



Kaiser Foundation Health Plan and Hospitals Financial Update

August 3, 2018

Second quarter results show continued stability and ongoing support for integrated care delivery and the communities we serve

Kaiser Permanente's mission is to provide high-quality, affordable health care and to improve the health of our members and the communities we serve. As not-for-profit organizations, Kaiser Foundation Health Plan, Inc. and Kaiser Foundation Hospitals (KFHP/H) have no stockholders who profit from positive financial performance. We devote our resources to the care and services we provide to members and patients and to the people, tools and facilities needed to provide care and services. We also dedicate resources to improve the health and economic vitality of the communities we serve.

Second Quarter 2018

For the second quarter ending June 30, 2018, KFHP/H reported combined operating revenues of \$19.6 billion. Operating income was \$345 million and non-operating income was \$308 million, resulting in net income of \$653 million for the second quarter.

Membership

Kaiser Permanente's membership totaled 12.2 million as of June 30, 2018, reflecting growth of approximately 453,000 members since Dec. 31, 2017.

Capital Spending

Capital spending of \$735 million in the second quarter reflects ongoing investments in upgrading and opening new facilities, as well as in technology.

In the second quarter, KFHP/H opened five new medical offices, all of which are in California: Downtown Commons Medical Office in Sacramento, Skyport Medical Office in San Jose, Mercury Way Medical Office in Santa Rosa, and two offices dedicated to mental health services in San Mateo and Hesperia. These facilities bring our total number of medical offices nationwide to 689, along with 39 hospitals, across all of our regions.

In addition, we continue to manage dozens of major renovations, as well as maintenance and infrastructure improvement projects in our existing facilities across the country, to better serve our members, patients and communities.

Our capital expenditures also include investments in medical technology and digital capabilities to advance patient care — both in-person and virtual — and provide patients with greater choice and convenience in accessing Kaiser Permanente’s care and services.

Supporting Our Communities

Consistent with our not-for-profit mission, we continue to devote significant resources to improve the health of the communities we serve in meaningful ways. In the second quarter, [we announced a major commitment](#) to addressing housing stability and homelessness, because we at Kaiser Permanente recognize that housing stability is a root cause of health outcomes.

Also in the second quarter, [we announced our intention to award grants](#) to community-based and national charitable organizations as part of Kaiser Permanente’s commitment to serve those most in need, collaborate to improve the conditions for health and equity in the areas we serve, and apply technology to create community-based solutions.

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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.