

ACCESS *to* HIGH-QUALITY CARE

Care and Coverage

Opening the Door to Opportunities for Good Health

Improving access to care for vulnerable populations is fundamental to Kaiser Permanente's mission as a nonprofit organization. We believe everyone—regardless of income—deserves quality health care and we believe that healthy people create stronger communities.

This year's unprecedented economic downturn has resulted in millions of people losing employer-based coverage. We are working to address the challenges this presents to our members and our communities. Public programs like Medicaid and Children's Health Insurance Program and our own programs of Medical Financial Assistance, safety net partnerships and charitable coverage all work together to create a web of access to high-quality care for those who are losing their health coverage.

In 2008, we provided care and coverage to more than half a million low-income adults and children who did not have insurance. At the end of 2008, 104,274 people were members covered through our innovative Charitable Health Coverage programs; almost 30,000 more people received traditional charity care in our hospitals and clinics; and an additional 300,636 people received care through Medicaid and the CHIP.

Charitable Health Coverage: A Medical Home for the Uninsured

At the beginning of 2008, there were roughly 46 million uninsured people in the United States. Those who are not eligible for public programs often have to rely on traditional charity care for their health care—obtaining care wherever they can for acute episodes of illness or injury. Frequently, they wait to seek medical care until their conditions become critical. Often, they end up in hospital emergency rooms for treatment of conditions that could have been easily prevented with the right treatment and timely care. That is why we created the Charitable Health Coverage programs.

Our Charitable Health Coverage programs are a unique approach to caring for low-income, previously uninsured people, tailored to the needs of the communities we serve. Participants receive a regular Kaiser Permanente membership card, and access to the full range of our services and providers—a much better alternative to a brief and costly emergency room visit or hospitalization. This allows us to invest in the longer-term health of our patients and our communities.

Since the early 1980s, Charitable Health Coverage programs have made a real difference in the lives of more than half a million low-income people who might otherwise have no source of coverage. With 12 innovative programs across the country, Charitable Health Coverage provides the care people need and subsidizes 80 to 100 percent of the cost for a minimum of two years. This gives qualified individuals a "medical home" where they can receive continuous and comprehensive care from our physicians and staff—the same high-quality care provided to all of our members nationwide.

Kaiser Permanente's Charitable Health Coverage Programs

REGION	PROGRAM	ELIGIBILITY GUIDELINES
Northern California and Southern California	STEPS	Members under 300 percent FPG* whose coverage has been terminated in the past six months
	Child Health Plan (CHP)	Birth–19 years of age, and under 300 percent FPG
Colorado	Connections	Adults and families under 250 percent FPG. The program is targeted toward members whose coverage is terminating and to referrals from community partner agencies
	Safety Net Access Program	Unique collaboration with two community safety net partners to care for the uninsured within the community setting
Georgia	Bridge	Adults and families under 300 percent FPG from targeted partner agencies
	Plan of Limited Duration	Adults under 300 percent FPG completing two years of Bridge Plan Coverage
Hawaii	Bridge	19–24 years of age under 250 percent FPG
Mid-Atlantic States	Bridge	Adults and families under 250 percent FPG
	Child Health Partnerships	Birth–18 years of age under 250 percent FPG in collaboration with county initiatives
	Transitions	Adults and families under 250 percent FPG in targeted community colleges
Northwest	Child Health Program	K–6th graders plus siblings age 3 to 12th grade under 250 percent FPG in targeted low-income schools
	Washington Basic Health Plan Subsidy	Limited to participants in the Washington State Basic Health Plan
Ohio	Transitions	Adults and families under 250 percent FPG

*Federal Poverty Guidelines are annually determined by the Census Bureau, based on family size and income. For example, 250 percent of FPG for a family of four in 2008 was approximately \$53,000 per year. See <http://aspe.hhs.gov/poverty/09poverty.shtml>.

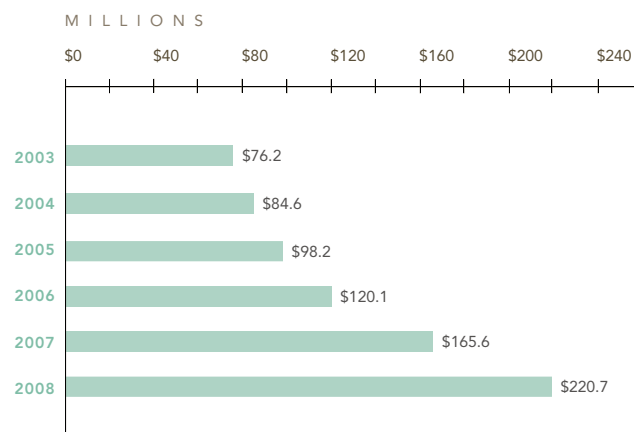
Caring for the Most Vulnerable

In 2008, our Northern California children's health plan was recognized by the Santa Clara County Board of Supervisors. We enrolled 740 uninsured children who were on the waiting list for the county's Healthy Kids Program. These children now have free or deeply discounted coverage from us and will receive their care in our facilities.

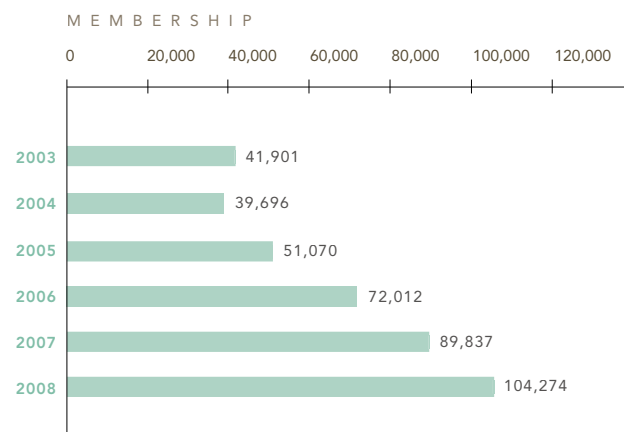


Since 2003, spending on Charitable Health Coverage has grown by \$145M

Since 2003, membership in Charitable Health Coverage has grown by 62,373 members (249 percent)



2003–2008 Charitable Health Coverage Spending



2003–2008 Charitable Health Coverage Membership

Economic Challenges—Addressing the Needs of Our Communities

In response to this year’s economic crisis, it was important for us to react quickly to rapidly increasing demands. In November, we introduced a new Charitable Health Coverage program in Hawaii, focusing on caring for low-income young adults. In all regions we had to develop new partnerships, streamline administrative procedures, and increase visibility in our communities in new ways. As a result, between August and December 2008, we were able to add 10,627 new members to our programs who otherwise would not have health coverage.

Total year-end membership in these charitable coverage programs was 104,274. This represents a 16 percent membership growth and total subsidy costs of \$221 million.

Safety Net Partnership Model in Colorado Springs

Last year, we forged a unique partnership in Colorado Springs, Colo., to develop a charitable coverage program in collaboration with two volunteer safety net clinics: Mission Medical Clinic and SET Family Medical Clinic.

Mission Medical Clinic and SET Family Medical Clinic are nonprofit, faith-based organizations with missions to serve the uninsured and homeless in the Colorado Springs community. Both have served the community for many years, primarily using volunteers from local churches to provide primary care and access to pharmaceuticals. Collaboration with the two community hospitals and a volunteer specialty network helps connect the area’s estimated 100,000 uninsured with other needed services. Yet limited hours of operation and lack of access to a consistent volunteer provider was a challenge, especially for those with chronic illnesses needing ongoing management.

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MISSION MEDICAL CENTER: LAWRENCE’S STORY

Lawrence Lucero was homeless and living on the streets of Colorado Springs, Colo., when he first heard about Mission Medical Clinic, a safety net clinic supported in part by Kaiser Permanente.

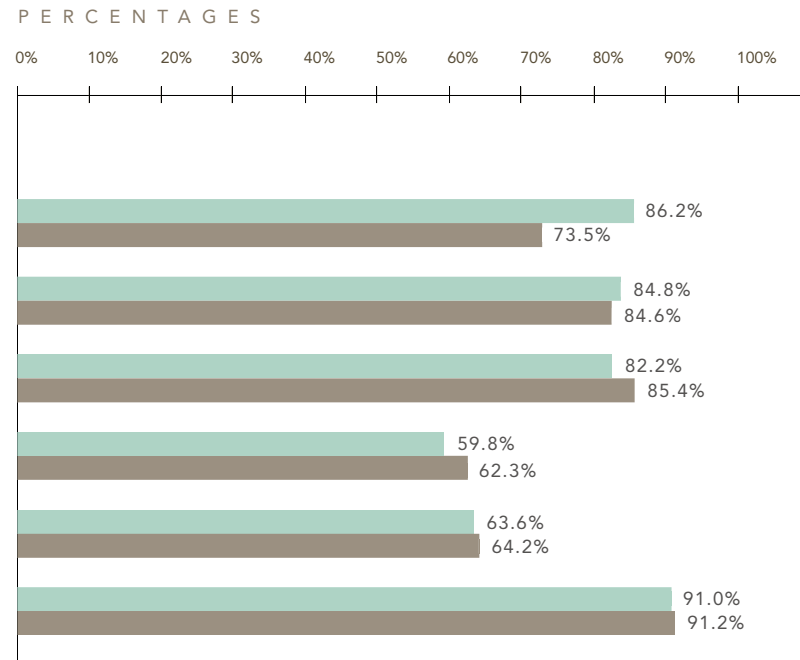
Lawrence knew he was in need of serious medical help. He suffered from severe diabetes, hypertension, and high cholesterol levels, and had to be rushed to a nearby hospital where he ended up staying for eight days. “I was very ill in the hospital and it was very up and down about my health situation,” he says.

However, he didn’t fully appreciate how serious his situation was until he met Rebecca Ricchi, a nurse practitioner, and the rest of the medical team at Mission Medical Clinic. After he was released from the hospital, he continued to work with Rebecca to manage his diabetes and his general health. “Rebecca made me realize what a nasty disease diabetes is,” said Lawrence.

Lawrence worked with Rebecca and the rest of his medical team for several months to keep his diabetes under control. He also made use of the eye clinic and the dental clinic. The clinical staff helped Lawrence, and many others like him, gain access to a full range of high-quality health services. These services are particularly important for those who have chronic conditions that can turn into life-threatening situations. “I can’t thank all of the staff at Mission Medical Clinic enough for their concern and expert knowledge in treating me. I’m now living a healthy life once again.”

Today, Lawrence is no longer homeless and lives with his son, who helps take care of him. “I owe them my life,” he says.





2008 Kaiser Permanente Charitable Health Coverage compared to the top quarter of commercial health plans nationwide.

■ Kaiser Permanente Charitable Coverage Plans
 ■ National Committee for Quality Assurance Commercial 75th Percentile 2008

We provided the clinics with additional staffing, educational materials, and consultation on quality and continuity of care. The clinics leveraged our investment into an increase of eight paid-staff positions at Mission Medical and an additional 4,210 patient visits and 2,296 chronic condition visits. The model implemented in Colorado Springs has added a more continuous and prevention-based approach to care for those dealing with a lack of coverage and chronic conditions. A three-year evaluation of the impact of the program is underway.

Achieving a Higher Standard of Care for Everyone

The quality of care provided to individuals who may otherwise lack a regular source of care is comparable to or exceeds the national benchmarks for preventive care services. Regular monitoring of outcomes provides assurance of quality care delivered and highlights opportunities for improvement.

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BRIDGE PROGRAM: KIM'S STORY

“My husband and I are hard-working people who have always been able to pay our bills and support ourselves. We don't live extravagantly or above our means,” says Kim, who, along with her husband, has been a self-employed realtor for many years. After researching options for buying their own health insurance policies, they chose Kaiser Permanente.

“The doctors were great; the all-under-one-roof facility was so modern and convenient. We loved being able to take our son to the pediatrician, get a physical for ourselves, have X-rays taken, and pick up medication all at the same place,” Kim says.

The premiums were affordable for Kim and her husband, until the bottom dropped out of the housing market. Unable to pay their bills or find jobs, they had to drop their health coverage in September of 2008—becoming uninsured for the first time in their lives. Kim decided to return to school hoping to get a better job in the future. It was there that she learned about the possibility of affordable health insurance offered by the school.

“I figured the insurance offered would either be terrible coverage, or the premiums would be unaffordable,” she says. “However, I knew it wouldn't hurt to find out, so I attended the meeting, and I was amazed. I still can't believe that, not only is it Kaiser Permanente insurance being offered, but it's incredible coverage that we could only dream about, and at a monthly premium that even we could afford!”

Through Kaiser Permanente's Bridge Program in Georgia, Kim and her family were able to get the health insurance they needed.

“I can only say that I am incredibly grateful for the timeliness of this offer,” says Kim. “It will get us through this rough patch in our lives until I can get a nursing job and be able to purchase insurance again. And, I can promise that if given a choice, I'll continue to stay with Kaiser Permanente. Thank you so much!”



Kaiser Permanente Medical Financial Assistance Policy

Medical Financial Assistance is another way we help low-income, uninsured and underserved members receive care. Our program is among the most comprehensive in health care. Through our charity care policy, we are committed to:

- Provide free care for medically necessary services to low-income individuals in our regions up to 200 percent, and in some regions up to 350 percent, of the federal poverty guideline.* However, families or individuals with higher incomes may qualify on a case-by-case basis. In the event the individual or family does not qualify for free care, subject to certain limitations, they may be offered a discount if their income is at or below 400 percent of the federal poverty guideline. In some instances, an uninsured person not eligible for MFA could qualify for up to a 70 percent discount.
- Not take legal action for nonpayment of medical bills against any person who is unemployed and without other significant income.
- Offer financial counseling to determine if a patient is eligible for public assistance or our financial assistance.
- Not place a lien on any patient's primary home.

*Federal Poverty Guidelines are annually determined by the Census Bureau, based on family size and income. For example, 250 percent of FPG for a family of four in 2008 was approximately \$53,000 per year. See <http://aspe.hhs.gov/poverty/09poverty.shtml>.

Medical Financial Assistance

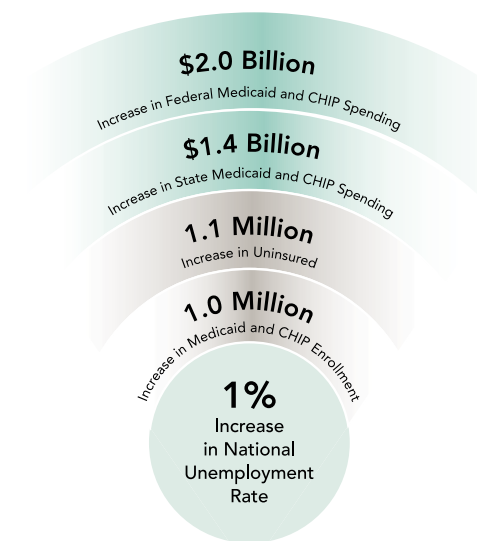
Our Medical Financial Assistance program provides temporary financial assistance to patients who receive health care services from our providers. Medical Financial Assistance is generally available to those patients in greatest financial need, and covers those earning below 400 percent of the federal poverty level. The program also contributes to community health through strategic community partnerships such as *Community Surgery Day* and the Dental Smiles program in our Northwest region. In 2008, we dedicated \$86.4 million for subsidized medical care through medical financial assistance and discounts for the uninsured.

Advancing Access to Care through Public Programs

Throughout 2008, we worked to expand access to high-quality coordinated care for low-income families through ongoing participation in publicly funded programs like Medicaid and CHIP. While access to high-quality care is important to all of our members, it's particularly relevant to our Medicaid and CHIP members who are struggling to make ends meet with low incomes, while dealing with issues like safe housing, affordable transportation and food security.

Membership Expansion for 2008

As job losses mounted in 2008, our enrollment in Medicaid and CHIP grew as well. The expansion of these programs reflects our commitment to be responsive to the economic crisis and the toll it has taken. Medicaid membership grew by over 13,090 members representing an 8.7 percent increase over last year. Our CHIP program grew by 10,918 members, an 8.6 percent increase. As a result, we provided care to 300,636 Medicaid and CHIP members, more than 24,008 members above 2007 levels.



Impact of Unemployment Growth on Medicaid and State Children's Health Insurance Program and the Uninsured

1% increase in unemployment = 3-4% decline in state revenues

Source: Stan Dorn, Bowen Garrett, John Holahan, and Aimee Williams, *Medicaid, SCHIP and Economic Downturn: Policy Challenges and Policy Responses*, prepared for the Kaiser Family Foundation Commission on Medicaid and the Uninsured, April 2008

Improving Care for Medicaid Beneficiaries

We are committed to improving the way Medicaid beneficiaries receive care, not only through our facilities, but also in the communities we serve. Identifying successful practices is important not only for us, but also for state programs across the country.

In 2008, we continued our strategic partnership with the Center for Health Care Strategies, a highly regarded Medicaid policy organization. Under the four-year "Rethinking Care" program, the center is working with states to test new care management approaches for their highest-need, highest-cost beneficiaries. The goal is to promote better care for the 5 percent of Medicaid beneficiaries who drive 50 percent of total program

spending. The Medicaid Learning Initiative is our own program to provide effective service and coordinated care to our Medicaid members, in particular those with multiple chronic conditions, or multiple needs. The Center for Health Care Strategies has provided technical support to the five care management pilots we launched in 2008.

Northern California: Medicaid Care Coordination

The purpose of the Northern California pilot is to improve quality, access, and efficiency of services provided to complex, high-risk Medicaid (Medi-Cal) members, and to improve the Medi-Cal member experience. Health professional teams in four service areas address complex medical, mental health and socio-economic needs and conditions by supporting adherence to care plans. Each team is comprised of a registered nurse, a licensed social worker and two licensed-vocational nurses under the direction of experienced clinical managers. The teams intervene to facilitate access to services and programs; improve understanding and use of medications; reduce the need for hospitalizations; reduce avoidable emergency department use; provide education; and support self-care. An interim analysis demonstrated a downward trend in emergency department use among members who had teams involved in their care.

Southern California: Complex Case Management

Our pilot in Southern California provides telephonic short-term intensive case management support to high-risk adult Medicaid (Medi-Cal) members identified by a predictive model. The model allows the team to proactively interact with members to prevent hospitalizations. Specially trained nurse case managers work directly with members, their primary care provider, and the rest of the health care team to improve care coordination. The program aims to improve members' health and decrease emergency department visits and hospitalization.

Northwest: Member Navigator

In anticipation of increased Medicaid membership in 2009 in the Northwest, Kaiser Permanente is piloting a “member navigator” program to assist new Medicaid members in finding their way around our system. The navigator will make sure members have a designated primary care provider and understand how to make appointments, transfer prescriptions, obtain mental health services—which are outside of our system—contact an advice nurse, and obtain assistance with transportation.

Colorado: Enhanced Care Management

Our Colorado pilot creates an enhanced care management model for special needs Medicaid members in two counties within the region’s service area: Denver and Jefferson. Two teams, each with a registered nurse, social worker, and community specialist, coordinate members’ medical, behavioral, and social service needs within the system, as well as with external service providers. The pilot builds on the best aspects of both a “medical home” model and a complex care coordination model so that these members

and their caregivers will have access to the right care in the right place at the right time.

Hawaii: Healthy Beginnings

In Hawaii, our pilot focuses on high-risk pregnancies. The Healthy Beginnings program establishes a formal referral process to case managers for high-risk pregnant women who are covered under QUEST, the state’s Medicaid plan. These expectant mothers are engaged in a case management program that supports a healthy pregnancy and aims to reduce the number of infants who need neonatal intensive care. The region has also begun a pilot to reduce unnecessary emergency department use by educating families regarding how best to use primary care services.

Each region will evaluate its program, with results expected in 2009 and 2010, with the intention to learn from these pilots and adopt best practices. The Center for Health Care Strategies will conduct an overall qualitative evaluation of the programs.

We are committed to improving care, not only through our facilities, but also in the communities we serve.



Safety Net Partnerships

Giving Our Partners the Support They Need to Help Others

At the beginning of 2008, nearly 46 million people were medically uninsured in the United States. Twelve months later, while the country suffered from an unprecedented historic economic crisis, hundreds of thousands more people found themselves included among the ranks of the medically indigent. Our nation’s safety net, a loose network of community health centers, public hospitals, free clinics, and public health systems, is now faced with the growing demands of the newly uninsured.

All of the regions we serve are dealing with unprecedented challenges. As the number of uninsured Americans has increased, so have the pressures on safety net organizations to provide quality care in the face of cutbacks in public finance. States across the country are responding to historic deficits by cutting assistance to low-income families and health care organizations that serve vulnerable populations.

We remain committed to strengthening our partnership with the safety net, offering financial, technical, and clinical support. Our strategic partnership—community health centers, public hospitals, and local health departments—emphasizes capacity development, sustainability, workforce and leadership development, and the cultivation of evidence-based practices that are efficient and effective. We support the safety net’s goal to provide coordinated, safe, quality care that meets the needs of patients, their families, and the communities in which they live.

Building Capacity

One of our goals in partnering with the safety net is to help build capacity. For example, in Southern California we launched the *Building Clinical Capacity for Quality* initiative in 2006. This unique undertaking brought together dozens

of safety organizations to explore the full potential of electronic health records. Since the initiative’s inception, Kaiser Permanente has provided more than \$1 million to it. In 2008, a second phase of collaboration was initiated, bringing together a new corps of experienced clinical leaders who will guide the development of an electronic health record for the tens of thousands of patients who are cared for by community health centers in Southern California. Similarly, in Northern California, we have supported the regular convening of frontline staff in clinics and hospitals to understand how best to use electronic databases to manage patients with chronic and complex needs.

In partnership with the Institute for Healthcare Improvement, we have provided more than \$1.5 million over four years to fund the top-tier learning and professional development to 830 clinical scholars from the safety net. In 2008, we supported IHI training for 200 clinical scholars who utilized their training to help improve clinical access to the homeless, reduce infection hazards in public hospitals, and reduce wait times for patients.

In Hawaii, Kaiser Permanente provided \$25,000 in 2008 for the planning and development of Kona Hospital’s Emergency Department on the Big Island of Hawaii. A state-of-the-art emergency department will save precious and potentially life-saving time for the residents on the Big Island, many who live hours away from the main hospital facility in Hilo.

Access to Surgical Services

Even when patients have a source of primary care, they may lack the resources to access surgery and other specialty services. Our long-standing relationship with Operation Access and our own independently organized *Super Surgery Days* provide hundreds of uninsured patients with surgical services so they can return to work and good health.

For instance, working in partnership with Operation Access, founded by our physicians, 480 of our physicians and employees provided 467 surgical and specialty services in the Northern California region. Similar programs are ongoing in Southern California and the Northwest.

Sustaining an Important Social Resource

The safety net is particularly vulnerable to the fluctuations of the economy and government support. For example, when Grady Memorial Hospital, the public hospital for Atlanta, Ga., was faced with funding shortfalls, we recognized its importance and made sure that this important institution could continue to fulfill its mission. Of our \$5 million grant, \$3 million was designated to care for the underserved with chronic conditions and \$2 million was for trauma and emergency care.

For decades, our physicians have been providing clinical services to underserved populations through arrangements with community health centers. In Southern California, as just one example, six family practice residents are chosen annually through a highly competitive process to participate in a year-long fellowship involving clinical responsibilities in a network of partner community health centers. In addition to clinical responsibilities, the fellows also identify a project that will expand and sustain services to the underserved.

In Colorado, our Reach Out Fellowship Program placed 15 physicians and nurse practitioners in community clinics to work side-by-side with the clinical staff at these sites, building practices that serve the medically uninsured.

A Model of Community Benefit: La Maestra

We recognize that healthy communities and a healthy environment are critical to individual health and wellness. That is why helping to create a healthy environment is central to our mission. It is a vision shared by one of our community partners, La Maestra Community Health Centers.

La Maestra, a safety net provider with facilities in the San Diego, Calif., area, advocates total health and well-being. La Maestra provides physical, mental, and dental care, as well as new programs and services vitally needed by the community.

We awarded La Maestra a \$1 million grant to expand access to the uninsured. The contribution is the largest grant La Maestra has ever received from any single donor, and the largest grant we have ever given to a San Diego nonprofit organization. The funding will support La Maestra's construction of a new 34,660 square-foot, state-of-the-art green facility in an underserved community. It will be able to accommodate an estimated 180,000 patient visits per year, more than three and one half times the current number. The facility will anchor a community economic development initiative.

La Maestra's construction of a green health center demonstrates its commitment to environmental health as well as personal well-being. The new center will be energy efficient and showcase a healthy facility for patients, employees and volunteers. The facility will comply with the gold-level LEED (Leadership in Energy and Environmental Design) certification offered by the U.S. Green Building Council. This means that the facility will be designed to meet some of the highest environmental standards when it comes to air quality ventilation, lighting, energy-use sources, waste management and natural materials.

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LA MAESTRA: ALMA'S STORY

Alma Duran has been a longtime patient and supporter of La Maestra Community Health Centers. She says being a volunteer is her way of giving back for the many benefits she has received through the clinic setting. The satisfaction she gets is particularly gratifying to Alma because she first came to La Maestra over a decade ago.

At the time, she was pregnant with her second child, and didn't know where to go for prenatal care. Then a friend told her about La Maestra Community Health Centers.

"At the time of my pregnancy, La Maestra not only provided me with medical care, but also helped me apply for health insurance. The clinic has helped my family in so many ways," says Alma.

Alma explains that La Maestra's strength lies in how community residents feel free to come into the clinic, where people understand their culture and their language. "The doctors really care about the people. They are very humanitarian and go above and beyond the call of duty—way above just their job description," she says.

Through the years, Alma has continued as a patient and as a volunteer. She now serves as a volunteer board member, describing it as a way to give back and to help others. She has assisted with the annual holiday season food and toy drive and with fundraising events in support of La Maestra. She believes that it's the responsibility of each individual to take care of others.

"We have become a part of their family, and I know I am not the only patient that feels this way. La Maestra is a special place," says Alma. She's proud she can give back as a way of showing gratitude.

"I will always be giving back to La Maestra."



Bridging Innovation with Evidence

Across the country, the safety net faces a critical lack of physicians who provide specialty care to low-income patients. Because of this, many patients are receiving delayed diagnosis and treatment. In California last year, we launched a specialty care initiative in partnership with the California Healthcare Foundation. The goal was to develop models for improving the access patients in community clinics and public hospitals have to specialty care. Twenty-three coalitions of safety net providers have received funding to expand the supply of available services and strengthen the coordination of care.

As a result of the initiative, safety net providers across the state are sharing best practices and developing a common understanding of the challenges they face. The specialties patients are having the hardest time accessing are neurology, orthopedic surgery, and dermatology. Tools the coalitions plan to implement to address these challenges include common referral forms, a Web-based referral system, standardized metrics, and shared specialist networks.

We are also helping to integrate advanced information technology for our safety net partners. We have nationally recognized medical interpreter services at Kaiser Permanente. Still, there are times when a health care team might find it difficult to locate a “live” interpreter for a language that is infrequently encountered. By working with the Safety Net Institute and the California Medical Interpreters Network, we’re supporting a system that allows patients to be connected with an interpreter through a real-time video exchange, even when the interpreter is located 100 miles away! The system is now being used by a number of public hospitals in California, allowing them to save time and money by sharing their resource of qualified interpreters. A whole range of languages are available through the video interpreting system, including Armenian, American Sign Language, Cantonese, Mandarin, Cambodian, Hindi, Hmong, Korean, Lao, Thai, Tongan, Russian, Spanish, and Vietnamese.

Access to High-Quality Care by the Numbers—2008

Charity care Medical Financial Assistance awards	29,781
Charitable Health Coverage membership	104,274
Medicaid membership	163,147
Child Health Insurance Program membership	137,489

