A For the 2006 calendar year, or tax year beginning 01-01-2006 and ending 12-31-2006

### Form **990**

Department of the Treasurv Internal Revenue Service

#### **Return of Organization Exempt From Income Tax**

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

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

OMB No 1545-0047 Open to Public

Inspection

В	Check if a	applicable	Please	C Name of organization KAISER FOUNDATION F	HEALTH DLAN INC				DI	mployer	identification number
$\Gamma$	Address c	hange	use IRS label or	KAISER TOONDATION T			4-1340				
$\Gamma$	Name cha	e change print or type. See Number and street (or P O box if mail is not delivered to street address) Room/suite ONE KAISER PLAZA SUITE 1550L									e number
<u>Г</u> 1	Initial retu	ırn	type. See Specific	ONE KAISEK I BAZA SOI	TE 1990E				(	510)27	1-6611
Г	- Inal retu	rn	Instruc- tions.	City or town, state or c OAKLAND, CA 94612	ountry, and ZIP + 4					_	method Cash Accrual
_	Amended								'	Other (	specify) 🕨
_		n pending									
' '	чрисацо	n penang	♣ Section	501(c)(3) organization	ıs and 4947(a)(1) nonexemp	t charital	ы_	H and	<b>I</b> are not ap	plicable t	o section 527 organizations
					Schedule A (Form 990 or 99			H(a)	Is this a gro	up return	for affiliates?
G	Web sit	: <b>e: ►</b> N/A									r of affiliates 🟲
				- <b>-</b> -					Are all affilia		· ·
<u></u>	Organiz	ation type	e (check only	one) 🕨 🔽 👺 501(c) (3	3) ◀ (insert no )	1) or	527				See instructions )
K	Check he	re ► 🗀 ıf	the organiza	tion is not a 509(a)(3) sup	porting organization <b>and</b> its gro	ss receipts	are		covered by		urn filed by an organization uling? Yes V No
			nplete return	A return is not required, b	ut if the organization chooses to	file a retui	rn,	I	Group Ex	emption	Number 🕨
_							<del></del>	М	Check ►	if the c	organization is <b>not</b> required to
_					line 12 🕨 39,422,655,4			i	attach Sch	B (Form 9	990, 990-EZ, or 990-PF)
	art I			•	nges in Net Assets or	r Fund	Bala	inces	(See th	e insti ⊤	ructions.)
	1			s, grants, and similar		الما					
	a			onor advised funds .		1a			272 21	,	
	b	•	• •	ort (not included on li	line 1a)	1b 1c			373,311 459,06!	╡	
	d			ibutions (grants) (not	•	1d			3,184,30	┪	
	"								5,104,50.	1	4,016,679
	e				4,016,679 noncash \$			)	0.2.\	1e	, ,
	2				rnment fees and contracts				93) .	2	26,586,574,774
	3 4		•							4	20 20 2 0 1 0
	5		_	• •	n investments		•			5	28,393,918
	6a					   <sub>6a</sub>	-				
	ь					6b				1	
	c	Less rental expenses						6c	2,143,193		
当	7				)					7	
Reveni	8a			n sales of assets	(A) Securities			<b>(B)</b> Ot			
Œ		other th	an invento	ry	12,626,613,424	8a			7,339,83	7	
	ь	Less cos	t or other bas	sis and sales expenses	12,551,591,626	8b			5,264,82	2	
	С	Gain or	(loss) (atta	ach schedule)	75,021,798	8c			2,075,01	5	
	d	Netgan	n or (loss)	Combine line 8c, colu	mns (A) and (B)					8d	77,096,813
	9	Special	events and	d activities (attach sc	hedule) If any amount is f	from <b>gam</b>	ning, d	heck he	ere ► 🦳		
	а	Gross r	evenue (no	t including \$	of						
				rted on line 1b) .		9a					
	Ь	Less d	ırect expen	ises other than fundra	ising expenses	9b					
	C		•	•	s Subtract line 9b from line	1 1	•			9с	
	10a			• •	nd allowances	10a				4	
	b		-			10b				┥	
	C .				ach schedule) Subtract line 10b				•	10c	167 573 635
	11									11	167,573,625
_	12				(B))					12	26,865,799,002
ą).	13 14				column (C))					13	25,724,251,129 777,410,250
¥ =	15									15	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Expens	16				)					16	
_	17				lumn (A)					17	26,501,661,379
<u></u>	18				line 17 from line 12 .					18	364,137,623
Assets	19				g of year (from line 73, col					19	1,691,340,805
ž T	20			_	ances (attach explanation)					20	-635,174,430
골	21		-		ear Combine lines 18, 19,	•				21	1,420,303,998
_	-									_	

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.)

	101 Others (See the mistraction	<del>11.3.7</del>				
	Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	( <b>B)</b> Program services	(C) Management and general	( <b>D</b> ) Fundraising
22a	Grants paid from donor advised funds (attach Schedule)					
	(cash $\$ \frac{0}{}$ noncash $\$ \frac{0}{}$ ) If this amount includes foreign grants, check here					
		22a				
22b	Other grants and allocations (attach schedule)					
	(cash $$\frac{12,879,344}{}$ noncash $$\frac{0}{}$ ) If this amount includes foreign grants, check here	22b	12 970 244	12 970 244		
23	Specific assistance to individuals (attach schedule)	23	12,879,344	12,879,344		
24	Benefits paid to or for members (attach schedule)	24				
25a	Compensation of current officers, directors, key employees		52.257.225			
	etc Listed in Part V - A (attach schedule)	25a	53,257,235		53,257,235	
b	Compensation of former officers, directors, key employees etc listed in Part V - B (attach schedule)	25b	1,305,919		1,305,919	
С	Compensation and other distributions not icluded above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)	25c				
26	Salaries and wages of employees not included on lines 25a, b and c	26	1,490,372,419	1,490,372,419		
27	Pension plan contributions not included on lines 25a, b and c	27	161,823,210	161,823,210		
28	Employee benefits not included on lines 25a - 27	28	403,718,752	403,718,752		
29	Payroll taxes	29	85,263,785	85,263,785		
30	Professional fundraising fees	30				
31	Accounting fees	31	760,380		760,380	
32	Legal fees	32	76,053,210	76,053,210		
33	Supplies	33	1,570,279,636	1,570,279,636		
34	Telephone	34	10,350,727	10,350,727		
35	Postage and shipping	35	27,213,484	27,213,484		
36	Occupancy	36	199,611,991	199,611,991		
37	Equipment rental and maintenance	37	96,663,271	96,663,271		
38	Printing and publications	38	17,739,683	17,739,683		
39	Travel	39	39,611,412	39,611,412		
40	Conferences, conventions, and meetings	40	13,820,134		13,820,134	
41	Interest	41				
42	Depreciation, depletion, etc (attach schedule)	42	175,738,365	175,738,365		
43	Other expenses not covered above (itemize)					
а	See Additional Data Table	43a				
b		43b				
c		43c				_
d		43d				
e		43e				
f		43f				
g		43g				
44	<b>Total functional expenses.</b> Add lines 22a through 43g (Organizations completing columns (B)-(D), carry these totals	44	26 501 661 270	25 724 251 120	777 410 250	
loint	to lines 13–15)	****	26,501,661,379	25,724,251,129	777,410,250	0

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

If "Yes," enter (i) the aggregate amount of these joint costs \$\frac{0}{1000}, \text{(ii)}\$ the amount allocated to Program services \$\frac{0}{1000}, \text{(iii)}\$ the amount allocated to Fundraising \$0

#### 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.

Wh		SEE COMMUNITY BENEFIT REPORT (ATTACHED), AND SERVICE ACCOMPLISHMENT STATEMENT	Program Service Expenses (Required for 501(c)(3) and
pub		in a clear and concise manner. State the number of clients served, ible. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt is to others.)	(4) orgs , and 4947(a)(1) trusts, but optional for others )
а	SEE COMMUNITY BENEFIT REPORT ATTACHED	& STATEMENT 4	
	(Grants and allocations \$ 12,879,344)	If this amount includes foreign grants, check here 🕨 🦵	25,724,251,129
Ь			
	(Grants and allocations \$	If this amount includes foreign grants, check here 🕨 🦵	
С			
d	(Grants and allocations \$	If this amount includes foreign grants, check here 🕨 🦵	
_			
	(Grants and allocations \$	If this amount includes foreign grants, check here 🕨 🦵	
e	Other program services (attach schedule) (Grants and allocations \$ )	If this amount includes foreign grants, check here 🕨 🦵	
f	Total of Program Service Expenses (should equal lin	ne 44, column (B), Program services)	25,724,251,129

Pa	rt IV	Balance Sheets (See the instru	ctions	:.)			
Not	e:	Where required, attached schedules and amou column should be for end-of-year amounts on		thin the description	(A) Beginning of year		(B) End of year
	45	Cash—non-interest-bearing	11,052,362	45	8,970,615		
	46	Savings and temporary cash investments		[	1,648,821,501	46	2,120,264,052
				1			
	47a	Accounts receivable	47a	978,695,564			
	ь	Less allowance for doubtful accounts	47b	70,750,914	748,919,049	47c	907,944,650
	48a	Pledges receivable	48a				
	ь	Less allowance for doubtful accounts	48b			48c	
	49	Grants receivable	<u> </u>			49	
	50a	Receivables from current and former office key employees (attach schedule)		· · · · · · · · · · · · · · · · · · ·	1,498,301	50a	1,600,750
	ь	Receivables from other disqualified person	s (as de	efined under section			1,,555,1.55
	51a	4958(c)(3)(B) (attach schedule) Other notes and loans receivable (attach			1,498,301	50b	
		schedule)	51a	0			
$\mathcal{L}$	ь	Less allowance for doubtful accounts	51b		19,162,592	51c	<b>95</b> 0
Assets	52	Inventories for sale or use			107,596,388	52	119,984,743
∢	53	Prepaid expenses and deferred charges .			34,552,283	53	26,452,789
	54a	Investments—publicly-traded securities	. ▶	· 「Cost 「FMV	2,538,850,449	54a	3,432,565,078
	ь	Investments—other securities (attach sch	edule)	► Cost FMV		54b	
	55a	Investments—land, buildings, and	,	' ' <u> </u>			
		equipment basis	55a				
	ь	Less accumulated depreciation (attach schedule)	55b			55c	
	56	Investments—other (attach schedule) .			55,732,769	56	41,820,685
	57a	Land, buildings, and equipment basis	57a	4,391,782,108			
	ь	Less accumulated depreciation (attach schedule)	57b	2,427,990,966	1,834,757,510	57c	1,963,791,142
	58	Other assets, including program-related in					
		(describe ►	101,034,747	58	16,094,233		
	59	<b>Total assets</b> (must equal line 74) Add line	s 45 th	rough 58	7,101,977,951	59	8,639,488,737
	60	Accounts payable and accrued expenses			2,065,924,255	60	2,287,816,523
	61	Grants payable				61	
	62	Deferred revenue			305,183,264	62	340,964,972
$\hat{\gamma}_{1}^{n}$	63	Loans from officers, directors, trustees, an	d key e	mployees (attach			
		schedule)				63	
\;	64a	Tax-exempt bond liabilities (attach schedu	ıle) .			64a	
	b	Mortgages and other notes payable (attach	sched	ule)		64b	
	65	Other liablilities (describe 🛌		)	3,039,529,627	65	4,590,403,244
	66	Total liabilities Add lines 60 through 65			5,410,637,146	66	7,219,184,739
	Orga	anizations that follow SFAS 117, check here 67 through 69 and lines 73 and 74	<b>▶</b>	nd complete lines			
ν Ou	67	Unrestricted				67	
Ĕ	68	Temporarily restricted				68	
Balances	69	Permanently restricted		F		69	
<u> </u>	Orga	anizations that do not follow SFAS 117, chec		F			
Fund		complete lines 70 through 74		, , , , , , ,			
5	70	Capital stock, trust principal, or current fui	nds .			70	
sets	71	Paid-in or capital surplus, or land, building	-162,999,985	71	-163,300,000		
Assa	72	Retained earnings, endowment, accumulate	ed incor	me, or other funds .	1,854,340,790	72	1,583,603,998
చ	73	Total net assets or fund balances Add line through 72 (Column (A) must equal line 19		<u> </u>			
Z		line 21)	. unu cc	(b) must equal	1,691,340,805	73	1,420,303,998
	74	Total liabilities and net assets / fund balance	7,101,977,951	74	8,639,488,737		

Form 9	990 (2006)						Page <b>5</b>
Part	t IV-A Reconciliation of Rev the instructions.)	enue per Audited Finan	icial Sta	tements V	Vith Reven	ue per l	Return (See
а	Total revenue, gains, and other su	pport per audited financial stat	tements			а	34,120,406,841
b	A mounts included on line <b>a</b> but no	t on Part I, line 12					
1	Net unrealized gains on investmer	nts	b1	37	4,494,658		
2	Donated services and use of facili	ties	b2				
3	Recoveries of prior year grants .		b3				
4	Other (specify)		<b>b</b> 4	7,02	1,737,561		
	Add lines <b>b1</b> through <b>b4</b>		·			Ь	7,396,232,219
c	Subtract line <b>b</b> from line <b>a</b>					с	26,724,174,622
d	A mounts included on Part I, line 1	2. but not on line a					· · · · · · · · · · · · · · · · · · ·
1	Investment expenses not included			1			
	6b	,	d1				
2	Other (specify) 🏂						
			d2	14	1,624,380	4	
	Add lines <b>d1</b> and <b>d2</b>					d	7,396,232,219
e	Total revenue (Part I, line 12) Ad					_	26,865,799,002
Pari	d	► Denses per Audited Fina	ncial St	atements '	With Fyne	e   nses ne	r Return
a	Total expenses and losses per aud					a a	33,905,560,825
b	A mounts included on line a but no					<del>-</del> +	
1	Donated services and use of facili		Ь1	1			
2	Prior year adjustments reported or					1	
2	20	ii Fait I, iiile	b2				
3	Losses reported on Part I, line		b3				
4	Other (specify)					1	
			b4	7,54	6,563,714		
	Add lines <b>b1</b> through <b>b4</b>					] ь	7,546,563,714
c	Subtract line <b>b</b> from line <b>a</b>					С	26,358,997,111
d	A mounts included on Part I, line 1	7, but not on line a:					
1	Investment expenses not included	d on Part I, line		I			
	6b	,	d1				
2	Other (specify)						
			d2	14	2,664,268	4	
	Add lines <b>d1</b> and <b>d2</b>					d	142,664,268
e	Total expenses (Part I, line 17) Ad					e	26,501,661,379
Part	t V-A Current Officers, Dire	ctors, Trustees, and Ker employee at any time duri				n who wa	ensated.) (See the
	(A) Name and address	(B) Title and average hours per week devoted to position		mpensation iid, enter -0)	employee ben deferred com plan	pensation	(E) Expense account and other allowances
ONE	STATEMENTS 18 19 KAISER PLAZA SUITE 1550L LAND,CA 94612	SEE STATMENTS 18 19 0		0			

Par	t V-A Current Officers, Director	s, Trustees, and Key	y Employees (conti	inued)		Yes	No
	Enter the total number of officers, director			· · · · · · · · · · · · · · · · · · ·			
	meetings		<u> </u>				
ь	Are any officers, directors, trustees, or ke	v emplovees listed in For		hest compensated			
	employees listed in Schedule A, Part I, or			•			
	contractors listed in Schedule A, Part II-						
	relationships? If "Yes," attach a statemen	•			75b	Yes	
_	Do any officers, directors, trustees, or key				755		
	employees listed in Schedule A, Part I, or	• •		•			
	contractors listed in Schedule A, Part II-	•		·			
	•	,	•		75-	V	
	tax exempt or taxable, that are related to organization"			inition of related	75c	Yes	
	If "Yes," attach a statement that includes						
	Does the organization have a written confit V-B Former Officers, Director				75d	Yes	
	<b>Benefits</b> (If any former office (described below) during the benefits in the appropriate of	year, list that person	below and enter the ctions.)	(D) Contributions to	sation	or oth	er
	(A) Name and address	(B) Loans and Advances	(C) Compensation (If not paid enter -0-)	employee benefit plans and deferred compensation plans		pense acc ner allowa	
ar	t VI Other Information (See the	instructions.)	•			Yes	No
6	Did the organization make a change in its activities	or methods of conducting activ	vities? If "Yes," attach a				
	detailed statement of each change				76		No
7	Were any changes made in the organizing	or governing documents	but not reported to the	IRS?	77	Yes	
	If "Yes," attach a conformed copy of the c	hanges					
8a	Did the organization have unrelated business gross	_	ing the year covered by this	return?	78a	Yes	
	If "Yes," has it filed a tax return on Form 9				78b	Yes	
9	Was there a liquidation, dissolution, termination, or						_
	a statement				79		No
sua	Is the organization related (other than by association governing bodies, trustees, officers, etc., to any other states are supported by the states of the st		, ,	nmon membership,	80a	Yes	
b	If "Yes," enter the name of the organization	on ► SEE STATEMENT					
			ether it is F exempt	or $\Gamma$ nonexempt			
31a	Enter direct or indirect political expenditu	res (See line 81 instruct	nons) <b>81a</b>	0			
	Did the organization file Form 1120-POL for				81b		l No

	t VI Other Information (continued)			<b>V</b>	Tage /
				Yes	No
82a	Did the organization receive donated services or the use of materials, equipment, o at substantially less than fair rental value?	r facilities at no charge or	93-		l Na
_	·		82a		No
Ь	If "Yes," you may indicate the value of these items here Do not include this amount as revenue	1 . 1			
	In Part I or as an expense in Part II(See instructions in Part III)	82b			
83a	Did the organization comply with the public inspection requirements for returns and	exemption applications?	83a	Yes	
b	Did the organization comply with the disclosure requirements relating to quid pro quality of the property of the propert	io contributions?	83b	Yes	
84a	Did the organization solicit any contributions or gifts that were not tax deductible?		84a		Νo
Ь	If "Yes," did the organization include with every solicitation an express statement t	hat such contributions or			
	gifts were not tax deductible?		84b		
85	501(c)(4), (5), or (6) organizations. <b>a</b> Were substantially all dues nondeductible by m	embers?	. 85a		
	Did the organization make only in-house lobbying expenditures of \$2,000 or less?		85b		
	If "Yes," was answered to either 85a or 85b, <b>do not</b> complete 85c through 85h belo				<u> </u>
	received a waiver for proxy tax owed the prior year	on amess the organization			
С	Dues assessments, and similar amounts from members	85c			
	Section 162(e) lobbying and political expenditures	85d			
	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e			
	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f			
_	Does the organization elect to pay the section 6033(e) tax on the amount on line 8		85g		
h	If section $6033(e)(1)(A)$ dues notices were sent, does the organization agree to ad reasonable estimate of dues allocable to nondeductible lobbying and political exper		s		
	year?				
			85h		
86	$501(c)(7)\ orgs$ . Enter $\ \mathbf{a}$ Initiation fees and capital contributions included on line 12	86a	0		
b	Gross receipts, included on line 12, for public use of club facilities	86b	0		
87	501(c)(12) orgs. Enter <b>a</b> Gross income from members or shareholders	87a	0		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	87b	0		
00-	· · · · · · · · · · · · · · · · · · ·	**************************************			
88a	At any time during the year, did the organization own a 50% or greater interest in a partnership, or an entity disregarded as separate from the organization under Regul	•			
	and 301 7701-3? If "Yes," complete Part IX				
			88a	Yes	
Ь	At any time during the year, did the organization directly or indirectly own a controll	led entity within the meaning			
	of section 512(b)(13)? If yes complete Part XI				
			88b		No
89a	501(c)(3) organizations Enter A mount of tax imposed on the organization during the	e year under			
	section 4911 ► 0 , section 4912 ► 0 , section	4955 ►	0		
b	501(c)(3) and $501(c)(4)$ orgs. Did the organization engage in any section 4958 excess	ss benefit transaction during			
	the year or did it become aware of an excess benefit transaction from a prior year? If				
	explaining each transaction		89b		No
c	Enter Amount of tax imposed on the organization managers or disqualified persons		0		
	during the year under sections 4912, 4955, and 4958		-		
d	Enter Amount of tax on line 89c, above, reimbursed by the organization	<b>-</b>	_		
e	All organizations. At any time during the tax year was the organization a party to a p				
	transaction?		89e		No
f	All organizations. Did the organization acquire direct or indirect interest in any applic	cable insurance contract?			<del>                                     </del>
•	7.17 organizations / Bru the organization dequite uncertain manage interest in any apprix				
			89f		No
g	For supporting organizations and sponsoring organizations maintaining donor advised for				
	organization, or a fund maintained by a sponsoring organization, have excess busined during the year?	ess noidings at any time			
			89g		
	List the states with which a copy of this return is filed F CA,DC,HI	<u> </u>			
b	Number of employees employed in the pay period that includes March 12, 2006 (Se	<b>90b</b>			17,818
۰.	instructions)				
91a	The books are in care of MATIONAL DIRECTOR OF TAX	Telephone no ► (510	) 271-6	385	
	ONE KAISER PLAZA STE 1550L				
	Located at 🕨 OAKLAND, CA	ZIP + 4 🛌 94612			
ь					T
	At any time during the calendar year, did the organization have an interest in or a si	ignature or other authority		Yes	Νο
	over a financial account in a foreign country (such as a bank account, securities ac	count, or other financial		163	+
		count, or other financial	91b	162	Νο
	over a financial account in a foreign country (such as a bank account, securities ac	count, or other financial	91b	163	Νο

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art	VI Other Information (con	tinued)					Yes	No
C .	At any time during the calendar yea	r, dıd the organızatı	ıon maıntaı	n an office outside (	of the Unite	d States?	91c	No
	If "Yes," enter the name of the foreig	n country 🕦						
	Section 4947(a)(1) nonexempt charital	• •		u of <b>Form 1041—</b> Ch	eck here			▶ ┌
	and enter the amount of tax-exempt	=						,
	VII Analysis of Income-Pr							
	Enter gross amounts unless otherwis			d business income		section 512, 513, or 514	(E)	)
			<b>(A)</b> Business	(B)	(C) Exclusion	(D)	Relate exempt f	
			code	Amount	code	Amount	incon	
93	Program service revenue							
а	MEMBER HEALTH CARE						17,87€	5,826,089
b	SUPPLEMENTAL REV						1,21€	5,305,548
c	NON-PLAN & INDUSTR		446110	13,846,361			167	7,971,703
d	OTHER PROGRAM SERV		561000	711,893			216	5,294,361
e								
f	Medicare/Medicaid payments .						7,094	1,618,819
	Fees and contracts from governmer	F						
_	Membership dues and assessments	F						
_	Interest on savings and temporary cash inv	F			14	28,393,918		
96	Dividends and interest from securit	- F						
97	Net rental income or (loss) from rea							
а	debt-financed property	F						
	non debt-financed property	F			16	2,143,193		
	Net rental income or (loss) from personal p	F				, ,		
9	Other investment income	· · · ·						
.00	Gain or (loss) from sales of assets other tha	F			18	77,096,813		
	Net income or (loss) from special e	·						
	Gross profit or (loss) from sales of i	F						
	Other revenue a PARKING GAR	· · · · · · · · · · · · · · · · · · ·			03	4,235,624		
	INT/EXT INT INCOME				14	163,338,001		
_	1111/221 1111 11100112					100,000,001		
ر د								
•								
04	Cubbatal (add calumna (B) (D) and	<u>/E\\</u>		14,558,254		275,207,549	26 572	2,016,520
	Subtotal (add columns (B), (D), and <b>Total</b> (add line 104, columns (B), (D			11,550,251		273,207,313	26,861,7	
	Line 105 plus line 1e, Part I, should ed		ine 12 Part			· · · · • —	20,801,7	02,323
	<b>VIII</b> Relationship of Activ	<u></u>			nt Durno	ses (See the inc	truction	<del>-                                    </del>
	lo. Explain how each activity for whi					<u> </u>		
Ŧ	of the organization's exempt pur					, ,	, 	
0	SEE STATEMENT							
	Ty Information Decording	- Tayabla Cub		and Diagraps	ad Faliti	on (Coo the inst		<del></del>
Part	IX Information Regarding	(B)	Juiaries		eu chutie		(E	
N	ame, address, and EIN of corporation,	Percentage of		(C) Nature of activities		( <b>D</b> ) Total income	End-of	-year
e Ado	partnership, or disregarded entity litional Data Table	ownership interest	ń				asse	315
	and a succession of the succes	9/	+				<u> </u>	
		9/	6					
		9/				<u> </u>	<u> </u>	
Par	<del>-</del>	g Transfers As	sociated	with Personal	Benefit (	contracts (See t	ne	
a١	instructions.)  Did the organization, during the year, receiv	e any funds directly or	undurectly to	nav premiums on a no	rsonal hanefit	contract?		V No.
							· Fres	
-	Did the organization, during the year		•	unectiy, on a perso	nai benefit (	.ontract/	, res	, 140
	: If "Yes" to ( <b>b),</b> file Form 8870 <b>and</b>		•	., , , , , , , , , , , , , , , , , , ,		_		

Form 9	90 (200	06)							Page <b>9</b>
Part		nformation Reg controlling organ				d Entities Comp	lete only if the org	ganizati	ion is
								Yes	No
106		ie reporting organiza ode? if "Yes," comp	•		·	efined in section 512	2(b)(13) of	Yes	
		(A) Name and address o controlled enti		Employer Id	B) dentification nber	(C) Description of transfer		(D) of trans	fer
		Totals						10,359	,949,388
								Yes	No
107	Did th	ie reporting organiza	ation <b>receive</b> any t	ransfers <b>from</b> a	controlled entity	as defined in sectior	n 512(b)(13) of	Yes	140
107	the Code? if "Yes," complete the schedule b			below for each o	ontrolled entity				
		(A)		,	В)	(c)		(D)	_
		Name and address of controlled enti		1	dent if icat ion nber	Description of transfer	A mount	of trans	ter
		Totals						46	,360,048
								Yes	No
108		ie organization have ies and annuities d	-		ct on August 17, 2	2006 covering the in	iterests, rents,		
							ements, and to the best of which preparer has a		
Pleas		a belief, it is true, correc	st, and complete Deci	аналон от ртератег	(other than officer) is	2007-11		ny knowic	age
Sign		Signature of officer				Date	12		
Here		DEBORAH STOKES VP,	CONTROLLER, CAO						
		Type or print name and	d title						
Paid Prepa	arer's	Preparer's signature			Date	Check if self-empolyed	Preparer's SSN or PTIN	(See Gen	Inst W)
Use Only		Firm's name (or yours if self-employed), address, and ZIP + 4	KPMG LLP			1	EIN Þ		
			55 SECOND STREET				Phone no		

SAN FRANCISCO, CA 94105

DLN: 93490320001397

**SCHEDULE A** (Form 990 or 990EZ)

Department of the Treasury Internal Revenue Service

牣

#### 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

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

OMB No 1545-0047

2006

Name of the organization		
KAISER FOUNDATION HEALTH PLAN INC		
KASEK I COMBATION HEALTH I BAN INC		

**Employer identification number** 

94-1340523

(See page 2 of the instructions. List each one. If there are none, enter "None.") (d) Contributions (e) Expense (a) Name and address of each employee (b) Title and average hours to employee benefit (c) Compensation account and other plans & deferred paid more than \$50,000 per week devoted to position allowances compensation SEE STATEMENT SEE STATEMENT 0 0 0 SEE STATEMENT 40 0 OAKLAND, CA 94612

Total number of other employees paid over \$50,000

8,622

Compensation of the Five Highest Paid Independent Contractors for Professional Services Part II-A (See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000 (b) Type of service (c) Compensation REGENTS UNIVERSITY OF SAN FRANCISC HEALTHCARE SERVICES 55,999,264 PO BOX 60000 SAN FRANCISCO, CA 94160 SOUTHERN CALIF PERMANENTE MEDICAL G MEDICAL SERVICES 393 EAST WALNUT STREET 4,501,310,441 PASADENA,CA 91188 THE PERMANENTE MEDICAL GROUP MEDICAL SERVICES 4.188.446.724 1950 FRANKLIN STREET 18TH FLOOR OAKLAND, CA 94612 HAWAII PERMANENTE MEDICAL GROUP MEDICAL SERVICES 112,164,173 3288 MOANALUA ROAD HONOLULU, HI 96819 **EMPLOYERS MUTUAL INC** 700 SOUTHEAST CENTRAL PARKWAY 3RD PARTY ADM-AMBULN 120,298,442 STUART, FL 34994 Total number of others receiving over \$50,000 for 1,432

#### Compensation of the Five Highest Paid Independent Contractors for Other Services Part II-B

(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None". See page 2 for instructions.)

(a) Name and address of each independent contractor paid more than \$50,000 (b) Type of service (c) Compensation CAMPBELL EWALD ADVERTISING 18,491,043 393 EAST WALNUT STREET PASADENA, CA 91188 RUDULPH AND SLETTEN INC CONSTRUCTION 40,169,318 **FUREKA RD SUITE 200** ROSEVILLE, CA 95661 ID MEDIA MEDIA PO BOX 100544 12,582,728 ATLANTA, GA 30384 MCCARTHY KIEWIT JOINT VENTURE CONSTRUCTION 14,056,218 2241 DOUGLAS BLVD 200 ROSEVILLE, CA 95677 ACCENTURE LLP CONSULTING 31,770,440 1345 AVENUE OF THE AMERICAS NEW YORK, NY 10105 Total number of other contractors receiving over 1.297 \$50,000 for other services

Par	<b>Statements About Activities</b> (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 i	n		
	connection with the lobbying activities ► \$ 4,384,279 (Must equal amounts on line 38, Part VI-A, or line			
	ı of Part VI-B )	1	Yes	
	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.) $^{f z}$	]		
а	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		Νo
3a	Did the organization make grants for scholarships, fellowships, student loans, etc ? (If "Yes," attach an explanation			
	of how the organization determines that recipients qualify to receive payments )	3a		Νo
ь	Did the organization have a section 403(b) annuity plan for its employees?	3b	Yes	
c	Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or structures? If "Yes" attach a detailed statement	3с		Νo
d	Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?	3d		Νo
4a	Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g If "No," complete line 4f and 4g	<b>4a</b>		Νo
ь	Did the organization make any taxable distributions under section 4966?	4b		Νo
c	Did the organization make a distribution to a donor, donor advisor, or related person?	4c		Νo
d	Enter the total number of donor advised funds owned at the end of the tax year			
e	Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year			
f	Enter the total number of separate funds or accounts owned at the end of the tax year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts			
g	Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year			

P	art I	N Reason for Non-Private I	oundation Status	(See pages 4 th	rough 7 of the	instructions.	)	
 I cer	tify th	hat the organization is not a private foun	dation because it is (P	lease check only <b>C</b>	NE applicable bo	рх )		
5	Ė	A church, convention of churches, or	association of churches	Section 170(b)(1	)(A)(ı)	·		
6	Г	A school Section 170(b)(1)(A)(II) (A	Iso complete Part V )					
7	Г	A hospital or a cooperative hospital s	ervice organization. Sec	tion 170(b)(1)(A)	(111)			
8	Г	A federal, state, or local government	or governmental unit Se	ection 170(b)(1)(A	)(v)			
9	Г	A medical research organization oper				ı) Enter the ho	spital's name, city	
		and state 🕨	-	·				
10	Г	An organization operated for the bene	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	Г	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	$\Gamma$	A community trust Section 170(b)(1)(A)(vi) (Also complete the <b>Support Schedule</b> in Part IV-A)						
12	~	An organization that normally receive	s (1) more than 331/3	% of its support fro	m contributions,	, membership fe	ees, and gross	
		receipts from activities related to its charitable, etc., functions—subject to certain exceptions, and (2) no more than 331/3% of						
its support from gross investment income and unrelated business taxable income (less section 511 tax)					511 tax) from b	ousinesses		
		acquired by the organization after Jun	e 30, 1975 See section	n 509(a)(2) (Also	complete the <b>Su</b>	pport Schedule	ın Part IV-A )	
13	Γ	An organization that is not controlled requirements of section 509(a)(3)		•	_	•	se meets the	
		Type I Type II Typ	e III - Functionally Inte	grated $\Gamma$ 1	ype III - Other			
		Provide the following informa	tion about the supporte	ed organizations. (s	ee page 7 of the	instructions.)	T	
ı	Name	(a) e(s) of supported organization(s)	(b) Employer ident if icat ion number	(c) Type of organization (described in lines 5 through 12 above or	supporting organization's Amo		(e) Amount of support?	
				IRC section)	Yes	No		
Tota						<u> </u>	•	
14	Г	An organization organized and operato	ed to test for public safe	ty Section 509(a)	(4) (See page 7	of the instruct	ions )	

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.

Cale	endar year (or fiscal year beginning in)	(a) 2005	<b>(b)</b> 2004	(c) 2003	(d) 2	2002	(e) Total
15	Gifts, grants, and contributions received (Do not include unusual grants See line 28 )	3,889,297	1,752,009	2,408,629		2,080,028	10,129,963
16	Membership fees received						
17	Gross receipts from admissions, merchandise						
	sold or services performed, or furnishing of	23,656,705,826	21,944,427,763	20,533,938,473	17 16	51,066,790	83,296,138,852
	facilities in any activity that is related to the	23,030,703,020	21,944,427,703	20,333,930,473	17,10	1,000,790	03,290,130,032
	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	07 510 670	04 004 554	102 217 061		16 676 004	200 400 000
	unrelated business taxable income (less section	87,510,670	94,084,554	102,217,961		16,676,804	300,489,989
	511 taxes) from businesses acquired by the						
	organization after June 30, 1975  Net income from unrelated business activities						
19	not included in line 18						C
20	Tax revenues levied for the organization's benefit						
	and either paid to it or expended on its						C
	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						C
	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	4,051,949	3,708,799	2,824,696			10,585,444
	gain or (loss) from sale of capital assets	4,031,949	3,700,799	2,024,090			10,303,444
23	Total of lines 15 through 22	23,752,157,742	22,043,973,125	20,641,389,759	17,17	79,823,622	83,617,344,248
24	Line 23 minus line 17	95,451,916	99,545,362	107,451,286	1	18,756,832	321,205,396
25	Enter 1% of line 23	237,521,577	220,439,731	206,413,898	17	71,798,236	
26	Organizations described on lines 10 or 11: a Er	nter 2% of amount	ın column (e), lın	e 24 🕨	26a		
ŀ	Prepare a list for your records to show the name of	and amount contr	ibuted by each pe	erson (other			
	than a governmental unit or publicly supported org	anızatıon) whose t	otal gifts for 200	2 through			
	2005 exceeded the amount shown in line 26a Do	not file this list w	ith your return. E	nter the total			
	of all these excess amounts			▶	26b		
	Total support for section 509(a)(1) test Enter line	24, column (e)		▶	26c		
	Add Amounts from column (e) for lines 18		19				
			 26b		26d	İ	
	—				26e		
	Public support percentage (line 26e (numerator) d	ivided by line 26c	(denominator))	▶	26f		
27	Organizations described on line 12: a For amou	-				a "disquia	alified nerson "
	prepare a list for your records to show the name of					•	
	Do not file this list with your return. Enter the sun			ii year iroiii, eacii	arsqua	illica pers	, 011
	·	_	··	0	(2002)		0
	For any amount included in line 17 that was receiv	ed from each pers	on (other than "di	squalified person	(	pare a list	for your
•	records to show the name of, and amount received						
	or (2) \$5,000 (Include in the list organizations de						
	return. After computing the difference between the						
	these differences (the excess amounts) for each y		and the larger and	iount described if	(1) 01 (	<b>2</b> ), enter	the sum of
	(2005) 0(2004)		(2003)	0	(2002)		0
	(2005) (2004)		(2003)		(2002)		
	: Add Amounts from column (e) for lines 15	10,129,	963 16	0			
•	17 83,296,138,852 20		10	0		27c	02 206 260 010
		and line 27h tota				<b>—</b>	83,306,268,815
		and line 27b tota	<del></del>			27d	00.000.000
	Public support (line 27c total minus line 27d total)		, , , , , , , , , , , , , , , , , , , ,	l		27e	83,306,268,815
_	Total support for section 509(a)(2) test Enter am		L		7,344,248	ļ	
_	Public support percentage (line 27e (numerator) d			•	27g	<u> </u>	99 63 %
ŀ	Investment income percentage (line 18, column (e				27h		0 36 %
28	Unusual Grants: For an organization described in li	ne 10, 11, or 12 tl	hat received any	unusual grants du	uring 20	02 throug	h 2005,
	prepare a list for your records to show, for each ye	ar, the name of the	contributor, the	date and amount	of the gi	ant, 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

Pa	rt 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,		Yes	No
	other governing instrument, or in a resolution of its governing body?	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?	31		
	If "Yes," please describe, if "No," please explain (If you need more space, attach a separate statement )			
	Ti Tes, please describe, ii No, please explain (IT you need more space, attach a separate statement)			
		-		
		-		
		4		
		4		
32	Does the organization maintain the following			
а	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a		
ь	Records documenting that scholarships and other financial assistance are awarded on racially nondiscriminatory			
	basis?	32b		
_	· 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			
а	Students' rights or privileges?	33a		
_				
L	Admissions policies?	33b		
-	, manifestone ponetes	555		
	Francisco and of faculty, an advantable to a short?	225		
c	Employment of faculty or administrative staff?	33c		
d	Scholarships or other financial assistance?	33d		
e	Educational policies?	33e		
e	Use of facilities?	33f		
•		1 22.		
	Athletic programs?	33g		
g	Adment programs.	33 <u>9</u>		
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)			
		7		
		7		
		┨		
34a	Does the organization receive any financial aid or assistance from a governmental agency?	34a		
_ Tu				
-	Has the organization's right to such aid over been reveled or evenended?	346		
ь	Has the organization's right to such aid ever been revoked or suspended?	34b		
	If you answered "Yes" to either 34a or b, please explain using an attached statement			
35	Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05			
	of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If "No," attach an explanation	35		
	Schedule A (Form 9	90 or 99	90-EZ)	2006

Schedule A (Form 990 or 990-EZ) 2006 Page 5 Lobbying Expenditures by Electing Public Charities (See page 10 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 (b) **Limits on Lobbying Expenditures** (a) To be completed Affiliated group for all electing totals (The term "expenditures" means amounts paid or incurred ) organizations 36 Total lobbying expenditures to influence public opinion (grassroots lobbying) 36 37 37 Total lobbying expenditures to influence a legislative body (direct lobbying) 38 38 Total lobbying expenditures (add lines 36 and 37) 39 39 Other exempt purpose expenditures 40 40 Total exempt purpose expenditures (add lines 38 and 39) 41 Lobbying nontaxable amount Enter the amount from the following table— If the amount on line 40 is-The lobbying nontaxable amount is-Not over \$500,000 20% of the amount on line 40 Over \$500,000 but not over \$1,000,000 \$100,000 plus 15% of the excess over \$500,000 Over \$1,000,000 but not over \$1,500,000 \$175,000 plus 10% of the excess over \$1,000,000 41 Over \$1,500,000 but not over \$17,000,000 \$225,000 plus 5% of the excess over \$1,500,000 Over \$17,000,000 \$1,000,000 42 42 Grassroots nontaxable amount (enter 25% of line 41) Subtract line 42 from line 36 Enter -0 - if line 42 is more than line 36 43 0 Subtract line 41 from line 38 Enter -0 - if line 41 is more than line 38 44 Caution: If there is an amount on either line 43 or line 44, you must file Form 4720. 4-Year Averaging Period Under Section 501(h) (Some organizations that made a section 501(h) election do not have to complete all of the five columns below See the instructions for lines 45 through 50 on page 13 of the instructions ) Lobbying Expenditures During 4-Year Averaging Period Calendar year (or (a) (b) (c) (d) (e) 2004 fiscal year beginning in) 2006 2005 2003 Total Lobbying nontaxable amount Lobbying ceiling amount (150% of line 45(e)) 46 Total lobbying expenditures 47 48 Grassroots nontaxable amount Grassroots ceiling amount (150% of line 48(e)) 49 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 13 of the instructions.) 🕏 During the year, did the organization attempt to influence national, state or local legislation, including any Yes No A mount attempt to influence public opinion on a legislative matter or referendum, through the use of Νo Paid staff or management (Include compensation in expenses reported on lines c through h.) Yes Media advertisements Νo Mailings to members, legislators, or the public Yes 53,424 Publications, or published or broadcast statements Yes 2,333 Grants to other organizations for lobbying purposes Yes 1,175,911 Yes

Direct contact with legislators, their staffs, government officials, or a legislative body

Total lobbying expenditures (Add lines c through h.)

Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means

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

Yes

2,499,864

4,384,279

652,747

### Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations (See page 13 of the instructions.)

(i) Cash (ii) Other assets b Other transactions (i) Sales or exchanges of assets with a noncharitable exempt organization (ii) Purchases of assets from a noncharitable exempt organization (iii) Purchases of assets from a noncharitable exempt organization (iii) Purchases of assets from a noncharitable exempt organization (iii) Rental of facilities, equipment, or other assets (iv) Reimbursement arrangements (v) Loans or loan guarantees (vi) Performance of services or membership or fundraising solicitations (vi) Performance of services or membership or fundraising solicitations (vii) Performance of services or membership or fundraising solicitations (vi) Performance of services or membership or fundraising solicitations (vi) Performance of services or membership or fundraising solicitations (vi) Performance of services or membership or fundraising solicitations (viii) Performance of services or membership or fundraising solicitations (vi) Performance of services or membership or fundraising solicitations (vi) Performance of services or membership or fundraising solicitations (vii) Performance of services or membership or fundraising solicitations (viii) Performance of services or membership or fundraising solicitations (vii) Performance of services or membership or fundraising solicitations (vii) Performance of services or membership or fundraising solicitations (viii) Performance of services or membership or fundraising solicitations (vii) Performance of services or membership or fundraising solicitations (vii) Performance of services or membership or fundraising solicitations (vii) Performance of services or membership or fundraising solicitations (viii) Performance of services or membership or fundraising solicitations (vii) Performance of services or membership or fundraising solicitations (viii) Performance of services or membership or fundraising solicitations (vii) Performance of services or membership or fundraising solicitations (vii) Performance of services or membership or fundraising solicitations (vii			·	ly engage in any of the following ) organizations) or in section 527	•		sectio	n
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(v) Loans or loan guarantees (vi) Performance of services or membership or fundraising solicitations c Sharing of facilities, equipment, mailing lists, other assets, or paid employees d If the answer to any of the above is "Yes," complete the following schedule Column (b) should always show the fair market value or 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  (a) (b) (c) Name of noncharitable exempt organization.  Description of transfers, transactions, and ship arrangements.  Amount involved.  Name of noncharitable exempt organization.  Performance of services received.  (d) Description of transfers, transactions, and ship arrangements.  Performance of services received.  (a)  (b)  10  11  12  12  13  14  15  15  15  17  17  18  18  19  19  19  19  19  19  19  19	(iii)	Rental of facilities, ed	quipment, or other as:	sets		b(iii)		Νο
(vi) Performance of services or membership or fundraising solicitations  c Sharing of facilities, equipment, mailing lists, other assets, or paid employees  d If the answer to any of the above is "Yes," complete the following schedule Column (b) should always show the fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received  (a) (b) (c) (d)  Amount involved Name of noncharitable exempt organization  Bescription of transfers, transactions, and shirt arrangements  (b) (c) (d)  Description of transfers, transactions, and shirt arrangements  2a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?  1 Yes If Yes," complete the following schedule  (a) (b) (c)	(iv)	Reimbursement arrar	ngements			b(iv)		Νο
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees d If the answer to any of the above is "Yes," complete the following schedule Column (b) should always show the fair market value or 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  (a) (b) A mount involved Name of noncharitable exempt organization  Pescription of transfers, transactions, and ship arrangements.  2a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?  **Yes** Types** Typ	(v)	Loans or loan guaran	tees			b(v)		Νο
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Line no Amount involved Name of noncharitable exempt organization  Description of transfers, transactions, and she arrangements					her assets, or services receive		ue in a	ny
Amount involved Name of noncharitable exempt organization arrangements    Amount involved   Name of noncharitable exempt organization		1				nsactions	. and	sharing
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#### **Additional Data**

Software ID:

**Software Version:** 

**EIN:** 94-1340523

Name: KAISER FOUNDATION HEALTH PLAN INC

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

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
a EMPLOYEE RELATED EXPENSES	43a	22,704,935	22,704,935		
b EMPLOYEE DEVELOPMENT EXPENSES	43b	18,738,514	18,738,514		
c BASIC CONTRACTUAL PAYMENTS	43c	16,923,491,705	16,923,491,705		
d CLAIMS - IN AREA & OUT OF AREA	43d	1,152,947,275	1,152,947,275		
e NON-MEDICAL PURCHASED SERVICES	43e	376,106,677	302,036,686	74,069,991	
f MEMBERSHIP DUES AND FEES	43f	709,423	709,423		
g DUES & SUBSCRIPTIONS	43g	3,869,149	3,869,149		
h PROFESSIONAL & PUBLIC LIAB INS	43h	200,961,790	200,961,790		
i PURCHASED MEDICAL SERVICES	43i	758,661,003	758,661,003		
j PROPERTY TAXES & OTHER TAXES	43j	22,907,408	22,907,408		
k ADVERTISING & MKTING EXPENSES	43k	220,824,621	220,824,621		
I BANKS SVC CHG, CRDT CARD FEES	43I	15,320,332	15,320,332		
m INTERDIV MEDICAL SERVICES	43m	56,624,050	56,624,050		
n MISCELLANEOUS EXPENSES	43n	66,583,253	54,563,154	12,020,099	
o ALLOCATED ADMIN EXP	43o	2,072,152,286	1,450,506,600	621,645,686	
p CORPORATE INCOME TAX ON UBI	43p	530,806		530,806	
q BAD DEBT EXPENSE	43q	142,733,119	142,733,119		
r BUSINESS LICENSES & TAXES	43r	9,332,076	9,332,076		

#### Form 990, Part IX - Information Regarding Taxable Subsidiaries and Disregarded Entities:

(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
OAK TREE ASSURANCE LTD ONE KAISER PLAZA SUITE 1550L OAKLAND, CA94612 03-0329760	10000 %	CAPTV INSURER	8,071,740	22,844,026
KAISER PROPERTIES SERVICES INC ONE KAISER PLAZA SUITE 1550L OAKLAND, CA94612 94-3259432	10000 %	R/E BROKERAGE	1,593,876	104,744
KAISER PERMANENTE INSURANCE CO ONE KAISER PLAZA SUITE 1550L OAKLAND, CA94612 94-3203402	5000 %	INSURANCE	184,789,572	112,521,313
CHP COMPANIES INC ONE KAISER PLAZA SUITE 1550L OAKLAND, CA94612 91-1814507	10000 %	HOLDING CO	0	1,000
KAISER PERMANENTE HEALTH ALTER ONE KAISER PLAZA SUITE 1550L OAKLAND, CA94612 94-3113684	10000 %	MEDICAL SVCS	12,725,701	4,881,073
KP CAL LLC ONE KAISER PLAZA SUITE 1550L OAKLAND, CA94612 20-2712661	10000 %	MEDICARE CONTRACT PROVIDR	47,137,458	290,546

#### **TY 2006 Cash Grants Paid Schedule**

Name: KAISER FOUNDATION HEALTH PLAN INC

Class of Activity	Recipient's name	Address	Amount	Relationship
	SEE COMMUNITY BENEFIT REPORT ATTACH	ONE KAISER PLAZA STE 1500 OAKLAND, CA 94612	12,879,344	NONE

#### TY 2006 Gain/Loss from Sale of Public Securities Schedule

Name: KAISER FOUNDATION HEALTH PLAN INC

**EIN:** 94-1340523

**Gross Sales Price:** 12,626,613,424

**Basis:** 12,551,591,626

**Sales Expenses:** 

**Total (net):** 75,021,798

#### **TY 2006 Investments - Other Schedule**

Name: KAISER FOUNDATION HEALTH PLAN INC

Description	Book Value	Cost/FMV
EQUITY - OAKTREE	282,437	
CA ECON DEV LENDING	1	
COMM BANK OF THE BAY	1	
HEARX WEST LLC	57,127	
BROADLANE	9,000,000	
ORDWAY INTL	120,000	
LOKAHI ASSURANCE	1,241,610	
KPIC	28,674,922	
HAWAII-PROPERTY HELD FOR SALE	2,444,587	

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - DLN: 93490320001397

#### **TY 2006 Other Assets Schedule**

Name: KAISER FOUNDATION HEALTH PLAN INC

Description	Beginning of Year Amount	End of Year Amount
OTHER LONG TERM ASSETS	11,809,570	12,653,413
THIRD PARTY ACCOUNT RECEIVABLE	7,014,657	632,750
GOODWILL	492,000	2,808,070
PREPAID PENSION	81,718,520	0

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#### **TY 2006 Other Changes in Net Assets Schedule**

Name: KAISER FOUNDATION HEALTH PLAN INC

Description	Amount
NET UNREALIZED GAIN ON INVESTMENTS	140,335,774
INTERREGIONAL TRANSFERS	300,000
ADOPTION OF FASB 158	775,210,204

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### **TY 2006 Other Expenses Included Schedule**

Name: KAISER FOUNDATION HEALTH PLAN INC

Description	Amount
LOSS ON DISPOSAL OF FIXED	1,039,888
SUBSIDIARIES & ELIMINATIONS	7,545,523,826

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# **TY 2006 Other Expenses Not Included Schedule**

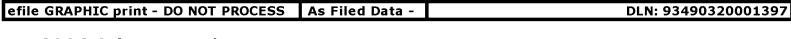
Name: KAISER FOUNDATION HEALTH PLAN INC

Description	Amount
BAD DEBT EXPENSE - RECLASS	142,733,119
GRANTS RECEIVED RECLASS	-68,851

#### **TY 2006 Other Liabilities Schedule**

Name: KAISER FOUNDATION HEALTH PLAN INC

Description	Beginning of Year Amount	<b>End of Year Amount</b>
RESERVE - PHYSICIAN RETIREMENT	1,757,308,698	2,265,658,076
RESERVE FOR AUTO & UNEMPLOY.	351,809	252,309
RESERVE FOR PROFESSIONAL & PUB	229,863,919	272,827,615
RESERVE FOR WORKERS COMP RISKS	93,382,389	103,067,928
LONG TERM EXTERNAL LIABILITIES	283,081	360,273
POST RETIREMENT BENEFIT LIAB	458,325,225	720,495,517
OTHER CURRENT LIABILITIES	192,051,074	96,829,383
CURRENT INSTALLMENTS LT DEBT	9,779	82,127
OTHER LONG-TERM LIABILITIES	307,953,653	304,079,141
SECURITIES LENDING PAYABLE	0	578,683,041
OTHER RETIREMENT LIABILITIES	0	248,067,834



# TY 2006 Other Notes/Loans Receivable Short Schedule

Name: KAISER FOUNDATION HEALTH PLAN INC

Category/Name	Amount
COMMUNITY HEALTH PLAN	0

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93490320001397

#### **TY 2006 Other Revenues Included Schedule**

Name: KAISER FOUNDATION HEALTH PLAN INC

Description	Amount
SUBSIDIARIES & ELIMINATIONS	7,753,431,933
TOP LEVEL ELIMINATION	2,674,802
ADOPTION OF FASB 158	-734,369,174

## **TY 2006 Other Revenues Not Included Schedule**

Name: KAISER FOUNDATION HEALTH PLAN INC

Description	Amount
LOSS ON DISPOSAL OF FIXED	-1,039,888
GRANTS RECEIVED RECLASS	-68,851
BAD DEBT EXPENSE - RECLASS	142,733,119

#### **TY 2006 Non Electing Public Charities Statement**

Name: KAISER FOUNDATION HEALTH PLAN INC

**EIN:** 94-1340523

**Statement:** 

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#### **TY 2006 Other Income Schedule**

Name: KAISER FOUNDATION HEALTH PLAN INC

Description	2003	2002	2001	2000	Total
PARKING	4,051,949	3,708,799	2,824,696		10,585,444

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### **TY 2006 Self Dealing Statement**

Name: KAISER FOUNDATION HEALTH PLAN INC

Line Number	Explanation
2a	

Line Number	Explanation
2b	

Line Number	Explanation
2c	

Line Number	Explanation				
2d	FORM 990, PART V				

Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

#### **TY 2006 Supplemental Support Schedule**

Name: KAISER FOUNDATION HEALTH PLAN INC

Year	Gifts, Grants and Contributions Received	Membership Fees Received	Gross Receipts From Admissions, Etc.	Gross Investment Income And Post 1975UBI	Net UBI Pre 1975	Tax Revenues Levied For Organization's Benefit	Value Of Services, Facilities Furnished By Government	Other Income	Total
2005	3,889,297		23,656,705,826	87,510,670				4,051,949	23,752,157,742
2004	1,752,009		21,944,427,763	94,084,554				3,708,799	22,043,973,125
2003	2,408,629		20,533,938,473	102,217,961				2,824,696	20,641,389,759
2002	2,080,028		17,161,066,790	16,676,804					17,179,823,622

#### KAISER FOUNDATION HEALTH PLAN, INC. 94-1340523 December 31, 2006

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

Kaiser Foundation Health Plan, Inc. (Health Plan) 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 Health Plan'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. Health Plan is listed in IRS Publication 78, Cumulative List of Organizations Exempt From Tax.

Health Plan shares a common board of Directors with Kaiser Foundation Hospitals (Hospitals) 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 2006 served over 8 7 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 prepaid health care program in the United States with approximately 147,000 employees and approximately 14,000 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 8.7 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 Health Plan, Inc. for 2006." This report will provide a description of activities conducted by Health Plan in the accomplishment of its exempt purposes and for the benefit of the community in which it conducts its activities

### 2006 COMMUNITY BENEFIT REPORT KAISER FOUNDATION HEALTH PLAN, INC.

Kaiser Foundation Health Plan, Inc. (KFHP), with its five principal operating tax-exempt subsidiary health plans—Kaiser Foundation Health Plan of Colorado; Kaiser Foundation Health Plan of Georgia, Inc.; Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc., Kaiser Foundation Health Plan of the Northwest, and Kaiser Foundation Health Plan of Ohio—as well as Kaiser Foundation Hospitals (KFH), are nonprofit corporations that are part of the integrated health care delivery system known as the Kaiser Permanente Medical Care Program or "Kaiser Permanente"

This report describes the structure of Kaiser Permanente and documents the National Community Benefit activities, programs and services of KFHP, its subsidiaries, and KFH, combined as well as the specific community benefit provided by KFHP and KFH in California and Hawaii.

In 2006, Kaiser Permanente served 8 6 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 with 126,347 full time employees, more than 13,000 physicians and 119 dentists. In California, KFHP and KFH served 6 5 million members, with nearly 104,000 full time administrative, clerical and technical employees, as well as 10,655 Permanente physicians representing all specialties. KFHP and KFH in Hawaii served approximately 223,284 members, and has 3,902 full time employees and 378 Permanente physicians.

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 California and Hawaii, Kaiser Permanente is comprised of five separate legal organization's. KFHP, a California nonprofit public benefit corporation exempt from federal income tax under Internal Revenue Code §501(c)(3), KFH, a California nonprofit public benefit corporation exempt from federal income tax under Internal Revenue Code §501(c)(3); The Permanente Medical Group, Inc , Southern California Permanente Medical Group, and Hawaii Permanente Medical Group, Inc (collectively, "Permanente Medical Groups"), each of which is a separate, independent multi-specialty group of physicians

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 groups 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

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 8.6 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 communities' health

Second, Kaiser Permanente directly invests in improvements to community health by 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 health care 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 healthcare 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 in 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 program priorities within the four focus areas, and the remaining 25% of funding will be directed by local operations 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 HEALTH PLAN, INC.

KFHP provides comprehensive health care services on a prepaid basis through an integrated health care delivery system, available to the community as a whole. Because the Health Plan is a nonprofit organization, revenues that exceed the cost of operations and provision of care are reinvested in the Program to improve facilities and services, increase benefits, fulfill our charitable mission, and provide affordable rates rather than to pay dividends to stockholders.

KFHP provides care that emphasizes prevention, minimizes medical indigence and contributes to quality of life in the communities we serve. To best serve the community by providing affordable, comprehensive health care and support its social mission, KFHP is organized and operated as a fully integrated delivery system.

- Integrated Services and Facilities KFHP has organized and integrated the professional and physical resources required to provide comprehensive health care. In hospital-based Kaiser Permanente regions, this care primarily occurs at major medical centers, as well as at nearby outpatient medical offices owned by KFH and at medical office buildings owned or leased by KFHP. Members typically have all the services and professional care they require in one place, which facilitates a coordinated approach to care. Equipment and supporting personnel are shared and high-technology services, such as neurosurgery, open-heart surgery and cancer treatment are also centralized to facilitate development and transfer of best clinical practices among all Permanente providers.
- Group Practice Contracting Permanente Medical Groups are organized into large multispecialty group practices that take responsibility for providing comprehensive care to a defined population in facilities owned or leased by KFH or KFHP. The income that Permanente Medical

Groups and their physicians receive is in consideration of their professional medical and related services. The amounts paid to the Permanente Medical Groups are negotiated annually. By altering the direct relationship between service performed and income received, KFHP removes incentives to perform unneeded services, and encourages use of the most appropriate medical care. Group practice enhances quality and appropriateness of care for members and for the community by facilitating development and sharing of "best clinical practices" throughout the community and across the nation.

- Prepayment Generally, KFHP pays the Permanente Medical Groups a per-member payment
  on a budgeted prepaid basis that does not vary with the amount of service provided
  Permanente Medical Group physicians are generally not compensated on a fee-for-service basis
- Benefit Plans KFHP offers a variety of coverage options that provide for unlimited hospital days, physician visits, preventive services, immunizations, well-baby care and prenatal care. In order to maximize affordability and encourage people at different income levels to purchase coverage, KFHP offers a variety of cost-sharing options. Comprehensive, prepaid coverage with differing levels of premium and cost-sharing minimizes financial barriers to care, promoting early consultation, detection and treatment of disease. KFHP actively encourages members to maintain their health through regular preventive self-care.
- No Pre-Existing Condition Exclusions Pre-existing condition exclusions allow carriers to exclude from coverage care for a condition that existed before enrollment with the carrier. KFHP imposes no pre-existing condition exclusions for group members and thereby provides substantial protection for new members who are ill at the time of enrollment. KFHP offered health benefits coverage in all its markets without any pre-existing condition exclusions for many years prior to recently enacted federal and state statutes prohibiting pre-existing condition exclusions in certain markets. By ensuring that all our enrollees are covered for all their medical needs, we reduce the amount of uncompensated care, promote the health of our members, and prevent medical indigence.
- Participation in Medicare KFHP has participated in Medicare since it was first implemented in 1965 In 2006, KFHP and its subsidiaries enrolled approximately 893,400 Medicare beneficiaries, providing Medicare Part A and Part B services, plus additional drug, optical, and inpatient coverage.
- Participation in Medicaid KFHP began enrolling Medicaid beneficiaries in the mid-1960s
   Currently, KFHP and certain subsidiaries provide care to more than 148,400 Medicaid managed care members and in addition serve a large number of Medicare and Medicaid patients on a fee for-service basis KFHP also participates in the State Children's Health Insurance Program
   (SCHIP), serving an additional 112,360 children in 2006

#### THE COMMUNITY BENEFIT PROGRAMS IN CALIFORNIA AND HAWAII

In 2006, Kaiser Permanente spent approximately \$807 million or approximately 2 3% of revenue, to support the Community Benefit Programs in the communities. In California and Hawaii, KFHP and KFH spent \$716 million, of which \$348 million is allocable to the health plan and another \$368 million is allocable to hospitals. A breakdown of the 2006 DCBI dollars attributable to KFHP and KFH nationally is described in Attachment A, and those dollars attributable to KFHP and KFH in California and Hawaii in Attachment B.

The following identifies many of the signature community benefit programs and services funded by both KFHP and KFH in California and Hawaii, grouped according to the national focus areas

#### **VULNERABLE POPULATIONS**

KFHP and KFH in California and Hawaii expended approximately \$623.5 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 2006. Of that amount, \$347 million is attributed to KFHP and \$276.5 million is attributed to KFH. A complete description of the DCBI attributable to KFHP and KFH in California and Hawaii is described below.

#### MEDICAL CARE SERVICES

In California and Hawaii, KFHP and KFH provide medical care services for vulnerable populations in many ways. These include charitable care programs, participation in public programs for low-income individuals such as Medicaid and the State Children's Health Insurance Program (SCHIP) KFHP provided services and coverage valued at \$343 million and KFH contributed an additional \$252 million for under- and uninsured residents in California and Hawaii.

#### Charitable Care (Medical Financial Assistance and Charitable Coverage)

KFHP and KFH provide charity care to low-income vulnerable populations through the Medical Financial Assistance and Charitable Coverage Programs.

#### Medical Financial Assistance (MFA)

KFH contributed \$39 5 million and KFHP contributed \$3.4 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. 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 Coverage Programs, and grants and donations to community clinics and other safety net providers.

The MFA program in California strives to assist families and individuals that are unable to meet all or part of the cost of medical care on immediate and nonrecurring basis. The program is designed to assist as many patients as reasonably possible and is generally available to people in greatest financial need, including those experiencing unusual or unfortunate circumstances. In 2006, the program served 247,373 applicants

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 2006, the program served 328 patients. In addition, KFH in Hawaii provided charitable laboratory services for the Tzu Chi Free Clinic on the island of Oahu

#### Charitable Coverage Program

During 2006, 63,170 low-income adults and children who were not eligible for other public or privately sponsored coverage received health care through one of Kaiser Permanente's charitable coverage programs. KFHP contributed \$68 million and KFH contributed an additional \$29 million to provide subsidized care for these underserved populations.

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

• Kaiser Permanente Steps Plan – The Steps Plan provided 14,031 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) The Child Health 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-subsidized coverage and don't qualify for public programs because of family income or immigration status. Child Health Plan provides comprehensive benefits including preventive care, inpatient and outpatient services, prescription drugs, vision and dental care. Premiums are \$8 or \$15 per child per month, depending on family income, for a maximum of three children (additional children are covered free of charge). In 2006, 49,139 children received care through this program.

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

KFHP and KFH have a long history of participating in publicly financed health programs. In 2006, \$439 million was expended (in excess of reimbursement) and approximately 250,000 people were served in government sponsored programs for low-income people in California and Hawaii Approximately \$271 million is attributed to services provided by KFHP and \$168 million is attributed to KFH

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 120,818 Medi-Cal (Medicaid) managed care members in California, providing nearly 49,000 inpatient days and 652,000 outpatient visits during 2006. 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 KFH in California provided \$76.1 million in subsidized care to 21,128 Medi-Cal Fee-for-Service patients Of this amount, approximately \$58.1 million is attributed to services provided by KFH
- Healthy Families KFHP enrolled nearly 110,000 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, KFH and KFHP served both Medicaid members and Medicaid Fee-for-Service beneficiaries

Quest & Medicaid Fee-for-Service – KFHP and KFH provided care to 19,558 individuals
enrolled in Quest, Hawaii's Medicaid Program, and expended approximately \$15.5 million on
subsidized medical care services. The Hawaii Region also contributed an additional \$2.2 million
on subsidized care for Medicaid Fee-for-Service patients.

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

In 2006, KFHP and KFH donated \$15.2 million to 300 nonprofit and community-based agencies in California and Hawaii to support the delivery of medical care by community providers. The following are examples of programs and organizations funded by KFHP and KFH

KFH in California provided \$198,972 to the California Primary Care Association to develop
solutions for greater access to specialty care for uninsured patients who get their primary care
within non-profit community clinics and public hospitals and health systems. The project will
conduct a baseline assessment through a literature review to synthesize relevant research
findings to date and state-wide research to define and measure current specialty care access and
to identify successful practices among safety net providers. The project will convene relevant

stakeholders to foster discussions to increase understanding of the scope and intensity of the problem, focus attention on system change agents, and raise public awareness and visibility about the crisis. As a means to consider short and long-term strategies for addressing the issue, the project will document two to four pilot projects representing best practices in areas such as simplifying referrals, reducing patient wait times, and improving provider training. Finally, this project will publish data briefs and make presentations to raise public awareness of this issue and conduct analyses of data to explore opportunities to remove barriers

- KFH in Northern California awarded \$2.3 million among four safety net providers, Community Partnerships of Santa Clara, San Francisco Community Clinic Consortium, Community Health Center Network and Central Valley Health Network as part of their 'Core Operations, Health Information Technology Initiative, Collaboration with Public Hospital, and PHASE' pilots. The focus of this initiative is to expand the efforts of member community health centers in order to implement disease registries, expand functionality of electronic health record systems, and expand population-based care through the establishment of bridges/interfaces with commonly used laboratories and health information technology systems. An additional focus of this initiative is to develop systems to provide network-wide capacity for benchmarking population-based data for population specific quality improvement planning.
- Venice Family Clinic received \$500,000 from KFH in Southern California to expand their facilities.
   The renovation project will increase services to 57,000 patient visits per year. At least 15% of patients served by the community clinic are homeless.

#### COMMUNITY-BASED PROGRAMS FOR VULNERABLE POPULATIONS

KFH spent approximately \$15.1 million to provide a variety of programs to individuals who live and work in the California and Hawaii communities. The programs listed below are free and open to all community members irrespective of health insurance status.

#### Learning Centers

In 2006, over \$2.7 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 \$2 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 468 youth in 2006.

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

In 2006, KFH donated approximately \$10.5 million to 627 nonprofit and community-based agencies in California and Hawaii to support a variety of community services for vulnerable populations. The following are examples of programs and organizations funded by KFH:

 The Institute for the Study of Human Knowledge's (ISHK) Share Literacy program was awarded \$90,000 from KFH in Northern California Responding to the current nationwide school budget crisis, ISHK has launched a new initiative, 'Share Literacy,' to expand book donations. Now in its fourth year, the literacy project has touched more than 100,000 children who own or have access to books through a number of established literacy programs

- KFH in Southern California gave a \$150,000 capital campaign grant to New Economics for Women to develop a new Prosperity Center for low-income women and their families of Pico-Union/Westlake, one of the poorest Latino communities of Los Angeles. The Center is designed to provide quality, culturally-competent primary and preventive care services and will include a business growth center, a health clinic, and a wellness center. By targeting women in poverty, New Economics for Women seeks to stabilize families and the neighborhoods where they live by helping single parents learn strategies and earn resources for success and transform communities by developing strategies to eliminate poverty.
- KFH in Hawaii supported the Kalihi Valley Instructional Bike Exchange (KVIBE) program by funding the bicycle registrations required by the state. The KVIBE program funded by a Robert Wood Johnson Foundation Active Living by Design grant, partners with a local cycle shop. The objective for the program is to teach young people how to fix a bike and make repairs as needed to encourage more bike riding. The bike shop staff offer assistance in a warehouse close to public housing making repair equipment accessible. Bikes are free to anyone willing to work on repairs.

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

KFH in California and Hawaii spent approximately \$16 million to support clinical and health research activities. Kaiser Permanente conducts more research than any other non-academic institution in the United States. In 2006 Kaiser Permanente investigators in California and Hawaii participated in 1,743 research and evaluation studies, partnering with several prominent academic research institutions, including Harvard University, Oregon Health & Sciences University, Stanford University, University of California (Los Angeles, Berkeley and San Francisco), University of Southern California, University of Washington, National Institutes of Health, Agency for Healthcare Research and Quality and the Centers for Disease Control and Prevention

#### 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. Many of the research studies address current health issues and 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 1980s: 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 Hawaii (CHRH) is the primary research department for KFH in Hawaii.

CHRH, DOR, KFRI, and R&E—together with the Northern and Southern California Nursing Research Departments—spent \$12 million to helped support primary research studies, published more than 430 articles annually and present findings in medical education forums and conferences. The following is a sampling of the evidence-based studies conducted in 2006

 Study "When Human Participants in Research Complain, Ask Questions or Express Concern Protecting Vulnerable Populations in an HMO Setting"
 Data from 84 human participants from 2004-2005 was gathered retrospectively from existing records of questions, complaints and concerns submitted to the Institutional Review Board at an HMO to improve human participant education in understanding of the research process. Most (80%) of the participants had questions regarding the informed consent process, recruitment letters and risks associated with their participation in clinical trials. Monolingual Latinos and elderly participants (68%) were the most frequent callers with questions related to their understanding of the informed consent process. The difficulties vulnerable human participants encounter during recruitment and the informed consent process implicate our understanding of bioethical issues and psychological principles. There are still ways to improve vulnerable populations' participation in research which require new strategies designed to protect their health, safety and welfare

- Study Parental Perception of Neighborhood Safety and Children's Physical Activity
  The current study investigates whether parental perception of danger in one's neighborhood is
  associated with physical activity in children aged 10-12. Over 200 parent-child dyads are enrolled
  in the study. All parent/caregivers will be interviewed on the telephone and child interviews will
  be either over the phone or in-person. Interview topics include general health, physical activity,
  perception of neighborhood safety, where child spends his/her time, and extent of adult
  supervision. In addition, a subset of 25 children will wear an accelerometer for a week to assess
  physical activity. The study expects to learn how parental perception of neighborhood safety is
  associated with physical activity in children aged 10-12 and learn more about the relationship
  between children's perception of danger and their own physical activity levels and the correlation
  between objective measures of neighborhood danger and perception of danger among parents
- Study. The Work, Weight, Wellness (3W) Project
  This study is being conducted by Kaiser Permanente's Center for Health Research investigators
  in Hawaii and Northwest to test innovative worksite interventions designed to reduce obesity
  Researchers are assessing the impact of multiple environmental changes and weekly onsite
  weight management groups of body mass index (BMI), weight, health behaviors, absenteeism
  and worker's compensation claims of 12,000 hotel employees on the island of Oahu. The study
  expects to develop new insights about how employers can field workplace health promotion
  programs.

#### **Health Sciences and Medical Libraries**

KFH spent approximately \$3.5 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 2006, health sciences and medical libraries in California and Hawaii completed more than 258,000 requests for general knowledge and literature searches for research purposes

#### **EDUCATION**

In California and Hawaii, KFHP and KFH spent \$68 million to educate health care professionals and consumers during 2006

#### **CONSUMERS**

KFHP spent \$30,013 and KFH spent \$9 million on community wellness and health education programs in California and Hawaii

#### **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 disseminate 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 2006, the Regional Health Education Departments in California and Hawaii undertook specific community focused projects and partnered with several nonprofit community agencies to provide additional services. The following are examples of community programs aimed at educating health care consumers.

- The Southern California Regional Health Education Department was the primary technical assistance provider for The California Endowment's Healthy Eating Active Communities (HEAC) Initiative, in collaboration with Kaiser Permanente's Healthy eating Active Living Initiative Regional Health Education consulted on development of intervention strategies, reviewed logic models and work plans, identified needs and shared of Kaiser Permanente current behavioral modification practices. The main projects sites included South Central Los Angeles, Baldwin Park in the San Gabriel Valley, Chula Vista in San Diego County and Santa Ana in Orange County. Each site consists of 3 major partners-a school district, a county public health department and a neighborhood group. Regional Health Education also coordinated trainings and provided participant material. The training focused on BMI screening, weight goals, brief focused advice, prevention messages, and introduction to community advocacy.
- The Northern California Region partnered with local community agencies, BANANAS, Inc ,
  Berkeley-Albany YMCA Early Childhood Services and the Community Child Care Coordinating
  Council of Alameda County to provide training on asthma management and diabetes control for
  children to childcare providers.
- "Start Steppin with Kaiser Permanente" was an event that featured a workday walk around Tamarind Park in downtown Honolulu and health fair. Over 265 participants walked twice around the 1000 step course. Volunteers held banners at every 250 steps markers and as each participant reached the markers they were rewarded with a healthy incentive such as bottled water, snack bars, fruit, lip balm, etc.

#### **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 \$7 million to provide nearly 475,000 children and adults in California the opportunity to view one of the 1,879 performances during 2006. The current repertoire includes:

- The Best ME a program for grades 3-6 that helps students understand the benefits of making healthier life choices
- Zip's Great Day Musical comedy for elementary school children about making healthy choices and avoiding conflict
- PEACE 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-STHMAI 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
- The Swashbuckling Adventures of Jaime in the World of Red, the Reading Pirate promotes the importance of literacy to students.

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

Kaiser Permanente donated approximately \$1 2 million to support a variety of projects aimed at providing education to health care consumers

- KFH in Southern California gave a grant to Esperanza Community Housing Corporation to support the Community Health Promoters Program. The program trains 25 residents of the Adams/Hoover community of Los Angeles, a medically underserved community facing poverty, chronic health problems, low educational attainment and sub-standard housing. The 25 residents receive professional training and mentoring to provide health education and outreach to 25,000 community residents. Esperanza Community Housing Corporation created the Community Health Promoters Program in 1995, and has trained over 280 bilingual and trilingual community leaders.
- A \$200,000 grant from KFH in Northern California was given to Bay Area Black United Fund, Inc (BABUF) for the 2007 African American Health Summit. The bi-annual Health Summit provides participants with updates on African American health disparity intervention strategies, models or best practices, and create partnerships that help to reduce disparities in the health of African Americans. What began as an Alameda County effort has taken root in other Bay Area black communities, and has emerged as a broad-based coalition of community leaders, public/private agencies, service providers, and community volunteers working together to plan and implement what is now known as the Bay Area African American Health Initiative (BAAAHI)
- KFH in Hawaii continued to support the Kapiolani Poison Prevention Program (KPPP). The KPPP provides education of the importance for accidental poison prevention in Hawaii and responded to questions to more than 19,000 people. The KFH donation supported the printing and dissemination of 510,000 poison hotline stickers inserted into the front cover of local phone books. The removable stickers serve as an alert for parents and caregivers to call the new poison hotline for immediate assistance. The program has been transferred to the Hawaii State. Department of Health for on-going support and maintenance.

#### **PUBLIC POLICY**

Both KFHP and KFH recognize that public policy influences the environment in which we operate and impacts the communities we serve. In 2006, KFHP contributed \$1.3 million and KFH contributed \$843,305 to advance public policy that is beneficial to the community. The KFHP and KFH 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.

#### 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 2006, KFHP contributed \$1.3 million to support a number of IHP's conferences, roundtables and policy briefings.

In December 2006, IHP convened a roundtable to discuss universal coverage proposal with key California stakeholders groups involved in efforts to extended healthcare coverage to the state's estimated 6.5 million uninsured residents. The proposal played an important role in stimulating further discussion and action in Sacramento.

#### Kaiser Permanente Care Management Institute

Care Management Institute is nationally recognized in defining and sharing evidenced-based approaches to improving care. During 2006, more than 50 safety net organizations participated in a day-long seminar hosted by CMI that focused on improving care for culturally diverse communities

Community Benefit staff, working with KFHP's Care Management Institute and Institute for Culturally Competent Care, is fully committed to the national objective of eliminating racial and ethnic disparities

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

KFH spent \$843,305 to support various nonprofit organizations. The following are examples of two programs funded within this category in 2006:

- KFH in Southern California contributed to Vision y Compromiso 4<sup>th</sup> Annual "Hacia Una Vida Digna y Sana" Statewide Promotora-Community Health Worker Conference in which 1,000 promotoras and community health workers from six regions across the state as well as delegations from other location in the Unites States and Mexico. The conference highlighted the opportunities for promotoras and community health workers to continue to develop their leadership skills, advocacy and build their capacity to become critical resources for the community that they serve

#### OTHER COMMUNITY BENEFITS

In 2006, KFH in California and Hawaii spent nearly \$6.5 million on other community benefit activities and programs beyond the national focus areas

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

Approximately \$6.4 million was spent on other community grants and donations by KFH in California and Hawaii

 KFH in Northern California donated \$1 million to Doctors Medical Center (DMC) in San Pablo to support their implementation of an electronic health record system. The funds helped DMC to complete the required IT infrastructure reconstruction to support the new enterprise-wide. information system. The new system will allow physicians to review patient's medical histories, and test results in a more timely method to improve patient-center care.

#### **Community Giving Campaigns**

In 2006, KFH contributed \$147,000 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**

#### 2006 NATIONAL DIRECT COMMUNITY BENEFIT INVESTMENT PROGRAM

The following charts summarize 2006 Community Benefit investments nationally for KFHP and for KFH The investments in the community reflected in the charts are unaudited

CB PRIORITY AREAS	NATIONAL	NATIONAL	NATIONAL
	HEALTH PLAN	HOSPITAL TOTAL	CBTOTAL
	TOTAL		
VULNERABLE POPULATIONS		<del></del>	
Medical Care Services	\$404,001,035	\$256,776,183	\$660,777,217
Community-Based Programs	2,250,523	15,552,601	17,803,124
Other Vulnerable Populations	5,892,479	10,261,422	16,153,901
Subtotal	412,144,036	282, 590, 206	694,734,242
EVIDENCE-BASED MEDICINE			
Research	1,650,394	15,443,415	17,093,809
Medical Libraries	80,121	3,783,359	3,863,480
Other	318,633	1,607,585	1,926,218
Subtotal	2,049,148	20,834,359	22,883,507
EDUCATION			
Consumer	3,651,037	10,036,963	13,688,000
Health Professionals	3,956,700	61,229,431	65,186,131
Subtotal	7,607,737	71,266,394	78,874,131
PUBLIC POLICY			
Public Policy Grants & Expenses	1,331,511	843,305	2,174,816
Subtotal	1,331,511	843,305	2,174,816
OTHER COMMUNITY BENEFITS			
Other CB Grants & Expenses	932,649	6,398,001	7,330,650
Community Giving	398,308	189,352	587,660
Subtotal	1,330,957	6,587,353	7,918,310
TOTAL	\$424,463,389	\$382,121,617	\$806,585,006

#### **ATTACHMENT B**

## DIRECT COMMUNITY BENEFIT INVESTMENT PROGRAM 2006 KFHP COMMUNITY BENEFIT FINANCIALS

The following chart summarizes 2006 community benefit investment by KFHP and KFH in **California** and **Hawaii** The investments in the community reflected in the chart are unaudited

	Secretary Assets	E KFH	
CB PRIORITY AREAS	TOTAL 4		CB TOTAL:
VULNERABLE POPULATIONS			
Medical Care Services	\$342,503,486	\$251,759,620	\$594,263,106
Community-Based Programs	0	15,143,568	15,143,568
Other Vulnerable Populations	4,502,497	9,608,755	14,111,252
Subtotal.	347,005,983	276,511,943	623,517,926
EVIDENCE-BASED MEDICINE			
Research	0	12,035,522	12,035,522
Medical Libraries	0	3,482,930	3,482,930
Other	0	385,144	385,144
Subtotal	0	15,903,596	15,903,596
EDUCATION			
Consumers	30,013	8,957,614	8,987,628
Health Professionals	0	58,860,436	58,860,436
Subtotal <sup>-</sup>	30,013	67,818,050	67,848,063
PUBLIC POLICY			
Public Policy Grants & Expenses	1,257,511	843,305	2,100,816
Subtotal	1,257,511	843,305	2,100,816
OTHER COMMUNITY BENEFITS			-
Other CB Grants & Expenses	0	6,323,001	6,323,001
Community Giving Campaigns	0	147,000	147,000
Subtotal	0	6,470,001	6,470,001
TOTAL	\$348,293,507	\$367,546,895	\$715,840,402

#### KAISER FOUNDATION HEALTH PLAN, INC. 94-1340523 12/31/06

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

(A) NAME	(B) TITLE/ HOURS' WEEKLY	TITLE/		(C2) COMPENSATION 2006	(D1) BENEFIT 2006	(D2) BENEFIT PAID 2007	(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
DIRECTORS							
George C Halvorson	Director & Chairman		SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW
Daniel P Garcia	Director		SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW
Judith A Johansen	Director from April 2006	6	0	134,701	0	0	0
Christine K Cassel	Director	5	0	170,000	0	0	0
Thomas W Chapman	Director	8	0	186,959	0	0	0
William R Graber	Director	6	0	193,032	0	0	0
J Eugene Grigsby III	Director	5	0	191,002	0	0	3,240
Kım J Kaiser	Director	6	0	190,500	0	0	0
J Neal Purcell	Director	5	0	220,943	0	0	0
Philip A Marineau	Director	2	0	144,532	0	0	0
Edward Pei	Director from April 2006	8	0	136,000	0	0	0
Cynthia Telles	Director	7	0	182,109	0	0	0
Sandra Thompkins	Director	5	0	115,425	0	0	0
Jenny Ming	Director from December 2006	5	0	3,036	0	0	0
OFFICERS AND KEY EMPLO	YEES						
President and Regional Presi	dents						
George C Halvorson	CEO & President	40	0	2,656,950	1,698,387	2,530,000	0
Mary Ann Thode	Regional President-NorCal	40	537,840	664,852	451,274	445,656	0
Benjamin K Chu	Regional President-SoCal	40	0	653,700	243,923	274,662	0
Janice L Head*	Regional President-Hawaii to January 2007	40	971,815	365,762	1,178,192	261,074	0
National Officers and Key Em	nployees						
Raymond J Baxter	Senior Vice President	40	0	535,109	486,720	530,372	0
Robert M Crane	Senior Vice President	40	238,225	601,088	215,293	511,229	0
J Clifford Dodd*	Senior Vice President to November 2006	40	1,353,225	3,673,633	2,107,499	0	0
Jerry C Fleming	Senior Vice President	40	576,401	591,145	186,137	423,866	0
Daniel P Garcia	Senior Vice President	40	105,348	556,890	271,849	435,409	0
Mitchell J Goodstein	Senior Vice President	40	545,373	539,473	185,561	313,362	0
Kathryn Lancaster	Senior Vice President	40	181,081	835,249	223,860	600,279	0
Lawrence B Leisure	Senior Vice President	40	0	739,627	290,484	648,989	0
Louise Liang, MD	Senior Vice President	40	0	894,822	511,964	632,583	0
Diane Gage Lofgren	Senior Vice President from June 2006	40	0	425,014	65,391	97,367	12,000
Lesire A Margolin*	Senior Vice President to March 2006	40	2,625,122	2,747,943	468,582	0	0
Christine Malcolm	Senior Vice President from March 2006	40	0	476,250	260,746	247,320	0
Laurence G O'Neil	Senior Vice President	40	0	484,980	902,461	619,730	0
Christine Paige	Senior Vice President	40	392,389	444,820	117,205	202,858	0
Arthur M Southam, MD	Senior Vice President	40	1,146,160	1,193,155	330,131	968,555	0
Bernard J Tyson	Senior Vice President	40	3,827	890,811	327,852	803,244	0
Bruce Turkstra	Interim CIO	40	0	543,623	97,663	0	42,840
Robert Walton*	Senior Vice President to August 2006	40	16,879	1,170,362	717,599	0	0
Herman M Weil	Senior Vice President	40	131,280	390,359	166,672	217,043	0
Larry Wilson	Senior Vice President	40	0	552,168	443,602	345,859	0
Theodore E Wise*	Senior Vice President to December 2006	40	713,262	751,396	963,554	0	0
Steven R Zatkın	Senior Vice President	40	609,081	780,787	547,768	595,664	0
Thomas R Meier	Vice President/Treasurer	40	229,630	337,939	118,013	211,978	0
Deborah Stokes	Vice President/Controller	40	74,678	385,377	107,626	219,492	Ō
Steven Doshay	Assistant Secretary	40	0	224,141	29,103	58,056	0
Jennifer Gardner	Assistant Secretary	40	0	76,694	21,440	5,774	Ö
Judith M Mears	Assistant Secretary	40	338,329	305,357	120,361	128,469	0
Wayne Morris	Assistant Secretary	40	174,218	301,148	93,359	120,619	Ö
Indrajit Obeysekere	Assistant Secretary	40	0	228,303	29,751	63,859	ō
Carlos Zaragoza	Assistant Secretary	40	0	235,814	86,015	75,645	0
Victoria B Zatkın	Assistant Secretary	40	3,768	209,383	67,343	70,718	0
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NOTES See following page for notes applicable to the above reporting

#### KAISER FOUNDATION HEALTH PLAN, INC. 94-1340523 12/31/06

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

(A) NAME see note 2	(C1) COMPENSATION PRE 2006 See Notes 3 & 4	(C2) COMPENSATION 2006 See Notes 3 & 4	(D1) BENEFIT 2006 See Notes 3, 4 & 5	(D2) BENEFIT PAID 2007 See Notes 3, 4 & 5	(E) EXP ACCT/ OTHER ALLOW. see notes 3, 4 & 6
			·		•
George C Halvorson	0	0	0	0	0
Daniel P Garcia	0	0	0	0	0
Judith A Johansen	0	0	0	0	0
Christine K Cassel	0	0	0	0	0
Thomas W Chapman	0	16,300	0	0	0
William R Graber	0	0	0	0	0
J Eugene Grigsby III	0	18,693	0	0	0
Kım J Kaiser	0	0	0	0	0
J Neal Purcell	0	15,800	10,718	0	0
Philip A Marineau	0	0	0	0	0
Edward Pei	0	~	0	0	0
Cynthia Telles Jenny Ming	0	13,800 0	0	0	0
Sandra Thompkins	0	0	0	0	0
Mary Ann Thode	0	0	0	0	0
Benjamin K Chu	0	0	0	0	0
Janice L Head	0	0	0	0	0
Raymond J Baxter	0	0	0	0	0
Robert M Crane	0	0	0	0	0
J Clifford Dodd	0	0	0	0	0
Jerry C Fleming	0	0	0	0	0
Mitchell J Goodstein	0	0	0	0	0
Kathryn Lancaster	0	0	0	0	0
Lawrence B Leisure	0	0	0	0	0
Louise Liang, MD	0	0	0	0	0
Leslie A Margolin	0	0	0	0	0
Christine Malcolm	0	0	0	0	0
Christine Paige	0	0	0	0	0
Laurence G O'Neil	0	0	0	0	0
Arthur M Southam, MD	0	0	0	0	0
Bernard J Tyson	0	0	0	0	0
Bruce Turkstra	0	0	0	0	0
Robert Walton*	0	0	0	0	0
Herman M Weil	0	0	0	0	0
Larry Wilson	0	0	0	0	0
Theodore E Wise	0	0	0	0	0
Steven R Zatkın	0	0	0	0	0
Thomas R Meier	0	0	0	0	0
Deborah Stokes	0	0	0	0	0
Steven Doshay	0	0	0	0	0
Jennifer Gardner	0	0	0	0	0
Judith M Mears	0	0	0	0	0
Wayne Morris	0	0	0	0	0
Indrajit Obeysekere	0	0	0	0	0
Carlos Zaragoza Victoria B Zatkin	0	0	0	0	0
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NOTES: See following page for notes applicable to the above reporting.

### KAISER FOUNDATION HEALTH PLAN INC.

#### 94-1340523 12/31/2006

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

(A) NAME	(B) LOANS AND ADVANCES	(C1) COMPENSATION PRE 2006	(C2) COMPENSATION 2006	(D1) BENEFIT 2006	(D2) BENEFIT PAID 2007	(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
DAVID M LAWRENCE	0	910,989	0	13,589	418,665	0
BRUCE BEHNKE	0	771,558	0	5,472	16,171	0
DALE L CRANDALL	0	641,298	0	15,548	95,384	0
GEORGE TOMBERLIN	0	152,063	0	11,687	1,459	0
JOSEPH HUMMEL	0	114,878	0	9,855	38,363	0
ROBERT E BRIGGS	0	143,652	0	0	0	0
JAMES VOHS	0	114,802	0	11,537	0	0
RICHARD PETTINGILL	0	36,044	0	0	80,265	0
KIRK MILLER	0	21,469	0	0	34,075	0
WILLIAM GILLESPIE	0	9,147	0	23,613	10,391	0
TIMOTHY E SULLIVAN	0	14,299	0	0	25,255	0
RICHARD CORDOVA	0	7,982	0	0	15,525	0
BARBARA WEST	0	1,018	0	9,272	1,633	0
PATRICAI SIEGEL	0	2,792	0	8,850	0	0
HENRY M KAISER	0	0	0	10,634	0	0
LYNN ABRAHAM	0	3,447	0	0	6,093	0
DAVID R ANDREWS	0	0	0	10,511	0	0
JAMES SAMUEL	0	2,174	0	1,878	2,803	0
EDWARD PENHOET	0	626	0	0	2,525	0
DEAN MORTON	0	0	0	498	0	0
CAROL COX	0	0	21,873	7,217	0	0
CHRISTOPHER BINKLEY	0	330,344	158,298	25,374	181,198	0
HANS TJIAM	0	0	0	10,000	0	0
BARBARA DAVIS BLUM	0	0	0	3,125	0	0
ROBERT L RIDGLEY	0	0	0	17,283	0	0

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 2006. 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 2005 and 2006. For instance, column C1 includes distributions from retirement, savings, and deferred compensation plans that were earned in prior years, and column D2 includes incentive payments scheduled for 2007 for performance goals achieved in 2006.

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 2006 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 2006 (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 2006 is reported based on individual records for Directors Kaiser, Chapman, Graber, Telles, Johansen, Marineau and Pei; 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 2006

#### KAISER FOUNDATION HEALTH PLAN, INC. EMPLOYEE COMPENSATION FOR FORM 990 REPORTING PURPOSES FOR TAX YEAR 2006

TOP FIVE EMPLOYEES

NAME	TITLE	HOURS see note 7	(C1) COMPENSATION PRE-2006 see notes 3 & 4	(C2) COMPENSATION 2006 see notes 3 & 4	(D1) BENEFITS 2006 see notes 3, 4 & 5	(D2) BENEFITS PAID 2007 see Notes 3, 4 & 5	(E) EXP ACCT/ OTHER ALLOW. see notes 3, 4 & 6
KATHLEEN AURE	VP	40	712,585	376,980	198,328	201,306	0
JAMES BECK	VP	40	909,488	316,270	71,640	142,554	0
MARILYN CHOW	VP	40	787,301	336,786	177,416	146,779	0
JACK HUDES	VP	40	505,736	408,032	164,460	205,803	0
CHARLES SABATINO	VP	40	647,833	386,968	185,573	183,233	0

NOTES: See Statement 15 for notes applicable to the above reporting.

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

DESCRIPTION	Date Acquired	Date Sold	Proceeds/ Sales Price	Cost/Basis Expense of Sale	Accum Depreciation	Gain or -Loss	If an asset sold for over \$10,000, Name of Purchaser
See Note -	#1	#2					
GAINS AND LOSSES FROM SALE OF INVEST	TMENTS						
State Street	Vanous	Various	12,641,421,397	12,551,591,626	0	89,829,771	
Impairment Adjustment	Vanous	Various	0	0	(7,367,164)	(7,367,164)	
Miscellaneous adjustments	Vanous	Vanous	0	0	(9,033,397)	(9,033,397)	
Misc adj (timing issue) - Nat'l Century Bonds	Vanous	Vanous	0	0	1,492,276	1,492,276	
Other Venture Capital Investments	Vanous	Vanous	100,311	0	0	100,311	
Total Realized Gains from Investments			12,641,521,708	12,551,591,626	(14,908,285)	75,021,797	
GAINS AND LOSSES FROM SALE OF FIXED	ASSETS	7					
NORTHERN CALIFORNIA REGION		_					
Controllable Equipment	Vanous	09/2006	161,926	161,926	36,781	36,781	Kaiser Hospital Assistance-LLC (KHAC)
Artwork	Vanous	09/2006	20,424	20,424	8,297	8,297	Kaiser Hospital Assistance-LLC
Initial Complement Equipment	Vanous	09/2006	497.489	497,489	315,238	315,238	Kaiser Hospital Assistance-LLC
			101,100	431,403	010,200	0.0,200	reactivities resistance and
Miscellaneous Sales - under \$10,000 per sale su Controllable Equipment	ummanzed in gr Vanous	oups 09/2006	460,957	460.957	156,906	156,906	Kaiser Hospital Assistance-LLC
Initial Complement Equipment	Vanous Vanous	09/2006	460,957 840,501	460,957 840,501	156,906 530,077	156,906 530,077	Kaiser Hospital Assistance-LLC Kaiser Hospital Assistance-LLC
Non-Capital Equipment	Various	Vanous	458	1,519	1,375	314	Naise Hospital Assistance-LLC
Controllable Equipment	Vanous	Vanous	30,797	325,632	315,055	20,220	
Autos & Trucks	Vanous	Various	31,275	639,976	605,677	(3,024)	
Miscellaneous Equipment	Vanous	Vanous	173,495	188,747	30,209	14,957	
Miscellaneous Equipment Retirement/Write-Offs	Vanous	Vanous	0	104,721,886	104,002,543	(719,343)	
Subtotal - Northern California Region			2,217,322	107,859,057	106,002,158	360,423	
SOUTHERN CALIFORNIA REGION							
Lens Maker	03/01/98	Mar-06	13,857	96,803	96,803	13,857	Empire Optical
Pill Counter	02/01/97	May-06	15,000	1,194,961	1,194,961	15,000	AutoMed Technologies, Inc
Pıll Maker	02/01/97	May-06	15,000	1,166,877	1,166,877	15,000	AutoMed Technologies, Inc
Lens Maker	03/01/98	Mar-06	15,000	96,803	96,803	15,000	Pat McCoy Optical Equipment
Miscellaneous Sales - under \$10,000 per sale su			40.000	404.007	400.500		
Miscellaneous Equipment Autos and Trucks	Vanous Vanous	Various Various	19,208 44,450	104,807 499,925	100,528 494,814	14,928 39,339	
			•		•		
Miscellaneous Equipment Retirement/Write-Offs	Vanous	Vanous	0	34,968,337	34,691,666	(276,671)	
Subtotal - Southern California Region			122,515	38,128,513	37,842,451	(163,547)	
Hawaii							
Land - Mililani Tech Park Parcel # 22	Vanous	Vanous	5,000,000	3,055,734	0	1,944,266	
Miscellaneous Bldg/LH Retirement/Write-Offs	Various	Various	0	34,923	8,836	(26,087)	
Misc Equip/Fum/Fix Retirement/Winte-Offs	Vanous	Various	0	209,426	185,004	(24,422)	
Miscellaneous Computer Retirement/Write-Offs	Various	Vanous	0	844,217	828,599	(15,618)	
Subtotal - Hawaii			5,000,000	4,144,300	1,022,439	1,878,139	ok
PROGRAM OFFICE Write-offs							
Net Gains on Sales of Fixed Assets			7,339,837	150,131,870	144,867,048	2,075,015	
Combined Totals							
Combined Totals			12,648,861,545	12,701,723,496	129,958,763	77,096,812	
RECAP OF NET GAIN/(LOSS)			Investments	Fixed Assets	Combined		
ORIGINAL COST AND EXPENSE OF SALE			12,551,591,626	150,131,870	12,701,723,496		
DEPRECIATION			-14,908,285	144,867,048	129,958,763		
NET COST OR OTHER BASIS			12,566,499,911	5,264,822	12,571,764,733		
LESS GROSS SALES PROCEEDS			12,641,521,708	7,339,837	12,648,861,545		
NET GAIN/(LOSS)			75,021,797	2,075,015	77,096,812		

Note #1 All equipment and other fixed assets were acquired by purchase by the organization for use in its tax-exempt purpose of providing health care services on a mostly prepaid basis to its enrolled members. The organization acquired the assets on the open market at prices that were competitive with similar property at the time of acquisition.

Note #2 All equipment and other fixed assets have been disposed of either by sale to the general public, donation to other Section 501(c)(3) tax-exempt organizations or by abandonment

After a good faith effort to market the assets deemed no longer serviceable to the organization in its purpose, where reasonable such assets are sold to the highest offer given the condition, age, and usability of the asset

## KAISER FOUNDATION HEALTH PLAN, INC. FORM 990 TAX YEAR 2006

#### 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.

	COS	ST	ACCUMULATED I	ACCUMULATED DEPREC/AMORT			
	BEGINNING OF YEAR	END OF YEAR	BEGINNING OF YEAR	END OF YEAR	DEP/AMORT EXPENSE		
LAND	302,747,858	350,567,932	0	0	0		
LAND IMPROVEMENTS	39,420,855	37,782,284	32,677,958	31,388,026	910,301		
BUILDINGS	1,973,593,398	2,070,707,326	945,810,189	937,430,875	105,929,762		
LEASEHOLD IMPROVEMENTS	529,609,612	567,256,223	313,690,794	359,496,936	24,634,930		
EQUIPMENT	768,246,508	727,966,311	652,714,825	679,192,022	30,110,845		
CAPITALIZED SOFTWARE	449,759,528	454,468,528	406,261,960	420,436,302	14,000,900		
CAPITALIZED LEASES	46,805	46,805	0	46,805	0		
CONSTRUCTION IN PROGRESS	122,488,672	182,986,699	0	0	0		
TOTALS TO PART IV, LINE 57(A)	4,185,913,236	4,391,782,108					
PART IV, LINE 57(B)		· · · · · · · · · · · · · · · · · · ·	2,351,155,726	2,427,990,966			
PART IV, LINE 57(C)	1,834,757,510	1,963,791,142					
PART II, LINE 42 COLUMN (B)					175,586,738		

#### KAISER FOUNDATION HEALTH PLAN, INC. 94-1340523 DECEMBER 31, 2006

#### ATTACHMENT FOR:

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

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, 2006:

EMPLOYER		ENTITY NAME		DIRECT & INDIRECT % CONTROLLED BY KFHP, INC.
	ENTITIES THAT ARE OWNED DIRECTLY OR IN I, INC., THAT ARE ALSO EXEMPT FROM FEDI			
93-0798039	KAISER FOUNDATION HEALTH PLAN OF T	HE NORTHWEST		100%
84-0591617	KAISER FOUNDATION HEALTH PLAN OF C	OLORADO		100%
58-1592076	KAISER FOUNDATION HEALTH PLAN OF G	EORGIA, INC.		100%
52-0954463	KAISER FOUNDATION HEALTH PLAN OF T			100%
34-0922268	KAISER FOUNDATION HEALTH PLAN OF O	HIO		100%
23-7425486	COMMUNITY HEALTH PLAN			100%
94-3299124	KAISER HEALTH PLAN ASSET MANAGEME	NT, 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%
	ENTITIES THAT ARE OWNED DIRECTLY OR IN			
03-0329760	OAK TREE ASSURANCE, LTD			100%
94-3113684	KAISER PERMANENTE HEALTH ALTERNAT	TIVES INC		100%
94-3259432	KAISER PROPERTIES SERVICES, INC	IVES, INC		100%
91-1814507	CHP COMPANIES, INC			100%
	DATION HEALTH PLAN, INC. IS AFFILIATED V AL INCOME TAX UNDER IRC SECTION 501(C)			
94-1105628	KAISER FOUNDATION HOSPITALS		*(1)	N/A
94-3299125	KAISER HOSPITALS ASSET MANAGEMENT	, INC	*(2)	N/A
	DATION HEALTH PLAN, INC. IS AFFILIATED I T ARE NOT EXEMPT FROM FEDERAL INCOM			
94-3245176 94-3292262	KAISER PERMANENTE INTERNATIONAL KAISER PERMANENTE VENTURES		*(2) *(2)	N/A N/A
				N/A N/A
68-0444615 91-2166347	CARETOUCH, INC KP ONCALL, LLC (elected to I	be treated as a disregarded entity for tax purposes)	*(2) *(2)	N/A N/A
20-3774729	ARCHIMEDES, INC	e treated as a disregarded entity for tax purposes;	*(2)	N/A
20-3924985	HEALTH CARE MANAGEMENT SOLUTIONS	LIC	*(2)	N/A
94-3203402	KAISER PERMANENTE INSURANCE COMP		*(3)	50%
N/A		reated as a disregarded entity for tax purposes)	*(4)	N/A
20-2961620	KP CAL	outou as a distrigation strong for tark purposes,	۲٠,	100%
20-2712661		ated as a disregarded entity for tax purposes)		100%
NOTE *(1)		FORNIA NOT-FOR-PROFIT CORPORATION, PROVISIONS OF INTERNAL REVENUE CODE OARD OF DIRECTORS WITH KAISER		
NOTE *(2)	THESE ENTITIES ARE SUBSIDIARIES OF K	AISER FOUNDATION HOSPITALS		
NOTE *(3)		VHICH 100% OF THE PREFERRED STOCK AND D BY KAISER FOUNDATION HEALTH PLAN, INC		
NOTE *(4)	HAMI - COLORADO, LLC - THE SOLE MEM IS KAISER HOSPITALS ASSET MANAGEME	BER OF THIS LIMITED LIABILITY COMPANY NT, INC		

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

#### KAISER FOUNDATION HEALTH PLAN, INC. 94-1340523 12/31/2006

## STATEMENT LINE 50 - RECEIVABLES DUE FROM OFFICERS, DIRECTORS AND KEY EMPLOYEES FORM 990 PART IV

	[	Balance o	of Note						
Name and Title	Original Amount	12/31/05	12/31/06	Date of Note	Maturity Date	Terms	Interest Rate	Security	Purpose
Darren Oliver	100,000	2,150	-	10/4/00	10/4/05	Principal & Interest payable annually	6.22%	Recorded DoT	Employee Relocation
Theodore Wise	100,000	25,000	-	5/21/02	5/21/06	Principal & Interest payable annually	4.99%	Recorded DoT	Employee Relocation
Alide Chase	70,000	35,000	17,500	6/25/03	6/25/07	Principal & Interest payable annually	3 06%	Recorded DoT	Employee Relocation
George DiSalvo	52,500	13,125	-	10/15/03	10/15/07	Principal & Interest payable annually	3.65%	Recorded DoT	Employee Relocation
Lon Dutcher	70,000	35,000	17,500	6/27/03	6/27/07	Principal & Interest payable annually	3 06%	Recorded DoT	Employee Relocation
Kendall Hunter	85,000	42,500	21,250	6/16/03	6/16/07	Principal & Interest payable annually	3.06%	Recorded DoT	Employee Relocation
Jim Sımpson	100,000	50,000	25,000	11/26/03	11/26/07	Principal & Interest payable annually	3.32%	Recorded DoT	Employee Relocation
Michael Alexander	70,000	52,500	•	8/20/04	8/20/08	Principal & Interest payable annually	4.00%	In Process DoT	Employee Relocation
Anne Cadwell	30,000	22,500	15,000	4/21/04	4/21/08	Principal & Interest payable annually	3.15%	Recorded DoT	Employee Relocation
Thomas Curtin Jr.	50,000	37,500	25,000	6/1/04	6/1/08	Principal & Interest payable annually	3 89%	Recorded DoT	Employee Relocation
James Hankins	50,000	37,500	25,000	5/27/04	5/27/08	Principal & Interest payable annually	3.16%	Recorded DoT	Employee Relocation
Brian Huey	50,000	37,500	25,000	7/9/04	7/9/09	Principal & Interest payable annually	3.89%	Recorded DoT	Employee Relocation
Barry Lue	50,000	39,748	27,244	3/10/04	3/10/08	Principal & Interest payable annually	3 62%	Recorded DoT	Employee Relocation
Christine Malcolm	100,000	77,695	52,693	10/18/04	10/18/08	Principal & Interest payable annually	3.62%	Recorded DoT	Employee Relocation
Colleen McKeown	70,000	52,500	35,000	8/9/04	8/9/08	Principal & Interest payable annually	4.00%	Recorded DoT	Employee Relocation
Jeanie Murchison	30,000	22,500	15,000	4/30/04	4/30/08	Principal & Interest payable annually	3 15%	Recorded DoT	Employee Relocation
DeAnne Peterson	70,000	52,500	35,000	3/1/04	3/1/09	Principal & Interest payable annually	3 15%	Recorded DoT	Employee Relocation
Robert Walton	110,000	82,500	-	2/24/04	2/24/08	Principal & Interest payable annually	3 44%	Recorded DoT	Employee Relocation
Charles Bevliacqua	70,000	54,383	37,514	3/9/05	3/9/08	Principal & Interest payable annually	3 83%	In Process DoT	Employee Relocation
Kelly Cannon	100,000	100,000	100,000	9/27/05	9/27/09	Principal & Interest payable annually	4 19%	In Process DoT	Employee Relocation

#### KAISER FOUNDATION HEALTH PLAN, INC. 94-1340523 12/31/2006

## STATEMENT LINE 50 - RECEIVABLES DUE FROM OFFICERS, DIRECTORS AND KEY EMPLOYEES FORM 990 PART IV

		Balance	of Note						
Name and Title	Original Amount	12/31/05	12/31/06	Date of Note	Maturity Date	Terms	Interest Rate	Security	Purpose
Levy Curry	70,000	70,000	52,500	1/14/05	1/14/09	Principal & Interest payable annually	3.76%	In Process DoT	Employee Relocation
Dean Edwards	150,000	115,188	77,695	4/14/05	4/14/08	Principal & Interest payable annually	4.09%	Recorded DoT	Employee Relocation
Corwin Harper	70,000	70,000	70,000	6/27/05	6/27/09	Principal & Interest payable annually	4 01%	In Process DoT	Employee Relocation
Wade Overgaard	100,000	100,000	100,000	7/15/05	7/15/09	Principal & Interest payable annually	3.86%	Recorded DoT	Employee Relocation
Dılip Sedanı	105,000	105,000	105,000	5/23/05	5/23/09	Principal & Interest payable annually	4 78%	Recorded DoT	Employee Relocation
John Wallace	136,000	136,000	102,000	7/19/05	7/19/09	Principal & Interest payable annually	4.77%	Recorded DoT	Employee Relocation
Andrew Weintraub	30,000	30,012	30,000	5/23/05	5/23/08	Principal & Interest payable annually	4 78%	Recorded DoT	Employee Relocation
Robert Beltch	50,000	-	50,000	6/21/06	6/21/10	Principal & Interest payable annually	5 06%	Recorded DoT	Employee Relocation
Marlene Foster	75,000	-	75,000	3/7/06	3/7/10	Principal & Interest payable annually	4 51%	Recorded DoT	Employee Relocation
David Nyburg	100,000	-	100,000	8/18/06	8/18/10	Principal & Interest payable annually	5.21%	Recorded DoT	Employee Relocation
Paul Records	100,000	-	100,000	2/13/06	2/13/10	Principal & Interest payable annually	4.40%	Recorded DoT	Employee Relocation
Paul Records	200,000	-	200,000	2/13/06	2/13/11	Principal & Interest payable annually	4.40%	Recorded DoT	Employee Relocation
Ronald Smith	75,000	-	75,000	6/16/06	6/16/10	Principal & Interest payable annually	5 06%	Recorded DoT	Employee Relocation
	TOTAL	1,498,301	1,610,896						
O/S Loans	•		1,600,750						
O/S ST Receivable			10,146 1,610,896						

### KAISER FOUNDATION HEALTH PLAN INC. TIN: 94-1340523 DECEMBER 31, 2006

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

#### LINE NUMBER 93:

#### 93A MEMBERS HEALTH CARE PREMIUMS

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

#### 93B SUPPLEMENTAL CHARGES / 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 Social Security Administration for medical and health care services provided to Plan members covered under Part B of Medicare. Revenue excluded under the provisions of Internal Revenue Regulation 1.501(c)(3)-1.

#### KAISER FOUNDATION HEALTH PLAN, INC.

#### TIN: 94-1340523 DECEMBER 31, 2006

## LOBBYING ACTIVITY BY NONELECTING PUBLIC CHARITIES FORM 990, SCHEDULE A, PART VI-B

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

During the year this Organization may have made comments or statements concerning legislation which may affect the health care industry. Health Plan may have engaged in telephone conversations and/or written letters to various federal, state, and local officials regarding matters which affected the healthcare industry as a whole. The amount of time and money involved in the activities is detailed on lines a through h. Health Plan has not intervened in any political campaign.

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

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

- Collecting, analyzing and distributing within the Organization, public and private policy recommendations regarding proposed legislation and enacted laws that affect the operation of Health Plan and its ability to provide quality health and medical care services to its members in a cost effective environment.
- Providing appropriate informational materials to legislators and to their staffs that
  pertain to matters of common interest in the health care community and in the notfor-profit community.
- Also by preparing written and oral testimony, these individuals appear at legislative hearings, monitor legislative proceedings and meet with legislators and/or their staffs regarding issues pertinent to the mission of Health Plan. Those individuals appearing at such hearings and meetings for and on behalf of Health Plan often are representing the interests of common interest groups as well as the interests of the members of Health Plan.
- Other employees and officers perform services by delivering speeches at various public and private functions and in serving as faculty in healthcare related educational programs throughout the community.

### KAISER FOUNDATION HEALTH PLAN, INC

FEIN: 94-1340523

12/31/2006

#### **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
THEODORE WISE	SIBLING, PHYSICIAN NORTHWEST MEDICAL GROUP
CARLOS ZARAGOZA	SPOUSE EMPLOYEE OF KFHP INC.

#### KAISER FOUNDATION HEALTH PLAN. INC.

FEIN: 94-1340523 December 31, 2006

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

Kaiser Foundation Health Plan, Inc. (KFHP, Inc.) is organized for the public benefit and provides health and medical care services for its members. KFHP, Inc. and Kaiser Foundation Hospitals (KFH) have common Boards of Directors. KFHP, Inc. and KFH are operated as separate charitable corporations. See **Statement 28** for a list of tax-exempt and non-exempt related entities.

Based on a review of KFHP, Inc. records and Conflict of Interest (COI) statements for these directors, officers and key employees for 2006, KFHP, Inc. 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 KFHP individual directors or officers.

In the normal course of business in carrying out its charitable purposes, KFHP, Inc. may have entered into the sale, exchange, or leasing of property with some of the related entities described in **Statement 28**. KFHP, Inc. relationships with such organizations are conducted on a fair market value basis.

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

**Statement 32** provides a list of the directors, officers and key employee family members with whom KFHP, Inc. did business or who were employed by KFHP, Inc. or any KFHP, Inc. affiliate. KFHP, Inc. does not have trustees, creators or substantial contributors.

Based on a review of KFHP, Inc. records and COI statements for these directors, officers and key employees for 2006, KFHP, Inc. did not engage in the lending of money or other extension of credit with any of these persons in 2006. 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 29** provides information regarding officer and key employee loans made by KFHP, Inc. as disclosed in the KFHP, Inc. 2006 Form 990, Part IV and Schedule A, Part III, question 2b.

#### KAISER FOUNDATION HEALTH PLAN, INC.

FEIN: 94-1340523 December 31, 2006

Based on the COI questionnaires for 2006, **Statement 34** lists non-affiliated taxable organizations which did business with KFHP, Inc. in 2006 and on which KFHP, Inc. officers, directors, key employees or their families served as an officer, director, or owner. KFHP, Inc. relationships with such organizations are conducted on a fair market value basis and the KFHP 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 KFHP, Inc. in 2006. Based on a review of COI statements for these directors, officers and key employees for 2006, **Statement 32** provides a list of their family members with whom KFHP, Inc. did business or who were employed by KFHP, Inc. or any KFHP, Inc. affiliate. KFHP, Inc. does not have trustees, creators or substantial contributors. Any such transactions are conducted on a fair market value basis.

Based on a review of KFHP, Inc. records and COI statements for these directors, officers and key employees for 2006, KFHP, Inc. did not engage in the furnishing of goods, services, or facilities with any of the persons in 2006.

In the normal course of business in carrying out its charitable purposes, KFHP, Inc. may have entered into the furnishing of goods, services, or facilities with some of the related taxable entities. **Statement 28** generally describes the transactions between KFHP, Inc. and those entities.

Based on the COI questionnaires for 2006, **Statement 34** lists non-affiliated taxable organizations, which did business with KFHP, Inc. in 2006 and on which KFHP, Inc. officers, directors, key employees or their families served as an officer, director, or owner. **Statement 34** also provides a general summary of the transactional relationship (if any) between KFHP, Inc. and such organizations. KFHP, Inc. relationships with such organizations are conducted on a fair market value basis and the KFHP officer, director or key employee abstained from voting on any such transaction.

KAISER FOUNDATION HEALTH PLAN, INC

FEIN: 94-1340523 December 31, 2006

#### FORM 990, SCHEDULE A, PART III

#### NON-AFFILIATED TAXABLE ORGANIZATION RELATIONSHIPS

NAME	NON-AFFILIATED TAXABLE ORG	TRANSACTIONAL RELATIONSHIP
PHILIP A MARINEAU	LEVI STRAUS & CO	NONE
J NEAL PURCELL	KPMG INTL - RET.  OMNI FLIGHT EMORY HEALTHCARE	AUDIT & TAX ADVISOR AIR AMBULANCE SERVICES NONE
EDWARD PEI	FIRST HAWAIIAN BANK	BANKING SERVICES IN HAWAII
RAYMOND BAXTER	UNION BANK PACIFIC CARE	NONE NONE
JERRY FLEMING	INTEGRATED HEALTH CARE ASSOCIATION	VENDOR TO KP HR PROJECT
LARRY Y WILSON	SCHOLASTIC	NONE
THEODORE WISE	HEARX	VENDOR TO KP FOR HEARING AID SERVICES

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

EMPLOYER TAX ID #	ENTITY NAME		Purpose of Entity	
KAISER FOUNDATION HOSPITAL SUBSIDIARIES (TAXABLE):				
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	
KAISER FOUNDATION HEALTH PLAN INC. SUBSIDIARIES (TAXABLE):				
			Provides dental plans and Point of Service medical plans in Washington state to	
94-3113684	KAISER PERMANENTE HEALTH ALTERNATIVES	Txbl	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.	TxbI	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	

#### KAISER FOUNDATION HEALTH PLAN, INC.

#### **OFFICER'S CERTIFICATE**

I, the undersigned, Victoria B. Zatkin, Assistant Secretary of Kaiser Foundation Health Plan, Inc., a California nonprofit public benefit corporation (the "Corporation"), do hereby certify that:

Attached hereto is a full, true, and correct copy of the Amended Bylaws of the Corporation, as of September 30, 2006.

IN WITNESS WHEREOF, I have hereunto set my hand.

Sytember 18, 2007 Date

#### **BYLAWS OF**

#### KAISER FOUNDATION HEALTH PLAN, INC.

#### **ARTICLE A**

#### **PURPOSES**

#### Section A-1. Principal Purpose.

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

#### Section A-2. Related Purposes.

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

#### Section A-3. Nonprofit Character.

This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. This corporation is organized under the California Nonprofit Public Benefit Corporation Law for, and its assets are irrevocably dedicated

to, public and charitable purposes. The corporation does not and shall not have the power to distribute gains, profits or dividends to its Directors or officers, and no part of its net earnings shall inure to the benefit of any Director or officer of the corporation or to any other individual, but the corporation may compensate Directors and officers for the reasonable value of goods or services that they furnish to the corporation.

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

Upon the corporation's liquidation or dissolution, the Board of Directors shall, after paying or adequately providing for the corporation's liabilities, distribute the corporation's assets to one or more organizations exempt from tax under §501(c)(3) of the Internal Revenue Code of 1986 or any amendment or successor thereto. The corporation's assets may not be distributed so as to inure directly or indirectly to the benefit of any Director or officer of the corporation, or to any other individual, or to any corporation, trust or organization whose net earnings inure to the benefit of any individual.

#### Section A-5. Non-discrimination.

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

# **ARTICLE B**

# **OFFICES**

# Section B-1. Principal Office.

The principal office of this corporation shall be located at the Ordway Building,
One Kaiser Plaza, Oakland, Alameda County, California. The Board of Directors may
change the location of the principal office at any time.

# Section B-2. Other Offices.

This corporation may at any time establish other offices.

#### ARTICLE C

#### DIRECTORS

# Section C-1. Power and Authority of Directors.

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

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

- (a) Commence, conduct and defend legal proceedings;
- (b) Adopt, use and alter a corporate seal, but failure to affix a seal shall not affect the validity of any act or instrument of the corporation;
  - (c) Adopt, amend and repeal Bylaws;
- (d) Select, remove and prescribe powers, duties and compensation of officers, agents and employees, and require security for faithful service;
  - (e) Qualify to conduct, and conduct activities anywhere in the world;
- (f) Acquire, hold, lease, encumber, convey, exchange, transfer upon trust, or otherwise dispose of real and personal property anywhere in the world, and receive and accept inter vivos of testamentary gifts of real or personal property, or both;

- (g) Borrow money, contract debts and issue bonds, debentures, notes or other evidences of indebtedness therefor, and secure the performance of obligations by mortgage or otherwise;
- (h) Acquire, subscribe for, hold, own, pledge and otherwise dispose of and represent shares of stock, bonds and securities of any other corporation, domestic or foreign;
- (i) Purchase or acquire its own bonds, debentures or other evidences of its indebtedness or obligations;
  - (j) Make donations for charitable purposes;
- (k) Act as trustee under any trust incidental to the principal objects of the corporation, and receive, hold, administer and expend funds and property subject to such trust;
- (I) Participate with others in any partnership, joint venture or other association, transaction or arrangement of any kind, whether or not such participation involves sharing or delegation of control with or to others;
- (m) Enter into any contracts, assume any obligations or do any other acts incidental to the conduct of corporate affairs or the attainment of corporate purposes;
- (n) Do all other acts necessary or expedient for administration of the affairs and attainment of the purposes of the corporation.

#### Section C-2. Number.

The number of Directors may be changed at any time by amendment of these Bylaws by the Board of Directors. Until changed by the Board of Directors, there shall be 14 Directors. Only two Directors shall be inside Directors, one of whom shall be the Chairman of the Board of this corporation who shall serve ex officio and only so long as he or she holds such office, and one of whom shall be a senior officer of this corporation designated by the Chairman of the Board. All other Directors shall be independent Directors. Each Director, including the ex officio Director and the designated Director, shall be counted for purposes of determining the presence of a quorum and shall have one vote. Each Director of this corporation shall also serve as a Director of Kaiser Foundation Hospitals, a California nonprofit public benefit corporation ("Hospitals"). The Secretary of this corporation shall provide prompt written notice to the Secretary of Hospitals of every change in the membership of the Board of this corporation.

#### Section C-3. Vacancies.

A vacancy shall exist whenever a Director resigns, for any reason becomes unable to serve, is not re-elected as provided in Section C-4, is removed in accord with law, or is removed by a vote of the majority of the Directors then in office provided that the notice of the meeting of the Board of Directors indicates the purpose of the meeting. Additional vacancies shall arise whenever and to the extent that the number of Directors is increased as provided in Section C-2. The resignation of any Director from the Board of Hospitals shall be effective as a resignation from the Board of this corporation.

#### Section C-4. Election and Term of Office.

The Governance and Conduct of Business Committee shall make recommendations to the Board of Directors regarding nominees for Board membership.

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

# Section C-5. Meetings.

- (a) <u>Place of Meetings.</u> Meetings shall be held at such place as the Board of Directors shall designate in the notice of the meeting, or if not so designated, all meetings shall be held at the principal office.
- (b) <u>Call of Meetings.</u> Meetings of the Board of Directors may be called at any time by the Chairman of the Board, or by any two Directors.
- delivered by electronic transmission to each Director, at his or her usual business address. Special meetings shall be held upon at least four days' notice by first class mail or forty-eight hours' notice delivered personally or by telephone, including a voice message system or other system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail, or other electronic means. A notice, or waiver of notice, need not specify the purpose of any regular or special meeting of the Board. Notice of a meeting need not be given to any Director who signs a waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Director.
- (d) <u>Proof of Notice.</u> A statement showing service of any notice pursuant to Section C-5(c) may be entered in the minutes of the meeting, and such entry shall be conclusive evidence that notice was duly given. Any waivers, consents and approvals given in lieu of regular notice shall be entered in the minutes of the meeting.
- (e) Quorum. A majority of the Directors then in office shall constitute a quorum for the transaction of business. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of

Directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

- (f) Meetings Without Notice. If all Directors are present at any meeting, or if a quorum is present and all Directors not present either (1) sign a waiver of notice of such meeting, or a consent to the holding thereof, whether prior to or after the meeting, or (2) approve the minutes thereof, the transactions of such meeting shall be as valid as if conducted at a meeting regularly noticed.
- (g) Adjourned Meetings. A majority of the Directors present at any meeting, although less than a quorum, may adjourn the meeting from time to time, without further notice, until a quorum shall attend. If the meeting is adjourned for more than twenty-four hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.
- (h) Participation in Meetings. Members of the Board may participate in the meeting through use of conference telephone, electronic video screen communication or other communications equipment. Participation in a meeting through use of conference telephone or electronic video screen communication or other communications equipment constitutes presence in person at that meeting as long as all members participating in the meeting can communicate with all other members concurrently, and all have means to participate in all matters.

# Section C-6. Action Without a Meeting.

Any action required or permitted to be taken by the Board of Directors may be taken without a meeting if all members of the Board individually or collectively consent in writing to such action. Such action by written consent shall have the same force

and effect as a unanimous vote of the Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

#### ARTICLE D

#### <u>OFFICERS</u>

#### Section D-1. Officers.

The officers of the corporation shall be a Chairman of the Board, a President, one or more Regional Presidents, one or more National Senior Vice Presidents, a Secretary, a Chief Financial Officer, a Controller, a Treasurer and one or more Assistant Secretaries. These shall be the only officers of the corporation. The Chairman of the Board or the President may assign such other titles as may be appropriate to other individuals, including the title of Vice President but such other individuals shall not be corporate officers. Only the Chairman of the Board must be a Director. One person may hold two or more offices, except that the same person may not be both President and Secretary.

# Section D-2. Election or Appointment and Term of Office.

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

# Section D-3. Subordinate Officials.

The Chairman of the Board or the President may appoint or delegate authority to appoint such other officials as the needs of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as the appointing officer, pursuant to authority conferred by the Board of Directors, may from time to time determine. These officials shall not be officers of the

corporation. Such officials holding the title of Senior Vice President or Vice President shall have authority to sign contracts and other documents on behalf of the corporation.

# Section D-4. Removal and Resignation.

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

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

#### Section D-5. Vacancies.

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

#### Section D-6. Chairman of the Board.

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

#### Section D-7. President.

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

#### Section D-8. National Senior Vice President.

Each National Senior Vice President shall assist the President in the performance of his or her duties. In the absence or disability of the President, the National Senior Vice President, if one is designated by the Board, or in the absence of such designation, the National Senior Vice Presidents in order of their rank as fixed by the Board of Directors, shall perform the duties of the President, and when so acting, shall have all the powers of, and be subject to all restrictions upon, the President.

Each National Senior Vice President shall have such other powers and duties as the Board of Directors or President shall designate or as the Bylaws may provide.

#### Section D-9. Secretary.

The Secretary shall be responsible for keeping a book of minutes at the principal office of the corporation or at such other place as the Board of Directors shall designate, of all meetings and all formal actions of the Board of Directors. Minutes of meetings shall reflect: the time and place of the meetings; whether they were held pursuant to notice, waiver, or consent; if they were held pursuant to notice, the notice given; the names of persons present; the business transacted, and such other matters as the Board of Directors shall designate.

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

#### Section D-10. Chief Financial Officer.

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

provide. Subject to the supervision of the Chief Financial Officer, any other officer or official may perform all or any part of the duties of the Chief Financial Officer.

#### ARTICLE E

#### COMMITTEES

#### Section E-1. Provision for Committees.

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

#### Section E-2. Meetings.

(a) Participation in Meetings. Committee members may participate in committee meetings through use of conference telephone, electronic video screen communication or other communications equipment. Participation in a meeting through use of conference telephone or electronic video screen communication or other communications equipment constitutes presence in person at that meeting as long as all members participating in the meeting can communicate with all other members concurrently, and all have the means to participate in all matters. Minutes shall be kept of each meeting of any Board Committee, and shall be filed with the corporate records.

#### Section E-3. Action Without a Meeting.

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

# Section E-4. Executive Committee.

- (a) <u>Composition.</u> The Executive Committee shall consist of up to seven (7) Directors, who shall be selected by the Board of Directors, and who shall continue as members of the Committee at the pleasure of the Board. The Committee shall be comprised of one Director who shall serve as Chair, and in addition, only the chairs of the Board's other standing committees. The Committee shall be comprised solely of Directors who are independent. An independent Director is one who:
  - Has no personal services contract or material relationship with Kaiser Foundation Health Plan, Inc., Kaiser Foundation Hospitals or any of their subsidiaries (a "Kaiser entity") except for Board service;
  - Is not a partner, executive officer, principal shareholder or director of any entity that (a) has a contract to provide goods or services to a Kaiser entity, and (b) receives more than 1% of its gross revenues from one or more Kaiser entities;
  - Is not currently and has not been for the past three years employed by a Kaiser entity;
  - 4. Has not during the last three years been part of an interlocking directorate in which an executive of a Kaiser entity served on the compensation committee of another company that concurrently employs the director;
  - 5. Has not during the last one year been affiliated with or employed as a corporate officer, partner, or an audit related employee by a present or former auditor of any Kaiser entity;
  - 6. Is not closely related to any person described above; and

7. Is free of any other relationship which would interfere with the exercise of independent judgment.

Notwithstanding the above, the Directors who are independent, after consideration of all of the relevant circumstances, may determine whether a relationship is material or immaterial and whether a Director would therefore be considered independent. The Board of Directors shall document the basis for such a determination.

- (b) <u>Authority and Duties</u>. The Committee will assist the Board in fulfilling its oversight responsibility relating to (1) strategic direction and public positioning, (2) public policy, (3) tax exemption, and (4) executive compensation and succession. In addition, the Committee will have the authority to act for the Board between meetings as provided herein. The Committee may seek the assistance and counsel of outside advisors, at the company's expense, as the Committee determines is appropriate.
  - 1. Strategic Direction and Public Positioning.

The Committee shall have the following responsibilities regarding strategic direction and public positioning:

- Review and provide oversight of the strategic direction of the
   Program and significant strategy issues, and provide advice and
   counsel to the CEO on these issues.
- Review and provide oversight of Kaiser Permanente's performance.
- Review and provide oversight of the Kaiser Permanente brand, including development, communication and protection of the brand.

d. Review and provide oversight of product development and market management activities.

#### 2. Public Policy.

The Committee shall receive periodic reports from senior management on major government relations and other public policy issues of interest to Kaiser Permanente.

#### 3. <u>Tax Exemption</u>.

The Committee shall have the following responsibilities regarding tax exemption:

- a. Provide oversight of legal and regulatory compliance with respect to tax exemption, including review of operational policies and practices.
- Obtain periodic updates concerning laws, regulations, and government policies regarding tax exemption and tax-exempt status.
- c. Review and make recommendations regarding major operational policies, practices and strategies that may create risk or enhance compliance with tax exemption requirements.
- 4. <u>Board Compensation and Executive Selection, Performance Appraisal, Compensation, and Succession.</u>

The Committee shall have the following responsibilities regarding Board compensation and executive selection, performance appraisal, compensation and succession:

#### a. Board Compensation.

 Review and make recommendations to the Board regarding compensation of Directors.

#### b. Executive Compensation.

- Review and approve proposed changes in the annual compensation of disqualified person executives;
- (2) Review and approve all compensation plans for disqualified person executives, including incentive and retirement plans;
- (3) Review an annual report on Board and executive compensation prior to inclusion in the company's Form 990 tax returns; and
- (4) Review and recommend for Board approval goals and objectives for the Chief Executive Officer ("CEO"), evaluate the CEO's performance in light of such goals and objectives, and recommend to the Board the CEO's compensation based on this evaluation.

#### c. <u>Executive Selection and Succession</u>.

- (1) Review with the CEO the selection, hiring and present performance of officers, executives, and other key personnel; and
- (2) Review management succession plans and processes for assuring development and timely assignment of individuals

- qualified to assume the responsibilities of key executive positions.
- (3) Provide input on the selection and evaluation of senior executives.

#### 5. Acting for Board Between Meetings.

The Committee shall have authority to act for the Board between Board meetings. Unless otherwise provided by law, the Board, the Articles of Incorporation, or the Bylaws, any action taken by the Committee shall have the same force and effect as though taken by a majority of Directors present at a meeting of the Board duly called and held pursuant to the Bylaws, except that the Committee shall have no authority to:

- a. Fill vacancies on the Board or the Committee;
- b. Fix the compensation of Directors for serving on the Board or any committee:
- c. Adopt, amend or repeal Bylaws;
- d. Amend or repeal any resolution of the Board which by its express terms cannot be amended or repealed by the Executive Committee;
- e. Appoint committees of the Board or appoint the members thereof; and
- f. Approve any aspect of a transaction involving the company when a Director has a material financial interest in that transaction, except as expressly provided by the law.

(c) <u>Conduct of Business</u>. A quorum of the Committee shall consist of a majority of the committee members. The Committee shall report to the Board regarding its recommendations, actions and decisions. The Committee shall annually assess and report to the Board on the performance and effectiveness of the Committee.

# Section E-5. Other Committees.

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

#### ARTICLE F

# INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER AGENTS

# Section F-1. Definitions.

As used in this Article:

- (a) "agent" means any person who: (i) is or was a Director, officer, employee, or other agent of this corporation; or (ii) who is or was serving at the request of this corporation as a director, officer, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise; or (iii) who was a director, officer, employee, or agent of a foreign or domestic corporation which was a predecessor corporation of this corporation or of another enterprise at the request of the predecessor corporation;
- (b) "proceeding" means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative;
- (c) "special proceeding" means: (i) an action by or in the right of this corporation to procure a judgment in its favor; (ii) an action brought under California Corporations Code §5233; or (iii) an action brought by the California Commissioner of Corporations or the California Attorney General, or a person granted relator status by the California Attorney General, for any breach of duty relating to assets held by this corporation in charitable trust; and
- (d) "expenses" includes attorneys' fees and costs, reasonable fees and costs of consultants and experts, reasonable filing and processing charges and necessary and reasonable travel and related costs, and any expenses of establishing a right to indemnification under Section F-2 or F-5(b).

#### Section F-2. Agent Successful on the Merits.

To the extent that an agent has been successful on the merits in the defense of any claim or cause of action or portion thereof in any proceeding in which such agent was a party or was threatened to be made a party to such proceeding, in either case, by reason of the fact that such agent is or was an agent of this corporation, or in defense of any claim, issue, or matter therein, this corporation shall promptly indemnify the agent in full against expenses actually and reasonably incurred by the agent in connection therewith.

Section F-3. Settlements and Proceedings (Other Than Special Proceedings and Settlements Related Thereto) When Agent Not Successful on the Merits.

Upon making an affirmative determination pursuant to Section F-5, and subject to Section F-7, this corporation shall promptly indemnify any agent who was or is a party or is threatened to be made a party to any proceeding other than a special proceeding by reason of the fact that the agent is or was an agent of the corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any such proceeding, if the agent acted in good faith and in a manner the agent reasonably believed to be in the best interests of this corporation and, in the case of a criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the agent did not act in good faith and in a manner which the agent reasonably believed to be in the best interests

of this corporation or that the agent had reasonable cause to believe that the agent's conduct was unlawful.

# Section F-4. Special Proceedings When Agent Not Successful On the Merits.

Upon making an affirmative determination pursuant to Section F-5, and subject to Section F-7, this corporation shall promptly indemnify any agent who was or is a party or is threatened to be made a party to any threatened, pending or completed special proceeding by reason of the fact that the agent is or was an agent of this corporation, against expenses actually and reasonably incurred by the agent in connection with the defense or settlement of such a proceeding if the agent acted in good faith, in a manner the agent believed to be in the best interests of the corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

No indemnification shall be made under this Section:

- (a) With respect to any claim, issue or matter as to which the agent shall have been adjudged to be liable to this corporation in the performance of the agent's duty to this corporation, unless and only to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, the agent is fairly and reasonably entitled to indemnity for the expenses, which such court shall determine;
- (b) Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or
- (c) Of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval, unless it is settled with the approval of the California Attorney General.

# Section F-5. <u>Authorization of Indemnification When Agent Not</u> Successful on the Merits.

Any indemnification under Section F-3 or F-4 shall be made by this corporation only upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in Section F-3 or F-4, by:

- (a) A majority vote of a quorum consisting of Directors who are not parties to such proceeding; or
- (b) The court in which such proceeding is or was pending upon application made by this corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney or other person is opposed by the corporation.

#### Section F-6. Advance of Expenses.

Expenses incurred in defending any proceeding may be advanced by this corporation before the final disposition of the proceeding upon receipt of an undertaking satisfactory in form and amount to the Board of Directors by or on behalf of the agent to repay the amount of the advance unless it is determined ultimately that the agent is entitled to be indemnified as authorized in this Article.

#### Section F-7. Other Limitations on Indemnification.

Nothing in this Article shall affect any right to indemnification to which an agent other than a Director or officer is entitled by contract, but, except as provided in Section F-2 and F-5(b), no indemnification or advance shall be made under this Article if inconsistent with:

- (a) A contract, or with the Articles of Incorporation and Bylaws of this corporation, in effect at the time of accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid; or
  - (b) Any condition expressly imposed by a court in approving a settlement.

# Section F-8. Indemnification to Full Extent of Law.

Notwithstanding the above provisions, the corporation shall indemnify agents to the fullest extent permitted by law.

#### Section F-9. Insurance.

This corporation shall have the power to purchase and maintain insurance on behalf of any agent against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the corporation would have the power to indemnify the agent against such liability under the provisions of this Article; provided, however, that this corporation shall have no power to purchase and maintain such insurance to cover or indemnify any agent of the corporation for a violation of California Corporations Code §5233 or (relating to self-dealing transactions).

#### Section F-10. Employee Benefit Plan Fiduciaries.

With respect to any proceeding against a person who is a trustee, investment manager or other fiduciary of an employee benefit plan, for acts or omissions relating to such person's fiduciary responsibilities with respect to such plan, this corporation shall indemnify those fiduciaries who are Directors, officers or employees of the corporation, to the maximum extent permitted by law, notwithstanding any other provision of this Article to the contrary.

#### ARTICLE G

#### **MISCELLANEOUS**

#### Section G-1. <u>Inspection of Corporate Records.</u>

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

#### Section G-2. Execution or Endorsement of Checks.

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

#### Section G-3. Execution of Contracts.

The Board of Directors may authorize any officer or officers and any agent or agents to enter into any contract or execute any instrument in the name of, and on behalf of, the corporation, and such authority may be general or limited to specified instances. No officer, agent or employee shall have any power or authority to bind or obligate the corporation by any commitment, contract or engagement, or to pledge its

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credit or render it liable for any purpose or in any amount unless duly authorized by the Board of Directors.

#### Section G-4. Bylaws and Minutes.

The original or a certified copy of the Bylaws, in writing or in any other form capable of being converted into clearly legible form, together with all amendments thereto, and the minute book shall be kept at the principal office of the corporation and shall be subject to inspection as provided in Section G-1.

The Bylaws shall be reviewed periodically by the Secretary of this corporation and amended, as appropriate, in accord with Section H-3.

# Section G-5. Representation of Shares of Other Corporations.

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

#### Section G-6. Fiscal Year.

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

#### ARTICLE H

#### AMENDMENT AND EFFECT OF BYLAWS

# Section H-1. Previous Bylaws Superseded.

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

#### Section H-2. Effect of Bylaws.

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

#### Section H-3. Manner of Amendment.

- (a) <u>In any Legal Way.</u> These Bylaws may be amended in any manner now or hereafter provided by the applicable provisions of the California Nonprofit Public Benefit Corporation Law.
- (b) <u>By Directors.</u> These Bylaws may be amended by majority vote of the Board of Directors at any meeting, provided a quorum of such Board is present and voting.

Form **4797** 

Department of the

Internal Revenue Service (99)

Name(s) shown on return

Treasury

# **Sales of Business Property**

# (Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

► Attach to your tax return.

► See separate instructions.

OMB No 1545-0184

Sequence No 27

Identifying number

V A I	SER FOUNDATION HEALTH PLAN INC					94-1340	94-1340523		
1	Enter the gross proceeds from sales or exchanges reported to you for 2006 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) . 1								
Pä					de or Business and				
	From Othe	er Than C	asualty or	Theft—Most Prop	perty Held More Th		•	struc	tions)
1	(a) Description of property	(b) Date acquired (mo , day, yr )	(c) Date sold (mo , day, yr )	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	bası ımprove	t or other s, plus ments and se of sale		g) Gain or (loss) ract (f) from the sum of (d) and (e)
2					·	·			
			1						
3	Gain if any from Fo	rm 4684 lu	ne 42					3	
4	Gain, if any, from Form 4684, line 42							4	
5	Section 1231 gain from installment sales from Form 6252, line 26 or 37							5	
	_			_			• •		2,075,015
6		•		sualty or theft				6	2,075,015
7		-	_	•	appropriate line as foll		• • •	7	2,075,015
		_	electing large partnerships) and S corporations. Report the gain or (loss) following the .065, Schedule K, line 10, or Form 1120S, Schedule K, line 9 Skip lines 8, 9, 11, and						
	from line 7 on line 1 section 1231 losse	1 below and s, or they we	l skip lines 8 ere recapture	and 9 If line 7 is a ga ed in an earlier year, er	line 7 is zero or a loss, in and you did not have iter the gain from line 7 8, 9, 11, and 12 below	any prior y	ear		
8	Nonrecaptured net section 1231 losses from prior years (see instructions)								
9	below Ifline 9 is m	ore than zer	o, enter the a	amount from line 8 on l	ro, enter the gain from li ine 12 below and enter to i (see instructions)	the gaın fro	m line 9	9	
Pa	rt III Ordinary (	Gains and	Losses (s	see instructions)					
10			•	•	lude property held 1 ye	ar or less)			
								-	
	Loss, if any, from lir	1 7						11	( )
				0 .f				11	
	Gain, if any, from lin							12	
13								13	
14	- , ,		•	and 41a				14	
15				orm 6252, line 25 or 3				15	
16	Ordinary gain or (loss) from like-kind exchanges from Form 8824						16		
17	Combine lines 10 th	rough 16						17	
18				mount from line 17 on omplete lines a and b b	the appropriate line of y pelow	our return a	and skip		
а	Enter the part of the	loss from I	ncome-produ	ıcıng property on Sche	ımn (b)(ıı), enter that pa dule A (Form 1040), lın L040), lıne 22 Identıfy	e 27, and t	he part of		
	4797, line 18a "Se			on Schedule A (Form .	• • • • • • • • • • • • • • • • • • • •	as 110111 FC		18a	
b					, on line 18a Enter here		rm 1040,	18b	

Page **2** Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255 (see instructions) (b) Date (c) Date sold

•	(a) Description of section 1245, 1250, 1252, 1254, or 1255 pro	perty							acquired(mo , day, yr )	(mo , day, yr )
A B										·
c D										
	These columns relate to the properties on lines 19A through 19D	<b>.</b>	Property A	P	roperty	В	Prop	erty C	Pro	perty D
 D	Gross sales price (Note: See line 1 before completing )	20	7,339,837				-			· · ·
L	Cost or other basis plus expense of sale	21	150,131,870							
	Depreciation (or depletion) allowed or allowable	22	144,867,048							
	Adjusted basis Subtract line 22 from line 21 .	23	5,264,822							
	Total gain Subtract line 23 from line 20	24	2,075,015							
	If section 1245 property:									
	Depreciation allowed or allowable from line 22	25a								
)	Enter the <b>smaller</b> of line 24 or 25a	25b								
	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291									
)	Additional depreciation after 1975 (see instructions)  Applicable percentage multiplied by the <b>smaller</b> of	26a								
	line 24 or line 26a (see instructions)	26b								
	Subtract line 26a from line 24 If residential rental property <b>or</b> line 24 is not more than line 26a, skip lines 26d and 26e	26c								
l	Additional depreciation after 1969 and before 1976	26d								
	Enter the <b>smaller</b> of line 26c or 26d	26e								
	Sections 291 amount (corporations only)	26f								
	Add lines 26b, 26e, and 26f	26g								
•	If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership)									
1	Soil, water, and land clearing expenses	27a								
•	Line 27a multiplied by applicable percentage (see instructions)	27b								
:	Enter the <b>smaller</b> of line 24 or 27b	27c								
	If section 1254 property:									
	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions)	28a								
,	Enter the <b>smaller</b> of line 24 or 28a	28b								
	If section 1255 property:									
l	Applicable percentage of payments excluded from income under section 126 (see instructions)	29a								
)	Enter the <b>smaller</b> of line 24 or 29a (see instructions)	29b								
u	ımmary of Part III Gains. Complete prope	erty c	olumns A through	D th	rough	line 2	9b befo	re goi	ng to line 3	30.
	Total gains for all properties Add property column	ns Ath	rough D, line 24 .					30		2,075,0
	Add property columns A through D, lines 25b, 26g	g, 27c,	28b, and 29b Ente	r here	e and or	n line 1	3.	31		
	Subtract line 31 from line 30 Enter the portion fro portion from other than casualty or theft on Form 4						nter the	32		2,075,0
lľ	Recapture Amounts Under Section (see instructions)	ns 17	'9 and 280F(b)(	2) V	Vhen I	Busin	ess Use	Dro	ps to 50%	or Les
	(See mad dedons)						ection .79		(b) Sect 280F(b)	
}	Section 179 expense deduction or depreciation a	llowab	le in prior years .		33					
ļ	Recomputed depreciation (see instructions) .				34					
	Recapture amount. Subtract line 34 from line 33. See the ins	struction	s for where to report		35					

#### Form 8453-EO

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

OMB No	1545-1879
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For calendar year 2006, or tax year beginning \_\_\_\_\_, 2006, and ending \_\_

2006

Department of the Treasury Internal Revenue Service	For use with Forms 990, 990-E∠, 990-PF, 112  ▶ See instructions on back.	0-POL, and 8868	
Name of exempt organization		Employer ide	ntification number
KAISER FOUNDA	40523		
Part I Type of Ref	urn and Return Information (Whole Dollars Only)		
you check the box on I was blank, then leave	here b Total revenue, if any (Form 990-EZ, lireck here b Total tax (Form 1120-POL, line 22 here b Tax based on investment income (Form	ne for the return for which you that is, do not enter -0-) Bi n 1 line in Part I	ou are filing this formula, if you entered (
Part II Declaration	of Officer		
to the financial on this return, a Financial Agent institutions invo inquiries and res	US Treasury and its designated Financial Agent to initiate a institution account indicated in the tax preparation software and the financial institution to debit the entry to this account at 1-888-353-4537 no later than 2 business days prior to the ved in the processing of the electronic payment of taxes to olve issues related to the payment is return is being filed with a state agency(ies) regulating charits electronic disclosure consent contained within this return is processed in the payment of taxes to olve issues related to the payment of taxes to olve issues related to the payment of taxes to olve issues related to the payment of taxes to olve issues related to the payment of taxes to olve issues related to the payment of taxes to olve issues related to the payment of taxes to olve issues related to the payment of taxes to olve issues related to the payment of taxes to olve is taxes to olve issues the payment of taxes to olve issues related to the payment of taxes to olve issues related to the payment of taxes to olve issues related to the payment of taxes to olve issues related to the payment of taxes to olve issues related to the payment of taxes to olve issues related to the payment of taxes to olve issues related to the payment of taxes to olve issues related to the payment of taxes to olve issues related to the payment of taxes to olve issues related to the payment of taxes to olve issues related to the payment of taxes to olve issues related to the payment of taxes of t	for payment of the organization To revoke a payment, I must co payment (settlement) date I also receive confidential information les as part of the IRS Fed/State irn allowing disclosure by the	n's federal taxes owe ntact the U.S. Treasur authorize the financial necessary to answe program, I certify tha
organization's 2006 elect	ry, I declare that I am an officer of the above named orgonic return and accompanying schedules and statements and the I further declare that the amount in Part I above is the content of	d to the best of my knowledge	e and belief, they ar

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 Here

Heloud	Stehn
Signature of officer	

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 of 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

ERO's Use

Only

ERO s signature Firm's name (or

also paid preparer employed

ERO's SSN or PTIN

P00297006

EIN

LARSEN CPA ONE KAISER PLAZA,

OAKLAND

CA 94612

94105

Phone no 510-271-6385

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

Paid Preparer's **Use Only** 

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

yours if self-employed),

address and ZIP code

93353B 646A

55 SECOND STREET

SAN FRANCISCO

Check of selfemployed Preparer's SSN or PTIN 400574434

Phone no 415.963.5100

13-5565207 EIN

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

Form 8453-EO (2006)

Form 8868 (Rev							
	filing for an Additional (not automatic) 3-Month Extension, complete only Part II and check this box						
• If you are	filing for an Automatic 3-Month Extension, complete only Part I (on page 1).						
Part II	Additional (not automatic) 3-Month Extension of Time. You must file original and one copy.						
Type or	Name of Exempt Organization Employer identification number						
print	KAISER FOUNDATION HEALTH PLAN, INC 94-1340523						
File by the	Number, street, and room or suite no If a P.O box, see instructions  For IRS use only						
extended due date for	ONE KAISER PLAZA, SUITE 1550L						
filing the return. See	City, town or post office, state, and ZIP code For a foreign address, see instructions						
instructions	OAKLAND, CA 94612						
	e of return to be filed (File a separate application for each return)						
X Form							
F	990-BL Form 990-T (sec. 401(a) or 408(a) trust) Form 4720 Form 8870						
	990-EZ Form 990-T (trust other than above) Form 5227						
	o not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.						
	bks are in the care of NATIONAL DIRECTOR OF TAX						
	one No. ► 510 271.6385 FAX No. ► 510 271.2611  anization does not have an office or place of business in the United States, check this box						
_	or a Group Return, enter the organization's four digit Group Exemption Number (GEN) If this is						
	of a Group, check this box ▶ If it is for part of the group, check this box ▶ and attach a list with the						
	EINs of all members the extension is for.						
	est an additional 3-month extension of time until 11/15 20 07						
•	alendar year 2006, or other tax year beginning						
	tax year is for less than 12 months, check reason   Initial return   Final return   Change in accounting period						
	in detail why you need the extensionTHIS ENTITY IS A MEMBER OF A VERTICALLY						
	GRATED MANAGED HEALTH CARE DELIVERY PROGRAM AND REQUESTS ADDITIONAL						
	TO VERIFY THAT EACH MEMBER'S TAX RETURN DATA IS COMPLETE.						
	application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any						
	fundable credits See instructions. 8a \$						
	application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated						
	ayments made. Include any prior year overpayment allowed as a credit and any amount paid						
•	busly with Form 88688b \$						
c Balan	ce Due. Subtract line 8b from line 8a Include your payment with this form, or, if required, deposit						
with	FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See						
ınstru							
<del></del>	Signature and Verification						
Under penaltie it is true, corre	es of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, and complete, and that I am authorized to prepare this form						
Signature >	Deberuh Stulsen Title DVP, CONTROLLER, CAO Date \$ 8-6-07						
	Debendo Stulzen  Title ▶VP, CONTROLLER, CAO Date ▶ 8-6-0-7  Notice to Applicant. (To Be Completed by the IRS)						
We	have approved this application. Please attach this form to the organization's return.						
We have not approved this application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions). This grace period is considered to be a valid extension of time for elections.							
1 1	otherwise required to be made on a timely return. Please attach this form to the organization's return.  We have not approved this application. After considering the reasons stated in item 7, we cannot grant your request for an extension of time.						
to fi	le. We are not granting a 10-day grace period.						
	cannot consider this application because it was filed after the extended due date of the return for which an extension was requested						
	ву:						
Director	Date						
	Mailing Address. Enter the address if you want the copy of this application for an additional 3-month extension						
returned t	returned to an address different than the one entered above						
	Name 						
Type or print	Number and street (include suite, room, or apt. no.) or a P.O. box number						
	City or town, province or state, and country (including postal or ZIP code)						