Agreement

Between

Southern California
Permanente Medical Group

And

Kaiser Permanente Association of
Southern California Optometrists

United Nurses Associations of California
Union of Health Care Professionals

NUHHCE · AFSCME · AFL-CIO

Effective
October 1, 2012 to February 28, 2016

Southern California Permanente Medical Group

And

Kaiser Permanente Association of
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Labor-Management Bargaining History

Agreement	Effective Dates
Original	March 1, 2002 to February 28, 2006
2nd	March 1, 2006 to February 28, 2011
3rd	October 1, 2012 to February 28, 2016

AGREEMENT

BETWEEN

SOUTHERN CALIFORNIA PERMANENTE MEDICAL GROUP

AND

KAISER PERMANENTE ASSOCIATION OF SOUTHERN CALIFORNIA OPTOMETRISTS

UNITED NURSES ASSOCIATIONS OF CALIFORNIA/ UNION OF HEALTH CARE PROFESSIONALS

NUHHCE · AFSCME · AFL-CIO

OCTOBER 1, 2012 – FEBRUARY 28, 2016

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PREAMBLE

Provisions of local collective bargaining agreements and The National 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 The National 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, The National 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, The National Agreement shall not be interpreted to deprive the employees of such wage, benefit or condition.

AGREEMENT

This Agreement is made and entered into by and between the Southern California Permanente Medical Group, hereinafter referred to as the "Employer," and the Kaiser Permanente Association of Southern California Optometrists, which is an affiliate Association of the United Nurses Associations of California/Union of Health Care Professionals, NUHHCE, AFSCME, AFL-CIO (UNAC/UHCP), hereinafter referred to as the "Association."

100 ARTICLE I – RECOGNITION AND COVERAGE

101 The Employer hereby recognizes the Association as the sole bargaining agent representing all Optometrists employed by the Southern California Permanente Medical Group, pursuant to the card count conducted on April 10, 2001, under the auspices of the Federal Mediation and Conciliation Service for the purposes of collective bargaining to establish rates of pay, hours of work, and other conditions of employment.

102 Employees covered by this Agreement are those Optometrists licensed to practice in the State of California and employed by the Employer at the following Medical Centers and their associated outlying Medical Offices: Antelope Valley, Baldwin Park, Downey, Fontana, Los Angeles, Orange County, Panorama City, Riverside, San Diego, South Bay, West Los Angeles and Woodland Hills. Furthermore, Optometrists at any additional facilities which may qualify as accretions to any of the existing Medical Centers during the term of this Agreement will also be covered by this Agreement.

103 Excluded from coverage, unless expressly abridged by the agreement are the Coordinating Optometrists, and all other non-Optometrist employees including personnel defined in the National Labor Relations Act, as amended.

104 For the purpose of this Agreement the term "facility" shall be defined as each Medical Center and associated Medical Offices.

105 The Employer agrees that during the term of this Agreement it will not challenge the bargaining unit status of any Optometrist or job classification covered by this Agreement. The Employer further agrees that during the term of this Agreement it will neither claim that any Optometrist or job classification covered by this Agreement exercises supervisory authority within the meaning of Section 2 (11) of the NLRA, nor assign any Optometrist such duties for the purpose of removing that Optometrist from the bargaining unit. Finally, the Employer also agrees that during the term of this Agreement it will not challenge the Union's right to represent any Optometrist in any job classification covered by this Agreement based on a claim that such Optometrist is a supervisor within the meaning of the NLRA.

200 ARTICLE II – COURTESY

201 The Employer and the Association agree to encourage everyone, regardless of position or profession, to perform in an efficient, courteous and dignified manner when such individuals interact with fellow employees, physicians, patients and the public.

300 ARTICLE III – RIGHTS OF MANAGEMENT

301 All the rights of management vested solely in the Employer in the operations of its business are limited only by the specific provisions of this Agreement.

400 ARTICLE IV – STRIKES AND LOCKOUTS

401 In view of the importance of the operation of the Employer's facilities to the community, the Employer and the Association agree that there will be no lockout by the Employer, and no strikes or other interruptions of work by the Association or its member Optometrists during the term of this Agreement, and that all disputes arising under this Agreement shall be settled in accordance with the Grievance and Arbitration Article.

500 ARTICLE V – MEMBERSHIP

501 Requirements

502 It shall be a condition of employment that all Optometrists covered by this Agreement shall remain members of the Association in good standing. For the purpose of this Article, membership in good standing is satisfied by the payment of uniform and customary initiation fees, periodic dues and reinstatement fees required by the Association, except to the extent modified by Paragraph 514 herein. It shall also be a condition of employment that all Optometrists covered by this Agreement and hired on or after its execution date shall, within thirty one (31) days following the beginning of such employment, become and remain members in good standing in the Association.

503 Maintenance

504 Optometrists who are required hereunder to maintain membership and fail to do so, and Optometrists who are required hereunder to join the Association and fail to do so, shall upon notice of such action in writing from the Association to the Employer, be notified of their delinquent status and that the Association is requesting the delinquent monies. If the Optometrist refuses to comply, termination may be necessary. However, it is understood that all reasonable efforts will be made to correct the situation before termination is justified.

505 New Optometrist Notice

506 At the time of employment, the Employer shall give a copy of this Agreement to each Optometrist covered by this Agreement and specific attention shall be called to the obligation of this provision. The Employer shall also give to each Optometrist covered by this Agreement at the time of employment, the current Association form authorizing voluntary payroll deduction of monthly dues.

507 Within thirty (30) days after the execution date of this Agreement, the Employer will provide the Association with a master list of all employed Optometrists who are subject to the provision of this Agreement giving names, addresses, classifications and dates of employment.

508 On or before the tenth (10th) of each month, subsequent to the establishment of the master list, the Employer will forward to the Association the names, addresses, and dates of employment of new Optometrists and the names of those Optometrists who have resigned or who have been terminated.

509 Within thirty (30) days of the hire of a new Optometrist, the Coordinating Optometrist/designee will make one (1) hour available to a local KPASCO officer/representative to meet with the newly hired Optometrist to discuss the Association and the Agreement.

510 **Payroll Deduction of Association Dues**

511 The Employer will deduct Association membership dues and initiation fees from the wages of each Optometrist who voluntarily agrees to such deductions and who submits an appropriate written authorization to the Employer, setting forth standard amounts and times of deduction. Once signed, the authorization cannot be canceled for a period of one (1) year from the date appearing on such written authorization or within a fifteen (15) day period prior to the termination date of the current Agreement between the Employer and the Association, whichever occurs first. Dues deductions shall be made monthly and remitted to the Association.

511 **Indemnification**

512 The Association shall indemnify the Employer and hold it harmless against any and all suits, claims, demands and liabilities that shall arise out of or by reason of any action that shall be taken by the Employer for the purpose of complying with this Article.

513 **Exemptions**

514 As provided by Federal law, employees of health care institutions are eligible to claim a religious exemption. Such cases shall be handled separately, and any agency of the Optometrists' local United Way (or equivalent) shall be used in compliance.

600 ARTICLE VI – NON-DISCRIMINATION

601 The Employer and the Association agree that there shall be no discrimination against any Optometrist or applicant because of race, color, religion, creed, national origin, ancestry, sex, sexual orientation, age, physical disability, mental disability, veteran status or marital status as defined by Federal and State laws.

602 There shall be no distinction between wages paid to men and wages paid to women for the performance of comparable quality and quantity of work on the same or similar jobs.

700 ARTICLE VII – ASSOCIATION REPRESENTATIVES

701 The Association will be allowed to appoint a reasonable number of Association Representatives to handle disputes as defined in the Grievance and Arbitration Article.

702 The Association President or designee will be the Chief Representative of the Association.

703 Association Representatives will notify their Coordinating Optometrist or designee when required to participate in Association business during work hours. Association Representatives will be paid for time spent during scheduled work hours when participating in grievance, disciplinary, issue resolution or corrective action meetings with Management. Requests for participating in Association business will not be unreasonably denied. Whenever possible, appropriate advance notification should be given to the Coordinating Optometrist or designee. In instances when an Association Representative is required on short notice, i.e., the same day, the Association Representative will consult with his/her Coordinating Optometrist or designee to arrange a satisfactory time.

704 There shall be no discrimination by the Employer against any Optometrist because of membership in or activity on behalf of the Association, provided that such activity does not interfere with the Optometrist's regular duties. Association Representatives shall not be transferred or reassigned to another area of work as a result of Association activities.

705 **Association Leave of Absence**

706 Leaves of Absence for Association Business will be granted and addressed in accordance with the National Agreement.

707 **Bulletin Boards**

708 The Employer will provide one (1) glass enclosed, locking bulletin board at each primary location where Optometrists are regularly employed for the exclusive use of the Association. Placement of materials will be by mutual agreement.

709 All materials to be posted must receive prior approval of the Human Resources Leader. In lieu of the Association being able to obtain advance approval, one (1) file copy will be provided the Employer.

800 ARTICLE VIII – CORRECTIVE ACTION

801 **Corrective Action**

802 The parties agree to adopt and follow the Corrective Action process developed by the Southern California Labor/Management Partnership Sub-committee. The parties agree to follow the program as established.

803 In the event the Corrective Action process is discontinued the parties will meet to identify an alternative process.

900 ARTICLE IX – ISSUE RESOLUTION

901 **Issue Resolution**

902 The parties agree to the philosophy and concepts outlined in the Issue Resolution process developed by the Southern California Labor/Management Partnership Sub-committee. The parties agree to follow the program as established.

903 In the event the Issue Resolution process is discontinued the parties will meet to determine if an alternative process is necessary.

1000 ARTICLE X – GRIEVANCE AND ARBITRATION PROCEDURE

1001 **Grievance Procedure**

1002 Any complaint or dispute arising between an Optometrist and/or the Association and the Employer concerning the interpretation or application of the provisions of this Agreement or any questions relating to wages, hours of work, or other conditions of employment, shall be resolved in accordance with this Article. However, it is the intent of the parties to resolve any and all disputes at the earliest possible step of the grievance process and to disclose any and all relevant facts and information that pertain to the issue in dispute.

1003 Association grievances filed on behalf of a group of Optometrists, matters relating to contract interpretation, job classification or wage administration, discipline and discharge cases will be filed directly at Step Two, within thirty (30) calendar days after the Association had knowledge, or should have had knowledge, of the event which caused the grievance or complaint, by the Association or designee.

1004 **First Step**

1005 An Optometrist who believes a grievance or complaint exists will discuss such matter with the immediate supervisor, with or without an Association Representative present, as the Optometrist may elect. In the event the dispute remains unresolved, the Optometrist may submit a grievance in writing within thirty (30) calendar days after the Optometrist had knowledge, or should have had knowledge, of the event which caused the grievance or complaint. The written grievance shall state the facts and the requested remedy. It is the intent that every reasonable effort be made between the parties to resolve differences.

1006 After a grievance or complaint has been submitted to the immediate supervisor, the supervisor shall respond in writing to the Optometrist within ten (10) calendar days.

1007 **Second Step**

1008 If the grievance is not resolved, nor an answer received from the supervisor in the first step within the specified time, the grievance shall be reduced to writing on the standard form provided by the Association. Within fifteen (15) calendar days, the Association Representative shall submit the written grievance to the local area Human Resources Leader or designee.

1009 The Second Step hearing is to be convened within ten (10) calendar days with the appropriate Manager, and the Human Resources Leader or designee for the Employer, and the Association Representative, and the Grievant.

1010 The Second Step answer is to be made by the Human Resources Leader, or designee, within ten (10) calendar days following conclusion of the hearing.

1011 **Third Step**

1012 Appeals to the Third Step of the grievance procedure must be made within ten (10) calendar days following the date the Step Two answer was received. Appeals will be directed to the Regional Labor Relations Department.

1013 Following receipt of the written appeal, a meeting shall be held within fifteen (15) calendar days between a representative of the Regional Labor Relations Department for the Employer and a State Officer or Staff Representative for the Association. Either party may include additional representatives who have been involved in the grievance in prior steps. Either party may include additional representatives from their respective organization.

1014 The Third Step answer is to be made by the Regional Labor Relations Representative within ten (10) calendar days following conclusion of the hearing(s).

1015 **Arbitration**

1016 The Association will have ten (10) calendar days following receipt of the Step three response in which to appeal the grievance to arbitration.

1017 Appeals to arbitration will be made by letter to the Regional Labor Relations Representative.

1018 The Arbitrator may be mutually agreed to by the parties or the parties will mutually draft and sign a request to the Federal Mediation and Conciliation Service for a panel of five (5) Arbitrators. Selection of the Arbitrator shall then be made by each party alternately striking names, and the Arbitrator shall be the remaining name. Choice of first (1st) striking shall be by lot.

1019 Arbitrators are only authorized to provide interpretation of the application of this Agreement, and shall have no power to add, to subtract, to alter, or to amend any portion of the Agreement. An Arbitrator has no authority to order an interest payment; damages nor expenses in conjunction with any back pay award.

1020 The decision of the Arbitrator shall be final and binding on the parties. Decisions are to be rendered within thirty (30) calendar days of the final presentation of evidence. Extension shall be by mutual agreement of the parties.

1021 Expenses of arbitration shall be shared equally by the parties. Each party will be responsible for the cost of its representation and witnesses.

1022 The Grievant shall be permitted time off work to attend the arbitration proceedings. Said time shall be without pay, unless arrangements have been made for the Grievant to receive vacation pay. In addition, any approved time off granted for arbitration preparation shall be either approved vacation pay or without pay.

1023 Following the appeal of a grievance to arbitration, the parties may schedule a pre arbitration meeting for the final evaluation of facts and conducting related business.

1024 Both parties agree that no outside Attorneys will be present or participate in these proceedings.

1025 **Mediation**

1026 A grievance may only be referred to mediation by mutual agreement of the parties following a timely appeal to arbitration.

1027 The Mediator shall be selected by mutual agreement of the parties. The Mediator shall serve for a one (1) day session and is thereafter subject to removal by either party. In the event the parties are unable to agree upon the selection of a Mediator, this mediation procedure shall not be effective. The parties may select more than one (1) Mediator to serve in future sessions, and if such is done, the Mediators will rotate one (1) day assignments, unless removed.

1028 The expenses and fees of the Mediator shall be shared equally by the parties.

Association:	Spokesperson Assigned Association Officer Grievant
Employer:	Spokesperson Regional Labor Relations Representative Human Resources Office Representative
Observers:	By mutual agreement, either party may invite observers limited to a reasonable number who shall not participate in the mediation process

1030 Neither attorneys nor court reporters nor any type of note takers shall be allowed to be present at the proceedings.

1031 The mediation proceedings shall be entirely informal in nature. The relevant facts shall be elicited in a narrative fashion by each parties' spokesperson to the extent possible, rather than through the examination of witnesses. The rules of evidence will not apply and no record of the proceedings will be made.

1032 Either party may present documentary evidence to the Mediator, which shall be returned to the parties at the conclusion of the proceedings.

1033 The primary effort of the Mediator should be to assist the parties in settling the grievance in a mutually satisfactory manner. In attempting to achieve a settlement, the Mediator is free to use all of the techniques customarily associated with mediation, including private conferences with only one (1) party.

1034 If settlement is not achievable, the Mediator will provide the parties with an immediate opinion, based on the Collective Bargaining Agreement, as to how the grievance would be decided if it went to arbitration. Said opinion would not be final and binding, but would be advisory. The Mediator's opinion shall be given orally together with a statement of reasons for such.

1035 The Mediator's verbal opinion should be used as a basis for further settlement discussion, or for withdrawal or granting of the grievance. The Mediator, however, shall have no authority to compel the resolution of the grievance.

If the grievance is not settled, withdrawn or granted pursuant to these procedures, the parties are free to arbitrate.

If the grievance is arbitrated, the Mediator shall not serve as the Arbitrator. Neither the discussions nor the Mediator's opinion will be admissible in a subsequent arbitration proceeding.

Should the mediation be scheduled during the grievant's shift, the Grievant will be permitted time off work, subject to staffing availability, to attend mediation proceedings, without loss of pay. Association observers may request time off for Association business without pay.

General

No settlement decision of any Arbitrator, or of the Employer, in any one (1) case shall create a basis for retroactive adjustment in any other case.

A grievance involving paycheck clerical errors may be presented up to one (1) year from the date of such error.

Either party by mutual agreement may elect to include additional representatives at any step of the Grievance Procedure.

Grievances shall either be filed on behalf of an individual employee or a group of employees via class action. Class action grievances must specify the affected employees by department, entity or medical center. Back pay liability shall be limited to claimed contract violations that occurred within a thirty (30) calendar day period prior to the filing of the grievance, unless mutually agreed to otherwise by the parties.

Time Limits

Time limits may be extended by mutual agreement of the parties. Any step of the grievance procedure may be mutually waived, however, no matter may be appealed to arbitration without having first been processed through at least one (1) formal step of the grievance procedure.

If the Employer does not act within the time limits provided at any step, the Association may proceed to the next step as it elects. Any grievance not filed or appealed timely is automatically considered settled. The date used to determine the timeliness of an appeal shall be the date of the postmark or the date received by the Employer. The date used to determine the timeliness of the Employer's response shall be the date of the postmark or the date received by the Association.

1047 If the Employer is not responding in a timely fashion, the Association will appeal the grievance expeditiously, without the Employer's response.

1048 **Access Rights of Association Representatives**

1049 Officers and Representatives of the Affiliate Association and/or State Association shall be permitted access to the Employer's facilities. The Employer shall permit the State Association Representatives to conduct Association business provided the Human Resources Leader or designee is notified and that no interference with the work of the Optometrists shall result. If it is necessary for Representatives to conduct Association business during other than normal business hours, the Human Resources Leader or designee if not available, or the Coordinating Optometrist should be notified.

1100 ARTICLE XI – NEW HIRE PROBATION AND EVALUATION

1101 **New Hire Probation and Evaluation**

1102 Newly hired Optometrists, including those hired after a break in continuous service and those who transfer from another represented or unrepresented employee group, or region, will serve a basic ninety (90) calendar-day probationary period. If prior to completion of the original period the Optometrists cannot be properly evaluated for purposes of retention, the Employer may extend the new hire probationary period up to an additional sixty (60) calendar days. Optometrists will be advised of the reason for and length of the extension.

1103 The Association will be informed as soon as practicable. Whenever possible this will occur prior to notifying the Optometrist that a decision has been made to extend his/her probationary period.

1104 Nothing in this Article implies a delay in the Optometrist becoming a member in good standing of the Association.

1105 During the probationary period, an Optometrist may be dismissed for any reason without recourse to the grievance procedure. However, this does not preclude an Optometrist on probation from filing grievances related to contractual violations or disputes such as pay errors, etc.

1106 **Health Screening**

1107 Prior to employment and, and as required thereafter, each Optometrist will be required to successfully complete a health screening. Failure to satisfactorily complete and pass the health screening will be cause for termination or withdrawal of tentative offer of employment.

1108 **Performance Evaluations**

1109 The performance of an Optometrist will be reviewed annually by his/her Coordinating Optometrist or designee. The Optometrist will be given an opportunity to read, discuss and comment upon formal performance evaluations prior to the placement of such in their personnel files. Copies of such material shall be given to the Optometrists at the time such documents are issued. The Optometrist shall sign and date such material only as proof of receipt. The Optometrist may indicate any agreement or disagreement on the evaluation form and attach comments regarding such agreement or disagreement to the evaluation form. Any area indicated as improvement needed on the evaluation form will be reviewed and discussed with the concerned Optometrist approximately three (3) months after the issuance of the evaluation.

1110 The Performance Evaluation is not intended to be used as a means of discipline. Therefore, the content of such evaluation is not subject to the Grievance Procedure. The Performance Evaluation will not be used as a basis to deny transfers.

1200 ARTICLE XII – BARGAINING UNIT SENIORITY

1201 **Definition**

1202 Seniority shall be defined as time spent in a bargaining unit position in a Full-Time or Part-Time status. Those Optometrists hired and employed by the Southern California Permanente Medical Group prior to April 10, 2001 shall receive recognition for all service time prior to April 10, 2001. For those optometrists hired after April 10, 2001, Bargaining Unit Seniority shall commence on date of hire into the bargaining unit. For Per Diem optometrists, "time spent" is defined as hours worked in a Bargaining Unit position. Upon conversion into a Full-Time or Part-Time position, a Per Diem optometrist's Bargaining Unit Seniority is calculated based on hours worked to determine the adjusted seniority date.

1203 **Tiebreaker**

1204 In the event of a tie, the tiebreaker shall be the last four numbers of the Social Security number, with the lowest numbering awarded the highest seniority.

1205 **Reduction In Force**

1206 Prior to a reduction in force, the parties shall meet to identify the skills of those affected and explore all possible options to minimize the impact of the reduction in force. After such meeting the order shall be:

1. Volunteers
2. Temporary
3. Per Diem
4. Least senior by date of hire as an Optometrist within the Southern California Permanente Medical Group.

1207 In the event of displacement, those displaced have the ability to first displace the least senior Optometrist within the Medical Center and outlying medical offices and then within the Southern California Permanente Medical Group.

1208 In the event of layoff, those affected shall be placed on a list for twelve (12) months for recall to a comparable position. Comparable position is defined as 1) same medical center or outlying medical office, 2) same status. Those who decline an offer of comparable position or who voluntarily transfer to another position shall be removed from the recall list. Recall shall occur by seniority with the most senior affected Optometrist recalled first.

1209 **Loss of Seniority**

1210 An Optometrist shall lose seniority in the event of the following:

1. Termination with cause
2. Failure to return from an authorized Leave of Absence
3. Voluntary termination, absent return within one year.
4. Transfer to another position out of the bargaining unit, absent return within one year.

During absence from the Bargaining Unit, an Optometrist will have no job bidding seniority.

1211 **Cancellation of Scheduled Work Hours**

1212 Cancellation shall be done on a module basis. The identified modules are the same as those used for time off with pay schedules. In the event of cancellation on a day-to-day basis, the order of cancellation shall be:

1. Volunteers
2. Temporary
3. Per Diem
4. Coordinating Optometrist
5. Part-Time on additional hours
6. Full-Time /Part-Time on a rotational basis

1213 Prior to cancellation, those identified as needing to be cancelled shall be afforded the opportunity to work in another location (i.e., Medical Center, Medical Office) if qualified and hours are available.

1300 ARTICLE XIII – JOB POSTING AND FILLING VACANCIES

1301 **Job Postings**

1302 All job vacancies, in classifications covered by this Agreement, will be posted for seven (7) calendar days. All qualified Optometrists who submit transfer or promotion requests after the seven (7) day posting period shall be given equal consideration with outside applicants.

1303 Any specific job requirements for particular job openings, which demand special qualifications, will be listed on the posted Notice of Job Opening. If the Employer modifies or changes the job requirements after the position is posted, the position will be re-posted and previous applicants as well as new applicants will be considered for the new posting. The Employer will notify local affiliate officers of any re-posting of positions.

1304 The Association recognizes the right of the Employer to establish job requirements for all positions in the bargaining unit and to change such requirements from time to time as necessitated by efficient operations and quality patient care. In all cases, job requirements shall be reasonably related to work performed. The State Office will be notified when the Employer modifies or changes job requirements. The Association reserves the right to object to any job requirement through the grievance procedure. In any such grievance, the Employer shall have the burden of proof that the protested job requirement is reasonably related to the work performed.

1305 In a circumstance when the job posting period may cause significant delays, Management will contact the UNAC/UHCP State Office Representative to explore alternatives to potentially avoid such delays. Any alternatives will be jointly agreed to by Management and the UNAC/UHCP State Office Representative.

1306 **Notice of Vacancies**

1307 The Area Human Resources Office will advise the Association in writing of all job vacancies. Such notice will be given within ten (10) days from the date of the job opening.

1308 **Filling of Vacancies – Promotion**

1309 Optometrists will participate in a joint Lead Optometrist selection process.

1310 **Lead Optometrist Posting and Selection in a Location Where There is an Increase in Staff**

1311 When a Lead Optometrist position is added to a location resulting in an increase in staff, Optometrists will participate in a joint Lead Optometrist selection process.

1312 **Lead Optometrist Posting and Selection in a Location Where There is no Increase in Staff**

1313 Management and the Association agree to discuss such postings and may agree to Lead Optometrist postings beyond the location (i.e. Medical Center/Medical Office Building) in order to minimize disruption.

1314 "Promotion" shall mean a change in classification to a higher rated position. Optometrists who have applied for promotion will be considered for placement based on the following criteria and in the order set forth:

1. Meet requirements of job opening.
2. Have demonstrated ability.
3. Bargaining unit seniority:
    a. Medical Center/Medical Office Building.
    b. All other Bargaining Unit Optometrists.
    c. Optometrists outside of the Bargaining Unit.

1315 Wherever the qualifications and demonstrated abilities of two (2) or more Optometrists bidding for the same job opening are relatively equal, then individual Optometrist's seniority shall be the determining factor in filling the said opening.

1316 When two (2) or more Optometrists hold the same seniority date, the tiebreaker as defined in paragraph 1204 will be used.

1317 Optometrists who qualify for and are accepted for promotion, as specified above, shall receive a new job trial period of sixty (60) calendar days for full-time Optometrists and forty (40) working days for Part-Time Optometrists. Should the Optometrist fail to meet the requirements of the new job, the Optometrist may be returned to the former job assignment, or to a comparable job in the classification held prior to promotion. A comparable job is defined as either on the same shift or in the same unit as previously held. The Optometrist may personally elect to return to the former job within the new job trial period. If during the trial period, the Optometrist voluntarily elects to return to their former job, the next senior qualified bidder will be awarded the position. If during the trial period, an Optometrist is returned to his/her former job assignment or comparable position on a non-voluntary basis, the position will be re-posted and previous applicants for that position, as well as new applicants for the position will be considered in filling the vacancy.

1318 The Employer may request an extension of the trial period for transfers for a period of time not to exceed an additional thirty (30) calendar days. Such extensions will be made with the mutual consent of the Association and the Optometrist will be so advised of the purpose and the duration.

1319 **Filling of Vacancies – Transfer**

1320 "Transfer" shall mean a change from one position to another position.

1321 Optometrists shall be eligible to apply for transfer. Transfers will be granted on the basis of seniority provided the Optometrist meets the posted job requirements. Optometrists' selection will be considered for placement in the order set forth:

1. Medical Center/Medical Office Building.
2. All other Bargaining Unit Optometrists.
3. Optometrists outside of the Bargaining Unit.

1322 Optometrists who are transferred to another assignment shall undergo a new job trial period of thirty (30) calendar days for Full-Time Optometrists and twenty (20) working days for Part-Time Optometrists. Should the Optometrist fail to qualify for the new assignment, or elect to return to the former assignment during the trial period, the

Optometrist shall be returned to the former or comparable assignment. If during the trial period, the Optometrist voluntarily elects to return to his/her former job, the next senior qualified bidder will be awarded the position. If during the trial period, an Optometrist is returned to his/her former job assignment or comparable position on a non-voluntary basis, the position will be re-posted and previous applicants for that position, as well as new applicants for the position, will be considered in filling the vacancy.

1323 The Employer may request an extension of the trial period for transfers for a period of time not to exceed an additional thirty (30) calendar days. Such extensions will be made with the mutual consent of the Association and the Optometrist will be so advised of the purpose and the duration.

1324 **Inter-Regional Transfer**

1325 Optometrists transferring to the Southern California Region from another region will receive previous service credit for benefits and placement on the wage structure.

1326 **Notification Regarding Transfer Requests**

1327 Optometrists who have applied for either transfer or promotion will be notified in writing within three (3) weeks after the position has been filled as to the granting of the posted position.

1328 Once notified of the granting of a position, the concerned Optometrist will acknowledge acceptance of the position within three (3) working days.

1329 **Release of Transferring Optometrist**

1330 When the prompt transfer of an Optometrist results in a serious understaffing at the Optometrist's original facility, the original facility may delay the Optometrist's actual transfer for up to sixty (60) days from acceptance to facilitate changes in patient scheduling.

1331 Where more than one Optometrist requests a transfer from a facility within a six (6) month period, and where the Employer can evidence that said transfer(s) will lead to serious understaffing, said transfer(s) may be delayed. A release date(s) will be mutually discussed and agreed upon between management at the affected facilities, the Association Representative and the Optometrist.

1332 **Job Bidding/Transfer**

1333 The seniority date used in the job bidding/transfer process shall be the date of hire within the bargaining unit in a full or part-time position as defined in Article XII, Paragraph 1202.

1334 Seniority for Per Diem employees will be based on hours worked for job bidding purposes.

1335 **Notice of Termination**

1336 In recognition of difficulties which may be imposed on the Employer to obtain and train replacements for Optometrists who terminate, Optometrists who plan to terminate their employment should submit written notice of their intended resignation to the Employer as far in advance as possible, allowing at least two (2) weeks' notice.

1400 ARTICLE XIV – OPTOMETRIST VACANCIES

1401 If an Optometrist position under this Agreement becomes vacant and the Employer chooses to do anything other than fill the position with an Optometrist, the Employer shall notify the State Association of such decision. The Employer shall meet at the Association's request to discuss the reason for such decision.

1402 In the event the Employer fails to notify the Association as outlined above, the Medical Group Administrator for the Medical Center will personally meet with the Association, upon their request, to discuss the reasons for such, and the reason that the Association was not notified. As a result, the subject position may be returned to the bargaining unit.

1500 ARTICLE XV – NEW OR REVISED JOBS

1501 At such time as the Employer establishes a new Optometrist job, or significantly changes the job content of an existing job, a new job description shall be written and a rate established for such new or changed job in accordance with the following procedure.

1502 **Job Description and Rate**

1503 When a new job is to be established or an existing job is to be revised, the Employer will prepare a job description setting forth the duties of the new or revised job.

1504 The Employer will also prepare a proposed rate for the new job. Such rate shall be based on the requirements of the job under consideration, its relation to the Employer's rate structure and to existing jobs. A change in job duties shall not necessarily require a change in rate.

1505 Such description and proposed rate shall be presented to the State Association in writing prior to the assignment of any employee to the job. The purpose of this action will be to discuss the content of the job description and reach agreement with the State Association on the proposed rate.

1506 Should agreement be reached with the State Association, the job and the rate shall be placed in effect on a permanent basis and the rate shall not be subject to change except upon a subsequent revision of the job duties.

1507 **Rate Trial Period**

1508 In the event no agreement is reached on the rate, the Employer may place the proposed rate into effect, and the Association may use the grievance procedure in objecting to the permanent rate for the job.

1509 No grievance shall be filed until a sixty (60) calendar day trial period has elapsed from the date a proposed rate first becomes effective. Any such grievance shall be filed within a fifteen (15) calendar day period following the trial period. If no grievance is filed, the proposed rate shall become a permanent rate.

1510 **Permanent Rate**

1511 When the rate has been fixed by mutual agreement, or has become permanent under one of the above provisions, the permanent rate shall be paid from the date the job was established or revised, which shall, unless otherwise agreed, be deemed to be the date the job description and the proposed rate were placed in effect by the Employer.

1512 Should the Association believe that a job has been significantly changed or a new job established without use of the above procedure, the Association may file a grievance regarding such change, in which event any change in rate shall become effective beginning with the date such grievance is filed.

1600 ARTICLE XVI – HOURS OF WORK

1601 **Professional Hours**

1602 The parties recognize the Professional nature of work performed by Optometrists covered by the agreement. While each full-time Optometrist will be scheduled to work an average of eighty (80) hours biweekly, the actual daily and weekly work schedule may vary due to time requirements of specific assignments and seasonal variations in workload. The Employer agrees to provide full-time Optometrists eighty (80) hours of pay on a biweekly basis. However, if an Optometrist is off work on a non-compensated employee initiated absence, the Optometrist is not guaranteed eighty (80) hours of pay.

The scheduling of hours during the week shall be established by the Coordinating Optometrist or designee. The creation of the schedule and the changes to meet the needs of the facility and the Optometrists will be a collaborative effort between the facility administration and the Optometrists.

1603 Where conditions require that Optometrists work beyond his or her scheduled hours, the Optometrists will perform such required services without additional compensation. Conversely, where the duties of any Optometrist are not required, such Optometrist will be released from duty.

1604 Should a full-time Optometrist accept a work assignment to begin prior to the start of his/her normal shift which results in the Optometrist working hours additional to his/her normal scheduled shift, or should an Optometrist accept the assignment of additional hours (following the completion of all work contemplated above) all such additional hours shall be paid at the Optometrist's regular straight time hourly rate.

1605 Part-time Optometrists who work on all or part of a day on which they were not scheduled will be paid for hours so worked at straight time or Alternate Compensation Program (ACP) rate if they have enrolled in the Alternate Compensation Program.

1606 **Additional Hours**

1607 Additional hours shall be equitably distributed on a rotational basis within the module. The module is identified as the same module as utilized for time off with pay selection. If the need for additional hours continues, available hours will be offered to those within the Medical Offices. If additional hours continue to remain, those hours shall be offered to any Optometrist. If additional hours are a result of educational leave, the Optometrist taking the educational leave will be afforded the first additional hours.

1700 ARTICLE XVII – EARNED TIME OFF PROGRAM (ETOP)

1701 The Earned Time Off Program (ETOP) is comprised of the following three (3) components:

- Designated Holidays
- Earned Time Off Account
- Extended Sick Leave Bank

1702 Optometrists are eligible for ETOP if they are regularly scheduled to work.

1703 **Designated Holidays**

1704 Effective on their date of hire, Optometrists shall be eligible for the following designated paid holidays:

- New Year's Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- Christmas Day

1705 **Designated Holiday Scheduled**

1706 All designated holidays will be observed on the actual calendar day (Midnight to

Midnight) on which they fall, and all conditions and benefits applying to such holiday will be in effect on that day only.

1707 **Eligibility for Designated Holiday Pay**

1708 An Optometrist is not eligible for designated holiday pay if he/she is on layoff, leave of absence, or unpaid time off. If a designated holiday occurs during paid Earned Time Off (ETO) or Extended Sick Leave (ESL), the Optometrist will be paid designated holiday pay in lieu of ETO or ESL.

1709 **Designated Holiday Not Worked**

1710 All full-time Optometrists shall receive eight (8) hours pay for a holiday not worked. Full-time Optometrists on alternate work shifts will receive pay equal to their normal alternate shift. If the holiday falls on a regularly scheduled day off, the Full-Time Optometrist will receive eight (8) hours pay for that day or an additional day off with eight (8) hours pay. The additional day off will be paid consistent with the Optometrists normal pay. The intent is to keep such Optometrist whole. Optometrists who are scheduled to work less than forty (40) hours per week shall receive prorated holiday pay for holiday hours not worked, based upon their weekly scheduled hours. Part-time Optometrists regularly scheduled to work on the designated holiday will be paid consistent with their normal pay. The intent is to keep such Optometrist whole.

1711 **Designated Holiday Worked**

1712 When an Optometrist is required to work on a designated holiday, he/she will receive his/her hourly base rate of pay. Optometrists may elect to take an alternate day off for working the designated holiday. This alternate day off must be taken within thirty (30) days of the designated holiday.

1713 **Earned Time Off Account**

1714 Each full-time Optometrist shall accrue Earned Time Off (ETO) on a monthly basis in accordance with the following schedule:

Length of Service	Hours per Month*	Days per Month*	Days per Year*
0 – 4 Years	14.00	1.75	21.00
5 – 8 Years	17.33	2.16	26.00
9 – 10 Years	20.66	2.58	31.00
11 Years or More	24.00	3.00	36.00

* Rounded to two (2) decimal places.

Effective March 1, 2003, the maximum number of hours that can be accumulated in an Optometrist's ETO account is five hundred (500) hours.

1715 Part-time Optometrists shall accrue Earned Time Off (ETO) prorated on a monthly basis based on their regularly scheduled hours.

1716 The Earned Time Off (ETO) eligibility date shall mean the Optometrist's date of hire unless he/she has a break in service, transfers from another KP Region, or has an unpaid leave of absence which exceeds sixty (60) calendar days or spent any time in a per diem status optometrist position.

1717 Leaves of absence for sixty (60) days or less will not affect the ETO eligibility dates. Leaves of absence of sixty-one (61) days or more will be deducted in their entirety from the eligibility date. Service Credit shall continue during the entire period of the leave of absence due to industrial illness or injury (per paragraph 1913).

1718 **Use of Earned Time Off**

1719 Earned Time Off (ETO) can be used for any reason, such as illness, vacation or personal/family reasons. Planned time off for ETO – vacation scheduling should be scheduled according to Article XVII, Paragraph 1724 – 1726. When same day requests occur, Optometrists must use the existing departmental notification procedure. The

Optometrists are expected to report the absence to their Coordinating Optometrist or designee as soon as the Optometrists have knowledge of the needed absence. The Optometrists must report the reason for the absence and the anticipated length of the absence when reporting any same day absence.

1720 Earned Time Off taken for Family Leave purposes will run concurrently with Family Leave.

1721 **Earned Time Off (ETO) – Vacation Pay**

1722 ETO – vacation pay for Optometrists shall be at the hourly rate in effect at the time ETO – vacation is taken. Part-time Optometrists who are scheduled to work less than forty (40) hours per week shall have their ETO – vacation pay prorated on the basis of regularly scheduled hours.

1723 Any accrued but not used ETO hours will be paid out upon ineligibility for ETO, including termination, entering ACP, or retirement.

1724 **Scheduling Earned Time Off (ETO)**

1725 Earned Time Off (ETO) modules shall be jointly determined by the local Professional Practice Committee on an annual basis prior to December 1st. ETO shall be granted within the module by the Coordinating Optometrist or designee based on current practice with agreement of the Optometrists within that module. Absent agreement to continue using the current practice, the following process shall apply:

1. ETO requests shall be submitted to the Coordinating Optometrist in the month of January.
2. ETO shall be assigned and posted by March 1st.
3. The annual ETO calendar shall be defined as May 1st through April 30th of the following year.
4. ETO shall be granted on a volunteer basis. In the event of a conflict, ETO shall be granted on a rotational basis. If a conflict continues, the tiebreaker shall be based on the Optometrist's seniority within that module.
5. Once granted, no Optometrist shall have his/her approved ETO bumped by another Optometrist.

1726 To offer flexibility, ETO requests may be submitted at any time during the year, for a time prior to the pre-master scheduling being completed. To aid in this process, the module will maintain a "flexible" ETO schedule.

The parties recognize that on occasion, Optometrists may find it necessary to cancel their ETO. In the event such need occurs, Optometrists shall attempt to give a minimum two weeks' notice. If such notice is given two weeks in advance, the Optometrist shall be returned to the schedule. In the event notice is shorter than two weeks; the Employer shall attempt to return the Optometrists to the schedule.

In-Service Cash-Out Program

Eligible Optometrists may make an irrevocable election to cash-out a portion of their ETO during the annual election period in accordance with the existing Employer's guidelines.

Extended Sick Leave (ESL) Bank

In addition to the ETO Account, there is an Extended Sick Leave Bank (ESL). Optometrists may use the hours in the ESL Bank on the first day of hospitalization (Inpatient or Outpatient with physician prescribed time off) or after three (3) consecutive calendar days of disability. Optometrists will accrue six (6) hours of ESL each month. The Optometrists may be required to provide certification of illness and/or disability to justify the Optometrists' absence from work for the period claimed.

An Optometrist who is on ETO and becomes hospitalized (Inpatient or Outpatient with physician prescribed time off) may use hours in the ESL Bank on the first day of hospitalization. An Optometrist who is on ETO and becomes ill/disabled may use hours in the ESL Bank after three (3) consecutive calendar days of disability.

Part-time Optometrists will accrue ESL hours prorated based upon his/her regularly scheduled hours.

There is no limit to the number of hours Optometrists may accumulate in their ESL Bank.

Optometrists who have an ESL Bank balance of two hundred and fifty (250) or more hours and are vested in the Pension Plan, when they terminate employment or when they retire, all unused hours in their ESL Bank will be converted to credited service for Basic Pension Plan calculation purposes. Any accrued but not used ESL hours are not paid out at termination or retirement.

Extended Sick Leave taken for Family Leave purposes will run concurrent with Family Leave.

Integration with State Disability Insurance/Workers' Compensation

If an Optometrist is eligible for State Disability Insurance (SDI) or Workers' Compensation payments, integration with paid ETO and/or ESL shall occur.

1739 Optometrists who are eligible for State Disability Insurance (SDI) benefits or Workers' Compensation (WC) benefits shall have their Earned Time Off (ETO) account and Extended Sick Leave (ESL) Bank integrated with SDI or WC benefits so that combined SDI or WC pay and ETO/ESL income received do not total more than one hundred percent (100%) of their salary. The reduced amount of ETO or ESL payment shall then be charged against the Optometrists' ETO or ESL bank. In the payment to Optometrists on ESL disability or Workers' Compensation, the Employer will deduct taxes in accordance with Federal and State laws.

1740 It is the Optometrist's responsibility to promptly file claims for any compensatory benefit for which he/she may be eligible for and to provide documentation supporting the amount of such benefits to the Human Resources Service Center.

1741 **Employee Medical Records**

1742 The contents of an Optometrist's medical record are of a private and confidential nature. The use of this record is thus restricted to the relationship between the attending physician(s) and the patient. It is the organization's policy, therefore, that access to the contents of Optometrist's medical records be restricted to this use. All other uses are unauthorized.

1800 ARTICLE XVIII – COMPENSATION

1801 **Salary Schedule**

1802 The attached salary schedules will be effective on the dates indicated.

1803 **Tenure Increases**

1804 All full-time and part-time Optometrists will receive step increases on their anniversary date, except where such dates are adjusted in accordance with Article XIX – Leave of Absences eligibility.

1805 Per Diem Optometrists shall receive step increases on the basis of actual hours worked. Sixteen hundred (1,600) hours worked is equivalent to one (1) year of service. These hours will be capped at eighty (80) in a pay period, and additional hours will not count toward movement on the wage structure. There should be no loss of service credit to the Optometrist based on the sixteen hundred hour methodology.

1806 Optometrists who change status from regular to Per Diem will have their hours worked since their last step increase converted to hours counting toward reaching sixteen hundred (1600) hours to be eligible for step increases. Such hours will be capped at eighty (80) in a pay period, and additional hours will not count toward movement on the wage structure.

1807 **Optometrist Status**

1808 Full-time Optometrist is defined as an Optometrist regularly scheduled to work 40 hours within the workweek.

1809 Part-time Optometrist is defined as an Optometrist who is regularly scheduled to work less than forty (40) hours per week on a pre-determined basis. This is not to imply any guarantee of work week but may be posted as such.

1810 Per Diem Optometrist is defined as an Optometrist who works as a replacement or on an intermittent basis.

1811 Temporary Optometrist is defined as an Optometrist who is hired as an interim replacement or to address a specific need for a designated period of time not to exceed ninety (90) days. This period of time may be extended by mutual agreement.

1812 Seniority for Per Diems is defined based on hours worked for job bidding purposes. An Optometrist with 2000 or more hours may apply and be considered along with other regular status Optometrists. These hours will be capped at eighty (80) in a pay period.

1813 **Per Diem Optometrists Review**

1814 The Union and Management agree to the value of all Optometrists, regardless of status. The parties also agree that Per Diem Optometrists should be utilized on an intermittent basis and should not be relied upon as part of core staffing unless there are mitigating circumstances.

1815 The Union will identify and bring to the attention of Management, those Per Diem Optometrists who the Union believes are not being utilized in accordance with the intent of Paragraph 1814. The Union and Management agree to jointly resolve the inappropriate utilization of Per Diem Optometrists.

1816 **Shift Differential**

1817 There shall be three (3) shifts of work. The regular starting times assigned for these three shifts occur between the following hours:

Day Shift	6:00 a.m. up to and including 10:00 a.m.
Evening Shift	2:00 p.m. up to and including 6:00 p.m.
Night Shift	10:00 p.m. up to and including 2:00 a.m.

1818 Optometrists who are assigned to work an evening or night shift according to either the regular starting times or as defined by the unit/department will be paid a shift differential as follows:

Evening Shift	$ 0.95 per hour
Night Shift	$1.30 per hour

1819 **Temporary or Relief Lead Optometrists**

1820 Any Optometrist that is assigned to serve as a lead on a temporary or relief basis will be compensated at a 5% differential for serving in that capacity.

1821 Lead Optometrist positions will be backfilled on a temporary or relief lead basis when a Lead Optometrist is absent for two (2) or more weeks. In some cases, a Lead Optometrist position may be backfilled on a temporary or relief Lead basis when a Lead Optometrist is absent for less than two (2) weeks. Temporary or relief Lead Optometrists positions will be backfilled on a voluntary basis by the most senior Optometrist. In the event a temporary or relief lead is used to backfill for a Coordinating Optometrist, such positions will be backfilled on a voluntary basis by the most senior Optometrist.

1822 **Alternate Compensation Program**

1823 Optometrists who are regularly scheduled to work 20 hours or more per week are eligible to participate in the Alternate Compensation Program (ACP). The ACP provides compensation 20% over the base wage rate in lieu of participating in certain Company-paid benefits. Enrollment will be for a minimum of one (1) payroll calendar year beginning with the first (1st) pay period of the year. Optometrists choosing to participate in the ACP will be required to enroll during an open enrollment period each year. Newly hired or newly eligible Optometrists may enroll in the ACP upon hire or eligibility. Optometrists who wish to withdraw from the program must do so during the open enrollment period unless they lose the medical coverage they had through their spouse, domestic partner or parent.

1824 The terms and conditions of the program are set forth in the ACP Agreement between the parties.

1825 **Mileage Allowance**

1826 Optometrists authorized to use their personal automobiles for Employer business will receive mileage allowance pay per mile in accordance with the Employer's prevailing organizational mileage allowance policy.

1827 If a business trip occurs during an Optometrist's regular workday, mileage should be claimed only in excess of the distance normally traveled to and from the employee's regular work location. If an Optometrist is temporarily assigned to another location, mileage should be claimed for the distance traveled to and from the temporary assignment, but only in excess of the distance normally traveled to and from the Optometrist's regular work location.

1900 ARTICLE XIX – LEAVES OF ABSENCE

1901 Eligibility

1902 Leaves of absence, without pay, may be granted to Full-Time and Part-Time Optometrists at the discretion of the Employer. All requests for leaves of absence by Optometrists shall be requested in writing on the form provided by the Employer. In order to be eligible for a leave of absence, Optometrists must have at least six (6) calendar months of continuous service from date of hire unless more time is required (i.e., Family Leave requires 1-year of continuous service.) However, in the case of disabilities related to pregnancy, the six (6) month eligibility requirement is waived for the purposes of the medical leave of absence. There is no waiting period for Workers' Compensation.

1903 Family Leave

1904 The Employer will comply with the provisions of the California Family Rights Act, as amended, and with the provisions of the Federal Family and Medical Leave Act, as amended. Any alleged violations of this Paragraph must be pursued under the procedures of these acts.

1905 Leaves for the situations which are covered by the Family Leave and other contractual leave provisions will be considered to run concurrently when determining the maximum duration for both types of leaves.

1906 Medical Leave

1907 Optometrists who have at least six (6) calendar months of continuous service may receive an unpaid Medical Leave for their illness or injury. The six-month service requirement is waived for disabilities related to pregnancy.

1908 For Optometrists who are regularly scheduled to work less than 32 hours per week or have less than two (2) years of service, the unpaid Medical Leave begins after the exhaustion of accrued Extended Sick Leave (ESL) hours and those elected Earned Time Off (ETO) hours used consecutively, immediately following ESL exhaustion.

1909 For Optometrists who are regularly scheduled to work more than 32 hours per week and have more than two (2) years of service, the unpaid Medical Leave begins after the exhaustion of accrued ESL hours and those elected ETO hours used consecutively immediately following ESL exhaustion but not earlier than six (6) months of disability. In instances where there are no ESL hours or elected ETO hours, and the Optometrists are eligible for State Disability Income or a Workers' Compensation Award, the Salary Continuance benefit will continue 50% of the Optometrists' income for a maximum of six (6) months from the date of disability or until the Optometrists are eligible for Long-Term Disability, whichever comes first. Salary Continuance delays the commencement of the Medical Leave until the 7th month of disability

1910 A Medical Leave, without pay, for non-occupational related disabilities, including conditions related to pregnancy, shall be granted subject to the eligibility requirements for the period of disability, provided Optometrists furnish a physician's certification setting forth the necessity for such a leave and the anticipated duration of the disability. For continued eligibility, physician re-certification will be required at the expiration of each previous certification.

1911 Optometrists with less than two (2) years of continuous service shall be eligible for a medical leave of up to a maximum of six (6) months. Optometrists with two (2) or more years of service shall be eligible for a medical leave up to a maximum of one (1) year.

1912 **Benefits While on a Medical Leave**

1913 Premiums for continued Health Plan Coverage, Company-paid Supplemental Medical, and Company-paid Life Insurance will be paid by the Employer for the length of the Medical Leave for a maximum of one (1) year, provided three (3) months elapse between Medical Leave incidents. Optometrists will not be eligible for designated holiday pay on any unpaid leave status. Coverage not paid by the Employer, as specified above, may be continued at the Optometrists' expense. ETO and ESL accruals will stop while on a Medical Leave. ETO and ESL will continue to accrue for one month only. Survivor Assistance will continue for one (1) year. If the Medical Leave is more than sixty (60) days, the ETO eligibility date for the accrual rate will be adjusted. Contributions to the TSR, KPSSRPUG, Dependent Care Plan, Health Care Spending Account, and Commuter Choice Program will cease and the Optometrists will be responsible for making necessary arrangements to change their contribution status within 31 days of the commencement of the Medical Leave. If Optometrists wish to continue certain employee-paid benefits such as Additional Life Insurance, and/or Supplemental Medical, they must make arrangements to continue paying for these benefits. If they wish to maintain Alternate Mental Health or Dental coverage beyond thirty (30) days, they must make arrangements to pay for these benefits.

1914 **Occupational Injury or Illness Leave**

1915 Commencing on the first (1st) day of employment for those absences covered by Workers' Compensation, an Optometrist's leave shall be continuous until such time as said Optometrist has been released by the attending physician from the period of temporary disability and is available, physically capable of and qualified for performing substantially all job tasks. Such leave of absence may be extended up to a maximum of two (2) years. Optometrists will need to provide a physician's certification of the necessity for and expected length of the leave.

1916 For Optometrists who are regularly scheduled to work less than 32 hours per week or have less than two (2) years of service, the unpaid Occupational Leave begins after the exhaustion of accrued Extended Sick Leave (ESL) hours and those elected Earned Time Off (ETO) hours used consecutively, immediately following ESL exhaustion.

1917 For Optometrists who are regularly scheduled to work more than 32 hours per week and have more than two years of service, the unpaid Occupational Leave begins after the exhaustion of accrued ESL hours and those elected ETO hours used consecutively immediately following ESL exhaustion but not earlier than six (6) months of disability. In instances where there are no ESL hours or elected ETO hours, and the Optometrists are eligible for State Disability Income or a Workers' Compensation Award, the Salary Continuance benefit will continue 50% of the Optometrists' income for a maximum of six (6) months from the date of disability or until the Optometrists are eligible for long-term Disability, whichever comes first. Salary Continuance delays the commencement of the Occupational Leave until the 7th month of disability.

1918 The Employer shall place an Optometrist released to return to work from an occupational injury or illness, without medical restrictions, to his/her former or comparable position at his/her regular rate of pay as soon as reasonable, not to exceed seven calendar (7) days after Employer's receipt of the release.

1919 The Employer will place an Optometrist released to return to work from an occupational injury or illness, on a permanently restricted basis, in the former job provided the Optometrist is physically capable of performing substantially all the job tasks per the medical restrictions and limitations. If the Optometrist is unable to perform his/her former job, the Optometrist has the opportunity to bid on any job vacancy he/she is physically capable of and qualified to perform per his/her medical restrictions and limitations. Where there is no appropriate job, the Employer will provide all reasonable and necessary vocational/rehabilitation training program benefits as approved by the Division of Industrial Accidents/Workers' Compensation Appeals Board pursuant to the administration of the California Labor Code.

1920 The occupational injury or illness leave will expire in less than two (2) years under the following circumstances:

1. If an Optometrist is no longer disabled and can perform his/her pre-disability job, with or without reasonable accommodation.
2. If there is uncontroverted medical evidence that the Optometrist is permanently disabled and cannot perform his or her pre-disability job, with or without reasonable accommodation.
3. If ninety (90) days after an Award from the Workers' Compensation Appeals Board is received indicating that the Optometrist is permanently disabled, he/she cannot perform his/her pre-disability job, with or without reasonable accommodation.

1921 Upon release from the attending physician for occupational injury or illness, the Employer may request that the Optometrist provide a return to work authorization containing the name of the physician, the physician's signature, clarification of disability and the date he/she was released to return to work in sufficient time to allow the Employer to make an appropriate determination of jobs the Optometrist can perform, if any.

1922 **Benefits While on Occupational Leave – (Workers' Compensation)**

1923 Premiums for continued Health Plan coverage, Company-paid Supplemental Medical, Dental, and Company-paid Life Insurance will be paid by the Employer for the length of the leave. No accruals will stop upon commencement of an Occupational LOA (and Medical LOA). The reason for this is because of the Salary Continuance benefit. For employees with two or more years of service, an Occupational LOA (and Medical LOA) commences after Salary Continuance benefits are exhausted. (Salary Continuance is a bridge to LTD benefits; employees with six months or more of ESL hours will not receive Salary Continuance benefits as they will be eligible for LTD benefits upon exhaustion of their six months or more of ESL hours). However, the ETO eligibility date for the accrual rate will not be adjusted. Optometrists will not be eligible for any paid time off such as Educational Leave, Bereavement Leave, designated holiday pay, etc., or any unpaid leave status. Coverage not paid by the Employer, as specified above, may be continued at the Optometrists' expense. Survivor Assistance will continue for one (1) year. Contributions to the TSR, KPSSRPUG, Dependent Care Plan, Health Care Spending Account, and Commuter Choice Program will cease and the Optometrists will be responsible for making necessary arrangements to change their contribution status within 31 days of the commencement of the Occupational Leave. If Optometrists wish to continue certain employee-paid benefits such as Additional Life Insurance, and/or Supplemental Medical, they must make arrangements to continue paying for these benefits. If they wish to maintain Alternate Mental Health coverage beyond thirty (30) days, they must make arrangements to pay for these benefits.

1924 **Personal Leave**

1925 Personal Leaves, without pay, may be granted for justifiable reasons, subject to the eligibility requirements, for specific time periods not to exceed thirty (30) consecutive calendar days. Under extenuating circumstances, the Employer shall give consideration to extending personal leaves. Extensions shall be granted at the discretion of the Employer and shall not exceed ninety (90) consecutive calendar days. Personal Leaves for situations covered by Family Leave will not be considered until the provisions described in the Family Leave Section have been exhausted.

1926 Non-emergency leaves of absence must be requested at least fourteen (14) calendar days in advance.

1927 **Benefits While on Personal Leave**

1928 Premiums for continued Health Plan coverage, Company-paid Supplemental Medical, Alternate Mental Health, Dental, and Company-paid Life Insurance coverage will be paid by the Employer for thirty (30) calendar days provided three (3) months elapse between Personal Leaves. Survivor Assistance and ETO and ESL accruals will continue for up to thirty (30) calendar days only. The ETO and ESL eligibility dates for the accrual rate will be adjusted if the Personal Leave extends beyond sixty (60) days. Coverage not paid by the Employer, as specified above, may be continued at the Optometrists' expense if the Personal Leave extends beyond thirty (30) days. If Optometrists wish to continue certain employee-paid benefits such as Additional Life Insurance, and/or Supplemental Medical, they must make arrangements to continue paying for these benefits. If they wish to maintain Health Plan, Company-Paid Supplemental Medical, Alternate Mental Health, Dental or Company-paid Life Insurance coverage beyond thirty (30) days, they must make arrangements to pay for these benefits. Optometrists will not be eligible for the Disability Plans while on a Personal Leave, therefore, should they become ill or injured during a Personal Leave, they will not be eligible for short-term Disability, Salary Continuance, or long-term Disability.

1929 **Military Leave**

1930 All Optometrists will be afforded the opportunity to take Military Leave in accordance with the Employer's current policy.

1931 **Voluntary Leave For Disaster Service**

1932 All Optometrists will be afforded the opportunity to take a Voluntary Leave for Disaster Service in accordance with the Employer's current policy.

1933 **Return from a Leave of Absence**

1934 Optometrists shall give as much notice as possible of their intent to return from an authorized leave of absence. Prior notice of two (2) weeks may be required of the Optometrist by their immediate supervisor as a condition of reinstatement to a position. The Employer will attempt to reinstate Optometrists returning from leaves of absence earlier than two (2) weeks. Such Optometrists shall be reinstated to their former or like position in which they were employed prior to the leave of absence. If conditions have so changed that this is not reasonable, the Employer will reinstate the Optometrists to a position that is as nearly comparable to their original position with respect to hours, wages, benefits, location, etc., as is reasonable under the circumstances and will give the Optometrists preferential consideration for reinstatement into a like position, when comparable vacancies occur. If an Optometrist is on a leave due to illness, a Physician's release will be required.

1935 **Personal Time Off**

1936 Commencing on the first (1st) day of employment, where circumstances warrant, an Optometrist may request and may receive personal time off, without pay, for short periods of time not to exceed five (5) workdays. Such requests shall not be unreasonably denied. In a verifiable emergency, on-duty Optometrists may ask for personal time off which shall be granted on momentary notice and such Optometrist will be released from duty as soon as possible. In determining whether such a request shall be granted, the Employer shall consider the effect the granting of the request will have upon the operation of the facility.

1937 **Bereavement Leave**

1938 Effective the first day of the month following eligibility, all full-time and part-time employees are eligible for bereavement leave. Employees shall be granted up to three (3) days paid Bereavement Leave upon the death of their:

- spouse/domestic partner who is registered with the state or has a KP affidavit, and the
- family members listed below of the employee or his/her spouse or domestic partner:
- parent, step parent, parent in-law, step parent in-law, in loco parentis parent,
- daughter, step daughter, daughter in-law, step daughter in-law
- son, step son, son in –law, step son in-law
- sister, step sister, sister in-law, step sister in-law

- brother, step brother, brother in-law, step brother in-law
- in loco parentis child, legal ward, legal guardian, foster child, adopted child
- grandparent, step grandparent
- grandchildren, step grandchildren
- relative living in the same household as the employee

1939 Employees will be granted an additional two (2) days of paid time when traveling 300 miles or more one way to attend funeral or memorial services. Bereavement Leave may be divided due to timing of services and related circumstances and need not be taken on consecutive days.

1940 **Jury Duty**

1941 Employees shall receive paid leave for jury duty for duration of such service.

1942 There will be no offset to employees' pay nor collection of jury duty pay provided by the courts.

1943 Employees required to report for jury services or subpoenaed to appear as a witness in a judicial procedure arising out of their employment will be excused from work. It is intended that both full and part-time employees will not suffer a loss of compensation for participation in jury services/qualifying appearances. For example, the employee may, with the agreement of the Employer, work a shift or partial shifts in addition to time spent on jury services/qualifying appearances and shall be compensated for additional time at the regular rate. Schedules will be modified by mutual agreement to minimize disruption of patient care and to avoid undue burden on the employee.

1944 For full-time employees, in the absence of mutual agreement as outlined above, these employees will be scheduled day shift hours on weekdays for a maximum of eight (8) hours per day. When a full-time employee is released from jury services/qualifying appearances in sufficient time to return to work for a minimum of four (4) hours, she/he shall be required to do so.

1945 Part-time employees shall receive pay for the number of hours regularly scheduled on the day of jury service/qualifying appearance, for a maximum of eight (8) hours per day. In the event that the part-time employee is regularly scheduled to work more than eight (8) hours on the day of the jury service/qualifying appearance, then the schedule will be modified by mutual agreement. In the absence of such mutual agreement, the employee will return to work if the release time from jury service/qualifying appearance permits a minimum of four (4) work hours.

2000 ARTICLE XX – HEALTH AND WELFARE BENEFITS

2001 **Health Plan Coverage for Active Employees**

2002 Optometrists regularly scheduled to work twenty (20) or more hours per week, are eligible for Company-paid Kaiser Foundation Health Plan (KFHP) coverage on their date of hire. The plan covers the Optometrists and their eligible dependents.

2003 Eligible dependents include spouse or domestic partner with a KP Domestic Partnership Affidavit; unmarried natural, step or adopted child under the age of 25, foster child under age 25 with court-issued Notice of Intent to Adopt, unmarried natural, step or adopted child of any age if he/she is handicapped and the disability occurred prior to the limiting age, a child under the age of 25 for which the Optometrist is the court appointed guardian, and grandchild who lives with the Optometrist, if the grandchild's parent qualifies as the Optometrist's dependent as defined by Internal Revenue Code 152(a)(1). Physically or mentally disabled children are also covered past age 25, provided such disability occurred prior to the dependent children turning 25. Annual certification of disability and dependency may be required by the KFHP.

2004 The KFHP is a comprehensive medical plan covering services directly at Kaiser Permanente Medical facilities including hospitalization inpatient and outpatient, surgery, prescriptions by a Southern California Permanente Medical Group Physician, vision care and mental health coverage.

2005 There is a five-dollar ($5) co-payment per each doctor's office visit and per prescription by a Southern California Permanente Medical Group Physician filled at a Kaiser Permanente Pharmacy. Co-payments for mental health visits will also be five-dollars ($5).

2006 KFHP coverage stops at the end of the month in which the Optometrist transfers to an ineligible status or terminates employment.

2007 **Health Plan Coverage for Retirees**

2008 Optometrists who retire at age sixty-five (65) with fifteen (15) or more years of service, and have Health Plan coverage at the time of retirement, will be eligible for Retiree Health Plan coverage on their retirement date. Coverage will be extended to the spouse or domestic partner of the eligible retiree until such time that the spouse or domestic partner marries, remarries, enters a new domestic partnership or dies, and to the retiree's eligible dependents until they reach the limiting age. Physically or mentally disabled children are covered past age 25, provided such disability occurred prior to the dependent children turning 25. Annual certification of disability and dependency may be required by Health Plan.

Retirees younger than age 65 (i.e., Early Retirees) with fifteen (15) or more years of service will be eligible for Employer-paid Retiree Health Plan coverage commencing at age sixty-five (65). As an exception, early retirees with fifteen (15) or more years of service, who have ten (10) or more years of service prior to January 1, 1990, will be eligible for Retiree Health Plan coverage on their early retirement date.

Upon attaining age sixty-five (65) retirees must enroll in Parts A and B of Medicare in order to be eligible for continued Retiree Health Plan coverage. The spouse or domestic partner must enroll in Parts A and B of Medicare when eligible. Eligible dependents will be covered until they reach the limiting age. Physically or mentally disabled children are also covered past age 25, provided such disability occurred prior to the dependent children turning 25. Annual certification of disability and dependency may be required by Health Plan.

Survivor Coverage

In the event an Optometrist, who has fifteen (15) years or service and has met the eligibility requirements for retirement, dies while actively employed, Retiree Health Plan coverage will be provided to the spouse or domestic partner, until marriage, remarriage, new domestic partnership or death, and eligible dependents until they reach the limiting age. Coverage will begin when the deceased Optometrist would have been eligible for Retiree Health Plan coverage if he/she was alive.

In the event a retiree with Retiree Health Plan coverage dies, the Retiree Health Plan coverage shall continue for the spouse or domestic partner until marriage, remarriage, new domestic partnership, or death and for eligible dependents until they reach the limiting age.

Upon the death of the retiree with Retiree Health Plan coverage, a physically or mentally dependent child who is beyond limiting age, will be given the option to convert to direct pay Health Plan Coverage or continue Health Plan Coverage under provisions as specified by COBRA.

The Out-of-Area (OOA) Plan: is an optional plan for retirees who are eligible for post-retirement medical benefits and who move to an area not served by Kaiser Permanente. The OOA plan will integrate with Medicare, when applicable, and includes inpatient services at 100% of usual and customary; outpatient services such as lab tests, outpatient surgery, etc., at 100% of usual and customary; emergency care at 100% of usual and customary; prescription drugs (co-payments apply). Retirees have the option to maintain their Southern California Kaiser Permanente Retiree Health Plan coverage instead of the OOA plan. This coverage is not comprehensive and covers emergency/urgent care and mail order prescriptions only.

The Out-of-Region (OOR) Plan: is a required plan for retirees who are eligible for post-retirement medical benefits and who move to another Kaiser Permanente region. The OOR plan will require Medicare assignments, when applicable. The OOR plan includes services such as doctor's office visits, prescription drugs, inpatient services, emergency care, vision care, and durable medical equipment coverage. Co-payments will apply.

Parent Medical Coverage

The Employer offers a group Health Plan coverage for eligible parents, stepparents, parents-in-law and parents' domestic partners. The terms and conditions of this plan are in accordance with the National Agreement.

Alternate Mental Health

Optometrists regularly scheduled to work thirty-two (32) or more hours per week, are eligible for the Alternate Mental Health insurance on their date of hire provided the Optometrist is actively at work on the day coverage becomes effective. Coverage is extended to eligible dependents on the same date. The Alternate Mental Health coverage is Company-paid and covers 80% of reasonable and customary charges up to the maximum of 25 outpatient visits allowed per calendar year. Co-payments apply.

This plan is governed by the terms and agreements between the insurance carrier and the Employer.

Supplemental Medical

Optometrists regularly scheduled to work thirty-two (32) or more hours per week have the option to purchase Supplemental Medical. Coverage starts on the Optometrists' date of hire provided they are actively at work on the day coverage becomes effective.

Supplemental Medical is intended to supplement but not replace services provided under the KFHP. This coverage pays 80% of reasonable and customary expenses for services not covered or that exceed the limits under KFHP. This coverage covers you and your eligible dependents each for up to the $1,000,000 lifetime maximum. Deductibles and co-insurance apply.

Supplemental Medical Premiums for the first five (5) years are paid by the employee. After five (5) years the premiums are Company-paid. Premiums are Company-paid for Optometrists hired prior to April 1, 1995, who were eligible for Supplemental Medical coverage on April 1, 1995.

This plan is governed by the terms and agreements between the insurance carrier and the Employer.

Dental Plan

Optometrists who are regularly scheduled to work twenty (20) or more hours per week are eligible for dental coverage effective the first day of the month after three (3) months of employment. Coverage extends to the Optometrists, their spouse or domestic partner, and eligible dependents up to the limiting age. Dental coverage is Company-paid. However, any cost for the pre-paid plans that exceeds the Employer's cost for the Delta Dental Plan shall be borne by the Optometrists. To determine the cost of the Delta Dental Plan, prior to April 1 of each year, the Employer will compute the monthly premium amount paid for the Delta Dental Plan by dividing the previous calendar year cost by the number of Optometrists covered in that year, divided by twelve (12) months.

During the first two (2) years of employment, Optometrists hired on or after April 1, 1995, must choose between two (2) pre-paid dental plans.

The pre-paid dental coverage services are covered at one hundred percent (100%). These services are provided through one of the respective panel providers. There is no annual maximum benefit under the pre-paid options.

After two (2) years of employment, in addition to the two (2) pre-paid dental plans, Optometrists have a third option to select the Delta Dental Plan during the annual open enrollment.

The Delta Dental Plan coverage becomes effective the first of April following the open enrollment election. The plan covers one hundred percent (100%) of preventative services, eighty percent (80%) of usual, customary and reasonable charges for basic services. Basic services are oral surgery, periodontics, endodontics and restorative dentistry. The plan covers fifty per cent (50%) for major services such as crowns, jackets and cast restorations, orthodontic services and construction or repair of bridges and dentures. Orthodontia coverage is limited to dependent children under age nineteen (19) at fifty percent (50%) with a lifetime maximum of twelve hundred fifty dollars ($1250). The Delta Dental Plan allows Optometrists to select any dentist or a participating Delta dentist. The calendar year maximum dental benefit is one thousand dollars ($1,000) per person.

Kaiser Permanente does not provide Company-paid Dental coverage for retirees.

Eligible Dependents

Eligible dependents will include spouse, domestic partner with a filed Domestic Partnership Affidavit, unmarried dependent children up to age 25, including stepchildren, legally adopted children, eligible children of the domestic partner, and

other persons under the age limit for whom the Optometrist is the court-appointed guardian and chief support, and grandchildren who live with the Optometrist, if the grandchildren's parent qualifies as the Optometrist's dependent as defined by Internal Revenue Code 152(a)(1). Physically or mentally disabled children are also covered past age 25, provided such disability occurred prior to the dependent children turning 25. Annual certification of disability and dependency may be required.

2036 Some of the benefits provided to domestic partners and their children may be taxable to the Optometrist.

2037 The dental plans are governed by the terms and agreements between the dental carriers and the Employer.

2038 **Life Insurance**

2039 Each Optometrist regularly scheduled to work thirty-two (32) or more hours per week will be provided with the Age-Rated Life Insurance coverage on his/her date of hire provided he/she is actively at work. The Employer contributes a specific percentage of the Optometrist's compensation based on his/her years of service, which determines how much coverage will be purchased on behalf of the Optometrist.

2040 Each Optometrist regularly scheduled thirty-two (32) or more hours per week will have the option of electing additional insurance up to a maximum of seven hundred fifty thousand dollars ($750,000) when combined with the Company-paid Age-Rated Life Insurance. If the option for additional coverage is waived when first eligible or if the coverage is above $150,000, proof of Insurability (EOI) may be required before being allowed to purchase coverage. Premium rates are subject to change annually.

2041 Optometrists hired prior to October 1, 1986 had the option to remain in the previous life insurance program that provided either a $5,000 Company-paid coverage or two-times their annual salary in life insurance coverage. After five (5) years of service, this program provided an additional one-time annual salary supplement and covered the Optometrist in case of Accidental Death and Dismemberment.

2042 **Accelerated Benefit Option (ABO)**

Under the ABO, Optometrists diagnosed with a terminal illness with a life expectancy of six months or less may apply for up to 50% of their life insurance paid to them in a lump sum. Certain requirements and provisions apply.

2043 Each Optometrist who retires under the Early, Normal or Postponed retirement options with fifteen (15) years of service (or ten (10) years of service as of 7/1/86), and was regularly scheduled to work thirty-two (32) or more hours per week and had life

insurance coverage at the time of retirement, Kaiser Permanente will provide the Optometrist with Company-paid retiree life insurance coverage. The Age-Rated insurance will taper in five (5) year increments to a minimum of $5,000. The $5,000 life insurance will reduce to $2,000. The two (2) times annual insurance will taper 1% per month for seventy-five (75) months to the greater of $2,000 or 25% of the original life insurance amount. The one (1) time annual salary Supplemental Life insurance coverage may be converted to an individual plan.

2044 Additional Employee-purchased coverage will be available for conversion to an individual policy upon retirement.

2045 If an Optometrist becomes totally disabled for at least six (6) months but not more than twelve (12) months, the Company-paid life insurance coverage will continue with premiums being paid by the insurance company (excluding the one-time annual supplemental coverage under the previous life insurance and any additional life insurance the Optometrist may be purchasing). The premium waiver will continue from the date the insurance company approves the Optometrist's total disability until he/she returns to work, is no longer disabled, or reaches the maximum allowable timelines based on the age he/she becomes disabled.

2046 **Survivor Assistance Benefits**

2047 Each full-time and part-time Optometrist will be provided survivor assistance benefit equal to one (1) month's base wages (prorated for part-time Optometrists). This benefit is payable to a designated beneficiary in the event of an Optometrist's death.

2048 **Travel Accident Insurance**

2049 Each Optometrist regularly scheduled to work twenty (20) or more hours per week will be automatically enrolled in Travel Accident Insurance. The Travel Accident Insurance coverage provides a benefit four (4) times the Optometrist's annual salary with a minimum benefit of one hundred thousand dollars ($100,000) and a maximum of two hundred fifty thousand dollars ($250,000), whichever is greater. This benefit will be paid to a designated beneficiary in the event of death as a result of a travel accident while on company business.

2050 Professional liability coverage provided by the Southern California Permanente Medical Group (SCPMG) provides financial protection for Optometrists against malpractice claims that may be filed as a result of professional activities performed for SCPMG.

2051 **Short–Term Disability (STD) Insurance**

2052 Active Optometrists regularly scheduled to work thirty-two (32) or more hours per week have the option to purchase short-term Disability (STD) insurance. Benefits are payable beginning on the first (1st) day of hospitalization or on the eighth (8th) consecutive day of illness or injury or upon exhaustion of ESL hours, whichever is later. This coverage provides at least fifty percent (50%) of the Optometrist's base salary, or up to sixty percent (60)% of the base salary if combined with other disability income such as State Disability Insurance (SDI), Workers' Compensation and/or Social Security. Disability benefits may be paid for a maximum of three (3) years from the date of disability with continued physician certification. Disability benefits will cease earlier if the Optometrist is no longer disabled, or dies. The Optometrist must pay a monthly premium for this benefit.

2053 **Salary Continuance**

2054 Each Optometrist regularly scheduled to work thirty-two (32) or more hours per week is automatically eligible for the Salary Continuance (SC) plan after two (2) years of employment. This benefit is Company- paid.

2055 In the event of a disability, in instances where the Optometrist has no ESL hours or does not elect ETO hours, the Salary Continuance benefit will bridge the Optometrist's income with a total of 50% of his/her base salary for up to six (6) months from the date of disability or until the Optometrist is eligible for Long-Term Disability, whichever is sooner. In order to receive Salary Continuance benefits, the Optometrist must be eligible for SDI or Workers' Compensation.

2056 **Long-Term Disability (LTD)**

2057 An Optometrist regularly scheduled to work thirty-two (32) or more hours per week and has two (2) years of employment, is automatically covered by the Company-paid Long Term Disability (LTD) benefits. LTD provides monthly income payments if an Optometrist becomes disabled and cannot earn more than 80% of his/her pre-disability salary.

2058 Benefits are payable after six (6) months of disability or when an Optometrist exhausts all hours in his/her ESL Bank and uses any immediately elected ETO hours, whichever is later. This benefit provides at least fifty percent (50%) of an Optometrist's base salary or up to sixty percent (60%) if integrated with other disability income such as State Disability, Worker's Compensation and/or Social Security, or up to 100% of the Optometrist's pre-disability base salary with offsets from other income, during the first (1st) twenty-four (24) months of disability if participating in an approved rehabilitation/return to work incentive plan. Further incentives are provided after the first (1st) twenty-four (24) months, if applicable. Benefits are paid on a monthly basis according to the following table:

2059 **Duration of Benefits Table**

Age on Date that Disability Starts	Maximum Benefit Duration from date of disability
Less than 61	Up to age 65
62	48 months
63	48 months
64	48 months
65	48 months
66	48 months
67	24 months
68	24 months
69 and over	2 months

2060 LTD benefits due to mental or nervous disorders or diseases, and drug, alcohol or substance abuse or dependency are limited to a maximum of three (3) years in the Optometrist's lifetime.

2061 The LTD plan has a pre-existing condition clause that excludes disability coverage during the first twelve (12) months of coverage on a disability resulting from a condition which is treated within three (3) months prior to coverage becoming effective.

2062 Coverages, limitations and exclusions of the foregoing life insurance and disability plans are established by the Employer's agreement with the insurance carrier.

2100 ARTICLE XXI – PENSION PLANS

2101 **Kaiser Permanente Retirement Plan (KPRP)**

2102 Retroactive to their date of hire, all Optometrists regardless of status and work schedule are automatically participants in the Employer-funded Kaiser Permanente Retirement Plan (KPRP), provided they complete at least one thousand (1000) hours of service in a consecutive 12-month period.

2103 This pension plan provides Optometrists with retirement income based on their length of service and compensation.

2104 If an Optometrist terminates with at least five (5) years of service is vested in the plan and he/she is entitled to a benefit from this plan payable at age 65.

2105 **Years of Service**

2106 One year of Service is equal to one thousand (1000) compensated hours in a calendar year. There is no proportional year of Service for those years in which an Optometrist has fewer than 1,000 compensated hours. Years of Service determine if an Optometrist is eligible for deferred vested retirement, or early, normal or postponed retirement.

2107 **Credited Service**

2108 One year of Credited Service is equal to two thousand (2,000) compensated hours in a calendar year. For those years in which an Optometrist has fewer than two thousand (2,000) compensated hours, proportional Credited Service will be granted for all compensated hours based upon a two thousand (2,000) hour year. Credited Service is used to determine the amount of monthly pension benefits.

2109 **Final Average Monthly Compensation (FAMC)**

2110 FAMC is the Optometrist's average monthly compensation for the highest sixty (60) consecutive months of employment in the last one hundred and twenty (120) months of employment. The FAMC shall be calculated based on straight time base rate and will not include bonuses, allowances, and differentials.

2111 The formula for normal monthly retirement income shall be the FAMC multiplied by the 1.5% factor multiplied by the years of credited service.

2112 **Types of Retirement**

2113 **Early Retirement**

2114 Early retirement eligibility is established if an Optometrist is at least fifty-five (55) years old and has fifteen (15) or more years of Service, or when the sum of his/her age and years of Service is at least 75.

2115 **Normal Retirement**

2116 Normal retirement is established if an Optometrist is age sixty-five (65).

2117 **Postponed Retirement**

2118 Postponed retirement is established when an Optometrist retires beyond age sixty-five (65).

2119 **Pre-Retirement Survivor Annuity**

2120 In the event an Optometrist who is vested in the pension plan dies while actively employed, the Employer will provide the surviving spouse or eligible domestic partner a lifetime monthly benefit. The amount of the Survivor Annuity is determined as if the Optometrist had elected a joint and survivor annuity with a 66 2/3% continuation to the surviving spouse or domestic partner. If the employee were to die before actual retirement, the spouse or domestic partner of the deceased employee will receive a pension benefit calculated as if the employee had retired on the day before his/her death. This benefit is payable to the spouse at the earliest time that the employee would have qualified to commence benefits. The benefit is payable to the domestic partner no later than one year following the employee's death.

2121 The foregoing is a summary of the Kaiser Permanente Retirement Pension Plan.

2122 The Pension Plan is governed by the Pension Plan document.

2123 Kaiser Permanente Supplemental Savings and Retirement Plan for Union Groups (KPSSRPUG).

2124 Upon the completion of two (2) years of employment Optometrists automatically participate in the company paid Kaiser Permanente Supplemental Savings and Retirement Plan for Union Groups (KPSSRPUG).

2125 The Employer contributes a fixed five percent (5%) of the Optometrists' annual salary to KPSSRPUG.

2126 Optometrists may elect to make after-tax contributions by deferring a percentage of their salary into this plan.

2127 **Tax Savings Retirement (TSR) Plan**

2128 Optometrists may elect to participate in the Tax Savings Retirement Plan (TSR) through pre-tax contributions. Enrollment in this plan can be on their date of hire or anytime thereafter, regardless of employment status and work schedule.

2129 The foregoing Retirement Tax Savings Plans are established by Kaiser Permanente and the future and the provisions of the plans are determined by the Employer.

2200 **ARTICLE XXII**

SOUTHERN CALIFORNIA PERMANENTE MEDICAL GROUP CONTINUING EDUCATION

2201 The parties agree to the need for continuing education opportunities for Optometrists related to the practice of Optometry.

2202 The parties will form an Educational Sub-Committee of the Regional Professional Practice Committee, as outlined in paragraph 2509, which shall develop the continuing education opportunities.

2203 It is understood that on occasion due to staffing needs, it may be necessary for the Optometrist to relinquish attendance at said educational opportunity. In such instance, an Optometrist may elect to work in lieu of attending the continuing educational opportunities.

2204 Any Mandatory educational or training opportunities that are provided by the Employer will be regular paid time. Optometrists may choose to utilize Educational Leave for attendance at non-mandatory educational or training opportunities.

2205 **Educational Leave**

2206 Educational Leave is intended to allow Optometrists to obtain continuing education credits as a condition of licensure by attending private or Employer programs voluntarily without loss of pay.

2207 Upon completion of one (1) year of service, each Optometrist regularly scheduled to work thirty-two (32) + hours per week will be granted five (5) days of Educational Leave each calendar year. Optometrists regularly scheduled to work less than thirty-two (32) hours per week will be granted three (3) days of Educational leave each calendar year. Educational Leave may be taken in full or partial days. Optometrists will continue to receive their appropriate weekly salary during the week in which the Optometrists take Educational Leave. Full-time and part-time Optometrists may carry over Educational Leave to the next year for a maximum accumulation of fifteen (15) days to be taken in any one year. Upon termination of employment, no payment will be made for unused Educational Leave. Per Diem Optometrists converting to regular status shall be eligible for Education Leave upon completion of one (1) year of service based on their adjusted eligibility date.

2208 Compensatory time off will be granted for Educational Leave taken on a day that the Optometrist is not scheduled to work.

2209 Requests for leave shall be made in writing in advance to facilitate scheduling. Approval will be based on operational needs to support patient care. Educational leave will be

granted on a rotational basis by module in accordance with paragraph 1724. Verification of attendance will not be required unless there is a change in regulatory requirements.

2210 Expenses for Educational Leave are not reimbursable and the cost shall be borne by the Optometrists.

2211 Educational Leave shall be granted on a rotational basis within the module. The identified modules are the same as the time off with pay modules. The parties shall jointly monitor the rotation.

2212 **Continuing Education**

2213 In addition to Education Leave pursuant to Paragraph 2205, Optometrists who work thirty-two (32) hours or more per week will be granted three (3) Continuing Education days per calendar year and part-time Optometrists who work less than thirty-two (32) hours per week will be granted two (2) Continuing Education days each calendar year. Continuing Education days will not carry over from year to year. Such days may be used for voluntary attendance at Employer educational programs or at non-Kaiser Permanente educational programs. The parties encourage use of one (1) Continuing Education day to attend the annual Optometrist Symposium. Newly hired Optometrists or Per Diem Optometrists converting to regular status shall be eligible for Continuing Education days immediately upon hire or conversion to regular status with said days pro-rated based on the time of year the hire or conversion occurs.

Month of Hire or Conversion to Regular Status	Full Time Employee Accrual	Part Time <32 hr Employee Accrual
January	3.0 days	2.0 days
February	3.0 days	2.0 days
March	2.5 days	2.0 days
April	2.5 days	1.5 days
May	2.0 days	1.5 days
June	2.0 days	1.5 days
July	1.5 days	1.0 days
August	1.5 days	1.0 days
September	1.0 days	1.0 days
October	1.0 days	0.5 days
November	0.5 days	0.5 days
December	0.5 days	0.5 days

2214 Requests for and granting of Continuing Education days shall be made in accordance with requests for Educational Leave pursuant to Paragraphs 2209 and 2211.

2215 Continuing Education days may be used in full or partial days. Optometrists will continue to receive their appropriate weekly salary during the week in which Optometrists take Continuing Education day(s). Compensatory time off will be granted for Continuing Education days that are taken on a day that an Optometrist is not scheduled to work.

2216 Expenses for Continuing Education days are not reimbursable, and the cost shall be borne by the Optometrist.

2217 **Tuition Reimbursement**

2218 Employees shall be entitled to participate in the Kaiser Permanente Tuition Reimbursement Program as set forth by the Employer's policy.

2300 ARTICLE XXIII – OBSERVANCE OF PATIENT SCHEDULES

2301 It is agreed that the primary criteria of the Optometrist classification is direct delivery of patient care, and the assurance of meeting patient scheduling is vital to the continuation of the basic program.

2302 Notwithstanding the Association's right to exercise economic action when its own contract is terminated, the Employer, in accordance with Article IV Strikes and Lockouts, expects all members of the bargaining unit to honor that provision. In addition, Optometrists will be given permission by the Association to meet patient schedules throughout any or all work stoppages by non-Optometrist employees of the Employer. This agreement pertains solely to the normal or standard duties of each and every Optometrist, and no other non-Optometrist duties will be requested of or assigned to each Optometrist during a work stoppage by other non-Optometrist employees.

2303 The Employer fully respects that an Optometrist may work under protest and will take no retaliatory action towards the Optometrist.

2400 ARTICLE XXIV – SUBCONTRACTING

2401 The parties agree with and accept the provisions of the National Agreement with respect to subcontracting. In the event of the need to discuss the issue of subcontracting, prior to going to the Regional Partnership Council and the National Labor Management Strategy Group, the issue will be discussed in the appropriate forums i.e.; the local and regional Professional Practice Committee as well as the PVS Governing Board. If the decision to subcontract is agreed to, such subcontracting shall not result in a loss of hours or layoffs to Bargaining Unit Members.

2500 ARTICLE XXV – PROFESSIONAL PRACTICE COMMITTEES

2501 The parties agree to convene both a Regional and Local Professional Practice Committee for the purpose of carrying out the goals of the Labor/Management Partnership by providing a forum for a joint decision making process. The parties will use interest-based problem solving techniques to accomplish their charter. The Employer recognizes the professional status of the Optometrists and as a matter of policy agrees to work collaboratively on issues involving the practice of Optometry at Kaiser Permanente.

2502 **Regional Professional Practice Committee**

2503 A Regional Professional Practice Committee shall be composed of five (5) Association Representatives to include one affiliate officer, three staff Optometrists and a Staff Representative from the State Office. The Employer will also have five (5) Representatives to include four (4) Management Representatives and a Regional Labor Relations Representative.

2504 The subjects to be addressed will include:

1. Reviewing the various types of exams, procedures and time required to ensure members receive care that is consistent with the Kaiser Permanente Promise.
2. Determining best scheduling practices.
3. Developing practice models.
4. Implementing technological and program changes.
5. Ensuring the financial health of the organization through productivity and access.
6. Additional issues may be addressed upon mutual agreement.

2505 The Committee shall meet as needed, but not less than quarterly. The parties will mutually agree upon the setting of the agenda and scheduling of meetings.

2506 **Local Professional Practice Committee**

2507 A Local Professional Practice Committee will be formed to provide a forum for joint decision making process at the local level. The parties agree that each Medical Center will have a local committee. The committee shall meet as needed, but not less than monthly. The agenda and meeting schedules will be jointly set. Either party may place items on the meeting agenda.

2508 The Committee, at a minimum, shall consist of two (2) Employer representatives and two (2) Union Representatives. One (1) Union representative will be a local KPASCO representative. Ad hoc members may be brought into the process at any time by mutual agreement.

2509 The subjects to be addressed are not limited to but may include:

- Staffing
- Scheduling
- Financial
- Quality Management
- Ophthalmology
- PVS Goals/Promotions
- Medical Center Clinical Goals
- Scope of Practice

2510 **Education Sub-Committee**

2511 The parties will form an education sub-committee of the Regional Professional Practice Committee to plan the annual Optometry Educational Opportunity.

2600 ARTICLE XXVI – HIRING

2601 In the interest of maintaining high quality staff, the Employer recognizes the value of input from the Optometrists. We would like to create and maintain a culture where Optometrists are involved in decisions around hiring within the Optometry department.

2602 Therefore, the Association shall be afforded representation on committees, panels or groups created with the purpose of attaining these goals.

2603 However, management retains its rights to make all decisions regarding hiring, firing and corrective action.

2700 ARTICLE XXVII – RECRUITMENT AND RETENTION

2701 The parties agree to the value of working together to provide high quality, affordable vision care.

2702 To meet this goal the parties will work collaboratively on the issues of recruitment and retention through the Regional and Local Professional Practice Committees or other forum as available.

2800 ARTICLE XXVIII – SAFETY AND HEALTH

2801 The Employer shall make reasonable provisions for the safety and health of the Optometrists during the hours of their employment. The Employer will also review

unsafe conditions brought to its attention for corrective action when necessary. The Employer, the Association and the Optometrists recognize their obligations and/or rights under existing Federal and State laws with respect to safety and health.

2900 ARTICLE XXIX – SAVINGS CLAUSE

2901 If any provision of this Agreement is found to be in conflict with any Federal or State laws, the remaining provisions of the Agreement shall remain in full force and effect.

3000 ARTICLE XXX – DURATION

3001 This Agreement shall be effective on October 1, 2012, and shall continue in effect to 12:01 a.m. February 28, 2016. It shall continue in effect from year to year thereafter unless changed or terminated as provided herein.

3002 **Reopening**

3003 Either party wishing to change or terminate this Agreement must serve written notice of desire to amend to the other party at least ninety (90) days prior to the expiration date.

3004 When notice to amend is given the Party giving notice must specify such changes in writing prior to the beginning of negotiations.

3005 If a new Agreement is not reached prior to the expiration or any anniversary date thereafter, the Parties may mutually extend the existing Agreement, in writing, for a specified period of time.

3006 Applicable Federal Law which establishes special notice periods for health care institutions shall prevail over this Agreement

3100 ARTICLE XXXI – OPTOMETRIST WAGE SCHEDULE

3101 **Advanced Hiring Criteria**

New Optometrists with previous experience will be hired beyond the minimum salary as follows:

Experience	Hire Rate
1 –2 Years	Start
2 – 3 Years	1 Year
3 Plus Years	2 Year

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement the day and year first above written:

KAISER FOUNDATION HOSPITALS
SOUTHERN CALIFORNIA PERMANENTE MEDICAL GROUP

/S/ Larry Macapagal, OD
Larry Macapagal, OD
Director of Optometry
Vision Essentials by Kaiser Permanente

/S/ Sylvia Everroad, RN, MSN
Sylvia Everroad RN, MSN
Chief Administrative Officer
Southern California Permanente Medical Group

/S/ Mitch Rutledge
R Mitch Rutledge
Administrator
Vision Essentials by Kaiser Permanente

/S/ Marsha Niles
Marsha Niles
Senior Labor Relations Representative

UNITED NURSES ASSOCIATIONS OF CALIFORNIA/
UNION OF HEALTH CARE PROFESSIONALS

KAISER PERMANENTE ASSOCIATION OF
SOUTHERN CALIFORNIA OPTOMETRISTS
(KPASCO)

/S/ Ken Deitz, RN
Ken Deitz, RN
President
UNAC/UHCP

/S/ Bill Rouse
Bill Rouse
Executive Assistant to the Officers
UNAC/UHCP

/S/ Dan Pollack, OD
Dan Pollack, OD
President
KPASCO

/S/ Mary Cavanaugh, OD
Mary Cavanaugh, OD
Vice President
KPASCO

/S/Madhu Chawla, OD
Madhu Chawla, OD
Secretary
KPASCO

/S/ Wilbur Wu, OD
Wilbur Wu, OD
Treasurer
KPASCO

KPASCO OPTOMETRIST WAGE SCALE 2012-2015

	Job Code	Eff. Date	Start	1yr	2yr	3yr	4yr	5yr	8yr	10yr	15yr	20yr	25year
Optometrist	07004	10/1/2012	52.422	54.716	56.933	59.209	61.583	64.054	66.616	69.260	71.991	72.851	74.671
		10/1/2013	53.995	56.357	58.641	60.985	63.430	65.976	68.614	71.338	74.151	75.037	76.911
		10/1/2014	55.615	58.048	60.400	62.815	65.333	67.955	70.672	73.478	76.376	77.288	79.218
OD Per Diem/ACP	07014	10/1/2012	62.906	65.659	68.320	71.051	73.900	76.865	79.939	83.112	86.389	87.421	89.605
		10/1/2013	64.794	67.628	70.369	73.182	76.116	79.171	82.337	85.606	88.981	90.044	92.293
		10/1/2014	66.738	69.658	72.480	75.378	78.400	81.546	84.806	88.174	91.651	92.746	95.062
Lead Optometrist	07002	10/1/2012	55.043	57.452	59.780	62.169	64.662	67.257	69.947	72.723	75.591	76.494	78.405
		10/1/2013	56.695	59.175	61.573	64.034	66.602	69.275	72.045	74.905	77.859	78.789	80.757
		10/1/2014	58.396	60.950	63.420	65.956	68.600	71.353	74.206	77.152	80.195	81.152	83.179
Lead OD Per Diem/ACP	07015	10/1/2012	66.052	68.942	71.736	74.603	77.594	80.708	83.936	87.268	90.709	91.793	94.086
		10/1/2013	68.034	71.010	73.888	76.841	79.922	83.130	86.454	89.886	93.431	94.547	96.908
		10/1/2014	70.075	73.140	76.104	79.147	82.320	85.624	89.047	92.582	96.234	97.382	99.815

LETTERS OF UNDERSTANDING

1. ALTERNATE COMPENSATION PROGRAM AGREEMENT

The Alternate Compensation Program (ACP) is a pay option, which provides eligible Optometrists with a 20% wage rate differential in exchange for their participation in certain benefits plans. Optometrists, who are regularly scheduled to work 20 hours or more per week, are eligible to participate in ACP.

Optometrists enrolling in ACP will not be eligible for the following benefits:

- Health Plan
- Supplemental Medical
- Alternate Mental Health
- Dental Plan
- Company-paid Life Insurance
- Earned Time Off Program
- Disability Plans
- Designated Holiday Pay for Holiday not worked
- Other paid time off such as Compassionate Leave, Educational Leave.

However, Optometrists participating in ACP may request two (2) weeks of unpaid leave per year and in one-week increments the unpaid leave may be accumulated up to a maximum of four unpaid weeks.

Optometrists enrolling in ACP will continue to be eligible for the following benefits in addition to the 20% rate above their wage:

- Employee-purchased Life Insurance (for Optometrists scheduled to work 32 hours or more per week)
- Dependent Care Plan
- Health Care Spending Account
- Commuter Choice Program
- Tax Savings Retirement
- 5% Employer Contributions for the Kaiser Permanente Supplemental Savings Retirement Plan for Union Groups (KPSSRPUG) based on their base wage rate (not ACP rate)
- Basic Retirement Pension Plan

- Jury Duty
- Parent Medical Coverage
- Survivor Assistance
- Tuition Reimbursement
- Travel Accident Insurance
- Unpaid Leaves of Absence (no benefits associated with the leaves)
- Straight time pay at ACP rate for Holiday worked

Optometrists who enroll in ACP will be paid off all of their accrued ETO hours at the regular base rate, prior to the effective date of entering ACP. Accrued ESL and Educational Leave will be frozen upon entering ACP and restored upon return to the Benefits Program. Optometrists will continue to accrue pension service for purposes of vesting and credited service. Final average pay will be calculated based on straight time base wage rate.

Optometrists who choose to participate in ACP must remain in the Program for the entire payroll calendar year, and will continue from year to year unless the Optometrist disenrolls in writing by completing an ACP withdrawal form during the annual Open Enrollment Period. An Optometrist who is covered under a spouse's or domestic partners, or parents' health care coverage and loses coverage, may elect to disenroll from ACP and enroll in the Benefits Program within 31 days of the date that coverage is lost.

If an employee retires while enrolled in the ACP and otherwise meets the eligibility requirements for post-retirement benefits as set forth previously, the employee and his/her eligible dependents will be provided with post-retirement benefits in retirement.

2. PERFORMANCE SHARING/INCENTIVE PLAN

The Employer and the Association agree to mutually develop an updated Permanente Vision Services (PVS) Performance Sharing Plan. To accomplish this objective, the parties will form a committee, composed of no more than four members from each party, to design and implement a plan. The committee shall follow the principles and values of the Labor-Management Partnership, using consensus decision-making and relying on the Issue Resolution process established by the National Bargaining Agreement, as necessary.

In up-dating the plan, the committee members should determine:

- Appropriate targets and measures
- Types and amounts of payouts and awards
- Necessary training and education programs

- Means and methods of monitoring performance
- Programs and plans to communicate the particulars of the plan to managers and bargaining unit members

The parties intend that the committee complete its work in time to allow bargaining unit members to participate in the new plan in the year 2003. If their work is completed sooner, the parties may agree to implement their plan for the year 2002. In this event, the new plan should be in effect long enough to allow bargaining unit members reasonable opportunity to meet the targets and goals set within the plan. The performance measures established by the new plan should be tracked from the starting date of the plan. These measures should also be applied for the entire year. In addition, measures from the old plan should be tracked. Whichever result is most favorable to the Optometrists, determined by service area, shall be the basis for determining performance-sharing payouts, for the transition year of 2002.

The parties recognize that the Performance Sharing Plan for Optometrists in Permanente Vision Services (PVS) must consider the plans and agreements reached by PVS and other bargaining units to avoid inconsistencies in purpose that may result in harm to the ability of bargaining unit members to attain goals and the Employer to improve performance and service. To this end, the parties will seek to work with representatives of other unions representing PVS employees.

3. SCOPE OF PRACTICE

The Employer recognizes the desire of the Optometrists to practice at the full scope of their license. The parties will create forums for the Optometrists to meet with Medical Center Leadership including the Chief of Ophthalmology for the purpose of discussing Scope of Practice. The Optometrists will be afforded the opportunity to present information they feel will influence the Chief to increase the Optometrists' Scope of Practice. The parties will also create a Regional forum consisting of representatives from Chief of Ophthalmology, Coordinating Optometrists, KPASCO, PVS Administration, and Medical Group Leadership, for sharing best practices and assisting in their implementation, where acceptable.

These forums will be guided by the following principles:

- Strategy and presentation will be formulated jointly.
- Influence will be maximized by Local as well as Regional participation.
- The Regional Professional Practice Committee will provide oversight.

4. STAFFING

The parties agree that the Local Professional Practice Committee will address staffing issues.

- The issues to be addressed will include:
- Staffing policies
- Saturday rotation
- Evening clinic coverage
- Minimum staffing levels
- Coverage for facilities with multiple Medical Office Buildings (floating)

5. MINIMUM COMMITMENT FOR PER DIEM OPTOMETRISTS

Per Diem Optometrists are defined as those Optometrists who work as a replacement or on an intermittent basis. Per Diem Optometrists will have a minimum shift commitment to their hiring Medical Center as identified in their job posting. This minimum shift commitment will include six (6) shifts per quarter, one (1) Saturday per quarter (in those Medical Centers that are open on Saturdays) and one (1) premium day per calendar year. Premium days are the day before or after July 4, Thanksgiving Day, Christmas Day and New Year's Day; Optometry Symposium Day; Ophthalmology Symposium Day; and the last scheduled working day before Memorial Day or Labor Day.

Existing Per Diem Optometrists will be notified of this change no later than October 1, 2005. Existing Per Diem Optometrists will have until November 1, 2005, to complete a Per Diem Minimum Shift Commitment Agreement with an effective date of January 2, 2006.

6. COORDINATING OPTOMETRIST MEETING PARTICIPATION

In an effort to enhance communications, the Union and Management agree that a KPASCO officer will be able to participate in the Coordinating Optometrist meetings no less frequently than quarterly. Management will share the agenda for all of the regular monthly Coordinating Optometrist meetings with KPASCO in advance and consider suggestions from the Union for possible additions to the agenda.

The parties recognize that the Coordinating Optometrist meetings are Management meetings and that due to the confidential nature of discussions that may occur at such Management meetings, the attendance/participation of a KPASCO officer may be limited to a portion of the meeting.

7. INDIRECT WORK

The Union and Management agree that there is no expectation that an Optometrist will make up true Indirect Work (i.e., work related meetings, training, etc.)

The parties agree that if no patients are scheduled for the time period requested, there is no expectation that an Optometrist will make up Indirect Work for personal time. The parties further agree that if there is no impact on members, Indirect Work for personal time will not be unreasonably denied. The parties agree if the request for Indirect Work for personal time is for an emergent situation/reason, such time will not be unreasonably denied.

When a request for Indirect Work for personal time will impact member care (i.e., members scheduled), the parties agree a collaborative discussion will occur between the Optometrist and the Coordinating Optometrist regarding the disposition of the affected members. Disposition of affected members may involve seeking assistance from the Coordinating Optometrist, the Lead Optometrist or the Member Call Center, etc. Options for member disposition may include, but are not limited to: relocating members to open same day appointment times; rearrangement of the Optometrist schedule; adding members on to the Optometrist's work schedule in available appointment slots later in the work week; adding on a member(s); canceling and rescheduling of members; etc. The intent of the parties is not to automatically cancel or inconvenience members but rather to fulfill the members' expectations for care.

The parties recognize the differences between an emergent request for Indirect Work for personal time and non-emergent requests for Indirect Work for personal time. The parties agree Optometrists may be asked to reschedule non-emergent requests in the interest of member care (e.g., a routine preventive dental appointment, etc.)

The parties agree that if an Optometrist engages in a pattern of abuse regarding Indirect Work for personal time, said Optometrist will be subject to the Corrective Action Program. Corrective Action will occur on a case-by-case basis, and a resulting action plan may include make up time as well as Corrective Action.

The parties agree that Management has the right to deny such requests with the understanding that if the UNAC/UHCP State Office Representative/KPASCO Officer believes such a request is being unreasonably denied, the Association/KPASCO, Management and Labor Relations will engage in a good faith discussion aimed at an expeditious resolution of the matter.

The parties agree that approved Indirect Work for personal time will not impact Optometrists' utilization and productivity reports.

The parties agree Management will pursue a method to differentiate the coding of true Indirect Work (i.e., work related meetings, training, etc.) from Indirect Work for personal time. The parties further agree until such time as these coding issues can be resolved, an interim tracking methodology will be employed.

8. REGIONAL PROFESSIONAL PRACTICE COMMITTEE

The Regional Professional Practice Committee analyzed and recommended a regional productivity standard in its LMP "FAST TRACK" COMMITTEE RECOMMENDATIONS" that was accepted by SCPMG and PVS on July 13, 2006.

9. STAFF MEETING ATTENDANCE

If a Full Time or Part Time Optometrist voluntarily attends a regularly scheduled staff meeting on their regular scheduled day off, they will receive a flat rate of compensation for a two hour period. The two hours are above and beyond their scheduled salary as exempt employees.

10. EXEMPT LEGAL REQUIREMENTS UNDER FEDERAL AND STATE WAGE AND HOUR LAWS

The Southern California Permanente Medical Group (herein called Employer or SCPMG) and Kaiser Permanente Association of Southern California Optometrists (Union) agree that this side letter agreement is to run concurrently with the present Collective Bargaining Agreement (CBA) between the parties effective October 1, 2005 and expiring on February 28, 2011 ("the Side Letter Agreement" or "Agreement").

1. Background

Under existing law exempt employees must be paid on a salary basis. The parties desire to have full time and part time Optometrists qualify as exempt and be paid on a salary basis, except as described in section 9 below. Exempt Optometrists will be referred to as ODs in this side letter. It is the parties' intent that the side letter describes the legal requirements under both federal and state wage and hour laws. If there is any conflict between the Side Letter of Agreement and the Collective Bargaining Agreement, the CBA controls, so long as the terms do not violate legal requirements under federal or state wage and hour laws.

2. Guaranteed Salary Generally

2.1 Workweek and Workday Defined

A workweek is from Monday 12:01 a.m. to Monday 12:00 a.m. A work day is from 12:01 a.m. to 12:00 a.m.

2.2. Guaranteed Weekly Salary Generally

An OD will receive his/her full salary for any workweek in which he/she performs any work, regardless of the number of days or hours worked, subject to the deductions permitted by law that are set forth in this Agreement.

2.3 Guaranteed Daily Salary generally

An OD will receive an amount equal to the daily salary if he/she works any portion of a scheduled work day, regardless of the number of hours worked, subject to the deductions permitted by law that are set forth in this Agreement.

2.4 Deductions for Full-Day Absences Generally

As permitted by law, an OD's bi-weekly salary may be reduced by an amount equal to $1/10^{th}$ of the guaranteed bi-weekly salary ($1/5^{th}$ of the guaranteed weekly salary) for full day absences on a usual scheduled workday under the following circumstances:

- Absence from work for one or more full days for personal reasons;
- Absence from work for one or more full days due to sickness or disability;
- Proportionate rate of full salary for time actually worked in the first and last weeks of employment; and,
- Unpaid leave taken pursuant to the Family and Medical Leave Act (FMLA).

2.5 Paid Leave Bank as Salary Replacement

An OD is considered as receiving his/her guaranteed compensation without deduction if SCPMG substitutes or reduces the accrued Earned Time Off (ETO) or Earned Sick Leave (ESL) (individually or collectively referred to herein as the "paid leave bank") for the time the OD is absent from work, as long as the employee receives payment of an amount equal to his/her guaranteed salary.

2.6 Scheduled Work Hours

Salaries for full-time ODs generally are based on a schedule of 80 hours per payroll period. Part-time ODs will be regularly scheduled for some lesser number of hours per payroll period, and will be subject to the same rules and deductions set forth in this Agreement as a percentage of their guaranteed bi-weekly salary.

2.7 Voluntary Exchanging of Shifts

A mutual agreement to exchange shifts of an equal number of hours may be approved for shifts that are equal in length. Time worked as a result of an exchange of shifts will not be considered time for extra pay under Section 5 of this Agreement in a pay period in which the employee works the exchanged hours.

3. Absences for Employees with Paid Leave Bank

3.1 Full Week Absences

In the event that an OD is absent from work for a full week on which he/she was scheduled to work, SCPMG will reduce the OD's paid leave bank in an amount equal to the number of hours that the employee was scheduled to work during the missed week. For example:

- An OD is scheduled to work 48 hours during the first week of a payroll period and 32 hours during the second week of a payroll period. The OD is approved to take a full week of vacation during the first week of the payroll period, so the OD does not perform any work during that week or on Saturday. The OD works his/her regular schedule during the second week of the payroll period. The OD will receive his/her full bi-weekly salary for the payroll period and SCPMG will deduct 48 hours from the OD's paid leave bank for the full week absence during the first week of the payroll period (including Saturday).

3.2 Full Day Absence

In the event that an OD misses a full day of work for reasons set forth in Section 2.4 above, SCPMG will reduce his/her paid leave bank by the number of hours that the employee was scheduled to work. For example:

- An OD is scheduled to work 10 hours, but calls off before the shift due to illness. SCPMG will deduct 10 hours from the OD's paid leave bank.
- An OD is scheduled to work 8 hours, but then asks to take a paid personal day off. SCPMG will deduct 8 hours from the ODs paid leave bank.

3.3 Partial Day Absences

In the event that an OD works some portion, but not all, of the employee's scheduled hours in a work day due to an approved request for personal time, the OD will receive his/her guaranteed salary for that day in accordance with the Indirect Work Side Letter of Agreement. In the event that an OD works some portion, but not all, of the employee's scheduled hours in a work day due to illness, the OD will receive his/her guaranteed salary for that day.

4. Absences for Employees with No Paid Leave Bank

4.1 Full Week Absences

If an OD does not perform any work during a workweek and he/she does not have any paid leave available, he/she will not be entitled to any salary for the workweek.

4.2 Full Day Absences

In the event than an OD misses a full scheduled day of work for reasons set forth in Section 2.4 above, and the OD does not have any paid leave available, SCPMG will deduct an amount equal to 1/10th of the OD's bi-weekly salary (1/5th of the weekly salary).

4.3 Partial Day Absences

In the event that an OD works some portion, but not all, of the employee's scheduled hours in a work day due to an approved request for personal time, the OD will receive his/her guaranteed salary for that day in accordance with the Indirect Work Side Letter of Agreement. In the event that an OD works some portion, but not all, of the employee's scheduled hours in a work day due to illness, the OD will receive his/her guaranteed salary for that day.

4.4 No Voluntary Partial Days Off

An OD who does not have any paid leave time available will not be permitted to take partial days off without pay except where he/she is unable to finish a shift due to illness or emergency or except when the time off requested falls under the Indirect Work Side Letter of Agreement.

5. Extra Pay in Addition to the Salary

5.1 Extra Pay for Hours Worked Beyond the Regularly Scheduled Hours

The Parties reaffirm that pay practices set forth in Paragraphs 1606 and 1607 shall remain in effect, and ODs shall remain eligible for "extra pay" pursuant to those terms. The parties understand and agree that extra pay in addition to the salary does not jeopardize the salary basis for an exempt employee. To clarify how the "extra pay" rule is applied:

- If an OD is scheduled to work a 10-hour shift but only works 7 hours and then takes the remaining 3 hours off for personal reasons or illness, he/she will receive the normal salary for the 10 hours. However, the OD's hours for the pay period will reflect that he/she actually worked the entire 10 hours of that shift (see Sections 3.3 and 4.3, above). Later in the pay period, if the OD then works an additional shift or partial shift during the same pay period (as set forth in Section 1606/1607 of the CBA) the OD will be paid his/her regular salary, and also will receive extra pay in accordance with the terms of the CBA.

5.2. ACP Differentials.

The parties agree that the Alternative Compensation (ACP) differentials described in the CBA also constitute pay in addition to the salary.

6. Alternative Compensation Program

The parties agree that ODs enrolled in the Alternative Compensation Program (ACP) are subject to a bona fide plan, policy or practice of providing compensation for loss of salary occasioned by such sickness or disability, which is set forth in Paragraph 1822/1823 of the CBA. The ODs enrolled in the ACP program receive extra compensation in the form of a differential described in Letter of Understanding #1 of the CBA as a form of an advanced payment for the sick leave benefit. ODs on ACP are subject to Sections 1, 2, 4, 5 and 8 of this Agreement.

7. Pay for Holiday / Bereavement Leave

7.1. Pay for Holiday Not Worked.

An OD will be paid an amount equal to his/her normal daily salary for any holiday falling on a scheduled workday that he/she does not work. If a holiday falls on a OD's scheduled day off, the OD will be paid an amount equal his/her normal daily salary or will be provided an additional scheduled day off within the same pay period, pursuant to Section 1710 of the CBA.

7.2. Pay for Holidays Worked

An OD who works a regularly scheduled shift on a designated holiday will be paid his or her normal daily salary for that day. In addition, pursuant to Section 1711 of the CBA, the OD may elect to take an alternate day off within 30 days of the designated holiday.

7.3. ACP Employees Not Eligible for Holiday Pay.

ODs who have elected to participate in the ACP program are not eligible for holiday pay. Any work performed on a designed holiday by an OD participating in the ACP program will be paid as if the work had been performed on any regular workday. If an OD is scheduled to work on a holiday but desires to take that day off, he/she must obtain approval from the appropriate supervisor. If such approval is granted, the employee's will be subject to a salary reduction for a the full-day absence in accordance with Section 4.2 of this Agreement

7.4 Bereavement Leave.

An OD is entitled to bereavement leave pursuant to the terms of the CBA. An OD is paid an amount equal to his/her normal daily salary for any bereavement day off falling on a scheduled workday.

7.5 ACP Employees Not Eligible for Paid Bereavement Leave.

ODs who have elected to participate in the ACP program are not eligible for paid bereavement leave.

8. Jury Duty

Pursuant to the terms of the CBA, all ODs will be paid his/her regular guaranteed salary for all time spent on jury duty.

9. Examples of Salary Calculation Based on Various ODs Schedules

Below are two examples of OD schedule variances, detailing how the OD should be paid for each week (for ease of calculation, both examples assume a weekly salary rate of $2000).

EXAMPLE A: Employee with paid leave bank

Week #1 of the pay period:

- Sunday: Off
- Monday: 8 hours worked (7:30 a.m. to 4:00 p.m.)
- Tuesday: 8 hours worked (7:30 a.m. to 4:00 p.m.)
- Wednesday: 8 hours scheduled and worked (7:30 a.m. to 4:00 p.m.), and employee worked 2 hours of extra time, beyond regular shift
- Thursday: 8 hours worked (7:30 a.m. to 4:00 p.m.)
- Friday: 8 hours scheduled (7:30 a.m. to 4:00 p.m.), but no hours worked as the employee called off sick (ETO)
- Saturday: Off

Week #2 of the pay period:

- Sunday: Off
- Monday: 8 hours worked (7:30 a.m. to 4:00 p.m.)
- Tuesday: 8 hours worked (7:30 a.m. to 4:00 p.m.)
- Wednesday: 8 hours scheduled (7:30 a.m. to 4:00 p.m.), the employee worked 6 hours and then went home sick
- Thursday: This day is a designed holiday.
- Friday: 8 hours scheduled (7:30 a.m. to 4:00 p.m.), employee worked 3 hours and then had to leave for a family emergency.
- Saturday: Off

Bi-weekly pay: The Employee will receive his/her full bi-weekly pay of $4,000, and 2 hours of additional pay at the employee's hourly rate.

Summary Week #1: 40 hours scheduled, 34 hours worked (including 2 hours additional hours), one full day absence. For Wednesday, the employee will receive 2 hours of extra pay in accordance with Section 1606/1607 of the CBA. For Friday, SCPMG will deduct 8 hours from the paid leave bank. OD will be paid 42 hours, 34 hours regular and 8 hours ETO.

Summary Week #2: 32 hours scheduled, 25 hours worked, one holiday not worked, two partial day absences. For Wednesday and Friday, the employee must be paid his/her full salary for the partial days worked (see Section 4.3 of his Agreement). SCPMG will pay an amount equal to the daily salary. For Thursday, the employee will be paid an amount equal to the daily salary because this was a designated holiday. OD will be paid 40 hours, 32 hours regular and 8 hours paid holiday pay.

EXAMPLE B: ACP Employee (full time)

Week #1 of the pay period:

- Sunday: Off
- Monday: 8 hours worked (7:30 a.m. to 4:00 p.m.)
- Tuesday: 8 hours worked (7:30 a.m. to 4:00 p.m.)
- Wednesday: 8 hours worked (7:30 a.m. to 4:00 p.m.)
- Thursday: Off (not scheduled), designated holiday.
- Friday: 8 hours worked (7:30 a.m. to 4:00 p.m.).

Week #2 of the pay period:

- Sunday: Off
- Monday: 8 hours worked (7:30 a.m. to 4:00 p.m.)
- Tuesday: 8 hours scheduled (7:30 a.m. to 4:00 p.m.), employee worked 5 hours and then went home sick.
- Wednesday: 8 hours scheduled (7:30 a.m. to 4:00 p.m.), but no hours worked because employee called off sick (unpaid day off)
- Thursday: 8 hours worked (7:30 a.m. to 4:00.p.m)
- Friday: 8 hours scheduled (7:30 a.m. to 4 p.m.), employee worked 3 hours and then had to leave for a family emergency.

Bi-weekly pay: The Employee will receive $3,200 for the pay period. That breaks down to the full bi-weekly pay of $4,000, less a deduction of the daily salary ($400, or 1/10 of the bi-weekly salary) for two full day absences within the pay period (two $400 deductions).

Summary Week #1: 40 hours scheduled, 32 hours actually worked and one full day absence. For Thursday, an ACP participant is not paid for the designated holiday. The OD will be paid 32 hours regular.

Summary Week #2: 40 hours scheduled, 24 hours actually worked, one full day absence and two partial day absences. For Wednesday, the SCPMG will deduct an amount equal to the daily salary (1/10 of the bi-weekly salary, or $400). For Tuesday and Friday, the employee must be paid his/her full salary for the partial days worked (see Section 4.3 of his Agreement). The OD will be paid 32 regular hours.

EXAMPLE C: ACP Employee (full time)

Week #1 of the pay period:

- Sunday: Off
- Monday: 10 hours worked (7:30 a.m. to 6:00 p.m.)
- Tuesday: 10 hours worked (7:30 a.m. to 6:00 p.m.)
- Wednesday: 10 hours worked (7:30 a.m. to 6:00 p.m.)
- Thursday: Off designated holiday.(usually scheduled Thursday but holiday not worked)
- Friday: Not scheduled

Week #2 of the pay period:

- Sunday: Off
- Monday: 10 hours worked (7:30 a.m. to 6:00 p.m.)
- Tuesday: 10 hours scheduled (7:30 a.m. to 6:00 p.m.), employee worked 5 hours and then went home sick.
- Wednesday: 10 hours scheduled (7:30 a.m. to 6:00 p.m.), but no hours worked because employee called off sick (unpaid day off)
- Thursday: Off
- Friday: 10 hours scheduled (7:30 a.m. to 6 p.m.), employee worked 3 hours and then had to leave for a family emergency.

Bi-weekly pay: The Employee will receive $3,200 for the pay period. That breaks down to the full bi-weekly pay of $4,000, less a deduction of the daily salary ($400, or 1/10 of the bi-weekly salary) for two full day absences within the pay period (two $400 deductions).

Summary Week #1: 40 hours scheduled, 30 hours actually worked and one full day absence. For Thursday, an ACP participant is not paid for the designated holiday. SCPMG will deduct an amount equal to the daily salary (1/10 of the bi-weekly salary, or $400).The OD will be paid 32 hours regular.

Summary Week #2: 40 hours scheduled, 18 hours actually worked, one full day absence and two partial day absences. For Wednesday, the SCPMG will deduct an amount equal to the daily salary (1/10 of the bi-weekly salary, or $400). For Tuesday and Friday, the employee must be paid his/her full salary for the partial days worked (see Section 4.3 of his Agreement). The OD will be paid 32 regular hours.

10. Per Diem ODs

10.1 Overtime Pay

Per Diem ODs are considered non exempt and are paid on an hourly basis. A per diem OD will be paid one and one-half times his/her regular rate for hours worked in excess of 40 in a workweek. They will not be entitled to any other overtime premium. The workweek is from Monday 12:01 a.m. to Monday 12:00 am.

10.2 Shift Detail

Per Diem ODs will receive two rest periods and a thirty (30) minute unpaid meal period per eight hour shift consistent with California law, except that each rest period will be fifteen (15) minutes. The Per Diem OD will be required to clock in at start of shift, clock out and in for the unpaid lunch period and clock out at end of shift.

11. Annual Review of Compliance with Pay Practices

The pay practices in this Agreement will be in effect from the date of the signing of this Agreement and will be reviewed by the parties annually each January to ensure compliance with its terms and wage and hour laws.

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NOTES

NATIONAL AGREEMENT

KAISER PERMANENTE
THE COALITION OF KAISER PERMANENTE UNIONS

October 1, 2012

(L+M)P
The Power of Partnership

NATIONAL AGREEMENT

This National Agreement (the Agreement) is entered into this first day of October, 2012, 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.

When the parties came together for bargaining in the spring of 2010, they did so recognizing that the National Agreement was a mature document and that major elements of the Labor Management Partnership were effectively deployed. Bargaining subgroups were utilized to find improvements in time off and attendance, partnership, workforce planning and development, and performance improvement/ unit-based teams. The subgroups, as the BTGs did in the past, crafted recommendations for review and approval by the CIC.

This approach continued in the most recent 2012 negotiations. The parties continued with the perspective that a focused scope of subjects would best serve joint interests. Five subgroups were formed to find improvements in partnership, benefits, workforce of the future, total health and growth.

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 that 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.

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. The Rutgers Study findings on What Teams Need can be found in Exhibit 1.B.1.b.(3) 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 (attached as Exhibit 1.B.1.b(1)). 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 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 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 Exhibit1.B.1.b.(2)).
- The commitment of the Partnership is that 100 percent of Coalition-represented employees will be on UBTs to achieve and sustain high performance.
- All Unit-Based Teams should be high-performing Unit-Based Teams.
- The targets below specify the percentages of teams that are high performing (Levels 4–5). All regions have the same targets:
  - 2012 – 40%
  - 2013 – 60%
  - 2014 – 75%
  - 2015 – 80%
  - 2016 – 85%
- Percentages expressed are the number of teams at a level of performance as a percentage of the total number of existing teams as of the second Friday in January for that calendar year.
- UBT Assessment:
  - A uniform, national UBT rating system is 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)).
  - High-performing UBTs be recognized and rewarded.

The 2012 LMP Subgroup of the CIC recommended, and the parties agree that:

- Each region will ensure consistent application and assessment of the *Path to Performance* consistent with national criteria, standards and interpretation across teams and sites. Such a plan should address:
  - The need to balance internal assessments (e.g., team surveys) with external validation.
  - The need to balance qualitative assessments of behavior with quantitative process and outcome measures drawn from KP systems (e.g., UBT Tracker, KP Learn, performance reporting systems, etc.).
  - Specific steps to be taken in cases where UBTs are not progressing as expected or are losing ground.
- Every team is required to refresh annually an active learning and development plan tied to performance outcomes and supported by regional infrastructure with sponsors accountable for success.
  - A learning and development plan should include, as appropriate, training, education, engagement, communication, performance improvement and the application of UBT skills and knowledge in the workplace. A common list of elements will be developed for all regions by the Executive Committee of the Strategy Group.

› For representative UBTs, this learning and development plan should inspire and engage the participation of all members of the department/work unit—whether they serve on the representative UBT or not.

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.

UBT sponsors have primary accountability for taking an active role with their teams to identify resources and remove barriers that impede their teams' success. Sponsors will receive more comprehensive support to be effective in their role. Sponsors will support UBT co-leads to be effective in their roles and hold co-leads accountable for following the P2P and achieving results on the Value Compass. If local problem-solving attempts to remove barriers and allocate resources are not successful, UBT sponsors will escalate to senior operational and union leadership. Sponsors should focus their energy on helping teams achieve and ultimately sustain high performance, and accomplish line-of-sight performance outcomes.

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.

Each regional LMP Council will review the various positions established under the National Agreement as well as positions funded through the National LMP Trust or Local areas. The review should assess the effectiveness of the roles and leverage them to support Unit-Based Teams and the work of the Partnership generally.

The regions, medical centers, medical facilities and national functions will assess whether the caseload for support positions (e.g., Sponsors, UBT Consultants, etc.) is sustainable and conducive to UBT development. The Regions and Medical Centers will consider goals for these caseloads, which could vary based on factors such as team Path to Performance levels, team size and available resources.

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. An amount equal to nine cents per hour per employee will be contributed to the Partnership

Trust throughout the term of this Agreement, consistently across the Program. 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.

LMP Trust Fund contributions by the Employer will be as follows:

YEAR »	2012	2013	2014
California	$6 million	$4 million	$2 million
National	$10 million	$11 million	$12 million

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.

Similar subgroup processes were used in the subsequent 2010 and 2012 National Bargaining.

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.

Each regional LMP Council shall develop approaches aimed at reducing variation between medical centers, facilities and departments in the resources available for partnership. In particular, such a plan should:

- Ensure at a regional level there is adequate time for teams to review performance, identify opportunities for improvement, and develop and test changes to drive improvement.
- Provide regional or facility support to departments as needed to cross-cover or backfill and jointly determine the most cost-effective manner to provide the support.

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 program-wide 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.

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).

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 thePlan 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.

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 AND GROWTH

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 with the input and involvement of Regional and Local Labor Representatives in the evaluation of marketing options. 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 "at the regional and local level"; 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. The Action Plan will focus member growth activities throughout the year on:

- Programs that support the visibility of the Kaiser Permanente brand to employers—both through marketing materials and onsite activities.
- Those segments of the market that provide the greatest potential for new growth.

Regional Partnership teams will utilize existing forums where possible (e.g., Regional/Local LMP councils, Regional Marketing Councils, etc.) to replicate the Senior Work Group on Growth. This may include extending the charter, the organizational structure and the growth and retention strategy to local markets.

a. CKPU Growth

Kaiser Permanente and the Coalition unions agree to leverage the LMP as part of our joint interests in making sure that we deliver high-quality patient care and service, create the best place to work and receive affordable quality care. In doing so, the parties agree to ingrain a culture of growth of the Coalition unions by all throughout the organization and in Partnership.

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 provide for base services as well as comprehensive training and education programs and services for their respective memberships in such areas as:

» Hard to Fill/critical need, market-challenged positions;

» Qualified bilingual skills training;

» Preparation for new technology, new workflows; and

» Health care reform impacts.

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 0.30 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, analysis and strategies;

» 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;

» facilitation of the sharing of successful practices across regions;

» updating the Workforce Development communication plan to include information about the education trusts, existing career paths and new opportunities for training and education; and

» leveraging UBTs, LMP councils and joint management/steward trainings to communicate training and education opportunities.

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 identify grants, federal, state and private money to leverage additional funding for education and training. The team will communicate using Trust plan documents, including an annual report with financial and participant data, about the process and criteria of Trust benefits and programs to broader labor and management groups. 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. In 2012 National Bargaining, the Workforce of the Future subgroup created new Hard-to-Fill implementation agreements. The Hard-to-Fill section of Exhibit 1.D.3. is modified to reflect these new agreements.

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 Workforce Planning and Workforce Development must be integrated processes and 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. Further, Labor will be provided with access to their job postings and engaged to build new jobs for future health care models. The Regional Workforce Planning and Development Teams will need to share direction changes brought on by federal and state regulations that affect labor positions so that Labor can be engaged in the development of future workforce strategies.

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.

Further, the National Workforce Planning and Development team will continue the work on career paths on a jointly agreed-upon schedule. The schedule will identify the next group of career paths to be achieved and the timelines for this work. The Regional Workforce Planning and Development teams will explore ways to connect and coordinate career counseling resources with employees in transition. Specifically, these teams may jointly develop a job shadowing process that will afford employees an on-the-job experience of a new job choice prior to the employee entering into education programs. Also, Regional Workforce Planning and Development teams will establish a joint group to examine, set goals and develop criteria regarding Preceptorships and Mentorships (discussions may include program funding and timeframes). Employees interested in career development will need to develop individual career development plans with the support of organization resources and systems, in collaboration with management.

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.

To achieve these objectives, the parties will jointly develop criteria to determine which training is a priority. The parties will also solicit higher learning institutions and maximize Kaiser Permanente's leverage with outside learning organizations. Education and training programs should be able to accommodate multiple styles of learning, and both Educational Trusts should work toward offering consistent, online prerequisite curriculum. Following the completion of a training program, labor and management will work jointly to remove hiring barriers for employees.

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 the 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 AND TOTAL HEALTH

Kaiser Permanente and the Coalition are committed to the total 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 and reducing their health risks 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 total health and work-life balance services.

1. STRUCTURE

a. Work-Life Balance (WLB)

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 program-wide 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.

b. Total Health

The parties share the goal of creating the healthiest workforce in the health care industry by improving the quality and length of employees' lives and enhancing the effectiveness and productivity of the organization. To achieve this vision, the LMP strategy group shall empower a program-wide leadership group, the Total Health Leadership Committee, of appropriate representatives of the Coalition and KP to oversee and implement all of the work associated with creating a comprehensive Total Health program for KP employees. This committee shall endeavor to jointly develop policies and practices as outlined in Exhibit 1.H.1.b., Total Health Agreement. Utilizing existing Partnership structures and initiatives will assist the parties to achieve their Total Health goals.

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 program-wide 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 the risk of injury and illness, where people feel free and safe to report work-related injuries and illnesses.

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 plan should include sustainable implementation goals and a timeline with milestones for progress. 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 sub-contracting 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; and

» 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.

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.

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.

ATB (Across-the-Board) Wage Increases			
Region or Area	Year and ATB Increase		
	2012	2013	2014
Northern & Southern California	3%	3%	3%
Regions Outside California	2%	2%	2%

2. 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 2013, based on 2012 performance.

Year 2—3 percent payout at target to be paid out in First Quarter 2014, based on 2013 performance.

Year 3—3 percent payout at target to be paid out in First Quarter 2015, based on 2014 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. 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 in 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.

2. 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.

» Beginning in 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 matches 100 percent of the employee's contribution, up to 1.25 percent of the employee's salary.

New hires will be automatically enrolled in the 401(k)/403(b) TSA at 2 percent of eligible pay with an opt-out provision available. 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.

The parties recognize that some employees were not receiving a full 1.25 percent employer match, even though they contributed 2 percent of their annual eligible pay into the 401(k)/403(b), because of the variable rate at which employees contribute during the course of the year. The employer shall, as soon as administratively possible but no later than December 31, 2013, optimize its 1.25 percent match, to ensure that so long as the employee remains employed by Kaiser Permanente on December 31 of the applicable year and contributes 2 percent of his or her annual eligible pay from KP into the DC Plan throughout the course of the year, the employer will match 1.25 percent into the Plan. The employer will reconcile the year-end match for the applicable DC plan year for each affected employee no later than the deadline to make contributions to a DC plan as set forth in applicable tax guidance.

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. Effective October 1, 2012, the Ohio Nurses Association pension multiplier will increase from 1.2 percent to 1.4 percent.

Employees who are represented by the UFCW and participants in Taft-Hartley trusts will have an increase in the Employer contribution of 7.9 cents per hour in each year of the agreement to address Pension Protection Act "red zone" issues.

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 toward 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.

During the term of this National Agreement, and the related local collective bargaining agreements, the existing retiree medical plans, including but not limited to plan benefits, cost-sharing arrangements, contribution rates and eligibility requirements, shall remain the same and shall not be changed.

The employers' cost-share shall be capped at a fixed dollar amount effective January 1, 2017 (the "Fixed Amount"). The Fixed Amount for each region shall be determined by using the 2011 net cost indexed to 2015 as described below, and the Fixed Amount is intended to modify any Local Agreement provisions.

This Section shall not apply to those individuals who terminate employment with retiree medical eligibility by the date that either this Agreement expires or by the expiration date of any Local Agreement extended by this Agreement, whichever expiration date occurs later (the "Transition Date"). The Fixed Amount will apply to all other eligible retirees and their adult eligible dependents, and previously grand-fathered employees with pre-65 coverage when they reach age 65. Those retirees are referred to as "Applicable Retirees."

Where an Applicable Retiree's spouse or domestic partner is covered under the post-retirement medical plan, the Fixed Amount will apply to that eligible dependent in the same manner as it applies to the retiree if that eligible dependent is age 65 or above. The Fixed Amounts will be computed using a 2 percent annual reimbursement increase and a 6 percent annual expense increase, or actual net cost for 2015, if lower. "Net Cost" is the amount determined for actuarial valuation purposes for the Kaiser Foundation Health Plan.

In addition, upon the expiration of this Agreement, the Fixed Amount for Northwest will become a dollar amount equal to the employers' cost-share amount for the 2015 plan year, and the service-based schedule for Kaiser's Fixed Amount contribution for Applicable Retirees from Colorado UFCW Local 7 will be based on the amount of Kaiser's 2015 premium contribution. This Agreement shall not affect the regions that have previously established a $185-per-month premium allowance.

The Retiree Medical Plans will be amended in 2012 to reflect the agreement on the Fixed Amount and the Applicable Retirees to take effect January 1, 2017.

3. 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. (A 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.

f. Revised Dental Benefit

Effective January 1, 2013, the annual maximum for adults will be increased to $1,200 and the lifetime maximum for child orthodontia shall be $1,200. A Preferred Provider Network (PPO) shall be offered in Southern California.

g. Benefit Standardization and Simplification

The Mid-Atlantic States Region will jointly charter a small group to reach agreement to standardize and/or simplify active health care benefits, plan rules and the existing cost-sharing model without increasing overall cost or reducing benefits. Other KP regions may jointly adopt a similar process.

4. 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.

5. 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 to fully understand:

» The cost of their benefits;

» How to better utilize services;

» How to access their care in the most efficient and effective ways; and

» How they can contribute to holding down the cost of care.

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. The panel decisions shall be final and binding, and written decisions shall be issued within 30 days after the hearing is closed. The panel decision shall be precedent-setting, unless otherwise mutually agreed by the parties prior to the hearing.

Time limits may be extended by mutual agreement. At any time prior to issuance of a panel Opinion and Award, the parties at the national level may agree to remand a dispute to an earlier step of the process.

The arbitrator and arbitration panel shall not be authorized to add to, detract from, or in any way alter the provisions of the National Agreement, the Labor Management Partnership Agreement, or any local agreement.

The arbitrator's fee and all incidental expenses of the arbitration shall be borne equally by the parties; however, each party shall bear the expense of presenting its own case and expenses associated with its party panel member(s).

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, 2012, and it shall continue in effect through September 30, 2015.

2. The expiration date of each Local Agreement that adopts this National Agreement as an addendum shall be extended by three 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, 2015 **(Group 1)**, will be open for contract negotiations immediately.

» Employees covered by Local Agreements in the Northern and Southern California regions identified in Exhibit 3.D. that expire between October 1, 2015, and January 31, 2017 **(Group 2)**, will receive a 3 percent wage increase on October 1, 2015. Employees covered by Local Agreements in the regions outside of California identified in Exhibit 3.D. that expire between October 1, 2015, and January 31, 2017 **(Group 2)**, will receive a 2 percent wage increase on October 1, 2015. 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, 2017 **(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, 2015, and April 1, 2016. The schedule for determining these increases will be established on a national basis no later than April 1, 2014. Local Agreements in this Group will be open for contract negotiations based on their expiration dates.

All provisions of this Agreement shall expire at midnight on September 30, 2015, 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

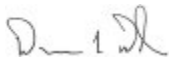
The parties acknowledge that during the term of this Agreement, a party at the national level may wish to enter into discussions concerning subjects covered by this Agreement or to modify specific provisions of this Agreement or a party at the local level may wish to enter discussions concerning subjects 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

2012 National Agreement

In witness whereof, this _____ day of _____, 2012, the respective parties hereto have executed this agreement effective October 1, 2012.

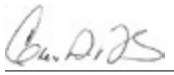
For the Employer:



DENNIS L. DABNEY – CHIEF NEGOTIATOR

Senior Vice President, National Labor Relations and Office of Labor Management Partnership

Kaiser Foundation Hospitals and Health Plan, Inc.



GREGORY A. ADAMS

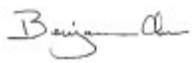
Group President, Kaiser Foundation Hospitals and Health Plan, Inc.

Regional President, Northern California

RAY BAXTER

Senior Vice President, Community Benefit, Research and Health Policy

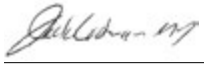
Kaiser Foundation Hospitals and Health Plan, Inc.



BENJAMIN K. CHU, MD

Group President, Kaiser Foundation Hospitals and Health Plan, Inc.

Regional President, Southern California



JACK COCHRAN, MD

Executive Director

The Permanente Federation

CHARLES E. COLUMBUS

Senior Vice President and Chief Human Resources Officer

Kaiser Foundation Hospitals and Health Plan, Inc.

RON COPELAND, MD

President and Executive Medical Director

Ohio Permanente Medical Group

DEANNA DUDLEY

Director, National Labor Relations Strategy

Kaiser Foundation Hospitals and Health Plan, Inc.

EDWARD M. ELLISON, MD

Executive Medical Director and Chairman of the Board

Southern California Permanente Medical Group

PHIL FASANO

Executive Vice President and Chief Information Officer

Kaiser Foundation Hospitals and Health Plan, Inc.

PATRICIA KENNEDY-SCOTT

Regional President, Ohio

Kaiser Foundation Health Plan, Inc.

KERRY KOHNEN

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RICK BROWN

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OPEIU Local 2

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ROSIE GONZALEZ

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KATHLEEN MELTON

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SEIU Local 49

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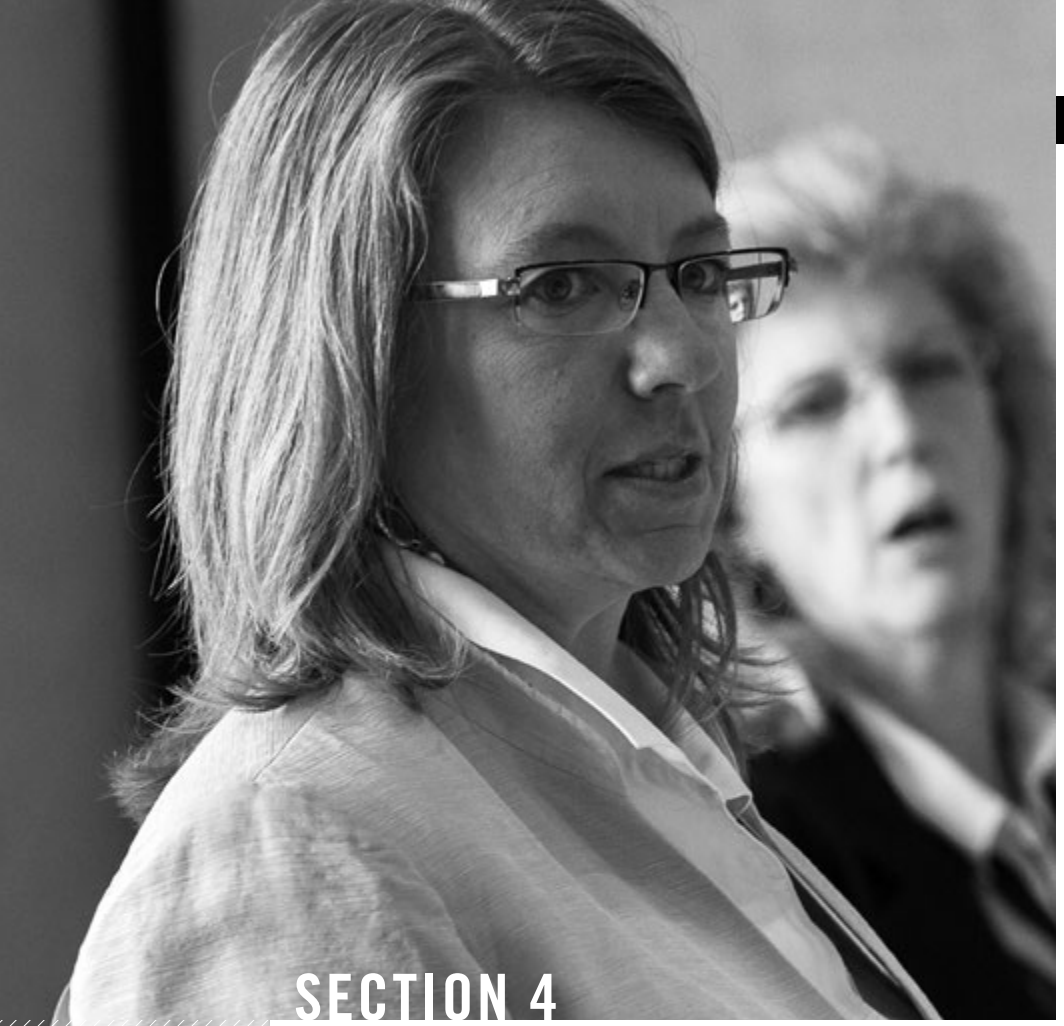

SECTION 4

NATIONAL AGREEMENT EXHIBITS

Exhibit 1.B.1.b.(1)

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 frontline 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 Pathway

Team Development

Key Tip!

Ask yourself:

Where are your teams in the developmental process?

Who is developing and who isn't?

Why aren't they developing?

What do they need?

How can you and your co-sponsors support their evolution to the next level?

Stages of Unit-Based Team Development

Leaders and sponsors play an important role in the ongoing development of unit-based teams (UBTs). The more you understand 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 momentum. The faster this process happens, the faster you will see results. Work with your co-sponsors to identify team status, strategize ways to help move them forward and develop a plan for long term sustainability.

Guidelines for Using the Following 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**
Unit is learning what a unit-based team is and how UBTs work.	Team is establishing structures and beginning to function as a UBT.	Team is demonstrating progress on engagement and making improvement.	Team has joint leadership, engagement of team members and improved performance.	Team is fully successful and collaborating to improve/sustain performance against targets.

1 | The Path to Performance | LMP TEAM DEVELOPMENT PATHWAY

KAISER PERMANENTE®

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

The Path to Performance:
Labor Management Partnership Team Development Pathway

Dimension	Level 1 Pre-Team Climate	Level 2: Foundational UBT	Level 3: Transitional UBT	Level 4: Operational UBT	Level 5: High Performing UBT
Sponsorship	+ Sponsors are identified and introduced to team.	+ Sponsors trained. + Charter completed.	+ Sponsors regularly communicating with co-leads.	+ Sponsors visibly support teams. + Minimal outside support needed.	+ Sponsors holding teams accountable for performance and reporting results to senior leadership.
Leadership	+ Team co-leads are identified or process of identification is under way.	+ Co-leads have developed a solid working relationship and are jointly planning the development of the team.	+ Co-leads are seen by team members as jointly leading the team.	+ Co-leads are held jointly accountable for performance by sponsors and executive leadership.	+ Team beginning to operate as a "self-managed team," with most day-to-day decisions made by team members.
Training	+ Co-lead training scheduled or completed.	+ Team member training (e.g., UBT-O, RIM+) scheduled or completed.	+ Advanced training (e.g., business literacy, coaching skills, metrics) scheduled or completed.	+ Advanced training (e.g., Breakthrough Conversations, Facilitative Leadership, etc.). + Focus area-specific training (e.g., patient safety or improvement tools to address human error-related issues).	+ Focus area-specific training. + Advanced performance improvement training (e.g., deeper data analysis, control charts, improvement methods via operational manager training).
Team Process	+ Traditional; not much change evident. + Team meetings scheduled and/or first meeting completed.	+ Staff meetings operating as UBT meetings (no parallel structure). + Co-leads jointly planning and leading meetings.	+ Team meetings are outcome-based; team members are participating actively in meetings and contributing to team progress and decision making. + Co-leads moving from direction to facilitation.	+ Co-leads jointly facilitate team meetings using outcome-focused agendas, effective meeting skills and strategies to engage all team members in discussion and decision making. + Team makes use of daily huddles to reflect on tests and changes made. + Team collects own data and reviews to see whether changes are helping improve performance.	+ Team beginning to move from joint-management to self-management, with most day-to-day decisions made by team members. + Unit culture allows team to respond to changes quickly. + Team can move from first local project to next improvement project and can apply more robust changes. + Team measures progress using annotated run charts.
Team Member Engagement	+ Minimal.	+ Team members understand partnership processes.	+ Team members understand key performance metrics. + At least half of team members can articulate what the team is improving and what their contribution is.	+ Unit performance data are discussed regularly. + Large majority of team members are able to articulate what the team is improving and their contribution.	+ Team members able to connect unit performance to broader strategic goals of company. + Full transparency of information. + Team is working on questions of staffing, scheduling, financial improvement.
Use of Tools	+ Not in use.	+ Team members receive training in RIM+, etc.	+ Team is able to use RIM+ and has completed two testing cycles.	+ Team has completed three or more testing cycles, making more robust changes (e.g., workflow improvement rather than training).	+ Team using advanced performance improvement training (e.g., operations manager training). + Team can move from initial project to next improvement effort, applying deeper data and improvement methods.
Goals and Performance	+ Team does not have goals yet.	+ Co-leads discuss and present data and unit goals to teams.	+ Team has set performance targets, and targets are aligned with unit, department and regional priorities.	+ Team has achieved at least one target on a key performance metric.	+ Team is achieving targets and sustaining performance on multiple measures.

2 | The Path to Performance | LMP TEAM DEVELOPMENT PATHWAY KAISER PERMANENTE®

Exhibit 1.B.1.b.(3)

The Rutgers Study: What Teams Need

Rutgers, Johns Hopkins and KP researchers identified five key success factors for unit-based teams:

1. **Leadership:** Develop strong joint leadership, shift to coaching style of leadership and share information, including financial data.
2. **Line of sight:** Make ongoing use of meaningful metrics, encourage systems thinking and show how the work of the team connects to regional goals.
3. **Team cohesion:** Make time for face-to-face communication, create a safe learning environment and focus on the work—with the member and patient in the middle.
4. **Processes and methods:** Be proficient in the Rapid Improvement Model and use daily huddles to discuss problems and build solutions.
5. **Infrastructure and support:** Develop and recognize strong sponsors and provide ongoing training.

Exhibit 1.C.1.b.

2010 LMP Subgroup Recommendation: Flexibility

1. Labor and 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; and
   - **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	
Purpose	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: » 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

Region	SOP Committee Structure and Process Summary
COLORADO	
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: » Assessment of current SOP risk areas, and recommendations to mitigate risk, » Information on monitoring and internal controls present in operational areas, and » A summary of significant SOP activities undertaken since the last report.
GEORGIA	
Purpose	» Assure scope of practice review is completed for all applicable clinical staff in health plan and medical group. » Identify and clarify all scope of practice issues identified. » Report findings of scope of practice review to Regional President and Medical Director. » 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.

Exhibit 1.C.4.(1) continued

Region	SOP Committee Structure and Process Summary
GEORGIA	
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.
Reporting	» Regional President » TSPMG Medical Director » Chief Compliance Officer
MID-ATLANTIC STATES	
Purpose	The Committee Will: » Develop and maintain an inventory of scope of practice requirements by position type; » 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; » Develop and oversee implementation of annual scope of practice work plan and action items; » Establish a mechanism for recurring review of clinical position descriptions; » Evaluate existing and proposed clinical practices for scope of practice risks and/or violations and the impact on scope of practice; » Develop and oversee scope of practice training and education throughout the region; » Coordinate with re-existing committees and work groups to ensure that scope of practice issues are addressed effectively;

Exhibit 1.C.4.(1) continued

Region	SOP Committee Structure and Process Summary
MID-ATLANTIC STATES	
Purpose	» Provide recommendations to Committee sponsors and senior leadership regarding identified opportunities for change; and » Monitor corrective actions to ensure continued compliance with prescribed scope of practice requirements and regulations. » Collaborate with appropriate departments to ensure that changes are integrated into existing systems, policies and processes » Maintain a reporting relationship with the Regional Quality Improvement Committee and the Compliance Department. Reporting to occur not less than quarterly. Subcommittees may be created as needed to facilitate completion of specialized tasks.
Membership	**Membership, Length of Term and Voting:** The Scope of Practice Committee shall consist of the following people or their designees: » Clinical Compliance Coordinator (Co-Chair) » Regional Nurse Executive (Co-Chair) » Regional Compliance Officer » Vice President for Strategic Services/Compliance, MAPMG » Director, Quality Management Operations » Regional Manager, Nursing Practice and Education » Assistant Medical Director, Information Management & Research, MAPMG » Labor Management Partnership representative(s) » Medicare Compliance Manager » Senior Compensation Consultant » Director, Human Resources (ad hoc)

Exhibit 1.C.4.(1) continued

Region	SOP Committee Structure and Process Summary
MID-ATLANTIC STATES	
Membership	» Director, Professional Staff Office and Delegation Oversight » Primary Care Physician (Service Chief or Physician Director) » Specialty Physician » Clinic Coordinator
Reporting	Mid-Atlantic Scope of Practice Committee reports quarterly to the Regional Quality Improvement Committee (RQIC)
NORTHERN CALIFORNIA	
Purpose	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. 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.
Membership	**Membership** includes representation from: » Patient Care Services locally and regionally » Medical Group Administration locally and regionally » Regional Compliance

Exhibit 1.C.4.(1) continued

Region	SOP Committee Structure and Process Summary
NORTHERN CALIFORNIA	
Membership	**Membership** includes representation from: » Accreditation, Regulation & Licensing » Regional Credentialing & Privileging » Local Assistant Administrator for Quality » APIC for Risk » Pharmacy Operations » Patient Business Services **Ad hoc members** » TPMG Legal » TPMG Human Resources » Continuing Care Leader » Human Resources Compliance » Program Office Legal » Work group: Includes labor representation of roles being addressed (2–3)
Reporting	This group reports regularly to the Executive Compliance Committee and will report any quality of care issues to the Quality Oversight Committee.
SOUTHERN CALIFORNIA	
Purpose	**Scope and Authority:** Identify areas of risk, facilitate resolution and implementation of actions and monitor Scope of Practice across all care venues.
Membership	**Co-Chairs** [names deleted]: » AMD, SCPMG » SVP & SAM, KFH/HP

Exhibit 1.C.4.(1) continued

Region	SOP Committee Structure and Process Summary
SOUTHERN CALIFORNIA	
Membership	**Membership:** » Vice President, Quality and Risk Management, KFH/KFHP » Executive Consultant, Quality and Risk Management, KFHP/KFHP » Executive Director, Patient Care Services, Operations, KFHP » Manager, SCPMG Nursing Administration, SCPMG » Medical Group Administrator, Bellflower, SCPMG » Medical Group Administrator, South Bay, SCPMG » Counsel, KFHP » Senior Consultant, AR&L » Labor Coalition Representative » Ann Sparkman, Director of Health Care Compliance, NCO » Project Support: Management Consulting
Reporting	» Southern California Regional Compliance Leadership Committee » Southern California Quality Committee SCQC » Southern California President and Regional SCPMG Medical Director
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.

Exhibit 1.C.4.(1) continued

Region	SOP Committee Structure and Process Summary
NORTHWEST	
Membership	**Representation** The committee shall consist of: **Management Representatives:** » Integrity, Compliance and Ethics Manager(s) (stakeholder) » NW Permanente Physician (stakeholder) » Health Plan Legal Counsel (consultant) » Human Resource Manager (consultant) » Director, Ambulatory Nursing (stakeholder) » Pharmacy Manager (consultant) » KP Health Connect Representative (consultant) » Medical Office Managers (stakeholder) » NW Perm & PDA General Counsel & Compliance (consultant) » Laboratory Services (consultant) **Labor Representatives:** » OFN Health Professional (stakeholder) » OFN – RN (stakeholder) » SEIU – LPN (stakeholder) » SEIU – MA (stakeholder) **Staff Support**
Reporting	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].

Exhibit 1.C.4.(1) continued

Region	SOP Committee Structure and Process Summary
OHIO	
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 frontline 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 toward 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 ongoing 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" toolkit. (Toolkit should be developed with input from content experts and in LMP)

Part A (Initial Basic Training Toolkit)

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/Ongoing 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- to 4-hour mandatory basic training for SOP, to include Part A toolkit, by 6/30/2006

B. Phase II (Timing to be determined by CIC)

» Develop Part B of SOP toolkit
» Provide ongoing, updated SOP training utilizing department staff meetings, and Part B toolkit
» 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 CEUs

» 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 toolkit

» 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 toolkit (i.e., KPHC CBA, Department 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.

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 – 2012 Update

Each Regional Workforce Planning and Development Committee will develop a regional plan by June 2013 to implement recommendations contained in the September 1, 2011, Hard to Fill report and/or subsequent reports. These plans will be submitted to the Regional LMP Councils and the National Workforce Planning and Development team. Critical factors to consider in each plan include: cost and ease of implementation, risk of not implementing, funding sources, endorsements and timelines. When considering additional funding sources, regions shall submit budget requests for 2014 according to their budget cycle.

Each region will begin executing its Hard to Fill implementation plan by the end of 2013.

Each region will work collaboratively with labor to develop a process to create alternatives to the minimum experience requirements for Hard to Fill positions in the region.

Explore utilization of the KP School of Allied Health Sciences (KPSAHS) as a training resource (including as a distance learning option) for Hard to Fill positions. Develop options to make the KPSAHS training programs available to all KP regions, as appropriate, and seek alliances with regional academic partners to support training.

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 or 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)	Day
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
TOTAL:	**52.0**

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

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

Net time-off factor for budget (.20 - .08 = .12) or 12 percent 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 @ 42 percent	$ 420,000
Backfill @ 12 percent	$ 120,000
Total Personnel budget	**$ 1,540,000**

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 include: 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., child care or elder care).

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 standalone 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. Frontline 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 and work together to correct shortfalls.

Exhibit 1.H.1.b.

TOTAL HEALTH AGREEMENT

Kaiser Permanente ("KP") and the Coalition of Kaiser Permanente Unions ("Coalition") share the goal of creating the healthiest workforce in the health care industry by improving the quality and length of employees' lives and enhancing the effectiveness and productivity of the organization.

The parties, through the Labor Management Partnership ("LMP"), commit to creating a workplace environment and culture that helps employees to collectively stay healthy and helps them to collectively reduce their health risks, including their risk of occupational injury and illness.

The cornerstone of this commitment is to attain industry-leading results in the areas of BMI, smoking rates, cholesterol and blood pressure levels, and the incidence of workplace injury. The parties share a commitment to measure and regularly report aggregate data for the employee population with respect to these foundational indicators of the health and wellness of all employees in keeping with our joint tradition of being a continually improving, learning organization that responds to data and evidence.

The parties agree that in order to achieve this vision, the LMP Strategy Group shall empower a program-wide leadership group, the Total Health Leadership Committee, of appropriate representatives of the Coalition and KP to oversee and implement all of the work associated with creating a comprehensive Total Health program for KP employees. This committee shall endeavor to jointly develop policies and practices that show:

- a commitment by senior KP and Coalition Union leaders to make employee health a core business strategy and reinforce it through visible sponsorship and communication;
- a commitment by operation leaders to create a supportive, safe, healthy workplace environment;
- a commitment to create dedicated workplace leaders so that work teams can take ownership of employee health and wellness and integrate healthy practices into the work unit;
- a commitment to reward and encourage healthy choices by the workforce; and
- a commitment to establish consistent outcome measures to track results.

Creating a Workplace Culture of Health

SOURCE: Dee Edington, Zero Trends: Health as a Serious Economic Strategy, Health Management Research Center, University of Michigan, 2009

NOTE: HERO, WELCOA, and NBGH models contain same fundamentals

healthyworkforce
For the people who power KP

I. Creating a Healthy Workplace Culture and Environment

The parties agree, through the Total Health Leadership Committee, to jointly create and promote a healthy workplace environment. The parties shall address, but are not limited to, the following issues: a healthy physical workplace environment, healthy and affordable food options at the workplace and opportunities for employees to engage in healthy activities at the workplace on non-work time.

The parties agree that in order to create the healthiest workforce in the health care industry, there must be a tool to track health, wellness and workplace safety. To this end, the parties agree to jointly create a "dashboard" that reports and makes available to employees measurements in the areas of BMI, smoking rates, cholesterol and blood pressure levels, and the incidence of workplace injury.

II. Educating and Engaging Employees as Active Leaders in Their Health

In order to achieve our vision of the healthiest workforce in the health care industry, the parties agree that employees be educated about their health and wellness so they can make knowledgeable, healthy choices. To reach our Total Health goals, the parties shall conduct a joint assessment, including an inventory of current capacity to support employee health, wellness and safety; set a time-line to complete the joint assessment; and evaluate successful practices that allow the parties to provide consistent education for employees across Kaiser Permanente. Such education shall utilize existing structures and forums insofar as possible.

III. Rewarding and Reinforcing the Culture of Health

The Total Health Program is a long-term business strategy for KP. KP's ability to offer a fully integrated and high-quality model of care is an imperative that needs to be reinforced at all levels of the organization. To the extent that employees can model Total Health, such personal leadership creates a competitive advantage for KP. As such, it is critical to educate all employees about the business case for Total Health, including the costs associated with health risks, and the benefits associated with limiting such risks.

The committee shall endeavor to create a Total Health Program Incentive ("THPI") separate and apart from the Performance Sharing Program, which shall seek to encourage employees to collectively: **(1)** Update biometric risk screenings; **(2)** Complete the Total Health Assessment; **(3)** Maintain or make steady improvements on key biometric risks (weight, smoking, blood pressure and cholesterol).

The THPI shall be developed in accordance with the principles of the Partnership, and shall be premised on the proposition that an incentive is only paid out if there are mutually agreed-upon savings in health care costs as the result of measureable improvements of the biometric risk indicators; or if the parties mutually agree that significant progress has been made toward desired outcomes.

The goal of the committee shall be to develop a THPI framework by the end of calendar year 2012. The initial implementation shall take place in calendar year 2013, and an initial incentive may be paid at the end of the first quarter of calendar year 2014 based on the results achieved in the previous year.

The goal of the parties shall be to achieve a 5 percent improvement in the key biometric risk indicators for Coalition-represented employees by December 31, 2016.

IV. Coalition Union and Management Leadership

In order to achieve the goal of creating the healthiest workforce in the health care industry, the parties acknowledge the necessity of thousands of rank-and-file union leaders and their management counterparts playing an active and ongoing leadership role in creating a transformative culture of health at Kaiser Permanente. As such, the parties commit to jointly develop principles and recommendations regarding new leadership roles and structures across the organization.

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

K: 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 subcontracting; however, the Partnership also recognizes subcontracting is appropriate in meeting day-to-day business needs, temporary peak workloads and hard-to-fill vacancies. In addition, subcontracting 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 subcontracting.

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.
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.
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, HCFA, 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, HCFA, 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 frontline 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 frontline 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 payouts made for meeting those measures;

f. Be as easy to administer as possible so that the improved approach is effective; and

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 frontline's natural work setting at which data can be provided and validated to measure success in meeting the goal(s) and upon which payout will be based if the goal(s) is/are met; and

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. Frontline 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 payout 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; and

iii. Frontline 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) is 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 frontline;

ii. The progress on meeting the goal(s) on a regular and ongoing basis to employees so the value and benefit or 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. Payout:

i. Will be provided to employees based upon successfully meeting the goal at the level closest to the frontline's natural work environment that was identified when setting the goal for payout 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 payouts 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
Benefits Task Force Labor Co-Chair
RUNAC/UHCP, AFSCME
Date:_____

ELLEN CANTER
Benefits Task Force Management Co-Chair
VP, Benefits and HR Administration
Kaiser Permanente
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 Parts 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 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.

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 grandfathered group will be raised by the same percent the market increases annually plus an additional 25 percent 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.

PETER DICICCO
Executive Director
Coalition of Kaiser Permanente Unions
Date:_____

LESLIE MARGOLIN
Senior VP, Workforce Development
Kaiser Permanente
Date:_____

BILL ROUSE
Benefits Task Force Labor Co-Chair
RUNAC/UHCP, AFSCME
Date:_____

ELLEN CANTER
Benefits Task Force Management Co-Chair
VP, Benefits and HR Administration
Kaiser Permanente
Date:_____

ATTACHMENT TO LETTER OF AGREEMENT CONCERNING 1.4 PERCENT MULTIPLIER

Section A

KAISER PERMANENTE PENSION PLANS	UNION
SOUTHERN CALIFORNIA	
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) 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
NORTHWEST	
Kaiser Permanente Northwest Pension Plan (KPNPP)	Oregon Federation of Nurses (Registered Nurses)[1] Service Employees International Union, Local 49 Oregon Federation of Nurses(Hygienists)[1] Oregon Federation of Nurses (Technical)[1]
COLORADO	
Kaiser Permanente Colorado Pension Plan (KPCPP)	Service Employees International Union, Local 105
OHIO	
Kaiser Permanente Ohio Employees Pension Plan (KPOEPP)	Office and Professional Employees International Union, Local 17

Section B

KAISER PERMANENTE PENSION PLANS	UNION
NORTHERN CALIFORNIA	
Kaiser Permanente Retirement Plan for Mental Health Workers	Service Employees International Union, Local 535 (Social Workers – LCSWs, 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)
SOUTHERN CALIFORNIA	
Kaiser Permanente Southern California Employees Pension Plan (KPSCEPP)	United Nurses Association of California (Registered Nurses) – LA and Bakersfield areas United Nurses Association of California (Registered Nurses) – San Diego, Woodland Hills and Riverside areas Office and Professional Employees International Union, Local 30 Service Employees International Union, Local 399 American Federation of Nurses – Sunset United Food and Commercial Workers Union (Medical Technologists) – except San Diego Locals 324, 770, 1036, 1167,1428 United Food and Commercial Workers Union Bakersfield-Clerical/Service/Pt Care Locals 135, 324, 770, 1036, 1167, 1428 OPEIU, Local 30, California Service Center, San Diego

1 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).

ATTACHMENT TO LETTER OF AGREEMENT CONCERNING 1.4 PERCENT MULTIPLIER

Section B	
KAISER PERMANENTE PENSION PLANS	UNION
SOUTHERN CALIFORNIA	
Kaiser Permanente Southern California Social Services Pension Plan (KPSCSSPP)	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
MID-ATLANTIC STATES	
Kaiser Permanente Mid-Atlantic Employees Pension Plan (KPMAEPP)	United Food and Commercial Workers, Local 27 (Health Professionals) – Baltimore Office and Professional Employees International Union, Local 2, Washington Office and Professional Employees International Union, Local 2, Baltimore United Food and Commercial Workers, Local 400 (Health Professionals)

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 1.4 percent FAP, the FAP multiplier will increase to 1.45 percent. This multiplier will apply to all years of service. In addition, 1,800 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: 1 percent for OFN-Hygienists and Technical employees and 1.5 percent for OFN/ONA RNs. 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 5 percent 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	100 percent
64	95 percent
63	90 percent
62	85 percent
61	80 percent
60	75 percent
59	70 percent
58	65 percent
57	60 percent
56	55 percent
55	50 percent

ATTACHMENT TO LETTER OF AGREEMENT CONCERNING EARLY REDUCTION FACTORS

Section A – National Partnership Union Groups Affected by This Agreement	
KAISER PERMANENTE PENSION PLANS	**UNION**
NORTHERN CALIFORNIA	
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) 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)
SOUTHERN CALIFORNIA	
Kaiser Permanente Southern California Employees Pension Plan (KPSCEPP)	United Nurses Association of California (Registered Nurses) – LA and Bakersfield areas United Nurses Association of California (Registered Nurses) – San Diego, Woodland Hills and Riverside areas Office and Professional Employees International Union, Local 30 Service Employees International Union, Local 399 American Federation of Nurses – Sunset

ATTACHMENT TO LETTER OF AGREEMENT CONCERNING EARLY REDUCTION FACTORS

Section A – National Partnership Union Groups Affected by This Agreement	
KAISER PERMANENTE PENSION PLANS	**UNION**
SOUTHERN CALIFORNIA	
Kaiser Permanente Southern California Employees Pension Plan (KPSCEPP)	United Food and Commercial Workers Union (Medical Technologists) – except San Diego Locals 324, 770, 1036, 1167, 1428 United Food and 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 (KPSCSSPP)	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
NORTHWEST	
Kaiser Permanente Northwest Pension Plan (KPNPP)	Oregon Federation of Nurses (Registered Nurses)[1] Service Employees International Union, Local 49 Oregon Federation of Nurses (Hygienists)[1] Oregon Federation of Nurses (Technical)[1] Oregon Nurses Association[1]

1 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).

ATTACHMENT TO LETTER OF AGREEMENT CONCERNING EARLY REDUCTION FACTORS

Section A – National Partnership Union Groups Affected by This Agreement	
KAISER PERMANENTE PENSION PLANS	**UNION**
MID-ATLANTIC STATES	
Kaiser Permanente Mid-Atlantic Employees Pension Plan (KPMAEPP)	United Food and Commercial Workers, Local 27 (Health Professionals) – Baltimore Office and Professional Employees International Union, Local 2, Washington Office and Professional Employees International Union, Local 2, Baltimore United Food and Commercial Workers, Local 400 (Health Professionals)
COLORADO	
Kaiser Permanente Colorado Pension Plan (KPCPP)	Service Employees International Union, Local 105
OHIO	
Kaiser Permanente Ohio Employees Pension Plan (KPOEPP)	Office and Professional Employees International Union, Local 17
Section B – National Partnership Union Groups Not Affected by This Agreement	
SOUTHERN CALIFORNIA	
Kaiser Permanente Retirement Plan for Mental Health Workers	Service Employees International Union, Local 535 (Social Workers – LCSWs, CDRP 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.

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 Union	Local Union	Group	Region	Bargaining Unit	Current Expiration Date	Extended Expiration Date	Final Bar Date
UFCW	UFCW L1996	1	Georgia	Clerical/ Technical	9/30/12	9/30/15	9/30/15
UFCW	UFCW L1996	1	Georgia	Professional	9/30/12	9/30/15	9/30/15
UFCW	UFCW L555	1	Northwest	N.R.C. Pharmacy	9/30/12	9/30/15	9/30/15
NFN	ONA	1	Northwest	RN	9/30/12	9/30/15	9/30/15
AFT	OFNHP L5017	1	Northwest	RN	9/30/12	9/30/15	9/30/15
AFT	OFNHP L5017	1	Northwest	Professional	9/30/12	9/30/15	9/30/15
AFT	OFNHP L5017	1	Northwest	Lab Professional	9/30/12	9/30/15	9/30/15
OPEIU	OPEIU L17	1	Ohio	Health Care Worker	9/30/12	9/30/15	9/30/15
ANA	ONA	1	Ohio	RN	9/30/12	9/30/15	9/30/15
AFSCME	UNAC	1	Southern California	RN	9/30/12	9/30/15	9/30/15
USW	USW L7600	2	Southern California	Health Care Worker	10/1/12	10/1/15	10/1/15
UFCW	UFCW L555	2	Northwest	Radiology	10/31/12	10/31/15	10/31/15
AFSCME	KPASCO/ UNAC	2	Southern California	Optometrist	2/28/13	2/28/16	2/28/16
UFCW	UFCW L7	2	Colorado	Professional	4/2/13	4/2/16	4/2/16
UFCW	UFCW L7	2	Colorado	Mental Health	5/31/13	5/31/16	5/31/16
SEIU	SEIU L49	2	Northwest	Clerical/ Service	6/30/13	6/30/16	6/30/16
SEIU	UHW West	2	Southern California	Moreno Valley	6/30/13	6/30/16	6/30/16
SEIU	L121 RN	2	Southern California	RN	6/30/13	6/30/16	6/30/16
OPEIU	OPEIU L30	2	Southern California	Clerical	7/1/13	7/1/16	7/1/16

Exhibit 3.D continued

LOCAL UNION AGREEMENTS

International Union	Local Union	Group	Region	Bargaining Unit	Current Expiration Date	Extended Expiration Date	Final Bar Date
OPEIU	OPEIU L2	2	Mid-Atlantic States	Professional	9/24/13	9/24/16	9/24/16
SEIU	SEIU L105	2	Colorado	Health Care Worker	9/30/13	9/30/16	9/30/16
SEIU	UHW West	2	Northern California	MSW	9/30/13	9/30/16	9/30/16
SEIU	UHW West	2	Northern California /Southern California	Health Care Worker	9/30/13	9/30/16	9/30/16
AFT	OFNHP L5017	2	Northwest	Technical	10/1/13	10/1/16	9/30/16
AFT	OFNHP L5017	2	Northwest	Hygienist	10/15/13	10/15/16	9/30/16
IFPTE	IFPTE L20	2	Northern California	Genetic Counselor	10/31/13	10/31/16	9/30/16
OPEIU	OPEIU L29	2	Northern California	Clerical/ Technical	11/3/13	11/3/16	9/30/16
OPEIU	HNA	2	Hawaii	RN	11/30/13	11/30/16	9/30/16
OPEIU	OPEIU L2	2	Mid-Atlantic States	Clerical/ Technical	12/15/13	12/15/16	9/30/16
IFPTE	IFPTE L20	2	Northern California	Clinical Lab Scientist	12/29/13	12/29/16	9/30/16
IFPTE	IFPTE L20	2	Northern California	Optometrist	12/29/13	12/29/16	9/30/16
UFCW	UFCW Locals: 135, 324, 770, 1036, 1167, 1428 & 1442	3	Southern California	Pharmacy Non-Prof	2/1/14	2/1/17	9/30/16

Exhibit 3.D continued

LOCAL UNION AGREEMENTS

International Union	Local Union	Group	Region	Bargaining Unit	Current Expiration Date	Extended Expiration Date	Final Bar Date
UFCW	UFCW Locals: 135, 324, 770, 1036, 1428	3	Southern California	Clinical Lab Scientist	5/1/14	5/1/17	9/30/16
ILWU	ILWU L28	3	Northwest	Security Guard	7/17/14	7/17/17	9/30/16
KPNAA	KPNAA	3	Southern California	Anesthetist	9/30/14	9/30/17	9/30/16
UFCW	UFCW L770	3	Southern California	Kern County	11/19/14	11/19/17	9/30/16
UFCW	UFCW L27	3	Mid-Atlantic States	Health Professional	12/11/14	12/11/17	9/30/16
UFCW	UFCW L400	3	Mid-Atlantic States	Health Professional	12/11/14	12/11/17	9/30/16
IBT	IBT L166	3	Southern California	Technical	12/31/14	12/31/17	9/30/16
AFSCME	UNAC	3	Southern California	Case Manager and Care Coordinator	9/30/15	N/A	N/A
AFSCME	UNAC	3	Southern California	Certified Nurse Midwife & Wound O. Continence RNs	9/30/15	N/A	N/A
OPEIU	OPEIU L30	3	Southern California	CSC	10/1/15	10/1/18	9/30/16

NOTES

UNAC/UHCP
CONTACT INFORMATION

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Union of Health Care Professionals

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