

Form **990****Return of Organization Exempt From Income Tax**

OMB No. 1545-0047

2003Open to Public
InspectionDepartment of the Treasury
Internal Revenue ServiceUnder section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung
benefit trust or private foundation)

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

A For the 2003 calendar year, or tax year beginning , 2003, and ending**B** Check if applicable

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

Please use IRS label or print or type See Specific Instructions

C Name of organization**KAISER FOUNDATION HEALTH PLAN OF OHIO**

Number and street (or P.O. box if mail is not delivered to street address)

Room/suite

ONE KAISER PLAZA SUITE 1550L

City or town, state or country, and ZIP + 4

OAKLAND, CA 94612**D** Employer identification number**34-0922268****E** Telephone number**(510) 271-6611****F** Accounting method☐ Cash☒ Accrual

Other (specify) ▶

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

H and **I** are not applicable to section 527 organizations**H(a)** Is this a group return for affiliates? ☐ Yes ☒ No**H(b)** If "Yes," enter number of affiliates ▶**H(c)** Are all affiliates included? ☐ Yes ☐ No

(If "No," attach a list. See instructions.)

H(d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☒ No**I** Group Exemption Number ▶**M** Check ☐ if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF)**G** Website: ▶ **N/A****J** Organization type (check only one) ☒ 501(c) (3) ◀ (insert no.) ☐ 4947(a)(1) or ☐ 527**K** Check here ☐ if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail, it should file a return without financial data. **Some states require a complete return.****L** Gross receipts. Add lines 6b, 8b, 9b, and 10b to line 12 ▶ **477,602,917.****Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances** (See page 18 of the instructions)

Revenue	1	Contributions, gifts, grants, and similar amounts received STMT 1			
	a	Direct public support	1a	188,508.	
	b	Indirect public support	1b	201,250.	
	c	Government contributions (grants)	1c		
	d	Total (add lines 1a through 1c) (cash \$ 389,758. noncash \$)	1d	389,758.	
	2	Program service revenue including government fees and contracts (from Part VII, line 93)	2	471,991,135.	
	3	Membership dues and assessments	3		
	4	Interest on savings and temporary cash investments	4	5,098,836.	
	5	Dividends and interest from securities	5		
	6a	Gross rents	6a	113,713.	
	b	Less: rental expenses	6b		
	c	Net rental income or (loss) (subtract line 6b from line 6a)	6c	113,713.	
	7	Other investment income (describe ▶)	7		
	8a	Gross amount from sales of assets other than inventory	(A) Securities	8a	9,475.
	b	Less: cost or other basis and sales expenses	8b		
	c	Gain or (loss) (attach schedule)	8c	9,475.	
	d	Net gain or (loss) (combine lines 8a, 8b, and 8c)	8d	9,475.	
9	Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>				
a	Gross revenue (not including contributions reported on line 1a)	9a			
b	Less: direct expenses other than fundraising expenses	9b			
c	Net income or (loss) from special events (subtract line 9b from line 9a)	9c			
10a	Gross sales of inventory, less returns and allowances	10a			
b	Less: cost of goods sold	10b			
c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c			
11	Other revenue (from Part VII, line 103)	11			
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12	477,602,917.		
Net Assets	13	Program services (from line 44, column (B))	13	441,257,210.	
	14	Management and general (from line 44, column (C))	14	23,842,323.	
	15	Fundraising (from line 44, column (D))	15		
	16	Payments to affiliates (attach schedule)	16		
	17	Total expenses (add lines 16 and 44, column (A))	17	465,099,533.	
	18	Excess or (deficit) for the year (subtract line 17 from line 12)	18	12,503,384.	
	19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	58,313,140.	
	20	Other changes in net assets or fund balances (attach explanation) STMT 2	20	11,947,058.	
	21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21	82,763,582.	

For Paperwork Reduction Act Notice, see the separate instructions.

Form **990** (2003)

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 page 22 of the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (attach schedule) (cash \$ <u>179,174.</u> noncash \$ _____)	22 179,174.	179,174.	STMT N	
23 Specific assistance to individuals (attach schedule)	23			
24 Benefits paid to or for members (attach schedule)	24			
25 Compensation of officers, directors, etc	25			
26 Other salaries and wages	26 75,559,926.	75,559,926.		
27 Pension plan contributions	27 6,169,230.	6,169,230.		
28 Other employee benefits	28 17,203,389.	17,203,389.		
29 Payroll taxes	29 6,334,777.	6,334,777.		
30 Professional fundraising fees	30			
31 Accounting fees	31 564,435.	564,435.		
32 Legal fees	32 118,262.	118,262.		
33 Supplies	33 57,989,000.	57,989,000.		
34 Telephone	34 178,562.	178,562.		
35 Postage and shipping	35 1,081,567.	1,081,567.		
36 Occupancy	36 6,741,739.	6,741,739.		
37 Equipment rental and maintenance . .	37 1,735,119.	1,735,119.		
38 Printing and publications	38 1,620,100.	1,620,100.		
39 Travel	39 1,272,247.	1,272,247.		
40 Conferences, conventions, and meetings	40			
41 Interest	41 2,541,173.	2,541,173.		
42 Depreciation, depletion, etc (attach schedule).	42 5,092,572.	5,092,572.		
43 Other expenses not covered above (itemize) <u>STMT 3</u>	43a 280,718,261.	256,875,938.	23,842,323.	
b _____	43b			
c _____	43c			
d _____	43d			
e _____	43e			
44 Total functional expenses (add lines 22 through 43) Organizations completing columns (B)-(D), carry these totals to lines 13-15	44 465,099,533.	441,257,210.	23,842,323.	

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

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

If "Yes," enter (i) the aggregate amount of these joint costs \$ NONE; (ii) the amount allocated to Program services \$ NONE;

(iii) the amount allocated to Management and general \$ NONE, and (iv) the amount allocated to Fundraising \$ NONE.

Part III Statement of Program Service Accomplishments (See page 25 of the instructions.)What is the organization's primary exempt purpose? STMT 4

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

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

a SEE PART III STATEMENT	
(Grants and allocations \$ _____)	441,257,210.
b	
(Grants and allocations \$ _____)	
c	
(Grants and allocations \$ _____)	
d	
(Grants and allocations \$ _____)	
e Other program services (attach schedule) (Grants and allocations \$ _____)	
f Total of Program Service Expenses (should equal line 44, column (B), Program services)	441,257,210.

Part IV Balance Sheets (See page 25 of the instructions.)**Note:** Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year
Assets	45 Cash - non-interest-bearing	918,493.	45	1,466,846.
	46 Savings and temporary cash investments		46	
	47a Accounts receivable	161,096,455.		
	b Less: allowance for doubtful accounts	4,234,993.	150,311,137.	47c 156,861,462.
	48a Pledges receivable			
	b Less: allowance for doubtful accounts			
	49 Grants receivable		49	
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)		50	
	51a Other notes and loans receivable (attach schedule)			
	b Less: allowance for doubtful accounts		51c	
	52 Inventories for sale or use	6,769,630.	52	6,883,035.
	53 Prepaid expenses and deferred charges	505,972.	53	406,475.
	54 Investments - securities (attach schedule) STMT 6. <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	502,727.	54	405,000.
	55a Investments - land, buildings, and equipment: basis			
	b Less: accumulated depreciation (attach schedule)		55c	
56 Investments - other (attach schedule)		56		
57a Land, buildings, and equipment: basis	141,836,228.			
b Less: accumulated depreciation (attach schedule) STMT 1	80,159,510.	62,984,755.	57c 61,676,718.	
58 Other assets (describe STMT 7)	8,059,730.	58	13,898,526.	
59 Total assets (add lines 45 through 58) (must equal line 74)	230,052,444.	59	241,598,062.	
Liabilities	60 Accounts payable and accrued expenses	64,850,636.	60	58,179,937.
	61 Grants payable		61	
	62 Deferred revenue	14,328,748.	62	12,717,764.
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		63	
	64a Tax-exempt bond liabilities (attach schedule)		64a	
	b Mortgages and other notes payable (attach schedule)		64b	
	65 Other liabilities (describe STMT 8)	92,559,920.	65	87,936,779.
66 Total liabilities (add lines 60 through 65)	171,739,304.	66	158,834,480.	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74			
	67 Unrestricted		67	
	68 Temporarily restricted		68	
	69 Permanently restricted		69	
	Organizations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 70 through 74			
	70 Capital stock, trust principal, or current funds	5,000.	70	5,000.
	71 Paid-in or capital surplus, or land, building, and equipment fund		71	
	72 Retained earnings, endowment, accumulated income, or other funds	58,308,140.	72	82,758,582.
	73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72, column (A) must equal line 19, column (B) must equal line 21)	58,313,140.	73	82,763,582.
74 Total liabilities and net assets / fund balances (add lines 66 and 73)	230,052,444.	74	241,598,062.	

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

Part VI Other Information (See page 28 of the instructions.)

	Yes	No
76 Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity	76	X
77 Were any changes made in the organizing or governing documents but not reported to the IRS? STMT 9	77	X
If "Yes," attach a conformed copy of the changes		
78 a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	X
b If "Yes," has it filed a tax return on Form 990-T for this year?	78b	X
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79	X
80 a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a	X
b If "Yes," enter the name of the organization SEE ATTACHED RELATED ENTITY LISTING AT STMT 17		
and check whether it is <input checked="" type="checkbox"/> exempt or <input checked="" type="checkbox"/> nonexempt		
81 a Enter direct and indirect political expenditures See line 81 instructions, 81a NONE		
b Did the organization file Form 1120-POL for this year?	81b	X
82 a Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a	X
b If "Yes," you may indicate the value of these items here Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III.) 82b N/A		
83 a Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X
b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	N/A
c Did the organization solicit any contributions or gifts that were not tax deductible?	84a	N/A
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	N/A
85 501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members?	85a	N/A
b Did the organization make only in-house lobbying expenditures of \$2,000 or less?	85b	N/A
If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.		
c Dues, assessments, and similar amounts from members 85c N/A		
d Section 162(e) lobbying and political expenditures 85d N/A		
e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices 85e N/A		
f Taxable amount of lobbying and political expenditures (line 85d less 85e) 85f N/A		
g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	N/A
h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	N/A
86 501(c)(7) orgs Enter a Initiation fees and capital contributions included on line 12 86a N/A		
b Gross receipts, included on line 12, for public use of club facilities 86b N/A		
87 501(c)(12) orgs Enter a Gross income from members or shareholders 87a N/A		
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them) 87b N/A		
88 At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88	X
89 a 501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under section 4911 NONE , section 4912 NONE , section 4955 NONE		
b 501(c)(3) and 501(c)(4) orgs Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b	X
c Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 NONE		
d Enter Amount of tax on line 89c, above, reimbursed by the organization NONE		
90 a List the states with which a copy of this return is filed OHIO		
b Number of employees employed in the pay period that includes March 12, 2003 (See instructions)	90b	1857
91 The books are in care of DIRECTOR OF TAX Telephone no 510.271.6385		
Located at ONE KAISER PLAZA, STE 1550L, OAKLAND CA ZIP +4 94612		
92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here <input type="checkbox"/>		
and enter the amount of tax-exempt interest received or accrued during the tax year 92 N/A		

Part VII Analysis of Income-Producing Activities (See page 33 of the instructions.)

Note: Enter gross amounts unless otherwise indicated

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a <u>MMBRS HLTH CARE PR</u>					357,176,304.
b <u>SUPL CHARGES/PHARM</u>	621400	18,275.			25,537,224.
c <u>NON-PLAN & IND REV</u>					1,412,541.
d <u>OTHR PROG SERV REV</u>					3,155,081.
e					
f Medicare/Medicaid payments					84,691,710.
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	5,098,836.	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property			16	113,713.	
98 Net rental income or (loss) from personal property	110000				
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	9,475.	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue: a					
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		18,275.		5,222,024.	471,972,860.
105 Total (add line 104, columns (B), (D), and (E))					477,213,159.

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

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See page 34 of the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
93	SEE ATTACHED STATEMENT OF DETAIL (STMT 18)

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See page 34 of the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

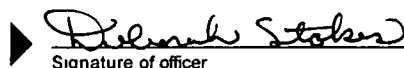
Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See page 34 of the instructions.)

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

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

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

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

Please
Sign
Here


Signature of officer

11-12-04
Date

DEBORAH STOKES VICE PRESIDENT CONTROLLER

Date	11/3/04	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN (See Gen. Inst. W)
			P00365375

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k),
501(n), or Section 4947(a)(1) Nonexempt Charitable Trust

Supplementary Information - (See separate instructions.)

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

OMB No 1545-0047

2003

Name of the organization

KAISER FOUNDATION HEALTH PLAN OF OHIO

Employer identification number

34-0922268

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
See Statement 19				
Total number of other employees paid over \$50,000	381			

Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services
(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
OHIO PERMANENTE MEDICAL GROUP		
1001 LAKESIDE DRIVE, STE 1200, CLEVELAND	MEDICAL SERVICES	89861386.
CLEVELAND CLINIC FOUNDATION		
9500 EUCLID AVE, CLEVELAND, OH 44195	MEDICAL SERVICES	56227549.
SUMMA HEALTH SYSTEM		
PO BOX 714097, COLUMBUS, OH 43271	MEDICAL SERVICES	11472336.
METROHEALTH MEDICAL CENTER		
2500 METROHEALTH DRIVE, CLEVELAND, OH	MEDICAL SERVICES	8,380,217.
MARYMOUNT HOSPITAL		
PO BOX 73581, CLEVELAND, OH 44193	MEDICAL SERVICES	5,967,975.
Total number of others receiving over \$50,000 for professional services	216	

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

Schedule A (Form 990 or 990-EZ) 2003

JSA

Part III Statements About Activities (See page 2 of the instructions.)

Yes No

1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ <u>75,662</u> . (Must equal amounts on line 38, Part VI-A, or line I of Part VI-B.)	1	X	
Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes," must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities				
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)			
a	Sale, exchange, or leasing of property? STMT. 10	2a	X	
b	Lending of money or other extension of credit? STMT. 11	2b	X	
c	Furnishing of goods, services, or facilities? STMT. 12	2c	X	
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? STMT. 13	2d	X	
e	Transfer of any part of its income or assets?	2e		X
3a	Do you make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments)	3a		X
b	Do you have a section 403(b) annuity plan for your employees?	3b	X	
4	Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?	4		X

Part IV Reason for Non-Private Foundation Status (See pages 3 through 6 of the instructions.)

The organization is not a private foundation because it is: (Please check only ONE applicable box.)

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

Provide the following information about the supported organizations. (See page 5 of the instructions.)

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

- 14 ☐ An organization organized and operated to test for public safety Section 509(a)(4). (See page 6 of the instructions.)

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

Calendar year (or fiscal year beginning in)	(a) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	31,689.	126,677.	65,284.	71,500.	295,150.
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose	528214771.	497789567.	476226139.	456721179.	1958951656.
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	6,657,072.	287,181.	1,069,761.	2,765,430.	10,779,444.
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22	534903532.	498203425.	477361184.	459558109.	1970026250.
24 Line 23 minus line 17	6,688,761.	413,858.	1,135,045.	2,836,930.	11,074,594.
25 Enter 1% of line 23	5,349,035.	4,982,034.	4,773,612.	4,595,581.	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24 NOT APPLICABLE					
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1999 through 2002 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts					
c Total support for section 509(a)(1) test. Enter line 24, column (e)					
d Add: Amounts from column (e) for lines: 18 _____ 19 _____ 22 _____ 26b _____					
e Public support (line 26c minus line 26d total)					
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					%
27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year: (2002) _____ (2001) _____ (2000) _____ (1999) _____ b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000 (Include in the list organizations described in lines 5 through 11, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year: (2002) _____ (2001) _____ (2000) _____ (1999) _____ c Add: Amounts from column (e) for lines: 15 _____ 295,150. 16 _____ 17 _____ 1958951656. 20 _____ 21 _____					
d Add: Line 27a total _____ and line 27b total _____					
e Public support (line 27c total minus line 27d total)					
f Total support for section 509(a)(2) test. Enter amount from line 23, column (e)					
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					99.4528 %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					0.5472 %
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 1999 through 2002, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15					

Part V Private School Questionnaire (See page 7 of the instructions.)(To be completed **ONLY** by schools that checked the box on line 6 in Part IV)**NOT APPLICABLE**

		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	29	
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	30	
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)	31	
32	Does the organization maintain the following:		
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a	
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b	
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c	
d	Copies of all material used by the organization or on its behalf to solicit contributions?	32d	
	If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement)		
33	Does the organization discriminate by race in any way with respect to		
a	Students' rights or privileges?	33a	
b	Admissions policies?	33b	
c	Employment of faculty or administrative staff?	33c	
d	Scholarships or other financial assistance?	33d	
e	Educational policies?	33e	
f	Use of facilities?	33f	
g	Athletic programs?	33g	
h	Other extracurricular activities?	33h	
	If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement.)		
34a	Does the organization receive any financial aid or assistance from a governmental agency?	34a	
b	Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement	34b	
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation	35	

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions.)(To be completed **ONLY** by an eligible organization that filed Form 5768) **NOT APPLICABLE**Check ☐ **a** if the organization belongs to an affiliated group. Check ☐ **b** if you checked "a" and "limited control" provisions apply.**Limits on Lobbying Expenditures**

(The term "expenditures" means amounts paid or incurred.)

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

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720**4-Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.

See the instructions for lines 45 through 50 on page 11 of the instructions.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2003	(b) 2002	(c) 2001	(d) 2000	(e) Total
Lobbying nontaxable amount					
45 Lobbying ceiling amount					
46 (150% of line 45(e))					
47 Total lobbying expenditures					
Grassroots nontaxable amount					
48 Grassroots ceiling amount					
49 (150% of line 48(e))					
Grassroots lobbying expenditures					
50					

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 12 of the instructions.)

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

	Yes	No	Amount
a Volunteers		X	
b Paid staff or management (Include compensation in expenses reported on lines c through h.)	X		
c Media advertisements		X	
d Mailings to members, legislators, or the public		X	
e Publications, or published or broadcast statements		X	
f Grants to other organizations for lobbying purposes		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body	X		45,700.
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means	X		29,962.
i Total lobbying expenditures (Add lines c through h)			75,662.

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities See Stmt 20

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

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

Type or print File by the extended due date for filing the return. See instructions	Name of Exempt Organization KAISER FOUNDATION HEALTH PLAN OF OHIO	Employer identification number 34-0922268
	Number, street, and room or suite no. If a P.O. box, see instructions ONE KAISER PLAZA, SUITE 1550	For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. OAKLAND, CA 94612	

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

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

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

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

- 4 I request an additional 3-month extension of time until NOVEMBER 15, 20 04.
- 5 For calendar year 2003, or other tax year beginning , 20 and ending , 20 .
- 6 If this tax year is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period
- 7 State in detail why you need the extension THIS ENTITY IS A MEMBER OF A VERTICALLY INTEGRATED MANAGED HEALTH CARE DELIVERY PROGRAM AND REQUESTS ADDITIONAL TIME TO VERIFY THAT EACH MEMBER'S TAX RETURN DATA IS COMPLETE.
- 8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ NONE
- b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 \$
- c **Balance Due.** Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \$ 0.00

Signature and Verification

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

Signature *Deborah Seiden* Title VICE PRESIDENT/CONTROLLER Date 08/3/2004

Notice to Applicant — To Be Completed by the IRS

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

FIELD DIRECTOR,
SUBMISSION PROCESSING, OGDEN

Director _____ By _____ Date _____

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

Type or print	Name	RECEIVED AUG 26 2004 PROGRAM OFFICES CONTROLLER'S DEPT.
	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)	

SCHEDULE OF FIXED ASSETS AND DEPRECIATION

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

	COST		ACCUMULATED DEPREC/AMORT		2003 DEP/AMORT EXPENSE
	BEGINNING OF YEAR	END OF YEAR	BEGINNING OF YEAR	END OF YEAR	
LAND	5,961,963	5,961,963	0	0	0
LAND IMPROVEMENTS	796,992	792,616	447,477	508,103	80,656
BUILDINGS	65,556,223	65,810,266	17,936,002	20,300,398	2,328,684
LEASEHOLD IMPROVEMENTS	6,911,516	8,242,831	5,696,117	6,110,615	492,365
EQUIPMENT	44,287,902	35,330,491	38,784,507	28,010,335	2,115,867
CAPITALIZED SOFTWARE	25,457,249	25,474,847	25,113,757	25,230,059	75,000
CAPITALIZED LEASES	0	0	0	0	
CONSTRUCTION IN PROGRESS	1,990,770	223,214	0	0	
OTHER AMORTIZATION - START UP AND DEFERRED COSTS -					0
TOTALS TO:					
PART IV, LINE 57(A)	<u>150,962,615</u>	<u>141,836,228</u>			
PART IV, LINE 57(B)			<u>87,977,860</u>	<u>80,159,510</u>	
PART IV, LINE 57(C)	<u>62,984,755</u>	<u>61,676,718</u>			
TOTAL DEPRECIATION AND AMORTIZATION					<u>5,092,572</u>

FORM 990, PART I - OTHER INCREASES IN FUND BALANCES

DESCRIPTION -----	AMOUNT -----
RESERVE FOR MINIMUM PENSION LIABILITIES	11,947,058. -----
TOTAL	11,947,058. =====

FORM 990, PART II - OTHER EXPENSES

DESCRIPTION	TOTAL	PROGRAM SERVICES	MANAGEMENT AND GENERAL
-----	----	-----	-----
EMPLOYEE DEVELOPMENT	641,132.	641,132.	
EMPLOYEE RELATED EXPENSES	354,151.	354,151.	
EMPLOYEE RELOCATION	231,322.	231,322.	
COMPANY PAID PARKING	210,851.	210,851.	
DUES & SUBSCRIPTIONS	157,523.	157,523.	
PROF & PUBLIC LIABILITY INS	21600117.	21600117.	
OTHER INSURANCE	69,129.	69,129.	
BAD DEBT	1,682,982.	1,682,982.	
BUSINESS LICENSES & TAXES	3,012,722.	3,012,722.	
PROPERTY TAXES	1,218,000.	1,218,000.	
PURCHASED MEDICAL SERVICES-BCP	148420093.	148420093.	
PURCHASED MEDICAL SERVICES-OUT	63743070.	63743070.	
PURCHASED SERVICES OTHER	4,923,746.	4,923,746.	
ADVERTISING & MARKETING	3,407,923.	3,407,923.	
PURCHASED SERVICES-INTERENTITY	4,984,040.	4,984,040.	
INFORMATION TECHNOLOGY SERVICE	23147809.	23147809.	
BACK OFFICE SERVICES	569,909.	569,909.	
MISCELLANEOUS	2,343,742.	2,343,742.	
ALLOCATED ADMINISTRATIVE EXPEN		-23842323.	23842323.
TOTALS	280718261.	256875938.	23842323.

FORM 990, PART III - ORGANIZATION'S PRIMARY EXEMPT PURPOSE
=====

THE PRIMARY EXEMPT PURPOSE OF KAISER FOUNDATION HEALTH PLAN OF OHIO ("HEALTH PLAN"), AN OHIO NOT-FOR-PROFIT CORPORATION ORGANIZED FOR THE PUBLIC BENEFIT AND GENERALLY EXEMPT FROM INCOME TAX UNDER INTERNAL REVENUE CODE SECTION 501(C)(3), AND COMPARABLE STATE STATUTE, IS TO PROVIDE A PROGRAM OF HEALTH CARE AND MEDICAL SERVICES AS A PREPAID DIRECT CARE GROUP PRACTICE HEALTH MAINTENANCE ORGANIZATION.

HEALTH PLAN IS A SUBSIDIARY OF KAISER FOUNDATION HEALTH PLAN, INC. AN ORGANIZATION ALSO EXEMPT FROM TAX UNDER INTERNAL REVENUE CODE SECTION 501(C)(3). HEALTH PLAN CONTRACTED WITH KAISER FOUNDATION HOSPITALS (HOSPITALS) AND OHIO PERMANENTE MEDICAL GROUP, (MEDICAL GROUP) TO PROVIDE OR ARRANGE FOR HOSPITAL AND MEDICAL SERVICES FOR ITS MEMBERS. CONTRACT PAYMENTS TO HOSPITALS AND MEDICAL GROUP REPRESENTED A SUBSTANTIAL PORTION OF THE EXPENSES FOR MEDICAL AND HOSPITAL SERVICES REPORTED IN PRIOR REPORTING PERIODS.

PLEASE SEE THE ATTACHED "KAISER PERMANENTE COMMUNITY BENEFIT REPORT FOR KAISER FOUNDATION HEALTH PLAN OF OHIO FOR 2003." THIS REPORT WILL PROVIDE A DESCRIPTION OF THE ACTIVITIES CONDUCTED BY HEALTH PLAN IN THE ACCOMPLISHMENT OF ITS EXEMPT PURPOSES AND FOR THE BENEFIT OF THE COMMUNITY IN WHICH IT CONDUCTS ITS ACTIVITIES.



KAISER PERMANENTE®

**COMMUNITY BENEFIT REPORT
for
KAISER FOUNDATION HEALTH PLAN OF OHIO
FY 2003**

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

Page 1 of 15
STATEMENT 4
(CONTINUED)



KAISER PERMANENTE®

TABLE OF CONTENTS

INTRODUCTION	3
KAISER PERMANENTE'S COMMITMENT TO THE COMMUNITY	4
COMMUNITY BENEFIT PROVIDED BY KAISER FOUNDATION HEALTH PLAN, INC. ...	6
COMMUNITY BENEFIT PROVIDED BY KAISER FOUNDATION HOSPITALS	7
THE COMMUNITY BENEFIT PROGRAM IN THE OHIO REGION.....	8
VULNERABLE POPULATIONS	8
MEDICAL CARE SERVICES	
<i>Dues Subsidy Programs</i>	<i>8</i>
<i>Participation in Medicaid and Other Publicly Financial Programs.....</i>	<i>9</i>
COMMUNITY-BASED PROGRAMS	
<i>Youth and Other Employment Programs</i>	<i>9</i>
<i>Grants & Donations for Community-based Programs.....</i>	<i>10</i>
EVIDENCE-BASED MEDICINE.....	10
<i>Clinical and Health Services Research.....</i>	<i>10</i>
<i>Medical Libraries.....</i>	<i>11</i>
EDUCATION	11
CONSUMERS	
<i>Community Health Education Activities</i>	<i>12</i>
<i>Grants & Donations for Consumer Health Education</i>	<i>12</i>
PUBLIC POLICY.....	13
<i>Grants & Donations for Health Care Public Policy.....</i>	<i>13</i>
OTHER COMMUNITY BENEFITS	13
ATTACHMENT A - National Community Benefit Financials	14
ATTACHMENT B - Regional Health Plan & Hospital Financials.....	15

INTRODUCTION

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

In 2003, Kaiser Permanente served over 8.2 million people in 9 states (California, Colorado, Georgia, Hawaii, Maryland, Ohio, Oregon, Virginia and Washington) and the District of Columbia. The program is the largest private nonprofit health care program in the United States and has more than 109,000 full-time equivalent (FTE) employees and over 11,000 contracting physicians. In the Ohio Region, the Health Plan served approximately 146,000 members through 1,800 employees as well as 280 Permanente physicians.

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

Kaiser Permanente is not just a financial arrangement but is an integrated health care delivery system that combines the provision and financing of health care services. People who elect to enroll in 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, and preventive services, health education, and certain prescribed drugs. More comprehensive drug coverage is also provided through a separate coverage rider.

In the Ohio Region, three separate legal organizations comprise Kaiser Permanente: Ohio Health Plan, an Ohio nonprofit corporation and federally qualified health maintenance organization providing federally qualified and non-federally qualified health benefit plans 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); and Ohio Permanente Medical Group ("Permanente Physicians"), an independent multi-specialty group of physicians organized as a professional corporation.

Persons enroll in Kaiser Permanente through KFHP or one of its subsidiaries ("Health Plan"). Health Plan provides and arranges comprehensive health care services for members on a predominantly prepaid basis and fulfills its contractual obligations to group and individual members by contracting with KFH 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; are responsible for their own physician recruitment, selection and staffing, and are legally separate entities independent from Health Plan, KFH and each other. The Permanente Medical Groups treat members in facilities owned, leased or contracted by Health Plan or KFH.

KFHP and KFH are separate corporations governed by identical boards of directors. KFHP accepts responsibility to provide or arrange necessary hospital services and facilities for Health Plan members. KFH owns and operates 27 licensed hospitals (including three licensed hospitals with multiple campuses), and 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 community hospitals to provide hospital services to members for specialized care and other services.

Membership in KFHP and its health plan subsidiaries is available without regard to sex, race, religion, ethnic background, sexual orientation, occupational status, or income level. Health Plan members are broadly representative of the various ages, social, and income groups within the areas served. Once enrolled, a member is free to maintain membership regardless of age, health status, or employment.

KAISER PERMANENTE'S COMMITMENT TO THE COMMUNITY

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

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

This latter approach, which Kaiser Permanente calls the Direct Community Benefit Investment Program (DCBI), is fundamental to being a nonprofit organization. It embodies the organization's commitment to improve the health of communities beyond services to Health Plan members. It is more than traditional corporate citizenship or corporate philanthropy. It is intentional, planned, budgeted, measurable, accountable creation of better health in our communities. It is done in collaboration with, not isolation from, the community. DCBI fulfills Kaiser Permanente's social purpose, justifies its tax-exempt status, and differentiates it from other healthcare organizations.

This tradition of community benefit dates from the earliest days of the Program, when charitable care to non-employees, and later, non-members, was initiated. That heritage

has continued through the years in Kaiser Permanente's early participation in 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, Community Health Partnerships and Dues Subsidy 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 solve major health challenges;
- Create a program that engages the creativity and spirit of the people of Kaiser Permanente at all levels; and
- Meet the requirements placed on KFHP, 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, 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 because of socioeconomic status, illness, ethnicity, age, or other disabling factors;
- *Evidence-based Medicine* - Develop and communicate the evidence basis to determine what form of medical care works, for which patients and populations, under what circumstances, at what cost and in which delivery settings;
- *Education* - Evaluate and demonstrate educational models for the health professions in integrated care systems and for health care consumers for managing their own health and obtaining health care services; and
- *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 Regions to respond to local community benefit needs and opportunities that may or may not be within the four key focus areas.

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

COMMUNITY BENEFIT PROVIDED BY KAISER FOUNDATION HEALTH PLAN, INC.

KFHP's primary social mission is the organization and provision of comprehensive health care services on a prepaid basis through an integrated health care delivery system, available to the community as a whole. Because the Health Plan is a nonprofit organization, revenues that exceed the cost of operations and provision of care are used to benefit members through improved facilities and service, increase benefits, and maintain affordable rates rather than to pay dividends to stockholders. Providing affordable, high quality, comprehensive health benefits coverage and care that emphasizes prevention helps to minimize medical indigence and contributes to quality of life in the communities we serve.

To be in a position 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 available in one place all the services and professional care they require which facilitates a coordinated approach to care. Equipment and supporting personnel are shared and high-technology services such as neurosurgery, open heart surgery, and cancer treatment centers are also centralized to facilitate development and transfer of best clinical practices among all Permanente providers.
- **Group Practice** – Contracting Permanente Medical Groups are organized into large multi-specialty group practices that take responsibility for providing comprehensive care to a defined population in facilities owned or leased by KFH or KFHP. The income that Permanente Medical Groups and their physicians receive is 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 capita payment that does not vary with the amount of service provided. Permanente Medical Group physicians are not compensated on a fee-for-service basis.
- **Comprehensive Benefits** – KFHP provides coverage for unlimited hospital days, physician visits, preventive services, immunizations, well-baby care and prenatal care for most plans. Enrollees pay limited copayments at amounts that protect members from substantial out-of-pocket costs. Comprehensive prepaid coverage removes or minimizes financial barriers to care promoting early consultation, detection and treatment of disease. KFHP actively encourages members to maintain their health through regular preventive self-care. In addition to improving quality of life of the individuals and their families, this reduces uncompensated care and prevents medical indigence by encouraging and financing preventive medical care at the most effective and appropriate level.
- **No Pre-existing Condition Exclusions** – Pre-existing condition exclusions allow carriers to exclude from coverage care for a condition that existed before enrollment with the carrier. KFHP imposes no pre-existing condition exclusions and thereby provides substantial protection for new members who are ill at time of enrollment. KFHP offered health benefits coverage in all its markets without any pre-existing condition exclusions for many years prior to recently enacted federal and state statutes prohibiting pre-existing condition exclusions in certain markets. By ensuring that all our enrollees are covered for all their medical needs, we reduce the amount of uncompensated care, promote the health of our members, and prevent medical indigence.
- **Participation in Medicare** – KFHP has participated in Medicare since it was first implemented in 1965. KFHP and its subsidiaries enrolled approximately 860,000 Medicare beneficiaries, providing Medicare Part A and Part B services, plus additional drug, optical, and inpatient coverage.
- **Participation in Medicaid** – KFHP began enrolling Medicaid beneficiaries in the mid-1960's. Currently, KFHP and certain of its subsidiaries provide care to over 125,000 Medicaid managed care members, and serve a large number of Medicare and Medicaid patients on a fee-for-service basis.

COMMUNITY BENEFIT PROVIDED BY KAISER FOUNDATION HOSPITALS

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

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

- **Care provided to all insured patients** – Hospital care is provided to individuals with health care coverage from any private or government-sponsored health plan.
- **Open Medical Staff Privileges** – Staff privileges in the hospitals are available to community practitioners who are not affiliated with a Permanente Medical Group.
- **Board of Directors** – KFHP and KFHP have identical 14 members Boards of Directors. The Board is comprised of individuals from the academic world and private industry who are representative of the community at large. George C. Halvorson serves as the Chairman and Chief Executive Officer for the KFHP and KFHP Boards of Directors.
- **Reinvestment of Surplus Revenues** – KFHP pays KFHP for hospital services, and all surplus revenues are reinvested for capital replacement or expansion of facilities and equipment, debt amortization, improvement in patient care and services, and medical education and research.

THE COMMUNITY BENEFIT PROGRAM IN THE OHIO REGION

In 2003, Kaiser Permanente spent approximately \$641 million or approximately 2.5% of revenue, to support the Community Benefit Program in the communities. In the Ohio Region, the Ohio Health Plan spent approximately \$1.9 million to support the community benefit program. A breakdown of the 2003 DCBI dollars attributable to KFHP and KFHP nationally is described in Attachment A and those dollars attributable to the Ohio Health Plan and KFHP regionally in Attachment B.

The following showcases many of the signature community benefit programs and services according to the national focus areas.

VULNERABLE POPULATIONS

The Ohio Health Plan provided over \$1.6 million in addressing the financing and delivery of health and social problems of populations vulnerable because of socio-economic status, illness, ethnicity, age or other factors in 2003. The following highlights many of the programs and services provided to vulnerable populations.

MEDICAL CARE SERVICES

The Ohio Health Plan spent \$1.5 million to provide a variety of medical services to under- and uninsured residents in Ohio.

Dues Subsidy Programs

The Ohio Health Plan spent approximately \$721 thousand to provide subsidized coverage to over 130 low-income adults and children who are not eligible for other public or privately funded coverage. In Ohio, the Transition Plan is the specific product for the Dues Subsidy Program.

- The **Transition Plan** provides members the opportunity to continue their health care coverage at reduced costs when they are experiencing financial difficulties due to job loss, involuntary reduction in work hours, death, divorce, or legal separation from a spouse. Typically, these individuals are not eligible for any other public or private sponsored health care coverage. Based on income, the plan subsidizes nearly all health care coverage costs.

Transition Plan members pay a premium of \$15 per month for individuals and \$30 per month for families and receive comprehensive benefits, including prescription drug coverage and hospitalization.

Participation in Medicaid and Other Publicly Financed Programs

The Ohio Health Plan has a long history of participation in publicly financed health programs. In 2003, the Ohio Region spent approximately \$735 thousand on medical services for individuals participating in the following government sponsored program.

- **Medicare/Medicaid Premium Subsidy** - In Ohio, state policy does not allow use of state dollars to pay for Medicare monthly premiums, even for low-income persons. In 2003, Health Plan paid the monthly Medicare premium for approximately 600 dual-eligible Medicare/Medicaid members. This effort supports low income persons, provides richer Medicare benefits than fee-for-service and allows low-income seniors to continue receiving their care from the Ohio Health Plan.

COMMUNITY-BASED PROGRAMS

The Ohio Health Plan spent over \$96 thousand to provide a variety of programs to non-members who live and work in the communities we serve. Examples of the types of programs funded include:

Youth and Other Employment Programs

The Ohio Health Plan spent approximately \$28 thousand to fund youth employment programs aimed at improving the education and job skills or providing employment opportunities for targeted populations.

- **Summer Youth** provides economically disadvantaged high school students with supportive and meaningful employment experiences in the health care field. Young people are employed during the summer months throughout the organization. In addition to their work assignments, the youth participate in educational sessions to enhance job skills, work performance and motivational workshops. Many former Summer Youth students are now employed as nurses, assistant department administrators, lab technicians, opticians and engineers. Ten youth were employed through this program in 2003.

Grants & Donations for Community-based Programs

The Ohio Health Plan gave approximately \$68 thousand to 18 community organizations for a variety of programs and services for vulnerable populations.

- A grant made by the Ohio Health Plan to Big Brothers Big Sisters (BBBS) of Greater Cleveland supported mentoring programs for at-risk youth in the community. Kaiser Permanente also supported employee participation in BBBS's school-based mentoring program during normal business hours.
- The Ohio Health Plan was a major supporter of Harvest for Hunger, a community wide food drive that helps regional food banks, pantries and hot meal programs.
- In 2003, the Ohio Health Plan provided a grant to the YWCA of Cleveland to fund that agency's program to provide child-focused workshops to parents. Workshop subject matter included pediatric health, nutrition, discipline, and disruptive behaviors.
- In 2003, the Ohio Health Plan made a contribution to the Jane Campbell Gap Scholarship fund, which enables Cleveland Scholarship Program to provide additional scholarships to Cleveland Municipal School District graduates who wish to pursue higher education.

EVIDENCE-BASED MEDICINE

The Ohio Health Plan spent over \$73 thousand to support clinical and health research activities. From the beginning, research has been a core value at Kaiser Permanente. Kaiser Permanente conducts more research than any other non-academic institution in the United States. Kaiser Permanente partners with several prominent academic research institutions including Duke University, Harvard, Oregon Health & Sciences University, Stanford University, University of California Los Angeles and San Francisco, University of Colorado, University of Southern California, University of Washington and also partners with the National Institutes of Health and the Centers for Disease Control and Prevention. A more complete description attributable to Health Plan is described below:

Clinical and Health Services Research

Community benefit funds support research that meets important medical and social needs such as studies on the quality of asthma care, prevention of heart attacks, assessing quality of life in Multiple Sclerosis patients and developing self-care for patients with fibromyalgia. In 2003, Health Plan researchers undertook 12 continuing studies and six new studies for a total of 18 active studies, published one research paper and delivered two poster presentations to attendees of the HMO Research Network Conference and the American College of Obstetrics & Gynecology.

Research studies undertaken address current health policy issues, improve care for common conditions where treatment often is linked to community-based efforts, and are broadly disseminated through articles and professional presentations. The following are a few examples of these research projects:

- **Study of Tamoxifen and Raloxifene (STAR) for the Prevention of Breast Cancer –** This study will determine if raloxifene is either more or less effective than tamoxifen in reducing the incidence of invasive breast cancer in postmenopausal women who are at increased risk for the disease.
- **Randomized, Crossover Evaluation of Closed Loop Stimulation Heart rate Response During Emotional Stress –** Pacemakers use sensors that derive their information from secondary or tertiary metabolic demand indicators such as motion or minute ventilation to modify their pacing rate. The study will be used to established pacing rate.
- **Impact of Provider Adherence Prompting and Nurse Telecare on Visit Interval and Effective Acute and Continuation Phase treatment with Medication After Initiation of Anti-Depression Therapy in an Managed Care Organizations -** Depression is prevalent in primary care as well as specialty mental health care, and several studies have shown the outcome of depression treatment to be less than optimal. The major problem seems to be inadequate follow-up of newly initiated treatments, especially antidepressant medication. This project studies two innovations introduced to improve continuity and quality of care for depression in primary care, (1) nurse telecare, a program of frequent, brief phone contacts with patients being treated for depression (initiated in November 2000), and (2) a reminder system consisting of data system reports to providers to increase adherence to HEDIS depression of quality-of-care criteria (to be introduced in November 2002).

Medical Libraries

The Ohio Health Plan fulfilled 1,200 information requests of its medical library in Parma, Ohio. This medical library is available to the greater professional community to access health-related research conducted within and outside of Kaiser Permanente.

EDUCATION

The Ohio Health Plan spent over \$89 thousand to educate consumers during 2003. A more complete description attributable to Health Plan is described below:

CONSUMERS

Community benefit funds supported several community health education and prevention programs for Ohio health care consumers.

Community Health Education Activities

Community members received health education services through community health fairs, health screenings, community and worksite wellness programs.

Grants & Donations for Consumer Health Education

The Ohio Health Plan donated over \$89 thousand of community benefit funds to support seven nonprofit community-based organizations providing consumer health education programs and services. The following provides examples of some of the programs supported in 2003:

- The African American Women's Wellness Walk™, which targets African American families, was a key Cleveland area non-fundraising educational program underwritten by the Region.
- In Cuyahoga County, the Ohio Health Plan served as the Corporate Wellness sponsor of the American Heart Walk and additional in-kind support included conducting all heart health screenings at the event, which attracted over 1,500 people. In Summit County and Lake County respectively, the Ohio Region and the American Heart Association developed the Red Cap initiative to educate survivors of heart disease and stroke, as well as, provide free health screenings to the public.
- The community-based organization Stretching the Limits II partially funded its *Hip Fit Kids* program by a grant from the Ohio Health Plan in 2003. The program provided innovative and dynamic health education, physical activity and nutrition programming to children who reside in public housing communities in Cleveland.

Hip Fit Kids summer workshops served 900 children ages 4 to 16 and engaged them in activities ranging from toddler yoga to Tai-Chi and aerobics. The *Kaiser Permanente CMHA After School Cooking* class involved 150 youth who partook in cooking demonstrations of selected healthy meals.

- In 2003, the Ohio Health Plan partnered with the Cleveland Heights-University Heights School District to offer the unique Diversified Health Occupations (DHO) program that prepares high school students for careers in health care. The two-year accredited program is housed at the Cleveland Heights Medical Center, which serves as a real-world classroom for students. Students participate in clinical rotations throughout the medical center, shadow health care professionals and acquire hands-on experience.

In addition to classroom space, the Ohio Health Plan supports the DHO program by permitting staff participation in shadowing exercises and by providing some equipment and supplies used by students in training activities.

PUBLIC POLICY

During 2003, the Ohio Health Plan used its expertise to develop and disseminate information on health policy issues to benefit Ohio residents. The following is an example of public policy activities:

The Ohio Health Plan developed and published a newsletter entitled *Healthy Views*, to be sent to community leaders, government officials, HR professionals, consumers and others, and is designed to inform their thinking around health care delivery and policy issues. The Ohio Region published one issue in 2003, which was distributed to approximately 4,000 people.

Grants & Donations for Health Care Public Policy

In addition to the above public policy activities, Ohio Health Plan supported two nonprofit organizations. The following highlights public policy efforts funded in 2003:

- In 2003 the Ohio Health Plan provided a grant to support activity during *Cover the Uninsured Week*. Cleveland, Ohio was a target community where awareness-raising activity took place as part of the weeklong national campaign. The Ohio Region's grant supported a business-labor roundtable in which community leaders sought common ground on addressing health care access disparities.
- Additionally, the Ohio Region awarded a contribution that supported a community-wide initiative to continue public funding of the health and social service safety net in Cuyahoga County.

OTHER COMMUNITY BENEFITS

The Ohio Health Plan expended approximately \$49 thousand in support of other community benefit programs.

ATTACHMENT A**DIRECT COMMUNITY BENEFIT INVESTMENT PROGRAM
2003 NATIONAL COMMUNITY BENEFIT FINANCIALS**

The following chart summarizes 2003 community benefit invested nationally for KFHP, its subsidiaries and for KFH. The investments in the community reflected in the chart are unaudited.

CB PRIORITY AREAS	NATIONAL HEALTH PLAN TOTAL	NATIONAL HOSPITAL TOTAL	NATIONAL CB TOTAL
VULNERABLE POPULATIONS			
Medical Care Services	313,330,186	215,084,539	528,414,725
Community-Based Programs	1,380,345	7,567,827	8,948,172
OTHER VULNERABLE POPULATIONS	91,136	1,743,906	1,835,042
<i>Subtotal:</i>	<i>314,801,667</i>	<i>224,396,272</i>	<i>539,197,939</i>
EVIDENCE-BASE			
Research	1,753,506	16,986,739	18,740,245
Medical Libraries	73,463	6,527,547	6,601,010
Tumor Board & Cancer Registry	272,012	4,470,852	4,742,864
<i>Subtotal:</i>	<i>2,098,981</i>	<i>27,985,138</i>	<i>30,084,119</i>
EDUCATION			
Consumer	3,701,884	7,233,105	10,934,989
Health Professionals	5,213,496	46,095,639	51,309,135
<i>Subtotal:</i>	<i>8,915,380</i>	<i>53,328,744</i>	<i>62,244,124</i>
PUBLIC POLICY			
Public Policy Grants/Expenses	1,451,872	879,835	2,331,707
<i>Subtotal:</i>	<i>1,451,872</i>	<i>879,835</i>	<i>2,331,707</i>
OTHER COMMUNITY BENEFITS			
Other CB Grants/Expense	3,222,399	3,248,712	6,471,111
United Way	142,097	212,109	354,206
<i>Subtotal:</i>	<i>3,364,496</i>	<i>3,460,821</i>	<i>6,825,317</i>
TOTAL	\$330,632,396	\$310,050,810	\$640,683,206

ATTACHMENT B**DIRECT COMMUNITY BENEFIT INVESTMENT PROGRAM
2003 OHIO REGIONAL COMMUNITY BENEFIT FINANCIALS**

The following chart summarizes 2003 community benefit invested by Health Plan of Ohio and for KFHP. The investments in the community reflected in the chart are unaudited.

CB PRIORITY AREAS	REGIONAL HEALTH PLAN TOTAL	REGIONAL KFH TOTAL	REGIONAL CB TOTAL
VULNERABLE POPULATIONS			
Medical Care Services	\$1,455,768	\$0	\$1,455,768
Community-based Programs	96,072	0	96,072
Other Vulnerable Populations	91,136	0	91,136
<i>Subtotal:</i>	<i>1,642,976</i>	<i>0</i>	<i>1,642,976</i>
EVIDENCE-BASED MEDICINE			
Medical Libraries	73,463	0	73,463
<i>Subtotal:</i>	<i>73,463</i>	<i>0</i>	<i>73,463</i>
EDUCATION			
Consumers	89,090	0	89,090
<i>Subtotal:</i>	<i>89,090</i>	<i>0</i>	<i>\$89,090</i>
PUBLIC POLICY			
Public Policy Grants/Expenses	21,853	0	21,853
<i>Subtotal:</i>	<i>21,853</i>	<i>0</i>	<i>21,853</i>
OTHER COMMUNITY BENEFITS			
Other CB Grants/Expenses	40,000	0	40,000
United Way	8,500	0	8,500
<i>Subtotal:</i>	<i>48,500</i>	<i>0</i>	<i>48,500</i>
TOTAL	\$1,875,882	\$0	\$1,875,882

FORM 990, PART IV - PREPAID EXPENSES AND DEFERRED CHARGES
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DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
PREPAID EXPENSES	505,972.	406,475.
	-----	-----
TOTALS	505,972.	406,475.
	=====	=====

FORM 990, PART IV - INVESTMENTS - SECURITIES
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DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
MARKETABLE SECURITIES	502,727.	405,000.
	-----	-----
TOTALS	502,727.	405,000.
	=====	=====

FORM 990, PART IV - OTHER ASSETS

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
PENSION FUNDING -LONG TERM		
INTANGIBLE PENSION ASSETS	8,057,120.	13,895,916.
DEPOSITS	2,610.	2,610.
	-----	-----
TOTALS	8,059,730.	13,898,526.
	=====	=====

FORM 990, PART IV - OTHER LIABILITIES
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DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
RESERVE FOR SELF INSURED RISK	15,300,000.	8,250,000.
RESERVE FOR PROPERTY & PUBLIC	26,155,677.	38,204,169.
RESERVE FOR WORKERS COMP RISK	573,100.	646,000.
RESERVE FOR SELF INS UNEMPL	300,244.	NONE
DEFINED PENSION LIABILITY	18,131,223.	NONE
POST RETIREMENT LT LIABILITIES	30,791,994.	34,208,730.
OTHER LIABILITIES	1,165,106.	1,464,873.
MEDICARE AUDIT RESERVE	142,576.	4,613,007.
POST-RTRMENT CURR LIABILITIES	NONE	550,000.
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TOTALS	92,559,920.	87,936,779.
	=====	=====

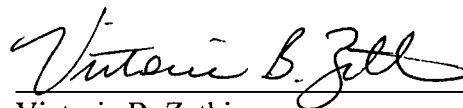
KAISER FOUNDATION HEALTH PLAN OF OHIO

OFFICER'S CERTIFICATE

Dated: February 24, 2004

I, the undersigned, Victoria B. Zatkin, hereby certify that I am Assistant Secretary of Kaiser Foundation Health Plan of Ohio, an Ohio nonprofit corporation (the "Corporation"). I further certify that attached hereto is a full, true, and correct copy of the Amended Code of Regulations of the Corporation (the "Regulations"). I further certify that the Regulations are in full force and effect as of the date hereof, and no further amendment to or other document relating to or affecting the Regulations has been approved by the Board of Directors of the Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand as of the date first set forth above.

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

Victoria B. Zatkin
Assistant Secretary

Page 1A

AMENDED CODE OF REGULATIONS OF
KAISER FOUNDATION HEALTH PLAN OF OHIO

ARTICLE A

PURPOSES

Section A-1. Principal Purpose.

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

Section A-2. Related Purposes.

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

Section A-3. Nonprofit Character.

This corporation is a nonprofit corporation and is not organized for the private gain of any person. This corporation is organized for, and its assets are irrevocably dedicated to, public and charitable purposes. The corporation does not and shall not have the power to distribute gains, profits or dividends to its Directors or officers, and no part of its net earnings shall inure to the benefit of any Director or officer of the corporation or to any other individual, but the corporation may compensate Directors and officers for the reasonable value of goods or services that they furnish to the corporation.

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

Upon the corporation's liquidation or dissolution, the Board of Directors shall, after paying or adequately providing for the corporation's liabilities, distribute the corporation's assets to one or more organizations exempt from tax under §501(c)(3) of the Internal Revenue Code of 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 plan and related activities, shall conduct its activities and shall offer the services and benefits of its plan and other activities to all persons equally, without discrimination because of race, color, religion, sex, or national origin, and shall take affirmative action to maintain equality in such matters.

ARTICLE B

OFFICES

Section B-1. Principal Office.

The principal office of this corporation shall be located at the Ordway Building, Kaiser Center, 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. Principal Office in Ohio.

The place in this State where the principal office of the corporation is located is in Cleveland, Cuyahoga County, Ohio.

Section B-3. Other Offices.

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

ARTICLE C

MEMBERS

Section C-1. Status of Membership.

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

Section C-2. Changes in Membership.

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

Section C-3. Termination.

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

Section C-4. Dues, Assessments and Liabilities.

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

Section C-5. Meetings.

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

Section C-6. Other Action by Members.

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

Section C-7. Power and Authority of Members.

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

ARTICLE D

Directors

Section D-1. Power and Authority of Directors.

All corporate powers shall be exercised by or under the authority of the Board of Directors, and the Board shall control the business and affairs of the corporation. The Board shall have the maximum power and authority now or hereafter provided or permitted under Ohio law to directors of Ohio nonprofit 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 in these Regulations.

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 Regulations, subject to the power of the members to change or repeal the Regulations, except

that no change may be made by the Directors in the authorized manner of Directors;

(d) Select, remove and prescribe powers, duties and compensation of officers, agents and employees, and require security for faithful service;

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

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

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

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

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

(j) Make donations for charitable purposes;

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

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

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

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

Section D-2. Number.

The number of Directors may be changed at any time by amendment of this Code of Regulations by the member. Until changed by the member, 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.

Section D-3. Vacancies.

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

Section D-4. Election and Term of Office.

The twelve Directors other than the Chairman of the Board and the Director designated by the Chairman of the Board shall be divided into three classes of four Directors each. At the first regularly scheduled meeting of the member's Board of Directors in 1994 and each year thereafter, upon the expiration of the term of a class of Directors, Directors of that class shall be elected for a term which shall end at the later of the first regularly scheduled meeting of the member's Board of Directors in the third year following their election or when their successors are elected, except that in any event the term of a Director shall end on December 31 of the year in which he or she attains age 70,

unless the Chairman of the Board specifically requests a Director to remain on the Board for an interim transition period, and the Chairman of the Board, upon his or her retirement or resignation as Chairman of the Board, shall be precluded from continuing to serve as a Director. Any vacancy may be filled by the member, acting through its Board of Directors or its Executive Committee.

Each Director shall hold office until the end of his or her term, or until he or she shall resign, become unable to serve as a Director, or be removed in accord with Section D-3.

Section D-5. Meetings.

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

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

(c) Notice. Notice of meetings shall be mailed, telegraphed, or personally delivered to each Director, at his or her usual business address. Meetings shall be held upon at least two days' notice by first class mail. Notice of a meeting need not be given to any Director who signs a waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof whether before or after the meeting, or who

attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Director.

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

(e) Quorum. 51% of the authorized number of Directors then in office shall constitute a quorum for the transaction of business. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

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

(g) Adjourned Meetings. A majority of the Directors present at any meeting, although less than a quorum, may adjourn the meeting from time to time, without further notice, until a quorum shall attend.

Section D-6. Action Without a Meeting.

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

ARTICLE E

OFFICERS

Section E-1. Officers.

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

Section E-2. Election or Appointment and Term of Office.

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

Section E-3. Subordinate Officials.

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

Section E-4. Removal and Resignation.

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

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

Section E-5. Vacancies.

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

Section E-6. Chairman of the Board.

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

Section E-7. President.

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

Board of Directors.

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

Section E-8. Executive or Senior Vice President.

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

Section E-9. Secretary.

The Secretary shall be responsible for keeping a book of minutes at One Kaiser Plaza, Oakland, California or at such other place as the Board of Directors shall designate, of all meetings and all formal actions of the Board of Directors. Minutes of meetings shall reflect: the time and place of the meetings; whether they were held pursuant to notice, waiver, or consent; if

they were held pursuant to notice, the notice given; the names of persons present; the business transacted, and such other matters as the Board of Directors shall designate.

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

Section E-10. Chief Financial Officer.

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

ARTICLE F
COMMITTEES

Section F-1. Provision for Committees.

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

Section F-2. Action Without a Meeting.

(a) By Unanimous Consent. 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.

(b) By Telephone. Meetings of committees may be held by telephone. A Director may participate in a meeting of a committee by means of a conference telephone or similar communication equipment enabling all Directors participating in the meeting to hear on

another at the same time; participation in such a meeting shall constitute presence in person at such meeting.

Section F-3. Executive Committee.

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

(b) Authority and Duties. The Executive Committee shall have authority to act for the Board of Directors between Board meetings. Unless otherwise provided by law, the Board of Directors, the Articles of Incorporation, or the Regulations, any action taken by the Executive Committee shall have the same force and effect as though taken by a majority of Directors present at a meeting of the Board duly called and held pursuant to the Regulations, except that the Executive Committee shall have no authority to: (1) Fill vacancies on the Board or the Executive Committee; (2) Fix the compensation of directors for serving on the Board or any committee; (3) Adopt, amend or repeal Regulations; (4) Amend or repeal any resolution of the Board which by its express terms is not so amendable or repealable; (5) Appoint committees of the Board or appoint the members thereof; (6) Change roles, titles or employment status of corporate officers; or (7) Approve any aspect of a transaction involving the corporation when a Director has a material financial interest

in that transaction, except as expressly provided by law.

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

Section F-4. Other Committees.

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

ARTICLE G
REGIONAL ADVISORY BOARD

Section G-1. Membership.

The corporation shall have a Regional Advisory Board ("Advisory Board"), consisting of Permanent Participants and Regular Participants. The Permanent Participants, comprising the permanent ex-officio membership of the Advisory Board, shall be the corporation's President (who shall be the Chairman of the Advisory Board), the corporation's Health Plan Manager, and the Executive Medical Director of the Ohio Permanente Medical Group, an Ohio partnership of physicians, or any corporate successor thereto ("Medical Group"). The Regular Participants shall consist of up to twenty-five (25) individuals selected by the Permanent Participants. The individuals so selected shall, to the extent possible, be representative of a cross section of the membership enrolled in this corporation's Health Plan ("enrollees") although one or more individuals may be designated because of their special knowledge of group practice prepayment plans. Each Regular Participant shall serve an initial term expiring December 31st of the year in which selected, and the term of a Regular Participant may be renewed annually each December 31st without any limit on the number of terms served.

Section G-2. Functions.

The functions of the Advisory Board shall be to consider (and through the Chairman to report periodically to this corporation's Board of Directors upon) matters such as benefits for enrollees, accessibility and availability of services to enrollees, the extent of and other matters relating to said enrollment, plans for additional facilities to serve enrollees, and actual or proposed federal, state and local legislation affecting the Kaiser-Permanente Medical Care Program and having an impact on enrollees, as well as such related subjects as from time to time the Advisory Board may find it appropriate to consider.

Section G-3. Meetings.

The Advisory Board will meet on the call of the Chairman as often as is deemed necessary and appropriate but in no event less often than annually, and the person calling the meeting shall invite thereto such representatives of this corporation, the Medical Group, Health Plan, Kaiser Foundation Hospitals (a California nonprofit corporation) and such other representatives as the Chairman considers appropriate.

ARTICLE H

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER AGENTS

Section H-1. Definitions.

As used in this Article:

(a) "agent" means any person who is or was a Director, officer, employee, volunteer or other agent of this corporation, or who is or was serving at the request of this corporation as a director, director, officer, employee, volunteer or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or who was a director, officer, employee, volunteer 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, suit or proceeding, whether civil, criminal, administrative, or investigative;

(c) "special proceeding" means an action by or in the right of this corporation to procure a judgment in its favor;

(d) "expenses" includes attorneys' fees and any expenses of establishing a right to indemnification.

Section H-2. Agent Successful on the Merits.

To the extent that an agent of this corporation has been successful on the merits or otherwise in the defense of any proceeding or special proceeding by reason of the fact that the agent is or was an agent of the corporation, or in defense of any claim, issue, or matter therein, this corporation shall indemnify the agent against expenses actually and reasonably incurred by the agent in connection therewith.

Section H-3. Proceedings Other Than Special Proceedings When Agent Not Successful on the Merits.

Upon making the determination required by Section H-5, and subject to Section H-7, this corporation shall indemnify any agent who was or is a party or is threatened to be made a party to any threatened, pending or completed 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 or not opposed to the best interests of this corporation and, with respect to any criminal proceeding, the agent 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 or not opposed to the best interests of this corporation, and with respect to any criminal proceeding, that the agent had reasonable cause to believe that his or her conduct was unlawful.

Section H-4. Special Proceedings When Agent Not Successful on the Merits.

Upon making the determination required by Section H-5, and subject to Section H-7, this corporation shall 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, and in a manner the agent believed to be in or not opposed to the best interests of the corporation.

No indemnification shall be made under this section with respect to any action or suit in which liability is asserted against the agent pursuant to §1702.12(E)(2)(b) and §1702.55 of the Ohio Revised Code, or with respect to any claim, issue or

matter as to which the agent shall have been adjudged to be liable for negligence or misconduct in the performance of the agent's duty to this corporation, unless and only to the extent that the Court of Common Pleas or the court in which such proceeding is or was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the agent is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

Section H-5. Authorization of Indemnification When Agent Not Successful on the Merits.

Any indemnification under Section H-3 or H-4, unless ordered by a court, 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 H-3 or H-4, by:

(a) A majority vote of a quorum consisting of Directors who were not and are not parties to or threatened with any such proceeding; or

(b) If such a quorum is not obtainable, or if a majority of a quorum of disinterested Directors so directs, in a written opinion by independent legal counsel other than an attorney, or a firm having associated with it an attorney, who has been retained

by, or who has performed services for, the corporation or any person to be indemnified within the past five years; or

(c) By the members; or

(d) By the Court of Common Pleas or the court in which such proceeding was brought.

The corporation shall promptly communicate any determination made pursuant to subsection (a) or (b) of this section to the person who threatened or brought the action if such action is by or in the right of the corporation.

Section H-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 H-7. Other Limitations on Indemnification.

Nothing in this Article shall affect any other right to indemnification to which an agent may be entitled by contract or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office.

Section H-8. Indemnification to the Full Extent of Law.

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

Section H-9. Insurance.

This corporation shall have the power to purchase and maintain insurance or furnish similar protection, including, but not limited to trust funds, letters of credit, or self insurance, for or on behalf of any agent against any liability asserted against and 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.

ARTICLE I
MISCELLANEOUS

Section I-1. Inspection of Corporate Records.

The books of account, minute book and records of committee actions and proceedings shall be open to inspection upon written demand by any Director or member at any reasonable time and for any purpose reasonably related to his or her interests as a Director or member. Such inspection may be made in person, or by any agent or attorney designated by the Director or member, and shall include the right to make extracts and copies. Demands for inspection may be presented to the Board of Directors at any meeting, or to the President or Secretary, or if such demand relate 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 I-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 I-3. Execution of Contracts.

The Board of Directors may authorize any officer or officers and any agent or agents to enter into any contract or execute any instrument in the name of, and on behalf of, the corporation, and such authority may be general or limited to specified instances.

No officer, agent or employee shall have any power or authority to bind or obligate the corporation by any commitment, contract or engagement, or to pledge its credit or render it liable for any purpose or in any amount unless duly authorized by the Board of Directors.

Section I-4. Regulations, Minutes and Membership Records.

The original or a certified copy of the Regulations, 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 H-1.

Section I-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 I-6. Fiscal Year.

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

Section I-7. Annual Report.

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

ARTICLE J
AMENDMENT AND EFFECT OF REGULATIONS

Section J-1. Previous Regulations Superseded.

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

Section J-2. Effect of Regulations.

These Regulations are in all respects subordinate to, and shall be controlled by, applicable provisions of the laws of the State of Ohio, other applicable laws, and the Articles of Incorporation of this corporation. Except as these Regulations 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 J-3. Manner of Amendment.

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

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

election of Directors may be amended only by the member.

SCHEDULE A, PART III - EXPLANATION FOR LINE 2A
=====

KAISER FOUNDATION HEALTH PLAN INC. OF OHIO (HEALTH PLAN) WAS AFFILIATED WITH OTHER ORGANIZATIONS, EXEMPT AND NON-EXEMPT. DURING THE YEAR, IN THE NORMAL COURSE OF BUSINESS IN CARRYING OUT THE EXEMPT CHARITABLE CARE PURPOSE OF THE ORGANIZATION, HEALTH PLAN MAY HAVE ENTERED INTO LEASES, THE EXTENSION OF CREDIT, AND/OR THE FURNISHING OF SERVICES, GOODS AND/OR FACILITIES WITH THESE ORGANIZATIONS. HEALTH PLAN MAY HAVE ALSO ENTERED INTO THESE TYPES OF TRANSACTIONS WITH ORGANIZATIONS WHOSE OFFICERS WERE BOARD MEMBERS OF HEALTH PLAN, SUCH TRANSACTIONS WOULD HAVE BEEN AT A PRICE WHICH IS NOT LESS THAN COST OR MORE THAN FAIR-MARKET-VALUE.

SCHEDULE A, PART III - EXPLANATION FOR LINE 2B

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SEE STATEMENT LINE 2A

SCHEDULE A, PART III - EXPLANATION FOR LINE 2C

=====

SEE STATEMENT LINE 2A

SCHEDULE A, PART III - EXPLANATION FOR LINE 2D
=====

SEE STATEMENT PART V

34-0922268
12/31/2003

(A) NAME	(B) TITLE/ HOURS* WEEKLY	(C1) COMPENSATION PRE 2003	(C2) COMPENSATION 2003	(D1) BENEFIT 2003	(D2) BENEFIT PAID 2004	(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

OFFICERS AND KEY EMPLOYEES:												
Patricia Kennedy-Scott	40	0	0	0	0	0	0	0	0	0	0	0
Robert E Briggs	40	0	0	0	0	0	0	0	0	0	0	0
Kirk E Miller*	40	0	0	0	0	0	0	0	0	0	0	0
Arthur M Southam, MD	40	0	0	0	0	0	0	0	0	0	0	0
Steven R Zalkin	40	0	0	0	0	0	0	0	0	0	0	0
Thomas R Meier	40	0	0	0	0	0	0	0	0	0	0	0
Deborah Stokes	40	0	0	0	0	0	0	0	0	0	0	0
Dinah Seiver	40	0	0	0	0	0	0	0	0	0	0	0
Victoria B Zalkin	40	0	0	0	0	0	0	0	0	0	0	0
<hr/>												
SUBTOTAL OFFICERS AND KEY EMPLOYEES	0	0	0	0	0	0	0	0	0	0	0	0
<hr/>												
TOTAL	0	0	0	0	0	0	0	0	0	0	0	0

NOTES: See Statement 16A following page for notes applicable to the above reporting.

34-0922268
12/31/2003

(A) NAME	(B) TITLE/ HOURS* WEEKLY	(C1) COMPENSATION PRE 2003	(C2) COMPENSATION 2003	(D1) BENEFIT 2003	(D2) BENEFIT PAID 2004	(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

OFFICERS AND KEY EMPLOYEES:						
Patricia Kennedy-Scott	40	0	307,695	216,556	226,325	31,640
Robert E Briggs	40	0	400,566	983,144	432,949	241,328
Kirk E. Miller*	40	508,050	624,908	2,373,158	0	0
Arthur M Southam, MD	40	342,934	878,384	376,141	565,584	43,483
Steven R Zaitkin	40	444,355	723,509	59,452	244,082	0
Thomas R Meier	40	101,610	234,038	96,482	74,305	0
Deborah Stokes	40	158,577	386,275	45,589	104,301	111
Dinah Seiver	40	141,237	293,015	43,809	105,835	0
Victoria B Zaitkin	40	0	180,995	49,641	64,559	0
SUBTOTAL OFFICERS AND KEY EMPLOYEES			4,029,385	4,244,073	1,817,940	316,563
TOTAL			7,100,320	5,333,562	3,463,424	469,215

NOTES: See Statement 16A following page for notes applicable to the above reporting.

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

Note #1 - This Organization is one of the corporate entities listed on the Statement Line 80 "Related and Controlled Entities" which is included as a part of this return. This Organization is a participating member of 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 2003. This compensation is reported 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 2002 and 2003. For instance, column C1 includes amounts paid in 2003 for achievement of performance goals for prior years, and column D2 includes payments scheduled for 2004 for performance goals achieved in 2003.

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 line 75 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 2003 accruals for future benefits under Plan A are included in column D1. Individual values for post retirement health and welfare benefits are reported at the time of retirement.

For other benefit plans available to executives which provide future benefits earned during 2003 (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 a stream-of-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.

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 2003 is reported based on individual records for Directors Blum, Cassel, Chapman and Ridgley; 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 OF OHIO

34-0922268

DECEMBER 31, 2003

ATTACHMENT FOR:

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

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

**KAISER FOUNDATION HEALTH PLAN, INC. AND KAISER FOUNDATION HOSPITALS, CALIFORNIA
NOT-FOR PROFIT CORPORATIONS, EXEMPT FROM INCOME TAX UNDER INTERNAL REVENUE CODE
SECTION 501(C)(3), HAVE A CONTROLLING OR AFFILIATED INTEREST IN THE FOLLOWING CORPORATIONS
AS OF DECEMBER 31, 2003:**

EMPLOYER ID #	ENTITY NAME	DIRECT & INDIRECT % CONTROLLED BY KFHP, INC	
SUBSIDIARY ENTITIES THAT ARE OWNED DIRECTLY OR INDIRECTLY BY KAISER FOUNDATION HEALTH PLAN, INC., THAT ARE ALSO EXEMPT FROM FEDERAL INCOME TAX UNDER IRC 501(C)(3).			
93-0798039	KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST		100%
84-0591617	KAISER FOUNDATION HEALTH PLAN OF COLORADO		100%
58-1592076	KAISER FOUNDATION HEALTH PLAN OF GEORGIA, INC		100%
52-0954463	KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC		100%
34-0922268	KAISER FOUNDATION HEALTH PLAN OF OHIO		100%
23-7425486	COMMUNITY HEALTH PLAN		100%
94-3299124	KAISER HEALTH PLAN ASSET MANAGEMENT, INC		100%
93-0954562	KAISER HEALTH ALTERNATIVES		100%
94-3299123	CAMP BOWIE SERVICE CENTER		100%
93-0480268	OHP		100%
91-2171891	LOKAHI ASSURANCE, LTD		100%
SUBSIDIARY ENTITIES THAT ARE OWNED DIRECTLY OR INDIRECTLY BY KAISER FOUNDATION HEALTH PLAN, INC. THAT ARE TAXABLE FOR FEDERAL AND STATE INCOME TAX PURPOSES.			
03-0329760	OAK TREE ASSURANCE, LTD		100%
94-3113684	KAISER PERMANENTE HEALTH ALTERNATIVES, INC		100%
94-3259432	KAISER PROPERTIES SERVICES, INC		100%
91-1814507	CHP COMPANIES, INC		100%
KAISER FOUNDATION HEALTH PLAN, INC IS AFFILIATED WITH THE FOLLOWING ENTITIES EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3)			
94-1105628	KAISER FOUNDATION HOSPITALS	*(1)	N/A
94-3299125	KAISER HOSPITALS ASSET MANAGEMENT, INC	*(2)	N/A
KAISER FOUNDATION HEALTH PLAN, INC IS AFFILIATED WITH THE FOLLOWING ENTITIES THAT ARE NOT EXEMPT FROM FEDERAL INCOME TAX:			
94-3245176	KAISER PERMANENTE INTERNATIONAL	*(2)	N/A
94-3292262	KAISER PERMANENTE VENTURES	*(2)	N/A
68-0444615	CARETOUCH, INC	*(2)	N/A
91-2166347	KP ONCALL, LLC (elected to be treated as a disregarded entity for tax purposes)	*(2)	N/A
94-3203402	KAISER PERMANENTE INSURANCE COMPANY	*(3)	50%
N/A	HAMI - COLORADO, LLC (elected to be treated as a disregarded entity for tax purposes)	*(4)	N/A
94-3289704	KAIVEST I, LLC	*(5)	N/A
NOTE *(1)	KAISER FOUNDATION HOSPITALS, A CALIFORNIA NOT-FOR-PROFIT CORPORATION, EXEMPT FROM INCOME TAX UNDER THE PROVISIONS OF INTERNAL REVENUE CODE SECTION 501(C)(3), SHARES A COMMON BOARD OF DIRECTORS WITH KAISER FOUNDATION HEALTH PLAN, INC		
NOTE *(2)	THESE ENTITIES ARE SUBSIDIARIES OF KAISER FOUNDATION HOSPITALS		
NOTE *(3)	KAISER PERMANENTE INSURANCE COMPANY IS A NON-EXEMPT LIFE, ACCIDENT AND HEALTH INSURANCE COMPANY OF WHICH 100% OF THE PREFERRED STOCK AND 50% OF THE COMMON STOCK ARE OWNED BY KAISER FOUNDATION HEALTH PLAN, INC THE REMAINING 50% OF COMMON STOCK IS OWNED BY NON-AFFILIATED PHYSICIANS PRACTICE GROUPS		
NOTE *(4)	HAMI - COLORADO, LLC - THE SOLE MEMBER OF THIS LIMITED LIABILITY COMPANY IS KAISER HOSPITALS ASSET MANAGEMENT, INC		
NOTE *(5)	KAIVEST I, LLC - THIS CASH POOLING INVESTMENT FUND HAS THREE AFFILIATED MEMBERS KAISER FOUNDATION HEALTH PLAN OF COLORADO, KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST, and KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC		

THE COMMON ADDRESS FOR ALL ENTITIES LISTED ABOVE IS

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

KAISER FOUNDATION HEALTH PLAN OF OHIO

TIN: 34-0922268

DECEMBER 31, 2003

**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 OHIO, INC
EMPLOYEE COMPENSATION FOR FORM 990 REPORTING PURPOSES
FOR TAX YEAR 2003**

TOP FIVE EMPLOYEES						
NAME	TITLE	HOURS see note 7	(C1) COMPENSATION PRE-2003 see notes 3 & 4	(C2) COMPENSATION 2003 see notes 3 & 4	(D1) BENEFITS 2003 see notes 4 & 5	(D2) BENEFITS PAID 2004 see Notes 3, 4 & 5
THOMAS REVIS	VP - FINANCE	40	0	169,870	89,961	77,818
TIMOTHY ALBERTS	VP - HR	40	39,514	208,722	78,459	80,817
LEE C VERLEI	DIR FACILITIES PLANNING	40	-	148,483	23,327	21,456
TRACY L KANOUFF	DIR ACCT MGMT & BUS DEV	40	-	134,052	22,680	24,905
JEFFERY A WALLACE	DIRECTOR PHARMACIES	40		107,933	28,808	23,525
						86,822
						0
						0
						0
						0

NOTES: See Statement 16A for notes applicable to the above reporting.

KAISER FOUNDATION HEALTH PLAN OF OHIO

TIN: 34-0922268

DECEMBER 31, 2003

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 has not intervened in any political campaign. Health Plan may have possibly engaged in telephone conversations and/or written letters to various federal, state, and local officials regarding matters which affected the healthcare industry as a whole. The amount of time and money involved in the activities is detailed on lines a through h.

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

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

- Collecting, analyzing and 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 not-for-profit community
- Also by preparing written and oral testimony, these individuals appear at legislative hearings, monitor legislative proceedings and meet with legislators and/or their staffs regarding issues pertinent to the mission of Health Plan. Those individuals appearing at such hearings and meetings for and on behalf of Health Plan often are representing the interests of common interest groups as well as the interests of the members of Health Plan.
- Other employees and officers perform services by delivering speeches at various public and private functions and in serving as faculty in healthcare related educational programs throughout the community.

STATEMENT 20