



The Permanente Federation and Partnership: Our Path to a Successful Future

Greetings to all my colleagues in the Permanente Medical Groups across the United States. I joined Kaiser Permanente in 1969 as an Internist/Gastroenterologist, and I am delighted to see Kaiser Permanente's spectacular success over the past three decades. There are a number of reasons for this success. Both Kaiser Foundation Health Plan and the Permanente Medical Groups—together as Kaiser Permanente—brought unique ideas of prepayment and group practice as solutions to the delivery of health care. To succeed now, we must build upon these initial ideas and find new and unique solutions to the same challenge that confronted us 50 years ago: delivering quality medical care that is affordable.

The Permanente Journal aims to do just that—bring our thoughts, practices, and accomplishments under one roof for everyone's view. As a result, these new ideas can spread across our Permanente Medical Groups to bring better health to our members.

Today, it is recognized that “Permanente Practice” can be a significant marker or brand image for Kaiser Permanente. That is what makes the Program unique.

Allow me to share a few other observations—some encouraging and some of concern.

The Permanente Federation is a new legal entity designed to bring the Permanente Medical Groups together and offer us an opportunity to share our viewpoints and resources and most importantly to pair with Kaiser Foundation Health Plan in a national partnership to bring solutions to American medicine. I am sure your Executive Medical Director is bringing this development to your attention.

The Federation's business unit, PermCo, was officially formed in February, 1997, and is owned by the Federation and all of us. It provides the structure to carry out new business practices and, at the same time, fulfill the business requirements of this national partnership with Kaiser Foundation Health Plan. This structure allows us to take advantage of new innovations, new ventures, and individual Medical Group ideas. It will bring them depth, clarity, financial support, and the human resources necessary to bring these ideas to fruition. In fact, the Executive Committee of The Permanente Federation hopes any new ventures directly benefit both participating Permanente Medical Groups and their individual physicians.

Our organization is in the process of forging a new national agreement between Kaiser Foundation Health Plan and The Permanente Federation that offers an opportunity to create a truly balanced national partnership between the two entities. As Kaiser

Foundation Health Plan consolidates into a national organization, so, too, must we find ways to respond and act like one Permanente Medical Group. Why? Because Health Plan/Medical Group parity is the cornerstone of Kaiser Permanente and has been since our inception. It allows us to balance the business and insurance interests of the Health Plan with the medical values and practice of the Permanente Medical Groups. Any diminution of this relationship weakens Kaiser Permanente and will lead to our demise. Eugene Trefethen, who died in 1996 and was the trusted advisor to Henry Kaiser, crafted the Tahoe Accord with this balance in mind.

The development of a truly national Kaiser Permanente, with a growing Kaiser Foundation Health Plan and a growing Permanente medical practice across the United States, can be the most powerful contribution to improving American health care in our organization's storied history.

We should all be aware of the dangers in front of us—managed care bashing, distorted physician incentives and profiteering, and medical practice becoming secondary to economic concerns. We know that these “malignancies” are antithetical to the very essence of the self-governed Permanente Medical Groups, which always

strive to place patient interests first, second, and third. We must assure that this value remains central and prove incorrect the creeping notion that group practice does not offer an appropriate solution to our nation's health care problems.

As I stated to physicians in Southern California, the very boundaries of our industry and in Kaiser Permanente are

shifting, not imperceptibly slowly like changes in the ozone, but daily, and such changes are usually announced in a major newspaper or press release. We all must learn that the sun does not, and will not, follow all of us down the street. We must understand that whatever is meant by the “marketplace” does not include a special place reserved for the physicians of the Permanente Medical Groups.

Notwithstanding this somber warning, I can assure you on behalf of the Executive Committee of the Permanente Federation that the Permanente Medical Groups will stand unwavering in our commitment to excellence in personal medical care to every patient, and to strengthening all of the Permanente Medical Groups, which together with Kaiser Foundation Health Plan comprise the unique Program called Kaiser Permanente.

I welcome the first edition of **The Permanente Journal** and wish great success to its Editor, Tom Janisse, MD, and to all those putting their efforts into this fine endeavor. ❖

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