5 million and funded more than 135 research projects. A few examples are described below.

- 1 Valanis BG, Glasgow RE, Mullooly J, Vogt TM, Whitlock EP, Boles SM, Smith KS, Kimes TM. **Screening HMO women overdue for both mammograms and pap tests.** *Prev Med* 2002 Jan;34(1) 40-50

Regular screening has the potential to reduce deaths from breast and cervical cancer. Despite health plan programs to encourage screening, however, many women remain unscreened. Tailored messages may be a promising approach to promote mammography and Pap test screening. This study used a four-group randomized design to compare with usual care the separate and combined effects of two attempts to increase screening. One attempt ("in-reach") took place in medical offices, the other used a letter followed by a telephone call ("out-reach"). Subjects were health maintenance organization members who had had no mammogram in the past 2 years and no Pap smear in the past 3 years. A letter-telephone outreach appears to be more effective at encouraging women to be screened than an office-based intervention. This result occurred in large part because most of the women randomized to "in-reach" did not have clinic visits at which to receive the intervention.

- 2 Brody KK, Johnson RE, Ried LD, Carder PC, Perrin N. **A comparison of two methods for identifying frail Medicare-aged persons.** *J Am Geriatr Soc* 2002 Mar;50(3) 562-9

This study compared two methods to identify persons who may need more than average health care in the future and who depend on others for care. These persons are termed "frail." Both methods use data from a questionnaire filled out by each Medicare-aged person. The study found that the clinical judgment method correctly classified 88% of the population as frail or nonfrail. The empirical (computer based) method correctly classified 92%.

The study found that 82% of the persons identified as frail in 1990 died during the next 10 years, compared with 34% of the non-frail. Inpatient hospital stays were 150% more common in the frail, and the frail spent over four and a half times as many days in any type of care setting during the study period as the non-frail persons. Being able to predict who will need these higher amounts and levels of health care can aid health system planning, provide better care to patients, increase healthcare staff efficiency, and support aging in place.

- 3 Castle PE, Lorincz AT, Mielzynska-Lohnas I, Scott DR, Glass AG, Sherman ME, Schussler JE, Schiffman M. **Results of human papillomavirus DNA testing with the hybrid capture 2 assay are reproducible.** *J Clin Microbiol* 2002 Mar;40(3) 1088-90

The human papillomavirus (HPV), a sexually transmitted disease, is the primary cause of cervical cancer. Women with HPV infections are at increased risk for cervical cancer. The usual test for cervical cancer is the "Pap" smear. Detecting HPV by testing for its DNA has been shown to be accurate for both cervical cancer and pre-cancerous cervical lesions. Combined use of the Pap smear and HPV DNA testing has been shown to be more accurate than either test alone. This study examined whether a particular method of HPV DNA

testing, the hybrid capture 2 test (Digene Corporation, Gaithersburg, MD), is reliable. The study evaluated frozen cervical specimens in 1997 and again in 2001 from 1,775 women with normal cervical health. The tests in 1997 and 2001 showed close to the same results, showing that results of HPV DNA testing can be reproduced and the hybrid capture 2 test is reliable.

- 4 Smith-Warner SA, Elmer PJ, Fosdick L, Randall B, Bostick RM, Grandits G, Grambsch P, Louis TA, Wood JR, Potter JD **Fruits, vegetables, and adenomatous polyps: the Minnesota Cancer Prevention Research Unit case-control study.** *Am J Epidemiol* 2002 Jun 15;155(12) 1104-13

Eating lots of vegetables has been connected with a lower risk of colorectal cancer. However, this tie is not as certain for a problem that comes before cancer, adenomatous polyps. This study examined the relation between amounts of fruits and vegetables eaten and the first sign of these polyps. Subjects filled out a questionnaire that asked how often they ate certain foods. For women, adenoma risk was about half in those who drank the most juice compared to those who drank the least. The tie was stronger for adenomas with moderate or severe growth compared with mild growth. Juice was not connected with adenoma risk in men. The results for fruits, vegetables, total fruits and vegetables, and green leafy vegetables were not that clear. Eating more vegetables has been found to be connected with a lower risk of colorectal cancer. Thus, it may be that vegetables have a stronger role in preventing the change of adenomas to carcinomas rather than in preventing adenomas.

- 5 Karanja N, Stevens VJ, Hollis JF, Kumanyika SK **Steps to soulful living (steps): a weight loss program for African-American women.** *Ethn Dis* 2002 Summer;12(3) 363-71

The greater disease burden of African American women is due partly to their higher rates of obesity (overweight). African American women may be less likely to try to lose weight and may not lose weight as well as white women. The Steps to Soulful Living (Steps) study tested the effects of a weight loss program adapted for the culture of African American women. Sixty-six African-American women joined a 6-month weight loss program with weekly group meetings and exercise sessions. On average, the women doubled their hours of exercise per week during the program. Average weight loss per person at 6 months was over 8 pounds. Women who went to at least three-fourths of the group meetings lost an average of almost 14 pounds. Those who went to fewer meetings lost an average of only 2 pounds. This 6-month program showed larger weight losses than seen in most programs for African American women.

Medical Libraries

KFH in the Northwest Region spent over \$250,000 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 Cancer Registry

KFH in the Northwest Region spent over \$777,000 to support the Tumor Board and Cancer Registry. In the Northwest Region, state law requires that the collection of specific cancer patient data be sent to the state at particular intervals after diagnosis. Each patient is followed on an annual basis for the remainder of his or her life. Each hospital has staff who collect the state-mandated information and transmit the information electronically each month.

VULNERABLE POPULATIONS

MEDICAL CARE SERVICES

Charitable Care

In the Northwest Region, KFHC and Health Plan spent approximately \$1.78 million to assist patients with limited resources to pay for care provided in Kaiser Permanente facilities. The *Financial Assistance Program* helps families and individuals that are unable to meet all or part of the cost of healthcare services and supplies. Approximately 1,700 patients whose household incomes were below 150% of the Federal Poverty Level qualified for such assistance in 2002.

Dues Subsidy Programs

Health Plan spent over \$10.5 million to provide subsidized coverage to over 7,000 low-income adults and children who are not eligible for Medicaid or privately funded coverage in the Northwest Region. The Dues Subsidy Program includes 1) *Oregon Health Plan (OHP), Non-Categoricals*, 2) *Transitions* and 3) *WA Basic Health Plan (Additional Benefits-Subsidized Program)*.

- The *Oregon Health Plan, Non-Categoricals* provides health coverage to persons under 100% of the Federal Poverty Level and who do not qualify for Medicaid as a categorical client. The average membership during 2002 was approximately 3,990 per month.
- *Transitions* served, on average, over 330 persons per month. The program serves qualified displaced workers (and their dependents) who are enrolled in job re-training programs at local community colleges. Coverage is available for 24 months with extensions granted under certain circumstances.
- The *WA Basic Health Plan (Additional Benefits-Subsidized Program)* is a program for citizens of Washington State with household incomes below 200% of the Federal Poverty Level and who are not eligible for Medicaid or Medicare. With average monthly membership of over 2,700 persons, *WA BHP's* standard benefit package is enhanced with additional benefits valued at approximately \$2 per member per month.

Participation in Medicaid

Health Plan in the Northwest Region has a long history of participation in Medicaid, dating from the 1970's in Oregon. In 2002, the Northwest Health Plan spent approximately \$19 million to support Medicaid patients.

- *Oregon Health Plan* – During 2002, Health Plan enrolled an average of almost 12,800 Oregon Health Plan beneficiaries in the Northwest Region on a prepaid basis. In addition, Health Plan and Hospitals served more than 6,100 other Medicaid enrollees who were not enrolled in the Oregon Health Plan prepaid program.
- *WA Basic Health Program - Plus* – Some persons who qualify for Washington State Medicaid (Healthy Options) are enrolled in the WA Basic Health Plan to keep families together in a single, prepaid program. During 2002, the Northwest Region served, on average, over 2,040 *BHP-Plus* members with over 95% of these members being 18 years old or younger.

COMMUNITY-BASED PROGRAMS

KFH in the Northwest Region spent approximately \$196,000 to provide a variety of programs to non-members who live and work in the communities we serve. Examples of the types of programs funded are:

Community Health Partnership

- The Multnomah Education Service District School House Services Dental Van provides on-site acute dental services for low-income elementary and middle school students in several East Multnomah County school districts. Children without dental insurance are able to obtain treatment during a scheduled van visit to their school.
- Tualatin Valley Mental Health provides mental health and addiction services for Multnomah and Washington Counties. Kaiser Permanente provided a grant specifically for the Foster Care Program that reaches out to foster children with behavioral problems. This program provides a range of mental health services for children aged 2 - 18 that include mental health assessments, treatment planning, medication management, play and talk therapy and more.
- Wallace Medical Concern Clinics serve a diverse population of Oregonians who are uninsured or face other barriers to health care. Kaiser Permanente has supported the Rockwood Clinic that serves adults and children from mainly the Russian and Latino communities. Many of the people who seek care from this evening clinic are from working families or are homeless teens or adults without health care coverage. Services include general medical care, medications, simple lab tests and Spanish/English interpreters. The clinic is located in an area with a growing Latino population.

- The Free Clinic of SW Washington was the first clinic in Vancouver, Washington to provide free medical care to children and adults who were otherwise unable to access health care services. Kaiser Permanente has supported this clinic with grants and in-kind printing of the newsletter. Also, Kaiser Permanente physicians and staff volunteer at the clinic.
- Kaiser Permanente supports the Community Action Organization's Opening Doors Program for pregnant women considered at-risk of having low-birth weight babies. This program locates and reaches out to low-income pregnant women who are not receiving prenatal care to match them with the needed care and services in the community. In 2002, the program has helped 96% of their clients have a baby with a healthy birth weight.

Youth and Other Employment Programs

In the Northwest Region, Health Plan spent approximately \$15,000 to fund youth and other employment programs aimed at improving the education and job skills of, or providing employment opportunities for, targeted populations.

- **Oregon Worksite 21** Established in 1996 by the Oregon Business Council, this nonprofit's mission is to help employers develop and maintain partnerships with education. Specifically, the organization helps employers identify and participate in strategic partnerships with schools that result in high student achievement and a highly qualified workforce. The employer partnerships focus upon school-to-career opportunities and mentoring, communications, and leadership development.
- **Self Enhancement, Inc. (SEI)** The Northwest Region's contribution helped to support SEI's 8th grade class (12 students) at Harriet Tubman Middle School. Specifically, the sponsorship supports the students participating in SEI's in-school, after-school, weekend and summer education programs. SEI supports youth in N/NE Portland who are most at risk for going unnoticed and forgotten in the classroom, at home or on the streets.

OTHER COMMUNITY BENEFITS

Health Plan and KFH spent approximately \$335,000 on other community benefits in the Northwest Region. Examples include:

- Kaiser Permanente has supported the **Urban League of Portland** as a corporate partner and as a supporter of the programs the organization provides to the community. This social service and civil rights organization uses funds to support an alternative school, multicultural senior center, tobacco education program, and HIV/AIDS awareness. Kaiser Permanente has also supported the Urban League by participation in the annual Career Fair, where participants are given information on health careers and current employment opportunities.
- **EarthShare of Oregon and Washington** is a nonprofit coalition of environmental organizations with a goal to preserve and protect the environment. Kaiser Permanente

supports this coalition with a grant each year and recognizes the link between a healthy environment and human health. Staff at Kaiser Permanente support Earthshare as part of the annual community giving campaign.

- **Oregon Safe Kids Coalitions** raise awareness of childhood injuries and seeks better strategies for preventing them. Kaiser Permanente has donated bike helmets to school-aged children in the community and through elementary schools. A children's health and safety exhibit is taken to various community events to educate parents and children on wearing helmets while riding bicycles, snowboarding, skateboarding, and even horseback riding. This exhibit travels to many health fairs and community activities teaching people how to wear a helmet correctly, providing information about helmet safety, and donating free helmets.
- **Clackamas Women's Shelter** is the only nonprofit domestic and sexual violence organization in Clackamas County. The organization provides support groups, educational presentations on domestic violence, 24-hour crisis line, and a safe shelter for abused women and their children. This is one of a few shelters that Kaiser Permanente has supported with both a grant and staff involvement.

2002 NATIONAL COMMUNITY BENEFIT PROGRAM INVESTMENT

The following charts summarize 2002 community benefit investments, nationally and in the Northwest Region. The community investment reflected in these charts is unaudited.

2002 National Community Benefit Program Investment

CB PRIORITY AREAS	NATIONAL HEALTH PLAN TOTAL	NATIONAL KFH TOTAL	NATIONAL CB TOTAL
EDUCATION			
Health Professionals	\$1,514,311	\$47,769,383	\$49,283,693
Consumers	2,481,001	5,434,653	7,915,654
<i>Subtotal</i>	<i>3,995,312</i>	<i>\$53,204,036</i>	<i>57,199,347</i>
EVIDENCE-BASE			
Research	605,645	13,181,636	13,787,282
Medical Libraries	70,877	5,333,781	5,404,658
Tumor Board & Cancer Registry	237,296	3,685,402	3,922,697
<i>Subtotal</i>	<i>913,818</i>	<i>22,200,819</i>	<i>23,114,637</i>
PUBLIC POLICY			
Public Policy Grants	123,992	834,289	958,281
<i>Subtotal</i>	<i>123,992</i>	<i>834,289</i>	<i>958,281</i>
VULNERABLE POPULATIONS			
Medical Care Services	244,835,730	138,832,625	383,668,355
Community-Based Programs	2,119,260	6,644,271	8,763,531
Other Vulnerable Populations	4,745,924	975,351	5,721,275
<i>Subtotal</i>	<i>251,700,914</i>	<i>146,452,247</i>	<i>398,153,161</i>
OTHER COMMUNITY BENEFITS			
Other CB Grants/Expense	3,076,975	2,038,871	5,115,846
United Way	89,471	201,550	291,021
<i>Subtotal</i>	<i>3,166,446</i>	<i>2,240,421</i>	<i>5,406,867</i>
TOTAL	\$259,900,482	\$224,931,811	\$484,832,293

2002 COMMUNITY BENEFIT INVESTMENT IN THE NORTHWEST REGION

CB PRIORITY AREAS	REGION HEALTH PLAN TOTAL	REGION KFH TOTAL	REGION CB TOTAL
EDUCATION			
Health Professionals	0	\$1,895,800	\$1,895,800
Consumers	0	171,055	171,055
<i>Subtotal</i>	0	2,066,855	2,066,855
EVIDENCE-BASE			
Research	0	2,482,497	2,482,497
Medical Libraries	0	250,246	250,246
Tumor Board & Cancer Registry	0	777,954	777,954
<i>Subtotal</i>	0	3,510,697	3,510,697
PUBLIC POLICY			
Public Policy Grants	0	0	0
<i>Subtotal</i>	0	0	0
VULNERABLE POPULATIONS			
Medical Care Services	29,393,518	1,714,659	31,108,177
Community-Based Programs	0	196,039	196,039
Other Vulnerable Populations	4,586,311	0	4,586,311
<i>Subtotal</i>	33,979,829	1,910,698	35,890,527
OTHER COMMUNITY BENEFITS			
Other CB Grants/Expense	145,175	142,950	288,125
United Way	0	46,581	46,581
<i>Subtotal</i>	145,175	189,531	334,706
TOTAL	\$34,125,004	\$7,677,781	\$41,802,785

- 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 File by the extended due date for filing the return. See instructions.	Name of Exempt Organization KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST		Employer identification number 93-0798039
	Number, street, and room or suite no. If a P.O. box, see instructions ONE KAISER PLAZA, SUITE 1550		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 03
- 5 For calendar year 2002, 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. 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 \$ 0.00

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 08/7/2003

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 8/5/2003

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
	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)

**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 File by the due date for filing your return. See instructions	Name of Exempt Organization		Employer identification number
	KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST		93-0798039
	Number, street, and room or suite no. If a P.O. box, see instructions		
	ONE KAISER PLAZA, SUITE 1550		
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 03, to file the exempt organization return for the organization named above. The extension is for the organization's return for

► ☒ calendar year 20 02 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 ► Deborah Stuber

Title ► VICE PRESIDENT/CONTROLLER Date ► 05/12 /2003

For Paperwork Reduction Act Notice, see instruction

Form **8868** (12-2000)