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Kaiser Foundation Health Plan and Hospitals Report Annual Financial Results for 2016

Leading nonprofit, integrated health care system reports solid membership growth and stable operating performance in 2016

OAKLAND, Calif., February 13, 2017 — Kaiser Foundation Health Plan, Inc., Kaiser Foundation Hospitals and their respective subsidiaries (KFHP/H) reported their 2016 annual financial results. Total operating revenue for 2016 was \$64.6 billion, compared to \$60.7 billion in 2015. Operating income was \$1.9 billion, equal to 3.0 percent of operating revenue, compared to \$1.8 billion in 2015, equal to 2.9 percent of operating revenue. Net non-operating income was \$1.2 billion, compared to \$102 million in 2015. Net income was \$3.1 billion in 2016, compared to \$1.9 billion in 2015. Capital spending was \$2.8 billion in 2016, compared to \$2.7 billion in 2015.

“We’ve come off a solid year in quality, access, service, membership growth and financial performance,” said Chairman and CEO Bernard J. Tyson. “As we continue our focus on delivering accessible, affordable, high-quality care, we’re pleased we’ve completed our acquisition of Group Health Cooperative in Washington state on February 1, 2017, adding 651,272 new members and we look forward to serving more communities in that region.”

Membership for 2016 grew by approximately 429,000, an increase of 4.2 percent from 2015, for a total of 10.7 million members by December 31, 2016. Growth occurred across all lines of business. With the acquisition of Group Health, membership now totals more than 11 million.

KFHP/H’s \$2.8 billion in capital spending in 2016 reflects continued investments in both technology and facilities to support member care, including building additional capacity for new

members. Kaiser Permanente opened a new information technology campus in Atlanta, an investment that will create approximately 900 new IT jobs by 2019, bringing Kaiser Permanente's total presence in Georgia to more than 4,000 employees and physicians. Also in 2016, 12 new medical offices and two new dental offices were completed. New medical offices included the state-of-the-art Mission Bay Medical Offices in San Francisco, the technologically advanced Manhattan Beach Medical Office in Southern California and the sports medicine clinic in Sacramento, California. Additionally, more than two dozen new medical offices are in active design or construction phases right now and are expected to open over the next 12 to 14 months. The total number of medical office buildings in the Kaiser Permanente system is 636, in addition to 38 hospitals.

"Financial performance continued to be steady in 2016," said Executive Vice President and CFO Kathy Lancaster. "Kaiser Permanente's stability provides us with the opportunity to continue our mission of providing high-quality, affordable health care. This allows us to serve more members while providing more points of access to receive health care."

Through advances in technology, Kaiser Permanente's patients now access care and service more frequently via secure messaging, telehealth, clinics and mobile health vehicles. In 2016, www.kp.org was accessed over 678,000 times per day, an increase of 31.4 percent from 2015, and almost 61.0 percent of visits to www.kp.org were from mobile devices. In particular, more members used www.kp.org as a means to communicate with caregivers and access their medical information. Throughout 2016, over 23.6 million secure email interactions occurred between members and care providers, a 5.7 percent increase from 2015. Additionally, members filled close to 21.8 million prescriptions and viewed over 45.4 million lab results online in 2016, an increase from 2015 of nearly 12.3 percent and 12.0 percent, respectively.

In 2016, KFHP/H supported community benefit programs and services with approximately \$2.5 billion, or 3.9 percent of operating revenue. KFHP/H community benefit investments continue to provide care for low-income individuals through initiatives such as the Medical Financial Assistance (MFA) program and the Charitable Health Coverage (CHC) program. Kaiser Permanente's community benefit investments also support community-based health

partnerships, steward environmental initiatives, and help KFHP/H conduct and share important medical research.

Except for historical information contained herein, the matters discussed in this media release are forward-looking statements that involve risks and uncertainties. Actual results may differ materially based on a number of factors including, but not limited to, the impact of competitive products and pricing, government regulations, changing membership requirements, and the change in business and economic conditions. Forward-looking statements are based on information as of the date of this media release, and we assume no obligation to update or revise any of these forward-looking statements, whether as a result of new information, future events or otherwise.

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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 served 10.7 million members in eight states and the District of Columbia, and added an additional 651,272 members on February 1, 2017, with the acquisition of Seattle's Group Health. Care for members and patients is focused on their total health and guided by their personal 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.