

Form 990-T

Exempt Organization Business Income Tax Return (and proxy tax under section 6033(e))

OMB No 1545-0687

2018

For calendar year 2018 or other tax year beginning , 2018, and ending , 20

Go to www.irs.gov/Form990T for instructions and the latest information.

Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3)

Open to Public Inspection for 501(c)(3) Organizations Only

A Check box if address changed

B Exempt under section 501(c)(3) 408(e) 220(e) 408A 530(a) 529(a)

C Book value of all assets at end of year

Name of organization KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC. Number, street, and room or suite no ONE KAISER PLAZA, SUITE 15L City or town, state or province, country, and ZIP or foreign postal code OAKLAND, CA 94612

D Employer identification number 52-0954463

E Unrelated business activity code 446110

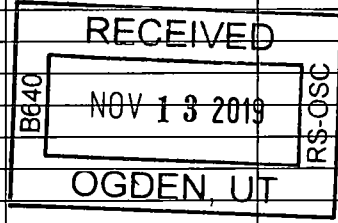
F Group exemption number 1876306551. G Check organization type 501(c) corporation

H Enter the number of the organization's unrelated trades or businesses 2 Describe the only (or first) unrelated trade or business here NON-MEMBER PHARMACY

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? Yes ATCH 1 KAIS 94-1340523

J The books are in care of CHIEF ACCOUNTING OFFICER Telephone number 510-271-6611

Table with 4 columns: (A) Income, (B) Expenses, (C) Net. Rows include Gross receipts or sales (183,742), Less returns and allowances, Cost of goods sold (65,331), Gross profit (118,411), Total (118,411).



Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions) (Except for contributions, deductions must be directly connected with the unrelated business income)

Table with 2 columns: Description, Amount. Rows include Compensation of officers (21,287), Taxes and licenses (10,727), Charitable contributions (4,702), Total deductions (73,031), Unrelated business taxable income (45,380).

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Part III Total Unrelated Business Taxable Income

Table with 2 columns: Line number and Amount. Rows include Total of unrelated business taxable income computed from all unrelated trades or businesses, Amounts paid for disallowed fringes, Deduction for net operating loss, and Unrelated business taxable income.

Part IV Tax Computation

Table with 2 columns: Line number and Amount. Rows include Organizations Taxable as Corporations, Trusts Taxable at Trust Rates, Proxy tax, Alternative minimum tax, Tax on Noncompliant Facility Income, and Total.

Part V Tax and Payments

Table with 2 columns: Line number and Amount. Rows include Foreign tax credit, Other taxes, Total tax, Payments (2017 overpayment, 2018 estimated tax, etc.), Total payments, Estimated tax penalty, Tax due, Overpayment, and Refunded amount.

Part VI Statements Regarding Certain Activities and Other Information (see instructions)

Table with 3 columns: Question number, Question text, and Yes/No response. Questions cover interest in foreign countries, foreign trusts, and tax-exempt interest.

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

Sign Here: ALFONSE UPSHAW, Signature of officer, Date: October 15, 2019, Title: SVP, CC & CAO.

May the IRS discuss this return with the preparer shown below (see instructions)? Yes [ ] No [X]

Paid Preparer Use Only: Print/Type preparer's name: ROBERT W FRIZ, Preparer's signature: [Signature], Date: 10/8/2019, Firm's name: PRICEWATERHOUSECOOPERS LLP, Firm's address: 2001 MARKET ST, SUITE 1800, PHILADELPHIA, PA 19103.

**Schedule A - Cost of Goods Sold.** Enter method of inventory valuation ►

1	Inventory at beginning of year	1		6	Inventory at end of year	6	
2	Purchases	2	65,331.	7	Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2.	7	65,331.
3	Cost of labor	3		8	Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?	Yes	No
4a	Additional section 263A costs (attach schedule)	4a					
4b	Other costs (attach schedule)	4b					
5	Total. Add lines 1 through 4b	5	65,331.				X

**Schedule C - Rent Income (From Real Property and Personal Property Leased With Real Property)**

(see instructions)

1. Description of property

(1)	
(2)	
(3)	
(4)	

2. Rent received or accrued

(a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	(b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)	3(a) Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(1)		
(2)		
(3)		
(4)		
Total	Total	

(c) Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) . . . . . ►

(b) Total deductions. Enter here and on page 1, Part I, line 6, column (B) ►

**Schedule E - Unrelated Debt-Financed Income** (see instructions)

1. Description of debt-financed property		2. Gross income from or allocable to debt-financed property	3. Deductions directly connected with or allocable to debt-financed property	
			(a) Straight line depreciation (attach schedule)	(b) Other deductions (attach schedule)
(1)				
(2)				
(3)				
(4)				
4. Amount of average acquisition debt on or allocable to debt-financed property (attach schedule)	5. Average adjusted basis of or allocable to debt-financed property (attach schedule)	6. Column 4 divided by column 5	7. Gross income reportable (column 2 x column 6)	8. Allocable deductions (column 6 x total of columns 3(a) and 3(b))
(1)		%		
(2)		%		
(3)		%		
(4)		%		
			Enter here and on page 1, Part I, line 7, column (A)	Enter here and on page 1, Part I, line 7, column (B)
<b>Totals</b> . . . . . ►				
<b>Total dividends-received deductions</b> included in column 8 . . . . . ►				

Schedule F- Interest, Annuities, Royalties, and Rents From Controlled Organizations (see instructions)

Table with 6 columns: 1. Name of controlled organization, 2. Employer identification number, 3. Net unrelated income (loss), 4. Total of specified payments made, 5. Part of column 4 that is included in the controlling organization's gross income, 6. Deductions directly connected with income in column 5.

Nonexempt Controlled Organizations

Table with 5 columns: 7. Taxable income, 8. Net unrelated income (loss), 9. Total of specified payments made, 10. Part of column 9 that is included in the controlling organization's gross income, 11. Deductions directly connected with income in column 10. Includes a Totals row with instructions for adding columns 5 and 10, and 6 and 11.

Schedule G- Investment Income of a Section 501(c)(7), (9), or (17) Organization (see instructions)

Table with 5 columns: 1. Description of income, 2. Amount of income, 3. Deductions directly connected (attach schedule), 4. Set-asides (attach schedule), 5. Total deductions and set-asides (col 3 plus col 4). Includes a Totals row with instructions for entering data on page 1, Part I, line 9.

Schedule I- Exploited Exempt Activity Income, Other Than Advertising Income (see instructions)

Table with 7 columns: 1. Description of exploited activity, 2. Gross unrelated business income from trade or business, 3. Expenses directly connected with production of unrelated business income, 4. Net income (loss) from unrelated trade or business, 5. Gross income from activity that is not unrelated business income, 6. Expenses attributable to column 5, 7. Excess exempt expenses (column 6 minus column 5, but not more than column 4). Includes a Totals row with instructions for entering data on page 1, Part I, line 10 and Part II, line 26.

Schedule J- Advertising Income (see instructions)

Part I Income From Periodicals Reported on a Consolidated Basis

Table with 7 columns: 1. Name of periodical, 2. Gross advertising income, 3. Direct advertising costs, 4. Advertising gain or (loss) (col 2 minus col 3) if a gain, compute cols 5 through 7, 5. Circulation income, 6. Readership costs, 7. Excess readership costs (column 6 minus column 5, but not more than column 4). Includes a Totals row with instruction to carry to Part II, line (5).

**Part II** Income From Periodicals Reported on a Separate Basis (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis)

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col 2 minus col 3) If a gain, compute cols 5 through 7	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
<b>Totals from Part I.</b> . . . . . ▶						
	Enter here and on page 1, Part I, line 11, col (A)	Enter here and on page 1, Part I, line 11, col (B)				Enter here and on page 1, Part II, line 27
<b>Totals, Part II (lines 1-5)</b> . . . . . ▶						

**Schedule K - Compensation of Officers, Directors, and Trustees (see instructions)**

1. Name	2. Title	3. Percent of time devoted to business	4. Compensation attributable to unrelated business
(1)		%	
(2)		%	
(3)		%	
(4)		%	
<b>Total.</b> Enter here and on page 1, Part II, line 14 . . . . . ▶			

**SCHEDULE M  
(Form 990-T)**

**Unrelated Business Taxable Income for  
Unrelated Trade or Business**

OMB No 1545-0687

**2018**

For calendar year 2018 or other tax year beginning \_\_\_\_\_, 2018, and ending \_\_\_\_\_, 20\_\_\_\_.

Department of the Treasury  
Internal Revenue Service

▶ Go to [www.irs.gov/Form990T](http://www.irs.gov/Form990T) for instructions and the latest information.  
▶ Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).

Open to Public Inspection for  
501(c)(3) Organizations Only

Name of organization

KAISER FOUNDATION HEALTH PLAN OF THE

Employer identification number

52-0954463

Unrelated business activity code (see instructions) ▶ 621400

Describe the unrelated trade or business ▶ NON-MEMBER MEDICAL CARE

**Part I Unrelated Trade or Business Income**

		(A) Income	(B) Expenses	(C) Net
<b>1 a</b>	Gross receipts or sales 508,648.			
<b>b</b>	Less returns and allowances			
	<b>c Balance ▶</b>	<b>1 c</b> 508,648.		
<b>2</b>	Cost of goods sold (Schedule A, line 7) . . . . . ATCH 3	<b>2</b> 43,446.		
<b>3</b>	Gross profit Subtract line 2 from line 1c . . . . .	<b>3</b> 465,202.		465,202.
<b>4 a</b>	Capital gain net income (attach Schedule D) . . . . .	<b>4 a</b>		
<b>b</b>	Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797) . .	<b>4 b</b>		
<b>c</b>	Capital loss deduction for trusts . . . . .	<b>4 c</b>		
<b>5</b>	Income (loss) from a partnership or an S corporation (attach statement) . . . . .	<b>5</b>		
<b>6</b>	Rent income (Schedule C) . . . . .	<b>6</b>		
<b>7</b>	Unrelated debt-financed income (Schedule E) . . . . .	<b>7</b>		
<b>8</b>	Interest, annuities, royalties, and rents from a controlled organization (Schedule F) . . . . .	<b>8</b>		
<b>9</b>	Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G) . . . . .	<b>9</b>		
<b>10</b>	Exploited exempt activity income (Schedule I) . . . . .	<b>10</b>		
<b>11</b>	Advertising income (Schedule J) . . . . .	<b>11</b>		
<b>12</b>	Other income (See instructions, attach schedule) . . . . .	<b>12</b>		
<b>13</b>	<b>Total.</b> Combine lines 3 through 12 . . . . .	<b>13</b> 465,202.		465,202.

**Part II Deductions Not Taken Elsewhere** (See instructions for limitations on deductions ) (Except for contributions, deductions must be directly connected with the unrelated business income )

<b>14</b>	Compensation of officers, directors, and trustees (Schedule K) . . . . .	<b>14</b>		
<b>15</b>	Salaries and wages . . . . .	<b>15</b>		237,147.
<b>16</b>	Repairs and maintenance . . . . .	<b>16</b>		
<b>17</b>	Bad debts . . . . .	<b>17</b>		
<b>18</b>	Interest (attach schedule) (see instructions) . . . . .	<b>18</b>		
<b>19</b>	Taxes and licenses . . . . .	<b>19</b>		
<b>20</b>	Charitable contributions (See instructions for limitation rules) . . . . .	<b>20</b>		
<b>21</b>	Depreciation (attach Form 4562) . . . . .	<b>21</b> 70,466.		
<b>22</b>	Less depreciation claimed on Schedule A and elsewhere on return . . . . .	<b>22 a</b>		<b>22 b</b> 70,466.
<b>23</b>	Depletion . . . . .	<b>23</b>		
<b>24</b>	Contributions to deferred compensation plans . . . . .	<b>24</b>		
<b>25</b>	Employee benefit programs . . . . .	<b>25</b>		100,842.
<b>26</b>	Excess exempt expenses (Schedule I) . . . . .	<b>26</b>		
<b>27</b>	Excess readership costs (Schedule J) . . . . .	<b>27</b>		
<b>28</b>	Other deductions (attach schedule) . . . . . ATCH 4	<b>28</b>		265,991.
<b>29</b>	<b>Total deductions.</b> Add lines 14 through 28 . . . . .	<b>29</b>		674,446.
<b>30</b>	Unrelated business taxable income before net operating loss deduction Subtract line 29 from line 13	<b>30</b>		-209,244.
<b>31</b>	Deduction for net operating loss arising in tax years beginning on or after January 1, 2018 (see instructions) . . . . .	<b>31</b>		
<b>32</b>	<b>Unrelated business taxable income</b> Subtract line 31 from line 30 . . . . .	<b>32</b>		-209,244.

For Paperwork Reduction Act Notice, see instructions

Schedule M (Form 990-T) 2018

NAME AND FEIN OF PARENT CORPORATION

KAISER FOUNDATION HEALTH PLAN, INC.  
94-1340523

ATTACHMENT 2

FORM 990T - PART II - LINE 28 - TOTAL OTHER DEDUCTIONS

SUPPLIES & OFFICE EXPENSES	26,203.
OTHER EXPENSES	804.

PART II - LINE 28 - OTHER DEDUCTIONS	<u>27,007.</u>
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NON-COVERED SERVICES

SCHEDULE M LINE 2: SCHEDULE A - COST OF GOODS SOLD

1	INVENTORY AT BEGINNING OF YEAR . . .		
2	PURCHASES . . . . .	43,446.	
3	COST OF LABOR . . . . .		
4A	ADDITIONAL SECTION 263A COSTS . . . .		
B	OTHER COSTS . . . . .		
5	TOTAL. ADD LINES 1 THROUGH 4B . . . .	43,446.	
6	INVENTORY AT END OF YEAR . . . . .		
7	COST OF GOODS SOLD.		
	(SUBTRACT LINE 6 FROM LINE 5) . . . . .		<u>43,446.</u>
8	DO THE RULES OF SECTION 263A (WITH RESPECT TO PROPERTY PRODUCED OR ACQUIRED FOR RESALE) APPLY TO THE ORGANIZATION?		YES NO X

SCHEDULE M - PART II - LINE 28 - TOTAL OTHER DEDUCTIONS

SUPPLIES AND OFFICE EXPENSES	120,885.
MAINTENANCE FEES	10,404.
PURCHASED SERVICES	22,778.
INFORMATION TECHNOLOGY	38,769.
OTHER EXPENSES	73,155.

PART II - LINE 28 - OTHER DEDUCTIONS

265,991.

Depreciation and Amortization (Including Information on Listed Property)

Department of the Treasury Internal Revenue Service (99)

Attach to your tax return.

Go to www.irs.gov/Form4562 for instructions and the latest information.

Name(s) shown on return

Business or activity to which this form relates

Identifying number

KFHP OF THE MID-ATLANTIC STATES, INC

SCHEDULE M, NON-MEMBER MEDICAL CARE

52-0954463

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I

Table with 5 main rows for Part I. Row 1: Maximum amount. Row 2: Total cost of section 179 property. Row 3: Threshold cost of section 179 property. Row 4: Reduction in limitation. Row 5: Dollar limitation for tax year. Row 6: Description of property, Cost, Elected cost. Row 7: Listed property. Row 8: Total elected cost. Row 9: Tentative deduction. Row 10: Carryover of disallowed deduction. Row 11: Business income limitation. Row 12: Section 179 expense deduction. Row 13: Carryover of disallowed deduction to 2019.

Note: Don't use Part II or Part III below for listed property. Instead, use Part V

Part II Special Depreciation Allowance and Other Depreciation (Don't include listed property See instructions)

Table with 3 rows for Part II. Row 14: Special depreciation allowance. Row 15: Property subject to section 168(f)(1) election. Row 16: Other depreciation (including ACRS).

Part III MACRS Depreciation (Don't include listed property See instructions)

Section A

Table with 2 rows for Section A. Row 17: MACRS deductions for assets placed in service in tax years beginning before 2018. Row 18: If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here.

Section B - Assets Placed in Service During 2018 Tax Year Using the General Depreciation System

Table with 7 columns: (a) Classification of property, (b) Month and year placed in service, (c) Basis for depreciation, (d) Recovery period, (e) Convention, (f) Method, (g) Depreciation deduction. Rows include 3-year, 5-year, 7-year, 10-year, 15-year, 20-year, 25-year property, Residential rental property, and Nonresidential real property.

Section C - Assets Placed in Service During 2018 Tax Year Using the Alternative Depreciation System

Table with 4 rows for Section C. Row 20a: Class life. Row 20b: 12-year. Row 20c: 30-year. Row 20d: 40-year.

Part IV Summary (See instructions)

Table with 3 rows for Part IV. Row 21: Listed property. Row 22: Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Row 23: For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs.

For Paperwork Reduction Act Notice, see separate instructions.

Part V Listed Property (Include automobiles, certain other vehicles, certain aircraft, and property used for entertainment, recreation, or amusement)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable

Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles)

24a Do you have evidence to support the business/investment use claimed? Yes No 24b If "Yes," is the evidence written? Yes No

Table with 9 columns: (a) Type of property, (b) Date placed in service, (c) Business/investment use percentage, (d) Cost or other basis, (e) Basis for depreciation, (f) Recovery period, (g) Method/Convention, (h) Depreciation deduction, (i) Elected section 179 cost

25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use See instructions 25

26 Property used more than 50% in a qualified business use
%
%
%

27 Property used 50% or less in a qualified business use
%
%
%
S/L -
S/L -
S/L -

28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1. 28

29 Add amounts in column (i), line 26 Enter here and on line 7, page 1. 29

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

Table with 6 columns: (a) Vehicle 1, (b) Vehicle 2, (c) Vehicle 3, (d) Vehicle 4, (e) Vehicle 5, (f) Vehicle 6. Rows 30-36 include mileage and availability questions.

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who aren't more than 5% owners or related persons See instructions

Table with 2 columns: Yes, No. Rows 37-41 include questions about vehicle policies and requirements.

Part VI Amortization

Table with 6 columns: (a) Description of costs, (b) Date amortization begins, (c) Amortizable amount, (d) Code section, (e) Amortization period or percentage, (f) Amortization for this year

42 Amortization of costs that begins during your 2018 tax year (see instructions)

Table with 6 columns: (a) Description of costs, (b) Date amortization begins, (c) Amortizable amount, (d) Code section, (e) Amortization period or percentage, (f) Amortization for this year

43 Amortization of costs that began before your 2018 tax year 43

44 Total. Add amounts in column (f) See the instructions for where to report 44

**KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC.**

**52-0954463**

**12/31/2018**

**ATTACHMENT TO FORM 990-T**

**FORM 990T, PART III, LINE 33**

FORM 990-T, PART II, LINE 32	45,380
CHARITABLE CONTRIBUTION DEDUCTION RESULTING FROM INCREASE TO UBTI UNDER SECTION 512(a)(7)	<u>(177,553)</u>
TOTAL OF UNRELATED TRADE OR BUSINESS INCOME COMPUTED FROM ALL UNRELATED TRADES OR BUSINESSES	<u><u>(132,173)</u></u>

**FORM 990T, CHARITABLE CONTRIBUTION**

FORM 990-T, PART III, LINE 33	(132,173)
FORM 990-T, PART III, LINE 34	1,891,063
ADD BACK CHARITABLE CONTRIBUTION DEDUCTION	4,702
ADD BACK CHARITABLE CONTRIBUTION DEDUCTION RESULTING FROM INCREASE TO UBTI UNDER SECTION 512(a)(7)	177,553
DEDUCTION FOR NET OPERATING LOSS ARISING IN TAX YEARS BEGINNING BEFORE JANUARY 1, 2018 WITHOUT CONVERTED CHARITABLE CONTRIBUTIONS	<u>(118,589)</u>
TOTAL	1,822,556
CHARITABLE DEDUCTION PERCENTAGE (10%)	<u>*10%</u>
CHARITABLE CONTRIBUTION LIMITATION (10%)	182,255
2018 CHARITABLE CONTRIBUTION PAID	<u>1,792,900</u>
CHARITABLE CONTRIBUTION DEDUCTION (SMALLER OF THE ABOVE TWO)	<u><u>182,255</u></u>

**KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC.**

**52-0954463**

**2018 Charitable Contribution Carryforward**

**Form 990-T**

TAX YEAR ENDING	ORIGINAL CONTRIBUTIONS	CONVERTED TO NOL CARRYOVER in Prior Years	CONTRIBUTIONS USED in Prior Years	CONTRIBUTIONS AVAILABLE	CONVERTED TO NOL CARRYOVER in Current Year	CONTRIBUTIONS USED in Current Year	CONTRIBUTIONS CARRY FORWARD for 5 Years
12/31/2014	15,427,948	-	-	15,427,948	-	-	15,427,948
12/31/2015	150,000	(28,410)	-	121,590	-	-	121,590
12/31/2016	1,925,414	(12,295)	-	1,913,119	-	-	1,913,119
12/31/2017	1,242,634	(16,109)	-	1,226,525	-	-	1,226,525
12/31/2018	1,792,900	-	-	1,792,900	(11,860)	(182,255)	1,598,785
<b>TOTAL</b>	<b>20,538,896</b>	<b>(56,814)</b>	<b>-</b>	<b>20,482,082</b>	<b>(11,860)</b>	<b>(182,255)</b>	<b>20,287,967</b>

KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC.  
 52-0954463  
 12/31/2018  
 ATTACHMENT TO FORM 990-T

**NET OPERATING LOSS DEDUCTION - NOL ARISING IN TAX YEARS BEGINNING BEFORE JANUARY 1, 2018**

LOSS YEAR ENDING	ORIGINAL LOSS	AMOUNT PREVIOUSLY USED	PREVIOUSLY CONVERTED CONTRIBUTIONS	LOSS CARRIED OVER FROM PRIOR YEAR	CURRENT YEAR CONVERTED CONTRIBUTIONS	LOSS AVAILABLE	AMOUNT USED IN CY	LOSS CARRY FORWARD
12/31/2001	275,309	(185,124)	28,404	118,589	11,860	130,449	(130,449)	-
<b>TOTAL</b>	275,309	(185,124)	28,404	118,589	11,860	130,449	(130,449)	-