EXECUTIVE LETTER

Kaiser Permanente was founded nearly 75 years ago on the belief that good health can be accessible and affordable to all. Today, our 217,000 employees and nearly 23,000 Permanente Medical Group physicians and clinicians continue to deliver on our mission – providing high-quality, affordable health care and improving the health of our members and the communities we serve.

Our doctors, hospitals, and health plan work together as an integrated health care system with a shared commitment to keeping our members healthy and restoring them to health after injury or illness. Our technology connects care teams, including primary care doctors, specialists, nurses, lab and radiology technicians, pharmacists, and therapists – enabling seamless collaboration and coordinated care for faster diagnosis, treatment, and recovery. Researchers at our 8 regional research centers study diseases and health services to improve health outcomes and advance medical science. Through our electronic health record system, we are continually discovering new ways to improve care delivery and share breakthroughs with speed and efficiency.

Our commitment to creating more healthy years for more people extends beyond our members to the communities where they live. As a nonprofit organization, in 2018 we gave nearly $2.8 billion to support community health, including nearly $2.5 billion dedicated to providing health services to people most in need. We started an important conversation about the social determinants of health with a $200 million investment through our Thriving Communities Fund to address homelessness and the affordability of housing, and we announced our goal to achieve carbon neutrality by 2020. We also sought answers to one of our greatest societal issues by taking the lead in researching ways to prevent gun injuries and death, committing $2 million to the effort.

At the same time, we invested significant resources in advancing mental health care and reducing stigma. We view mental health from a total health perspective, and our primary care and mental health providers work together to make mental health and wellness an important part of a patient’s total health. In 2018, this meant more than 4 million specialty mental health and addiction medicine visits across Kaiser Permanente. And our teams are pioneering new technology and measurement tools to improve mental health care in the U.S.

We also advocated for key policies in the areas of universal coverage, drug pricing, and access to affordable high-quality mental health care. And we did all of this while delivering industry-leading clinical excellence and quality outcomes for our patients and members.
With 42 No. 1 rankings in National Committee for Quality Assurance quality measures, 30 hospitals rated “high-performing” by highly respected rating organizations, awards for excellence in medication safety and appropriate use, and health plans that have been top-rated year after year, we proudly delivered care and coverage to 12.2 million Americans in 2018, including 400,000 new members.

We continue to offer high-touch and high-tech experiences that combine compassionate care with innovative capabilities. Our members appreciate the convenience of care delivered through technology – in 2018, they filled 31 million prescriptions online, viewed nearly 54 million lab results virtually, and had hundreds of thousands of telehealth visits with our skilled clinicians. Our goal continues to be improving care and service, and we are always learning how best to integrate technology into patient visits.

Coming to work at Kaiser Permanente is a privilege because we get to help our members, patients, and the people in our communities live more healthy years. At this pivotal moment in our nation’s discussion about health and health care, it is our responsibility to embrace all our strengths – our legacy, our people, our model, our technology, and our investments in community health – to lead the way toward high-quality health care at a price people can afford.

Our Annual Report tells the story of the progress we’ve made in delivering high-quality, accessible, affordable care and coverage, and the impact we have on improving the health of our members and the communities we serve.
QUALITY

Our high-quality care, collaborative approach, and health outcomes set a bold standard for the industry and vision for the future.

We deliver safe, high-quality care centered on the people we serve. We strive to deepen our understanding of our patients’ needs and preferences, and deliver the right care, at the right time, in the right setting. The value of this approach is reflected in our clinical scores, safety grades, and member satisfaction ratings, which are consistently among the industry’s highest. In doing our work, we recognize that health is about more than physical health but is about body, mind, and spirit. As we do our work at Kaiser Permanente, we are dedicated to measuring our performance based on that understanding.

As leaders in prevention, diagnosis, and treatment, our highly-skilled teams use evidence-based methods and leading-edge technology to improve care, from the simplest to the most complicated health conditions.

As a trusted partner, we combine clinical excellence and innovation with strict discipline around quality, safety, and access to help ensure patients benefit from advanced practices that are effective, equitable, and safe. As an integrated, nonprofit organization, we make ongoing investments in technology and facilities that deliver on our commitment to high-quality, affordable, and accessible care.

We help our members live healthy and engaged lives, and focus on providing high-quality care everywhere and every time people interact with Kaiser Permanente.
QUALITY FAST FACTS

42
No. 1 rankings in NCQA quality measures

8
Consecutive years we have earned the Pharmacy Quality Alliance’s Excellence in Quality Award

4
Medicare Health Plans with 5 stars (highest rating) from CMS

29
Hospitals rated “high performing” in U.S. News and World Report’s annual survey

8
Kaiser Permanente regional research center

174
Full-time researchers

1,689
Research support staff

$81M
Kaiser Permanente funding for research

$120M
Federal funding for research

$51M
Other funding for research

1,780
Publications

2,397
Studies underway (including clinical trials)

For more information about the people who bring our mission to life, visit about.kaiserpermanente.org/annualreport.
Kaiser Permanente believes in total health: a healthy, engaged life with equal access to high-quality health care for all.

Total health is more than freedom from physical affliction. It’s about mind, body, and spirit.

Serving more people, advancing affordability for our members and the health care industry, and partnering on healthier outcomes 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.
HEALTH FAST FACTS

120K
Babies delivered

47M
Doctor’s office visits*

1M
Mammograms*

143K
Inpatient surgeries*

2M
Colorectal cancer screenings*

92.6M
Prescriptions filled

*Data from 2018 National Committee for Quality Assurance’s Healthcare Effectiveness Data and Information Set. For more information about the people who bring our mission to life, visit about.kaiserpermanente.org/annualreport.
Kaiser Permanente was born from a transformational idea for health care. That rich legacy continues to drive our passion for creative thinking and big ideas to advance care and deliver better outcomes. We lead the way to innovate in the rapidly evolving health care environment to help our members and patients live healthier lives.

Kaiser Permanente is an innovation leader. As one of the nation’s largest and most productive research institutions with one of the world’s largest medical data sets and our advanced digital technology, we are in the forefront of delivering proactive health care for healthier lives.

Our digital technology is transforming care and the member experience. In acute care settings, life-saving early warning signs are identified through Advanced Alert Monitor and Rapid Response Teams. We can also use our data and predictive modeling to help identify patterns and early warning signs in individuals who may be contemplating suicide.

On kp.org, our digital technology provides ready access to telephone and video visits*, lab results, prescription orders, and bill payments, and the ability to exchange secure emails with your doctor’s office and other departments. More than half of all member and patient interactions are now conducted online. In 2018, 64% of all visits to kp.org were from mobile devices – nearly 199 million visits.

*when appropriate and available
INNOVATION FAST FACTS*

310M Visits to kp.org

53M Lab test results viewed online

31M Prescriptions refilled online

6M Online requests for appointments

6.7M Members registered on kp.org

28M Secure emails sent

184K Video visits

*Metrics do not include Kaiser Permanente Washington.
For more information about the people who bring our mission to life, visit about.kaiserpermanente.org/annualreport.
We collaborate with our communities and engage our entire organization to improve health.

We understand that good health begins beyond the walls of our doctors’ offices and hospitals. It begins in our communities with stable and affordable housing, meaningful work and good jobs, successful schools, clean air and water, nourishing foods in neighborhood stores, and safe places to exercise and play.

As a mission-based nonprofit, we are committed to ensuring that everyone has access to good health and quality health care. That means improving conditions for health and equity in our communities and exploring new approaches to solving community health problems. We do this through strategic investments in our communities, research and clinical expertise, our influence as a major purchaser and employer, and the passion of our physician and employee volunteers.
COMMUNITY FAST FACTS

969K
People served by Medicaid and Children’s Health Insurance Plan

502K
Students and school staff served by Thriving Schools

309K
People served through Medical Financial Assistance and Charitable Health Coverage

$1.9B
Amount spent with women- and minority-owned businesses

42
Percent of nonhazardous waste recycled (or “reused, recycled, or composted”)

35
Percentage of operations powered by renewable electricity

For more information about the people who bring our mission to life, visit about.kaiserpermanente.org/annualreport.
The people of Kaiser Permanente make the extraordinary possible. We are motivated by our mission to provide high-quality, affordable health care services and to improve the health of our members and the communities we serve.

It’s no accident that Kaiser Permanente earns scores of accolades each year as a best place to work, and is a leader in equity, inclusion, and diversity. We are proud of these accomplishments, and we are inspired by the fact that our people go to extraordinary lengths every day to care for and serve our members. Our people provide the energy, expertise, innovation, and passion we need to tackle real-world challenges and advance health in the places we live, work, learn, and play.
# People Fast Facts

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
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<tr>
<td>Members</td>
<td>12.2M</td>
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<tr>
<td>Employees</td>
<td>217K</td>
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<tr>
<td>Nurses</td>
<td>59K</td>
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<tr>
<td>Physicians</td>
<td>23K</td>
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<tr>
<td>Hospitals</td>
<td>39</td>
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<tr>
<td>Medical offices and other care facilities</td>
<td>694</td>
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For more information about the people who bring our mission to life, visit [about.kaiserpermanente.org/annualreport](http://about.kaiserpermanente.org/annualreport).
## FINANCIALS

### FAST FACTS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Operating revenues</td>
<td>$79.7B</td>
</tr>
<tr>
<td>Operating income</td>
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<tr>
<td>Net income</td>
<td>$2.5B</td>
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<tr>
<td>Capital investment</td>
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</table>

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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, 2018, 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, 2018)

### Board of Directors
Kaiser Foundation Health Plan, Inc. and Hospitals

Our board of directors as of December 31, 2018.
See our current board

- Bernard J. Tyson
  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
- Kim J. Kaiser
- Edward Pei
- Meg 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, 2018.
See our current national leaders

- Bernard J. Tyson
  Chairman and Chief Executive Officer
- Gregory A. Adams
  Executive Vice President and Group President
- 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 Community Health Officer
- Chuck Columbus
  Senior Vice President and 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
- 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
- Dave Underriner
  Regional President, Hawaii
- Ron Vance
  Interim Regional President, Colorado
- Ruth Williams-Brinkley
  Regional President, Northwest
- Mark S. Zemelman
  Senior Vice President and General Counsel
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
Executive Director and CEO, 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.

Stephen Tarnoff, 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

Geoffrey S. Sewell, MD, FACP
Chairman, National Permanente Executive Committee

Chris Grant
Chief Operating Officer and Executive Vice President

Pauline Fox
Executive Vice President and Chief Legal Officer

David Bell, MD
Executive Vice President, People and Leadership

Pat Conolly, MD
Executive Vice President, Information Technology, and Chief Information Officer

Michael Kanter, MD
Executive Vice President, Quality, and Chief Quality Officer

Daryl Kurozawa, MD, FACS
Executive Vice President, Products/Sales & Marketing

Paul Minardi, 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