

2019 ANNUAL REPORT



EXECUTIVE LETTER

As our integrated health care organization approached its 75th year of existence in 2019, Kaiser Permanente's doctors, hospitals, and health plan continued to make important progress on our mission of providing high-quality, affordable health care services and improving the health of our members and the communities we serve.

Our first priority is always the health and safety of our patients, members, communities, and employees. Our more than 217,000 employees and over 23,000 Permanente Medical Group physicians and clinicians are delivering on our mission through hard work, commitment, innovation, and dedication. Our shared purpose inspires and drives us. We focus on prevention, state-of-the-art care, expert disease management, and total health. Our front-line employees, clinicians, and labor partners are all working to meet the health needs of our members and communities and continue to be an industry-leading voice for advancing evidence-based care.

The quality of Kaiser Permanente care is demonstrated in many ways, and primarily in the difference we make in saving and improving lives. Independent measures of our results include the 52 number one rankings in quality measures we earned from the National Committee for Quality Assurance, our 31 hospitals rated "high-performing" by independent rating organizations, and the many top ratings our health plans have earned. We are proud of the work we did to deliver high-quality care and coverage to our 12.2 million members in 2019. We also recognize that more needs to be done to push ourselves and the rest of the health care industry to improve health in our country by making high-quality care accessible, coordinated, and affordable.

Already a leader in providing our members high-quality, compassionate care through the use of a variety of virtual formats, we strive to learn and develop ways to integrate technology even more seamlessly into patient care. These enhancements create convenience for our members, enable seamless collaboration among our care teams, and promote better treatment, and faster diagnosis and recovery for our patients. We continue to invest in technology and advance health care delivery by both implementing and creating evidence-based knowledge and care to benefit the health of our patients and our broader communities. We continue to share our discoveries and breakthroughs with the world.

Kaiser Permanente was founded on a commitment to keeping our members healthy and restoring them to health after injury or illness. Since our inception we have also had a larger goal – based on our belief that high-quality health care should be accessible and affordable to all – to improve the health of our communities. As part of our approach, in 2019 we gave nearly \$3.4 billion to support community health, including \$577 million in assistance to cover part or all of the medical expenses for nearly a half-million low-income, uninsured or

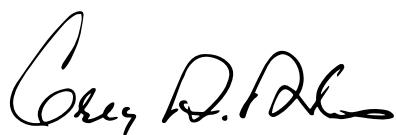
underinsured patients through our Medical Financial Assistance program. We launched Thrive Local, one of the most comprehensive, far-reaching social health networks of its kind, which connects health care programs and people with social services providers to address pressing social needs – including housing, food, safety, utilities, and more – for millions of people across the United States.

Knowing the link between housing and health, in 2019 we established a \$100 million loan fund to create and preserve rental homes for low-income residents throughout the areas we serve, as part of our work to take on housing instability and homelessness. We also made significant progress on our work to become climate neutral and earned the Environmental Protection Agency's 2019 Green Power Leadership Award for our use of renewable energy sources to power our 39 hospitals and more than 700 medical offices.

The unexpected passing of our chairman and CEO Bernard J. Tyson in late 2019 challenged us to honor his memory by remaining focused on continuing to improve and make our members' lives better, our communities healthier, and our employees inspired and supported. The Kaiser Permanente Bernard J. Tyson School of Medicine – named to honor his legacy – began accepting applications from prospective students in 2019, for admission to the school's first class in the fall of 2020. Learn more about Bernard Tyson's legacy below.

The 2020 COVID-19 pandemic has challenged health care organizations across the globe, including ours. Fortunately, our work throughout 2019 positioned us well, once the pandemic hit, to be able to deliver expert care and service to our patients, members, customers, and communities.

Our annual report tells the story of the progress we made during 2019 in our mission to deliver high-quality, affordable, and equitable care and coverage, as well as the impact we have had on improving the health of our members and the communities we serve. We are poised to continue to lead the way and deliver further achievements in the years to come.

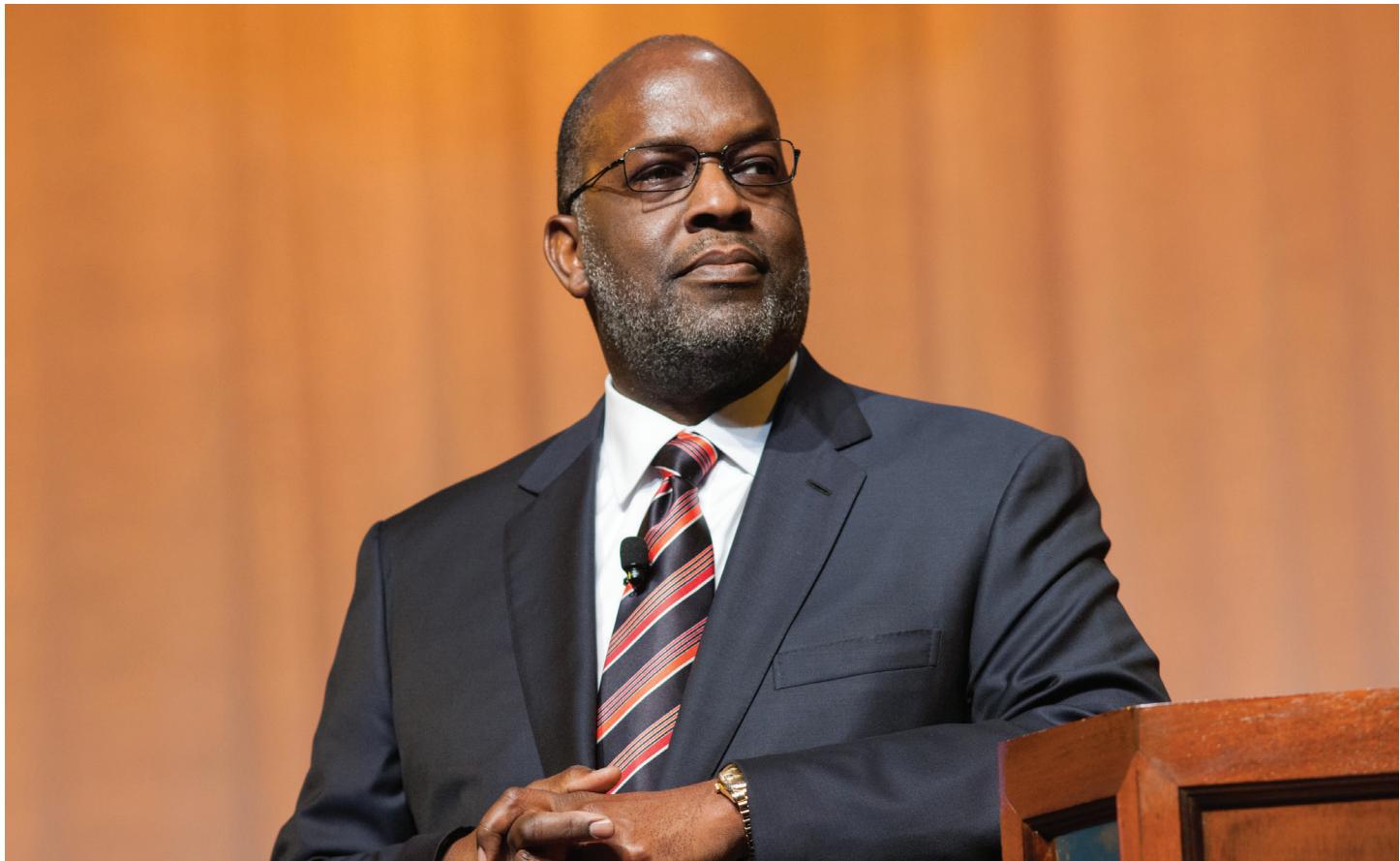


Greg A. Adams
Chairman and CEO
Kaiser Foundation Health Plan, Inc.
Kaiser Foundation Hospitals



Imelda Dacones, MD
Chair, National Permanente
Executive Committee
The Permanente Federation, LLC
President and CEO
Northwest Permanente, P.C.

The legacy of
BERNARD J. TYSON



Bernard J. Tyson's career with Kaiser Permanente spanned more than 30 years. Over the course of his career, he successfully managed nearly every major part of the organization's health plan and hospital system, serving in roles from hospital administrator and division president to chief operating officer before being named CEO in 2013 and chairman of the board of directors in 2014.

He was a transformational leader in health care, health equity, mental health care, and addressing social determinants of health whose influence was recognized worldwide. He understood that Kaiser Permanente's work extended beyond our medical centers and into the larger community.

As chairman and CEO, Tyson championed major initiatives around making care and coverage more affordable for our members and customers. He

was an outspoken leader of our efforts to address the social determinants of health – such as access to food, transportation, and affordable housing – as a way to improve the health of individuals and communities. He was a passionate advocate of Kaiser Permanente's care, which supports the mind, body, and spirit, and working with our clinicians he sought to transform Kaiser Permanente's approach to mental health and wellness, focusing on new care models, mental resiliency, medical research,

and reducing stigma. Tyson was a powerful spokesperson for Kaiser Permanente's commitment and efforts to address climate change and its effects on health.

Tyson believed everyone should have the ability to access high-quality health care and have the same opportunity for good health, and he challenged the health care industry to address the inequities in care that he saw in this country.

Along with our Southern California Permanente Medical Group leadership, Tyson was the driving force behind the creation of the Kaiser Permanente School of Medicine and its aim to help redefine medical education and train physicians

to be outstanding clinicians, committed patient advocates, and innovative leaders. The school's board of directors decided to honor Tyson's memory and accomplishments by naming the institution the Kaiser Permanente Bernard J. Tyson School of Medicine shortly after his unexpected passing in November 2019.

Tyson dedicated much of his life and career to the mission of Kaiser Permanente. He was a formidable change agent and tireless champion of making high-quality health care more affordable and accessible for all. Through his work at Kaiser Permanente, his legacy will continue.



QUALITY

We seek to lead the nation in delivering person-centered care that is safe, effective, timely, efficient, and equitable. We consistently strive to deliver the right care, at the right time, in the right setting, to maximize quality, experience, and outcomes, and ensure we are meeting our patients' needs and preferences.

We are committed to measuring and tracking the results of our performance on behalf of our members and patients, both to demonstrate success as well as determine where we can continue to do better. We measure our success by focusing on outcomes that are meaningful to patients, customers, and communities. We seek to improve even further our clinical and safety scores as well as our member satisfaction ratings, which are consistently among the highest in the nation.

In doing our work, we recognize that health is about more than physical health but is about body, mind, and spirit.

In addition to bringing a compassionate, whole-person approach, our highly trained clinical teams use evidence-based methods and leading-edge technology to improve the care we deliver, from the simplest, proven forms of prevention to treatment of the most complicated and chronic health conditions. This combination of clinical accomplishment and innovation means our patients can trust that

the effective, timely, and safe care they receive is best for them. Our leadership in prevention, diagnosis, and treatment is how we help our members live healthy, engaged lives.

As a part of our mission, we continue to invest in technology, and build and improve facilities, to improve our ability to deliver high-quality, affordable, and accessible care to more people.

QUALITY FAST FACTS



52

Quality measures in which Kaiser Permanente is rated number one in the nation by NCQA (National Committee for Quality Assurance)

31

Hospitals rated “high performing” in U.S. News & World Report’s annual survey

9

Consecutive years we have earned the Pharmacy Quality Alliance Excellence in Quality Award

7

Regions where KP’s Medicare health plans received the highest rating (5 stars) from the Centers for Medicare & Medicaid Services

8

Kaiser Permanente regional research centers

2,620

Studies underway (including clinical trials)

\$127M

Federal funding for research

180

Full-time researchers

\$89M

Kaiser Permanente funding for research

1,670

Research support staff members

\$58M

Other funding for research

1,890

Publications

For more information about the people who bring our mission to life, visit healthy.kaiserpermanente.org/static/health/annual_reports/kp_annualreport_2019.

HEALTH

Kaiser Permanente believes that total health is more than freedom from physical affliction. It's about mind, body, and spirit. Delivering total health means our members can enjoy healthy, engaged lives and our communities can benefit from equal access to high-quality health care.

Caring for our members and patients, working toward healthier outcomes, and improving the access of high-quality care for more Americans guides the work of our 240,000 caring, compassionate professionals. Through our distinctive integrated model, ongoing technological advancements, and commitment to our communities, Kaiser Permanente is focused on delivering better health for all.

We believe that all members and patients, regardless of their physical, mental, or socioeconomic status, have the right to equitable health outcomes and a personalized, high-quality care experience. We're a recognized leader in eliminating care disparities, and we continue to drive progress by seeking to address care gaps among underserved populations.

We continue to help improve the lives of our members by delivering evidence-based, outcomes-driven mental health and addiction care in the right setting at the right time. This includes leveraging technology and using

outcomes-driven practices to engage patients in their care plans to enhance progress and results.

We are also leading the way in reducing the stigma associated with mental health conditions and working with trusted partners to help build resilient families, schools, and communities by focusing on preventing and mitigating the impact of adverse childhood experiences.

Kaiser Permanente's model of integrated care and coverage supports total health – mind, body, and spirit – by preventing disease, managing complex and chronic conditions, supporting mental health, and encouraging healthy lifestyles. In short, Kaiser Permanente helps our members and communities thrive.

HEALTH FAST FACTS



113K
Babies delivered

47M
Doctor's office visits

143K
Inpatient surgeries

2.2M
Colorectal cancer
screenings*

1.04M
Mammograms*

95.2M
Prescriptions filled

*Data from 2019 National Committee for Quality Assurance Healthcare Effectiveness Data and Information Set.
For more information about the people who bring our mission to life,
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INNOVATION

The creation of Kaiser Permanente in 1945 was an innovative act of creative disruption – a reimagining of the existing model of health care. We have remained an innovation leader ever since. We seek opportunities to leverage our integrated care delivery system, highly skilled physicians, superior care, and data-rich model to improve health and medical care.

Kaiser Permanente is one of the nation's most productive research institutions with one of the world's largest medical data sets. We deploy this significant resource to advance care and deliver better outcomes, transforming the future of health and health care. We are in the forefront of innovation in the rapidly evolving health care environment.

Kaiser Permanente uses its resources, size and scope, and partnerships with community organizations to develop solutions that improve the health of our members and patients and the communities we serve, bring our care and coverage to more Americans, strengthen and innovate our current model, and broaden our impact.

We empower our members and patients with comprehensive telehealth options that provide choice, convenience, and affordability and help our care teams provide effective, coordinated, high-quality care and service. Our digital technology is successfully transforming care

and our members' care and service experience. We delivered over 185 new capabilities in 2019 on kp.org and mobile, which received 343 million member visits for the year. In addition, Kaiser Permanente delivered a top digital experience among health plan insurers.

INNOVATION FAST FACTS*



344M
Visits to kp.org

34.2M
Prescriptions
filled online

7.1M
Members registered
on kp.org

250K
Video visits

8M
Online requests
for appointments

31.6M
Secure emails sent

60.6M
Lab test results
viewed online

*Data in this section does not include Kaiser Permanente Washington.
For more information about the people who bring our mission to life,
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COMMUNITY

We are committed to helping improve conditions for health in our communities by leveraging the many parts of our organization and engaging the passion of our people. Our strategic investments and other initiatives help address the social, environmental, and economic conditions that are important drivers of poor health.

Our mission extends beyond the delivery of health care to include addressing the health of the communities we serve. As a nonprofit health care organization, we strive to ensure that access to good health and quality health care are available for all.

We continue to strive to improve community health through a wide array of initiatives and new approaches, including those securing stable and affordable housing, fostering real economic opportunities, creating safe and successful schools, addressing harmful environmental challenges, and broadening availability of nutritious food, to name some of our areas of focus.

In all our work, highlighted in our [Community Health Snapshot](#), we remain committed to making real improvements in equity in our communities. Only through addressing the root causes of health can we help improve total health for everyone.

COMMUNITY FAST FACTS



977K

People served by Medicaid and
Children's Health Insurance Plan

510K

Students and school
staff served by
Thriving Schools

49

Percent of nonhazardous
waste reused, recycled,
or composted

500K

People served through
Medical Financial
Assistance and
Charitable Health
Coverage

\$3.4B

Spent on community
health as part of our
ongoing commitment to
improving the health of
the communities we serve

\$1.9B

Amount spent with
women- and minority-
owned businesses

67

Percent of operations
powered by renewable
electricity

For more information about the people who bring our mission to life,
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PEOPLE

At Kaiser Permanente, our people are our greatest resource. Their commitment to our mission is inspiring, their expertise is industry-leading, and the extraordinary work they do every day for our members makes a real difference in people's lives.

We seek to foster a high-performing, inclusive culture that drives collaboration, engagement, and continuous learning. In an inclusive workplace environment our employees can thrive, which in turn benefits our members and communities. Our success is demonstrated in part through the many independent accolades we earn as a best place to work.

We continue to work together with the unions that represent our employees, in one of the nation's longest-standing labor-management partnerships. Through our ongoing partnership, we share information, raise concerns, work on joint problem-solving, and celebrate the many successes of our dedicated workforce.

At Kaiser Permanente, equity, inclusion, and diversity are inextricably linked to our mission and are part of everything we do. Our communities are more diverse than ever, and they expect a personalized experience from their health care team. We strive to provide culturally responsive and competent care and services to our members and promote the

values of equity, inclusion, and diversity in the wider communities where we operate. Our goal is to have a workforce that reflects the rich diversity of our members and communities and understands their needs and preferences.

The dedication and expertise our workforce demonstrated while delivering high-quality care and coverage in 2019 is inspiring. The COVID-19 pandemic that hit in 2020 has stressed and challenged every part of health care, and the people of Kaiser Permanente met the challenge with that same dedication and expertise, as well as courage, compassion, and commitment to care for our members and each other.

PEOPLE FAST FACTS



12.2M
Members

217K
Employees

23K
Physicians

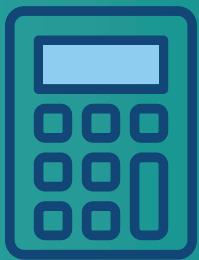
712
Medical offices and
other care facilities

63K
Nurses

39
Hospitals

For more information about the people who bring our mission to life,
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FINANCIALS FAST FACTS



\$84.5B
Operating revenues

\$2.7B
Operating income

\$7.4B
Net income

\$3.5B
Capital spending

\$3.4B
Spent on community
health programs,
4.1% of operating
revenues

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ABOUT KAISER PERMANENTE

Kaiser Permanente is helping shape the future of health care. We are recognized as one of America's leading health care providers and nonprofit health plans. Founded in 1945, Kaiser Permanente has a mission to provide high-quality, affordable health care services and to improve the health of our members and the communities we serve. As of December 31, 2019, we had 12.2 million members in 8 states and the District of Columbia. Care for members and patients is focused on their total health and guided by their personal Permanente Medical Group physicians, specialists, and team of caregivers. Our skilled and caring medical teams are empowered and supported by industry-leading technology advances and tools for health promotion, disease prevention, state-of-the-art care delivery, and world-class chronic disease management. Kaiser Permanente is dedicated to care innovations, clinical research, health education, and the support of community health. For more information, visit us at about.kp.org.

LEADERSHIP TEAM

(as of December 31, 2019)

Board of Directors

Kaiser Foundation Health Plan,
Inc. and Hospitals

Our board of directors as of
December 31, 2019.

[See our current board.](#)

Greg A. Adams

Chairman and
Chief Executive Officer

Ramón Baez

David J. Barger

Regina Benjamin, MD, MBA

Jeffrey E. Epstein

Leslie S. Heisz

David F. Hoffmeister

Judith A. Johansen, JD

Edward Pei

Margaret A. Porfido, JD

Richard P. Shannon, MD

Cynthia A. Telles, PhD

A. Eugene Washington, MD, MPH

Kaiser Permanente National Leaders

Our national leaders as of December 31, 2019.

[See our current national leaders.](#)

Greg A. Adams

Chairman and
Chief Executive Officer

Anthony A. Barrueta

Senior Vice President,
Government Relations

Kathryn Beiser

Senior Vice President and
Chief Communications Officer

Vanessa M. Benavides

Senior Vice President and Chief
Compliance and Privacy Officer

Bechara Choucair, MD

Senior Vice President
and Chief Health Officer

Arlene Peasnall

Senior Vice President and
Interim Chief Human
Resources Officer

Patrick T. Courneya, MD

Executive Vice President
and Chief Medical Officer

Richard (Dick) D. Daniels

Executive Vice President
and Chief Information Officer

Kim Horn

Regional President,
Mid-Atlantic States

Mark S. Zemelman

Senior Vice President
and General Counsel

Kathy Lancaster

Executive Vice President
and Chief Financial Officer

Janet A. Liang

Regional President,
Northern California

Julie Miller-Phipps

Regional President,
Southern California

Susan Mullaney

Regional President, Washington

Jim Simpson

Regional President, Georgia

Arthur M. Southam, MD, MBA, MPH

Executive Vice President,
Health Plan Operations

Ron Vance

Interim Regional President,
Hawaii

Mike Ramseier

Regional President, Colorado

Ruth Williams-Brinkley

Regional President,
Northwest

Permanente Medicine

Permanente Medical Group Leaders

Imelda Dacones, MD

President and CEO, Northwest Permanente, P.C.

Edward M. Ellison, MD

Executive Medical Director/Chairman of the Board, Southern California Permanente Medical Group; Chairman of the Board and CEO, The Southeast Permanente Medical Group, Inc.

Margaret Ferguson, MD, MBA

President and Executive Medical Director, Colorado Permanente Medical Group, P.C.

Richard S. Isaacs, MD, FACS

CEO and Executive Director, The Permanente Medical Group; President and CEO, Mid-Atlantic Permanente Medical Group

Geoffrey S. Sewell, MD, FACP

President and Executive Medical Director, Hawaii Permanente Medical Group, Inc.

Paul Minardi, MD

President and Executive Medical Director, Washington Permanente Medical Group, Inc.

Mary L. Wilson, MD, MPH

President and Executive Medical Director, The Southeast Permanente Medical Group, Inc.

The Permanente Federation

Edward M. Ellison, MD

Co-CEO

Richard S. Isaacs, MD, FACS

Co-CEO

Imelda Dacones, MD

Chair, National Permanente Executive Committee

Geoffrey S. Sewell, MD, FACP

At-large member,
National Permanente Executive Committee

Chris Grant

Chief Operating Officer
and Executive Vice President

David Bell, MD

Executive Vice President,
People and Leadership Strategy

Edward Lee, MD

Executive Vice President, Information Technology,
and Chief Information Officer

Nancy Gin, MD

Executive Vice President,
Quality, and Chief Quality Officer

Daryl Kurozawa, MD, FACS

Executive Vice President,
Products/Sales & Marketing

Todd M. Sachs, MD

Executive Vice President, Finance and Strategy

Stephen Parodi, MD

Executive Vice President, External Affairs,
Communications and Brand

Richele Thornburg, MS

Executive Vice President,
People and Leadership Strategy