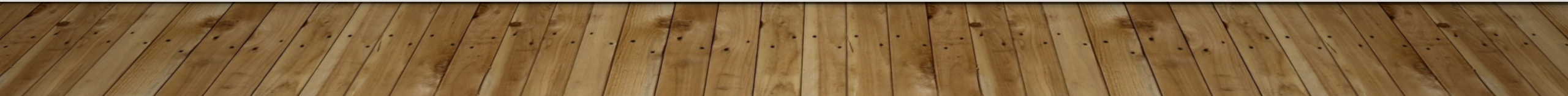


KAISER PERMANENTE

STRUCTURE AND BUSINESS MODEL

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KAISER PERMANENTE

- Integrated managed care consortium, based in Oakland CA
- Founded in 1945 by industrialist Henry K. Kaiser and physician Sidney Garfield
- 12.2 million health plan members, 217,000 employees, 23,000 physicians, 59,000 nurses, 39 medical centers and 700 medical facilities.
 - 2018, \$2.5 billion in net income on \$79.7 billion in operating revenues
 - Largest managed care organization in the US

KP STRUCTURE

- 3 distinct but interdependent groups of entities
 - Kaiser Foundation Health Plan
 - Kaiser Foundation Hospitals
 - Regional Permanente Medical Groups (in Hawaii, we are HPMG)

KP STRUCTURE

- Kaiser Foundation Health Plans
 - Work with employers, employees, and individual members to offer prepaid health plans and insurance
 - Not-for-profit, thus provide for infrastructure for and invest in Kaiser Foundation Hospitals and provide a tax-exempt shelter for the for-profit medical groups

KP STRUCTURE

- Permanente Medical Groups
 - Physician-owned organizations
 - Provide and arrange for medical care for KFHP members in each respective region
 - For-profit
 - Receive nearly all funding from KFHP

WHERE KP OPERATES

- California (NoCal and SoCal separate entities)
- Washington
- Oregon * Maryland
- Hawaii * Washington, DC
- Colorado
- Georgia
- Virginia

PARMANENTE FEDERATION

- Created in 1996
- Separate entity- Focuses on standardizing patient care and performance under one name and system of policies
- Each region is represented
- Standardizes equipment, supplies- bulk purchase
- Identifies technologies for future adoption

KP BUSINESS MODEL

- Each Permanente Medical Group operates as a separate For Profit partnership or professional corporation in its individual territory
- Funded primarily by reimbursements from its respective Kaiser Foundation Health Plan which is not-for-profit
 - KFHP is one of the largest not-for-profit organizations in the US

KP PHYSICIAN COMPENSATION

- All physicians, PA's and NP's are salaried
 - MGMA based salary
 - Average 3 years to partnership (shareholder)
 - Each region handles "Overtime" compensation differently
- No fee for service
- Annual bonus based on:
 - Individual clinic's ability to meet access targets
 - Meeting other institutionally set goals (pt enrollment on kp.org, tobacco counseling, meeting healthy living goals as examples)

HAWAII PERMANENTE MEDICAL GROUP

- 4 urologists, PA on Oahu (160,000 members)
- 2 urologists on Maui (60,000 members)
- Oahu urologists see clinic on Hawaii (Big Island) (30,000 members)
 - Each urologist 1x/month
 - PA 3x/month

SUMMARY

Largest HMO in the country

Each region run separately

Capitated health system

Interregional cooperation and standardization via KP Federation