EXECUTIVE LETTER

Kaiser Permanente continues to lead the way in transforming the future of health and health care, and 2016 was a strong year despite unprecedented changes in the health care industry. We provided high-quality, affordable, accessible health care to nearly 11 million Kaiser Permanente members last year while also reinforcing our commitment to support the health of the communities we serve.

We experienced steady financial performance, ending the year with nearly $65 billion in operating revenue. Our 2016 membership of 10.7 million members reflected growth across all lines of business. In addition, our capital spending of $2.8 billion reflected the importance of our investments in both technology and facilities to improve our member care and service. Kaiser Permanente opened a new information technology campus in Atlanta — creating an estimated 900 new IT jobs by 2019 — and completed two new dental offices in Oregon and 12 new medical offices nationwide.

Kaiser Permanente is known for the exceptional care provided by our Permanente Medical Group physicians and the personalized, coordinated approach of our skilled care teams. This past year, we continued to advance patient care through innovation and technology. Telehealth has made it more convenient for members to access our care and services, with more than half of the visits with our members completed “virtually” through email, phone and video. We are placing our members and patients at the center of all we do, providing them with choice in accessing the best Kaiser Permanente has to offer.

We had the honor of caring for many new members who had access to health care coverage for the first time in their lives through the state exchanges, and our dedicated physicians and care teams delivered life-saving medical care to many of these new members immediately after they joined Kaiser Permanente. This experience emphasizes the importance of preventive health in our communities, which is why our mission to provide accessible, affordable care is so vital.

We received recognition in 2016 for the quality of care we delivered to our members. Kaiser Permanente health plans were classified as among the best in the nation for consumer experience, prevention and treatment, according to the National Committee for Quality Assurance. In addition, all Kaiser Permanente health plans were again rated highest (or tied for highest) in both Medicare and commercial in the areas we serve. In 2016, 28 Kaiser Permanente hospitals were listed as “high performing” for one or more measures of common or complex care in U.S. News & World Report’s annual report. Five of Kaiser Permanente’s seven Medicare health plans received an overall rating of 5 stars — the highest rating — from the Centers for Medicare & Medicaid Services for 2016.
Helping our communities achieve total health remains an essential part of our mission, and Kaiser Permanente gave back $2.5 billion to provide care for low-income families, support community-based health partnerships, steward environmental initiatives, and conduct and share important medical research. In addition, Kaiser Permanente welcomed its first chief community health officer in 2016. This critical role brings even greater focus to our commitment of more than 70 years to address broad social issues that impact both personal and community health. In addition, we named a national leader of mental health and wellness, and initiated important work and conversations on mental health conditions and access to services. This included the launch of our “Find Your Words” campaign as well as national advertising calling attention to depression in young people.

These are only a few highlights of the progress we made in 2016. We invite you to read more about Kaiser Permanente’s performance and commitments in this year’s annual report. Thanks to our dedicated employees and our Permanente Medical Group physicians, we are transforming health care and coverage to achieve better health for all.

Bernard J. Tyson
Chairman and CEO
Kaiser Foundation Health Plan, Inc.
Kaiser Foundation Hospitals

Geoffrey S. Sewell, MD, FACP
Chair, National Permanente Executive Committee
The Permanente Federation, LLC
President and Executive Medical Director
Hawaii Permanente Medical Group
QUALITY

Our approach to care puts the patient at the center of all we do and emphasizes prevention and total health.

Kaiser Permanente's integrated health care system and commitment to high-quality care empower our members to maximize their total health by providing excellent medical care for you when you are sick — but also providing preventive care to keep you well.

Our expert doctors, nurses and caregivers are united by a culture of teamwork and assisted by leading-edge technology, allowing us to provide care that's evidence-based, safe, timely, effective, efficient and equitable, and to provide an experience that is patient-centered and convenient for our members. The results are evident in our consistently high marks for member satisfaction and clinical quality.

Our philosophy and structure are aligned, enabling our physicians, nurses and other caregivers to work collaboratively and create a culture of healing. We inspire good health and provide high-quality and personalized care that helps members get and stay healthy.
QUALITY FAST FACTS

27
Number 1 rankings in NCQA Quality Measures

22
Hospitals rated “high performing” in U.S. News’ annual report

6
Regions that received top marks in J.D. Power & Associates Member Satisfaction Study

5
Medicare Health Plans with 5 stars (highest rating) by Centers for Medicare & Medicaid Services

7
Consecutive years bestowed the Excellence in Quality Award by Pharmacy Quality Alliance

9
Consecutive years rated 4 stars (highest rating) by California Office of the Patient Advocate

8
Kaiser Permanente research centers nationwide

3,600
Studies underway (clinical trials and non-clinical trials)

1,171
Clinical trials studies

1,800
Research support staff

180
Full-time researchers

1,000
Journal articles published

For more information about high-quality care, visit share.kp.org/annualreport.
HEALTH

Kaiser Permanente’s focus on wellness and prevention, our integrated system that allows doctors and nurses to work together to help keep patients healthy, and our commitment to total health makes us a national health care leader.

We believe that total health is more than freedom from physical affliction — it’s about mind, body and spirit. We also believe that life, liberty and the pursuit of happiness require total health, and that includes equal access to high-quality health care for all. We serve the diverse care needs of our members by providing a preventive, coordinated and personalized approach to managing their health. Expanding access to our unique model of care and coverage together leads more Americans to total health.
HEALTH FAST FACTS

106,000
Babies delivered

44M
Doctor office visits

129,000
Inpatient surgeries

994,000
Mammograms

90M
Prescriptions filled

2M
Colorectal cancer screenings

For more information about our vision of total health, visit share.kp.org/annualreport.
We believe great health care should be consumer-centric, personalized and enabled by modern technology.

Since our founding, innovation has been part of our DNA and our drive to shape the future of health care. We are a unique, integrated health care organization that combines the full spectrum of high-quality care with comprehensive coverage. In addition, we were an early adopter of electronic health records, and now operate one of the industry’s largest private electronic health record system, which is the fully integrated backbone of our delivery system and consumer digital services.

We are continuously finding new and better ways for our medical teams to collaborate, for our facilities to improve how patients experience care, and for technology to improve the quality and access to care.

Consumers should not have to leave the ease and convenience of their 21st-century world to receive quality health care, especially when we offer so many ways for our members to engage with Kaiser Permanente digitally, nearly any time and from anywhere.

These examples highlight several of our recent innovations and illustrate the many ways we use technology to improve our care and service and to help our members live healthier lives.
INNOVATION FAST FACTS

- **248M**: Visits to kp.org
- **45M**: Lab test results viewed online
- **22M**: Prescriptions refilled online
- **6M**: Members registered at kp.org
- **5M**: Online requests for appointments
- **85,000**: Video visits
- **24M**: Secure emails sent

For more information about innovation at Kaiser Permanente, visit [share.kp.org/annualreport](http://share.kp.org/annualreport).
Thriving, healthy communities support thriving, healthy individuals. The two go hand in hand.

At Kaiser Permanente, we help our members thrive by working at the individual level within our integrated care delivery system — but we also create great impacts across large populations when we engage with communities and governments at the policy, system and environmental levels.

Building on our deep history of working in communities to improve conditions for better health, we are setting our strategy for the next evolution of community health — a system that improves the total health of individuals and communities in mutually reinforcing ways.
COMMUNITY FAST FACTS

58
Place-based collaboratives to improve communities

330
Schools participating in the Thriving Schools program

54
Hosted farmers markets and farm stands

723,000
Community members reached

230,000
Students served by Thriving Schools program

921,000
People served through the Medicaid and CHIP programs

16,000
Staff/teachers served by Thriving Schools program
Achieving our mission of high-quality, affordable health care is made possible through the individual and collective efforts of the people of Kaiser Permanente.

Every day, the compassionate, skilled caregivers and professionals that make up our 213,000-person workforce focus on one overarching goal: optimizing the health and well-being of our patients, members and the communities we serve.

Working individually and as teams, supported by innovative technology and research, the people of Kaiser Permanente are committed to making advances in preventive, routine and specialty care that enhance and prolong the lives of those we have the privilege to care for.

We are proud to be a great place to receive and deliver care and to be recognized as a top employer — helping our workforce thrive and succeed in a workplace where collaboration and innovation, growth and development, and diversity and inclusion are supported and embraced.
PEOPLE FAST FACTS

10.7M
Members

192,607
Employees

20,487
Physicians

52,868
Nurses

38
Hospitals

635
Medical offices and other facilities

For more information about the people who bring our mission to life, visit share.kp.org/annualreport.
# Financials Fast Facts

<table>
<thead>
<tr>
<th>Operating Revenue</th>
<th>Operating Income</th>
<th>Net Income</th>
<th>Community Investment</th>
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<td>$64.6B</td>
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ABOUT KAISER PERMANENTE

Kaiser Permanente is committed to helping shape the future of health care. We are recognized as one of America’s leading health care providers and not-for-profit 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, 2016, we had 10.7 million members in eight 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 expert 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, go to kp.org/share.

View the online 2016 Annual Report kp.org/annualreport.
Leadership Team
(as of December 31, 2016)

Board of Directors

Our board of directors as of December 31, 2016. See our current board

Bernard J. Tyson
Chairman and Chief Executive Officer

Ramón Baez

Regina Benjamin, MD, MBA

Jeff Epstein

Leslie Stone Heisz

David F. Hoffmeister

Judith A. Johansen, JD

Kim J. Kaiser

Philip A. Marineau

Edward Pei

Margaret E. Porfido, JD

Richard P. Shannon, MD

Cynthia A. Telles, PhD

A. Eugene Washington, MD, MPH
Leadership Team (cont)
(as of December 31, 2016)

Kaiser Permanente National Leaders

Our national leaders as of December 31, 2016. See our current national leaders

Bernard J. Tyson
Chairman, President and Chief Executive Officer, Kaiser Foundation Health Plan, Inc. and Hospitals

Gregory A. Adams
Executive Vice President and Group President, Kaiser Foundation Health Plan, Inc. and Hospitals

Anthony Barrueta
Senior Vice President, Government Relations, Kaiser Foundation Health Plan, Inc. and Hospitals

Vanessa M. Benavides
Senior Vice President and Chief Compliance and Privacy Officer, Kaiser Foundation Health Plan, Inc. and Hospitals

Bechara Choucair, MD
Senior Vice President, Community Health and Benefit, Chief Community Health Officer, Kaiser Foundation Health Plan, Inc. and Hospitals

Chuck Columbus
Senior Vice President, Chief Human Resources Officer, Kaiser Foundation Health Plan, Inc. and Hospitals

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.; Co-CEO, The Permanente Federation LLC

Robert M. Pearl, MD
Executive Director and CEO, The Permanente Medical Group, Inc.; President and CEO, Mid-Atlantic Permanente Medical Group, P.C.; Co-CEO, The Permanente Federation LLC

Geoffrey S. Sewell, MD, FACP
President and Executive Medical Director, Hawaii Permanente Medical Group, Inc.; Chairman, National Permanente Executive Committee, The Permanente Federation LLC

Chris Grant
Executive Vice President and Chief Operating Officer, The Permanente Federation LLC
Leadership Team (cont)
(as of December 31, 2016)

Kaiser Permanente National Leaders (cont)

Patrick T. Courneya, MD
Executive Vice President, National Health Plan and Hospital Quality; Chief Medical Officer, Medicare Advantage, Cost and Prescription Drug Plans, Kaiser Foundation Health Plan, Inc. and Hospitals

Richard (Dick) D. Daniels
Executive Vice President, Chief Information Officer, Kaiser Foundation Health Plan, Inc. and Hospitals

Kathy Lancaster
Executive Vice President, Chief Financial Officer, Kaiser Foundation Health Plan, Inc. and Hospitals

Arthur M. Southam, MD
Executive Vice President, Health Plan Operations, Kaiser Foundation Health Plan, Inc. and Hospitals

Mark S. Zemelman
Senior Vice President, General Counsel, Kaiser Foundation Health Plan, Inc. and Hospitals
Leadership Team (cont)
(as of December 31, 2016)

Regional Leaders

Regional Presidents

Mary Ann Barnes, RN
President, Kaiser Foundation Health Plan, Inc. and Hospitals, Hawaii

Roland Lyon
President, Kaiser Foundation Health Plan of Colorado

Julie Miller-Phipps
President, Kaiser Foundation Health Plan, Inc. and Hospitals, Southern California

Janet A. Liang
President, Kaiser Foundation Health Plan, Inc. and Hospitals, Northern California

Jim Simpson
Interim President, Kaiser Foundation Health Plan of Georgia, Inc.

Kim Horn
President, Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.

Andrew McCulloch
President, Kaiser Foundation Health Plan and Hospitals of the Northwest

Executive Medical Directors

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.; Co-CEO, The Permanente Federation LLC

Robert M. Pearl, MD
Executive Director and CEO, The Permanente Medical Group, Inc.; President and CEO, Mid-Atlantic Permanente Medical Group, P.C.; Co-CEO, The Permanente Federation LLC

Margaret Ferguson, MD
Executive Medical Director, Colorado Permanente Medical Group, P.C.

Mary L. Wilson, MD, MPH
Executive Medical Director, The Southeast Permanente Medical Group, Inc.

Geoffrey S. Sewell, MD, FACP
President and Executive Medical Director, Hawaii Permanente Medical Group, Inc.; Chairman, National Permanente Executive Committee, The Permanente Federation LLC

Imelda Dacones, MD
CEO and President, Northwest Permanente, P.C.