

## Return of Organization Exempt From Income Tax

OMB No 1545-0047

2000

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

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

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

A For the 2000 calendar year, OR tax year period beginning 2000, and ending

## B Check if applicable

☐ Change of address  
☐ Change of name  
☐ Initial return  
☒ Final return  
☐ Amend return

Please use IRS label or print or type. See Specific Instructions.

## C Name of organization

KAISER FOUNDATION HEALTH PLAN OF TEXAS  
C/O KAISER FOUNDATION HEALTH PLAN INC

## D Employer identification number

75-1607081

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

Room/suite

## E Telephone number

ONE KAISER PLAZA 1550 ORDWAY

(510) 271-6385

City or town, state or country, and ZIP code

OAKLAND, CA 94612

F Check ☐ if application pendingG Organization type (check only one) ☒ 501(c)(3) (insert no) 527 OR 4947(a)(1)

Note (H and I are not applicable to section 527 orgs.)

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

H(a) Is this a group return for affiliates? ☐ Yes ☒ NoH(b) If "Yes" enter number of affiliates ☐ N/AH(c) Are all affiliates included? (If "No" attach a list. See inst.) ☐ Yes ☐ NoH(d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☒ NoI Enter 4-digit group exemption no. (GEN) ☐ N/AL Check this box if the organization is not required to attach Schedule B (Form 990 or 990-EZ) ☒J Accounting method: ☐ Cash ☒ Accrual ☐ Other (specify) ☐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.

## Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See Specific Instructions on page 16)

Revenue	1	Contributions, gifts, grants, and similar amounts received					
	a	Direct public support	1a		NONE		
	b	Indirect public support	1b		NONE		
	c	Government contributions (grants)	1c		NONE		
	d	Total (add lines 1a through 1c) (cash \$ noncash \$ )	1d		NONE		
	2	Program service revenue including government fees and contracts (from Part VII, line 93)	2		1,249,851.		
	3	Membership dues and assessments	3				
	4	Interest on savings and temporary cash investments	4		4,037,612.		
	5	Dividends and interest from securities	5				
	6a	Gross rents	6a				
	b	Less: rental expenses	6b				
	c	Net rental income or (loss) (subtract line 6b from line 6a)	6c				
7	Other investment income (describe <input type="checkbox"/> )	7					
Revenue	8a	Gross amount from sales of assets other than inventory	(A) Securities		(B) Other		
	b	Less: cost or other basis and sales expenses	8b				
	c	Gain or (loss) (attach schedule)	8c				
	d	Net gain or (loss) (combine line 8c, columns (A) and (B))	8d				
Revenue	9	Special events and activities (attach schedule)					
	a	Gross revenue (not including \$ of contributions reported on line 1a)	9a				
	b	Less: direct expenses other than fundraising expenses	9b				
Revenue	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				
Revenue	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		5,287,463.		
Expenses	13	Program services (from line 44, column (B))	13		NONE		
	14	Management and general (from line 44, column (C))	14		2,098,306.		
	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		2,098,306.		
Net Assets	18	Excess or (deficit) for the year (subtract line 17 from line 12)	18		3,189,157.		
	19	Net assets or fund balances at beginning of year (from line 73, column (A))	19		-167,269,037.		
	20	Other changes in net assets or fund balances (attach explanation) STMT. 1	20		164,079,880.		
	21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21		NONE		

For Paperwork Reduction Act Notice, see page 1 of the separate instructions.

Form 990 (2000)

**Part II Statement of Functional Expenses**

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See Specific Instructions on page 20.)

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
<b>22</b> Grants and allocations (attach schedule) (cash \$ _____ noncash \$ _____)	<b>22</b> NONE	NONE		
<b>23</b> Specific assistance to individuals (attach schedule)	<b>23</b> NONE	NONE		
<b>24</b> Benefits paid to or for members (attach schedule)	<b>24</b> NONE	NONE		
<b>25</b> Compensation of officers, directors, etc.	<b>25</b> 173,150.	NONE	173,150.	
<b>26</b> Other salaries and wages	<b>26</b> 181,946.	NONE	181,946.	
<b>27</b> Pension plan contributions	<b>27</b> NONE	NONE	NONE	
<b>28</b> Other employee benefits	<b>28</b> 55,142.	NONE	55,142.	
<b>29</b> Payroll taxes	<b>29</b> NONE	NONE	NONE	
<b>30</b> Professional fundraising fees	<b>30</b> NONE	NONE	NONE	
<b>31</b> Accounting fees	<b>31</b> 118,670.	NONE	118,670.	
<b>32</b> Legal fees	<b>32</b> -3,750.	NONE	-3,750.	
<b>33</b> Supplies	<b>33</b> 29,721.	NONE	29,721.	
<b>34</b> Telephone	<b>34</b> 28,498.	NONE	28,498.	
<b>35</b> Postage and shipping	<b>35</b> 82,837.	NONE	82,837.	
<b>36</b> Occupancy	<b>36</b> 43,308.	NONE	43,308.	
<b>37</b> Equipment rental and maintenance	<b>37</b> 10,847.	NONE	10,847.	
<b>38</b> Printing and publications	<b>38</b> 26.	NONE	26.	
<b>39</b> Travel	<b>39</b> 50,530.	NONE	50,530.	
<b>40</b> Conferences, conventions, and meetings	<b>40</b> 3,768.	NONE	3,768.	
<b>41</b> Interest	<b>41</b> NONE	NONE	NONE	
<b>42</b> Depreciation, depletion, etc. (attach schedule)	<b>42</b> NONE	NONE	NONE	
<b>43</b> Other expenses (itemize): <b>a</b> STMT 2	<b>43a</b> 1,323,613.		1,323,613.	
<b>b</b>	<b>43b</b>			
<b>c</b>	<b>43c</b>			
<b>d</b>	<b>43d</b>			
<b>e</b>	<b>43e</b>			
<b>44</b> Total functional expenses (add lines 22 through 43) Organizations completing columns (B)-(D), carry these totals to lines 13-15.	<b>44</b> 2,098,306.	NONE	2,098,306.	

**Reporting of Joint Costs.** Did you report in column (B) (Program services) any joint costs from a combined educational campaign and fundraising solicitation? ☐ 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 Specific Instructions on page 23.)What is the organization's primary exempt purpose? **SEE STATEMENT 3**

All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) 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.)

<b>a</b> SEE STATEMENT 3	(Grants and allocations \$ NONE)	NONE
<b>b</b>	(Grants and allocations \$ )	
<b>c</b>	(Grants and allocations \$ )	
<b>d</b>	(Grants and allocations \$ )	
<b>e</b> Other program services (attach schedule)	(Grants and allocations \$ )	
<b>f</b> Total of Program Service Expenses (should equal line 44, column (B), Program services)		NONE

**Part IV Balance Sheets** (See Specific Instructions on page 23.)

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
<b>45</b>	Cash - non-interest-bearing	180,411.	<b>45</b>	NONE
<b>46</b>	Savings and temporary cash investments	29,190,934.	<b>46</b>	NONE
<b>47a</b>	Accounts receivable	<b>47a</b> NONE		
<b>b</b>	Less: allowance for doubtful accounts	<b>47b</b> NONE	-1,539,964.	<b>47c</b> NONE
<b>48a</b>	Pledges receivable	<b>48a</b>		
<b>b</b>	Less: allowance for doubtful accounts	<b>48b</b>		<b>48c</b>
<b>49</b>	Grants receivable		<b>49</b>	
<b>50</b>	Receivables from officers, directors, trustees, and key employees (attach schedule)		<b>50</b>	
<b>51a</b>	Other notes and loans receivable (attach schedule) <b>SEE STATEMENT 4.</b>	<b>51a</b> NONE		
<b>b</b>	Less: allowance for doubtful accounts	<b>51b</b>	34,728,333.	<b>51c</b> NONE
<b>52</b>	Inventories for sale or use		NONE	<b>52</b> NONE
<b>53</b>	Prepaid expenses and deferred charges <b>SEE STATEMENT 5.</b>		103,493.	<b>53</b> NONE
<b>54</b>	Investments - securities (attach schedule) <input type="checkbox"/> Cost <input type="checkbox"/> FMV			<b>54</b>
<b>55a</b>	Investments - land, buildings, and equipment, basis	<b>55a</b>		
<b>b</b>	Less: accumulated depreciation (attach schedule)	<b>55b</b>		<b>55c</b>
<b>56</b>	Investments - other (attach schedule)			<b>56</b>
<b>57a</b>	Land, buildings, and equipment, basis	<b>57a</b> NONE		
<b>b</b>	Less: accumulated depreciation (attach schedule)	<b>57b</b> NONE	NONE	<b>57c</b> NONE
<b>58</b>	Other assets (describe <b>SEE STATEMENT 6</b> )		2,830,562.	<b>58</b> NONE
<b>59</b>	<b>Total assets</b> (add lines 45 through 58) (must equal line 74)		65,493,769.	<b>59</b> NONE
<b>60</b>	Accounts payable and accrued expenses		7,453,040.	<b>60</b> NONE
<b>61</b>	Grants payable			<b>61</b>
<b>62</b>	Deferred revenue			<b>62</b>
<b>63</b>	Loans from officers, directors, trustees, and key employees (attach schedule)			<b>63</b>
<b>64a</b>	Tax-exempt bond liabilities (attach schedule)			<b>64a</b>
<b>b</b>	Mortgages and other notes payable (attach schedule) <b>STMT. 7.</b>		220,847,159.	<b>64b</b> NONE
<b>65</b>	Other liabilities (describe <b>SEE STATEMENT 8</b> )		4,462,607.	<b>65</b> NONE
<b>66</b>	<b>Total liabilities</b> (add lines 60 through 65)		232,762,806.	<b>66</b> NONE
<b>Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.</b>				
<b>67</b>	Unrestricted			<b>67</b>
<b>68</b>	Temporarily restricted			<b>68</b>
<b>69</b>	Permanently restricted			<b>69</b>
<b>Organizations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 70 through 74.</b>				
<b>70</b>	Capital stock, trust principal, or current funds		NONE	<b>70</b> NONE
<b>71</b>	Paid-in or capital surplus, or land, building, and equipment fund		43,201,894.	<b>71</b> NONE
<b>72</b>	Retained earnings, endowment, accumulated income, or other funds		-210470931.	<b>72</b> NONE
<b>73</b>	<b>Total net assets or fund balances</b> (add lines 67 through 69 OR lines 70 through 72, column (A) must equal line 19 and column (B) must equal line 21)		-167269037.	<b>73</b> NONE
<b>74</b>	<b>Total liabilities and net assets/fund balances</b> (add lines 66 and 73)		65,493,769.	<b>74</b> NONE

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.

<b>Part IV-B</b>	<b>Reconciliation of Expenses per Audited Financial Statements with Expenses per Return</b>	<b>APPLICABLE</b>
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**a** Total expenses and losses per audited financial statements . . . . .

**b** Amounts included on line **a** but not on line 17, Form 990:

(1) Donated services and use of facilities \$ \_\_\_\_\_

(2) Prior year adjustments reported on line 20, Form 990 . . . . . \$ \_\_\_\_\_

(3) Losses reported on line 20, Form 990 \$ \_\_\_\_\_

(4) Other (specify):  
\_\_\_\_\_  
\_\_\_\_\_ \$ \_\_\_\_\_

Add amounts on lines (1) through (4) . . . . .

**c** Line **a** minus line **b** . . . . .

**d** Amounts included on line 17,  
Form 990 but not on line **a**:

(1) Investment expenses  
not included on line  
6b, Form 990 . . . \$ \_\_\_\_\_

(2) Other (specify)  
\_\_\_\_\_  
\_\_\_\_\_ \$ \_\_\_\_\_

Add amounts on lines (1) and (2)

**e** Total expenses per line 17, Form 990  
(line c plus line d) . . . . .

[illegible]

**75** Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations? ☒ Yes ☐ No  
If "Yes," attach schedule - see Specific Instructions on page 26.

SEE STATEMENT 13

**Part VI Other Information** (See Specific Instructions on page 26.)

	Yes	No
76 Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity . . .		X
77 Were any changes made in the organizing or governing documents but not reported to the IRS? . . . If "Yes," attach a conformed copy of the changes		X
78a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return? . . .		X
b If "Yes," has it filed a tax return on Form 990-T for this year? . . .	N/A	
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement . . .	X	
80a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization? . . .	X	
b If "Yes," enter the name of the organization <b>SEE STATEMENT 14 AND 15</b> and check whether it is <input checked="" type="checkbox"/> exempt OR <input checked="" type="checkbox"/> nonexempt.		
81a Enter the amount of political expenditures, direct or indirect, as described in the instructions for line 81 . . .	NONE	
b Did the organization file Form 1120-POL for this year? . . .		X
82a Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value? . . .		X
b If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions for reporting in Part III) . . .	NONE	
83a Did the organization comply with the public inspection requirements for returns and exemption applications? . . .	X	
b Did the organization comply with the disclosure requirements relating to quid pro quo contributions? . . .	N/A	
84a Did the organization solicit any contributions or gifts that were not tax deductible? . . .		X
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . .	N/A	
85 501(c)(1), (5), or (6) organizations. a Were substantially all dues nondeductible by members? . . .	N/A	
b Did the organization make only in-house lobbying expenditures of \$2,000 or less? . . . 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.	N/A	
c Dues, assessments, and similar amounts from members . . .	N/A	
d Section 162(e) lobbying and political expenditures . . .	N/A	
e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices . . .	N/A	
f Taxable amount of lobbying and political expenditures (line 85d less 85e) . . .	N/A	
g Does the organization elect to pay the section 6033(e) tax on the amount in 85f? . . .	N/A	
h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount in 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year? . . .	N/A	
86 501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12 . . .	N/A	
b Gross receipts, included on line 12, for public use of club facilities . . .	N/A	
87 501(c)(12) orgs. Enter: a Gross income from members or shareholders . . .	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.) . . .	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 . . .		X
89a 501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under section 4911 <b>NONE</b> ; section 4912 <b>NONE</b> ; section 4955 <b>NONE</b> . . .		
b 501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction . . .		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	
90a List the states with which a copy of this return is filed <b>TEXAS</b> . . .		
b Number of employees employed in the pay period that includes March 12, 2000 (See inst.) . . .	NONE	
91 The books are in care of <b>NATIONAL TAX DIRECTOR</b> Telephone no. <b>510 271-6385</b> Located at <b>ONE KAISER PLAZA 1550 ORDWAY, OAKLAND CA</b> ZIP code <b>94612</b> . . .		
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	NONE

**Part VII Analysis of Income-Producing Activities** (See Specific Instructions on page 30.)

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 OTHER REV/RECOVERY			1	554,475.	
b					
c					
d					
e					
f Medicare/Medicaid payments					695,376.
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	4,037,612.	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
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))				4,592,087.	695,376.
105 Total (add line 104, columns (B), (D), and (E))					5,287,463.

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 Specific Instructions on page 31.)

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).
▼	SEE STATEMENT 10

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities** (See Specific Instructions on page 31.)

(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
	%			
	%			
	%			
	%			

**Part X Information Regarding Transfers Associated with Personal Benefit Contracts** (See Specific Instructions on page 31.)

(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).

I have prepared this return, including accompanying schedules and statements, and to the best of my knowledge and belief, the information is true and correct, and I am not aware of any information that would require the preparation of another return.

DEBORAH STOKES

VP/CONTROLLER

NOV 1 2001

Date

Type or print name and title

**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.)**

OMB No. 1545-0047

**2000**

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

Name of the organization **KAISER FOUNDATION HEALTH PLAN OF TEXAS**  
**C/O KAISER FOUNDATION HEALTH PLAN INC**

Employer identification number  
**75-1607081**

**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
<b>NO EMPLOYEES DURING 2000</b>				
Total number of other employees paid over \$50,000	<b>NONE</b>			

**Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services**  
(See page 1 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
<b>NONE</b>		
Total number of others receiving over \$50,000 for professional services	<b>NONE</b>	

For Paperwork Reduction Act Notice, see page 1 of the Instructions for Form 990 and Form 990-EZ.

Schedule A (Form 990 or 990-EZ) 2000

**Part III** Statements About Activities

	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?		X
If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ► \$ <b>NONE</b>		
Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes," must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities		
2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any of its trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary.		
a Sale, exchange, or leasing of property? . . . . . <b>SEE STATEMENT 11.</b>	X	
b Lending of money or other extension of credit? . . . . .	X	
c Furnishing of goods, services, or facilities? . . . . .	X	
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? . . . . .	X	
e Transfer of any part of its income or assets? . . . . .		X
If the answer to any question is "Yes," attach a detailed statement explaining the transactions.		
3 Does the organization make grants for scholarships, fellowships, student loans, etc? . . . . .		X
4a Do you have a section 403(b) annuity plan for your employees? . . . . .		X
b Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it in furtherance of its charitable programs qualify to receive payments. (See page 2 of the instructions.)		

STMT 12

**Part IV** Reason for Non-Private Foundation Status (See pages 2 through 5 of the instructions.)

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

- 5 ☐ A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6 ☐ A school. Section 170(b)(1)(A)(ii). (Also complete Part V, page 5.)
- 7 ☐ A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8 ☐ A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9 ☐ A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state ►
- 10 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the Support Schedule in Part IV-A.)
- 11a ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the Support Schedule in Part IV-A.)
- 11b ☐ A community trust. Section 170(b)(1)(A)(vi). (Also complete the Support Schedule 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 5 of the instructions.)



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

Calendar year (or fiscal year beginning in) . . . . .	(a) 1999	(b) 1998	(c) 1997	(d) 1996	(e) Total
<b>15</b> Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.) . . . . .					
<b>16</b> Membership fees received . . . . .					
<b>17</b> Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is not a business unrelated to the organization's charitable, etc., purpose . . . . .	1,720,480.	1,800,309.73.	2,133,560.01.	1,996,705.43.	5,947,779.97.
<b>18</b> 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 . . . . .	5,179,014.	5,816,863.	69,074.	6,482.	11,071,433.
<b>19</b> Net income from unrelated business activities not included in line 18 . . . . .					
<b>20</b> Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf . . . . .					
<b>21</b> 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 . . . . .					
<b>22</b> Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets . . . . .					
<b>23</b> Total of lines 15 through 22 . . . . .	6,899,494.	18,584,783.6.	21,342,507.5.	1,996,770.25.	60,584,943.0.
<b>24</b> Line 23 minus line 17 . . . . .	5,179,014.	5,816,863.	69,074.	6,482.	11,071,433.
<b>25</b> Enter 1% of line 23 . . . . .	68,995.	1,858,478.	2,134,251.	1,996,770.	
<b>26</b> Organizations described in lines 10 or 11: <b>a</b> Enter 2% of amount in column (e), line 24 <b>NOT APPLICABLE.</b> <b>b</b> Attach a list (which is not open to public inspection) showing the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1996 through 1999 exceeded the amount shown in line 26a. Enter the sum of all these excess amounts . . . . . <b>c</b> Total support for section 509(a)(1) test: Enter line 24, column (e) . . . . . <b>d</b> Add: Amounts from column (e) for lines: 18 _____ 19 _____ 22 _____ 26b _____ <b>e</b> Public support (line 26c minus line 26d total) . . . . . <b>f</b> Public support percentage (line 26e (numerator) divided by line 26c (denominator)) . . . . . %					
<b>27</b> Organizations described on line 12: <b>a</b> For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," attach a list (which is not open to public inspection) to show the name of, and total amounts received in each year from, each "disqualified person." Enter the sum of such amounts for each year: (1999) <u>NONE</u> (1998) <u>NONE</u> (1997) <u>NONE</u> (1996) <u>NONE</u> <b>b</b> For any amount included in line 17 that was received from a nondisqualified person, attach a list 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.) 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: (1999) <u>NONE</u> (1998) <u>NONE</u> (1997) <u>NONE</u> (1996) <u>NONE</u> <b>c</b> Add: Amounts from column (e) for lines: 15 _____ 16 _____ 17 <u>5,947,779.97.</u> 20 _____ 21 _____ <b>d</b> Add: Line 27a total <u>NONE</u> and line 27b total <u>NONE</u> <b>e</b> Public support (line 27c total minus line 27d total) . . . . . <b>f</b> Total support for section 509(a)(2) test: Enter amount on line 23, column (e) . . . . . <b>g</b> Public support percentage (line 27e (numerator) divided by line 27f (denominator)) . . . . . <b>h</b> Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)) . . . . .					
<b>28</b> Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 1996 through 1999, attach a list (which is not open to public inspection) for each year showing the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not include these grants in line 15. (See page 5 of the instructions.)					

**Part V Private School Questionnaire** (See page 5 of the instructions.)(To be completed **ONLY** by schools that checked the box on line 6 in Part IV)**NOT APPLICABLE**

	Yes	No
<b>29</b> 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?		
<b>30</b> 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?		
<b>31</b> 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.)		
<b>32</b> Does the organization maintain the following:		
<b>a</b> Records indicating the racial composition of the student body, faculty, and administrative staff?		
<b>b</b> Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?		
<b>c</b> Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?		
<b>d</b> Copies of all material used by the organization or on its behalf to solicit contributions?		
If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)		
<b>33</b> Does the organization discriminate by race in any way with respect to:		
<b>a</b> Students' rights or privileges?		
<b>b</b> Admissions policies?		
<b>c</b> Employment of faculty or administrative staff?		
<b>d</b> Scholarships or other financial assistance?		
<b>e</b> Educational policies?		
<b>f</b> Use of facilities?		
<b>g</b> Athletic programs?		
<b>h</b> Other extracurricular activities?		
If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)		
<b>34a</b> Does the organization receive any financial aid or assistance from a governmental agency?		
<b>b</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		
<b>35</b> Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation		

**Part VI-A Lobbying Expenditures by Electing Public Charities** (See page 7 of the instructions.)(To be completed **ONLY** by an eligible organization that filed Form 5768)**NOT APPLICABLE**Check here ☐ **a** if the organization belongs to an affiliated groupCheck here ☐ **b** if you checked "a" above 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
<b>36</b> Total lobbying expenditures to influence public opinion (grassroots lobbying) . . .	<b>36</b>		
<b>37</b> Total lobbying expenditures to influence a legislative body (direct lobbying) . . .	<b>37</b>		
<b>38</b> Total lobbying expenditures (add lines 36 and 37) . . . . .	<b>38</b>		
<b>39</b> Other exempt purpose expenditures . . . . .	<b>39</b>		
<b>40</b> Total exempt purpose expenditures (add lines 38 and 39) . . . . .	<b>40</b>		
<b>41</b> Lobbying nontaxable amount. Enter the amount from the following table -			
<b>If the amount on line 40 is -</b> <b>The lobbying nontaxable amount is -</b>			
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	<b>41</b>		
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 . . . . .			
<b>42</b> Grassroots nontaxable amount (enter 25% of line 41) . . . . .	<b>42</b>		
<b>43</b> Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36 . . . . .	<b>43</b>		
<b>44</b> Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38 . . . . .	<b>44</b>		

**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 9 of the instructions.)

<b>Lobbying Expenditures During 4-Year Averaging Period</b>					
Calendar year (or fiscal year beginning in) ▶	(a) 2000	(b) 1999	(c) 1998	(d) 1997	(e) Total
Lobbying nontaxable amount . . . . .					
<b>45</b> amount . . . . .					
Lobbying ceiling amount (150% of line 45(e)) . . . . .					
<b>46</b> (150% of line 45(e)) . . . . .					
<b>47</b> Total lobbying expenditures . . . . .					
Grassroots nontaxable amount . . . . .					
<b>48</b> amount . . . . .					
Grassroots ceiling amount (150% of line 48(e)) . . . . .					
<b>49</b> (150% of line 48(e)) . . . . .					
Grassroots lobbying expenditures . . . . .					
<b>50</b> expenditures . . . . .					

**Part VI-B Lobbying Activity by Nonelecting Public Charities**

(For reporting only by organizations that did not complete Part VI-A) (See page 9 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
<b>a</b> Volunteers . . . . .		X	
<b>b</b> Paid staff or management (Include compensation in expenses reported on lines c through h) . . . . .		X	
<b>c</b> Media advertisements . . . . .		X	NONE
<b>d</b> Mailings to members, legislators, or the public . . . . .		X	NONE
<b>e</b> Publications, or published or broadcast statements . . . . .		X	NONE
<b>f</b> Grants to other organizations for lobbying purposes . . . . .		X	NONE
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body . . . . .		X	NONE
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means . . . . .		X	NONE
<b>i</b> Total lobbying expenditures (add lines c through h) . . . . .			NONE

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



FORM 990, PART I - OTHER INCREASES IN FUND BALANCES  
=====DESCRIPTION  
-----AMOUNT  
-----

CLOSE FUND BALANCE ON DISSOLUTION

164,079,880.

TOTAL

-----  
164,079,880.  
=====

FORM 990, PART II - OTHER EXPENSES  
=====

DESCRIPTION  
-----

PROFESSIONAL FEES/CONSULTING  
STATE AND LOCAL TAXES  
EMPLOYEE DEVELOPMENT  
PROFESSIONAL DUES AND FEES  
MEDICAL CONTRACT FEES  
BANK CHARGES  
NON-MEDICAL OUTSIDE SERVICES  
OTHER EXPENSES  
UNCOLLECTABLE ACCOUNTS  
SIERRA NOTE RESERVE

TOTALS

MANAGEMENT  
AND GENERAL  
-----

10,306.  
97,767.  
2,444.  
685.  
1,913.  
10,195.  
1,595.  
98,708.  
600,000.  
500,000.

-----  
1,323,613.  
=====

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

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

THE BOARD OF DIRECTORS ADOPTED A PLAN OF DIVESTITURE AND SUBSEQUENTLY SOLD THE HEALTH PLAN AND SUBSTANTIAL ASSETS TO A THIRD PARTY WHICH CONTINUED TO PROVIDE FOR THE FORMER MEMBERS OF THE HEALTH PLAN. DURING 2000 THE ORGANIZATION PRIMARILY COMPLETED THE PLAN OF DIVESTITURE BY LIQUIDATING THE REMAINING ASSETS, SETTling CLAIMS AND OTHER OBLIGATIONS. ON PROVIDING SUBSTANTIATION TO THE STATE OF TEXAS THAT ALL OBLIGATIONS HAD BEEN FAIRLY RESOLVED, THE STATE APPROVED THE ORGANIZATION'S APPLICATION TO DISSOLVE EFFECTIVE DECEMBER 31, 2000.

THIS WILL BE THE FINAL RETURN FOR THIS ORGANIZATION AS THE STATE HAS DISSOLVED THE CHARTER AND ALL REMAINING NET ASSETS HAVE BEEN DISTRIBUTED IN ACCORDANCE WITH LOCAL STATUTE AND PROVISIONS OF THE INTERNAL REVENUE CODE.

FORM 990, PART IV - OTHER NOTES AND LOANS RECEIVABLE  
=====

BORROWER: SIERRA HEALTH SERVICES INC

ORIGINAL AMOUNT: 35,170,825.

DATE OF NOTE: 10/31/1998

MATURITY DATE: 10/31/2003

REPAYMENT TERMS: UNSECURED PAYABLE IN FIVE YEARS FROM DATE OF NOTE.

SECURITY PROVIDED: UNSECURED LOAN.

PURPOSE OF LOAN: BALANCE OF PURCHASE PROCEEDS FROM SALE OF ASSETS.

DESCRIPTION AND FMV SALE OF FIXED ASSETS AND MEMBERSHIP ACCOUNTS ON

OF CONSIDERATION: DISCONTINUATION OF MEDICAL CARE PROGRAM.

BEGINNING BALANCE DUE ..... 34,728,333.

ENDING BALANCE DUE ..... NONE  
-----TOTAL BEGINNING OTHER NOTES AND LOANS RECEIVABLE 34,728,333.  
=====TOTAL ENDING OTHER NOTES AND LOANS RECEIVABLES NONE  
=====



## FORM 990, PART IV - PREPAID EXPENSES AND DEFERRED CHARGES

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
PREPAID EXPENSES	3,493.	NONE
DEPOSITS & DEFERRED CHARGES	100,000.	NONE
	-----	-----
TOTALS	103,493.	NONE
	=====	=====

## FORM 990, PART IV - OTHER ASSETS

=====

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
LONG-TERM PENSION FUNDING	2,830,562.	NONE
	-----	-----
TOTALS	2,830,562.	NONE
	=====	=====

FORM 990, PART IV - MORTGAGES AND OTHER NOTES PAYABLE  
=====

LENDER: KAISER FOUNDATION HEALTH PLAN  
ORIGINAL AMOUNT: 166,427,836.  
REPAYMENT TERMS: LOAN PAYABLE ON DEMAND WITH VARIABLE INTEREST RATE  
SECURITY PROVIDED: UNSECURED INTER-ENTITY LOAN  
PURPOSE OF LOAN: WORKING CAPITAL  
DESCRIPTION AND FMV OF CONSIDERATION: WORKING CAPITAL ADVANCES IN THE FORM OF CASH AND/  
OR BY CHARGES FOR STRATEGIC OPERATING SERVICES.

BEGINNING BALANCE DUE ..... 220,847,159.  
ENDING BALANCE DUE ..... NONE  
-----

TOTAL BEGINNING MORTGAGES AND OTHER NOTES PAYABLE 220,847,159.  
=====

TOTAL ENDING MORTGAGES AND OTHER NOTES PAYABLE NONE  
=====

## FORM 990, PART IV -- OTHER LIABILITIES

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
WORKERS COMPENSATION LIABILITY	42,603.	NONE
PROFESSIONAL/PUBLIC LIABILITY	4,420,004.	NONE
	-----	-----
TOTALS	4,462,607.	NONE
	=====	=====

FORM 990, PART VI - LIQUIDATION, DISSOLUTION, TERMINATION  
=====

ON OCTOBER 31, 1998, KAISER FOUNDATION HEALTH PLAN OF TEXAS SOLD SUBSTANTIALLY ALL OF THE ASSETS OF THE HEALTH PLAN AND THE HEALTH CARE DELIVERY SYSTEM TO HMO TEXAS, L.C. AND CERTAIN OF ITS AFFILIATES. HMO TEXAS, L.C. IS A SUBSIDIARY OF SIERRA HEALTH SERVICES, INC. AND IS A TEXAS LICENSED FOR-PROFIT HEALTH MAINTENANCE ORGANIZATION THAT OPERATES AS A NETWORK MODEL HMO IN THE HOUSTON, TEXAS AREA. HMO TEXAS DESIRED TO EXPAND THEIR SERVICE AREA TO INCLUDE THE AREAS SERVED BY THIS TAX-EXEMPT ORGANIZATION. SIERRA HEALTH SERVICES, INC. IS A PUBLICLY TRADED CORPORATION WHICH OPERATES A GROUP AND NETWORK MODEL HMO IN NEVADA.

SEE STATEMENT FOR PART III, FORM 990 FOR FURTHER EXPLANATION OF DIVESTITURE AND DISSOLUTION OF THE ORGANIZATION.

FORM 990, PART VIII - ACCOMPLISHMENT OF EXEMPT PURPOSES  
=====

LINE NO. ---	EXPLANATION OF HOW EACH ACTIVITY FOR WHICH INCOME IS REPORTED IN COLUMN (E) OF PART VII CONTRIBUTED IMPORTANTLY TO THE ACCOMPLISHMENT OF EXEMPT PURPOSES -----
93A	OTHER REVENUE AND RECOVERIES - REPRESENTS THE COLLECTION OF OUTSTANDING ACCOUNTS AND RECOVERIES OF PRIOR PERIOD COSTS INCURRED IN THE DELIVERY OF HEALTH CARE TO MEMBERS OF THE HEALTH PLAN PRIOR TO THE DIVESTITURE OF THE PLAN. INTERNAL REVENUE REGULATION 1.501(C)(3)-1.

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

## RESPONSE FOR SCHEDULE A, PART III, QUESTIONS 2(A) TO 2(D):

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

DURING 2000 THE ORGANIZATION DID NOT HAVE ANY EMPLOYEES. SERVICES WERE PROVIDED BY EMPLOYEES OF AN AFFILIATED MEMBER ORGANIZATION AND THE CHARGES FOR COMPENSATION, BENEFITS AND EXPENSE REIMBURSEMENT WERE CHARGED TO THIS ORGANIZATION AS APPROPRIATE. SEE PART V, FORM 990 FOR A SCHEDULE OF COMPENSATION, BENEFITS AND EXPENSE REIMBURSEMENTS ALLOCATED AND CHARGED TO THIS ORGANIZATION FOR THE SERVICES PROVIDED BY DIRECTORS AND OFFICERS TO THIS ORGANIZATION.

## SCHEDULE A, PART III - EXPLANATION FOR LINE 4

=====

MOST OF THE ORGANIZATION'S DISBURSEMENTS RELATE TO WINDING UP THE AFFAIRS OF THE ORGANIZATION. THE ORGANIZATION IS NOT A GRANT-MAKING ORGANIZATION. THE ORGANIZATION PREVIOUSLY PROVIDED ITS SERVICES DIRECTLY TO THE MEMBERS OF THE COMMUNITY THROUGH ITS MOSTLY PREPAID HEALTH CARE PROGRAMS.



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

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

Type or print	Name of Exempt Organization <b>KAISER FOUNDATION HEALTH PLAN OF TEXAS</b>	Employer identification number <b>75-1607081</b>
File by the extended due date for filing the return. See instructions	Number, street, and room or suite no. If a P.O. box, see instructions. <b>ONE KAISER PLAZA, ORDWAY # 1550</b>	For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. <b>OAKLAND, CA 94612</b>	

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, 2001
- 5 For calendar year 2000, or other tax year beginning \_\_\_\_\_, 20\_\_\_\_ and ending \_\_\_\_\_, 20\_\_\_\_.
- 6 If this tax year is for less than 12 months, check reason. ☐ Initial return ☐ Final return ☐ Change in accounting period
- 7 State in detail why you need the extension THIS ENTITY IS A MEMBER OF AN AFFILIATED GROUP COMPRISING A NATIONAL MANAGED HEALTH CARE DELIVERY PROGRAM AND IT MUST DEFER RETURN FILING UNTIL DATA FOR EACH MEMBER'S RETURN IS COMPLETE.
- 8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions. \$ NONE
- b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868. \$ NONE
- c **Balance Due.** Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions. \$ 0

**Signature and Verification**

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

Signature *Deborah Schen* Title VICE PRESIDENT/CONTROLLER Date 7/30/2001**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 \_\_\_\_\_

**RECEIVED****AUG 29 2001**

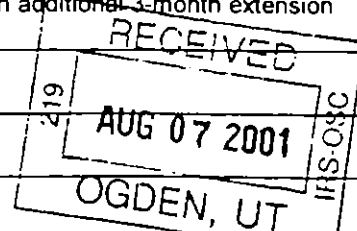
Director \_\_\_\_\_

By \_\_\_\_\_

Date \_\_\_\_\_

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

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



Form **8868**

(December 2000)

Department of the Treasury  
Internal Revenue Service**Application for Extension of Time To File an  
Exempt Organization Return**

OMB No 1545-1709

▶ File a separate application for each return.

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box ☒ **X**
- If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).

**Note:** Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

**Part I Automatic 3-Month Extension of Time** — Only submit original (no copies needed)

**Note:** Form 990-T corporations requesting an automatic 6-month extension — check this box and complete Part I only ☐

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

Type or print  File by the due date for filing your return. See instructions.	Name of Exempt Organization <b>KAISER FOUNDATION HEALTH PLAN OF TEXAS</b>	Employer identification number <b>75-1607081</b>
	Number, street, and room or suite no. If a P.O. box, see instructions <b>ONE KAISER PLAZA, 1550 ORDWAY</b>	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. <b>OAKLAND CA 94612</b>	

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

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

- If the organization does not have an office or place of business in the United States, check this box ☐

• If this is for a **Group Return**, enter the organization's four digit Group Exemption Number (GEN) NA. If this is for the **whole group**, check this box ☐. If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension will cover.

- 1 I request an automatic 3-month (6-month, for 990-T corporation) extension of time until AUGUST 15, 20 01, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
- ▶ ☒ calendar year 20 00 or
- ▶ ☐ tax year beginning NA, 20 NA, and ending NA, 20 NA.

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

- 3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ 0
- b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit \$ 0
- c **Balance Due.** Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \$ 0

**Signature and Verification**

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

Signature ▶ [Signature]Title ▶ VICE PRESIDENT/CONTROLLER ▶ 05/2/2001

For Paperwork Reduction Act Notice, see Instruction

Form **8868** (12-2000)

**COMPENSATION, BENEFITS AND EXPENSES OF DIRECTORS AND OFFICERS**

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

(A) NAME	(B) TITLE	(C) COMPENSATION		(D) BENEFITS		(E) REIMBURSEMENT OF EXPENSES	
		TOTAL	ALLOCATE TO KFHP TX	TOTAL	ALLOCATE TO KFHP TX	TOTAL	ALLOCATE TO KFHP TX
<b><u>DIRECTORS:</u></b>							
ROBERT M CRANE	DIRECTOR & CHAIRMAN	800,967	0	34,547	0	2,835	0
CELSO D ORTIZ	DIRECTOR	115,165	2,879	25,778	644	1,740	87
JAMES C NOVELL	DIRECTOR	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW
WILLIAM A GILLESPIE, MD	DIRECTOR	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW
PETER J HOHL	DIRECTOR (FM 03/31/2000)	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW
SUBTOTAL DIRECTORS		916,133	2,879	60,324	644	4,575	87
<b><u>OFFICERS &amp; KEY EMPLOYEES:</u></b>							
JAMES C NOVELL	REGIONAL PRESIDENT (TO 03/31/2000)	457,161	45,716	14,329	1,433	38,346	3,835
PETER J HOHL	REGIONAL PRESIDENT (FM 03/31/2000)	267,548	53,510	22,853	4,571	1,800	360
L DALE CRANDALL	EXECUTIVE VICE PRESIDENT	1,231,198	30,780	36,116	903	3,870	97
WILLIAM A GILLESPIE, MD	EXECUTIVE VICE PRESIDENT	920,925	23,023	36,232	906	35,158	879
KIRK E MILLER	SENIOR VICE PRESIDENT	689,683	17,242	26,970	674	2,205	55
SUBTOTAL OFFICERS & KEY EMPLOYEES		3,566,514	170,271	136,499	8,486	81,379	5,225
TOTAL DIRECTORS, OFFICERS & KEY EMPLOYEES		4,482,647	173,150	196,824	9,131	85,954	5,312

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

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

BASED ON MANAGEMENT ANALYSIS AND CONSISTENT WITH THE ALLOCATION OF OTHER COMMON EXPENSES, A COMPOSITE ALLOCATION OF APPROXIMATELY 24% OF COMPENSATION, BENEFIT CONTRIBUTIONS AND REIMBURSEMENT OF EXPENSES IS ALLOCATED TO KAISER FOUNDATION HOSPITALS. SPECIFIC ALLOCATIONS ARE MADE TO CERTAIN OTHER PARTICIPATING ORGANIZATIONS BASED ON REASONABLE CONSIDERATIONS. THE BALANCE OF COMPENSATION, ETC IS THEN ALLOCATED TO KAISER FOUNDATION HEALTH PLAN, INC. AND ITS SUBSIDIARIES BASED ON THE PERCENTAGE OF HEALTH PLAN MEMBERSHIP TO THE TOTAL MEMBERSHIP OF ALL KAISER PERMANENTE ORGANIZATIONS. FOR THOSE INDIVIDUALS ASSIGNED TO A SPECIFIC ENTITY OR ENTITIES THEIR COMPENSATION, BENEFIT CONTRIBUTIONS AND REIMBURSEMENT OF EXPENSE ARE ALLOCATED DIRECTLY TO THE ENTITY OR BASED ON A RATIO OF THE MEMBERSHIP OF THE ENTITY TO TOTAL MEMBERSHIP OF THE SUB-GROUP OF ENTITIES FOR WHICH THE INDIVIDUAL HAS ASSIGNED RESPONSIBILITIES.

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

**NOTE 4:** THE ABOVE LISTED OFFICERS AND KEY EMPLOYEES ARE SCHEDULED TO WORK A MINIMUM OF 40 HOURS PER WEEK IN THEIR RESPECTIVE POSITIONS.

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

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

SUBSIDIARIES OF WHICH KAISER FOUNDATION HEALTH PLAN, INC., A CALIFORNIA NOT-FOR PROFIT CORPORATION, EXEMPT FROM INCOME TAX UNDER INTERNAL REVENUE CODE SECTION 501(C)(3), HAS A CONTROLLING OR AFFILIATED INTEREST IN ARE:

<b>EMPLOYER ID #</b>	<b>ENTITY NAME</b>	<b>DIRECT &amp; INDIRECT % CONTROLLED BY KFHP, INC.</b>
<b>SUBSIDIARY ENTITIES THAT ARE OWNED DIRECTLY OR INDIRECTLY BY KAISER FOUNDATION HEALTH PLAN, INC. THAT ARE EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3):</b>		
93-0798039	KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST	100%
84-0591617	KAISER FOUNDATION HEALTH PLAN OF COLORADO	100%
48-0924402	KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC.	100%
<b>75-1607081</b>	<b>KAISER FOUNDATION HEALTH PLAN OF TEXAS</b>	<b>100%</b>
58-1592076	KAISER FOUNDATION HEALTH PLAN OF GEORGIA, INC.	100%
56-1421313	KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA	100%
52-0954463	KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC.	100%
34-0922268	KAISER FOUNDATION HEALTH PLAN OF OHIO	100%
23-7425486	COMMUNITY HEALTH PLAN	100%
06-0943948	KAISER FOUNDATION HEALTH PLAN OF CONNECTICUT, INC.	100%
31-1573811	KAISER WASHINGTON (FORMERLY: KAISER/GROUP HEALTH)	100%
94-3299123	CAMP BOWIE SERVICE CENTER	100%
94-3299124	KAISER HEALTH PLAN ASSET MANAGEMENT, INC.	100%
93-0954562	KAISER HEALTH ALTERNATIVES	100%
94-1616359	KAISER FOUNDATION INTERNATIONAL	100%
93-0480268	OHP	100%
22-3038896	RIVERVIEW DAYCARE, INC.	100%

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

03-0329760	OAK TREE ASSURANCE, LTD.	100%
95-4237200	KAISER FOUNDATION ADDED CHOICE HEALTH PLAN, INC.	100%
94-3113684	KAISER PERMANENTE HEALTH ALTERNATIVES, INC.	100%
94-3259432	KAISER PROPERTIES SERVICES, INC.	100%
91-1814507	CHP COMPANIES, INC.	100%
94-3295378	CHP INSURANCE AGENCY, INC.	100%
14-1688501	CHPS CORPORATION	100%
14-1685128	CAMPUS PLAZA 7, INC.	100%
22-2751724	HUDSON VALLEY COMMUNITY SERVICES CORP.	100%
22-2973489	UPSTATE COMMUNITY SERVICES, INC.	100%

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

SUBSIDIARIES OF WHICH KAISER FOUNDATION HEALTH PLAN, INC., A CALIFORNIA NOT-FOR PROFIT CORPORATION, EXEMPT FROM INCOME TAX UNDER INTERNAL REVENUE CODE SECTION 501(C)(3), HAS A CONTROLLING OR AFFILIATED INTEREST IN ARE:

EMPLOYER ID #		ENTITY NAME		DIRECT & INDIRECT % CONTROLLED BY KFHP, INC.
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
94-3203402	KAISER PERMANENTE INSURANCE COMPANY	*(3)	50%
68-0444615	CARETOUCH, INC (LLC)	*(2)	N/A
94-3289704	KAIVEST I, LLC	*(2)	N/A

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

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

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

THE COMMON ADDRESS FOR ALL ENTITIES LISTED ABOVE IS:

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

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

PURSUANT TO REGULATIONS ISSUED UNDER INTERNAL REVENUE CODE SECTION 1561(a)(1), WITH RESPECT TO THE TAXABLE INCOME BRACKETS AS ENUMERATED IN THE TAX TABLES AT IRC SECTION, 11(b), THE UNDERSIGNED CORPORATIONS, COMPONENT MEMBERS OF A CONTROLLED GROUP OF CORPORATIONS, WITHIN THE MEANING OF IRC SECTION 1563(a), HEREBY CONSENT TO THE APPORTIONMENT PLAN LISTED BELOW WITH RESPECT TO THE TAXABLE YEAR OF EACH CORPORATION WHICH INCLUDES DECEMBER 31, 2000.

EMPLOYER TAX ID #		NAME AND ADDRESS	APPLIC- ABLE TAX FORM	ALLOCATION OF TAX BRACKETS		
				FIRST	NEXT	NEXT
				\$50,000	\$25,000	\$9,925,000
<b><u>KAISER FOUNDATION HEALTH PLAN GROUP:</u></b>						
94-1340523	KAISER FOUNDATION HEALTH PLAN, INC.	990-T	NONE	NONE	\$9,525,000	
93-0798039	KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST, INC.	990-T	NONE	NONE	NONE	
84-0591617	KAISER FOUNDATION HEALTH PLAN OF COLORADO	990-T	NONE	NONE	NONE	
48-0924402	KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC.	990-T	NONE	NONE	NONE	
<b>75-1607081</b>	<b>KAISER FOUNDATION HEALTH PLAN OF TEXAS</b>	<b>990-T</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	
58-1592076	KAISER FOUNDATION HEALTH PLAN OF GEORGIA, INC.	990-T	NONE	NONE	NONE	
56-1421313	KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA	990-T	NONE	NONE	NONE	
52-0954463	KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC.	990-T	NONE	NONE	NONE	
34-0922268	KAISER FOUNDATION HEALTH PLAN OF OHIO	990-T	NONE	NONE	NONE	
23-7425486	COMMUNITY HEALTH PLAN	990-T	NONE	NONE	NONE	
06-0943948	KAISER FOUNDATION HEALTH PLAN OF CONNECTICUT, INC.	990-T	NONE	NONE	NONE	
31-1573811	KAISER WASHINGTON (FORMERLY: KAISER/GROUP HEALTH)	990-T	NONE	NONE	NONE	
94-3299123	CAMP BOWIE SERVICE CENTER	990-T	NONE	NONE	NONE	
94-3299124	KAISER HEALTH PLAN ASSET MANAGEMENT, INC.	990-T	NONE	NONE	NONE	
93-0954562	KAISER HEALTH ALTERNATIVES	990-T	NONE	NONE	NONE	
94-1616359	KAISER FOUNDATION INTERNATIONAL	990-T	NONE	NONE	NONE	
93-0480268	OHP	990-T	NONE	NONE	NONE	
22-3038896	RIVERVIEW DAYCARE, INC	990-T	NONE	NONE	NONE	
03-0329760	OAK TREE ASSURANCE, LTD.	1120-PC	NONE	NONE	\$200,000	
95-4237200	KAISER FOUNDATION ADDED CHOICE HEALTH PLAN, INC.	1120	NONE	NONE	NONE	
94-3113684	KAISER PERMANENTE HEALTH ALTERNATIVES	1120	\$50,000	\$25,000	\$200,000	
94-3259432	KAISER PROPERTY SERVICES, INC	1120	NONE	NONE	NONE	

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

PURSUANT TO REGULATIONS ISSUED UNDER INTERNAL REVENUE CODE SECTION 1561(a)(1), WITH RESPECT TO THE TAXABLE INCOME BRACKETS AS ENUMERATED IN THE TAX TABLES AT IRC SECTION, 11(b), THE UNDERSIGNED CORPORATIONS, COMPONENT MEMBERS OF A CONTROLLED GROUP OF CORPORATIONS, WITHIN THE MEANING OF IRC SECTION 1563(a), HEREBY CONSENT TO THE APPORTIONMENT PLAN LISTED BELOW WITH RESPECT TO THE TAXABLE YEAR OF EACH CORPORATION WHICH INCLUDES DECEMBER 31, 2000.

EMPLOYER TAX ID #	NAME AND ADDRESS	APPLIC- ABLE TAX FORM	ALLOCATION OF TAX BRACKETS		
			FIRST \$50,000	NEXT \$25,000	NEXT \$9,925,000
91-1814507	CHP COMPANIES, INC.	1120	NONE	NONE	NONE
94-3295378	CHP INSURANCE AGENCY, INC.	1120	NONE	NONE	NONE
14-1688501	CHPS, CORPORATION	1120	NONE	NONE	NONE
14-1685128	CAMPUS PLAZA 7, INC.	1120	NONE	NONE	NONE
22-2751724	HUDSON VALLEY COMMUNITY SERVICES CORP.	1120	NONE	NONE	NONE
22-2973489	UPSTATE COMMUNITY SERVICES, INC.	1120	NONE	NONE	NONE
<b><u>KAISER FOUNDATION HOSPITALS GROUP:</u></b>					
94-1105628	KAISER FOUNDATION HOSPITALS	990-T	NONE	NONE	NONE
94-3299125	KAISER HOSPITALS ASSET MANAGEMENT, INC.	990-T	NONE	NONE	NONE
94-3245176	KAISER PERMANENTE INTERNATIONAL	1120	NONE	NONE	NONE
94-3292262	KAISER PERMANENTE VENTURES	1120	NONE	NONE	NONE
68-0444615	CARETOUCH, INC.	1120	NONE	NONE	NONE
TOTAL OF EACH BRACKET ALLOCATED			\$50,000	\$25,000	\$9,925,000

**THE COMMON ADDRESS OF ALL ENTITIES PARTICIPATING IN THIS PLAN OF  
APPORTIONMENT AS LISTED ABOVE IS:**

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

**AUTHORIZATION CONSENT FOR ALLOCATION ON BEHALF OF ALL MEMBER COMPANIES:**



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

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

PURSUANT TO REGULATIONS ISSUED UNDER INTERNAL REVENUE CODE SECTION 1561(a)(3), THE UNDERSIGNED CORPORATIONS, COMPONENT MEMBERS OF A CONTROLLED GROUP OF CORPORATIONS, WITHIN THE MEANING OF IRC SECTION 1563(a), HEREBY CONSENT TO THE APPORTIONMENT PLAN LISTED BELOW WITH RESPECT TO THE TAXABLE YEAR OF EACH CORPORATION WHICH INCLUDES DECEMBER 31, 2000.

EMPLOYER TAX ID #	NAME AND ADDRESS	APPLIC- ABLE TAX FORM	ALLOCATION OF \$40,000 EXEMPTION
<b><u>KAISER FOUNDATION HEALTH PLAN GROUP:</u></b>			
94-1340523	KAISER FOUNDATION HEALTH PLAN, INC.	990-T	\$40,000
93-0798039	KAISER FOUNDATION HEALTH PLAN OF THE NORTHWEST, INC	990-T	NONE
84-0591617	KAISER FOUNDATION HEALTH PLAN OF COLORADO	990-T	NONE
48-0924402	KAISER FOUNDATION HEALTH PLAN OF KANSAS CITY, INC.	990-T	NONE
<b>75-1607081</b>	<b>KAISER FOUNDATION HEALTH PLAN OF TEXAS</b>	<b>990-T</b>	<b>NONE</b>
58-1592076	KAISER FOUNDATION HEALTH PLAN OF GEORGIA, INC.	990-T	NONE
56-1421313	KAISER FOUNDATION HEALTH PLAN OF NORTH CAROLINA	990-T	NONE
52-0954463	KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES INC.	990-T	NONE
34-0922268	KAISER FOUNDATION HEALTH PLAN OF OHIO	990-T	NONE
23-7425486	COMMUNITY HEALTH PLAN	990-T	NONE
06-0943948	KAISER FOUNDATION HEALTH PLAN OF CONNECTICUT, INC	990-T	NONE
31-1573811	KAISER WASHINGTON (FORMERLY: KAISER/GROUP HEALTH)	990-T	NONE
94-3299123	CAMP BOWIE SERVICE CENTER	990-T	NONE
94-3299124	KAISER HEALTH PLAN ASSET MANAGEMENT, INC.	990-T	NONE
93-0954562	KAISER HEALTH ALTERNATIVES	990-T	NONE
94-1616359	KAISER FOUNDATION INTERNATIONAL	990-T	NONE
93-0480268	OHP	990-T	NONE
22-3038896	RIVERVIEW DAYCARE, INC.	990-T	NONE
03-0329760	OAK TREE ASSURANCE. LTD.	1120-PC	NONE
95-4237200	KAISER FOUNDATION ADDED CHOICE HEALTH PLAN, INC.	1120	NONE
94-3113684	KAISER PERMANENTE HEALTH ALTERNATIVES	1120	NONE
94-3259432	KAISER PROPERTY SERVICES, INC.	1120	NONE



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

PURSUANT TO REGULATIONS ISSUED UNDER INTERNAL REVENUE CODE SECTION 1561(a)(3), THE UNDERSIGNED CORPORATIONS, COMPONENT MEMBERS OF A CONTROLLED GROUP OF CORPORATIONS, WITHIN THE MEANING OF IRC SECTION 1563(a), HEREBY CONSENT TO THE APPORTIONMENT PLAN LISTED BELOW WITH RESPECT TO THE TAXABLE YEAR OF EACH CORPORATION WHICH INCLUDES DECEMBER 31, 2000.

EMPLOYER TAX ID #	NAME AND ADDRESS	APPLIC- ABLE TAX FORM	ALLOCATION OF \$40,000 EXEMPTION
91-1814507	CHP COMPANIES, INC.	1120	NONE
94-3295378	CHP INSURANCE AGENCY, INC.	1120	NONE
14-1688501	CHPS, CORPORATION	1120	NONE
14-1685128	CAMPUS PLAZA 7, INC.	1120	NONE
22-2751724	HUDSON VALLEY COMMUNITY SERVICES CORP.	1120	NONE
22-2973489	UPSTATE COMMUNITY SERVICES, INC.	1120	NONE
<b><u>KAISER FOUNDATION HOSPITALS GROUP:</u></b>			
94-1105628	KAISER FOUNDATION HOSPITALS	990-T	NONE
94-3299125	KAISER HOSPITALS ASSET MANAGEMENT, INC	990-T	NONE
94-3245176	KAISER PERMANENTE INTERNATIONAL	1120	NONE
94-3292262	KAISER PERMANENTE VENTURES	1120	NONE
68-0444615	CARETOUCH, INC.	1120	NONE

**THE COMMON ADDRESS OF ALL ENTITIES PARTICIPATING IN THIS PLAN OF  
APPORTIONMENT AS LISTED ABOVE IS:**

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

**CONSENT AND AUTHORIZATION FOR ALLOCATION ON BEHALF OF ALL MEMBER COMPANIES:**



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

**JOINT UNANIMOUS WRITTEN CONSENT OF THE  
BOARD OF DIRECTORS AND SOLE MEMBER  
OF  
KAISER FOUNDATION HEALTH PLAN OF TEXAS  
A Texas Non-profit Corporation**

December 5, 2000

The undersigned, being all of the directors and the sole member of Kaiser Foundation Health Plan of Texas, a Texas non-profit corporation (the "Corporation"), pursuant to the provisions of Article 1396-9.10 of the Texas Non-Profit Corporation Act, hereby consent to and approve the adoption of the following resolutions and each and every action effected thereby:

1. Approval of Dissolution and Adoption of Plan of Liquidation.

WHEREAS, the Corporation has ceased doing business and desires to voluntarily dissolve, and

WHEREAS, the Corporation must adopt a plan of liquidation of the Corporation's assets.

NOW, THEREFORE, IT IS RESOLVED, that the following plan of liquidation is hereby approved for the assembling and marshalling of the assets of the Corporation, and the paying of, or making a fair and equitable provision for, the creditors and debtors of the Corporation; and

RESOLVED FURTHER, that the Corporation pay, satisfy or discharge in full all of its debts, liabilities and obligations or make adequate provision for payment, satisfaction or discharge thereof or, if the properties and assets of the Corporation are insufficient to pay, satisfy or discharge all of the Corporation's debts, liabilities and obligations, that all properties and assets of the Corporation be applied so far as they will go to the just and equitable payment of those debts, liabilities and obligations or adequate provision be made for such application; and

RESOLVED FURTHER, that the assets held by the Corporation upon condition requiring return, transfer or conveyance caused by the dissolution of the Corporation, shall be returned, transferred or conveyed in accordance with such requirements; and

RESOLVED FURTHER, any remaining assets of the Corporation shall be distributed only for tax exempt purposes to one or more organizations which are exempt under Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"), or its successor statute, or which are described in Section 170(c)(1) or (2) of the Code or its successor statute; and

RESOLVED FURTHER, that the officers and directors of the Corporation be, and they hereby are, authorized to do such acts and to take such steps, including execution and delivery of appropriate assignments, bills of sale and other documents of transfer, as may be necessary or convenient to carry these resolutions into effect; and

RESOLVED FURTHER, that the officers and directors of the Corporation are hereby authorized and directed to execute Articles of Dissolution pursuant to, and in conformity with, the provisions of the Texas Non-Profit Corporation Act, and to cause such Articles of Dissolution to be filed in the office of the Secretary of State of Texas. The officers and directors shall in due time execute and file all appropriate documents and information required to be filed by reason of the complete liquidation of the Corporation.

2. Transfer of Assets.

RESOLVED, that the Corporation is hereby authorized to enter into the Assignment and Assumption Agreement (the "Assignment") in substantially the form presented to the Board of Directors on this date, to be entered into between the Corporation and Kaiser Foundation Hospitals, a California non-profit public benefit corporation ("Hospitals"), and that any duly authorized officer of the Corporation is authorized and directed to execute and deliver for and on behalf of the Corporation the Assignment and, subject to such changes therein as such officer shall approve (such approval to be conclusively evidenced by the execution thereof), the Assignment and each of the transactions contemplated thereby are hereby adopted and approved; and

RESOLVED FURTHER, that the Corporation is authorized to assign to Hospitals the Promissory Note dated October 31, 1998, payable to the Corporation in the original principal amount of \$100,906,186.00 from Texas Health Choice, L.C., f/k/a HMO Texas, L.C., a Texas limited liability company, in partial satisfaction of the subordinated debt owed by the Corporation to Hospitals; and

RESOLVED FURTHER, that all of the remaining assets of the Corporation, other than contracts and contract rights not specifically assigned by the Assignment, shall be transferred to, and accepted by, Hospitals in partial satisfaction of subordinated debt owed by the Corporation to Hospitals, and that the officers and directors of the Corporation be, and they hereby are, authorized, to do such acts and to take such steps, including execution and delivery of appropriate assignments, bills of sale and other documents of transfer, as may be necessary or convenient to carry these resolutions into effect; and

RESOLVED FURTHER, that the officers of the Corporation may assign such additional contracts and rights as they determine to be appropriate from time to time in the three-year period following the filing of the Articles of Dissolution.

3. Administrative Services Agreement.

RESOLVED, that the Corporation is hereby authorized to enter into the Administrative Services Agreement between the Corporation and Hospitals (the "Agreement") in substantially the form presented to the Board of Directors on this date, and that any duly authorized officer of the Corporation is authorized and directed to execute and deliver for and on behalf of the Corporation the Agreement and, subject to such changes therein as such officer shall approve (such approval to be conclusively evidenced by the execution thereof), the Agreement and each of the transactions contemplated thereby are hereby adopted and approved.

4. Surrender of Certificate of Authority.

RESOLVED, that the Corporation is hereby authorized to surrender its Certificate of Authority issued by the Texas Department of Insurance; and

RESOLVED FURTHER, that the Texas Department of Insurance shall be directed to pay the Corporation's statutory deposit held by the Texas Department of Insurance directly to Hospitals in partial repayment of the subordinated debt owed by the Corporation to Kaiser Foundation Health Plan, Inc

5. Ancillary Documents.

RESOLVED, that the other duly authorized officers of the Corporation are severally authorized, empowered and directed to make, execute, and deliver by and on behalf of the Corporation, any and all ancillary documents and do and perform any and all acts that such officers deem necessary or appropriate, to carry out and consummate the transactions contemplated in the Assignment and the Agreement, and such ancillary documents hereby are approved, adopted and ratified.

6. General Authorization.

RESOLVED, that the officers and directors of the Corporation are hereby authorized to (a) sign, execute, certify to, verify, acknowledge, deliver, accept, file and record any and all instruments and documents, and (b) take, or cause to be taken, any and all such action, in the name and on behalf of the Corporation, as (in such officer's or director's judgment) shall be necessary, desirable or appropriate in order to effect the purposes of the foregoing resolutions; and

RESOLVED FURTHER, that any and all action taken by any proper officer of the Corporation prior to the date this Consent is actually executed in effecting the purposes of the foregoing resolutions is hereby ratified, approved, confirmed, and adopted in all respects.

7. Counterparts and Facsimile Signatures.


RESOLVED, that this Unanimous Consent may be executed in multiple counterparts, each of which shall be deemed an original for all purposes, and all of which together shall constitute one and the same instrument; and

RESOLVED FURTHER, that each such multiple counterpart of this Unanimous Consent may be transmitted via facsimile or other similar electronic means and executed by one or more of the undersigned, and a facsimile of the signature of one or more of the undersigned shall be deemed an original signature for all purposes and have the same force and effect as a manually-signed original.

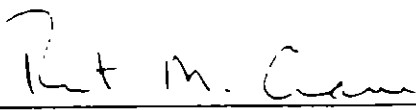
IN WITNESS WHEREOF, the undersigned have executed this Unanimous Written Consent to be effective as of the date first above written.

**SOLE MEMBER:**

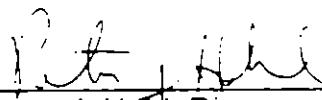
**KAISER FOUNDATION HEALTH PLAN, INC.,**


By:   
Name: L. Dale Crandall  
Title: President

**BOARD OF DIRECTORS:**

  
Robert M. Crane, Chairman of the Board

  
William A. Gillespie, MD, Director

  
Peter J. Hoff, Director

  
Celso D. Ortiz, Director

## ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT ("Agreement") is made and entered into effective as of December 31, 2000, by and between Kaiser Foundation Health Plan of Texas, a Texas non-profit corporation ("Assignor"), and Kaiser Foundation Hospitals, a California non-profit public benefit corporation ("Assignee").

### RECITALS

- A. Assignor has ceased doing business and desires to voluntarily dissolve and the Board of Directors of Assignor has approved the dissolution and adopted a plan of liquidation.
- B. Assignor desires to transfer its rights and obligations under certain contracts, and other rights, to Assignee.

NOW, THEREFORE, for and in consideration of the above recitals, and for other good and valuable consideration, the receipt and sufficiency of which are hereby expressly acknowledged, the parties hereby agree as follows:

1. Assignor does hereby assign, transfer, set over, convey, and deliver to Assignee and its successors and assigns the contracts and rights (the "Assigned Assets") listed on Exhibit A attached hereto and made a part hereof for all purposes.
2. Assignee hereby assumes and agrees to perform and discharge all of the duties, obligations and liabilities of Assignor under the Assigned Assets.
3. Assignor and Assignee agree to take or cause to be taken such further action to execute, deliver and file or cause to be executed, delivered and filed, such further documents and instruments, and to obtain such further consents, as may be necessary or as may be reasonably requested in order to effectuate fully the purposes, terms and conditions of this Agreement.
4. This Agreement is binding upon and shall inure to the benefit of the parties hereto, and their respective successors and permitted assigns. Except for the parties to this Agreement, a successor in interest, or assignee of a party, no person or entity is or shall be entitled to bring any action to enforce any provision of this Agreement against any of the parties.
5. **This Agreement shall be governed and construed in accordance with the internal laws of the State of Texas without regard to principles of choice of law or conflicts of law which would direct the application of the laws of a different jurisdiction.**

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the date first set forth above.

**ASSIGNOR:**

KAISER FOUNDATION HEALTH PLAN OF TEXAS.  
a Texas non-profit corporation

By: [Signature]  
Name: Perillat  
Title: President

**ASSIGNEE:**

KAISER FOUNDATION HOSPITALS.  
a California non-profit public benefit corporation

By: [Signature]  
Name: L. Dale Crandall  
Title: President



## **EXHIBIT A**

### **ASSIGNED ASSETS**

1. Contract with Pierce-Leahy regarding maintenance of, and access to, medical records.
2. Rights to refunds and recoveries under any insurance policies of Assignor.
3. Intellectual property assets, if any.

# **ADMINISTRATIVE SERVICES AGREEMENT**

## **RECITALS**

This ADMINISTRATIVE SERVICES AGREEMENT ("Agreement"), effective as of December 31, 2000, is entered into by and between KAISER FOUNDATION HEALTH PLAN OF TEXAS, a Texas nonprofit corporation ("Plan"), and KAISER FOUNDATION HOSPITALS, a California nonprofit public benefit corporation ("Administrator").

WHEREAS, Plan was licensed as a health maintenance organization in the state of Texas and ceased providing health benefits as such in October of 1998;

WHEREAS, Plan has surrendered to the Texas Department of Insurance its Certificate of Authority as a Texas health maintenance organization and effective December 31, 2000, has dissolved as a Texas nonprofit corporation with the Secretary of State of Texas;

WHEREAS, Plan has outstanding liabilities related to the provision of medical services while it was still licensed and operating as a health maintenance organization in the state of Texas and other contingent liabilities (together, "Liabilities");

WHEREAS, Plan desires to have such Liabilities administered by Administrator; and

WHEREAS, Administrator is able to perform such administrative duties on behalf of Plan and desires to do so.

NOW, THEREFORE, in consideration of the mutual promises, covenants, and agreements hereinafter set forth, the parties agree as follows:

## **ARTICLE I OBLIGATIONS UNDER AGREEMENT**

- 1.1 Plan shall transfer to Administrator all funds related to the Liabilities so that Administrator may fulfill its obligations under this Agreement with regard to the Liabilities.
- 1.2 All Liabilities-related funds shall be handled as fiduciary funds by Administrator on behalf of Plan and shall be maintained in a separate segregated trust account established for such purpose and from which account Administrator shall make all Liabilities-related payments (the "Trust Account")
- 1.3 In accordance with Plan's instructions, Administrator shall determine whether and in what amounts payments should be made in resolution of Liabilities and shall make all such payments on behalf of Plan.
- 1.4 Administrator shall attempt to resolve all Liabilities in a timely and appropriate manner, in accordance with any and all applicable statutory and regulatory requirements.

- 1.5 In accordance with Plan's instructions, Administrator shall handle all accounting with regard to the Liabilities and shall produce and maintain all records related to the Liabilities.
- 1.6 Administrator shall prepare for Plan's review quarterly reports indicating the status of all Liabilities and all actions taken with regard to the Liabilities since the previous quarter's report, including information on the balance of the Trust Account and the estimated value of all outstanding Liabilities.
- 1.7 Administrator shall in a timely manner, at Plan's request or pursuant to an appropriate request made by a government regulatory body, produce reports or respond to inquiries regarding the status of the Liabilities and payments and receipts made with regard thereto.
- 1.8 Administrator shall be compensated for the provision of services under this Agreement in an amount agreed to by Plan, such amount to be drawn from the Trust Account.
- 1.9 Administrator's responsibilities under this Agreement are purely administrative in nature, and neither this Agreement nor any of the terms herein shall cause, or be construed as causing, Administrator to undertake or assume any of the Liabilities or any other legal obligations of Plan.

## **ARTICLE II TERMINATION OF AGREEMENT**

- 2.1 This Agreement shall terminate upon the first to occur of any of the following:
  - (a) The mutual agreement, in writing, of the parties hereto;
  - (b) A default in the performance or breach of any term, condition, covenant, duty, responsibility, or function contained in this Agreement or required by any law or regulation, which default or breach shall continue for a period of thirty (30) days after written notice to the party committing such default or breach by the other party stating the specific nature of such default or breach and requiring it to be remedied;
  - (c) The giving of sixty (60) days written notice of termination by either party to the other (with or without cause);
  - (d) Automatically, on the date all Liabilities are resolved.
- 2.2 If upon termination of this Agreement funds remain in the Trust Account, the funds shall be distributed in the following manner:
  - (a) If termination was pursuant to Section 2.1(a), (b), or (c), the funds shall be returned to Plan by Administrator as soon as is reasonably possible; and

- (b) If termination was pursuant to Section 2.1(d), the funds shall be distributed consistently with the distribution of Plan's funds upon dissolution

### **ARTICLE III MISCELLANEOUS**

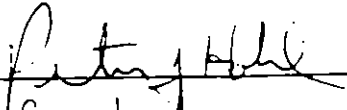
- 3.1 Nothing contained herein nor in any of the rules, regulations, or practices of Administrator shall be construed as creating the relationship of employer and employee between Administrator and Plan
- 3.2 The captions and headings used in this Agreement are for convenience only and do not in any way affect, limit, amplify, or modify the terms and provisions hereof, nor shall they be utilized in the construction or interpretation of this Agreement.
- 3.3 Whenever this Agreement or law requires or permits any consent, approval, notice, request, or demand, from one party to another, such consent, approval, notice, request, or demand must be in writing to be effective and shall be deemed to have been given on the earlier of receipt or the third business day after it is properly addressed, stamped, and deposited in the United States mail, certified, return receipt requested.
- 3.4 If any provision of this Agreement is held to be illegal, invalid, or unenforceable during the term of this Agreement, such provision shall be fully severable from the other provisions hereof. This Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never been part of this Agreement. The remaining provisions of this Agreement shall remain in full force and effect and shall not be effected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement.
- 3.5 This Agreement may be amended at any time and from time to time in whole or in part by an instrument in writing setting forth the particulars of such amendment duly executed by an authorized officer of each of the parties.
- 3.6 Neither this Agreement nor any rights or obligations of any party hereunder may be transferred or assigned by such party without the prior written consent of the other party.
- 3.7 This Agreement constitutes the entire understanding between the parties with respect to the subject matter hereof and supersedes all prior agreements or understandings, oral or written, if any, relating to the subject matter hereof.
- 3.8 This Agreement shall be construed and interpreted in accordance with the laws of the State of Texas.
- 3.9 One or more waivers of any covenant, term, or provision of this Agreement by any party shall not be construed as a waiver of any subsequent default or breach of the same covenant, term, or provision, nor shall it be considered as a waiver of any other existing or subsequent default or breach of a different covenant, term, or provision. The consent or approval by either party to or with respect to any act by the other party requiring such consent or approval shall not be deemed to be a waiver or render unnecessary consent to or approval of any subsequent similar act. No custom or practice of either party shall

constitute a waiver of either party's rights to insist upon strict compliance with the terms of this Agreement.


- 3.10 This Agreement may be executed in a number of identical counterparts, each of which, for all purposes, is deemed to be an original, and all of which constitute, collectively, the Agreement.

IN WITNESS WHEREOF, Plan and Administrator have caused this Agreement to be executed effective December 31, 2000.

**KAISER FOUNDATION HEALTH PLAN  
OF TEXAS**

By:   
Title: President

**KAISER FOUNDATION HOSPITALS**

By:   
Title: President

**UNANIMOUS WRITTEN CONSENT  
OF THE  
BOARD OF DIRECTORS OF  
KAISER FOUNDATION HEALTH PLAN OF TEXAS**

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The undersigned, being all the members of the Board of Directors of Kaiser Foundation Health Plan of Texas, a Texas nonprofit public benefit corporation (the "Company"), hereby unanimously adopt and consent to the following resolutions, and to the actions which they authorize, all in lieu of actions taken at a duly called and held special meeting of the directors of this corporation, and we do hereby direct that a copy of the written consent be inserted in the corporate record book:

WHEREAS, substantially all of the assets of the Company were sold in a transaction that closed October 31, 1998, and as of that date the Company ceased operations with the exception of operations necessary to complete the wind down of the business of the Company; and

WHEREAS, from time to time prior to the transaction and in order to meet regulatory and operating requirements, the Company borrowed funds from Kaiser Foundation Hospitals ("KFH") pursuant to that certain Subordination Agreement dated January 1, 1997, the Subordinated Surplus Note dated January 1, 1997 and Subordinated Surplus Notes #2 through #7 (the "Original Subordinated Debt Documents"); and

WHEREAS, notwithstanding the transaction, the Company has remained subject to a consent order with the Texas Department of Insurance ("TDI") regarding the Company's net worth requirement and certain other restrictions regarding the Company's repayment of subordinated debt to KFH under the terms of the Original Subordinated Debt Documents; and

WHEREAS, the Company has sought and obtained TDI's agreement, pursuant to an order dated September 20, 2000, to amend and restate in their entirety the Original Subordinated Debt Documents (as amended and restated, the "Amended and Restated Subordinated Debt Documents"), which amendments reduce the Company's net worth requirements and eliminate certain notice requirements relating to the repayment of subordinated debt; and

WHEREAS, the Company now desires to make a partial repayment of subordinated debt as permitted by the TDI order and the Amended and Restated Subordinated Debt Documents;

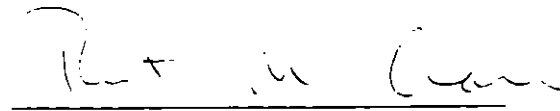
NOW, THEREFORE, BE IT RESOLVED, that the Company shall enter into the Amended and Restated Subordinated Debt Documents in the form attached hereto, as such documents have been approved by TDI; and

RESOLVED FURTHER, that the Company shall make a partial repayment of subordinated debt to KFH of up to \$18.5 million; and

RESOLVED FURTHER, that the officers and directors of the Company are hereby authorized and directed to take such actions, including the execution of documents and preparation of notices, as they deem necessary or appropriate to carry out the foregoing resolutions

This written consent may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument


Date: 10-17-2000

  
Robert M. Crane

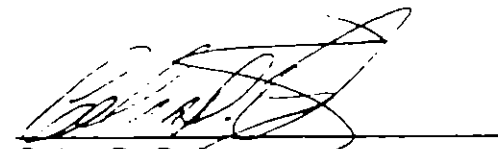
Date: \_\_\_\_\_

\_\_\_\_\_  
William A. Gillespie, MD

Date: 10-17-2000

  
Peter J. Hohl

Date: 10-17-2000

  
Celso D. Ortiz

WHEREAS, the Company now desires to make a partial repayment of subordinated debt as permitted by the TDI order and the Amended and Restated Subordinated Debt Documents;

NOW, THEREFORE, BE IT RESOLVED, that the Company shall enter into the Amended and Restated Subordinated Debt Documents in the form attached hereto, as such documents have been approved by TDI; and

RESOLVED FURTHER, that the Company shall make a partial repayment of subordinated debt to KFH of up to \$18.5 million; and

RESOLVED FURTHER, that the officers and directors of the Company are hereby authorized and directed to take such actions, including the execution of documents and preparation of notices, as they deem necessary or appropriate to carry out the foregoing resolutions.

This written consent may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

Date: \_\_\_\_\_

\_\_\_\_\_  
Robert M. Crane

Date: 10/13/00

William A. Gillespie, MD  
William A. Gillespie, MD

Date: \_\_\_\_\_

\_\_\_\_\_  
Peter J. Hohl

Date: \_\_\_\_\_

\_\_\_\_\_  
Celso D. Ortiz



**MINUTES OF A MEETING OF  
THE BOARD OF DIRECTORS OF  
KAISER FOUNDATION HEALTH PLAN OF TEXAS**

A meeting of the Board of Directors of Kaiser Foundation Health Plan of Texas ("Health Plan"), was held on May 27, 1998 at the Divisional offices at 12720 Hillcrest, Dallas, Texas, pursuant to written notice of the time and place of the meeting having been mailed to all Directors. A copy of said notice is appended to these minutes.

Directors present:	Ron Anderson, MD	Jack Barrett
	Robert Crane	Ruben Esquivel
	Chris Semos	Kathy Swenson
	Ron White	

Robert Crane and Kathy Swenson participated by phone.

Others present:	Bob Bolen	Dresdene Flynn-White
	William Gillespie, MD	Peter Hohl
	Jamie Novell	Celso Ortiz
	Jean Quinn	Lister Robinson
	Jim Simpson	Deborah Stokes
	George Tomberlin	Maureen West

Robert Crane, Chairman of the Board, presided, and Celso Ortiz, Assistant Secretary, recorded the minutes.

**Approval of Minutes.**

Minutes of the Board meeting held on March 10, 1998, which had been previously distributed to all Directors, were unanimously approved without being read.

### **Report Regarding Sale of Assets.**

Peter Hohl, Director of Acquisition/Alliance Services, Program Office, reported on the proposed sale of substantially all of the assets of Health Plan and the health care delivery system to HMO Texas, L.C. and certain of its affiliates. HMO Texas is a subsidiary of Sierra Health Services, Inc. and is a Texas-licensed health maintenance organization that currently operates as a network model HMO in Houston. Sierra Health Services is a publicly traded company which operates a group and network model HMO in Nevada.

Mr. Hohl explained that as part of the proposed transaction, Health Plan would transfer substantially all its subscriber agreements to HMO Texas. This transfer will require regulatory approval from the Texas Department of Insurance. In addition, transfer of coverage for Health Plan members who are federal employees must be approved by the federal Office of Personnel Management, and transfer of coverage for Health Plan members who are Medicare beneficiaries must be approved by the federal Health Care Finance Administration. In a related transfer, Kaiser Permanente Insurance Company ("KPIC") would transfer its Texas indemnity business to an HMO Texas affiliate. That transfer would also require regulatory approval.

Health Plan would also transfer its owned and leased real property, including its medical offices and its administrative offices, to an HMO Texas affiliate under a Master Purchase and Sale Agreement.

Mr. Hohl reviewed the terms and conditions and other details of the transaction.

Dr. Anderson suggested that confidentiality agreements be signed by all involved in these transactions, including the Board. George Tomberlin, Lead Counsel for Kaiser Foundation Health Plan, Inc., reported that signed confidentiality agreements have been obtained from PMAT physicians and employees and from Health Plan employees who are involved directly or indirectly with the transactions. Mr. Tomberlin will arrange to have confidentiality agreements delivered to the directors this week for signature and return.

Mr. Hohl stated that the senior management of Health Plan has reviewed the terms and conditions of the proposed transaction and recommends that it be approved.

On motion duly made and seconded, the following resolutions were unanimously adopted:

RESOLVED, THAT the sale of the business assets of Kaiser Foundation Health Plan of Texas, and those assets of its affiliates used by Kaiser Foundation Health Plan of Texas in its business in Texas, to HMO Texas, L.C., and its affiliates on substantially the terms and conditions set forth in the Assumption Reinsurance Agreement, the Asset Sale and Purchase Agreement, the Master Purchase and Sale Agreement, the Indemnity Reinsurance Agreement and related documents (the "Agreements") as presented at this meeting, is approved; and

RESOLVED FURTHER, THAT the officers of this corporation are authorized on behalf of this corporation to execute and deliver agreements and other documents, seek any required regulatory approvals, and take such other actions as they deem necessary or appropriate to enter into and consummate the sale of such assets to HMO Texas, L.C., and its affiliates, on substantially the terms and conditions set forth in the Agreements as presented at this meeting.

#### **Fairness Opinion.**

Mr. Crane suggested that a group comprised of Health Plan Directors on the Divisional Performance Committee and senior management convene one day next

week to review the proposed fairness opinion which Wasserstein Perella & Company is preparing. Mr. White requested that copies of the document be made available prior to the meeting. The Divisional Performance Committee can then report to the full Board and advise them as to the fairness of the transaction.

After discussion, on motion duly made and seconded, the following resolution was unanimously adopted:

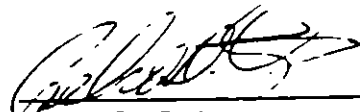
RESOLVED, THAT the Divisional Performance Committee of this Board is authorized and requested to review the proposed fairness opinion of Wasserstein Perella & Company and supporting material and report to the Board as appropriate.

**Other Business.**

Dr. Anderson inquired whether the Quality Committee might need to convene prior to the NCQA survey in July. Lister Robinson stated that her staff has been diligently working toward obtaining reaccreditation and that there will be a called meeting of the Quality Committee. She will contact Dr. Anderson directly to discuss the date, time and agenda.

Deborah Stokes thanked Peter Hohl and George Tomberlin for all the hard work and long hours they have expended on this transaction.

There being no further business to come before the Board, the meeting was adjourned.



Celso D. Ortiz  
Assistant Secretary