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Kaiser Foundation Health Plan and Hospitals Financial Update

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Solid second quarter financial results support integrated care delivery system and sustainable operations

Kaiser Permanente's mission is to provide high-quality, affordable health care services and to improve the health of our members and the communities we serve. Kaiser Foundation Health Plan, Inc. and Kaiser Foundation Hospitals (KFHP/H) are non-profit organizations, which means we do not have stockholders who profit from positive financial performance. We devote our financial resources to advance our mission through investments in our integrated care delivery system and in programs and initiatives that improve community health.

Second Quarter 2017

For the second quarter ending June 30, 2017, KFHP/H reported a combined total operating revenue of \$18.1 billion. Operating income was \$772 million and net non-operating income was \$240 million in the second quarter. Net income for the second quarter was \$1.0 billion.

Membership

Kaiser Permanente's membership has grown by approximately 1.1 million members since December 31, 2016, totaling approximately 11.7 million members as of June 30, 2017. This growth includes membership from the acquisition of Seattle-based Group Health Cooperative on February 1, 2017.

Capital Spending

Capital spending reflects continued KFHP/H investments in facilities and technology to support integrated care delivery. In the second quarter of the year, Kaiser Permanente opened four new medical office buildings and one new hospital, and embarked on other significant replacement and renovation projects. These investments bring the number of medical office buildings to 677, along with 39 hospitals to support the needs of our growing membership and communities.

Additional capital expenditures support investments in technology to advance patient care – both in-person and virtually – as well as digital capabilities providing patients greater choice and convenience in accessing Kaiser Permanente's high-quality, affordable care.

Community Investments

Consistent with our not-for-profit mission, we devote resources to improve the health of the communities we serve. KFHP/H's community benefit investments provide care for low-income individuals and underserved communities, reinforce community-based health partnerships, and support research and the training of health care workers.

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Footnote:

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