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Press Release

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Kaiser Foundation Health Plan and Hospitals report 2022 financial results

Nation's leading nonprofit, integrated health care system continues its mission of high-quality, affordable care and service amid inflationary pressures and labor shortages.

OAKLAND, Calif. – Kaiser Foundation Health Plan, Inc., Kaiser Foundation Hospitals, and their respective subsidiaries (KFHP/H) reported 2022 annual financial results that reflect an increase in health care expenses driven by inflation, high COVID-19 costs, ongoing labor shortages, and a rise in care volume as the nonprofit organization continued its mission of delivering high-quality care and service to its members and the communities it serves.

Total operating revenues for 2022 were \$95.4 billion compared to \$93.1 billion in 2021. Total operating expenses were \$96.7 billion compared to \$92.5 billion in the prior year. There was an operating loss of \$1.3 billion for the year compared to operating income of \$611 million in 2021.

In 2022, there was an increase of 4.5% in operating expenses, while revenue increased by a modest 2.4% for the year, reflecting a focus on managing expenses in an inflationary environment while not impacting care quality and service. Factors that drove higher annual operating expenses included increased care volume — in part due to care deferred over the 3 years of the pandemic, higher costs of goods and services, additional outside care costs in contracted hospitals, an increase in labor costs due to a highly competitive labor market, and increased COVID-19 care and testing.

Strong economic headwinds in the financial markets drove a loss in total other income and expense of \$3.2 billion in 2022 compared to a gain of \$7.5 billion in 2021. For 2022, there was a net loss of \$4.5 billion compared to net income of \$8.1 billion in 2021.

Capital spending totaled \$3.5 billion, consistent with the \$3.5 billion spent the prior year. During 2022, Kaiser Permanente opened 4 new medical offices. Kaiser Permanente now has 737 medical offices, 39 owned hospitals, and 43 retail and employee clinics.

"Clinical staff shortages, COVID-19 care and testing, higher costs of goods and services, and deferred care drove Kaiser Permanente's expenses beyond revenue," said chair and chief executive officer Greg A. Adams. "Rather than pull back amid financial pressures, we made the decision to continue our long-term and strategic investments in care and service improvements while carefully managing resources. Our staff and physicians worked hard to meet our members' needs and I am grateful for their outstanding contributions."

Membership



Kaiser Permanente membership as of December 31, 2022, was 12.6 million, reflecting an annual increase of nearly 36,000 total members.

Improving community health

In 2022, Kaiser Permanente continued its long-standing commitment to improving the health of its members and the communities it serves by investing \$2.8 billion in community health programs compared to \$2.6 billion in 2021. The Kaiser Permanente Medical Financial Assistance program provided nearly 320,000 low-income and uninsured patients more than \$433 million in assistance to cover part or all of their medical expenses.

Providing care to members

Throughout 2022, Kaiser Permanente continued to expand its telehealth offerings to provide more ways for members to receive care easily and conveniently. Scheduled phone and video visits totaled nearly 24.5 million and members filled more than 43 million prescriptions through kp.org or the mobile app. Additionally, Kaiser Permanente provided more than 477,000 phone and video visits to its members through a 24/7 virtual care offering.

In 2022, Kaiser Permanente continued to deliver high-quality care and service. Key 2022 highlights include:

- Caring for more than 328,000 patients with influenza and delivering inpatient care to nearly 41,000 flu patients
- Caring for more than 17,000 patients with RSV, or respiratory syncytial virus, and delivering inpatient care to more than 3,400 RSV patients
- Caring for nearly 1.8 million patients with COVID-19 (for a total of more than 3.2 million patients treated since the start of the pandemic) and delivering inpatient care to nearly 53,000 COVID-19 patients
- Administering more than 5 million COVID-19 vaccine doses, including bivalent boosters, and more than 5 million flu shots to members and nonmembers
- Supporting members and patients in obtaining COVID-19 tests, which included nearly 7 million tests provided inside Kaiser Permanente facilities and more than 14.2 million COVID-19 home tests

"Kaiser Permanente's mission and integrated model of care and coverage remain resilient despite an uncertain and challenging post-pandemic economic environment," said executive vice president and chief financial officer Kathy Lancaster. "In response to strong economic headwinds we effectively executed mitigation strategies to ensure operational soundness while remaining steadfast in focusing on the quality of care, enhancing the consumer experience, delivering operational efficiencies, and investing in our technology and facilities to better serve our members."

2022 and 2021 annual financial summary

(\$ in millions)	2022	2021
Total operating revenues	\$95,408	\$93,136
Total operating expenses	\$96,678	\$92,525
Operating income (loss)	(\$1,270)	\$611
Operating margin	(1.3 %)	0.7 %
Total other income and expense	(\$3,198)	\$7,468
Net income (loss)	(\$4,468)	\$8,079
Capital spending	\$3,528	\$3,518



Note: Certain statements included in this document may constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "project," "forecast," "expect," "estimate," "budget," or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties, and other factors, which may cause actual results, performance, or achievements described to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Accordingly, actual results will vary and the variations may be material. None of the KFHP/H organizations plan to issue any updates or revisions to those forward-looking statements if or when expectations change, or events, conditions, or circumstances on which such statements are based occur.

About Kaiser Permanente

Kaiser Permanente is committed to helping shape the future of health care. We are recognized as one of America's leading health care providers and not-for-profit health plans. Founded in 1945, Kaiser Permanente has a mission to provide high-quality, affordable health care services and to improve the health of our members and the communities we serve. We currently serve 12.7 million members in 8 states and the District of Columbia. Care for members and patients is focused on their total health and guided by their personal Permanente Medical Group physicians, specialists, and team of caregivers. Our expert and caring medical teams are empowered and supported by industry-leading technology advances and tools for health promotion, disease prevention, state-of-the-art care delivery, and world-class chronic disease management. Kaiser Permanente is dedicated to care innovations, clinical research, health education, and the support of community health.