

making total health a reality for everyone

2006 Kaiser Permanente Community Benefit Report
August 2007



Raymond J. Baxter, Senior Vice President for Community Benefit, surveying the wreckage of the Hancock County, Mississippi Public Health Department on the one-year anniversary of Hurricane Katrina. Kaiser Permanente was the lead donor to the CDC Foundation's Emergency Preparedness and Response Fund, which helped provide a new home for the health department.

Dear Colleagues:

The following is a report on our Community Benefit activities and performance in 2006. The program, building on the solid groundwork of the last several years, is beginning to realize a greater impact on total community health.

We made substantial progress in 2006. Our Charitable Care and Coverage programs grew by over 41%. Our Community Health Initiatives are taking root in many regions, and Healthy Eating/Active Living initiatives in Colorado were so successful that the model was adopted statewide in early 2007. Our safety net partnerships supported advanced training for safety net health care teams and shared a lifesaving practice, developed by Kaiser Permanente physicians, with providers and patients in the safety net. And we were involved in over 2,000 research and evaluation studies that are developing knowledge about a wide range of issues, such as innovative worksite interventions to reduce obesity, the role of racial and ethnic disparities in diabetes complications, and how parents' perceptions of neighborhood safety impact their children's physical activity.

We made great progress in enhancing the integrity and quality of our programs by implementing financial controls such as Sarbanes-Oxley compliance, new evaluation metrics to monitor performance, and new systems and tools to make better use of all of our assets in the service of our communities.

In 2006, recognizing that our impact extends far beyond the walls of our facilities, we took steps to broaden and mature the program, through our work in environmental stewardship, the elimination of health care disparities, health care reform, employee engagement, and building the health care field. This larger vision of how Kaiser Permanente provides benefit to the community is a significant one, with the potential for exponential growth in impact. We are well-positioned to lead the field in this exciting endeavor, and we have much more work ahead.

Sincerely,

Raymond J. Baxter, PhD
Senior Vice President, Community Benefit at Kaiser Permanente

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executive summary

2006 saw significant progress in each of our four focus areas, in strengthening systems and infrastructure to ensure the most effective use of all Kaiser Permanente assets, and in the creation and preservation of important partnerships that encourage others to adopt and spread our work.

Our Community Benefit expenditures in 2006 were approximately \$807 million, an increase of 21% over 2005. Every region achieved or exceeded the historical Community Benefit spending targets of 50% of operating income.

We made a measurable impact on health in several ways: the first full year of HEAL (Healthy Eating/Active Living) implementation in Colorado is beginning to show transformations for local residents, increasing physical activity and creating access to healthier, more affordable food. 2006 was the first year that every Kaiser Permanente region had a fully-operating Educational Theatre Program (ETP). *The Amazing Food Detective*, an ETP production that teaches children about healthy food and exercise choices, is now performed in more regions than any other production. And we shared a lifesaving Kaiser Permanente generic drug protocol – which evidence-based studies show contributes to a reduction in cardiovascular risk – with patients served by our safety net partners.

2006 also saw a significant increase in fulfilling our charitable mission: our Charitable Care and Charitable Coverage programs both grew by over 41%, Medicaid membership grew by 7%, and our State Children's Health Insurance Program (S-CHIP) membership was up by 24%. Through

our Medicare Limited-Income Subsidy outreach program, we successfully linked thousands of eligible members with programs like Medicaid, SSI, food stamps, and energy assistance – programs that could have a lifetime value of \$40 million for the 10,000 members assisted. And Kaiser Permanente began to work with the safety net to provide much-needed specialty care.

It is our aspiration to be a benchmark for Community Benefit in the health field, and in 2006 we achieved national recognition in a number of ways. Our HEAL model received praise from the Institute of Medicine (IOM) and the National Children's Healthcare Quality Initiative (NICHQ), and our disaster relief work in the Gulf Coast was recognized with the prestigious CDC Foundation Hero Award.

By engaging the people of Kaiser Permanente in our work, we continued to imbed Community Benefit as a core principle of the organization. We implemented new systems to facilitate employee volunteerism, and over 2,000 Kaiser Permanente staff volunteers participated in a broad spectrum of Martin Luther King Day events.

With the guiding vision of making total health a reality for everyone, we took significant steps in 2006 to broaden the impact of Community Benefit – recognizing that Kaiser Permanente can have an impact beyond the examining room, and looking at ways to make every Kaiser Permanente asset an asset to our communities. This broader work includes health care reform, diversity, environmental stewardship, labor partnerships, and the elimination of health disparities.

A HERITAGE OF CARING

1940	Charitable Care, Oakland Medical Center's Public Health Committee
1945	Open enrollment
1960-1970	Medicaid, resident training, medical research
1980	Educational Theatre; community partnerships
1990	Charitable Coverage Program (Dues Subsidy)
1992	Safety net partnerships, environmental stewardship
1996	Target set at 3% of revenue
2001	Board redesign of Community Benefit
2003	Community Health Initiative (HEAL)
2004-2005	Toward Total Community Health
2006	Making total health a reality for everyone

Over 60 years later,
that caring - and that “can-do” spirit -
infuse all the work
that Kaiser Permanente does.

the foundation for community benefit

When World War II ended, Henry J. Kaiser, at the request of President Roosevelt, chaired the United National Clothing Collection for Overseas War Relief, an all-volunteer effort under the auspices of the United Nations Relief and Rehabilitation Administration. The goal was to collect “good used clothing for free distribution to needy men, women, and children in war-devastated areas,” President Roosevelt told Kaiser. “As many war victims have died from exposure and a lack of adequate clothing as have died from starvation ...” Mr. Kaiser had never headed up a national campaign before, but threw himself into it with his legendary “can-do” vitality. He rallied 7,600 local chairpersons across the country for a 30-day drive with the battle cry: “There is enough spare clothing in America’s clothes closets and attics to go far toward relieving the stress of these innocent people.” More than 150 million pounds of used clothing, shoes and bedding were collected and sent to people across Europe.

Over 60 years later, that caring – and that “can-do” spirit – infuse all the work that Kaiser Permanente does.

Kaiser Permanente’s tradition of social mission and Community Benefit activities provide a solid foundation for meeting the complex health care challenges we face today. Unlike most health organizations, Kaiser Permanente has a diverse portfolio of Community Benefit investments, ranging from research and education to participation in public and private programs for the underserved, to grant support for community-based organizations. We focus our Community Benefit services, partnerships, and funding on four core areas, which we have come to call “streams of work.” These four streams of work provide the framework for Community Benefit strategies and are the organizing structure for reporting on our 2006 Community Benefit activities and achievements.

We focus our Community Benefit services, partnerships and funding on four core areas



Care and Coverage for Low-Income People

Kaiser Permanente believes everyone has the right to quality care and coverage. We create and support programs that lower financial barriers so that the uninsured and underinsured can gain access to the care we provide. We accomplish this through the provision of charity care, free or subsidized coverage, and enrollment in Medicaid, S-CHIP and other public programs (e.g., Medicare Limited-Income Subsidy).

2006 Highlights

Achieved over 41% growth in Charitable Care and Coverage programs

2006 saw an unprecedented growth of over 41% in our Charitable Care and Coverage programs. Kaiser Permanente provided Charitable Coverage to 72,012 low-income persons, and provided Charitable Care and discounts to an additional 256,506 low-income patients.

Partnered with key stakeholders on health care reform

With almost 50 million people uninsured in the U.S., health care reform is a critical community need. Kaiser Permanente took a leadership role in shaping the universal coverage discussions nationally and in California. In addition to working on expansion of coverage to the uninsured, Kaiser Permanente also focuses on improving current public programs for low-income people. Through the Medicaid Value Program, Kaiser Permanente, in collaboration with the Center for Health Care Strategies, is identifying best practices to care for the most vulnerable of Medicaid members – those with multiple co-morbidities.



Safety Net Partnerships

Kaiser Permanente is committed to building partnerships with community clinics, local health departments, and public hospitals. Through funding, technical assistance, influencing public policy, training and volunteering, and dissemination of care-management and quality-improvement technologies, we help these vital health care providers improve care and expand treatment capacity for the communities and vulnerable people they serve.

2006 Highlights

Addressed health disparities in the safety net

ALL – an acronym for the generic drug triad Aspirin, Lisinopril, and Lovastatin – represents a Kaiser Permanente program that evidence-based studies show reduces cardiovascular risk for those with diabetes. In 2006, through a partnership with the San Diego Council of Community Clinics, the ALL protocol was initiated with approximately 350 low-income, uninsured patients – 85% of whom were Latino or African American, groups that are twice as likely to be impacted by diabetes as the general population. This safety net partnership initiates an aggressive approach to address one of the starkest disparities in our health care system: the disproportionate impact of diabetes on ethnic minorities.



Community Health Initiatives

Kaiser Permanente's Community Health Initiatives (CHI) seek to measurably improve the health of the communities that we serve. As an innovator in health, we design, deliver and sustain long-term programs that engage communities in work to improve the conditions in their neighborhoods, workplaces, and schools that can support good health, particularly Healthy Eating/Active Living (HEAL).

2006 Highlights

Built support for healthier environments

In Colorado, the first region to launch our CHI effort, three Thriving Communities sites completed their first full year of implementation. The Thriving Communities model is so successful it is being adopted statewide – "LiveWell Colorado," building on Kaiser Permanente's initiative, was officially launched by Lieutenant Governor Barbara O'Brien in March of 2007. The program, sponsored by Kaiser Permanente, The Colorado Health Foundation, and the Colorado Department of Public Health and Environment, will leverage and coordinate statewide and community-based efforts to encourage healthy lifestyles, with the ultimate goal of reaching every Colorado community.

In Northern California, three HEAL collaboratives completed comprehensive Community Action Plans after an intensive nine-month planning phase. Community collaboratives were also mobilized to undertake health-transforming environmental and policy changes in Ohio, Georgia, Maryland and Oregon. These initiatives will bring significant changes for local residents by increasing physical activity as part of everyday life and creating access to healthier, more affordable food.



Developing and Disseminating Knowledge

Kaiser Permanente is dedicated to advancing health through research, education and training. We aim to improve health care by sharing our knowledge – educating practitioners, advancing research, empowering consumers, and informing policymakers about the evidence base for care and health.

2006 Highlights

Assessed the effectiveness of community-level interventions

Kaiser Permanente research units work with community partners, academic institutions and other research partners to deepen our understanding of community-level interventions, including school- and work-based prevention initiatives and neighborhood-level interventions. One such study is the Work, Weight, and Wellness (3W) study, which is testing innovative worksite interventions designed to reduce obesity. The study is a 4-year, \$5.7 million study being conducted by Kaiser Permanente’s Center for Health Research investigators in Hawaii and the Northwest. Its goal is to assess the impact of multiple environmental changes and weekly onsite weight management groups on the body mass index (BMI), weight, health behaviors, absenteeism, and worker’s compensation claims of 12,000 employees at 31 Oahu hotels. This study is expected to develop important new insights about how employers can field workplace health promotion programs, including environmental and organizational practice changes, in order to improve the health and productivity of their workforce and reduce health care costs.

Enhancing Overall Program Integrity and Quality

We continue to implement systems and strengthen infrastructure to enhance the integrity and quality of all of our programs and streams of work. In 2006, this work included website upgrades that make it easier for Kaiser Permanente employees to volunteer in their communities, the implementation of assessment tools to measure our progress against key objectives, and the creation of a one-stop screening tool that helps low-income patients access resources.

Building the Field

The maturing of Kaiser Permanente Community Benefit means that the success of our work gains recognition, inspires partnerships, and, ultimately, spurs others to adopt it. In this way we can truly achieve a deep and broad impact that creates lasting change. In 2006, we raised our profile and developed relationships to share our work:

HEAL Convergence Partnership:

Beyond successful implementation of our own Community Health Initiative efforts, Kaiser Permanente collaborates with other major funders and thought leaders, sharing our experience and shaping the emerging Healthy Eating/Active Living movement. In 2006, we played a leadership role in the creation of the Convergence Partnership, a collaboration among Kaiser Permanente, the Robert Wood Johnson Foundation, the W.K. Kellogg Foundation, The California Endowment, Nemours Health and Prevention Services, and the federal Centers for Disease Control (CDC). The Convergence Partnership will support and accelerate the emerging HEAL movement, by advancing evidence-based policy and organizational practice changes; building peer relationships; increasing philanthropic investment in community-based HEAL initiatives; and engaging industry on the adoption of responsible business practices.



CDC Foundation Hero Award, April 2006

In the photo: Veronica Biggins, Kaiser Permanente Georgia Board member, Ray Baxter, Senior Vice President for Community Benefit, Julie Gerberding, CDC Director, and Carolyn Kenny, Kaiser Permanente Georgia regional president.

CDC Hero Award: In recognition of Kaiser Permanente’s disaster relief work in the Gulf Coast, Ray Baxter, Senior Vice President for Community Benefit, received the 2006 CDC Foundation Hero Award for affirming the critical importance of public health’s role in addressing the health consequences of Hurricane Katrina, and for long-standing commitment to improving the health of communities.

Pandemic Strategy: Kaiser Permanente continues to work closely with our public health partners in order to do everything possible to increase our collective resiliency should a disaster or pandemic occur:

- We shared our expertise in the area of emergency management by leading a national effort that

was supported by both the federal and state governments, and created a national template (the Hospital Incident Command System, or HICS) for all hospitals to use during disasters. Kaiser Permanente staff members teach HICS principles to hospital personnel across the United States.

- We partnered with the California Department of Health Services to produce three public service announcements regarding public education for pandemic influenza. One is currently being used to stress general awareness and encourage seasonal flu vaccinations; the other two would be released following the first sign of infected birds in the area, and when we begin to see human-to-human transmission of pandemic influenza.

Recognition for Obesity Work:

Kaiser Permanente is a trailblazer in the national effort to curb obesity. Our work was recognized in a 2006 Institute of Medicine (IOM) report, *Progress in Preventing Childhood Obesity*. Kaiser Permanente also received an award from the National Children’s Healthcare Quality Initiative (NICHQ) for developing an excellent, comprehensive approach to treating overweight children and integrating clinical and community efforts on childhood obesity.

Garfield Innovation Center: Kaiser Permanente opened the new Sidney R. Garfield Health Care Innovation Center, which functions as a laboratory for new design elements, technologies and approaches. The 30,000-square-foot warehouse space features a fully furnished and

equipped medical prep room, a nurses' station, patient rooms, an operating room, an emergency treatment room, and a labor and delivery room. We organized a number of briefings there in 2006 to safety net organizations about architectural design innovations that optimize patient care and safety. In addition, plans are under way to utilize the simulated environments at the Center to evaluate and improve patient-centered care processes, and these findings will also be shared with safety net organizations.

Institute for Health Policy Roundtable: In September 2006, Kaiser Permanente's Institute for Health Policy (IHP), in partnership with the California Endowment, co-sponsored an invitational roundtable: "Reducing Disparities: Goals, Roles, and Opportunities." Participants included experts on disparities in health and health care from federal and state government, foundations, research and policy organizations, advocacy groups, organized labor, and health care organizations. The discussion focused on the broad influences on health disparities and encouraged participants to contemplate their long-term vision for this work and to identify what near-term policy actions are needed to get there. Emerging themes included the urgent need for multi-sector collaboration and broad stakeholder engagement. A draft background paper prepared by IHP for the roundtable was subsequently used as a framing piece for the Institute of Medicine's ongoing Roundtable on Health Disparities in 2007.

The Maturing of Community Benefit

The cost of health care continues to rise, the public health apparatus is strained, and more and more people are uninsured. Meanwhile, physical and social environments that promote poor nutrition, inactivity, obesity, and the upswing of chronic conditions, such as asthma and diabetes, compound health problems for our most vulnerable populations. The need for a Total Community Health approach is more evident than ever. Building on that vision, we developed a framework in 2006 toward broader Community Benefit impact:

Moving beyond grant making to performance improvement by enhancing program integrity and quality – channeling resources and implementing systemic solutions for more effective use of all Kaiser Permanente assets.

Broadening the concept of Total Community Health by working together to expand beyond the traditional model of health care and recognizing that Kaiser Permanente can have an impact on the environments in which we live and work, the schools our children attend, and the neighborhoods we call home.

Moving beyond funding to a vision of corporate social responsibility that significantly impacts community health through our commitments to environmental stewardship, a diverse workforce, partnership with organized labor, and working to eradicate racial and ethnic disparities.

Making every Kaiser Permanente asset an asset to our communities by leveraging all of our business assets and applying them to organizational practices – such as Educational Theater Programs for public school children or using our HealthConnect™ program to identify and address health disparities – that benefit our members and people in the communities we serve.

Building the field so others adopt and spread the work by collaborating with other leading health organizations, funders, and government entities.

In order to fully realize our goal of Total Community Health, we must support change in areas broader than those traditionally thought of as Community Benefit. In 2006 we began to recognize the potential to create links between our Community Benefit work and larger opportunities in areas including health care reform, disparities elimination, environmental stewardship, and employee engagement.

III. 2006 COMMUNITY BENEFIT PERFORMANCE



2006 community benefit performance

In 2006, Kaiser Permanente invested \$806.5 million in Community Benefit activities. Community Benefit spending amounted to approximately 2.3% percent of total revenue, 93% percent of operating income and 62% of net income.

For the fifth year in a row, Kaiser Permanente Community Benefit spending exceeded 50% of operating income. All regions met or exceeded the Board's minimums for Community Benefit spending as a percent of operating income, and we increased our investment to improve community health in nearly every Community Benefit category. Our reporting will use the framework of our four streams of work: Care and Coverage for Low-Income People, Safety Net Partnerships, Community Health Initiatives, and Developing and Disseminating Knowledge.



care and coverage for low-income people

Improving health care access for vulnerable populations is fundamental to Kaiser Permanente's mission as a nonprofit organization. In 2006, we provided care and coverage to 592,329 low-income children and adults: 72,012 patients received coverage through our innovative Charitable Coverage Programs; 256,506 were assisted through traditional Charity Care and uninsured discounts in our hospitals and clinics; and an additional 263,811 received care through subsidized public programs, such as Medicaid and the State Children's Health Insurance Plans (S-CHIP), or were low-income Medicare beneficiaries. Expenditures for this category exceeded \$644 million.



Charitable Coverage

Charitable Coverage programs are Kaiser Permanente's unique way of providing care to low-income uninsured persons in our communities. Unlike traditional charity care, delivered episodically in hospital emergency rooms, Kaiser Permanente's Charitable Coverage provides participants with ongoing access to comprehensive health care and a medical "home." Charitable Coverage is available to individuals and families not eligible for public programs such as Medicaid or the State Children's Health Insurance Programs (S-CHIP). The cost of coverage is subsidized by Kaiser Permanente

at a level of 90% – 100% in most programs, and coverage is typically provided for at least a two-year period.

We are making a real difference in the lives of many. In a nation with declining coverage, the number of people served through Kaiser Permanente Charitable Coverage actually increased by 41% in 2006. We provided Charitable Coverage to 72,012 low-income persons in seven Kaiser Permanente regions, at a value of \$120 million. The quality of care provided to this population, whose members often do not have a prior source of care, is comparable to or exceeds the national benchmarks for preventive care services.

Kaiser Permanente Charitable Coverage Plans - HEDIS-like* Quality Measures
Kaiser Permanente Performance Relative to the 75th Percentile for Medicaid and Commercial Plans

PREVENTIVE CARE SERVICES

Measurement period ending December 31, 2005

	KP Charitable Coverage Plans	NCQA Medicaid 75th National Percentile	NCQA Commercial 75th National Percentile
Childhood Immunizations	83.9%–94.9% [‡]	78.5%	83.5%
Adolescent Immunizations	59.3%**	58.2%	68.9%
Breast Cancer Screenings	77%**	59.2%	75.9%
Cervical Cancer Screenings	78.5%**	73%	84.9%

*Health Plan Employer Data and Information Set (HEDIS) is a tool used by more than 90% of America’s health plans to measure overall Health Plan population performance on important dimensions of care and service. The displayed “HEDIS-like” measures are an approximation of the performance on very similar measures adapted for payor-defined populations and based on available Kaiser Permanente data.

[‡]Three plans with adequate sample size: 83.9%, 94.1% and 94.9%

**One plan with adequate sample size

Growing our commitment in the Northwest

In the Northwest, we provided Charitable Coverage to children through our Child Health Plan. In 2006, we expanded the program to offer coverage to the siblings of enrolled children, nearly doubling the number of schools served – to 129 Oregon schools – and increasing enrollment by over 500 children.

Identifying needs in Colorado

In Colorado, we studied patterns in the use of medications in the Connections Charitable Coverage program, which serves low-income families. The #1 use of medication was for psychotropic/antidepressant drugs, and further analysis showed that Connections members were twice as likely to be diagnosed with depression as the rest of Kaiser Permanente’s membership. In late 2006, we began implementing a rapid-cycle change process, using a telephone follow-up service to support medication compliance that has been shown to decrease levels of depression and improve productivity in the work and social setting for patients who were previously depressed.

Charity Care/Medical Financial Assistance Program (MFAP)

Kaiser Permanente's Medical Financial Assistance Program (MFAP) provides temporary financial assistance to patients who receive health care services from our providers. MFAP is generally available to those patients in greatest financial need, and covers those earning below 200% (in some regions 300%) of the Federal Poverty Level. MFAP also contributes to community health through strategic community partnerships such as Operation Access in Northern California and the Dental Smiles program in the Northwest. In 2006, Kaiser Permanente subsidized medical care through MFAP and discounts for the uninsured to 256,506 individuals, and expended more than \$50 million, a 30% increase over 2005.

Throughout the year a number of initiatives to enhance the program's integrity were launched: we brought the program into compliance with Sarbanes-Oxley requirements, implemented automated controls, and created a program-wide scorecard.

Kaiser Permanente Charity Care policy

Charity Care is one way Kaiser Permanente helps uninsured and low income underinsured members of our community receive care, and our program is one of the most generous in the health care industry. Our Charity Care policy ensures that Kaiser Permanente:

Will provide free care for medically necessary services to low-income persons below 200% (in some regions 300%) of the federal poverty guidelines. A family of four earning below \$40,000 (in some regions \$60,000) would be eligible for Kaiser Permanente's Medical Financial Assistance Program (MFAP).

Will discount charges for medically necessary services to a level comparable to either Medicare rates or the rates paid by Kaiser Permanente members for uninsured persons whose income is at or below 400% of the federal poverty guidelines. An uninsured family of four earning \$80,000 or below and not eligible for MFAP could qualify for up to a 70% discount.

Will not take legal action for nonpayment of medical bills against any person who is unemployed and without other significant income.

Will offer financial counseling to determine if a patient is eligible for public assistance or Kaiser Permanente financial assistance.

Will not place a lien on any patient's primary home.

500

*Number of children
who received free dental
care and treatment in
the Northwest*

Kaiser Permanente Medicaid and S-CHIP Plans – HEDIS-like* Quality Measures

Kaiser Permanente Performance Relative to the 75th Percentile for Medicaid Plans

PREVENTIVE CARE SERVICES - HEDIS-like Measures		Measurement period ending December 31, 2005	
Measure	KP Medicaid Plans	KP S-CHIP	NCQA Medicaid 75th Percentile
Childhood Immunizations	81.6 – 82.6% [†]	88.9%	78.5%
Adolescent Immunizations	88% [‡]	64.7%	58.2%
Breast Cancer Screenings	60.6% [‡]	N/A	59.2%
Cervical Cancer Screenings	62.5%–94.1%**	N/A	73%

*Health Plan Employer Data and Information Set (HEDIS) is a tool used by more than 90% of America’s health plans to measure overall Health Plan population performance on important dimensions of care and service. The displayed “HEDIS-like” measures are an approximation of the performance on very similar measures adapted for payor-defined populations and based on available Kaiser Permanente data.

[†]Two plans with adequate sample size: 83.9%, 94.1% and 94.9%

[‡]One plan with adequate sample size

**Five Plans with adequate sample size: 94.1%, 90.2%, 91.7%, 76.9%, 62.5%

Expanding enrollment for kids in Southern California

In Southern California, Kaiser Permanente expanded the enrollment of children in subsidized and public programs and covered 31,769 (an increase of 84%) in 2006. We also partnered with the administrator of Los Angeles’ Children’s Health Initiative and L.A. Mayor Antonio Villaraigosa to help eliminate the waiting list for L.A. County’s Healthy Kids program. By year’s end, over 14,000 children who would otherwise be uninsured were added as members to Kaiser Permanente’s Charitable Coverage Child Health Plan.

Participation in Public Programs

Kaiser Permanente also contributes to access by offering care through Medicaid and the State Children’s Health Insurance Program (S-CHIP) in five regions. Through this participation we are able to bring the best of Kaiser Permanente – high quality, easy access and continuity of care – to some of the most vulnerable populations. Last year, Kaiser Permanente served 260,825 Medicaid and S-CHIP members. This represents a 7% growth in Medicaid membership and 23% growth in S-CHIP membership over 2005. Kaiser Permanente in Hawaii was named the #3 Medicaid plan in the country by

the National Committee on Quality Assurance. The performance of Kaiser Permanente’s Medicaid and S-CHIP programs on key clinical measures often exceeds the national benchmarks for preventive care services.

Significant progress was made in 2006 to improve infrastructure for our public programs. Each region participating in Medicaid designated a Medicaid business and clinical leader. A national Medicaid Line-of-Business leader was recruited. Ten key business improvement strategies were identified to increase the efficiency and effectiveness of our Medicaid performance.

Contributing to Best Practices and Policy for Vulnerable Populations

Eighty percent of Medicaid resources are spent on people with chronic conditions; 39% of Medicaid enrollees have one or more chronic conditions. Effectively addressing the needs of these recipients is the focus of Kaiser Permanente's Medicaid Value Program (MVP): Health Supports for Consumers with Chronic Conditions. In late 2004, Kaiser Permanente funded a national collaboration with the Center for Health Care Strategies (CHCS), a well-respected Medicaid policy organization, to test innovative interventions and publicly disseminate results. During 2006, 10 MVP sites throughout the country implemented interventions and participated actively in a learning collaborative. Final results of the formal evaluation will be published mid-2007.

A grant from Kaiser Permanente also allowed CHCS to conduct an assessment of state needs and interests in Medicaid purchasing. This work was published in November 2006 and widely disseminated: *Seeking Higher Value in Medicaid: a National Scan of State Purchasers* offers valuable insights on state trends in addressing future Medicaid needs and the roles that health plans and managed care may play.

KP CHCS Medicaid Value Program Innovation Teams

TEAM	CLINICAL FOCUS
CareOregon	Complex conditions
Comprehensive NeuroScience	Schizophrenia and co-morbidities
District of Columbia Departments of Health and Medicaid Assistance	Medical/social services for frail elders
Johns Hopkins HealthCare	Mental health, substance abuse and co-morbidities
Managed Health Services	Predictive modeling versus health risk appraisal
Memorial Healthcare System	Multiple chronic conditions
McKesson Health Solutions	Diabetes and co-morbidities
Partnership HealthPlan of CA	Diabetes, congestive heart failure, and depression
University of California at San Diego	Diabetes and depression
Washington Department of Social and Health Services	Integration of physical health, mental health, substance abuse, long-term care, disease management



Linking People with the Best Health Resources

As part of our overarching goal to link vulnerable community members with needed health care, we launched a major initiative in 2006 to create an eligibility-screening solution that will assist low-income populations in finding the most appropriate and sustainable resources for their care. This solution centers on a computer-based, one-step eligibility screening tool.

LIS Outreach Campaign

When Medicare announced the implementation of its Limited Income Subsidy (LIS), also called “Extra Help from Medicare,” Kaiser Permanente saw an opportunity to assist members in obtaining a valuable benefit and develop a longer-term capability to link Medicare members with resources.

LIS Outreach Program Delivers Huge Social ROI

Total Program Cost	\$2,000,000
Total Kaiser Permanente Members Assisted	10,260
Projected Value to Members in 2007	\$7,450,000
Projected Lifetime Value to Members	\$40,276,662
Social Return on Investment – Kaiser Permanente Members	20 to 1

In collaboration with the National Council on Aging (NCOA), Kaiser Permanente developed and implemented an aggressive and targeted outreach campaign that assisted over 10,000 Kaiser Permanente members with direct enrollment in Medicare’s LIS program, which provides low-income



beneficiaries with financial support to supplement the Medicare Part D drug benefit. After the initial outreach campaign, Kaiser Permanente, again with NCOA, developed the CheckUp tool to be used by Kaiser Permanente staff to provide eligibility screening for LIS and other public programs. Because electronic submission of an LIS application is possible through the CheckUp tool, it helps to substantially reduce errors and delays in enrollment. In 2006, over 700 Kaiser Permanente staff members were trained to use this tool. Each LIS enrollee was provided with an individualized report of other community programs for which they appeared eligible – such as Medicaid, SSI, food stamps, and energy assistance. **The projected lifetime value of these benefits exceeds \$40 million for the 10,000 members assisted – an incredible social return on investment.**

This initiative garnered recognition from both America's Health Insurance Plans (AHIP) and CMS, the national Medicare administration. The campaign response rate exceeded all previous benchmarks of success, and we identified key elements of our success to share our findings with others.

Support for One-e-App

One-e-App is a unique Internet-based system developed by the California Healthcare Foundation for screening and enrolling families in a range of state and local health and human service programs in select California counties. This "one-stop" approach improves the efficiency and user-friendliness of the application process for families seeking health coverage. Through Kaiser Permanente support, in partnership with the California Endowment and the California Health Care Foundation, there are now six agencies in San Joaquin County (Northern California) that have the capability to screen for multiple public programs and submit applications. The critical database planning and staff training were completed in 2006, and the program went live in early 2007.

Kaiser Permanente funding critical for San Joaquin One-e-App

Jeff Slater, Grants Administrator for the Health Plan of San Joaquin, in an e-mail to Kaiser Permanente, noted: "This...would truly never have happened without funding from Kaiser Permanente. From our perspective, your funding came from out of nowhere at a time when we were just on the verge of giving up on implementing One-e-App because of the lack of sufficient funding to pay for its implementation. We are so thankful and definitely consider it a success so far."



safety net partnerships

Kaiser Permanente continues to build strategic partnerships with the safety net – institutions that serve at the front line of health care for communities that are underserved and uninsured. Our relationships with community health centers, public hospitals and local health departments feature multi-pronged approaches to fortify the capacity and quality of care provided by these institutions. In 2006, Kaiser Permanente worked with the safety net in areas impacting health policy, research, access, clinical quality, information technology, and expanded capacity.

Putting ALL to Work for Vulnerable Populations

Heart attacks and strokes remain the number one cause of death among Americans. "ALL" – an acronym for the generic drug triad Aspirin, Lisinopril, and Lovastatin – represents a Kaiser Permanente treatment protocol, which evidence-based studies show reduces cardiovascular risk. In 2006, Kaiser Permanente launched its pilot collaboration in San Diego County, providing the ALL medications to approximately 350 of those patients most prone to cardiovascular death – patients over 50 with diabetes. Patients were low-income, uninsured, and 85% were either Latino or African American, representing groups that are twice as likely to be impacted by diabetes as the general population.

Medical studies suggest that at the end of four years, and with an enrollment of 1,000 patients, this ALL program will have prevented at least 40 heart attacks and strokes and resulted in savings of at least \$4 million in health care expenditures. In addition, this aggressive approach will begin to address one of the starkest health disparities in the country: the disproportionate impact of diabetes on ethnic minorities. The program will be expanded in 2007 to more sites across the country.

Health Information Technology (HIT) Investment

There is consensus among health care leaders that information technology is critical to improving the quality of health care, but an HIT revolution comes at a high price. The significant start-up costs are well beyond the resources of most of the providers in the safety net. Kaiser Permanente is

deeply involved in the implementation of our own electronic medical records system, HealthConnect™. Arguably the largest civilian electronic health record system in the United States, this system allows health care practitioners to access electronic health records, decision-support tools, and evidence-based protocols in real time as they treat patients. This makes Kaiser Permanente a unique resource to organizations seeking to adopt an electronic health record and utilize tools like patient registries.

We are working closely with safety net organizations to provide a well-planned and secure path to achieve the potential of HIT for vulnerable populations. We have already committed over \$10 million in HIT-related investments to safety net organizations. For instance, in 2005, Kaiser Permanente awarded the Oregon Community Health Information Network (OCHIN) a \$1 million grant to purchase the EPIC suite – the same system that provides the foundation for Kaiser Permanente HealthConnect™ – to create electronic health records for patients in the safety net. As a result, by 2006, OCHIN was able to provide electronic medical record services to five Multnomah County health centers, three Klamath Open Door clinics, and 12 school-based clinics, ushering in the digital era for over 50,000 underserved Oregon patients.

Supporting improved quality of care through better data management in Northern California

In Northern California, Kaiser Permanente made strategic grants of more than \$7.1 million to support better data management at community health centers and public hospitals, resulting

\$10,000,000

*Investment in Health
Information Technology
for the safety net*

\$500,000

Amount in scholarship funds Kaiser Permanente helped provide to safety net health care teams.

Scholarships support Contra Costa Regional Medical Center's success

Contra Costa Regional Medical Center, with more than \$15,000 in scholarship support from the Kaiser Permanente endowment fund at the Institute for Healthcare Improvement, trained a team that implemented patient-safety activities, resulting in greatly reduced adverse patient care incidents. Their commitment to patient-safety initiatives was so successful that they subsequently became a nationally recognized champion in IHI's "100,000 Lives Campaign," a national initiative to forge a patient-safety agenda and reduce needless deaths.

in improved quality of patient care. For example, through a Northern California grant, a physician working in a community health center in Alameda County can instantaneously retrieve vital medical information about her patients when they receive emergency or inpatient care at the county hospital. Our goal is to foster a more coordinated, safer, and more effective system of care for everyone in our communities, including patients who seek care from the safety net.

Developing an HIT game plan in Southern California

Kaiser Permanente, in collaboration with other philanthropic organizations in Southern California, supported fifty community health centers in evaluating their readiness to implement Health Information Technology. The evaluations, in the areas of capital, information systems, and human resources, provided the first step toward a technology game plan for these community health centers. In 2006, the evaluations mapped the capacity of Southern California's safety net to introduce the vital components of health information technology. This map is now the basis for additional investments and technical expertise that are needed to achieve a "digitalized" environment for safety net organizations.

Supporting electronic health records in Maryland

In Maryland, we supported the Primary Care Coalition of Montgomery County in its goal of providing a configurable electronic health record for its member clinics. An investment of \$75,000 provided the software to prevent dangerous drug

interactions for patients receiving care in community health centers.

Institute for Healthcare Improvement (IHI) Endowment Program

The Institute for Healthcare Improvement (IHI) is the nation's leader in patient safety initiatives and training. Kaiser Permanente partnered with IHI in 2006 to provide more than \$500,000 in scholarship funds to safety net health care teams participating in IHI training.

2006 marked the first full year of scholarship support provided by the Kaiser Permanente endowment fund at the IHI (the program was launched in the spring of 2005). More than 200 clinical team members, a record number of participants, represented safety net organizations from 18 states, and teams learned and implemented skills that are resulting in safer and more efficient care for patients.

Care Management Institute (CMI)

Kaiser Permanente's Care Management Institute (CMI) continues to play a nationally recognized role in defining and sharing evidence-based approaches to improving care. Dozens of safety net organizations continue to contribute to the innovation CMI embodies, with over fifty organizations participating in a day-long seminar with CMI experts focused on improving care for culturally diverse communities.

Kaiser Permanente Physicians and Medical Centers

Kaiser Permanente physicians continue to expand their involvement with community health centers and public hospital systems. Many of these arrangements have been in place for years; others have just

recently been organized. In addition to individual volunteer arrangements, Kaiser Permanente funds thousands of hours physicians dedicate to safety net care. Many physicians also provide technical assistance in a multitude of areas, including information technology, patient motivation and education, and diabetes management.

Lack of access to specialty care is a major and growing problem for patients in the safety net, and Kaiser Permanente physicians are also providing hundreds of sorely needed clinical hours to assist primary care providers to diagnose and treat conditions requiring specialty services. A joint grant was awarded to the California Primary Care Association, the California Association of Public Hospitals and the Regional Area Consortia of California to explore the workforce, regulatory, and delivery design changes needed to improve access to specialty care in our communities. The resulting recommendations will set the priorities on how to meet this growing need.

Providing specialty care in Southern California

In 2006, Kaiser Permanente in Southern California provided hundreds of hours of specialty care in the safety net. For example, we successfully established a specialty care clinic on the Orthopedic Hospital campus. The clinic currently provides podiatry services, with the capacity to expand and provide access to a wider array of specialty care services for low-income, uninsured and underinsured patients of the community health centers in central and south Los Angeles. In 2006, the podiatrists provided over 3,000 visits for patients referred by the seven community health centers in south Los Angeles.

We also provided over 2,000 interpretative services for radiological exams for homeless patients in 2006, through a partnership with three clinics: JWCH Institute, Los Angeles Mission Community Clinic, and UCLA Nursing Clinic at Union Rescue Mission. Soon, internet technology will enable even more efficient interpretation, expediting results to community clinicians and patients.

Kaiser Permanente Colorado reaches out

Kaiser Permanente Reach Out places Kaiser Permanente Colorado employees and physicians in community health clinics on monthly rotations to see patients, advise on clinical or administrative issues and provide support in a variety of other ways. The program currently sponsors 10 Reach Out Fellows at five clinics. Fellowships include a weekly clinic at the House of Hope (a women's shelter), and involvement with Clinica Campesina, Inner City Health Center and the Stout Street Clinic for the Homeless.

Kaiser Permanente and the safety net are beginning to redefine health care in communities, giving us a glimmer of what is possible when delivery systems with a common purpose and complementary assets collaborate to build a more rational and coordinated system of care – one that does not leave our most vulnerable behind.



community health initiatives

Kaiser Permanente's Community Health Initiatives seek to measurably improve the health of the communities that we serve, using an approach that emphasizes public health interventions and changes in policy, organizational practices, and the community conditions that influence health.

The thematic focus for Community Health Initiatives is "Healthy Eating/Active Living" (HEAL), Kaiser Permanente's multifaceted strategy to address the obesity epidemic and the myriad health issues that can be a byproduct of poor nutrition and inactivity.

Kaiser Permanente's Community Health Initiatives incorporate both the emerging evidence-base on community-level obesity interventions, as well as the art of community



engagement and community mobilization, to bring about significant and sustainable changes.

Our role in the sponsorship and support of these initiatives is wide-ranging. The initial five-year, program-wide grants investment exceeds \$20 million, and regions support Community Health Initiatives with extensive evaluation and technical assistance. Kaiser Permanente physicians and staff are involved as coaches or members of community collaboratives, sharing clinical obesity-prevention expertise and

our experience with organizational practice changes, such as implementation of our Healthy Picks initiative, aimed at offering healthier vending machine options in our facilities, as well as farmers' market initiatives.

2006 saw the full-scale implementation of this initiative across the program. There are now 27 intensive, place-based initiatives in Kaiser Permanente communities, including 9 in which we are the principal sponsors, and 18 in which we are a co-funder in partnership with other foundations or government agencies.

Working for a healthy environment

Recognizing that people can't live in unhealthy communities and be healthy, Kaiser Permanente has worked toward environmental stewardship for many years, both as an element of good corporate citizenship and as an element of preventive medicine on a truly grand scale. Kaiser Permanente's work toward environmental stewardship includes environmentally responsible purchasing, building "green" facilities, conserving energy, and working to eliminate the use of mercury and other toxic chemicals. Our energy conservation measures prevent more than 70 million pounds of air pollutants annually, and our pollution prevention activities have eliminated the purchase and disposal of 40 tons of hazardous chemicals and diverted more than 1.1 billion pounds of waste from landfills.

In 2006, Kaiser Permanente also provided testimony to the California Air Resources Board in support of regulating formaldehyde in wood products; pilot-tested green design and construction innovations in the building of the Modesto Medical Center, and built the West Cobb Medical Office Building in Georgia following the Green Guide for Health Care.



HEAL Community Health Initiatives Planning and Implementation

In Northern California, three multi-sectoral HEAL collaboratives – in Richmond, Santa Rosa, and West Modesto – completed comprehensive community action plans after an intensive nine-month planning phase. These initiatives, which will each be funded for \$1.5 million over the next four years, will transform the ability of residents to access healthier, more affordable food, and get physical activity as part of everyday life.

Examples of action-plan elements include:

- Adopting ordinances that require neighborhood markets and convenience stores to have at least 10% of their space designated for fruits and vegetables, including some fresh produce, as a business licensing requirement.
- Working with schools to institutionalize the physical activity component of school wellness policies and the state physical education standards, with 25% of schools offering additional opportunities for student physical activity before, during, and after school by December 2009.

- Implementing nutrition standards SB12 and SB965, California's landmark cafeteria reforms, which set high nutritional standards for foods and beverages sold on school campuses.
- Working with local code enforcement to decrease the number of liquor stores and increase the number of produce vendors.
- Assisting in the formation of a new walking trail.
- Facilitating and promoting farmers' markets where community members can obtain fresh fruits and vegetables.
- Working with local restaurants to increase healthy food choices by 10% by December 2008.

2006 also saw intensive community engagement in Georgia, the Mid-Atlantic States, and Ohio, which began to develop comprehensive action plans informed by the emerging evidence base and reflective of each community's vision, priorities, and expertise. Kaiser Permanente was also actively involved in supporting intensive Community Health Initiatives in collaboration with other funders, including the federal Steps initiative, the Northwest Health Foundation, and The California Endowment.

Community Health Initiatives help Colorado thrive

In Colorado, the first region to launch our Community Health Initiatives, three Thriving Communities sites completed their first full year of implementation and an additional eight sites received funding for targeted HEAL strategies. Thriving Communities projects bring together a powerful group of partners to work on programs, policies and environmental changes that support HEAL (Healthy Eating/Active Living). The model is so successful that it has been adopted statewide: "LiveWell Colorado" was officially launched by Lieutenant Governor Barbara O'Brien in March of 2007. Examples of our 2006 Thriving Communities work in Colorado include:

Commerce City – The Commerce City Thriving Communities program is focused on the redevelopment of the historic Derby business district, and has conducted neighborhood-by-neighborhood walkability audits, which provide the chance for residents to assess the condition of their streets and neighborhoods, identify potential changes, and make recommendations to local government. In addition, the Adams 14 School District participated in Kaiser's "Teens Take It On" Educational Theatre Program, in which high school seniors advocate for sustainable changes in their schools to increase healthy eating and active living, learn and share HEAL behaviors, perform a theater piece for students and community groups, and serve as mentors to their high school and middle school peers.

Park Hill – Residents saw the need to increase bike access to neighborhood children and families, so, as part of the Park Hill Thriving Communities action plan, they established a bike distribution and maintenance center, which makes bikes readily available to community members. Over the past year Park Hill has also worked to install over thirty artistic and functional bike racks, been awarded a Safe Routes to School Grant from the Department of Transportation to improve the safety for pedestrians and bikers around schools, expanded Denver Parks and Recreation's culturally appropriate programming, and worked to address safety and crime issues.

Wheat Ridge – The Thriving Communities program in Wheat Ridge trained over 100 food service managers in Jefferson County secondary schools to prepare salads, wraps, and sandwiches using fresh fruits and vegetables and whole-grain breads and pastas.

Denver Urban Gardens (DUG)

– This Thriving Communities initiative promotes healthy lifestyles in the Baker, La Alma/Lincoln Park and Sun Valley neighborhoods, and addresses the socio-economic barriers to accessing healthy and affordable food. While many gardeners already informally share their garden bounty, this program encourages the intentional planting of an extra row for those in the neighborhood who have limited access to fresh produce. In 2006, gardeners from the Elati, Baker and Casa Verde community gardens donated surplus produce to local food banks and meal providers. In 2007, DUG is expanding this program by involving food bank agencies in garden events and work days.

8,222

Total number of children and adults who participated in Southern California's Operation Splash, a 10-week program that provided swimming lessons.

HEAL Projects, Public Policy, Partnership Grants

Beyond sponsorship of these intensive multi-sectoral, place-based Community Health Initiatives, many regions have added a number of other programs to the broader Healthy Eating/Active Living portfolio. They include state and local policy advocacy, support of high-leverage projects to make sustainable changes toward healthier environments, and targeted grantmaking to organizations on the cutting edge of obesity-prevention efforts. For instance, in Ohio, Kaiser Permanente launched a major partnership with the Cleveland public school district and the American Heart Association to increase the amount of physical activity and nutrition education that students receive.

HEAL grants in Southern California

In Southern California, we made a number of significant HEAL grants, including one to support the implementation of a universal school breakfast in the Los Angeles Unified School District and a second to train hundreds of community-based *promotores* (community members who promote health in their own communities) in the tools and technique of effective policy advocacy. We also launched Operation Splash, a program that provided 10-week swimming lessons to 6,880 low-income children and 1,342 low-income adults.

Rail-to-trail engages residents

In the Mid-Atlantic States, we launched a civic engagement process in 2006, in partnership with the Rails-to-Trails Conservancy, to ensure that a rail-to-trail project being developed in back of our North Capitol Medical Center addressed the needs and aspirations of District residents – a process that will significantly increase the likelihood of that project's success.

Community Health Initiatives Evaluation

In 2006, we also made major strides in the implementation of our cross-site evaluation effort. Our independent evaluator, the Center for Community Health and Evaluation, developed a system to document community changes brought about as a result of Community Health Initiatives work – including the reach, intensity and Kaiser Permanente contribution to those initiatives. We developed and tested an Interactive Voice Response system, or IVR – a novel approach that efficiently tracks population-level behavior changes with automated phone calling. We also implemented tools necessary for capturing other core evaluation measures, such as disease prevalence and youth attitudes and behaviors about healthy eating and active living. In addition, we now have local evaluators on board in five of our regions to support data collection, and to provide more tailored technical assistance to community collaboratives. With this robust evaluation infrastructure in place, we now have the ability to systematically track the impact of Community Health Initiatives and use those results for purposes of both program improvement and accountability.

Photovoice

Photovoice is an additional piece of Kaiser Permanente's cross-site evaluation that was successfully piloted in Colorado in 2006. Photovoice is a method for working with community residents to create photographic documentation of barriers to healthy eating and active living, as well as other targets for community change. In Colorado, 38 residents were involved in this project, including youth and other socially-isolated and politically-disempowered residents. The photos were used to inform collaborative priorities (e.g., for purposes of formative evaluation), to advocate for changes with city officials and other decision-makers, and displayed at community meetings and local exhibitions.



photo credit: 18- year Park Hill resident, 2006

Where are the fruits, vegetables, and fresh baked bread on these shelves? Neighbors in this part of the community need some affordable and healthy choices in their local convenience store.



photo credit: Park Hill resident, 2006

Our Park Hill neighborhood is a residential island surrounded by busy streets. The absence of safe and convenient crossings discourage pedestrian and bicycle use to access important community resources such as parks, bike trails, cultural attractions, and retail areas, including grocery stores.

The same photographs will be retaken, post-intervention, to document the tangible changes Thriving Communities sites have been able to achieve. Kaiser Permanente's Photovoice work is now being implemented throughout the program.

24 tons

*Amount of produce
locally sourced for
in-patient meals
in Northern
California facilities.*



New Partners for Smart Growth

In recognition of the critical role of the built environment on the ability of individuals to be physically active as a part of everyday life, Kaiser Permanente partnered with the Local Government Commission as a major sponsor of the 2006 New Partners for Smart Growth conference. The conference brought together local elected officials, developers and builders, planners, transportation professionals and traffic engineers, public health professionals, realtors, urban designers, parks and recreation professionals, community advocates, and many others. Kaiser Permanente worked with the conference organizers to create a robust health track and produced a workshop accredited by Continuing Medical Education (CME) that was attended by over 60 participants, including 13 physicians, other health clinicians, and city and county staff.

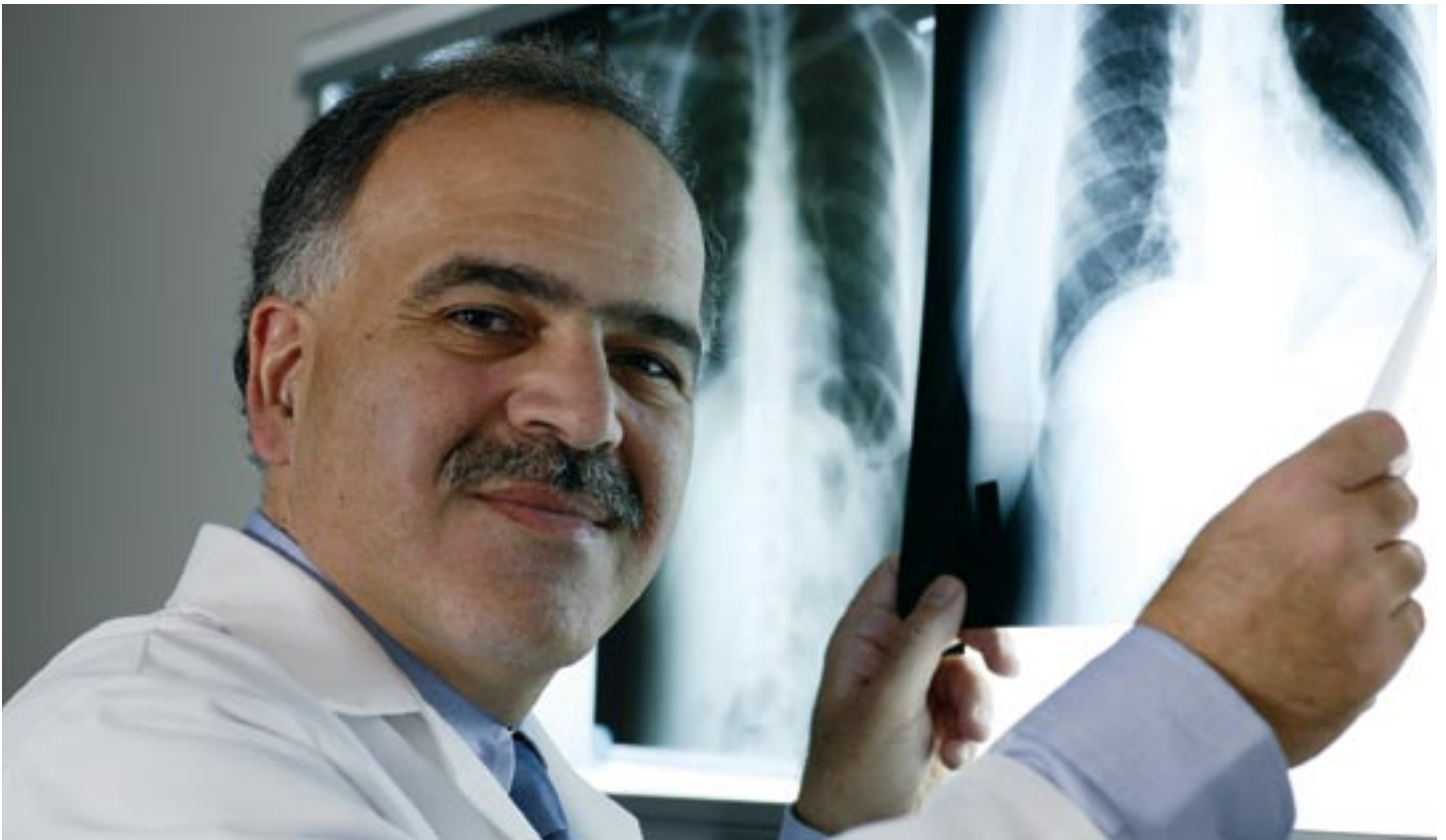
Organizational Practice Change

Finally, we have stepped up to the challenge of demonstrating leadership by walking our talk. The tireless work of Kaiser Permanente physician Preston Maring, who created our first farmers' market in 2003, has evolved into a collaboration among many different units within the organization to help

champion healthier eating and support healthier food environments in our own cafeterias, vending machines and inpatient food services. At the end of 2006, Kaiser Permanente had a total of 32 farmers' markets located in hospital lobbies, medical office buildings, parking lots, and, in some cases, community settings across six of our eight regions. A survey conducted in the summer of 2006 indicated that 71% of patrons are eating more fruits and vegetables as a result of the market.

Kaiser Permanente also launched a local-sourcing pilot in Northern California, in collaboration with the Community Alliance for Family Farmers. This pilot brings fresh, locally grown produce to the more than 6,000 inpatient meals served at 19 facilities every day. As a result of this pilot, an estimated 24 tons of produce was locally sourced – produce that was previously supplied from non-local or out-of-state vendors. The reduced "food miles" associated with this shortened supply chain have reduced Kaiser Permanente's carbon footprint and increased the economic viability of small, low-resource farmers in California's Central Valley – many of whom have said that their inclusion in the Kaiser Permanente supply chain allowed them to keep their farms last year.





developing and disseminating knowledge

Kaiser Permanente seeks to improve the health of our members and the communities we serve by generating and actively disseminating knowledge to a diverse array of stakeholders. Our approach to creating knowledge and translating it into practice is distinctive, and a core aspect of how Kaiser Permanente creates community benefit.

Our integrated delivery system, with its cadre of world-class investigators and ready access to electronic patient data, is a natural laboratory to study health outcomes, delivery system innovations and to address health disparities. Kaiser Permanente is at the forefront of some of the most important health services research being conducted anywhere in the world.

We actively disseminate what we learn by partnering with a variety of influential professional and scientific organizations, and by translating our knowledge for a variety of audiences, including health care and public health practitioners, policymakers and other thought leaders, and the public at large. In addition, our signature Educational Theatre Program (ETP) is one of the many ways we strive to reach young people and their families with powerful prevention messages.

Finally, we are training future generations of healthcare workers, providing us with an important opportunity to develop the workforce in ways that make sense for the health care challenges of tomorrow.

Developing Knowledge

Kaiser Permanente conducts more research than any other nonacademic institution in the United States. In 2006, Kaiser Permanente investigators participated in 2,079 research and evaluation studies. Funding from these studies came from a variety of sources, including the National Institutes of Health, the federal Agency for Healthcare Research and Quality, and private foundations, along with core support from Kaiser Permanente. Kaiser Permanente brought a number of unique assets to this research, including a large, stable and representative population of Kaiser Permanente members and our clinical information systems that systematically capture patient demographics, clinical process measures and clinical endpoints.

Kaiser Permanente research units have also worked with community partners, academic institutions, and other research partners to deepen our

Evaluating ethnic disparities in diabetes complications

Since May 2005, the National Institutes of Health have funded Kaiser Permanente's Division of Research to conduct the Diabetes Study of Northern California (DISTANCE). This study of Kaiser Permanente members with diabetes included a survey that yielded over 20,000 respondents. The objective of this study is to increase our understanding of the disparities in the incidence of diabetic complications as well as to evaluate uniformity in access to and quality of care provided to diabetic patients. Although disparities in health based on individuals' race, ethnicity and other socioeconomic factors are well documented, the pathways that explain disparities in diabetic complications are not well understood. This study, through access to a large, diverse population of Kaiser Permanente patients and electronic medical records, is deepening our understanding of what drives disparities and what providers and systems of care can do to close the gap.

understanding of community-level interventions, including school-, and work-based prevention initiatives and neighborhood-level interventions. In these studies, Kaiser Permanente has been able to leverage our experience delivering prevention programs and our relationships with employers and community partners to implement state-of-the-art interventions, recruit study participants and conduct an evaluation of those interventions. Emblematic of these studies is the Work, Weight and Wellness (3W) study, which is testing innovative worksite interventions designed to reduce obesity. Other studies have focused on increasing our understanding of the social and environmental factors that influence health. For example, investigators in the Northern California Division of Research are studying the impact of parental perceptions of neighborhood safety on their children's level of physical activity – a factor implicated in increasing rates of childhood obesity and raising levels of social isolation.

685

*Number of articles
and scientific
papers published by
Kaiser Permanente
researchers in 2006.*

Developing the state of the art in workplace obesity prevention

The Work, Weight, and Wellness (3W) study is a 4-year, \$5.7 million study being conducted by Kaiser Permanente's Center for Health Research investigators in Hawaii and the Northwest to test innovative worksite interventions designed to reduce obesity. With funding from the National Heart, Lung, and Blood Institute, researchers are assessing the impact of multiple environmental changes and weekly onsite weight management groups on the body mass index (BMI), weight, health behaviors, absenteeism, and worker's compensation claims of 12,000 employees at 31 Oahu hotels. This study is expected to develop important new insights about how employers can field workplace health promotion programs including environmental and organizational practice changes in order to improve the health and productivity of their workforce and reduce health care costs.

Kaiser Permanente investigators in several regions also played increasingly important roles as program evaluators and expert advisors to community partnerships and other programs. This kind of participation helps increase the alignment between our significant research and evaluation capacity and our core Community Benefit strategies and social mission. In Colorado, for instance, investigators in Kaiser Permanente's Clinical Research Unit have played a vital role as the lead evaluators for Colorado's Thriving Communities initiative. In this role, our researchers are designing and conducting the evaluation and providing real-time feedback to 11 community collaboratives for purposes of quality improvement and program refinement, as well as the assessment of the initiative's impact. The evaluation design employs the RE-AIM (Reach, Effectiveness, Adoption, Implementation and Maintenance) framework – used extensively in Colorado and throughout the program to assess clinical interventions in Kaiser Permanente's patient population.

Looking ahead, two important Kaiser Permanente initiatives promise to make truly transformational contributions to our understanding of health and health care for years to come. The Electronic Data Warehouse (EDW) is an ambitious effort presently underway that aims to consolidate detailed longitudinal data on all Kaiser Permanente members, providing unprecedented opportunities for clinical measurement, analytics, reporting and research. Kaiser Permanente's EDW will enable clinicians, analysts and researchers throughout the program to ask and answer a wide variety of questions about the demographics and health of our members, the care they receive, and the outcomes they experience. Kaiser Permanente's Research Program on Genes, Environment, and Health (RPGEH) housed in the Northern California Division of Research, is no less ambitious. The goal of RPGEH is to explain how genes and environmental factors work together to influence disease prevalence, severity, and outcomes for a wide variety of conditions including heart disease, diabetes, cancer, asthma, mental



health problems, and Alzheimer's disease. Phase 1 of the study includes a patient survey asking about patients' background, health history, lifestyle, and habits. Phase 2, to be launched in 2007, will include a "biorepository" of patient DNA samples, which will be stored and analyzed. Roughly 2 million adult Kaiser Permanente members are being invited to participate in this study, which has already received significant visibility and intense interest in the scientific community.

Translating Research into Practice

In 2006, Kaiser Permanente researchers published over 685 articles and scientific papers – more than 400 of them in peer-reviewed journals – a critical means of disseminating research. We know that articles in scientific journals are not the only, nor necessarily the most effective means of translating research into practice. Therefore, Kaiser Permanente actively disseminates knowledge via policy roundtables, community symposia and other forums, and through our signature Educational Theatre Programs. These dissemination strategies are targeted at three

distinct audiences, respectively:

- 1) the broader field of health care and public health practitioners;
- 2) policy-makers and other thought leaders;
- and 3) students and their family members.

Informing the field

Kaiser Permanente partnered with a number of professional, scientific, and academic organizations to actively translate research into practice, and, in so doing, raise the standard of care. In 2006, for example, Kaiser Permanente deepened its partnership with the Institute for Healthcare Improvement (IHI). In addition to working closely with the IHI and safety net providers on the Safety Net Scholarship Program, Kaiser Permanente and IHI leaders worked closely together on a number of patient safety initiatives including: Nurse Knowledge Exchange, an initiative to increase communication and improve handoffs among nurses and other members of the care-delivery team; development and deployment of Rapid Response Teams to proactively assess patients for signs of medical distress; and the IHI's "100,000 Lives Campaign," in which we were a major participant. Our

growing relationship with IHI was also signified by the active participation of IHI President Donald Berwick and his colleagues at Kaiser Permanente's 2006 Quality Conference, and IHI staff's involvement in other Kaiser Permanente sponsored symposia – a level of engagement that has significantly increased access of frontline Kaiser Permanente clinicians to IHI's significant intellectual capital and industry leadership.

2006 also marked the development of Kaiser Permanente's increasingly important partnership with the National Academy of Sciences' Institute of Medicine (IOM). This partnership was formed in 2005 to support the dissemination of *Health in the Balance*, the IOM's landmark pediatric obesity study. Last year, that partnership was expanded to additional focus areas including racial and ethnic health disparities, health literacy and the status of the health care safety net.



Deepening our partnership with the Institute of Medicine

In 2006, Kaiser Permanente sponsored and participated in three important expert panels of the Institute of Medicine (IOM), each addressing a key challenge to health care delivery in the 21st century. The IOM Roundtable on Health Literacy and the IOM Roundtable on Health Disparities were funded by Kaiser Permanente to disseminate promising practices and stimulate action in those two areas. Roundtable meetings were attended by leading academics, representatives of key healthcare professional organizations, foundations, and safety net providers, among others. Open meetings were convened subsequent to the roundtables, to broaden the number of groups and individuals exposed to the issues as well as to invite further discussion about next steps. In the fall of 2006, Kaiser Permanente was also the sole sponsor of IOM's reconvening of its 2001 Committee on the Safety Net, which called attention to the challenges facing institutions providing health care to marginalized and uninsured communities. This reconvening focused renewed attention on the safety net and the significant opportunities to build on this important national asset at a time of increased attention to health reform.

Translation is an explicit objective of several studies launched in 2006, including a \$55 million Clinical and Translational Science Award made to Oregon Health and Sciences University (OHSU) and Kaiser Permanente's Center for Health Research (CHR) in the Northwest. The purpose of the study, funded by the National Institutes of Health, is to speed the translation of basic science from bench to bedside through cross-disciplinary research teams and enhanced collaboration between medical researchers and practicing clinicians. The OHSU/CHR consortium is one of the first in the nation to receive this award. In 2006, OHSU and CHR also partnered on a project being conducted on behalf of the U.S. Preventive Services Task Force (USPSTF) to assess the evidence base on 34 different health topics, including screenings for depression, breast cancer, and motor vehicle injury risk. These reports will be used to inform the USPSTF, whose preventive care guidelines are widely disseminated and used by delivery systems, health plans and front-line providers.



Informing public policy

As the nation's leading non-profit health care organization, Kaiser Permanente's responsibility extends to sharing what we know with policymakers and other thought leaders, as these individuals play a critical role in shaping the future of the U.S. health care system. In some cases, research conducted by Kaiser Permanente investigators has direct policy relevance. One example is an award-winning study of the Medicare Part D drug benefit cap conducted by investigators in Northern California's Division of Research. That study, published in the *New England Journal of Medicine* in June 2006, found that the \$1,000 cap had a consistently negative impact on overall health and failed to save money. The article was recognized by AcademyHealth with its Article-of-the-Year Award.

Kaiser Permanente's Institute for Health Policy (IHP) has also continued to play a major role in convening policy makers and thought leaders to share what we know and create opportunities for dialogue between those who study and practice health care and those who establish the policy context in which the delivery and health care financing systems operate.

IHP was established in 1999 to provide a focus and resources for Kaiser Permanente to better participate in shaping the nation's health policy agenda. Working in collaboration with foundations, policy institutes, research programs, policymakers, and other organizations, the Institute seeks to develop unbiased information about health policy issues and alternatives. In 2006, the Institute sponsored a number of conferences, roundtables and briefing papers.

Framing the national discussion about universal coverage

In California, Kaiser Permanente leaders developed a detailed proposal for universal coverage based on an individual mandate, subsidized coverage for low-income uninsured Californians, and shared responsibility with employers and government. The detailed universal coverage proposal was published as a Health Affairs Web Exclusive in December 2006, and Kaiser Permanente's Institute for Health Policy (IHP) convened a roundtable discussion about the proposal with key California stakeholder groups involved in efforts to extend health care coverage to the state's estimated 6.5 million uninsured residents. The proposal has played an important role in stimulating further discussion and action in Sacramento, and led to our work in 2007 with the state's legislative leaders and with Governor Schwarzenegger for a statewide coverage plan.

Informing the public through Educational Theatre

Kaiser Permanente’s Educational Theatre Program (ETP) is a potent strategy for disseminating our experience and clinically-honed prevention messages to students, their families and the broader community. ETP uses live theatre, music, comedy, and drama to engage kids, teens, and adults on a wide range of subjects, including healthy eating, physical activity, diversity, conflict resolution, dealing with grief and loss, STDs, alcohol, and tobacco. The program’s goal is to inspire individuals and communities to make healthy choices.

Dozens of Educational Theatre Program (ETP) productions are performed for kids, teens, and adults on a wide range of subjects, with the goal of inspiring individuals and communities to make healthy choices.

Production	Region
Kindergarten – fifth grade	
<i>The Amazing Food Detective</i>	SCAL, HI, CO, OH, MAS
<i>The Best Me</i>	NCAL
<i>Zip’s Great Day</i>	NCAL, SCAL
<i>Give Peas a Chance</i>	GA
<i>Peace Signs (age 4-6)</i>	NCAL
<i>Arrrsthma</i>	NCAL
<i>Asthma</i>	GA
<i>Kids’ Zone Project</i>	GA
<i>Mumferd’s Safety Tales</i>	GA
<i>Uncle Gherkin’s Magical Show</i>	GA
<i>Professor Bodywise’s Traveling Menagerie</i>	MAS
<i>Drummin’ up Peace</i>	SCAL
<i>The Swashbuckling Adventures of Jamie, in the World of Red the Reading Pirate</i>	SCAL
Middle school	
<i>Secrets</i>	NCAL, OH, MAS
<i>The “R” Files</i>	MAS
<i>Someone Like Me</i>	SCAL
<i>Nightmare on Puberty Street</i>	SCAL
<i>Keys to Personal Power</i>	NCAL, SCAL, CO
<i>What Would You Do?</i>	CO, NW
<i>If</i>	NW
<i>Kids’ Camp</i>	SCAL
High school	
<i>Secrets</i>	NCAL, OH, MAS, GA
<i>Teens Take It On</i>	CO
<i>What Goes Around</i>	SCAL
Teens/adults	
<i>Fragments</i>	GA
<i>Creative Connections</i>	CO
Adults	
<i>Accent on Stress</i>	GA
CareActors, physician and healthcare provider education	SCAL, CO
All ages	
VOICES Project	CO
Community Troupe offers several mini-shows for kids and families	NCAL, SCAL
Physical Challenge Games	GA



539,344

Number of students
reached in 2006
through the
Educational
Theatre Program.



Ohio assesses the impact of Educational Theatre Program

In 2006, the Ohio region designed a two-part evaluation study to determine the efficacy of its Educational Theatre Program (ETP). This evaluation will determine the increase in adolescents' knowledge of HIV/AIDS prevention and transmission attributable to the *Secrets* play. It will also evaluate the "lived experience" impact on the actors to develop appropriate support systems. An important hypothesis to be tested in this research is that actors' experience learning about HIV and rehearsing and performing the show will reinforce the show's prevention messages, be protective against unsafe behavior, and generate social support that may have other health benefits.

In 2006, ETP performances reached 539,344 students in 1,883 schools. 2006 also marked ETP's increasing emphasis on intensity as well as reach, with a growing number of productions incorporating follow-up workshops, community events, and other strategies to reinforce and extend the messages delivered in performances. ETP's performer-educators reflect the diversity of their communities, and are trained in health issues and peer counseling. ETP is provided free of charge to schools and the general community.

For the first time in 2006, every Kaiser Permanente region had a fully operating ETP program, with Hawaii adopting a similar model pioneered by the Ohio Region in 2004 – engaging actors from a local performing-arts high school. *The Amazing Food Detective*, focused on Healthy Eating/Active Living, has been adapted for a Hawaiian audience and is now performed in more regions than any other production.

ETP has become increasingly integrated with other elements of the Community Benefit portfolio. In Colorado and California, for instance, *The Amazing Food Detective* was performed in several neighborhoods participating in Kaiser Permanente's

Community Health Initiative. Schools in these neighborhoods received preferred booking. In addition to performances in schools, *The Amazing Food Detective* has also been presented at events celebrating Kaiser Permanente farmers' markets, conferences, and symposia on childhood obesity and other events. At the annual Search Institute conference in Minneapolis, Colorado ETP staff presented a session on youth engagement that highlighted the Colorado region's "Teens Take It On" program and the Kaiser Permanente Youth Advisory Council in that region. The session was presented for an audience of educators and youth advocates and offered information about ways to engage young people in advocating for health and wellness.

Kaiser Permanente partnered with an independent children's game developer to produce a Web game based on a popular Educational Theatre Program character, the Amazing Food Detective. *The Incredible Adventures of the Amazing Food Detective* teaches kids about healthy food and exercise choices. Completion of the game is expected in early 2007 and it will be broadly distributed in every region.

Education and Training of Health Care Professionals

Kaiser Permanente invested approximately \$66 million to educate health care professionals in 2006. We trained approximately 2,500 residents and interns, and made significant investments to train nurses, pharmacists, and other allied health professionals. We provided scholarships, symposia, and mentoring opportunities to approximately 8,700 students. A number of our training and education programs offer a unique community service rotation through community clinics to support safety net providers, care for vulnerable populations, and provide training for Kaiser Permanente graduates in providing culturally responsive and competent care for diverse populations.

Kaiser Permanente's first and largest Graduate Medical Education (GME) program began 60 years ago in Oakland, California, and there are now residency programs in Southern California, Hawaii, and the Northwest. The nationally-acclaimed program attracts some of the top medical school graduates in the United States and serves as a national model by educating the next generation of physicians in an integrated health care delivery system. In 2006, the Northern and Southern California regions provided training and education for more than 2,000 medical residents and interns.

Combining medical training and care for the underserved in California

The Graduate Medical Education (GME) program in Southern California rotated residents through local community health centers and clinics, providing comprehensive women's health

evaluations, general gynecological care, and pediatric care at the Hollywood-Sunset Free Clinic, and general internal medicine and pediatric services at Venice Family Clinic, the Los Angeles Free Clinic, and the Asian-Pacific Health Care Venture. Because of this partnership the clinics were able to expand their hours of operation.

In Northern California, the GME program placed residents at the Mt. Zion's Women's Option and Hayes Free Women's clinics, La Clinica de la Raza, Montgomery Street Homeless Clinic, and Yerba Buena High School Teen Clinic. Individual residents also volunteered at Bay Area Planned Parenthood locations, San Francisco Free Clinic, Rotacare Free Clinic, the Urogynecology clinic in Dominican Republic, and Medical Mission to the Philippines.

Addressing shortages in health care staffing

In response to mounting concern about health care workforce shortages for nurses, pharmacists, and other health professionals, Kaiser Permanente has increased its commitment to educate and train health care professionals, and supports innovative solutions to looming shortages. In 2006, a number of Kaiser Permanente regions supported innovative upstream solutions to mentor and engage the workforce of tomorrow.

- **Nursing Education** – We provided more than \$3 million in grants and on-site training opportunities to expand the number of institutions, faculty, and the pool of nursing students entering the workforce.

Pharmacy Residency Program in California

These nationally-recognized pharmacy residency programs accept 34 pharmacy students per year from a nationwide pool into one- or two-year programs accredited by the American Society of Health-System Pharmacists.

- **Oregon Healthcare Workforce Institute** – In the Northwest, we collaborated with the governor of Oregon to found the Oregon Healthcare Workforce Institute. In 2006, the Institute built organizational relationships to expand the number of graduates in health care professions and address challenges such as clinical capacity, regulatory barriers, retention, and educational capacity. The Institute continues to determine specific occupational and regional workforce needs; develop and prioritize a plan to address the shortage areas; develop policies and initiatives to inform and advocate with industry and government on necessary changes; and coordinate strategic responses to identified shortages.



enhancing program integrity and quality

As we continually refine our Community Benefit strategies, we are also improving systems and infrastructure to ensure the most effective use of all Kaiser Permanente assets in the service of our communities. In 2006 we enhanced the integrity and quality of all of our programs.

2006 David Lawrence Community Service Awards

Each year, Kaiser Permanente recognizes individuals who have demonstrated extraordinary efforts to improve the health of our communities. In 2006, three individuals and one group were selected to receive the distinctive David Lawrence Community Service Award.

The **Pediatricians and Family Medicine Physicians of the Bellflower Service Area** in Southern California received the group award in recognition of over 13 years of commitment to uninsured children enrolled in local schools.

Dr. Nam Ky Lam was recognized for his efforts to improve access to, and the quality of, dental care for vulnerable children in Orange County. His Southern California Kaiser Permanente colleagues adopted a clinical goal to improve the oral health of all pediatric members.

Heidi Watts, in Georgia, was recognized for her many and varied volunteer projects spanning the spectrum of socioeconomic, cultural, and generational causes.

Dr. Jill Ginsberg, founder of the North by Northeast Community Health Center, was recognized for her efforts to improve health outcomes in a low-income, medically underserved community by providing health screenings and basic medical services at no cost.

Engaging employees for community benefit

Kaiser Permanente has had a rich history of volunteerism for over 60 years. In 2006, we worked to build on the momentum of recent volunteer-project visibility and recognition of the value of volunteerism. We implemented a new volunteer database and updated the volunteer website, www.kpcares.org to facilitate employee participation, and over 2,000 Kaiser Permanente staff volunteers participated in a broad spectrum of Martin Luther King Day events, including serving meals to those in need; painting and refurbishing schools; youth centers and day care facilities; participating in urban park restoration projects; providing dental and health care to uninsured and homeless

patients; and donating, sorting, and/or packaging food at food banks and community agencies.

We analyzed regional workplace campaigns for charitable giving and implemented process improvements that mitigated risk to the organization, increased the privacy of employee/physician donor information, made more efficient use of volunteer and staff time, and, in some regions, increased the amount of funding that employees and physicians gave to charity through payroll deductions.

With the vision of embedding Community Benefit work into everything that Kaiser Permanente does and the aspiration to make each Kaiser Permanente asset an asset to our communities, in 2006 every one of the top 400 executives of both

Kaiser Foundation Health Plan, Inc. and Kaiser Foundation Hospitals had a Community Benefit goal as part of his or her performance plan. This has reinforced individual executive accountability for Community Benefit and has given rise to a range of creative goals, such as our National Facilities Services group adopting a goal to implement a program for sharing Kaiser Permanente "designs for safety" with public hospitals, community clinics, and other safety net providers.

Performance Monitoring

We took steps to strengthen the culture of quality-improvement and assessment in our Community Benefit work by implementing several new systems to measure results, assess program performance, and ensure effectiveness:

- Sarbanes-Oxley (SOX) compliance: Community Benefit Compliance leveraged the SOX framework to clarify the Community Benefit governance structure; substantially revise our accounting policy so that it aligns with the Community Benefit chart of accounts; conduct Community Benefit compliance/policy training in all regions; and remediate all SOX deficiencies by the March 31, 2006 deadline. By year's end, we successfully passed testing of all Community Benefit SOX controls.
- The Documentation of Community Change (DOCC) system: Captures and tracks each major Community Health Initiative strategy in order to assess reach, intensity, and Kaiser Permanente's contribution to change.
- "Scorecards" system: A performance measurement system that will enable us to track Community Benefit metrics against our key objectives, and strategies. These metrics, objectives and strategies will be framed within "scorecards" that feed into an overall dashboard, allowing for systematic and fact-based assessments to inform decision-making and continuous quality improvement.

Systemic Solutions

Kaiser Permanente initiated many systemic improvements leading to the more effective use of our assets for our communities:

- Eligibility solution: Key resources and leadership were dedicated toward a one-step eligibility screening tool that will assist vulnerable populations coming into Kaiser Permanente to find the most appropriate and sustainable resources for their care, such as Medicaid, Medicare's Limited Income Subsidy, our own charitable care program, or other federal and state programs.
- Grants management: We installed software to manage the charitable contributions proposal review process, providing a shared platform for decision-making and analysis of proposals. In addition, we developed a reference manual for use by Community Benefit and Community Relations staff that provides background, context, and guidance on grants management and lists professional-development resources for staff members.



conclusion

We took major steps in 2006 to grow and mature the Community Benefit program. Building on the foundation laid in previous years, 2006 saw significant progress in each of our four streams of work, continued improvement of systems and infrastructure to ensure the most effective use of all Kaiser Permanente assets, and the creation of important partnerships that both share our knowledge and encourage others to adopt and spread our work.

Making total health a reality for everyone is our vision. We are uniquely positioned to achieve this goal. Our success is based on the development and practice of evidence-based medicine and supported by an integrated delivery and financing system, a comprehensive electronic record system (HealthConnect™), and the nation's largest and most far-reaching partnerships between a nonprofit health plan and its partner medical groups and labor unions.

We know that good health requires more than exceptional health care at the doctor's office or hospital. Our members, neighbors, employees, physicians, families, and friends cannot be healthy if they live in unhealthy community environments. With the guiding vision of making total health a reality for everyone, we took significant steps in 2006 to broaden the impact of Community Benefit – and remain committed to expanding our impact beyond our walls, and looking for ways to make every Kaiser Permanente asset an asset to our communities.

This next stage of work is leading us to further examine the impact of all that Kaiser Permanente does, to work within the organization to embed the vision of Community Benefit. This emphasis on a broader impact – and our work in areas such as health care reform, environmental stewardship, labor partnerships, health disparities elimination, diversity, and employee engagement – is an ambitious vision that will require the effort and commitment of the entire organization if we are to make total community health a reality for everyone.

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<http://www.kp.org/communitybenefit>