

patient powered



Exercise your member right

Vote ▶ Your ballot inside

Time-sensitive materials

Non-Profit Org.
U.S. Postage
PAID
Seattle, WA
Permit No. 5203

NOTICE AND AGENDA

2008 Annual Membership Meeting

Saturday, Oct. 11

University of Washington
Husky Union Building (HUB)

AGENDA

- 10 a.m.** Business meeting
1. Call to order; welcoming remarks; announcements
 2. Adoption of rules; approval of agenda and 2007 annual membership meeting minutes
- 10:15 a.m.** 3. Governance recognition awards
- 10:25 a.m.** 4. Report to the membership
—Scott Armstrong, President and CEO
5. “Health care reform: Can health coverage be expanded to all Americans?”—Len Nichols, Director, Health Policy Program, New America Foundation
 6. “How is Group Health improving quality and controlling costs?”—Panel presentation by Group Health leaders
- 11:30 a.m.** 7. Audience Q&A
- 11:55 a.m.** 8. Closing remarks; election results
- Noon** Meeting adjourns

For more information about the meeting and pre-meeting health fair, see pages 12 and 13.

WHY DO I VOTE?

I am a part of Group Health

“I vote because I am a part of Group Health. I’ve been a member for nearly 30 years. My right to vote is like a muscle—if it doesn’t get exercised, it dies. I vote because the values of the organization, its strategy, and the direction it takes all emanate from the Board of Trustees. If you care about any of these things, you vote.”

— **Denny Heck**, Olympia resident, entrepreneur and author

My voice makes a contribution

“Change will only happen when we decide to engage in the process. One should not expect to influence outcomes through other people’s voices—I vote because I believe my voice makes a tiny contribution to the outcome and that feels really good.”

— **Gaguik Khachatourian**, Issaquah resident, Director of Regional Clinical Operations and Primary Care, Group Health

It makes a difference

“I vote because I think it makes a difference. Like any voting, it matters to review the choices and include my voice in the direction Group Health is going. It is a rare opportunity in our society to influence directly the decisions made by one’s medical coverage provider. This is part of what makes Group Health so strong.”

— **Denyse McFadden**, Seattle resident, Director of Human Resources, Lane Powell PC

CONTENTS

It is important to participate

"I vote in the Group Health governance process because I feel it is important to participate in choosing leadership that will continue to provide strong direction for the organization. It is a very unique privilege to be in a partnership with your health care provider. Group Health has always been a leader in providing comprehensive health care and it has the potential to improve with broad engagement of its membership. When members participate, it brings out the best in the organization."

– **Juergen Kneifel**, Lynnwood resident, associate faculty, Everett Community College

To have a voice

"I vote because it is our responsibility as consumers in a consumer-governed organization to have a voice in the way Group Health operates. It is our responsibility to make sure that our needs are heard."

– **Bill Saraceno**, Pasco resident, Senior Vice President of Administration, Columbia Basin College

It makes sense

"It's a membership organization so it makes sense for me to weigh in on who's going to be running the Cooperative and serving on the Board. Just as we all are citizens of this country, likewise we're members of Group Health, and it's important for us to vote on who'll be on the Board."

– **Susan Casey**, Seattle resident, retired

ELECTION

Report from the Standing Nominating Committee of the Membership	4
Voting information	5
Candidate forum	5
The 2008 candidates	6
The current Board of Trustees	10

ANNUAL MEETING

Agenda	2
Meeting highlights	12
Health fair information	13
How to reserve your spot at the meeting, other important details	13

OTHER INFORMATION

Financial statements	14
Sign up for eNews	14
How to get involved	15

How are trustee candidates nominated?

Report from the Standing Nominating Committee of the Membership

Consumers are at the heart of it. As outlined in the Cooperative Bylaws, the Standing Nominating Committee (SNC) recruits and nominates trustee candidates. The SNC consists of 10 members: a chair elected by Group Health voting members; 8 members appointed by consumer advisory groups; and a member appointed by the chair of the Board of Trustees.

The 2008 committee is chaired by Jean Muir. Other members are Cheryl Crawford, Ken Fowler, Stuart Grover, Grant Hendrickson, Roger Long, Grant McLaughlin, Jane Lee Quehrn, Alayne Pettyjohn, and Diana Wilhite.

Each year the SNC reaches out to potential Board of Trustees candidates by:

- Recruitment letters sent to members involved in Group Health activities and to participants in community leadership programs.
- News release sent to print media contacts.
- Application information provided through the *Group Health eNews* electronic newsletter and on the MyGroupHealth Web site.
- Recruitment flyers posted at Group Health facilities.
- Article published in *Northwest Health* magazine.

Applications for 2008

Application requests: 106
 Applications submitted: 36
 Applicants invited to interview: 12
 Applicants nominated by the committee: 6

The nominating committee met with President and CEO Scott Armstrong and Chair of the Cooperative Jerry Campbell to discuss skills and specific expertise needed on the Board. Committee members then identified the following key selection factors for trustee candidates:

- Experience in management, strategic planning, and policy setting in a large, multi-level organization.
- Financial/business acumen.
- Knowledge of health care issues, health care delivery systems, and insurance.
- Communication skills.
- Leadership/executive ability.
- Awareness of Group Health's external challenges.
- Experience supporting organizational change.
- Ability to function well as part of a group, be an effective team member, and ask tough questions.
- Previous board experience.
- Ability to negotiate, compromise, and build consensus.
- Knowledge or understanding of Group Health consumer participation.
- Commitment to uphold the organization's mission, purpose, and values.
- Exceptional knowledge/background that will allow the trustee candidate to make a special contribution to the Board of Trustees.

The committee conducted a rigorous evaluation process, which included:

- Application review, including the applicant's professional résumé.
- In-person interview of selected applicants with a discussion about current issues and future opportunities for the Cooperative, the trustee role, and the applicant's strengths and limitations.
- Professional and personal references contacted and background screening (employment and education verification, criminal history check, conflict of interest review, and other reviews related to federal health care programs).
- Assessment of finalist participation in a group discussion activity.
- Nomination of a slate of candidates for the membership's consideration.

Four seats on the 11-member consumer Board of Trustees are open for election this year. The committee has nominated the following candidates:

Phyllis Best	Tracy Garland
Dick Carlson	Terry Kakida
Ira Fielding, MD	Bob Margulis

Now it's your turn!

Voting members cast their ballots and decide which candidates will serve on the Board of Trustees.

If you'd like to comment or make recommendations concerning the candidate nomination process, contact committee chair Jean Muir at 206-448-2073 or toll-free 1-800-252-3305, extension 21.

Who can vote in this year's election?

To be eligible to vote, you must be:

- Enrolled in a Group Health, Options, or Alliant health plan.
- At least 18 years old.
- Registered as a voting member by Aug. 12, 2008.

Need a ballot? Have questions about your voting status?

If you did not receive a ballot in this publication, need a replacement ballot, or would like information on your voting status, call 206-448-2073 in Seattle or toll-free 1-800-252-3305, extension 21.

Make sure your mail ballot gets counted!

Your ballot will be counted when it is received by the ballot tabulator (not just postmarked) before 5 p.m. on Wednesday, Oct. 8, 2008.

Group Health cannot accept, and will not count, hand-delivered ballots or ballots returned with a Group Health medical payment.

The bar code on each ballot ensures that each voting member can vote only once. An independent company, Fiserv Solutions, Inc., counts the votes.

Vote at the meeting

If you do not mail in a ballot, you are welcome to vote at the Oct. 11 annual meeting between 8–10 a.m. See meeting details on pages 12 and 13.

Questions for the candidates?

Ask them in person at the candidate forum

The 7th Annual Candidate Forum is co-sponsored by the Senior Caucus, Medical Center Council Assembly, and the district advisory groups as part of the Senior Caucus fall meeting.

Friday, Sept. 19, 2008

12:45–3:30 p.m.

Group Health Capitol Hill Campus

Main Building

6th Floor Doctors' Lounge

201 16th Ave. East, Seattle

To register, get directions, or for more information, contact the Group Health Resource Line at 206-326-2800 or toll-free 1-800-992-2279, or e-mail resource.l@ghc.org.

Candidate information

Look for candidate information on pages 6–9.

Introducing the 2008 candidates

This year there are four trustee positions open for election. The chair position on the Standing Nominating Committee is also open for election.

Trustee candidates are nominated by the Standing Nominating Committee or by petition. This year there are no petition trustee candidates.

Standing Nominating Committee chair candidates are nominated by the Group Health Cooperative Development Committee—a Board committee that advises leadership on governance, annual meeting, policy, and consumer participation issues—or by petition. This year there are no petition chair candidates.

Candidates have word limits for their biographical and candidate statements. Statements are not edited for content. Minimal editing is done to correct grammar and spelling.

The candidates elected in October with the highest vote counts will serve a three-year term, from Jan. 1, 2009 to Dec. 31, 2011.

Candidates for the Board of Trustees

- Phyllis Best, incumbent
- Dick Carlson
- Ira Fielding, MD, incumbent
- Tracy Garland
- Terry Kakida
- Bob Margulis, incumbent

Candidate for Chair of the Standing Nominating Committee

- Stuart Grover

STANDING NOMINATING COMMITTEE CHAIR CANDIDATE



Stuart Grover

Resides in Tacoma
Member since 1983

A member of Group Health Cooperative for the past 25 years, Stuart Grover serves on the Group Health Foundation Board and on the Standing Nominating Committee. He previously served on the Strategic Planning and Finance Committee. He is the former owner of The Collins Group, a fundraising consulting firm for non-profit organizations. Since selling his firm, he has published one book and is currently working on a historical novel. He holds a PhD in history from the University of Wisconsin.

What do you think are the major challenges in recruiting Cooperative members to serve on the Board of Trustees?

Group Health Cooperative has attracted excellent, committed Board of Trustees members who have worked together harmoniously to provide guidance to the organization. The main challenge the Standing Nominating Committee faces is to find a way to maintain the high level of competence on the present Board as the Cooperative seeks to counter a difficult and demanding health care environment. Service on the Board requires a significant time commitment (about 20 hours average each month), making it difficult for many people to take on Board responsibilities. The Standing Nominating Committee, under the skilled leadership of the current chair, has aggressively sought candidates, especially those representing ethnic and geographic diversity and the corporate community. Finding better ways to

reach potential candidates, making the nomination process as transparent and approachable as possible, and ensuring a varied and talented candidate pool are all challenges the committee faces in light of expanding demands on the time of potential Board of Trustees members.

What skills and experience would you bring to the nominating committee?

To this position I bring the experience of working with more than 400 not-for-profit boards (including several dozen in the health care field), serving on nine not-for-profit boards, specific skills as a facilitator and moderator, and close familiarity and support for the Group Health mission. My approach to committee leadership will echo that of my predecessor—reliance on superb staff work, strong preparation for each meeting, encouraging full and open participation by all committee members, a relaxed style that calls on a ready sense of humor, and a willingness to compromise.



Phyllis Best

Resides in Colbert
Member since 2005

Phyllis is the owner of Northwest CFO Advisory Services, current CFO of The Factory Company International in Spokane, and past CFO for Buck Knives in Post Falls (ID) and Key Technology in Walla Walla. She has more than 20 years experience in manufacturing, served in the Air Force, is a Rotarian, served on the United Way Board, and graduated from the Spokane and Walla Walla leadership classes. Phyllis holds an accounting degree and an MBA from the University of Tennessee.

Group Health generates almost \$3 billion in annual revenues. What competencies will you bring to the governing board that will help address the challenges faced by an organization this size?

Group Health is a large and complex organization with business requirements that are the same as any other large company. My 20-plus years of financial management experience enable me to understand those requirements and the leadership skills it takes to survive and prosper in today's competitive world. My background has given me practical knowledge of strategic planning, building budgets and forecasts, establishing KPIs (key performance indicators), and initiating corrective actions where necessary. Having worked in public companies, I also understand state, local, and government compliance issues.

One area of my background makes me particularly suited to serving on the Group Health Board. I have extensive experience in Lean business practices, the Toyota-founded theory of Lean production techniques that stem from the manufacturing sector.

Group Health began its Lean journey a few years ago and has invested in changing processes and culture in the Cooperative to better align with Lean practice. It is already showing results in cost reductions, better health care outcomes for members, and new job-ownership enthusiasm by employees. I can add my Lean experience at the Board level to support this important journey.

In addition to my financial background, I have had the privilege to serve as a Group Health Cooperative Board member this year. Furthermore, I have served on the Strategic Planning and Finance Committee, the Audit and Compliance Committee, and the Eastern Washington/North Idaho District Advisory Group. It has been exciting and rewarding to participate with other professionals as we perform our duties of strategic oversight and governance for the Cooperative.

Provide additional information about yourself that will help members evaluate you as a potential trustee.

Over the years I have developed the ability to size up an organization, and make an assessment of its leadership team and company culture. Group Health has demonstrated to me that it is a highly ethical company, very outwardly focused toward its members and their communities, and also willing to invest in the growth and well-being of its employees. My personal values are aligned with those of Group Health and I very much want to support its mission in any way I can. I would appreciate your vote and support in the upcoming election.



Dick Carlson

Resides in Mill Creek
Member since 1969

For more than two decades I've managed large, complex, and diverse organizations. Program innovation, fiscal accountability, and strong staff relations have been my focus. I've been a member of the board for Judicial Administration, the Children's Commission, and the Public Health and Safety Network, and president of two professional associations. I retired in 2006 following a career as administrator for the Superior Court, have a bachelor's degree from Western Washington University, and a master's degree from the University of Washington.

Group Health generates almost \$3 billion in annual revenues. What competencies will you bring to the governing board that will help address the challenges faced by an organization this size?

I will bring broad experience in the administration of large organizations, and effective collaboration with other public and private partners. In that regard, I led a successful state-wide effort to utilize a uniform risk assessment tool, and implement programs proven to reduce the re-offense behaviors of juvenile offenders. I also coordinated the design and construction of two major facilities and significant remodeling of a third. I have merged two large, previously separate organizations into a single administrative unit, and worked to institutionalize drug courts as a response to substance-abusing offenders. My most recent effort involved working with more than 30 separately elected officials, and two distinct levels of local government, in arriving at an agreed upon

facility Master Plan. I have negotiated union contracts; developed, presented, and overseen large budgets; resolved labor disputes; and directed operations. As an administrator, I have managed a clinic providing health care services to adolescents and directed a successful effort to secure national accreditation for that program. That experience gave me an appreciation for the operational and fiscal challenges of providing quality health care. I have always worked closely with staff, unions, public and private service providers, consumers, and funding sources to arrive at the best outcome possible.

Provide additional information about yourself that will help members evaluate you as a potential trustee.

As a native "Northwesterner" and Co-op consumer since 1969, I have deep roots in this community and an investment in the future of Group Health Cooperative. I enjoy people, resolving problems as part of a team, and continually learning. I recognize that health care is at a critical point in time, with much uncertainty about the future. In an organization as large as Group Health, and in a field as dynamic as that of health care, change is an ongoing part of the environment. Managing that change for successful outcomes, and minimizing its negative aspects, are obvious goals. As a Board member, I hope to use my experience to help the Co-op successfully respond to the changes ahead.



Ira Fielding, MD

Resides on Bainbridge Island
Member since 2000

Completing second term as trustee. Chair: Quality Committee of the Board. Member: Compensation Committee, Emerging Issues Advisory Council, and Hospital Medical Staff Leadership Group. Retired after 30 years practicing Urology with Kaiser Permanente, Northern California. Extensive operational, clinical, and strategic business leadership experience including Board of Directors, Permanente Medical Group; chairman of Quality, Accreditation, Risk Management, Service/Accessibility, and New Technology committees. Twenty years as Urology chief, medical center executive committee member, and head of Kaiser-Stanford Urology residency program.

Group Health generates almost \$3 billion in annual revenues. What competencies will you bring to the governing board that will help address the challenges faced by an organization this size?

Group Health has embarked on an ambitious long-term strategic plan with the goals of affordable clinical and service excellence and sustainable membership growth. Challenges to meeting these goals exist in an ever-changing, uncertain environment of rising costs, new technologies and scientific breakthroughs, provider shortages, demographic population changes, fluctuating government policies, and demands imposed by competing programs.

Large organizations like ours, with established traditions that made for past success, may have difficulty adapting and responding to a very different present environment. To succeed, our organization must become increasingly flexible so it can anticipate and adapt quickly to the external environment through necessary internal changes. People,

work processes, communication mechanisms, and relationships may all have to be redefined to meet the imposed challenges.

Anticipating and identifying needed changes are ongoing accountabilities for trustees as a group. From my executive and strategic planning roles in Kaiser Permanente and now from two terms as a trustee, I come to the Board with sound understanding and experience of marketing, finance, business structure, quality improvement, and regulatory strategy options for health care.

My 38 years of front-line, clinical medicine experience and numerous leadership positions in care delivery and planning give me a unique view of feasible changes for the delivery system and the effect those changes may have on the people of Group Health, the purchasers of care, and on the consumers. I bring the perspective of a practicing physician, physician executive leader, and health care business leader to Board deliberation, problem-solving, and decisions. I also bring the experience of many years of team participation and leadership, which required listening with an open mind, effective communication, collaboration with diverse individuals and groups, and working with groups of professionals toward achievement of common goals.

Provide additional information about yourself that will help members evaluate you as a potential trustee.

The main focus of my career has always been clinical care and my relationship with patients and their families. Both as a physician and as a patient I clearly appreciate the factors involved in delivering and receiving high quality care. These will always be my primary concerns as a trustee of one of the finest health care organizations in the country.



Tracy Garland

Resides in West Seattle
Member since 1974

I made the Northwest my home upon coming to graduate school at the University of Washington in 1968. I have served as **chief financial officer** for METRO (Municipality of Metropolitan Seattle) and Washington

Dental Service (WDS) and as **chief executive officer** of the WDS Foundation. I now consult to corporate and health care foundations. I served on Ron Sims' task force to expand children's access to health care and have been a supporter and partner of the Group Health Foundation.

Group Health generates almost \$3 billion in annual revenues. What competencies will you bring to the governing board that will help address the challenges faced by an organization this size?

I believe in Group Health and have been a **member** for over 34 years. I have delivered four children at Group Health facilities and my family has had wonderful relationships with our primary care physicians. I have also been a **partner** with Group Health. As the WDS Foundation chief executive officer, I saw the opportunity to prevent dental disease by engaging the primary care medical system. I negotiated a three-party agreement for the financing and delivery of dental prevention services to Group Health members. This project gave physicians dealing with young children the training and tools to provide preventive dental care during routine check-ups. I saw that Group Health was committed to evidence-based medicine, chronic disease management, and innovation.

I respect the different roles of Board and management. I am

experienced with and passionate about good governance practices, including CEO and Board self-evaluation. I am a good listener, and respect the legitimacy of other parties' interests.

One of the challenges that a \$3 billion organization faces is the ability of the governing Board and constituents to understand the meaning in the financials and the decisions which financial trends are calling the organization to make. I have the skills and experience to understand the financials and translate their meaning to others. My expertise in business planning and financial management would help the Board evaluate management's proposals for investments aimed at increasing growth and/or fiscal strength.

As a foundation executive, I have had extensive exposure to community health issues as well as health policy proposals aimed at improving health. I have experience working with community coalitions and have a reputation for knowing how to make things happen. I would bring to the Board insights about how the interests of Group Health could be affected by the evolving community context. I would see opportunities to positively influence Group Health's future.

Provide additional information about yourself that will help members evaluate you as a potential trustee.

I have a Bachelor of Arts degree from Cornell University and a Master of Urban Planning degree from the University of Washington. I serve on the Board of the Washington Health Foundation. I am married to Tom Garland.



Terry Kakida

Resides in Seattle
Member since 1985

I've been involved in consumer governance at Group Health for over 14 years, including Board advisory committees, the Standing Nominating Committee (serving three years as its chair), and the Appeals Committee.

I also served on the selection committee for the current CEO. I have worked for the City of Seattle since I moved here over 20 years ago, and now lead a division of Seattle Public Utilities scheduling utility crews and coordinating projects for our Field Operations and Maintenance Branch.

Group Health generates almost \$3 billion in annual revenues. What competencies will you bring to the governing board that will help address the challenges faced by an organization this size?

Through my experiences with the City of Seattle and Group Health, I have familiarity and understanding of large, complex organizations. I have worked in policy and planning, environmental protection and compliance, and operations aspects to create and support successful, sustainable outcomes providing value and aligning with customer interests and needs. I am actively involved in the development and review of measures that assess progress and drive change when needed. I work with, and often bring together, staff-level workers, executive managers, and those charged with governance and direction. I have been honored by the City and Group Health with awards for leadership accomplishments. I have succeeded by understanding and acquiring necessary competencies to *establish and monitor effective systems* to drive the delivery of products and services; to *foster collaboration and teamwork* across organizational boundaries

to obtain decisions and results; and to *communicate with impact* to reach clarity on complex or subtle messages. These key areas are the basis for building meaningful relationships, building explicit expectations, and shaping strategy.

Provide additional information about yourself that will help members evaluate you as a potential trustee.

Successful organizations are responsive to new and emerging needs, while maintaining fundamental services. I have worked in both development and implementation phases of programs and projects, created initiatives to meet emerging needs, and closed services and projects when their usefulness ended. I have provided guidance and direction in both work and volunteer settings for program outlook and direction, funding, service delivery, and outcomes. I believe my experience in these areas will support the ongoing success of the Cooperative, and help to realize the ambitious goals and vision set in its current strategic plan priorities: affordability; growth; continued clinical excellence; and staff engagement. Fulfilling this plan will firmly establish Group Health's leadership position in health care delivery and continue to honor the mission and values which started this organization in 1947. We will also set the example and direction for the region, and the nation, by our strength and effectiveness. Finally, I want to keep the Cooperative spirit visible and meaningful by searching for effective venues and opportunities for consumer participation and maintaining the foundational basis for our being an informed, involved membership.



Bob Margulis

Resides in Seattle
Member since 1979

Bob owns an eco-friendly cabinetry and kitchen remodeling company, Ravenworks. He was the founder/CEO of a successful software company, The Cordada Group, and president of ImageIQ, a medical software imaging

company. Previously he worked at Group Health for 11 years in various management positions. As a Group Health trustee he has served on various committees: Strategic Planning and Finance, Quality, Emerging Issues, Investment, and Cooperative Development. He served on many boards including the Washington Software Alliance/WSA and Bellevue Community College.

Group Health generates almost \$3 billion in annual revenues. What competencies will you bring to the governing board that will help address the challenges faced by an organization this size?

For 9 years, as founder and CEO of The Cordada Group, my company provided custom software applications to solve business problems for most of the Northwest's largest companies, including multi-billion dollar financial services companies, health insurers, and manufacturers. My work with their executive management teams taught me much that has been useful during my first 3 years as a Group Health trustee. My 35 years of experience have served the Group Health stakeholders well in the development and oversight of the Cooperative's extremely challenging new strategic plan.

Group Health is a very complex health care provider and insurer, and a Board member's first term is challenging. My 11 years as

a senior manager at Group Health enabled me to rapidly become a productive participant in Board discussions, as well as provide the rest of the Board with a context covering 29 years. My understanding of Group Health's operations has allowed me to ask thoughtful questions that come from long-term knowledge of an organization from the inside out—but viewing it from the outside in.

Provide additional information about yourself that will help members evaluate you as a potential trustee.

As a Co-op member for 29 years, I've had many relationships with Group Health: as a group and individual plan member, as a business owner providing a Group Health option to 100 employees, and as a software association board member helping select health care providers. This enables me to see Group Health from various points of view.

During my first Board term, Group Health has been profitable each year while rates have moderated notably, and in some cases remained the same while competitors' have risen dramatically. Quality has improved and we have been voted one of the nation's best health care organizations by our members. And we have greatly increased our involvement in lobbying at the national level. Nonetheless, we have a long way to go to achieve the affordability and excellence that you deserve. I have the experience and commitment to help Group Health successfully address these critical issues. I would be proud to have the opportunity to continue serving you on the Group Health Board and would sincerely appreciate your vote.

YOUR HEALTH. YOUR VOTE. YOUR BOARD.

Meet the Board

A nurse and a physician assistant—both university faculty. A retired doctor. State government executive director. Current and former consultants and business owners. A retired economist and two attorneys.

Most importantly they are all Group Health members. Each trustee is elected by voting members, just like you, to set the strategic direction for the Cooperative.

What does the Board do? The Board sets and monitors key quality and financial indicators to ensure effective management and use of resources. Trustees work together to set policy for the organization. They also select, advise, and evaluate the Group Health president and CEO. The Board monitors the current health care environment to provide strategic direction to changes while adhering to Group Health's mission.

Board members receive an \$8,500 annual stipend. The chair receives a \$12,500 annual stipend. Trustees can serve a maximum of three consecutive three-year terms.

This year we're counting on you to elect four trustees. With your vote, you help choose who should guide Group Health in the delivery of relevant, responsive health care. Which candidates will contribute to a strong mix of trustees as the Board fulfills its legal and fiduciary responsibility to serve the interests of the Cooperative? Who will help Group Health thrive as a business as it serves you, your family, and the community?

Your vote is important!



Jerry Campbell
Chair

Resides in Seattle
Member since 1999

Term ends: Dec. 31, 2010

Education: Bachelor's degree, business administration

Professional background: Retired owner, investment management firm; 35-year career in U.S. and Canadian health and life insurance companies.



Bobbie Berkowitz, RN, PhD
Vice Chair

Resides in Seattle
Member since 1991

Term ends: Dec. 31, 2009

Education: PhD, nursing science with executive focus

Professional background: Professor, University of Washington School of Nursing; former deputy secretary for the Washington Department of Health and chief of nursing for Public Health—Seattle & King County.



Ruth Ballweg, PA-C
Past Chair

Resides in Seattle
Member since 1981

Term ends: Dec. 31, 2008

Education: Master's degree, public administration; physician assistant certificate

Professional background: Physician assistant, associate professor, and director of MEDEX Northwest Physician Assistant Program, University of Washington School of Medicine.



Phyllis Best

Resides in Colbert
Member since 2005

Term ends: Dec. 31, 2008; running for re-election

Education: Master's degree, business administration

Professional background: Owner of

Northwest CFO Advisory Services, a financial consulting business. Current chief financial officer of The Factory Company International. Former chief financial officer of Buck Knives, Inc., and has more than 20 years experience in manufacturing.



Ann Daley

Resides in Olympia
Member since 1978

Term ends: Dec. 31, 2009

Education: Master's degree, political science

Professional background: Executive director of Washington State Higher

Education Coordinating Board; 30-year career as senior executive and policy advisor in state government.



Rosemary Daszkiewicz, JD

Resides in Seattle
Member since 1993

Term ends: Dec. 31, 2009

Education: Juris Doctor degree

Professional background: Senior director with Plum Creek Timber Co., with responsibilities in law and human resources.

For 22 years she was an employment lawyer in private practice in Seattle.



Porsche Everson

Resides in Seattle
Member since 1987

Term ends: Dec. 31, 2010

Education: Master's degree, business administration

Professional background: Owner and president of Relevant Strategies, a man-

agement consulting firm. Former chief executive officer of Starling Systems.



Ira Fielding, MD

Resides on Bainbridge Island
Member since 2000

Term ends: Dec. 31, 2008; running for re-election

Education: Doctor of Medicine

Professional background: Retired after 30 years of practice with the Permanente

Medical Group in California. Also served on the Permanente Board of Directors and as chief of Urology and of Quality.



Jennifer Joly, JD

Resides in Tacoma
Member since 2004

Term ends: Dec. 31, 2010

Education: Juris Doctor degree

Professional background: Held a variety of executive-level legal and policy positions, including general counsel and

legislative director to former Gov. Gary Locke. Also served as counsel to the Washington State House of Representatives.



Bob Margulis

Resides in Seattle
Member since 1979

Term ends: Dec. 31, 2008; running for re-election

Education: Bachelor's degree, English literature

Professional background: Owner of

green cabinetry and residential remodel company Ravenworks. Former chief executive officer/founder of The Cordada Group and president of ImagelQ, with 11 years in senior management positions in Group Health's Information Technology Division.



ChangMook Sohn, PhD

Resides in Olympia
Member since 1984

Term ends: Dec. 31, 2009

Education: PhD, economics

Professional background: Retired after 23 years as executive director, Washington

State Economic & Revenue Forecast Council, to run for state treasurer in the 2008 election.

YOUR ANNUAL MEETING—YOUR GROUP HEALTH

2008 Annual Membership Meeting

Saturday, Oct. 11, 10 a.m.–noon

University of Washington
Husky Union Building (HUB)

Meeting highlights

Business meeting and registration

Registration starts at 8 a.m. and will close at 11 a.m. Everyone who attends the meeting should register in Room 108 before entering the meeting room.

Your Group Health member card or other form of identification is required when registering or when requesting a ballot.

The business meeting starts at 10 a.m. Jerry Campbell, chair of the Cooperative, will preside.

Governance recognition awards

Outstanding consumers and staff will be honored during the Governance Recognition Awards Program.

President and CEO's report to the membership

Group Health Cooperative President and CEO Scott Armstrong will provide a report to the membership on the organization's current status and challenges both Group Health and the health care industry are facing.

Guest speaker Len Nichols, PhD



Topic: "Health care reform: Can health coverage be expanded to all Americans?"

Len Nichols, a health economist and policy analyst, directs the Health Policy Program at the New America Foundation. Nichols joined New America

to work more directly on solutions rather than just describing the complex problems of our health care system. He studies ways to combine cost containment with coverage expansion, ever-focused on the ultimate goal of health insurance coverage for all Americans with

shared financial burdens that are sustainable.

Nichols has testified frequently before Congress and state legislators and has published widely in a variety of health-related journals on health insurance coverage, financing, and delivery system issues. Most recently, Nichols has worked with the governors or legislators in California, Colorado, Illinois, Kansas, Oklahoma, Washington, Arkansas, Ohio, and Utah to shape coverage expansion and cost-growth containment strategies.

Before joining New America, Nichols was vice president of the Center for Studying Health System Change, a principal research associate at the Urban Institute, and the senior advisor for Health Policy at the Office of Management and Budget during President Clinton's 1993–1994 reform efforts. Previously Nichols served as chair of the Economics Department at Wellesley College, where he taught for 10 years. Nichols received a doctorate in economics from the University of Illinois.

This presentation is made possible by a grant from the Group Health Foundation Aubrey and Henrietta Davis Endowed Fund for Excellence in Governance and Leadership.

Panel presentation by Group Health leaders

Topic: "How is Group Health improving quality and controlling costs?"

The panel presentation immediately follows Len Nichols' presentation.

Audience Q&A

Time will be available for an audience Q&A session with Nichols and Group Health leaders following the panel presentation.

Election

Four seats on the 11-member consumer Board of Trustees, and the chair of the Standing Nominating Committee position, are open for election this year. You can vote at the meeting between 8–10 a.m., or use the enclosed mail ballot. Candidate election results, if known, will be announced at the end of the meeting.

Visit the pre-meeting health fair

8–10 a.m. in the Upper Husky Den

Breakfast. Espresso. Giveaways. Prizes! The whole family will enjoy fun activities at this year's health fair. Get your flu shot, check your blood pressure, have your glasses polished, and take home a free case for your glasses. Learn how to better protect your family and home in the event of a disaster. Register for MyGroupHealth and complete your online Health Profile. Test your respiratory system, check your body mass index, and more!

What you need to know

Reservations

If you plan to attend the Oct. 11 annual membership meeting at the University of Washington's Husky Union Building in Seattle, please call the Reservation Line at 206-448-4786 in the Seattle dialing area (or toll-free 1-800-252-3305, extension 15). Or, reserve your space on the Group Health Web site (ghc.org, then search for "annual meeting reservation"). Make your reservations by Friday, Oct. 3, to receive important meeting information and a parking permit.

Childcare

Free childcare will be provided on site. Reservations are required.

Parking and access

Free parking is available in a Group Health–designated lot on the UW campus for those who make meeting reservations. Shuttles will run between the lot and the HUB. Disabled parking spaces are limited. Call Metro Transit at 206-553-3000 for bus schedules to/from the campus (outside the Seattle area, call toll-free 1-800-542-7876). ACCESS buses should use Lot N-22 off of Stevens Way.

Bad weather

The annual meeting will be held regardless of weather conditions.

For more information, or for a copy of the 2007 annual meeting minutes, call the Board of Trustees Office at 206-448-5790 (or toll-free 1-800-252-3305, extension 11).

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF OPERATIONS

In thousands, year ending December 31

	2007	2006
Revenues		
Premium revenue	\$ 2,378,062	\$ 2,326,821
Nonpremium revenue	287,239	256,923
Total revenues	<u>2,665,301</u>	<u>2,583,744</u>
Expenses		
Employee compensation	549,052	512,143
Group Health Permanente	245,017	224,721
External delivery services	1,226,635	1,071,217
Purchased services	89,273	79,969
Medical and operating supplies	239,311	224,953
Depreciation	48,560	46,422
Other	196,617	181,916
Total expenses	<u>2,594,465</u>	<u>2,341,341</u>
Income before income tax (benefit) expense	<u>\$ 70,836</u>	<u>\$ 242,403</u>

Group Health Cooperative ended the year with a consolidated margin of 2.7 percent. Due to our strong financial performance in recent years, we deliberately reduced our 2007 margin target as part of our effort to become more affordable.

For a complete copy of the audited 2007 Group Health consolidated financial statement, please call Group Health Communications at 206-448-6135.

Sign up for *Group Health eNews*

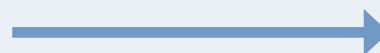
Group Health Cooperative eNews is your information source for timely news about Group Health events and governance activities. This electronic newsletter will give you an inside look at the Cooperative's important work.

eNews is available only to you, our voting members.

eNews is published approximately twice a month. We don't share or sell our mailing list. You can opt out and stop getting eNews at any time by clicking on the "opt out" link found in every issue.

Not signed up for eNews yet?

It's as easy as 1, 2, 3



Send in the postage-paid sign-up card or follow the instructions on Page 15.

Want to do more than vote?

“When I’m informed of an opportunity to participate I find a reason to say ‘yes’ because I know that my participation has an affect on my care and the input I can have into the direction that Group Health is taking.”

– Juergen Kneifel, Lynnwood resident, associate faculty, Everett Community College

The Cooperative is patient powered and offers members a number of opportunities to provide input and advise the organization’s management.

How can you get involved?

- Volunteer for a medical center council or a district advisory group.
- Join the Senior Caucus.
- Apply to be on a leadership advisory group.
- Serve as a consumer consultant.
- Participate in online discussion groups.
- Sign up for the electronic newsletter *Group Health Cooperative eNews*.

Join us to learn more about Group Health’s delivery system, provide input into customer satisfaction issues, and continue the history of consumer involvement in the organization.

Medical center councils Medical center councils are open to our members who reside near or receive care at a Group Health medical center. The councils work with medical center staff to improve patient experiences. They also sponsor health education forums.

District advisory groups Group Health members who receive care outside the Puget Sound area are invited to join district advisory groups. These groups make recommendations to district Group Health administrators and health care providers.

Senior Caucus The Senior Caucus advocates for senior health care needs and acts as a sounding board for Group Health management. The Senior Caucus plans and sponsors local meetings on health-related topics and works with legislators on local and national senior health care issues.

Leadership advisory groups Community leaders and stakeholders can apply to participate in a leadership advisory group in the Puget Sound region. These regional groups meet quarterly to provide feedback to Group Health administrators on programs and services.

Consumer consultants Individual members can participate in focus groups and short-term projects by becoming a consumer consultant. It is an excellent way to get involved if you are interested in health care and Group Health operations but prefer a shorter time commitment.

Group Health eNews Want to be better informed about Group Health events and governance activities? Sign up for *Group Health Cooperative eNews*. Read about breaking news, learn about new research, and receive the latest information by e-mail. To sign up, e-mail your request with full name and Group Health member number to governance@ghc.org.

Online discussion groups Ask questions, provide suggestions, and see what’s happening in member participation and the Cooperative at ghc.org.

For further information To get involved or to receive more information, e-mail governance@ghc.org or call 206-448-2080 or 1-800-252-3305, extension 12.

Health care reform is one of our nation's most pressing issues.

Group Health invites you to join us in building solutions.

Vote! Help decide which candidates will serve on the Group Health Board of Trustees.

▶ Find your mail-in ballot inside.

Attend the 2008 Annual Membership Meeting to hear experts and leaders discuss health care reform, Saturday, Oct. 11, 10 a.m. to noon, at the University of Washington.

▶ See meeting details pages 12 and 13.

Sign up for eNews—an electronic newsletter that provides an inside look at Group Health efforts to make a difference in the lives of members and in our community.

▶ Find a mail-in sign-up card inside.

Visit ghc.org to read the 2007 Annual Report where President and CEO Scott Armstrong and Group Health physician leaders share real-world insights about what it will really take to create meaningful reform.

