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
2012
Open to Public Inspection

A For the 2012 calendar year, or tax year beginning , 2012, and ending , 20

B Check if applicable: [ ] Address change [ ] Name change [ ] Initial return [ ] Terminated [ ] Amended return [ ] Application pending

C Name of organization: GROUP HEALTH COOPERATIVE
Doing Business As
Number and street (or P.O. box if mail is not delivered to street address): 320 WESTLAKE AVE N — Room/suite: 100
City, town or post office, state, and ZIP code: SEATTLE, WA 98109-5233

D Employer identification number: 91-0511770
E Telephone number: (206) 448-4683
G Gross receipts $ 3,534,871,758.

F Name and address of principal officer: SCOTT ARMSTRONG
320 WESTLAKE AVE N, STE 100 SEATTLE, WA 98109-5233

H(a) Is this a group return for affiliates? [ ] Yes [X] No
H(b) Are all affiliates included? [ ] Yes [ ] No
If "No," attach a list. (see instructions)
H(c) Group exemption number ▶

I Tax-exempt status: [X] 501(c)(3) [ ] 501(c) ( ) ◀ (insert no.) [ ] 4947(a)(1) or [ ] 527

J Website: ▶ WWW.GHC.ORG

K Form of organization: [X] Corporation [ ] Trust [ ] Association [ ] Other ▶
L Year of formation: 1945 **M** State of legal domicile: WA

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities:
TO PROVIDE COMPREHENSIVE, PREVENTION-ORIENTED HEALTH CARE SERVICES TO ITS ENROLLEES AND OTHER PATIENTS IN A MANNER THAT REDUCES COST AS A BARRIER TO CARE.

2 Check this box ▶ [ ] if the organization discontinued its operations or disposed of more than 25% of its net assets.

3	Number of voting members of the governing body (Part VI, line 1a)	3	11.
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	11.
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	9,158.
6	Total number of volunteers (estimate if necessary)	6	411.
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	1,241,002.
b	Net unrelated business taxable income from Form 990-T, line 34	7b	-31,018.

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	44,456,337.	46,749,715.
	9	Program service revenue (Part VIII, line 2g)	2,891,301,743.	2,653,434,840.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	72,411,076.	25,436,484.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	90,738,959.	99,186,151.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	3,098,908,115.	2,824,807,190.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0	0
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	624,072,202.	674,726,988.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 0		
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	2,487,454,099.	2,161,251,730.
	18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	3,111,526,301.	2,835,978,718.
	19	Revenue less expenses. Subtract line 18 from line 12	-12,618,186.	-11,171,528.
			Beginning of Current Year	**End of Year**
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	1,665,696,117.	1,466,981,065.
	21	Total liabilities (Part X, line 26)	982,361,157.	835,358,094.
	22	Net assets or fund balances. Subtract line 21 from line 20	683,334,960.	631,622,971.

Part II Signature Block

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

Sign Here
▶ Signature of officer — Date: 11/13/13
▶ BARBARA BELT-LLOYD TREASURER
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check [ ] if self-employed	PTIN
ROBISON, SUE	Sue W. Robison	10/22/13		P00560072

Firm's name ▶ KPMG LLP — Firm's EIN ▶ 13-5565207
Firm's address ▶ 1918 EIGHTH AVENUE, SUITE 2900 SEATTLE, WA 98101 — Phone no. 206-913-4000

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

For Paperwork Reduction Act Notice, see the separate instructions. Form **990** (2012)

Part III **Statement of Program Service Accomplishments**

Check if Schedule O contains a response to any question in this Part III . . . . [X]

1 Briefly describe the organization's mission:

ATTACHMENT 1

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . [ ] Yes [X] No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . [ ] Yes [X] No

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses $ 2,122,104,931. including grants of $) (Revenue $ 2,699,866,238.)

GROUP HEALTH COOPERATIVE ("GROUP HEALTH") PROVIDED HEALTH CARE COVERAGE AND/OR SERVICES TO APPROXIMATELY 381,000 COMMERCIAL GROUP, MEDICARE, MEDICAID, BASIC HEALTH PLAN, AND INDIVIDUAL ENROLLEES IN WASHINGTON AND NORTH IDAHO. MANY MEDICARE AND MEDICAID PATIENTS RECEIVE SUCH SERVICES UNDER CAPITATION CONTRACTS BETWEEN GROUP HEALTH AND GOVERNMENT AGENCIES.

PLEASE REFER A DESCRIPTION OF THE PROGRAM'S OBJECTIVES IN SCHEDULE H, PART VI.2 AND PART VI.5.

4b (Code:) (Expenses $ 86,020,133. including grants of $) (Revenue $ 46,316,137.)

CARE AND COVERAGE TO 27,961 PEOPLE IN NEED:

HEALTH CARE COVERAGE AND SERVICES TO PATIENTS ENROLLED IN GOVERNMENT PROGRAMS.

UNREIMBURSED CARE FOR INDIVIDUAL PATIENTS IN NEED.

URGENT AND EMERGENCY CARE.

PARTNERING WITH SAFETY-NET ORGANIZATIONS.

PLEASE REFER A DESCRIPTION OF THE PROGRAM'S OBJECTIVES IN SCHEDULE H, PART VI.2 AND PART VI.5.

4c (Code:) (Expenses $ 60,218,253. including grants of $) (Revenue $ 919,371.)

HEALTH RESEARCH AND EDUCATION FOR 358 PEOPLE INCLUDING:

RESEARCH AND EVIDENCE-BASED CARE.

PROFESSIONAL EDUCATION ACTIVITIES.

CONSUMER HEALTH EDUCATION.

PLEASE REFER A DESCRIPTION OF THE PROGRAM'S OBJECTIVES IN SCHEDULE H, PART VI.2 AND PART VI.5.

4d Other program services (Describe in Schedule O.) ATTACHMENT 2

(Expenses $ 1,304,094. including grants of $) (Revenue $)

4e Total program service expenses ▶ 2,269,647,411.

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	X	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	X	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		X
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	X	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		X
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		X
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		X
9	Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		X
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		X
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI*	11a	X	
b	Did the organization report an amount for investments-other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b	X	
c	Did the organization report an amount for investments-program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		X
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d	X	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	X	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		X
12 a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		X
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	X	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		X
14 a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		X
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		X
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Parts II and IV*	15		X
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Parts III and IV*	16		X
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		X
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		X
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		X
20 a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	X	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	X	

Part IV **Checklist of Required Schedules** *(continued)*

			Yes	No
21	Did the organization report more than $5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**		X
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		X
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	X	
24 a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25*	**24a**	X	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		X
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		X
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		X
25 a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		X
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		X
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		X
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		X
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		X
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		X
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		X
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? *If "Yes," complete Schedule R, Part I*	**33**	X	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	X	
35 a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	X	
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	X	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		X
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		X
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	X	

Part V **Statements Regarding Other IRS Filings and Tax Compliance**

Check if Schedule O contains a response to any question in this Part V . . . . ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	**1a** 6,861			
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	**1b** 0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		**1c**	X	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	**2a** 9,158			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to *e-file* (see instructions)		**2b**	X	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?		**3a**	X	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*		**3b**	X	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		**4a**		X
b	If "Yes," enter the name of the foreign country: ▶ ______ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		**5a**		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		**5b**		X
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		**6a**		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?		**7a**		X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		**7c**		X
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		**7e**		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		**7f**		X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		**8**		
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?		**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		**9b**		
10	**Section 501(c)(7) organizations.** Enter:				
a	Initiation fees and capital contributions included on Part VIII, line 12	**10a**			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**			
11	**Section 501(c)(12) organizations.** Enter:				
a	Gross income from members or shareholders	**11a**			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	**11b**			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?		**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O.		**13a**		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**			
c	Enter the amount of reserves on hand	**13c**			
14a	Did the organization receive any payments for indoor tanning services during the tax year?		**14a**		X
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*		**14b**		

Part VI Governance, Management, and Disclosure *For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.*

Check if Schedule O contains a response to any question in this Part VI X

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year. If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.	1a 11		
b	Enter the number of voting members included in line 1a, above, who are independent	1b 11		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?	3		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5		X
6	Did the organization have members or stockholders?	6	X	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	X	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	X	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:			
a	The governing body?	8a	X	
b	Each committee with authority to act on behalf of the governing body?	8b	X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	9		X

Section B. Policies *(This Section B requests information about policies not required by the Internal Revenue Code.)*

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		X
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	X	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	X	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	X	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this was done*	12c	X	
13	Did the organization have a written whistleblower policy?	13	X	
14	Did the organization have a written document retention and destruction policy?	14	X	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	X	
b	Other officers or key employees of the organization	15b	X	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	X	
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	X	

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ►

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.

[X] Own website [ ] Another's website [X] Upon request [ ] Other *(explain in Schedule O)*

19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ►MARTIN R. DOPPS 320 WESTLAKE AVE N, SUITE 100 SEATTLE, WA 98109-5233 206-448-5146

Part VII **Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

Check if Schedule O contains a response to any question in this Part VII . . . . ☐

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(1) ROSEMARY DASZKIEWICZ CHAIR, TRUSTEE	6.50 .25	X		X				39,152.	1,500.	0
(2) PORSCHE EVERSON VICE CHAIR, TRUSTEE	6.50 .25	X		X				32,902.	1,750.	0
(3) ROBERT ALEXANDER WATT TRUSTEE	5.50 .20	X						26,652.	1,750.	0
(4) SUSAN JOY BYINGTON TRUSTEE	5.50 .20	X						26,652.	1,750.	0
(5) CHANGMOOK SOHN TRUSTEE	5.50 .20	X						26,652.	1,750.	0
(6) JENNIFER ANN JOLY TRUSTEE	5.50 .20	X						26,652.	1,750.	0
(7) HARRY HARRISON JR. TRUSTEE	5.50 .20	X						26,652.	1,750.	0
(8) ROBERT JOEL MARGULIS TRUSTEE	5.50 .20	X						26,652.	1,500.	0
(9) DOROTHY ANNE RUZICKI TRUSTEE	5.50 .20	X						26,652.	1,750.	0
(10) LEO FRANCIS GREENAWALT JR. TRUSTEE	5.50 .20	X						17,000.	500.	0
(11) RUTA ELMA FANNING TRUSTEE	5.50 .20	X						17,000.	750.	0
(12) SCOTT ELLIOT ARMSTRONG CEO & PRESIDENT	39.00 1.00			X				1,109,905.	0	229,672.
(13) RICHARD EDWARD MAGNUSON EVP; CHIEF FINL & ADM OFFICER	40.00			X				731,087.	0	41,107.
(14) RICK DALE WOODS EVP & GENERAL COUNSEL	40.00			X				503,864.	0	217,318.

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees *(continued)*

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(15) SCOTT BOYD VP; FINANCE	40.00			X				302,082.	0	34,458.
(16) SARAH BARIAN YATES VP & DEPUTY GENERAL COUNSEL	40.00			X				293,615.	0	46,862.
(17) BRETON CLARK MYERS ASSISTANT TREASURER	40.00			X				231,449.	0	32,248.
(18) PAMELA ANN MACEWAN ASST SECRETARY	40.00			X				374,907.	0	28,654.
(19) ROBERT O'BRIEN EVP; HEALTH PLAN DIVISION	40.00				X			667,431.	0	42,287.
(20) MARK SZALWINSKI EVP; GROUP PRACTICE DIVISION	40.00				X			528,462.	0	49,669.
(21) CYNTHIA JOHNSON EVP; HR	40.00				X			395,722.	0	38,160.
(22) BRIAN HARRIS VP; NETWORK SVC & CARE MGMT	40.00				X			358,803.	0	17,906.
(23) MICHAEL ERIKSON VP; PRIMARY CARE AND MARKET DE	40.00				X			364,224.	0	40,472.
(24) RANDY BARKER VP; APPLE DIVISION	40.00				X			290,374.	0	44,663.
(25) ELLEN SUZANNE DALY VP; NTWRK SVC & PROVDR RELTNS	40.00				X			278,537.	0	50,688.
1b Sub-total ▶								2,637,474.	16,500.	488,097.
c Total from continuation sheets to Part VII, Section A ▶								6,141,355.	0	816,832.
d Total (add lines 1b and 1c) ▶								8,778,829.	16,500.	1,304,929.

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 1081

		Yes	No
3 Did the organization list any **former** officer, director, or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	3		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	4	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	5		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
ATTACHMENT 3		

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶ 599

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees *(continued)*

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position: Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(26) LAURA MCMILLAN VP STRATEGIC PLANNING & DEPLOY	40.00				X			253,570.	0	10,208.
(27) JOEL SUELZLE VP; HEALTH PLAN ADMINISTRATION	40.00					X		434,261.	0	204,719.
(28) ERIC LARSON VP; GROUP HEALTH RESEARCH INST	39.00 1.00					X		362,708.	0	56,988.
(29) HOPE WILJANEN CONSULT; LEAN SENSEI SR	40.00					X		323,175.	0	38,587.
(30) LAURA REHRMANN VP, COMMUNITY RESPONSIBILITY	20.00 20.00					X		308,931.	0	34,101.
(31) DEBORAH HUNTINGTON VP; SALES	39.00 1.00					X		373,104.	0	46,162.

1b Sub-total ▶			
c Total from continuation sheets to Part VII, Section A ▶			
d Total (add lines 1b and 1c) ▶			

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 1081

		Yes	No
3 Did the organization list any **former** officer, director, or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	3		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	4	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	5		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶

Part VIII Statement of Revenue

Check if Schedule O contains a response to any question in this Part VIII . . . ☐

					(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d	2,129,659.				
	e	Government grants (contributions)	1e	39,300,844.				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	5,319,212.				
	g	Noncash contributions included in lines 1a-1f: $		16,200.				
	h	**Total.** Add lines 1a-1f ▶			46,749,715.			
Program Service Revenue			Business Code					
	2a	MEDICARE/MEDICAID PAYMENTS	900099		897,672,932.	897,672,932.		
	b	FEES AND CONTRACTS FROM GOV'T AGENCIES	900099		675,556,005.	675,556,005.		
	c	MEMBER DUES	900099		579,344,314.	579,344,314.		
	d	CAPITATION REVENUE	900099		202,975,552.	202,975,552.		
	e	NON-COVERED ENROLLEE SVC	900099		133,150,468.	133,150,468.		
	f	All other program service revenue			164,735,569.	164,735,569.		
	g	**Total.** Add lines 2a-2f ▶			2,653,434,840.			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) ▶			23,452,522.			23,452,522.
	4	Income from investment of tax-exempt bond proceeds ▶			0			
	5	Royalties ▶			0			
			(i) Real	(ii) Personal				
	6a	Gross rents						
	b	Less: rental expenses						
	c	Rental income or (loss)						
	d	Net rental income or (loss) ▶			0			
			(i) Securities	(ii) Other				
	7a	Gross amount from sales of assets other than inventory	709,507,291.	2,541,239.				
	b	Less: cost or other basis and sales expenses	709,995,062.	69,506.				
	c	Gain or (loss)	-487,771.	2,471,733.				
	d	Net gain or (loss) ▶			1,983,962.			1,983,962.
	8a	Gross income from fundraising events (not including $ ____ of contributions reported on line 1c). See Part IV, line 18	a					
	b	Less: direct expenses	b					
	c	Net income or (loss) from fundraising events ▶			0			
	9a	Gross income from gaming activities. See Part IV, line 19	a					
	b	Less: direct expenses	b					
	c	Net income or (loss) from gaming activities ▶			0			
	10a	Gross sales of inventory, less returns and allowances	a					
	b	Less: cost of goods sold	b					
	c	Net income or (loss) from sales of inventory ▶			0			
		Miscellaneous Revenue	Business Code					
	11a	ADMIN CONTRACT	561000		93,501,104.	93,501,104.		
	b	SALES TO MEMBERS	446199		4,278,244.			4,278,244.
	c	GROUP HEALTH RESEARCH INSTITUTE	541700		892,126.		892,126.	
	d	All other revenue	900099		514,677.	165,801.	348,876.	
	e	**Total.** Add lines 11a-11d ▶			99,186,151.			
	12	**Total revenue.** See instructions ▶			2,824,807,190.	2,747,101,745.	1,241,002.	29,714,728.

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response to any question in this Part IX . . . . [X]

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21	0			
2 Grants and other assistance to individuals in the United States. See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	8,049,339.		8,049,339.	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	541,961,937.	315,689,849.	226,272,088.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	64,830,941.	37,763,667.	27,067,274.	
9 Other employee benefits	13,463,804.	7,842,592.	5,621,212.	
10 Payroll taxes	46,420,967.	27,149,935.	19,271,032.	
11 Fees for services (non-employees):				
a Management	0			
b Legal	1,814,372.		1,814,372.	
c Accounting	991,717.		991,717.	
d Lobbying	803,888.		803,888.	
e Professional fundraising services. See Part IV, line 17	0			
f Investment management fees	1,090,381.		1,090,381.	
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.) ATCH 4	1,617,309,168.	1,518,986,616.	98,322,552.	
12 Advertising and promotion	1,535,482.	151,267.	1,384,215.	
13 Office expenses	312,216,950.	286,911,477.	25,305,473.	
14 Information technology	25,311,878.	357,384.	24,954,494.	
15 Royalties	0			
16 Occupancy	45,885,240.	16,010,027.	29,875,213.	
17 Travel	2,553,374.	1,687,320.	866,054.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	6,163,528.	1,294,653.	4,868,875.	
20 Interest	1,196,298.	1,947.	1,194,351.	
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	56,063,690.	31,063,656.	25,000,034.	
23 Insurance	16,241,922.	15,700,925.	540,997.	
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a ADMINISTRATIVE/ACCESS FEES	7,811,608.	7,041,229.	770,379.	
b BAD DEBT EXPENSE	16,928,136.	169,776.	16,758,360.	
c DUES/LICENSES/PERMITS	3,849,443.	700,249.	3,149,194.	
d PREMIUM AND BUSINESS TAX	41,679,194.	611,122.	41,068,072.	
e All other expenses	1,805,461.	513,720.	1,291,741.	
25 **Total functional expenses.** Add lines 1 through 24e	2,835,978,718.	2,269,647,411.	566,331,307.	
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ▶ [ ] if following SOP 98-2 (ASC 958-720)	0			

Part X Balance Sheet

Check if Schedule O contains a response to any question in this Part X . . . . ☐

			(A) Beginning of year		(B) End of year
Assets	1	Cash - non-interest-bearing	31,201,904.	1	41,794,036.
	2	Savings and temporary cash investments	325,819,160.	2	31,748,248.
	3	Pledges and grants receivable, net	8,669,417.	3	6,790,364.
	4	Accounts receivable, net	109,928,540.	4	93,794,184.
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	0	5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L	0	6	0
	7	Notes and loans receivable, net	2,653,418.	7	1,768,945.
	8	Inventories for sale or use	23,770,073.	8	17,957,077.
	9	Prepaid expenses and deferred charges	25,833,382.	9	24,491,412.
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D — 10a: 1132168851.			
	b	Less: accumulated depreciation — 10b: 703,745,813.	417,959,374.	10c	428,423,038.
	11	Investments - publicly traded securities	531,100,160.	11	622,005,017.
	12	Investments - other securities. See Part IV, line 11	123,289,077.	12	120,251,891.
	13	Investments - program-related. See Part IV, line 11	0	13	0
	14	Intangible assets	0	14	0
	15	Other assets. See Part IV, line 11	65,471,612.	15	77,956,853.
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)	1,665,696,117.	16	1,466,981,065.
Liabilities	17	Accounts payable and accrued expenses	500,454,934.	17	307,174,879.
	18	Grants payable	75,000.	18	160,000.
	19	Deferred revenue	44,130,612.	19	27,201,955.
	20	Tax-exempt bond liabilities	144,748,221.	20	139,903,363.
	21	Escrow or custodial account liability. Complete Part IV of Schedule D	0	21	0
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L	0	22	0
	23	Secured mortgages and notes payable to unrelated third parties	0	23	0
	24	Unsecured notes and loans payable to unrelated third parties	8,998,375.	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	283,954,015.	25	360,917,897.
	26	**Total liabilities.** Add lines 17 through 25	982,361,157.	26	835,358,094.
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 27 through 29, and lines 33 and 34.**			
	27	Unrestricted net assets		27	
	28	Temporarily restricted net assets		28	
	29	Permanently restricted net assets		29	
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ X and complete lines 30 through 34.			
	30	Capital stock or trust principal, or current funds	0	30	0
	31	Paid-in or capital surplus, or land, building, or equipment fund	14,957,150.	31	14,836,400.
	32	Retained earnings, endowment, accumulated income, or other funds	668,377,810.	32	616,786,571.
	33	Total net assets or fund balances	683,334,960.	33	631,622,971.
	34	Total liabilities and net assets/fund balances	1,665,696,117.	34	1,466,981,065.

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI . . . . [X]

1	Total revenue (must equal Part VIII, column (A), line 12)	1	2,824,807,190.
2	Total expenses (must equal Part IX, column (A), line 25)	2	2,835,978,718.
3	Revenue less expenses. Subtract line 2 from line 1	3	-11,171,528.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	683,334,960.
5	Net unrealized gains (losses) on investments	5	1,750,471.
6	Donated services and use of facilities	6	0
7	Investment expenses	7	0
8	Prior period adjustments	8	0
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-42,290,932.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	631,622,971.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII . . . . [ ]

			Yes	No
1	Accounting method used to prepare the Form 990: [ ] Cash [X] Accrual [ ] Other ______ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		X
	If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: [ ] Separate basis [ ] Consolidated basis [ ] Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	2b	X	
	If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: [ ] Separate basis [X] Consolidated basis [ ] Both consolidated and separate basis			
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c	X	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a	X	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b	X	

Form **990** (2012)

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No. 1545-0047

2012

Open to Public Inspection

Name of the organization	Employer identification number
GROUP HEALTH COOPERATIVE	91-0511770

Part I **Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

1 [ ] A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 [ ] A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E.)

3 [X] A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 [ ] A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state: ____________

5 [ ] An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)

6 [ ] A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 [ ] An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)

8 [ ] A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)

9 [ ] 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 exempt 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).** (Complete Part III.)

10 [ ] An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**

11 [ ] An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h.

a [ ] Type I **b** [ ] Type II **c** [ ] Type III-Functionally integrated **d** [ ] Type III-Non-functionally integrated

e [ ] By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).

f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box . . . . [ ]

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

		Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?	11g(i)		
(ii) A family member of a person described in (i) above?	11g(ii)		
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	11g(iii)		

h Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document? Yes	No	(v) Did you notify the organization in col. (i) of your support? Yes	No	(vi) Is the organization in col. (i) organized in the U.S.? Yes	No	(vii) Amount of monetary support
(A)									
(B)									
(C)									
(D)									
(E)									
Total									

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)** (Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public support.** Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 **Total support.** Add lines 7 through 10						

12 Gross receipts from related activities, etc. (see instructions) . . . 12

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** . . . ▶ ☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f)) . . . 14 %

15 Public support percentage from 2011 Schedule A, Part II, line 14 . . . 15 %

16a **33 1/3 % support test - 2012.** If the organization did not check the box on line 13, and line 14 is 33 1/3 % or more, check this box and **stop here.** The organization qualifies as a publicly supported organization . . . ▶ ☐

b **33 1/3 % support test - 2011.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3 % or more, check this box and **stop here.** The organization qualifies as a publicly supported organization . . . ▶ ☐

17a **10%-facts-and-circumstances test - 2012.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . ▶ ☐

b **10%-facts-and-circumstances test - 2011.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . ▶ ☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions . . . ▶ ☐

Part III **Support Schedule for Organizations Described in Section 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support** (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 **Total support.** (Add lines 9, 10c, 11, and 12.)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ▶ ☐

Section C. Computation of Public Support Percentage

15	Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	%
16	Public support percentage from 2011 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2012** (line 10c, column (f) divided by line 13, column (f))	17	%
18	Investment income percentage from **2011** Schedule A, Part III, line 17	18	%

19a **33 1/3 % support tests - 2012.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3 %, and line 17 is not more than 33 1/3 %, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

b **33 1/3 % support tests - 2011.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3 %, and line 18 is not more than 33 1/3 %, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶ ☐

Part IV **Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Schedule B
(Form 990, 990-EZ, or 990-PF)
Department of the Treasury
Internal Revenue Service

Schedule of Contributors

► **Attach to Form 990, Form 990-EZ, or Form 990-PF.**

OMB No. 1545-0047

2012

Name of the organization
GROUP HEALTH COOPERATIVE

Employer identification number
91-0511770

Organization type (check one):

Filers of: **Section:**

Form 990 or 990-EZ
[X] 501(c)(3) (enter number) organization
[ ] 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
[ ] 527 political organization

Form 990-PF
[ ] 501(c)(3) exempt private foundation
[ ] 4947(a)(1) nonexempt charitable trust treated as a private foundation
[ ] 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule.**
Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

[ ] For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, $5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

Special Rules

[X] For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 1/3 % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of **(1)** $5,000 or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.

[ ] For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than $1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.

[ ] For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not total to more than $1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of $5,000 or more during the year . . . . ► $ _______________

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2 of its Form 990; or check the box on line H of its Form 990-EZ or on Part I, line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization GROUP HEALTH COOPERATIVE

Employer identification number 91-0511770

Part I **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1		$ 32,405,732.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
2		$ 2,219,572.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
3		$ 1,894,329.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
4		$ 1,774,421.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
5		$ 1,060,116.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
6		$ 1,053,579.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)

Name of organization GROUP HEALTH COOPERATIVE

Employer identification number 91-0511770

Part II **Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	
		$	
		$	
		$	
		$	
		$	

Name of organization GROUP HEALTH COOPERATIVE

Employer identification number 91-0511770

Part III ***Exclusively*** **religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations that total more than $1,000 for the year.** Complete columns **(a)** through **(e) and** the following line entry.

For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of **$1,000 or less** for the year. (Enter this information once. See instructions.) ► $

Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.

▶ See separate instructions.

OMB No. 1545-0047

2012

Open to Public Inspection

If the organization answered "Yes," to Form 990, Part IV, line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations: Complete Parts I-A and B. Do not complete Part I-C.
- Section 501(c) (other than section 501(c)(3)) organizations: Complete Parts I-A and C below. Do not complete Part I-B.
- Section 527 organizations: Complete Part I-A only.

If the organization answered "Yes," to Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)): Complete Part II-A. Do not complete Part II-B.
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)): Complete Part II-B. Do not complete Part II-A.

If the organization answered "Yes," to Form 990, Part IV, line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35c (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations: Complete Part III.

Name of organization	Employer identification number
GROUP HEALTH COOPERATIVE	91-0511770

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV.

2 Political expenditures . . . ▶ $ ____

3 Volunteer hours . . . ____

Part I-B Complete if the organization is exempt under section 501(c)(3).

1 Enter the amount of any excise tax incurred by the organization under section 4955 . . . ▶ $ ____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 . . ▶ $ ____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? . . . ☐ Yes ☐ No

4a Was a correction made? . . . ☐ Yes ☐ No

b If "Yes," describe in Part IV.

Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities . . . ▶ $ ____

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities . . . ▶ $ ____

3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b . . . ▶ $ ____

4 Did the filing organization file **Form 1120-POL** for this year? . . . ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds. If none, enter -0-.	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-.
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

Part II-A **Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).**

A Check ▶ ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures).

B Check ▶ ☐ if the filing organization checked box A and "limited control" provisions apply.

	Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	**(a)** Filing organization's totals	**(b)** Affiliated group totals
1 a	Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b	Total lobbying expenditures to influence a legislative body (direct lobbying)	935,937.	
c	Total lobbying expenditures (add lines 1a and 1b)	935,937.	
d	Other exempt purpose expenditures	2,835,042,781.	
e	Total exempt purpose expenditures (add lines 1c and 1d)	2,835,978,718.	
f	Lobbying nontaxable amount. Enter the amount from the following table in both columns.	1,000,000.	

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e.
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.
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.

		(a)	(b)
g	Grassroots nontaxable amount (enter 25% of line 1f)	250,000.	
h	Subtract line 1g from line 1a. If zero or less, enter -0-	0	0
i	Subtract line 1f from line 1c. If zero or less, enter -0-	0	0

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ Yes ☐ No

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 2a through 2f on page 4.)

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	**(a)** 2009	**(b)** 2010	**(c)** 2011	**(d)** 2012	**(e)** Total
2 a Lobbying nontaxable amount	1,000,000.	1,000,000.	1,000,000.	1,000,000.	4,000,000.
b Lobbying ceiling amount (150% of line 2a, column (e))					6,000,000.
c Total lobbying expenditures	823,518.	887,298.	811,312.	935,937.	3,458,065.
d Grassroots nontaxable amount	250,000.	250,000.	250,000.	250,000.	1,000,000.
e Grassroots ceiling amount (150% of line 2d, column (e))					1,500,000.
f Grassroots lobbying expenditures					

Part II-B **Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).**

For each "Yes," response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a) Yes	(a) No	(b) Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?			
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?			
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 similar means?			
i Other activities?			
j Total. Add lines 1c through 1i			
2 a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?			
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A **Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).**

			Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1		
2	Did the organization make only in-house lobbying expenditures of $2,000 or less?	2		
3	Did the organization agree to carry over lobbying and political expenditures from the prior year?	3		

Part III-B **Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No," OR (b) Part III-A, line 3, is answered "Yes."**

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) nondeductible lobbying and political expenditures **(do not include amounts of political expenses for which the section 527(f) tax was paid).**		
a	Current year	2a	
b	Carryover from last year	2b	
c	Total	2c	
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4	If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5	Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV **Supplemental Information**

Complete this part to provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; Part II-A (affiliated group list); Part II-A, line 2; and Part II-B, line 1. Also, complete this part for any additional information.

Part IV **Supplemental Information** *(continued)*

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047
2012
Open to Public Inspection

Name of the organization	Employer identification number
GROUP HEALTH COOPERATIVE	91-0511770

Part I **Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

Part II **Conservation Easements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).

- ☐ Preservation of land for public use (e.g., recreation or education)
- ☐ Protection of natural habitat
- ☐ Preservation of open space
- ☐ Preservation of an historically important land area
- ☐ Preservation of a certified historic structure

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

			Held at the End of the Tax Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ ________________

4 Number of states where property subject to conservation easement is located ▶ ________________

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ ________________

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ $ ________________

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III **Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.** Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $ ____________

(ii) Assets included in Form 990, Part X ▶ $ ____________

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenues included in Form 990, Part VIII, line 1 ▶ $ ____________

b Assets included in Form 990, Part X ▶ $

Part III **Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets** *(continued)*

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

a ☐ Public exhibition
b ☐ Scholarly research
c ☐ Preservation for future generations
d ☐ Loan or exchange programs
e ☐ Other ____

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? . . . . . . ☐ Yes ☐ No

Part IV **Escrow and Custodial Arrangements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? . . . . . . ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

		Amount
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	1f	

2a Did the organization include an amount on Form 990, Part X, line 21? . . . . . . ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII . . . . . . ☐

Part V **Endowment Funds.** Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

a Board designated or quasi-endowment ▶ _________ %

b Permanent endowment ▶ _________ %

c Temporarily restricted endowment ▶ _________ %

The percentages in lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

		Yes	No
(i) unrelated organizations	3a(i)		
(ii) related organizations	3a(ii)		
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI **Land, Buildings, and Equipment.** See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		23,585,914.		23,585,914.
b Buildings		616,054,889.	334,325,733.	281,729,156.
c Leasehold improvements				
d Equipment		470,532,605.	369,420,080.	101,112,525.
e Other		21,995,443.		21,995,443.
Total. Add lines 1a through 1e. *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				428,423,038.

Schedule D (Form 990) 2012

Part VII Investments - Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) GROUP HEALTH OPTIONS	119,614,491.	COST
(B) ONE HEALTH PORT	637,400.	COST
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 12.)* ▶	120,251,891.	

Part VIII Investments - Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 13.)* ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) INVESTMENT IN SUBSIDIARIES	39,588,827.
(2) 457(B) PLAN ASSETS	4,591,508.
(3) SELF INSURANCE	1,631,043.
(4) FUNDS HELD	14,834,336.
(5) DERIVATIVES	9,701,210.
(6) INTEREST RECEIVABLE	3,435,893.
(7) INVESTMENT IN LLC'S	3,610,301.
(8) OTHER ASSETS	563,735.
(9)	
(10)	
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 15.)* ▶	77,956,853.

Part X Other Liabilities. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) SELF INSURANCE	69,547,161.
(3) RETIREE MEDICAL	50,016,000.
(4) PENSION LIABILITY	214,634,583.
(5) DEFERRED COMPENSATION	5,425,783.
(6) LEASES	12,823,931.
(7) RENT DIFFERENTIAL	5,621,154.
(8) SECURITY CARE CLAIMS	2,472,038.
(9) OTHER LIABILITIES	377,248.
(10)	
(11)	
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 25.)* ▶	360,917,898.

2. FIN 48 (ASC 740) Footnote. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII . . . . ☐

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements			1	2822388865.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:				
a	Net unrealized gains on investments	2a	1,750,471.		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII.)	2d	-3,078,415.		
e	Add lines **2a** through **2d**			2e	-1,327,944.
3	Subtract line **2e** from line **1**			3	2823716809.
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	1,090,381.		
b	Other (Describe in Part XIII.)	4b			
c	Add lines **4a** and **4b**			4c	1,090,381.
5	Total revenue. Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 12.)*			5	2824807190.

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements			1	2834386701.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII.)	2d	-501,636.		
e	Add lines **2a** through **2d**			2e	-501,636.
3	Subtract line **2e** from line **1**			3	2834888337.
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	1,090,381.		
b	Other (Describe in Part XIII.)	4b			
c	Add lines **4a** and **4b**			4c	1,090,381.
5	Total expenses. Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 18.)*			5	2835978718.

Part XIII Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

SEE PAGE 5

Part XIII **Supplemental Information** *(continued)*

PART XI

LINE 2D

OTHER THAN TEMP. INVESTMENTS	($384,810)
BOOK PARTNERSHIP EARNINGS	($2,391,687)
LOSS ON SALE OF ASSETS	$2,355
DISSOLUTION TRANSFER - AUX	($304,274)

TOTAL	($3,078,416)

PART XII

LINE 2D

LOSS ON SALE OF ASSETS	$20,581
TAX PARTNERSHIP EARNINGS	($217,943)
DISSOLUTION TRANSFER - AUX	($304,274)

TOTAL	($501,636)

SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

2012

Open to Public Inspection

Name of the organization: GROUP HEALTH COOPERATIVE

Employer identification number: 91-0511770

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	X	
b	If "Yes," was it a written policy?	1b	X	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. ☐ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: ☐ 100% ☐ 150% ☒ 200% ☐ Other ______ %	3a	X	
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: ☐ 200% ☒ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other ______ %	3b	X	
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care.			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	X	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a		X
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a		X
b	If "Yes," did the organization make it available to the public?	6b		

Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)		838	1,064,297.		1,064,297.	.04
b Medicaid (from Worksheet 3, column a)		19322	60,457,517.	33,580,431.	26,877,086.	.95
c Costs of other means-tested government programs (from Worksheet 3, column b)		5788	16,642,123.	10,055,291.	6,586,832.	.23
d **Total** Financial Assistance and Means-Tested Government Programs		25948	78,163,937.	43,635,722.	34,528,215.	1.22
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	8	2326	823,861.		823,861.	.03
f Health professions education (from Worksheet 5)	12	358	9,532,542.		9,532,542.	.34
g Subsidized health services (from Worksheet 6)	8	2013	7,856,196.	2,680,415.	5,175,781.	.18
h Research (from Worksheet 7)	1		50,685,711.	919,371.	49,766,340.	1.76
i Cash and in-kind contributions for community benefit (from Worksheet 8)	2		25,394.		25,394.	
j **Total.** Other Benefits	31	4697	68,923,704.	3,599,786.	65,323,918.	2.31
k **Total.** Add lines 7d and 7j	31	30645	147,087,641.	47,235,508.	99,852,133.	3.53

Part II **Community Building Activities** Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support	1		419,600.		419,600.	.01
4 Environmental improvements	1		35,239.		35,239.	
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 Total	2		454,839.		454,839.	.01

Part III **Bad Debt, Medicare, & Collection Practices**

Section A. Bad Debt Expense

			Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?		1		X
2 Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount	2	11,168,287.		
3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.	3			
4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.				

Section B. Medicare

5 Enter total revenue received from Medicare (including DSH and IME)	5	799,535.
6 Enter Medicare allowable costs of care relating to payments on line 5	6	1,477,295.
7 Subtract line 6 from line 5. This is the surplus (or shortfall)	7	-677,760.

8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used:

☐ Cost accounting system ☒ Cost to charge ratio ☐ Other

Section C. Collection Practices

		Yes	No
9a Did the organization have a written debt collection policy during the tax year?	9a	X	
b If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	X	

Part IV **Management Companies and Joint Ventures** (owned 10% or more by officers, directors, trustees, key employees, and physicians-see instructions)

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size, from largest to smallest - see instructions)

How many hospital facilities did the organization operate during the tax year? 1

Name, address, and primary website address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)	Facility reporting group
1 CAPITOL HILL MAIN BUILDING 201 16TH AVE E SEATTLE WA 98112-5260 WWW.GHC.ORG/LOCATIONS/	X	X								
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										

Part V **Facility Information** *(continued)*

Section B. Facility Policies and Practices

(Complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or facility reporting group CAPITOL HILL BUILDING

For single facility filers only: line number of hospital facility (from Schedule H, Part V, Section A) 1

			Yes	No
	Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	1		
	If "Yes," indicate what the CHNA report describes (check all that apply):			
a	☐ A definition of the community served by the hospital facility			
b	☐ Demographics of the community			
c	☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☐ How data was obtained			
e	☐ The health needs of the community			
f	☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☐ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☐ The process for consulting with persons representing the community's interests			
i	☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA: 20 __ __			
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5	Did the hospital facility make its CHNA report widely available to the public?	5		
	If "Yes," indicate how the CHNA report was made widely available (check all that apply):			
a	☐ Hospital facility's website			
b	☐ Available upon request from the hospital facility			
c	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date):			
a	☐ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☐ Execution of the implementation strategy			
c	☐ Participation in the development of a community-wide plan			
d	☐ Participation in the execution of a community-wide plan			
e	☐ Inclusion of a community benefit section in operational plans			
f	☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☐ Prioritization of health needs in its community			
h	☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7		
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a		
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy CAPITOL HILL BUILDING

			Yes	No
	Did the hospital facility have in place during the tax year a written financial assistance policy that:			
9	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9	X	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	10	X	
	If "Yes," indicate the FPG family income limit for eligibility for free care: 200 %			
	If "No," explain in Part VI the criteria the hospital facility used.			
11	Used FPG to determine eligibility for providing *discounted* care?	11	X	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care: 250 %			
	If "No," explain in Part VI the criteria the hospital facility used.			
12	Explained the basis for calculating amounts charged to patients?	12	X	
	If "Yes," indicate the factors used in determining such amounts (check all that apply):			
a	[X] Income level			
b	[X] Asset level			
c	[ ] Medical indigency			
d	[X] Insurance status			
e	[ ] Uninsured discount			
f	[X] Medicaid/Medicare			
g	[X] State regulation			
h	[ ] Other (describe in Part VI)			
13	Explained the method for applying for financial assistance?	13	X	
14	Included measures to publicize the policy within the community served by the hospital facility?	14	X	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply):			
a	[X] The policy was posted on the hospital facility's website			
b	[X] The policy was attached to billing invoices			
c	[X] The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d	[ ] The policy was posted in the hospital facility's admissions offices			
e	[ ] The policy was provided, in writing, to patients on admission to the hospital facility			
f	[ ] The policy was available on request			
g	[ ] Other (describe in Part VI)			

Billing and Collections

			Yes	No
15	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	15	X	
16	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP:			
a	[ ] Reporting to credit agency			
b	[ ] Lawsuits			
c	[ ] Liens on residences			
d	[ ] Body attachments			
e	[ ] Other similar actions (describe in Part VI)			
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	17		X
	If "Yes," check all actions in which the hospital facility or a third party engaged:			
a	[ ] Reporting to credit agency			
b	[ ] Lawsuits			
c	[ ] Liens on residences			
d	[ ] Body attachments			
e	[ ] Other similar actions (describe in Part VI)			

Part V Facility Information *(continued)* CAPITOL HILL BUILDING

18 Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply):

- **a** [ ] Notified individuals of the financial assistance policy on admission
- **b** [ ] Notified individuals of the financial assistance policy prior to discharge
- **c** [X] Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- **d** [X] Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** [ ] Other (describe in Part VI)

Policy Relating to Emergency Medical Care

		Yes	No
19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	19	X	

If "No," indicate why:

- **a** [ ] The hospital facility did not provide care for any emergency medical conditions
- **b** [ ] The hospital facility's policy was not in writing
- **c** [ ] The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- **d** [ ] Other (describe in Part VI)

Changes to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

- **a** [ ] The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- **b** [ ] The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- **c** [ ] The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- **d** [X] Other (describe in Part VI)

		Yes	No
21 During the tax year, did the hospital facility charge any of its FAP- eligible individuals, to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	20		X
If "Yes," explain in Part VI.			
22 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual?	21		X

If "Yes," explain in Part VI.

Part V Facility Information *(continued)*

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year? 38

	Name and address		Type of Facility (describe)
1	CAPITOL HILL EAST BUILDING 1600 E JOHN ST SEATTLE	WA 98112-5260	MEDICAL CLINIC
2	CAPITOL HILL NORTH BUILDING 310 15TH AVE E SEATTLE	WA 98112-5260	MEDICAL CLINIC
3	CAPITOL HILL SOUTH BUILDING 125 16TH AVE E SEATTE	WA 98112-5260	MEDICAL CLINIC
4	CAPITOL HILL WEST BUILDING 201 16TH AVE E SEATTLE	WA 98112-5260	MEDICAL CLINIC
5	CAPITOL HILL ANNEX BUILDING 112 16TH AVE E SEATTLE	WA 98112-5260	MEDICAL CLINIC
6	BELLEVUE MEDICAL CENTER 11511 NE 10TH STREET BELLEVUE	WA 98004	MEDICAL CENTER
7	BREMERTON BEHAVIORAL HEALTH SERVICES 555 PACIFIC AVE, STE 202 BREMERTON	WA 98337	BEHAVIORAL HEALTH CLINIC
8	BREMERTON MEDICAL CENTER 2741 WHEATON WAY, SUITE A BREMERTON	WA 98310	MEDICAL CENTER
9	EVERETT MEDICAL CENTER 2930 MAPLE STREET EVERETT	WA 98201-4261	MEDICAL CENTER
10	COEUR D'ALENE MEDICAL CENTER 1090 W PARK PLACE COEUR D'ALENE	ID 83814-2664	MEDICAL CENTER

Part V Facility Information *(continued)*

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year? ______

	Name and address		Type of Facility (describe)
1	DOWNTOWN SEATTLE MEDICAL CENTER		MEDICAL CENTER
	1420 5TH AVE, STE 375		
	SEATTLE	WA 98101	
2	FACTORIA MEDICAL CENTER		MEDICAL CENTER
	13451 SE 36TH STREET		
	BELLEVUE	WA 98006-1454	
3	KENT MEDICAL CENTER		MEDICAL CENTER
	26004 104TH AVE SE		
	KENT	WA 98031	
4	LIDGERWOOD MEDICAL CENTER		MEDICAL CENTER
	6002 N LIDGERWOOD		
	SPOKANE	WA 99208	
5	LYNNWOOD MEDICAL CENTER		MEDICAL CENTER
	20200 54TH AVENUE W		
	LYNNWOOD	WA 98036-6389	
6	NORTHGATE MEDICAL CENTER		MEDICAL CENTER
	9800 4TH AVENUE NE		
	SEATTLE	WA 98115-2158	
7	NORTHGATE SOUTH BUILDING		MEDICAL CLINIC
	9720 4TH AVENUE NE		
	SEATTLE	WA 98115	
8	NORTHSHORE MEDICAL CENTER		MEDICAL CENTER
	11913 NE 195TH STREET		
	BOTHELL	WA 98011-3147	
9	OLYMPIA MEDICAL CENTER		MEDICAL CENTER
	700 LILLY ROAD NE		
	OLYMPIA	WA 98506-5196	
10	PORT ORCHARD MEDICAL CENTER		MEDICAL CENTER
	1400 POTTERY AVENUE		
	PORT ORCHARD	WA 98366-3768	

Part V Facility Information *(continued)*

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year? ______

	Name and address		Type of Facility (describe)
1	POULSBO MEDICAL CENTER		MEDICAL CENTER
	19379 7TH AVENUE NE		
	POULSBO	WA 98370	
2	PUYALLUP MEDICAL CENTER		MEDICAL CENTER
	611 31ST AVE SW		
	PUYALLUP	WA 98374	
3	RAINIER MEDICAL CENTER		MEDICAL CENTER
	5316 RAINIER AVE S		
	SEATTLE	WA 98118-2398	
4	REDMOND MEDICAL CENTER		MEDICAL CENTER
	15809 BEAR CREEK PARKWAY, SUITE #100		
	REDMOND	WA 98052-4370	
5	RENTON MEDICAL CENTER		MEDICAL CENTER
	275 BRONSON WAY NE		
	RENTON	WA 98056-4099	
6	BURIEN MEDICAL CENTER		MEDICAL CENTER
	140 SW 146TH STREET		
	BURIEN	WA 98166-1997	
7	RIVERFRONT MEDICAL CENTER		MEDICAL CENTER
	322 W NORTH RIVER DRIVE		
	SPOKANE	WA 99201	
8	SILVERDALE MEDICAL CENTER		MEDICAL CENTER
	10452 SILVERDALE WAY NW		
	SILVERDALE	WA 98383	
9	SOUTH HILL MEDICAL CENTER		MEDICAL CENTER
	4102 S REGAL STREET, SUITE 101		
	SPOKANE	WA 99223-4733	
10	SILVERDALE EYE CARE SERVICES		MEDICAL CLINIC
	10516 SILVERDALE WAY NW, SUITE 104		
	SILVERDALE	WA 98383-8745	

Part V Facility Information *(continued)*

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year? ____________

	Name and address	Type of Facility (describe)
1	TACOMA HEAR CENTER/AUDIOIGLY & EYE CARE 5821 S SPRAGUE COURT TACOMA WA 98409	MEDICAL CLINIC
2	ST JOSEPH 1708 S YAKIMA AVENUE TACOMA WA 98405	MEDICAL CLINIC
3	TACOMA MEDICAL CENTER 209 MARTIN LUTHER KING JR WAY TACOMA WA 98405-4267	MEDICAL CENTER
4	TACOMA SOUTH MEDICAL CENTER 9505 S STEELE ST TACOMA WA 98444-6858	MEDICAL CENTER
5	VERADALE MEDICAL CENTER 14402 E SPRAGUE AVENUE SPOKANE VALLEY WA 99216-2167	MEDICAL CENTER
6	METROPOLITAN PARK EAST RESEARCH FACILITY 1730 MINOR AVENUE SEATTLE WA 98101	RESEARCH FACILITY
7	TACOMA BEHAVIORAL HEALTH SERVICES 4301 S PINE STREET TACOMA WA 98409-7206	MEDICAL CLINIC
8	FEDERAL WAY MEDICAL CENTER 301 SOUTH 320TH STREET FEDERAL WAY WA 98003-5296	MEDICAL CENTER
9		
10		

Schedule H (Form 990) 2012

Part VI Supplemental Information

Complete this part to provide the following information.

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.

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8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22.

PART I, LINE 3(C) CHARITY CARE ELIGIBILITY CRITERIA

GROUP HEALTH PROVIDES FREE CARE TO LOW INCOME INDIVIDUALS AT 200% OF FEDERAL POVERTY GUIDELINES BUT DOES NOT OFFER DISCOUNTED CARE.

PART I, LINE 7(F) PERCENT OF TOTAL EXPENSE

BAD DEBT EXPENSE IS INCLUDED ON FORM 990, PART IX LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE FOR PART I, LINE 7, COLUMN (F).

PART I, LINE 7 PERCENT OF TOTAL EXPENSE

COST-TO CHARGE RATIO DERIVED FROM WORKSHEET 2, RATIO OF PATIENT CARE COST-TO CHARGES, WAS USED TO REPORT THE FOLLOWING COMMUNITY BENEFIT EXPENSES:

CHARITY CARE AT COST UNREIMBURSED COSTS-OTHER-MEANS TESTED GOVERNMENT PROGRAMS (HEALTHCARE ASSISTANCE)

GROUP HEALTH UTILIZED THE STATUTORY LINE OF BUSINESS REPORT AND OTHER

Part VI Supplemental Information

Complete this part to provide the following information.

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

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INTERNAL REPORTS, THAT PROVIDE DETAILED REVENUE AND EXPENSE BY LINE OF BUSINESS USING THE INCOME STATEMENT AND COST MANAGEMENT DATA (CMD) EXPENSE AND UTILIZATION INFORMATION. ON A MONTHLY BASIS, ALL GAAP GENERAL LEDGER EXPENSES ARE LOADED INTO THE CMD COSTING SYSTEM AT THE ACCOUNTING UNIT (AU) AND ACCOUNT LEVEL ALONG WITH PATIENT UTILIZATION INFORMATION FROM VARIOUS UTILIZATION SYSTEMS. EACH AU IS CATEGORIZED WITHIN CMD AS ONE OF THREE TYPES OF EXPENSES: 1) DELIVERY SYSTEM REPRESENTING MEDICAL SERVICES PROVIDED TO CONSUMERS; 2) HEALTH PLAN REPRESENTING INSURANCE SERVICES; OR 3) OVERHEAD REPRESENTING ADMINISTRATIVE SUPPORT SERVICES TO BOTH DELIVERY SYSTEM AND HEALTH PLAN. OVERHEAD IS ALLOCATED TO EITHER DELIVERY SYSTEM OR HEALTH PLAN USING A STEP DOWN PROCESS BASED ON RELEVANT STATISTICS SUCH AS NUMBER OF FTES, LABOR COST, SQUARE FEET, ETC. THE OVERHEAD ALLOCATION PERCENTAGE BETWEEN DELIVERY SYSTEM AND HEALTH PLAN ARE DETERMINED AND MAINTAINED BY THE CMD COSTING AND COSTING METHODOLOGY REVIEW TEAM.

Part VI Supplemental Information

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1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

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PART II, COMMUNITY BUILDING

GROUP HEALTH LEADERS WITH THE SUPPORT OF THE ORGANIZATION CONTINUE TO SERVE ON A NUMBER OF COALITIONS, COLLABORATIVES AND BOARDS TO IMPROVE THE HEALTH OF COMMUNITIES WE SERVE. THESE INCLUDE THE PUGET SOUND HEALTH ALLIANCE, THE KING COUNTY COMMUNITY HEALTH NEEDS ASSESSMENT COLLABORATIVE, THE COMMUNITY TRANSFORMATION GRANTS STEERING COMMITTEES AND THEIR TEAMS, YOUTH CARE, YMCA, ALLIANCE FOR EDUCATION AND THE WASHINGTON CHILDREN'S ALLIANCE TO NAME A FEW. GROUP HEALTH JOINED A COALITION TO PUBLICIZE AND VACCINATE THE PUBLIC DURING THE PERTUSSIS OUTBREAK IN WASHINGTON IN 2012. GROUP HEALTH HOSTED TWO CONTINUING MEDICAL EDUCATION CONFERENCES IN 2012 ON THE SUBJECTS OF HEREDITARY BREAST AND OVARIAN CANCER AND CHRONIC OPIOID THERAPY TO NON-GROUP HEALTH COMMUNITY HEALTH LEADERS FOR FREE OR REDUCED COST.

PART III, LINE 2, BAD DEBT EXPENSE METHODOLOGY

BAD DEBT IS RECORDED WHEN A PATIENT WHO IS DETERMINED TO HAVE THE FINANCIAL CAPACITY TO PAY FOR SERVICES IS UNWILLING TO SETTLE THE BILL.

Part VI Supplemental Information

Complete this part to provide the following information.

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

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BAD DEBT ASSIGNMENTS INCLUDE

STANDARD:

-PATIENTS/GUARANTORS WHO DO NOT PAY FOR LEGITIMATE SERVICES AFTER 3 STATEMENTS

EXCEPTIONS TO STANDARD:

-PATIENTS/GUARANTORS WHOSE MAIL IS RETURNED TO GROUP HEALTH AND WHO CANNOT BE CONTACTED

-PATIENTS/GUARANTORS WHO DECLARE BANKRUPTCY

-DECEASED PATIENTS/GUARANTORS

-PATIENTS/GUARANTORS WHO FAIL TO MEET THE REQUIREMENTS OF A NEGOTIATED PAYMENT ARRANGEMENT

THE FOLLOWING IS THE BAD DEBT POLICY:

-IF NO PAYMENT IS RECEIVED AFTER THE THIRD STATEMENT, AND THE BALANCE IS AT LEAST 15 DAYS AFTER THE 3RD CYCLE BILL DATE AND NOT MORE THAN 90 DAYS

Part VI Supplemental Information

Complete this part to provide the following information.

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

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FROM THE FIRST STATEMENT DATE, STANDARD BALANCES ARE SYSTEMATICALLY REFERRED TO THE COLLECTION EXTERNAL AGENCY AND WRITTEN OFF TO BAD DEBT EXPENSE.

-EXCEPTIONS TO STANDARD BAD DEBT ACCOUNTS, INCLUDING RETURNED MAIL, LAPSED PAYMENT ARRANGEMENTS, DECEASED PATIENTS AND BANKRUPTCIES ARE MANUALLY ASSIGNED TO BAD DEBT EXPENSE AND FORWARDED TO THE COLLECTION AGENCY.

-COLLECTION AGENCY IS INSTRUCTED TO NOT REPORT ACCOUNTS TO THE CREDIT BUREAUS UNTIL AFTER THE FIRST 3 MONTHS OF COLLECTION ACTIVITY.

-JUSTIFICATION FOR MANUALLY ASSIGNED (NON STANDARD) BAD DEBT WRITE-OFFS IS RECORDED IN THE PATIENT'S ELECTRONIC BILLING RECORD.

-STAFF MEMBERS ARE AUTHORIZED TO REVERSE THE DECISION TO REFER AN ACCOUNT TO A COLLECTION AGENCY WHEN A MISTAKE IS DISCOVERED THAT CAUSED THE ASSIGNMENT TO BE MADE IN ERROR OR WHEN NEW INFORMATION ABOUT INSURANCE COVERAGE IS RECEIVED.

-AFTER BAD DEBT ASSIGNMENT, SPONSORED CARE IS OFFERED BY AGENCY IF PATIENT CONTACTS THEM AND STATES THEY CANNOT PAY.

Part VI Supplemental Information

Complete this part to provide the following information.

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

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PART III, LINE 4, BAD DEBT EXPENSE

BAD DEBT EXPENSE IS DESCRIBED IN THE AUDITED FINANCIAL STATEMENT FOOTNOTES ON PAGE 9 UNDER SECTION (F) ACCOUNTS RECEIVABLE AND (G) PROVISION FOR UNCOLLECTIBLE ACCOUNTS AND RETROACTIVITY.

PART III, LINE 8, MEDICARE SHORTFALL

GROUP HEALTH FILES A LOW VOLUME MEDICARE COST REPORT WHICH INCLUDES ONLY STATISTICAL USAGE INFORMATION. THE LOW VOLUME REPORT DOES NOT INCLUDE THE PAYMENT FROM CMS OR COST INFORMATION FOUND IN FULL COST REPORTS. GROUP HEALTH USES INTERNAL MEDICARE CHARGE AND REVENUE INFORMATION TO COMPUTE A COST TO CHARGE RATIO FOR ITS CENTRAL HOSPITAL MEDICARE COSTS. GROUP HEALTH DOES NOT INCLUDE ANY MEDICARE SHORTFALL AS COMMUNITY BENEFIT.

PART III, LINE 9, COLLECTION POLICY

BAD DEBT EXPENSE IS RECOGNIZED WHEN A PATIENT WHO IS DETERMINED TO HAVE THE FINANCIAL CAPACITY TO PAY FOR SERVICES IS UNWILLING TO SETTLE THE BILL. STANDARD PRACTICE IS TO REFER ACCOUNTS FOR COLLECTION AFTER THREE

Part VI Supplemental Information

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30 DAY BILLING CYCLES HAVE PASSED WITHOUT PAYMENT. EACH BILLING STATEMENT INCLUDES INFORMATION ON HOW PATIENTS CAN CONTACT GROUP HEALTH'S SPONSORED CARE DEPARTMENT TO INQUIRE ABOUT PAYMENT ASSISTANCE. AT ANY POINT IN THE BILLING PROCESS WHEN THE PATIENT INFORMS GROUP HEALTH THEY ARE UNABLE TO PAY, THEY ARE SCREENED FOR LIKELY ELIGIBILITY FOR FINANCIAL ASSISTANCE AND SENT A FINANCIAL ASSISTANCE APPLICATION, WHICH COLLECTS INCOME AND OTHER FINANCIAL INFORMATION. IF A PATIENT IS ELIGIBLE FOR FREE OR DISCOUNTED CARE, THE CHARGES ARE WRITTEN OFF AS ADJUSTMENTS TO REVENUE AND NOT RECOGNIZED AS BAD DEBT. THE COLLECTIONS PROCESS IS TERMINATED.

PART V, LINE 20D

GROUP HEALTH BILLING IS BASED ON USUAL, CUSTOMARY AND REASONABLE (UCR) CHARGES FOR THE GEOGRAPHIC AREA, WITH CONSIDERATION OF ACTUAL AVERAGE COSTS OF CARE PROVIDED BY GROUP HEALTH TO ALL PATIENTS. MAXIMUM CHARGES FOR FAP-ELIGIBLE INDIVIDUALS ARE NO MORE THAN THE AMOUNTS GENERALLY BILLED TO INSURED PATIENTS FOR EMERGENCY OR MEDICALLY NECESSARY CARE. FURTHER, CHARGES TO ELIGIBLE INDIVIDUALS FOR ANY OTHER CARE ARE LESS THAN

Part VI **Supplemental Information**

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THE GROSS CHARGES FOR THAT CARE.

PART VI, LINE 2, NEEDS ASSESSMENT

WORK HAS BEGUN TO ASSESS THE HEALTH CARE NEEDS OF THE COMMUNITIES WE SERVE. GROUP HEALTH HAS STARTED CONVERSTIONS AND INTERVIEWS WITH BOTH INTERNAL AND EXTERNAL INDIVIDUALS REPRESENTING PUBLIC HEALTH, CITY GOVERNMENT, THE HEALTHCARE SAFETY NET, CULTURAL COMMUNITIES, SCHOOLS AND HEALTH ADVOCACY IN KING COUNTY.

GROUP HEALTH PARTICIPATES IN POLICY AND ADVOCACY EFFORTS TO ENSURE GREATER ACCESS TO APPROPRIATE, TIMELY AND COMPREHENSIVE COVERAGE AND CARE FOR LOW-INCOME POPULATIONS. THIS INCLUDES ASSURING THAT THE GROUP HEALTH CARE DELIVERY SYSTEM IS INCLUDED WITH OTHER SAFETY NET AND COMMUNITY PROVIDERS IN BOTH MEDICAID AND BASIC HEALTH PROGRAMS, A STATE DEVELOPED COVERAGE PROGRAM OFFERING SUBSIDIZED PREMIUMS FOR LOW-INCOME ADULTS AND FAMILIES.

Part VI Supplemental Information

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IN ADDITION TO SPREADING A PROVEN DELIVERY SYSTEM PHILOSOPHY, GROUP HEALTH HAS PARTICIPATED IN THE IDENTIFICATION AND FULFILLMENT OF PUBLIC-DOMAIN RESEARCH RELATED TO PREVENTION, DIAGNOSIS AND TREATMENT OF MAJOR HEALTH PROBLEMS. LASTLY, GROUP HEALTH CONTINUES TO TRAIN NECESSARY AND CRITICALLY-IMPORTANT HEALTH PROFESSIONALS FOR MORE THAN 40 DIFFERENT MEDICAL AND ANCILLARY HEALTH PROFESSIONS, ESPECIALLY IN HIGH-DEMAND SHORTAGE PROFESSIONS SUCH AS PRIMARY CARE AND AMBULATORY NURSING.

PART VI, LINE 3, PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE

GROUP HEALTH HAS TWO FINANCIAL ASSISTANCE PROGRAMS WHICH ARE ADMINISTERED AS THE SPONSORED CARE PROGRAM. THE CHARITY CARE PROGRAM IS FOR PATIENTS SEEKING HOSPITAL SERVICES WHO HAVE INCOMES AT OR BELOW 200% OF THE FEDERAL POVERTY LEVEL (FPL). THE HEALTH CARE ASSISTANCE PROGRAM IS FOR ENROLLEES SEEKING ANY MEDICAL CARE OR SERVICE AT A GROUP HEALTH FACILITY AND WHO ARE AT OR BELOW 250% FPL.

GROUP HEALTH INFORMS PATIENTS ABOUT SPONSORED CARE AS FOLLOWS:

1. GROUP HEALTH DISPLAYS POSTERS AT THE MAIN ENTRANCES OF GROUP HEALTH

Part VI Supplemental Information

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HOSPITAL, AND AT THE HOSPITAL'S URGENT CARE CENTER AND AT ITS LABOR/DELIVERY UNIT. EACH POSTER REPEATS THE FOLLOWING MESSAGE IN SEVEN DIFFERENT LANGUAGES:

"YOU MAY BE ELIGIBLE FOR FREE HOSPITAL CARE. GROUP HEALTH COOPERATIVE PROVIDES FREE HOSPITAL CARE TO LOW-INCOME PATIENTS AS "CHARITY CARE". YOU MUST MEET CERTAIN INCOME STANDARDS TO QUALIFY. IF YOU THINK YOU MAY QUALIFY, PLEASE ASK ABOUT CHARITY CARE AT THE REGISTRATION DESK."

DESK CARDS AT THE RECEPTION AND REGISTRATION AREAS IN THE HOSPITAL REPEAT THE MESSAGE (IN ENGLISH) AND INCLUDE THE FINANCIAL GUIDELINES.

2. GROUP HEALTH HOSPITAL URGENT CARE STAFF PROVIDES FINANCIAL INFORMATION AND ATTESTATION FORMS TO PATIENTS SEEKING CHARITY CARE AT THE TIME OF REGISTRATION FOR SERVICES.

3. AS PART OF THEIR STANDARD OPERATING PROCEDURES, CLINICAL, CUSTOMER SERVICE AND PATIENT BILLING STAFF THROUGHOUT GROUP HEALTH ARE ABLE TO PROVIDE INFORMATION ABOUT AND ASSISTANCE WITH PATIENT QUALIFICATION FOR SPONSORED CARE PROGRAMS AT THE TIME OF SERVICE OR VIA TELEPHONE.

4. ADMINISTRATIVE AND BILLING OFFICE STAFF AT ALL 25 GROUP HEALTH MEDICAL

Part VI Supplemental Information

Complete this part to provide the following information.

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CENTERS PROVIDE PATIENTS WITH SPONSORED CARE APPLICATIONS UPON REQUEST AT THE TIME OF SERVICE.

5. THERE IS A STANDARD NOTICE ON ALL GROUP HEALTH BILLS FOR PATIENT CARE WHICH STATES THAT THE PATIENT MAY BE ELIGIBLE FOR FINANCIAL ASSISTANCE AND PROVIDES CONTACT INFORMATION FOR ASSISTANCE.

PART VI, LINE 4, COMMUNITY INFORMATION

GROUP HEALTH'S PRIMARY EXEMPT PURPOSE IS TO PROVIDE COMPREHENSIVE, PREVENTION-ORIENTED HEALTH CARE SERVICES. BENEFICIARIES OF THIS PURPOSE ARE GROUP HEALTH ENROLLEES AND NON-ENROLLED PATIENTS. GROUP HEALTH ALSO PROVIDES HEALTH IMPROVEMENT-RELATED EDUCATION AND INFORMATION, FINANCIAL AND OTHER SUPPORT TO COMMUNITY-BASED ORGANIZATIONS, WITH A FOCUS ON PREVENTION AND WELLNESS, AND CONDUCTS RESEARCH ACTIVITIES THAT BENEFIT THE BROADER COMMUNITY.

TO FULFILL ITS PURPOSE, GROUP HEALTH PROVIDES OUTPATIENT PRIMARY AND SPECIALTY CARE AS WELL AS SOME INPATIENT ACUTE AND SUB-ACUTE CARE THROUGH

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THE SERVICES OF SALARIED PHYSICIANS, NURSES, AND OTHER HEALTH CARE PROVIDERS. THE SALARIED PHYSICIANS ARE EMPLOYED BY GROUP HEALTH PERMANENTE, P.C., AN ORGANIZATION WITH WHOM GROUP HEALTH HAS AN EXCLUSIVE CONTRACT. AS OF YEAR-END 2012, GROUP HEALTH OPERATED ONE HOSPITAL, 25 PRIMARY CARE MEDICAL CENTERS, SIX SPECIALTY CARE UNITS AND SEVEN BEHAVIORAL HEALTH CLINICS. GROUP HEALTH ALSO CONTRACTS WITH COMMUNITY HEALTH CARE PROVIDERS FOR SERVICES WHERE GROUP HEALTH DOES NOT OPERATE ITS OWN FACILITIES AND FOR MEDICAL SERVICES NOT PROVIDED AT GROUP HEALTH FACILITIES.

GROUP HEALTH'S SERVICE AREAS INCLUDE ALL, OR PARTS OF, 20 COUNTIES IN WASHINGTON AND 2 COUNTIES IN IDAHO. IN THE LAST DECADE, THE MINORITY POPULATION IN WASHINGTON AS A WHOLE GREW FROM 20.6% OF THE STATE POPULATION TO 25.2%. ELEVEN COUNTIES HAVE MINORITY POPULATIONS ABOVE THE STATE AVERAGE. FOR THE COUNTIES IN GROUP HEALTH'S SERVICE AREA, FRANKLIN (51.2%), YAKIMA (45.0%), KING (8.9%), PIERCE (9.2%) AND WALLA WALLA (19.7%) COUNTIES CONSISTENTLY HAVE THE HIGHEST PERCENT OF HISPANIC

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POPULATIONS. FRANKLIN COUNTY AND YAKIMA COUNTY HAVE THE LARGEST SHARES OF NON-WHITE RACIAL GROUPS. CURRENT DATA INDICATES 49.5% OF WASHINGTON'S BLACK POPULATION RESIDES IN KING COUNTY AND 22.5% IN PIERCE COUNTY. WITH RESPECT TO THE ASIAN AND PACIFIC ISLANDER POPULATION, 58.6% RESIDE IN KING COUNTY, WITH 9.8% IN PIERCE COUNTY, AND 13.1% IN SNOHOMISH COUNTY. YAKIMA COUNTY'S RANKING AS HOME TO THE SECOND LARGEST CONCENTRATION OF THE AMERICAN INDIAN AND ALASKA NATIVE POPULATION IN 2000 WAS OVERTAKEN BY PIERCE COUNTY IN 2008. GROUP HEALTH SERVES ALL OF THESE COMMUNITIES. THE ETHNIC AND RACIAL MAKEUP OF OUR MEMBERS ARE AS FOLLOWS: CAUCASIAN (80%), AFRICAN AMERICAN/BLACK (3%), ASIAN/PACIFIC ISLANDER (8%), HISPANIC (5%) ALASKA NATIVE/AMERICAN INDIAN (1%) AND OTHER (3%).

IN 2012, GROUP HEALTH AND ITS WHOLLY-OWNED SUBSIDIARIES, GROUP HEALTH OPTIONS, INC. AND KPS HEALTH PLANS, PROVIDED HEALTH CARE COVERAGE AND SERVICES TO APPROXIMATELY 644,000 INDIVIDUALS. GROUP HEALTH WAS ABLE TO REACH THESE INDIVIDUALS VIA INDIVIDUAL AND FAMILY, COMMERCIAL GROUP, MEDICARE, MEDICAID, AND STATE-SUBSIDIZED LOW-INCOME ("BASIC HEALTH")

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ENROLLEES IN WASHINGTON AND NORTH IDAHO. MOST MEDICARE AND MEDICAID PATIENTS RECEIVE SUCH SERVICES UNDER CAPITATION CONTRACTS BETWEEN GROUP HEALTH AND STATE AND FEDERAL GOVERNMENT AGENCIES, AND OTHERS RECEIVE CARE ON A FEE-FOR-SERVICE BASIS.

GROUP HEALTH EXTENDS ITS HEALTH CARE SERVICES TO THE COMMUNITY, PROVIDING CARE TO PEOPLE IN NEED REGARDLESS OF THEIR ENROLLMENT STATUS OR ABILITY TO PAY. SPECIAL ATTENTION IS DEVOTED TO UNDERSERVED, AT-RISK POPULATIONS. SPECIFICALLY RELATED TO LOW-INCOME ENROLLEES, IN 2012, GROUP HEALTH PROVIDED COVERAGE TO HEALTHY OPTIONS (WASHINGTON STATE MANAGED MEDICAID) ENROLLEES IN 6 COUNTIES AROUND THE STATE AS WELL AS PROVIDING CARE TO MEDICAID FEE-FOR-SERVICE PATIENTS WHO WERE UNABLE TO ACCESS GROUP HEALTH THROUGH THE MANAGED MEDICAID PROGRAM. GROUP HEALTH'S 2012 MEDICAID ENROLLMENT AVERAGED 18,000. IN ADDITION, IN 2012, GROUP HEALTH SERVICED APPROXIMATELY 7,500 BASIC HEALTH MEMBERS, LARGELY LOW-INCOME ADULTS IN 5 COUNTIES ACROSS THE STATE.

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GROUP HEALTH HELD A HEALTHY OPTIONS AND A BASIC HEALTH CONTRACT BUT ONLY FOR THE FIRST 6 MONTHS OF 2012. DURING THE LAST 6 MONTHS OF 2012, WASHINGTON STATE CHANGED AND NARROWED ITS CONTRACTING PRACTICE FOR THESE PROGRAMS, AND GROUP HEALTH DISCONTINUED ITS RELATIONSHIP WITH THE STATE OF WASHINGTON AS A HEALTH PLAN IN THESE TWO LINES OF BUSINESS. INSTEAD, GROUP HEALTH'S DELIVERY SYSTEM SERVED PATIENTS AS A CONTRACTOR FOR SERVICES THROUGH MOLINA HEALTHCARE OF WASHINGTON. FOR THE LAST 6 MONTHS OF 2012, AN AVERAGE OF 13,000 HEALTHY OPTIONS AND 5,000 BASIC HEALTH PATIENTS RECEIVED CARE THROUGH GROUP HEALTH PRIMARY CARE AND SPECIALTY CARE PROVIDERS VIA THIS CONTRACT.

IN ADDITION, GROUP HEALTH'S FAMILY BEGINNINGS UNIT (FBU) IN SEATTLE PROVIDES LABOR AND DELIVERY AND NEONATAL INTENSIVE CARE UNIT SERVICES TO MEDICAID PATIENTS, WITH GROUP HEALTH PHYSICIANS AND NURSE MIDWIVES DELIVERING NEWBORNS. CONTRACTS WITH SEVERAL COMMUNITY HEALTH CLINICS AND FEDERALLY QUALIFIED HEALTH CENTERS ALLOW COMMUNITY PROVIDERS TO DELIVER THE PATIENTS OF THESE COMMUNITY CLINICS AT THE FBU, WITH BACK-UP AND

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SUPPORT PROVIDED BY GROUP HEALTH OB-GYN PHYSICIANS. IN 2012, OVER 1,700 PATIENTS WERE TREATED IN OUR BIRTHING FACILITY, ONE OF THE FEW IN SEATTLE THAT ALLOWS CERTIFIED NURSE MIDWIFE BIRTHING FOR ALL PATIENTS. FINALLY, THE GROUP HEALTH TEEN PREGNANCY AND PARENTING CLINIC PROVIDES COMPREHENSIVE WOMEN, INFANTS AND CHILDREN AND OTHER HEALTH CARE SERVICES TO BOTH GROUP HEALTH AND NON-GROUP HEALTH LOW-INCOME TEENAGERS AND YOUNG ADULTS. IN 2012, THE TOTAL NUMBER OF PATIENTS TREATED WAS 3,366.

PART VI, LINE 5, PROMOTION OF COMMUNITY HEALTH

GROUP HEALTH CONDUCTS PRACTICAL, PUBLIC DOMAIN RESEARCH TO IMPROVE HEALTH CARE THROUGHOUT THE COMMUNITY AND NATION THROUGH THE GROUP HEALTH RESEARCH INSTITUTE (GHRI). SINCE GHRI'S INCEPTION IN 1983, GHRI INVESTIGATORS HAVE PUBLISHED MORE THAN 3,700 SCIENTIFIC PAPERS AND HAVE MADE MAJOR CONTRIBUTIONS TO EFFECTIVE CARE OF CHRONIC CONDITIONS SUCH AS DIABETES, BACK PAIN, CARDIOVASCULAR DISEASE, AND DEPRESSION. GHRI RESEARCHERS DEVELOP AND STUDY WAYS TO HELP PEOPLE MAKE INFORMED MEDICAL DECISIONS, QUIT SMOKING, AND FIGHT OBESITY. OTHER RESEARCH IS IMPROVING

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THE SAFETY AND EFFICACY OF MEDICATIONS, IMMUNIZATIONS, MEDICAL IMAGING, AND CANCER SCREENING. GHRI IS A GLOBALLY RECOGNIZED LEADER IN PREVENTIVE MEDICINE, HEALTHY AGING, WOMEN'S HEALTH, AND CANCER CONTROL, ALL USING CUTTING-EDGE DATA ANALYSIS AND HEALTH INFORMATION TECHNOLOGY. GHRI INVESTIGATORS ARE HELPING DEVELOP AND EVALUATE GROUP HEALTH'S ADVANCED PRIMARY CARE MEDICAL HOME MODEL, WHICH IMPROVES PATIENT EXPERIENCES WHILE DIRECTLY ADDRESSING THE NEED FOR EVIDENCE ON HOW HEALTH SYSTEMS CAN CONTAIN UNSUSTAINABLE COSTS WHILE PROVIDING HIGH-QUALITY CARE. GHRI'S PATIENT-CENTERED, COMPARATIVE EFFECTIVENESS RESEARCH ALIGNS WITH NATIONAL CHANGES BROUGHT ABOUT BY HEALTH REFORM AS WELL AS THE CARE NEEDS OF ITS COMMUNITY. IN ADDITION, GHRI'S CENTER FOR COMMUNITY HEALTH AND EVALUATION LEADS EVALUATIONS OF HEALTH-RELATED PROGRAMS AND INITIATIVES NATIONALLY, CONTRIBUTING TO IMPROVEMENTS IN HEALTH OUTCOMES FOR THE MYRIAD OF COMMUNITIES IT SERVES.

GROUP HEALTH ENGAGES IN A VARIETY OF HEALTH PROMOTION ACTIVITIES. GROUP HEALTH PHYSICIAN AND STAFF VOLUNTEERS PROVIDED NO-COST MEDICAL SUPPORT AT

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MEDICAL TENTS SET UP AT THE SITES OF SEVERAL ACTIVITIES AND EVENTS WITH WIDE PUBLIC PARTICIPATION. THIS SUPPORT RANGED FROM BASIC FIRST AID TO ADVANCED MEDICAL SUPPORT AND STABILIZATION FOR PARTICIPANTS NEEDING TO BE TRANSFERRED TO A HIGHER LEVEL OF CARE. GROUP HEALTH ALSO ACTIVELY PROMOTES HEALTHY LIFESTYLES BY SPONSORING ACTIVITIES HOSTED BY ORGANIZATIONS SUCH AS THE CASCADE BICYCLE CLUB AND THE YOUTH PROGRAMS OF THE YMCA DESIGNED TO HELP AT-RISK YOUTH AND LOW INCOME COMMUNITIES STAY SAFE AND HEALTHY AND ACCESS RESOURCES TO IMPROVE THEIR HEALTH.

GROUP HEALTH, IN PARTNERSHIP WITH SEVERAL STATE AND FEDERAL AGENCIES, PILOTED AND CONTINUES TO EXPAND AN INNOVATIVE PATIENT MEDICATION DISPOSAL PROGRAM WHICH ALLOWS PATIENTS WITH DISCONTINUED OR EXPIRED MEDICATIONS TO DISPOSE OF THEM IN A SAFE AND ENVIRONMENTALLY SOUND MANNER. THIS SYSTEM INVOLVES SECURE, CONVENIENT DROP BOXES LOCATED IN 25 GROUP HEALTH PHARMACIES ACROSS THE STATE TO ALLOW MEMBERS AND PATIENTS TO RECYCLE IN A WAY THAT KEEPS THEM OUT OF LANDFILLS AND WATER SYSTEMS. IN ADDITION TO ENVIRONMENTAL BENEFITS, THIS PROGRAM ALSO HELPS PREVENT RISKS TO THE

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SAFETY OF PARTICIPANTS SUCH AS ABUSE AND ACCIDENTAL POISONING. IN 2012, GROUP HEALTH DISPOSED OF OVER 19,000 POUNDS OF UNUSED MEDICATIONS.

PART VI, LINE 6, AFFILIATED HEALTH CARE SYSTEM

GROUP HEALTH COOPERATIVE IS ONE OF THE NATION'S LARGEST CONSUMER GOVERNED HEALTH CARE ORGANIZATIONS. GROUP HEALTH IS GOVERNED BY AN INDEPENDENT BOARD OF TRUSTEES COMPRISED OF 11 ENROLLED MEMBERS ALL OF WHOM RESIDE IN THE GROUP HEALTH SERVICE AREA AND ARE ELECTED BY GROUP HEALTH'S VOTING MEMBERSHIP. VOTING MEMBERSHIP IS OPEN TO ALL GROUP HEALTH ENROLLEES OVER THE AGE OF 18.

GROUP HEALTH COOPERATIVE HAS A WHOLLY-OWNED SUBSIDIARY, THE GROUP HEALTH FOUNDATION, WHICH IS ALSO A 501(C)(3) ORGANIZATION. THE PURPOSE OF THE GROUP HEALTH FOUNDATION IS TO IMPROVE THE HEALTH OF COMMUNITIES IN PARTNERSHIP WITH GROUP HEALTH COOPERATIVE AND GROUP HEALTH RESEARCH INSTITUTE. GROUP HEALTH FOUNDATION INVESTS IN RESEARCH RELATED TO HEALTH CARE INNOVATION, QUALITY OUTCOMES AND COMMUNITY PARTNERSHIPS AND PROVIDES

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TECHNICAL ASSISTANCE AND GRANTS, AS WELL AS SPONSORING SPECIFIC PROGRAMS, TO PROMOTE CHILDREN'S HEALTH AND FITNESS, PREVENTIVE CARE AND HEALTH EDUCATION AND DIVERSITY. GROUP HEALTH FOUNDATION IS CURRENTLY ENGAGED IN A MULTI-YEAR PROGRAM WITH ORGANIZATION AND SCHOOL-BASED PARTNERS IN COMMUNITIES ACROSS THE STATE TO ADDRESS THE EFFECTS OF PARENTAL HESITANCY ON LOW VACCINATION RATES OF WASHINGTON'S CHILDREN. THIS INCLUDES PROCURING AND PROVIDING VACCINES TO CHILDREN, AS WELL AS SPONSORING SOCIAL MARKETING AND OTHER ACTIVITIES TO REDUCE PARENTAL HESITANCY RELATED TO CHILDHOOD VACCINATION.

GROUP HEALTH COOPERATIVE HAS AN EXCLUSIVE CONTRACT WITH GROUP HEALTH PERMANENTE, P.C., A GROUP PRACTICE WITH OVER 1,300 SALARIED CLINICIANS. GROUP HEALTH PERMANENTE IS NOT UNDER COMMON GOVERNANCE OR CONTROL WITH GROUP HEALTH COOPERATIVE, BUT THE TWO ORGANIZATIONS COLLABORATE TO SERVE THE COMMUNITY. BOTH GROUP HEALTH COOPERATIVE AND GROUP HEALTH PERMANENTE PARTICIPATE AS FACULTY AND PRECEPTORS FOR RESIDENCY AND HEALTH PROFESSIONALS TRAINING PROGRAMS. IN ADDITION TO THE OPERATION OF A

Part VI Supplemental Information

Complete this part to provide the following information.

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospitals facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22.

FAMILY PRACTICE RESIDENCY PROGRAM (FOR WHICH GROUP HEALTH PERMANENTE PHYSICIANS SERVE AS FACULTY) AND AN OPTOMETRY RESIDENCY IN 2 MEDICAL CENTER LOCATIONS, GROUP HEALTH COOPERATIVE AND GROUP HEALTH PERMANENTE PARTICIPATE IN THE TRAINING OF OVER A DOZEN MEDICAL SPECIALTIES AND AN ADDITIONAL 20+ MID-LEVEL AND NON-PHYSICIAN TRAINING PROGRAMS, INCLUDING THOSE FOR CRITICAL SHORTAGE PROFESSIONS SUCH AS NURSING, PHYSICAL THERAPY AND PHARMACY.

AS AN INTEGRATED CARE ORGANIZATION AND ONE OF THE LARGEST PROVIDERS IN WASHINGTON STATE, GROUP HEALTH HAS INNOVATIVE NEW APPROACHES TO CARE THAT CONTRIBUTE TO WASHINGTON STATE HAVING HIGHER HEALTH CARE QUALITY AND LOWER COSTS THAN THE NATIONAL AVERAGE. THIS HAS INCLUDED BEING A NATIONAL LEADER IN THE WIDESPREAD ADOPTION OF ELECTRONIC MEDICAL RECORDS, FOCUS ON PREVENTION AND A PATIENT-CENTERED MEDICAL HOME MODEL OF CARE.

PHYSICIAN AND NON-PHYSICIAN LEADERS AT GROUP HEALTH ALSO CONTRIBUTE TO THE DISSEMINATION AND COMMUNITY-WIDE PRACTICE OF EVIDENCE-BASED MEDICINE

Part VI Supplemental Information

Complete this part to provide the following information.

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospitals facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22.

AND OUTCOMES IMPROVEMENT BY SHARING CLINICAL GUIDELINES, QUALITY IMPROVEMENT EFFORTS AND PROTOCOLS RELATED TO SHARED DECISION-MAKING AND OTHER PATIENT ENGAGEMENT TOOLS, LEAN PROCESS IMPROVEMENTS IN CLINICAL CARE, THE MEDICAL HOME TEAM-BASED CARE MODEL, THE CHRONIC CARE MODEL, AND OTHER CARE INNOVATIONS. GROUP HEALTH IS A LEADER IN THE PUGET SOUND HEALTH ALLIANCE, WHICH PUBLICLY AND TRANSPARENTLY REPORTS PROVIDER QUALITY MEASURES THROUGH ITS COMMUNITY CHECKUP.

IN ADDITION TO THE ABOVE-MENTIONED PROGRAMS IN WASHINGTON STATE, IN 2012, GROUP HEALTH PHYSICIANS AND STAFF VOLUNTEERED MEDICAL SERVICES TO HOMELESS SHELTERS, COMMUNITY CLINICS AND OTHER RELIEF EFFORTS IN THE U.S. AND AROUND THE WORLD.

PART VI, LINE 7, STATE FILING OF COMMUNITY BENEFIT REPORT

THIS QUESTION IS NOT APPLICABLE.

Part VI Supplemental Information

Complete this part to provide the following information.

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospitals facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22.

PART VI, LINE 8, FACILITY REPORTING GROUP(S)

THIS QUESTION IS NOT APPLICABLE.

SCHEDULE J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

2012

Open to Public Inspection

Name of the organization: GROUP HEALTH COOPERATIVE

Employer identification number: 91-0511770

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. [X] First-class or charter travel [ ] Travel for companions [ ] Tax indemnification and gross-up payments [ ] Discretionary spending account [ ] Housing allowance or residence for personal use [ ] Payments for business use of personal residence [X] Health or social club dues or initiation fees [ ] Personal services (e.g., maid, chauffeur, chef)			
b	If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b	X	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2	X	
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. [X] Compensation committee [X] Independent compensation consultant [ ] Form 990 of other organizations [ ] Written employment contract [X] Compensation survey or study [X] Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:			
a	Receive a severance payment or change-of-control payment?	4a	X	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	X	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c		X
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.			
	Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:			
a	The organization?	5a		X
b	Any related organization?	5b		X
	If "Yes" to line 5a or 5b, describe in Part III.			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:			
a	The organization?	6a		X
b	Any related organization?	6b		X
	If "Yes" to line 6a or 6b, describe in Part III.			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7		X
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III	8		X
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation (i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation	(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
1 SCOTT ELLIOT ARMSTRONG	(i)	946,108.	0	163,797.	201,900.	28,444.	1,340,249.	
CEO & PRESIDENT	(ii)	0	0	0				
2 RICHARD EDWARD MAGNUSON	(i)	537,406.	0	193,681.	28,724.	13,079.	772,890.	
EVP; CHIEF FINL & ADM OFFICER	(ii)	0	0	0				
3 RICK DALE WOODS	(i)	456,845.	0	47,019.	205,100.	12,953.	721,917.	
EVP & GENERAL COUNSEL	(ii)	0	0	0				
4 SCOTT BOYD	(i)	299,458.	0	2,624.	56,116.	6,400.	364,598.	
VP; FINANCE	(ii)	0	0	0				
5 SARAH BARIAN YATES	(i)	280,334.	0	13,281.	28,724.	18,992.	341,331.	
VP & DEPUTY GENERAL COUNSEL	(ii)	0	0	0				
6 BRETON CLARK MYERS	(i)	231,136.	0	313.	25,790.	6,458.	263,697.	
ASSISTANT TREASURER	(ii)	0	0	0				
7 ROBERT O'BRIEN	(i)	655,223.	0	12,208.	83,214.	19,523.	770,168.	
EVP; HEALTH PLAN DIVISION	(ii)	0	0	0				
8 MARK SZALWINSKI	(i)	387,645.	100,000.	40,817.	62,782.	22,816.	614,060.	
EVP; GROUP PRACTICE DIVISION	(ii)	0	0	0				
9 CYNTHIA JOHNSON	(i)	353,780.	0	41,942.	28,724.	10,309.	434,755.	
EVP; HR	(ii)	0	0	0				
10 BRIAN HARRIS	(i)	279,206.	0	79,597.	2,404.	15,858.	377,065.	
VP; NETWORK SVC & CARE MGMT	(ii)	0	0	0				
11 MICHAEL ERIKSON	(i)	302,583.	0	61,641.	28,254.	13,020.	405,498.	
VP; PRIMARY CARE AND MARKET DE	(ii)	0	0	0				
12 RANDY BARKER	(i)	268,828.	0	21,546.	26,033.	19,590.	335,997.	
VP; APPLE DIVISION	(ii)	0	0	0				
13 ELLEN SUZANNE DALY	(i)	236,040.	40,000.	2,497.	48,959.	24,034.	351,530.	
VP; NTWRK SVC & PROVDR RELTNS	(ii)	0	0	0				
14 LAURA MCMILLAN	(i)	216,898.	0	36,672.	4,408.	6,535.	264,513.	
VP STRATEGIC PLANNING & DEPLOY	(ii)	0	0	0				
15 JOEL SUELZLE	(i)	369,055.	0	65,206.	189,450.	15,782.	639,493.	
VP; HEALTH PLAN ADMINISTRATION	(ii)	0	0	0				
16 ERIC LARSON	(i)	326,854.	0	35,854.	28,724.	29,704.	421,136.	
VP; GROUP HEALTH RESEARCH INST	(ii)	0	0	0				

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation (i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation	(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
1 HOPE WILJANEN	(i)	247,469.	75,000.	706.	26,807.	11,780.	361,762.	
CONSULT; LEAN SENSEI SR	(ii)	0	0	0				
2 LAURA REHRMANN	(i)	274,356.	0	34,575.	28,270.	6,762.	343,963.	
VP, COMMUNITY RESPONSIBILITY	(ii)	0	0	0				
3 DEBORAH HUNTINGTON	(i)	279,557.	0	93,547.	28,025.	18,810.	419,939.	
VP; SALES	(ii)	0	0	0				
4 PAMELA ANN MACEWAN	(i)	327,212.	0	47,695.	13,734.	15,209.	403,850.	
ASST SECRETARY	(ii)	0	0	0				
5	(i)							
	(ii)							
6	(i)							
	(ii)							
7	(i)							
	(ii)							
8	(i)							
	(ii)							
9	(i)							
	(ii)							
10	(i)							
	(ii)							
11	(i)							
	(ii)							
12	(i)							
	(ii)							
13	(i)							
	(ii)							
14	(i)							
	(ii)							
15	(i)							
	(ii)							
16	(i)							
	(ii)							

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

FIRST CLASS TRAVEL

SCHEDULE J, PART I, LINE 1A

PER THE GROUP HEALTH EXPENSE REIMBURSEMENT POLICY, AIR TRAVEL IS TO BE BOOKED AT COACH CLASS UNLESS PRE-AUTHORIZED BY THE APPROVING MANAGER. THE COMPENSATION COMMITTEE OF THE BOARD OF GROUP HEALTH AUTHORIZED FIRST-CLASS TRAVEL FOR THE PRESIDENT/CEO DUE TO EXTENSIVE AMOUNT OF REQUIRED BUSINESS TRAVEL DURING 2012. FIRST-CLASS TRAVEL EXPENSE IS NOT REPORTED AS TAXABLE COMPENSATION AS IT IS ONLY REIMBURSED WHEN INCURRED FOR BUSINESS PURPOSES.

SOCIAL CLUB DUES

SCHEDULE J, PART 1, LINE 1A

ALL EMPLOYEES ARE RESPONSIBLE FOR FOLLOWING ALL OF GROUP HEALTH'S EXPENSE REIMBURSEMENT GUIDELINES AND BEING GOOD STEWARDS OF THE COMPANY'S RESOURCES. THE COMPANY WILL PAY FOR CERTAIN EXECUTIVES' SOCIAL CLUB DUES IF THE EXPENSE COMPLIES WITH THE EXPENSE REIMBURSEMENT POLICY AND THE BUSINESS EXPENSES ARE RELATED TO A LEGITIMATE BUSINESS PURPOSE AND ARE REASONABLE FOR THE SITUATION IN WHICH THEY WERE INCURRED. SOCIAL CLUB DUES ARE NOT TREATED AS TAXABLE COMPENSATION WHEN STRICTLY INCURRED FOR

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

BUSINESS PURPOSE.

SEVERANCE PAYMENT

SCHEDULE J, PART 1, LINE 4A

THE GROUP HEALTH PRESIDENT AND CEO, THE EXECUTIVE VICE PRESIDENTS, AND THE VICE PRESIDENTS ARE EACH PARTIES TO WRITTEN EMPLOYMENT AGREEMENTS WITH GROUP HEALTH COOPERATIVE THAT PROVIDE FOR SEVERANCE BENEFITS UNDER CERTAIN CONDITIONS. THE PRESIDENT AND CEO'S EMPLOYMENT AGREEMENT IS APPROVED BY THE COMPENSATION COMMITTEE OF THE BOARD OF TRUSTEES. EXECUTIVES WHO ARE TERMINATED FOR CAUSE, OR WHO ELECT TO TERMINATE THEIR EMPLOYMENT RELATIONSHIP WITHOUT CAUSE (MEANING THEY VOLUNTARILY QUIT), ARE NOT ENTITLED TO SEVERANCE BENEFITS. IN THE EVENT THE EXECUTIVE IS ELIGIBLE FOR SEVERANCE BENEFITS, THE SEVERANCE BENEFITS ARE AS FOLLOWS:

SEVERANCE PAYMENTS IN THE MAXIMUM, TOTAL AMOUNT OF TWELVE (12) MONTHS OF BASE SALARY, (EIGHTEEN (18) MONTHS FOR THE PRESIDENT AND CEO), PLUS MEDICAL AND DENTAL COVERAGE (AT THE SAME LEVEL PROVIDED TO THE EXECUTIVE AS OF THE DATE OF SEPARATION) FOR A MAXIMUM OF TWELVE (12) MONTHS (EIGHTEEN (18) MONTHS FOR THE PRESIDENT AND CEO). THESE BENEFITS ARE

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

FORFEITED IF THE EXECUTIVE VIOLATES THE TERMS OF THE NON-COMPETITION, NON-SOLICITATION, AND CONFIDENTIALITY COMMITMENTS IN THE EMPLOYMENT AGREEMENT.

FURTHER, WITH RESPECT TO THE EXECUTIVE VICE PRESIDENTS AND VICE PRESIDENTS, THE SEVERANCE PAYMENTS (AND MEDICAL AND DENTAL COVERAGE) WILL CEASE AFTER SIX MONTHS OF THE EXECUTIVE'S SEPARATION DATE IN THE EVENT AND AS OF THE DATE THAT THE EXECUTIVE PROVIDES SERVICES, OR ENTERS INTO AN AGREEMENT TO PROVIDE SERVICES, AS AN EMPLOYEE OR INDEPENDENT CONTRACTOR TO GROUP HEALTH, ANY OF ITS SUBSIDIARIES, GROUP HEALTH PERMANENTE, OR ANY OTHER ORGANIZATION IN A COMPARABLE POSITION (MEANING AN EXECUTIVE LEVEL POSITION WITH COMPENSATION THAT IS AT LEAST 80% OF THE EXECUTIVE'S COMPENSATION AS OF THE SEPARATION DATE).

LAST, THE PRESIDENT AND CEO'S EMPLOYMENT AGREEMENT ALSO PROVIDES FOR SEVERANCE PAYMENTS IN THE EVENT OF A CHANGE IN CONTROL, WHICH THE EMPLOYMENT AGREEMENT DEFINES AS (1) THE ACQUISITION BY ANOTHER ORGANIZATION OF OWNERSHIP OR CONTROL OF ALL OR SUBSTANTIALLY ALL OF THE

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

ASSETS OR OPERATIONS OF GROUP HEALTH, BY MERGER, CONSOLIDATION, DISSOLUTION, LIQUIDATION, JOINT VENTURE, PARTNERSHIP, AFFILIATION, MANAGEMENT AGREEMENT, SALE OR TRANSFER OF ASSETS, OR OTHERWISE; (2) A CONVERSION OF GROUP HEALTH TO A STOCK-BASED CORPORATION; (3) A FIFTY PERCENT (50%) OR GREATER CHANGE IN THE COMPOSITION OF THE BOARD OF TRUSTEES THAT OCCURS WITHIN ANY SINGLE CALENDAR YEAR; OR (4) ANY OTHER CHANGE IN THE MANAGEMENT OR OPERATIONAL CONTROL OF GROUP HEALTH THAT IS DETERMINED BY THE GROUP HEALTH BOARD OF TRUSTEES BY MAJORITY VOTE TO BE A CHANGE IN CONTROL FOR PURPOSES OF THE CEO'S EMPLOYMENT AGREEMENT.

EXECUTIVE RECEIVING SEVERANCE PAYMENTS IN 2012:

PAMELA MACEWAN, ASST SECRETARY	183,019
BRIAN HARRIS, VP, NETWORK SVC & CARE MGMT,	134,000
JOEL SUELZLE, VP, HEALTH PLAN ADMINISTRATION,	91,442

SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN

SCHEDULE J, PART I, LINE 4B

THE GROUP HEALTH PRESIDENT AND CEO, THE EXECUTIVE VICE PRESIDENTS, AND THE VICE PRESIDENTS ARE ELIGIBLE TO PARTICIPATE IN A NONQUALIFIED

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (THE "PLAN") APPROVED BY THE GROUP HEALTH COOPERATIVE BOARD OF TRUSTEES COMPENSATION COMMITTEE AND ADMINISTERED BY THE COMPENSATION COMMITTEE. GROUP HEALTH CREDITS TO THE ACCOUNT OF EACH ACTIVE PARTICIPANT AN ANNUAL CONTRIBUTION AMOUNT OF NINE PERCENT OF THE PARTICIPANT'S BASE SALARY (15.3% FOR THE PRESIDENT AND CEO). THE FORMULA FOR THE ANNUAL CONTRIBUTION IS BASED ON THE PARTICIPANT'S BASE SALARY AND EXCLUDES ANY INCENTIVE PLAN OR BONUS PAYMENT AMOUNTS. THE PLAN BALANCES ARE SUBJECT TO SUBSTANTIAL RISK OF FORFEITURE UNTIL THE PARTICIPANT HAS VESTED AND MET OTHER PLAN REQUIREMENTS. VESTING OCCURS AFTER EITHER THREE YEARS OR FIVE YEARS FROM THE DATE ON WHICH A PARTICIPANT ENTERS THE PLAN, BASED ON THE PARTICIPANT'S DATE OF HIRE (AS OF JANUARY 1, 2008, ALL NEW EXECUTIVE VICE PRESIDENT AND VICE PRESIDENT HIRES ARE SUBJECT TO A FIVE-YEAR VESTING SCHEDULE). PARTICIPANTS WHO INCUR A SEPARATION FROM SERVICE PRIOR TO THEIR VESTING DATE ARE NOT ELIGIBLE FOR PLAN DISTRIBUTIONS UNLESS CERTAIN PLAN CONDITIONS ARE MET. A PARTICIPANT REMAINS ELIGIBLE TO PARTICIPATE UNTIL HIS OR HER ACCOUNT BALANCE IS EITHER FULLY DISTRIBUTED OR FORFEITED.

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

GROUP HEALTH MADE SERP PLAN CONTRIBUTIONS AND DISTRIBUTIONS IN 2012 AS FOLLOWS:

SERP DISTRIBUTIONS

PAMELA ANN MACEWAN, ASST SECRETARY,	17,108
BRIAN HARRIS, VP, NETWORK SVC & CARE MGMT,	3,801
JOEL SUELZLE, VP, HEALTH PLAN ADMINISTRATION,	31,404

SERP CONTRIBUTIONS - VESTED

SCOTT ELLIOT ARMSTRONG, CEO & PRESIDENT,	139,617
RICHARD EDWARD MAGNUSON, EVP, CHIEF FIN'L & ADM OFFICER,	179,004
RICK DALE WOODS, EVP & GENERAL COUNSEL,	39,462
SARAH BARIAN YATES, VP & DEPUTY GENERAL COUSEL,	9,519
PAMELA ANN MACEWAN, ASST SECRETARY,	26,488
CYNTHIA JOHNSON, EVP, HR,	30,579
BRIAN HARRIS, VP, NETWORK SVC & CARE MGMT,	71,552
MICHAEL ERIKSON, VP, PRIMARY CARE AND MKT DEVELOPMENT,	50,700

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

RANDY BARKER, VP, APPLE DIVISION,	16,138
LAURA MCMILLAN, VP STRATEGIC PLANNING & DEPLOYMENT,	34,404
JOEL SUELZLE, VP, HEALTH PLAN ADMINISTRATION,	27,215
ERIC LARSON, VP, GROUP HEALTH RESEARCH INSTITUTE,	20,579
LAURA REHRMANN, VP, COMMUNITY RESPONSIBILITY,	23,760
DEBORAH HUNTINGTON, VP, SALES,	87,556

SERP CONTRIBUTIONS - NONVESTED

SCOTT BOYD, VP, FINANCE,	27,459
ROBERT O'BRIEN, EVP, HEALTH PLAN DIVISION,	59,490
MARK SZALWINSKI, EVP, GROUP PRACTICE DIVISION,	35,308
ELLEN SUZANNE DALY, VP, NETWORK SVC & PROVIDER RLTNS,	21,704

SCHEDULE K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax-Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047
2012
Open to Public Inspection

Name of the organization: GROUP HEALTH COOPERATIVE

Employer identification number: 91-0511770

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased Yes	(g) Defeased No	(h) On behalf of issuer Yes	(h) On behalf of issuer No	(i) Pooled financing Yes	(i) Pooled financing No
A	WASHINGTON HEALTH CARE FACILITIES AUTHORITY	91-1108929	97978EE24	11/08/2006	99,995,662.	REVENUE BOND 2006		X		X		X
B												
C												
D												

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds legally defeased				
3	Total proceeds of issue	99,995,662.			
4	Gross proceeds in reserve funds	8,848,163.			
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	1,999,913.			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	89,147,586.			
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2008			

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
14	Were the bonds issued as part of a current refunding issue?		X						
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X						
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X						

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Part III Private Business Use *(Continued)*

BOND ISSUE 2006

	A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
3a Are there any management or service contracts that may result in private business use of bond-financed property?		X						
b If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c Are there any research agreements that may result in private business use of bond-financed property?		X						
d If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶		%		%		%		%
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶		%		%		%		%
6 Total of lines 4 and 5		%		%		%		%
7 Does the bond issue meet the private security or payment test?	X							
8a Has there been a sale or disposition of any of the bond-financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X						
b If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of		%		%		%		%
c If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9 Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X							

Part IV Arbitrage

	A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
1 Has the issuer filed Form 8038-T?	X							
2 If "No" to line 1, did the following apply?								
a Rebate not due yet?								
b Exception to rebate?								
c No rebate due?								
If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3 Is the bond issue a variable rate issue?		X						
4a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	X							
b Name of provider	CITIBANK N.A.							
c Term of hedge	30.000							
d Was the hedge superintegrated?		X						
e Was the hedge terminated?		X						

Part IV **Arbitrage** *(Continued)*

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
5a Were gross proceeds invested in a guaranteed investment contract (GIC)?	X							
b Name of provider	TRINITY PLUS							
c Term of GIC		10.000						
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X							
6 Were any gross proceeds invested beyond an available temporary period?		X						
7 Has the organization established written procedures to monitor the requirements of section 148?		X						

Part V **Procedures To Undertake Corrective Action**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?	X							

Part VI **Supplemental Information.** Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

Part VI **Supplemental Information.** Complete this part to provide additional information for responses to questions on Schedule K (see instructions) *(Continued)*

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.
►Attach to Form 990 or 990-EZ.

Name of the organization	Employer identification number
GROUP HEALTH COOPERATIVE	91-0511770

ORGANIZATION'S MEMBERSHIP

FORM 990, PART VI, SECTION A, LINE 6

GROUP HEALTH COOPERATIVE (GHC) HAS VOTING MEMBERS. THE GHC BYLAWS OUTLINE A NUMBER OF PURPOSES, INCLUDING TO SERVE THE GREATEST POSSIBLE NUMBER OF PEOPLE UNDER CONSUMER COOPERATIVE PRINCIPLES WITHOUT DISCRIMINATION. ELIGIBLE CONSUMERS WHO BELIEVE IN THIS PURPOSE ARE ENCOURAGED TO BECOME VOTING MEMBERS AND PARTICIPATE IN GOVERNING GHC. TO BE ELIGIBLE FOR MEMBERSHIP, A CONSUMER MUST BE EIGHTEEN YEARS OF AGE OR OLDER AND CURRENT IN MONTHLY PREMIUMS.

ORGANIZATION'S VOTING MEMBERSHIP

FORM 990, PART VI, SECTION A, LINE 7A

GHC HAS VOTING MEMBERS. THE RIGHTS OF MEMBERS ARE DELINEATED IN GHC'S BYLAWS AND INCLUDE THE DETERMINATION OF QUALIFICATIONS FOR MEMBERSHIP; THE ELECTION OF MEMBERS OF THE BOARD OF TRUSTEES (GHC'S GOVERNING BODY); THE ELECTION OF THE CHAIR OF THE STANDING NOMINATING COMMITTEE OF THE MEMBERSHIP (WHICH EVALUATES AND NOMINATES CANDIDATES FOR ELECTION TO THE BOARD); ADOPTION OF RESOLUTIONS THAT ARE ADVISORY TO THE BOARD; APPROVAL OF EXTRAORDINARY ACTIONS; AND AMENDMENT OF THE PREAMBLE, MEMBERSHIP, AND MEMBERSHIP RIGHTS SECTIONS OF THE BYLAWS.

APPROVAL BY VOTE OF MEMBERS

FORM 990, PART VI, SECTION A, LINE 7B

GHC BYLAWS PROVIDE THAT THE MERGER OR CONSOLIDATION OF GHC WITH ANOTHER

Name of the organization	Employer identification number
GROUP HEALTH COOPERATIVE	91-0511770

ENTITY, THE VOLUNTARY DISSOLUTION OF GHC, OR THE SALE, LEASE, EXCHANGE, OR OTHER DISPOSITION OF ALL OR SUBSTANTIALLY ALL OF THE PROPERTY AND ASSETS OF GHC MUST BE APPROVED BY VOTE OF THE MEMBERS. THE BOARD OF TRUSTEES PRESENTS A PROPOSED PLAN OF MERGER, CONSOLIDATION, DISSOLUTION, OR SALE, LEASE, EXCHANGE OR OTHER DISPOSITION OF ALL OR SUBSTANTIALLY ALL OF THE PROPERTY AND ASSETS OF GHC TO THE MEMBERS FOR APPROVAL. SUCH RESOLUTION IS FIRST CONSIDERED AT AN ANNUAL OR SPECIAL MEETING. ALSO, AMENDMENTS TO ARTICLE 2 OF THE GHC BYLAWS (ADDRESSING MEMBERSHIP AND MEMBERSHIP RIGHTS) MAY ONLY BE APPROVED BY VOTE OF THE MEMBERS. THE BOARD OF TRUSTEES MAY PROPOSE AMENDMENTS TO ARTICLE 2 BY RESOLUTION.

ORGANIZATION'S FORM 990 REVIEW PROCESS

FORM 990, PART VI, SECTION A, LINE 11A

THE FORM 990 UNDERGOES A ROBUST PREPARATION AND REVIEW PROCESS BEFORE IT IS SIGNED. THE ORGANIZATION'S FINANCE TEAM WORKS CLOSELY WITH THE OUTSIDE ACCOUNTING FIRM IT ENGAGES TO PREPARE THE RETURN AND INVOLVES MANY MEMBERS OF MANAGEMENT IN REVIEW OF THE RETURN. THE FORM 990 IS THEN REVIEWED BY GHC MANAGEMENT FOR ACCURACY AND COMPLETENESS PRIOR TO BEING PRESENTED TO GHC'S AUDIT AND COMPLIANCE COMMITTEE OF THE BOARD OF TRUSTEES (A DULY CONSTITUTED COMMITTEE OF THE BOARD). THE FINAL DRAFT FORM 990 IS PRESENTED TO THE AUDIT AND COMPLIANCE COMMITTEE FOR REVIEW AND DISCUSSION. THE FINAL DRAFT FORM 990 IS ALSO PROVIDED TO THE FULL BOARD OF TRUSTEES FOR REVIEW AND INFORMATION BEFORE THE RETURN IS FILED.

ORGANIZATION'S MONITORING AND ENFORCEMENT OF CONFLICT OF INTEREST POLICY

FORM 990, PART VI, SECTION B, LINE 12C

GROUP HEALTH COOPERATIVE HAS AN ORGANIZATION-WIDE CONFLICT OF INTEREST

POLICY THAT COVERS TRUSTEES, OFFICERS, AND EMPLOYEES. IT ALSO APPLIES TO CERTAIN INDEPENDENT CONTRACTORS WHEN THEY PERFORM WORK ON BEHALF OF GROUP HEALTH. THE POLICY INCLUDES REQUIRED DISCLOSURE PROCEDURES WHICH ARE APPLIED TO ALL GROUP HEALTH TRUSTEES AND GROUP HEALTH OFFICERS, INCLUDING:

- PROVIDING A WRITTEN DECLARATION OF ANY ACTUAL OR POTENTIAL AREAS OF CONFLICT OF INTEREST ON AN ANNUAL BASIS USING FORMS AND PROCEDURES DEVELOPED BY THE CHIEF COMPLIANCE OFFICER. THESE DECLARATIONS ARE REVIEWED BY THE AUDIT AND COMPLIANCE COMMITTEE OF THE BOARD OF TRUSTEES.
- SUBSEQUENT REPORTING OF MATERIAL ADDITIONS OR CHANGES TO THE INFORMATION PROVIDED ON THE CONFLICT OF INTEREST DECLARATIONS. THESE ADDITIONS OR CHANGES ARE REVIEWED BY THE AUDIT AND COMPLIANCE COMMITTEE, FOLLOWING THE PROCESS USED FOR ANNUAL DECLARATIONS.
- AT EACH BOARD MEETING, DISCLOSURE BY TRUSTEES OF ACTUAL OR POTENTIAL CONFLICTS OF INTEREST WHEN SUCH INTERESTS BECOME A MATTER FOR BOARD ACTION.

ANY TRUSTEE HAVING AN ACTUAL CONFLICT OF INTEREST RELATED TO A MATTER AT ISSUE FIRST DISCLOSES THE CONFLICT AND THEN DOES NOT VOTE, TAKE OTHER ACTION, OR USE HIS/HER PERSONAL INFLUENCE ON THE MATTER. GROUP HEALTH OFFICERS, OTHER EMPLOYEES, AND CERTAIN INDEPENDENT CONTRACTORS ACTING ON BEHALF OF GROUP HEALTH SHALL DISCLOSE AN ACTUAL OR POTENTIAL CONFLICT OF INTEREST WHEN SUCH AN INTEREST IS RELEVANT TO A MATTER IN WHICH THEY HAVE A ROLE, EITHER DIRECTLY OR THROUGH SUBORDINATES ACTING AT THEIR

Name of the organization: GROUP HEALTH COOPERATIVE

Employer identification number: 91-0511770

DIRECTION. CERTAIN HIGH-LEVEL MANAGEMENT POSITIONS AND OTHER POSITIONS INVOLVING TRANSACTIONS WITH OUTSIDE PARTIES ARE ALSO SUBJECT TO DISCLOSURE PROCEDURES. INDIVIDUALS IN THESE POSITIONS MUST COMPLETE AN ANNUAL DISCLOSURE STATEMENT TO IDENTIFY ANY ACTUAL OR POTENTIAL AREAS OF CONFLICT OF INTEREST. DURING THE YEAR, THESE PERSONS REPORT MATERIAL ADDITIONS OR CHANGES TO THE INFORMATION PROVIDED ON ANNUAL CONFLICT OF INTEREST DECLARATIONS. MANAGERS OF PERSONS NOT REQUIRED UNDER THE POLICY TO COMPLETE AN ANNUAL DISCLOSURE ARE RESPONSIBLE FOR REVIEWING AND RESPONDING TO ANY POTENTIAL CONFLICTS OF INTEREST AMONG THEIR STAFF AND FOR ESCALATING ISSUES AS NECESSARY TO ENSURE THEY ARE ADDRESSED.

ORGANIZATION'S COMPENSATION SETTING PROCESS

FORM 990, PART VI, SECTION B, LINE 15

GROUP HEALTH COOPERATIVE (GHC) IS GOVERNED BY AN INDEPENDENT BOARD OF TRUSTEES ("THE BOARD"), COMPRISED OF 11 CONSUMERS ELECTED BY GHC'S VOTING MEMBERS. THE BOARD HAS DELEGATED TO THE COMPENSATION COMMITTEE OF THE BOARD (THE "COMMITTEE") THE RESPONSIBILITY FOR NEGOTIATING AND APPROVING THE EMPLOYMENT AGREEMENT AND COMPENSATION PACKAGE FOR THE GHC PRESIDENT AND CHIEF EXECUTIVE OFFICER ("CEO"); APPROVING THE EXECUTIVE TOTAL COMPENSATION PHILOSOPHY THAT DRIVES ALL EXECUTIVE COMPENSATION DECISIONS;AND APPROVING COMPENSATION FOR THE EXECUTIVE VICE PRESIDENTS AND VICE PRESIDENTS OF GHC. THE FIVE MEMBERS OF THE COMMITTEE ARE THE CHAIR OF THE BOARD OF TRUSTEES, THE VICE CHAIR, AND THREE ADDITIONAL TRUSTEES SELECTED BY THE CHAIR. AS ADOPTED BY THE COMMITTEE, THE EXECUTIVE TOTAL COMPENSATION PHILOSOPHY PROVIDES THAT GHC WILL MAINTAIN AN EXECUTIVE TOTAL COMPENSATION PROGRAM DESIGNED TO FACILITATE THE

ACHIEVEMENT OF ITS CHARITABLE MISSION, VALUES AND ORGANIZATIONAL GOALS. EXECUTIVE COMPENSATION IS SET "AT A LEVEL THAT ENABLES THE ORGANIZATION TO ATTRACT, RETAIN, MOTIVATE AND REWARD THE HIGHEST CALIBER EXECUTIVES AT A COST THAT IS JUSTIFIABLE TO THE BOARD OF TRUSTEES AND OUR MEMBERS AND CONSISTENT WITH OUR CHARITABLE MISSION." BASED UPON THOSE PRINCIPLES, THE PHILOSOPHY CONFIRMS THAT ALTHOUGH COMPENSATION WILL BE COMPETITIVE AS COMPARED TO COMPARABLE HEALTH CARE ORGANIZATIONS, BASE SALARY RANGES WILL BE BUILT AROUND 50TH PERCENTILE MARKET BASE PAY LEVELS, ANNUAL INCENTIVES WILL BE TARGETED AT THE 50TH PERCENTILE (WITH AN OPPORTUNITY TO EARN ABOVE THAT LEVEL BASED ON PERFORMANCE), AND BENEFITS AND PERQUISITES WILL BE ESTABLISHED CONSISTENT WITH MARKET PRACTICES. CONSISTENT WITH THIS PHILOSOPHY, THE COMMITTEE REVIEWS AND APPROVES THE ANNUAL PERFORMANCE GOALS AND CRITERIA TO BE USED IN DETERMINING SALARY INCREASES AND INCENTIVE COMPENSATION CRITERIA FOR THE GHC CEO, EXECUTIVE VICE PRESIDENTS AND VICE PRESIDENTS (WHICH GROUP INCLUDES ALL GHC KEY EMPLOYEES AND GHC OFFICERS, EXCLUDING THE CHAIR OF THE BOARD AND THE VICE CHAIR, WHO ARE NOT EMPLOYED BY GHC). THE COMMITTEE ALSO HIRES A QUALIFIED INDEPENDENT COMPENSATION CONSULTANT (AN INDEPENDENT EXPERT) TO REVIEW, ANALYZE AND PROVIDE BENCHMARKING DATA FOR THE TOTAL COMPENSATION AND BENEFITS PACKAGES OF THE CEO, EXECUTIVE VICE PRESIDENTS AND VICE PRESIDENTS. APPROPRIATE COMPARABILITY DATA IS OBTAINED FROM THE INDEPENDENT EXPERTS, I.E., COMPENSATION PAID BY SIMILARLY SITUATED ORGANIZATIONS (BOTH TAXABLE AND TAX-EXEMPT, OF SIMILAR SIZE AND IN THE SAME INDUSTRY) FOR SIMILAR JOB RESPONSIBILITIES. THE COMMITTEE'S WRITTEN RECORDS AND MINUTES INCLUDE THE (1) TERMS OF THE ARRANGEMENT WITH THE

Name of the organization: GROUP HEALTH COOPERATIVE

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DISQUALIFIED PERSON (INCLUDING THE DATE THE ARRANGEMENT WAS APPROVED); (2) A LIST OF MEMBERS PRESENT DURING THE DEBATE ON THE TRANSACTION (AND HOW THE MEMBERS VOTED WHEN IT WAS APPROVED); AND (3) A DESCRIPTION OF THE COMPARABLE DATA RELIED ON BY THE COMMITTEE. KEY DELIBERATIONS OF THE COMMITTEE ARE ALSO DOCUMENTED IN MINUTES WHICH ARE APPROVED AT THE NEXT COMMITTEE MEETING. THE COMMITTEE'S COMPENSATION DECISIONS ARE SHARED WITH THE FULL BOARD OF TRUSTEES.

THE FOLLOWING ARE THE 2012 OFFICES AND POSITIONS FOR WHICH THE ABOVE-DESCRIBED PROCESS WAS USED TO ESTABLISH COMPENSATION FOR THE PERSONS WHO HELD THESE POSITIONS: PRESIDENT & CEO; VICE PRESIDENT (VP), ACUTE, POST-ACUTE, PHARMACY, LAB AND EPRO (APPLE DIVISION); VP, ADMINISTRATIVE SERVICES DIVISION; VP, FINANCE; INTERIM VP, PRIMARY CARE SERVICES; INTERIM EXECUTIVE VICE PRESIDENT (EVP), GROUP PRACTICE DIVISION; VP, PRIMARY CARE SERVICE; VP, NETWORK SERVICES & CARE MANAGEMENT; EVP, GROUP PRACTICE DIVISION; VP, SALES; EVP, HUMAN RESOURCES; VP, GROUP HEALTH RESEARCH INSTITUTE; VP, CONSULTATIVE SPECIALTY & ACUTE CARE SERVICES; VP, CHIEF TECHNOLOGY OFFICER; EVP, PUBLIC AFFAIRS & GOVERNANCE; VP, MARKETING; EVP, CHIEF FINANCIAL & ADMINISTRATIVE OFFICER; VP, STRATEGIC PLANNING & DEPLOYMENT; EVP, HEALTH PLAN DIVISION; VP, COMMUNITY RESPONSIBILITY; VP, HEALTH PLAN ADMINISTRATION; VP, CLINICAL EXCELLENCE & NURSING OPERATIONS; EVP & GENERAL COUNSEL; VP & DEPUTY GENERAL COUNSEL. THIS PROCESS WAS ALSO USED IN 2011.

Name of the organization: GROUP HEALTH COOPERATIVE

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ORGANIZATION'S DOCUMENTS AVAILABLE TO THE PUBLIC

FORM 990, PART VI, SECTION C, LINE 19

BYLAWS, CONSOLIDATED AUDITED FINANCIAL STATEMENTS, AND THE FORM 990 AND 990-T ARE MADE AVAILABLE TO THE GENERAL PUBLIC THROUGH GHC'S WEBSITE AND BY PROVIDING PAPER COPIES UPON REQUEST. COPIES OF THE CONFLICT OF INTEREST POLICY ARE MADE AVAILABLE UPON REQUEST.

RECONCILIATION OF NET ASSETS

PART XI, LINE 9

MEMBERSHIP	$(56,625)
CAPITAL DUES	$(64,125)
TEMP RESTRICTED	$1,395,134
PERM RESTRICTED	$79,198
OTHER COMPREHENSIVE INCOME	$(68,096,331)
RETAINED EARNINGS	$(1,974,246)
UNREALIZED GAIN/(LOSS) FROM AFFILIATES	$26,426,063

TOTAL OTHER CHANGES IN NET ASSETS	$(42,290,932)

Name of the organization: GROUP HEALTH COOPERATIVE

Employer identification number: 91-0511770

ATTACHMENT 1

FORM 990, PART III, LINE 1 - ORGANIZATION'S MISSION

GROUP HEALTH COOPERATIVE ("GROUP HEALTH") IS ONE OF THE NATION'S LARGEST CONSUMER GOVERNED HEALH CARE ORGANIZATIONS. GROUP HEALTH IS GOVERNED BY AN INDEPENDENT BOARD OF TRUSTEES COMPRISED OF 11 CONSUMERS ELECTED BY GROUP HEALTH'S VOTING MEMBERSHIP. ANY PERSON 18 YEARS AND OLDER WHO IS ENROLLED IN A PREPAID HEALTH PLAN OFFERED BY GROUP HEALTH OR A DESIGNATED AFFILIATE OR A SUBSIDIARY ("ENROLLEE") IS ELIGIBLE TO BE A VOTING MEMBER. GROUP HEALTH'S PRIMARY EXEMPT PURPOSE IS TO PROVIDE COMPREHENSIVE, PREVENTION-ORIENTED HEALTH CARE SERVICES TO ITS ENROLLEES AND OTHER PATIENTS IN A MANNER THAT REDUCES COST AS A BARRIER TO CARE AND TO PROVIDE HEALTH-RELATED EDUCATION AND RESEARCH ACTIVITIES THAT BENEFIT THE BROADER COMMUNITY. TO FULFILL THIS PURPOSE, GROUP HEALTH PROVIDES OUTPATIENT PRIMARY AND SPECIALTY CARE AS WELL AS INPATIENT ACUTE AND SUB-ACUTE CARE, THROUGH THE SERVICES OF SALARIED PHSYICIANS, NURSES, AND OTHER HEALTH CARE PRACTITIONERS. THE SALARIED PHSYICIANS ARE EMPLOYED BY GROUP HEALTH PERMANENTE, P.C., AN ORGANIZATION WITH WHOM GROUP HEALTH HAS AN EXCLUSIVE CONTRACT. IN 2012, GROUP HEALTH OPERATED ONE HOSPITAL, 25 PRIMARY CARE MEDICAL CENTERS, SIX SPECIALTY CARE UNITS, SEVEN BEHAVIORAL HEALTH CLINICS, 13 EYE CARE CLINICS, FIVE AUDIOLOGY/HEAR CENTERS, AND EIGHT SPEECH, LANGUAGE AND LEARNING CLINICS. GROUP HEALTH ALSO CONTRACTS WITH COMMUNITY HEALTH CARE PROVIDERS FOR SERVICES WHERE GROUP HEALTH DOES NOT OPERATE ITS OWN FACILITIES AND FOR SUB-SPECIALTY MEDICAL SERVICES NOT PROVIDED AT GROUP HEALTH

Name of the organization: GROUP HEALTH COOPERATIVE

Employer identification number: 91-0511770

ATTACHMENT 1 (CONT'D)

FORM 990, PART III, LINE 1 - ORGANIZATION'S MISSION

FACILITIES.

ATTACHMENT 2

FORM 990, PART III, LINE 4D - OTHER PROGRAM SERVICES

DESCRIPTION	GRANTS	EXPENSES	REVENUE
HEALTHY COMMUNITIES		1,304,094.	
TOTALS		1,304,094.	

ATTACHMENT 3

990, PART VII- COMPENSATION OF THE FIVE HIGHEST PAID IND. CONTRACTORS

NAME AND ADDRESS	DESCRIPTION OF SERVICES	COMPENSATION
VIRGINIA MASON PO BOX 91046 SEATTLE, WA 98111	HOSPITAL SERVICES	98,874,419.
OVERLAKE HOSPITAL 1035 116TH AVE NE BELLEVUE, WA 98004	HOSPITAL SERVICES	74,302,878.
ST JOSEPH FRANCISCAN HEALTH SYSTEM PO BOX 34936 SEATTLE, WA 98124	HOSPITAL SERVICES	70,347,731.
PROVIDENCE HEALTH & SERVICES PO BOX 34439 SEATTLE, WA 98124	HOSPITAL SERVICES	48,512,227.
GROUP HEALTH PERMANENTE 320 WESTLAKE AVE N, SUITE 100 SEATTLE, WA 98109-5233	MEDICAL PROFESSIONAL	360,367,577.

Name of the organization: GROUP HEALTH COOPERATIVE

Employer identification number: 91-0511770

ATTACHMENT 4

FORM 990, PART IX - OTHER FEES

DESCRIPTION	(A) TOTAL FEES	(B) PROGRAM SERVICE EXP.	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING EXPENSES
FACILITY SUPPORT SERVICES	117,765,657.	32,192,013.	85,573,644.	
HOME CARE SERVICES	8,354,953.	8,354,953.		
HOSPICE SERVICES	5,361,487.	5,361,487.		
INPATIENT SERVICES	475,785,812.	475,785,812.		
O/S LABOR	12,848,520.	6,397,464.	6,451,056.	
OUTPATIENT SERVICES	580,455,851.	580,455,851.		
PERMANENT MEDICAL SERVICES	360,367,577.	360,367,577.		
PHARMACY	49,966,904.	49,966,904.		
OTHER	6,402,407.	104,555.	6,297,852.	
TOTALS	1617309168.	1518986616.	98,322,552.	

SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047
2012
Open to Public Inspection

Name of the organization: GROUP HEALTH COOPERATIVE

Employer identification number: 91-0511770

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) COLUMBIA MEDICAL ASSOCIATES, L.L.C. 20-0986848 1003 EAST TRENT SUITE 150 SPOKANE, WA 99202	COMP MED CARE	WA	19,655,825.	5,826,034.	GHC
(2) COLUMBIA CLINIC, L.L.C. 1003 EAST TRENT SUITE 150 SPOKANE, WA 99202	INACTIVE	WA			CMA L.L.C.
(3)					
(4)					
(5)					
(6)					

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	No
(1) GROUP HEALTH FOUNDATION 91-1246278 320 WESTLAKE AVE. N, STE 100 SEATTLE, WA 98109-5233	FOUNDATION	WA	501(C)(3)	7	GHC	X	
(2) AUXILIARY OF GROUP HEALTH COOPERATIVE 23-7438071 320 WESTLAKE AVE. N, STE 100 SEATTLE, WA 98109-5233	AUXILIARY	WA	501(C)(3)	11, TYPE I	GHC	X	
(3) GROUP HEALTH NORTHWEST 91-1216856 320 WESTLAKE AVE. N, STE 100 SEATTLE, WA 98109-5233	INACTIVE	WA	501(C)(3)	11, TYPE I	GHC	X	
(4)							
(5)							
(6)							
(7)							

Part III **Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1)												
(2)												
(3)												
(4)												
(5)												
(6)												
(7)												

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity? Yes	(i) No
(1) GROUP HEALTH OPTIONS, INC. 91-1467158 320 WESTLAKE AVE NORTH, SUITE 100 SEATTLE, WA 98109-5233	INSURANCE	WA	GHC	C CORP	1,015,725,640.	219,237,606.	100.0000	X	
(2) KPS HEALTH PLANS 91-0540525 400 WARREN AVE BREMERTON, WA 98337	INSURANCE	WA	GHC	C CORP	126,085,745.	53,824,635.	100.0000	X	
(3) GROUP HEALTH SERVICES, INC. 91-1392222 320 WESTLAKE AVE NORTH, SUITE 100 SEATTLE, WA 98109-5233	INACTIVE	WA	GHC	C CORP			100.0000	X	
(4) GROUP HEALTH OF WASHINGTON 91-1314907 320 WESTLAKE AVE NORTH, SUITE 100 SEATTLE, WA 98109-5233	INACTIVE	WA	GHC	C CORP			100.0000	X	
(5)									
(6)									
(7)									

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35b, or 36.)

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

			Yes	No
1	During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a	Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity	**1a**	X	
b	Gift, grant, or capital contribution to related organization(s)	**1b**	X	
c	Gift, grant, or capital contribution from related organization(s)	**1c**	X	
d	Loans or loan guarantees to or for related organization(s)	**1d**		X
e	Loans or loan guarantees by related organization(s)	**1e**		X
f	Dividends from related organization(s)	**1f**		X
g	Sale of assets to related organization(s)	**1g**		X
h	Purchase of assets from related organization(s)	**1h**		X
i	Exchange of assets with related organization(s)	**1i**		X
j	Lease of facilities, equipment, or other assets to related organization(s)	**1j**		X
k	Lease of facilities, equipment, or other assets from related organization(s)	**1k**		X
l	Performance of services or membership or fundraising solicitations for related organization(s)	**1l**	X	
m	Performance of services or membership or fundraising solicitations by related organization(s)	**1m**		X
n	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	**1n**	X	
o	Sharing of paid employees with related organization(s)	**1o**		X
p	Reimbursement paid to related organization(s) for expenses	**1p**		X
q	Reimbursement paid by related organization(s) for expenses	**1q**		X
r	Other transfer of cash or property to related organization(s)	**1r**		X
s	Other transfer of cash or property from related organization(s)	**1s**		X

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of other organization	**(b)** Transaction type (a-s)	**(c)** Amount involved	**(d)** Method of determining amount involved
(1)	GROUP HEALTH OPTIONS, INC.	L	309,902,064.	FMV
(2)	GROUP HEALTH OPTIONS, INC.	A	31,857.	FMV
(3)	KPS HEALTH PLANS	L	3,103,719.	FMV
(4)	GROUP HEALTH FOUNDATION	C	1,774,421.	CASH
(5)	AUXILIARY OF GROUP HEALTH COOPERATIVE	C	304,274.	CASH
(6)	GROUP HEALTH FOUNDATION	B	304,274.	CASH

Part VI **Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" on Form 990, Part IV, line 37.)

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	
(1)													
(2)													
(3)													
(4)													
(5)													
(6)													
(7)													
(8)													
(9)													
(10)													
(11)													
(12)													
(13)													
(14)													
(15)													
(16)													

Part VII **Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule R (see instructions).

GROUP HEALTH COOPERATIVE
AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2012 and 2011

(With Independent Auditors' Report Thereon)

GROUP HEALTH COOPERATIVE
AND SUBSIDIARIES

Table of Contents

KPMG

KPMG LLP
Suite 2900
1918 Eighth Avenue
Seattle, WA 98101

Independent Auditors' Report

The Board of Trustees
Group Health Cooperative and Subsidiaries:

We have audited the accompanying consolidated financial statements of Group Health Cooperative and Subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related consolidated notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position of Group Health Cooperative and Subsidiaries as of December 31, 2012 and 2011, and the results of its operations, and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included on pages 49 through 52 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Seattle, Washington
April 24, 2013

GROUP HEALTH COOPERATIVE
AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2012 and 2011

(In thousands)

Assets		**2012**	**2011**
Current assets:			
Cash and cash equivalents	$	71,272	358,116
Short-term marketable securities		20,211	37,588
Accounts receivable – net		135,025	146,177
Inventories		17,957	23,720
Other		32,501	28,250
Total current assets		276,966	593,851
Long-term marketable securities		832,178	714,988
Funds held by trustee		8,848	8,848
Land, buildings, and equipment:			
Land		23,275	26,766
Buildings and improvements		557,388	585,664
Equipment		471,548	452,668
Construction in progress		21,995	21,835
Total land, buildings, and equipment		1,074,206	1,086,933
Less accumulated depreciation		(655,353)	(666,845)
Land, buildings, and equipment – net		418,853	420,088
Other assets		60,551	40,742
Total	$	1,597,396	1,778,517

GROUP HEALTH COOPERATIVE
AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2012 and 2011

(In thousands)

Liabilities and Net Assets		2012	2011
Current liabilities:			
Accounts payable	$	100,891	256,096
External delivery services payable		240,199	254,058
Unearned premiums and deposits		33,901	61,104
Accrued employee compensation		69,084	53,117
Accrued taxes and interest		9,404	18,138
Short-term borrowings		—	8,998
Current portion of long-term debt		5,045	4,850
Current portion of reserve for self-insurance		20,111	16,369
Current portion of retiree medical benefits		4,506	4,240
Total current liabilities		483,141	676,970
Noncurrent liabilities:			
Long-term debt		134,859	139,903
Self-insurance		49,436	44,461
Retiree medical benefits		45,510	40,171
Pension		219,361	162,220
Other		33,467	31,076
Total noncurrent liabilities		482,633	417,831
Total liabilities		965,774	1,094,801
Net assets:			
Unrestricted		617,898	671,466
Temporarily restricted		5,568	4,173
Permanently restricted		8,156	8,077
Total net assets		631,622	683,716
Total	$	1,597,396	1,778,517

See accompanying notes to consolidated financial statements.

GROUP HEALTH COOPERATIVE
AND SUBSIDIARIES

Consolidated Statements of Operations and Changes in Net Assets

Years ended December 31, 2012 and 2011

(In thousands)

	2012	2011
Revenues:		
Premiums	$ 3,269,263	3,156,389
Clinical services, net	254,963	234,648
Other	104,930	103,265
Total operating revenues	3,629,156	3,494,302
Expenses:		
External delivery services	1,891,300	1,879,743
Employee compensation	678,213	624,280
Group Health Permanente expense	367,137	323,833
Medical and operating supplies	290,910	284,485
Other expenses	242,681	264,271
Services purchased	141,945	141,592
Depreciation and amortization	57,513	57,292
Total operating expenses	3,669,699	3,575,496
Operating loss	(40,543)	(81,194)
Nonoperating income (expense):		
Investment income	27,772	73,806
Interest expense	(1,083)	2,032
Total other income	26,689	75,838
Deficit of revenues over expenses	(13,854)	(5,356)
Change in net unrealized investment gains and losses	28,177	(41,195)
Change in defined benefit pension and other postretirement plans	(67,770)	(88,531)
Other	(121)	(148)
Change in unrestricted net assets	(53,568)	(135,230)
Change in temporarily restricted net assets	1,395	(853)
Change in permanently restricted net assets	79	411
Change in net assets	(52,094)	(135,672)
Net assets:		
Beginning of year	683,716	819,388
End of year	$ 631,622	683,716

See accompanying notes to consolidated financial statements.

GROUP HEALTH COOPERATIVE
AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended December 31, 2012 and 2011

(In thousands)

		2012	2011
Cash flows from operating activities:			
Change in net assets	$	(52,094)	(135,672)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization		57,513	57,292
Provision for self-insurance		21,252	13,953
Change in realized and unrealized investments gains and losses		(35,502)	(5,660)
Change in fair value of interest rate swap		2,791	(6,959)
Recognized other-than-temporary impairment losses		385	—
Change in deferred gain on sale – leaseback		(2,917)	(2,917)
Other		(4,894)	738
Cash provided by (used in) operating assets and liabilities:			
Accounts receivable – net		11,142	(20.538)
Inventories		5,763	(657)
Other current and noncurrent assets		(27,644)	(2,445)
Accounts payable		4,467	18,342
External delivery services payable		(13,859)	22,391
Accrued employee compensation		15,967	(3,236)
Self-insurance		(12,535)	(11,962)
Accrued taxes and interest		(8,734)	3,766
Unearned premiums and deposits		(24,286)	12,203
Pension		57,141	89,569
Retiree medical benefits		5,605	(1,855)
Other noncurrent liabilities		1,622	(4,008)
Net cash provided by operating activities		1,183	22,345
Cash flows from investing activities:			
Payments for land, buildings, and equipment		(59,024)	(52,749)
Proceeds from disposal of land, buildings, and equipment		2,540	5
Proceeds from sale of marketable securities		514,009	1,276,235
Purchases of marketable securities		(733,073)	(933,556)
Distribution from equity investments		1,485	2,185
Purchases of equity investments		(250)	—
Net cash (used in) provided by investing activities		(274,313)	292,120
Cash flows from financing activities:			
Repayment of long-term debt		(4,595)	(4,370)
Net short-term borrowings		(8,998)	(31,978)
Other		(121)	(148)
Net cash used in financing activities		(13,714)	(36,496)
Net (decrease) increase in cash and cash equivalents		(286,844)	277,969
Cash and cash equivalents :			
Beginning of year		358,116	80,147
End of year	$	71,272	358,116
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	$	4,224	5,201
Income taxes		2,782	5,729

See accompanying notes to consolidated financial statements.

(1) Organization

The accompanying consolidated financial statements include the accounts of Group Health Cooperative (GHC), GHC's wholly owned subsidiary, Group Health Options, Inc. (GHO), and controlled affiliates, KPS Health Plans (KPS), Group Health Foundation (the Foundation), Columbia Medical Associates, LLC (CMA), and Auxiliary of Group Health Cooperative (the Auxiliary), (collectively, the Group).

GHC is a Washington nonprofit corporation registered as a health maintenance organization headquartered in Seattle, Washington. GHC offers comprehensive, coordinated health care to an enrolled membership for a fixed prepaid fee through its owned and leased facilities, employed providers, and contracted providers, in addition to providing certain health care services on a fee-for-service basis to both enrollees and nonenrollees.

GHO is a Washington for-profit corporation registered and operating as a health care services contractor headquartered in Seattle, Washington. GHO provides health care coverage products that feature increased customer choice, including a point of service plan benefit. It is also registered in Idaho as a Disability, Including Managed Care Carrier, operating in two counties.

KPS is a Washington taxable nonprofit corporation registered and operating as a health care service contractor headquartered in Bremerton, Washington. KPS provides health care services through contracts with participating physicians and hospitals.

The Foundation is a Washington nonprofit corporation. It is organized exclusively to benefit, perform the functions of, and carry out the purposes of GHC and other affiliated tax-exempt organizations. It supports research, health careers, training, health education, GHC programs, and other projects that promote high quality health care. Grants are awarded to qualified health-related community organizations, extending the internal resources of GHC to the community. The Foundation's operations are largely a function of the level of donations it receives.

CMA is a Washington limited liability company headquartered in Spokane, Washington. CMA provides medical services to families and individuals within the greater Spokane area. Effective July 31, 2011, GHC acquired control of CMA (see note 15).

The Auxiliary is an unincorporated association. It is organized for the purpose of promoting and advancing the welfare of GHC through fund-raising in order to provide services and gifts to the medical centers, specialty centers, and health-related programs of GHC and its patients. The Auxiliary discontinued operations as an unincorporated association at December 31, 2012. At dissolution, the assets of the Auxiliary were transferred to GHC. The fundraising efforts conducted by the former Auxiliary continue under the direct management of GHC. The discontinuance of the Auxiliary did not have a material impact on the Group's consolidated financial statements.

(2) Summary of Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements include those of GHC, its wholly owned subsidiaries, and controlled affiliates. All significant intercompany accounts and transactions have been eliminated in these consolidated financial statements.

The Group has prepared the accompanying consolidated financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

(b) Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Significant estimates and assumptions are used in the recording of external delivery services payable, fair value, allowances for uncollectible accounts, self-insurance reserves, pension liabilities, retiree medical liabilities, and the evaluation of contingencies and litigation. Changes in these estimates and assumptions may have a material impact on the consolidated financial statements.

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of liquid investments with original or remaining maturities of three months or less at the date of purchase and approximate fair value. Cash equivalents generally consist of money market funds and repurchase agreements.

The Group is potentially subject to a concentration of credit risk related to financial instruments such as funds held at high credit quality financial institutions, and at times, such balances with any one financial institution may exceed the Federal Deposit Insurance Corporation's (FDIC) insured limits. From December 31, 2010 through December 31, 2012, the Dodd-Frank Wall Street Reform and Consumer Protection Act provided temporary unlimited coverage for noninterest-bearing transaction accounts, which is separate from, and in addition to, coverage provided by the FDIC. Certain interest bearing accounts remain at risk.

(d) Marketable Securities

Marketable securities are readily convertible to cash, are carried at fair value, and are classified as available-for-sale securities. The Group considers securities that will mature within one year as short-term investments. The change in unrealized gains and losses is recorded as a separate component of net assets for GHC, GHO, and KPS. The Foundation records the change in unrealized gains and losses to investment income in the consolidated statements of operations and changes in net assets. The cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity or, in the case of mortgage-backed securities, over the estimated life of the security. The discount or premium is amortized using the effective-yield method. Such amortization and accretion are included in investment income. Realized gains or losses on sale are calculated using the first-in, first-out (FIFO) method. The Group's investment transactions are recorded on a trade-date basis.

(e) *Other-Than-Temporary Impairment (OTTI)*

An investment is impaired if the fair value of the investment is less than its book value or amortized cost, resulting in an unrealized loss position. Impaired securities are assessed to determine if the impairment is other-than-temporary. The Group evaluates investment securities for OTTI based on qualitative and quantitative factors. If the Group has the intent to sell, or it is more likely than not that it will sell the security before recovery, OTTI is recorded in income equal to the entire difference between the security's book or amortized cost basis and its fair value at the balance sheet date.

For debt securities, if the Group does not intend to sell or it is more likely than not it will be required to sell the security before recovery, OTTI is separated into the amount representing the credit loss and the amount related to all other factors. The credit component of the OTTI is recognized in income and the noncredit component is recognized as a component of the changes in net assets. The credit component of OTTI is determined by comparing the present value of projected future cash flows with the amortized cost basis of the fixed income security. The present value is calculated by discounting the projected future cash flows at the effective interest rate implicit in the fixed income maturity at the date of acquisition. For mortgage-backed and asset-backed securities, cash flow estimates are based on assumptions regarding the underlying collateral including prepayment speeds, type of underlying assets, geographic concentrations, default rates, recoveries, and changes in value. For all other debt securities, cash flow estimates are driven by assumptions regarding probability of default, including changes in credit ratings, and estimates regarding timing and amount of recoveries associated with a default. Unrealized losses caused by noncredit related factors related to debt securities, for which the Group expects to fully recover the amortized cost basis, continue to be recognized as a component of net assets.

(f) *Accounts Receivable*

Accounts receivable are primarily comprised of premiums, receivables for noncovered health care services, copays and deductibles, and receivables for fee-for-service clinical services provided to nonenrollees. The Group records a reduction in the related premium revenues for an estimate of amounts related to retroactive enrollment changes. Provisions for contractual adjustments are recorded on an accrual basis and are deducted from gross revenues. Bad debts related to clinical services revenue are deducted from gross revenues.

(g) *Provision for Uncollectible Accounts and Retroactivity*

The Group provides an allowance for potential uncollectible accounts receivable whereby such receivables are reduced to their estimated net realizable value. There are various factors that can impact the collection trends and the estimation process, such as changes in the economy, the increased burden of copays and deductibles to be made by enrollees, and business practices related to collection efforts.

The Group estimates the allowance for receivables of noncovered health care services, fee-for-service clinical services, and other receivables based on the aging of accounts receivable, historical collection experience, and other relevant factors. The allowance for uncollectible accounts decreased from $5,234,000 at December 31, 2011 to $4,093,000 at December 31, 2012. The Group's bad debt decreased due to improved collection efforts resulting in a lower allowance for doubtful accounts.

The allowance for receivables of premiums is based on aging of accounts receivable and historical experience of enrollment retroactive changes. The allowance for retroactivity was $2,600,000 and $4,557,000 as of December 31, 2012 and 2011, respectively.

(h) Inventories

Inventories consist of pharmaceuticals, medical, and operating supplies, and are stated at the lower of weighted average cost or market.

(i) Funds Held by Trustee

Funds held by trustee are assets restricted as to use pursuant to terms and conditions of the revenue bonds (see note 6).

The Series 2006 revenue bonds require a debt service reserve fund for the benefit of the bond owners, which shall be maintained as long as any Series 2006 bonds remain outstanding. The amount of the debt service reserve fund is $8,848,000 for December 31, 2012 and 2011.

(j) Charitable Gift Annuities

As of December 31, 2012 and 2011, the Foundation had a charitable gift annuities liability of $1,195,000 and $1,220,000, respectively, which is recorded as a component of other noncurrent liabilities in the accompanying consolidated balance sheets. Investments held for the charitable gift annuities are $2,432,000 and $2,146,000 as of December 31, 2012 and 2011, respectively, and are recorded as a component of other assets in the accompanying consolidated balance sheets.

(k) Land, Buildings, and Equipment

Land, buildings and improvements, and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets or, for leasehold improvements, over the term of the related lease, whichever is shorter. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any related gain or loss is reflected in operations. The estimated useful lives of buildings, improvements, and leasehold improvements are 5 to 40 years, and the estimated useful life of equipment is 2 to 20 years.

(l) Construction in Progress

Construction in progress (CIP) projects include costs incurred while preparing assets for their intended use. CIP projects consist of major computer system installations, the construction or remodel of buildings, or the installation of major equipment. The Group capitalizes interest costs on borrowings incurred during construction or development of qualifying assets. Capitalized interest is added to the cost of the underlying assets and is depreciated or amortized over the useful lives of the assets.

(m) Long-Lived Assets

In accounting for its long-lived assets, the Group makes estimates about the expected useful lives of the assets, the expected residual values of the assets, and the potential for impairment based on the fair value of the assets and the cash flows they generate. Factors indicating potential impairment include, but are not limited to, significant decreases in the market value of the long-lived assets, a significant change in the long-lived assets' condition, and operating cash flow losses associated with the use of the long-lived assets.

There is inherent risk in estimating the future cash flows used in the impairment test. If cash flows do not materialize as estimated, there is a risk the impairment charges recognized to date may be inaccurate, or further impairment charges may be necessary in the future.

In 2008, GHC closed its Eastside Campus, which housed an inpatient hospital facility, a specialty center, and primary care clinic. GHC relocated its primary care clinic to Redmond and its specialty center to Bellevue, adjacent to Overlake Hospital Medical Center where certain GHC enrollees receive hospital care. Group Health actively marketed Eastside Campus and anticipated a sale to likely occur, resulting in the assets of this facility classified as held-for-sale in 2012 and is a component of other assets. In March 2013, Eastside Campus was sold.

Management periodically performs an evaluation of the book value of the Eastside Campus assets compared to fair value less cost to sell. No impairment loss was incurred in 2012 or 2011.

(n) Intangible Assets

Intangible assets are recorded at fair value and those that are subject to amortization are amortized on a straight-line basis over their estimated useful lives, of 3 to 15 years. As of December 31, 2012 and 2011, the net carrying amount was $860,000 and $1,730,000, respectively, and is a component of other assets in the accompanying consolidated balance sheets.

The Group performs an impairment review annually or when a triggering event occurs between annual impairment tests. For 2012, the Group performed an impairment review of intangible assets and determined that it was more likely than not that the fair value of certain intangible assets is less than the carrying amounts. Accordingly, an impairment loss of $647,000 was recorded in 2012 as a component of depreciation and amortization expense.

(o) Other Current Assets and Other Assets

Other current assets and other assets consist of interest receivable, deferred financing costs, held for sale assets, interest rate swap, deposits, prepaid assets, deferred tax assets and federal tax receivable.

(p) Self-Insurance

The Group is partially self-insured for professional liability and industrial accident claims and fully self-insured for unemployment benefits. Professional liability and industrial accident claims liabilities are determined using case-based estimates for reported claims and actuarial estimates for incurred but not reported claims. These estimates are based on historical information along with certain assumptions about future events. Changes in assumptions related to expected claims development as well as changes in actual experience could cause these estimates to change. At December 31, 2012 and 2011, the estimated liability for professional liability claims was $57,703,000 and $51,123,000, respectively. At December 31, 2012 and 2011, the estimated liability for industrial accident claims was $8,075,000 and $6,483,000, respectively. At December 31, 2012 and 2011, the estimated liability for unemployment claims was $3,769,000 and $3,224,000, respectively. Reinsurance receivables for 2012 and 2011 are $1,631,000 and zero, respectively, and are a component of other assets.

(q) ***Reinsurance***

The Group limits certain exposure to claims loss by ceding reinsurance to other insurance companies. GHC maintains reinsurance on a claims-made basis for professional liability and industrial accident claims. Retention levels for professional liability are $10,000,000 per claim with a $50,000,000 annual aggregate in 2012 and 2011. Retention levels for industrial accident claims in 2012 and 2011 are $500,000, per claim and in aggregate. KPS purchases reinsurance to limit its exposure on all of its insured contracts except the Federal Employees Health Benefit Plan and Medicare Supplemental products. A retention level of $500,000 per claim with a coinsurance level of 10% was held in 2012 and 2011, by KPS.

Reinsurance contracts do not relieve the Group from its obligations to claimants. Failure of reinsurers to honor their obligations could result in losses to the Group. The Group had recorded prepaid reinsurance premiums of $824,000 and $866,000 as of December 31, 2012 and 2011, respectively, as a component of other current assets, and reinsurance receivables of $11,000 and $458,000 as of December 31, 2012 and 2011, respectively, as a component of accounts receivable.

(r) ***Derivatives***

In certain instances, the Group enters into derivative instruments to hedge specific assets and liabilities, which are carried at fair value. Prior to entering into a derivative contract designated as a hedge, the relationship between the hedging instruments and the hedged items, as well as its risk management objective and strategy, is formally documented. On the date the Group enters into a derivative contract utilized as a hedge, the derivative instrument is designated as either a hedge of the fair value of a recognized asset or liability of an unrecognized firm commitment (known as a fair value hedge) or a hedge of the variability in expected future cash flows associated with an existing recognized asset or liability or a forecasted transaction (known as a cash flow hedge).

(s) ***Revenues***

Revenues are derived principally from health care premiums and clinical service billings, contractual adjustments and bad debts. Premiums received in advance of the coverage period are deferred, and revenues are recognized in the period in which services are covered. Group contracts cover employee groups and are entered into with employers or union trusts. Clinical service revenues are generated through the provision of certain medical and pharmacy services not fully covered under existing benefit policies and from services provided to nonenrollees who receive care at the Group's facilities.

GHC participates in the Medicare Advantage program and offers both Medicare Advantage (MA) and Medicare Advantage Prescription Drug (MA-PD) plans. MA plans offer Part C Medicare benefits to members and GHC receives capitated revenue from the Centers for Medicare and Medicaid Services (CMS), as well as supplemental premiums from the member. MA-PD plans offer Part C and Part D Medicare benefits to members and GHC receives capitated revenue from CMS, as well as supplemental premiums from the member. GHO offers MA-PD plans to its Medicare eligible members.

The capitated revenue from CMS for Part C and Part D is based on a Risk Adjustment model, where the demographic and health status (i.e. risk score) of the member is a factor used in determining payment. The other major factor of the capitated payment is the member's county of residence. Capitated payments from CMS are received monthly and are prospective. Adjustments for enrollment and certain member status updates are made to the payments. Various accruals related to Part C and Part D revenue as a result of the risk-sharing arrangement, as well as federal reinsurance, and low-income cost-sharing subsidies are recognized as well. Final settlements of data are made after the end of the fiscal year.

The Medicare and Medicaid Electronic Health Records (EHR) Incentive Program provides incentive payments to eligible professionals and hospitals as they adopt, implement, upgrade and demonstrate meaningful use of certified EHR technology. The Group has eligible professionals, as well as an eligible hospital participating in the program. Incentives earned through this program are recognized in other revenues and were $6,921,000 and $11,746,000 for the years ended December 31, 2012 and 2011, respectively.

In July 2012, GHC stopped participating as a health plan serving Medicaid patients. The care of Medicaid patients continues through a contractual arrangement with another health plan. Revenue for this care is a component of clinical services revenue.

Other revenues include grants awarded to the Group Health Research Institute, a division of GHC, and optical sales. Also included in other revenues are self-funded administrative service fees generated by the Group and unconditional promises to donate cash and other assets to the Foundation, which are reported at fair value at the date the promise is received. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the time and purpose of the donated assets. When a donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets.

The table below presents the balances of the significant operating revenue types for the years ended December 31, 2012 and 2011 (in thousands):

		2012	2011
Premiums:			
Group	$	2,153,999	2,167,825
Medicare		907,564	762,346
Individual and family		183,857	185,300
Medicaid		23,843	40,918
Total premiums		3,269,263	3,156,389
Clinical services revenue, net of contractual allowances and discounts and discounts		264,828	234,648
Less provision for bad debt		(9,865)	(11,413)
Clinical services revenue, net		254,963	223,235
Other revenue:			
Grants		46,573	45,141
Other		41,833	42,690
Sales		16,524	15,434
Total other		104,930	103,265
Total operating revenues	$	3,629,156	3,482,889

The Group has agreements with third-party payors that provide for payments of amounts different from established charges. The Group's clinical services revenue, net of contractual allowances and discounts, came from the following major payor sources:

	2012	2011
Private	52%	56%
Commercial/other	42	37
Medicare	4	5
Medicaid	2	2
Total	100%	100%

There is a corresponding significant concentration of credit risk in net accounts receivable balances at December 31, 2012 and 2011:

	2012	2011
Private	54%	46%
Commercial/other	42	43
Medicare	3	7
Medicaid	1	4
Total	100%	100%

The private accounts receivable represents noncovered health care services, copays and deductibles from enrollees, and receivables from nonenrollees receiving fee-for-services clinical services.

The Group has entered into payment agreements with certain commercial insurance carriers including employer groups under self-funded plans. The basis for payment to the Group under these agreements includes prospectively determined rates per unit of service and discounts from established charges. Most arrangements provide for payment or reimbursement to the Group at amounts different from established rates. Contractual discounts represent the difference between established rates for services and amounts paid or reimbursed by these third-party payors.

The Group has estimated payments for services rendered to Medicare and Medicaid fee-for-service patients during the year by applying the payment principles of the applicable governmental agencies and believes that an adequate provision has been made in the accompanying consolidated financial statements for final settlement.

Reimbursement for inpatient services rendered to Medicare recipients has been made principally under a prospective pricing system based on diagnosis-related groups. Most outpatient services provided to Medicare patients are reimbursed based on prospectively determined rates. Medicaid patients are also reimbursed based on a combination of prospectively determined rates and cost reimbursement methodology. Continuation of these reimbursement programs at the present level, and on the present basis, is dependent upon future policies of the federal and state governmental agencies.

(t) Premium Deficiencies

A premium deficiency reserve is recognized when the expected future claims payments and administrative costs of a grouping of existing contracts exceed the premiums to be collected for the remainder of a contract period. Deficiencies in one grouping of contracts are not offset by anticipated surpluses in other groupings. The Group considers anticipated investment income in determining if a premium deficiency exists. Reserves are regularly reviewed and adjusted as experience develops or new information becomes known. Such adjustments would be included in current operations. No reserve was considered necessary at December 31, 2012 and 2011.

(u) Charity Care

Charity care represents medically necessary hospital-based care to patients who have demonstrated an inability to pay and receive care at a Group facility. Patients must have income at or less than 200% of the Federal Poverty Level. Only the portion of a patient's account that meets the Group's criteria is recognized as charity care. The method to estimate costs associated with charity care involves a ratio of gross charges. The cost of charity care is estimated at $1,078,000 and $869,000 for the years ended December 31, 2012 and 2011, respectively.

(v) External Delivery Services

External delivery services represent health care expenses incurred by GHC, GHO, and KPS for care provided by contracted and noncontracted health care facilities and practitioners. The liability reflected on the consolidated balance sheets is determined using actuarial estimates. These estimates are based on historical information along with certain assumptions about future events. Changes in assumptions, as well as changes in actual experience, could materially impact these estimates.

(w) Group Health Permanente Expense

Group Health Permanente P.C. is an independent medical group with an exclusive contract to provide medical services at the Group's facilities providing primary, specialty, and inpatient care. The Group's net liability to Group Health Permanente was $25,339,000 and $24,898,000 as of December 31, 2012 and 2011, respectively, which is a component of accounts payable in the accompanying consolidated balance sheets.

(x) Advertising

Advertising costs are expensed as incurred and are recorded within services purchased in the consolidated statements of operations and changes in net assets. The Group recorded advertising expense of $1,736,000 and $4,896,000 for the years ended December 31, 2012 and 2011, respectively.

(y) Leases

Rent revenue and expense is recorded on a straight-line basis over the term of the respective leases. Lease incentives are amortized ratably over the lease term (see note 11).

The Group is obligated under capital leases covering certain equipment that expire at various dates during the next four years. Amortization of assets held under capital leases is included with depreciation.

(z) Income Taxes

GHO and KPS are subject to federal income taxes. These companies file federal tax returns and are not subject to any state income tax filing requirements. GHC is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (the Code) as a charitable organization under Section 501(c)(3) of the Code, except for unrelated business income tax. The Foundation has received a determination letter from the Internal Revenue Service (IRS) that it is a tax-exempt public foundation in accordance with Section 501(c)(3) and a public charity in accordance with Section 170(b)(1)(A)(vi) of the Code. The Auxiliary has received a determination letter from the IRS that it is a tax-exempt organization in accordance with Sections 501(c)(3) and 509(a)(2) of the Code. CMA is considered a disregarded entity for federal tax purposes and would be included with any GHC federal income tax filing.

GHO and KPS recognize deferred income taxes for the tax consequences in future years of the differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to reverse. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income, and tax planning strategies in making this assessment. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. Interest and penalties, if any, are recognized as other expense in the period in which the interest would be accruing according to tax law or in the period the tax position is initially taken.

(aa) Net Assets

Changes in unrestricted net assets result from the excess (deficit) of revenues over expenses and the changes in net unrealized investment gains (losses) as well as pension and other post retirement plan changes. Temporarily and permanently restricted net assets are accounted for within the Foundation. Temporarily restricted net assets account for funds restricted by donors for specific time and purposes, unappropriated earnings on permanent endowments and are available to support the Foundation in carrying out its missions.

Temporarily restricted net assets are available for the following purposes as of December 31, 2012 and 2011 (in thousands):

	2012	2011
Health care services	$ 3,734	2,775
Health education	1,115	694
Health care research and development	640	627
Time restricted	79	77
Total temporarily restricted net assets	$ 5,568	4,173

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets. Permanently restricted net assets as of December 31, 2012 and 2011 are contributions restricted by the donor to be invested in perpetuity.

The change in temporarily restricted net assets is comprised of \$1,563,000 and \$1,469,000 of contributions, \$(1,582,000) and \$(1,783,000) of release from restrictions, and investment income (loss) of \$1,414,000 and \$(539,000), for the years ended December 31, 2012 and 2011, respectively.

(bb) Accounting Changes

In September 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-09, *Compensation – Retirement Benefits – Multiemployer Plans (Subtopic 715-80): Disclosures about an Employer's Participation in a Multiemployer Plan*. ASU 2011-09 increases the quantitative and qualitative disclosures an employer is required to provide about its participation in significant multiemployer plans that offer pension or other postretirement benefits. This standard was effective for the Group's 2012 financial statements. The adoption of this standard required additional disclosures (see note 9) and did not have a material impact on the Group's consolidated financial statements.

In July 2011, the FASB issued ASU No. 2011-07, *Health Care Entities (Topic 954): Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities (a consensus of the FASB Emerging Issues Task Force)*, which requires that the provisions for bad debts associated with patient service revenue be presented on a separate line as a deduction from patient service revenue (net of contractual allowances and discounts) in the statement of operations. This standard also requires additional disclosures on allowance and bad debt. This standard was effective for the Group's 2012 consolidated financial statements. The adoption of this standard did not have a material impact on the Group's consolidated financial statements.

In May 2011, the FASB issued ASU No. 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*, which results in convergence between U.S. GAAP and IFRS requirements for measurement of and disclosures about fair value (see note 8). This standard was effective for the Group's 2012 consolidated financial statements. The adoption of this standard did not have a material impact on the Group's consolidated financial statements.

(cc) New Accounting Pronouncements

In October 2012, the FASB issued ASU No. 2012-05, *Statement of Cash Flows (Topic 230): Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows*. ASU 2012-05 requires all cash receipts from the sale of donated financial assets to be classified as cash flows from investing activities with two exceptions related to donor limitations and restrictions. This standard will be effective for the Group's 2013 consolidated financial statements. The adoption of this standard is not expected to have a material impact on the Group's consolidated financial statements.

In October 2012, the FASB issued ASU No. 2012-04, *Technical Corrections and Improvements – An Amendment of the FASB Accounting Standards Codification*. The purpose of ASU 2012-04 is to update and clarify codification and correct unintended application of guidance. The amendments are not intended to have significant impact on current account practice. FASB specifically identified amendments to Topics 815 – *Derivatives and Hedging*, 962 – *Plan Accounting-Defined Contribution Pension Plans* and 965 – *Plan Accounting-Health and Welfare Benefit Plans,* which may result in changes to current practices. This standard will be effective for the Group's 2013 financial statements. The adoption of this standard is not expected to have a material impact on the Group's consolidated financial statements.

In December 2011, the FASB issued ASU No. 2011-11, *Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities*. ASU 2011-11 requires an entity to disclose information about offsetting and related arrangements to enable users of financial statements to understand the effect of those arrangements on its financial position, and to allow investors to better compare financial statements prepared under U.S. GAAP with financial statements prepared under International Financial Reporting Standards (IFRS). This standard will be effective for the Group's 2013 consolidated financial statements. Management has yet to determine whether this standard will have a material impact on the Group's consolidated financial statements.

In July 2011, the FASB issued ASU No. 2011-06, *Other Expenses (Topic 720): Fees Paid to the Federal Government by Health Insurers (a consensus of the FASB Emerging Issues Task Force)*, which requires fees imposed on health insurers mandated by the Patient Protection and Affordable Care Act as amended by the Health Care and Education Reconciliation Act (the Acts), be estimated and recorded in full once the entity provides qualifying health insurance in the applicable calendar year in which the fee is payable. There should be a corresponding deferred cost that is amortized to expense using a straight-line method of allocation, unless a better method of allocating the fee over the year is available. This standard will be effective for the Group's 2014 consolidated financial statements. Management is evaluating the impact this standard will have on the Group's consolidated financial statements.

(3) Marketable Securities

Marketable securities as of December 31, 2012 and 2011 consist of the following (in thousands):

	2012			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Debt:				
U.S. government securities	$ 144,167	2,350	(151)	146,366
Municipals	46,020	2,015	(62)	47,973
International government	2,349	44	—	2,393
Corporate debt securities	315,802	9,562	(272)	325,092
Mortgage-backed securities	126,292	3,048	(240)	129,100
Asset-backed securities	12,405	100	(11)	12,494
Collateralized mortgage obligations	24,559	546	(33)	25,072
Domestic equity securities:				
Mutual funds:				
Large blend	78,784	6,416	(346)	84,854
Large value	12,173	1,111	(140)	13,144
Large growth	1,936	526	—	2,462
Medium growth	10,919	308	(224)	11,003
Small blend	8,001	288	(151)	8,138
Small value	12,650	748	(14)	13,384
Small growth	243	139	—	382
Intermediate term	2,363	124	(1)	2,486
Other	4,829	96	(469)	4,456
Common stock:				
Communications	1,281	27	(9)	1,299
Consumer	4,084	87	(103)	4,068
Energy	1,483	17	(14)	1,486
Financial	2,709	135	(12)	2,832
Industrial	1,421	59	(4)	1,476
Technology	2,334	13	(88)	2,259
Other	1,713	66	(18)	1,761
Foreign equity securities:				
Mutual funds:				
Large value	8,266	169	(35)	8,400
Other	9	—	—	9
Total	$ 826,792	27,994	(2,397)	852,389

(Continued)

	2011			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Debt:				
U.S. government securities	$ 79,324	643	(12)	79,955
Municipals	24,290	908	(7)	25,191
Commercial paper	500	—	—	500
International government	10,058	7	(18)	10,047
Corporate debt securities	305,492	2,414	(3,005)	304,901
Mortgage-backed securities	133,778	1,718	(17)	135,479
Asset-backed securities	7,366	4	(58)	7,312
Collateralized mortgage obligations	31,239	388	(134)	31,493
Domestic equity securities:				
Mutual funds:				
Large blend	56,164	625	(2,573)	54,216
Large value	23,791	318	(564)	23,545
Medium growth	11,040	122	(1,039)	10,123
Small blend	8,001	43	(504)	7,540
Small value	18,624	23	(569)	18,078
Investment grade bonds	2,386	41	(3)	2,424
U.S. Treasury	717	54	—	771
Other	5,065	121	(623)	4,563
Foreign equity securities:				
Mutual funds:				
Large blend	31,435	201	(2,581)	29,055
Large value	8,529	—	(1,155)	7,374
Other	9	—	—	9
Total	$ 757,808	7,630	(12,862)	752,576

Contractual maturities of debt securities held as of December 31, 2012 include the following (in thousands):

	Fair value					
		Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years	Total fair value
Debt:						
U.S. government securities	$	3,196	70,635	66,594	5,941	146,366
Municipals		1,413	11,518	13,657	21,385	47,973
International government		—	2,285	108	—	2,393
Corporate debt securities		15,602	212,207	84,654	12,629	325,092
Mortgage-backed securities		—	212	5,682	123,206	129,100
Asset-backed securities		—	4,335	7,431	728	12,494
Collateralized mortgage obligations		—	2,512	4,838	17,722	25,072
Total	$	20,211	303,704	182,964	181,611	688,490

Securities not due at a single maturity date are reflected in the table above by its final maturity date.

Unsettled trade receivables are $8,000 and $17,000 as of December 31, 2012 and 2011, respectively, and are a component of accounts receivable on the accompanying consolidated balance sheets. Unsettled trade payables are $3,900,000 and $160,020,000 as of December 31, 2012 and 2011, respectively, and are a component of accounts payable on the accompanying consolidated balance sheets.

The Group records investment income net of related expenses and consists of the following as of December 31, 2012 and 2011 (in thousands):

		2012	2011
Interest	$	23,743	30,762
Realized gains on sale		6,792	49,722
Realized losses on sale		(306)	(3,836)
Dividends and capital gains		4,336	4,635
Amortization, accretion, and other		(6,408)	(7,477)
OTTI		(385)	—
Total investment income	$	27,772	73,806

The Group evaluates investment securities for OTTI losses based on qualitative and quantitative factors. The amount of OTTI losses on fixed income securities recognized was zero in 2012 and 2011, respectively. OTTI losses on equity investments recognized in income was $385,000 and zero in 2012 and 2011, respectively.

The following tables show the fair value and gross unrealized losses of the Group's investments with unrealized losses. These securities are aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2012 and 2011 (in thousands):

	Less than 12 months		12 months or greater		Total	
2012	**Fair value**	**Unrealized losses**	**Fair value**	**Unrealized losses**	**Fair value**	**Unrealized losses**
Debt:						
U.S. government securities	$ 16,250	(151)	—	—	16,250	(151)
Municipals	6,838	(62)	—	—	6,838	(62)
Corporate debt securities	34,585	(205)	1,629	(67)	36,214	(272)
Mortgage-backed securities	16,373	(216)	744	(24)	17,117	(240)
Asset-backed securities	3,619	(11)	—	—	3,619	(11)
Collateralized mortgage obligations	2,502	(28)	489	(5)	2,991	(33)
Domestic equity securities:						
Mutual funds:						
Large blend	272	(2)	802	(344)	1,074	(346)
Large value	4	—	568	(140)	572	(140)
Medium growth	6,776	(224)	—	—	6,776	(224)
Small blend	3,849	(151)	—	—	3,849	(151)
Small value	349	(8)	56	(6)	405	(14)
Intermediate term	72	(1)	4	—	76	(1)
Other	243	(1)	1,750	(468)	1,993	(469)
Common Stock:						
Communications	941	(9)	—	—	941	(9)
Consumer	2,202	(103)	—	—	2,202	(103)
Energy	673	(14)	—	—	673	(14)
Financial	335	(12)	—	—	335	(12)
Industrial	336	(4)	—	—	336	(4)
Technology	1,805	(88)	—	—	1,805	(88)
Other	544	(18)	—	—	544	(18)
Foreign equity securities:						
Mutual funds:						
Large value	—	—	2,471	(35)	2,471	(35)
Total	$ 98,568	(1,308)	8,513	(1,089)	107,081	(2,397)

2011	Less than 12 months Fair value	Less than 12 months Unrealized losses	12 months or greater Fair value	12 months or greater Unrealized losses	Total Fair value	Total Unrealized losses
Debt:						
U.S. government securities	$ 12,207	(12)	—	—	12,207	(12)
Municipals	1,952	(7)	—	—	1,952	(7)
International government	9,847	(18)	—	—	9,847	(18)
Corporate debt securities	139,226	(2,954)	1,133	(51)	140,359	(3,005)
Mortgage-backed securities	4,051	(17)	—	—	4,051	(17)
Asset-backed securities	5,649	(55)	243	(3)	5,892	(58)
Collateralized mortgage obligations	13,177	(129)	79	(5)	13,256	(134)
Domestic equity securities:						
Mutual funds:						
Large blend	47,347	(2,315)	569	(258)	47,916	(2,573)
Large value	7,226	(564)	—	—	7,226	(564)
Medium growth	8,001	(1,039)	—	—	8,001	(1,039)
Small blend	5,497	(504)	—	—	5,497	(504)
Small value	14,925	(557)	47	(12)	14,972	(569)
Investment grade bonds	177	(2)	26	(1)	203	(3)
Other	1,629	(623)	2	—	1,631	(623)
Foreign equity securities:						
Mutual funds:						
Large blend	26,978	(2,116)	661	(465)	27,639	(2,581)
Large value	7,374	(1,155)	—	—	7,374	(1,155)
Total	$ 305,263	(12,067)	2,760	(795)	308,023	(12,862)

The unrealized losses in the Group's investments in 2012 were due primarily to changes in interest rates. The majority of debt security positions are investment grade and rated high quality, AA, or higher by Standard & Poor's rating agency. Securities with contractual payments are current and no payments were missed in 2012. The Group has the ability and intent to hold these investments until a recovery of fair value, which may be maturity, and considers these investments to be temporarily impaired.

(4) External Delivery Services Payable

Activity in the external delivery services payable for unpaid claims and claim adjustment expenses is summarized as follows (in thousands):

		2012	2011
Balances at January 1	$	254,058	231,667
Incurred related to:			
Current year		1,903,569	1,885,808
Prior years		(12,269)	(6,065)
Total incurred		1,891,300	1,879,743
Paid related to:			
Current year		1,672,050	1,641,238
Prior years		233,109	216,114
Total paid		1,905,159	1,857,352
Balances at December 31	$	240,199	254,058

Amounts incurred related to prior years vary from previously estimated liabilities as the claims are ultimately adjudicated and paid. Liabilities at any year end are continually reviewed and re-estimated as information regarding actual claims payments becomes known. This information is compared to the originally established year end liability. Amounts reported for incurred related to prior years result from claims being adjudicated and paid for amounts different from originally estimated.

(5) Medical Loss Ratio

Effective January 1, 2011, as part of the Patient Protection and Affordable Care Act (Health Care Reform), minimum medical loss ratios (MLR) were mandated for all commercial fully insured medical plans with annual rebates owed to policyholders if the actual loss ratios, calculated in a manner prescribed by the U.S. Department of Health and Human Services (HHS), fall below certain targets (85% for large employer groups and 80% for small employer groups and individuals). HHS issued guidance specifying the types of costs that should be included in benefit expense for purposes of calculating medical loss ratios. Management believes the Group's medical loss ratios were above the minimum target levels and no liability for rebates was recorded in 2012 and 2011.

(6) Borrowing Arrangements

GHC has a commercial paper financing program under which notes may be issued from time to time up to the aggregate face amount of $75,000,000. The notes may be sold at a discount from the paramount to reflect an interest component to the maturity date. The maturity date of the notes will be 1 to 270 days and the notes are not subject to redemption prior to the maturity date. The notes are secured by GHC's gross receivables, certain equipment, and a lien on certain real property. The issued notes outstanding were zero and $8,998,000 under the program at December 31, 2012 and 2011, respectively.

Revenue bonds were issued through the Washington Health Care Facilities Authority (the Authority). As security for the repayment of the bonds, GHC has granted the Authority a security interest in its gross receivables, bond funds, and liens against certain facilities and equipment. The loan agreements for the revenue bonds require, among other restrictions, that GHC achieve certain minimum debt service coverage ratios. Management believes GHC was in compliance with all debt covenants at December 31, 2012 and 2011.

Long-term debt at December 31, 2012 and 2011 consists of the following (in thousands):

	Years of maturity	2012	2011
Revenue bonds:			
Series 2001, 4.00% to 5-3/8%, plus bond premium of $446 and $616 in 2012 and 2011, respectively	2012 – 2019	$ 40,422	45,182
Series 2006, 4-1/2% to 5.00%, plus bond premium of $1,518 and $1,602 in 2012 and 2011, respectively	2022 – 2036	99,482	99,567
Other		—	4
Subtotal		139,904	144,753
Less current portion		(5,045)	(4,850)
Total long-term debt		$ 134,859	139,903

Future annual principal payments on long-term debt for each of the next five years and thereafter at December 31, 2012 are as follows (in thousands):

Years ending December 31:	
2013	$ 4,815
2014	5,075
2015	5,400
2016	5,690
2017	6,005
Thereafter	110,955
Subtotal	137,940
Add unamortized premium net	1,964
Total	$ 139,904

Interest paid during 2012 and 2011 was $4,224,000 and $4,991,000, respectively. Interest expense was $1,083,000 and $(2,032,000) during 2012 and 2011, respectively, and the amount of interest capitalized was $440,000 and $271,000 in 2012 and 2011, respectively. The effect of the interest rate swap decreased interest expense by $5,738,000 and $9,874,000 in 2012 and 2011, respectively.

(7) Derivative Financial Instruments

GHC is exposed to the effects of changing interest rates. This exposure is managed, in part, with the use of derivatives. In January 2007, GHC entered into an interest rate swap with Citigroup on the 2006 Series bonds as part of the effort to rebalance the mix of variable and fixed rate exposure. The swap entitles GHC to receive payments based on a fixed rate and pay a variable rate based on the Securities Industry and Financial Markets Association Municipal Swap Index. The terms include a provision to cap the market value of the swap at $22,500,000, and a par termination option with a term to match the call provision of the 2006 Series bonds. GHC has elected to account for the swap as a free standing derivative; therefore, changes in the fair value are recorded in earnings. The notional amount of this derivative is $75,000,000.

(8) Disclosure about Fair Value of Financial Instruments

Assets and liabilities that are recorded at fair value are required to be grouped in three levels, based on the markets in which the assets and liabilities are traded and the observability of the inputs used to determine fair value. The three levels are:

- Level 1 – Valuation is based upon quoted prices for identical instruments traded in active markets. At December 31, 2012, Level 1 securities include primarily mutual funds, common stocks, and certain U.S. government bonds.
- Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market. At December 31, 2012, Level 2 securities include primarily U.S. government and international government bonds, municipal bonds, corporate bonds, asset-backed and mortgage-backed securities, and collateralized mortgage obligations.
- Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect the Group's estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of discounted cash flow models and similar techniques, which included unobservable inputs of discount factor, forward rate, and credit risk of counterparty and GHC. At December 31, 2012, Level 3 instruments include primarily a guaranteed investment contract, an interest rate swap, and real estate.

Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group maximizes the use of observable inputs and minimizes the use of unobservable inputs when developing fair value measurements. Fair value measurements for assets and liabilities where there is limited or no observable market data and, therefore, are based primarily upon estimates calculated by the Group, are based on the economic and competitive environment, the characteristics of the asset or liability, and other factors. Therefore, the results cannot be determined with precision and may not be realized upon an actual settlement of the asset or liability. There may be inherent weaknesses in any calculation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, that could significantly affect the results of the current or future values.

Following is a description of valuation methods and assumptions used for assets and liabilities recorded at fair value and for estimating fair value for financial instruments not recorded at fair value but required to be disclosed:

(a) Assets and Liabilities

The carrying amounts reported in the balance sheets for cash and cash equivalents, accounts receivable – net, accounts payable, external delivery services payable, accrued employee compensation, accrued taxes and interest, and short-term borrowings approximate fair value.

(b) Long-Term Debt

Long-term debt is carried at amortized cost; however, accounting standards require the Group to disclose the fair value. The fair value of the Group's long-term debt is based on quoted market prices in markets that are not active, which are Level 2 inputs. The fair value of the long-term debt was \$138,133,000 and \$132,693,000 as of December 31, 2012 and 2011, respectively.

(c) *Marketable Securities, Funds Held by Trustee, and Interest Rate Swap*

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis as of December 31, 2012 and 2011 (in thousands):

		Fair value measurements at December 31, 2012 using		
	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Available-for-sale securities:				
Debt:				
U.S. government securities	$ 146,366	90,103	56,263	—
Municipals	47,973	—	47,973	—
International government	2,393	—	2,393	—
Corporate debt securities	325,092	—	325,092	—
Mortgage-backed securities	129,100	—	129,100	—
Asset-backed securities	12,494	—	12,494	—
Collateralized mortgage obligations	25,072	—	25,072	—
Domestic equity securities:				
Mutual funds:				
Large blend	84,854	84,854	—	—
Large value	13,144	13,144	—	—
Large growth	2,462	2,462	—	—
Medium growth	11,003	11,003	—	—
Small blend	8,138	8,138	—	—
Small value	13,384	13,384	—	—
Small growth	382	382	—	—
Intermediate term	2,486	2,486	—	—
Other	4,456	4,456	—	—
Common Stock:				
Communications	1,299	1,299	—	—
Consumer	4,068	4,068	—	—
Energy	1,486	1,486	—	—
Financial	2,832	2,832	—	—
Industrial	1,476	1,476	—	—
Technology	2,259	2,259	—	—
Other	1,761	1,761	—	—

		Fair value	Fair value measurements at December 31, 2012 using		
			Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Foreign equity securities:					
Mutual funds:					
Large value	$	8,400	8,400	—	—
Other		9	—	—	9
Total available-for-sale securities	$	852,389	253,993	598,387	9
Funds held by trustee:					
Guaranteed investment contract	$	8,848	—	—	8,848
Total funds held by trustee	$	8,848	—	—	8,848
Interest rate swap	$	9,701	—	—	9,701

		Fair value	Fair value measurements at December 31, 2011 using		
			Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Available-for-sale securities:					
Debt:					
U.S. government securities	$	79,955	58,122	21,833	—
Municipals		25,191	—	25,191	—
Commercial paper		500	—	500	—
International government		10,047	—	10,047	—
Corporate debt securities		304,901	—	304,901	—
Mortgage-backed securities		135,479	—	135,479	—
Asset-backed securities		7,312	—	7,312	—
Collateralized mortgage obligations		31,493	—	31,493	—

		Fair value measurements at December 31, 2011 using		
	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Domestic equity securities:				
Mutual funds:				
Large blend	$ 54,216	54,216	—	—
Large value	23,545	23,545	—	—
Medium growth	10,123	10,123	—	—
Small blend	7,540	7,540	—	—
Small value	18,078	18,078	—	—
Investment grade bonds	2,424	2,424	—	—
U.S. Treasury	771	771	—	—
Other	4,563	4,563	—	—
Foreign equity securities:				
Mutual funds:				
Large blend	29,055	29,055	—	—
Large value	7,374	7,374	—	—
Other	9	—	—	9
Total available-for-sale securities	$ 752,576	215,811	536,756	9
Funds held by trustee:				
Guaranteed investment contract	$ 8,848	—	—	8,848
Total funds held by trustee	$ 8,848	—	—	8,848
Interest rate swap	$ 6,910	—	—	6,910

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis are summarized as follows (in thousands):

	Fair value measurements using significant unobservable inputs (Level 3)			
	Available-for-sale securities	**Funds held by trustee**	**Interest rate swap**	**Total**
Beginning balance at January 1, 2011	$ 9	8,848	(49)	8,808
Total unrealized gains included in changes in net assets	—	—	6,959	6,959
Ending balance at December 31, 2011	9	8,848	6,910	15,767
Total unrealized gains included in changes in net assets	—	—	2,791	2,791
Ending balance at December 31, 2012	$ 9	8,848	9,701	18,558

There were no transfers between assets with inputs with quoted prices in active markets for identical assets (Level 1) and assets with inputs with other observable inputs (Level 2) during the years ended December 31, 2012 and 2011.

(9) Pension Plans

The Group sponsors two defined benefit plans (the Plans), a defined contribution plan, three 401(k) plans, a 403(b) plan, and contributes to several union negotiated plans that collectively cover substantially all of its employees. The Group's policy is to fund pension costs for the Plans based on actuarially determined funding requirements, thereby accumulating funds adequate to provide for all accrued benefits. Contributions for the defined contribution plan are based on a percentage of covered employees' salaries. Matching contributions to the 401(k) and 403(b) plans are based on a percentage of participants' contributions as set forth in the plan agreement. The total expense for the defined benefit plans was $36,748,000 and $22,848,000 in 2012 and 2011, respectively, and the total expense for the other plans was $29,531,000 and $25,278,000 in 2012 and 2011, respectively.

KPS amended its defined benefit pension plan to freeze benefits in 2009. As a result, each active participant's pension benefit was determined based on the participant's compensation and duration of employment. The most significant financial effect is that no new benefits are being accrued after the date of freeze.

For the defined benefit plans, the actuarial cost method used in determining the net periodic pension cost is the projected unit credit cost method. At December 31, 2012 and 2011, net periodic pension expense related to the Group's participation in the Plans for 2012 and 2011 included the following components (in thousands):

		2012	2011
Service cost	$	24,778	21,977
Interest cost on projected benefits		31,522	28,860
Expected return on plan assets		(41,591)	(39,922)
Amortization of net loss		22,039	11,933
Net periodic benefit cost	$	36,748	22,848
Discount rate (preretirement)		4.80% – 5.05%	5.40% – 6.00%
Discount rate (postretirement)		4.75 – 4.80	5.60 – 6.00
Rate of increase in compensation levels		4.00	4.00
Expected return on plan assets		6.50 – 8.50	7.25 – 8.50

The Plans' funded status and amounts included in unrestricted net assets to be recognized as a component of net periodic pension cost as of December 31, 2012 and 2011 are shown in the following table (in thousands):

		2012	2011
Change in projected benefit obligation:			
Projected benefit obligation – beginning of year	$	640,952	554,528
Service cost		24,778	21,977
Interest cost		31,522	28,860
Employee after tax account		(6,032)	—
Actuarial loss		95,542	53,960
Employee contributions		—	2,057
Benefits paid		(27,940)	(20,430)
Projected benefit obligation – end of year		758,822	640,952
Change in plan assets:			
Fair value of plan assets – beginning of year		478,732	481,877
Actual return on plan assets		54,701	(5,972)
Employee after tax account		(6,032)	—
Employer contributions		40,000	21,200
Employee contributions		—	2,057
Benefits paid		(27,940)	(20,430)
Fair value of plan assets – end of year		539,461	478,732
Funded status	$	(219,361)	(162,220)

		2012	2011
Amounts recognized in unrestricted net assets consist of:			
Net actuarial loss	$	282,591	222,199
Accumulated benefit obligation – end of year		709,700	601,120
Discount rate (preretirement)		4.15% – 4.20%	4.80% – 5.05%
Discount rate (postretirement)		4.10 – 4.20	4.75 – 4.80
Rate of increase in compensation levels		4.00	4.00

The funded status is recorded as a component of noncurrent liabilities as of December 31, 2012 and 2011 in the consolidated balance sheets.

Expected amounts to be recognized as components of 2013 net periodic pension cost are as follows (in thousands):

Service cost	$	29,890
Interest cost on projected benefits		30,642
Expected return on plan assets		(45,357)
Amortization of net loss		27,298
Net periodic pension cost	$	42,473

The estimated net loss amount will be amortized from unrestricted net assets into net periodic benefit cost.

The benefits expected to be paid in each of the next five years, and in the aggregate for the five fiscal years thereafter, as of December 31, 2012 are as follows (in thousands):

Years ending December 31:		
2013	$	41,555
2014		43,980
2015		46,703
2016		48,677
2017		50,432
2018 – 2022		263,993
Total	$	495,340

The Group participates in a multiemployer defined benefit pension plan under the terms of collective-bargaining agreements that cover its union-represented employees. The risk of participating in this multiemployer plan is different from single-employer plans in the following aspects:

a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of participating employers.

b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

c. If the Group chooses to stop participating in its multi-employer plan, the Group may be required to pay these plans an amount based on the underfunded status of the plan referred to as a withdrawal of money.

The Group participates in the Retail Clerks Pension Plan (Federal Identification Number 91-6069306), which includes Pharmacy and Optical employees under the United Food and Commercial Workers (UWFC) union. The collective bargaining agreement with Pharmacy employees expires June 30, 2013 and the Optical employees April 30, 2013. The most recent Pension Protection Act (PPA) zone status available is for the plan's year end of September 30, 2011. The zone status has been designated as red status. The zone status is based on information that the Group received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are at least 80% funded, and plans in the green zone are 80% funded. The Plan has a financial improvement plan (FIP) or rehabilitation plan that is pending or has been implemented. The contributions to the plan were $1,132,000 and $1,157,000 for the years ended December 31, 2012 and 2011, respectively. The Group's contributions represent less than five percent of total contributions to the plan.

(a) Investment Policies and Strategies

The Group has adopted investment policies for its defined benefit plans that incorporate a strategic, long-term asset allocation mix designed to best meet its long-term pension obligations. Plan fiduciaries set the investment policies and strategies for the pension trust. This includes the following:

- Selecting investment managers
- Setting long-term and short-term target asset allocations
- Periodic review of the target asset allocations, and, if necessary, to make adjustments based on changing economic and market conditions
- Monitoring the actual asset allocations, and, when necessary, rebalancing to the current target allocation

As of December 31, 2012 and 2011, the following table summarizes the target allocation range defined in the investment policies compared to the actual allocations of the Group's plan assets:

	2012		2011	
	Target allocation	**Actual allocation**	**Target allocation**	**Actual allocation**
Equity securities	33% – 57%	46%	33% – 57%	43%
Debt securities	18 – 60	49	18 – 60	52
Cash equivalents	0 – 5	—	0 – 5	—
Other investments	0 – 10	5	0 – 10	5

The investment policy emphasizes the following key objectives:

- Maintain a diversified portfolio among various asset classes and investment managers
- Invest in a prudent manner for the exclusive benefit of plan participants
- Preserve the funded status of the plan
- Balance between acceptable level of risk and maximizing returns
- Maintain adequate control over administrative costs
- Maintain adequate liquidity to meet expected benefit payments

(b) ***Expected Long-Term Rate of Return on Assets***

The Group uses a "building block" approach to determine the expected rate of return on plan assets assumption for the Plans. This approach analyzes historical long-term rates of return for various investment categories, as measured by appropriate indices. The rates of return on these indices are then weighted based upon the percentage of plan assets in each applicable category to determine a composite expected return. The Group reviews its expected rate of return assumption annually. However, this is considered to be a long-term assumption and hence not anticipated to change annually, unless there are significant changes in economic and market conditions.

There are required employer contributions expected to be made to the Plans in 2013 of $22,000,000.

(c) ***Fair Value of Pension Assets***

The Group's pension assets are reported at fair value and are required to be grouped in three levels, based on the markets in which they are traded and the observability of the inputs used to determine fair value. The three levels are:

- Level 1 – Valuation is based upon quoted prices for identical instruments traded in active markets. At December 31, 2012, Level 1 securities include primarily common stocks, corporate bonds, and mutual funds.
- Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market. At December 31, 2012, Level 2 securities include primarily commingled trusts, a limited partnership and trust index funds.
- Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect the Group's estimates of assumptions that market participants would use in pricing the asset. Valuation techniques include use of discounted cash flow models and similar techniques. At December 31, 2012, Level 3 securities include limited partnerships and private equities.

The table below presents the balances of plan assets measured at fair value on a recurring basis as of December 31, 2012 and 2011 (in thousands):

		Fair value measurements at December 31, 2012 using		
	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Plan assets:				
Cash and cash equivalents	$ 8,993	8,993	—	—
Commingled trusts	187,303	—	187,303	—
Common stocks	129,308	129,308	—	—
Limited partnership	104,150	—	74,420	29,730
Private equity	6,949	—	—	6,949
Trust index fund	11,130	—	11,130	—
Mutual funds:				
Domestic equities:				
Large blend	6,138	6,138	—	—
Long-term bond	12,850	12,850	—	—
Intermediate-term bond	69,989	69,989	—	—
Foreign equities:				
Large blend	2,651	2,651	—	—
Total plan assets	$ 539,461	229,929	272,853	36,679

	Fair value	Fair value measurements at December 31, 2011 using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Plan assets:				
Cash and cash equivalents	$ 4,552	4,552	—	—
Commingled trusts	157,162	—	157,162	—
Common stocks	161,056	161,056	—	—
Limited partnership	47,306	—	20,712	26,594
Private equity	1,833	—	—	1,833
Trust index fund	12,323	—	12,323	—
Mutual funds:				
Domestic equities:				
Large blend	11,671	11,671	—	—
Long-term bond	11,857	11,857	—	—
Intermediate-term bond	68,621	68,621	—	—
Foreign equities:				
Large blend	2,351	2,351	—	—
Total plan assets	$ 478,732	260,108	190,197	28,427

The changes in Level 3 plan assets measured at fair value on a recurring basis are summarized as follows (in thousands):

		Fair value measurements using significant unobservable inputs (Level 3)		
		Limited partnership	Private equity	Total
Beginning balance at January 1, 2011	$	20,687	—	20,687
Purchases, sales, and settlements		4,500	1,845	6,345
Level transfers		—	—	—
Total gains (realized/unrealized)		1,407	(12)	1,395
Ending balance at December 31, 2011		26,594	1,833	28,427
Purchases, sales, and settlements		—	4,891	4,891
Level transfers		—	—	—
Total gains (realized/unrealized)		3,136	225	3,361
Ending balance at December 31, 2012	$	29,730	6,949	36,679
Net unrealized gains (losses) relating to assets held at December 31, 2011	$	1,407	(11)	1,396
Net unrealized gains (losses) relating to assets held at December 31, 2012	$	3,136	225	3,361

There were no transfers between assets with inputs with quoted prices in active markets for identical assets (Level 1) and assets with inputs with other observable inputs (Level 2) during the years ended December 31, 2012 and 2011.

(d) Pension Net Asset Valuation

Alternative investments held in the Plans that are reported at net asset value as a practical expedient for fair value are presented by major category (in thousands):

		Fair value	Redemption frequency	Redemption notice period
Commingled trust (a)	$	187,303	Daily, Semi-monthly, Monthly	1 – 15 days
Limited partnership (b)		104,150	Monthly, Quarterly	15 days
Private equity (c)		6,949	—	—
Trust index fund (d)		11,130	Monthly	10 days
Total	$	309,532		

a. This category is comprised of six different fund strategies: 1) An index fund that invests in treasury inflation protected securities. 2) An index fund that invests in U.S. investment grade bonds. 3) An index fund that invests in non-U.S. global equities. 4) A global index fund that invests in equities in energy, materials and agriculture industries. 5) An actively managed fund that invests in non-U.S. developed markets equities (Europe, Australia, Asia and Far East) employing a long-term value approach to stock selection. 6) An actively managed fund that invests in emerging market local debt employing a long-term strategy focused on income and capital appreciation.

b. This category is comprised of three fund strategies: 1) An index fund that invests in Russell 3000 equities that meet a defined criteria related to quality, stability and income. 2) An actively managed fund that invests in noninvestment grade bonds employing a long-term strategy focused on income and capital appreciation. 3) An actively managed fund that invests in noninvestment grade bonds with average maturities of 1 to 3 years.

c. Private equity investments include both U.S. and foreign investments with strategies that can include debt, venture capital, buyout, real estate, natural resources, and infrastructure. Fair values have been estimated by using either the net asset value per share or the net asset value of GHC's ownership interest in the partners' capital. These funds do not allow GHC to submit redemption requests. Distributions from these funds will be received as the underlying invests are liquidated. Based on the expiration dates of the funds, it is estimated that the underlying assets will be liquidated over the next 3 to 10 years

d. This category is comprised of an index fund that invests in commodity futures.

At December 31, 2012 and 2011, the Plans have outstanding funding commitments totaling $25,421,000 and $17,825,000, respectively.

(10) Retiree Medical Plan

GHC provides certain medical benefits for eligible retired employees. Employees became eligible for these benefits upon retirement, attainment of a specified age, and upon completion of a certain number of years of service.

In 2009, GHC completed the curtailment of this benefit. The contribution to the premiums for collective bargaining active employees was discontinued. This resulted in the final phase out of the benefit. In 2008, the phase out of the benefit occurred for the nonunion active employees.

At December 31, 2012 and 2011, net periodic postretirement benefit cost is comprised of interest costs on accumulated benefit obligation of $2,326,000 and $2,098,000, respectively.

Amounts recognized in unrestricted net assets consisted of net actuarial losses of $10,551,000 and $2,688,000 at December 31, 2012 and 2011, respectively.

GHC's accumulated postretirement benefit obligation (APBO) is unfunded. The APBO is included in the components of the retiree medical benefits liability on the consolidated balance sheets at December 31, 2012 and 2011, and comprises the following components (in thousands):

		2012	2011
Change in accumulated postretirement benefit obligation:			
Accumulated postretirement benefit obligation – beginning of year	$	44,411	46,266
Interest cost		2,192	2,098
Plan amendments/curtailment		—	(355)
Actuarial loss		7,997	697
Benefits paid		(4,584)	(4,295)
Accumulated postretirement benefit obligation – end of year	$	50,016	44,411
Change in plan assets:			
Employer contributions	$	4,584	4,295
Benefits paid		(4,584)	(4,295)

Future benefit costs were estimated assuming medical costs would increase at a 7.30% annual rate. A 1.00% increase in this annual trend rate would have increased the APBO at December 31, 2012, by $3,701,000 and the sum of service cost and interest cost for 2012 by $171,000. A 1.00% decrease in this annual trend rate would have decreased the APBO at December 31, 2012 by $3,301,000 and the sum of service cost and interest cost for 2012 by $152,000.

The weighted average discount rate used in determining the APBO was 4.75% in 2012 and 4.70% in 2011. The assumptions used to determine the APBO are measured at year-end. The weighted average discount rate used in determining the net periodic postretirement benefit cost was 3.50% in 2012 and 4.75% in 2011, and is based on beginning of year assumptions.

Expected amounts to be recognized as components of 2013 net periodic postretirement benefit cost are interest cost on projected benefits of $1,743,000 and amortization of net loss of $396,000.

GHC funds the plan as benefit payments are required. The expected benefit payments to be paid, and contributions to be made, in each of the next five years, and in the aggregate for the five fiscal years thereafter, as of December 31, 2012, are as follows (in thousands):

Years ending December 31:		
2013	$	4,506
2014		4,449
2015		4,356
2016		4,235
2017		4,102
2018 – 2022		18,237
Total	$	39,885

Health Care Reform is not expected to have a material impact on the retiree medical plan.

(11) Commitments and Contingencies

(a) Leases

The Group is obligated under capital leases covering certain equipment that expires at various dates during the next four years. At December 31, 2012 and 2011, the gross amount of equipment and related accumulated amortization recorded under capital leases were as follows (in thousands):

		2012	2011
Equipment	$	5,056	71
Less accumulated amortization		(254)	(40)
Net equipment under capital lease	$	4,802	31

The Group has various operating leases for land, buildings, and equipment. Total rent expense was $22,981,000 and $21,180,000 on these leases in 2012 and 2011, respectively. Total sublease rental revenue was $3,648,000 and $3,806,000 in 2012 and 2011, respectively, and is recorded as a component of other revenue. Future minimum rental payments, future minimum sublease rental receipts under noncancelable operating lease and sublease agreements, and future minimum capital lease payments as of December 31, 2012 are as follows (in thousands):

	Operating lease rental payments	Operating sublease rental receipts	Capital lease payments
Years ending December 31:			
2013	$ 25,649	2,697	1,479
2014	24,853	1,274	1,465
2015	23,215	949	1,463
2016	19,874	805	1,463
2017	14,926	603	—
Thereafter	28,007	—	—
Total	$ 136,524	6,328	5,870
Less amount representing interest (at rates ranging from 7.25% to 7.43%)			(865)
Present value of net minimum capital lease payments			5,005
Less current installments of obligations under capital leases			(1,080)
Obligations under capital leases, excluding current installments			$ 3,925

GHC entered into a sale-leaseback transaction in 2006 involving the sale of its administrative main building located in Tukwila, Washington, and then entered into a 10-year operating lease with the purchaser. The gain on sale was deferred and is being amortized over 120 months with the amortization recorded in other expense in the consolidated statements of operations and changes in net assets. The deferred gain is a component of unearned premiums and deposits and other noncurrent liabilities in the consolidated balance sheets in the amount of $10,453,000 and $13,370,000 as of December 31, 2012 and 2011, respectively.

(b) *Labor*

Approximately 59% of GHC's employees are covered under collective bargaining agreements. These employees provide nursing and other technical services to GHC. Approximately 12.5% of the collective bargaining agreements expire in one year. Bargaining disputes could adversely affect GHC.

(c) *Litigation*

The Group is involved in litigation and regulatory investigations arising in the normal course of business. After consultation with legal counsel, management estimates accruals, if any, that are necessary related to these matters. Management believes the recorded amounts are adequate and the ultimate outcome of the matters will not have a material adverse effect on the Group's consolidated financial position or results of operations.

(d) Government Contracts

The Group's Medicare business primarily consists of products covered under MA and MA-PD contracts with the federal government. CMS performs coding audits to validate the supporting documentation maintained by health plans and their care providers. These coding audits may result in retrospective payment adjustments to health plans.

In February 2013, the Group received a subpoena from the United States Attorney's Office, Western District of New York, requesting information related to the Group's Medicare Advantage Risk Adjustment submissions made for payment years 2008 through 2012. The Group is in the process of responding to the request for information. No amounts have been accrued in the accompanying 2012 consolidated financial statements related to this matter as the investigation is in an early stage and it is not possible to estimate the possible loss or range of loss, if any.

(e) Guarantees

In December 2005, GHC signed a joint venture agreement with City Investors V LLC, a real estate development company controlled by the Vulcan Corporation, to form Westlake Terry LLC. GHC has a 50% ownership interest in Westlake Terry LLC in the amount of $3,361,000 and $3,052,000 as of December 31, 2012 and 2011, respectively. Under the agreement, the joint venture developed two adjacent buildings totaling 319,000 square feet located in Seattle, Washington, with GHC a major tenant of the facility with a 10-year operating lease agreement. GHC, GHO, and the Foundation moved their administrative headquarters to this site in August 2007.

In May 2006, GHC and City Investors V LLC entered into loan guarantees with Westlake Terry, LLC's lenders, relating to its construction and long-term financing. In May 2008, the construction guarantees were eliminated. Management believes the likelihood of performance on the remaining guarantees to be remote and, therefore, has not recorded a related liability.

GHC's guaranty to the lender is now fully nonrecourse, absent fraud or default under certain loan obligations, in which event GHC and City Investors V LLC remain jointly and severally liable for repayment of the loan in full. In January 2013, Westlake Terry LLC sold the two adjacent buildings and the loan obligation was satisfied in full.

(12) Federal Income Taxes

The components of income tax expense for GHO and KPS related to continuing operations and the change in unrestricted net assets for the years ended December 31, 2012 and 2011 are summarized as follows (in thousands):

		2012	2011
Federal income tax (benefit) expense on operations	$	(8,359)	5,684
Federal income tax benefit included in the change in unrestricted net assets		(340)	(963)
Federal income tax (benefit) expense	$	(8,699)	4,721

Federal income tax (benefit) expense on operations is recognized as a component of other expenses in the consolidated statements of operations and changes in net assets. Federal income tax (benefit) included in the change in unrestricted net assets is recognized as a component of changes in net unrealized investment gains and losses and the change in defined benefit pension and other postretirement plans in the consolidated statements of operations and changes in net assets.

The deferred tax asset is recorded within other current assets and noncurrent assets and the deferred tax liability is recorded as a component of accrued taxes and interest and in other noncurrent liabilities in the accompanying consolidated balance sheets in the following amounts (in thousands):

		2012	2011
Deferred tax asset	$	7,557	9,526
Deferred tax liability		(2,503)	(2,031)
Valuation allowance		—	(5,915)
Net deferred tax asset	$	5,054	1,580

Deferred tax assets primarily relate to the tax effects of temporary differences associated with pension liabilities, buildings and improvements, postretirement accruals and capital and net operating loss carryforwards. The deferred tax liability results primarily from temporary differences in unrealized investment gains and pension accruals.

In 2012, the valuation allowance on KPS prior year net operating losses was released as a result of the positive change in KPS operating performance. Management believes it is more likely than not that the entire amount of the net operating losses will be realized. This valuation allowance release is a significant item between expected and actual tax expense.

At December 31, 2012, the Group has net operating loss carryforwards for federal income tax purposes of $10,442,000, which expire between 2019 and 2031.

(Continued)

(13) Endowments

Endowment funds held at the Foundation consist of approximately 40 individual funds established for a variety of purposes and all are donor-restricted. The change in net assets associated with the endowment funds is classified and reported based on the existence or absence of donor-imposed restrictions. Donor-restricted endowment assets were $11,355,000 and $10,117,000 at December 31, 2012 and 2011, respectively, and are recorded in temporary and permanent restricted net assets.

The State of Washington Uniform Prudent Management of Institutional Funds Act of 2009 (the Act) requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Foundation classifies as permanently restricted net assets, the original value of gifts donated to the permanent endowment funds, the original value of subsequent gifts to the permanent endowment fund, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation was added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the Act, unless otherwise stipulated by the donor. In accordance with the Act, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the endowment funds
- The purposes of the Foundation and the endowment funds
- General economic conditions
- The possible effect of inflation or deflation
- The expected total return from income and the appreciation of investments
- Other resources of GHC and the Foundation
- The investment policy of the Foundation

The Foundation has adopted spending and investment policies for endowment assets that are consistent with the provisions of the Act.

The Foundation policy limits spending in any calendar year to 5% of the fair market value of the endowments' three-year moving average. The Foundation may in any year choose to spend less than 5%. The Foundation may also choose to charge up to 1% of the endowment market value as an annual management fee. Total annual spending, including both management fee and spending allocations, cannot exceed the 5% limit. Newly received and named endowment funds are invested for one year before disbursements are made.

Under the investment policy, a diversified asset allocation is used consisting of equity securities and cash equivalents.

(14) Statutory Net Worth

GHC, GHO, and KPS (the Companies) are required to periodically file financial statements with regulatory agencies in accordance with statutory accounting and reporting practices. The Companies must comply with the minimum regulatory net worth requirements under the regulations of the Washington State Office of the Insurance Commissioner. Such requirements are generally based on 100% risk-based capital. The regulatory net worth, so defined, at December 31, 2012 and 2011 was $555,751,000 and $611,054,000, respectively. These balances exceed the minimum regulatory requirements at December 31, 2012 and 2011 by approximately $518,340,000 and $574,848,000, respectively.

(15) Columbia Medical Associates Acquisition

Effective July 31, 2011, GHC acquired control of CMA. GHC acquired CMA in order to provide a broader integrated system of medical care in the Spokane, Washington market. The transaction was accounted for under the acquisition method of accounting, which resulted in a bargain purchase gain of $1,434,000, and is recorded as a component of other revenue in the consolidated statements of operations and changes in net assets. The fair value of the assets acquired and liabilities assumed at the date of the CMA acquisition was $3,747,000.

There were two transactions that were recognized separately from the acquisition. Estimated future payments of $4,284,000 will be made to the prior owners along with a forgiveness of a loan balance of $2,653,000. These payments are contingent on post-acquisition services in which the consideration payments and loan forgiveness are automatically forfeited if employment terminates.

In August 2012, based on post-acquisition services, GHC forgave debt of $884,000 and made a consideration payment of $747,000.

(16) Patient Protection and Affordable Care Act

As a result of the recently enacted law, the Patient Protection and Affordable Care Act, as well as the Health Care and Education Reconciliation Act of 2010, or collectively, Health Care Reform, significant changes to the current U.S. health care system are anticipated. Health Care Reform includes numerous provisions affecting the delivery of health care services, the financing of health care costs, payments to health care providers and the legal obligation of health insurers, providers and employers. Health Care Reform is intended to expand access to health insurance coverage over time by increasing the eligibility thresholds for most state Medicaid programs and providing certain other individuals and small businesses with tax credits to subsidize a portion of the cost of health insurance coverage. These provisions are currently slated to take effect at the specified times over the next decade.

Health Care Reform requires public health exchanges be available in every state by January 1, 2014. Group Health Cooperative plans to offer individual products in the Washington State Health Benefit Exchange (WSHBE) in 2014. Group Health Cooperative and Group Health Options will also plan to offer products in the outside, non-Exchange market for both individuals and small groups. The impact to the Group as a result of the WHBE is not yet known. To deal with the potentially high-cost enrollees who will enter the market, Health Care Reform created a temporary reinsurance program for the individual market that will be in operation from 2014 to 2016. Health insurers are required to contribute to this program beginning in 2014, for which the Group is currently evaluating the financial impact.

Beginning in 2014, Health Care Reform imposes an annual fee on the health insurance sector of $8 billion and growing to $14.3 billion in 2018 that will be allocated to health insurers based on the written premium. The impact of this fee is being evaluated by the Group.

(17) Subsequent Events

Subsequent events are events or transactions that occur after the consolidated balance sheet date but before financial statements are issued that provide additional evidence about conditions that existed at the date of the balance sheet. The Group has evaluated subsequent events for recognition or disclosure through April 24, 2013, the date these consolidated financial statements were issued.

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SUPPLEMENTAL INFORMATION

GROUP HEALTH COOPERATIVE
AND SUBSIDIARIES

Supplemental Consolidating Balance Sheet

December 31, 2012

(In thousands)

Assets	GHC & Auxiliary Consolidated	GHO	Foundation	KPS	CMA	Eliminations	Total
Current assets:							
Cash and cash equivalents	$ 60,571	2,601	471	7,070	559	—	71,272
Short-term marketable securities	12,971	5,732	—	1,508	—	—	20,211
Accounts receivable – net	96,974	13,635	13	25,248	1,235	(2,080)	135,025
Receivable from affiliate	3,611	13,491	146	—	—	(17,248)	—
Inventories	17,957	—	—	—	—	—	17,957
Other	22,794	8,435	—	707	565	—	32,501
Total current assets	214,878	43,894	630	34,533	2,359	(19,328)	276,966
Long-term marketable securities	622,005	175,554	18,335	16,284	—	—	832,178
Funds held by trustee	8,848	—	—	—	—	—	8,848
Land, buildings, and equipment:							
Land	23,062	—	—	—	—	213	23,275
Buildings and improvements	548,412	—	—	—	1,481	7,495	557,388
Equipment	464,968	—	—	4,952	1,573	55	471,548
Construction in progress	21,995	—	—	—	—	—	21,995
Total land, buildings and equipment	1,058,437	—	—	4,952	3,054	7,763	1,074,206
Less accumulated depreciation	(642,363)	—	—	(4,915)	(663)	(7,412)	(655,353)
Land, buildings, and equipment-net	416,074	—	—	37	2,391	351	418,853
Other assets	205,176	2,985	2,511	8,358	1,076	(159,555)	60,551
Total	$ 1,466,981	222,433	21,476	59,212	5,826	(178,532)	1,597,396

(Continued)

GROUP HEALTH COOPERATIVE
AND SUBSIDIARIES

Supplemental Consolidating Balance Sheet

December 31, 2012

(In thousands)

Liabilities and Net Assets		GHC & Auxiliary Consolidated	GHO	Foundation	KPS	CMA	Eliminations	Total
Current liabilities:								
Accounts payable	$	83,741	4,350	188	11,113	1,499	—	100,891
External delivery services payable		139,420	84,865	—	19,867	—	(3,953)	240,199
Unearned premiums and deposits		19,666	12,902	—	1,333	—	—	33,901
Accrued employee compensation		67,630	127	—	945	382	—	69,084
Accrued taxes and interest		5,447	3,770	—	150	37	—	9,404
Current portion of long-term debt		5,045	—	—	—	—	—	5,045
Current portion of reserve for self-insurance		20,111	—	—	—	—	—	20,111
Current portion of retiree medical benefits		4,506	—	—	—	—	—	4,506
Liability to affiliate		13,629	—	1,312	295	68	(15,304)	—
Total current liabilities		359,195	106,014	1,500	33,703	1,986	(19,257)	483,141
Noncurrent liabilities:								
Long-term debt		134,859	—	—	—	—	—	134,859
Self-insurance		49,436	—	—	—	—	—	49,436
Retiree medical benefits		45,510	—	—	—	—	—	45,510
Pension		214,635	—	—	4,726	—	—	219,361
Other		31,724	—	1,273	541	—	(71)	33,467
Total noncurrent liabilities		476,164	—	1,273	5,267	—	(71)	482,633
Total liabilities		835,359	106,014	2,773	38,970	1,986	(19,328)	965,774
Commitments and contingencies (note 11)								
Net assets:								
Unrestricted		617,868	116,419	4,949	20,242	3,840	(145,420)	617,898
Temporarily restricted		5,568	—	5,568	—	—	(5,568)	5,568
Permanently restricted		8,186	—	8,186	—	—	(8,216)	8,156
Total net assets		631,622	116,419	18,703	20,242	3,840	(159,204)	631,622
Total	$	1,466,981	222,433	21,476	59,212	5,826	(178,532)	1,597,396

See accompanying independent auditors' report.

GROUP HEALTH COOPERATIVE
AND SUBSIDIARIES

Supplemental Consolidating Statement of Operations and Changes in Net Assets

Period ended December 31, 2012

(In thousands)

	GHC & Auxiliary Consolidated	GHO	Foundation	KPS	CMA	Eliminations	Total
Revenues:							
Premium revenue	$ 2,152,574	1,010,874	—	115,958	—	(10,143)	3,269,263
Clinical services, net	252,588	—	—	—	18,478	(16,103)	254,963
Other	386,156	8,348	5,503	8,777	1,178	(305,032)	104,930
Total operating revenues	2,791,318	1,019,222	5,503	124,735	19,656	(331,278)	3,629,156
Expenses:							
External delivery services	1,120,030	881,187	—	109,161	—	(219,078)	1,891,300
Employee compensation	674,440	850	57	5,438	9,806	(12,378)	678,213
Group health permanent expense	360,368	—	—	—	6,769	—	367,137
Medical and operating supplies	289,586	48	94	32	1,172	(22)	290,910
Other expenses	185,960	52,547	4,720	(1,359)	3,954	(3,141)	242,681
Services purchased	137,558	94,831	890	4,496	864	(96,694)	141,945
Depreciation and amortization	56,064	—	—	109	1,340	—	57,513
Total operating expenses	2,824,006	1,029,463	5,761	117,877	23,905	(331,313)	3,669,699
Operating loss	(32,688)	(10,241)	(258)	6,858	(4,249)	35	(40,543)
Nonoperating income (expense):							
Investment income (loss)	20,031	4,884	944	429	—	1,484	27,772
Interest expense	(1,197)	73	—	41	—	—	(1,083)
Total other income (expense)	18,834	4,957	944	470	—	1,484	26,689
(Deficit) excess of revenues over expenses	$ (13,854)	(5,284)	686	7,328	(4,249)	1,519	(13,854)

(Continued)

GROUP HEALTH COOPERATIVE
AND SUBSIDIARIES

Supplemental Consolidating Statement of Operations and Changes in Net Assets

Period ended December 31, 2012

(In thousands)

	GHC & Auxiliary Consolidated	GHO	Foundation	KPS	CMA	Eliminations	Total
(Deficit) excess of revenues over expenses	$ (13,854)	(5,284)	686	7,328	(4,249)	1,519	(13,854)
Change in net unrealized investment gains and losses	28,177	1,608	—	(5)	—	(1,603)	28,177
Change in defined benefit pension and other post retirement plans	(67,770)	—	—	(942)	—	942	(67,770)
Capital contributions	—	(3,195)	—	3,195	4,450	(4,450)	—
Other	(121)	—	—	—	—	—	(121)
Change in unrestricted net assets	(53,568)	(6,871)	686	9,576	201	(3,592)	(53,568)
Change in temporarily restricted net assets	1,395	—	1,395	—	—	(1,395)	1,395
Change in permanently restricted net assets	79	—	79	—	—	(79)	79
Change in net assets	(52,094)	(6,871)	2,160	9,576	201	(5,066)	(52,094)
Net assets:							
Beginning of year	683,716	123,290	16,543	10,666	3,639	(154,138)	683,716
End of period	$ 631,622	116,419	18,703	20,242	3,840	(159,204)	631,622

See accompanying independent auditors' report.