EXECUTIVE LETTER

Thanks to the dedication and commitment of our 211,000 employees and the more than 22,000 Permanente Medical Group physicians and clinicians, 2017 was a great year for Kaiser Permanente.

In this time of uncertainty in health care, both on the policy front and with new players, our mission — increasing access to high-quality, affordable health care to our members, while improving the health of the communities we serve — has never been more important.

We are proud to have delivered care and coverage to 1.1 million more Americans in 2017 than in 2016, including more than 650,000 new members who joined us through our acquisition of Group Health Cooperative of Washington state — now Kaiser Permanente Washington.

We continued our mission-driven work to improve health in our communities, because when we build health into the places where we live, work and play, we can help people live healthier lives. In 2017, Kaiser Permanente invested $2.8 billion to provide care for low-income families, support community-based health partnerships, lead environmental initiatives, and conduct and share important medical research to improve overall public health. In the midst of a national opioid crisis, the work of Permanente physicians to reduce opioid prescribing garnered national attention among health care providers looking for best practices to follow.

Understanding the great need to tackle the stigma that surrounds mental health conditions, Kaiser Permanente emerged as a global leader in the important work and conversation around mental health and wellness. Stigma can keep people silent, but by engaging in conversations we can help people find the support they need. Our “Find Your Words” public health awareness campaign focused on talking about depression in an honest and meaningful way. We also focused on building resilience with the National Basketball Association, extending our message of total health beyond the eight states and the District of Columbia where we serve our members and the 67 million residents in our communities.

We continue to receive national recognition for the high quality of care we deliver to our patients and members. Classified as among the best in the nation for consumer experience, prevention and treatment, Kaiser Permanente health plans and hospitals received numerous accolades in 2017, and members in six geographic areas rated Kaiser Permanente’s health plans highest in satisfaction in the annual J.D. Power Member Health Plan Study. Additionally, 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.
Kaiser Permanente is nationally recognized for embracing technology and bringing its members innovative new ways to access care and service to help manage their health and the health of their families. Our members appreciate the convenience of care delivered through technology, whether via phone, secure email, video or text. In total, Kaiser Permanente members filled 25 million prescriptions and viewed more than 48.7 million lab results online in 2017, and had more than 132,000 video visits with our highly trained clinicians. Using predictive algorithms integrated into our industry-leading electronic health record system, we are creating new ways to anticipate and support members who need extra help closing care gaps and managing chronic disease.

At Kaiser Permanente, we have the privilege to come to work each day and deliver health to people in our clinics, hospitals, online and in our communities. At this critical juncture in America, where we continue to see rising medical costs and challenges to access, our long-standing mission is more relevant than ever. Our Annual Report tells the story of our impact and progress in providing high-quality, affordable health care services to improve the health of our members and the communities we serve.

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 quality care, focus on prevention and collaborative approach help our patients thrive.

Patients are at the center of everything we do. We actively partner with patients to identify their needs and understand their preferences, so we can deliver the right care, at the right time, in the right setting. Our consistently high marks for clinical quality and member satisfaction reflect the value of this approach.

Harnessing the power of evidence-based medicine and leading-edge technology, our knowledgeable, highly skilled care teams collaborate to deliver quicker diagnoses and more efficient treatment for faster recoveries.

We focus on helping our members stay healthy and restoring them to health when they get sick — so they can focus on what matters most to them.
QUALITY FAST FACTS

39
No. 1 rankings in NCQA Quality Measures

22
Hospitals rated “high performing” in U.S. News and World Report’s annual survey

6
Geographical areas that received top marks in J.D. Power Member Health Plan Satisfaction Study

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

10
Consecutive years rated 4 stars (highest possible) by California Office of the Patient Advocate

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

9
Kaiser Permanente research centers nationwide

$46.0M
Other funded research

2,540
Studies underway (including clinical trials)

167
Full-time researchers

$111.7M
Federally funded research

1,633
Research support staff

$63.5M
Kaiser Permanente-funded research

1,658
Articles published (all sources, all types)

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

Kaiser Permanente believes that total health is more than freedom from physical affliction — it’s about mind, body and spirit.

We also believe that everyone is entitled to total health, and that includes equal access to high-quality health care for all.

Our 222,000 highly trained and compassionate professionals power our model of coordinated care — a model supported by technology that allows us to provide our members with the care they need, when and where they need it. Our superior health outcomes demonstrate that high-quality, affordable care and coverage — and the promise of total health — are possible for all people and communities.
HEALTH* FAST FACTS

116K
Babies delivered

44M
Doctor office visits

129K
Inpatient surgeries

994K
Mammograms

90M
Prescriptions filled

2M
Colorectal cancer screenings

* Data from 2017 National Committee for Quality Assurance’s Healthcare Effectiveness Data and Information Set
INNOVATION

Through our deep commitment to care innovation, we continue to transform the patient care experience and the health of the communities we serve.

Kaiser Permanente continues to be an innovation leader. We are passionate about finding new ways to improve treatment protocols, supported by telemedicine and remote monitoring. Stroke and diabetes patients are among those already seeing positive impacts.

We are breaking ground in how patients experience care. Many of our facilities incorporate bright, open spaces that foster recovery. New hospitals feature technology that lets patients control their environment. And caregivers now access information digitally — consulting with peers and specialists in real time via video.

We provide a host of options that make it convenient for patients to receive care, such as secure email and video. We are constantly enhancing digital options, building capability on top of the largest and most comprehensive private electronic health record system in the country. More than 50 percent of our patients’ primary care encounters are now virtual.
FOR MORE INFORMATION ABOUT INNOVATION AT KARIER PERMANENT, VISIT SHARE.KP.ORG/ANNUALREPORT.
COMMUNITY

Better health outcomes begin where health starts — in our communities.

Our understanding of health is evolving. Just as we know the mind and body are connected, we know community is connected to our health. When we build health into the places where we live, work, play, we can increase prevention — and help people live healthier lives. Because healthy individuals need healthy communities, and healthy communities need healthy people.

As a mission-based nonprofit, we have the responsibility and the opportunity to look at the bigger picture and touch more lives. As a coordinated care and coverage model, we’re going a step further to integrate community, care and coverage in the pursuit of health. Our scale and permanence in communities mean we have the resources and relationships to make a real impact. Through these efforts, highlighted in our Community Health Snapshot, we help people live the lives they want to live.
COMMUNITY FAST FACTS

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

715K
Community members reached through place-based collaboratives

269K
Charity Care: People served through Medical Financial Assistance and Charitable Health Coverage

334
Thriving Schools (schools participating in program since 2013)

$2B
Supplier Diversity: Spend with diverse businesses

$1B
Green Bonds: Bond proceeds for eligible green projects

29%
Reduction in operational greenhouse gas emissions since 2008
Together, our 222,000 compassionate and highly skilled caregivers and professionals work to advance the health and well-being of our patients, members and communities.

We are proud to be recognized as a great place to work. Every day the people of Kaiser Permanente make a difference in the lives of our members and patients and support our vision to transform health and health care in America.

Supported by innovative technology and research, the people of Kaiser Permanente work individually and collectively in teams to advance the quality of care and service we provide.
PEOPLE FAST FACTS

11.8M Members

211K Employees
22K Physicians
682 Medical offices and other facilities

57K Nurses
39 Hospitals
FINANCIALS FAST FACTS

$72.7B
Operating revenue

$2.2B
Operating income

$3.8B
Net income

$3.3B
Capital investment

For more information about our financials, visit share.kp.org/annualreport.
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, 2017, we had 11.8 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 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, go to kp.org/share.

View the online 2016 Annual Report kp.org/annualreport.
Leadership Team
(as of December 31, 2017)

Board of Directors

Our board of directors as of December 31, 2017. 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

Margaret E. Porfido, JD

Richard P. Shannon, MD

Cynthia A. Telles, PhD

A. Eugene Washington, MD, MPH
Leadership Team (cont)
(as of December 31, 2017)

Kaiser Permanente National Leaders

Our national leaders as of December 31, 2017. 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, 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

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

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

Richard S. Isaacs, MD, FACS
Executive Director and CEO, The Permanente Medical Group; President and CEO, Mid-Atlantic Permanente Medical Group; 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)

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  

**Bill Caswell**  
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.  

**Ruth Williams-Brinkley, RN**  
President, Kaiser Foundation Health Plan and Hospitals of the Northwest  

**Susan Mullaney**  
President, Kaiser Foundation Health Plan of Washington  

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  

**Richard S. Isaacs, MD, FACS**  
Executive Director and CEO, The Permanente Medical Group; President and CEO, Mid-Atlantic Permanente Medical Group; 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.  

**Stephen Tarnoff, MD**  
President and Executive Medical Director, Washington Permanente Medical Group