

Kaiser Permanente: A Model of Integration and Market Leader in Quality and Service Differentiation

**Healthcare Information
Technology**

January 14, 2003

**Robert Pearl, MD
Executive Director and CEO
The Permanente Medical Group**

KP's Unique Partnership

- **The Kaiser Permanente Medical Care Program is a partnership between 3 entities**
 - ◆ **Kaiser Foundation Health Plans**

Nonprofit regional health plans that contract with members (individuals and groups) for prepaid comprehensive health care services
 - ◆ **Kaiser Foundation Hospitals**

Nonprofit corporations that own and operate or contract for hospital facilities and services
 - ◆ **The Permanente Medical Groups**

Regional Medical Groups, represented nationally by the Permanente Federation, which contract exclusively with KFHP/H to provide medical services

Northern California

- Over 3.2 million members
- More than 4,000 physician FTE's
- More than 55,000 employees
- 17 hospitals
- 32 medical offices
- 12 home health/hospice agencies

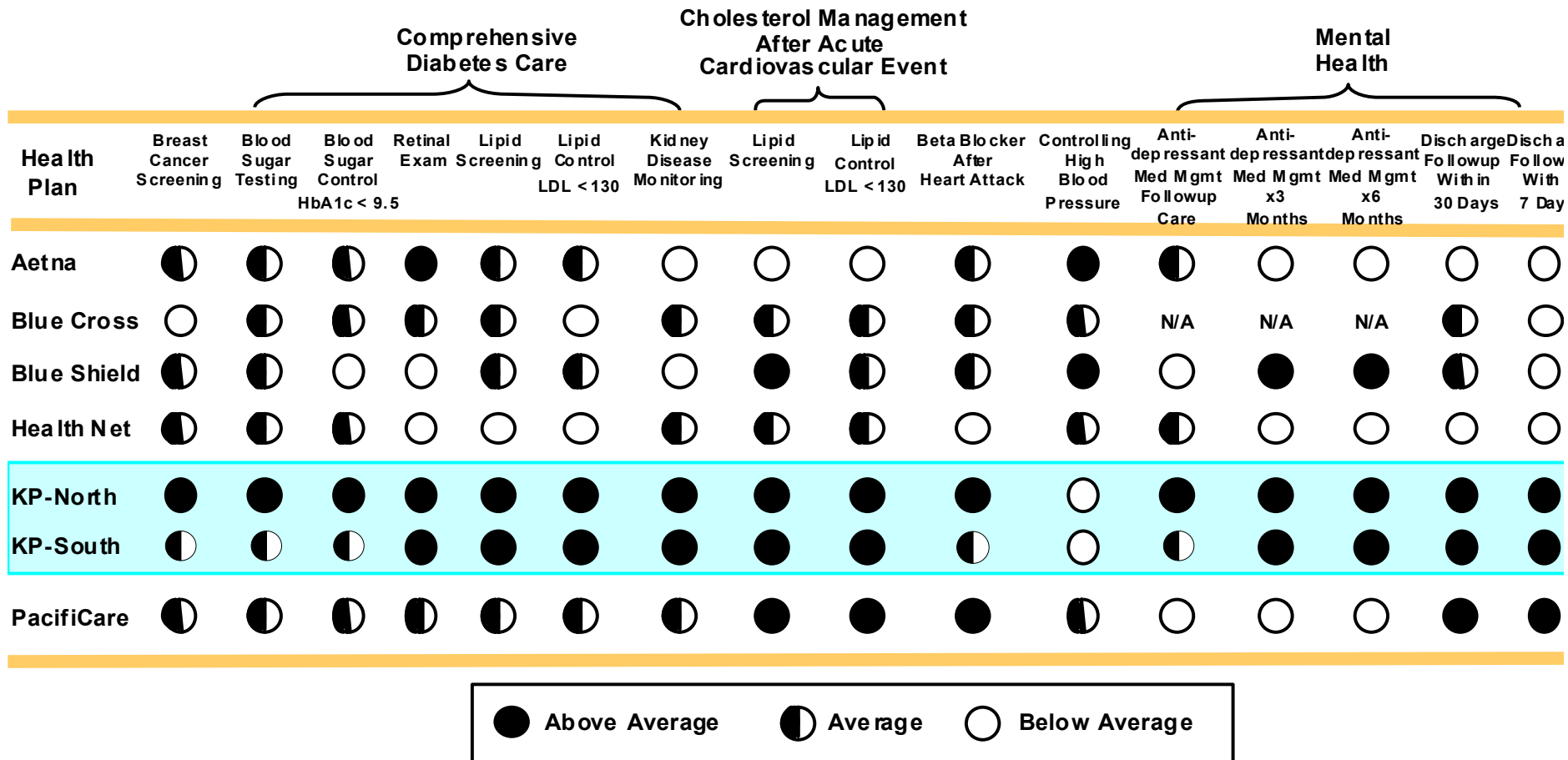
VOLUME OF CARE DELIVERY 2000

- 16.70 million office visits
- 245,000 hospital admissions
- 27,478 births
- More than 21.60 million prescriptions

Kaiser Permanente in the Market

CCHRI 2002 Quality Performance Indicators

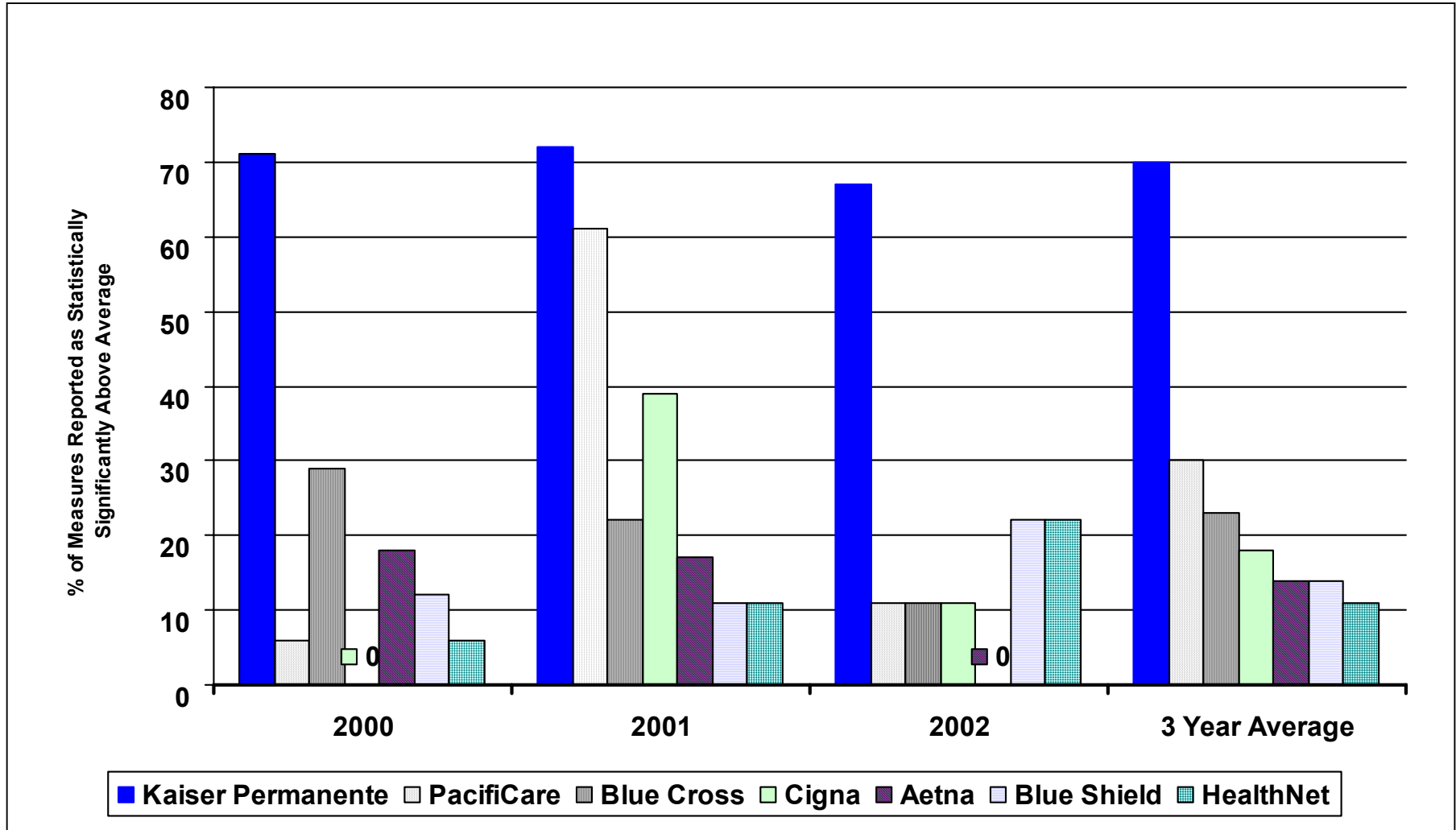
Medicare Population



Results are shown for Kaiser Permanente's California Regions and the next five largest competitors in Northern California, based on HEDIS 2002 Effectiveness of Care measurement and reporting guidelines developed by the National Committee for

Source: 2002 CCHRI Health Plan Report Card

CCHRI Reports on Quality 2000-2002 Northern California Medical Plans



Measures reported varied by year but included the following major categories:

- Asthma
- Cholesterol Management After Acute Cardiovascular Event
- Mental Health
- Women's Health
- Comprehensive Diabetes Care
- Young Families

Kaiser Permanente in the Market

Service, Access, and the Care Experience

2002 CCHRI Health Plan Report Card

Health Plan	Health Plan Rating	Health Care Rating	Rating of PCP	Rating of Specialist Most Seen	Getting Needed Care	Getting Care Quickly	How Well Doctors Communicate	Courteous And Helpful Staff	Customer Service
Aetna CA	○	◐	◐	◐	◐	◐	◐	◐	○
Blue Cross of CA	◐	◐	◐	◐	◐	◐	◐	◐	◐
Blue Shield of CA	◐	◐	◐	◐	◐	◐	◐	◐	◐
Cigna Health Care	○	○	○	◐	○	◐	◐	◐	◐
Health Net	○	◐	◐	◐	○	◐	◐	◐	○
KP-North CA	◐	◐	◐	●	●	●	◐	◐	●
KP-South CA	●	◐	●	◐	●	◐	◐	◐	●
Lifeguard	◐	◐	◐	◐	◐	◐	◐	◐	◐
PacifiCare	◐	◐	◐	◐	◐	◐	◐	◐	◐

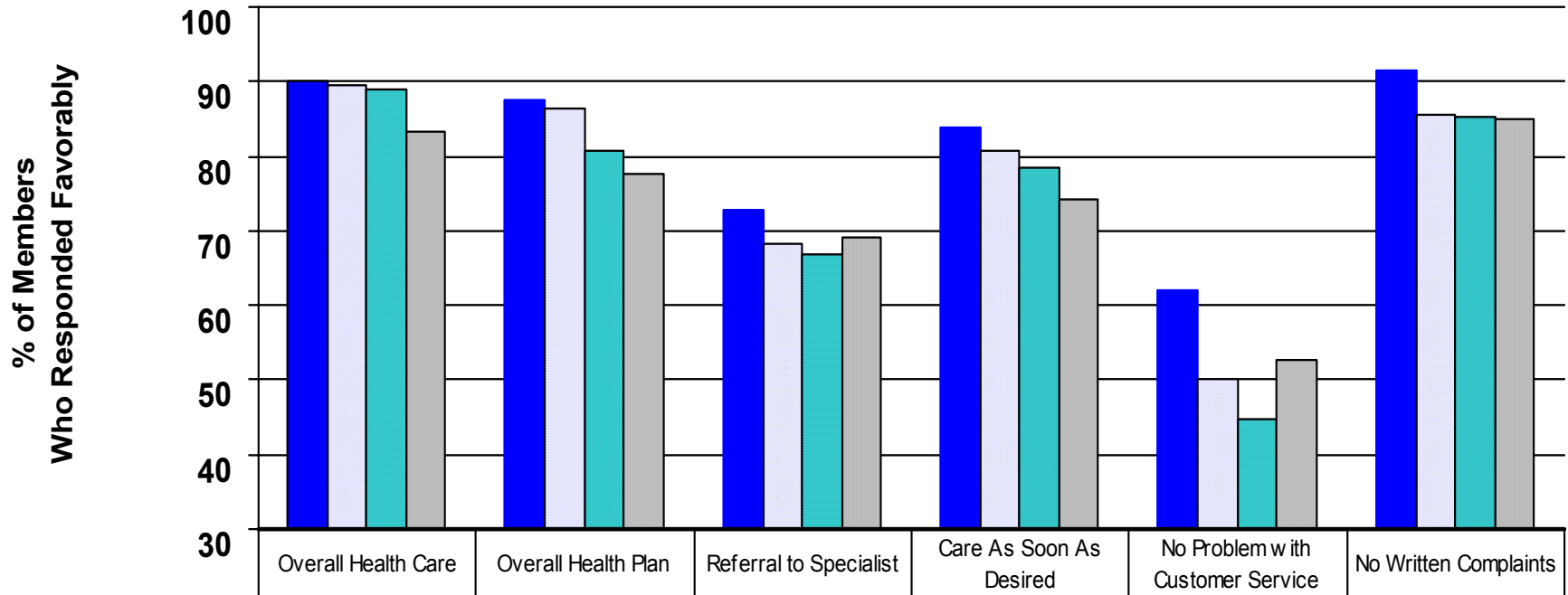
Note: Chi-square sig. test based on proportion, not mean



HEDIS[®] / CAHPS[®] 2.0H Member Satisfaction Study - All Plan Report of 2001 Performance

The California Cooperative HealthCare Reporting Initiative

University of California Ratings of Care for California Medical Plans: 2002 Survey of Member Satisfaction



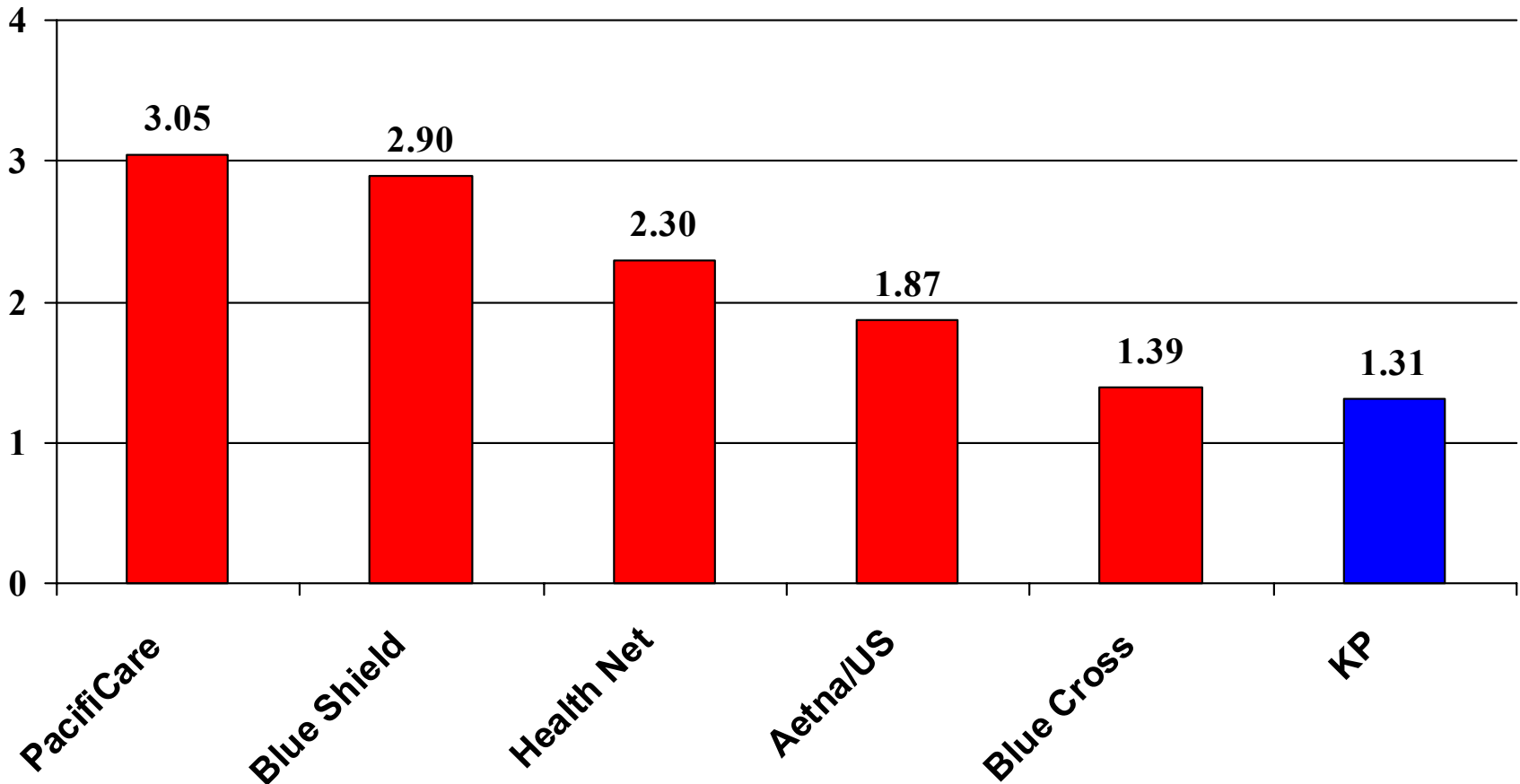
■ Kaiser Permanente	90.2	87.4	72.9	83.9	61.9	91.4
□ Western Health Alliance	89.4	86.5	68.2	80.6	50	85.6
■ Health Net	88.9	80.7	66.8	78.4	44.6	85.3
■ PacifiCare	83.4	77.7	69.2	74.3	52.6	85.1

■ Kaiser Permanente □ Western Health Alliance ■ Health Net ■ PacifiCare

Note: Survey results are based on responses from more than 4800 members of the University of California Health Plans in California and New Mexico.

DMHC Summary of Enrollee Complaints for Six Largest California Health Plans, Calendar Year 2001

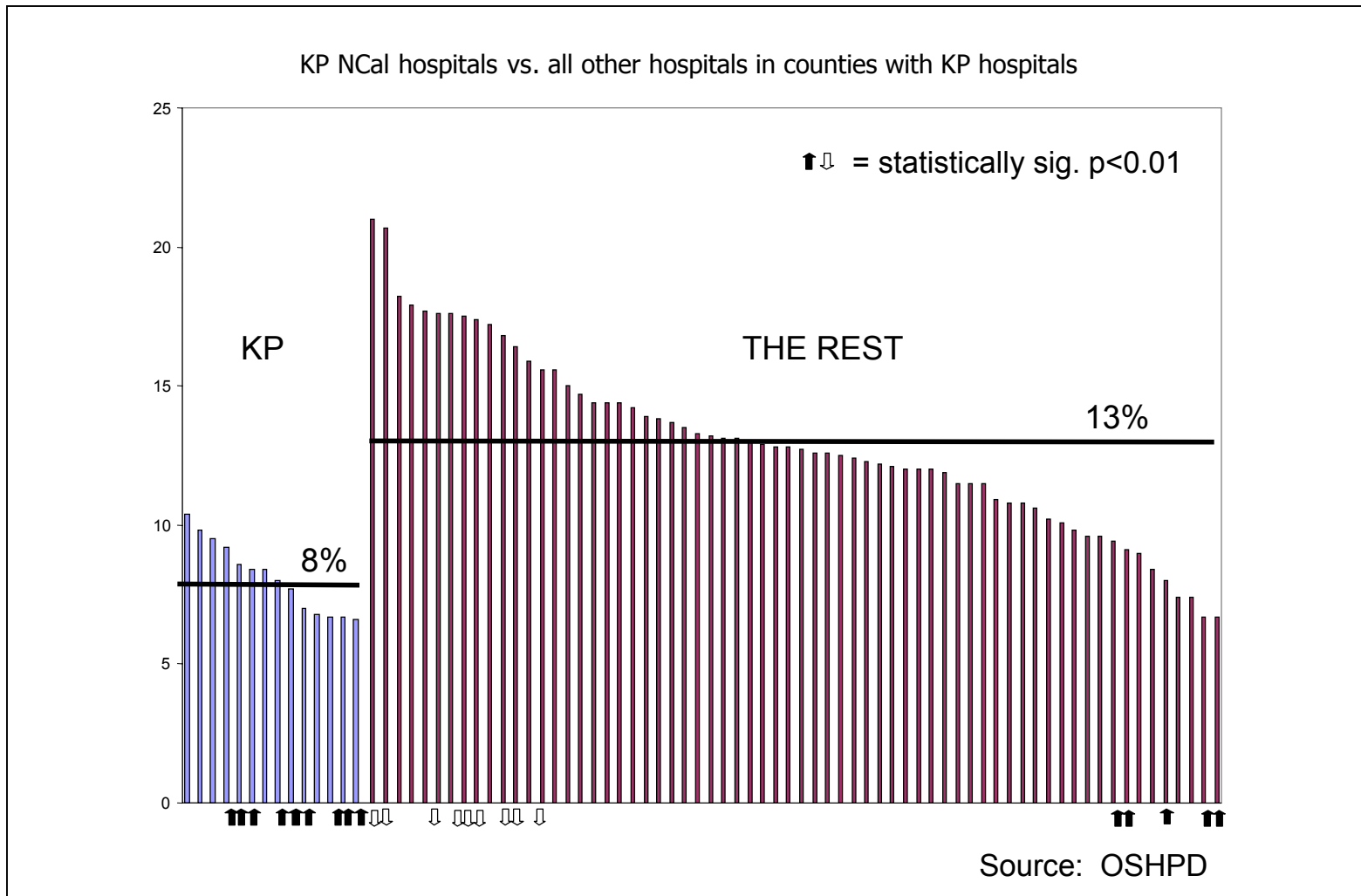
Complaints per 10,000 Enrollees



High Ratings Result in Favorable Recognition

- **“Excellent” accreditation from the National Committee for Quality Assurance (NCQA)**
 - One of only two California health plans to receive “excellent” status for both commercial and Medicare plans
- **2001 Blue Ribbon Health Plan and Medical Group Awards from the Pacific Business Group on Health**
- **Ranked first among Northern California HMOs by *Consumer Reports* in 2001 review**

30-Day Mortality After Acute Heart Attack



Different from the Rest of Health Care

Our accomplishments are a direct result of the unique qualities of Kaiser Permanente. Here are at least 3 reasons that have contributed to us being the **Leader in Health Care** today.

Integration

- Partnership between Health Plan, Hospitals and Medical Group
- Coordination between Inpatient Care and Outpatient Care
- Collaboration between Primary Care, Specialty Care and Diagnostic Care
- Linkage of preventive care, urgent care and chronic care
- Connection of Information Technology with the our Delivery System

Not-for-Profit

- We spend more than 95% of the health care dollar on direct patient care vs. the for-profit competition which spends less than 85%.
- Unlike for-profit companies which must focus on quarterly financial returns to maximize their share price, we take a longer-term view about the health of our members. For this reason, we invest more in our people, facilities and disease prevention.
- Because 98% of our members re-enroll with us each year, we make significant investments in their health for decades to come. Our chronic conditions management programs are good examples of our long-term investment and commitment to our members.

Physician Autonomy

- Unlike the rest of medicine where physicians must obtain authorization to provide proper medical care, our physicians practice medicine without interference from insurance administrators and clerks.
- Because clinical decision-making rests in the hands of our physicians and their patients, our physicians can prescribe medications, consult with colleagues, perform surgery or decide to hospitalize based solely on their discussion with the patient.