



Gavin Newsom, Governor
State of California
Health and Human Services Agency
DEPARTMENT OF MANAGED HEALTH CARE
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Sacramento, CA 95814
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February 25, 2025

Via eFile

Mr. Gregory A. Adams
Chairman of the Board and Chief Executive Officer
Kaiser Foundation Health Plan, Inc.
DBA: Kaiser Permanente
One Kaiser Plaza, 22nd Floor
Oakland, CA 94612

FINAL REPORT OF ROUTINE EXAMINATION OF KAISER FOUNDATION HEALTH PLAN, INC., DBA: KAISER PERMANENTE

Dear Mr. Adams:

Enclosed is the final report (Final Report) of a routine examination of the Medical Loss Ratio Annual Reporting Form (MLR Reporting Form) of Kaiser Foundation Health Plan, Inc., dba: Kaiser Permanente (Plan) for the medical loss ratio (MLR) reporting year ended December 31, 2022. The examination was conducted by the Department of Managed Health Care (Department), pursuant to Section 1382(a) of the Knox-Keene Health Care Service Plan Act of 1975.¹

Section 1382(d) states, "If requested in writing by the plan, the director shall append the Plan's response to the final report issued pursuant to subdivision (c). The plan may modify its response or statement at any time and provide modified copies to the department for public distribution not later than 10 days from the date of notification from the department that the final report will be made available to the public. The addendum to the response or statement shall also be made available to the public."

Please indicate within 10 days from the date of the Plan's receipt of this letter whether the Plan requests the Department to append its response to the Final Report. If so, please indicate which portions of the Plan's response should be appended, and electronically file copies of those portions excluding information held confidential pursuant to Section 1382(c). If the Plan requests the Department to append a brief statement summarizing the Plan's response to the Final Report or wishes to modify any information provided to the Department, please provide an addendum no later than 10 days from the date of the Plan's receipt of this letter. Please file this addendum

¹ References to "Section" are to sections of the Knox-Keene Health Care Service Plan Act of 1975, as codified in the California Health and Safety Code section 1340 et seq.

electronically via the corrective action plan (CAP) system within the Department's eFiling web portal at <https://wpso.dmhca.gov/secure/login/>, as follows:

- From the main menu, select “eFiling.”
- From the eFiling menu, select “Online Forms.”
- From the Online Forms menu, click on “Details” for “DFO Corrective Action Plan S24-F-055.”
- Go to the “Messages” tab:
 - Select “Addendum to Final Report” (note this option will only be available for 10 days after the issuance of the Final Report).
 - Select the deficiency(ies) that are applicable.
 - Create a message for the Department.
 - Attach and upload all documents with the name “Addendum to Final Report.”
 - Select “Send Message.”

As noted in the attached Final Report, no response from the Plan is required.

Questions or problems related to the electronic transmission of any addendum should be directed to the Office of Financial Review administrative support team at 916-255-2345 or by e-mail at ofr_admin@dmhc.ca.gov.

The Department will make the attached Final Report available to the public in 10 days from the Plan’s receipt of this letter. The Final Report will be located on the Department’s web site at <http://www.dmhca.gov/LicensingReporting/ViewFinancialExaminationReports.aspx>.

If there are any questions regarding this Final Report, please contact me at (916) 330-5246 or via email at Jennifer.Clark@dmhc.ca.gov.

Sincerely,

SIGNED BY

Jennifer Clark
Supervising Examiner
Office of Financial Review
Division of Financial Oversight

cc: Deborah Espinal, Vice President, Enterprise Regulatory Services, Kaiser Foundation Health Plan, Inc.
Pritika Dutt, CPA, Deputy Director, Office of Financial Review
Benbin Feng, Senior Examiner, Division of Financial Oversight
Thuc Nguyen, Examiner, Division of Financial Oversight
Justin Goodwin, Attorney IV, Office of Plan Licensing
Chris Wordlaw, Staff Services Manager III, Office of Plan Monitoring
Chad Bartlett, Staff Services Manager II, Help Center

**STATE OF CALIFORNIA
DEPARTMENT OF MANAGED HEALTH CARE**

**OFFICE OF FINANCIAL REVIEW
DIVISION OF FINANCIAL OVERSIGHT**

FINAL REPORT OF ROUTINE EXAMINATION

OF

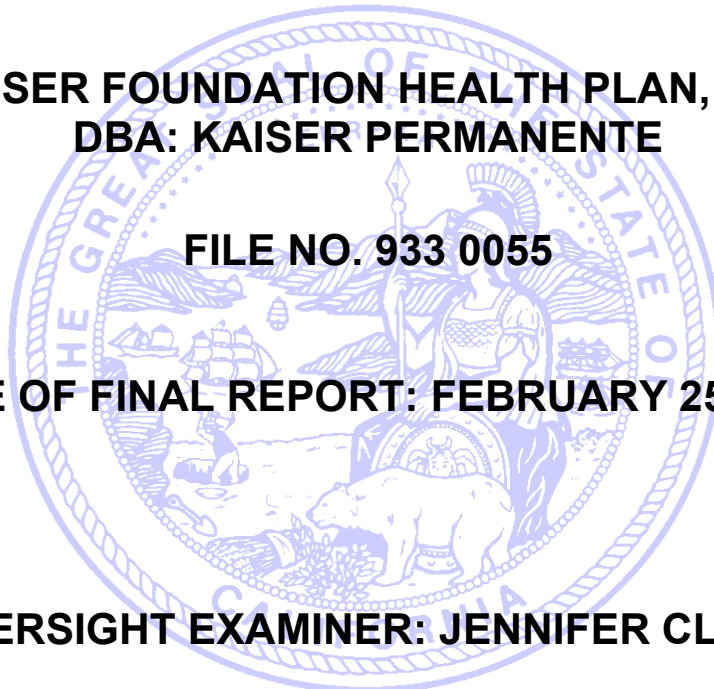
**KAISER FOUNDATION HEALTH PLAN, INC.
DBA: KAISER PERMANENTE**

FILE NO. 933 0055

DATE OF FINAL REPORT: FEBRUARY 25, 2025

OVERSIGHT EXAMINER: JENNIFER CLARK

EXAMINER-IN-CHARGE: BENBIN FENG



**BACKGROUND INFORMATION FOR
KAISER FOUNDATION HEALTH PLAN, INC.
DBA: KAISER PERMANENTE**

Date Plan Licensed:	November 4, 1977
Organizational Structure:	Kaiser Foundation Health Plan, Inc., dba Kaiser Permanente, (Plan) is a non-profit, public benefit corporation and a federally qualified health maintenance organization. The Plan is one of the organizations that comprise the Kaiser Permanente Medical Care Program.
Type of Plan:	The Plan is a full-service health care service plan providing a full range of health benefits, including hospital, medical, and prescription drug benefits to commercial, Medicare, and Medi-Cal enrollees.
Provider Network:	The Plan is an integrated care model offering health care services through a contracted network of hospitals and physician practices operating under the Kaiser Permanente name. Compensation arrangements include capitation, discounted fee-for-service, per-diem, and case rate basis.
Plan Enrollment:	The Plan reported 6,896,690 covered lives for the medical loss ratio reporting year ended December 31, 2022; this includes 762,112 individual, 816,483 small group, and 5,318,095 large group enrollees.
Service Area:	The Plan operates in Alameda, Amador, Contra Costa, El Dorado, Fresno, Imperial, Kern, Kings, Los Angeles, Madera, Marin, Mariposa, Napa, Orange, Placer, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Solano, Sonoma, Stanislaus, Sutter, Tulare, Ventura, Yolo, and Yuba counties.
Date of Prior Final Routine Examination Report:	November 4, 2024

**FINAL REPORT OF A ROUTINE EXAMINATION OF
KAISER FOUNDATION HEALTH PLAN, INC.
DBA: KAISER PERMANENTE**

This is the final report (Final Report) of the routine examination of the Medical Loss Ratio Annual Reporting Form (MLR Reporting Form) of Kaiser Foundation Health Plan, Inc., dba: Kaiser Permanente (Plan) for the medical loss ratio (MLR) reporting year ended December 31, 2022. The examination was conducted by the Department of Managed Health Care (Department), pursuant to Section 1382(a) of the Knox-Keene Health Care Service Plan Act of 1975.¹

The Department performed this routine examination to verify the Plan's representations in the MLR Reporting Form for the MLR reporting year ended December 31, 2022 in accordance with Rule 1300.67.003(c).

The Department conducted this routine examination to ensure the Plan's compliance with the MLR provisions and reporting instructions then in effect, namely those set forth in Part 158 of Title 45 of the Code of Federal Regulations (2022). Accordingly, the Department performed a detailed review of the documents and data that were used by the Plan in completing the MLR Reporting Form.

The Department's findings are presented in this Final Report as follows:

Part I.	Medical Loss Ratio Annual Reporting Form
Part II.	Calculation of Medical Loss Ratio and Rebate

The Department's examination did not find any material deficiencies in the MLR Reporting Form for the MLR reporting year ended December 31, 2022. Therefore, no response is required from the Plan regarding this Final Report.

¹ References to "Section" are to sections of the Knox-Keene Health Care Service Plan Act of 1975, as codified in the California Health and Safety Code section 1340 et seq. References to "Rule" are to regulations promulgated pursuant to the Knox-Keene Health Care Service Plan Act of 1975 contained within title 28 of the California Code of Regulations.

PART I. MEDICAL LOSS RATIO ANNUAL REPORTING FORM

The Department's examination did not result in any adjustments or reclassifications to the Plan's MLR Reporting Form for the MLR reporting year ended December 31, 2022 filed with the Department. A copy of the Plan's MLR Reporting Form can be viewed by selecting "Kaiser Foundation Health Plan, Inc." from the Health Plan drop-down menu and "Annual Medical Loss Ratio" from the Statement Type drop-down menu available on the Department's website at <http://wpso.dmhca.gov/fe/search>.

No response is required to this Part.

PART II. CALCULATION OF MEDICAL LOSS RATIO AND REBATE

Section 1367.003(a) states that each health care service plan that issues, sells, renews, or offers health care service plan contracts for health care coverage, including grandfathered health plans, but not including specialized health care service plan contracts providing only dental or vision services, must provide an annual rebate to each enrollee under such coverage, on a pro-rata basis, if the ratio of the amount of premium revenue expended by the plan on the costs for reimbursement for clinical services provided to enrollees under such coverage and for activities that improve health care quality to the total amount of premium revenue, excluding federal and state taxes and licensing or regulatory fees and after accounting for payments or receipts for risk adjustment, risk corridors, and reinsurance, is less than the following:

- (1) With respect to a health care service plan offering coverage in the large group market, 85 percent.
- (2) With respect to a health care service plan offering coverage in the small group market or in the individual market, 80 percent.

Federal MLR requirements are set forth in Part 158 of Title 45 of the Code of Federal Regulations (2022). The Plan's MLR and rebate calculations from the MLR Reporting Form for the MLR reporting year ended December 31, 2022, are as follows:

MLR Components	Individual	Small Group	Large Group
MLR Numerator <i>Note 1</i>	\$14,936,783,058	\$13,196,320,124	\$90,336,838,392
MLR Denominator <i>Note 1</i>	\$14,764,079,657	\$13,792,072,224	\$97,647,480,222
Preliminary MLR before Credibility Adjustment	101.2%	95.7%	92.5%
Credibility Adjustment Factor	0.0%	0.0%	0.0%
Credibility-Adjusted MLR <i>Note 2</i>	101.2%	95.7%	92.5%
MLR Standard	80%	80%	85.0%

Note 1: The federal MLR regulation requires the Plan to use three years of accumulated data to calculate the medical loss ratio. Thus, the MLR Numerator and Denominator represent data from 2022, 2021, and 2020 for the MLR reporting year ended December 31, 2022.

Note 2: Rounded to the nearest one-tenth of one percent.

No response is required to this Part.