

STATEMENT AS OF 12-31-2008 OF 933-0055 Kaiser Foundation Health Plan, Inc.

ATTACHMENT FOR GENERAL INTERROGATORIES for Kaiser Foundation Health Plan, Inc only - Exhibit B

Questions

1 Kaiser Foundation Health Plan, Inc. executed separate agreements for Self Funding and the California Select for Individual products with Southern California Permanente Medical Group and The Permanente Medical Group, respectively. These agreements have been previously filed with the DMHC. While these agreements did not technically amend the existing Medical Services Agreements, KFHP, Inc. was required to file these agreements with the Department of Managed Health Care and did so. KFHP, Inc. also executed separate amendments to its Hospital Service Agreements with Kaiser Foundation Hospitals. KFHP, Inc was required to file them and did so.

3	Agency	Period Audited	Date Audit Report issued
Northern California	Office of Inspector General	2005	6/9/08
Northern California	Office of Personnel Management	2004-2006	6/11/08
Northern California	Managed Risk Medical Insurance Board	2004-2005	8/21/08
Southern California	Department of Health Services	2004	6/11/08
Southern California	Center of Medicare and Medicaid Services	2006	7/8/08
Southern California	Managed Risk Medical Insurance Board	2004-2005	8/21/08
Southern California	Office of Personnel Management	2004-2006	6/11/08
Hawaii	Department of Health Services	2005	7/2008
Hawaii	Center of Medicare and Medicaid Services	2004	3/2008
Hawaii	Department of Health Services	2005-2006	8/2008
Hawaii	Center of Medicare and Medicaid Services	2006	5/23/08

8 National Union Fire Insurance Company (AIG), Federal Insurance Group (Chubb), Great American Insurance Co., Zurich American Insurance Co - \$71,500,000 Limit.

11 Kaiser Foundation Health Plan, Inc. (KFHP) is involved in various legal proceedings, such as professional liability, commercial and employment-related litigation, which generally are consistent with the health care industry. With respect to such claims, reserves are established with respect to probable and estimable liabilities in accordance with applicable accounting principles. With respect to claims not yet included in the financial statement, it is the opinion of management, based on current facts and circumstances, that the resolution of these matters is not expected to have a material adverse effect on the position or results of operation of KFHP.

12 As of December 31, 2008, management of KFHP was not aware of any claim for medical injury where management believed the appropriate contingent reserve was equal to or in excess of 1% of the December 31, 2008 TNE balance. Management believes the total liabilities accrued as of December 31, 2008 for claims for medical injury are reasonable.

15 KFHP paid approximately \$715 thousand in regulatory fines during 2008. KFHP has not been subjected to any administrative orders, cease and desist orders, revocations or suspensions during 2008.

16 Same answer as Question #11.

17 KFHP maintains professional and general liability risk financing for itself and its affiliates through a combination of self-insurance, captive insurers, reinsurance and commercial excess insurance. Excess limits of \$490 million are obtained in the commercial insurance market place as follows:

Name of Carrier	Lokahi, Ordway Indemnity, ACE, Endurance, AWAC, Zurich, X.L. Insurance, AIG, ACE, and Arch
Limits of Coverage	\$490,000,000 annual aggregate (umbrella and excess coverage)
Expiration Date	4/9/09 (Both Lokahi and Ordway Indemnity are affiliated organizations)

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21 The arrangements to protect members against risk of insolvency are the same arrangements that existed when the HMO first became qualified. These arrangements between the HMO and its contracting providers state that these providers will continue to provide covered services to members during the term of existing membership contracts even if the HMO is unable to pay the providers. There is a guaranty agreement among Kaiser Foundation Health Plan, Inc., certain of its subsidiaries and Kaiser Foundation Hospitals whereby Kaiser Foundation Health Plan, Inc. and Kaiser Foundation Hospitals guaranty the obligations of each other and also guaranty the obligations of the Kaiser Foundation Health Plan, Inc. subsidiaries to the agreement.

24 KFHP has business subject to rate guarantees. (1) Less than 1 % of total premium revenue has rate guarantees between 15-36 months. (2) There are no rate guarantees greater than 36 months.

25 KFHP contracts with a third party administrator (TPA) for ground and air ambulance services. (1) The TPA is domiciled in Florida. (2) TPA conducts monthly internal claims audits which are monitored by Kaiser Actuarial Services for statistical relevancy. Audit reports are reviewed monthly by Kaiser National Provider Contracting and Network Management and Kaiser regional representatives. Kaiser performs TPA audits regionally on a biannual basis to ensure accuracy and timeliness of TPA claims payments on Kaiser's behalf. (3) Yes, there is a Disaster Plan in place so that they could continue to accommodate Kaiser's services at an alternative Florida location in the event of a disaster at their primary site. There is a further backup of a sister site in Albuquerque if the entire Florida area were affected by a disaster.

43 KFHP has two subsidiaries domiciled in Bermuda: Ordway International, Ltd. (owned 100% by KFHP) and Ordway Indemnity, Ltd. (owned 100% by Ordway International, Ltd.). There have been no changes since the last reporting period.