

Business literacy glossary

Selected terms used in the study of Kaiser Permanente business operations

Cornerstones of Kaiser Permanente	
Kaiser Foundation Hospital (KFH)	Operates hospitals and owns the physical assets for the hospitals and clinics.
Kaiser Foundation Health Plan (KFHP)	Offers high-quality health plans to businesses, individuals, state and federal agencies.
The Permanente Federation	The umbrella group representing the regional medical groups and their physicians.
Permanente medical groups	Eight regional groups that provide the medical care for KP members and operate the outpatient clinics.
Coalition of Kaiser Permanente Unions	A consortium of 29 union locals, representing nearly 100,000 employees, that works collaboratively with Kaiser Permanente entities through the Labor Management Partnership and, currently, the 2012 National Agreement.
Integrated business model	How KP entities do business together.
Integrated service model	How departments that are dependent on one another work together, regardless of which entity they belong to, to provide efficient services to KP members. For example, a nurse in a Kaiser Foundation Hospital orders a blood test from a lab run by a medical group.

Revenue	
Revenue	Money Kaiser Permanente gets every month from members' premiums in addition to money from other sources, such as visit co-pays.
National businesses revenue	Revenue from businesses that operate nationally and federal government agencies.
Local businesses and individual revenue	Revenue from statewide employers and individuals.
Medicare reimbursement	Revenue from reimbursements for Senior Advantage members and other Medicare fee-for-service programs.
Co-pays and supplemental fees	Fees our members are charged for outpatient, inpatient, emergency room and optical visits, as well as pharmacy purchases.

continued on the next page

Business literacy glossary (cont.)

Selected terms used in the study of Kaiser Permanente business operations

Expenses	
Expenses	Money spent or costs incurred in the course of generating revenue.
Capital equipment	Any piece of equipment costing more than \$5,000.
Capital reinvestment	Money earmarked for building new facilities, renovating existing ones or purchasing new equipment and technology.
Margin	Revenue minus expenses—money left over after all expenses are paid.
Margin goals	The amount of money needed to fund capital reinvestment projects and have a cash balance remaining each year.

Department non-payroll expenses	
Budget	A plan for managing financial resources.
Operating budget	Created to manage expenses of day-to-day operations.
Non-payroll expenses	Costs related to department operation, e.g., medical and office supplies.
Account code	Identifying number assigned to a category of expenses used in a department's operation, e.g., IV irrigation tubes or copy paper.
Variance	The difference between what a department has been approved to spend (budget) and what is actually spent (actual).
Outside medical	Payment for authorized procedures or equipment used in facilities not owned or leased by Kaiser Permanente.

Department payroll expenses	
Full-time equivalent (FTE)	Employee who works 40 hours a week.
Taxes and benefits (T&B)	The employer portion of the cost of employee benefits and federal and state taxes.
Cost center	Number assigned to a department (or department unit) in the financial system. Identifies the department on financial statements.
Payroll reports	Reports showing data that is tracked weekly or monthly to help manage payroll, e.g., vacation, sick time, overtime, and missed meals and breaks.
Non-productive time	Paid time spent outside of normal workday or job responsibilities, e.g., vacation or sick time.