FOR IMMEDIATE RELEASE
September 6, 2019

Gov. Newsom Signs Sunshine Bill Requiring Kaiser Permanente to Provide the Public with Far Greater Financial Information

New Law Ends the Healthcare Giant's Exemption from Many of the Reporting Requirements of Other CA Health Providers and Payers

SACRAMENTO, Calif. – Healthcare giant Kaiser Permanente must follow more of the same financial disclosure laws as other healthcare providers and payers in California, after Gov. Gavin Newsom signed Senate Bill 343 into law Sept. 5.

"This law arms employers and others with the information they need to fully understand why the cost of their health insurance with Kaiser Permanente may be rising," said Sen. Richard Pan (D-Sacramento), the author of SB 343.

SB 343, one of two bills in the legislature this year to require more transparency at Kaiser, mandates the corporation provide more data about the revenue and profits of individual hospitals, whereas now it lumps those figures for all facilities into two broad categories: "Northern California" and "Southern California." Of the roughly 400 hospitals operating in California, all but the 35 owned by Kaiser Permanente must comply with financial reporting requirements on a per-facility basis.

Starting next year, Kaiser Permanente must make the following data publicly available:

1. Breaking out expenses and revenue at each facility;
2. Breaking out revenue by type of payor at each facility (Medicare, Medi-Cal or private insurance); and
3. Breaking out rate increases by type of service (hospital, physician services, pharmacy, radiology and laboratory).

Another bill requiring greater transparency by Kaiser Permanente is advancing through the legislature. AB 1404 would direct Kaiser and any other similar non-profit healthcare system report to the public more information about the use of the non-profit assets being paid out as benefits for executives and doctors at for-profit businesses. It would close a loophole that allows non-profits to keep such arrangements in the dark. The bill is awaiting a vote by the full California Senate.

Under the arrangement between the non-profit and for-profit arms of Kaiser, the Kaiser Foundation Health Plan furnishes a supplemental retirement plan to the for-profit Permanente

Medical Groups’ executives and doctors that carries a $7.7 billion obligation. In effect, the non-profit part of Kaiser serves as financial backstop to the for-profit medical group.

Kaiser Permanente is a “non-profit” healthcare system that has reported $11 billion in profits since Jan. 1, 2017, including $5.2 billion just in the first half of 2019. It has made more in profits in the first six months of 2019 than it has ever recorded in an entire year and sits on reserves of more than $37 billion. Meanwhile, premiums for Kaiser patients have gone up year after year as part of a rate-setting process that keeps employers and consumers in the dark.

With Kaiser controlling more than 65 percent of insured Californians with large group healthcare coverage, SB 343 empowers employers and others to negotiate fair rates when purchasing health insurance for their workers.

SB 343 received support from a coalition of healthcare, consumer, business and worker advocates:

- SEIU California
- Alliance of Californians For Community Empowerment
- Alameda County
- California Conference Board of The Amalgamated Transit Union
- California Conference of Machinists
- California Labor Federation
- California Nurses Association
- California Teamsters Public Affairs Council
- Engineers and Scientists of California Local 20
- Health Access California
- Los Angeles LGBT Center
- Los Angeles, City of
- Professional & Technical Engineers, Local 21
- San Francisco AIDS Foundation
- San Francisco, County of
- Small Business Majority
- The Greenlining Institute
- Unite Here
- Utility Workers Union of America, Local 132
- Western Center on Law and Poverty