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## **Kaiser Foundation Health Plan and Hospitals Financial Update**

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*Solid third-quarter financial results support integrated care delivery with sustainable performance*

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 nonprofit 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 and in programs and initiatives that improve member and community health.

### **Third Quarter 2017**

For the third quarter ending Sept. 30, 2017, KFHP/H reported combined operating revenues of \$18.3 billion. Operating income was \$850 million and non-operating income was \$408 million in the third quarter. Net income for the third quarter was \$1.3 billion.

### **Membership**

Kaiser Permanente's membership grew by roughly 1.0 million members since Dec. 31, 2016, totaling approximately 11.7 million members as of Sept. 30, 2017. This growth includes membership from the acquisition of Seattle-based Group Health Cooperative on Feb. 1, 2017.

### **Capital Spending**

Capital spending of \$773 million in the third quarter ending Sept. 30, 2017 reflects ongoing KFHP/H investments in facilities and technology to support integrated care delivery. In the third quarter, Kaiser Permanente opened three new medical office buildings and embarked on other significant replacement and renovation projects. These investments bring the number of medical office buildings to 680, along with 39 hospitals to support the growing needs of our membership and communities.

### **Capital Spending** (continued)

Our capital expenditures also support investments in technology to advance patient care – both in-person and virtual – as well as digital capabilities to provide 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 health 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:**

*Certain statements included in this document herein may constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used, such as “plan,” “project,” “forecast,” “expect,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations that may be contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such assumptions on which such forward looking information may be based. Accordingly, actual results will vary and the variations may be material. Readers of this document should understand the limitations inherent in forward-looking data and evaluate whether such data and any underlying assumptions are appropriate for their purposes. These materials may also contain historical market data; however, historical market trends are not reliable indicators of future market behavior. Kaiser Foundation Health Plan, Inc., Kaiser Foundation Hospitals and their respective subsidiaries do not plan to issue any updates or revisions to those forward looking statements if or when its expectations change, or events, conditions or circumstances on which such statements are based, occur.*