

# Kaiser Foundation Health Plan and Hospitals Report 2018 Financial Results

Largest not-for-profit, integrated health care system reports revenue growth and stable operating performance in 2018

Press Release February 8, 2019

- TOPICS: [ANNOUNCEMENTS](#)
- REGIONS: [NATIONAL](#)
- KEY WORDS: [FINANCIAL RESULTS](#)

**OAKLAND, Calif.** — Kaiser Foundation Health Plan, Inc., Kaiser Foundation Hospitals and their respective subsidiaries (KFHP/H) reported 2018 annual financial results. Total operating revenue for 2018 was \$79.7 billion, compared to \$72.7 billion in 2017. Operating income was \$1.9 billion, or 2.4 percent of operating revenue, compared to \$1.7 billion\* in 2017, or 2.4 percent of operating revenue. Net non-operating income was \$0.6 billion in 2018, compared to \$2.1 billion in 2017. Net income was \$2.5 billion in 2018, compared to \$3.8 billion in 2017, which reflects stable operating income performance and the volatility in the investment markets. Capital spending was \$3.4 billion in 2018, compared to \$3.3 billion in 2017.

Membership as of Dec. 31, 2018, was 12.2 million, an annual increase of more than 400,000 members or 3.5 percent.

“While the health care industry experienced considerable changes in 2018, we continued making great progress on delivering high-quality, affordable and accessible care and coverage to more people,” said Chairman and CEO Bernard J. Tyson. “Our solid membership growth and financial performance were consistent with our plan.”

As an integrated, not-for-profit organization that offers both care and coverage to members, KFHP/H’s \$3.4 billion in capital spending for 2018 reflects ongoing investments in upgrading and opening new facilities and technology.

In 2018, Kaiser Permanente opened 12 new medical office buildings across the country, including the LEED Gold-certified Downtown Commons Medical Office in Sacramento and the Skyport Medical Office in San Jose. Additionally, Kaiser Permanente is actively designing and constructing more than 50 new medical office buildings, which are scheduled to open in the next three years. Our development of new facilities stimulates local economies, creates a variety of high-skill jobs, and improves access to high-quality care. As of Dec. 31, 2018, the total number of medical office buildings in the Kaiser Permanente system is 694, in addition to 39 hospitals.

Kaiser Permanente also expanded its care to members and non-members by adding eight new retail clinics in Target stores across Southern California, with plans to open nine more in 2019. These new Target sites, along with our existing retail-based clinics, provide easier access to high-quality, affordable care.

Kaiser Permanente continues to invest in state-of-the-art technology to allow convenient access to high-quality care via secure messaging, telehealth, retail and employer-based clinics and mobile health vehicles. Kaiser Permanente’s website, [kp.org](#), and its mobile apps, which allow access to personal medical information and communication with caregivers, were accessed over 850,000

times per day during 2018. Over 30 million prescriptions were requested via digital channels and more than 50 million lab results were viewed online in 2018.

“Kaiser Permanente’s operational results provide us with the opportunity to embrace new technologies, facilities and innovations,” said Executive Vice President and Chief Financial Officer Kathy Lancaster. “Our proven, integrated model is uniquely positioned to deliver high-quality, affordable health care to our members and the communities we serve. We have demonstrated this through consistent performance, growth and community support.”

KFHP/H supports a wide range of [community health activities](#), partnerships and investments that improve community health, provide care and coverage to [low-income individuals](#), [address housing instability](#), train health professionals and support [medical research](#). In 2018, approximately \$2.8 billion was provided to support these community investment programs representing 3.5 percent of operating revenue.

### 2018 accolades and highlights

- Kaiser Permanente continues to devote significant resources to improve the health of communities it serves by contributing to healthy environmental conditions. [Kaiser Permanente finalized an agreement](#) for a major renewable energy purchase, enabling the organization to achieve its goal of becoming carbon neutral in 2020.
- Kaiser Permanente received the [Centers for Medicare & Medicaid Services’ inaugural Health Equity Award](#), in recognition of reducing disparities in health care quality and access for its Medicare members.
- For the second consecutive year, a survey of 285 national hospital leaders [rated Kaiser Permanente as the top health care organization](#) for thought leadership, innovation, and for providing high-quality care at an affordable cost.
- Where and how people live has a big impact on health and wellness. Kaiser Permanente [made a multiyear commitment](#) to address housing instability and homelessness, and pledged [grants to charitable organizations](#) that work to ensure access to care and improve the conditions of community health.

### 2018 and 2017 financial summary

<i>(\$ in millions)</i>	2018	2017
Total operating revenues	\$79,703	\$72,741
Operating income*	\$1,891	\$1,716
Total other income and expense	\$612	\$2,082
Net income	\$2,503	\$3,798
Capital spending	\$3,357	\$3,272

*\*Effective Jan. 1, 2018 (KFHP/H) adopted ASU NO. 2017-07 Compensation – Retirement Benefits (Topic 715), which requires only the service-cost portion of retirement expense to be presented as an operating expense. 2017 financials have been recast for comparison purposes.*

*Except for historical information contained herein, the matters discussed in this media release are forward-looking statements that involve risks and uncertainties. Actual results may differ materially based on a number of factors including, but not limited to, the impact of competitive products and pricing, government regulations, changing membership requirements, and the change in business and economic conditions. Forward-looking statements are based on information as of the date of this media release, and we assume no obligation to update or revise any of these forward-looking statements, whether as a result of new information, future events or otherwise.*

### **About Kaiser Permanente**

Kaiser Permanente is committed to shaping the future of health care. We are recognized as one of America's leading health care providers and not-for-profit health plans. Founded in 1945, Kaiser Permanente has a mission to provide high-quality, affordable health care services and to improve the health of our members and the communities we serve. We currently serve more than 12.2 million members in eight states and the District of Columbia, and have 217,000 employees and 22,000 physicians. Care for members and patients is focused on their total health and guided by their personal Permanente Medical Group physicians, specialists and team of caregivers. Our expert and caring medical teams are empowered and supported by industry-leading technology advances and tools for health promotion, disease prevention, state-of-the-art care delivery and world-class chronic disease management. Kaiser Permanente is dedicated to care innovations, clinical research, health education and improving community health. For more information, go to [kp.org/share](http://kp.org/share).