

**2005 RENEWAL CONDITIONS OF OFFERING
Mid & Large Size Purchasers**

These proposed rates are conditioned on, the employee census being current and accurate, participation, contribution, and conditions of offering listed below are being met. If any of the following are not met or the employee census is not accurate, Kaiser Permanente reserves the right to withdraw our rate proposal, decline coverage, re-rate this proposal, or terminate your Group Agreement.

CONDITIONS OF OFFERING:

1. Proposed renewal rates assume a 12-month contract unless otherwise stipulated. Any date change requires re-evaluation and Kaiser Permanente reserves the right to withdraw our rate proposal, decline coverage, re-rate this proposal, or terminate your Group Agreement. Proposed rates are guaranteed for the length of the contract, contingent upon the participation requirements and assumptions listed here and the Agreement being met.
2. Proposed renewal rates are based on stipulated total members in the proposed renewal. If enrollment changes by more than 20%, Kaiser Permanente has the right to re-evaluate, and/or re-rate the proposed rate.
3. Minimum employer contribution is 50% of employee-only rate. If the Purchaser has a 1-step rate, Purchaser must contribute 100% of the 1-step rate. If the Purchaser contribution(s) changes from what is stipulated in the proposed renewal, Kaiser Permanente has the right to request the Purchaser's contribution schedule and has the right to re-rate.
4. Newly eligible employees may not be subject to a waiting period exceeding 6 months, unless Kaiser Permanente Underwriting department has approved other waiting periods in writing.
5. Broker Commission is as stated on the proposed renewal.
6. The proposed renewal rates assume that the total COBRA and Non-Medicare retiree enrollees do not exceed 15%, unless otherwise approved in writing by Kaiser Permanente Underwriting department. If this changes Kaiser Permanente has the right to re-rate.
7. All enrolling Purchaser's must meet the following Kaiser Permanente minimum participation requirements:

	If Kaiser Permanente is the exclusive carrier	If Kaiser Permanente is not the exclusive carrier
Single Option HMO	70% of full-time eligible employees who do not have alternative group coverage must enroll with Kaiser Permanente, unless contribution is 100% of employee cost, then required participation is 100% of eligible employees.	70% of full-time eligible employees who do not have alternative group coverage must enroll with an offered carrier, unless contribution is 100% of employee cost, then required participation is 100% of eligible employees. A required minimum of 3 subscribers must enroll.
Dual Option HMO/POS/ PPO/OOA	Kaiser Permanente must be the only carrier offered. 75% of eligible employees who do not have alternative group coverage must enroll in a plan offered, unless contribution is 100% of the employee cost, then the required participation is 100% of eligible employees must enroll. At least 75% of all eligible enrolled employees must live or work in the Kaiser Permanente California service area.	

8. Benefit plan changes can only be made on the Purchaser's anniversary date unless otherwise reviewed and approved in writing from Kaiser Permanente Underwriting Department. Retroactive changes are not permitted.
9. If the Purchaser acquires, merges or partners another entity, association or partnership or offers benefits to a previously excluded segment of the Purchaser, Kaiser Permanente has the right to re-rate the group.
10. Rate Steps and Rate Ratios and their definitions should be uniform and aligned across all other offered health plans so Kaiser Permanente is not placed at any disadvantage or adversely selected against.
11. Kaiser Permanente will not be offered alongside of an "Age Rated" health plan.

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12. Kaiser Permanente must have equal access to and the same enrollment opportunities with the Purchaser and employees, as other carrier(s) offered so Kaiser Permanente is not at any disadvantage or adversely selected against. (i.e. no "freezing" of enrollment).
13. Eligible employees are defined as active, permanent employees on the employer's payroll (i.e. DE-6) with a bona fide employer/employee relationship, and working a minimum of 20 hours per week). Temporary and independent contractors (i.e. 1099 employees) are not eligible.
14. If an "in-area" employee has dependent(s) who live outside the service area, the employee and dependent(s) must be enrolled in the same product. Families cannot be split between two products. If the family chooses HMO coverage, the out of area dependents will only be covered for Emergency Care, Out-of-Area Urgent Care, and care received at a Plan Facility.
15. Kaiser Permanente will cover "domestic partners" at no additional charge as long as all other carriers offered to the purchaser, also provide this coverage under the same terms. The purchaser is responsible for approving the applicable definition of domestic partners.
16. All eligible employees must have Worker's Compensation coverage as required by law.
17. Benefits and rates may be subject to modifications by Kaiser Permanente for subsequently enacted State and Federal legislation.
18. There must be an annual open enrollment period during which all eligible employees may enroll in Kaiser Permanente.
19. The contracting purchaser must also meet all other group-specific responsibilities and requirements described in your Group Agreement, including the Evidence of Coverage.