



# NATIONAL AGREEMENT



## KAISER PERMANENTE

THE COALITION OF  
KAISER PERMANENTE UNIONS

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October 1, 2010

**(L+M)<sup>P</sup>**  
*The Power of Partnership*

**This is the full text of the 2010 National Agreement.** Related documents, including a full-text, 8.5 x 11" PDF of the National Agreement, are available for download at [www.LMPartnership.org](http://www.LMPartnership.org). Additional copies of the National Agreement and summary documents can be ordered by visiting the eStore on [LMPartnership.org](http://LMPartnership.org).



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# NATIONAL AGREEMENT

This National Agreement (the Agreement) is entered into this first day of October, 2010, by and between the labor organizations participating in the Coalition of Kaiser Permanente Unions (the Coalition) and the organizations participating in the Kaiser Permanente Medical Care Program (the Program), including Kaiser Foundation Health Plan, Inc. and Kaiser Foundation Hospitals (KFHP/H) and the Permanente Medical Groups (collectively Kaiser Permanente or Employers, or individually, Employer), which are signatories hereto.

## INTRODUCTION

In 1997, the Coalition and Kaiser Permanente entered into a National Labor Management Partnership Agreement. By involving employees and unions in organizational decision making at every level, the Partnership is designed to improve the quality of health care, make Kaiser Permanente a better place to work, enhance Kaiser Permanente's competitive performance, provide employees with employment and income security and expand Kaiser Permanente's membership. The cornerstone of the Partnership is an innovative labor management relationship. In that spirit, the parties decided to embark on a voyage—one that had never been attempted—to collectively and simultaneously bargain 33 Partnership union contracts.

In 2000, the Common Issues Committee (CIC), made up of union and management representatives from across the country, successfully negotiated a five-year National Agreement covering 33 bargaining units. In 2005, the parties formed a new CIC to bargain this successor Agreement, covering 44 bargaining units. To inform their work, the CIC chartered nine Bargaining Task Groups (BTGs) in April of 2005. These nine groups were made up of approximately 400 management and union representatives from across the program.

The 2005 BTGs were charged with reviewing the BTG recommendations from 2000 and making comprehensive, long-term recommendations in the areas of Attendance, Benefits, Human Resources Information Systems (HRIS) Process Consistency, Performance-Based Pay, Performance Improvement, Service Quality, Scope of Practice, Workforce Development and Work-Life Balance, to make Kaiser Permanente the best place to work and the best place to receive care. Over the course of several months, the BTGs developed comprehensive solutions





for transforming the work environment. They reported their solutions to the members of the CIC in late June.

Each of the BTGs gave more definition and specificity to the Partnership path. Each expressed a high degree of confidence in the Labor Management Partnership and the potential found within the vision of the Partnership. They identified the need to further integrate the Labor Management Partnership into the way Kaiser Permanente does business.

The CIC then undertook the challenge of reviewing and synthesizing the comprehensive and detailed work of the BTGs. Their charge was to determine how best to distill the work of the groups into the Agreement, and at the same time ensure that the work of the groups is carried forward into the future.

The *Pathways to Partnership* was developed in 1998 to provide a road map for making a transition to an environment characterized by collaboration, inclusion and mutual trust. Within the framework of the *Pathways to Partnership*, this Agreement continues to set forth new ways to work and new ways to provide care. It enables each person to engage her/his full range of skills, experiences and abilities to continually improve service, patient care and performance. The Agreement describes an organization in which unions and employees are integrated into planning and decision-making forums at all levels, including budget, operations, strategic initiatives, quality processes and staffing. In this vision, decisions are jointly made by unit-based work teams (Unit-Based Teams)—giving people who provide the care and service the ability to decide how the work can best be performed. The parties look forward to a time when all eligible employees participate in the Partnership and are covered by this Agreement.

The Labor Management Partnership is supported through the engagement of regional and local partnership teams. In some instances, this document provides specific timeframes required to assure progress toward Partnership goals. The Agreement promotes nationwide consistency by determining wages, benefits and certain other terms and conditions of employment. It is a blueprint for making Kaiser Permanente the Employer and care provider of choice.

**Section 1** of this Agreement covers the privileges and obligations, reflects the continued commitment of the parties and integrates the work of the BTGs into the Partnership. Specifically, the BTGs provided solutions for improving Performance, Quality of Service and Attendance. They identified the systems needed to support high performance through Education and Training, Workforce Development and Planning, and Staffing, Backfill and Capacity Building. Lastly, they captured the work environment elements needed to provide for Patient Safety, Workplace Safety, balance between work life and personal life and collaborative examination of Scope of Practice issues. Section 1 provides mechanisms for spreading partnership, collaboration and organizational transformation throughout our organization. It defines how workers and managers engage in all the areas identified by the BTGs. Section 1 also covers areas such as union security, Partnership governance and problem solving processes and elaborates on other privileges and obligations of Partnership.

**Section 2** identifies the specific provisions of the Agreement which pertain to compensation, benefits and dispute procedures.

**Section 3** describes the scope, application and term of the Agreement.

**THIS AGREEMENT WAS CREATED THROUGH AN EXTRAORDINARY COLLABORATION WITH THE INPUT OF HUNDREDS OF KAISER PERMANENTE EMPLOYEES AT EVERY LEVEL. THE AGREEMENT EMBODIES THE PARTIES' COLLECTIVE VISION FOR KAISER PERMANENTE. THE LANGUAGE OF THIS AGREEMENT CANNOT BEGIN TO FULLY CAPTURE THE ENERGY AND COLLECTIVE INSIGHTS OF THE HUNDREDS OF PEOPLE WORKING LONG HOURS TO ESTABLISH THIS FRAMEWORK. AS WORK UNITS APPLY THESE PRINCIPLES, THEIR COMMITMENT AND EXPERTISE WILL MAKE THE VISION A REALITY.**







**Section 1:**  
**PRIVILEGES AND OBLIGATIONS OF PARTNERSHIP**

## A. COMMITMENT TO PARTNERSHIP

The essence of the Labor Management Partnership is involvement and influence, pursuit of excellence and accountability by all. The parties believe people take pride in their contributions, care about their jobs and each other, want to be involved in decisions about their work and want to share in the success of their efforts. Market-leading organizational performance can only be achieved when everyone places an emphasis on benefiting all of Kaiser Permanente. There is an indisputable correlation between business success and success for people. Employees throughout the organization must have the opportunity to make decisions and take actions to improve performance and better address patient needs. This means that employees must have the skills, knowledge, information, opportunity and authority to make sound decisions and perform effectively. Engaged and involved employees will be highly committed to their work and contribute fully.

By creating an atmosphere of mutual trust and respect, recognizing each person's expertise and knowledge, and providing training and education to expand those capabilities, the common goals of organizational and individual success and a secure, challenging and personally rewarding work environment can be attained. With this Agreement, the parties will continue to invest in and support a wide array of activities designed to increase individual employee skills training, learning opportunities and growth and development.



The Value Compass sets forth the way in which this National Agreement becomes a key operating strategy for Kaiser Permanente. To improve performance measures by focusing on the needs of our patients and members requires involvement from everyone. We seek to move from projects to pilots to whole systems improvement, recognizing that all four points of the Value Compass impact the whole value that the organization creates.

The Value Compass is designed to achieve the KP Promise, which ensures our members always have the best health care experience.

The KP Promise is a commitment to our members to provide health care that is:

- *quality you can trust;*
- *convenient and easy access;*
- *caring with a personal touch; and*
- *affordable.*

Section 1 presents an integrated approach to Service Quality, Performance Improvement, Workforce Development, Education and Training and creation of an environment responsive to organizational, employee and union interests. In addition, it provides a process to solve problems as close to the point at which they arise as possible, respecting the interests of all parties. The Partnership

Agreement Review Process in Section 1.L.2 applies to disputes arising out of Section 1, but is meant to be used as a last resort.

With this Agreement, the Coalition and Kaiser Permanente assume a set of privileges and obligations. These include, but are not limited to, employment and income security, union security, access to information including the responsibility to maintain confidentiality concerning sensitive information, participation in the governance structure and participation in performance sharing plans.

There is a joint commitment to identify, and by mutual agreement, incorporate our own successful practices and those of other high performance organizations into each facility. The parties will work diligently to increase and enhance flexibility in work scheduling and work assignments to enhance service, quality and financial performance while meeting the interests of employees and their unions. We share a willingness to work in good faith to resolve jurisdictional issues in order to increase work team flexibility and performance, and we share a commitment to marketing Kaiser Permanente as the Employer and care provider of choice.

In addition, it is absolutely critical for KP to grow its membership and adapt to a changing health care market. We believe that much of the new growth opportunities could come from new government initiatives that emerge out of national health care reform.

The parties commit to the involvement of high-level Union, Permanente and Health Plan leaders to work together on growth strategies. The parties will work in a proactive manner on other growth potential, including discussing both contiguous and non-contiguous opportunities, new geographies and regions, mergers and acquisitions that best

position opportunities for KP to grow more quickly and respond to opportunities, and will explore new health care vehicles that could be made available to union trust funds, multiemployer trust funds and single employers.

The parties shall work together to explore and utilize available growth opportunities. This requires positioning to ensure that we are a major player in current and future debates over national health care reform. The parties shall emphasize the unique advantages of the Kaiser Permanente model.

## B. PARTNERSHIP GOVERNANCE AND STRUCTURE

The National Labor Management Partnership Agreement describes the vision of a workplace environment where diversity of opinion is valued and all stakeholders share a voice in decisions that affect them and their work. The vision of this Partnership is an integrated structure, where the unions and their members are part of the decision making forums. In 2000, it was recognized that prior to reaching this vision, parallel structures needed to be implemented in order to organize, plan and implement the partnership principles. These structures were meant to be steps toward integration that would change as the Partnership evolved. Indeed, the 2005 National Agreement took substantive steps toward this integration.

### 1. PARTNERSHIP STRUCTURES

#### a. Integration

A variety of Partnership structures exist at the national, regional, service area, facility, department and/or work unit levels. In addition, there are various business

structures which attempt to solve the same problem or achieve like goals. Partnership should become the way business is conducted at Kaiser Permanente. In order to achieve this goal, these parallel Labor Management Partnership structures should be integrated into existing operational structures of the organization at every level. This would result in dissolution of parallel labor management committees that are redundant with ongoing business committees (e.g., department meetings, project teams, planning committees). Parallel structures may still be required where there is no existing function, where existing structures are not adequate for a particular function, initiative, or area of focus, or where they are necessary because of legal or regulatory requirements. New initiatives should include labor participation from their inception.

Integration of labor into the normal business structures of the organization does not mean co-management, but rather full participation in the decision-making forums and processes at every level of the organization as described on pages 14–16 of the Labor Management Partnership Vision: Reaffirmation, and subject only to the capacity of the unions to fully engage and contribute. The parties will work together to ensure that union capacity issues are adequately addressed. The integration process for regional structures should begin immediately and should be completed by January 2008.

## **b. Unit-Based Teams**

Engaging employees in the design and implementation of their work creates a healthy work environment and builds commitment to superior organizational performance. Successful engagement begins with appropriate structures and processes for Partnership interaction to take place.

It requires the sponsorship, commitment and accountability of labor, management and medical and dental group leadership to communicate to stakeholders that engagement in Partnership is not optional, but the way that Kaiser Permanente does business.

The 2005 Attendance, Performance Improvement, Performance-Based Pay, Service Quality and Workforce Development BTGs recommended the establishment of teams based in work units as a core mechanism for advancing Partnership as the way business is conducted at Kaiser Permanente, and for improving organizational performance. A Unit-Based Team includes all of the participants within the boundaries of the work unit, including supervisors, stewards, providers and employees.

Members of a Unit-Based Team will participate in:

- *planning and designing work processes;*
- *setting goals and establishing metrics;*
- *reviewing and evaluating aggregate team performance;*
- *budgeting, staffing and scheduling decisions; and*
- *proactively identifying problems and resolving issues.*

The teams will need information and support, including:

- *open sharing of business information;*
- *timely performance data;*
- *department-specific training;*
- *thorough understanding of how unions operate;*
- *meeting skills and facilitation; and*
- *release time and backfill.*

Senior leadership of KFHP/H, medical and dental groups and unions in each region will agree on a shared vision of the process for establishing teams, the methods for holding teams and leaders accountable, and the tools and resources necessary to support the teams. Unit-Based Team goals will be aligned with national, regional, facility and unit goals.

Implementation of Unit-Based Teams should be phased, beginning with Labor Management Partnership readiness education and training of targeted work units, providing supervisors and stewards with the knowledge and tools to begin the team-building work. It is expected that Unit-Based Teams are the operating model for Kaiser Permanente.

- *The performance status of a Unit-Based Team is defined by the Path to Performance. (attached as Exhibit 1.B.1.b.(2))*
- *All Unit-Based Teams should be high-performing Unit-Based Teams. The parties agree that the following goals be established (high performance is defined as level 4 or level 5):*
  - » *2011: Double the number of high-performing UBTs that existed at the end of 2010.*
  - » *2012: Increase the number of high-performing UBTs by an additional 20 percent.*
  - » *2013: Increase the number of high-performing UBTs by an additional 20 percent.*
- *The 2010 LMP Subgroup of the CIC recommended, and the parties agree that:*
  - » *A uniform, national UBT rating system be established based on observable evidence and behavior.*

*The rating system is described in the Path to Performance. (attached as Exhibit 1.B.1.b.(2))*

- » *The “National UBT Tracker” be refined to track high-performing UBTs.*
- » *Mechanisms be developed to identify and support underachieving UBTs.*
- » *High-performing UBTs be recognized and rewarded.*

Stewards and supervisors play a critical role in high-performance partnership organizations. Where work is organized and performed by Unit-Based Teams, the roles are substantially different from those of traditional work situations. References to supervisors in this Agreement refer to management representatives.

In Unit-Based Teams, supervisors will continue to play a crucial role in providing leadership and support to frontline workers. The role should evolve from directing the workforce to coaching, facilitating, supporting, representing management through interest-based procedures and ensuring that a more involved and engaged workforce is provided with the necessary systems, materials and resources. The role of stewards should evolve into one of work unit leadership, problem solving, participating in the organization and design of the work processes and representing co-workers through interest-based procedures.

A description of the roles, as envisioned in the Pathways to Partnership, can be found in the Work Unit Level Sponsorship and Accountability section of the 2003–2005 Labor Management Partnership Implementation Plan and the 2004 Think Outside The Box Toolkit.



### c. Joint Accountability

The Strategy Group will appoint a committee of its own members to develop a means to build direct accountability for improving the Partnership, including a method for frontline union and management leaders to provide reciprocal feedback. The committee will provide these recommendations and a recommendation on implementation to the Executive Committee of the Strategy Group by 12/1/2010. The Strategy Group will act on the recommendations by 1/1/2011.

## 2. GOVERNING BODIES

The governing body for the Labor Management Partnership is the Labor Management Partnership Strategy Group (the Strategy Group), which currently comprises the Regional Presidents, a subset of the KFHP/H National Leadership Team, representatives from the Permanente Medical Groups, the Permanente Federation, the Office of Labor Management Partnership (OLMP) and the Coalition. The parties acknowledge that as integration progresses, governance structures may need to evolve accordingly.

The OLMP will provide administrative and operational support to the Strategy Group and support the implementation of the Partnership at all levels, including

- *management of the Labor Management Partnership Trust (the Partnership Trust) budget, as determined by the Strategy Group, including financial reports and fund transfers;*
- *establishment and coordination of joint education trusts;*
- *support to Labor Management Partnership communications;*

- *support for coordination and development of Workforce Planning and Development activities; and*
- *management and/or support for other initiatives and programs as assigned.*

## 3. JOINT PARTNERSHIP TRUST

The Partnership Trust has been established for the purpose of funding labor management administration and Partnership activities. Changes in the Employer's overall funding of Partnership expenses, including Partnership Trust contributions, training and education development, administration and technical and consulting support expenses necessary to implement/advance the Partnership, shall be at least proportional to employee contributions as described below.

The Employer contribution to the Partnership Trust will be \$10,000,000 annually. An amount equal to nine cents per hour per employee will continue to be contributed to the Partnership Trust throughout the term of this Agreement, using the current or jointly acceptable alternative methodologies. The purpose of the employee contribution is employee ownership of the Partnership, sponsorship of increased union capacity and shared ownership of outcomes and performance gains.

The Partnership Trust is overseen by the Strategy Group and is jointly administered. There will be up to six trustees consisting of equal numbers of union and management representatives from the Strategy Group. The trustees serve under the direction of the Strategy Group.

## C. ORGANIZATIONAL PERFORMANCE

The 2005 BTGs, comprising approximately 400 employees, managers, supervisors, physicians, dentists and union leaders, worked diligently to propose solutions in a range of areas of great interest to management, employees and their unions. This section is based on their vision and solutions in the areas of Attendance, Benefits, HRIS Process Consistency, Scope of Practice, Service Quality, Performance-Based Pay, Performance Improvement, Workforce Development and Work-Life Balance. While not intended to represent all of the ideas, goals and direction indicated by these BTGs, it captures the fundamental elements necessary for making Kaiser Permanente the best place to work and the best place to receive care.

The parties are dedicated to working together to make Kaiser Permanente the recognized market leader in providing quality health care and service. This can be accomplished through creating a service culture, achieving performance goals, developing the Kaiser Permanente workforce, increasing employee satisfaction, promoting patient safety programs and focusing attention on employee health and work-life personal-life balance. The goal is to continually improve performance by investing in people and infrastructure, improving communication skills, fostering leadership and supporting involvement in the community.

### 1. PERFORMANCE IMPROVEMENT

Kaiser Permanente and the Coalition are competing in a challenging market that is characterized by a limited workforce, changes in technology, changes in clinical practice, cultural diversity, changing demographics and high demand for quality service.

The parties are committed to the enhancement of organizational performance so that working in Partnership is the way Kaiser Permanente does business. Under this Agreement, the parties will work together to:

- *develop and invest in people, including the development of and investment in managers, supervisors and union stewards;*
- *engage employees at all levels;*
- *align the systems and processes that support the achievement of organizational and Partnership goals;*
- *enhance the ability of Coalition unions to advance their social mission and the welfare of their members;*
- *recognize and reduce parallel structures;*
- *ensure joint management-union accountability for performance;*
- *grow membership;*
- *redesign work processes to improve effectiveness, efficiency and work environment;*
- *develop and foster Unit-Based Teams;*
- *share and establish expectations regarding broad adoption of successful practices in areas such as service, attendance, workplace safety, workforce development, cost structure reduction, scope of practice and performance-based pay; and*
- *communicate with employees on an ongoing basis regarding performance goals and targets, as well as performance results at all levels of the organization.*

#### a. Successful Practices

Implementation of a comprehensive, Web-based system for sharing and transferring successful practices will be a significant contribution to performance improvement.

This system will identify and capture successful practices and toolkits related to regional and programwide goals, such as:

- *service;*
- *attendance;*
- *workplace safety;*
- *workforce development;*
- *cost structure reduction;*
- *scope of practice;*
- *performance-based pay;*
- *quality;*
- *patient safety; and*
- *others.*

By October 1, 2010, each region will inventory and submit to a designee in the OLMP the existing systems that are used to capture and share successful practices.

The OLMP will be responsible to:

- *act as the sponsor for the transfer of successful practices;*
- *coordinate with regional and national function leadership to provide funding, incentives, education, support and tools; and*
- *implement and maintain the system to ensure that successful practices are, in fact, transferred.*

The National UBT Tracker, LMP website and other tools throughout the organization shall be regularly updated and made available to the organization so as to accelerate knowledge of and use of best practices, categorized by type (e.g., quality, patient safety, service, etc.).

Regions or facilities where business goals are not being met for a specific function will be accountable to adopt demonstrated successful practices specifically applicable to that function, in order to improve performance.

## **b. Flexibility**

Kaiser Permanente and the Coalition are committed to enhancement of organizational performance by developing and investing in people and aligning the systems and processes that support the achievement of organizational and partnership goals. Further, the parties are committed to Kaiser Permanente becoming a high-performance organization and to the KP Promise and the Labor Management Partnership as a foundation for reaching this goal.

Market-driven change has created a challenging competitive situation that is characterized by a limited number of skilled workers and new entrants into the workforce, changes in technology, changes in clinical practice, cultural diversity, changing demographics and high demand for quality service. To become a high-performance organization in this environment requires organizational change.

Becoming a high-performance organization also requires a pledge from Partner unions and Kaiser Permanente to modify traditional approaches, to work diligently to enhance flexibility in labor contracts, to willingly explore alternative ways to apply seniority and to address jurisdictional issues in order to achieve organizational performance goals. It is expected that the parties will undertake this in a way that is consistent with the Partnership, while at the same time preserving the principles of seniority and union jurisdiction.

The following is minimally required to create an environment that balances Kaiser Permanente's need for flexibility in removing barriers to enhanced performance with Partner unions' need to honor seniority and jurisdiction. The goal is to create a climate based on trust that promotes achievement of Partnership outcomes and fosters an environment in which Kaiser Permanente, Partner unions and employees effectively respond to and address issues at the local level. It is not the intent of the parties to undermine the principles of seniority and union jurisdiction or to reduce the overall level of union membership. Management is not looking for the right to make changes unilaterally to achieve greater flexibility, but expects the unions to work with them to address flexibility needs. The need for and desirability of joint decision making is acknowledged.

Management recognizes the unions' interest in a balanced approach which will not disadvantage one union relative to another and acknowledges that a broad, long-term perspective should be adopted.

**COMMITMENT TO PERFORMANCE IMPROVEMENT** through joint, continuing efforts to redesign business systems and work processes. This includes simplifying workflow, eliminating redundant or unnecessary tasks and coordinating workflow across boundaries. It also requires alignment with and implementation of the business strategy and the principles of the Labor Management Partnership.

**INCORPORATION OF LABOR MANAGEMENT PARTNERSHIP PRINCIPLES IN REDESIGN EFFORTS.** These include:

- *involving affected employees and their unions in the process;*
- *assessing impact on employees;*

- *minimizing impact on other units due to bumping and other dislocation;*
- *providing fair opportunity for current employees to perform new work;*
- *retraining or redeploying affected employees; and*
- *applying the principles of employment and income security.*

**CREATION OF MUTUALLY AGREEABLE LOCAL WORK DESIGN PROCESSES** to address local conditions while ensuring high levels of quality, service and financial performance. Flexibility will enhance management's ability to meet its employment security obligations, just as flexibility will be enhanced by joint labor management influence over workplace practices. Principles to be observed include:

- *respect for seniority and union jurisdiction;*
- *flexibility for employees' personal needs; and*
- *flexibility in work scheduling, work assignments and other workplace practices.*

**COMMITMENT OF LOCAL LABOR MANAGEMENT PARTNERS TO EXHIBIT CREATIVITY AND TRUST TO RESOLVE DIFFICULT ISSUES,** such as:

- *contractual and jurisdictional issues that are inconsistent with partnership principles and/or that are barriers to achievement of partnership goals;*
- *considering reciprocity of seniority between bargaining units to facilitate employee development and performance improvement;*
- *enhancing employee mobility across regions and partner unions and into promotional opportunities;*

- *cross-training staff across job classifications and union jurisdictional lines where it makes operational or business sense or where union and employee's interests are accommodated;*
- *enabling team members to perform operational functions across boundaries (job classification, department and/or union jurisdiction) within their scope of practice and licensure to serve members/patients; and*
- *utilizing a joint process to resolve issues of skill mix, classification and the application of the provisions of the National Employment and Income Security Agreement.*

**MECHANISMS FOR FLEXIBILITY INCLUDE,** but are not limited to:

- *expanding skills of staff;*
- *developing innovative and flexible scheduling and work assignments to balance staffing and workload;*
- *alternative work assignments and schedules to accommodate variations in staff workload;*
- *shifting tasks to accommodate periods of peak demand;*
- *temporary assignments to other work;*
- *using supply-demand management tools to anticipate staffing needs; and*
- *other innovative employment options such as seasonal employment and job sharing.*

In applying the principles of the Partnership, local labor management partners may create a variety of joint agreements or practices to enhance organizational performance and to accommodate employee interests. In order to encourage creativity and joint risk taking,

such agreements will be non-precedent setting and not apply to other units, departments, medical centers or service areas. However, sharing and adoption of successful practices is highly encouraged.

In 2010 bargaining, the parties agreed to adopt the recommendations of the LMP Subgroup concerning flexibility, which are attached as Exhibit 1.C.1.b.

## 2. SERVICE QUALITY

Kaiser Permanente and the Coalition are dedicated to working together to make Kaiser Permanente the recognized leader in superior service to each other, to our members and to purchasers, contracted providers and vendors. In order to become the recognized leader in superior service, the parties agree to pursue a Labor Management Partnership strategy in which every region will have a plan to implement the following critical elements of service quality.

### a. Leadership Commitment and Service Behavior

**LABOR INTEGRATION.** Labor, management, physician and dental leaders will assume a leadership role in the design and implementation of the service promise or credo. In the first year of the 2005 Agreement, the Strategy Group, working with the KPPG subgroup on service, led the design and implementation of a curriculum and a communication plan to advance the service promise or credo at all levels of the organization. The curriculum included the key concepts needed to support the development of a service culture, including the critical element of service recovery.

Working in partnership, labor and management will be accountable for creating a service culture at the facility, department



and work unit levels. Partner union representatives will be integrated into planning, development and implementation of a service culture. Union partners will be integrated into any new or ongoing service initiatives or committees that manage service programs at the national, regional or local levels.

A service culture can best be achieved by utilizing Unit-Based Teams. High member, employee and provider satisfaction will result from well-trained teams that are empowered and supported to meet or exceed service expectations. Key components for achieving high service quality performance by Unit-Based Teams include employee involvement in point-of-service decision making, systems that support the team in the delivery of superior service, orientation and training, accountability and an organizational commitment to service quality.

**ACCOUNTABILITY.** Individuals, teams and leaders are accountable for service quality at Kaiser Permanente. All members of a team own their individual service behavior, as well as the service provided by their team. Leadership is accountable for supporting individuals and teams in building and maintaining a service culture, and implementing the critical elements of the service plan. Accountability will be enhanced by establishing and monitoring service quality metrics.

**RESOURCES.** National and regional leadership will designate funding sources for service quality improvement, including development of defined service budgets, which are jointly planned and reviewed by management, labor, physicians and dentists.

## b. Systems and Processes

**ALIGNMENT.** To make Kaiser Permanente the recognized leader in superior service, organizational systems and processes must be aligned with that goal. The parties will evaluate, develop or improve systems that support employees and departments in delivering superior service.

**RECRUITMENT AND HIRING.** In order to integrate a service focus into the organization's recruitment and hiring practices, the parties agree that all job descriptions, performance evaluations and job competencies will include a jointly developed service component. All job postings will include language that emphasizes service skills.

**RECOGNITION AND REWARD.** Recognition is a critical component in fostering and reinforcing a culture of service excellence. The parties will work to align service quality incentives throughout all levels of the organization with increased emphasis on service.

**METRICS AND MEASUREMENT.** Service quality should be measured and given appropriate weight to reach and maintain superior service at all levels of the organization. The parties will develop a "Balanced Scorecard" measurement program, and strengthen customer satisfaction measurement tools.

**ORIENTATION AND TRAINING.** The service training program will continue to be delivered as needed at a regional, facility, work unit or individual level, including the service recovery section.

**SERVICE RECOVERY.** Service recovery is a critical element of a service quality improvement strategy to prevent member terminations. Medical centers or departments will provide resources for implementation of consistent service recovery programs.

### c. Environment

The physical and social environment affects service quality. The parties at the national and regional level will work to strengthen the involvement of union leaders and frontline staff in the design of existing facility modification, template development and new construction.

## 3. ATTENDANCE

### a. Philosophy

Optimal attendance is imperative to achieve superior customer service, employee satisfaction, efficiency and quality of care for health plan members. Appropriate use of time-off benefits, including sick leave when employees are injured or ill, is essential to employee well being and organizational performance. A healthy work environment and a committed workforce are critical success factors for achieving optimal attendance. Sick leave is not an entitlement, but a benefit, like insurance, to be utilized only when needed.

### b. Sponsorship and Accountability

The parties share the goal of ensuring that attendance performance at Kaiser Permanente is in the forefront of high-performing health care organizations. In order to achieve optimal attendance, sponsorship must occur from the highest leadership levels within Kaiser Permanente and the Coalition. This includes

- *National Leadership Team members;*
- *regional presidents;*
- *regional medical and dental directors;*  
*and*
- *local Union leaders.*

Accountability for the attendance program will be integrated into the operational structures of management and the leadership of Coalition local unions. A chain of accountability for the attendance recommendations will be established that is clear at all levels of the respective organizations. Accountability includes clear expectation of roles and responsibilities as well as rewards and consequences, as appropriate, for performance and non-performance

### c. Time-Off Benefit Enhancement

Labor and management have agreed to establish a new benefit design to improve attendance by providing economic incentives for appropriate use of sick leave, as well as flexible Personal Days. This benefit design includes three key components: flexible Personal Days; Annual Sick Leave; and Banked Sick Leave. This benefit does not affect vacation, and does not apply to employees covered by ETO/PTO plans.

**FLEXIBLE PERSONAL DAYS.** Each local collective bargaining agreement may designate from two to five flexible personal paid days off (Personal Days) that employees may use for personal needs in increments of not less than two hours.

Currently existing Work-Life Balance days, floating holidays, birthday holidays or personal days contained in local agreements may be designated as Personal Days. In addition, sick leave days may be converted to Personal Days by mutual agreement, provided that the total number of Personal Days, (including floating holidays or the equivalent) does not exceed five days. The designation/conversion of the above to Personal Days will only occur in local bargaining.

Requests for a single Personal Day off, or for hours within a single shift, shall be granted upon receipt of at least two weeks' notice. Last-minute notice is acceptable for personal emergencies.

Requests with less than two weeks' notice, requests for consecutive days off, for days before or after a holiday, or for other days designated by mutual agreement, will be reviewed and approved or denied on a case-by-case basis in order to meet core staffing needs. Denials will be tracked and compiled, by department, on a quarterly basis.

All unused Personal Days will be converted at 50 percent of value to cash at the end of each year.

Personal Days may not be cashed out upon resignation or termination; however, upon retirement Personal Days may be cashed out at 50 percent of value. For the purposes of this Section 1.C.3, retirement means that the employee has retired from the organization pursuant to the terms of a qualified Kaiser Permanente retirement plan.

These provisions will not supersede local collective bargaining agreements with superior conditions regarding notice requirements, granting of requests or cash-out provisions.

**SICK LEAVE BENEFIT.** There are two types of sick leave benefits. Annual Sick Leave is the sick leave days credited each year to each employee in accordance with the provisions of the local collective bargaining agreements. Banked Sick Leave is previously accumulated unused sick leave to which unused Annual Sick Leave may be added at the end of each anniversary year.

**ANNUAL SICK LEAVE.** Employees will be credited with their entire annual allotment of sick leave days provided in the local collective bargaining agreements at the beginning of the pay period in which each employee's anniversary date of hire falls. For purposes of Annual Sick Leave days, in cases where an employee's anniversary date of hire has been adjusted, the "leave accrual service date" will be used.

**TRANSITION YEAR:**

- *2010 plan year—Frontloading and cash-out are governed by the terms of the 2005 National Agreement.*
- *2011 plan/transition year—In order to avoid gaps in, or loss of sick leave in the transition year, in 2011 employees will receive prorated annual sick leave front-loaded at the beginning of the calendar year and will receive their full annual sick leave allotment at the beginning of the pay period in which the employee's anniversary date of hire falls, i.e., at the beginning of the employee's anniversary year. (Example: An employee receives 12 sick days annually. The employee's anniversary date of hire falls on July 1. This employee would get six days of sick leave in the first pay period of 2011, and then will receive the full annual allotment of 12 days at the beginning of the pay period in which July 1, 2011, falls). Employees may make a cash-out/ conversion election in November 2010 for any unused pro-rated sick leave remaining at the end of their anniversary year in 2011.*

**SPECIAL NOTE FOR PART-TIME EMPLOYEES.** Part-time employees' Annual Sick Leave will be credited proportionately, based on scheduled hours. Throughout the year (no more frequently than quarterly) the credited

Annual Sick Leave will be adjusted based on actual compensated hours. This will ensure that employees who work, on average, more hours than they are scheduled will receive proper Annual Sick Leave credit.

**BANKED SICK LEAVE.** At the end of each anniversary year, 100 percent of unused Annual Sick Leave days may be credited to Banked Sick Leave at 100 percent of value. Banked Sick Leave is made up of accumulated unused sick leave with no limit on the amount that may be accumulated, regardless of limitations on accumulation that may be contained in local collective bargaining agreements. Existing accumulated sick leave balances for all employees will be credited to Banked Sick Leave upon implementation of this program.

Banked Sick Leave may only be used following exhaustion of Annual Sick Leave, or for statutory leaves (e.g., CESLA, FMLA, OFLA, Workers Compensation, etc.), or when the employee is hospitalized. Medical verification may be required for use of Banked Sick Leave. Banked Sick Leave accrued after December 31, 2005, will be used following exhaustion of any Banked Sick Leave accrued prior to January 1, 2006.

**OPTIONS FOR UNUSED ANNUAL SICK LEAVE.**

At the end of each calendar year, employees who meet the eligibility requirements set forth below, may elect to:

- *convert up to 10 days of unused Annual Sick Leave days to cash as set forth below; or*
- *credit unused days to Banked Sick Leave at 100 percent of value.*

Employees may select either a conversion option or the credit option, or a combination of a conversion option and the credit option.

This election will take place at the end of the calendar year. However, conversion and/or credit will occur at the end of the employee's anniversary year and will be based on available balances of unused Annual Sick Leave at the end of the employee's anniversary year.

**CONVERSION OF UNUSED ANNUAL SICK LEAVE.** Employees will be eligible to cash out unused Annual Sick Leave as described in either Option 1 or Option 2 below.

**Option 1:**

At the end of each year, employees with at least 10 days of Banked Sick Leave (or the proportional equivalent for part-time employees) may elect to cash out up to 10 days of unused Annual Sick Leave at 50 percent of value. Employees with fewer than 10 days of Banked Sick Leave must first apply unused Annual Sick Leave toward reaching a minimum balance of 10 days (or the proportional equivalent) of Banked Sick Leave. Once that minimum balance is reached, additional unused Annual Sick Leave may be cashed out, up to a maximum of 10 days, at 50 percent of value.

*Example 1:* An employee has no Banked Sick Leave and 12 days' unused Annual Sick Leave at the end of the year. Ten days must be credited to Banked Sick Leave and two days may be cashed out at 50 percent of value.

*Example 2:* An employee has five days' Banked Sick Leave, and 12 days' unused Annual Sick Leave at the end of the year. Five (5) days must be credited to Banked Sick Leave and seven days may be cashed out at 50 percent of value.

**Option 2:**

At the end of each year, employees with at least one year's worth of annual accrued sick leave in their post January 1, 2006, bank may elect to cash out up to 10 days of unused annual sick leave at 75 percent of value.

*Example 1:* An employee has 20 days' Banked Sick Leave and 12 days' unused Annual Sick Leave at the end of the year. This employee's annual sick day allotment is 12 days. Ten days may be cashed out at 75 percent value and two days will be credited to Banked Sick Leave; or, all 12 days' unused Annual Sick Leave may be credited to Banked Sick Leave.

All unused Annual Sick Leave days that are not converted to cash under Option 1 or Option 2 above will be automatically credited to Banked Sick Leave at 100 percent of value.

**RETIREMENT CONVERSION.** Upon retirement, Banked Sick Leave accrued prior to January 1, 2006, will be recognized as credited service for pension purposes (excluding Taft-Hartley plans). Banked Sick Leave accrued after December 31, 2005, will be converted to vacation and paid out at 50 percent of value and will also be recognized as credited service for pension plan calculation purposes.

**HEALTHCARE REIMBURSEMENT ACCOUNT (HRA).** Effective January 1, 2010, the parties agreed to establish a Healthcare Reimbursement Account (HRA) for bargaining unit employees covered by the National Agreement. An HRA will be set up for eligible employees who become plan participants when they retire in accordance with the Plan Document. However, UFCW Pharmacy Clerks in Southern California covered under the UFCW Pharmacy Health & Welfare Trust ("Trust") are also

eligible for reimbursement of the following health care expenses incurred under any plan of benefits offered by the Trust.

The HRA may be used to reimburse participants for medical, dental, vision and hearing care expenses that qualify as Federal income tax deductions under Section 213 of the Internal Revenue Code. Eligible employees shall convert 80 percent of unused sick leave accrued during or after 2006 to fund the HRA.

For further information or clarification, please refer to the HRA Plan Document.

**d. Implementation**

The 2005 Agreement required that Southern California implement the Attendance Program, including the Time-Off Benefit Enhancement, no later than January 1, 2006, with other regions implementing throughout the course of 2006 in accordance with a schedule developed under the direction of the Strategy Group. The parties agree that the benefit structure which became effective as of January 1, 2006, continues for the term of this Agreement. Accordingly, eligible employees who retire after that date, but before implementation is completed in their region, will be entitled to the entire annual allotment of Annual Sick Leave/Personal Days and the retirement conversion, as described above.

The National Attendance Committee develops detailed timelines for initial and long-term implementation of the attendance program with identified goals and performance expectations. The Committee defines the kinds of data needed and the methods to be used, collects the necessary data and provides reporting that is consistent across Regions. The Committee establishes a framework that defines the level of attendance performance at which an attendance review is triggered.



The 2005 Attendance BTG report guides the work of the Committee.

### e. Integrated Disability Management

A comprehensive integrated disability management program for long-term leave that provides a rapid return to work for employees will be jointly developed. This program will include the current focus on disabilities and workers' compensation and extend to chronic and recurrent sick leave and non-occupational injuries, illnesses or disabilities, whether or not they are covered under FMLA or other protected leave. This program is further described in Section 1.J., Workplace Safety.

### f. Attendance Intervention Model

The intervention model developed by the OLMP will be utilized to provide expertise and tools that can assist departments or units with poor attendance to discover and understand root causes and develop solutions in partnership that will improve attendance.

The National Attendance Committee will:

- *modify the intervention model based on experience to date and successful practices;*
- *develop a toolkit for use by the regions or national functions;*
- *develop and offer training to regional or national personnel for intervention skills and use of the toolkit; and*
- *provide consulting and back-up services to the regions or national functions.*

Each region or national function will:

- *fund and develop resources for intervening in units with attendance issues;*

- *establish intervention teams with administrative support; and*
- *determine the number of teams needed based on the number of units requiring intervention.*

### g. Staffing and Backfill (Planned Replacement)

The success of the Attendance program depends on a number of key elements, all of which are essential. This includes adequate staffing, planned replacement and commitment to providing appropriate time off when requested. Section 1.F., Staffing, Backfill (Planned Replacement), Budgeting and Capacity Building, provides the details regarding these obligations.

### h. Pilot ETO/PTO Program

The parties agree to establish a national task force to explore and design a mutually acceptable National ETO/PTO program. Upon the completion of the task force work, Coalition unions may, by mutual agreement, voluntarily adopt the pilot ETO/PTO program in accordance with the program design.

## 4. SCOPE OF PRACTICE

The people of Kaiser Permanente will work collaboratively in the Labor Management Partnership to address scope of practice issues in a way that ensures compliance with laws and regulations while valuing the strengths, contributions and employment experience of all members of the health care team. The parties agree to work in Partnership to promote knowledge and understanding of scope of practice issues, proactively influence scope of practice laws and regulations as appropriate, create a safe environment to address scope of practice issues in a non-punitive manner, and provide opportunities

and resources for all employees to advance personally and professionally in order to take advantage of full scope of practice in accordance with certification and/or licensure.

To the extent possible, to achieve these objectives, union representatives should be fully integrated into national, regional and local scope of practice decision-making structures within Kaiser Permanente as outlined in the 2005 Scope of Practice BTG report, pages 14-17 (attached as Exhibit 1.C.4(1)). Where disagreements arise regarding the legal scope of practice of employees covered under this Agreement, the Issue Resolution process in Section 1 may be utilized on an expedited basis. If such a disagreement is not fully resolved through an expedited Issue Resolution process, management, acting in good faith, will apply relevant law and regulatory requirements and reserves the right to make a final determination to ensure compliance with laws and regulations.

Scope of practice education and training programs will be developed and communicated broadly throughout the organization. The Strategy Group, working together with the National Compliance, Ethics & Integrity Office, will be accountable for the implementation of these provisions. Guidance for education and training programs and timelines for implementation are provided on pages 9, 10 and 11 of the 2005 Scope of Practice BTG report (attached as Exhibit 1.C.4(2)).

## 5. JOINT MARKETING

The Coalition unions and Kaiser Permanente acknowledge the untapped opportunities for membership growth among union-affiliated workers. In the 1997 Labor Management Partnership agreement, the unions and management committed to work together to “expand Kaiser Permanente’s membership in current and new markets, including designation as a provider of choice for all labor organizations in the areas we serve.”

The parties reaffirm their commitment to market Kaiser Permanente to new and existing union groups and to establish the necessary strategic and policy oversight, as well as appropriate funding, to ensure the joint Labor Management Partnership marketing effort becomes a successful sustainable model, resulting in increased enrollment in the Kaiser Foundation Health Plan. The Coalition and its affiliated unions, acting in the interest of and in support of the Partnership, will use their influence to the greatest extent possible to assure that unionized Employers, union health and welfare trusts and Taft-Hartley trusts operating in, or providing benefits to union members in areas served by Kaiser Permanente, offer the Kaiser Foundation Health Plan. National oversight and sponsorship of the joint marketing effort will be provided by the Strategy Group. The foundation of the joint marketing efforts will require organizational alignment, integration, (e.g., participating in the regional rate-setting process), and coordination between the Coalition and departments engaged in promoting Kaiser Permanente at the regional level.

The parties have developed Joint Labor Management Partnership Marketing Program recommendations. These recommendations identify the need for:

- *consistent data collection;*
- *education programs;*
- *communication strategies and tools;*
- *mechanisms to measure outcomes and progress; and*
- *a joint structure, including the long-term vision of integration, to accomplish these goals.*

A Joint Labor Management Partnership Marketing Action Plan will be submitted annually to the Strategy Group for approval and implementation. The Action Plan should be based on the Labor Management Partnership Joint Marketing Program recommendations, and should identify the annual goals and objectives, resources, responsibilities, accountabilities and outcomes for the following year.

## D. WORKFORCE DEVELOPMENT

### 1. TAFT-HARTLEY TRUSTS

#### a. Funding

Two Taft-Hartley trusts, one for Coalition SEIU unions (the SEIU Multi-Employer Trust) and another for all other Coalition unions representing employees of KFHP, KFH and the affected Permanente Medical Groups (the Coalition Trust), will be funded to offer career development/upgrade training programs and services for their respective memberships. For the duration of this agreement, the parties agree that Joint Educational Trusts will be funded annually. The funding calculation will be determined by a 0.27 percentage of the gross annual payroll of Coalition-represented employees participating in each Trust as of December 31 of the preceding year. Funds will be transferred to each Trust annually according

to the Trust agreements. The Employer will additionally contribute \$3,000,000 annually to the Ben Hudnall Trust.

#### b. Governance

Each Taft-Hartley trust will be governed by an equal number of labor and management trustees. Labor trustees are selected by labor; management trustees by management.

- *SEIU unions will join the SEIU United Healthcare Workers-West and Joint Employer Education Fund.*
- *All other Coalition unions will join the Ben Hudnall Trust.*

Each trust will establish the most appropriate staffing structure and levels to meet its goals.

## 2. STRUCTURE

### a. Workforce Development Coordination and Implementation Structure

Workforce planning and development activity will be coordinated across the regions and the two trust funds through an integrated national, regional (and if appropriate, facility) workforce development team structure. This structure and supporting activity will be funded from the 15 percent allocation to the Partnership Trust. Funded activity will include:

- *workforce forecasting and analysis;*
- *development of systems to support forecasting, tracking and data collection at all levels;*
- *Workforce Development Team set-up, orientation and support;*
- *filling workforce development positions; and*
- *facilitation of the sharing of successful practices across regions.*

### **b. National Workforce Development Team (National Team)**

The National Team will include co-leads, one from management and one from the Coalition, and will be accountable to the Strategy Group. The team will also include representatives from HR functions, including Recruitment, Compensation and Learning Services, as well as Workforce for Tomorrow, operations and the co-leads from each Regional Workforce Development Team, and other representatives as appropriate. The National Team will align, integrate and coordinate all workforce development and training efforts. The team will be charged with the oversight and training of workforce development teams and will work directly with trustees of the Taft-Hartley and Partnership Trusts and the regional and facility (as appropriate) teams to develop and coordinate policies to support workforce development. The National Team will be staffed sufficiently to ensure timely implementation.

### **c. Regional Workforce Development Teams (Regional Teams)**

The Regional Teams will be chaired by labor and management co-leads, and will be accountable to regional Labor Management Partnership Councils/Steering Committees/Strategy Groups (or their equivalent). Participants will include representatives from HR functions, including: Recruitment, Compensation and Learning Services, as well as Workforce for Tomorrow, operations and other representatives as appropriate. Regional Teams will create and maintain a program to meet the goals set out in this Agreement and the 2005 Workforce Development BTG recommendations. They will also align, integrate and coordinate all workforce

planning and development efforts on a regional level. Regional Teams will work directly with the National Team to:

- *assess needs;*
- *deliver and implement programs;*
- *create policies to support workforce development;*
- *coordinate the delivery of programs to ensure that barriers to job placement and training opportunities are eliminated; and*
- *provide guidance and oversight in order to effectively coordinate with Facility Teams (as appropriate).*

### **d. Facility Workforce Development Teams (Facility Teams)**

Facility Teams will be established, where appropriate. These teams will assess needs and barriers to training and report findings to the Regional Teams.

## **3. JOINT WORKFORCE DEVELOPMENT**

Workforce development is one of the highest priorities of Kaiser Permanente and the Coalition. The success of the organization and the Partner unions is attributed to the work, skill and education of Kaiser Permanente employees. In order to adapt to the rapidly changing health care environment, there is a need to invest even more fully in partnerships, people and new technologies, while continuing to provide the highest quality of care and service to health plan members.

The Coalition and management agree that a comprehensive workforce development program will be jointly developed and implemented. The goal is to create a culture that values and invests in lifelong learning and enhanced career opportunities.

Once the local union has been notified of the need for redeployment or position elimination, Workforce Planning and Development will be engaged. The joint efforts will also result in the development of infrastructure and tools to realize the full intent of the Employment and Income Security Agreement. By achieving these goals, employee retention and satisfaction will be increased, hard-to-fill vacancies filled, quality and service improved and the Labor Management Partnership strengthened.

Significant investments are being made in workforce development programs and activities. In order to be successful, these programs and activities require organizational alignment, integration, coordination and efficient use of resources. The parties will assess the effectiveness of these activities and determine how to improve the overall program, including determining the appropriate yearly level of resources and investments.

The four key components to this work are Workforce Planning, Career Development, Education and Training and Retention and Recruitment.

As a result of the 2010 Workforce Planning and Development subgroup, the 2010 Workforce Planning Implementation Exhibit is attached as Exhibit 1.D.3.

### a. Workforce Planning

As Kaiser Permanente and the Coalition plan for the workforce of today and tomorrow, it is necessary to develop a set of ongoing processes that determine current workforce skill levels, current and future workforce needs and formulate a strategy to assure alignment. The parties agree that successful Workforce Planning must include a commitment to internal promotions in the filling of vacancies. Therefore, existing policies,

practices and contract language will be jointly reviewed and new policies developed to support internal promotions, including: the harvesting of vacancies, development of redeployment processes, studies to determine the feasibility of in-sourcing career counseling services/functions that are currently performed by external providers and new incentives for managers to promote from within.

### b. Career Development

In order to provide employees with opportunities for personal and professional development and provide the necessary resources to achieve their career goals, the Coalition and management agree that Career Counseling services will be made available in each region or national function to offer skills and interest assessments, individual and group career counseling and the development of individual employee development plans. In addition, a comprehensive infrastructure, including career ladders, career pathways mapping, occupational index tools, a career website, pipeline tracking database system and project management support will be established. The National Team will be accountable for oversight and coordination with the regional and functional teams to ensure that the Career Counseling infrastructure is developed and deployed.

### c. Education and Training

The workforce development education and training objectives are to:

- *prepare individuals to engage in learning processes and skills training;*
- *support employees in meeting their professional and continuing educational needs;*
- *train professional and technical employees for specialty classifications;*



- *provide education and training in new careers and career upgrades;*
- *support employees in adapting to technological changes; and*
- *ensure alignment with the needs of the organization.*

The parties recognize the need to raise awareness of the availability of tuition reimbursement opportunities. Each Regional Team is responsible for determining the current utilization of tuition reimbursement, education leave (including Continuing Education Units) and other allocated budgeted resources. The teams should then determine how to remove barriers to access, (e.g., degree requirements), and increase participation in these programs. This may require amendment of local collective bargaining agreements and/or policies. The National Team, working with the Regional Teams, will develop a communications strategy to raise the awareness levels in each region.

Tuition reimbursement may be used in conjunction with education leave by employees for courses to obtain or maintain licensure, degrees and certification. Tuition reimbursement dollars may also be used for basic skills programs (e.g., computer, basic math, second language and medical terminology courses).

#### **d. Retention and Recruitment**

A major priority is to reduce turnover by implementing appropriate solutions throughout the organization. The implementation of the following programs is expected to produce significant savings for the organization over the life of the Agreement through reduction in employee turnover.

**EXIT INTERVIEW.** The National Team, working with Regional Teams, will develop an exit interview template that will be utilized to determine the reasons employees leave Kaiser Permanente or transfer from a particular work unit. The exit interview process will be analyzed by the designated steward(s) and supervisor(s) and reported to the National and Regional Teams on a quarterly basis.

**AMBASSADOR PROGRAM.** The 2005 Agreement provided: Each Regional Team will develop an Ambassador Program where current employees volunteer to serve as ambassadors for recruitment activities and outreach events. The work plan should be completed by September 30, 2006, and implemented by March 31, 2007.

## **E. EDUCATION AND TRAINING**

### **1. PRINCIPLES**

In order to achieve the KP Promise, the vision of the *Pathways to Partnership* and enhanced organizational performance, a significant commitment must be made to the training and education of the workforce. Furthermore, most of the policies, commitments and plans described in this Agreement cannot be successfully accomplished without the committed efforts of Kaiser Permanente employees. Meaningful participation requires a high level of knowledge and understanding of the business of health care, the operations of Kaiser Permanente and the principles of the Labor Management Partnership. Therefore, the goal is a comprehensive, jointly administered, integrated approach to education and training. There will be a joint design and oversight team that provides new and ongoing training programs to all appropriate staff, including evaluation of training effectiveness.

## 2. TYPES OF TRAINING

The 2005 BTGs identified a variety of educational requirements necessary to advance the Partnership, support the development of high-performing, committed work teams and enhance the growth, advancement and retention of employees, as described in the 2005 Workforce Development BTG report. Types and categories of training, grouped by funding source, include:

- *Career Development (supported by national funding), for example, training current employees to:*
  - » *acquire basic skills and prerequisites for advancement;*
  - » *fill new or hard-to-fill positions/ technology changes; and*
  - » *advance lifelong learning.*
- *General Partnership and National Agreement training (funded through the Partnership Trust), for example:*
  - » *implementation of the National Agreement;*
  - » *program development for Unit-Based Teams;*
  - » *application of the Flexibility provisions of this Agreement;*
  - » *Partnership orientation and other Labor Management Partnership training; and*
  - » *performance-sharing programs.*
- *It is intended that all newly hired Partner union and management employees should be scheduled within four months (120 days) of being hired to receive Labor Management Partnership Training, as defined by each region. As sponsors,*

*the appropriate local and regional LMP leadership will be accountable to ensure this takes place.*

- *Key business strategies and initiatives (funded through operating budgets or local or national business initiatives), for example:*
  - » *attendance,*
  - » *service,*
  - » *business education,*
  - » *Kaiser Foundation Health Plan product offerings,*
  - » *KP HealthConnect,*
  - » *employee health and wellness,*
  - » *scope of practice,*
  - » *benefits,*
  - » *regulatory compliance and*
  - » *diversity.*

## 3. STEWARD EDUCATION, TRAINING AND DEVELOPMENT

The CIC agreed to support union steward training and education and recommended that stewards have time available each month to participate in training and development activities. The parties agree to support stewards in training and development such as:

- *education and training programs;*
- *Stewards Council;*
- *Labor Management Partnership Council;*
- *Partnership-sponsored activities; and*
- *Partnership environment.*

Training programs for stewards may be developed in the following areas:

- *foundations of Unit-Based Teams;*
- *improvement in Partnership principles;*
- *contract training on the National Agreement;*
- *fundamentals of Just Cause;*
- *leadership skills;*
- *effective problem solving; and*
- *consistency and practice.*

Labor and management will work jointly on steward development. Accountability will rest with senior operational and union leaders on the Labor Management Partnership Council (or equivalent) in each region.

#### 4. INTEGRATED APPROACH TO EDUCATION AND TRAINING

There are common themes and elements of training that should become consistent across Kaiser Permanente. Sufficient resources will be committed, as specified in this Agreement and by the regions, to create and deliver training programs and to enable employees to take advantage of those programs, supported by Planned Replacement where necessary. Integrated development of program-wide training programs should provide efficiency, cost effectiveness, higher-quality training and more consistent experience for employees across Kaiser Permanente.

The Strategy Group will be responsible for ensuring an integrated approach to education and training, which will jointly address initiatives and topics identified as priorities for the Program. Criteria for prioritization will be:

- *National Agreement implementation plans;*
- *organizational strategic objectives; and*
- *Partnership priorities.*

The 2005 Agreement provided: The parties will work jointly to develop an integrated education work plan and guidelines no later than May 30, 2006. Guidance for this work can be found in the education and training recommendations from the various 2005 BTG reports.

## F. STAFFING, BACKFILL (PLANNED REPLACEMENT), BUDGETING AND CAPACITY BUILDING

### 1. PLANNED REPLACEMENT AND BUDGETING

Providing a work unit environment where quality of care and employee satisfaction are not compromised by fluctuations in staff is a crucial concern. The parties commit to resolving the complex issue of Staffing and Planned Replacement in a comprehensive manner. Planned Replacement means budgeted replacement time for employees' time away from their work unit, (e.g., to participate in training, Partnership activities, approved union work, or to take contractual time off, including unpaid leaves of absence). In addressing the issue of Planned Replacement, the objectives are to jointly define the circumstances in which Planned Replacement will occur, using the following criteria:

- *plan for and schedule replacement activities wherever possible, so that Planned Replacement objectives can be successfully achieved;*
- *provide Planned Replacement so employees are able to use leave benefits appropriately and take time off related to activities listed above;*
- *provide adequate staffing within the budget to cover the work operations and other work-related requirements by*

*creating a Planned Replacement line item at all budgeting levels;*

- *ensure forward-looking and realistic planning to anticipate and provide for future staffing needs;*
- *support the Attendance provisions of this Agreement;*
- *budget and plan realistically to provide for all components of legitimate time off from work and apply those budget components as intended; and*
- *accurately track time off requests and responses to provide managers and employees with transparent data on time off.*

The parties will conduct and complete a gap analysis (i.e., the difference between needed average amount of time off and current budget practice) for Planned Replacement in each region prior to the 2007 rate-setting process. Planned Replacement will be incorporated into rate setting and budgeting processes for all departments beginning with the 2007 cycle. The parties will mutually agree on the phasing in of additional resources for Planned Replacement in 2006, and regional market conditions will be a factor in those considerations.

In departments where management and the unions agree that the budgetary process meets the objectives as outlined above, the process does not need to be modified. Those departments without an effective joint staffing, budgeting and planning process in place will observe the Joint Staffing provision below and incorporate the recommendations taken substantially from the 2005 Attendance BTG Report, Concept No. 3, pages 20–23 (attached as Exhibit 1.F). Timing will be determined jointly at the regional level.

## 2. A JOINT STAFFING PROCESS

As unions and management continue to integrate Labor Management Partnership structures into existing operational structures, Partner unions will become more involved in business planning and resource allocation decisions. These decisions are intricately tied to the shaping of staffing plans and decisions to adjust resource allocations during budget cycles.

Therefore, the parties agree that throughout this integration process, they will implement joint staffing processes. This work will include jointly developed staffing plans that consider the following factors:

- *mutually acceptable numbers, mix and qualifications of staff in each work unit;*
- *planning for replacement needs;*
- *patient needs and acuity;*
- *technology;*
- *inpatient and outpatient volume;*
- *department/unit size;*
- *geography;*
- *standards of professional practice;*
- *experience and qualification of staff;*
- *staff mix;*
- *regulatory requirements;*
- *nature of services provided;*
- *availability of support resources;*
- *model of care;*
- *needs and acuity of the entire medical facility as well as specific department/unit;*
- *consideration and support for meals and breaks; and*
- *departmental/area budgets.*

Adherence to any and all guidelines promulgated by any reviewing or regulatory agency and any other applicable laws or regulations is mandatory. A staffing and budgeting model appears in the 2005 Attendance BTG Report, Concept No. 3, pages 20–23; (attached as Exhibit 1.F). The joint staffing language in this Agreement, together with the model in the BTG report, should provide the framework for staffing discussions and decision making.

### 3. CONTRACT SPECIALISTS

The ability to fully engage frontline workers in Partnership activities has been limited by a lack of union capacity. Stewards have had the difficult task of balancing their traditional representational duties related to the administration of collective bargaining agreements and engaging in Partnership activities. To empower stewards to fully assume their leadership roles in Partnership activities, the parties agree to the establishment of a new role, Employer-paid Contract Specialists. It is anticipated that this role will advance the Partnership by:

- *allowing stewards more time to focus on Partnership implementation at the facility and work-unit level;*
- *building expertise and promoting consistency in contract interpretation and implementation through Contract Specialists who partner with local HR Consultants; and*
- *building capacity through the development of many contract experts*

Each Coalition bargaining unit will be allocated a minimum of one full-time equivalent (FTE) Contract Specialist, or portion thereof, for every 1,500 bargaining

unit employees. In each region, each International Union will apply the 1:1,500 ratio to its total membership to determine the number of Contract Specialists. The Contract Specialists will be appointed by the union, with Employer input, and will be directed by and accountable to the local union. Their duties will include, but not be limited to, contract interpretation and administration, contract education, guidance in grievance and problem resolution, improvement in shop steward capacity and consistent contract application. The Contract Specialist will partner with the Human Resources Consultant or equivalent. Normally, it is expected that Contract Specialists will serve a single, one-year, non-renewable term. The pay, benefits and conditions of the Contract Specialists will be in accordance with the standard Labor Management Partnership Lost Time Agreement.

Many unions currently have Employer-paid liaison positions. Management and the local union will collaborate and attempt to reach a consensus decision on converting current liaison positions into Contract Specialist positions. It is possible that a union may elect to maintain the current number of liaison positions in lieu of a Contract Specialist, or choose a combination of Contract Specialist and liaisons, or eliminate all liaison positions and replace them with Contract Specialists. In the event that a local union does not have a liaison, it may choose to select a liaison(s), instead of a Contract Specialist, at the ratio described above. Local unions will set policies for liaison and Contract Specialist positions such as term length (e.g., single one-year, non-renewable term, etc.). Local unions that currently have liaison positions exceeding the 1:1,500 ratio cited above will maintain their current FTE ratio.

Southern California will provide 13 FTE Contract Specialist/liaison positions, prorated by International Union, over and above current liaison level, in the first year of the Agreement. All regions will achieve the 1:1,500 ratio by the end of the second year of the Agreement.

## G. HUMAN RESOURCE INFORMATION SYSTEM (HRIS) PROCESS CONSISTENCY

The 2005 HRIS Process Consistency BTG was formed from the Labor Relations subgroup of the Strategy Group. The BTG developed recommendations from the work of the HRIS Process Consistency Project Team (PCP Team) for reducing the current complexity of HRIS processes and policies across the organization in support of the implementation of the new PeopleSoft HRIS, and to increase the consistency of the employment experience.

The CIC adopted HRIS provisions regarding benefit eligibility and effective dates for Across-the-Board (ATB) increases and special adjustments, which are incorporated in Section 2 of this Agreement. The parties further agreed that longevity steps that are converted to differentials will be included in base pay for purposes of final average pay calculations when determining defined-benefit pension benefits, and will be included when determining defined-contribution percentages.

In addition, certain provisions were adopted that are to be incorporated into each local collective bargaining agreement, including consistency provisions relating to:

- *bereavement leave;*
- *jury duty;*

- *effective dates of step increases;*
- *longevity pay; and*
- *alternative compensation program terms.*

The Labor Relations Sub-Group will continue to work with the PCP Team during the term of the Agreement as issues are identified that the parties agree require changes to collective bargaining agreements.

## H. WORK-LIFE BALANCE

Kaiser Permanente and the Coalition are committed to the health and well-being of employees and to work-life practices, programs and services that balance work and life cycle challenges. Employees who are supported in balancing their work and personal lives are more effective in their work, more productive as team members, and better able to deliver quality health care and service to members/patients. The organization's responsiveness to individuals' needs, both on and off the job, is a powerful predictor of productivity, job satisfaction, commitment and retention. Accordingly, Kaiser Permanente and the Coalition will work in Partnership to establish an infrastructure to support and manage work-life balance services.

### 1. STRUCTURE

The parties agree to create a Work-Life Balance (WLB) division of Human Resources, resulting from realignment of the current Employee Assistance Program (EAP) at all levels. This infrastructure will help ensure that the work-life balance services offered are consistent programwide while fostering better communication about the availability of the services. The WLB division will include health promotion, employee assistance and referral



services, and will enable the organization to offer more robust work-life balance services to employees that lead to cost savings, employee retention and increased employee satisfaction.

Resources for the WLB division at the national level will include a director of WLB, a dedicated labor partner, a project manager, analytical staff and existing EAP resources. Additional resources will be identified at the regional and local level as needed to effectively support the WLB division and should be integrated with Unit-Based Team infrastructure to the extent practical.

The Strategy Group will provide programwide oversight for the WLB division. Regional and local WLB Committees with management, union, physician, dentist and EAP representation will provide support to the division.

## 2. PROGRAMS AND SERVICES

### EMPLOYEE HEALTH CARE MANAGEMENT.

Kaiser Permanente will offer an Employee Health Care Management Program to help employees manage their chronic diseases and other existing health issues. This program is further described in Section 2.B.3, Other Benefits.

**HEALTH PROMOTION** focuses on keeping people healthy. Kaiser Permanente will offer services to enable its employees to focus on prevention and Thrive by actively promoting a healthy and balanced lifestyle. To achieve this, local facilities will implement and coordinate health and wellness services aimed at improving the quality of work and personal life for all employees. Health promotion services and programs may include, but are not limited to, self-help classes, support groups, stress management, conflict management and cultural sensitivity/awareness training.

**EMPLOYEE ASSISTANCE SERVICES** are intended to maximize employees' ability to cope and remain productive during stressful events and life crises. Such services should be sponsored nationally and implemented locally. They include work-life problem assistance, such as drug and alcohol assistance assessment and referral, short-term family counseling and manager/union consultation services. Life crisis services include emergency financial aid and grief counseling.

**REFERRAL SERVICES** provide a caring environment that is sensitive to the variety of employee needs. Company sponsored, arranged or subsidized services may be provided, including discounts for goods and services. This should benefit employees with minimal added cost. Examples include mass transit incentives, financial counseling services, concierge services and computer discounts. Some of these services are provided currently through regional employee activity programs. Expansion of these services nationally may be evaluated by the Strategy Group during future years of the contract.

**DONATING DAYS.** The Partnership should create a mechanism for employees to voluntarily donate some earned time off, vacation or life-balance days to employees in need.

In addition, Kaiser Permanente will establish a recognition week celebrating the founders of Kaiser Permanente and a Memorial Day tribute to recognize and honor deceased employees on the Friday before Memorial Day.



### 3. MANDATORY OVERTIME AND ASSIGNMENTS

The parties' vision is to make Kaiser Permanente the best place to work, as well as the best place to receive care. Through the Partnership, unions, management and employees share responsibility, information and decision making, to improve the quality of care and service and enrich the work environment. The ability to rely on a stable schedule is fundamental not only to this equation, but to achieving balance between work life and personal life as well. As a result, the parties have committed to discontinue mandatory overtime practices, with the overall goal of avoiding the mandatory assignment of any unwanted work time. The "Mandatory Overtime—Principles and Tools" document agreed to by the parties is attached as Exhibit 1.H.3.

#### I. PATIENT SAFETY

Improving the quality of care delivered to members and patients requires significantly increasing the reporting of actual errors and "near misses." It is recognized that the reporting of such errors can only improve if employees are assured that punitive discipline is not seen as the appropriate choice to handle most errors. We must jointly create a learning environment which views errors as an opportunity for continued, systematic improvement. This environment must encourage all employees to openly report errors or near misses and participate in analyzing the reason for the error and the determination of the resolution and corrective action needed to prevent reoccurrence.

The reporting system will include the following components:

- *reporting of errors, with systematic, standardized analysis of errors and near misses;*
- *communication of learning to help make needed policy and procedure changes;*
- *confidentiality of involved employees unless prohibited by statute or law;*
- *involvement of staff in error analysis and/or resolution;*
- *positive reinforcement for reporting;*
- *training and education programs that enhance skills and competency to help prevent future errors;*
- *maintenance of the integrity of privileged information; and*
- *ability to collect and trend data across the organization.*

Information regarding errors reported through this system will be handled through the Issue Resolution/Corrective Action process of this Agreement and will not be used as the basis for discipline except in rare cases when punitive discipline is indicated, such as the employee:

- *was under the influence of drugs or alcohol;*
- *deliberately violated rules or regulations;*
- *specifically intended to cause harm; or*
- *engaged in particularly egregious negligence.*

Reporting through this system does not relieve the employee of the responsibility to complete an incident report when indicated by policy.

## J. WORKPLACE SAFETY

Kaiser Permanente and the Coalition believe that an injury-free workplace should be the goal and responsibility of every physician, dentist, manager, union leader and employee, and an essential ingredient of high-quality, affordable patient care. Working in Partnership, we are establishing the health care industry standard by setting the goal of eliminating all causes of work-related injuries and illnesses, so as to create a workplace free of injuries.

### 1. CREATING A CULTURE OF SAFETY

In recognition of our goal of an injury-free workplace for all Kaiser Permanente employees, physicians and dentists, the leaders of Kaiser Permanente and the Coalition have committed to continuing support for cultural change and the implementation of systems which are necessary to reach our goal.

Over the term of this Agreement, the parties agree to provide sponsorship and resources necessary for a broad and sustainable approach to Workplace Safety (WPS). The Principles of Partnership will be used to engage frontline staff and supervisors in implementing the remedies that will eliminate hazards that cause injuries. It is recognized that in creating an effective culture of safety, alignment among all contributing Kaiser Permanente departments must be achieved.

Kaiser Permanente's goal is zero injuries. In order to be successful, a culture of safety must be created in which safety is a core business, a personal value and prevention is more effective than injury management.

### 2. COMPREHENSIVE APPROACH TO SAFETY

Successful WPS efforts are comprehensive and require strong leadership from the health plans, hospitals, dental group, medical groups and unions. To that end, the parties commit to implement a comprehensive plan for each region that sets challenging goals, defines accountabilities and creates a supportive environment with active work-unit engagement. The program requires that accountability for WPS be integrated into health plan, hospital and medical or dental group operations, business plans, performance metrics, budgets and strategic planning efforts, and emphasizes the collective responsibility for WPS in each work unit.

In order to ensure successful implementation of the WPS program, the Employer and the unions agree to support training, partnership activities and work team engagement related to WPS, in accordance with the Planned Replacement provisions of Section 1.F.1.

### 3. NATIONAL DATA SYSTEM

The parties will continue to develop and enhance the utilization of a national data system and structure that supports the needs of WPS teams, leadership and operations.

### 4. BLOODBORNE PATHOGENS

The parties will continue support of the National Sharps Safety Committee (NSSC), chartered by the Labor Management Partnership to pursue the goal of selecting and recommending the provision of the safest sharps safety devices. In the event of an issue or disagreement arising out of National Product Council actions regarding a recommendation from the NSSC,

the appropriate Problem-Solving Processes under Section 1.L. of the Agreement may be utilized.

## 5. INTEGRATED DISABILITY MANAGEMENT

As part of a comprehensive approach to WPS, an Integrated Disability Management (IDM) program, appropriate for each region, will be implemented during the term of this agreement. IDM is defined as a comprehensive program that provides a rapid return-to-work for employees with occupational and non-occupational injuries, illnesses or disabilities to best meet the needs of employees by improving and supporting overall workforce health, productivity and satisfaction while reducing costs for the Employer in lost time and productivity.

An integral part of a successful IDM program involves removing barriers for employees who are able to return to temporary, alternative or modified work after an injury, illness or disability. To that end, the Employer agrees to facilitate an employee's return to work by making every effort to liberalize work requirements, and the unions will work collaboratively with the Employer to identify temporary, available and appropriate work assignments for the affected employees. While in the IDM program, the affected employees may be placed into temporary work that may include assignments in another bargaining unit, as long as the assignment does not affect the process for filling vacancies and the work available for current employees in the workgroup. When assigning work to affected employees, the Employer will attempt to assign them to duties in their own bargaining unit before placing employees temporarily into another

bargaining unit. Temporary assignments into different bargaining units should occur infrequently, and will require collaboration and coordination. In the event it is not possible to assign the employee duties within his/her own bargaining unit, the parties will jointly determine if temporary assignment within another bargaining unit is possible.

The affected employee may remain in a temporary assignment for up to 90 days. During this time, the employee's bargaining unit status will be maintained with all rights and responsibilities. After 90 days, the parties will meet and must mutually agree to the extension of any such temporary work assignment as appropriate.

## 6. UNION INDEMNIFICATION

In consideration of full and active participation by the member organizations of the Coalition in the WPS program, and in recognition of the potential liability which might result solely from that participation, Kaiser Foundation Hospitals and Kaiser Foundation Health Plan, Inc. agree that they, or one of the subsidiary health plan organizations of Kaiser Foundation Health Plan, Inc., will indemnify Coalition unions and their officers and employees, and hold them harmless against any and all suits, claims, demands and liabilities arising from or relating to their participation in WPS with Kaiser Permanente.

## K. UNION SECURITY

### 1. UNION LEAVES OF ABSENCE

In support of the Partnership relationship, upon request, the Employer will grant time off to employees for official union business as long as the number of employees absent for union business does not impose an

unreasonable burden on the Employer and the Employer receives reasonable notice.

Union leaves will be defined according to the following.

**SHORT-TERM LEAVES** are defined as leaves up to 30 days. Employees will continue to accrue seniority, service credit and benefits during the time of the absence, at the expense of the Employer. The impact of multiple short-term leaves on the operations must be considered.

**LONG-TERM LEAVES** are defined as leaves of absence for more than 30 days and up to a maximum of one year. Such leaves will be granted by the Employer in increments of three months and shall be jointly reviewed, on a periodic basis, at the regional level. Seniority, service credit, credited service and health, dental and life insurance benefits will continue during the leave as long as the union reimburses Kaiser Permanente for the associated costs.

**ELECTED OFFICIAL LEAVE.** Any employee elected to a union office will be automatically granted a leave of absence for the duration of the term or three years, whichever is less. Employees must return to work after the completion of one term. Seniority, health, dental and life insurance benefits will continue during this time, as long as the union reimburses Kaiser Permanente for the associated cost. Service credit and credited service will be applied for a maximum of two years, as long as the union reimburses the Employer for such costs. As provided in local agreements, leaves beyond one term may be granted, but will not include service credit.

Kaiser Permanente will pay employees for absences in order to participate in grievances, issue resolution meetings, Kaiser Permanente

work committees and interest-based negotiations under Section 3.E. of this Agreement. Paying employees for participation in panel arbitrations will be the decision of senior union and management leaders in the region.

The Employer and the leaders of the Partner unions will work together to ensure reasonable notice and to minimize impact on service and care delivery associated with this provision.

## 2. CORPORATE TRANSACTIONS

The parties recognize that unions and Employers do not stand still. Unions merge with each other, or in some cases, split into smaller parts. Employers buy and sell operations, spin off business units, merge with other entities or otherwise restructure their operations.

Through implementation of the Partnership principles embedded in this Agreement, the parties expect to establish open communication concerning business and organizational issues affecting their respective operations. The parties anticipate that in most instances through such communication and the Partner unions' ongoing involvement in Kaiser Permanente's business matters, the unions will be aware of business issues that may cause Kaiser Permanente to consider transactions such as those described above. In such circumstances, the parties contemplate that they will move to more formal discussions concerning such contemplated transactions as Kaiser Permanente's consideration of options proceeds. The parties intend that the Coalition and the affected Partner unions will be involved in such consideration in a manner consistent with Partnership principles and that the legal and contractual rights of the affected employees will be honored in any resultant transaction.

### 3. VOLUNTARY COPE CHECK-OFF

The Employer agrees to administer a voluntary check-off of employee contributions to Partner union political education and action funds, consistent with the Private Letter Ruling received from the IRS in 2001.

The program includes the following provisions:

- *contributions to the political education and action funds are voluntary for employees;*
- *the union is responsible for obtaining check-off authorization from each employee who wishes to have a voluntary payroll deduction; and*
- *the union will reimburse Kaiser Permanente for the costs of administering the payroll deductions.*

### 4. SUBCONTRACTING

Consistent with current practice, management reserves the right to meet immediate day-to-day operational needs by contracting for services, for example, through registries, temporary services, etc.

The Parties reaffirm a Partnership presumption against the future subcontracting of bargaining unit work.

This section has been supplemented by the Memorandum of Understanding Regarding Sub-Contracting between Kaiser Foundation Health Plan/Hospitals, The Permanente Medical Groups and The Coalition of Kaiser Permanente Unions, AFL-CIO, dated July 15, 2005 (attached as Exhibit 1.K.4).

### 5. UNION REPRESENTATION OF NEW POSITIONS

**PRINCIPLES.** The parties agree that Partner unions maintain strong fundamental interests in preserving the integrity of the bargaining units. The parties also agree that achieving the Labor Management Partnership's goals of making Kaiser Permanente the health care employer of choice in all of its markets and maximizing workforce engagement as a principle means of achieving success requires that all parties commit to maintaining and enhancing bargaining unit integrity. The parties further agree that it is not in the interest of either Kaiser Permanente or the Partner unions for jobs to be created or restructured for the purpose of removing work from a bargaining unit. Furthermore, the parties agree that it is essential for them to work together to assure that newly created and restructured jobs that are appropriately included within bargaining units are not improperly excluded from them.

For these reasons, the parties have adopted the following procedures for reviewing and determining the status of newly created and restructured jobs with duties and responsibilities similar to those of positions included in Labor Management Partnership bargaining units.

While this process is intended for newly created jobs, this process may be used to determine the bargaining unit status of current positions that are in dispute, provided the parties mutually agree, at a local and national level, that it would be beneficial to use this process for that purpose.

If the local parties have an agreed-upon process for reviewing newly created positions that provide for an expedited and timely resolution to the issue, that local process



should prevail or they may mutually agree to use the process below.

**PROCESS.** When the Employer creates a new position or restructures, including replacement of a union position with a non-union position with duties similar to those of employees in a Labor Management Partnership bargaining unit, the Employer will notify the appropriate union at least five working days before posting.

The Employer and the union will meet to review the position jointly within five working days of notification. The Employer and the union will present their reasons and recommendations concerning the bargaining unit status of the position. The parties will jointly discuss the position, the reasons for the Employer's determination, and attempt to reach agreement on the status of the new or revised job.

If the Employer and the union agree that the job is a bargaining unit position, it will be evaluated and posted under the contractual process for bargaining unit positions. When a position is determined to be a bargaining unit position, any identical positions which subsequently become available in the region will be posted as bargaining unit positions.

If the parties agree that the job is not a bargaining unit position, it will be evaluated and posted under the applicable regional process for such positions.

If the parties are unable to agree whether the job is a bargaining unit position, then the matter may be submitted as a dispute to an expedited Issue Resolution process. The parties will appoint a standing panel with the responsibility of expeditiously reviewing the facts with each party's perspectives and issuing a timely determination. Optimally, the standing panel would include

several neutral parties with an inherent understanding of the complex issues involved in such determinations, and sufficient flexibility in their schedules to expeditiously hear pending issues. The panel will be accountable to the Strategy Group, who will ultimately determine the composition of the panel and who may elect to appoint one or more Strategy Group members, or their designees, to the standing panel. The panel will be appointed by January 1, 2006.

The expedited process may be initiated by notification to the OLMP. The OLMP will notify the members and convene the panel. The panel will be available for a meeting, in person or by teleconference, within two weeks of notification with the purpose of reaching a decision in the matter. If a decision cannot be made in the initial meeting, another meeting will be scheduled as soon as possible. If the decision has not been made within the two-week period following the notification to the OLMP, the position may be posted and the posting will clearly indicate:

- *the position is under review;*
- *whether or not the position is a union or non-union position is undetermined at this time;*
- *if it is determined that the position is appropriately within the bargaining unit, the incumbent will be required to be part of the bargaining unit.*

If it is ultimately determined that the position is a bargaining unit position, and a job offer has not been made to a candidate before that determination, the position will be re-posted as a bargaining unit position.

The Labor Relations Sub-Committee of the Strategy Group will review activity and provide reports to the Strategy Group as necessary.

## L. PROBLEM-SOLVING PROCESSES

This Agreement contains three different problem solving processes, each with a different purpose. The first is the Issue Resolution process. Issue Resolution is used in conjunction with Corrective Action, and to problem solve any department issue in an interest-based, rather than in a more traditional, adversarial manner. For most practical purposes, this is the problem-solving process that will be used most by the parties on a local level.

The second problem-solving process is a Partnership Review Process. This is a specific process designed to problem solve only disputes or differences of interpretation of Section 1 of the Agreement and certain designated provisions of Sections 2 and 3. The third process was designed specifically to address disputes or differences of interpretation of all other provisions of Sections 2 and 3 of the Agreement. This process is found at the end of Section 2.

### 1. ISSUE RESOLUTION AND CORRECTIVE ACTION PROCEDURES

An effective procedure for resolving issues is fundamental to the long-term success of the Labor Management Partnership. Solving workplace concerns quickly and by those most directly involved is essential to reducing conflicts, grievances and patient/member complaints. It will also contribute to better relations and a more constructive work environment. Issue Resolution and Corrective

Action work in tandem to achieve these outcomes. To that end, the procedure has two components:

- *a system for raising and quickly resolving workplace issues using interest-based problem solving by those directly involved with the issue; and*
- *a method of resolving performance and behavior issues in a non-punitive fashion in which employee, supervisor and union representatives work together to identify the problem and craft the solution.*

#### a. Issue Resolution and Corrective Action

##### SUMMARY OF ISSUE RESOLUTION.

Issues are raised at the work-unit level and the stakeholders within the work unit will meet to attempt to resolve the concern. Issues unresolved at the work-unit level are reviewed by the local Partnership team. If the concern remains unresolved, the issue may be referred to the senior union and management regional strategy group, council or equivalent for resolution. Issue Resolution is an alternative to, but does not replace, the Grievance Procedure.

##### SUMMARY OF CORRECTIVE ACTION.

Corrective Action is designed to be a non-punitive process. It is divided into two phases. The first phase, problem solving, follows a joint discovery process. Problem solving consists of levels one and two, which are neither adversarial nor disciplinary in nature. The goal of this phase is to determine the root cause of the problem by identifying all of the issues affecting performance and to collaboratively develop options to resolve them. The first phase is informal, with no documentation in the personnel file.

The second phase, containing levels three through five, constitutes discipline. While there is no punishment, such as suspension without pay, the consequences of failure to resolve the issues may ultimately result in termination of employment. An employee who disputes any action at any level under this procedure shall have the right to file a grievance.

An Issue Resolution/Corrective Action User's Guide is available through the OLMP to provide a thorough orientation on successful utilization of the procedures for all covered employees.

Upon ratification of this Agreement and the local agreements, a small group will meet to problem solve issues of concern relative to the design and overall effectiveness of the Issue Resolution and Corrective Action provisions. The group will include representatives from the national Issue Resolution Implementation Team, as well as representatives from operations and those with knowledge of these issues and concerns. If these issues have not been addressed to the satisfaction of all parties by January 1, 2006, the issues will be submitted to the Strategy Group for resolution. The Strategy Group can choose to address the issues as a full group, appoint a sub-group and/or submit the issue(s) to a panel under Section 1 of the Agreement.

## 2. PARTNERSHIP AGREEMENT REVIEW PROCESS

After sharing information and fully discussing and exchanging ideas and fully considering all views about issues of interest and concern to the parties, decisions should be reached that are satisfactory to all.

It is understood that the parties may not always agree. Disagreement at the facility level which arises out of the interpretation and/or implementation of Section 1 should be referred to the local level Partnership team for discussion in an attempt to reach a consensus decision. If it cannot be resolved at the local level, the senior union and management regional strategy group, council or equivalent must address and attempt to resolve the issue no later than 30 calendar days following its referral. That group, after careful review of all facts and interests, will craft a consensus decision designed to resolve the issue.

If consensus proves impossible, the matter may then be referred to a national panel comprised of two union and two management members of the Strategy Group, along with a predetermined neutral designee selected by the Strategy Group. The panel will be designated immediately upon receiving a request. The panel will meet, confer and ultimately craft a solution within 30 days, unless the time is extended by mutual agreement. It is the responsibility of the neutral designee to ensure a final resolution to the issue is crafted. The resolution will be final and binding on all parties. The Strategy Group members selected should be from among those least vested in the substance of the disagreement. Questions involving interpretation of the National Agreement may also be submitted to this Review Process by national parties.

## M. TERM OF THE PARTNERSHIP

In recognition that the substance, as well as the spirit and intent, of this Agreement is largely dependent upon the existence of the Labor Management Partnership, the labor and management signatories commit to continue participation in and support of the Partnership throughout the term of this Agreement.

The Labor Management Partnership Agreement, inclusive of clarifying addenda of Employment and Income Security and Recognition and Campaign Rules, provides for a 60-day notification period for either of the parties to disengage from the Partnership relationship; however, the Review Process in Section 1 of this Agreement substitutes for that notification an alternative process of reviewing and resolving issues that could otherwise individually or collectively result in the dissolution of this Partnership.

Notwithstanding the parties' commitment to this ongoing relationship, there may be instances where either side may engage in such egregious non-partnering behavior that the corresponding partner takes unilateral action and may also withdraw some or all of the Partnership privileges extended to the other party. Such behavior, unilateral action or withdrawal of privileges should likewise be submitted to the Review Process for determination and resolution.

As the Partnership matures, the parties recognize that, on occasion, either party may engage in behavior that conflicts with Partnership principles and elicits corresponding behavior from the other party. It is expected that this Review Process will also be instrumental in providing guidance to the parties for those occurrences.

Although the commitment to use the Review Process as the alternative to serving a 60-day notice of termination of the partnership agreement runs concurrently with the National Agreement, the Labor Management Partnership Agreement continues in effect and does not terminate with the expiration of this Agreement.

## Notes

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## Section 2:

## WAGES AND BENEFITS

Wages, performance sharing opportunities and benefits as identified in this Section 2 are considered to be ongoing obligations and will terminate at the extended expiration of local agreements, rather than at the expiration of this Agreement.

## A. COMPENSATION

To promote Partnership principles and support the guiding principle that Kaiser Permanente will be the employer of choice in the health care industry, Partnership employees should receive excellent wages. The parties recognize, however, that wages alone will not support an “employer of choice” strategy. In addition to wages, the parties are committed to investing in benefits, workforce engagement, training and development opportunities and leadership development as critical elements in pursuing this goal.

In valuing and rewarding employees for length of service with Kaiser Permanente, the parties agree that wages should be tenure based. In addition to length of service, the parties agree to consider these factors in developing and adjusting compensation levels: labor market conditions, changes in cost of living, internal alignment, recognition of the value of the Labor Management Partnership and ability to recruit new employees.

Compensation changes agreed to under the terms of this Agreement include three components:

- *annual Across-the-Board (ATB) wage increases;*
- *special adjustments; and*
- *potential for performance sharing bonuses in each year of the contract.*

## 1. ACROSS-THE-BOARD WAGE INCREASES (ATBs) AND SPECIAL ADJUSTMENTS

ATBs will be effective on the first day of the pay period closest to October 1 in each year of the Agreement. Special adjustments made pursuant to this Agreement or made during its term, will be effective on the first day of the pay period closest to the implementation date.

	Region or Area	Year	
		1	2
<b>ATB (Across-the-Board) Increases</b>	All Regions	3%	3%
<b>RN Differentials<sup>1</sup></b>	SCAL	0.5%	0.5%
<b>Self-Funded Performance Sharing Program (“PSP”)</b>	All Partnership Regions	3%	3%
<b>Job Classification Adjustments</b> Clinical Lab Scientists	NCAL, SCAL	0.5%	0.5%

- <sup>1</sup> The term RN means RN positions such as inpatient and outpatient RN (including Psychiatric RN), RNP, PA, CRNA, Nurse Midwife, Clinical Nurse Specialist or like positions, jointly agreed to, that are unique to the region.

## 2. PARTNERSHIP BONUS

**PARTNERSHIP BONUS IN OHIO, GEORGIA AND MID-ATLANTIC STATES.** Coalition-represented employees in the Ohio, Georgia and Mid-Atlantic States regions will receive an annual cash Partnership Bonus in each of the first and second years of the Agreement. The total amount available to fund the Partnership Bonus in each region will be 0.5 percent of represented employee payroll in that region in each year.



### 3. PERFORMANCE SHARING

Performance Sharing is intended to recognize that, through the Labor Management Partnership, employees and their unions have a greater opportunity to impact organizational performance, and employees, therefore, should have a greater opportunity to share in performance gains. The parties support the Labor Management Partnership Performance Sharing Program (LMP PSP) as a way to continue the transformation of the organization, through Partnership, to a high-performing organization and to share the success of the organization with employees covered by this Agreement.

The Strategy Group will be accountable for the LMP PSP. The Strategy Group may, but is not required to, establish national factors each year that will be included in all regional and local programs, together with regional and local factors. The PSP goals will be aligned with national, regional, facility and unit goals. The PSP goals will be based on the principle of “Line of Sight” as much as possible. As in the 2008 Reopener Settlement, the regions may continue to pilot PSP demonstration projects during the life of this agreement with the emphasis on achieving simplicity, ease of administration and alignment with organizational and Partnership goals. Relevant sections of the 2008 Reopener Settlement are found in Exhibit 2.A.3. The Strategy Group appointed a PSP Design Team charged with reviewing the 2005 Performance-Based Pay BTG recommendations and making improvements to the LMP PSP. The PSP National Design Team produced and submitted recommendations to the LMP Strategy Group in April 2010. The document informed the 2010 national bargaining Common Issues Committee (CIC) PSP Subgroup and

resulted in new language. The PSP National Design Team recommendations are retained and available through the National Office of the LMP. This will provide employees a “line of sight” between their performance and the success of Kaiser Permanente through development of local programs under the LMP PSP.

Performance Sharing is over and above base wage rates and will be based on mutually-agreed-to performance factors and targets. The LMP PSP is self-funded through operating margin. Performance targets will be set by region or national function and may be based on quality, service, financial performance or other mutually acceptable factors. If targets are met, Performance Sharing opportunities will be as shown below for each year the Agreement is in effect. All amounts will be based on total payroll for employees covered by the Partnership in each region or national function. The 3 percent payout is a calculation based on total represented payroll by region or national function. A full explanation is contained later in this section.

**YEAR 1**—3 percent payout at target to be paid out in First Quarter 2012, based on 2011 performance; and

**YEAR 2**—3 percent payout at target to be paid out in First Quarter 2013, based on 2012 performance.

The LMP PSP depends on Partnership structures and processes that empower employees to have an impact on the program’s targeted factors. To afford employees a reasonable opportunity to earn the annual payouts, Partnership structures and processes must achieve critical thresholds to support the PSP. Further, jointly determined factors must be measurable against mutually agreed upon predetermined targets with progress

reported to employees quarterly throughout each year, where possible.

As the Labor Management Partnership continues to grow and evolve, an important element is to ensure that employees share in the success of the organization as enhanced performance is achieved through the Partnership. Specifically, all Partnership employees will participate in the LMP PSP, which provides an annual cash bonus opportunity based upon regional or functional area performance in the areas of quality, service, financial health and/or other mutually acceptable factors. The jointly designed program will reward partnership employees for reaching mutually agreed upon national, regional and/or local targets.

The following agreements are currently reflected in the LMP PSP:

- *All Kaiser Permanente employees covered under this Agreement shall participate in the LMP PSP. This includes full-time, part-time, short-hour, casual, on-call and per diem employees.*
- *Other incentive, gain-sharing or reward programs may currently cover some Labor Management Partnership employees. In such cases, employees may not receive a payment from the LMP PSP in addition to a payment from a current program. Instead, employees shall receive the higher of either the LMP PSP or their current program.*
- *At any time during the term of this Agreement additional subregional (local) plans may be mutually developed. In these instances, the covered employees will not receive a payment from both programs, but will receive a payment from the program that provides the highest payment.*
- *The program year shall be the calendar year, with a maximum of five mutually agreed upon factors set by no later than year-end for the following year and communicated in January. The LMP PSP shall run for the calendar year with final results determined and payments issued during the first quarter of the year following the end of the program year.*
- *The LMP PSP will establish mutually agreed upon regional or functional annual targets with a bottom threshold (minimum payment) and an upper limit stretch target (maximum payment) in the areas of quality, service, financial health and/or other mutually acceptable factors. Regional or functional factors should be aligned with, and to the extent appropriate and mutually agreeable may be similar or identical to, physician and/or managerial incentive programs. The percentage payouts listed above will be paid for achieving performance at targeted levels. Proportional payouts (i.e., higher or lower than listed above at target level) will be made for performance achieved that is either above or below targeted levels.*
- *While the factors (i.e., quality, service, finance, etc.) may be different from region to region, the opportunity for reaching the selected targets shall be consistent across all regions.*
- *Targets should be set to stimulate and reward improvement; however, from region to region there must be a reasonable and relatively equal opportunity to reach each of the targets.*
- *Employees must be in job classifications covered by this Agreement during the program year and be active on December 31 to receive a payment under the LMP PSP for that year; however, employees*

*who retire during the program year or prior to the payment date or transfer to another Kaiser Permanente job classification not covered under this Agreement shall receive a pro-rated payment based upon compensated hours attained during the program year in a job classification covered under the Partnership.*

- *Distribution of the Performance Sharing pool will be calculated as a percentage of the regional or functional total payroll, defined as total compensated hours times the established Weighted Average Rate (WAR) for all employees represented by local unions who are party to this Agreement.*
- *Payouts will be made in the form of lump-sum bonuses proportional to the compensated hours of each employee; however, employees with 1,800 compensated hours or more in the program year shall be considered full-time employees for the purposes of the LMP PSP and have their hours capped at 1,800 hours. Employees with compensated hours less than 1,800 hours shall receive a bonus pro-rated for compensated hours.*

## **B. HEALTH AND WELFARE BENEFITS**

### **1. PARTNERSHIP HEALTH CARE BENEFITS COMMITTEE**

KP and the Coalition Unions agree to explore opportunities and strategies to control cost escalation while preserving quality health care benefits for our employees, retirees and their families.

Within two weeks after the effective date of the National Agreement, the Executive Director of the Coalition and the Kaiser Permanente Senior Vice President for Labor Relations will appoint a Partnership

Health Care Benefits Committee (“Committee”) to examine current and future costs of health care benefits for active and retired KP employees, as well as specific options regarding cost containment, benefit design and products.

The Coalition and KP shall appoint a committee of individuals with significant knowledge, experience and expertise in medical benefit cost and design. Additional participants may be engaged in relevant areas to provide support and analysis needed to perform their work. The work of the Committee shall be a top priority for labor and management, and the parties commit to devoting sufficient resources to assure the success of this work.

The Committee shall be responsible for researching, developing and proposing specific and concrete options to control KP’s overall health care benefit costs, liabilities and net retiree medical contribution costs. The scope of the Committee’s recommendations shall be programwide. The recommendations must contain concrete options and plans that deliver cost-control results. They also must contain a detailed plan for advocacy to, and education of, our KP and Coalition constituencies regarding the consensus recommendations.

The Committee will complete and present its written recommendations to the Executive Director of the Coalition and the Kaiser Permanente Senior Vice President for Labor Relations before May 31, 2011, who will be responsible for obtaining approval from the KPPG and the Union Steering Committee.

KP and the Coalition Unions further agree that there will be no benefit changes during the term of this Agreement.

## 2. MEDICAL BENEFITS

### a. Eligibility

- All employees who are regularly scheduled to work 20 or more hours per week are eligible for medical benefit coverage.
- Medical benefit coverage is effective the first day of the month following eligibility (e.g., date of hire, benefit eligible status, etc.). Initial coverage under flexible benefit plans is temporary, basic medical coverage. The selected medical coverage and other benefits in the flexible benefit plan will be effective the first day of the month following three months of benefit-eligible service.

### b. Basic Comprehensive Plan

Kaiser Foundation Health Plan, Inc. (KFHP) has established a national account to enable the Employers to act as a national purchaser of health care benefits. The parties agree that discussions concerning any changes in benefits or benefit coverage contemplated by KFHP, Inc. should be joint and should be initiated no less than six months prior to the effective date of any proposed changes, and that such discussions should be concluded no less than three months prior to the effective date.

The parties agree that eligible employees covered by this Agreement shall be covered by the Basic Plan. The Basic Plan shall be based on a “Kaiser Foundation Health Plan Traditional HMO Plan.” While the parties understand that some variation in benefits may be necessary, the intent is to achieve national uniformity where possible. The Basic Plan shall include outpatient and hospital and other services in addition to the following features:

- dispensed prescription drugs for up to 100 days/three months for maintenance medications, barring state statutory or other legal or technical barriers;
- 100 percent allocation for Colorado mid-level option of the Flexible Benefits Plan;
- dependents (spouse, domestic partner, unmarried children up to 25, special dependents); and
- Durable Medical Equipment (DME).

On or after January 1, 2006, the Plan covering employees in the Northern California region will include a \$5 office visit co-pay.

Flexible benefit programs in local labor agreements, amended to reflect the features above, will remain unless another plan is implemented by mutual agreement.

### c. Parent Coverage

Parents and parents-in-law of eligible employees residing in the same service area will be able to purchase Health Plan coverage, in accordance with the Letter of Agreement between the parties made effective May 1, 2002, and modified by a subsequent agreement between the parties dated May 22, 2003 (attached as Exhibit 2.B.1.c).

### d. Health Care Spending Account

A Health Care Spending Account (HCSA) option will be provided to employees eligible for benefits. This account is a voluntary plan that allows the employee to set aside pre-tax dollars to pay for eligible health care expenses. The maximum HCSA annual contribution will be \$3,000. HCSA may be used to pay for certain expenses for the employee and eligible family members as permitted under Internal Revenue Code.

### e. Healthcare Reimbursement Account

Effective January 1, 2010, the parties agreed to establish a Healthcare Reimbursement Account (HRA) for bargaining unit employees covered by the National Agreement. The details of the HRA benefits are contained Section 1.C.3.c of this Agreement. For further information or clarification, please refer to the HRA Plan Document.

**Education of Workforce on HRA Benefit:** Within 60 days of settlement, a full education and communication plan should be implemented. Part of the work of the National Attendance Committee is to determine the method for gathering data as to the impact of the HRA on absenteeism.

### f. Creation of a Flexible (Flex) Benefit Program and Recognition of Martin Luther King Jr.'s Birthday

The 2005 Agreement provided: The parties have agreed to work together to implement a flexible benefit program and to identify a consistent way to recognize and celebrate Martin Luther King Jr.'s birthday. The adoption of each program is dependent upon adoption of the other.

In the first year of the Agreement, the unions and management will design a program-wide, voluntary, flexible benefit program. The parties further agree to work on a consistent approach and implementation plan aimed at recognizing and celebrating Dr. King's birthday across the Program. The implementation of these programs would occur in the second year of the agreement (on a mutually agreeable date) and will be dependent on the parties reaching mutual agreement on the components of the programs.

This Flex program is intended to be offered as an alternative to traditional plans and would have no impact on existing flexible benefit programs.

The fundamental criteria for the Flex program would include the following:

- *a fully funded option that would mirror the traditional benefit plans, including long-term disability where an employer-paid plan exists;*
- *co-pays for the funded level would be the same as the traditional plan for the region;*
- *a provision that employees could opt out of the Flex program on an annual basis and return to the traditional plans, and vice versa, subject to insurance contract requirements;*
- *the program, at a minimum, would include health, dental, long-term disability and life insurance components. It would not include ETO/PTO or other similar time-off benefits; and*
- *a cash-out for opting out of benefits that would be low enough so that workers would have no incentive to opt out. (There would be a requirement that workers provide verification of health care coverage before being permitted to opt out.)*

## 3. RETIREMENT BENEFITS

### a. Defined-Contribution Plan

The Employer will establish the following Employer Contribution Programs in the existing salary deferral plans:

- *Beginning in 2006 and continuing throughout the term of the Agreement, a performance-based contribution of*

*1 percent of each represented employee's annual payroll earnings will be made if the region's performance equals or exceeds the budgeted margin plus 0.25. For example, if budgeted margin is 2 percent, actual margin of 2.25 percent is required for payment of the performance-based contribution, and if budgeted margin is 4 percent, actual margin of 4.25 percent is required for payment. The first performance-based contribution opportunity will be based on 2006 year-end performance, with the applicable contribution made in March of 2007.*

- *Beginning January 1, 2008, and continuing throughout the term of this Agreement, a match program will be established in addition to the performance-based opportunity described above. This program will match 100 percent of the employee's contribution, up to 1.25 percent of the employee's salary.*

All employees with one or more years of employment will be eligible for the Employer Contribution Programs described above. The Employer contributions will vest in increments of 20 percent per year, with participants becoming fully vested five years after their participation begins. Employees covered by defined-contribution plans established under local collective bargaining agreements will receive the higher of the benefit provided under the local agreement, or the benefit provided under this plan.

After the first year of the match program, the parties agree to meet and review factors and participation trends under the match program, in order to determine if any adjustments in enrollment practices or the Employer contribution rate are appropriate.

In 2009 and 2010, the Ohio, Georgia and Mid-Atlantic States regions will each

make a supplemental annual contribution (Contribution) to their respective Defined-Contribution Plans if the region achieved its three-year cumulative budgeted margin for the 2006, 2007 and 2008 calendar years. The total amount of each Contribution will be equal to the additional annual pension expense the region would have incurred in that year had the region increased its Defined-Benefit Plan multiplier to 1.45 at the beginning of that plan year. The assumptions used to calculate this value will be those in effect for the calculation of pension expense in the year in which the Contribution is to be made. No amounts will be contributed under this provision for any year in which the region has actually applied a 1.45 multiplier under its Defined-Benefit Plan. No past service credit will be included in determining employer Contribution amounts. The design of the participant allocation of the Contribution will be determined prior to the date of the first Contribution, by agreement between the Coalition and management.

## **b. Defined-Benefit Retirement Plan**

Employees represented by Coalition unions are covered by the defined-benefit retirement plans listed in Exhibit 2.B.2.b. The benefits will be governed by the Plan Documents in effect for each plan, as well as the Letter of Agreement between the parties regarding pension multipliers made effective January 7, 2002, and modified by a subsequent agreement between the parties dated May 22, 2003, as well as the Letter of Agreement regarding Early Reduction Factors made effective August 19, 2002 (all attached as Exhibit 2.B.2.b). Those bargaining units with higher multipliers currently provided under local collective bargaining agreements will maintain the higher multipliers in accordance with those agreements.



Employees who are represented by the UFCW and are participants in Taft-Hartley trusts will have the following increases in the Employers' contribution:

- *Southern California—50 cents per employee per hour, effective October 1, 2005; and*
- *Northwest—30 cents per employee per hour, effective October 1, 2005, an additional 30 cents per employee per hour effective October 1, 2006, and an additional 30 cents per employee per hour, effective October 1, 2008.*

#### **c. Pension Protection Act (PPA) Compliance**

The parties agree to change the methodology for calculating lump sums by adopting the Pension Protection Act-required corporate bond rates and mortality tables effective January 1, 2010.

In addition, effective January 1, 2010, the parties agree to a new 100 percent joint and survivor (J & S) annuity with a 15-year certain period, and a pop-up feature wherein upon the death of the joint annuitant prior to the death of the retiree, the retiree's monthly benefit will revert from the 100 percent J & S to the life-only benefit. In the event both the retiree and the joint annuitant die within the 15-year certain period and the retiree was receiving the pop-up benefit, the life-only benefit will revert to the prior 100 percent joint and survivor monthly benefit for the remainder of the certain period.

#### **d. Continuation of Certain Retirement Programs**

During the 2000-2005 term of the National Agreement, a number of unrepresented employee groups chose to become represented

and form new bargaining units. At that time, the Coalition and Kaiser Permanente agreed that where a new bargaining unit was formed of employees who were participants in the Kaiser Permanente Salaried Retirement Plans A and B, or Permanente Medical Group Plans 1 and 2, those benefit formulas would be temporarily maintained, despite the employees' transition into a new bargaining unit, in order to explore the possibility of developing a joint, consistent recommendation on how to handle retirement benefits in these circumstances. The parties agree that the bargaining units that retained these benefits under that side letter will continue to keep those benefits for the duration of this Agreement, unless the parties mutually agree to convert them to another plan.

The parties remain committed to working on a joint vision and strategy for retirement programs. To that end, the joint Labor Relations Sub Committee of the Strategy Group will be commissioned to explore the feasibility of a joint vision. Within that, the Labor Relations Sub Group will submit to the Strategy Group a recommendation on how to handle future employee groups who choose to become newly represented groups, and how to handle non-union employees who are accreted into existing bargaining units.

#### **e. Pension Service Credits**

Members of the RN, Dental Hygienist and Technical bargaining units in the Northwest region who converted from a Defined-Contribution plan to a Defined-Benefit plan in 2003-2004 will be eligible for pension service credits in accordance with the September 2005 Letter of Agreement between the Health Plan and OFNHP and ONA at the local level.

### f. Investment Committee Representative

A representative of the Coalition will be designated to serve on the Investment Committee of the Kaiser Permanente Pension Plans.

### g. Pre-Retirement Survivor Benefits

Under the pension plans, a pre-retirement survivor benefit is payable to the spouse of a deceased employee. The survivor benefit will be expanded to include domestic partners and/or qualified dependents of employees.

**DOMESTIC PARTNER BENEFITS UNDER THE PENSION PLAN.** Under the pension plans, a survivor benefit will be payable to an employee's designated domestic partner upon the employee's death, provided that an affidavit certifying the partnership has been completed by the domestic partner and employee. This is not applicable to Taft-Hartley plans.

**NON-SPOUSE SURVIVOR QUALIFIED DEPENDENT.** Under the pension plans, survivor benefits will be payable to a qualified dependent. A qualified dependent is one or more individuals who, at the time of the employee's death, meet the definition for a dependent as defined by the Plan. The amount of the monthly benefit will be based on the employee's accrued benefit as of the date of death and will be determined as if the employee had retired on the day before death, and had elected the Guaranteed Years of Payment method for 120 months with the qualified dependent as beneficiary.

If a spouse or domestic partner and a qualified dependent survive the employee, the spouse or domestic partner will receive the survivor benefit. If the employee is survived by a spouse or domestic partner and a qualified

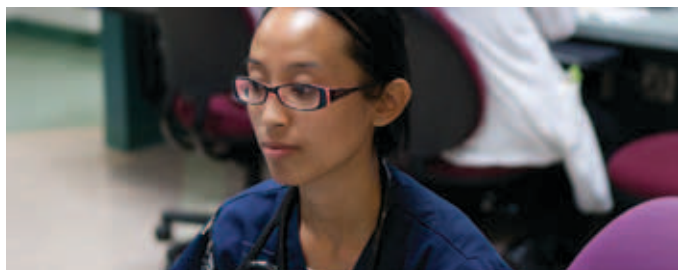
dependent and the employee's surviving spouse or domestic partner dies before the tenth anniversary of the employee's death, the qualified dependent will receive a monthly benefit effective the month following spouse or domestic partner's death and ending on the tenth anniversary of the employee's death.

### h. Retiree Medical Benefits

Effective January 1, 2006, for SEIU Local 105 employees in the Colorado region, the maximum monthly Employer-paid contribution towards retiree health care coverage for retirees with 25 years of service will increase to \$150 per person per month. The Employer-paid contribution for retirees with less than 25 years of service, but with 15 or more years of service, will be reduced by 4 percent for each year of service under 25 years, with a minimum benefit of \$90 per person, per month.

For eligible retirees who move from one Kaiser Permanente service area to another Kaiser Permanente service area, a KFHP plan will be offered with a \$5 office visit co-pay and a \$5 prescription drug co-pay. This plan will be integrated with Medicare, when applicable.

For eligible retirees who move outside of any Kaiser Permanente service area, an Out-of-Area plan will be offered and will provide comprehensive inpatient and prescription drug coverage. This plan will be integrated with Medicare when applicable.



## 4. OTHER BENEFITS

All employees will be offered the following:

### a. Dependent Care Spending Account

A Dependent Care Spending Account (DCSA) option will be provided to employees eligible for benefits. This account is a voluntary plan that allows the employee to set aside pre-tax dollars to pay for eligible dependent care expenses. The maximum DCSA annual contribution will be \$5,000. DCSA may be used to pay for certain expenses for eligible family members as permitted under the Internal Revenue Code.

### b. Survivor Assistance Benefit

The Survivor Assistance Benefit will cover employees who are eligible for benefits. This benefit will provide the employee's chosen beneficiary(ies) with financial assistance upon the employee's death. The amount payable is equal to one times the employee's monthly base salary (pro-rated for part-time employees based on regularly scheduled hours). Should death occur while the employee is on a leave of absence of less than one year, the beneficiary(ies) will continue to be covered by this benefit.

### c. Workers' Compensation Leaves of Absence

Effective with workers' compensation leaves of absence commencing on or after October 1, 2000, up to 1,000 hours of workers' compensation leave(s) may be used toward determining years of service for purposes of meeting the minimum eligibility requirements for retirement or post-retirement benefits.

### d. Disability Insurance

Beginning in the first year of the 2005 Agreement the eligible employees of the Northern and Southern California regions, and beginning January 1, 2007, the eligible employees of the Northwest region, shall receive long-term disability insurance coverage with the same benefit levels as those contained in the SEIU-UHW long-term disability plan in Southern California. (General description of SEIU-UHW long and short-term disability plan benefit levels for Southern California is attached as Exhibit 2.B.3.d).

Beginning in the first year of the 2005 Agreement the eligible employees of the Northern and Southern California regions and beginning January 1, 2007, the eligible employees of the Northwest region, shall receive short-term disability coverage with the same benefit levels as those contained in the SEIU-UHW short-term disability plan in Southern California.

Employees in the above-mentioned regions with superior long-term and/or short-term disability coverage provided under local collective bargaining agreements shall maintain that coverage.

### e. Employee Health Care Management Program

Kaiser Permanente will offer a comprehensive Employee Health Care Management Program to help employees manage their chronic diseases and other existing health issues. The goal of the program will be to reduce the incidence of these chronic diseases among employees. The Employee Health Care Management Program will be integrated with existing care management and employee health programs at the local level. The parties will jointly design an Employee Health Care Management

Program and prepare an implementation plan to include a staffing plan, in the first year of the Agreement. The program will include metrics that measure the success of and gaps in the program and identify successful practices.

## 5. MAINTENANCE OF BENEFITS

KP and the Coalition Unions agree that there will be no benefit changes during the term of this Agreement. All employee health and welfare benefit programs provided under local collective bargaining agreements, including the co-pays and premium shares paid by the employee, will be maintained for the term of this Agreement. Exceptions will be made for:

- *changes that are legally required or mandated by regulators;*
- *minor changes in formularies;*
- *changes that result in a reduction in benefit level, but have a minimal or no impact on members (de minimus changes);*
- *treatment modality changes;*
- *changes in technology; or*
- *benefit reductions affecting the low option offered under a flexible benefits program, provided the benefit is available under a higher level option.*

The parties will meet prior to February 1, 2006, to agree upon a more detailed definition of de minimus changes. If no agreement is reached by March 1, 2006, the issues and areas of disagreement will be summarized and submitted to the Strategy Group for resolution.

A joint committee will be established at the national level to perform an annual review of the regional benefit programs which are subject to this provision, including traditional and flexible benefit plans. The committee will be provided timely annual summaries of such benefit programs and, where appropriate, will agree to changes.

Disputes arising under this provision will be submitted for review and resolution under Section 1.L.2 of the Agreement.

## 6. REFERRALS TO THE STRATEGY GROUP

In order to maximize the value of retirement and other benefits, employees should be educated periodically throughout their careers to better understand and utilize the benefits provided and to assist in effective retirement planning. The Strategy Group will appoint a committee to develop the content and materials for an education program for all Kaiser Permanente employees.



## C. DISPUTES

### Mutual Review and Resolution Processes [For Sections 2 and 3]

The parties agree that any dispute concerning interpretation or application of Section 2 or 3 of this Agreement first should be addressed at the local level by the parties directly involved in the dispute. Such disputes should be initially handled in accordance with the grievance procedure set forth in the applicable local agreement. Any resolution of the dispute at the local level shall be non-precedent setting.

If no resolution is achieved at the regional step of the applicable local agreement's grievance procedure, within 15 days after receiving the regional response the moving party may submit the dispute to a National Review Council (NRC). The National Review Council will be composed of one permanent representative designated by the Coalition and one permanent representative designated by Kaiser Permanente. The NRC will meet within 10 days after receiving the dispute in an effort to achieve a satisfactory resolution. The NRC will notify the parties, in writing, of any proposed resolution. Unless otherwise mutually agreed by the parties, any resolution shall be non-precedent setting. If no proposed resolution is achieved, or if the moving party does not accept the resolution proposed by the NRC, then the moving party may submit the issue to arbitration within 15 days after receiving notice of the proposed resolution. Arbitration shall be conducted in accord with the procedures set forth below.

Arbitrations shall be conducted before panels consisting of two union representatives, two Employer representatives and one neutral, third-party arbitrator who will serve as the panel chair.

Within 30 days after ratification of this Agreement, the parties will designate a list of seven arbitrators (one from the East, one from the Rocky Mountain area, two from the Northwest and three from California) to serve as panel chairs in their respective geographic areas. The parties will reach mutual agreement on arbitrators based on their common experience with arbitrators in each geographic area. Arbitrators selected shall be provided an orientation to the Labor Management Partnership and the principles and philosophy of this Agreement.

Each arbitrator shall provide at least three days in a calendar year for panel hearings, so that the panels chaired by each arbitrator shall be scheduled to convene at least once every four months. A panel date may be canceled no more than four weeks in advance if there are no cases to be heard by that panel on the scheduled date. Additional dates may be added based on the need for timely resolution; in such circumstances, the parties will give strong consideration to assigning the case to a panel for a particular geographic area whose arbitrator is able to provide the earliest available date.

Cases will be assigned to each arbitration panel by mutual agreement of the parties at the national level. More than one case may be presented to a panel at each session, and the parties will use their best efforts to assure that cases are presented within the same calendar quarter; preferably within 30 days after the referral to arbitration.

The order and manner of case presentation shall be consistent with the expedited procedures currently used by local parties pursuant to their local agreements. Decisions shall be rendered by a panel majority, and written Opinions and Awards shall be prepared by the neutral arbitrator.







## Section 3:

# SCOPE OF AGREEMENT

## A. COVERAGE

This Agreement is negotiated and entered into by the parties as a result of voluntary national bargaining conducted pursuant to the national Labor Management Partnership. This Agreement applies only to bargaining units represented by local unions that Kaiser Permanente and the Coalition mutually agreed would participate in the national common issues bargaining process and who, prior to the effective date, agreed to include this Agreement as an addendum to their respective local collective bargaining agreements. Application to any other bargaining unit, other than newly organized bargaining units as described below, will be subject to mutual agreement of the parties.

The parties agree that when a local union signatory to this Agreement is recognized to represent a new bargaining unit of an Employer pursuant to the provisions of the Labor Management Partnership Agreement and the Recognition and Campaign Rules, the local parties shall use an interest-based process to negotiate the terms of a local collective bargaining agreement and the appropriate transition to this Agreement.

## B. THE NATIONAL AGREEMENT AND LOCAL AGREEMENTS

The provisions of Local Agreements between the Coalition and Kaiser Permanente establish terms and conditions of employment applicable to the recognized or certified bargaining units. The provisions of this National Agreement only apply as an addendum to such Local Agreements if employees in these bargaining units are represented by a Coalition Union. If a bargaining unit is not represented by a Coalition Union, then the provisions of this National Agreement will not apply or

establish additional terms and conditions of employment for that bargaining unit beyond those contained in its Local Agreement.

Provisions of local collective bargaining agreements and this Agreement should be interpreted and applied in the manner most consistent with each other and the principles of the Labor Management Partnership. If a conflict exists between specific provisions of a local collective bargaining agreement and this Agreement, the dispute shall be resolved pursuant to the Partnership Agreement Review Process in Section 1.L.2.

If there is a conflict, unless expressly stated otherwise, this Agreement shall supersede the local collective bargaining agreements; however, in cases where local collective bargaining agreements contain explicit terms which provide a superior wage, benefit or condition, or where it is clear that the parties did not intend to eliminate and/or modify the superior wage, benefit or condition of the local collective bargaining agreement, this Agreement shall not be interpreted to deprive the employees of such wage, benefit or condition. It is understood that it is not the intent of the parties to inadvertently enrich or compound wages, fringe benefits or other conditions or to create opportunities for “cherry picking,” “double dipping,” etc.

## C. NATIONAL AGREEMENT IMPLEMENTATION

The Partnership Strategy Group oversees and will hold their respective leaders accountable for implementation of the National Agreement, including:

- *coordinating an implementation plan;*
- *developing and enforcing accountability;*
- *sponsoring and chartering continued work;*

- *identifying needed support; and*
- *establishing metrics for implementation.*

## D. DURATION AND RENEWAL

1. The effective date of this National Agreement shall be October 1, 2010, and it shall continue in effect through September 30, 2012.
2. The expiration date of each Local Agreement that adopts this National Agreement as an addendum shall be extended by two years. The extended expiration date for each Local Agreement is attached as Exhibit 3.D.
3. The durational provisions of each Local Agreement that adopts this National Agreement as an addendum shall incorporate the extended expiration date for that agreement shown in Exhibit 3.D.
4. The following shall apply if the National Agreement is not renewed or there is no successor National Agreement:
  - *Local Agreements identified in Exhibit 3.D that expire on or before September 30, 2012 (Group 1), will be open for contract negotiations immediately.*
  - *Employees covered by Local Agreements identified in Exhibit 3.D that expire between October 1, 2012, and January 31, 2014 (Group 2), will receive a 3 percent wage increase on October 1, 2012. Local Agreements in this Group will be open for contract negotiations based upon their expiration date identified in Exhibit 3.D.*
  - *Employees covered by Local Agreements identified in Exhibit 3.D that expire after January 31, 2014 (Group 3), will receive wage increases to be determined*

*pursuant to agreement of the local parties. The process for determining these increases will be conducted on a staggered basis between October 1, 2012, and April 1, 2013. The schedule for determining these increases will be established on a national basis no later than April 1, 2011. Local Agreements in this Group will be open for contract negotiations based on their expiration dates.*

5. All provisions of this Agreement shall expire at midnight on September 30, 2012, except for the wages, performance sharing opportunities, benefits as identified in Section 2, and the provisions of Section 3.D of this Agreement. Those excepted provisions shall continue in effect until the expiration dates of the relevant Local Agreements.

## E. LIVING AGREEMENT

The parties acknowledge that during the term of this Agreement, a party at the national level may wish to enter into discussions concerning subjects covered by this Agreement or to modify specific provisions of this Agreement or a party at the local level may wish to enter discussions concerning subjects covered by the local collective bargaining agreement or to modify its specific provisions. The parties agree that neither a union nor any Kaiser Permanente entity shall refuse to engage in such discussions. The parties further agree that, consistent with the Partnership principles set forth above, they will engage in such discussions with the intent to reach mutual agreement; however, during the term of this Agreement, no party shall be required to agree to any modifications of either this Agreement or the local collective bargaining agreement.

## KAISER PERMANENTE AND THE COALITION OF KAISER PERMANENTE UNIONS

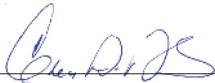
### 2010 National Agreement

In witness whereof, this \_\_\_\_ day of \_\_\_\_\_, 2010, the respective parties hereto have executed this agreement effective October 1, 2010.

#### For the Employer:



**CHARLES E. COLUMBUS**  
SVP, Chief HR Officer  
Kaiser Foundation Health Plan




**GREG ADAMS**  
President, Northern California Region  
Kaiser Foundation Health Plan



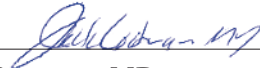
**PETER ANDRUSKIEWICZ**  
President, Georgia Region  
Kaiser Foundation Health Plan



**RAYMOND BAXTER**  
SVP, Community Benefit  
Research & Health Policy  
Kaiser Foundation Health Plan



**BENJAMIN CHU, MD**  
President, Southern California Region  
Kaiser Foundation Health Plan



**JACK COCHRAN, MD**  
Executive Director  
The Permanente Federation



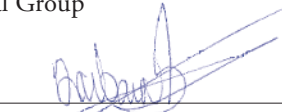
**RON COPELAND, MD**  
President & Executive Medical Director  
The Permanente Federation, Ohio



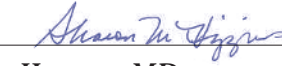
**PHIL FASANO**  
SVP, Chief Information Officer  
Kaiser Foundation Health Plan



**MARTIN GILBERT, MD**  
Senior Advisor  
Southern California Permanente  
Medical Group



**BARB GRIMM**  
SVP, Office of Labor Management Partnership  
Kaiser Foundation Health Plan



**SHARON HIGGINS, MD**  
President & Executive Medical Director  
The Permanente Federation, Northwest



**MARILYN KAWAMURA**  
President, Mid-Atlantic States Region  
Kaiser Foundation Health Plan



**PATRICIA KENNEDY-SCOTT**  
Regional President  
Kaiser Foundation Health Plan of Ohio



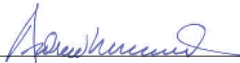
**KATHY LANCASTER**  
EVP, Chief Financial Officer  
Kaiser Foundation Health Plan



**JANET LIANG**  
President, Hawaii Region  
Kaiser Foundation, Health Plan  
& Hospitals, Inc.




**DONNA LYNNE**  
President, Colorado Region  
Kaiser Foundation Health Plan



**ANDREW McCULLOCH**  
President, Northwest Region  
Kaiser Foundation Hospitals & Health Plan



**ROBBIE PEARL, MD**  
Executive Director & CEO of Northern  
California  
The Permanente Medical Group



**JUDITH SAUNDERS**  
Director, National Labor Relations  
Kaiser Foundation Health Plan



**ROB SCHREINER, MD, FACP**  
Executive Medical Director &  
Chairman of the Board  
Southeast Permanente Medical Group



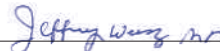
**GEOFFREY SEWELL, MD**  
President & Executive Medical Director  
Hawaii Permanente Medical Group



**ARTHUR SOUTHAM**  
EVP, Health Plan Operations  
Kaiser Foundation Health Plan



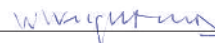
**BERNARD TYSON**  
EVP, Health Plan and Hospital Operations  
Kaiser Foundation Health Plan



**JEFFREY WEISZ, MD**  
Executive Medical Director  
Southern California Permanente  
Medical Group



**LARRY WILSON**  
SVP, Financial & Strategic Services  
Kaiser Foundation Health Plan

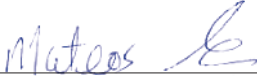


**BILL WRIGHT, MD**  
Executive Medical Director & President  
Colorado Permanente Medical Group

## For the Unions:



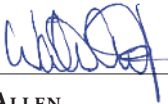
**JOHN AUGUST**  
Executive Director  
Coalition of Kaiser Permanente Unions



**MATEOS ALVAREZ**  
President  
SEIU Local 105



**MICHAEL AIDAN**  
Senior Union Representative/  
Interim Business Manager  
IFPTE Local 20



**WALTER ALLEN**  
Executive Director, CFO  
OPEIU Local 30



**DIANE BERTELL**  
VP/Union Representative  
UFCW Local 770



**RICK BROWN**  
Executive Assistant to the President  
UFCW Local 1996



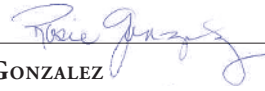
**MICHAEL COWAN**  
Secretary-Treasurer  
OPEIU Local 2



**DENNIS DEMAIO**  
Coordinator  
SEIU International



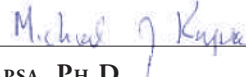
**PATT GIBBS, ESQ.**  
Executive Director  
HNA, OPEIU Local 50



**ROSIE GONZALEZ**  
Staff Representative  
USW Local 7600




**TOM JACKSON**  
Executive Director  
KPNAA



**MIKE KAPSA, PH.D.**  
Director of Business Strategy  
Coalition of Kaiser Permanente Unions



**KATY MCKENZIE**  
Special Assistant to the Trustee  
SEIU-UHW West

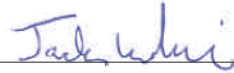


**MEG NIEMI**  
President  
SEIU Local 49





**CHARLES RADER**  
Associate Director for Negotiated  
Benefits Department  
UFCW International Union



**JACK WEBERSKI**  
Director of Labor Relations & Research  
Coalition of Kaiser Permanente Unions



**DAVE REGAN**  
Trustee  
SEIU-UHW West



**SANDY WOHLER**  
Business Representative  
IBT Local 166



**LINDA ROHMAN**  
Administrator  
AFT, OFNHP



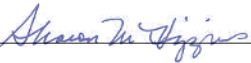
**TAMARA RUBYN**  
President, Business Manager  
OPEIU Local 29



**DAN RYAN**  
Field Director  
Coalition of Kaiser Permanente Unions



**KATHY SACKMAN**  
President  
UNAC/UHCP



**JOE SIMOES**  
Kaiser Division Director  
SEIU-UHW





**Section 4:**  
**NATIONAL  
AGREEMENT  
EXHIBITS**

## Exhibit 1.B.1.b

### 2005 Performance Improvement BTG Report, Page 7

By centering Partnership on DBTs, we also expect to eliminate parallel, duplicative structures in the organization. There will be fewer meetings, and more will be accomplished because all of the stakeholders are at the table from the beginning. This should help increase union capacity to partner, as well as reduce backfill issues.

We will know how well DBTs have performed by reviewing their performance on the metrics they have chosen, which will be aligned with the goals developed at the higher levels of the accountability structure in Recommendation 1. We would also expect to see improvements on People Pulse scores regarding influence over decisions, involvement in decisions, knowledge of department goals, and use of employees' good ideas.

Developing and implementing DBTs will incur costs, particularly for readiness training, described in more detail in our Recommendation 4, as well as release time and backfill.

### Implementation Issues

A key enabler of this recommendation should be the growing sense of urgency, even crisis, among many of us that unless we make Partnership real to front-line employees, supervisors and stewards in the very near future, we will lose the opportunity forever. There is an equally motivating sense of crisis in the health care market—make significant performance improvement now, or lose market share. At the same time, we are well positioned to implement DBTs at this juncture: we have a shared vision of a high

performing Partnership, we are committed to engaging employees, and we have the resources in place to support the development of DBTs.

We will have to overcome some barriers, including competing priorities and difficulty in measuring results across the program. We will have to work hard to overcome the project mentality that has taken hold of Partnership—it's a separate, parallel, off-line activity, rather than the way we do business every day. There may also be some concern over the idea that partnering in the business means shifting supervisor work to the DBT members.

### Timeline

We envisioned a phased approach to implementation, with the first year focused on readiness training and education and developing a plan to enable employees, supervisors and stewards to operate differently. Again, some parts of the organization already do use DBTs; this plan will provide support for those that do not. The remaining years of the 2005 contract would be spent implementing DBTs, and measuring success based on the jointly developed metrics.

**2006:** Plan for and agree on a plan to prepare employees, supervisors and stewards to partner in Department Based Teams. Plan will cover needs for business education, training, facilitation, etc.

**2007:** Jointly-developed budget and regional performance objectives in place.

**2008:** Organization begins to see significant performance improvement attributable to DBTs.

**2010:** 100 percent of the organization operating in DBTs.

## Exhibit 1.B.1.b(2)

### The Path to Performance

**The Path to Performance**  
Labor-Management Partnership / Team Development Framework

**Key Tip**  
Ask yourself:  
Where are your teams in the development process?  
Who is developing and who isn't?  
Why aren't they developing?  
What do they need?  
How can you and your co-workers support the evolution in the next phase?

**Team Development**  
Leaders and members play an important role in the ongoing development of self-leasing teams (SLTs). The team you co-developed about where your teams are in the developmental process, and what they need to move to the next level, the more effective you can be in supporting their forward movement. The leader in this process happens, the leader you will see results. Work with your co-workers to identify best status, strategic ways to help move them forward and develop a plan for long-term sustainability.

**Measurement and Using the Path to Performance Tool**  
1. Each month, give this tool to your teams and have them assess themselves. They must meet all the criteria in one phase before they can move to the next phase.  
2. As the sponsor, part of your role is to track team status monthly. The Team Assessment Tool gives you valuable information you can use to reward teams that are making progress and support those that are not moving forward at a desired rate.

Level 1	Level 2	Level 3	Level 4	Level 5
Pre-Team Climate	Foundational	Transitional	Operational	High-Performing
SLT is learning what it will be asked to do and how SLTs will work.	Team is establishing structures and beginning to function as a SLT.	Team is demonstrating progress on engagement and making improvements.	Team has good leadership, engagement of team members and improved performance.	Team is fully successful and collaborating to implement performance against targets.

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**The Path to Performance**  
Labor-Management Partnership / Team Development Framework

Dimension	Level 1	Level 2	Level 3	Level 4	Level 5
Structure	• Common structure established	• Common structure established	• Structure supports team objectives	• Structure adds support to team objectives	• Structure adds support to team objectives
Leadership	• Leader is not present	• Leader is present but not active	• Leader is active and engaged	• Leader is active and engaged	• Leader is active and engaged
Team	• Team is not formed	• Team is formed but not functioning	• Team is functioning	• Team is functioning	• Team is functioning
Team Process	• Team is not formed	• Team is formed but not functioning	• Team is functioning	• Team is functioning	• Team is functioning
Team Engagement	• Team is not formed	• Team is formed but not functioning	• Team is functioning	• Team is functioning	• Team is functioning
Use of Tools	• Team is not formed	• Team is formed but not functioning	• Team is functioning	• Team is functioning	• Team is functioning
Continuous Improvement	• Team is not formed	• Team is formed but not functioning	• Team is functioning	• Team is functioning	• Team is functioning

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## Exhibit 1.C.1.b

### 2010 LMP Subgroup Recommendation: Flexibility

1. Labor & management should address issues regarding flexibility using IBPS
2. Agreements reached are non-precedent setting
3. The Executive Committee of the LMP Strategy Group shall appoint a group to assist with the enhancement of best practices in implementation of flexibility as it exists in the NA. Some guidelines for this enhancement include:
  - a. That management will engage labor in a discussion beginning in the initial stages of the development of an initiative or program
  - b. The committee shall review and problem solve issues where disputes develop





## Exhibit 1.C.4(1)

### 2005 Scope of Practice BTG Report, Pages 14-17

#### SECTION X: REFERENCES

REFERENCE 1: National Compliance Plan

REFERENCE 2: Regional Scope of Practice Committee Structure and Process

Region	SOP Committee Structure and Process Summary
COLORADO	<p>The purpose of the Scope of Practice Oversight Committee is to provide region-wide monitoring, leadership, and oversight for compliance with legal, accreditation, and organizational scope of practice requirements. To achieve this purpose, the committee will:</p>

- *Assure alignment of Health Plan, CPMG and union leadership to address scope of practice risks,*
- *Identify and prioritize clinical areas at risk for Scope of Practice violations,*
- *Assure clear delineation of accountabilities between practitioners (physicians and allied health professionals) in job descriptions, care delivery documentation, and information systems,*
- *Assure that a process to identify and stay current on scope of practice and related billing laws, regulations, and accreditation standards for all practitioners is in place,*
- *Communicate physician responsibility for assuring the quality of medical services found in care delivery models, clinical guidelines, clinical policies, and quality standards,*
- *Assure that reviews of existing and new care delivery models are conducted, in consultation with Compliance, Risk Management and Legal as appropriate, for scope of practice consideration, and*
- *Assure scope of practice corrective action plans are developed and implemented as appropriate.*

## Exhibit 1.C.4(1) continued

## SECTION X: REFERENCES continued

MEMBERSHIP	CHAIR AND MEMBERSHIP The Regional Compliance Officer and Director of Business and Clinical Risk Management co-chair this committee. The membership shall consist of representatives from Behavioral Health, Pharmacy, Nursing, Operations, CPMG, Local 7, Local 105, HR, and Coding.
REPORTING	At least annually, representatives of the SOP Oversight Committee shall meet with and report to the Colorado Compliance Executive Committee. The report shall include: <ul style="list-style-type: none"> <li>• <i>Assessment of current SOP risk areas, and recommendations to mitigate risk,</i></li> <li>• <i>Information on monitoring and internal controls present in operational areas,</i></li> <li>• <i>And a summary of significant SOP activities undertaken since the last report</i></li> </ul>

<b>GEORGIA</b>	
PURPOSE	<ul style="list-style-type: none"> <li>• <i>Assure scope of practice review is completed for all applicable clinical staff in health plan and medical group.</i></li> <li>• <i>Identify and clarify all scope of practice issues identified.</i></li> <li>• <i>Report findings of scope of practice review to Regional President and Medical Director.</i></li> <li>• <i>Develop a process and identify accountabilities to assure corrective action plans are developed, implemented, evaluated for effectiveness and monitored over time to assure required practice changes have occurred.</i></li> </ul>
MEMBERSHIP	Membership consists of representatives from health plan, medical group, risk management, labor and HR functions for Health Plan and Medical Group. Sponsors are Dr. Debra Carlton and Leslie Litton as leaders of the HealthConnect Implementation Project.



## Exhibit 1.C.4(1) continued

## SECTION X: REFERENCES continued

REPORTING	<ul style="list-style-type: none"> <li>• <i>Regional President</i></li> <li>• <i>TSPMG Medical Director</i></li> <li>• <i>Chief Compliance Officer</i></li> </ul>
PURPOSE	<p><b>MAS</b></p> <p>The Scope of Practice Committee is the oversight body for regional scope of practice issues. The Committee will review and address scope of practice issues and risks for both licensed and unlicensed clinical and support staff to ensure compliance with legal, accreditation, and organizational requirements and improve upon patient safety and operational effectiveness.</p>

	<p>The Committee Will:</p> <ul style="list-style-type: none"> <li>• <i>Develop and maintain an inventory of scope of practice requirements by position type;</i></li> <li>• <i>Review and approve protocols, policies and procedures created by the Committee to meet scope of practice regulations and requirements for unlicensed and licensed clinical and support staff;</i></li> <li>• <i>Develop and oversee implementation of annual scope of practice work plan and action items;</i></li> <li>• <i>Establish a mechanism for recurring review of clinical position descriptions;</i></li> <li>• <i>Evaluate existing and proposed clinical practices for scope of practice risks and/or violations and the impact on scope of practice;</i></li> <li>• <i>Develop and oversee scope of practice training and education throughout the region;</i></li> <li>• <i>Coordinate with re-existing committees and work groups to ensure that scope of practice issues are addressed effectively;</i></li> </ul>
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## Exhibit 1.C.4(1) continued

## SECTION X: REFERENCES continued

<p>PURPOSE continued</p>	<ul style="list-style-type: none"> <li>• <i>Provide recommendations to Committee sponsors and senior leadership regarding identified opportunities for change; and</i></li> <li>• <i>Monitor corrective actions to ensure continued compliance with prescribed scope of practice requirements and regulations.</i></li> <li>• <i>Collaborate with appropriate departments to ensure that changes are integrated into existing systems, policies, and processes</i></li> <li>• <i>Maintain a reporting relationship with the Regional Quality Improvement Committee and the Compliance Department. Reporting to occur not less than quarterly.</i></li> </ul> <p>Sub-committees may be created as needed to facilitate completion of specialized tasks.</p>
<p>MEMBERSHIP</p>	<p>MEMBERSHIP, LENGTH OF TERM, AND VOTING:</p> <p>The Scope of Practice Committee shall consist of the following people or their designees:</p> <ul style="list-style-type: none"> <li>• <i>Clinical Compliance Coordinator (Co-Chair)</i></li> <li>• <i>Regional Nurse Executive (Co-Chair)</i></li> <li>• <i>Regional Compliance Officer</i></li> <li>• <i>Vice President for Strategic Services/Compliance, MAPMG</i></li> <li>• <i>Director, Quality Management Operations</i></li> <li>• <i>Regional Manager, Nursing Practice and Education</i></li> <li>• <i>Asst. Medical Director, Information Management &amp; Research, MAPMG</i></li> <li>• <i>Labor Management Partnership representative(s)</i></li> <li>• <i>Medicare Compliance Manager</i></li> <li>• <i>Senior Compensation Consultant</i></li> </ul>

## Exhibit 1.C.4(1) continued

## SECTION X: REFERENCES continued

MEMBERSHIP <i>continued</i>	<ul style="list-style-type: none"> <li>• Director, Human Resources (<i>ad hoc</i>)</li> <li>• Director, Professional Staff Office and Delegation Oversight</li> <li>• Primary Care Physician (<i>Service Chief or Physician Director</i>)</li> <li>• Specialty Physician</li> <li>• Clinic Coordinator</li> </ul>
REPORTING	Mid-Atlantic Scope of Practice Committee reports quarterly to the Regional Quality Improvement Committee (RQIC).

<b>NCAL</b>	
PURPOSE	<p>Purpose of our “Regional Non-Physician Practitioner Scope of Practice Advisory Committee: The Non-Physician Practitioner Scope of Practice Advisory Committee is established to evaluate non-physician practitioner scope of practice issues that exist at Kaiser Permanente and to advise on implementation plans to address these issues.</p> <p>The work of the committee and workgroups includes identifying sources of SoP issues, prioritizing risk of each issue, identifying system gaps, proposing action plans when needed, recommending implementation plans that encompass KP’s 7 Element Compliance Template, assigning accountabilities for actions to be taken and advising on the development of an infrastructure for ongoing identification and resolution of SoP issues.</p>
MEMBERSHIP	<p><b>MEMBERSHIP</b> includes representation from</p> <ul style="list-style-type: none"> <li>• Patient Care Services locally and regionally</li> <li>• Medical Group Administration locally and regionally</li> </ul>

**Exhibit 1.C.4(1)** *continued*

**SECTION X: REFERENCES** *continued*

<p>MEMBERSHIP <i>continued</i></p>	<ul style="list-style-type: none"> <li>• <i>Regional Compliance</i></li> <li>• <i>Program Office Legal Department</i></li> <li>• <i>Accreditation, Regulation &amp; Licensing</i></li> <li>• <i>Regional Credentialing &amp; Privileging</i></li> <li>• <i>Local Assistant Administrator for Quality</i></li> <li>• <i>APIC for Risk</i></li> <li>• <i>Pharmacy Operations</i></li> <li>• <i>Patient Business Services</i></li> </ul>
<p>AD HOC MEMBERS</p>	<ul style="list-style-type: none"> <li>• <i>TPMG Legal</i></li> <li>• <i>TPMG Human Resources</i></li> <li>• <i>Continuing Care Leader</i></li> <li>• <i>Human Resources Compliance</i></li> <li>• <i>Program Office Legal</i></li> <li>• <i>Work group: Includes labor representation of roles being addressed (2-3)</i></li> </ul>
<p>REPORTING</p>	<p>This group reports regularly to the Executive Compliance Committee and will report any Quality of care issues to the Quality Oversight Committee</p>

**Exhibit 1.C.4(1)** *continued*

**SECTION X: REFERENCES** *continued*

<b>SCAL</b>	
PURPOSE	SCOPE AND AUTHORITY: <ul style="list-style-type: none"> <li>Identify areas of risk, facilitate resolution and implementation of actions and monitor Scope of Practice across all care venues</li> </ul>
MEMBERSHIP	CO-CHAIRS [names deleted]: <ul style="list-style-type: none"> <li>AMD, SCPMG</li> <li>SVP &amp; SAM, KFHH/HP</li> </ul>

MEMBERSHIP:	<ul style="list-style-type: none"> <li>Vice President, Quality and Risk Management, KFHH/KFHP</li> <li>Executive Consultant, Quality and Risk Management, KFHH/KFHP</li> <li>Executive Director Patient Care Services, Operations, KFHP</li> <li>Manager of SCPMG Nursing Administration, SCPMG</li> <li>Medical Group Administrator, Bellflower, SCPMG</li> <li>Medical Group Administrator, South Bay, SCPMG</li> <li>Counsel, KFHP</li> <li>Senior Consultant AR&amp;L</li> <li>Labor Coalition Representative</li> <li>Ann Sparkman, Director of Health Care Compliance, NCO</li> <li>Project Support: Management Consulting</li> </ul>
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**Exhibit 1.C.4(1)** *continued*

**SECTION X: REFERENCES** *continued*

REPORTING	<ul style="list-style-type: none"> <li>• <i>Southern California Regional Compliance Leadership Committee</i></li> <li>• <i>Southern California Quality Committee SCQC</i></li> <li>• <i>Southern California President and Regional SCPMG Medical Director</i></li> </ul>
NORTHWEST	
PURPOSE	To address regional scope of practice issues for both licensed and unlicensed clinical and support staff in order to identify and address areas for improvement in compliance, patient safety and operational efficiencies.
MEMBERSHIP	<p>REPRESENTATION</p> <p>The committee shall consist of:</p>

	<p><b>MANAGEMENT REPRESENTATIVES:</b></p> <ul style="list-style-type: none"> <li>• <i>Integrity, Compliance and Ethics Manager(s) (stakeholder)</i></li> <li>• <i>NW Permanente Physician (stakeholder)</i></li> <li>• <i>Health Plan Legal Counsel (consultant)</i></li> <li>• <i>Human Resource Manager (consultant)</i></li> <li>• <i>Director, Ambulatory Nursing (stakeholder)</i></li> <li>• <i>Pharmacy Manager (consultant)</i></li> <li>• <i>KP Health Connect Representative (consultant)</i></li> <li>• <i>Medical Office Managers (stakeholder)</i></li> <li>• <i>NW Perm &amp; PDA General Counsel &amp; Compliance (consultant)</i></li> <li>• <i>Laboratory Services (consultant)</i></li> </ul>
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**Exhibit 1.C.4(1)** *continued*

**SECTION X: REFERENCES** *continued*

MEMBERSHIP <i>continued</i>	<p><b>LABOR REPRESENTATIVES:</b></p> <ul style="list-style-type: none"> <li>• <i>OFN Health Professional (stakeholder)</i></li> <li>• <i>OFN – RN (stakeholder)</i></li> <li>• <i>SEIU – LPN (stakeholder)</i></li> <li>• <i>SEIU – MA (stakeholder)</i></li> </ul> <p><b>STAFF SUPPORT</b></p>
REPORTING	<p>This committee will have a reporting relationship to ROG and Compliance Department and also have access to MOLT (when decisions need to be worked out). Specific senior leaders who have been identified are: [names deleted]</p>

<b>OHIO</b>	
PURPOSE	To review and address SOP issues as they arrive. Charter is in the process of development.
MEMBERSHIP	Expended Medical Operations Team with representatives from the Union as the scope of practice team.
REPORTING	To Executive Team.

## Exhibit 1.C.4(2)

### 2005 Scope of Practice BTG Report, Pages 9-11

#### SECTION VI: EDUCATION PLAN

##### I. Basis for Recommendation

By providing SOP education, we can increase staff awareness and enhance the quality of patient care. Currently, little front line education is provided to KP Employees about SOP issues, and the consequences of non-compliance.

##### II. Accountabilities for SOP Education for Patient Care Staff, Management, and Physicians

###### NATIONAL

- *Create SOP Education “Toolkit”*
  - » *developed by content experts in LMP context*
- *Create annual updates on SOP development*

###### FACILITY/SERVICE AREA/REGION

- *Provide a 2 to 4 hour basic SOP training for all staff, managers, and physicians*
- *Provide release time for training and backfill needs*
- *Provide skills training related to SOP to encourage working towards full scope. This includes new and remedial skills training as a result of advances in technology (i.e. KP HealthConnect), changes in regulations, and changes in assignments.*
- *Provide on-going in-service education on SOP*
- *Provide new employee orientation on SOP*

##### INDIVIDUAL

- *Participate in mandatory KP SOP Training*
- *Attend CEUs as required*
- *Know own SOP; be aware of SOP of other team members*

##### III. SOP Education Toolkit Content

Model after LMP “Think out of the Box” tool kit. (Tool kit should be developed with input from content experts and in LMP)

###### PART A

###### (INITIAL BASIC TRAINING TOOL KIT)

1. What is SOP?
  - *Why is it important?*
  - *History of KP SOP issues*
2. Individual SOP/licensure requirements
  - *Laws and regulations impacting SOP*
    - » *State specific*
  - *KP SOP policies*
3. What is the process to get SOP issues or concerns addressed?
 

How to elevate a concern for resolution:

  - *tree*
  - *FAQs*
  - *decision ADO form*
  - *Compliance hotline*
4. Scope of Practice Limitations:
  - *What are the legal risks and consequences of exceeding SOP?*

**PART B**  
**(ADDITIONAL/ON-GOING TRAINING MATERIALS)**

**1. Video presentation**

- *Legal, NCO, Labor, NLT representatives speaking on importance of SOP*
- *Case studies/dramatizations of SOP situations*

**IV. Implementation of SOP Education**

**A. PHASE I**

- *Identify National LMP task group to develop SOP tool kit by 12/31/2005*
- *Produce Part A SOP tool kit by 3/31/2006*
- *Design, test, and conduct 2–4 hour mandatory basic training for SOP, to include Part A tool kit, by 6/30/2006*

**B. PHASE II**

**(TIMING TO BE DETERMINED BY CIC)**

- *Develop Part B of SOP tool kit*
- *Provide on-going, updated SOP training utilizing department staff meetings, and Part B tool kit.*
- *Develop and provide skills training programs*
- *Develop SOP module for New Employee Orientation Program*
- *SOP competency to be part of job descriptions and annual evaluation process*

**C. ADDITIONAL CONSIDERATION**

- *CEUs should be available for participation*

- *Labor and management accountability for ensuring participation*
- *Integrate concepts in KP Health-Connect training*
- *Pre and Post testing for evaluation and CEU's*
- *Fun, creative, and engaging training (i.e. Scope of Practice week, Jeopardy Game, etc)*

**V. Costs Associated with Recommendation**

- *High initial cost for broad-based employee training and tool kit*
- *Preventive expenditure; should prevent fines and penalties for noncompliance; costs of litigation; reputation damage*
- *Return on investment will be significant*
- *Look at existing internal structures to help support training and tool kit (i.e. KPHC CBA, Dept meeting)*

**VII. Implementation**

1. Within 90 days of ratification, across the program, leadership will:
  - *Assess standing committees that may impact SOP;*
  - *Determine which committee at each level is best positioned to coordinate and integrate SOP issues; and*
  - *Assure that committees are operating within LMP process, structure and following the SOP Vision and Principles*
2. Resource and implement education plan, with initial phase completed by mid-year 2006

3. Establish reporting systems/metrics
  - *Annual regional SOP report to National Strategy Group*
  - *Tracking system of SOP issues for regional sharing of successful practices*
4. Develop and implement a communication plan

### Exhibit 1.D.3

## 2010 Workforce Planning and Development Implementation Exhibit

### Workforce Planning and Development Communications Strategy

The parties intend for the National Workforce Development Team (Section 1.D.2.b) to develop and implement a Workforce Planning and Development Communications Strategy for the entire organization, not later than March 31, 2011. The communications should be targeted to appropriate stakeholders, across all levels and locations, including national, and regional stakeholders, and local labor organizations. A Communications Strategy will promote an understanding of Workforce Planning and Development resources, program and opportunities, such as but not limited to:

- *Cataloguing, including Best Practices*
- *Managing impacts/expectations*
- *Leveraging existing communications channels*
- *Leveraging Unit Based Teams*

### Hard-to-Fill Positions

Within six months of the execution of the 2010 National Agreement, Workforce Planning and Development will establish

an on-going, joint, cross-regional taskforce through the term of this Agreement to include representatives from Recruitment, and other key operational and labor leaders.

This taskforce will identify barriers to filling hard-to-fill positions, designated by the Regional Workforce Planning and Development Teams.

The taskforce will develop a business case for funding and recommendations such as, but not limited to: preceptorships, intern programs, retention programs, and experience requirements. These findings will be reported to the Executive Committee of the Strategy Group by December 2011 and at least annually thereafter.

### Education Trusts Base Services

Education Trust Base Services currently include:

1. Cohort training
  - a. Professional development
  - b. Basic skills
  - c. Hard-to-fill/critical needs
2. Individual Stipend Program
3. Forgivable Loan Program
4. Career Counseling Program
5. Trust Administration Costs
6. Educational Staff  
(e.g. Nurse Educator Position)
7. Program Development
8. Program Evaluation and Metrics

## Exhibit 1.F

### 2005 Attendance BTG Report, Concept No. 3, Pages 20-23

#### BUDGETING, STAFFING AND SCHEDULING

**CONCEPT #3:** Provide budgeting, staffing and scheduling at the unit level to ensure adequate backfill for time-off.

#### Interests/Objectives

- *Provide backfill so employees are able to use leave benefits appropriately and take time off when requested.*
- *Provide adequate staffing within the budget to cover the work operations and other work-related requirements.*
- *Ensure forward-looking planning to anticipate and provide for future staffing needs.*
- *Budget realistically to provide for all components of legitimate time off from work and apply those budget components as intended.*
- *Accurately track requests for time-off to provide managers and employees with transparent data on time off.*

#### N. Approach:

##### Staffing Model

1. Each unit develops a unit level staffing model (core staffing) that specifies the staffing needed to cover operations (refer to joint staffing language in the National Agreement). The model will include assumptions about productivity and performance that reflect both historical experience and expectations of process improvements.

2. The model will include workload factors such as seasonal fluctuations.
3. The model will also include all time away from work and work-related assignments.
4. The staffing model identifies core staffing levels for various operating levels and identifies triggers for backfill based in part on service level metrics (e.g. if service levels fall below a certain defined point).
5. The model must account for specialized skills and hard-to-fill occupations.
6. There will be no automatic backfills: it will be based on the staffing model which may specify different staffing coverage in different operating circumstances.
7. The staffing model will be reviewed on an annual basis and adjusted as needed.

##### Workforce Planning

1. Each unit will jointly develop an annual workforce plan to cover the staffing requirements defined in the staffing model.
2. The workforce plan will be reflected in the unit staff and backfill budget.
3. The plan will project staffing availability based on the current employees, contractual time off, actuarially-based illness and injury, and workforce demographics.
4. The plan will identify ways to cover short term staffing needs such as full time, part time, on-call, overtime, float pool, cross-training, flexible

assignments, etc. in a way that allows a relatively stable permanent workforce while striving for full workforce utilization.

5. The plan will also identify the need to recruit, train and develop employees to fill operational requirements in the future.

### Budgeting Process

1. At a regional level, the budgetary process will include a line item for backfill/replacement in each unit budget.
2. The process for developing the regional budget for backfill will include meaningful labor input and participation.
3. A replacement factor will be established as a multiple of the payroll budget that will be based on contractual time off (vacations, holidays, etc.), an actuarially-based projection of illness and injury including FMLA projections based on previous years, and provision for other activities such as training, meetings and LMP projects.
4. The replacement factor may be adjusted by operating needs as reflected in the staffing model (i.e. replacement staff may not be needed in certain situations).

### Budgeting Illustration

Time off Budget (per employee)	Days
Vacation (average)	20.0
Holidays	6.0
Personal days	3.0
Sick leave (average)	7.3
FMLA	1.8
Workers Comp	0.9
Education/Training	5.0
Meetings (1 hour/week)	6.0
Projects/improvements (average)	2.0
<b>TOTAL:</b>	<b>52.0</b>

Total time off: 52 days / (52 weeks x 5 days = 260 days) = .20 or 20percent

Discount (assuming replacement does not occur in 40percent of cases due to workload, scheduling and flexibility):  $.20 \times .40 = .08$  or 8percent

Net time off factor for budget ( $.20 - .08 = .12$ ) or 12percent replacement factor

May need to adjust the factor if the unit chooses to backfill a significant percent of time off with higher cost sources (overtime or temp agency) instead of permanent staff.

### Budget Line Items

Personnel	\$ 1,000,000
Benefits @ 42percent	\$ 420,000
Backfill @ 12percent	\$ 120,000
<b>Total Personnel budget</b>	<b>\$1,540,000</b>





## Innovative Work Schedules and Scheduling

1. Local units should consider flexible work schedules to enhance the ability of the unit to provide scheduled time off. Examples of flexible work schedules includes: flex scheduling, telecommuting, job sharing, etc. (See p.11 of the National Agreement. This states “Respect for seniority and union jurisdiction, flexibility for employees’ personal needs... Flexibility in work scheduling, work assignments and other workplace practices.”).
2. Local units should consider self-scheduling concepts including self-directed teams where work groups would have responsibilities and be allowed to schedule themselves to accomplish them within defined parameters.
3. Facilities should consider services, vouchers or referral services to help employees address family issues (e.g. childcare or eldercare).

## Tracking Time Off Requests

### SHORT TERM

1. Develop a basic system to capture data on requests for time-off, approvals, denials and reasons for denials. The system may be a manual tracking sheet or a stand alone computer application.
2. Use collected time off data to set targets for time off requests and to support scheduling.
3. Establish reporting of time-off data.
4. Complete and file time off request reports at business unit level.

5. Create monthly summaries of time-off requested, taken, and denied and submit to Region to establish a region-wide view.
6. Consider limiting requests for denial data to those areas identified as high-absenteeism areas, as part of a specific intervention process.

## Timeframe: Implement time-off reports by June 30, 2006

### LONG TERM

1. Integrate and automate time off requests and approval/denial into scheduling and/or timekeeping systems.
2. Integrated systems will include reporting at a unit level to facilitate administration of time off requests as well as roll up reporting to regional and national levels.
3. Each employee will have access to their own time off request and status tracking via a self-service system such as a website.

## Administering Time Off

1. Within the staffing plan, management and employees will work together to provide the flexibility, including flexible work schedules, to allow time off. Time off will not be allowed to compromise operating goals such as quality, service levels or safety.
2. Management and labor will jointly develop a system for requesting and approving or denying time off that is prompt, fair and transparent.
3. Front line management and labor will jointly develop targets for percentage of requested time off granted.

4. Using data from the tracking system, the unit will jointly monitor requests for time off for time off and work together to correct shortfalls.

### Exhibit 1.H.3

#### 2005 Mandatory Overtime Documents May 22, 2005

(Relevant section only)

##### APPLICABLE TO ALL CLASSIFICATIONS.

It is the intent to discontinue the practice of scheduling/requiring mandatory overtime. Effective August 15, 2003, mandatory overtime will not be used except in a government declared state of emergency. Even in a state of emergency, the facility/facilities will take all reasonable steps to utilize volunteers and to obtain coverage from other sources prior to mandating overtime. The pre-implementation time will be used to assess practices and develop new scheduling processes to make the discontinuance of mandatory overtime possible.

Specifically, the parties will jointly review where the practice of mandatory overtime exists and work with department staff to develop procedures, processes and solutions to avoid this need in the future. At the end of the pre-implementation period, it is expected that joint processes/procedures will be in place to assure successful implementation of the elimination of mandatory overtime after August 15.

#### MANDATORY OVERTIME— PRINCIPLES AND TOOLS

We have a mutual vision, to make Kaiser Permanente the best place to work, as well as the best place to receive care. Through the Partnership, unions, management and

employees are sharing responsibility, information and decision making, to improve the quality of care and service and enrich the work environment. The ability to rely on a stable schedule is fundamental to this equation and the parties have therefore committed to discontinue mandatory overtime practices. Our overall goal is to avoid the mandatory assignment of unwanted work time, outside of schedule requirements of the posted position.

A recent review indicated that there are very few departments or units where the problems resulting in the need for mandatory assignments remain. As a result, the parties have jointly prepared the following principles and tools to assist those areas in problem solving the issues and achieving the goal.

#### Principles

- *There is value in achieving the goal.*
- *Patient care is of utmost importance.*
- *Stability in work schedules is of utmost importance.*
- *Respecting personal responsibilities and lives contributes to overall morale and commitment.*
- *Management, Union and Employees should work collaboratively to identify the underlying issues and seek solutions.*
- *Problems should be approached in an interest-based manner.*
- *If the problems creating the situation or solutions are beyond the control of the concerned department, the employees, union and management will prepare a joint summary of the problem(s) and potential temporary and long-term solutions.*

- *For situations that are not resolved at the work unit level, every region will establish a joint review and appropriate problem solving (i.e. issue resolution) process that provides for escalation to the highest joint partnership body for the Region. Ultimate solutions will be crafted in conjunction with Senior Regional and Union Leadership.*

## Tools

Departments/units needing assistance in achieving the goal are encouraged to use the following tools in problem solving:

- *Interest Based Problem Solving*
- *Mandatory Work Prevention Process developed by joint team in NCAL (attached)*
- *Joint Staffing Processes*
- *Root Cause Analyses*

## Exhibit 1.K.4

### MEMORANDUM OF UNDERSTANDING REGARDING SUB-CONTRACTING

*Between*

KAISER FOUNDATION HEALTH PLAN/HOSPITALS,

THE PERMANENTE MEDICAL GROUPS

And

THE COALITION OF KAISER PERMANENTE UNIONS, AFL-CIO

## Preamble

This MOU is entered into by the parties pursuant to the National Agreement, as a supplement to the provisions of:

### SECTION 1: PRIVILEGES AND OBLIGATIONS OF PARTNERSHIP

D: Union Security

4: Sub-Contracting

Kaiser Permanente and the Coalition of Kaiser Permanente Unions have agreed that the achievement of the Labor Management Partnership vision is critical to the success of the organization. The parties are committed as partners to the advancement of each other's institutional interests. This includes an understanding that no party will seek to advance its interests at the expense of the other party. The parties have also agreed to a joint decision-making process in which they will attempt to reach consensus on a broad range of business issues. It is within this framework that the National Agreement reaffirmed a partnership presumption against future subcontracting of bargaining unit work because it does not support the fundamental relationship between the parties.

A core interest of the Unions is to improve the quality, service and performance of Kaiser Permanente and further to improve the lives of their members through effective representation, and their ability to achieve that objective is enhanced by growth and reduced by erosion of their bargaining units; however, the parties agree that there could be extraordinary circumstances under which they might agree that bargaining unit work could be subcontracted. They also wish to consider the possibility of insourcing work that has previously been outsourced.

In order to assure that future subcontracting and insourcing of subcontracted work is aligned with the vision of the Labor Management Partnership, the following provisions have been adopted:

## I. Definitions

### EXTRAORDINARY CIRCUMSTANCES

The Partnership recognizes these interests through a presumption against sub-contracting; however, the Partnership also recognizes sub-contracting is appropriate in meeting day to day business needs, temporary peak work loads, hard to fill vacancies. In addition, sub-contracting could be appropriate in extraordinary circumstances, defined as significant quality, service, patient safety, workplace safety or cost savings opportunities that are of sufficient magnitude as to override the presumption against sub-contracting.

### BARGAINING UNIT WORK

Work currently performed by bargaining unit employees anywhere in the Region.

### FUTURE SUBCONTRACTING

Any new or additional contracting of bargaining unit work.

### INSOURCING

Internalizing work that was previously performed in the bargaining unit, or which is Union eligible, that has been outsourced, to be performed by bargaining unit employees.

### FEASIBILITY ANALYSES

A joint process used by labor and management representatives to evaluate the feasibility and necessity of outsourcing or insourcing specific work, considering cost, quality, service, safety and efficiency by consensus decision-making.

## COSTS

Capital expenditures, equipment, supplies, and FTE efficiencies, but excluding the cost of wages and benefits.

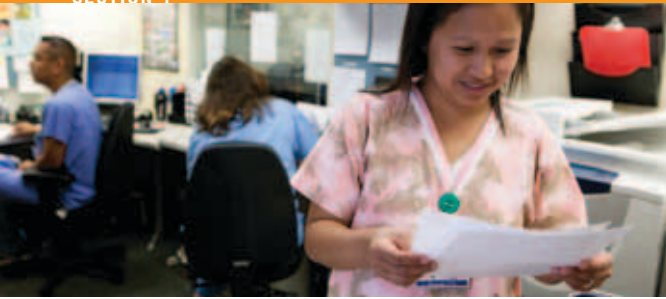
## II. Guidelines

### NOTIFICATION

Partnership bargaining unit work will not be subcontracted except as described in extraordinary circumstances above. When Kaiser Permanente believes that current or future partnership bargaining unit work should be subcontracted and further believes that there are reasons to subcontract, such as extraordinary circumstance, Kaiser Permanente will notify the appropriate union and the Coalition of Kaiser Permanente Unions, in writing, of the desire to meet and discuss subcontracting of specific work. A Union wishing to initiate consideration of insourcing certain contracted work will likewise notify Kaiser Permanente of its desire to meet and discuss the issue.

### PROCESS

An initial meeting will occur as soon as possible following the date of written notification to the Union or to Kaiser Permanente. Kaiser Permanente management will be responsible for coordinating the meeting. A Committee of at least two union and two management representatives, with knowledge of the specific work under consideration, will be appointed to establish timelines for completion of the analysis, conduct the analysis, and develop a written report that summarizes the results of the analysis and states the subcontracting or insourcing recommendation to Management and Union Leadership.



Interest-based Problem Solving will be used to define the work done by the Committee. The Key Principles for Subcontracting (see Part 3) should guide the decision-making process.

The feasibility analysis should result in the development of one or more options from which the Committee will recommend one to the parties. One option to consider is the feasibility of implementing a rapid cycle improvement process that could achieve similar or better results when compared to the subcontracting option. The involved Union or Management may submit an alternative option, which will be considered by the Committee before making its final decision.

Once the analysis has been completed, the Committee will reach consensus on a recommendation on whether or not to subcontract or insource the work or consider an alternative course of action. If the committee is unable to reach consensus, either party may submit the issue(s) to the next level for resolution in accordance with the National Agreement.

**III. Key Principles**

Key Principles will guide the approach to subcontracting and insourcing, leading to consistency and standardization across the organization. Regional outcomes should be consistent with the national guidelines in the following areas:

Category	Subcontracting Principle	Insourcing Principle
OPERATIONAL FEASIBILITY	There has been consistent demonstration of the organization's inability to acquire or develop the expertise or capability required to effectively provide needed services. Quality, service, cost, workplace and patient safety will be considered in the study.	The potential workforce must have the expertise, capability, flexibility and knowledge base to enter and provide the needed service(s) with reasonable startup time or training. It is understood that any decision to insource work will require an adequate transition period for implementation. Quality, service, cost, workplace and patient safety will be considered in the study.
STAFFING	The labor pool from which positions are filled is insufficient to meet demand. A business analysis illustrates the cost prohibitive nature of recruitment/retention of staff, excluding labor rates and benefits costs.	The potential workforce is available in the labor market to allow KP to recruit for positions required by the proposed insourcing project.

Category	Subcontracting Principle	Insourcing Principle
COST	A business analysis shows that retaining the services would be significantly more costly than comparable competitor operations, excluding labor rates and benefit costs, and puts the organization at a significant competitive disadvantage.	A business analysis has been completed for the insourcing option. The business analysis indicates that the insourcing option is significantly less costly than the contracted vendor, excluding labor rates and benefit costs.
QUALITY	It has been demonstrated that the organization does not have the core competencies required to provide the desired quality of service or to provide them efficiently. There has been a demonstrated inability to acquire the core competencies for success.	The insourcing solution complies with and ensures the quality standard that is acceptable and efficient to the organization.

Category	Subcontracting Principle	Insourcing Principle
LABOR RELATIONS	The union should receive adequate notification of the desire to subcontract services. All applicable provisions of the National Agreement will be adhered to, by the Coalition and Management.	Wages and job duties/descriptions are created, confirmed and negotiated, as necessary. Jurisdictional issues are clarified
CONTRACTING AND COMPLIANCE	The subcontracting solution does not create or result in liability with any existing contracts or other unions/bargaining units performing the work. Compliance with requirements of JCAHO, EEOC, HCEFA, Title 22 and SMWBE (Small, Minority, Women-owned Business Enterprise) are ensured.	The insourcing solution does not create or result in liability with any existing vendor contracts or other unions/bargaining units performing the work. Compliance with requirements of JCAHO, EEOC, HCEFA, Title 22 and SMWBE (Small, Minority, Women-owned Business Enterprise) are ensured.



Category	Subcontracting Principle	Insourcing Principle
EMPLOYER OF CHOICE	The subcontracting solution should be in keeping with the vision of KP becoming the Employer of Choice. The subcontracting solution supports KP's involvement in community service.	The insourcing solution will support KP's involvement in community service and contribute to KP being the employer of choice.
ONGOING REVIEW	If a decision results in keeping the function/service in KP, results will be periodically reviewed to determine if efficiencies were achieved. In the event the goals/efficiencies are not achieved, subcontracting will become an option.	If a decision results in bringing work into KP, the service or function will be periodically reviewed to determine if efficiencies/goals were achieved. In the event the goals/efficiencies are not achieved, subcontracting will become an option.

## Exhibit 2.A.3

### Relevant Performance Sharing Program Sections of the 2008 Reopener

#### RECOMMENDATION #3:

Each region shall implement a demonstration project for 2009 and 2010 that translates PSP goals that cascade up and down the organization into line of sight efforts and actionable behaviors by front-line employees. These demonstrations shall apply to Year 4 and Year 5 as defined in Section 2: A. (3) of the 2005 National Agreement. Each region shall demonstrate a comprehensive and disciplined approach that conveys a sense of urgency to meet the agreed upon goals of the demonstration. The purpose of these demonstrations is to test the feasibility of new approaches to performance sharing that would be:

- a. Based upon measures that are more closely linked to the day to day work of employees;
- b. Better understood by employees as to what improving these measures means to the lives of our members/patients and keeping KP affordable for all working families, i.e. so that it is part of a visionary campaign that focuses efforts in a meaningful way;
- c. Better communicated so it is easy for employees to understand what is being measured and what employees can do to improve that measurement;
- d. Implemented with a sense of urgency and clarity as to what constitutes success, utilizing labor's experience with successful campaign methodologies in which front-line workers make a disciplined

and focused effort to drive outcomes toward agreed upon goals and deadlines;

- e. More timely, with less of a lag between what is measured, employee actions to improve those measures, and any pay-outs made for meeting those measures;
- f. Be as easy to administer as possible so that the improved approach is effective;
- g. Better celebrated and acknowledged when we meet our goals, reinforcing the linkage between effort and payout.

To meet this demonstration requirement, each region shall have the flexibility to utilize existing goals, initiatives or team structures that can best demonstrate the overall elements of an improved PSP, or utilize new goals and initiatives as necessary and each region shall, in partnership:

#### A. Identify:

- i. a key organizational performance improvement goal(s)
- ii. the key drivers to improve the goal(s)
- iii. the lives and/or dollars saved as a result of meeting the goal(s), providing a unifying and motivating focus for improvement and also means to track progress in a rigorous way
- iv. the level closest to the front-line's natural work setting at which data can be provided and validated to measure success in meeting the goal(s) and upon which pay-out will be based if the goal(s) is met
- v. the most frequent means by which progress on the goal(s) can be tracked and provided to the employees working on the goal(s) at the smallest natural work unit possible

#### B. Engage:

- i. Front-line employees at the smallest possible natural work unit to identify, in partnership with their managers, what they can do to improve the metric at their work setting such that their efforts drive results at the metric level upon which performance pay-out will be based;
- ii. Participating employees in a continuum of knowledge about the business context in which KP operates, including understanding what's at stake for KP to be the model for high quality, affordable health care for America's families,
- iii. Front-line employees through a campaign approach in which they own their role in meeting agreed upon goals and deadlines, are disciplined in tracking progress and reporting back the status of meeting goals so all participating can understand their contribution to success.

#### C. Communicate:

- i. The goal(s) in easy to understand terms as part of a campaign that moves not just metrics but the hearts and minds of employees working to meet that goal, building off of existing LMP communication efforts that reach and motivate the front-line;
- ii. The progress on meeting the goal(s) on a regular and on-going basis to employees so the value and benefit of meeting the goal is reinforced;
- iii. And celebrate success in meeting the goals with an explicit link to the pay-out for efforts made to reach the goals;

- iv. The value of this reward and performance improvement program as part of broader efforts to define Kaiser Permanente as a best place to work for recruiting and retaining employees.

#### D. Pay-Out:

- i. Will be provided to employees based upon successfully meeting the goal at the level closest to the front-line's natural work environment that was identified when setting the goal for pay-out under this demonstration, provided other provisions are met and procedures followed in Section 2. A (3) of the 2005 National Agreement.

### Attachment

#### ELEMENTS OF AN EFFECTIVE PERFORMANCE IMPROVEMENT REWARD PROGRAM

The 2008 Bargaining Subgroup on Performance found that an effective performance improvement reward program should meet these criteria, and charges the PSP Design Team with providing greater definition as to each element. In general, an effective reward program should be:

##### BASED ON A COMPELLING CASE FOR IMPROVEMENT

- *Be based on engaging employees in a continuum of knowledge about the business context in which KP operates*
- *Be linked to a visionary and motivating reason to achieve the improvements; i.e., impact on improving members/patients lives and keeping KP affordable to working families*

##### SIMPLE/BE EASY FOR ALL TO UNDERSTAND

##### WELL COMMUNICATED

##### GOALS CAN BE CASCADED “UP AND DOWN”

- *so all understand the role their efforts play in meeting regional/national goals*

##### BASED ON LINE-OF-SIGHT IMPROVEMENTS

- *Connected to the day to day work at the lowest possible (ideally unit) level*
- *Be linked to day to day behaviors that are in the power of the employees to affect*

##### BASED ON METRICS THAT ARE:

- *tied to strategic goals and focused on the key drivers of results*
- *objective*
- *outcome based, or, if process measures, they should be linked to achieving outcomes*
- *captured and reported at the lowest possible (ideally unit) level*
- *as uniform across regions as possible so can compare and benchmark*

##### EASY TO ADMINISTER

##### TIMELY

- *In terms of when the goals are set and communicated*
- *When progress is reported*
- *In how pay-outs are linked to efforts made by employees*

##### STABLE

- *Don't change it mid-stream unless prove it can be made more effective*

## PART OF OVERALL RECRUITMENT/ RETENTION STRATEGY

- *As a reason we are a best place to work: employees engaged in performance improvement and rewarded for their efforts*

## SELF-FUNDED

### Exhibit 2.B.1.c

## LETTER OF AGREEMENT PARENT MEDICAL COVERAGE

In accordance with Section 2, B, 1 (b), of the 2000 National Agreement, effective May 1, 2002, Kaiser Permanente will offer federally non-qualified group medical coverage to parents of employees represented by a National Partnership Union.

In order for an employee's parents to qualify for this coverage, the employee must be an active employee and be eligible for medical benefits, whether or not he or she actually enrolls in Health Plan coverage.

Benefits included in Parent Medical coverage are:

- *\$5 doctor's office visits*
- *\$5 prescription drug coverage*
- *Uncapped prescription drug benefit*
- *\$5 hearing and vision exams*
- *No charge for inpatient hospital care*
- *No charge for lab tests and x-rays*
- *No charge for allergy testing and treatment*
- *\$25 emergency department copayment*
- *No charge for approved ambulance services*

Individuals who enroll in Parent Medical Coverage will be responsible for the entire amount of the premium for their coverage, as well as for any applicable copayments and any Third Party Administrative fees. Kaiser Permanente will not subsidize any portion of the premiums.

BILL ROUSE	ELLEN CANTER
Benefits Task Force Labor Co-Chair	Benefits Task Force Management Co-Chair
UNAC/UHCP, AFSCME	VP, Benefits and HR Administration
	Kaiser Permanente
Date: _____	Date: _____

## INTENT PARENT MEDICAL COVERAGE

In accordance with the 2000 National Agreement, effective May 1, 2002, Kaiser Permanente will offer federally non-qualified group medical coverage to parents of employees represented by a National Partnership Union.

## Eligibility

### ELIGIBLE EMPLOYEES

In order for an employee's parents to qualify for this coverage, the employee must be an active employee represented by a Kaiser Permanente National Partnership Union and be eligible for medical benefits, whether or not he or she actually enrolls in Health Plan coverage. An employee is also considered eligible if he or she retired from Kaiser Permanente as a member of a National Partnership Union between October 1, 2000, and March 1, 2002, in accordance with the provisions of his or her retirement plan.

## ELIGIBLE PARENTS

The following are considered eligible parents and may enroll in Parent Medical Coverage as long as the employee through whom they claim coverage meets the eligibility requirements above:

- *Employee's natural parents.*
- *Employee's stepparents, if still married to or widowed from employee's natural parent. Widowed stepparents who remarry will not be eligible for coverage.*
- *A domestic partner of employee's parent. The domestic partner will be required to complete an Affidavit of Domestic Partnership.*
- *Employee's spouse's or domestic partner's natural parents.*
- *Employee's spouse's or domestic partner's stepparents, if still married to or widowed from spouse's or domestic partner's natural parent. Widowed stepparents who remarry will not be eligible for coverage.*
- *A domestic partner of spouse's parent. The domestic partner will be required to complete an Affidavit of Domestic Partnership.*

To be eligible, parents and parents-in-law must reside in the same region as the Partnership Union employee through whom coverage is being offered. For the purposes of this plan, Northern California and Southern California will be considered separate regions.

Dependents of parents are not eligible for this coverage.

## ENROLLMENT IN PARENT MEDICAL COVERAGE

Enrollment for Parent Medical Coverage will only be allowed only during designated enrollment periods:

There will be an annual open enrollment period.

- *New employees will have 31 days from their date of hire to enroll their eligible parents. Coverage will be effective on the 1st of the month following enrollment.*
- *Employees who have a change in eligibility status (e.g., change from a non-benefited to a benefited status, or a marriage or divorce) will have 31 days to enroll or disenroll parents from coverage. Coverage will be effective on the 1st of the month following enrollment.*
- *Employees and their eligible parents are required to fill out and return all necessary forms and provide any requested documentation prior to enrollment.*
- *Each eligible parent must enroll separately. In addition, enrollees who are eligible for Medicare Arts A & B must submit a Senior Advantage enrollment form.*
- *Parents may enroll outside of the open enrollment period if they move into the region, or become newly eligible for Medicare, within 31 days of the qualifying event.*
- *Parents who disenroll from this coverage for any reason must wait until the next open enrollment period to re-enroll.*

## COVERAGE PREMIUMS

- *Coverage premiums are age-rated for all non-Medicare eligible parents. Premiums are subject to change annually.*

- *Age-rated premiums will be charged based on subscriber's age on the date of enrollment. After the initial enrollment, age-related premium increases for subsequent years will be determined based on subscriber's age as of January 1 of that year.*
- *Medicare-eligible enrollees in this plan will be pooled with other Medicare-eligible members in their region to determine premium rates.*
- *Individuals who enroll in Parent Medical Coverage will be responsible for the entire amount of the premium for their coverage, as well as for any applicable copayments and any Third Party Administrative fees. Kaiser Permanente will not subsidize any portion of the premiums for this coverage.*
- *Premium payments for coverage are made directly through the Third Party Administrator of the plan, currently Ceridian.*

#### COVERAGE

Parent Medical Coverage is essentially the same in all regions in which Kaiser Foundation Health Plan medical services are available. However, there will be certain regional differences in how the Health Plan is administered, including differences in some copayments, exclusions and limitations. Benefits included are:

- *Benefits included in Parent Medical coverage are:*
- *\$5 doctor's office visits*
- *\$5 prescription drug coverage*
- *Uncapped prescription drug benefit*
- *\$5 hearing and vision exams*
- *No charge for inpatient hospital care*
- *No charge for lab tests and x-rays*

- *No charge for allergy testing and treatment*
- *\$25 emergency department copayment*
- *No charge for approved ambulance services*

There will be no exclusions for pre-existing conditions, and no medical review will be required.

Copayments in the plan will be maintained at the current level to the extent that such copayments are available in each region, as long as the plan maintains its 'large group' status.

Medicare-eligible parents who are enrolled in Medicare Parts A and B, and assign their benefits to Kaiser Permanente will be offered Senior Advantage or a similar Medicare Risk plan where available. In regions where there is no Medicare Risk plan, a Medicare Cost plan will be substituted. Parents who are enrolled in Medicare Part A only will receive the non-Medicare benefits, but may be eligible for reduced premiums.

In areas where Kaiser Permanente does not offer any Medicare plan, eligible parents may still enroll in the non-Medicare plan, and will pay the non-Medicare premiums, regardless of their participation in Medicare.

Coverage will be available in all regions in which Kaiser Foundation Health Plan medical services are offered and in which there are active National Partnership Union employees, including the Northern California and Southern California, Colorado, Ohio, and Mid-Atlantic States Regions. The Northwest Region will continue to offer its existing parent coverage plan, under the rules already established for that plan. National Partnership Union employees in Texas will not be eligible to enroll their parents in this plan, as there is



no Kaiser Foundation Health Plan coverage available in that region.

#### WHEN PARENTS LOSE COVERAGE

Coverage will end at the end of the month in which:

- *The employee through whom a parent claims benefits terminates prior to retirement, is no longer represented by a National Partnership Union, or is no longer eligible per the eligibility requirements above.*
- *The parent no longer meets the eligibility requirements as stated in the 'Eligible Parents' section above.*
- *The employee and covered parent no longer reside in the same region. For the purposes of this plan, Northern California and Southern California are considered two separate regions.*
- *Premiums for medical coverage are not paid.*

Parents who are disenrolled from Parent Medical Coverage will be offered conversion to an individual plan.

#### Exhibit 2.B.1.c

May 22, 2003 (Relevant section only)

#### SPONSORED PARENT/ PARENT-IN-LAW GROUP

Applicable to parents and parents-in-law of all classifications.

Effective 1-1-03, parents and parents-in-law of Regular employees will be offered the opportunity to purchase the enhanced Senior Advantage health plan coverage at their own expense provided they are enrolled in Parts A and B of Medicare and meet the eligibility

rules of the Senior Advantage health plan. For those regions without a Sr. Advantage product, the Medicare product available in that Region will be offered.

The enrollment rules, eligibility and plan design (benefits and co-pays) will be consistent although not identical, (regional variation may apply) and will be reviewed by the Benefits Task Force (regional variation may apply). The Employer shall not be required to bargain over such changes. However, the Employer shall provide the unions with forty-five days notice of the nature and date of such changes.

Participants enrolled prior to 1-1-03 will be grandfathered under their current eligibility rules.

In the Northwest, the parties will resolve the issue as follows:

1. No new non-Medicare eligible will be admitted.
2. Rates for grand-fathered group will be raised by the same percent the market increases annually plus an additional 25percent annually toward closing the gap to market, with intent to reach market rates at year four.
3. New enrollees will be charged market rates.



## Exhibit 2.B.2.b

### LIST OF LMP DEFINED-BENEFIT PLANS SPONSORED BY KAISER PERMANENTE

#### Plan Name

Kaiser Permanente Employees Pension Plan Supplement to the KPRP

Kaiser Permanente Southern California Employees Pension Plan Supplement to KPRP

Kaiser Permanente Southern California Social Services Pension Plan Supplement to KPRP

Kaiser Permanente Fontana Pension Plan Supplement to KPRP

Kaiser Permanente Northwest Pension Plan Supplement to KPRP

Kaiser Permanente Colorado Pension Plan Supplement to KPRP

Kaiser Permanente Colorado Professional Employees Pension Plan Supplement to KPRP

Kaiser Permanente Ohio Employees Pension Plan Supplement to KPRP

Kaiser Permanente Mid-Atlantic Employees Pension Plan Supplement to KPRP

Kaiser Permanente Physicians and Employees Retirement Plan Supplement to KPRP

Kaiser Permanente Represented Employees Pension Plan Supplement to KPRP

Kaiser Permanente Fontana Pension Plan Supplement to KPRP for SCPMG

Kaiser Permanente Southern California Employees Pension Plan Supplement to KPRP for SCPMG

Kaiser Permanente Southern California Social Services Pension Plan Supplement to KPRP for SCPMG

Kaiser Permanente Nurse Anesthetists Pension Plan Supplement to the KPRP for SCPMG

Kaiser Permanente Represented Employees Pension Plan Supplement to KPRP for SCPMG

Retirement Plan for Mental Health Workers Supplement to Kaiser Permanente Employees Pension Plan for The Permanente Medical Group, Inc

Kaiser Permanente Represented Employees Pension Plan Supplement to Kaiser Permanente Employees Pension Plan for The Permanente Medical Group, Inc

Kaiser Permanente Optometrists Retirement Plan

### LETTER OF AGREEMENT

In accordance with the Common Retirement Plan provisions of the 2000 National Agreement, the undersigned constituted a Labor Management Partnership Committee to consider moving to a common minimum pension multiplier. The committee met on January 7, 2002, and after consideration, agreed to a common minimum pension multiplier of 1.4 percent for National Agreement signatory unions. The new minimum multiplier is effective January 7, 2002, and will be retroactively applied to participants who terminate on or after October 1, 2000. This agreement applies to all sponsoring employers of Kaiser Permanente pension

plans covering members of partnership unions listed in the attachment, Section A. Plans will be amended to reflect the new minimum multiplier.

In addition, the Committee agrees that employees covered by these plans and members of the signatory unions to the National Agreement, who are plan participants but whose benefits have been grandfathered at a lower pension multiplier will also have their multiplier moved to the new minimum multiplier.

Finally, the Committee agrees that employees covered by the National Agreement who are reflected in the attachment, Section B and as such are currently in a pension plan that provides a pension multiplier equal to or higher than the new minimum shall maintain the current multiplier.

<b>PETER DICICCO</b>	<b>LESLIE MARGOLIN</b>
Executive Director	Senior VP, Workforce Development
Coalition of Kaiser Permanente Unions	Kaiser Permanente
Date: _____	Date: _____
<b>BILL ROUSE</b>	<b>ELLEN CANTER</b>
Benefits Task Force Labor Co-Chair	Benefits Task Force Management Co-Chair
UNAC/UHCP, AFSCME	VP, Benefits and HR Administration
	Kaiser Permanente
Date: _____	Date: _____

**Exhibit 2.B.2.b** *continued*

**ATTACHMENT TO LETTER OF AGREEMENT CONCERNING 1.4 PERCENT MULTIPLIER**

<b>Section A</b>	<b>UNION</b>
<b>KAISER PERMANENTE PENSION PLANS IN NORTHERN CALIFORNIA:</b>	Office and Professional Employees International Union, Local 29 (Clerical) Hospital and Health Care Workers Union, Local 250 (SEIU) Service Employees International Union, Local 535 (Social Workers)
Kaiser Permanente Employees Pension Plan (KPEPP)	

Exhibit 2.B.2.b *continued*

KAISER PERMANENTE PENSION PLANS	UNION
IN NORTHERN CALIFORNIA: <i>continued</i>	
Kaiser Permanente Employees Pension Plan (KPEPP) <i>continued</i>	Service Employees International Union, Local 535 (Optical Workers)
Kaiser Permanente Retirement Plan for Mental Health Workers	Service Employees International Union, Local 535 (Social Workers – LCSW's; CDRP Counselors, Psychologists) for employees hired on or after 10/13/00.
IN THE NORTHWEST:	
Kaiser Permanente Northwest Pension Plan (KPNPP)	Oregon Federation of Nurses (Registered Nurses) <sup>1</sup> Service Employees International Union, Local 49

	Oregon Federation of Nurses (Hygienists) <sup>1</sup> Oregon Federation of Nurses (Technical) <sup>1</sup>
IN COLORADO:	
Kaiser Permanente Colorado Pension Plan (KPCPP)	Service Employees International Union, Local 105
IN OHIO:	
Kaiser Permanente Ohio Employees Pension Plan (KPOEPP)	Office & Professional Employees International Union, Local 17

<sup>1</sup> The 1.4-percent multiplier will be used to calculate benefits for active employees with accrued benefits (e.g., those employees who are now covered by a Trust but maintain a previous earned benefit under the plan).

Exhibit 2.B.2.b *continued*

<b>Section B</b>	
<b>KAISER PERMANENTE PENSION PLANS</b>	
<b>IN NORTHERN CALIFORNIA:</b>	
Kaiser Permanente Retirement Plan for Mental Health Workers	Service Employees International Union, Local 535 (Social Workers – LCSW's, CDRP Counselors, Psychologists) for Employees hired before 10/13/00.
Kaiser Permanente Optometrists Retirement Plan (KPORP)	Engineers & Scientists of California, Local 20, IFPTE (formerly MEBA) (Optometrists)

<b>IN SOUTHERN CALIFORNIA:</b>	
Kaiser Permanente Southern California Employees Pension Plan (KPSCEPP)	United Nurses Association of California (Registered Nurses) – L.A. & Bakersfield areas United Nurses Association of California (Registered Nurses) – San Diego, Woodland Hills, & Riverside areas Office and Professional Employees International Union, Local 30 Service Employees International Union, Local 399 American Federation of Nurses – Sunset United Food & Commercial Workers Union (Medical Technologists) – except San Diego Locals 324, 770, 1036, 1167,1428

Exhibit 2.B.2.b *continued*

KAISER PERMANENTE PENSION PLANS IN SOUTHERN CALIFORNIA: <i>continued</i>	UNION
Kaiser Permanente Southern California Employees Pension Plan (KPSCEPP) <i>continued</i>	United Food & Commercial Workers Union Bakersfield-Clerical/Service/Pt Care Locals 135, 324, 770, 1036, 1167, 1428 OPEIU, Local 30, California Service Center, San Diego
Kaiser Permanente Southern California Social Services Pension Plan (KPCSSEPP)	Social Services Union, Local 535 (Psychiatry) San Diego Social Services Union, Local 535 (Psychiatry) Except San Diego
Kaiser Permanente Fontana Pension Plan (KPFPP)	United Steelworkers of America, Local 7600

Kaiser Permanente Nurse Anesthetists Pension Plan (KPNAPP)	Kaiser Permanente Nurse Anesthetists Association
IN THE MID-ATLANTIC STATES:	
Kaiser Permanente Mid-Atlantic Employees Pension Plan (KPMAEPP)	United Food & Commercial Workers, Local 27 (Health Professionals) – Baltimore Office & Professional Employees International Union, Local 2, Washington Office & Professional Employees International Union, Local 2, Baltimore United Food & Commercial Workers, Local 400 (Health Professionals)



**Exhibit 2.B.2.b** *continued***May 22, 2003** (Relevant section only)**PENSION**

Effective March 1, 2003, for pension plans of employees covered by agreements of partner unions that currently provide for a defined benefit plan with a multiplier of 1.4percent FAP, the FAP multiplier will increase to 1.45percent. This multiplier will apply to all years of service. In addition, 1800 hours will be considered a year of Credited Service under these plans for pension calculation purposes. This new Credited Service hours definition will be effective beginning with the 2003 calendar year.

In the Northwest, effective March 1, 2003, for OFN/ONA RNs, OFN-Hygienists and Technical employees who have a defined contribution plan only, the improvement described above will apply prospectively only.

In the Northwest, effective March 1, 2003, the employer contribution to the defined contribution plan will be changed as follows: 1percent for OFN-Hygienists and Technical employees and 1.5percent for OFN/ONA RN's. The employer contribution for Local 49 will be maintained.

In Northern California, effective March 1, 2003, Clinical Lab Scientists, Local 20 may move to KPEP as modified by the agreement with no recognition of past service, and the employer contribution to the 401(k) plan will cease.

It is understood that where pension plans are moving from a defined contribution plan to a defined benefit plan, such is subject to ratification of the bargaining unit.

**LETTER OF AGREEMENT EARLY REDUCTION FACTORS**

In accordance with the Common Retirement Plan provisions of the 2000 National Agreement (Section 2, B, 2 (b)), the undersigned constituted a Labor Management Partnership Committee to consider changes in the early reduction factors for the defined benefit pension plans. After consideration, the committee agreed to change early reduction factors used in calculating pension benefits from an actuarial reduction based on age to a standard 5percent reduction per year for National Agreement signatory unions.

The new early reduction factors are effective immediately, and will be retroactively applied to participants who take either Early Retirement or Disability Retirement on or after January 1, 2002. This agreement applies to all sponsoring employers of Kaiser Permanente pension plans covering members of partnership unions listed in the attachment, Section A. Plans will be amended to reflect the new early reduction factors.

In addition, the Committee agrees that employees covered by the National Agreement who are reflected in the attachment, Section B, who as such are currently in a pension plan that provides early reduction factors equal to or higher than the new minimum shall maintain their current early reduction factors.

Finally, the Committee agrees that pension benefits will be recalculated, and corrective payments made to National Partnership Union members who have taken Early Retirement or Disability Retirement and have received a distribution from their Kaiser Permanente defined benefit pension plan between the effective date of the change and the present.

The new early reduction factors for each year are as follows:

Age at Retirement	Percent of Normal Pension Benefit
65	100percent
64	95percent
63	90percent
62	85percent
61	80percent
60	75percent
59	70percent
58	65percent
57	60percent
56	55percent
55	50percent

PETER DICICCO	LESLIE MARGOLIN
Executive Director	Senior VP, Workforce Development
Coalition of Kaiser Permanente Unions	Kaiser Permanente
Date: _____	Date: _____
BILL ROUSE	ELLEN CANTER
Benefits Task Force Labor Co-Chair	Benefits Task Force Management Co-Chair
UNAC/UHCP, AFSCME	VP, Benefits and HR Administration
	Kaiser Permanente
Date: _____	Date: _____

**Exhibit 2.B.2.b** *continued*

**ATTACHMENT TO LETTER OF AGREEMENT CONCERNING EARLY REDUCTION FACTORS**

Section A – National Partnership Union Groups Affected by This Agreement	UNION
<b>KAISER PERMANENTE PENSION PLANS IN NORTHERN CALIFORNIA</b>	
Kaiser Permanente Employees Pension Plan (KPEPP)	Office and Professional Employees International Union, Local 29 (Clerical)
	Hospital and Health Care Workers Union, Local 250 (SEIU)
	Service Employees International Union, Local 535 (Social Workers)

Exhibit 2.B.2.b *continued*

KAISER PERMANENTE PENSION PLANS	UNION
IN NORTHERN CALIFORNIA <i>continued</i>	
Kaiser Permanente Employees Pension Plan (KPEPP) <i>continued</i>	Service Employees International Union, Local 535 (Optical Workers)
Kaiser Permanente Retirement Plan for Mental Health Workers	Service Employees International Union, Local 535 (Social Workers – LCSWs; CDRP Counselors, Psychologists) for employees hired on or after 10/13/00.
Kaiser Permanente Optometrists Retirement Plan (KPORP)	Engineers & Scientists of California, Local 20, IFPTE (formerly MEBA) (Optometrists)

IN SOUTHERN CALIFORNIA:	
Kaiser Permanente Southern California Employees Pension Plan (KPSCEPP)	United Nurses Association of California (Registered Nurses) – L.A. & Bakersfield areas United Nurses Association of California (Registered Nurses) – San Diego, Woodland Hills, & Riverside areas Office and Professional Employees International Union, Local 30 Service Employees International Union, Local 399 American Federation of Nurses – Sunset United Food & Commercial Workers Union (Medical Technologists) – except San Diego Locals 324, 770, 1036, 1167, 1428

Exhibit 2.B.2.b *continued*

KAISER PERMANENTE PENSION PLANS	UNION
IN SOUTHERN CALIFORNIA: <i>continued</i>	
Kaiser Permanente Southern California Employees Pension Plan (KPSCEPP) <i>continued</i>	United Food & Commercial Workers Union Bakersfield-Clerical/Service/Pt Care Locals 135, 324, 770, 1036, 1167, 1428 OPEIU, Local 30, California Service Center, San Diego
Kaiser Permanente Southern California Social Services Pension Plan (KPSOSSPP)	Social Services Union, Local 535 (Psychiatry) San Diego Social Services Union, Local 535 (Psychiatry) Except San Diego
Kaiser Permanente Fontana Pension Plan (KPFPP)	United Steelworkers of America, Local 7600)

Kaiser Permanente Nurse Anesthetists Pension Plan (KPNAPP)	Kaiser Permanente Nurse Anesthetists Association
IN THE NORTHWEST:	
Kaiser Permanente Northwest Pension Plan (KPNPP)	Oregon Federation of Nurses (Registered Nurses) <sup>1</sup> Service Employees International Union, Local 49 Oregon Federation of Nurses (Hygienists) <sup>1</sup> Oregon Federation of Nurses (Technical) <sup>1</sup> Oregon Nurses Association <sup>1</sup>
IN THE MID-ATLANTIC STATES:	
Kaiser Permanente Mid-Atlantic Employees Pension Plan (KPMAEPP)	United Food & Commercial Workers, Local 27 (Health Professionals) –Baltimore

<sup>1</sup> The early reduction factors will be used to calculate benefits for active employees with accrued benefits (e.g., those employees who are now covered by a Trust but maintain a previous earned benefit under the plan).

Exhibit 2.B.2.b *continued*

KAISER PERMANENTE PENSION PLANS IN THE MID-ATLANTIC STATES: <i>continued</i>	UNION
Kaiser Permanente Mid-Atlantic Employees Pension Plan (KPMAEPP) <i>continued</i>	Office & Professional Employees International Union, Local 2, Washington Office & Professional Employees International Union, Local 2, Baltimore United Food & Commercial Workers, Local 400 (Health Professionals)

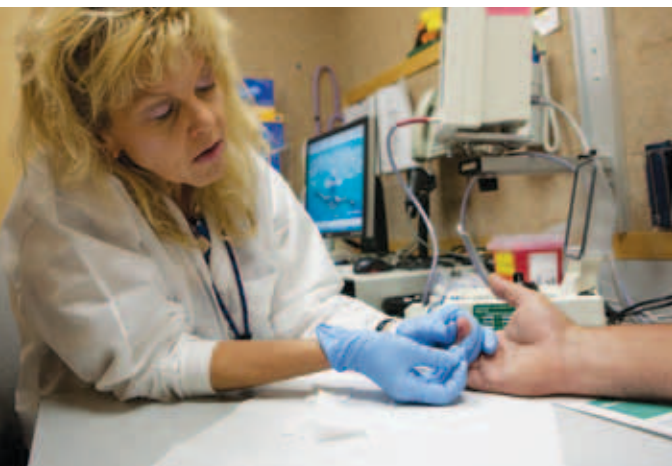
IN COLORADO:	
Kaiser Permanente Colorado Pension Plan (KPCPP)	Service Employees International Union, Local 105
IN OHIO:	
Kaiser Permanente Ohio Employees Pension Plan (KPOEPP)	Office & Professional Employees International Union, Local 17
<b>Section B – National Partnership Union Groups Not Affected By This Agreement</b>	
<b>KAISER PERMANENTE PENSION PLANS</b>	
IN NORTHERN CALIFORNIA:	
Kaiser Permanente Retirement Plan for Mental Health Workers	Service Employees International Union, Local 535 (Social Workers – LCSW's, GDRP Counselors, Psychologists) for Employees hired before 10/13/00.

### Exhibit 2.B.3.d

#### GENERAL DESCRIPTION OF DISABILITY PLAN BENEFIT LEVELS

##### Section 26 – Income Protection/ Extended Income Protection

980 Employees scheduled to work twenty (20) or more hours per week will be provided with an Income Protection or Extended Income Protection Plan. The benefit amount will be equal to either fifty (50 percent) percent of base wages, sixty (60 percent) percent if integrated with a statutory plan (i.e., State Disability Insurance, Workers' Compensation, etc.), or seventy (70 percent) percent if the employee is on an approved rehabilitation program. If the employee is part-time, the benefits will be prorated according to the employee's scheduled hours. The minimum integrated benefit (prorated for part-time employees) provided by the program during the first (1st) year of disability will not be less than one-thousand (\$1,000.00) dollars per month.



- 981 Section 27 – Eligibility for income Protection or Extended Income Protection
- 982 Eligibility for Income Protection or Extended Income Protection is based on length of service.
- 983 Section 28 – Income Protection Benefit
- 984 This benefit is provided to employees with less than two (2) years of service. Employees will receive a benefit commencing at the latter of exhaustion of Sick Leave or according to SDI guidelines (i.e., the first (1st) day of hospitalization, eighth (8th) day of illness/injury), and will continue for up to one (1) year from the date of disability with continued medical certification.
- 985 Section 29 – Extended Income Protection Benefit
- 986 This benefit is provided to employees with two (2) or more years of service. Employees will receive a benefit commencing at the latter of exhaustion of Sick Leave or three (3) months from the date of disability, and will continue for up to five (5) years from the date of disability with continued medical certification. Benefits due to psychological related disabilities and alcohol/drug abuse are limited to a maximum of three (3) years from the date of disability. The Duration of Benefits Schedule will apply to employees age sixty (60) or over who become disabled while eligible for this program.



## Exhibit 3.D

## LOCAL UNION AGREEMENTS

International	Local Union	Group	Region	Bargaining Unit	2010 CBA Expiration Date	Begin Bar Period	End Bar Period
UFCW	UFCW L 1996	1	GA	Cler/Tech	9/30/2012	10/1/2010	9/30/2012
UFCW	UFCW L 1996	1	GA	Prof	9/30/2012	10/1/2010	9/30/2012
UFCW	UFCW L555	1	NW	Radiology	10/31/2012	10/1/2010	10/31/2012
UFCW	UFCW L555	1	NW	N.R.C. Pharmacy	9/30/2012	10/1/2010	9/30/2012
NFN	ONA	1	NW	ONA	9/30/2012	10/1/2010	9/30/2012
AFT	OFNHP L5017	1	NW	RN	9/30/2012	10/1/2010	9/30/2012

AFT	OFNHP L5017	1	NW	Prof	9/30/2012	10/1/2010	9/30/2012
AFT	OFNHP L5017	1	NW	Lab Prof	9/30/2012	10/1/2010	9/30/2012
OPEIU	OPEIU L17	1	OH	HCW	9/30/2012	10/1/2010	9/30/2012
ANA	ONA	1	OH	ONA	9/30/2012	10/1/2010	9/30/2012
AFSCME	UNAC	1	SCAL	RN	9/30/2012	10/1/2010	9/30/2012
USW	USW L7600	2	SCAL	HCW	10/1/2012	10/1/2010	10/1/2012
AFSCME	KPASCO/UNAC	2	SCAL	Optometrists	2/28/2013	10/1/2010	2/28/2013
UFCW	UFCW L7	2	CO	Prof	4/2/2013	10/1/2010	4/2/2013
UFCW	UFCW L7	2	CO	MHW	5/31/2013	10/1/2010	5/31/2013
SEIU	SEIU L49	2	NW	Clerical And Service	6/30/2013	10/1/2010	6/30/2013
OPEIU	OPEIU L2	2	MAS	Optometrists	9/24/2013	10/1/2010	9/24/2013
SEIU	SEIU L105	2	CO	SEIU L105	9/30/2013	10/1/2010	9/30/2013

Exhibit 3.D *continued*LOCAL UNION AGREEMENTS *continued*

International	Local Union	Group	Region	Bargaining Unit	2010 CBA Expiration Date	Begin Bar Period	End Bar Period
SEIU	UHW	2	NCAL	Optical Workers	9/30/2013	10/1/2010	9/30/2013
SEIU	UHW	2	NCAL	MSW	9/30/2013	10/1/2010	9/30/2013
SEIU	UHW	2	NCAL	IBHS	9/30/2013	10/1/2010	9/30/2013
SEIU	UHW West	2	NCAL/SCAL	UHW West	9/30/2013	10/1/2010	9/30/2013
OFNHP	OFNHP L5017	2	NW	Technical	10/1/2013	10/1/2010	9/30/2013
OFNHP	OFNHP L5017	2	NW	Hygienists	10/15/2013	10/1/2010	9/30/2013

OPEIU	OPEIU L29	2	NCAL	Cler/Tech Wkrs	11/3/2013	10/1/2010	9/30/2013
OPEIU	HNA	2	HI	RN	11/30/2013	10/1/2010	9/30/2013
OPEIU	OPEIU L2	2	MAS	Baltimore, D.C./VA	12/15/2013	10/1/2010	9/30/2013
IFPTE	IFPTE L20	2	NCAL	Clin Lab Scsts	12/29/2013	10/1/2010	9/30/2013
IFPTE	IFPTE L20	2	NCAL	Optometrists	12/29/2013	10/1/2010	9/30/2013
UFCW	UFCW	3	SCAL	Pharm Non-Prof	2/1/2014	10/1/2010	9/30/2013
UFCW	UFCW	3	SCAL	CLS	5/1/2014	10/1/2010	9/30/2013
ILWU	ILWU L28	3	NW	Sec Guards	7/17/2014	10/1/2010	9/30/2013
KPNAA	KPNAA	3	SCAL	Anesthetists	9/30/2014	10/1/2010	9/30/2013
UFCW	UFCW L770	3	SCAL	Kern City	11/19/2014	10/1/2010	9/30/2013
UFCW	UFCW L27	3	MAS	Health Prof	12/11/2014	10/1/2010	9/30/2013
UFCW	UFCW L400	3	MAS	Health Prof	12/11/2014	10/1/2010	9/30/2013

Exhibit 3.D *continued*LOCAL UNION AGREEMENTS *continued*

International	Local Union	Group	Region	Bargaining Unit	2010 CBA Expiration Date	Begin Bar Period	End Bar Period
IBT	IBT L166	3	SCAL	Technical	12/31/2014	10/1/2010	9/30/2013
OPEIU	OPEIU L30	3	SCAL	CSC	10/1/2015	10/1/2010	9/30/2013

## Labor Management Partnership Communications

One Kaiser Plaza 24th Floor, Lakeside  
Oakland, California 94612



[www.LMPartnership.org](http://www.LMPartnership.org)

**(L+M)<sup>P</sup>**  
*The Power of Partnership*

(union bugs)