

**B** Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Final return

☐ Amended return

☐ Application pending

<b>Please use IRS label or print or type. See Specific Instructions.</b>	<b>C</b> Name of organization KAISER FOUNDATION HOSPITALS	
	Number and street (or P O box if mail is not delivered to street address) ONE KAISER PLAZA SUITE 1550L	Room/suite
	City or town, state or country, and ZIP + 4 OAKLAND, CA 94612	

**D Employer identification number**  
94-1105628


**E Telephone number**  
(510) 271-6611

**F Accounting method** ☐ Cash ☒ Accrual  
☐ Other (specify) ☐

• **Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).**

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

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

**I** Group Exemption Number 

**L** Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12  14,637,792,743



**Part I**   **Revenue, Expenses, and Changes in Net Assets or Fund Balances** (See the instructions.)


Revenue	1	Contributions, gifts, grants, and similar amounts received				
	a	Direct public support . . . . .	1a	4,206,963		
	b	Indirect public support . . . . .	1b			
	c	Government contributions (grants) . . . . .	1c			
	d	Total (add lines 1a through 1c) (cash \$ 4,206,963 noncash \$ )			1d	4,206,963
	2	Program service revenue including government fees and contracts (from Part VII, line 93) .			2	9,805,787,798
	3	Membership dues and assessments . . . . .			3	
	4	Interest on savings and temporary cash investments . . . . .			4	
	5	Dividends and interest from securities . . . . .			5	181,371,638
	6a	Gross rents . . . . .	6a	2,917,792		
	b	Less rental expenses . . . . .	6b			
	c	Net rental income or (loss) (subtract line 6b from line 6a) . . . . .			6c	2,917,792
	7	Other investment income (describe ) . . . . .			7	
	8a	Gross amount from sales of assets other than inventory . . . . .	(A) Securities		(B) Other	
			4,466,274,868	8a		
	b	Less cost or other basis and sales expenses . . . . .	4,450,010,663	8b		
	c	Gain or (loss) (attach schedule) . . . . .	16,264,205	8c		
	d	Net gain or (loss) (combine line 8c, columns (A) and (B)) . . . . .			8d	16,264,205
	9	Special events and activities (attach schedule) If any amount is from gaming, check here				
	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	177,233,684	
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11) . . . . .			12	10,187,782,080	
Expenses	13	Program services (from line 44, column (B)) . . . . .			13	8,569,278,442
	14	Management and general (from line 44, column (C)) . . . . .			14	820,142,878
	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	9,389,421,320
Net Assets	18	Excess or (deficit) for the year (subtract line 17 from line 12) . . . . .			18	798,360,760
	19	Net assets or fund balances at beginning of year (from line 73, column (A)) . . . . .			19	6,358,013,288
	20	Other changes in net assets or fund balances (attach explanation) . . . . .			20	-30,064,137
	21	Net assets or fund balances at end of year (combine lines 18, 19, and 20) . . . . .			21	7,126,309,911


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 the instructions )

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 (attach schedule)  (cash \$ <u>51,010,152</u> noncash \$ <u>0</u> ) If this amount includes foreign grants, check here  <input type="checkbox"/>				
		22 51,010,152	51,010,152		
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 0			
26	Other salaries and wages . . . . .	26 3,244,821,403	3,244,821,403		
27	Pension plan contributions . . . . .	27 217,493,950	217,493,950		
28	Other employee benefits . . . . .	28 987,382,951	987,382,951		
29	Payroll taxes . . . . .	29 146,123,108	146,123,108		
30	Professional fundraising fees . . . . .	30			
31	Accounting fees . . . . .	31			
32	Legal fees . . . . .	32			
33	Supplies . . . . .	33 1,240,161,432	1,240,161,432		
34	Telephone . . . . .	34 137,142,530	137,142,530		
35	Postage and shipping . . . . .	35 25,527,731	25,527,731		
36	Occupancy . . . . .	36 145,499,329	145,499,329		
37	Equipment rental and maintenance . . . . .	37 139,126,534	139,126,534		
38	Printing and publications . . . . .	38 5,694,355	5,694,355		
39	Travel . . . . .	39 78,994,527	78,994,527		
40	Conferences, conventions, and meetings . . . . .	40			
41	Interest . . . . .	41 14,606,609	14,606,609		
42	Depreciation, depletion, etc (attach schedule)	42 721,378,285	721,378,285		
43	Other expenses not covered above (itemize)				
a	See Additional Data Table	43a			
b		43b			
c		43c			
d		43d			
e		43e			
f		43f			
g		43g			
44	Total functional expenses. Add lines 22 through 43 (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44 9,389,421,320	8,569,278,442	820,142,878	0

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

Are any joint costs from a combined educational campaign and fundraising solicitation reported in **(B)** Program services?  ☐ **Yes** ☒ **No**

If "Yes," enter **(i)** the aggregate amount of these joint costs \$ \_\_\_\_\_, **(ii)** the amount allocated to Program services \$ \_\_\_\_\_, **(iii)** the amount allocated to Management and general \$ \_\_\_\_\_, and **(iv)** the amount allocated to Fundraising \$ \_\_\_\_\_

**Part III Statement of Program Service Accomplishments** (See the instructions.)

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.

What is the organization's primary exempt purpose? ► SEE STATEMENT	<b>Program Service Expenses</b> (Required for 501(c)(3) and (4) orgs, and 4947(a)(1) trusts, but optional for others.)
<b>a</b> SEE STATEMENT	
(Grants and allocations \$ 51,010,152) If this amount includes foreign grants, check here ► <input type="checkbox"/>	8,569,278,442
<b>b</b>	
(Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
<b>c</b>	
(Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
<b>d</b>	
(Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
<b>e</b> Other program services (attach schedule) (Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
<b>f Total of Program Service Expenses</b> (should equal line 44, column (B), Program services) . . . . ►	8,569,278,442



Part IV

Balance Sheets (See the instructions.)

<b>Note:</b> 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 . . . . .		35,765,853	45	35,575,844	
	46	Savings and temporary cash investments . . . . .		2,446,298,577	46	2,391,472,953	
	47a	Accounts receivable . . . . .	47a	1,052,455,204			
	b	Less allowance for doubtful accounts	47b	658,159,863	295,576,551	47c	394,295,341
	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) . . . . .	51a	379,261,931			
	b	Less allowance for doubtful accounts	51b	323,941,914	64,207,739	51c	55,320,017
	52	Inventories for sale or use . . . . .		390,370,516	52	369,018,737	
	53	Prepaid expenses and deferred charges . . . . .		103,371,535	53	125,195,402	
	54	Investments—securities (attach schedule) . <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV		3,084,466,899	54	3,586,810,728	
		55a	Investments—land, buildings, and equipment basis . . . . .	55a			
b		Less accumulated depreciation (attach schedule) . . . . .	55b			55c	
56		Investments—other (attach schedule) . . . . .				56	
57a		Land, buildings, and equipment basis	57a	13,648,503,797			
b		Less accumulated depreciation (attach schedule) . . . . .	57b	6,082,300,374	6,331,860,073	57c	7,566,203,423
58		Other assets (describe <input type="checkbox"/> _____)		380,253,433	58	358,220,816	
59		<b>Total assets</b> (must equal line 74) Add lines 45 through 58 . . . . .		13,132,171,176	59	14,882,113,261	
Liabilities		60	Accounts payable and accrued expenses . . . . .		1,156,196,856	60	1,350,729,164
		61	Grants payable . . . . .			61	
	62	Deferred revenue . . . . .		1,616,450	62	846,355	
	63	Loans from officers, directors, trustees, and key employees (attach schedule) . . . . .			63		
	64a	Tax-exempt bond liabilities (attach schedule) . . . . .		2,600,885,000	64a	2,627,188,889	
	b	Mortgages and other notes payable (attach schedule) . . . . .		479,648,292	64b	787,658,844	
	65	Other liabilities (describe <input type="checkbox"/> _____)		2,535,811,290	65	2,989,380,098	
Net Assets or Fund Balances	66	<b>Total liabilities</b> Add lines 60 through 65 . . . . .		6,774,157,888	66	7,755,803,350	
	<b>Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74</b>						
	67	Unrestricted . . . . .			67		
	68	Temporarily restricted . . . . .			68		
	69	Permanently restricted . . . . .			69		
	<b>Organizations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 70 through 74</b>						
	70	Capital stock, trust principal, or current funds . . . . .			70		
	71	Paid-in or capital surplus, or land, building, and equipment fund . . . . .		12,075,235	71	12,179,149	
	72	Retained earnings, endowment, accumulated income, or other funds . . . . .		6,345,938,053	72	7,114,130,762	
	73	<b>Total net assets or fund balances</b> (add lines 67 through 69 <b>or</b> lines 70 through 72, column (A) <b>must</b> equal line 19, column (B) <b>must</b> equal line 21) . . . . .		6,358,013,288	73	7,126,309,911	
74	<b>Total liabilities and net assets / fund balances</b> Add lines 66 and 73 . . . . .		13,132,171,176	74	14,882,113,261		

Part IV-A

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return (See the instructions.)

a	Total revenue, gains, and other support per audited financial statements . . . . .	a	9,851,830,336
b	Amounts included on line a but not on line 12		
1	Net unrealized gains on investments . . . . .	b1	
2	Donated services and use of facilities . . . . .	b2	
3	Recoveries of prior year grants . . . . .	b3	
4	Other (specify) 	b4	-37,889,758
	Add lines b1 through b4 . . . . .	b	-37,889,758
c	Subtract line b from line a . . . . .	c	9,889,720,094
d	Amounts included on line 12, but not on line a		
1	Investment expenses not included on line 6b . . . . .	d1	
2	Other (specify) 	d2	298,061,986
	Add lines d1 and d2 . . . . .	d	-37,889,758
e	Total revenue (line 12) Add lines c and d . . . . .	e	10,187,782,080

Part IV-B

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

a	Total expenses and losses per audited financial statements . . . . .	a	9,150,306,398
b	Amounts included on line a but not on line 17		
1	Donated services and use of facilities . . . . .	b1	
2	Prior year adjustments reported on line 20 . . . . .	b2	
3	Losses reported on line 20 . . . . .	b3	
4	Other (specify) _____	b4	
	Add lines b1 through b4 . . . . .	b	
c	Subtract line b from line a . . . . .	c	9,150,306,398
d	Amounts included on line 17, but not on line a:		
1	Investment expenses not included on line 6b . . . . .	d1	
2	Other (specify) _____	d2	239,114,922
	Add lines d1 and d2 . . . . .	d	239,114,922
e	Total expenses (line 17) Add lines c and d . . . . .	e	9,389,421,320

Part V-A

Current Officers, Directors, Trustees, and Key Employees (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated.) (See the instructions.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
SEE STATEMENT 18 1 KAISER PLAZA SUITE 1550L OAKLAND,CA 94612	SEE STATEMENT 18 1	0	0	0
SEE STATEMENT 18 1 KAISER PLAZA SUITE 1550L OAKLAND,CA 94612	SEE STATMENT 18 1	0	0	0

Part V-A		Current Officers, Directors, Trustees, and Key Employees <i>(continued)</i>		Yes	No
75a	Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings . . . . .	14			
b	Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s) .	75b	Yes		
c	Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to this organization through common supervision or common control? <b>Note.</b> Related organizations include section 509(a)(3) supporting organizations If "Yes," attach a statement that identifies the individuals, explains the relationship between this organization and the other organization(s), and describes the compensation arrangements, including amounts paid to each individual by each related organization	75c	Yes		
d	Does the organization have a written conflict of interest policy? . . . . .	75d	Yes		

Part V-B

Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other Benefits (If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions.)

(A) Name and address	(B) Loans and Advances	(C) Compensation	(D) Contributions to employee benefit plans and deferred compensation plans	(E) Expense account and other allowances
SEE STATEMENT 18 1 KAISER PLAZA SUITE 1550L OAKLAND,CA 94612	0	0	0	0

Part VI		Other Information <i>(See the instructions.)</i>		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity	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	77			No
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return? . . . . .	78a			No
b	If "Yes," has it filed a tax return on <b>Form 990-T</b> for this year? . . . . .	78b			
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  and check whether it is <input checked="" type="checkbox"/> exempt or <input type="checkbox"/> nonexempt				
81a	Enter direct or indirect political expenditures (See line 81 instructions ) . . . . .	81a	0		
b	Did the organization file <b>Form 1120-POL</b> for this year? . . . . .	81b			No

Part VI

Other Information (continued)

Yes

No

<b>82a</b> 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? . . . . .		<b>82a</b>		No
<b>b</b> If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III) . . . . .		<b>82b</b>		
<b>83a</b> Did the organization comply with the public inspection requirements for returns and exemption applications?		<b>83a</b>	Yes	
<b>b</b> Did the organization comply with the disclosure requirements relating to quid pro quo contributions? . . . .		<b>83b</b>	Yes	
<b>84a</b> Did the organization solicit any contributions or gifts that were not tax deductible? . . . . .		<b>84a</b>		No
<b>b</b> If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . .		<b>84b</b>		
<b>85</b> 501(c)(4), (5), or (6) organizations. <b>a</b> Were substantially all dues nondeductible by members? . . . . .		<b>85a</b>		
<b>b</b> Did the organization make only in-house lobbying expenditures of \$2,000 or less? . . . . .		<b>85b</b>		
If "Yes," was answered to either 85a or 85b, <b>do not</b> complete 85c through 85h below unless the organization received a waiver for proxy tax owed the prior year.				
<b>c</b> Dues assessments, and similar amounts from members . . . . .		<b>85c</b>		
<b>d</b> Section 162(e) lobbying and political expenditures . . . . .		<b>85d</b>		
<b>e</b> Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices . . . . .		<b>85e</b>		
<b>f</b> Taxable amount of lobbying and political expenditures (line 85d less 85e) . . . . .		<b>85f</b>		
<b>g</b> Does the organization elect to pay the section 6033(e) tax on the amount on line 85f? . . . . .		<b>85g</b>		
<b>h</b> If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year? . . . . .		<b>85h</b>		
<b>86</b> 501(c)(7) orgs. Enter <b>a</b> Initiation fees and capital contributions included on line 12		<b>86a</b>		0
<b>b</b> Gross receipts, included on line 12, for public use of club facilities . . . . .		<b>86b</b>		0
<b>87</b> 501(c)(12) orgs. Enter <b>a</b> Gross income from members or shareholders . . . . .		<b>87a</b>		0
<b>b</b> Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them) . . . . .		<b>87b</b>		0
<b>88</b> 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 . . . . .		<b>88</b>	Yes	
<b>89a</b> 501(c)(3) organizations. Enter Amount of tax imposed on the organization during the year under section 4911 <b>▶</b> 0, section 4912 <b>▶</b> 0, section 4955 <b>▶</b> 0				
<b>b</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 . . . . .		<b>89b</b>		No
<b>c</b> Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 . . . . . <b>▶</b>				0
<b>d</b> Enter Amount of tax on line 89c, above, reimbursed by the organization . . . . . <b>▶</b>				
<b>90a</b> List the states with which a copy of this return is filed <b>▶</b> CA,CO,DC,GA,HI,MD,NY,OH,OR,VA,WA				
<b>b</b> Number of employees employed in the pay period that includes March 12, 2005 (See instructions) .		<b>90b</b>		49,817
<b>91a</b> The books are in care of <b>▶</b> NATIONAL TAX DIRECTOR Telephone no <b>▶</b> (510) 271-6385				
ONE KAISER PLAZA STE 1550L				
Located at <b>▶</b> OAKLAND, CA ZIP + 4 <b>▶</b> 94612				
<b>b</b> At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		<b>91b</b>	Yes	No
If "Yes," enter the name of the foreign country <b>▶</b>				
See the instructions for exceptions and filing requirements for <b>Form TD F 90-22.1</b> , Report of Foreign Bank and Financial Accounts				
<b>c</b> At any time during the calendar year, did the organization maintain an office outside of the United States?		<b>91c</b>		No
If "Yes," enter the name of the foreign country <b>▶</b>				
<b>92</b> Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of <b>Form 1041</b> —Check here . . . . . <b>▶</b>				
and enter the amount of tax-exempt interest received or accrued during the tax year . . . . . <b>▶</b>		<b>92</b>		

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

Note: Enter gross amounts unless otherwise indicated.

		Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
		(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93	Program service revenue					
a	HOSPITAL SERV REV					9,590,220,061
b	NON-PLAN & IND REV					40,066,258
c	OTHR PRGM SERV REV					100,518,480
d	SUPL CHARGES/PHARM					46,480,031
e						
f	Medicare/Medicaid payments . . . . .					28,502,968
g	Fees and contracts from government agencies					
94	Membership dues and assessments . . . .					
95	Interest on savings and temporary cash investments					
96	Dividends and interest from securities . . . .			14	181,371,638	
97	Net rental income or (loss) from real estate					
a	debt-financed property . . . . .					
b	non debt-financed property . . . . .			16	2,917,792	
98	Net rental income or (loss) from personal property					
99	Other investment income . . . . .					
100	Gain or (loss) from sales of assets other than inventory			18	16,264,205	
101	Net income or (loss) from special events . . .					
102	Gross profit or (loss) from sales of inventory					
103	Other revenue a CAFETERIA			03	16,123,897	
b	PARKING GARAGES			03	4,971,810	
c	NET INC KP ON CALL			14	652,526	
d	INT INC-AFFILIATE			14	155,485,451	
e						
104	Subtotal (add columns (B), (D), and (E)) . . .				377,787,319	9,805,787,798
105	Total (add line 104, columns (B), (D), and (E)) . . . . .					10,183,575,117

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

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

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

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

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
KAISER PERMANENTE INTL ONE KAISER PLAZA STE 1550L OAKLAND, CA94612 94-3245176	100 0	CONSULTING	474,186	58,413
KAISER PERMANENTE VENTURES ONE KAISER PLAZA STE 1550L OAKLAND, CA94612 94-3292262	100 0	INACTIVE	0	0
CARETOUCH INC ONE KAISER PLAZA SUITE 1550L OAKLAND, CA94612 68-0444615	100 0	RETL MED PROD	0	48,298
KP ON CALL LLC - DISRGEDED ENTY ONE KAISER PLAZA SUITE 1550L OAKLAND, CA94612 91-2166347	100 0	MED ADVICE	21,048,059	8,945,480

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

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

NOTE: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Please Sign Here

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

Signature of officer

2006-11-15

Date

DEBORAH STOKES VP & CONTROLLER

Type or print name and title

Paid Preparer's Use Only

Preparer's signature

Date

Check if self-employed ☒

Preparer's SSN or PTIN (See Gen Inst W)

Firm's name (or yours if self-employed), address, and ZIP + 4

EIN

Phone no

KPMG LLP

55 SECOND STREET

SAN FRANCISCO, CA 94105



SCHEDULE A  
(Form 990 or 990EZ)

Department of the Treasury  
Internal Revenue Service

Name of the organization  
KAISER FOUNDATION HOSPITALS

Organization Exempt Under Section 501(c)(3)  
(Except Private Foundation) and Section 501(e), 501(f), 501(k),  
501(n), or 4947(a)(1) Nonexempt Charitable Trust  
Supplementary Information—(See separate instructions.)  
▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

OMB No 1545-0047  
  
**2005**

Name of the organization  
KAISER FOUNDATION HOSPITALS

Employer identification number  
  
94-1105628

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
SEE STATEMENT	SEE STATEMENT 40	0	0	0
1 KAISER PLAZA SUITE 1550L OAKLAND,CA 94612				
Total number of other employees paid over \$50,000	2,531			

Part II-A

Compensation of the Five Highest Paid Independent Contractors for Professional Services  
(See page 2 of the instructions. List each one (whether individual 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
UCSF HOME HEALTH CARE	HEALTHCARE SERVICES	56,705,615
PO BOX 39000 SAN FRANCISCO, CA 94139		
PFIZER INC	HEALTHCARE SERVICES	44,028,260
PO BOX 951239 DALLAS, TX 75395		
PHILLIPS MEDICAL SYSTEMS	HEALTHCARE SERVICES	32,350,180
22100 BOTHELL EVERETT HWY BOTHELL, WA 98021		
MERCY SAN JUAN MEDICAL CENTER	HEALTHCARE SERVICES	25,590,411
6501 COYLE AVENUE CARMICHAEL, CA 95608		
CITY OF HOPE NATIONAL MEDICAL CENTE	HEALTHCARE SERVICES	28,482,755
1500 EAST DUARTE ROAD DUARTE, CA 91010		
Total number of others receiving over \$50,000 for professional services ▶	1,895	

Part II-B

Compensation of the Five Highest Paid Independent Contractors for Other Services  
(List each contractor who performed services other than professional services, whether individual or firms. If there are none, enter "None". See page X for instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
RUDOLPH SLETTEN	CONSTRUCTION SERVICE	98,540,454
989 EAST HILLSDALE BLVD FOSTER CITY, CA 94404		
MCCARTHY BLDG COMPANIES	CONSTRUCTION SERVICE	163,186,416
20401 SOUTHWEST BIRCH St NEWPORT BEACH, CA 92660		
WHITING TURNER CONTRACTING COMPANY	CONSTRUCTION SERVICE	80,874,168
3 CORPORATE PARK IRVINE, CA 92606		
DELOITTE CONSULTING	CONSULTING	111,113,984
PO BOX 402901 ATLANTA, GA 30384		
CHIMES	STAFFING	130,873,189
PO BOX 35429 NEWARK, NJ 07102		
Total number of other contractors receiving over \$50,000 for other services ▶	493	

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, include 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 1 of Part VI-B )		1	No
Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities			
2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.) ☒			
a Sale, exchange, or leasing property?	2a	Yes	
b Lending of money or other extension of credit?	2b	Yes	
c Furnishing of goods, services, or facilities?	2c	Yes	
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	2d	Yes	
e Transfer of any part of its income or assets?	2e		No
3a Do you make grants for scholarships, fellowships, student loans, etc ? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments )	3a		No
b Do you have a section 403(b) annuity plan for your employees?	3b	Yes	
c During the year, did the organization receive a contribution of qualified real property interest under section 170(h)?	3c		No
4a Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?	4a		No
b Do you provide credit counseling, debt management, credit repair, or debt negotiation services?	4b		No

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 <b>ONE</b> applicable box )	
5	<input type="checkbox"/> A church, convention of churches, or association of churches Section 170(b)(1)(A)(i)
6	<input type="checkbox"/> A school Section 170(b)(1)(A)(ii) (Also complete Part V )
7	<input checked="" type="checkbox"/> A hospital or a cooperative hospital service organization Section 170(b)(1)(A)(iii)
8	<input type="checkbox"/> A Federal, state, or local government or governmental unit Section 170(b)(1)(A)(v)
9	<input type="checkbox"/> 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	<input type="checkbox"/> 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 <b>Support Schedule</b> in Part IV-A)
11a	<input type="checkbox"/> 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 <b>Support Schedule</b> in Part IV-A)
11b	<input type="checkbox"/> A community trust Section 170(b)(1)(A)(vi) (Also complete the <b>Support Schedule</b> in Part IV-A)
12	<input type="checkbox"/> An organization that normally receives <b>(1) more than 331/3%</b> of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc , functions—subject to certain exceptions, and <b>(2) no more than 331/3%</b> 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 <b>Support Schedule</b> in Part IV-A )
13	<input type="checkbox"/> An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in <b>(1)</b> lines 5 through 12 above, or <b>(2)</b> sections 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2) Check the box that describes the type of supporting organization ► <input type="checkbox"/> Type 1 <input type="checkbox"/> Type 2 <input type="checkbox"/> Type 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	<input type="checkbox"/> An organization organized and operated to test for public safety Section 509(a)(4) (See page 5 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) 2004	(b) 2003	(c) 2002	(d) 2001	(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 related to the organization's charitable, etc , purpose					
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					
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					
24 Line 23 minus line 17					
25 Enter 1% of line 23					
26 Organizations described on 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 2001 through 2004 exceeded the amount shown in line 26a Do not file this list with your return. Enter the total of all these excess amounts				26b	
c Total support for section 509(a)(1) test Enter line 24, column (e)				26c	
d Add Amounts from column (e) for lines 18 19 22 26b				26d	
e Public support (line 26c minus line 26d total)				26e	
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))				26f	
27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person " Do not file this list with your return. Enter the sum of such amounts for each year (2004) (2003) (2002) (2001)					
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000 (Include in the list organizations described in lines 5 through 11, as well as individuals ) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year (2004) (2003) (2002) (2001)					
c Add Amounts from column (e) for lines 15 16 17 20 21				27c	
d Add Line 27a total and line 27b total				27d	
e Public support (line 27c total minus line 27d total)				27e	
f Total support for section 509(a)(2) test Enter amount from line 23, column (e)				27f	
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))				27g	
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))				27h	
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2001 through 2004, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant Do not file this list with your return. Do not include these grants in line 15					


Part V Private School Questionnaire (See page 7 of the instructions.)


(To be completed ONLY by schools that checked the box on line 6 in Part IV)

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?		Yes	No
		29		
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?			
		30		
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 )			
		31		
32	Does the organization maintain the following			
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a		
b	Records documenting that scholarships and other financial assistance are awarded on racially nondiscriminatory basis?	32b		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c		
d	Copies of all material used by the organization or on its behalf to solicit contributions?	32d		
	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?	33a		
b	Admissions policies?	33b		
c	Employment of faculty or administrative staff?	33c		
d	Scholarships or other financial assistance?	33d		
e	Educational policies?	33e		
f	Use of facilities?	33f		
g	Athletic programs?	33g		
h	Other extracurricular activities?	33h		
	If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement )			
34a	Does the organization receive any financial aid or assistance from a governmental agency?	34a		
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	34b		
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	35		

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)


Check  **a** ☐ if the organization belongs to an affiliated group

Check  **b** ☐ if you checked "a" and "limited control" provisions apply

Limits on Lobbying Expenditures		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
(The term "expenditures" means amounts paid or incurred )			
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	0
41	Lobbying nontaxable amount Enter the amount from the following table— <div><div>If the amount on line 40 is—</div><div>The lobbying nontaxable amount is—</div><div>Not over \$500,00020% of the amount on line 40</div><div>Over \$500,000 but not over \$1,000,000\$100,000 plus 15% of the excess over \$500,000</div><div>Over \$1,000,000 but not over \$1,500,000\$175,000 plus 10% of the excess over \$1,000,000</div><div>Over \$1,500,000 but not over \$17,000,000\$225,000 plus 5% of the excess over \$1,500,000</div><div>Over \$17,000,000\$1,000,000</div></div>	41	
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	0
44	Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	44	0
Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.			

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below  
See the instructions for lines 45 through 50 on page 11 of the instructions )

	Lobbying Expenditures During 4-Year Averaging Period				
Calendar year (or fiscal year beginning in) 	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(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 only by organizations that did not complete Part VI-A) (See page 11 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	Yes	No	Amount
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.)			
If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities			

**Exempt Organizations** (See page 11 of the instructions.)

501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

Yes	No
-----	----

- |               |  |     |
|---------------|--|-----|
| <b>51a(i)</b> |  | N o |
| <b>a(ii)</b>  |  | N o |
| <b>b(i)</b>   |  | N o |
| <b>b(ii)</b>  |  | N o |
| <b>b(iii)</b> |  | N o |
| <b>b(iv)</b>  |  | N o |
| <b>b(v)</b>   |  | N o |
| <b>b(vi)</b>  |  | N o |
| <b>c</b>      |  | N o |

<b>c</b>		No
----------	--	----

goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.

[illegible]

described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?

**▶** ☐ **Yes** ☒ **No**

**b** If "Yes," complete the following schedule

[illegible]

Additional Data

Software ID:  
Software Version:  
EIN: 94-1105628  
Name: KAISER FOUNDATION HOSPITALS

Form 990, Part II, Line 43 - Other expenses not covered above (itemize):

<i>Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.</i>		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
a EMPLOYEE RELATED EXPENSES	43a	10,836,250	10,836,250		
b EMPLOYEE DEVELOPMENT	43b	18,660,561	18,660,561		
c SEE STATEMENT 27 FOR ADDL DATA	43c	1,167,322,490	1,167,322,490		
d MEMBERSHIP DUES & FEES	43d	3,108,663	3,108,663		
e PROFESSIONAL & PUBLIC LIAB INS	43e	60,477,105	60,477,105		
f OTHER MISCELLANEOUS	43f	95,567,132	95,567,132		
g BUSINESS TAXES & LICENSES	43g	3,344,402	3,344,402		
h PROPERTY & OTHER TAXES	43h	11,382,446	11,382,446		
i CHARITY CARE	43i	188,977	188,977		
j ADVERTISING	43j	11,762,830	11,762,830		
k OTHER INSURANCE	43k	9,106,530	9,106,530		
l LOSS ON DISPOSAL OF ASSETS	43l	18,491,024	18,491,024		
m HOSPITAL ADMIN EXP ALLOCATION	43m	820,142,878		820,142,878	
n BAD DEBT EXPENSE	43n	4,067,136	4,067,136		

**TY 2005 Cash Grants Paid Schedule****Name:** KAISER FOUNDATION HOSPITALS**EIN:** 94-1105628



**TY 2005 Gain/Loss from Sale of Public Securities Schedule****Name:** KAISER FOUNDATION HOSPITALS**EIN:** 94-1105628**Gross Sales Price:** 4,466,274,868**Basis:** 4,450,010,663**Sales Expenses:****Total (net):** 16,264,205

TY 2005 Investments - Securities Schedule

**Name:** KAISER FOUNDATION HOSPITALS

**EIN:** 94-1105628

Description	Book Value	Cost/FMV
MARKETABLE SECURITIES	3,586,810,728	F

TY 2005 Mortgages and Notes Payable Schedule

Name:

KAISER FOUNDATION HOSPITALS

EIN:

94-1105628

Total Mortgage Amount:

787658844

Item No.	1
Lender's Name	LOKAHI ASSURANCE LTD
Lender's Title	
Relationship to Insider	
Original Amount of Loan	
Balance Due	787658844
Date of Note	
Maturity Date	
Repayment Terms	PAYABLE ON MATURITY
Interest Rate	
Security Provided by Borrower	UNSECURED
Purpose of Loan	VARIOUS
Description of Lender Consideration	
Consideration FMV	

Item No.	2
Lender's Name	PACIFIC BELL
Lender's Title	
Relationship to Insider	
Original Amount of Loan	
Balance Due	0
Date of Note	
Maturity Date	2004-12
Repayment Terms	PAYABLE AT MATURITY
Interest Rate	8.0
Security Provided by Borrower	EQUIPMENT
Purpose of Loan	FUNDING OF CAPITAL EQUIPMENT
Description of Lender Consideration	
Consideration FMV	

# TY 2005 Other Assets Schedule

**Name:** KAISER FOUNDATION HOSPITALS

**EIN:** 94-1105628

Description	Beginning of Year Amount	End of Year Amount
INTANGIBLE PENSION ASSETS	331,413,300	269,832,240
OTHER LONG-TERM ASSETS	32,145,395	65,713,726
OTHER INVESTMENTS	16,694,738	22,674,850

**TY 2005 Other Changes in Net Assets Schedule****Name:** KAISER FOUNDATION HOSPITALS**EIN:** 94-1105628

Description	Amount
DONATED CAPITAL	103,914
GRANT CONTRIBUTIONS RECEIVED-F E M A	87,418,468
NET UNREALIZED LOSS ON INVESTMENTS	9,519,173
PRINCIPLE	25,607,675
INTER-ENTITY CAPITAL TRANSFERS	82,459,671

**TY 2005 Other Expenses  
Not Included Schedule****Name:** KAISER FOUNDATION HOSPITALS**EIN:** 94-1105628

Description	Amount
BAD DEBT EXPENSE-RECLASS	4,067,136
RECLASS	3,758,485
SUBSIDIARIES & ELIMINATIONS	231,289,301

**TY 2005 Other Liabilities Schedule****Name:** KAISER FOUNDATION HOSPITALS**EIN:** 94-1105628

Description	Beginning of Year Amount	End of Year Amount
DUE TO RELATED ENTITIES	328,105,249	1,174,730,462
RESERVE FOR UNCLAIMED PROPERTY	4,198,445	1,318,968
RESERVE FOR SELF INSURED RISK	78,727,237	0
RESERVE FOR PROF & PUBLIC LIAB	387,735,295	144,214,956
RESERVE FOR WORKERS COMP RISKS	14,458,146	394,232,290
RESERVE FOR SELF-INS RISK AUTO	143,132	81,283
RESERVE FOR MEDICARE AUDIT	383,000	466,000
RESERVE FOR RESTRUCTURING CHGS	7,385,743	54,044
CURRENT INSTL LT DEBT	89,529,874	468,076
POST RETIREMENT LIABILITIES	946,938,670	1,155,508,584
REFUNDABLE DEPOSITS	60,536	33,594
OTHER LIABILITIES	23,560,208	78,439,597
OTHER CURRENT LIABILITIES	654,585,755	39,832,244

**TY 2005 Other Notes/Loans  
Receivable Short Schedule**

**Name:** KAISER FOUNDATION HOSPITALS

**EIN:** 94-1105628

Category/Name	Amount
COMMUNITY HEALTH PLAN	379,261,931



## TY 2005 Other Revenues Included Schedule

**Name:** KAISER FOUNDATION HOSPITALS

**EIN:** 94-1105628

Description	Amount
BAD DEBT EXPENSE-RECLASS	-4,067,136
ACCOUNTING PRINCIPLE	-25,607,675
RECLASS	-3,758,485
DONATED CAPITAL	103,914
GRANT CONTRIBUTION RECEIVED	87,418,468
INTER-ENTITY CAPITAL TRANSFER	-82,459,671
INTERENTITY INVESTMENT INT.	-9,519,173

**TY 2005 Other Revenues  
Not Included Schedule**

**Name:** KAISER FOUNDATION HOSPITALS

**EIN:** 94-1105628

Description	Amount
SUBSIDIARIES & ELIMINATIONS	298,061,986

**TY 2005 Tax-Exempt Bond Liabilities Schedule****Name:** KAISER FOUNDATION HOSPITALS**EIN:** 94-1105628

<b>Item No.</b>	1
<b>Name of Issue</b>	
<b>Purpose</b>	TAX-EXEMPT BONDS
<b>Amount Outstanding</b>	2627188889
<b>Unexpended Bond Proceeds</b>	
<b>Third Party Use</b>	
<b>Space Percentage</b>	
<b>Maturity Date</b>	
<b>Repayment Terms</b>	
<b>Interest Rate</b>	
<b>Security</b>	

TY 2005 Self Dealing Statement

**Name:** KAISER FOUNDATION HOSPITALS

**EIN:** 94-1105628

Line Number	Explanation
2a	

Line Number	Explanation
2b	

Line Number	Explanation
2c	

Line Number	Explanation
2d	FORM 990, PART V

**KAISER FOUNDATION HOSPITAL**  
**FEIN: 94-1105628**  
**INVESTMENT GAIN/LOSSES**  
**DECEMBER 31, 2005**

<b>STATE STREET NAME AND FUND NUMBER</b>	<b>PROCEEDS</b>	<b>COST</b>	<b>GAIN/(LOSS)</b>
1WUJ-KFH COOKE BIELER	96,780,179	72,725,677	24,054,502
1WUL-KFH SANFORD BERNSTEIN	130,171,550	120,425,995	9,745,555
1WUM-MARISCO CAPITAL MGMT.	325,813,541	320,041,667	5,771,874
1WUO-PAYDEN RYGEL	NONE		
1WUQ-BANCONE INVE ADV CORP	188,169,016	190,314,558	(2,145,542)
1WVG-KAISER CLIENT MANAGED	NONE		
1WVJ-KAISER CLIENT MANAGED	138,813,337	147,058,991	(8,245,654)
1WVE-CLIENT MANAGED	1,094,659,888	1,078,934,696	15,725,192
1WVD-KAISER CLIENT MANAGED	(427,908)	8,635,866	(9,063,774)
1WVH-WELLS CAPITAL MGMT	1,238,410,736	1,249,182,258	(10,771,522)
1WVU-DREYFUS INVEST ADV, INC.	1,253,884,529	1,262,690,955	(8,806,426)
1WVX-BANC ONE INV ADV CORP	NONE		
Totals	4,466,274,868	4,450,010,663	16,264,205



# **KAISER FOUNDATION HOSPITALS**

**94-1105628**

**December 31, 2005**

## **STATEMENT PART III**

### **FORM 990, PART III - STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS**

Kaiser Foundation Hospitals (Hospitals) is a California 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 statutes, for the purpose of providing hospital based health and medical care services. The Internal Revenue Service made the initial determination of Hospital's exempt status effective June 2, 1949, under Section 101(6) of the Internal Revenue Code of 1939. Such Section is the predecessor of Section 501(c)(3) of the Internal Revenue Code of 1986. Hospitals is listed in IRS Publication 78, Cumulative List of Organizations Exempt From Tax.

Hospitals shares a common board of Directors with Kaiser Foundation Health Plan, Inc. (Health Plan) and three affiliated Health Plan subsidiaries. Two additional health plans with community based boards are affiliated with Health Plan. Health Plan is the principal controlling member of the five operating subsidiary health maintenance organizations in the integrated health care delivery system commonly known as "Kaiser Permanente." Each of these member organizations is also generally exempt from Federal income tax under the provisions of Internal Revenue Code Section 501(c)(3).

Kaiser Permanente is an integrated health care delivery system that in 2005 served over 8.4 million members in the following states; California, Hawaii, Oregon, Washington, Colorado, Georgia, Ohio, Maryland, Virginia and the District of Columbia. It is the largest private pre-paid health care program in the United States with approximately 140,008 employees and approximately 13,000 full-time equivalent physicians in the affiliated dedicated physicians practice groups.

Hospitals owns and operates hospitals in California, Hawaii, and Oregon. These hospitals provide services to all persons in the communities in which they are located. These services are made available to members of the community regardless of race, sex, religion, national origin or ability to pay. In addition, Hospitals provides for and/or arranges for hospital based care, extended care and home health care to the approximately 8.4 million individual members of Kaiser Permanente.

Emergency rooms located within hospital facilities owned and operated by Hospitals are available to the public on a non-discriminatory basis. The policy of Hospitals is that all persons who present themselves to an emergency room in a hospital owned and operated by Hospitals will be evaluated by an appropriately trained nurse or physician. Depending on the person's medical condition, they will be stabilized and referred or transported to an appropriate facility, or if medically appropriate, they will be admitted into the hospital for treatment.

Hospitals provides a financial assistance program to assist persons who cannot afford hospitalization and/or medical care. Hospitals also sponsors activities and programs to support the general health education and condition of the members of the communities in which the hospitals are located.

Please see the attachment, "Kaiser Permanente Community Benefit Report for Kaiser Foundation Hospitals for 2005." This report will provide a description of activities conducted by Hospitals in the accomplishment of its exempt purposes and for the benefit of the community in which it conducts its activities.

STATEMENT OF FIXED ASSETS AND DEPRECIATION

COMBINED DIVISIONS

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

	COST		ACCUMULATED DEPREC/AMORT		2005
	BEGINNING OF YEAR	END OF YEAR	BEGINNING OF YEAR	END OF YEAR	DEP/AMORT EXPENSE
LAND	484,315,684	511,857,702	0	0	0
LAND IMPROVEMENTS	123,719,129	125,882,622	97,529,689	100,664,395	3,134,704
BUILDINGS	7,108,243,918	7,312,261,453	3,657,325,605	3,858,013,344	342,526,594
LEASEHOLD IMPROVEMENTS	98,144,804	100,382,322	59,377,151	67,443,158	8,131,350
EQUIPMENT	1,717,526,663	1,755,362,381	1,326,731,943	1,344,082,383	124,980,518
CAPITALIZED SOFTWARE	1,238,254,644	1,325,399,081	331,527,259	557,192,915	242,366,772
CAPITALIZED LEASES	0	5,876,550	0	5,800,127	238,347
CONSTRUCTION IN PROGRESS	1,033,015,784	1,644,443,870	0	0	0
OTHER AMORTIZATION - START UP AND DEFERRED COSTS -					0
	BEGINNING OF YEAR	END OF YEAR			
TOTALS TO:					
PART IV, LINE 57(A)	11,803,220,626	12,781,465,981			
PART IV, LINE 57(B)				5,933,196,321	
PART IV, LINE 57(C)	6,330,728,979	6,848,269,660			
PART II, LINE 42 COLUMN (B)					721,378,285

## KAISER FOUNDATION HOSPITALS

94-1105628

12/31/2005

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

(A) NAME	(B) TITLE/ HOURS* WEEKLY	(C1) COMPENSATION PRE 2005	(C2) COMPENSATION 2005	(D1) BENEFIT 2005	(D2) BENEFIT PAID 2005	(E) EXP ACCT/ OTHER ALLOW
See Note 2	*see note 7	See Notes 3 & 4	See Notes 3 & 4	See Notes 3, 4 & 5	See Notes 3, 4 & 5	See Notes 3, 4 & 6
Barbara D Blum	Director to March 2005	5	0	0	0	0
Christine K Cassel	Director	11	0	0	0	0
Thomas W Chapman	Director	8	0	0	0	0
William R. Graber	Director	6	0	0	0	0
J. Eugene Grigsby III	Director	8	0	0	0	0
Kim J. Kaiser	Director	7	0	0	0	0
J. Neal Purcell	Director	8	0	0	0	0
Philip A. Marneau	Director	5	0	0	0	0
Robert L. Riddley	Director retired December 2005	5	0	0	0	0
Cynthia Telles	Director	6	0	0	0	0
Hans Tjian	Director to August 2005	5	0	0	0	0
Sandra Thompkins	Director from June 2005	3	0	0	0	0
George C. Halvorson	CEO & President	40	0	0	0	0
Mary Ann Thode	Regional President-NorCal	40	0	0	0	0
Benjamin K. Chu	Regional President-SouCal from February 2005	40	0	0	0	0
Janice L. Head	Regional President-Hawaii	40	0	0	0	0
Christopher L. Binkley	Regional President-Colorado to February 2005	40	0	0	0	0
Cynthia A. Finter	Regional President-Northwest	40	0	0	0	0
Donna Lynne	Regional President-Colorado from February 2005	40	0	0	0	0
Patricia Kennedy-Scott	Regional President-Ohio	40	0	0	0	0
Carolyn M. Kenny	Regional President-Georgia	40	0	0	0	0
Marilyn J. Kawamura	Regional President-MidAtlantic States	40	0	0	0	0
Raymond J. Baxter	Senior Vice President	40	0	0	0	0
Robert E. Briggs *	Senior Vice President to February 2005	40	0	0	0	0
Robert M. Crane	Senior Vice President	40	0	0	0	0
J. Clifford Dodd	Senior Vice President	40	0	0	0	0
Jerry C. Fleming	Senior Vice President	40	0	0	0	0
Daniel P. Garcia	Senior Vice President	40	0	0	0	0
Mitchell J. Goodstein	Senior Vice President	40	0	0	0	0
Joseph W. Hummel*	Senior Vice President to May 1, 2004	40	0	0	0	0
Kathryn Lancaster	Senior Vice President from February 2005	40	0	0	0	0
Lawrence B. Leisner	Senior Vice President	40	0	0	0	0
Louise Liang, MD	Senior Vice President	40	0	0	0	0
Leslie A. Margolin	Senior Vice President	40	0	0	0	0
Laurence G. O'Neill	Senior Vice President	40	0	0	0	0
Arthur M. Southam, MD	Senior Vice President	40	0	0	0	0
Bernard J. Tyson	Senior Vice President	40	0	0	0	0
Robert Walton	Senior Vice President	40	0	0	0	0
Herman M. Well	Senior Vice President	40	0	0	0	0
Larry Willson	Senior Vice President from August 2005	40	0	0	0	0
Theodore E. Wise	Senior Vice President	40	0	0	0	0
Steven R. Zatzkin	Senior Vice President	40	0	0	0	0
Thomas R. Meler	Vice President - Treasurer	40	0	0	0	0
Deborah Stokes	Vice President - Controller	40	0	0	0	0
Carol H. Cox	Assistant Secretary	40	0	0	0	0
Steven Doshay	Assistant Secretary	40	0	0	0	0
Jennifer Gardner	Assistant Secretary	40	0	0	0	0
Judith M. Mears	Assistant Secretary	40	0	0	0	0
Wayne Morris	Assistant Secretary	40	0	0	0	0
Indrajit Obeyesekere	Assistant Secretary	40	0	0	0	0
Stanley Watson	Assistant Secretary	40	0	0	0	0
Carlos Zaragoza	Assistant Secretary	40	0	0	0	0
Victoria B. Zatzkin	Assistant Secretary	40	0	0	0	0

NOTES: See Statement 23 for notes applicable to the above reporting

## KAISER FOUNDATION HOSPITALS

94-1105628

12/31/2005

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

RELATED ORGANIZATION: KAISER FOUNDATION HEALTH PLAN INC

FEIN 94-1340523

## RELATED EXEMPT ORGANIZATION

(A) NAME	(C1) COMPENSATION PRE 2005	(C2) COMPENSATION 2005	(D1) BENEFIT 2005	(D2) BENEFIT PAID 2006	(E) EXP ACCT/ OTHER ALLOW
See Note 2	See Notes 3 & 4	See Notes 3 & 4	See Notes 3, 4 & 5	See Notes 3, 4 & 5	See Notes 3, 4 & 6
Barbara D Blum	0	29,625	0		0
Christine K Cassel	0	133,000	0	0	0
Thomas W Chapman	0	161,173	14,000	0	0
William R Graber	0	156,333	0	0	0
J Eugene Grgeby III	0	159,975		0	0
Kim J Kaiser	0	167,500	0	0	0
J Neal Purcell	0	158,000	14,000	0	0
Philip A Manneau	0	139,833	0	0	0
Robert L Ridgley	0	151,182	0		0
Cynthia Telles	0	162,475	0	0	0
Hans Tjan	0	86,222	0	22,000	0
Sandra Thompkins	0	91,917	0	0	0
George C Halvorson	2,605,083	2,817,749	1,592,563	1,570,000	0
Mary Ann Thode	864,709	783,973	607,334	209,127	0
Benjamin K Chu	0	516,384	94,803	214,326	12,000
Janice L Head	352,173	455,175	239,537	70,072	0
Christopher L Binkley	660,374	506,035	90,020	96,249	0
Donna Lynne	0	253,063	76,826	127,214	12,000
Cynthia A Finter	706,048	588,180	138,937	91,926	0
Patricia Kennedy-Scott	498,003	538,297	184,806	124,108	0
Carolyn M Kenny	1,019,382	529,482	140,484	148,974	0
Manlyn J Kawamura	691,804	563,993	332,759	189,594	0
Raymond J Baxter	198,023	712,176	751,128	213,979	0
Robert E Briggs *	3,798,344	3,893,545	114,996	3,334	0
Robert M Crane	864,331	669,079	281,766	247,120	0
J Clifford Dodd	902,636	1,068,153	744,539	472,256	0
Jerry C Fleming	868,993	593,001	285,285	236,951	0
Daniel P Garcia	564,016	632,352	423,952	261,962	10,891
Mitchell J Goodstein	275,643	586,037	235,189	170,975	0
Kathryn Lancaster	156,539	577,854	240,701	323,499	0
Lawrence B Leisure	11,540	857,051	314,252	278,100	0
Louise Liang, MD	639,260	921,996	352,336	348,958	0
Leslie A Margolin	1,417,493	1,276,512	475,781	483,580	0
Laurence G O'Neil	784,495	743,212	331,953	298,551	0
Arthur M Southam, MD	1,308,033	1,364,458	359,644	533,681	0
Bernard J Tyson	1,170,760	1,102,085	433,058	431,302	0
Robert Walton	303,933	568,266	115,599	173,161	0
Harman M Weil	305,834	403,798	197,935	135,422	0
Larry Wilson,	257,352	549,432	232,469	163,694	0
Theodore E Wise	217,367	536,279	168,255	132,653	0
Steven R Zarkin	512,031	815,098	657,832	333,189	0
Thomas R Meier	166,555	330,101	123,589	154,818	0
Deborah Stokes	184,465	387,744	125,771	114,031	0
Carol H Cox	0	56,089	21,308	-	0
Steven Doherty	31,163	233,880	25,620	57,218	0
Jennifer Gardner	0	73,936	9,320	4,625	0
Judith M Mears	99,248	314,784	194,954	99,026	0
Wayne Morris	162,942	331,120	92,402	50,261	0
Indrajit Obeyesekere	0	266,941	25,965	59,427	0
Stanley Watson	42,738	243,183	70,029	67,871	0
Carlos Zaragoza	38,998	261,822	51,117	70,943	0
Victoria B Zarkin	33,467	225,589	60,622	66,581	0

NOTES See Statement 23 for notes applicable to the above reporting

R = WILL BE PRESENTED AS PART V B

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

**Note #1** - This Organization is one of the corporate entities listed on Part VI, Line 80 "Related and Controlled Entities" which is included as a part of this return. This Organization is a participating member of a vertically integrated direct service prepaid health care program.

**Note #2** - The Officers and Directors can be contacted in care of:

Kaiser Foundation Health Plan, Inc.  
Program Office Controller's Department  
One Kaiser Plaza, Suite 15L Ordway  
Oakland, CA 94612

**Note #3** - The executive compensation program for Kaiser Foundation Health Plan, Inc. and Subsidiaries and Kaiser Foundation Hospitals and Subsidiaries (KFHP/H) is designed to recruit, retain and motivate qualified senior management personnel. Senior management personnel have a significant impact on the strategic and policy direction and results of the organization. Therefore, the executive compensation program is, to a significant degree, performance-based. The compensation program is reviewed annually by an independent committee of the Board of Directors of KFHP/H, which evaluates and approves all programs and payments to executives.

Base pay for executive positions is established at a level comparable to the relevant market. In addition, other components of the compensation program bear 'at-risk' features designed to focus on strategically important performance goals and to assist in attracting and retaining top performers. The executive compensation program is targeted at the median of the comparable external market in which the organization competes for executive leadership. The compensation program focuses on objectives in the areas of quality of member care and service, financial soundness, and the community and social mission of the organization.

**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 KFHP/H. Certain Directors, Officers and/or Key Employees perform services for several of the KFHP/H member organizations.

Some of the amounts shown as Compensation were actually earned in years prior to 2005. This compensation is effectively reported in Part V twice – once in the year deferred and again in the year paid. However, the compensation is only paid once. The disclosure rules mandate that significant amounts of compensation are double-counted in both 2004 and 2005. For instance, column C1 includes amounts paid in 2005 for achievement of performance goals for prior years, and column D2 includes payments scheduled for 2006 for performance goals achieved in 2005.

**Note #5** – The Organization offers various benefit plans, both qualified and non-qualified. Among the benefits offered to the officers listed on Form 990, Part V-A line 75 c are a qualified Defined Benefit Plan (Plan A), a qualified Defined Contribution Plan (Plan B), a Section 403(b) Tax Sheltered Annuity Plan (TSA), a Section 457(b) Deferred Compensation Plan (CAP), and health and welfare benefit plans. Included in Benefits reported for this purpose are the value of the annual contributions to Plan B, TSA, CAP and certain health and welfare benefit plans. Estimates for 2005 accruals for future benefits under Plan A are included in column D1.

For other benefit plans available to executives which provide future benefits earned during 2005 (where the specific amounts are available and determinable by the time this tax report is filed), the amount is included in the Benefits column D1 reported in this return. Amounts determinable at year-end under termination of employment arrangements calling for future payments in a subsequent year are included in the D1 Benefit Plans column for this purpose. Individuals noted with (\*) may have amounts included by reason of termination of employment and from benefit plan accounts that were previously earned.

Certain officers, directors and key employees are eligible for post-retirement medical and life insurance benefits if they meet certain eligibility requirements. Payments are not made to these post-retirement benefit plans on behalf of individuals until retirement, and thus, payments to these plans are not reported on Part V, column D. However, when the retiree benefits are actually paid, they are reported on Part V-B of the Form 990.

**Note #6** - The amounts reported as Expense Account/ Other Allowance include amounts for reimbursement of expenses. Under IRS rules, ordinary and necessary business expenditures such as travel, transportation, lodging, meals, business meetings and conferences are not included here. These items are reimbursed on an accountable plan 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 average weekly time spent on the organization's affairs during 2005 is reported based on individual records for Directors Kaiser, Ridgley, Graber, Cassel, Grigsby, Chapman, Thompkins, Purcell and Telles; for the other directors the time is estimated to be five hours. Actual time spent by Board member may vary based on different responsibilities during the year. Key employees, who work full-time, may work in excess of the standard 40-hour work week.

Kaiser Foundation Health Plan, Inc., Kaiser Foundation Hospitals, Kaiser Foundation Health Plan of the Northwest, Kaiser Foundation Health Plan of Colorado, and Kaiser Foundation Health Plan of Ohio have the same Directors. The hours reported for outside Directors for Part V represent the total average weekly time spent by each Director on all of these organizations' affairs during 2005.

KAISER FOUNDATION HOSPITALS  
FEIN: 94-1105628  
12/31/05

NON-AFFILIATED TAXABLE ORGANIZATION RELATIONSHIPS

NAME	NON-AFFILIATED TAXABLE ORG	TRANSACTIONAL RELATIONSHIP
PHILIP A MARINEAU	LEVI STRAUS & CO	NONE
HANS TIJAN	WESTAMERICA BANCORPORATION	NONE
RAYMOND BAXTER	UNION BANK	NONE
ROBERT RIDGLEY	NORTHWEST NATURAL GAS COMPANY	GAS SUPPLIER FOR NORTHWEST REGION
LARRY Y WILSON	CHOLESTECH	NONE

KAISER FOUNDATION HOSPITALS  
FEIN: 94-1105628  
12/31/2005

FAMILY AFFILIATIONS REPORTED

NAME	FAMILY MEMBER AFFILIATION
STEVE R ZATKIN	SPOUSE EMPLOYEE OF KFHP INC.
VICTORIA B ZATKIN	SPOUSE, SR. VP, GENERAL COUNSEL AND SECRETARY OF KFH, KFHP INC. AND REGIONAL HEALTH PLANS
CYNTHIA TELLES	COUSIN, PHYSICIAN SOUTHERN CALIFORNIA MEDICAL GROUP
CAROLYN KENNY	SIBLING, PHYSICIAN NORTHWEST MEDICAL GROUP
THEODORE WISE	SIBLING, PHYSICIAN NORTHWEST MEDICAL GROUP
CARLOS ZARAGOZA	SPOUSE EMPLOYEE OF KFHP INC.



# KAISER FOUNDATION HOSPITALS

94-1105628

DECEMBER 31, 2005

## ATTACHMENT FOR:

**FORM 990 PART VI, QUESTION 80 - RELATED AND AFFILIATED ENTITIES**

**AND/OR**

**FORM 1120, SCHEDULE K, QUESTIONS 3, 4 AND 5**

KAISER FOUNDATION HEALTH PLAN, INC. 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, 2005:

EMPLOYER ID #	ENTITY NAME	DIRECT & INDIRECT % CONTROLLED BY KFHP, INC.
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### SUBSIDIARY ENTITIES THAT ARE OWNED DIRECTLY OR INDIRECTLY BY KAISER FOUNDATION HEALTH PLAN, INC., THAT ARE ALSO EXEMPT FROM FEDERAL INCOME TAX UNDER IRC 501(C)(3):

93-0798039	KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST	100%
84-0591617	KAISER FOUNDATION HEALTH PLAN OF COLORADO	100%
58-1592076	KAISER FOUNDATION HEALTH PLAN OF GEORGIA, INC	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, 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 (elected to be treated as a disregarded entity for tax purposes)	*(2)	N/A
94-3203402	KAISER PERMANENTE INSURANCE COMPANY	*(3)	50%
N/A	HAMI - COLORADO, LLC (elected to be treated as a disregarded entity for tax purposes)	*(4)	N/A
20-2961620	KP CAL		100%
20-2712681	KPCAL, LLC (elected to be treated as a disregarded entity for tax purposes)		100%

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 LIFE, ACCIDENT AND HEALTH 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

### THE COMMON ADDRESS FOR ALL ENTITIES LISTED ABOVE IS

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

**KAISER FOUNDATION HOSPITALS**

**TIN: 94-1105628**  
**DECEMBER 31, 2005**

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

LINE NUMBER 93:

**93A HOSPITAL SERVICES CONTRACT REVENUE**

Revenue received from |

for Hospital services provided to enrolled members. Internal Revenue ruling 68-27.

**93B SUPPLEMENTAL CHARGES / PHARMACY**

Revenue received for co-payments from or on behalf of members for health care services provided under the plans referred to in 93A above. Pharmaceutical sales to members. 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 OTHER PROGRAM SERVICE REVENUE**

Revenue received from or on behalf of members for health care services provided under the plans referred to in 93A above.

**93F MEDICARE / MEDICAID PAYMENTS**

Revenue received from the | 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 HOSPITALS  
EMPLOYEE COMPENSATION FOR FORM 990 REPORTING PURPOSES  
FOR TAX YEAR 2005**

**TOP FIVE EMPLOYEES**

NAME	TITLE	HOURS	(C1) COMPENSATION PRE-2005	(C2) COMPENSATION 2005	(D1) BENEFITS 2005	(D2) BENEFITS PAID 2006	(E) EXP ACCT/ OTHER ALLOW.
			see note 7	see notes 3 & 4	see notes 3, 4 & 5	see Notes 3, 4 & 5	see notes 3, 4 & 6
KANNAN ELUTHESAN	Prn Conslt	40	-	283,758	43,041	31,220	-
FRANK R CHAMPION	Tech Dir	40	-	257,592	27,791	31,170	-
ARTHUR U RAMIREZ	Site Mgr	40	-	254,273	27,579	33,769	-
LESLIE NECKIN	Director	40	-	236,579	40,212	-	-
DOUGLAS M GAMBLIN	Tech Dir	40	-	238,671	36,860	30,810	-

**NOTES: See Statement 18 for notes applicable to the above reporting.**

**KAISER FOUNDATION HOSPITALS**

**FEIN: 94-1105628**

**December 31, 2005**

**Schedule A, Part III, Question 2a:**

Kaiser Foundation Hospitals (KFH) is organized for the public benefit and provides health and medical care services for its members. KFH and Kaiser Foundation Health Plan, Inc. (KFHP Inc.) have common Boards of Directors. KFH and KFHP, Inc. are operated as separate charitable corporations. See **Statement 20** for a list of tax-exempt and non-exempt related entities.

Based on a review of KFH records and Conflict of Interest (COI) statements for these directors, officers and key employees for 2005, KFH did not engage in the sale, exchange, or leasing of property with any of the persons listed on Form 990, Part V.

Based on a review of the records of the affiliated taxable entities for transactions with these individuals, none of these taxable entities engaged in any sale, exchange or lease of property with KFH individual directors or officers.

In the normal course of business in carrying out its charitable purposes, KFH may have entered into the sale, exchange, or leasing of property with some of the related entities described in **Statement 20**. KFH relationships with such organizations are conducted at a price which is not less than cost nor more than fair market value basis.

**Schedule A, Part III, Question 2b:**

**Statement 19, Page 2** provides a list of the directors, officers and key employee family members with whom KFH did business or who were employed by KFH or any KFH affiliate. KFH does not have trustees, creators or substantial contributors.

Based on a review of KFH records and COI statements for these directors, officers and key employees for 2005, KFH did not engage in the lending of money or other extension of credit with any of these persons in 2005. KFHP, Inc. has a program that provides loans to relocate executives. The program was modified in August 2002 to take into consideration the Section 402 provisions of the Sarbanes Oxley Act, limiting certain employees' eligibility for loans. **Statement 17** provides information regarding officer and key employee loans made by KFHP, Inc. as disclosed in the KFHP, Inc. 2005 Form 990, Part IV and Schedule A, Part III, question 2b.

**KAISER FOUNDATION HOSPITALS**

**FEIN: 94-1105628**

**December 31, 2005**

Based on the COI questionnaires for 2005, **Statement 19, page 1** lists non-affiliated taxable organizations which did business with KFH in 2005 and on which KFH officers, directors, key employees or their families served as an officer, director, or owner. KFH relationships with such organizations are conducted on a fair market value basis and the KFH officer director or key employee abstained from voting on any such matters.

**Schedule A, Part III, Question 2c:**

Form 990, Part V lists the officers, directors and key employees of KFH in 2005. Based on a review of COI statements for these directors, officers and key employees for 2005, **Statement 18, page 2** provides a list of their family members with whom KFH did business or who were employed by KFH or any KFH affiliate. KFH does not have trustees, creators or substantial contributors. Any such indirect transactions are conducted on a fair market value basis.

Based on a review of KFH records and COI statements for these directors, officers and key employees for 2005, KFH did not engage in the furnishing of goods, services, or facilities with any of these persons in 2005.

In the normal course of business in carrying out its charitable purposes, KFH may have entered into the furnishing of goods, services, or facilities with some of the related taxable entities. **Statement 24** generally describes the transactions between KFH and those entities.

Based on the COI questionnaires for 2005, **Statement 18, page 1** lists non-affiliated taxable organizations, which did business with KFH in 2005 and on which KFH officers, directors, key employees or their families served as an officer, director, or owner. **Statement 18, page 1** also provides a general summary of the transactional relationship (if any) between KFH and such organizations. KFH relationships with such organizations are conducted on a fair market value basis and the KFH officer, director or key employee abstained from voting on any such transaction.

**TAXABLE ENTITY RELATIONSHIPS**  
**KAISER FOUNDATION HOSPITALS AND HEALTH PLAN INC.**

EMPLOYER TAX ID #	ENTITY NAME		Purpose of Entity
<b><u>KAISER FOUNDATION HOSPITAL SUBSIDIARIES (TAXABLE):</u></b>			
94-3245176	KAISER PERMANENTE INTERNATIONAL	Txbl	An International consulting company
94-3292262	KAISER PERMANENTE VENTURES	Txbl	Inactive
68-0444615	CARETOUCH, INC.	Txbl	Retail health products (web based) enterprise. Winding up its business affairs.
91-2166347	KP ONCALL, LLC	LLC	Owns & operates nurse telemedicine services call center.
<b><u>KAISER FOUNDATION HEALTH PLAN INC. SUBSIDIARIES (TAXABLE):</u></b>			
94-3113684	KAISER PERMANENTE HEALTH ALTERNATIVES	Txbl	Provides dental plans and Point of Service medical plans in Washington state to groups/individuals.
94-3259432	KAISER PROPERTIES SERVICES, INC	Txbl	Holds a CA real estate brokerage license.
94-3203402	KAISER PERMANENTE INSURANCE COMPANY	Txbl	Insurance company offering indemnity benefit plans
03-0329760	OAK TREE ASSURANCE, LTD.	Txbl	Captive insurance company to insure workers compensation & auto insurance coverage
91-2171891	LOKAHI ASSURANCE LTD	Txbl	A captive insurance company to insure and secure reinsurance for property & casualty risks
	ORDWAY INTERNATIONAL, LTD.	Txbl	A holding company to provide offshore risk management tools.
	ORDWAY INDEMNITY, LTD	Txbl	An offshore company used as a risk management tool.
91-1814507	CHP COMPANIES, INC	Txbl	Holding company, sole member of CHP. CHP is an inactive health plan in New York

## **2005 COMMUNITY BENEFIT REPORT KAISER FOUNDATION HOSPITALS**

Kaiser Foundation Hospitals (KFH) and 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—are nonprofit corporations that are part of the integrated health care delivery system known as the Kaiser Permanente Medical Care Program or “Kaiser Permanente.”

This report describes the structure of Kaiser Permanente and documents the National Community Benefit activities, programs and services of KFH in California, Hawaii, Oregon and Washington, and KFHP and its subsidiaries, combined.

In 2005, Kaiser Permanente served over 8.4 million people in nine states: California, Colorado, Georgia, Hawaii, Maryland, Ohio, Oregon, Virginia, Washington and the District of Columbia. This program is the largest private nonprofit health care program in the United States and has more than 148,000 employees and nearly 13,000 physicians and 120 dentists. In California, KFHP and KFH served more than six million members, with over 92,000 administrative, clerical and technical employees, as well as 9,801 Permanente physicians representing all specialties. KFHP and KFH in Hawaii served approximately 227,000 members, with 2,827 full-time employees and 371 full-time Permanente physicians. In the Northwest, KFHP and KFH served 477,929 Health Plan members and another 175,011 dental members through 800 Permanente physicians, 120 Permanente dentists and 4,994 clinical, administrative and technical personnel.

Kaiser Permanente is an integrated health care delivery system that combines the provision and financing of health care services. People who elect to enroll in a Kaiser Permanente health plan 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 transportation, preventive services, health education and certain prescribed drugs. More comprehensive drug coverage is also provided through a separate coverage rider.

In the hospital-based regions—California, Hawaii, Oregon and Washington—Kaiser Permanente is comprised of several separate legal organizations: KFH - a California nonprofit public benefit corporation exempt from federal income tax under Internal Revenue Code 501(c)(3); KFHP - a California nonprofit public benefit corporation exempt from federal income tax under Internal Revenue Code 501(c)(3); Northwest Health Plan - an Oregon nonprofit corporation; and The Permanente Medical Group, Inc., Southern California Permanente Medical Group, Hawaii Permanente Medical Group, Inc., and Northwest Permanente Physicians, PC (collectively, “Permanente Medical Groups”), each of which is a separate, independent, multi-specialty group of physicians 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 the Health Plan subsidiaries or “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 and a Permanente Medical Group to provide the required health care services.

Members receive services from various Permanente Medical Groups in the respective Kaiser Permanente regions. The Permanente Medical Groups accept responsibility for professional care of Health Plan members, and are responsible for their own physician recruitment, selection and staffing; they are legally separate entities independent from Health Plan, KFH and each other. The Permanente Medical Groups generally treat members in facilities owned, leased or contracted by KFHP or 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. KFH owns and operates 28 licensed hospitals, including three licensed hospitals with multiple campuses in California, Hawaii and Oregon, which provide 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.

In California, KFH medical centers are located in the cities of Anaheim, Baldwin Park, Bellflower, Fontana, Fremont, Fresno, Harbor City, Hayward, Los Angeles, Manteca, Oakland, Panorama City, Redwood City, Richmond, Riverside, Roseville, Sacramento, San Diego, San Francisco, San Rafael, Santa Clara, Santa Rosa, Santa Teresa, South Sacramento, South San Francisco, Vallejo, Walnut Creek, West Los Angeles, and Woodland Hills. In Hawaii, the Moanalua Medical Center is located in the City of Honolulu on the island of Oahu. In Oregon, the Sunnyside Medical Center is located in the City of Clackamas.

Services provided by KFH and membership in Health Plan are 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 8 million members, through market-leading performance in quality, service and affordability. By doing so, Kaiser Permanente provides a discipline in the marketplace by demonstrating meaningful value, and affordability, and generating resources to reinvest in the community's health.

Second, Kaiser Permanente directly invests in improvements to community health, working to increase access for the underserved, disseminating care improvements, altering the social determinants of health, educating healthcare workers and consumers, and informing public policy.

This latter approach, which Kaiser Permanente calls Direct Community Benefit Investment (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 in isolation from, the community. DCBI serves to fulfill Kaiser Permanente's social purpose, justify its tax-exempt status, and differentiate 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, nonmembers, was initiated. That heritage has continued through the years in Kaiser Permanente's early participation in publicly financed programs such as Medicaid and Medicare, establishment of residency training and medical research programs, and later in the development of the Educational Theatre, Safety Net Partnerships, Community Health Initiatives and Charitable Coverage Programs.

In 2001, the Board reaffirmed DCBI 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 to 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 DCBI program be guided by a national strategy, with continued local flexibility and implementation. The program is supported by national and regional funding pools, and built on the organization's integrated health care system. Community benefit investments are concentrated in four areas:

- *Vulnerable Populations* – Address the financing and delivery problems of populations that are vulnerable due to socioeconomic status, illness, ethnicity, age, or other disabling factors.
- *Evidence-based Medicine* – Develop and communicate the evidence base 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 approved the formation of a National Community Benefit Governance Council, and established a standing Community Benefit Committee of the Board of Directors to oversee the new program. The Board also 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 for Community Benefit, reporting to the CEO and Chairman of the Board.

#### **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* – KFH operates full-time emergency departments in each of its 28 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 patients* – Hospital care is provided to individuals with health care coverage from any private or government-sponsored health plan, insured and uninsured referrals from Safety Net and other Public Health Partnerships, and uninsured patients admitted through the emergency department.
- *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* – KFH and KFHP have identical 14-member Boards of Directors. The board is comprised of individuals from the academic world and private industry who are representative of the community. George C. Halvorson serves as the Chairman and Chief Executive Officer for the KFHP and KFH Boards of Directors.
- *Reinvestment of Surplus Revenues* – KFHP pays KFH 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 other community benefit services including charity care, medical education and research.

#### **THE COMMUNITY BENEFIT PROGRAMS IN CALIFORNIA, HAWAII, WASHINGTON AND OREGON**

In 2005, Kaiser Permanente spent approximately \$668 million or approximately 2.2% of revenue, to support the Community Benefit Program in the community. In the hospital-based regions, California, Hawaii, Washington and Oregon, KFHP and KFH spent \$612 million, of which \$297 million is allocable to health plan and another \$315 million is allocable to the hospitals. A breakdown of the 2005 DCBI dollars attributable to KFHP and KFH nationally is described in Attachment A, and those dollars attributable to KFHP and KFH for its hospital-based regions (California, Hawaii, Washington and Oregon) in Attachment B. The following identifies many of the signature community benefit programs and services funded by both KFHP and KFH regionally grouped according to the national focus areas.

#### **VULNERABLE POPULATIONS**

KFH and KFHP's hospital-based regions expended more than \$516 million to address the financing and delivery of health care for populations vulnerable due to socio-economic status, illness, ethnicity, age or other factors in 2005. Of that amount, \$222 million is attributed to KFH and \$294 million is attributed to KFHP. A more complete description of the DCBI attributable to KFH and KFHP regionally is described below:

#### **MEDICAL CARE SERVICES**

KFHP and KFH provide medical care services for vulnerable populations in many ways. These include Charitable Care Programs and participation in public programs for low-income individuals such as Medicaid and the State Children Health Insurance Program (SCHIP). KFH provided services and coverage valued at \$202 million and KFHP contributed an additional \$282 million to support under- and uninsured residents in California, Hawaii, Washington and Oregon.

#### **Charity Care (Medical Financial Assistance Program and Charitable Health Coverage)**

Kaiser Permanente provides charity care to low-income vulnerable populations through two programs – the Medical Financial Assistance Program and the Charitable Health Coverage Program. In 2005, KFH and KFHP cared for more than 32,000 charity care patients and 45,000 Charitable Health Coverage members. KFH contributed \$54.2 million and KFHP contributed \$54.3 million to assist these vulnerable low-income patients pay for care provided in Kaiser Permanente facilities in California, Hawaii, Oregon and Washington.

#### ***Medical Financial Assistance (MFA)***

KFH contributed approximately \$31 million and KFHP contributed \$751,000 to assist patients with limited or no resources to pay for care provided in Kaiser Permanente facilities. Each hospital-based region offers financial assistance to help families and individuals that are unable to meet all or part of the cost of medical care on an immediate and nonrecurring basis. In late 2004, Kaiser Permanente expanded its charity care program to include discounted charges for uninsured patients below 400% federal income guidelines and aligned contracted collection agency practices with Kaiser Permanente social values. The amount reported under this category is only part of the funds spent by KFH and KFHP for the poor and uninsured. The organization's commitment to charitable care is also reflected in a variety of other programs and initiatives such as the Charitable Health Coverage Programs, and grants and donations to community clinics and other safety net providers.

The MFA program in California strives to meet the needs of as many patients as reasonably possible and is generally available to people in greatest financial need, including those experiencing unusual or unfortunate circumstances. In 2005, the program served nearly 31,000 patients.

In Oregon and Washington, the MFA program helps cover the medical expenses of patients, including non-members who meet qualifying guidelines and are unable to meet all or part of the cost of health care services and supplies provided at any the facilities owned and operated by Kaiser Permanente. In 2005, the program served 807 patients who qualified for medical assistance and another 744 patients who qualified for charitable dental assistance. Of this, \$751,191 is attributed to Northwest Health Plan and \$766,691 attributed to KFH in Oregon and Washington.

KFH also provided free dental care services and supplies to 744 low-income patients during 2005. The Northwest Health and KFH codified their commitment to serve low-income dental patients by signing a formal agreement to provide urgent dental care services for up to five patients at each of their 14 primary care dental offices monthly. Qualified patients are uninsured residents of Multnomah, Clackamas and Washington counties. In 2005, this agreement was expanded to provide urgent dental care to more than 181 patients screened and referred during the African American Health Coalition's annual health fair.

The MFA Program in Hawaii helps families and individuals that are unable to meet all or part of the cost of health care services and supplies. In 2005, the program served 500 patients.

#### ***Charitable Health Coverage Program***

Approximately 45,000 low-income adults and children who were not eligible for other public or privately sponsored coverage received health care coverage through one of Kaiser Permanente's Charitable Health Coverage Programs. KFHP contributed \$54 million and KFH contributed an additional \$23 million to provide subsidized care for these underserved populations in 2005.

The Steps Plan and Kaiser Permanente Child Health Plan are the specific products that form the Charitable Health Coverage Programs in California.

- ***Kaiser Permanente Steps Plan*** – The Steps Plan provided 15,254 members the opportunity to continue their health care coverage at reduced cost when experiencing financial difficulty due to job loss, involuntary reduction in work hours, legal separation, divorce or death of a spouse. Typically, participants are not eligible for any public or private group health insurance plan, and have family income between 100% and 300% of the federal income guidelines. The plan is available to parents of children enrolled in AIM, Healthy Families or the Kaiser Permanente Child Health Plan as well as to individuals participating in vocational training programs offered through government, private industry councils and social agencies. The Steps Plan premium is subsidized at four levels or steps: 20%, 40%, 60% and 80%. Participants are placed in an initial premium step based on their current family income. They remain at the initial step for one year and are then moved to the next higher step.
- ***Kaiser Permanente Child Health Plan (KPCHP)*** – KPCHP merges the existing Child Health Plan-1 and Child Health Plan-2 programs. This plan provides medical and dental coverage to eligible children (birth through 18) in families with income up to 300% of the federal income guidelines who don't have access to employer coverage or qualify for public programs because of family income or immigration status. In 2005, 28,511 children received care through this program.

In Oregon and Washington, the Norwest Health Plan and KFH provided medical services and coverage valued at \$3.1 million to 1,687 low-income adults and children who were not eligible for standard Medicaid or privately funded coverage. The Transitions and Child Health Program are the specific products that form this Charitable Health Coverage Program.

- ***Transitions*** – The Transitions program provides health care coverage to displaced homemakers and their dependents when enrolled in a select few of Oregon's community colleges. The program extends benefits for a 24-month period, not to exceed 48 months in total. To be eligible for the program, each homemaker must be actively completing coursework and maintain a 2.0

grade point average. In addition, family income must be 200% or below the federal income guidelines, and they must not be eligible for any other private or public health coverage program, reside with the Northwest Health Plan's service area. Graduates of the program are eligible for an additional six months if employed and until the employer paid coverage is activated. More than 670 women and children were covered by this program in 2005.

- *Child Health Program* – This charitable health care program provides fully subsidized health coverage to eligible low-income children from certain elementary schools in the Multnomah and Salem-Keizer School Districts. It offers comprehensive medical benefits to medically needy students whose family income is at or below 250% of the current federal income guidelines. Each school district supports the program by providing outreach, eligibility determination and enrollment services. In 2005, 1,010 children were enrolled in this program.

### **Participation in Medicaid and Other Publicly Financed Programs**

KFH and KFHP have a long history of participating in publicly financed health programs. In 2005, more than \$365 million was expended (in excess of reimbursement) and 226,580 people were served in government sponsored programs for low-income people in California, Hawaii, Oregon and Washington. Approximately \$139 million is attributed to services provided by KFHP and \$226 million is attributed to KFHP.

Kaiser Permanente Medi-Cal Managed Care, Medi-Cal Fee-for-Service and Healthy Families are specific government sponsored health care coverage programs in California.

- *Medi-Cal* – KFHP enrolled 108,706 Medi-Cal (Medicaid) managed care members in California, providing comprehensive inpatient and outpatient care throughout 2005. KFHP subcontracts with local initiatives in Alameda, Contra Costa, Los Angeles, Riverside, San Bernardino, San Francisco, and Santa Clara Counties, with county-organized health systems in Napa and Solano Counties and Orange County. KFHP also contracts directly with the state of California through their Geographic Managed Care Plan for Sacramento and San Diego Counties, and through the Prepaid Health Plan for Marin and Sonoma Counties.
- *Medi-Cal Fee-for Service* – KFHP and KFHP provided more than \$71 million in subsidized care to Medi-Cal Fee-for-Service patients. Of this amount approximately \$49.2 million is attributed to services provided by KFHP.
- *Healthy Families* – KFHP enrolled 87,763 children in this federal and state funded insurance program that provides low- and moderate-income families with health insurance for their children under 19 years of age. The program provides comprehensive health benefits, including dental and vision care. To qualify, families must have a total income between 100% and 250% of the federal income guidelines and the children must be ineligible for Medi-Cal coverage.

In Hawaii, KFHP and KFHP served both Medicaid members and Medicaid Fee-for-Service beneficiaries.

- *Quest & Medicaid Fee-for-Service* – KFHP and KFHP provided care to 20,576 individuals enrolled in Quest, Hawaii's Medicaid Program, and expended approximately \$11.3 million on subsidized medical care services. The Quest Program was cited as the number two Medicaid program in the United States by NCQA in 2005. The Hawaii Region also contributed an additional \$1.6 million on subsidized care for Medicaid Fee-for-Service patients.

The Northwest Health Plan and KFHP provided coverage and medical services for members and nonmembers participating in government sponsored programs, valued at \$6.4 million. Of this amount, approximately \$3.8 is attributed to the Northwest Health Plan and \$2.6 million was attributed to KFHP.

- *Oregon Health Plan* - Northwest Health Plan and KFHP served approximately 4,811 Oregon Health Plan enrollees on a prepaid basis. Kaiser Permanente members who had been enrolled in the Oregon Health Plan prior to June 30, 2003 maintained their coverage through the year on a Medicaid Fee-for-Service basis under an agreement with Oregon's Office of Medical Assistance

Programs. The Northwest Health Plan re-entered the Oregon Health Plan prepaid program in May, 2005.

- *Washington Basic Health Plus* - This is Washington's Medicaid program for children under the age of 19. Some people who qualify for Washington State Medicaid (Healthy Options) are enrolled in the Washington Basic Health Plan in order to keep families together in a single, prepaid program. During 2005, the Northwest Health Plan and KFH served an average of 1,381 BHP-Plus members.
- *The Washington Basic Health Plan* - This health care coverage program is administered by the Washington State HealthCare Authority and is not associated with Medicaid. It provides basic health care coverage to low-income persons who do not qualify for Medicaid or Medicare and fall below the federal income guidelines by 200%. The Northwest Health Plan provides a subsidy for eligible participants who reside in either Clark or Cowlitz Counties. At year-end, the Northwest Health Plan and KFH provided care for 2,684 individuals enrolled in this program.

#### **Grants and Donations for Medical Care Services**

In 2005, KFH donated \$9 million and KFHP \$2.2 million to more than 300 nonprofit and community-based agencies in California, Hawaii, Oregon and Washington to support the delivery of medical care by community providers. The following are examples of programs and organizations funded by KFH:

- KFH in Northern California granted \$99,968 to the Alameda County Health Care Foundation to support their Safety Net Diabetes Improvement Project. The funds are being used to establish a clinical information system and self-management support program, both essential components to instituting a chronic care management model.
- The Community Clinic Health Network (CCHN) received a \$149,560 grant from KFH in Southern California to implement the Kaiser Permanente A.L.L. (Aspirin, Lisinopril, Lovastatin) Program in two community health centers in San Diego County. The goal of this program is improve the health outcomes of 1,500 uninsured diabetic patients at-risk for cardiovascular disease. In addition, KFH's Care Management Institute and Population Care Management Departments will collaborate with CCHN and their Physician Council.
- Seventh Heaven is a community program formed in partnership with KFH in Hawaii and the Queen Liliuokalani Children's Center. This partnership marries medical care support with the expertise of a community organization to improve the health of diabetics on the North Shore of Oahu. This program is designed to help people with diabetes lower their blood sugar levels, thus reducing the risk of heart and kidney disease, blindness and amputation. A major focus of the program is to teach uninsured community residents self-care techniques and the understanding of how to live with diabetes. KFH in Hawaii donated lab services to this program.
- In 2005, Central City Concern's (CCC) primary care clinics received a \$450,000 grant from KFH in Washington. The clinics provide primary health care services to primarily single, homeless men and women in the metro area of Portland. Full medical and preventive care, minor surgery, women's health exams, disability exams, and alcohol and drug treatment support are available. CCC estimates that 45% of its patients are uninsured.

#### **Community-Based Programs for Vulnerable Populations**

KFH spent \$13.4 million to provide a variety of programs to individuals who live and work in the California, Hawaii, Oregon and Washington communities. The programs listed below are free and open to all community members irrespective of health insurance status.

##### ***Learning Centers***

In 2005, over \$2.8 million was spent by KFH on counseling, education, and social services for disadvantaged children and their families in Southern California available through the Watts

Counseling and Learning Center (WCLC) and Educational Outreach Program (EOP). WCLC provides mental health and counseling services, assistance to children with learning disabilities, and pre-employment training to high school youth, as well as operates a state-licensed preschool program, a summer day camp, and "Kids Can Cope" support groups for children dealing with siblings or parents fighting cancer. EOP provides education and support services to primarily Latino youth, ages 10 to 14, of the San Gabriel Valley in East Los Angeles County. The focus of EOP is to provide dropout prevention programs in a community setting. Currently, EOP provides nine different programs both in English and Spanish to children and parents during after-school hours and on Saturdays.

#### ***Youth and Other Employment Programs***

KFH in California spent approximately \$1.7 million to fund youth employment programs aimed at improving education and job skills, or providing employment opportunities for targeted populations. Through the Summer Youth and INROADS programs, Kaiser Permanente employed more than 450 youth in 2005.

#### **Grants and Donations for Community-Based Services**

In 2005, KFHP and KFH donated \$9 million to 721 nonprofit and community-based agencies in California, Hawaii, Oregon and Washington to support a variety of community services for vulnerable populations. The following are examples of programs and organizations funded by KFH:

- KFH in Northern California awarded a \$95,000 grant to 100 Black Men of the Bay Area to support its Youth Movement effort, a pilot program to improve the health of at-risk youth through physical activity.
- Neighbors Acting Together Helping All, Inc. (NATHA), El Centro and Outward Bound Adventures collaborated to improve the nutritional habits and fitness levels of school children and teens in Northwest Pasadena with the support of \$50,000 from KFH in Southern California. The program combines education and activities that promote good nutritional habits, foster self-confidence and self-esteem, bolster fitness, and assist youth to develop goal-setting skills. Serving approximately 100 predominately Latino and African-American teens, its Community Health Promoters are neighborhood residents recruited and trained to do outreach, and educate their neighbors on healthy eating and exercise.
- Kaiser Permanente Hawaii, the American Cancer Society, Hawaii State Department of Health and Department of Education, University of Hawaii College of Education, the John A. Burns School of Medicine, and the Hawaii State Parent-Teacher-Student Association sponsored a daylong conference attended by over 500 teachers, administrators and public health educators. The conference, featuring well-known local and national, offered Hawaii educators an opportunity to gain proficiency in comprehensive school health education, focused on the physical, emotional, social and educational development of school-aged children.
- Janus Youth Program received a charitable contribution from KFH in Washington to support their Annex Crisis Shelter which serves as a "point position" for Downtown Portland homeless youth. The shelter serves over 500 homeless young people with services aimed primarily at providing a respite from the streets, and food, hygiene and safety.

#### **EVIDENCE-BASED MEDICINE**

KFH spent approximately \$21 million to support clinical and health research activities and medical libraries. 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 several prominent academic research institutions, including Duke University, Harvard, Oregon Health & Sciences University, Stanford University, University of California (Los Angeles, Berkeley and San Francisco), University of Southern California, University of Washington

and also partners with the National Institutes of Health and the Centers for Disease Control and Prevention. A complete description of the community benefit attributed to KFH is provided below:

### **Clinical and Health Services Research**

For more than 40 years, Kaiser Permanente researchers have leveraged modest grants financed through the Community Benefit program 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 the 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.

In California, KFH has three research departments: the Division of Research (DOR), Northern California, established in 1961; Department of Research & Evaluation (R&E) Southern California, established in the early 1980's; and Kaiser Foundation Research Institute (KFRI). Two nursing research units for KFH in California also engage in studies on nursing practices, patient care, and patient outcomes in order to improve clinical practices. The Center for Health Research (CHR) is the primary research department for KFH in Oregon and Washington, and the Center for Health Research Hawaii (CHRH) is a formal subdivision of CHR in Hawaii.

CHR, CHRH, DOR, KFRI and R&E—together with the Northern and Southern California Nursing Research Departments—spent \$15 million and helped support more than 300 primary research studies, published 50 articles and presented findings in several medical education forums and conferences. The following is a sampling of the evidence-based studies conducted in 2005:

#### *Study: Pregnancy Planning Status and Health Behaviors Among Non-Pregnant Women in a California Managed Health Care Organization*

- Conducted by the Research and Evaluation Department in Southern California, this study examined women's behaviors before and during pregnancy and how it can affect their infants' health. A telephone survey was conducted on non-pregnant women of childbearing age. Compared to women not planning a pregnancy, those planning pregnancy "soon" or within the next year were less likely to smoke, and more likely to take a multivitamin regularly, as well as had a health care visit in the past year. Women planning a pregnancy more than one year in the future had elevated odds of reporting alcohol use; and were similar to women not planning a pregnancy with respect to multivitamin use and smoking behavior. Women planning to be pregnant soon were more likely than women not planning a pregnancy to report that a health care professional had talked to them about taking a vitamin or mineral supplement. All women of childbearing age need information about the importance of engaging in healthy behaviors. Health care providers who have regular contact with such women should send clear messages about the adverse effects of alcohol and smoking during pregnancy and the importance of taking a multivitamin regularly, regardless of women's pregnancy plans, before they become pregnant.

#### *Study: Antidepressant Medications and Suicidal Behavior in Children and Adolescents*

- This new study was conducted by the Department of Research in Northern California. In March 2004, the U.S. Food & Drug Administration (FDA) issued a serious health advisory or "black box" warning for all antidepressants, and recommended close monitoring of children and adolescents when prescribed. This warning was based upon the findings of a meta-analysis conducted by the FDA of 20 placebo-controlled clinical trials of selective serotonin reuptake inhibitors (SSRIs) and similar antidepressants involving 2000 subjects. However, due to the limitations of the clinical trials and the lack of a single completed suicide in any of the studies, no causal link between antidepressants and completed suicides was documented. At the end of 2005, DOR began to examine the relationships between antidepressant use, completed suicides and attempted suicides in Northern and Southern California Health Plan members, 10 to 25 years of age, during the past 10 years.

*Study: Looking at Everyday Approaches to Decisions (LEAD)*

- Conducted by The Center for Health Research in Hawaii in collaboration with the National Institute on Aging, this study's purpose was to develop ways to improve decision-making among persons with mild-to-moderate cognitive impairment.

*Study: Latino Family Health*

- This study was the first phase of a long-term effort to implement a community-based intervention to address obesity in Latino children. This phase consists of three components:
  1. A literature review of obesity prevention programs for Latinos, specifically Latino children;
  2. Discussions with key members of local community-based organizations serving Latinos;
  3. Interviews with Latino mothers about weight, feeding practices and receptivity to obesity-prevention interventions. Another very important component of this study has been the forging of positive working relationships between CHR in the Northwest and the Multnomah County Health Department (MCHD) and the Virginia Garcia Memorial Health Clinics (VGMHC).

**Health Sciences and Medical Libraries**

KFH spent approximately \$3.6 million to support its medical libraries, and other health resource and information dissemination services. These programs give medical staff and the greater professional community access to health-related research conducted within and outside of Kaiser Permanente. Medical libraries participated in an inter-loan system with other community hospitals, supported students in training and education programs to conduct literature searches and conducted searches for community clinics and other community-based organizations on advances in medical treatment, clinical protocols and new development on specific health issues. During 2005, health sciences and medical libraries in California, Hawaii, Oregon and Washington completed over 35,977 information requests for general knowledge and literature searches for research purposes.

**Grants and Donations for Evidence-Based Services**

In 2005, KFHP and KFH donated \$270,000 to 37 nonprofit and community-based agencies in California and Hawaii to support evidence-based services and projects. For example:

- The Hawaii State Consortium for Integrative Healthcare founded in July 2000, is a collaboration of Hawaii health care stakeholders interested in exploring the potential of integrative health and wellness through research, education and clinical models while protecting, respecting and supporting traditional Hawaiian healing practices. Twenty-six organizational stakeholders from hospital, insurance, government, academic and professional sectors participated in a leadership retreat. Top priority research projects include a multi-center pilot study on work-related lower-back pain, and a collaborative project focused on prevention and longitudinal management of childhood obesity.

**EDUCATION**

KFHP and KFH in the hospital-based regions spent \$64 million to educate consumers and health care professionals in California, Hawaii, Oregon and Washington. A descriptive breakdown follows.

**CONSUMERS**

KFH spent nearly \$8 million and KFHP spent \$500,000 on community wellness and health education programs for consumers in 2005.



### **Community Health Education and Prevention Programs**

KFH provided a variety of activities and programs to assist health care consumers in managing their health and well-being. The hospitals serve as the primary site for the dissemination of health education information to both Health Plan and community members who access these facilities through the health education centers. Other programs and services are offered in various community locations.

Community health education materials, programs, services and training sessions are designed to reach members of the community. The purpose is to improve health and prevent disease in adults, children, families and teens by conducting appropriate health education interventions and sharing Kaiser Permanente health education resources. These programs widely disseminated over 200 Kaiser Permanente-produced, quality health education materials, resources and services to the community. Healthphone, Healthwise Self-Care Tip sheets, Smoker's Helpline, and LiveWise Self-Care Kits are examples of the resources provided. Programs offered include Breastfeeding, HIV Prevention, Better Nutrition and Lifestyle, Coping with Chronic Diseases, and Seniors Movement Programs. Continuing education courses and skills training sessions are provided to community health care providers. Many programs and resources are provided in partnership with community advocacy groups, community clinics, libraries, nonprofit organizations, cable television channels and schools.

### **Regional Community Health Education**

During 2005, the KFH Regional Health Education Departments in California, Hawaii, Oregon and Washington undertook specific community focused projects and partnered with several nonprofit community agencies to provide additional services. The following are examples of the community programs aimed at educating health care consumers:

- The Southern California Regional Health Education Department provided technical assistance in the form of training, materials and consulting for an overweight pediatrics "train-the-trainer" workshop. Healthy Eating Active Communities (HEAC) Initiative grantees, Kaiser Permanente Healthy Eating, Active Living grantees, Kaiser Permanente Health Education, and Kaiser Permanente pediatricians provided guidance on the essential components of an effective medical office visit for community physicians, nurses, mid-level providers, nutritionists and counselors treating overweight and obese children. The overall goals were to develop skills and provide tools for presentations in the community.
- The Northern California Region conducted health education activities specifically designed for women during National Women's Health Week. The first event focused on heart health for women. Community Health Education Programs (CHEP) staff partnered with physicians to conducted blood pressure screenings and provided appropriate health education information. The next event was a Women's Health Farmers' Market held at Snow Park in downtown Oakland, which featured organic, locally-grown produce, health education information, and self-care products.
- The Hawaii Regional Health Education Department supported the Senior Summit program that provides ongoing educational opportunities on a wide variety of issues specific to seniors. Professional specialists conducted a lecture series focusing on medical conditions and other areas of interest to seniors. The emphasis was on prevention, personal growth, and learning how to maintain a healthy lifestyle. All lectures included both members and non-members.
- In Washington, KFH linked arms with the Healthy Kids Watch Less TV Coalition and engaged the community on the issue of screen time, the link with obesity, and focused on TV-Turnoff Week. KFH provided informational materials, and the Coalition distributed more than 50,000 copies to children and their families through more than 100 schools, all Multnomah County Public library branches, all YMCA's in the region, public and private health care offices, community events attracting over 3,000 participants, and other networks.

### **Educational Theatre Programs**

Educational Theatre Programs (ETP) uses live theatre, music, comedy and drama to inspire children, teens and adults to make healthier choices and better decisions about their well-being. These educational programs were developed with the advice of teachers, parents, students, health educators, medical professionals and professional theatre artists. All performances are delivered by professional actors who are also trained as peer health educators, and performed free of charge for the community. ETP also provides schools and organizations with supplementary educational materials, such as workbooks, parent and teacher guides and student wallet cards to reinforce the messages presented on stage.

KFH spent \$5.7 million to provide nearly 454,000 children and adults in California the opportunity to view one of the 1,748 performances and 244 workshops during 2005. The current repertoire includes:

- *Zip's Great Day* - Musical comedy for elementary school children about making healthy choices and avoiding conflict
- *P.E.A.C.E. Signs* - Conflict resolution and anti-violence program for upper-elementary school students
- *Drummin' Up Peace* - A multi-intervention program that promotes conflict isolation to help students increase peace
- *Someone Like Me* - a production that uses drama, music, and humor to address adolescent issues
- *Amazing Food Detective* - Bilingual (English/Spanish) program for elementary school kids on making informed food choices and snacking in moderation to avoid obesity and its health problems
- *ARRR-STHMA!* - Entertaining production that focuses on dealing with childhood asthma
- *Nightmare on Puberty Street* - Dramatic presentation about the joys and angst of adolescence
- *Secrets* - HIV/AIDS educational drama for high school students

In 2005, KFJ in Oregon and Washington established a formal partnership with the Oregon Children's Theatre and laid the groundwork for the (2006) release of two productions to be performed in public schools: *What Would You Do?* and *Thrive, the Musical* (working title). KFJ spent \$358,000 to support this commitment to re-establish Educational Theatre.

### **Grants and Donations for Consumer Education**

KFH donated \$1.2 million and KFHP \$400,000 to support 223 nonprofit community-based health education programs in California, Oregon and Washington.

### **HEALTH CARE PROFESSIONALS**

In 2005, KFJ spent \$55 million to educate and train individuals in California, Hawaii, Oregon and Washington who were pursuing or enhancing their health care careers. A few of the training and educational programs available to the community are described below.

### **Continuing Medical Education**

KFH spent approximately \$4.8 million to provide continuing medical education to community physicians and providers, and physicians affiliated with the Permanente Medical Groups and other health care providers. More than 5,000 different continuing education programs were offered during 2005, with over 179,000 continuing education units (CEU) earned.

### **Graduate Medical Education**

Kaiser Permanente's first KFJ Graduate Medical Education (GME) program began more than 50 years ago in Oakland, California. Today, all hospital-based regions provide training and education for medical residents and interns. The nationally acclaimed program attracts some of the top medical school graduates in the United States and serves as a national model by educating the next generation of physicians in an integrated health care delivery system. Residents are offered the opportunity to serve a large, culturally diverse patient base and in a setting with sophisticated technology and information systems, established clinical guidelines and an emphasis on preventive and primary care.

KFH contributed \$39 million to educate over 2,600 interns and residents in California, Hawaii, Oregon and Washington. The majority of medical residents are studying within the primary care medicine areas of Family Practice, Internal Medicine, Ob/Gyn, Pediatrics, Preventive Medicine, and Psychiatry. An additional 104 unpaid residents and fellows received training in Dermatology, Endocrinology, Family Practice, Internal Medicine, Geriatrics, Genetics, Obstetrics & Gynecology, Otolaryngology, Pathology, Pediatrics, Palliative Medicine, Plastic Surgery and Rheumatology in Oregon and Washington.

#### **Nurse Practitioner and Other Non-Physician Training Programs**

During 2005, KFH supported more than 6,836 students pursuing a career in the allied health care field and spent \$10.2 million on training and education programs for nurse practitioners, nurses, radiology and sonography technicians, physical therapists, post-graduate psychology and social work students, pharmacists, and other non-physician health professionals.

#### **Grants and Donations for the Education of Health Care Professionals**

KFH spent more than \$1 million to support the training and education of health care professionals in California. Over forty nonprofit agencies and academic institutions received community benefit funds.

#### **PUBLIC POLICY**

Both KFH and KFHP recognize that public policy influences the environment in which we operate and impacts the communities we serve. In 2005, KFH contributed \$1.1 million and KFHP spent \$1.2 million to advance public policy. Kaiser Permanente's public policy strategy includes building public/private partnerships to advance population-health, supporting legislation that advances expanded access, health promotion and disease prevention, as well as convening policy makers and researchers to develop knowledge-based public policy. A description of the community benefit attributed to KFHP and KFH follows:

#### **Institute for Health Policy (IHP)**

The mission of KFHP's IHP is to advance the understanding of key health policy issues and to support, in collaboration with others, health policy that will improve health and the manner in which health care and financing systems serve the members of our communities. In 2005, KFHP contributed \$1.2 million to support this program. Efforts in 2005 included:

- Cosponsored with the California Department of Health Services and the University of California, Berkeley the "California Childhood Obesity Conference" to support advocacy and action in the area of public policy to address the epidemic of overweight and obesity.
- Worked to improve health care quality and efficiency by encouraging greater use of evidence in managing new medical technologies. Sponsored a roundtable, "Linking Public View on New Medical Technology to the Evidence."

In 2005, Kaiser Permanente collaborated with the Institute of Medicine (IOM) to support the dissemination of findings from the IOM's September 2004 report on pediatric obesity prevention. Kaiser Permanente and IOM also jointly facilitated outreach and dialogue with practitioners, parents, community-based organizations, academic institutions (including K-12 schools), and other individuals and organizations concerned with and involved in addressing childhood obesity. The two organizations supported outreach and collaborative activities to connect with vulnerable and underserved populations, and with cultural and linguistic minorities in ways that are appropriate to their cultures and circumstances. Finally, Kaiser Permanente and IOM educated policymakers on the issues, problems and potential solutions related to addressing childhood obesity and overweight at the community and national levels.

### **Grants and Donations for Public Policy**

KFH spent \$1.1 million to support 51 nonprofit organizations. The following is an example of the programs funded within this category in 2005:

- California Center for Public Health Advocacy received a \$100,000 grant to support core operating expenses. The funds will also support the development of policy briefs, regional policy forums to promote the availability of healthy foods in low income communities and sponsor a conference at improving the public schools' nutrition standards.

### **OTHER COMMUNITY BENEFITS**

In 2005, KFH in California, Hawaii, Oregon and Washington spent \$6.9 million on other community benefit activities and programs beyond the national focus areas.

#### **Other Grants and Donations**

Approximately \$5.4 million was spent on other community grants and donations by KFH in California, Hawaii, Oregon and Washington. Examples of programs and services are listed below.

- Natural disasters in the year 2005 brought massive devastation around the globe. Kaiser Permanente provided assistance to those in need, mobilizing quickly with financial assistance, critical resources, and an outpouring of volunteerism. In the course of 2005 disaster relief efforts, KFH and KFHP contributed a total of \$5 million to relief agencies, and partnered with international aid organizations as well as federal and state agencies in the United States. In addition, KFH and KFHP facilitated the volunteerism of more than 200 Kaiser Permanente physicians and employees in direct humanitarian aid.

#### **Community Giving Campaigns**

In 2005, KFH contributed \$560,000 to support Community Giving Campaigns, a program-wide effort that has a direct impact on local communities. While a number of federations, including America's Charities, Black United Fund, Earth Share and United Way, and the many charities they represent, are listed in Campaign materials, the Campaign also supports a write-in option, which allows participants to donate to the non-profit 501(c) of their choice. Participants can make a donation using payroll deduction or make a one-time contribution via cash, check or credit card. Kaiser Permanente underwrites all of the associated processing costs for the Campaign, so 100% of all pledges go directly to the organizations our employees and physicians choose to support.

ATTACHMENT A**2005 NATIONAL DIRECT COMMUNITY BENEFIT INVESTMENT PROGRAM**

The following charts summarize 2005 Community Benefit investments nationally for KFHP and for KFH. The investments in the community reflected in the charts are unaudited.

PROGRAM CATEGORY	2005 NATIONAL COMMUNITY BENEFIT INVESTMENT	2005 NATIONAL HOSPITAL TOTAL	2005 NATIONAL TOTAL
<b>VULNERABLE POPULATIONS</b>			
Medical Care Services	\$317,528,265	\$202,427,756	\$519,956,021
Community-Based Programs	930,380	13,391,455	14,321,835
Other Vulnerable Populations	20,957,834	6,663,432	27,621,266
<i>Subtotal:</i>	<i>\$339,416,479</i>	<i>\$222,482,643</i>	<i>\$561,899,122</i>
<b>EVIDENCE-BASE</b>			
Research	1,272,089	15,144,352	16,416,442
Medical Libraries	91,309	3,614,633	3,705,942
Tumor Board & Cancer Registry	309,976	1,833,846	2,143,822
<i>Subtotal:</i>	<i>1,673,374</i>	<i>20,592,831</i>	<i>22,266,206</i>
<b>EDUCATION</b>			
Consumer	3,516,584	8,082,297	11,598,881
Health Professionals	4,250,165	55,304,203	59,554,368
<i>Subtotal:</i>	<i>7,766,749</i>	<i>63,386,500</i>	<i>71,153,249</i>
<b>PUBLIC POLICY</b>			
Public Policy Grants/Expenses	1,314,750	1,066,257	2,381,007
<i>Subtotal:</i>	<i>1,314,750</i>	<i>1,066,257</i>	<i>2,381,007</i>
<b>OTHER COMMUNITY BENEFITS</b>			
Other CB Grants/Expense	3,142,977	6,371,103	9,514,080
Community Giving	215,468	560,304	775,772
<i>Subtotal:</i>	<i>3,358,445</i>	<i>6,931,407</i>	<i>10,289,852</i>
<b>TOTAL</b>	<b>\$353,529,797</b>	<b>\$314,459,638</b>	<b>\$667,989,435</b>

ATTACHMENT B**DIRECT COMMUNITY BENEFIT INVESTMENT PROGRAM  
2005 KFH & KFHP COMMUNITY BENEFIT FINANCIALS**

The following chart summarizes 2005 Community Benefit investments by KFH and KFHP for **California, Hawaii, Oregon & Washington**. The investments in the community reflected in the chart are unaudited.

CB Priority Areas	KFH Total	KFHP Total	CB Total
<b>VULNERABLE POPULATIONS</b>			
Medical Care Services	\$282,463,176	\$202,427,755	\$484,890,931
Community-Based Programs	0	13,391,455	13,391,455
Other Vulnerable Populations	11,525,354	6,663,432	18,188,786
<i>Subtotal:</i>	<i>293,988,530</i>	<i>222,482,642</i>	<i>516,471,172</i>
<b>EVIDENCE-BASED MEDICINE</b>			
Research	0	15,144,352	15,144,352
Medical Libraries	0	3,614,633	3,614,633
Other	0	1,833,846	1,833,846
<i>Subtotal:</i>	<i>0</i>	<i>20,592,831</i>	<i>20,592,831</i>
<b>EDUCATION</b>			
Consumers	467,959	8,082,297	8,550,256
Health Professionals	0	55,304,203	55,304,203
<i>Subtotal:</i>	<i>467,959</i>	<i>63,386,500</i>	<i>63,854,459</i>
<b>PUBLIC POLICY</b>			
Public Policy	1,228,000	1,066,257	2,294,257
<i>Subtotal:</i>	<i>1,228,000</i>	<i>1,066,257</i>	<i>2,294,257</i>
<b>OTHER COMMUNITY BENEFITS</b>			
Other CB Grants/Expenses	1,750,000	6,371,103	8,121,103
Community Giving Campaigns	0	560,304	560,304
<i>Subtotal:</i>	<i>1,750,000</i>	<i>6,931,407</i>	<i>8,681,407</i>
<b>TOTAL</b>	<b>\$297,434,488</b>	<b>\$314,459,638</b>	<b>\$611,894,126</b>

FORM 990 PART II - OTHER EXPENSE ADDITIONAL DETAIL

<u>DESCRIPTION</u>	<u>TOTAL</u>	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>
PURCHASED MEDICAL SERVICES	1,841,659,580	1,841,659,580	
PURCHASED NON-MEDICAL SERVICES	147,091,503	147,091,503	
BASIC CONTRACTUAL PAYMENTS	2,021,226,474	2,021,226,474	
OUTSIDE PURCHASED SERVICES	848,064,149	848,064,149	
INFORMATION TECHNOLOGY SERVICE ALLOC	(1,998,869,373)	(1,998,869,373)	
INTER-REGIONAL CHARGE/COST RECOVERY	(872,708,549)	(872,708,549)	
RECLASS HOSPITAL ADMIN EXPENSE	(820,142,878)	(820,142,878)	
BOARD OF DIRECTOR COMP ALLOC (KFHP INC)	1,001,584	1,001,584	
TOTALS	<u>1,167,322,490</u>	<u>1,167,322,490</u>	<u>-</u>

**Exempt Organization Declaration and Signature for  
Electronic Filing**

OMB No 1545-1879

For calendar year 2005, or tax year beginning \_\_\_\_\_, 2005, and ending \_\_\_\_\_, 20

**2005**Department of the Treasury  
Internal Revenue Service

For use with Forms 990, 990-EZ, 990-PF, 1120-POL, and 8868

▶ See instructions on back.

Name of exempt organization

Employer identification number

**KAISER FOUNDATION HOSPITALS****94-1105628****Part I Type of Return and Return Information (Whole Dollars Only)**

Check the box for the return for which you are using this Form 8453-EO and enter the applicable amount from the return if any. If you check the box on line 1a, 2a, 3a, 4a, or 5a below and the amount on that line for the return for which you are filing this form was blank, then leave line 1b, 2b, 3b, 4b, or 5b whichever is applicable, blank (i.e. do not enter -0-). But, if you entered -0- on the return, then enter -0- on the applicable line below. Do not complete more than 1 line in Part I.

<b>1a</b> Form 990 check here ▶ <input checked="" type="checkbox"/>	<b>b</b> Total revenue, if any (Form 990, line 12) . . . . .	<b>1b</b> <b>10187782080</b>
<b>2a</b> Form 990-EZ check here ▶ <input type="checkbox"/>	<b>b</b> Total revenue, if any (Form 990-EZ, line 9) . . . . .	<b>2b</b> _____
<b>3a</b> Form 1120-POL check here ▶ <input type="checkbox"/>	<b>b</b> Total tax (Form 1120-POL, line 22) . . . . .	<b>3b</b> _____
<b>4a</b> Form 990-PF check here ▶ <input type="checkbox"/>	<b>b</b> Tax based on investment income (Form 990-PF, Part VI, line 5) . . . . .	<b>4b</b> _____
<b>5a</b> Form 8868 check here ▶ <input type="checkbox"/>	<b>b</b> Balance Due (Form 8868, line 3c) . . . . .	<b>5b</b> _____

**Part II Declaration of Officer**

☐ I authorize the U.S. Treasury and its designated Financial Agent to initiate an ACH electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.

☐ If a copy of this return is being filed with a state agency(s) regulating charities as part of the IRS Fed/State program, I certify that I executed the electronic disclosure consent contained within this return allowing disclosure by the IRS of this Form 990/990-EZ/990-PF (as specifically identified in Part I above) to the selected state agency(s)

Under penalties of perjury, I declare that I am an officer of the above named organization and that I have examined a copy of the organization's 2005 electronic return and accompanying schedules and statements and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) an indication of any refund offset, (c) the reason for any delay in processing the return or refund, and (d) the date of any refund

Sign  
HereSignature of officer *Deborah Stoker*Date **11/15/2006**Title **VP & CONTROLLER****Part III Declaration of Electronic Return Originator (ERO) and Paid Preparer (see instructions)**

I declare that I have reviewed the above organization's return and that the entries on Form 8453-EO are complete and correct to the best of my knowledge. If I am only a collector, I am not responsible for reviewing the return and only declare that this form accurately reflects the data on the return. The organization officer will have signed this form before I submit the return. I will give the officer a copy of all forms and information to be filed with the IRS, and have followed all other requirements in Publication 4206, Information for Authorized IRS e-file Providers for Exempt Organization Filings. If I am also the Paid Preparer, under penalties of perjury I declare that I have examined the above organization's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. This Paid Preparer declaration is based on all information of which I have any knowledge.

<b>ERO's Use Only</b>	ERO's signature <i>Cynthia Larson</i>	Date <b>15 Nov. 2006</b>	Check if also paid preparer <input type="checkbox"/>	Check if self-employed <input type="checkbox"/>	ERO's SSN or PTIN <b>P00 297006</b>
	Firm's name (or yours if self-employed), address, and ZIP code	EIN			
	<b>CYNTHIA LARSON, CPA KAISER FOUNDATION HOSPITALS 1 KAISER PLAZA, OAKLAND, CA 94612</b>	<b>510-271-6385</b> Phone no			

Under penalties of perjury, I declare that I have examined the above return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer is based on all information of which the preparer has any knowledge

<b>Paid Preparer's Use Only</b>	Preparer's signature <i>Regina P. Puccio CPA</i>	Date <b>11-10-06</b>	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
	Firm's name (or yours if self-employed), address, and ZIP code	EIN <b>13-5565207</b>		
	<b>KPMG LLP 55 SECOND STREET SAN FRANCISCO CA 94105</b>	<b>415.963.5100</b> Phone no		

For Privacy Act and Paperwork Reduction Act Notice, see back of form.

Form **8453-EO** (2005)