

AGREEMENT

This Agreement is entered into between the Colorado Division of Insurance ("Division") and Kaiser Foundation Health Plan of Colorado ("KFHP") (collectively, the "Parties").

RECITALS

WHEREAS the mission of the Division is consumer protection;

WHEREAS the Division protects consumers by reviewing the financial status and solvency of all Colorado domestic entities supplying health care insurance to the citizens of Colorado; and

WHEREAS after the Division identified an increasing positive financial position of KFHP, discussion ensued between the Division and KFHP as to how KFHP could utilize its financial assets to accomplish its mission of serving its members while fulfilling its mission as a not-for-profit company;

NOW THEREFORE, in consideration of the foregoing and the mutual covenants described herein and for other good and valuable consideration, the receipt and sufficiency of which are considered to be adequate, the Parties agree as follows:

1. KFHP will provide financial relief or benefit enhancements totaling \$150 million to its groups and subscribers. KFHP will spend \$75 million in 2009 and \$75 million in 2010, as follows:
 - a. KFHP will provide financial relief to its Individual and Family subscribers and Employer Groups, including the Federal Employee Health Benefits Program ("FEHBP"), at an estimated cost of \$61 million per year in 2009 and 2010. For Individual and Family subscribers and Employer Groups other than FEHBP, KFHP will provide financial relief in the form of premium credits and will develop a mechanism, reviewed by the Division, by which premium credits are equitably distributed. The average annual premium credit will be \$287.00 per subscriber. Employer Groups may decide how to distribute those credits, if at all, to their employees. For FEHBP, subject to applicable regulatory requirements and approvals, KFHP will endeavor to provide financial relief to its subscribers at a cost that is comparable to other employer groups, adjusted for subscriber size.
 - b. Subject to applicable regulatory requirements and approvals, KFHP will endeavor to increase its benefits to Medicare beneficiaries for 2009 and 2010, at an estimated cost of \$14 million per year in 2009 and 2010.
2. KFHP will expand its existing Medical Financial Assistance program to provide financial support for lower income members by an additional \$2.5 million per year in 2009 and 2010.

3. Beginning on June 30, 2008, and lasting through December 31, 2010, KFHP will provide quarterly reports to the Division substantiating to the Division the steps it is taking to carry out the terms of this Agreement.

4. Should KFHP fail to adhere to the terms of this Agreement the Division expressly reserves the right to pursue any and all legal remedies available to it.

5. The Parties agree to cooperate with one another in coordinating the distribution of information concerning the Agreement to the public.

6. In the event that any one or more of the provisions of this Agreement shall for any reason be held to be invalid, or unenforceable, the remaining provisions of this Agreement shall not be affected thereby.

7. This Agreement is intended solely for the mutual benefit of the Parties hereto, and there is no intention, express or otherwise, to create any rights or interests for any Party or person other than the Parties.

8. This Agreement may be executed in one or more counterparts, all of which shall, in the aggregate, be considered one and the same instrument. Facsimile or electronically imaged signatures shall be treated as original signatures and shall be effective to bind the Parties.

ACCEPTED AND AGREED TO THIS 28 DAY OF April 28, 2008

BY AND BETWEEN:

Kaiser Foundation Health Plan of Colorado



Donna Lynne, DrPH President, Kaiser Foundation Health Plan of Colorado

--AND--

Colorado Division of Insurance



Marcy Morrison, Commissioner, Colorado Division of Insurance