We believe our members are the picture of health. The photographs in this report feature past and present members of Kaiser Permanente.
Since we were founded in 1946, we have been enthusiastic about health in all its wonderful variety. We are fond of giggling babies, busy adults, and robust seniors. We even think teenagers can be pretty cool. So health moves us in every sense of the word: Physically, mentally, and emotionally. Once you have experienced our particular approach to health, we hope it will move you, too.
Big steps forward, more steps ahead

2009 was a year of extraordinary challenges: for America, for health care, and for all of us at Kaiser Permanente. We’re proud to say that our people helped us enter 2010 ready to face the challenges ahead and committed to promoting a care system for our nation that’s safe, equitable, accessible, and affordable.

Although this report will discuss the progress we made in 2009, first we must acknowledge the extraordinary legislation passed in March 2010 that promises to make access to care a reality for more Americans.

We are proud that we have helped to inform the national discussion around health care reform and that many policymakers have recognized the value of our integrated system. The partnership between our medical groups, hospitals, and health plan creates a system that rewards efficiencies and puts the patient at the center of all our decisions. Aligned incentives and advanced health IT systems enable our coordinated teams to provide comprehensive care. Driven by our passion to enrich and save lives, we excel in proactive prevention of illness, early detection of disease, and better treatment of ongoing conditions. Every part of our organization collaborates to help our patients maximize their total health.

Partnership is essential to our success and is ingrained in our DNA. Our Labor Management Partnership provides a foundation for collaboration and high perfor-
performance. The work of our Unit-Based Teams (UBTs) — an operational strategy to foster innovation and improve performance at the front lines — continues to expand across Kaiser Permanente. In 2009, more than 70 percent of our frontline employees were working in UBTs, which improved care quality, service, and affordability across our program.

In 2009, our clinical care was recognized nationwide. Once again, we achieved some of the highest scores in the country from the National Committee for Quality Assurance (NCQA). We earned a total of 17 national No.1 rankings in their Healthcare Effectiveness Data and Information Set (HEDIS) measures.1

With the passage of the historic Patient Protection and Affordable Care Act, America is on the path to universal coverage. Insurance reform is an important first step, but to improve health care quality and efficiency, we must reform the way care is paid for and delivered. The lack of coordination in American health care, along with a payment model that rewards quantity rather than quality, results in poorer health and higher costs. Appropriate incentives, coordinated teams, connectivity, and a culture of total health are key to improving the health of our nation.

We have been a champion of technology-enabled care for years, and this year, our beliefs were strongly reaffirmed. Our members use a variety of different technologies to communicate with us and manage their health. In 2009, members visited the My Health Manager tool on our member website, kp.org, more than 51 million times, and the average number of secure e-mail messages sent to Kaiser Permanente doctors and clinicians reached an all-time high of 700,000 each month. In all, our members sent 8.6 million secure e-mails to doctors’ offices. They also viewed nearly 22 million lab test results online and refilled approximately 7 million prescriptions through the online pharmacy. These capabilities save our members valuable time, empower them to take charge of their health, and enhance their connectivity to their care teams.

We reached several important milestones that demonstrate the strength of our organization and the fundamental soundness of our policies. Despite the impact of a serious recession, we were able to contribute more than ever to enhance the health of our communities. Our total investment in 2009 exceeded $1.6 billion. In a year when high unemployment caused many Americans to lose health coverage, we increased the number of members we serve with our Charitable Care Programs. In 2009, this number exceeded 100,000 for the first time.

New facilities are another sign of growth, expansion, and strength. In 2009, we opened four new hospitals and 14 medical office buildings. This gave us another 2 million square feet, where Kaiser Permanente providers can deliver our special brand of care to our members. We also completed the purchase of five existing facilities, which will be upgraded to meet our standards.

Our green standards of construction and procurement benefit the environment. Our environmentally preferable purchasing program saved energy, reduced hazardous waste, and increased use of recycled materials, resulting in $20 million in savings. We are improving the health of our communities, members, employees, and physicians, with the added benefit of controlling costs.

We also improved access to care by bringing our facilities closer to members than before. To bring care to populations that are even farther from our locations, we introduced micro-clinics in shopping centers and office buildings, and are enjoying success with mobile vans that provide valuable preventive screenings.

In 2010, we are excited to be aligned with the efforts of First Lady Michelle Obama, whose Let’s Move initiative combats childhood obesity and has many values in common with our own Healthy Eating Active Living (HEAL) Community Health Initiatives. This endeavor will catalyze new efforts to address the critical issue of obesity and obesity-related chronic diseases and fight to reverse this epidemic.

So, looking back, in 2009 Kaiser Permanente continued to move in the right direction. Thanks to the hard work of our employees and physicians, we took big steps forward, and we are eager to take even larger steps in the future.

Be well,

George C. Halvorson
Chairman and CEO
Kaiser Foundation Health Plan, Inc.
Kaiser Foundation Hospitals

John H. Cochran, MD, FACS
Executive Director
The Permanente Federation, LLC
Did you know?

80% of members agreed or strongly agreed that kp.org enables them to manage their health care effectively.
health is more than a trip from point A to point B

It’s an adventure that lasts a lifetime; a path that offers fresh new views of the possibilities ahead and continually challenges us to go further. That’s the spirit that drives us, and it’s the spirit we work to instill in our members.
In a very real sense, everything we do is about total health. We help our members see the deep connections between mind, body, and spirit.

And we take that a step further by offering fully integrated care. We practice care delivery and provide health coverage. This gives us a strong interest in delivering the best, most compassionate and affordable care.

Our clinical scores are among the best in the nation. Healthcare Effectiveness Data and Information Set (HEDIS) scores are one of the most widely accepted performance measures. Administered by the National Committee for Quality Assurance (NCQA), these scores let consumers compare health plan performance. In 2009, NCQA recognized Kaiser Permanente’s Hawaii Region as the nation’s leader in breast cancer screenings. All eight of our regions were in the national 90th percentile for breast cancer screening for Medicare patients. This is especially important to us because 1 in 8 American women are at risk of developing breast cancer, and early detection offers the best hope for recovery.

No matter how well we do in one area, we always look for new ways to save lives and preserve health. In 2009, we implemented the Healthy Bones Model of Care throughout our Southern California Region to help our patients with osteoporosis avoid breaking bones, and saw immediate results. For 2010, projections show this program will prevent 1,670 fractures and save 401 lives, based on demographics and current performance. We expect to repeat the success of this program in all of our regions.

We estimate Kaiser Permanente prevents 1,271 heart attacks and strokes through our ALL/PHASE program, which bundles aspirin with two low-cost generic drugs — a cholesterol-lowering statin (lovastatin) and a blood pressure-lowering drug (lisinopril). To date, a total of 68,560 of our members with diabetes have benefited from this preventive treatment.

Last year, some of our most important advances came out of collaborations between our regional medical groups and our Care Management Institute, which promotes more effective care practices for our populations with the most complex needs. For these populations, the transition between different care settings, such as from the hospital to home, significantly affects clinical outcomes and member satisfaction. By developing improved transition processes, we prevent unnecessary hospital readmissions and ensure that we provide members with safe, reliable, high-quality care.

Our electronic medical record, Kaiser Permanente HealthConnect, has tools that let us contact our members to help prevent future problems. For example, in Hawaii, we were recognized by NCQA for reaching out to members in danger of kidney failure, and helping to keep them healthy by ensuring members got the correct tests and most appropriate care when it was needed.

In Southern California, our Proactive Office Encounter program leverages our integrated system and our electronic health record to generate patient reminders and caregiver alerts that help...
18-month-old girl has two complex heart operations

For Stephanie and Brent Stuckert, it was a routine pregnancy until six weeks before their due date. Their nurse thought the baby looked smallish, so she recommended a sonogram. During the test at Kaiser Permanente Santa Rosa Medical Center in Northern California, they saw that their unborn daughter’s heart was missing the left ventricle, the chamber that actually pumps blood. Stephanie’s doctors immediately rushed her to San Francisco, where a team of our specialists was waiting. In the ambulance, she went into labor, and soon gave birth to Olivia, at 3 pounds, 12 ounces.

To keep Olivia alive, the only options were a heart transplant or a series of three complex operations in which her heart would be completely replumbed to make the right ventricle do the job of the left. They chose the latter option. “She came through with flying colors,” Stephanie says. After 2½ months in intensive care, Olivia came home. At 10 months, she had the second surgery, and was home only five days later.

Today, Olivia is a happy, normal-sized 18-month-old girl with two delighted parents. Her mother says, “It was amazing. All the odds were stacked against her … a three-pound preemie with no left ventricle? But they never gave up. She’s here today because of those surgeons and that team.” Olivia will receive her third operation when she’s four. But for now, “She’s just a little chub. That little girl is a rock star.”
we want you
to belong to the world’s
healthiest club

Our 8.6 million members are the absolute center of everything we do. At Kaiser Permanente, our philosophy and structure are aligned to enable our 179,000 physicians, nurses, and staff to work together to maximize the health of each member. As a team, we consult, collaborate, and provide personalized care, from head to toe.
Did you know?

All our doctors prescribe electronically — eliminating common prescribing errors due to poor handwriting.
With most patient/doctor relationships, the patient sees a primary care doctor who must refer to a number of outside providers and specialists with whom they have little interaction. But at Kaiser Permanente, our physicians coordinate care seamlessly across specialties, providing each member convenient access to their care team.

Our members partner with their personal physicians to make informed decisions and take the right steps to get and stay healthy. We believe that having open, trusting communication with a personal physician is essential to good health.

With many qualified applicants for every open position, we select the most caring, skilled physicians and encourage them to focus on their calling: being passionate advocates for the health of every member.

Our physicians are among the most talented in the country, and many of the advances they have made in treatment now set the standard for excellent care. For example, an interregional team of urology and radiology chiefs has developed and implemented imaging guidelines for evaluating hematurias and complicated renal cysts. And a group of gastroenterology, primary care, HIV, and infectious disease specialists has developed national hepatitis C screening, referral, and treatment practice resources. By constantly evaluating new treatments and medical technologies, we can provide the best and safest care to our members and patients.

Some of our best ideas happen when frontline teams work together to discover smarter, more efficient ways to work.
Another group that consistently makes a powerful impression on our members and is an invaluable part of our care team is our nurses. Our nursing practices — including caring behaviors, communication, and responsiveness — have all earned high marks for patient satisfaction, and have helped to get and keep our members healthy.

Across the entire organization, our people work together as a team. Our Unit-Based Teams (UBTs) are critical to our success. In 2005, we realized that some of our best ideas happen when frontline teams work together to discover smarter, more efficient ways to work. So our Labor Management Partnership created UBTs. In 2009, more than 70 percent of our employees worked in these teams, and the results have been dramatic. For example, they have achieved 98 percent patient satisfaction scores in our Westminster pharmacy in Colorado, eliminated hospital-acquired pressure ulcers for several consecutive months in a number of our facilities and regions, reduced workplace injury rates among environmental services workers by 65 percent in our Northwest Region, and achieved 18-point gains in child immunization rates in South San Francisco. In 2010, 100 percent of Kaiser Permanente’s frontline employees will be working in UBTs.

Did you know?

In 2009, members spent 6.1 million minutes on the phone with our language-line interpreters.
Did you know?

We were the first health care provider in America to inventory and publicly report our greenhouse gas emissions, an ongoing practice since 2005.
Then we help them get safe playgrounds and free swimming pools to enjoy. We put to practice green ideas, and work in green buildings — because some of the best friends of total health are fresh food, good exercise, safe streets, and clean air.
As a nonprofit organization, we invest a large portion of our net revenue in the communities around us, and last year was our largest ever, for good reason.

In 2009, nearly every community in America was affected by the economic recession. As more people lost their jobs, many lost their health insurance. So we increased our contributions to care for low-income families, children, and individuals. We helped more than 20,000 Kaiser Permanente members maintain their health coverage and continue their care with us by helping them transition to Medicaid, the Children’s Health Insurance Program, and our innovative Charitable Health Coverage programs. Our charitable health coverage grew to include more than 113,000 members. We also provided more than $167 million in charity care in our hospitals and clinics.

In all of our regions, there are community health centers and public hospitals that deliver care to thousands of low-income and uninsured people. We actively support these safety net caregivers in many ways, from grants to sharing our best practices with them. In 2009, we donated more than $61 million in grants to our safety net partners. For example, to support America’s public hospitals, we made a grant of $700,000 to the National Patient Safety Foundation. It funds a two-year program that supports safe, high-quality care for vulnerable and low-income people who depend on publicly supported health care institutions.

We are also actively addressing health disparities because we believe everyone deserves the best care and the best health. For example, we donated $500,000 to the Morehouse School of Medicine for a workforce leadership program that aims to reduce disparities in primary care and mental health.

Sharing our expertise with others benefits the community, so once our research findings are validated, we move them quickly into the field. We have been widely recognized for our extensive care research, and we have worked hard to ensure our safety net partners get the benefit of that learning. For example, currently more than 7,000 nonmembers who access care through safety net organizations are following our unique, low-cost ALL/PHASE treatment (aspirin, lisinopril, and lovastatin) that reduces heart attacks and strokes in diabetes patients. Last year, we also addressed the national call for comparative effectiveness research by establishing the Center for Effectiveness and Safety Research to coordinate research across all our regions nationwide.

Clearly, where people live, work, and play has a major influence on their health. So we undertook Photovoice, a powerful tool for social change. In 18 communities, we gave more than 200 people cameras so they could document unhealthy conditions in their neighborhoods, then bring these pictures to the attention of school boards, city councils, and other decision-makers. There have been many positive results, from closing liquor stores that were crime magnets to making local parks more family friendly.
On a national level, First Lady Michelle Obama is leading a campaign against childhood obesity called Let's Move in conjunction with the Partnership for a Healthier America, which Kaiser Permanente cofounded. This builds on our own Healthy Eating Active Living (HEAL) Community Health Initiatives. Our long-standing obesity prevention programs received a 2009 Pioneering Innovation award from the Centers for Disease Control and Prevention.

Because of the recession, America’s problems with nutrition have increased, so we quadrupled the amount we invested in programs to promote healthy eating during difficult economic times. In 2009, Kaiser Permanente approved $2.1 million in grants and donations to nonprofit organizations that provide healthy foods at food banks and pantries, and that help boost participation in government nutrition programs.

The air we breathe and the water we drink are just as important as the food we eat, so we take environmental stewardship to new levels. With digital imaging and intelligent landscaping, we use 40 percent less water than the average hospital. We design our facilities to meet new standards of energy efficiency, use eco-friendly medical products such as mercury-free thermometers, and practice aggressive waste management. We do all this to safeguard the health of all our communities — for today, and well into the future.

French fries vs. fresh vegetables in Washington, D.C.

Just a few miles from the Washington Monument, there is a neighborhood where fresh vegetables were almost unheard of. Ward 8 has one of the lowest average incomes in the area and some of the highest obesity rates. For Canary Girardeau, a retired nurse, that wasn’t acceptable. So at age 77, she came out of retirement and became project manager for a childhood obesity program run by Summit Health Institute for Research and Education, Inc. (SHIRE), a community group that is sponsored by a grant from Kaiser Permanente.

For years, there was no supermarket in the entire area, so many parents routinely bought fried chicken and fries from the corner convenience stores instead of cooking healthier meals. Now with a supermarket, it’s still not easy to know how to eat well. With Canary’s help, that is changing. She has taught hundreds of teens how to make healthy food part of their lives by cooking tasty stir-fried dinners and blending smoothies. Many have lost dramatic amounts of weight. To change attitudes at an early age, she helped a local day care center teach their kids to plant tomatoes. They made this planting part of their science and art education, so she is also helping spread healthy ideas.

“I came here expecting to stay a year,” Canary says. “It’s close to four years now.” We are proud to know Canary, and so many others like her who give so much to our communities.
We have cared for tens of millions of people, and have gained a wealth of information — from identifying new ways to help prevent heart attacks and broken bones to better ways for nurses to deliver pills. And we make it a core principle to share this learning — with each other, with our members, with our peers, and with the world at large.
Did you know?

Our Sidney R. Garfield Health Care Innovation Center is a living laboratory where our caregivers and technologists research better technologies, products, and hospital protocols.
We are one of the most wired health care organizations on earth, but that means more than having a big computer network. It means that we are a network of 179,000 people who communicate closely with each other. It means that our health plan administrators, physicians, researchers, facilities planners, pharmacists, nurses, laboratory technicians, other caregivers, software developers, and receptionists are connected in thousands of ways, large and small. Our information technology makes it possible, but our deep interest in cooperation makes it real.

As the country continues to work toward reforming health care, the usefulness of electronic health records (EHRs) is frequently mentioned. They are a valuable tool that can help coordinate care, improve efficiencies, and open new lines of communication between caregivers and patients. At Kaiser Permanente, EHRs aren’t a future promise. They’re today’s reality.

We have completed the deployment of Kaiser Permanente HealthConnect. This is the world’s largest private electronic medical record, and it is now in place for every one of our 454 medical office buildings, 35 hospitals, and 8.6 million members.

Besides connecting our caregivers, our technology gives our members entirely new ways to manage their health. Using My Health Manager on kp.org, members have timely, secure access to their recent lab test results, medication information, and other important health information. They e-mail their doctors’ offices — often saving themselves a trip — and go online to order refills from our pharmacies. Last year, 3 million Kaiser Permanente members registered to use My Health Manager and logged on to the system more than 51 million times.

Kaiser Permanente HealthConnect® is the world’s largest private electronic medical record, and it is now in place for every one of our 8.6 million members.
Our connectivity also reaches outside our own facilities. In 2009, the U.S. Department of Veterans Affairs (VA) and Kaiser Permanente launched a pilot medical data exchange program. Using the Nationwide Health Information Network, this program lets clinicians from the VA and Kaiser Permanente share information about patients’ health.

Because of these achievements and others, we have gained national recognition as leaders in connected care. The Healthcare Information and Management Systems Society honored us for our hospital-based implementation of electronic medical records. Of all 2,400 hospitals in the U.S., only 39 received the Stage 7 Award for achieving the highest state of implementation. Of those, 24 were Kaiser Permanente hospitals. In 2010, we project that every Kaiser Permanente hospital will be recognized as having Stage 7 status. Recognizing our work in this important area, Fast Company magazine named us as one of America’s most innovative health care organizations.

But the real innovation has always been our deeply connected nature. By looking at each member as a total human being — from their blood pressure to their stress level, from their sleep habits to their neighborhood surroundings — we are able to provide truly connected care that is informed by decades of learning. That brings us full circle, back to our emphasis on total health, and all the ways we are making it possible.

Did you know?

We were recently awarded 22 grants by The National Institutes of Health, including $25 million for our Research Program on Genes, Environment, and Health.'
Board of directors

George C. Halvorson, Chairman and Chief Executive Officer, Kaiser Foundation Health Plan, Inc., and Kaiser Foundation Hospitals

Christine K. Cassel, MD, MACP, President and Chief Executive Officer of the American Board of Internal Medicine and ABIM Foundation

Thomas W. Chapman, MPH, EdD, President and Chief Executive Officer of the HSC Foundation

Daniel P. Garcia, Senior Vice President and Chief Compliance Officer, Kaiser Foundation Health Plan, Inc., and Kaiser Foundation Hospitals

William R. Graber, Retired Chief Financial Officer of McKesson Corporation

J. Eugene Grigsby III, PhD, President and Chief Executive Officer of the National Health Foundation

Judith A. Johansen, JD, President of Marylhurst University, Portland, Oregon

Kim J. Kaiser, Senior Pilot, Alaska Airlines

Philip A. Marineau, Operating Partner, LNK Partners, and Retired President and Chief Executive Officer of Levi Strauss & Co.

Jenny J. Ming, President and Chief Executive Officer, Charlotte Russe Holding, Inc., and Former President of Old Navy

Edward Pei, Retired Executive Vice President of the Consumer Banking Group of First Hawaiian Bank

J. Neal Purcell, Retired Vice Chairman and Managing Partner of KPMG, LLP

Cynthia A. Telles, PhD, Director of the Spanish-Speaking Psychosocial Clinic of the Neuropsychiatric Institute and Hospital at the University of California, Los Angeles School of Medicine, and Associate Clinical Professor with the UCLA School of Medicine

Sandra P. Thompkins, JD, Executive Director of Human Resources, Delphi Corporation's Packard Electric Division

Executive medical directors

John H. Cochran, MD, FACS, Executive Director, The Permanente Federation, LLC

Ronald L. Copeland, MD, FACS, President and Executive Medical Director, Ohio Permanente Medical Group, Inc.

Sharon M. Higgins, MD, President and Executive Medical Director, Northwest Permanente, P.C., Physicians and Surgeons

Robert M. Pearl, MD, Executive Director and Chief Executive Officer, The Permanente Medical Group, Inc., and President and Chief Executive Officer, Mid-Atlantic Permanente Medical Group, P.C.

Rob Schreiner, MD, FACP, Executive Medical Director and Chairman of the Board, The Southeast Permanente Medical Group, Inc.

Geoffrey S. Sewell, MD, FACP, President and Executive Medical Director, Hawaii Permanente Medical Group, Inc.

Jeffrey Weisz, MD, Executive Medical Director and Chairman of the Board, Southern California Permanente Medical Group

William G. Wright, MD, MSPH, President and Executive Medical Director, Colorado Permanente Medical Group, P.C.

National leadership team

George C. Halvorson, Chairman and Chief Executive Officer

Raymond J. Baxter, PhD, Senior Vice President, Community Benefit, Research and Health Policy

Phil Fasano, Senior Vice President and Chief Information Officer

Diane Gage Lofgren, APR, Senior Vice President, Brand Strategy, Communications and Public Relations

Kathy Lancaster, Executive Vice President and Chief Financial Officer

Jed Weissberg, MD, Senior Vice President, Quality and Care Delivery Excellence

Paul B. Records, Senior Vice President and Chief Human Resources Officer

Arthur M. Southam, MD, Executive Vice President, Health Plan Operations

Bernard J. Tyson, Executive Vice President, Health Plan and Hospital Operations

Steven Zatkin, Senior Vice President, General Counsel and Secretary

Regional leadership team

Gregory A. Adams, Northern California Regional President

Benjamin K. Chu, MD, MPH, MACP, Southern California Regional President

Donna Lynne, DrPH, Colorado Regional President

Peter Andruszkiewicz, Georgia Regional President

Janet Liang, Hawaii Regional President

Marilyn J. Kawamura, Mid-Atlantic States Regional President

Andrew R. McCulloch, Northwest Regional President

Patricia D. Kennedy-Scott, Ohio Regional President
by the numbers

$42.1 billion – 2009 operating revenue
$1.6 billion – 2009 operating income
$2.1 billion – 2009 net income
8.6 million – members
164,098 – employees
15,129 – physicians
45,270 – nurses
35 – Kaiser Permanente hospitals
454 – Kaiser Permanente medical offices
36.6 million – doctor’s office visits
prescriptions filled – 132.2 million
surgeries – 685,242
mammograms – 1.1 million
colorectal cancer screenings – 1.4 million
members using My Health Manager on kp.org – 3 million
lab test results viewed online – 21.7 million
secure e-mails sent to physicians and clinicians – 8.6 million
online requests for appointments – 1.8 million

$1.7 billion invested in our community
more than 100,000 members enrolled in our charitable health coverage program
378 grants given to safety net clinics, hospitals, and health departments
$61 million provided to safety net clinics, hospitals, and health departments
1,400 pounds of mercury purged from facilities
50 acres of reflective roofing installed to dramatically reduce cooling costs
3,500 research and evaluation studies undertaken by Kaiser Permanente
800 articles published in peer-reviewed journals about study findings
more than 840,000 people reached with entertaining, informative prevention messages delivered by our Educational Theatre program
The source for this data is Quality Compass® 2009 and is used with the permission of the National Committee for Quality Assurance (NCQA). Quality Compass 2009 includes certain CAHPS data. Any data display, analysis, interpretation, or conclusion based on these data is solely that of the authors, and NCQA specifically disclaims responsibility for any such display, analysis, interpretation, or conclusion. Quality Compass is a registered trademark of NCQA. CAHPS® is a registered trademark of the Agency for Healthcare Research and Quality (AHRQ).


Kaiser Permanente data.


Kaiser Permanente is committed to environmentally sustainable practices. In an effort to conserve paper and resources, printed copies of this annual report are available, but limited. We encourage you to view the report online at kp.org/annualreport. © 2010 Kaiser Permanente | Kaiser Permanente | One Kaiser Plaza | Oakland, CA 94612

This report was produced by the Kaiser Permanente Brand Strategy, Communications and Public Relations, and Brand Creative departments.