Form **990**

Department of the Treasury
Internal Revenue Service

# Return of Organization Exempt from Income Tax

**Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)**

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

OMB No 1545 0047

**2004**

**Open to Public Inspection**

**A** For the 2004 calendar year, or tax year beginning , 2004, and ending

**B** Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Final return
- ☐ Amended return
- ☐ Application pending

Please use IRS label or print or type See specific instructions

OPTIMA HEALTH PLAN
6015 POPLAR HALL DRIVE
NORFOLK, VA 23502

**D** Employer Identification Number: 54-1283337

**E** Telephone number: (757) 455-7020

**F** Accounting method: ☐ Cash ☒ Accrual ☐ Other (specify) ►

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

**G** Web site: ► WWW.OPTIMAHEALTH.COM

**J** Organization type (check only one) ► ☒ 501(c) 3 ◄ (insert no ) ☐ 4947(a)(1) or ☐ 527

**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.**

**L** Gross receipts. Add lines 6b, 8b, 9b, and 10b to line 12 ► 616,314,156.

*H and I are not applicable to section 527 organizations*

**H (a)** Is this a group return for affiliates? ☐ Yes ☒ No

**H (b)** If 'Yes,' enter number of affiliates ►

**H (c)** Are all affiliates included? ☐ Yes ☐ No (If 'No,' attach a list See instructions )

**H (d)** Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☒ No

**I** Group Exemption Number ►

**M** Check ► ☒ if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF)

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

| | | | | | |
|---|---|---|---|---|---|
| REVENUE | 1 | Contributions, gifts, grants, and similar amounts received. | | | |
| | a | Direct public support | 1a | | |
| | b | Indirect public support | 1b | | |
| | c | Government contributions (grants) | 1c | | |
| | d | Total (add lines 1a through 1c) (cash $ ____ noncash $ ____) | | 1d | 0. |
| | 2 | Program service revenue including government fees and contracts (from Part VII, line 93) | | 2 | 586,995,620. |
| | 3 | Membership dues and assessments | | 3 | |
| | 4 | Interest on savings and temporary cash investments | | 4 | |
| | 5 | Dividends and interest from securities | | 5 | 2,210,542. |
| | 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 ►) | | 7 | |
| | 8a | Gross amount from sales of assets other than inventory — (A) Securities: 27,107,994. | 8a | | |
| | b | Less. cost or other basis and sales expenses — (A) Securities: 27,120,844. | 8b | | |
| | c | Gain or (loss) (attach schedule) Statement 1 — (A) Securities: -12,850. | 8c | | |
| | d | Net gain or (loss) (combine line 8c, columns (A) and (B)) | | 8d | -12,850. |
| | 9 | Special events and activities (attach schedule). If any amount is from **gaming**, check here ► ☐ | | | |
| | a | Gross revenue (not including $ ____ of contributions reported on line 1a) | 9a | | |
| | b | Less. direct expenses other than fundraising expenses | 9b | | |
| | 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 | | |
| | 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 | 589,193,312. |
| EXPENSES | 13 | Program services (from line 44, column (B)) | | 13 | 474,913,005. |
| | 14 | Management and general (from line 44, column (C)) | | 14 | 52,766,986. |
| | 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 | 527,679,991. |
| NET ASSETS | 18 | Excess or (deficit) for the year (subtract line 17 from line 12) | | 18 | 61,513,321. |
| | 19 | Net assets or fund balances at beginning of year (from line 73, column (A)) | | 19 | 88,235,262. |
| | 20 | Other changes in net assets or fund balances (attach explanation) See Statement 2 | | 20 | -12,969,948. |
| | 21 | Net assets or fund balances at end of year (combine lines 18, 19, and 20) | | 21 | 136,778,635. |

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**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.

| 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 |
|---|---|---|---|---|---|
| 22 Grants and allocations (att sch) See Stm 3 (cash $ 10,119. non-cash $ ) | 22 | 10,119. | 10,119. | | |
| 23 Specific assistance to individuals (att sch) | 23 | | | | |
| 24 Benefits paid to or for members (att sch) | 24 | | | | |
| 25 Compensation of officers, directors, etc | 25 | | | | |
| 26 Other salaries and wages | 26 | 16,638,111. | 14,974,300. | 1,663,811. | |
| 27 Pension plan contributions | 27 | 1,374,576. | 1,237,118. | 137,458. | |
| 28 Other employee benefits | 28 | 1,221,861. | 1,099,675. | 122,186. | |
| 29 Payroll taxes | 29 | 1,138,551. | 1,024,696. | 113,855. | |
| 30 Professional fundraising fees | 30 | | | | |
| 31 Accounting fees | 31 | | | | |
| 32 Legal fees | 32 | | | | |
| 33 Supplies | 33 | 523,645. | 471,281. | 52,364. | |
| 34 Telephone | 34 | | | | |
| 35 Postage and shipping | 35 | 797,741. | 717,967. | 79,774. | |
| 36 Occupancy | 36 | 925,103. | 832,593. | 92,510. | |
| 37 Equipment rental and maintenance | 37 | | | | |
| 38 Printing and publications | 38 | | | | |
| 39 Travel | 39 | 492,078. | 442,870. | 49,208. | |
| 40 Conferences, conventions, and meetings | 40 | | | | |
| 41 Interest | 41 | 2,086,475. | 1,877,828. | 208,647. | |
| 42 Depreciation, depletion, etc (attach schedule) FOOTNOTE B | 42 | 587,817. | 529,035. | 58,782. | |
| 43 Other expenses not covered above (itemize) | | | | | |
| a See Statement 4 | 43a | 501,883,914. | 451,695,523. | 50,188,391. | |
| b | 43b | | | | |
| c | 43c | | | | |
| d | 43d | | | | |
| e | 43e | | | | |
| 44 Total functional expenses (add lines 22 - 43) Organizations completing columns (B) - (D), carry these totals to lines 13 - 15 | 44 | 527,679,991. | 474,913,005. | 52,766,986. | 0. |

**Joint Costs.** Check ► ☐ if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in **(B)** Program services? ► ☐ Yes ☒ No

If 'Yes,' enter **(i)** the aggregate amount of these joint costs $ ; **(ii)** the amount allocated to Program services $ ; **(iii)** the amount allocated to Management and general $ ; and **(iv)** the amount allocated to Fundraising $

**Part III Statement of Program Service Accomplishments**

What is the organization's primary exempt purpose? ► QUALITY HEALTH CARE

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) & (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants & allocations to others.)

| | Program Service Expenses (Required for 501(c)(3) and (4) organizations and 4947(a)(1) trusts, but optional for others) |
|---|---|
| a See Statement 5 (Grants and allocations $ 10,119.) | 474,913,005. |
| b (Grants and allocations $ ) | |
| c (Grants and allocations $ ) | |
| d (Grants and allocations $ ) | |
| e Other program services (Grants and allocations $ ) | |
| f **Total of Program Service Expenses** (should equal line 44, column (B), Program services) ► | 474,913,005. |

**Part IV Balance Sheets** (See Instructions)

| 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 |
|---|---|---|---|---|---|
| ASSETS | 45 Cash — non-interest-bearing | | | 45 | |
| | 46 Savings and temporary cash investments | | 93,202,254. | 46 | 165,893,294. |
| | 47a Accounts receivable | 47a 8,123,376. | | | |
| | b Less allowance for doubtful accounts | 47b 461,836. | 9,114,891. | 47c | 7,661,540. |
| | 48a Pledges receivable | 48a | | | |
| | b Less: allowance for doubtful accounts | 48b | | 48c | |
| | 49 Grants receivable | | | 49 | |
| | 50 Receivables from officers, directors, trustees, and key employees (attach schedule) | | | 50 | |
| | 51a Other notes & loans receivable (attach sch) | 51a | | | |
| | b Less. allowance for doubtful accounts | 51b | | 51c | |
| | 52 Inventories for sale or use | | | 52 | |
| | 53 Prepaid expenses and deferred charges | | | 53 | |
| | 54 Investments — securities (attach schedule) See St 6 ► ☐ Cost ☒ FMV | | 47,400,720. | 54 | 28,883,943. |
| | 55a Investments — land, buildings, & equipment. basis | 55a | | | |
| | b Less: accumulated depreciation (attach schedule) | 55b | | 55c | |
| | 56 Investments — other (attach schedule) | | | 56 | |
| | 57a Land, buildings, and equipment. basis | 57a 6,648,154. | | | |
| | b Less. accumulated depreciation (attach schedule) Statement 7 | 57b 5,318,015. | 1,560,149. | 57c | 1,330,139. |
| | 58 Other assets (describe ► See Statement 8 ) | | 2,917,003. | 58 | 3,352,091. |
| | 59 **Total assets** (add lines 45 through 58) (must equal line 74) | | 154,195,017. | 59 | 207,121,007. |
| LIABILITIES | 60 Accounts payable and accrued expenses | | 586,706. | 60 | 396,227. |
| | 61 Grants payable | | | 61 | |
| | 62 Deferred revenue | | 1,248,007. | 62 | 2,399,972. |
| | 63 Loans from officers, directors, trustees, and key employees (attach schedule) | | | 63 | |
| | 64a Tax-exempt bond liabilities (attach schedule) | | | 64a | |
| | b Mortgages and other notes payable (attach schedule) | | | 64b | |
| | 65 Other liabilities (describe ► See Statement 9 ) | | 64,125,042. | 65 | 67,546,173. |
| | 66 **Total liabilities** (add lines 60 through 65) | | 65,959,755. | 66 | 70,342,372. |
| NET ASSETS OR FUND BALANCES | **Organizations that follow SFAS 117, check here** ► ☐ and complete lines 67 through 69 and lines 73 and 74. | | | | |
| | 67 Unrestricted | | | 67 | |
| | 68 Temporarily restricted | | | 68 | |
| | 69 Permanently restricted | | | 69 | |
| | **Organizations that do not follow SFAS 117, check here** ► ☒ and complete lines 70 through 74. | | | | |
| | 70 Capital stock, trust principal, or current funds | | 12,548,385. | 70 | |
| | 71 Paid-in or capital surplus, or land, building, and equipment fund. | | | 71 | |
| | 72 Retained earnings, endowment, accumulated income, or other funds | | 75,686,877. | 72 | 136,778,635. |
| | 73 **Total net assets or fund balances** (add lines 67 through 69 **or** lines 70 through 72, column (A) **must** equal line 19, column (B) **must** equal line 21) | | 88,235,262. | 73 | 136,778,635. |
| | 74 **Total liabilities and net assets/fund balances** (add lines 66 and 73) | | 154,195,017. | 74 | 207,121,007. |

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.

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## Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See instructions.)

| | | | |
|---|---|---|---|
| a | Total revenue, gains, and other support per audited financial statements ► | a | 588,771,749. |
| b | Amounts included on line a but not on line 12, Form 990. | | |
| | (1) Net unrealized gains on investments $ -421,563. | | |
| | (2) Donated services and use of facilities $ | | |
| | (3) Recoveries of prior year grants $ | | |
| | (4) Other (specify). $ | | |
| | Add amounts on lines (1) through (4) ► | b | -421,563. |
| c | Line a minus line b ► | c | 589,193,312. |
| d | Amounts included on line 12, 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) ► | d | |
| e | Total revenue per line 12, Form 990 (line c plus line d) ► | e | 589,193,312. |

## Part IV-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return

| | | | |
|---|---|---|---|
| a | Total expenses and losses per audited financial statements ► | a | 527,679,991. |
| 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) ► | b | |
| c | Line a minus line b ► | c | 527,679,991. |
| 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) ► | d | |
| e | Total expenses per line 17, Form 990 (line c plus line d) ► | e | 527,679,991. |

## Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated, see instructions.)

| (A) Name and address | (B) Title and average hours per week devoted to position | (C) Compensation (if not paid, enter -0-) | (D) Contributions to employee benefit plans and deferred compensation | (E) Expense account and other allowances |
|---|---|---|---|---|
| See Statement 10 | | 0. | 0. | 0. |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

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? See Statement 11 ► [X] Yes [ ] No

If 'Yes,' attach schedule – see instructions.

**Part VI Other Information** (See instructions.)

| | | | 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 | 76 | | X |
| 77 | Were any changes made in the organizing or governing documents but not reported to the IRS? FOOTNOTE C<br>If 'Yes,' attach a conformed copy of the changes. | 77 | X | |
| 78a | Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return? | 78a | X | |
| b | If 'Yes,' has it filed a tax return on **Form 990-T** for this year? | 78b | X | |
| 79 | Was there a liquidation, dissolution, termination, or substantial contraction during the year? If 'Yes,' attach a statement | 79 | | 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? | 80a | X | |
| b | If 'Yes,' enter the name of the organization ► See Statement 12 and check whether it is [X] exempt or [X] nonexempt. | 80b | | |
| 81a | Enter direct and indirect political expenditures See line 81 instructions 81a 0. | | | |
| b | Did the organization file **Form 1120-POL** for this year? | 81b | | 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? | 82a | | 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 in Part III.) 82b N/A | | | |
| 83a | Did the organization comply with the public inspection requirements for returns and exemption applications? | 83a | X | |
| b | Did the organization comply with the disclosure requirements relating to quid pro quo contributions? | 83b | X | |
| 84a | Did the organization solicit any contributions or gifts that were not tax deductible? | 84a | | X |
| b | If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? | 84b | N/A | |
| 85 | *501(c)(4), (5), or (6) organizations.* **a** Were substantially all dues nondeductible by members? | 85a | N/A | |
| b | Did the organization make only in-house lobbying expenditures of $2,000 or less? | 85b | N/A | |
| | 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. | | | |
| c | Dues, assessments, and similar amounts from members 85c N/A | | | |
| d | Section 162(e) lobbying and political expenditures 85d N/A | | | |
| e | Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices 85e N/A | | | |
| f | Taxable amount of lobbying and political expenditures (line 85d less 85e) 85f N/A | | | |
| g | Does the organization elect to pay the section 6033(e) tax on the amount on line 85f? | 85g | N/A | |
| h | If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year? | 85h | N/A | |
| 86 | *501(c)(7) organizations* Enter: **a** Initiation fees and capital contributions included on line 12 86a N/A | | | |
| b | Gross receipts, included on line 12, for public use of club facilities 86b N/A | | | |
| 87 | *501(c)(12) organizations.* Enter. **a** Gross income from members or shareholders 87a 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.) 87b 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 | 88 | | X |
| 89a | *501(c)(3) organizations* Enter. Amount of tax imposed on the organization during the year under section 4911 ► 0. , section 4912 ► 0. , section 4955 ► 0. | | | |
| b | *501(c)(3) and 501(c)(4) organizations.* 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 | 89b | | X |
| c | Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ► 0. | | | |
| d | Enter. Amount of tax on line 89c, above, reimbursed by the organization ► 0. | | | |
| 90a | List the states with which a copy of this return is filed ► NONE | | | |
| b | Number of employees employed in the pay period that includes March 12, 2004 (See instructions ) | 90b | 593 | |
| 91 | The books are in care of ► CORPORATE OFFICERS Telephone number ► (757) 455-7020<br>Located at ► 6015 POPLAR HALL DR, NORFOLK, VA ZIP + 4 ► 23502 | | | |
| 92 | *Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of* ***Form 1041*** — Check here N/A ► [ ]<br>and enter the amount of tax-exempt interest received or accrued during the tax year ► 92 N/A | | | |

## Part VII Analysis of Income-Producing Activities (See instructions.)

| Note: Enter gross amounts unless otherwise indicated | Unrelated business income (A) Business code | Unrelated business income (B) Amount | Excluded by section 512, 513, or 514 (C) Exclusion code | Excluded by section 512, 513, or 514 (D) Amount | (E) Related or exempt function income |
|---|---|---|---|---|---|
| 93 Program service revenue. | | | | | |
| a BILLING/COL. SVC FEES | | | | | 375,382. |
| b SUBSCRIBER PREMIUMS | 524298 | 245,115. | | | 586,375,123. |
| c | | | | | |
| d | | | | | |
| e | | | | | |
| f Medicare/Medicaid payments | | | | | |
| g Fees & contracts from government agencies | | | | | |
| 94 Membership dues and assessments | | | | | |
| 95 Interest on savings & temporary cash invmnts | | | | | |
| 96 Dividends & interest from securities | | | 14 | 2,210,542. | |
| 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 pers prop | | | | | |
| 99 Other investment income | | | | | |
| 100 Gain or (loss) from sales of assets other than inventory | | | 18 | -12,850. | |
| 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)) | | 245,115. | | 2,197,692. | 586,750,505. |
| 105 Total (add line 104, columns (B), (D), and (E)) | | | | ► | 589,193,312. |

**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 instructions )

| 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). |
|---|---|
| 93 | INCOME FROM SUBSCRIBER PREMIUMS AND BILLING AND COLLECTION SERVICE FEES RESULTING FROM THE CORPORATION'S PROVISION OF MEDICAL CARE TO ITS MEMBERS THAT IS CONSISTENT WITH THE CORPORATION'S TAX EXEMPT PURPOSE. |

## Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See instructions.)

| (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 |
|---|---|---|---|---|
| N/A | % | | | |
| | % | | | |
| | % | | | |
| | % | | | |

## Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See instructions.)

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 indir

**Note:** *If 'Yes' to (b), file Form 8870 and Form 4720 (see instructions).*

**Please Sign Here**

Under penalties of perjury, I declare that I have examined this return, including ac true, correct, and complete. Declaration of preparer (other than officer) is based o

► [signature] Signature of officer

► ROBERT A BROERMANN, ASST. TREASURER Type or print name and title

**Paid Preparer's Use Only**

Preparer's signature ► Self-Prepared

Firm's name (or yours if self employed), address, and ZIP + 4 ►

BAA

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.)

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

OMB No 1545 0047

**2004**

Name of the organization: OPTIMA HEALTH PLAN

Employer identification number: 54-1283337

## Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees

(See 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 and deferred compensation | (e) Expense account and other allowances |
|---|---|---|---|---|
| ROBERT GORMLEY<br>4417 CORPORATION LANE, VA BEACH, VA | SR MED DIRECTOR<br>FT | 147,244. | 41,335. | 0. |
| DENISE M. ERHARDT<br>4417 CORPORATION LANE, VA BEACH, VA | SALES MANAGER<br>FT | 178,439. | 20,007. | 0. |
| STACY R. FUQUA<br>4417 CORPORATION LANE, VA BEACH, VA | ACCT. MANAGER<br>FT | 163,640. | 26,293. | 0. |
| RACHEL T. THOMAS<br>4417 CORPORATION LANE, VA BEACH, VA | ACCT. MANAGER<br>FT | 120,276. | 29,743. | 0. |
| GEORGE HEUSER<br>4417 CORPORATION LANE, VA BEACH, VA | MED DIRECTOR<br>FT | 141,737. | 36,261. | 0. |
| Total number of other employees paid over $50,000 ► | 42 | | | |

## Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services

(See 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 |
|---|---|---|
| REDEN & ANDERS LTD<br>222 S 9TH ST, STE 1500, MINN, MN 55402 | CONSULTING | 92,333. |
| | | |
| | | |
| | | |
| | | |
| Total number of others receiving over $50,000 for professional services ► | 0 | |

**Part III Statements About Activities** (See instructions.)

| | | 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? If 'Yes,' enter the total expenses paid or incurred in connection with the lobbying activities ► $ N/A (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.) | 1 | | X |
| 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 substantial contributors, 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? *(If the answer to any question is 'Yes,' attach a detailed statement explaining the transactions.)* See Statement 13 | | | |
| a Sale, exchange, or leasing of property? | 2a | | X |
| b Lending of money or other extension of credit? | 2b | | X |
| c Furnishing of goods, services, or facilities? See Form 990, Part V | 2c | X | |
| d Payment of compensation (or payment or reimbursement of expenses if more than $1,000)? | 2d | X | |
| e Transfer of any part of its income or assets? | 2e | | X |
| 3a Do you make grants for scholarships, fellowships, student loans, etc? (If 'Yes,' attach an explanation of how you determine that recipients qualify to receive payments.) | 3a | | X |
| b Do you have a section 403(b) annuity plan for your employees? | 3b | | X |
| 4a Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds? | 4a | | X |
| b Do you provide credit counseling, debt management, credit repair, or debt negotiation services? | 4b | | X |

**Part IV Reason for Non-Private Foundation Status** (See 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.)

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 instructions.)

| (a) Name(s) of supported organization(s) | (b) Line number from above |
|---|---|
| SENTARA HEALTHCARE | 11A |
| | |
| | |

14 ☐ An organization organized and operated to test for public safety. Section 509(a)(4). (See 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) 2003 | (b) 2002 | (c) 2001 | (d) 2000 | (e) Total |
|---|---|---|---|---|---|
| 15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.) | N/A | | | | |
| 16 Membership fees received | | | | | |
| 17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc, purpose | | | | | |
| 18 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 | | | | | |
| 19 Net income from unrelated business activities not included in line 18 | | | | | |
| 20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf | | | | | |
| 21 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 | | | | | |
| 22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets | | | | | |
| 23 Total of lines 15 through 22 | | | | | |
| 24 Line 23 minus line 17 | | | | | |
| 25 Enter 1% of line 23 | | | | | |

**26 Organizations described on lines 10 or 11:**

a Enter 2% of amount in column (e), line 24 N/A ► 26a

b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2000 through 2003 exceeded the amount shown in line 26a. **Do not file this list with your return.** *Enter the total of all these excess amounts* ► 26b

c Total support for section 509(a)(1) test: Enter line 24, column (e) ► 26c

d Add: Amounts from column (e) for lines. 18 _____ 19 _____ 22 _____ 26b _____ 26d

e Public support (line 26c minus line 26d total) ► 26e

f **Public support percentage (line 26e (numerator) divided by line 26c (denominator))** ► 26f %

**27 Organizations described on line 12:** N/A

a For amounts included in lines 15, 16, and 17 that were received from a 'disqualified person,' prepare a list for your records to show the name of, and total amounts received in each year from, each 'disqualified person.' **Do not file this list with your return.** Enter the sum of such amounts for each year:

(2003) _____ (2002) _____ (2001) _____ (2000) _____

b For any amount included in line 17 that was received from each person (other than 'disqualified persons'), prepare a list for your records 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.) **Do not file this list with your return.** 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.

(2003) _____ (2002) _____ (2001) _____ (2000) _____

c Add. Amounts from column (e) for lines 15 _____ 16 _____ 17 _____ 20 _____ 21 _____ 27c

d Add. Line 27a total _____ and line 27b total _____ 27d

e Public support (line 27c total minus line 27d total) ► 27e

f Total support for section 509(a)(2) test. Enter amount from line 23, column (e) ► 27f

g **Public support percentage (line 27e (numerator) divided by line 27f (denominator))** ► 27g %

h **Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))** ► 27h %

**28 Unusual Grants:** For an organization described in line 10, 11, or 12 that received any unusual grants during 2000 through 2003, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. **Do not file this list with your return.** Do not include these grants in line 15. N/A

**Part V Private School Questionnaire** (See instructions.)
**(To be completed ONLY by schools that checked the box on line 6 in Part IV)**

N/A

| | | Yes | No |
|---|---|---|---|
| **29** 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? | 29 | | |
| **30** 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? | 30 | | |
| **31** 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? | 31 | | |
| If 'Yes,' please describe, if 'No,' please explain. (If you need more space, attach a separate statement ) | | | |
| **32** Does the organization maintain the following | | | |
| **a** Records indicating the racial composition of the student body, faculty, and administrative staff? | 32a | | |
| **b** Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis? | 32b | | |
| **c** Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships? | 32c | | |
| **d** Copies of all material used by the organization or on its behalf to solicit contributions? | 32d | | |
| If you answered 'No' to any of the above, please explain. (If you need more space, attach a separate statement.) | | | |
| **33** Does the organization discriminate by race in any way with respect to. | | | |
| **a** Students' rights or privileges? | 33a | | |
| **b** Admissions policies? | 33b | | |
| **c** Employment of faculty or administrative staff? | 33c | | |
| **d** Scholarships or other financial assistance? | 33d | | |
| **e** Educational policies? | 33e | | |
| **f** Use of facilities? | 33f | | |
| **g** Athletic programs? | 33g | | |
| **h** Other extracurricular activities? | 33h | | |
| If you answered 'Yes' to any of the above, please explain. (If you need more space, attach a separate statement.) | | | |
| **34a** Does the organization receive any financial aid or assistance from a governmental agency? | 34a | | |
| **b** Has the organization's right to such aid ever been revoked or suspended? | 34b | | |
| If you answered 'Yes' to either 34a or b, please explain using an attached statement. | | | |
| **35** 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 | 35 | | |

## Part VI-A Lobbying Expenditures by Electing Public Charities (See instructions.)

(To be completed ONLY by an eligible organization that filed Form 5768)

N/A

Check ► a ☐ if the organization belongs to an affiliated group Check ► b ☐ if you checked 'a' 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 |
|---|---|---|---|
| 36 Total lobbying expenditures to influence public opinion (grassroots lobbying) | 36 | | |
| 37 Total lobbying expenditures to influence a legislative body (direct lobbying) | 37 | | |
| 38 Total lobbying expenditures (add lines 36 and 37) | 38 | | |
| 39 Other exempt purpose expenditures | 39 | | |
| 40 Total exempt purpose expenditures (add lines 38 and 39) | 40 | | |
| 41 Lobbying nontaxable amount. Enter the amount from the following table — | | | |
| **If the amount on line 40 is —** / **The lobbying nontaxable amount is —** | | | |
| 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 | 41 | | |
| 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 | | | |
| 42 Grassroots nontaxable amount (enter 25% of line 41) | 42 | | |
| 43 Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36 | 43 | | |
| 44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38 | 44 | | |
| **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 )

| | Lobbying Expenditures During 4 -Year Averaging Period | | | | |
|---|---|---|---|---|---|
| **Calendar year (or fiscal year beginning in) ►** | (a) 2004 | (b) 2003 | (c) 2002 | (d) 2001 | (e) Total |
| 45 Lobbying nontaxable amount | | | | | |
| 46 Lobbying ceiling amount (150% of line 45(e)) | | | | | |
| 47 Total lobbying expenditures | | | | | |
| 48 Grassroots non-taxable amount | | | | | |
| 49 Grassroots ceiling amount (150% of line 48(e)) | | | | | |
| 50 Grassroots lobbying expenditures | | | | | |

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

(For reporting only by organizations that did not complete Part VI-A) (See instructions.)

N/A

| 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 |
|---|---|---|---|
| a Volunteers | | | |
| b Paid staff or management (Include compensation in expenses reported on lines c through h.) | | | |
| c Media advertisements | | | |
| d Mailings to members, legislators, or the public | | | |
| e Publications, or published or broadcast statements | | | |
| f Grants to other organizations for lobbying purposes | | | |
| g Direct contact with legislators, their staffs, government officials, or a legislative body | | | |
| h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means | | | |
| i Total lobbying expenditures (add lines c through h.) | | | |

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

**Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations** (See instructions)

**51** Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

| | | Yes | No |
|---|---|---|---|
| **a** Transfers from the reporting organization to a noncharitable exempt organization of. | | | |
| **(i)** Cash | 51 a (i) | | X |
| **(ii)** Other assets | a (ii) | | X |
| **b** Other transactions. | | | |
| **(i)** Sales or exchanges of assets with a noncharitable exempt organization | b (i) | | X |
| **(ii)** Purchases of assets from a noncharitable exempt organization | b (ii) | | X |
| **(iii)** Rental of facilities, equipment, or other assets | b (iii) | | X |
| **(iv)** Reimbursement arrangements | b (iv) | | X |
| **(v)** Loans or loan guarantees | b (v) | | X |
| **(vi)** Performance of services or membership or fundraising solicitations | b (vi) | | X |
| **c** Sharing of facilities, equipment, mailing lists, other assets, or paid employees | c | | X |

**d** If the answer to any of the above is 'Yes,' complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.

| (a) Line no. | (b) Amount involved | (c) Name of noncharitable exempt organization | (d) Description of transfers, transactions, and sharing arrangements |
|---|---|---|---|
| N/A | | | |
| | | | |
| | | | |
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| | | | |

**52a** Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ► [X] Yes [ ] No

**b** If 'Yes,' complete the following schedule.

| (a) Name of organization | (b) Type of organization | (c) Description of relationship |
|---|---|---|
| MPB, INC. | 501(C) (2) | AFFILIATE |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

- If you are filing for an **Additional (not automatic) 3-Month Extension, complete only Part II** and check this box . . . ► [X]

**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 / File by the extended due date for filing the return See instructions | Name of Exempt Organization | Employer identification number |
|---|---|---|
| | OPTIMA HEALTH PLAN | 54-1283337 |
| | Number, street, and room or suite number If a P O box, see instructions | For IRS use only |
| | 6015 POPLAR HALL DRIVE | |
| | City, town or post office, state, and ZIP code For a foreign address, see instructions | |
| | NORFOLK, VA 23502 | |

**Check type of return to be filed** (File a separate application for each return)

| | | |
|---|---|---|
| [X] Form 990 | [ ] Form 990-T (section 401(a) or 408(a) trust) | [ ] Form 5227 |
| [ ] Form 990-BL | [ ] Form 990-T (trust other than above) | [ ] Form 6069 |
| [ ] Form 990-EZ | [ ] Form 1041-A | [ ] Form 8870 |
| [ ] Form 990-PF | [ ] Form 4720 | |

**STOP: Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.**

- The books are in care of ► CORPORATE OFFICERS
  Telephone No. ► (757) 455-7020 FAX No. ►
- 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 organizations four digit Group Exemption Number (GEN) _____ . If this is for the **whole** group, check this box ► [ ] If it is **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 11/15 , 20 05.

5 For calendar year 2004 , 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. THE INFORMATION NECESSARY TO FILE A COMPLETE AND ACCURATE RETURN IS NOT YET AVAILABLE.

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 . . . . $

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 . . . . $

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 . $

## 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 ► Kelly A Brown Title ► CPA Date ► 8/5/05

## Notice to Applicant – To be Completed by the IRS

[X] 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 filed 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 extended due date of the return for which an extension was requested.

[ ] Other _____

Director By _____ Date

RECEIVED
AUG 12 2005
OGDEN, UT
IRS-OSC

**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 Sentara Healthcare
Number 6015 Poplar Hall Drive, Suite 214
City or t Norfolk, VA 23502
Attn: Kelly A. Brown, CPA

ox number

Form **8868**
(Rev December 2004)

Department of the Treasury
Internal Revenue Service

# Application for Extension of Time to File an Exempt Organization Return

► File a separate application for each return.

OMB No 1545-1709

- 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).

***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)

**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.*

**Electronic Filing (e-file).** Form 8868 can be filed electronically if you want a 3-month automatic extension of time to file one of the returns noted below (6-months for corporate Form 990-T filers). However, you cannot file it electronically if you want the additional (not automatic) 3-month extension, instead you must submit the fully completed signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit *www.irs.gov/efile*.

**Type or print** File by the due date for filing your return. See instructions.

| Name of Exempt Organization | Employer identification number |
|---|---|
| OPTIMA HEALTH PLAN | 54-1283337 |

Number, street, and room or suite number. If a P O box, see instructions
6015 POPLAR HALL DRIVE

City, town or post office For a foreign address, see instructions — state — ZIP code
NORFOLK, VA 23502

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

| | | |
|---|---|---|
| [X] Form 990 | [ ] Form 990-T (corporation) | [ ] Form 4720 |
| [ ] Form 990-BL | [ ] Form 990-T (section 401(a) or 408(a) trust) | [ ] Form 5227 |
| [ ] Form 990-EZ | [ ] Form 990-T (trust other than above) | [ ] Form 6069 |
| [ ] Form 990-PF | [ ] Form 1041-A | [ ] Form 8870 |

- The books are in the care of ► CORPORATE OFFICERS

Telephone No. ► (757) 455-7020 FAX No. ►

- 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 will cover.

1 I request an automatic 3-month (6-months for a **Form 990-T corporation**) extension of time until 8/15, 20 05, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
► [X] calendar year 20 04 or
► [ ] tax year beginning _____, 20 ____, and ending _____, 20 ____.

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.

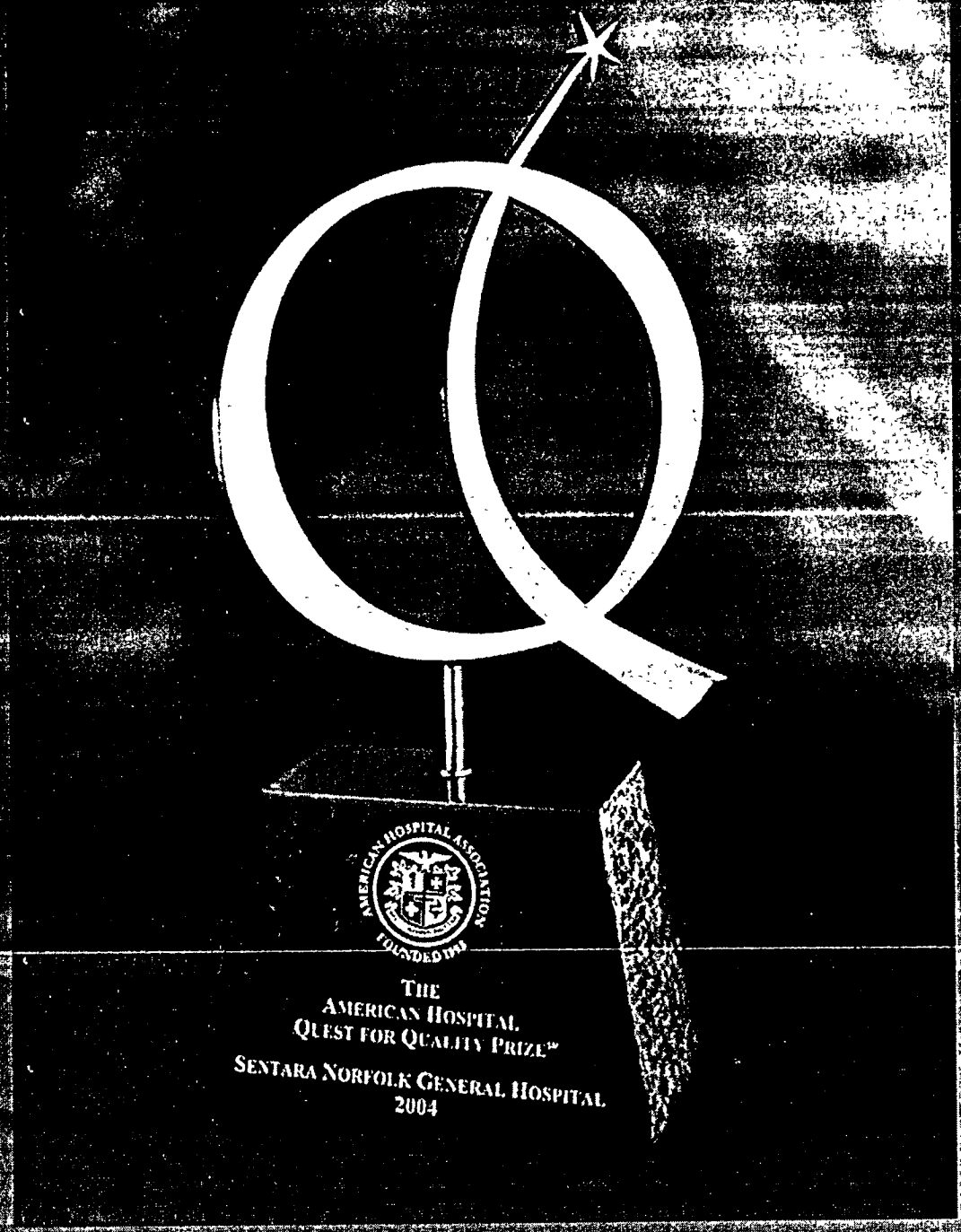
b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit. . . . . $ 0.

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.

**Caution.** If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

**BAA For Privacy Act and Paperwork Reduction Act Notice, see instructions.** Form **8868** (Rev 12-2004)

# OUR QUEST FOR QUALITY

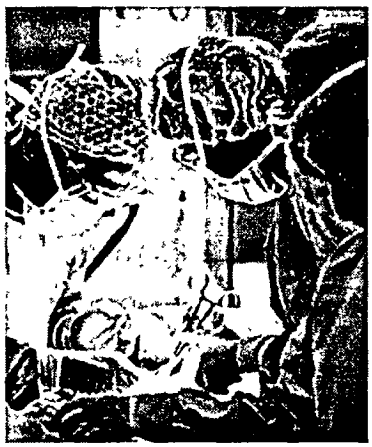



THE
AMERICAN HOSPITAL
QUEST FOR QUALITY PRIZE®
SENTARA NORFOLK GENERAL HOSPITAL
2004

# YEAR IN REVIEW 2004

SENTARA

There are few areas in our society where true quality is more important than in healthcare. This emphasis on quality influences every decision we make. As a result, we consistently receive the highest recognition from the organizations that evaluate our industry. As we reflect on 2004, it was a year once again filled with great accomplishments and national recognitions including the *Quest for Quality* award, an elite national recognition from the American Hospital Association. It was a year of renewed focus on patient safety and new standards that are being woven into the fabric of Sentara's culture. We believe it is our obligation to ensure our patients achieve the best possible results. As a member of the Sentara Team it is your dedication, talents and enthusiasm that make it a reality. "Thank you" to all of you who have made our 2004 accomplishments possible.



## Sentara by the Numbers — 2004

At Sentara, we are humbled to be the healthcare partner of choice for many of the more than 2 million residents of southeastern Virginia and northeastern North Carolina. Below are a few of the numbers that help to define the impact we made in 2004.

**Company Profile:**

| | |
|---|---|
| Total employees | 14,300 |
| Physician partners | 2,500 |
| Health plan members | 319,000 |
| Hospitals | 6 |
| Nursing homes/assisted living facilities | 10 |
| Annual operating revenue | $1.9 billion |
| Uncompensated charity care, medical education, support and community health education | $84 million |

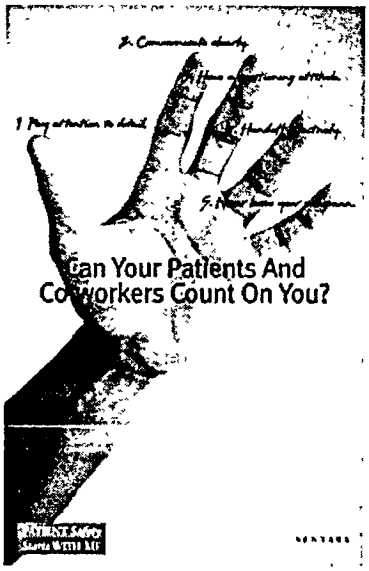
**Annual Patient Care:**

| | |
|---|---|
| ED visits | 306,842 |
| Surgeries | 64,545 |
| Births | 8,931 |
| Hospital admissions | 73,529 |
| Home care visits | 146,241 |
| Nursing home/assisted living days | 364,277 |
| Medical office visits | 923,189 |
| Nightingale flights | 637 |

# ACHIEVING EXCEPTIONAL RESULTS

With every surgery or procedure performed at Sentara there is a family whose life is forever changed. Success is measured not in volumes, but in outcomes—outcomes that continue to exceed national and industry standards. Every decision we make, every expansion we launch or new program we develop is fueled by our unwavering dedication to quality results. It is our commitment to the people we serve. Below is a sampling of such outcomes and other significant achievements and advancements reported in 2004. But more importantly, these results represent your talents and dedication that are the foundation for the excellence Sentara brings to our community each year.

- 20th anniversary of Optima Health and Sentara Rehab Unit
- Received approval for new pancreas transplant services




- Computer-assisted knee surgery at SLH
- eICU launched at SWCH
- Optima FourSight product launched
- Greenbrier HealthPlex opened
- Rounding robots national clinical trial conducted at SNGH
- Sentara Health Foundation conducted Community Health Assessment of region
- Sentara Health Foundation awarded $436,501 in grants and community benefits with a total of more than $1.9 million over the past six years
- Advanced Imaging Centers at Leigh and Wamwright opened
- Fixed heart and vascular cath lab at SWCH opened
- SBH cardiac diagnostic area opened
- First interventional cardiologist at SWCH

## 2004 Medical Innovations at Sentara

- Virginia's first use of VitalStim™ for swallowing disorders
- Region's first artificial spine implant surgery
- Region's first intracardiac ultrasound
- Region's first research trial using robot technology
- Region's first da Vinci™ robotic surgery
- Region's first laparoscopic liver resection
- Region's first, and one of 12 sites in the U.S., vascular cryoplasty procedure
- Region's first thoracic aortic aneurysm stent-graft
- Region's first molecular lab
- Region's first implantable resynchronization therapy defibrillator
- Region's first laparoscopic banding technique for obesity surgery

- Sentara broke ground on Sentara Heart Hospital and Sentara Williamsburg Regional Medical Center
- Sentara launches walking program for employees

## 2004 National Distinctions

**American Hospital Association**
Quest for Quality award –
Sentara Norfolk General Hospital

***Modern Healthcare***
One of the nation's top integrated healthcare organizations and in the top 10 eight consecutive years.

***U.S. News & World Report***
Ranked #40
in the top 50 cardiac programs –
Sentara Norfolk General Hospital

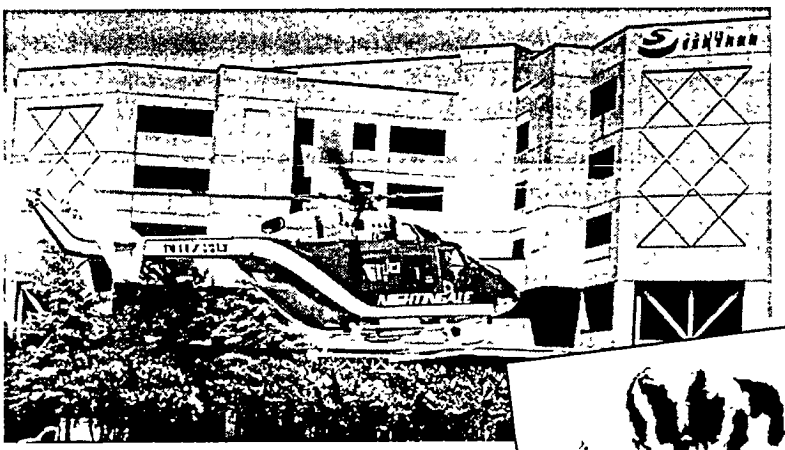
***HomeCare* magazine**
Ranked #4 in U.S. – Sentara Home Care

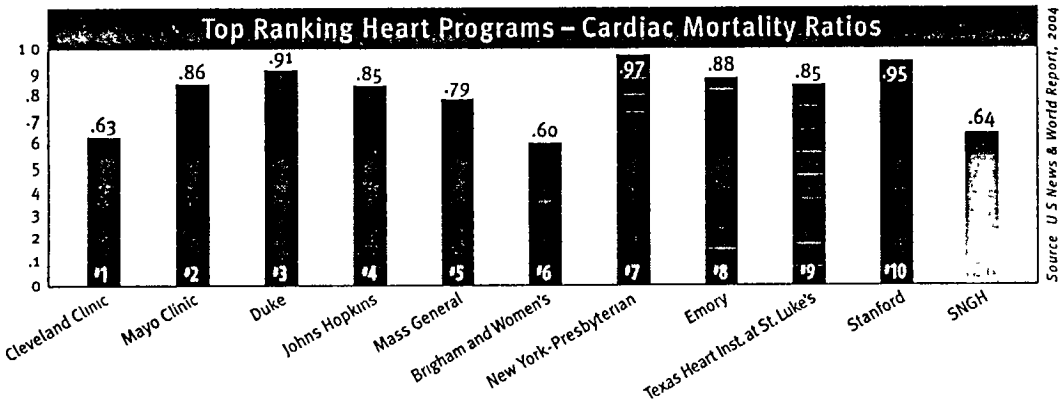
***Computerworld* magazine**
Ranked Sentara #11 for best IT places to work in U.S.

**HealthGrades®**
Ranked #1 in Virginia for overall cardiac services –
Sentara Norfolk General Hospital

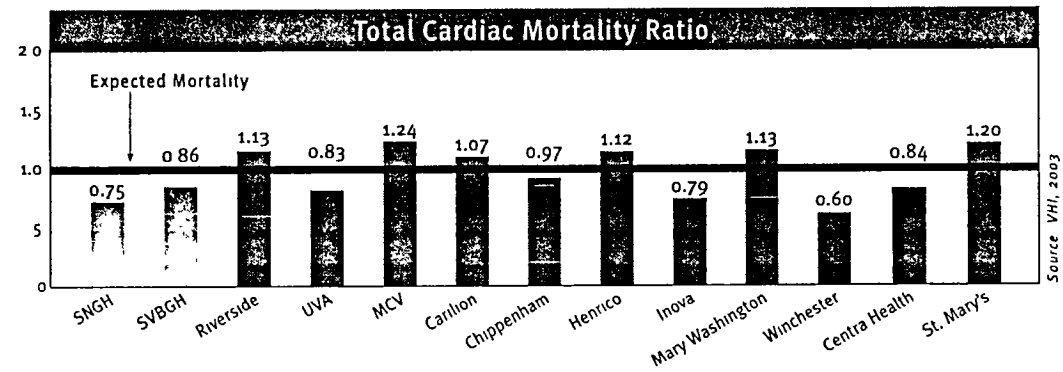
**Joint Commission on Accreditation of Healthcare Organizations (JCAHO)**
First stroke program in Virginia to receive accreditation-Sentara Norfolk General Hospital

**National Committee for Quality Assurance (NCQA)**
Highest level of accreditation – Optima Health

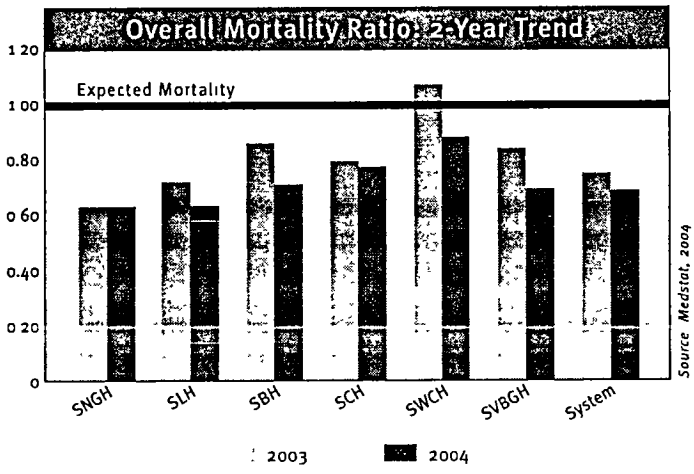


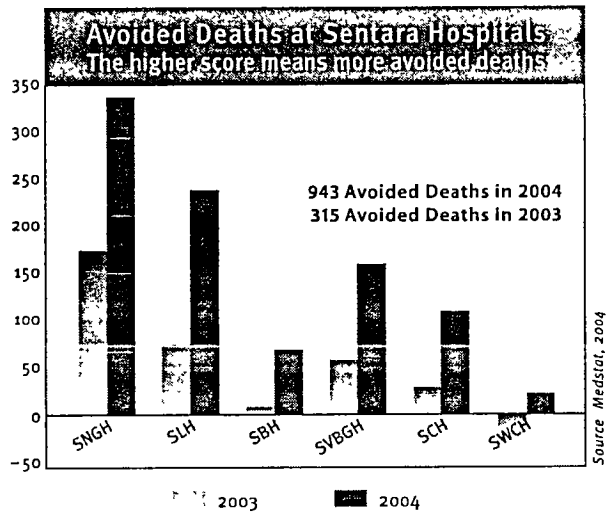


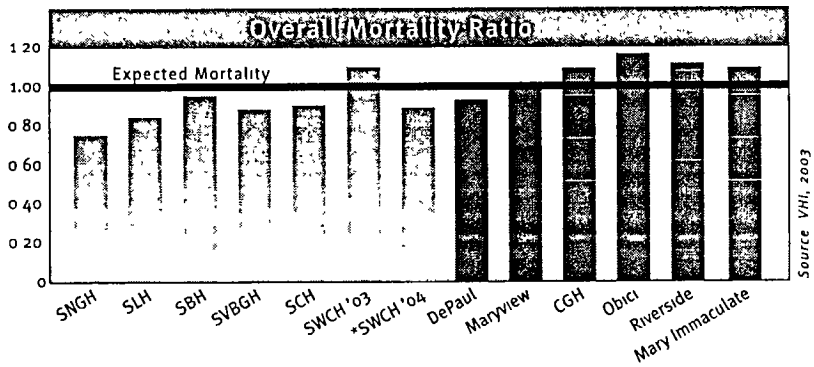

A comparison of the top 10 U.S. cardiac programs reveals the adjusted mortality ratio at Sentara Norfolk General Hospital is superior to 4 of the 5 top programs in the nation.




Mortality ratio associated with total cardiac procedures at Sentara hospitals is among the best of key facilities reported in Virginia.



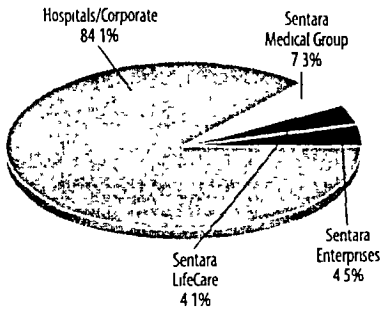




* In 2004, SWCH improved mortality ratio to .88 which is below expected mortality.

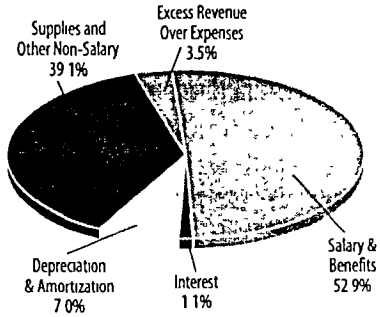
# THE BOTTOM LINE

Retaining highly qualified staff and staying current on the latest medical technologies and techniques are key elements in providing the exceptional results Sentara is known to bring to the community. Managing our financial matters wisely is an important part of our success.

**Revenue Except Health Plans**



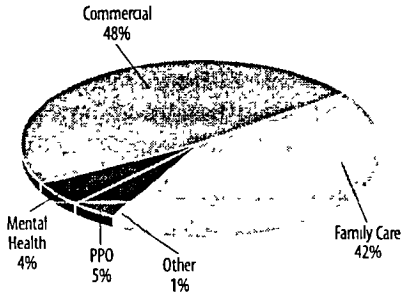

**Expenses Except Health Plans**



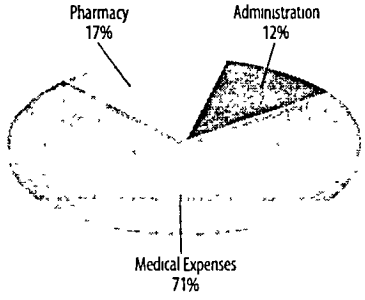

In 2004, our "cost of living" or operating expense was close to $1.79 billion. Sentara's operating margin—or the amount of money Sentara keeps after all expenses are paid—is only 6.2 cents of every dollar. Of that 6.2 cents, 5.9 cents is reinvested in our facilities and equipment and 0.3 cents is placed in Sentara's reserve fund.

Sentara's financial reserve fund is there to provide protection against unforeseen financial emergencies. Having insufficient cash reserves is one reason other health systems have had to lay off employees or even go out of business when revenue falls or expenses rise suddenly. Currently, our net financial reserves are equal to more than two months' worth of operating expenses or approximately 91 days, making Sentara financially far more stable than most healthcare organizations. This helps keep our credit rating strong and the interest expense we pay reasonable

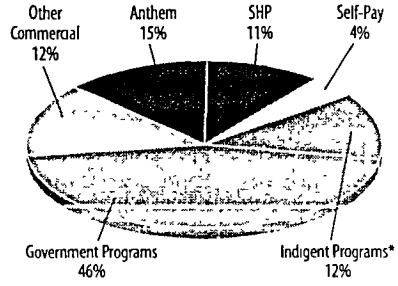
**Health Plans Revenue**




**Health Plans Expenses**




**Hospital Revenue**

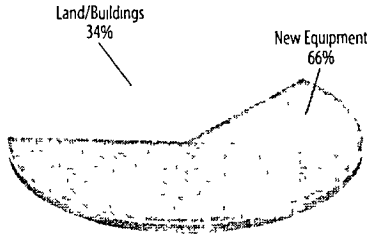



** Indigent Programs include Medicaid, Medicaid HMO, Welfare, Charity Care and SLH*

## 2004 Major Capital Investments

Capital expenses are not routine operating expenses, in that they have a life span of three years or more and cost more than $1,000. Items in past years have included facility renovations and repairs, new surgical and radiology equipment, and computer technology to name a few. This chart indicates how the $113.4 million for 2004 was allocated across the organization

**Capital Investments**




SENTARA.

OPTIMA HEALTH PLAN
54-1283337

FORM 990, PART II, LINE 42 - DEPRECIATION EXPENSE

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

RECEIVED
MAY 0 6 2004

THEODORE V MORRISON, JR
CHAIRMAN

CLINTON MILLER
COMMISSIONER

MARK C. CHRISTIE
COMMISSIONER

COMMONWEALTH OF VIRGINIA

JOEL H. PECK
CLERK OF THE COMMISSION
P O BOX 1197
RICHMOND, VIRGINIA 23218-1197

STATE CORPORATION COMMISSION
Office of the Clerk

May 3, 2004

SANDRA K BLACKBURN
SENTARA
6015 POPLAR HALL DR STE 308
NORFOLK, VA 23502

RE: Optima Health Plan
ID: 0255990 - 4
DCN: 04-04-28-0128

Dear Customer:

This is your receipt for $25.00, covering the fees for filing the following with this office:

articles of restatement

The effective date of the certificate of amendment and restatement is May 3, 2004.

If you have any questions, please call (804) 371-9733 or toll-free in Virginia, 1-866-722-2551.

Sincerely,

Joel H. Peck
Clerk of the Commission

AMENACPT
CIS0436

# COMMONWEALTH OF VIRGINIA
# STATE CORPORATION COMMISSION

May 3, 2004

The State Corporation Commission has found the accompanying articles submitted on behalf of

Optima Health Plan

to comply with the requirements of law, and confirms payment of all related fees.

Therefore, it is ORDERED that this

## CERTIFICATE OF AMENDMENT

be issued and admitted to record with the articles of amendment in the Office of the Clerk of the Commission, effective May 3, 2004.

The corporation is granted the authority conferred on it by law in accordance with the articles, subject to the conditions and restrictions imposed by law.

STATE CORPORATION COMMISSION

By Mark C. Christie

Commissioner

04-04-28-0128
AMENACPT
CIS0436

**ARTICLES OF AMENDMENT OF**

**Optima Health Plan**

ONE

The name of the Corporation is Optima Health Plan.

TWO

The Articles of Incorporation have been amended and restated in their entirety as per the attached.

THREE

The forgoing amendment was adopted on April 26, 2004.

FOUR

The amendment was adopted by unanimous consent of Maryview Hospital and Sentara Healthcare, Members of the Corporation.

The undersigned Assistant Secretary of the Board of Directors of Sentara Healthcare declares that the facts herein stated are true as of April 26, 2004.

Sentara Healthcare

By: Gail P. Heagen
Gail P. Heagen
Assistant Secretary

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# SENTARA HEALTHCARE

# RESOLUTION

# AMENDED AND RESTATED ARTICLES OF INCORPORATION OF OPTIMA HEALTH PLAN

WHEREAS, Sentara Healthcare and Maryview Hospital were the two member classes of Optima Health Plan (the "Corporation"); and

WHEREAS, pursuant to a Purchase Agreement by and between Sentara Healthcare, Maryview Hospital and Bon Secours Health System, Inc., Maryview Hospital withdrew as a Member of the Corporation thereby making Sentara Healthcare the sole Member (the "Member") of the Corporation; and

WHEREAS, one of the reserved rights of the Member is the authority to approve amendments to the Articles of Incorporation of the Corporation.

IT IS THEREFORE RESOLVED, that the Articles of Incorporation of the Corporation are hereby amended and restated in their entirety as follows:

## AMENDED AND RESTATED ARTICLES OF INCORPORATION OF OPTIMA HEALTH PLAN

### ARTICLE I
### NAME

The name of the Corporation is Optima Health Plan.

### ARTICLE II
### PURPOSES AND POWERS

The Corporation is organized and shall be operated to carry out the charitable, educational and scientific purposes of Sentara Healthcare and such organizations as may be operated, supervised or controlled by Sentara Healthcare so long as all such organizations are described in Section 501(c)(3) and Section 509(a)(1) or (a)(2) of the Internal Revenue Code of 1986, as amended (the "Code"). Without limitation by reason of the foregoing, but subject to the limitations set forth in

Article V, the Corporation shall have the power to conduct any or all lawful affairs, not required to be specifically stated in these Articles, for which corporations may be incorporated under the Virginia Nonstock Corporation Act which are necessary or beneficial in connection with the operation of a health maintenance organization or any similar or related program to provide health services, programs and benefits. The Corporation shall have the power to act as a life, health and disability insurance agent or agency and to provide quality assurance programs, claims processing services and other similar or related services to other entities.

## ARTICLE III
## MEMBERSHIP

(a) The Corporation shall have one class of member, and the initial sole Member shall be Sentara Healthcare, a Virginia nonstock corporation described in Section 501(c)(3) of the Code.

(b) Meetings of the Member shall be held as provided in the Bylaws of the Corporation.

(c) The Member shall elect and remove the Directors of the Corporation as provided in Article IV. The voting rights and powers of the Member, in addition to the right to elect and remove the Directors, shall be fixed by the Bylaws of the Corporation.

## ARTICLE IV
## BOARD OF DIRECTORS

(a) The number of Directors shall be fixed by the Bylaws, but shall not be less than two (2) nor more than thirteen (13).

(b) Directors shall be elected annually by the Member of the Corporation at its annual meeting as provided in the Bylaws. The term of office of all Directors shall be three (3) years. The Directors shall be divided into three (3) classes with each class to be as nearly equal in number as possible. At each annual meeting of the Member, the Member shall elect as Directors a number of persons equal to the number of the class whose term expires at the time of such meeting and any additional Directors to be added to the total number of Directors to hold office until the third succeeding annual meeting. Each Director may be reelected upon the expiration of his term.

## ARTICLE V
## TAX-EXEMPT OPERATIONS

The Corporation shall be operated exclusively for charitable, scientific and educational purposes. No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, its Directors, officers, or other persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments for reasonable expenditures and distributions in furtherance of the Corporation's purposes set forth in Article II. No substantial part of the activities of the Corporation shall be carrying on of

propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of these Articles, the Corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from Federal income tax under Section 501(c)(3) of the Code (or from the corresponding provision of any future United States Internal Revenue law) or (b) by a corporation, contributions to which are deductible under Section 170 (c)(2) of the Code (or the corresponding provision of any future United States Internal Revenue Law).

If the Corporation is dissolved, its assets shall be distributed exclusively to Sentara Healthcare, or any corporate successor thereto or, if Sentara Healthcare or its corporate successor shall not then be an exempt organization under Section 501(c)(3) of the Code, then such assets shall be distributed to such organization or organizations organized and operated exclusively for charitable, scientific or educational purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Code, as the Board of Directors may determine.

## ARTICLE VI
## LAWS AND REGULATIONS

Any reference herein to specific or general provisions of the laws of the Commonwealth of Virginia or any Code shall be construed to include subsequent amendments to such provision and to include corresponding provisions of subsequent legislation which may restate, supersede or otherwise alter such specific provisions.

## ARTICLE VII
## INDEMNIFICATION AND LIMITATION OF LIABILITY

To the fullest extent that the Virginia Nonstock Corporation Act, as it exists on the date of these Articles or may afterwards be amended, permits the limitation or elimination of the liability of Directors or officers of the Corporation, and provided that a Director or officer shall not have engaged in (i) any acts or omissions which involve willful misconduct or a knowing violation of criminal law or (ii) any transactions from which the Director or officer, directly or indirectly, derived an improper personal benefit, then such a Director or officer will not be liable to the Corporation for monetary damages. Any amendment to or repeal of this Article VII will not adversely affect any right or protection of a Director or officer of the Corporation for or with respect to any acts or omissions of such Director or officer occurring before such amendment or repeal.

To the fullest extent permitted and in the manner prescribed by the Virginia Nonstock Corporation Act and any other applicable law, the Corporation will indemnify, against all liability incurred in any proceeding, (and advance reasonable expenses to) any Director or officer of the Corporation, who is, was or is threatened to be made a party to any such threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative, arbitrative or investigative), including an action by or in the right of the Corporation, by reason of the fact that he

or she is or was such a Director or officer or is or was serving at the request of the Corporation as Director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise except against such officer's or Director's (i) willful misconduct, (ii) knowing violation of the criminal law or (iii) engaging in any transaction from which he or she, directly or indirectly, derived an improper personal benefit. The Board of Directors is empowered, by majority vote of a quorum of disinterested Directors, to contract in advance to indemnify any Director or officer.

The Board of Directors is empowered, by majority vote of a quorum of disinterested Directors, to cause the Corporation to indemnify, or contract in advance to indemnify, (and advance reasonable expenses to) any person not specified in this Article VII who was or is a party of any proceeding by reason of the fact that he or she is or was an employee or agent of the Corporation or is or was serving at the request of the Corporation as a Director, officer, employee or agent of another corporation, partnership, joint venture, employee benefit plan or other enterprise, to the same extent as if such person were specified as one to who indemnification is granted in above.

The Corporation may purchase and maintain insurance to indemnify it against the whole or any portion of the liability assumed by it in accordance with this Article VII and may also procure insurance, in such amounts as the Board may determine, on behalf of any person who is or was a Director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against any liability asserted against or incurred by such person in any such capacity or arising from his or her status as such, whether or not the Corporation would have power to indemnify him or her against such liability under the provision of this Article VII.

The provisions of this Article VII will be applicable to all actions, claims, suits or proceedings commenced after the adoption of these Articles, whether arising from any action taken or failure to act before or after such adoption. No amendment, modification, or repeal of this Article VII will diminish these rights provided or diminish the right to indemnification with respect to any claim, issue or matter in any then pending or subsequent proceeding that is based in any material respect on any alleged action or failure to act before such amendment, modification or repeal.

Reference to directors, officers, employees or agents will include former directors, officers, employees and agents and their respective heirs, executors and administrators.

## ARTICLE VIII
## BYLAWS

In furtherance and not in limitation of the powers conferred by statute, the power to alter, amend or repeal any provision of the Bylaws of the Corporation shall be reserved exclusively to the Member.

# SENTARA HEALTHCARE

# RESOLUTION

# AMENDED AND RESTATED BYLAWS OF OPTIMA HEALTH PLAN

WHEREAS, Sentara Healthcare and Maryview Hospital were the two member classes of Optima Health Plan (the "Corporation"); and

WHEREAS, pursuant to a Purchase Agreement by and between Sentara Healthcare, Maryview Hospital and Bon Secours Health System, Inc., Maryview Hospital withdrew as a Member of the Corporation thereby making Sentara Healthcare the sole Member (the "Member") of the Corporation; and

WHEREAS, one of the reserved rights of the Member is the authority to approve amendments to the Bylaws of the Corporation.

IT IS THEREFORE RESOLVED, that the Bylaws of the Corporation are hereby amended and restated in their entirety as follows:

## AMENDED AND RESTATED BYLAWS OF OPTIMA HEALTH PLAN

### ARTICLE I
### PURPOSE

1.1 The affairs and activities of the Corporation shall be carried out at all times for the purposes and in accordance with the terms set forth in its Articles of Incorporation and these Bylaws, and in conformity with all applicable provisions of the Internal Revenue Code of the United States affecting nonprofit organizations qualified under Section 501(c)(3) of the Internal Revenue Code.

1.2 Without limitation by reason of the foregoing, the Corporation shall have the power to establish, maintain and operate a health maintenance organization in accordance with the authority and requirements of Chapter 43 of Title 38.2 of the Code of Virginia, 1950, as amended, and any similar or related program to provide comprehensive health care services, programs and benefits to the residents of the Commonwealth of Virginia. The Corporation shall have the power to act as a life, health and disability insurance agent or agency and to provide utilization management and quality assurance programs, claims processing services and other similar or related services to other entities.

## ARTICLE II
## CONFLICT OF INTEREST

2.1 Purpose. The purpose of the conflicts of interest policy is to protect the Corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation. This policy is intended to supplement but not replace applicable Virginia laws governing conflicts of interest applicable to nonprofit and charitable corporations.

2.2 Interested Person. Any Trustee, Director, principal officer, or member of a committee with Board delegated powers who has a direct or indirect financial interest, as defined below, is an interested person. If a person is an interested person with respect to any entity in the health care system of which the Corporation is a part, he or she is an interested person with respect to all entities in the health care system.

2.3 Financial Interest. A person has a financial interest if the person has, directly or indirectly through business, investment or family:

2.3.1 a material ownership or investment interest or general partnership interest in any entity with which the Corporation has a transaction or arrangement, or is negotiating a transaction or arrangement or

2.3.2 compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

2.4 Procedures.

2.4.1 Duty to Disclose. In connection with any actual or possible conflicts of interest, an interested person must disclose the existence and all material facts of his or her financial interest to the Directors and members of committees with Board delegated powers considering the proposed transaction or arrangement.

2.4.2 Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he or she shall leave the Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or committee members shall decide if a conflict of interest exists.

2.5. Procedures for Addressing the Conflict of Interest.

2.5.1 Should the Board determine that a conflict exists or should an interested person declare a conflict, the interested person may make a presentation at the Board or committee

meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.

2.5.2 The chairperson of the Board or committee may appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

2.5.3 The Board or committee shall determine by a majority vote of the disinterested Directors whether the transaction or arrangement is in the Corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Corporation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

2.6. Violations of the Conflicts of Interest Policy.

2.6.1 If the Board or committee has reasonable cause to believe that a person has failed to disclose actual or possible conflicts of interest, it shall inform the person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.

2.6.2 If, after hearing the response of the person and making such further investigation as may be warranted in the circumstances, the Board or committee determines that the person has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

2.7. Records of Proceedings. The minutes of the Board and all committees with board-delegated powers shall contain:

2.7.1. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest in fact existed.

2.7.2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

2.8. Compensation Committees.

2.8.1. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

2.8.2. Physicians who receive compensation, directly or indirectly, from the Corporation, whether as employees or independent contractors, are precluded from membership on any committee whose jurisdiction includes compensation matters. No physician, either individually or collectively, is prohibited from providing information to any committee regarding physician compensation.

2.9 Annual Statements. Each Director, principal officer and member of a committee with board-delegated powers shall annually sign a statement which affirms that such person:

2.9.1 Has received a copy of the conflicts of interest policy,

2.9.2 Has read and understands the policy,

2.9.3 Has agreed to comply with the policy, and

2.9.4 Understands that the Corporation is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

2.10 Periodic Reviews. To ensure that the Corporation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

2.10.1 Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.

2.10.2 Whether acquisitions of physician practices and other provider services result in inurement or impermissible private benefit.

2.10.3 Whether partnership and joint venture arrangements and arrangements with management service organizations and physician hospital organizations are properly recorded, reflect reasonable payments for goods and services, further the Corporation's charitable purposes and do not result in inurement or impermissible private benefit.

2.10.4 Whether agreements to provide health care and agreements with other health care providers, employees and third party payors further the Corporation's charitable purposes and do not result in inurement or impermissible private benefit.

2.11 Use of Outside Experts. In conducting the periodic reviews provided for above, the Corporation may, but need not, use outside advisors. If outside experts are used their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

## ARTICLE III
## MEMBERSHIP

3.1 Membership. The Corporation has one member, and the initial sole member is Sentara Healthcare, a Virginia nonstock corporation (the "Member") described in Section 501(c)(3)

of the Internal Revenue Code of 1986, as amended, which shall have those rights and powers prescribed by law, the Articles of Incorporation, and these Bylaws.

3.2 Meetings. The annual meeting of the Member shall be held each year at the principal office of the Corporation or at such other place and at such date and time as may be determined by the Board of Directors of the Member.

3.3 The Member shall be entitled to one vote on all matters.

3.4 In addition to those rights granted by law, the Articles of Incorporation and the provision of these Bylaws, the Member shall have the following rights with regard to the Corporation:

3.4.1 To elect and remove Directors in the manner provided by the Articles of Incorporation;

3.4.2 To approve any alteration, amendment or repeal of the Articles of Incorporation, these Bylaws, or the adoption of new Bylaws;

3.4.3 To approve the annual operating and capital budget of the Corporation and all formal long-range plans to be adopted by the Corporation;

3.4.4 To approve any single capital expenditure which exceeds $1,000,000;

3.4.5 To approve all borrowing or indebtedness incurred by the Corporation, whether secured or unsecured, and including, but not limited to, leases which in any one transaction or related series of transactions, exceeds $500,000;

3.4.6 To approve any plan of merger or consolidation, any sale, lease, exchange, mortgage, pledge or other disposition of all, or substantially all, the property and assets of the Corporation, the voluntary dissolution of the Corporation, or revocation of voluntary dissolution proceedings;

3.4.7 To review the books and records of the Corporation, conduct audits of the Corporation and to approve the selection of auditors chosen to conduct audits of the Corporation;

3.4.8 To approve the creation or acquisition of any subsidiary of the Corporation, or the creation of any other corporation of which the Corporation is to be a member, and to approve any dissolution or other change in any such legal relationship previously approved by the Member; and

3.4.9 The President of the Corporation shall serve as a Vice President of the Member.

3.5 Reports. Following the completion of the annual audit of the Corporation, the President shall submit to the Member the audited financial statement of the Corporation during the preceding fiscal year, together with a report of the general financial condition of the Corporation and of the condition of its property.

## ARTICLE IV
## DIRECTORS

4.1 General Powers. The property, affairs and business of the Corporation shall be managed under the direction of the Board of Directors, subject to (i) the powers and voting right of the Member, (ii) the Corporation's Articles of Incorporation and (iii) these Bylaws.

4.2 Number of Directors. The business and affairs of the Corporation will be managed, subject to the rights of the Member as provided herein, by a Board of Directors (the "Board") of not less than two (2) and no more than thirteen (13) persons, and until changed by amendment to these Bylaws, shall be ten (10) persons. A change in the number of Directors may be made by amendment to these Bylaws; provided that no decrease in the number of Directors will shorten an incumbent Director's term.

4.3 Meetings of Directors. An annual meeting of the Board of Directors shall be held following the annual meeting of the Member at such places as the Board may designate. Other meetings of the Board of Directors shall be held at places within or without the Commonwealth of Virginia and at times fixed upon call of the Chairman of the Board, the President or a majority of the Directors. The Secretary or officer performing the Secretary's duties shall give not less than forty-eight (48) hours notice by letter, telegraph or telephone of all meetings of the Board of Directors. Meetings may be held at any time without notice if all of the Directors are present, or if those not present waive notice in writing either before or after the meeting. The notice of meetings of the Board need not state the purpose of the meeting. Members of the Board of Directors may participate in the meeting of the Board by means of a conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other, and participation by such means shall constitute presence in person at such meeting.

4.4 Quorum. More than one-half of the number of Directors then in office will constitute a quorum for the transaction of business at any meeting. Each Director will be entitled to one vote on all matters and the act of the majority of the Directors present at a meeting at which a quorum is present will be the act of the Board.

4.5 Election of Directors. The Directors shall be elected by the Member in accordance with the provisions of the Articles of Incorporation and these Bylaws. Any Director may resign at any time. Any or all of the Directors may be removed at any time, with or without cause, by vote of the Member. Any vacancy on the Board may be filled for an interim period ending with the next annual meeting of the Member by a majority vote of the remaining Directors, though less than a quorum, and thereafter for the remainder of the unexpired term of such vacancy by election by the Member.

4.6 Compensation. Except for Directors who are full-time employees of the Corporation, its Member, or any other subsidiary of the Member there will be no salary or other compensation paid to any Director on account of any services rendered by such Director to the Corporation in such Director's capacity as an officer or Director of the Corporation other than reimbursement to such Director of any actual expenses incurred in attending meetings of the Board or any of its committees or otherwise incurred by Director in performing his or her duties as an officer and/or Director of the Corporation. Notwithstanding anything in this section to the contrary, the Corporation may contract with or participate in any firm, limited liability company, joint venture, partnership or corporation in which one or more Directors owns a legal or beneficial interest; provided, however, any Director owning any legal or beneficial interest in such entity will first disclose his or her interest to the Board in writing, and further such Director will not participate in any discussion or any vote of the Board or any of its committees relating to the Corporation's dealings with such entity.

4.6 Actions by Directors Without Meeting. Any action which may be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action, is signed either before or after such action by all of the Directors.

4.7 Net Worth Requirements. The Corporation shall be operated so as to maintain at all times a regulatory net worth (total assets less unsubordinated liabilities), including any amounts held in escrow by the Commonwealth of Virginia as a condition to licensure of the Corporation as a health maintenance organization, of at least $2,000,000 or such lower amount (subject to regulatory requirements) as the Board of Directors may authorize by the affirmative vote of at least eighty percent (80%) of the Directors constituting the Board.

4.8 Duties of Directors. The Directors of the Corporation shall perform such duties as may be required by the Corporation's Articles of Incorporation, its Bylaws and by law. No Director shall be precluded by reason of his directorship from fulfilling any duties he is obligated to perform as an officer, director or employee of the Member or corporate affiliate or subsidiary of the Member.

## ARTICLE V
## OFFICERS

5.1 Election of Officers; Terms. The officers of the Corporation shall consist of a Chairman, a President, a Secretary and a Treasurer who shall be elected by the Member at its annual meeting and who shall hold office for such terms as the Board of Directors may prescribe. Other officers, including one or more Vice Presidents (any one or more of whom may be designated as Executive Vice Presidents or Senior Vice Presidents), and assistant subordinate officers, may from time to time be elected by the Member, may (but need not) be Directors of the Corporation and shall hold office for such terms as the Member may prescribe. All officers shall hold office until their successors are elected. Any two (2) or more offices may be held by the same person

5.2 Removal of Officers; Vacancies. Any officer of the Corporation may be removed summarily with or without cause, at any time, by the Member. Vacancies may be filled by the Member at any regular or special meeting.

5.3 Duties. The officers of the Corporation shall have such duties as generally pertain to their offices, respectively, as well as such powers and duties as are prescribed by law or are hereinafter provided or as from time to time shall be conferred by the Member. The Member may require any officer to give such bond for the faithful performance of his duties as the Member may see fit. No officer of the Corporation shall by reason of his office be precluded from fulfilling any duties which he is obligated to fulfill as an officer, director or employee of the Member or corporate affiliate or subsidiary of the Member.

5.4 Duties of the Chairman. The Chairman shall preside at all meetings of the Board of Directors and shall have such other duties as the Board of Directors may from time to time prescribe.

5.5 Duties of the President. The President shall be the chief executive officer of the Corporation and shall be primarily responsible for the implementation of policies of the Board of Directors. He shall have general management and direction of the business and operations of the Corporation and its several divisions, subject only to the ultimate authority of the Board of Directors and the Member. In the absence of the Chairman of the Board, the President shall preside at all corporate meetings. He may sign and execute in the name of the Corporation deeds, mortgages, bonds, contracts or other instruments except in cases where the signing and the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law otherwise to be signed or executed. In addition, he shall perform all duties incident to the office of the President and such other duties as from time to time may be assigned to him by the Board of Directors.

5.6 Duties of the Vice Presidents. Each Vice President, if any, shall have such powers and duties as may from time to time be assigned to him by the President or Board of Directors. Any Vice President may sign and execute in the name of the Corporation deeds, mortgages, bonds, contracts or other instruments authorized by the Board of Directors, except where the signing and execution of such documents shall be expressly delegated by the Board of Directors or the President to some other officer or agent of the Corporation or shall be required by law otherwise to be signed or executed.

5.7 Duties of the Treasurer. The Treasurer, if one is appointed by the Board of Directors, shall supervise the method of handling and custody of the monies and securities of the Corporation and the maintenance of financial records and books; shall sign or countersign such instruments as require his signature; and shall make such reports and perform such other duties as are incident to his office or are properly required of him by the President or Board of Directors.

5.8 Duties of the Secretary. The Secretary shall issue a notice for all meetings of the Board of Directors and the Member, and shall keep their minutes; shall have charge of the corporate

books and seal; and shall make such reports and perform such other duties as are incident to his office or are properly required of him by the President or Board of Directors.

## ARTICLE VI
## COMMITTEES

The Board of Directors may establish such standing or special committees from time to time as it shall deem appropriate to conduct the activities of the Corporation and to advise the Board of Directors, and shall define the powers and responsibilities of such committees.

## ARTICLE VII
## ADVISORY PANEL

The President of the Corporation shall appoint an Advisory Panel to advise the Board of Directors and officers of the Corporation with respect to selected matters generally affecting members of prepaid health plans offered by the Corporation, including, but not limited to, (i) the creation of new services, programs and benefits and (ii) the modification or termination of existing services, programs and benefits. The Advisory Panel shall consist of between five (5) and nine (9) members. The majority of individuals serving on the Advisory Panel shall be members of prepaid health plans offered by the Corporation and the remaining individuals serving on the Advisory Panel shall be knowledgeable about the prepaid health plans offered by the Corporation. Advisory Panel members may be replaced at any time by the President. Each member of the Advisory Panel shall serve until he retires or is removed. All vacancies on the Advisory Panel shall be filled by the President. The President of the Corporation shall select at least two (2) members of the Advisory Panel to advise him with respect to grievances filed by members of prepaid health plans offered by the Corporation.

## ARTICLE VIII
## AMENDMENTS

These Bylaws may be altered, amended, repealed or restated only by action of the Member.

**Statement 1**
**Form 990, Part I, Line 8**
**Net Gain (Loss) from Noninventory Sales**

Publicly Traded Securities

| | |
|---|---|
| Gross Sales Price: | 27,107,994. |
| Cost or Other Basis: | 27,120,844. |
| Total Gain (Loss) Publicly Traded Securities | $ -12,850. |
| Total Net Gain (Loss) From Noninventory Sales | $ -12,850. |

**Statement 2**
**Form 990, Part I, Line 20**
**Other Changes in Net Assets or Fund Balances**

| | |
|---|---|
| DISTRIBUTION TO MAJORITY MEMBER | $ -12,548,385. |
| UNREALIZED LOSS ON INVESTMENTS | -421,563. |
| Total | $ -12,969,948. |

**Statement 3**
**Form 990, Part II, Line 22**
**Grants and Allocations**

Cash Grants and Allocations

| | | |
|---|---|---|
| Donee's Name: | MISC. CHARITABLE CONTRIBUTIONS | |
| Amount Given: | | $ 10,119. |
| Total Grants and Allocations | | $ 10,119. |

**Statement 4**
**Form 990, Part II, Line 43**
**Other Expenses**

| | (A) Total | (B) Program Services | (C) Management & General | (D) Fundraising |
|---|---|---|---|---|
| BAD DEBT EXPENSE | 225,889. | 203,300. | 22,589. | |
| CAPITATION PAYMENTS | 29,677,771. | 26,709,994. | 2,967,777. | |
| CORPORATE ALLOCATION | 9,657,965. | 8,692,169. | 965,796. | |
| HOSPITAL CLAIMS | 95,203,806. | 85,683,425. | 9,520,381. | |
| LIABILITY INSURANCE | 1,632,959. | 1,469,663. | 163,296. | |
| LICENSE, TAXES & FEES | 275,120. | 247,608. | 27,512. | |
| MARKETING | 6,295,484. | 5,665,936. | 629,548. | |
| MEALS & ENTERTAINMENT | 40,339. | 36,305. | 4,034. | |
| OTHER EXPENSES | 743,337. | 669,003. | 74,334. | |
| OTHER MEDICAL CLAIMS | 354,262,009. | 318,835,808. | 35,426,201. | |
| PROFESSIONAL FEES | 319,502. | 287,552. | 31,950. | |
| PURCHASED SERVICES | 2,189,984. | 1,970,986. | 218,998. | |
| REINSURANCE EXPENSE | 1,148,009. | 1,033,208. | 114,801. | |

**Statement 4 (continued)**
**Form 990, Part II, Line 43**
**Other Expenses**

| | (A) Total | (B) Program Services | (C) Management & General | (D) Fundraising |
|---|---|---|---|---|
| TELEPHONE & UTILITIES | 211,740. | 190,566. | 21,174. | |
| Total | $ 501883914. | $ 451695523. | $50,188,391. | $ 0. |

**Statement 5**
**Form 990, Part III, Line a**
**Statement of Program Service Accomplishments**

| Description | Grants and Allocations | Program Service Expenses |
|---|---|---|
| OPTIMA HEALTH PLAN MAINTAINS CONTRACTS WITH AREA PROVIDERS TO SUPPLY STATE OF THE ART SYSTEMS OF HEALTH CARE, DISEASE PREVENTION AND HEALTH PROMOTION FOR INDIVIDUALS AND FAMILIES IN THE COMMUNITY IN AN EFFECTIVE, ACCESSIBLE AND AFFORDABLE MANNER. | 10,119. | 474913005. |
| | $ 10,119. | $ 474913005. |

**Statement 6**
**Form 990, Part IV, Line 54**
**Investments - Securities**

| Corporate Bonds | Valuation Method | Amount |
|---|---|---|
| CORPORATE BONDS | Market Value | $ 5,757,592. |
| | Total | $ 5,757,592. |
| MONEY MARKET FUNDS | Market Value | 0. |

| Other Securities | Valuation Method | Amount |
|---|---|---|
| ASSET BACKED SECURITIES | Market Value | 7,382,639. |
| | Total | $ 7,382,639. |

| U.S. Government Obligations | Valuation Method | Amount |
|---|---|---|
| GOVERNMENT AND AGENCY NOTES & BONDS | Market Value | 15,743,712. |
| | Total | $ 15,743,712. |

**Statement 6 (continued)**
**Form 990, Part IV, Line 54**
**Investments - Securities**

| U.S. Government Obligations | Valuation Method | Amount |
|---|---|---|
| Total Investments - Securities | | $ 28,883,943. |

**Statement 7**
**Form 990, Part IV, Line 57**
**Land, Buildings, and Equipment**

| Category | Basis | Accum. Deprec. | Book Value |
|---|---|---|---|
| Machinery and Equipment | $ 5,753,418. | $ 4,715,503. | $ 1,037,915. |
| Improvements | 894,736. | 602,512. | 292,224. |
| Total | $ 6,648,154. | $ 5,318,015. | $ 1,330,139. |

**Statement 8**
**Form 990, Part IV, Line 58**
**Other Assets**

| | |
|---|---|
| DUE FROM AFFILIATES | $ 671,922. |
| OTHER RECEIVABLES | 2,680,169. |
| Total | $ 3,352,091. |

**Statement 9**
**Form 990, Part IV, Line 65**
**Other Liabilities**

| | |
|---|---|
| CONTRACT SETTLEMENTS PAY. - NET | $ 435,000. |
| HOSPITAL CLAIMS PAYABLE | 61,337,573. |
| NEGATIVE GOODWILL | 5,773,600. |
| Total | $ 67,546,173. |

## Statement 10
## Form 990, Part V
## List of Officers, Directors, Trustees, and Key Employees

| Name & Address | Title and Avg. Per Week (FT or PT) | Note (a) Compensation | Note (b) Contributions to Emp. Ben. Plans & Def. Comp. | Note (c) Expense Acct. and Other Allowances |
|---|---|---|---|---|
| David L Bernd<br>6015 Poplar Hall Drive<br>Norfolk, VA 23502 | Chairman<br>PT | 0 | 0 | 0 |
| Howard P Kern<br>6015 Poplar Hall Drive<br>Norfolk, VA 23502 | Director/Sec/Treas<br>PT | 0 | 0 | 0 |
| Michael Dudley<br>6015 Poplar Hall Drive<br>Norfolk, VA 23502 | President<br>PT | 0 | 0 | 0 |
| Gail Heagen<br>6015 Poplar Hall Drive<br>Norfolk, VA 23502 | Asst Secretary<br>PT | 0 | 0 | 0 |
| Robert Broermann<br>6015 Poplar Hall Drive<br>Norfolk, VA 23502 | Director & Asst Treas<br>PT | 0 | 0 | 0 |
| Rodney F Hochman, MD<br>6015 Poplar Hall Drive<br>Norfolk, VA 23502 | Director<br>PT | 0 | 0 | 0 |

**Notes:**

(a) "Compensation" includes all taxable remuneration paid to the employee during the year such as salary, bonus, taxable group term life insurance, etc It excludes taxable fringe benefits included in "Expense Acct and Other Allowances " In accordance with IRS instructions, any current year payments of amounts reported as "deferred compensation" in a prior year are also included in "compensation"

(b) "Contributions to Employee Benefit Plans and Deferred Compensation" includes all forms of deferred compensation such as the cost of medical, dental, and life insurance benefits, contributions to retirement plans, the estimated cost of defined benefit plan benefits, and the estimated cost of supplemental retirement benefits Furthermore, incentive pay that has been earned during the year, but is payable in a later year, is reported All of these amounts are reported even though all the conditions which make the amounts actually payable to the individual have not yet been met

(c) "Expense Account and Other Allowances" includes taxable fringe benefits such as automobile expenses and other reimbursements paid under accountable plans maintained by the Organization

(d) All Board members serve without compensation Compensation reported relates to services provided by the individual in a capacity other than as a Board member

## Statement 10 (continued)
## Form 990, Part V
## List of Officers, Directors, Trustees, and Key Employees

| Name & Address | Title and Avg Per Week (FT or PT) | Note (a) Compensation | Note (b) Contributions to Emp. Ben. Plans & Def. Comp. | Note (c) Expense Acct and Other Allowances |
|---|---|---|---|---|
| David Pariser, MD<br>6015 Poplar Hall Drive<br>Norfolk, VA 23502 | Director<br>PT | $600 | 0 | 0 |
| Bruce Holstein<br>6015 Poplar Hall Drive<br>Norfolk, VA 23502 | Director<br>PT | 0 | 0 | 0 |
| Patrick Parcells, MD<br>6015 Poplar Hall Drive<br>Norfolk, VA 23502 | Director<br>PT | $400 | 0 | 0 |
| E George Middleton, Jr<br>6015 Poplar Hall Drive<br>Norfolk, VA 23502 | Director<br>PT | 0 | 0 | 0 |
| Darlene Anderson<br>4417 Corporation Lane<br>Virginia Beach, VA 23462 | Senior VP Operations<br>PT | 0 | 0 | 0 |
| Ronald Bennion<br>6015 Poplar Hall Drive<br>Norfolk, VA 23502 | Director<br>PT | 0 | 0 | 0 |

**Notes:**

**(a)** "Compensation" includes all taxable remuneration paid to the employee during the year such as salary, bonus, taxable group term life insurance, etc It excludes taxable fringe benefits included in "Expense Acct and Other Allowances " In accordance with IRS instructions, any current year payments of amounts reported as "deferred compensation" in a prior year are also included in "compensation"

**(b)** "Contributions to Employee Benefit Plans and Deferred Compensation" includes all forms of deferred compensation such as the cost of medical, dental, and life insurance benefits, contributions to retirement plans, the estimated cost of defined benefit plan benefits, and the estimated cost of supplemental retirement benefits Furthermore, incentive pay that has been earned during the year, but is payable in a later year, is reported All of these amounts are reported even though all the conditions which make the amounts actually payable to the individual have not yet been met

**(c)** "Expense Account and Other Allowances" includes taxable fringe benefits such as automobile expenses and other reimbursements paid under accountable plans maintained by the Organization

**(d)** All Board members serve without compensation Compensation reported relates to services provided by the individual in a capacity other than as a Board member

## Statement 11
## Form 990, Part V, Line 75
## List of Officers, Directors, Trustees, and Key Employees

| Name & Related Organization | Note (a) Compensation | Note (b) Contributions to Emp. Ben. Plans & Def. Comp. | Note (c) Expense Acct. and Other Allowances |
|---|---|---|---|
| Gail Heagen<br>Sentara Healthcare<br>52-1271901 | $ 168,802 | $ 78,897 | $ - |
| Bruce Holstein<br>Sentara Hospitals<br>54-1547408 | $ 283,582 | $ 60,937 | $ - |
| Robert Broermann<br>Sentara Healthcare<br>52-1271901 | $ 467,192 | $ 111,970 | $ 13,730 |
| David L Bernd<br>Sentara Healthcare<br>52-1271901 | $ 1,229,131 | $ 460,750 | $ 23,391 |
| Michael Dudley<br>Sentara Healthcare<br>52-1271901 | $ 585,630 | $ 313,104 | $ 17,603 |
| Howard Kern<br>Sentara Healthcare<br>52-1271901 | $ 1,046,224 | $ 264,659 | $ 17,927 |
| Rodney Hochman, M D<br>Sentara Hospitals<br>54-1547408 | $ 646,658 | $ 133,475 | $ 13,966 |
| Ronald Bennion<br>Sentara Health Plans<br>52-2368125 | $ 374,769 | $ 80,902 | $ 12,940 |
| Darlene S Anderson<br>Sentara Health Plans<br>52-2368125 | $ 210,276 | $ 87,587 | $ 1,170 |

**Notes:**

**(a)** "Compensation" includes all taxable remuneration paid to the employee during the year such as salary, bonus, taxable group term life insurance, etc It excludes taxable fringe benefits included in "Expense Acct and Other Allowances " In accordance with IRS instructions, any current year payments of amounts reported as "deferred compensation" in a prior year are also included in "compensation"

**(b)** "Contributions to Employee Benefit Plans and Deferred Compensation" includes all forms of deferred compensation such as the cost of medical, dental, and life insurance benefits, contributions to retirement plans, the estimated cost of defined benefit plan benefits, and the estimated cost of supplemental retirement benefits Furthermore, incentive pay that has been earned during the year, but is payable in a later year, is reported All of these amounts are reported even though all the conditions which make the amounts actually payable to the individual have not yet been met

**(c)** "Expense Account and Other Allowances" includes taxable fringe benefits such as automobile expenses and other reimbursements paid under accountable plans maintained by the Organization

**(d)** *All Board members serve without compensation Compensation reported relates to services provided by the individual* in a capacity other than as a Board member

**Statement 12**
**Form 990, Part VI, Line 80b**
**Related Organizations**

| Name of Organization | Exempt | Nonexempt |
|---|---|---|
| AUX. TO SENTARA HOSPITALS-NORFOLK | X | |
| LONG TERM CARE ASSOCIATES | X | |
| MPB, INC. | X | |
| OPTIMA HEALTH GROUP | | X |
| OPTIMA HEALTH INSURANCE COMPANY | | X |
| SENTARA BEHAVIORAL HEALTH SERVICES | | X |
| SENTARA CAREPLEX - HAMPTON AUXILIARY | X | |
| SENTARA ENTERPRISES | X | |
| SENTARA HAMPTON SERVICE CORP. | | X |
| SENTARA HEALTH PLANS, INC. | | X |
| SENTARA HEALTHCARE | X | |
| SENTARA HOLDINGS, INC. | | X |
| SENTARA HOSPITALS | X | |
| SENTARA LIFE CARE CORP. | X | |
| SENTARA MEDICAL GROUP | X | |
| SENTARA VENTURES, INC. | | X |
| SENTARA WILLIAMSBURG COMMUNITY HOSPITAL | X | |
| TIDEWATER HEALTH CARE | X | |

**Statement 13**
**Schedule A, Part III, Line 2**
**Transactions with Trustees, Directors, Etc.**

OPTIMA HEALTH PLAN PURCHASES REINSURANCE COVERAGE FOR HOSPITAL MEDICAL EXPENSE, CONTRACTS FOR THE PROVISION OF MENTAL HEALTH SERVICES TO PLAN MEMBERS, AND CONDUCTS OTHER ORDINARY BUSINESS TRANSACTIONS WITH TAXABLE AFFILIATES. BOARD MEMBERS AND/OR OFFICERS OF OPTIMA HEALTH PLAN MAY ALSO SERVE AS BOARD MEMBERS AND/OR OFFICERS OF THE TAXABLE AFFILIATES. ALL PURCHASES OF SERVICES ARE CONDUCTED AT OR BELOW FAIR MARKET VALUE.