HEALTH IS NOT OUR INDUSTRY
IT’S OUR CAUSE
HOW DO YOU MAKE HEALTH A CAUSE FOR MILLIONS OF PEOPLE?
ONE CAUSE AT A TIME

FOR YEARS, we have had a fundamentally different approach to health care. Instead of being only a fixer of illness, we go a step further, and act as a health partner and advocate for our millions of members.

What does this mean in practical terms? When we treat our members, we prescribe insulin, but we also recommend broccoli. We treat concussions, but we remind you to always fasten your seat belt. We remove cancer cells, but we offer a number of programs that are designed to help you stop smoking.

The result is a classic win-win: For our members, it has meant happier, healthier lives. For Kaiser Permanente, it has led to a more effective use of our capabilities.

Early last year, we decided our proactive approach to overall health was every bit as important to nonmembers as it is to our members. In mid-2004, we began a highly visible campaign that highlights our role as a trusted health adviser and advocate of total health to a number of audiences, including members, prospective members, and the community at large.

Our messages were simple, friendly, and medically sound. We advised people to eat more green vegetables, to look at exercise as fun instead of work, and to lower their blood pressure by not sweating the small stuff. So far, our research shows that this program is having a great effect on an impressive number of lives.

The reason we’re discussing preventive medicine in such an approachable, lecture-free way is simple. Because we believe this makes us the best health adviser of all: an adviser that people actually enjoy listening to.
Colorado Region was once again recognized as one of the top health plans in the United States. Our $3.2 billion information technology project, KP HealthConnect™, has already launched with great success in facilities in each of Kaiser Permanente’s eight regions. The electronic tools being incorporated into our care are setting a new standard of health care delivery – offering increased efficiency, and higher-quality care – and putting us on the leading edge of the health industry. The year also saw the launch of new insurance products and financing options that allow us to offer access to Kaiser Permanente to more people than ever before.

To improve the health of our communities, Kaiser Permanente invested $825 million in programs that assist the uninsured and children’s health, and provide research and development in health care.

Our approach is not new – it is grounded, as it has been since 1945, in evidence-based medicine and the belief that quality should always be a top priority. We believe that health care should embrace tools that will make it easier for patients and caregivers to do the right thing. We believe that preventive care contributes to greater health, and that healthy individuals make up healthier, happier, thriving communities.

In 2004, Kaiser Permanente’s quality excellence was recognized by the National Committee for Quality Assurance (NCQA) across our organization. The Georgia, Mid-Atlantic States, Hawaii, and Northwest regions were all listed among the top health plans in their areas. Both the Northern and Southern California regions were the only health plans in California listed in NCQA’s The State of Health Care Quality: 2004 Report. And the

2004 WAS A GREAT YEAR for Kaiser Permanente, in a time of uncertainty for the health care industry as a whole. Medical technology, health care costs and health care policy have rapidly undergone tremendous change, and Kaiser Permanente has had to remain flexible as we continue to carry out our mission to deliver quality, affordable care. This report will highlight our unique approach to improving the total health of our members, employees, physicians and the communities we serve.
education resources. In our eight research facilities, Kaiser Permanente spent $105 million on activities to better the health of entire populations.

As we invest in our facilities and communities, we have also continued to support the people of Kaiser Permanente by proactively addressing workforce issues. Through our Labor Management Partnership, union members, physicians, and managers work together using partnership tools that encourage open problem-solving, shared leadership and decision-making, and a safe and healthy workplace.

Externally, Kaiser Permanente has recently seen a resurgence of popular awareness and respect. We launched a new advertising campaign in 2004 and enjoyed a wave of favorable media coverage that highlighted Kaiser Permanente’s success in improving the health of our members.

On the “NBC Nightly News,” in The New York Times and elsewhere, we were recognized for the increasingly significant role that Kaiser Permanente plays in evaluating new drugs and technologies, as well as our success in implementing clinical information technology.

Kaiser Permanente also had a positive year financially. We are poised to continue to lead the industry in this time of market confusion. Kaiser Permanente has a history of succeeding where others fail, of demonstrating clarity and commitment to our mission of health, and of remaining true to the most important values of professional and business ethics in all of our work.

GEORGE C. HALVORSON is CHAIRMAN & CEO, KAISER FOUNDATION HEALTH PLAN, INC., AND KAISER FOUNDATION HOSPITALS. FRANCIS J. CROSSON, MD, is EXECUTIVE DIRECTOR, THE PERMANENTE FEDERATION.
REMEMBER WHEN DOCTORS USED TO WORK ON PATIENTS?
WE’D RATHER WORK WITH THEM

THE FOUNDATION OF OUR SUCCESS is the relationship between each doctor and each patient. So we have built the care at Kaiser Permanente around time-tested professional and ethical values that strengthen the patient-physician partnership. This lets us work with our members as a team in the lifelong job of keeping them healthy.

We have always believed that patients will listen to a doctor who listens to them. That’s why we have become a leader in effective physician-patient communications, and why we excel in communicating with our diverse patient populations.

From the beginning, we have focused on keeping people healthy. We don’t believe in waiting until our members get sick and come in for help. We would rather that members get mammograms, cholesterol tests, and blood pressure checks done on a proactive schedule, so that health can be maintained rather than restored. Our physicians also keep people healthy by accessing the latest in scientific knowledge right on their computer screen. As our patients know, it’s important to have a good doctor and extended caregiver team. But they also appreciate having a doctor who is part of an excellent physician group. Our physicians have access to a wealth of resources that small practices simply can’t match, including state-of-the-art computer systems and cutting-edge clinical research.

Our resources include more than 12,000 physicians, 140,000 employees, 30 hospitals, and 431 medical facilities in nine states and the District of Columbia. All working to help you to live the healthiest life that is humanly possible.

PART OF YOUR CAREGIVING TEAM

We believe that each one of our more than 32,000 nurses plays a vital role in the care of our members, and we are committed to ensuring the future excellence of that care. Through our Workforce for Tomorrow initiative, Kaiser Permanente is helping nursing schools meet the future demand for nurses. We do this through academic relations, student financial aid, and outreach to engage young people in health care careers. We also actively look for ways to retrain our own workforce for hard-to-fill positions, new ways to prepare health care professionals, and strategies to redesign our care-delivery models.
Kaiser Permanente HealthConnect is connected to your physician, who is connected to your medical history, which is connected to your heart, which is connected to your head, all of which we would like to see become chronically healthy.

Back in 1948, when computers were the size of walk-in closets, we realized that they could help us keep better track of the incredible complexity that makes up just one person’s medical history. So we joined a U.S. Government project that gave our doctors printouts of our patients’ coordinated medical data.

Today, KP HealthConnect is arguably the largest civilian system of electronic health records in the United States. Its goal is simple: to take the doctor-patient relationship to a new level, and improve the quality and delivery of care.

When fully implemented, every Kaiser Permanente department, facility and region will share an integrated clinical and administrative information system. And more than 8 million Kaiser Permanente members will be closely connected to their personal health information,
enabling them to become more active partners in their care.

Today, 1.5 million members have a KP HealthConnect outpatient clinical record. Physicians and other health care practitioners who are live on the system now have an electronic health record, decision-support tools, and evidence-based protocols available in real time as they treat patients in the exam room.

The administrative benefits of KP HealthConnect are equally far-reaching. This powerful technology provides the tools we need to configure new insurance products and to make our coverage more flexible. It also gives our staff tools to document the cost and value of our care. All of this allows us to better serve our members and our communities. In addition, the research capabilities of KP HealthConnect will allow us to generate comprehensive and accurate research faster than we ever imagined, track the quality of care, and help improve health outcomes for entire populations.

At the end of 2004, nearly 2 million members were covered by the KP HealthConnect Professional Billing application. By the time it is fully deployed, KP HealthConnect will be the operating platform for 79% of our business.

KP HealthConnect is serving as a model for health care excellence everywhere. Last year, this program was recognized nationally by The New York Times, the “NBC Nightly News,” and CNN, among others. And the U.S. Department of Health and Human Services, as well as health care organizations from around the world, meet with us regularly to learn from our experiences.

Looking at the needs of the chronically ill, including members with multiple chronic conditions, Kaiser Permanente founded the Care Management Institute (CMI) to deliver the best possible care in an effective manner. By using our technology and integrated structure, this creates better outcomes for members and greater efficiency for us. As we like to say, CMI makes it easier to do the right thing.
LABOR AND MANAGEMENT—
WORKING TOGETHER LIKE
BLUEBERRIES & PANCAKES

AT KAISER PERMANENTE, labor and management bring their strengths together to further the cause of health. In fact, \((L + M)^P\), our Labor Management Partnership is such an integral part of our culture that it leads to significant improvements in patient care every year.

In this partnership, our union members, managers, and physicians share information, responsibility, and decision-making in a way that benefits our members the most. It works so well because the principle is always the same: to give decision-making responsibility to the people who are closest to our individual health plan members.

This philosophy has enhanced our customer service and lowered our costs. Here are a few of the accomplishments we are most proud of this year:

- In California, Kaiser Permanente has established the best nurse-staffing ratios in the country. In medical surgical units we are implementing a 1:4 nurse-to-patient ratio. This makes us the only health care organization to voluntarily adopt ratios stricter than those required by law.
- In an Ohio service center, it used to take an average of 45 seconds to answer calls. Today, it takes, on average, just six seconds, and 90% of calls are answered in 30 seconds or less.
- At our Los Angeles Medical Center, even though outpatient psychiatry visits increased 76% within one week, during the same period telephone waits dropped to 1/4 of the previous time.
- Our Ohio ambulatory redesign group significantly reduced operating expenses by $12.5 million in 2004-2005.
- Our Southern and Northern California regions identified ways to reduce costs by nearly $140 million over three years.
- This partnership has also led to significant improvements in the health and safety of our own employees. For example, thousands of employees have been trained in workplace safety, resulting in significant injury-rate reductions throughout the system:
  - At our Woodland Hills, CA, facility, we achieved a 24% reduction in total recordable injuries over four years.
  - Lift teams have reduced patient handling injuries by 37% in Southern California, and 67% in the Northwest.

CLICK AND LEARN
One of best ways to improve your health these days is to sit in front of your computer and click on www.kp.org/healthylifestyles. You’ll find a web-based personal coach that helps our members reach their wellness goals.

We offer unique individual action plans for four of the most important issues facing adults today: weight loss/physical fitness, nutrition, stress reduction, and smoking cessation.
OUR COMMITMENT TO TOTAL HEALTH goes far beyond the health of our members, and extends deep into the health of our communities. Our mission is to provide affordable, high-quality health care services to improve the health of our members and the communities we serve. This is what we have been doing every day since 1945, and last year, we fulfilled our mission on the largest scale ever.

In 2004, we invested $825 million in health services, technology, and funding to further the health of our communities. To make sure this contribution has the best possible effect, we focus our Community Benefit efforts in four key areas:

We serve vulnerable populations and low-income families through our dues-subsidy programs, charity care, and participation in government programs. We partner with the health safety-net organizations in our communities to improve access to care, to support the quality and cost-effectiveness of care, and to collaborate on projects that reduce health disparities. In 2004, we broadened and deepened these relationships, sharing clinical practices, health-education materials, technical support, volunteer medical staff, and Community Benefit funding.
FOR EVERY TOM, JANE, KIM, ATLANTA, DENVER & HONOLULU

We sponsor long-term, intensive Community Health Initiatives focused on Healthy Eating and Active Living. In these, we join with diverse community partners to work on the root causes of much illness and disability. The geographic area for each community health initiative collaboration is clearly defined, and results are carefully measured.

Finally, we develop and share health knowledge. This includes research, consumer education and clinical education. At Kaiser Permanente’s eight research centers across the nation, we apply the best science to determine the best approaches to getting the best health results. This information is used in our programs to train and educate clinical workers. We share the results with our community partners, and with state and federal leaders to help inform public policy.

In addition to these key areas of activity, we also help our communities through our ongoing commitment to grant-making and volunteerism. And underlying everything we do, you’ll find two additional considerations: We are actively developing solutions to ethnic and racial disparities in health care, and we make it a point of pride to practice environmental stewardship.

BROCCOLI GOES DOWNTOWN

We’ve made it very clear that we are great believers in fresh fruits and vegetables. To make them more available to our communities, we have opened 12 Farmers’ Markets at our facilities across the country, and will more than double that number in the next 6 months alone. At these markets, people can find high-quality, locally-grown foods at reasonable prices.
IN 2004, WE DELIVERED 85,055 BABIES, FILLED 113 MILLION PRESCRIPTIONS, AND STOOD FOR 8.23 MILLION VERY SPECIAL CAUSES

Kaiser Permanente by the Numbers

2004 OPERATING REVENUE $28 billion
2004 NET INCOME $1.6 billion
EMPLOYEES 140,356
PHYSICIANS 12,012
MEMBERS 8.23 million
KP FACILITIES 30 medical centers
431 medical office buildings
DOCTOR OFFICE VISITS 34.6 million
BABIES DELIVERED 85,055
PRESCRIPTIONS FILLED 113.2 million
SURGERIES 452,122

Kaiser Permanente Regions
2004 LEADERSHIP

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THERE MUST BE A MILLION WAYS TO **LOOK BETTER AND FEEL BETTER.** HERE ARE A DOZEN TO GET YOU STARTED. FLIP THIS BOOKLET AND GO FOR IT.
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