From daring idea to lasting legacy

From its founding in 1947, Group Health Cooperative never wavered from its mission of affordable, high-quality health care; as a nonprofit; and governance by an all-member board of trustees. It moves forward as part of Kaiser Permanente, which acquired the Cooperative in 2017. The new Group Health Community Foundation, funded by the acquisition, will be one of the top-50 endowed foundations in the country. This companion volume to HistoryLink’s original Group Health Timeline traces the political, economic, competitive, and technological forces reshaping U.S. health care in the 2007–2017 decade, and how Group Health was affected. Continuing limitations as a regional health-care system and the opportunity to provide members greater value long term led to the decision to align with a strategic national partner.

Group Health: Embracing Change brings the story of the Cooperative’s groundbreaking innovations and community service up to date as the Co-op is reborn as the eighth region of the Kaiser Permanente health system.
Right: Starting with a grant from the Group Health Foundation’s Partnership for Innovation, Group Health orthopedic surgeons developed a multidisciplinary approach to complex spinal surgeries that, according to a later study in Spine Deformity journal, lowered risks by two-thirds.

Title page: Lobby of the new Puyallup Medical Center, which Group Health opened in 2012.

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Group Health: Embracing Change

A Chronological Overview of Group Health History, 2007-2017

The HistoryLink staff in association with Group Health Cooperative
THE CARDINAL PRINCIPLE OF GROUP HEALTH COOPERATIVE IS MEMBER PARTICIPATION.
In mid-2007, HistoryLink.org published a Timeline book on Group Health written by Walt Crowley, HistoryLink cofounder and executive director. Crowley was also the author of a more detailed history of the organization, *To Serve the Greatest Number*, published by the University of Washington Press in 1996. He wrote the Timeline book while getting treatment for laryngeal cancer. However, he lost that battle soon after the book’s completion, and the community lost a great chronicler of local history.

This companion volume to the original Timeline book documents the final decade of Group Health’s history before its acquisition by Kaiser Permanente. Its publication honors a request from staff and members to complete the story of Group Health as part of paying tribute to its extraordinary 70-year history.

Group Health Cooperative, a Northwest original, continued after acquisition as Kaiser Foundation Health Plan of Washington. Its legacy lived on as the eighth region of Kaiser Permanente—an organization with a similar mission and values—and through the philanthropy of Group Health Community Foundation’s approximately $1.8 billion dollar endowment devoted to improving the health of Washington communities.

*Above:* The cover of *Group Health Timeline*, by Walt Crowley.

*Facing page, clockwise from top:* Group Health Annual Membership Meeting, ca. 1970; Dr. Ward Miles with patient, ca. 1955; Group Health Cooperative officials discuss strategy, ca. 1950; Group Health’s caution with the first batches of Salk polio vaccine may have spared many children accidental infection in the mid-1950s.
Embracing Change, 2007-2017

Group Health had encountered many challenges since its founding in 1946. But in the decade following 2006, a convergence of political, economic, competitive, and technological forces reshaped the health care market as never before. National health reform. Recession. Provider and payer consolidation. Cost-shifting to individuals. Technology-enabled care. The pressure to contain costs was greater than ever, but so was the pressure to provide more access, more choice, more convenience, more personalization, and more transparency.

Change wasn’t new to Group Health; the organization had sprung from a belief that changing the status quo would create better health for the people of Washington. But the intensity and pace of this decade was
unprecedented—and it would lead to the biggest change in Group Health’s history since its founding.

Meeting Market Demands

In 2007, the health insurance market in Washington state was more competitive than ever. Medicare plan offerings, for example, had grown twenty-fold in just five years. The cost of health care had been on the climb for decades. Employers wanted to know why Group Health couldn’t be more affordable, and individual members were frustrated by large premium increases.

Group Health had known for some time that its overall costs were above market, despite the advantage of having an integrated care system. But now the need for action was imperative, and the executive leadership team made the difficult choice to lower costs through job
South Hill Medical Center opens in Spokane in February 2008, replacing the smaller South Regal Medical Center located nearby.

On March 28, 2008, Group Health says it will pay for Spokane member Fred Watley’s liver transplant, which had been denied because of a waiting period for transplant coverage when employers changed health plans. Group Health supports state legislation to eliminate these transplant wait periods and encourages other insurers in the state to join in.

Ambitious performance targets were set with near- and long-term initiatives to achieve them. Leadership reaffirmed its commitment to Group Health owned-and-operated clinics as “our most valuable asset” and Health Plan Executive Vice President Bob O’Brien led the development of products that offered more choice of providers. In survey after survey of prospective members, the lack of plans that “let me keep my doctor” had been a major stumbling block to choosing Group Health. New plans were designed to eliminate that objection.

Employers were also asking for more help in supporting employee health, so in 2007 Group Health physicians designed Momentum, a basic wellness program that reflected Group Health’s deep knowledge of prevention and the expertise of specially selected leaders in the wellness field. Employers could purchase different service packages, but all included an individual health risk assessment, lifestyle coaching, a wellness website, financial incentives to encourage participation, and reporting for employers.

A few years later, Group Health used some of these same elements in a new Total Health benefits program for its own staff. This value-based medical plan—designed with help from clinicians, six labor unions, health plan actuaries, consultants, and researchers—was among the nation’s first to link wellness incentives and insurance design. It featured no copays for many chronic-illness medications, and subsidies for weight management and smoking cessation programs. An employee who reached a certain number of points

Facing page, clockwise from top left: Dr. Michael Soman, chief medical executive, handed off the position’s symbolic cane to his successor, Dr. Steve Tarnoff, in June 2014; New parents enjoy their newborn at the Capitol Hill Campus Family Beginnings Birthing Center before hospital services closed in late 2014; Occupational Health nurse Lisa Indorf at an employee health screening on-site at the Port of Seattle; Radiation oncologists Dr. Chris Canning and Dr. Alvin Cabrera evaluate screening results; Julie Jensen, R.N., a 2008 KIRO Salute to Nursing winner, with patient; Family Physician Dr. Tolani Mwatha with a young patient.
Dr. Michael Soman becomes president and chief medical executive of Group Health Physicians in May 2008, succeeding Dr. Hugh Straley.

J.D. Powers and Associates recognizes Group Health as having the highest member satisfaction in the Northwest Region in its 2008 Health Plan Study.

Group Health launches Partnership for Innovation in 2008 to bring patient-centered staff ideas to life. Donors to the Group Health Foundation fund pilots, and Group Health Research Institute analyzes results to help determine whether systemwide implementation is warranted.

Redmond Medical Center at River Park opens on October 27, 2008, replacing the 34-year-old Eastside Primary Care Center.

Barack Obama is elected America’s first African American president on November 4, 2008.

Group Health’s official nondiscrimination policy, adopted in 1970, is updated November 12, 2008, to specify “including gender identity and expression.”

for prevention and wellness activities qualified for lower premiums the following year. The Group Health Research Institute received a $2 million grant in 2010 from the federal Agency for Healthcare Research and Quality to track the effectiveness of the program over four years—a further reflection of national interest in value-based benefit design.

Focusing on Core Strengths

In July of 2008, Group Health’s new Bellevue multispecialty center opened, featuring nearly 500 staff, 27 specialties, primary care, pharmacy, imaging, laboratory services, and outpatient surgery. This imposing structure—visible from I-405—also marked the closing of Group Health Eastside Hospital, which had been in operation since 1977 near Microsoft’s Redmond Campus. Closing the hospital reflected a growing recognition of how community and patient needs had evolved. The expansion of hospital systems across the region had ensured more than enough inpatient beds for Washington communities, while the health-care system overall was moving to an emphasis on total health, rather than more intensive services.

So it made sense for Group Health to focus on its core strengths of prevention and outpatient care, areas where its leadership was well known. And that leadership received even more attention following the
publication in *Health Affairs* in 2008 of its Patient-Centered Medical Home pilot program by researchers at the Group Health Research Institute. Medical home was a new approach to primary care that acknowledged the shift in patient needs from acute health issues and one-time interventions to chronic or multiple conditions requiring ongoing management. It supported a patient’s continuous relationship with a care team and greater access to a variety of services.

“I feel like I touch base more with patients,” said one nurse practitioner. “People let me know their status, how they’re doing. We try to keep people well, out of the hospital, and enjoying a good quality of life.”

After study results from the pilot revealed that implementing a medical home resulted in fewer ER visits and hospital stays and improved quality of care, Group Health moved forward with the program at all 25 of its primary care locations—the first major health care system in the country to do so. “Well-developed primary care is essential,” said Dr. Steve Tarnoff, chief medical executive. “But there’s more to be done. You really need a ‘medical neighborhood,’ where

*Above:* Staff served as medical volunteers at dozens of fitness events in 2008.

*Facing page:* Hup, two, three! Steve Cole, physical therapist, leads a warm-up exercise at the Group Health Kids Bike Race Series in Spokane.
Drug overdoses rarely make the news unless a celebrity is involved. But that changed in 2014 when drug overdoses became the leading cause of accidental deaths, killing more Americans than car crashes or guns. Of the 47,055 deaths from drug overdoses in 2014, 18,900 were from opioid prescription pain relievers. And many heroin overdose deaths were linked to the initial abuse of prescription opioids.

The Centers for Disease Control and Prevention called it “the most fatal drug crisis on record in U.S. history.”

So how had this happened? When time-released versions of opioid medications became available in the late 1990s, Washington and other states began to relax their rules around prescribing opioids for chronic pain. Dr. Gary Franklin, medical director for the Washington Department of Labor and Industries at the time, actually saw deaths increase within a year. Those deaths triggered an investigation that found the relaxed regulations had triggered a modest increase in prescriptions but a marked shift to prescribing more potent, long-acting opioids. “Doses,” said Franklin, “were going through the roof.”

Safety issues had also surfaced at Group Health. A closer look by the Group Health Research Institute led to the first-ever findings to identify a link between higher daily doses of prescribed opioid pain drugs and increased risk of overdose—both fatal and nonfatal. That study was published in January 2010.

One of the advantages of an integrated system like Group Health’s is how quickly research results can be used to improve patient care. By September 2010 a primary-care initiative led by doctors, nurses, pain specialists, and pharmacists were designing a standardized care plan for opioid use in chronic noncancerous pain. The Group Health Foundation funded training for providers on the new guidelines. By September 2011, 96 percent of patients on opioids for chronic pain had formal care plans. Karen DeBella was one of them.

In a 2012 issue of Northwest Health, Karen DeBella talked about how her primary-care doctor weaned her off of morphine for severe back pain. “If Dr. Yi had not suggested I try alternative pain medications, I would still think morphine was my only way to live a normal life. It’s such a relief to be free from that psychological addiction.”

Group Health’s research drew the interest of the White House Office of National Drug Policy, and was a factor in its decision to develop a national action plan for prescription medication abuse that was announced in April 2011. The research and initiative were featured in 2012 in the New York Times, British Medical Journal, and as a best practice by the Alliance of Community Health Plans.
primary care, specialty care, hospitals, home health, skilled nursing facilities, and other community resources all work together to coordinate the needs of the patient in a more integrated manner.” That patient-centered vision would lead Group Health to pursue a higher level of clinical integration with community providers in the years ahead.

Living Up to Its Reputation

In fall of 2008, as state and federal elections drew closer, candidate signs lined the streets of Washington cities and towns. But other news had the attention of Group Health and the country: the economy was in a downward spiral and unemployment was climbing. This was the Great Recession of 2008 whose effects would continue into 2010 and beyond. The federal government stepped in to rescue banks and pressure on publicly traded companies was building.
Clockwise from above left: Group Health President Scott Armstrong discusses the Affordable Care Act on C-SPAN; David Grossman, M.D., Group Health medical director of preventive care, speaks with Governor Christine Gregoire in 2009; At a healthcare summit, Co-op CEO Scott Armstrong addresses the gathering with SEIU Healthcare 1199NW President Diane Sosne to his right.

The recession was having a growing impact on Washington state. Group Health investments lost millions of dollars in value and enrollment projections dropped as employers around the state reduced jobs and health benefits. Group Health closely monitored cost trends, with no new capital spending allowed beyond what was already approved. Job vacancies were scrutinized before they could be filled.

Still determined to address market and member demands to bring costs down further and make plans and care more affordable, Group Health adopted Lean methodology, which focuses on streamlining processes and reducing waste. Made famous by the success of the Toyota auto production system, this improvement approach was just getting a foothold in health care. Key to its success was engaging team members—those who knew the patients and work the best—in problem solving.
solving. The results were often impressive. One 2008 Lean workshop revamped primary-care call management so patient calls took only 38 minutes to resolve instead of the previous nine-hour average. Another group worked on referrals for durable medical equipment (such as wheelchairs, crutches, or breast pumps), eliminating 17 steps in a 20-step process, and more than doubling the number submitted electronically.

While Lean and its incremental improvements dominated the organization internally, externally the health reform debate took center stage following Barack Obama’s election as president. There was no time to waste. Obama wanted groundbreaking legislation passed while the Democrats controlled Congress—before midterm elections. Congressional and White House staff looked for health-care systems that had found ways to reduce costs while improving patient outcomes, and they explored more radical solutions like health care cooperatives. Stories on Group Health appeared in The New York Times and USA Today, on CNN, and in many other media outlets.

Policymakers reached out to Group Health because of its cooperative background, its patient-centered approach, and its integrated system in which doctors, insurance administrators, and patients worked together collaboratively. In June 2009 Group Health hosted Washington state congressional representatives at a roundtable discussion at Group Health headquarters. In mid-July, Scott Armstrong accepted an invitation to the White House to meet with Obama staff. “As a smaller regional plan, we have a remarkably strong voice,” said Federal Relations Director Diana Birkett (now Diana Birkett Rakow). Armstrong agreed: “A lot of people are looking to Group Health for answers.”

While nationally admired, local market forces remained challenging for Group Health. The Co-op posted a loss in July 2009 for four months in a row. In order to sustain support for both the risk-based insurance side of Group Health, and the capital-intensive care delivery side, Armstrong announced that the organization would need to cut $200 million in costs in the next two years, starting with a $20 million reduction in discretionary expenses by year end. Without this
President Obama signs Affordable Care Act into law on March 23, 2010.

At Group Health Medical Centers, 30 percent of exchanges between patients and care teams in 2010 are done through secure email messaging.

December 2010 total enrollment reaches 661,000, including KPS Health Plans, with just under two-thirds of members receiving care at Group Health Medical Centers.

Group Health acquires Columbia Medical Associates (CMA), a group of more than 50 primary-care providers at 14 locations in the Spokane region, in April 2011.

**Right:** Key to Group Health’s new “medical home” approach to primary care was an ongoing relationship with your physician. Here Rose Hesselbrock enjoys a moment with Dr. Murray Rouse at Puyallup Medical Center. **Below:** To maximize each patient’s medical home experience, teams met each morning to discuss and coordinate care for the day.
reduction, the organization risked violating specific performance requirements in its loan agreements. Then in September—at a time when employees across the country were being laid off or given involuntary furloughs because of the worsening recession—Armstrong announced that there would be an immediate freeze on nonunion personal time off (PTO) accrual through year end and a halt on low-impact facility upgrades and technology projects. Group Health Physicians also froze their PTO accrual. Though painful, this was management’s alternative to layoffs or program cuts, and the financial year closed with sufficient positive news to avoid more drastic measures.

Reform Spurs Provider Consolidation

On March 23, 2010, President Barack Obama signed the Patient Protection and Affordable Care Act into law. Having long supported universal access to care, Group Health was a major proponent of the bill. It was an opportunity for millions of uninsured to get coverage, and for Group Health to further its mission to serve the greatest number.

But there were unexpected consequences in the marketplace, fallout from uncertainty over reform and cutbacks to Medicare and Medicaid reimbursements resulting from state and federal fiscal crises. Hospital systems were consolidating and purchasing physician groups to gain economies of scale and the leverage to negotiate higher rates with insurers. In Spokane, a market where Group Health was losing money, Community Health Systems of Tennessee purchased Valley and Deaconess Hospitals, and then acquired Rockwood multispecialty group, cutting off a large source of referrals to Providence hospitals.

Above, top: Founding member and President Emeritus Aubrey Davis at the 2010 Group Health Membership Meeting. Davis, an inspirational civic leader, died in 2013 at age 95.

Above, lower: Medical staff from Group Health volunteered around the world to help those in poor and underserved areas. The Group Health Foundation assisted with medical supplies.
Group Health began evaluating each of its major markets for potential relationships with like-minded providers who wanted an alternative to consolidation and shared Group Health’s goal of affordable, evidence-based care. In Everett, Group Health signed an agreement with The Everett Clinic to work more closely together in serving King and Snohomish County residents. This included adding Everett Clinic primary-care providers to the Group Health Medicare Advantage network, which already included their specialists. In South Puget Sound, Group Health and Franciscan Health System were working on an innovative five-year contract renewal that would include improved coordination of services, evaluating new models for care delivery, and sharing best practices.

In 2011, the Cooperative acquired Columbia Medical Associates, a Spokane multispecialty group, with more than 60 providers in a dozen locations. In December 2012, Group Health announced the formation of Care Unity, an accountable care organization, with Providence Health & Services in the Spokane region. Simply put, that meant that together, the two organizations were accountable for the health and care experience of their patients, and for meeting financial and clinical targets. By 2016 Care Unity would be serving 75,000 patients.

Change as Opportunity

In January 2012, Group Health joined the SEIU Healthcare 1199NW Multi-Employers Training and Education Fund, a labor and management partnership between SEIU and eight area health-care employers with the goal of advancing workers’ education and career goals and employers’ workforce needs. More than 250 nurses and health-care workers at Group Health took advantage of the fund in 2012 and in each year that followed. Group Health and the Fund also partnered on grant-funded projects such as
a transition program for Group Health medical assistants to meet new state certification requirements in 2013 and 2014.

Staff across Group Health’s clinical system were engaged in work in 2012 to bring more member care back to their medical centers, where integrated care provided the best experience. They were also determined to chip away at the $10 million a month being spent on medical services from non-Group Health providers. Ambulatory Surgery at Tacoma Medical Center was one example. To boost the volume of procedures they could perform rather than sending members to St. Joseph Hospital, the team added staff, opened an extra procedure room, and reconfigured its scheduling to accommodate more patients. Cases sent to St. Joseph dropped from 32 a month to 4 a month. “The collaboration has been great,” said Bob Lee, R.N., executive director of perioperative services. “We’ve adopted a can-do attitude and say ‘yes’ to procedures we might not have accepted before.”
Clinical staff were very concerned about their Medicaid patients when they learned Group Health was going to stop offering Healthy Options plans in July 2012. A few months earlier, Washington State had changed the bidding process for carriers so that health plans couldn’t limit the number of Medicaid members they enrolled. Since all Group Health Medicaid members received care from Group Health Medical Centers, this made ensuring access for future enrollment difficult to plan for. The decision to stop offering Medicaid plans was painful, even though Group Health would continue to care for patients as a provider with Molina Healthcare. “Our participation is part of our mission,” said Dr. Michael Soman, chief medical executive. “We’ve participated in Medicaid and Basic Health since the programs were created.”

All of Group Health’s efforts to drive down costs, improve efficiencies across the organization, and negotiate better contracts were making a difference, but it wasn’t enough. By August 2012 Group Health was falling further and further behind financial targets. “Until recently, I really believed that incremental and constant improvement would give us the savings we need to meet our financial targets,” Scott Armstrong wrote in a memo to staff. “But that approach hasn’t worked.”

This was a further acknowledgement that affordability was as core to Group Health’s mission as great care. Leaders had no choice but to throw down the gauntlet: “We have to reduce our operating expenses by $250 million over the next 16 months, by the end of 2013,” Scott Armstrong told staff, and this would require making tough decisions.

In the following months, the Board of Trustees and the Executive Leadership Team compared Group Health’s current operating costs against those of peer health care systems in the country—and addressed areas where costs were out of line. Many departments were restructured, and everyone was affected by cuts. The team also evaluated processes for efficiency, renegotiated contracts, and assessed supply chain practices to influence the cost structure.

As painful as these changes were,
they worked. By year’s end, the organization posted a $9 million positive margin rather than the once-expected $50 million loss. As budgets were developed for 2013, divisions and departments faced significant cuts designed to add another $150 million in savings to help reach the $250 million goal by year end 2013.

### Doing More with Less

Across the health-care industry, organizations faced having to do more with less in 2013. Health-care costs were growing at a rate of 9.9 percent annually, reimbursement rates were shrinking, and everyone was gearing up for millions of uninsured to get access to care through health reform.

The Affordable Care Act (ACA) survived numerous challenges, and when it finally received a favorable ruling from the Supreme Court in June 2013, there was nothing left to stop the launch of the state and federal plan exchanges (retail online marketplaces) on Oct. 1, 2013. Group Health had spent the previous two years preparing and building ACA-compatible plans for individuals and families, and small business groups, and getting them approved by the state Office of the Insurance Commissioner. Leaders like Melinda Hews, director of health exchanges, had served on the Washington Exchange Advisory Committee and operational planning teams. While the launch was challenged by technology issues and an onslaught of calls from

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**Facing page:** Group Health was a leader in the use of educational DVDs, booklets, and videos to help patients decide on treatments for conditions that have multiple treatment options.

**Above:** After a pertussis epidemic in 2012, the Group Health Foundation launched the Silence Whooping Cough campaign to increase awareness about the importance of vaccination.

**Group Health works with SEIU 775 home health workers to reduce member emergency room visits by 27 percent from 2010 to 2013 by using such services as urgent care and the Consulting Nurse helpline.**

**Board elects Porsche Everson chair of the Cooperative in 2013.**
Group Health offers plans for individuals and families through the new Washington Healthplanfinder, the state’s online exchange—a key part of the federal Affordable Care Act—on Oct. 1, 2013.

Group Health’s first statewide PPO (preferred provider organization) launches on May 1, 2014, to give the market more choice in plan types and provider networks.

The first CareClinic featuring Group Health board-certified physician assistants and nurse practitioners opens at University Village Bartell Drugs Jan. 16, 2014. Nine more CareClinics at Bartell Drugs stores will open by year-end 2016.

Dr. Steve Tarnoff becomes Group Health Physicians president and chief medical executive on July 18, 2014.

Facing page, clockwise from top left: To help young children overcome their fear of doctors, Group Health sponsored Teddy Bear Clinics across Western Washington in 2016.

As part of the YMCA’s Healthy Kids Day, Group Health volunteers distributed more than 1,000 bike helmets.

Group Health’s demonstrated its history of supporting LGBT staff and patients each year by participating in pride parades around the state.

In 2012, Dr. Rosemary Agostini launched 35- to 40-minute Walk & Talk with your health care team at Port Orchard Medical Center, eventually expanding to four additional locations.

Dr. Alisia Hidig of Veradale Medical Center geared up as part of a medical-aid team at Spokane cycling events.

consumers, Washington turned out to be one of the few states to offer an effective exchange for its residents.

Outside of the exchange, purchasers had heard about the Co-op’s “cost repositioning” and were anxious to see it translate into lower plan premiums. Throughout 2013, the search for savings in every nook and cranny of the organization continued. Staff reductions over an 18-month period eventually reached nearly 2,000.

One long-term strategy for keeping costs down was to provide convenient care options—which members were seeking—that didn’t require building and operating expensive medical centers. So hopes were high when Group Health signed an agreement in December 2013 with Bartell Drugs to launch CareClinics at their stores, featuring Group Health providers who would be available to members and nonmembers alike. Bartell Drugs, which had been a Northwest institution even longer than Group Health, wanted to compete with the growing trend for national drugstore chains to offer walk-in clinics for common problems. The first three CareClinics opened in the greater Seattle area in early 2014 as a pilot and were an immediate hit with patients. One commented after a visit: “To say that the accessibility provided comfort and immediate help in addressing my concerns and physical needs is an understatement.” Eight more CareClinics would follow in the next two years.

To bring in more enrollment, Group Health’s first statewide PPO (preferred provider organization) plan was introduced in May 2014. While offering the same broad national network as its competitors, it had one advantage—it included the more than 1,000 primary- and specialty-care physicians at Group Health Medical Centers. It had taken several
years to contract with more than 25,000 providers for the new network, and some key South Sound provider groups were still negotiating rates.

“Our own group practice is always where we offer the most value and the highest standard of coordinated care,” said Scott Armstrong. “But we heard from many consumers that they weren’t willing to give up their doctor. We needed to offer an experience and value worth switching for. So we tried something new. The idea was to give these new PPO members a positive experience and then encourage them to give our doctors and clinical services a try.” Vice President of Sales Debbie Huntington reflected: “This was also a new way to engage employers as their total replacement solution. A single carrier delivering great care and value while offering a choice of plans.” The PPO would continue to evolve with a value-based network, part of Group Health’s ongoing effort to adapt to market needs while promoting the distinct value offered with Group Health Medical Centers.

Changes were also happening at the Group Health Foundation, where President Laura Rehrmann retired in the summer of 2014. From its modest beginnings in 1983, the Foundation had grown to 9,600
In August 2014, Group Health announces an agreement with Swedish Medical Center to provide Seattle hospital services for members starting January 2015, replacing Group Health’s long-standing arrangement with Virginia Mason.

Enrollment of 594,000 at year-end 2015 reflects a slight enrollment loss from the previous year and essentially stagnant growth.

Board elects Susan Byington chair of the Cooperative in January 2015.

2015 marked the ninth straight year that Group Health was the highest ranked among comparable medical groups by the “Washington Health Alliance Community Checkup.”

donors, 42 endowed and 81 donor-designated funds, and net assets of $26 million. Its focus had shifted since 2008—from community-wide fundraising and grants to Group Health–member fundraising and a concentrated focus on improving childhood immunization rates. The Foundation continued to work with community agencies and also to fund patient-centered research, supporting more than 34 pilot projects at Group Health clinics between 2008 and 2013.

A major change for Seattle members and staff came in late 2014 with the announcement that Group Health had signed a letter of intent with Swedish Health Services to move its hospital care from Group Health’s Capitol Hill Campus and Virginia Mason to Swedish Medical Center First Hill and Cherry Hill facilities. This move would be a major contributor to improvements in affordability, while allowing Group Health hospital-based doctors and staff to continue providing the quality care they always had at the new Swedish locations. Still, it was a big turning point. This would be the end of Family Beginnings, the maternity, labor, and delivery birthing center at Capitol Hill. More than a few staff had not only helped deliver babies at the Group Health birthing center, they had had their own children there, or had even been born there themselves.

Some Group Health members were concerned about the new agreement because Swedish was affiliated with a Catholic health system, Providence Health & Services. Would Co-op members still have access to the full range of reproductive health services, including abortions, and to end-of-life care, including physician-assisted suicide? Although these services are not typically delivered in a hospital setting, voting members at the 2014 Annual Membership Meeting approved a member-sponsored and Board-supported advisory resolution entitled “Ensuring Comprehensive Care at Religiously Affiliated Hospitals” to protect these rights for Group Health members.

Finding Solutions

The Washington health insurance market in 2015 was highly fragmented, in part because of all the new entrants. In addition to
It was the largest Group Health membership meeting in decades. On the morning of January 30, 2016, more than 1,600 voting members wound their way through The Westin Seattle hotel, up the escalators to the third floor, registered, picked up their key pads for voting, and headed into the Grand Ballroom. The task facing them? To participate in Group Health’s 70-year-old system of consumer governance by casting an advisory vote on the biggest decision facing the organization since its founding—acquisition by Kaiser Permanente (KP).

At the podium was Board of Trustees Chair Susan Byington—a plan member for more than 40 years, board member since 2011, chair since January 2015. But before she could welcome Kaiser Permanente Chairman and CEO Bernard J. Tyson to address the crowd, open the room to a vigorous Q&A and comment period, and hold the vote, she first needed the group to adopt the meeting rules and agenda.

In The Seattle Times online coverage of the event, here’s how one attending member described what happened next: “First they [members opposing acquisition] used every parliamentary procedure to change the meeting rules, which took one and a half hours. It got so bad that one attendee accused them of filibustering the meeting. It took time away from the question-and-answer session. And it did not help them when they swore, and one person told the crowd we were all going to hell.” Growing frustration voiced by the majority in attendance wore down these tactics. Byington was calm at the podium, determined to show the same respect to all voting members who wanted to speak, but also determined to run the meeting according to Robert’s Rules of Order.

Key points were made by members on both sides—pro and con. Those in favor of acquisition pointed out that membership numbers were either flat or shrinking and important capital needs weren’t being met, that KP shared Group Health’s values and philosophy of care and had the financial resources to continue the level of care members deserved. One proponent, long time staffer and member Don Glickstein rushed to make several points. As his time was about to expire and the microphone was cut, his unamplified challenge to the audience was “What would Aubrey do?” (Aubrey Davis, founding member #239, served on the Board for 38 nearly consecutive years and died at age 95 in 2013.)

Those against acquisition expressed frustration. Why had the meeting been scheduled so unregistered plan members had missed the voter registration deadline? They believed that their side had less time to prepare and less access to information. And they disagreed with the contention that Group Health couldn’t achieve its financial and growth goals on its own.

As Board Chair Byington acknowledged, what was true of all the speakers and those in attendance was their passion for Group Health—what it represented, its legacy of innovation and member involvement, and the quality of care they’d always received.
growing competition, there were plenty of other challenges facing providers, plans, and patients.

One example was the impact of new expensive specialty drugs like the hepatitis C drug Sovaldi, and more were coming. These drugs and a growing number of generic drugs drove drug costs up 13 percent from 2014 to 2015, without any added utilization. One generic drug with new ownership in 2016 went from costing $13.50 a pill to $750 a pill. Washington state responded to the trend in specialty drug costs in March 2015 by passing legislation to create a task force to look at specialty drug out-of-pocket costs. Group Health created a Specialty Pharmacy that helped members monitor adherence and side effects and helped the organization better control inventory and costs. Staff also connected patients with sources for financial help with prescription cost shares.

Employers were increasingly interested in providing employees health solutions, not just health insurance. So Group Health regularly consulted with its largest employer accounts to improve employee health through a greater involvement with primary care, the Consulting Nurse Service, and on-site events such as biometric screenings, educational seminars, and wellness fairs. If an employer had particular staff health issues, such as a large number of smokers or diabetics, Group Health would help them develop special incentives or programs for those employees to encourage steps to better health.

A study conducted by King County found the County saved more than $4,000 annually on each employee who switched to a Group Health HMO plan, in part because of

When the time came for the advisory vote, it was apparent that the majority of the audience trusted their elected Board’s due diligence and the unanimous endorsements of Group Health doctors and its union-represented staff. Final tally: 1,094 in favor of the resolution, 179 opposed, 51 abstaining. The advisory vote was then sent to all registered voting members as part of a formal mail ballot on the acquisition resolution. On March 12 the results of that formal and binding vote were announced to several hundred members gathered at Smith Cove Cruise Terminal: 8,824 in favor of acquisition and 1,586 against.

Above: Board Chair Susan Byington led the historic meeting in which Group Health voting members agreed in an advisory vote that Group Health should be acquired by Kaiser Permanente.

Inset: Susan Byington.
Group Health offers plans to large employers on Liazon, a private exchange, on April 1, 2015. Participation in other private exchanges follows, spurring enrollment growth in 2016.

The last baby is born at Family Beginnings before Group Health’s hospital services close at its Capitol Hill Campus in 2015. Seattle inpatient services move to Swedish First Hill and Cherry Hill medical facilities.

In May 2015, Ezekiel Emanuel, author of Reinventing American Health Care and former senior health advisor to President Obama, highlighted in a New York Times article the work that Group Health did with SEIU 775 to reduce unnecessary emergency room use. Over four years, that campaign reduced visits to ER by 27 percent or 1,200 visits by connecting members with lower-cost services.

In addition to working more closely with employers, Group Health was changing the way it communicated with members—recognizing the growing preference for digital communications. In 2011, Group Health offered members an award-winning mobile app for smart phones to give them access on the go to services on ghc.org such as appointment scheduling or lab results at Group Health Medical Centers. Northwest Health, a member magazine published and mailed since 1995, saw its first digital issue in September 2014. Blogs were introduced in 2015: Insights for large group employers and Healthy Aging for Medicare members. And members could sign up to receive plan and clinic information by email rather than by mail.
By the end of 2015 more than 300,000 members had registered to access online services at ghc.org, and most were using them. There were 2.6 million virtual exchanges with providers at Group Health Medical Centers using the site’s secure messaging feature. Also launched in 2015 was CareNow, an online diagnosis and treatment tool for conditions not requiring a face-to-face exam. In 2016 the CareClinics at Bartell Drugs website added the ability for members and non-members to see how many people were waiting at each location and to check in remotely. In 2017, virtual care would become a covered benefit for all in-network providers (except for Medicare plans).

A Momentous Announcement

Over the years, Group Health had been approached at times by other companies interested in various kinds of partnerships—and these overtures had accelerated in this new era of provider and payer consolidation. Charged with setting the strategic direction of the organization, the Board of Trustees made the decision in April 2015 to proactively evaluate options for the future of Group Health Cooperative.

“The focus was on finding the best way to meet member expectations of quality of care and service long term,” said Board Chair Susan Byington. “We could always remain independent, but if we aligned with a strategic partner could we provide our members greater value long term? Our current strong reputation and financial position also gave us an opportunity to examine different options from a position of strength.”

While Group Health had no immediate concerns about sustaining its care-and-coverage model for the next five to ten years, leadership was concerned about some troubling trends—static enrollment growth, lack of a competitive cost structure, rising
Patients Tell Their Stories

2008 Solving the Genetic Mystery
My Group Health geneticist is a genius and saved my life. When I was diagnosed with a brain tumor, she suggested I get tested for an extremely rare genetic condition. I didn’t have the classic symptoms, but because of the doctor’s instincts, I’m the first member of my family in four generations to know why we all got these cancers. She worked with my neurosurgeon and urologist and also got me into a special study program at the National Institutes of Health in Maryland where I had kidney surgery as part of that study. — Kathryn, Capitol Hill Specialty Services patient

2009 Stepping Stones to Kick the Habit
I had tried to quit smoking several times and failed. But my physician assistant and the program staff at the Free & Clear Quit for Life program never gave up on me. They never lectured or made me feel guilty. “Look at those attempts as stepping stones,” they said, and encouraged me to try again. It gave me the confidence I needed to kick the habit. — Liesl, Kent Medical Center patient

2010 Traveling With My Care Team
When I had to go on warfarin due to complications from chemotherapy, I didn’t want to stop my world travels. So my care team agreed to monitor my blood work and vitals remotely and adjusted my meds via email and phone, no matter where I was, even the Austrian Alps. My oncologist, the anticoagulation team, my primary care doctor—they were wonderful and always seemed to be on the same page all the time. — Katherine, Riverfront Medical Center patient

2011 Support That Makes a Difference
Imagine putting yourself in a room full of molasses and trying to swim—that’s what my depression feels like and why it’s so hard to ask for help. What Group Health care offers that I didn’t have before is a team of professionals sharing ideas and information to help the patient. They do more than just check a box that they’ve met with you. They’re interested in your success. — Doug, Behavioral Health Services patient

Note: last names have been withheld to protect patient privacy
2013  New Meaning for Independence Day
Eight months after getting married, I woke up with a burning sensation in my back. And the pain kept coming back. When I finally got an MRI, it revealed an extensive spinal cord tumor. My neurosurgeon and my husband couldn’t understand how I was walking! Because he was booked up for several weeks and didn’t want me to wait, my surgeon said he and his team had already decided to come in the 4th of July to do the surgery. It took all day, painstakingly extensive and delicate work separating the tumor from the spine. I’m so thankful I had such a skilled surgeon.
— Chelsea, Spine Surgery patient

2014  The Fast Lane to Recovery
Unrelenting severe abdominal pains one night led us to call the Consulting Nurse Service for my husband. The nurse recommended Urgent Care, where we arrived at 2:30 a.m. By 7:00 a.m. my husband was in a Virginia Mason operating room with the Group Health surgeon. The doctors and supporting staff did a fantastic job of quickly and expertly identifying my husband’s health issue and treating it. Their speed and expertise are why he’s well on his way to recovery with his digestive system intact.
— Kate, wife of Capitol Hill Urgent Care patient

2015  From Fear to Confidence
When I first found out that I was pregnant, I was lost, scared, confused, and uncertain what life had in store for me. For that moment and weeks after I felt so alone. But then I met the folks at the Teen Pregnancy and Parenting Clinic. They were there to comfort me and gave me the reassurance I needed to take on this new chapter in my life. And the scholarship they sponsor is allowing me to continue pursuing my dreams of being a college graduate and a mom.
— Myah, Teen Pregnancy and Parenting Clinic patient

2016  Help for a Lifetime
My wife, who is 86, had a very bad fall in late 2015. Thank God we had Group Health insurance. After initial treatment she went to a rehab facility for therapy. There she developed a bad infection and was moved to an assisted living facility and put on hospice. But with the help of our Silverdale Medical Center doctor of 30 years, physical therapist, hospice case manager, and medical social worker—all Group Health staff—she improved. She is out of hospice and today walked 120 feet with a walker.
— Robert, husband of Silverdale Medical Center patient
drug costs, limited success at effective partnerships, lingering brand
misperceptions, and the growing need for new technologies, new
business management and analytic tools, and new consumer engagement
capabilities. Pressures from large, resource-rich national competitors
were making it harder for small regional nonprofits to keep up.

“The future of our great care for members depends on our ability to
change and adapt,” said Byington.

After numerous Board meetings, a competitive and thorough
process, and assistance from an independent financial advisory firm,
Group Health Cooperative made one of the biggest announcements of
its 70-year history in December 2015. It had signed an agreement to
be acquired by Kaiser Foundation Health Plan, Inc., pending approval
by voting members and state and federal regulators. The Board believed
this was “the best way to preserve our values and the best care possible
while addressing the serious challenges we face as a regional health care
organization.”

The acquisition agreement called for the proceeds—approximately
$1.8 billion—to be used to establish the new Group Health Community
Foundation, a nonprofit charitable foundation focused on improving
health for Washington’s families and communities. In addition, Kaiser
Permanente committed $1 billion in capital improvements in Group

Construction began in 2016 on a new
Burien Medical Center
to replace the existing
52-year-old structure.
Health service areas across the state and $800 million in community benefit activities during the decade after the acquisition closed.

Being like-minded organizations, Kaiser Permanente and Group Health had already been working together for more than 20 years. They were similar in their histories, their pairing of care and coverage, and their devotion to integrated, patient-centered care. Like Group Health, Kaiser Foundation Hospitals and Kaiser Foundation Health Plan, Inc. were not-for-profit. Unlike Group Health, their governance was not guided by cooperative principles.

That enduring aspect of Group Health’s founding—member governance—is why the acquisition decision was ultimately in the hands of Group Health’s 28,000 registered voting members. Following Group Health bylaws, a special membership meeting was held—the first session on January 30, 2016 at The Westin Seattle hotel—which called for those attending to cast an advisory vote. After hearing from those for and against the acquisition, members voted on the resolution—1,094 in favor and 179 opposed. The binding vote, done in a follow-up mailing to all 28,000 registered voting members, yielded similar results: 8,824 in support of acquisition and 1,586 opposed, meeting the two-thirds requirement for passage. The next step, approval of the acquisition by the Washington Office of the Insurance Commissioner (OIC), was a process expected to take as long as a year and to include several public forums around the state.

**Record Enrollment**

As staff waited for the OIC’s decision, Group Health continued to care for patients and welcome new members. Many new members, in fact. January 2016 would set a record for enrollment—63,800 new members in one month, for a total enrollment of more than 627,000. Things were shifting in Group Health’s favor. All of the cost reductions of recent years had allowed more affordable plan pricing. The Access PPO product was gaining ground, and some competitors had withdrawn health plans in Group Health’s service area.

To help with the large influx of new members, staffing got a slight bump to 6,600. Clinic leadership deployed a range of tactics to address
appointment capacity, including encouraging some patients to try nearby CareClinic locations for minor issues. New videos helped members learn how to transfer prescriptions, sign up for MyGroupHealth services at ghc.org., and more.

Group Health moved the remainder of its hospital services to Swedish from Virginia Mason and its Capitol Hill Campus in January 2016. The move had taken 17 months of preparation, with Swedish staff offering support every step of the way for a smooth transition. In July the Burien Medical Center broke ground for a new facility scheduled for completion in 2017. In November and December, the first staff moved to a new administrative campus in Renton near the former Longacres Racetrack. The Group Health Board of Trustees had announced the decision in 2014 to consolidate all administrative functions currently in leased buildings on the Tukwila Campus and in South Lake Union. These moves to Renton were expected to be complete in 2017.

Community sponsorships also continued in 2016, with Group Health financial and volunteer support enabling walks, bike rides (including the 14th year as title sponsor for the Seattle-to-Portland Bicycle Ride), bike-helmet giveaways and fittings, healthy-cooking classes, sports physical clinics, and teddy bear clinics for kids across the state. At teddy bear clinics, Group Health providers helped children overcome any fear of doctors by having them bring their teddy bears for a physical exam.

Group Health continued to expand its plans on private exchanges, online marketplaces where employees could shop for employer-sponsored medical plans and ancillary insurance products. On March 1, 2016, Group Health sold its first group through Mercer Marketplace, a private exchange for large groups. A major national employer asked that Group Health be offered on the Aon Active Health Exchange, which served groups of 5,000 and more.

October 2016 saw the highest monthly enrollment growth since the January surge, with Group Health adding 17,800 new members. More than 2,000 new members came from Starbucks, a new group to Group Health, but growth was also spurred by educational employer groups as seasonal employees returned to work. Medicare and small business enrollment had also steadily grown every month since January.
Senior Caucus

While 70 years of consumer governance ended with the acquisition of Group Health Cooperative by Kaiser Permanente, the organization’s Senior Caucus endured and continued its advocacy for Medicare members of Kaiser Permanente’s newest region.

Group Health Senior Caucus began in the early 1980s as a special interest group recognized by the Board of Trustees. “It was the first group in the country to say health care for seniors is different from the rest of the population,” said Hilde Birnbarm (d. 2003), an early member of the Cooperative and longtime Board of Trustees and Senior Caucus member. The group often provided input to the Board. In late 2007, when a senior executive looking for savings closed the Resource Line, a free information service for members and transportation assistance program, a large contingent of Caucus members showed up at a Board meeting to vehemently protest. Within a few months, the services were reinstated and volunteers were once again answering calls.

Part of the group’s advocacy had always been keeping a careful eye on politics. “That’s where action and participation are needed,” said Garth Bramwell (d. 2011), a longtime member of the Caucus. “The impact we can make as citizens on national politics has tremendous importance for the protection of Medicare.” In 2003 Bramwell and Caucus member Mary Gruenewald traveled to Washington, D.C., to lobby Congress to improve Medicare reimbursement levels.

Resolutions, letter-writing campaigns, and feedback from Caucus members have all been used at both the federal and state levels to affect decisions by policymakers. For example, the Caucus was influential in protecting Medicare for low-cost areas of the country like Washington state, as part of health reform legislation. And they were vocal on important issues like Death with Dignity. “The Senior Caucus helps us stay attuned to what really matters,” said Dr. Paul Sherman, Group Health executive medical director.

While longtime champions of Group Health’s history, model of care and coverage, and consumer governance, the Senior Caucus was pragmatic in evaluating the proposed acquisition. After considering the context of current market changes and what would keep this special care system flourishing for their grandchildren, the group issued this statement: “We believe the proposed acquisition by Kaiser Permanente offers the best path forward.”

The Executive Committee, seen here in 2007, provides leadership for the Senior Caucus.
In early November, Group Health clinic pharmacies launched a new medication dispensing and management system, replacing CoopRX, which had been in operation since 1966. Unfortunately, the pharmacy’s fulfillment system ran into difficulties, causing long wait times for patients. After a few months, the kinks were ironed out, and patients benefited from a pharmacy system fully integrated with other clinic systems.

**A Big Win for Washington State**

From 2015 to early 2017, as each step was realized in Kaiser Permanente’s acquisition of Group Health—the negotiations, the membership vote, the approval from the Office of the Insurance Commissioner, the official paperwork that closed the deal—excitement was growing over what the acquisition would mean for the people of Washington state.

Kaiser Permanente had committed to investing $1 billion over the next 10 years to expand and modernize Group Health facilities and technology. That meant Washingtonians would have access to the same comprehensive medical facilities and interactive technologies that had helped Kaiser Permanente become recognized as one of America’s leading health care systems. They also committed to investing $800 million over the next decade to support communities across the state. In their other seven regions, this support includes charitable coverage and care, medical research, grants and donations, and community health initiatives.

And there’s more. The purchase price of almost $1.8 billion for Group Health needed to benefit the community, which led to the creation of the Group Health Community Foundation. With an endowment of $1.8 billion, it instantly became one of the top 10 community foundations in the country. Its purpose, expressed in its Articles of Incorporation, is to promote the health and wellness of the people of Washington state, identify and address social issues and inequities that negatively impact health, and advocate for needed change. At the Foundation’s website (grouphealthfoundation.org), their passion for the work ahead is evident: “Working with people across the state, we believe we can accelerate positive changes in health inequities and reimagine the ways we foster health. We believe we can tackle complex and challenging health issues requiring deep investment, and together advance the community’s vision of a vibrant, healthy Washington.”

“It’s exciting that the Group Health Community Foundation will carry Group Health forever forward,” CEO Scott Armstrong told the Puget Sound Business Journal. “It’s going to have an impact we can’t even imagine.”
Another pharmacy change occurred on the health plan side, as Group Health transitioned its pharmacy benefits manager to OptumRx. For PPO plan members this gave them the OptumRx national pharmacy network to use in addition to pharmacies Group Health contracts with directly. All members could now go to the OptumRx website to see prescription and claims history, look up pricing information, and find pharmacies in their plan network.

From Group Health Cooperative to Kaiser Permanente Region

On January 13, 2017, word spread quickly across Group Health that the Washington State Office of the Insurance Commissioner had officially approved Kaiser Permanente’s proposal to acquire Group Health Cooperative. Staff had been building out work plans in expectation of a transition, but the announcement still felt momentous after so many months of waiting. Further work was completed to officially close the transaction and change the name to Kaiser Foundation Health Plan of Washington.

Was this the end of Group Health Cooperative? “Not an end,” said Dr. Steve Tarnoff, speaking for the medical group and many others. “It’s more of a rebirth.” The name might be changing, but everything important, everything supporting the mission of its founders, would live on.

Leaders from both organizations emphasized that the superior quality of care and services that had won Group Health national honors and the loyalty of generations of members would not change.
If anything, they would be enhanced by $1 billion in capital investments in the decade ahead. The integrated group practice would be central to a strong future for Kaiser Permanente in Washington.

The commitment to prevention, evidence-based medicine, affordability, patient-centered services, physician and nursing leadership, a strong labor–management relationship—all of these would continue. A strong member voice would still be heard through a new Consumer Advisory Committee and the continuing Senior Caucus. And the determination and optimism of the people of Group Health could be expected to thrive under Kaiser Permanente’s culture of inclusion and recognition of the vital role of every individual in supporting the delivery of care and making lives better.

The Group Health name itself would live on in the Group Health Community Foundation (GHCF), a philanthropic organization with no ties to Kaiser Permanente. Its bylaws and objectives carry forward the values of Group Health and its founders. Compared with the current Group Health Foundation, which would also continue as a subsidiary, GHCF would tackle complex and challenging health issues that require deep investments and long-term commitments, funded by the proceeds of the acquisition.

Mergers and acquisitions often risk failure because of culture clashes and disparate values, but that was not the case here. Group Health and Kaiser Permanente seemed made for each other. Their future together and the creation of a new major foundation promised great things to come—for members, for staff, and for health in the state of Washington.
Afterword by Susan Byington, Chair of the Cooperative

Through much of 2015, as the Group Health Board of Trustees sat in conference week after week, hearing from independent external experts and management, looking at trends, weighing options, and debating the organization’s future, we knew we were facing a momentous decision: Should Group Health be acquired by a larger health care organization or remain independent?

Responsibility for important decisions wasn’t new to the Board’s 11 members. We had come from long careers in hospital and clinic administration, patient care, state government, health insurance and financing, and corporate management. But we were also Group Health members, elected to represent nearly 600,000 fellow members, continuing a nearly 70-year legacy of consumer governance.

In 1947, the organization’s founding Board of Trustees had pledged their personal credit toward the down payment for Group Health’s first hospital—that’s how much they believed in the cause of a more humane and democratic approach to health care. And for decades, engaged members and dedicated staff have remained committed to that vision, relentlessly pushing forward, overcoming obstacles, caring for thousands of families in this region we call home, and achieving national, even international, recognition.

It’s not surprising we felt our founders’ presence as we deliberated. “What would they think?” we asked ourselves. “What criteria would they use for such a decision?” We realized, however, that their priorities had always been ours: To fulfill our mission and purpose. Provide affordable, high quality health care. Produce the greatest value for Group Health members. Promote healthy communities. And as the Group Health Physicians Board of Directors went through a similar decision process, no doubt they remembered the 18 founding doctors who fought so hard for what they valued most: preventive care, prepaid coverage, and collaborative physician group practice.

That’s what made a proposed acquisition by Kaiser Permanente so much easier for both Boards to endorse. Kaiser Permanente offers integrated
Above: Tom Beven, first president (Chair) of the Cooperative, discusses sales strategy with board member Addison Shoudy and Dick Powell.

Below: The Group Health medical staff in 1946.
care and coverage, it shares our mission and core values, it even has a similar 71-year-old history. The new Kaiser Foundation Health Plan of Washington will have the resources to invest in the facilities and services that our members deserve. It will continue to support Washington communities and beyond, through research, community health initiatives, sponsorships, and volunteerism. Group Health Physicians will still be an independent corporation as Washington Permanente Medical Group, one of eight medical groups whose interests are represented by The Permanente Federation. And the new Group Health Community Foundation, established by the $1.8 billion proceeds of the acquisition, will become one of the top-50 endowed foundations in the country, a powerful advocate for improving the health of Washington communities.

What won’t continue with Kaiser Foundation Health Plan of Washington is consumer governance, and for those of us most invested in Group Health, the loss of something so special to our history is tinged with sadness. Consumer governance has served us well, but as the challenges facing the organization have grown, it was no longer reason enough to stay independent.

Our founding members couldn’t have imagined the skills needed to govern Group Health today with $3.7 billion in revenues. They couldn’t have imagined the giant forces that have changed and continue to change health care. But they would have understood the need to evolve in order to better serve our mission and values. “We were flying by the seat of our pants most of the time,” recalled Hilde Birnbaum (d. 2003), who served on the Board for 24 years between 1953 and 1977. “It took us a long time until we became aware that we were a large business and not a little grocery store anymore. We couldn’t run things the way we used to run things when it was smaller.”

Recognizing the need to change has always been a hallmark of Group Health. As the last member trustees for Group Health Cooperative, we believe the founders would consider the acquisition another bold move worthy of their legacy.
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Group Health Board of Trustees, 2016. Clockwise from top left:
Leo Greenawalt;
Bob Watt, vice chair;
Hugh Straley, M.D.;
Michael Wilson;
Ruta Fanning;
Phillip J. Haas;
Katie Bell;
Harry Harrison Jr., M.D.;
Dorothy Ruzicki, Ph.D., R.N.;
Susan Byington, chair;
Judy Schurke.
From daring idea to lasting legacy

From its founding in 1947, Group Health Cooperative never wavered from its mission of affordable, high-quality health care; as a nonprofit; and governance by an all-member board of trustees. It moves forward as part of Kaiser Permanente, which acquired the Cooperative in 2017. The new Group Health Community Foundation, funded by the acquisition, will be one of the top-50 endowed foundations in the country. This companion volume to HistoryLink’s original *Group Health Timeline* traces the political, economic, competitive, and technological forces reshaping U.S. health care in the 2007–2017 decade, and how Group Health was affected. Continuing limitations as a regional health-care system and the opportunity to provide members greater value long term led to the decision to align with a strategic national partner.

*Group Health: Embracing Change* brings the story of the Cooperative’s groundbreaking innovations and community service up to date as the Co-op is reborn as the eighth region of the Kaiser Permanente health system.