

## **HOW KAISER PERMANENTE PROVIDERS ARE PAID**

Kaiser Permanente is made up of three legal entities that work closely together to provide your health care. In the Northern California region of Kaiser Permanente, the three entities are:

- Kaiser Foundation Health Plan, Inc. (Health Plan),
- Kaiser Foundation Hospitals (Hospitals), and
- The Permanente Medical Group, Inc. (Medical Group)

In the Southern California region of Kaiser Permanente, the three entities are:

- Kaiser Foundation Health Plan, Inc. (Health Plan),
- Kaiser Foundation Hospitals (Hospitals), and
- Southern California Permanente Medicare Group (Medical Group)

Each of these three entities serves a different function. The Health Plan offers you benefits, enrolls you, and collects your premiums. To provide your medical care, Health Plan then contracts with the other two entities. It contracts with the Medical Group to provide the physicians in charge of your medical care, and it contracts with Hospitals to provide facility care to you (for example, hospital and skilled nursing care). In addition, in some parts of our Service Areas, Hospitals and Medical Group may contract with non-Kaiser Permanente physicians, hospitals, or other health care providers and medical organizations for services to members. (Look in *The Guidebook to Kaiser Permanente Services* to see specific instances.)

Every month, the Health Plan prepays the Medical Group a set dollar amount for each member enrolled. This payment method is called “capitation.” The Medical Group receives this payment for each enrolled member whether or not the member seeks or receives services during that month. In addition, every month the Health Plan reimburses the Medical Group for certain expenses. The capitation payments and other payments pay for physician services provided or arranged by the Medical Group.

Medical Group physicians are rewarded for doing what’s right for you, rather than being paid based on the number of services they provide or on their use of referral services. The Medical Group pays physicians a market-based salary, supplemented by small incentives. These

incentives are based on several things, including: quick and easy access to appointments, patient satisfaction, and high quality care. These small incentives do not require Health Plan to provide stop-loss protection to its physicians. Medical Group physicians are rewarded for delivering care that helps keep you healthy and productive – the right care at the right time. For more information about how health care resources are managed and used, refer to *Your Guidebook to Kaiser Permanente Services*.

Non-Permanente physicians associated with our Medical Groups are paid a predetermined amount for each service that they provide, commonly called fee-for-service payments or by capitation. Other providers of medical and hospital services may be paid in a number of ways. The most common forms of payment include fee-for-service payments, percent discount from charges, per diem or daily rates, and case rates.

We hope this information is helpful. If you have further questions, please call our Member Services Call Center at appropriate number.

1-800-464-4000 (English)

1-800-777-1370 (toll-free TTY for the hearing/speech impaired)

1-800-788-0616 (Spanish)

1-800-757-7585 (Chinese dialects)

**Medicare members**

1-800-443-0815 (toll free)

1-800-777-1370 (toll-free TTY for the hearing/speech impaired)

Thank you for your inquiry.

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