LABOR AGREEMENT

between

KAISER PERMANENTE NURSE ANESTHETISTS ASSOCIATION
of
SOUTHERN CALIFORNIA

and

SOUTHERN CALIFORNIA PERMANENTE MEDICAL GROUP

October 2, 2005 – September 30, 2012
Provisions of the local Collective Bargaining Agreement 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 to 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 of the National Agreement.

If there is a conflict, unless expressly stated otherwise, the National Agreement shall supersede the local Collective Bargaining Agreement; 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 Agreements, the National Agreement shall not be interpreted to deprive the employees of such wage, benefit or condition.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>ARTICLE</th>
<th>TITLE</th>
<th>PARAGRAPH</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Recognition</td>
<td>100</td>
</tr>
<tr>
<td>II</td>
<td>Association Security</td>
<td>200</td>
</tr>
<tr>
<td>III</td>
<td>Distribution of Work and Coverage</td>
<td>300</td>
</tr>
<tr>
<td>IV</td>
<td>Nondiscrimination and Affirmative Action</td>
<td>400</td>
</tr>
<tr>
<td>V</td>
<td>Personnel Evaluations</td>
<td>500</td>
</tr>
<tr>
<td>VI</td>
<td>Probationary Period</td>
<td>600</td>
</tr>
<tr>
<td>VII</td>
<td>New Classifications and Technological Changes</td>
<td>700</td>
</tr>
<tr>
<td>VIII</td>
<td>Hours of Work</td>
<td>800</td>
</tr>
<tr>
<td>IX</td>
<td>Job Postings and Filling Vacancies</td>
<td>900</td>
</tr>
<tr>
<td>X</td>
<td>Seniority</td>
<td>1000</td>
</tr>
<tr>
<td>XI</td>
<td>Discipline</td>
<td>1100</td>
</tr>
<tr>
<td>XII</td>
<td>Grievance Procedure</td>
<td>1200</td>
</tr>
<tr>
<td>XIII</td>
<td>Earned Time Off (ETO) Program</td>
<td>1300</td>
</tr>
<tr>
<td>XIV</td>
<td>Educational Leaves</td>
<td>1400</td>
</tr>
<tr>
<td>XV</td>
<td>Tuition Reimbursement</td>
<td>1500</td>
</tr>
<tr>
<td>XVI</td>
<td>Leaves of Absence</td>
<td>1600</td>
</tr>
<tr>
<td>XVII</td>
<td>Bereavement Leave</td>
<td>1700</td>
</tr>
<tr>
<td>XVIII</td>
<td>Insured Benefits</td>
<td>1800</td>
</tr>
<tr>
<td>XIX</td>
<td>Medical Malpractice Insurance</td>
<td>1900</td>
</tr>
<tr>
<td>XX</td>
<td>Compensation</td>
<td>2000</td>
</tr>
<tr>
<td>XXI</td>
<td>Part-time Employees</td>
<td>2100</td>
</tr>
<tr>
<td>XXII</td>
<td>Per Diem Employees</td>
<td>2200</td>
</tr>
<tr>
<td>XXIII</td>
<td>Management</td>
<td>2300</td>
</tr>
<tr>
<td>XXIV</td>
<td>Conformity to Law</td>
<td>2400</td>
</tr>
<tr>
<td>XXV</td>
<td>Health and Safety</td>
<td>2500</td>
</tr>
<tr>
<td>XXVI</td>
<td>No Strike, No Lockout</td>
<td>2600</td>
</tr>
<tr>
<td>XXVII</td>
<td>Liaison Committee</td>
<td>2700</td>
</tr>
<tr>
<td>XXVIII</td>
<td>Expiration and Renewal</td>
<td>2800</td>
</tr>
</tbody>
</table>

## PAGE

- Appendix A – Salary Structures                         49
- Appendix B – Alternate Compensation Program Agreement  51
- Appendix C – An Alternative to Formal Progressive Discipline 54
- Appendix D – Job Share Template                        58
- Appendix E – Per Diem Work Commitment Template         61
- Letter of Understanding                                63

---

**SUPPLEMENT**

National Agreement
AGREEMENT

This Agreement is entered into and effective as of October 2, 2005, by and between the Southern California Permanente Medical Group, hereinafter referred to as the “Employer” and the Kaiser Permanente Nurse Anesthetists Association, hereinafter referred to as the “Association.”

100 ARTICLE I - RECOGNITION

101 The Employer recognizes the Association as the sole and exclusive bargaining agent for all Certified Registered Nurse Anesthetists (CRNAs) and Registered Nurse Anesthetists employed at the facilities of the Employer, with respect to wages, hours and working conditions in accordance with the certification issued by the National Labor Relations Board on July 30, 1979, in Case 31 RC 4519.

102 Excluded from the bargaining unit are all other employees, physicians, registered nurses, student nurse anesthetists, office clerical employees, guards, and supervisors as defined in the National Labor Relations Act, as amended.

200 ARTICLE II - ASSOCIATION SECURITY

201 Section 1 - Association Membership

202 All present employees shall either become and remain members in good standing of the Association within thirty (30) days of execution of this Agreement as a condition of continued employment or pay a service fee to the Association equal to the Association’s usual and customary dues and initiation fees.

203 All employees hired by the Employer subsequent to the ratification of this Agreement shall on the thirty-first (31st) calendar day following the beginning of their employment either become and remain members of the Association as a condition of employment or pay a service fee to the Association equal to the Association’s usual and customary dues and initiation fees.
Association Membership, for the purposes of the two preceding paragraphs, shall be defined as payment of usual and customary dues and initiation fees to the Association or an amount equal thereto as a service fee.

Section 2 - Checkoff

The Employer shall deduct from each Association member's wages, the amount of Association dues and initiation fees uniformly required by the Association of all employees who have voluntarily given written authorization to the Employer.

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 the foregoing provisions of this Article.

Section 3 - Information

At the time of employment, a copy of this Agreement shall be given by the Employer to each employee covered by this Agreement. Within thirty (30) days after the execution date of this Agreement, the Employer will provide the designated Association Representative with a master list of all employees who are subject to the provisions of this Agreement, giving the names, addresses, status (i.e., full-time/part-time/per diem), dates of employment, and rates of pay.

On or before the tenth (10th) of each month subsequent to the establishment of the master list, the Employer will forward to the Association, on a facility by facility basis, the names, addresses, status (i.e., full-time/part-time/per diem), dates of employment and rates of pay of new employees and the names of those employees who have resigned or who have been terminated.

Section 4 - Bulletin Boards

The Employer will provide space on a bulletin board (not less than 17” x 22”) convenient to the employees at each facility for use by the Association for posting of information concerning Association activity.
Section 5 - Association Representatives

The Employer agrees to recognize Association Representatives duly appointed by the Association who may receive concerns and ensure that the terms and conditions of the Agreement are observed, provided that such activity does not interfere with the work assignment of the Association Representative or other employees. On a yearly basis, the Association will notify the Employer in writing of the names and the facilities of all duly appointed Association Representatives. The Employer agrees that there shall be no discrimination against the authorized Association Representative because of Association activity.

Association Representatives will obtain permission from their immediate supervisor to engage in Association activities during work hours and Association Representatives will not be paid for time spent during work hours in Association activities, except when participating in meetings with management during their scheduled working hours.

Meetings scheduled by the Employer and attended by Association (KPNAA) Representatives, which are conducted during the normal scheduled/working hours of said Representatives, will be paid for at straight time. Conversely, when such meetings are convened during a time that the attending Association Representatives are not normally scheduled to work, the Employer will not pay for the time spent at such meetings. Further, the Employer will not pay Association Representatives for time spent in collective bargaining.

Upon request and provided space is available, Association meetings may be held at a medical center. Such Association meetings may be canceled in favor of other requests of a higher priority. The Employer will determine the priority of all such requests.

Duly authorized Association Representatives shall be permitted at all reasonable times to enter the facilities operated by the Employer when such visits are necessitated by matters concerning the administration of this Agreement, and for observing conditions under which members are employed. This authorization is made with the understanding that the Association Representatives shall, upon arrival at the facility, notify the Human Resources Director (or designee) of the intent to transact Association business, and provided further that no interference with the work of employees or the confidentiality and privacy of patient care shall result. Upon entering the department, the Association Representative will check with the Supervisor or designee if available.
ARTICLE III - DISTRIBUTION OF WORK AND COVERAGE

The Employer and the Association recognize and agree there is a need to allow management personnel that are Certified Registered Nurse Anesthetists, Anesthesiologists, and student Nurse Anesthetists to perform work normally performed by the Certified Registered Nurse Anesthetists and Registered Nurse Anesthetists. However, with regard to management personnel that are Certified Registered Nurse Anesthetists, the Employer and Association agree that they will perform such work normally performed by employees covered by this Agreement for the following reasons:

To maintain professional skills; to provide Extended Sick Leave relief as needed; to provide Earned Time Off relief as needed; to work during emergency situations; and to serve in various instructional capacities. Furthermore, the parties agree that a manager may be on the work schedule when there is insufficient staff to accommodate the anticipated workload. There will be a review annually or more often of work performed by management personnel if requested by either the Employer or the Association. The performance of bargaining unit work by management personnel may be limited at that time.

The parties recognize the professional status of CRNAs and as a matter of policy agree to work collaboratively on issues regarding CRNA practice with the Employer. To that end, CRNAs have the opportunity to participate in shared governance/unit based teams to provide a forum for issues resolution and for joint decision making in areas of scheduling, recruitment and retention, rewards and recognition and other initiatives to meet the needs of the organization. All employees are encouraged to participate in these activities as part of the professional role of the CRNA.

At Satellite Facilities (definition: a self-standing building under the administration of a main Medical Center), only one (1) Supervisor (or, alternatively, Assistant Supervisor) shall be permitted to perform Bargaining Unit work at each Satellite Facility and only when at least one (1) full-time Bargaining Unit CRNA is assigned to that facility.

The services covered by this Agreement (i.e., administering of anesthesia) are those listed in the Regional Job Description, and such services shall only be performed by members of the Bargaining Unit, management personnel that are Certified Registered Nurse Anesthetists, Anesthesiologists and Student Nurse Anesthetists. The parties also agree
that there are other duties not listed in the Regional Job Description which may be performed in whole or in part by members of the Bargaining Unit.

305 It is the Employer's intent to continue its current policy of employing Certified Registered Nurse Anesthetists and Board Eligible Nurse Anesthetists.

400 ARTICLE IV - NONDISCRIMINATION AND AFFIRMATIVE ACTION

401 The Employer and the Association agree to foster the principles of affirmative action and agree that there shall be no discrimination against any employee or applicant because of race, color, religion, creed, national origin, ancestry, sex, age, physical handicap, mental handicap or veteran status as provided by law.

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

403 The Employer recognizes the professional status and individual qualifications of members of the bargaining unit. The Employer will not unfairly discriminate between equally qualified Nurse Anesthetists in the application of the terms and provisions of this Agreement.

500 ARTICLE V - PERSONNEL EVALUATIONS

501 All employees shall be given an opportunity to read and comment upon any performance evaluation or corrective action prior to the placement of such material in their personnel file. Copies of such material shall be given to the employee at the time the document is issued. The employee shall sign and date such material only as proof of receipt. Employees may submit written rebuttals to performance evaluations or corrective action and such rebuttals will be attached to the material in the file.
ARTICLE VI - PROBATIONARY PERIOD

The probationary period for all new employees covered by this Agreement will consist of the first six (6) months of employment. Probationary employees shall be entitled to all rights and privileges as set forth in this Agreement, except that probationary employees can be disciplined and/or discharged without recourse to the Grievance Procedure as set forth in Article XII. An extension of the probationary period, in lieu of termination, may be granted upon the request of the Employer and the written approval of the Association. Additionally, employees may not submit a transfer request during their initial six (6) month probation. A personnel evaluation, in writing, shall be provided to an employee upon completion of the probationary period, or upon termination, if requested.

ARTICLE VII - NEW CLASSIFICATIONS AND TECHNOLOGICAL CHANGES

Section 1 - New Classifications

The Employer retains the right to establish new classifications; however, prior to the implementation of any such new classification, the Employer will confer with the Association with a view toward reaching mutual agreement regarding the rationale for the new classification and the proposed interim rate.

In the event no agreement is reached on the wage rate, the Employer may implement the interim rate; and, the Association may use the grievance procedure in objecting to the rate established for the classification. In the event the grievance reaches arbitration, the arbitrator will base his decision on internal wage rates and the community wage comparisons.

If no grievance is filed within the time limits specified in Article XII Grievance Procedure, the interim rate shall be considered permanent.

Section 2 - Technological Changes

The Employer shall retain the right to institute technological and/or procedural changes.
ARTICLE VIII - HOURS OF WORK

Section 1 - Professional Hours

The parties recognize the Professional nature of work performed by employees covered by this Agreement. While each full-time employee 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 work load. The Employer agrees to provide full-time employees eighty (80) hours of pay on a biweekly basis. However, if an employee is off work on a non-compensated employee initiated absence, the employee is not guaranteed eighty (80) hours of pay. The scheduling of hours during the week shall be established by the Chief of Service, or designee. The CRNA schedule will be facility specific. The creation of the schedule and the changes to meet the needs of the facility and the employee(s) will be a collaborative effort between the facility department administration and the employees. Nothing in this Agreement shall prevent CRNAs from mutually agreeing to exchange shifts with the prior approval of the Supervisor, and such approval will not be unreasonably withheld. In the event it becomes necessary to change the posted schedule, the Chief of Service or designee will give affected employees as much notice as possible. Consideration shall be made for extenuating circumstances.

Where conditions require that a CRNA work beyond his or her scheduled hours, the CRNA will perform such required services without additional compensation. Conversely, where the duties of any CRNA are not required, such CRNA will be released from duty. The Employer will make every reasonable effort to provide staffing which is adequate for the expected work load.

Should a full-time CRNA accept a work assignment to begin prior to the start of his/her normal shift which results in the CRNA working hours additional to his/her normal scheduled shift, or should a CRNA accept the assignment of additional hours (following the completion of all work contemplated in the first sentence of Paragraph 803 and/or Paragraph 2010) all such additional hours shall be paid at the CRNAs regular straight time hourly rate.

Part-time employees 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. In all cases employees will account for scheduled hours worked by writing the scheduled hours on a form
provided by the Employer. Non-scheduled hours (except in the extenuating circumstances contemplated by Paragraph 803) will be accounted for by the employee and paid by the Employer on a starting and stopping time basis.

806 Section 2 - Compulsory Hours

807 Full-time employees who work on their scheduled day off, and such schedule is not due to an exchange of shifts between CRNAs, such hours shall be paid at the CRNAs regular straight time hourly rate.

808 Should all employees refuse an Employer's request to work on all or part of a day or shift on which they are not scheduled to work, the Employer will assign full-time and part-time employees to work the required hours. Such assignment of employees will be rotated starting with inverse facility seniority of all employees available to work the additional hours. Interpretation of “availability” will be determined by the Employer and Association at each facility based on operational needs.

809 Section 3 - Notice of Intended Absence

810 Employees who are required to be absent from work for any reason will provide their immediate supervisor or designated representative at the facility with reasonable notice (two (2) hours where practical) of such intended absences, and the reasons, therefore.

811 Section 4 - Job Sharing

812 Nothing in this Agreement is intended to prevent two (2) individuals from sharing a job with the approval of the Employer and the Association. The parties agree to meet and discuss, in good faith, all job share requests. The Employer agrees to give consideration to all such employee requests predicated on justifiable reasons. If three or more employees are interested in the same job share, the position will be awarded by seniority and compatibility.
ARTICLE IX - JOB POSTINGS AND FILLING VACANCIES

Section 1 - Job Postings

To expedite the administration of this Article, permanent position vacancies in any facility shall be posted in all of the facilities with covered employees for seven (7) calendar days. Employees may submit interfacility transfer requests, through their Human Resources Director, on the appropriate form provided by the Employer. Job postings pursuant to this Article shall be made available to the Business Representative of the Association on Thursday of each week.

Section 2 - Filling Vacancies

In filling any vacancy covered by this agreement all qualified transfer applicants, with demonstrated satisfactory job performance, who wish to be considered must apply within the posting requirements of Section 1. The most senior qualified applicant shall be selected for a posted position. If a transfer request is submitted by a qualified bargaining unit applicant after the seven (7) day posting period and a written offer of employment has not been extended, the more senior qualified employee shall be selected. Further, qualified outside applicants may also be considered and will be given seniority equivalent to Regional seniority (for hiring purposes only) based on the following schedule:

<table>
<thead>
<tr>
<th>Previous Years of Experience</th>
<th>Seniority Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 1 Years Experience</td>
<td>0</td>
</tr>
<tr>
<td>1 - 3 Years Experience</td>
<td>6 Months</td>
</tr>
<tr>
<td>3 or More Years Experience</td>
<td>1 Year</td>
</tr>
</tbody>
</table>

Section 3 – Evaluation Period

Employees who transfer to a position covered by this agreement shall undergo a forty (40) working day evaluation period during which an employee who fails to meet the medical center standards of practice shall be returned to their former position. The Employer may extend the evaluation period up to an additional twenty (20) working days. Additionally, an employee may choose to return to her/his former position at any time during the length of their evaluation period.

When the prompt transfer of an employee results in a serious understaffing at the employee's original facility, the original facility may delay the employee's actual transfer for sixty (60) days.
Where more than one employee 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 negotiated between management at the affected facilities, the Association Representative, and the employee(s).

Where an employee has been selected for transfer to a facility, the employee’s seniority at such facility shall commence with the date of his/her selection. Employees 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 and, if requested, the reasons for their non-selection.

Section 4 - Interfacility Transfers

In an extreme emergency, an employee may be asked to temporarily assist in the work load at another facility. There will be no effect on the employee’s seniority at the home facility.

Section 5 - Degrees

Whenever a degree is required as a condition of employment, the Employer will ensure that only those degrees that satisfy the intent of the requirement will be accepted.

ARTICLE X - SENIORITY

Section 1 - Seniority Definition

For the purposes of reduction in force the following definition of seniority shall apply:

Regional Seniority (within SCPMG) shall be based upon the total number of compensated hours in a CRNA covered position(s) with the Employer beginning with the last date of hire.

For the purposes of holiday and ETO - vacation selection, the following definition of seniority shall apply:

Facility seniority (within SCPMG) for full-time employees shall be based on the date selected for transfer or the date hired into a position in the
facility. Facility seniority for part-time employees is based on compensated hours at the facility. 2,000 hours is equivalent to a year of service. Facility shall be defined as the medical center and attached satellite medical offices and/or operating rooms.

The employees and Management may mutually agree on holiday/vacation selection guidelines at each facility other than outlined in Article XIII, Paragraph 1322-Earned Time Off For Vacation Selection.

1004 Section 2 - Loss of Seniority

1005 Any employee covered by this Agreement shall lose all seniority rights under this Article upon being discharged for just cause, voluntary resignation, being on layoff status for a period in excess of one (1) year (except those employees with five (5) or more years of service may remain on layoff status with all rights vested for a period of two (2) years) or failure to return to work following an authorized leave of absence.

1006 Section 3 - Service Credit

1007 Service Credit shall be defined as the length of continuous employment with the Employer less any absence from employment except regularly scheduled days off which exceed sixty (60) calendar days for which no compensation is received. Service Credit shall continue during the period of absence due to industrial injury.

1008 Section 4 - Reduction in Force

1009 In the event of a reduction in force or hours, the Employer agrees to meet to inform the Association of such reduction in force or hours. A reduction of hours and/or force shall be accomplished by facility on the basis of Regional Seniority (within SCPMG).

1010 The employee(s) who has been laid off at an affected facility may exercise his/her Regional Seniority, if any, by displacing the least senior CRNA having the least Regional Seniority within the bargaining unit. Failure to exercise Regional Seniority as described above shall result in the layoff of the affected employee. The order of reduction shall occur as follows:

First Per Diem CRNAs.

Second Part-time and/or full-time CRNAs based solely on Regional Seniority as defined in Paragraph 1002.
An employee who has been laid off or whose hours have been reduced pursuant to this section shall be offered, in reverse order of layoff, the first available vacancy or increase in hours as the case may be before a new employee is hired. The order of call back shall occur as follows:

First Part-time and/or full-time CRNAs based solely on Regional Seniority as defined in Paragraph 1002.

Second Per Diem CRNAs.

An employee on layoff status shall have rights to rehire for one (1) year, except those employees with two (2) or more years of service may remain on layoff for two (2) years from the date the employee was placed in such status. Employees with less than one (1) year of service at the time of layoff shall have recall rights for a period of time equal to the length of service. An employee who is laid off after one (1) year of service will be given one (1) week’s severance pay in lieu of notice. An employee with ten (10) years or more of service who is laid off will be given two (2) weeks severance pay in lieu of notice. The Employer will endeavor to give as much notice as possible in the event of a reduction in force.

Section 5 - Return to the Bargaining Unit

When a CRNA returns to the bargaining unit within one (1) year from another position held with the Employer, which is not covered by this Agreement, the CRNA shall have Regional Seniority for purposes of wage placement, job bidding, transfer or layoff based on the amount of time the CRNA had previously spent in the bargaining unit. If the CRNA returns to a covered position at their last facility, the CRNA will retain their previous Facility seniority.

When a CRNA returns to the bargaining unit after one (1) year from another position held with the Employer, which is not covered by this Agreement, the CRNA shall have Regional Seniority for purposes of wage placement only based on the amount of time the CRNA had previously spent in the bargaining unit.

If a CRNA terminates employment and is subsequently rehired into the bargaining unit within six (6) months that CRNA shall retain all previously accrued service credit for wages and benefits only.

ARTICLE XI - DISCIPLINE
1101 The Employer shall discipline, suspend and discharge any non-probationary employee for just cause only. It is the intent of the Employer to use progressive discipline in normal circumstances. Where appropriate, the Employer will use informal corrective action such as verbal counseling and/or documented counseling prior to issuing of formal discipline. Formal discipline imposed may include any or all of the following: Written Notice of Disciplinary Action, Suspension and Discharge. With respect to discipline, the Employer will exercise reasonable judgment in disciplining employees by providing at least one (1) written warning prior to disciplinary action, except that such written warning shall not be required where the employee is guilty of gross misconduct (such as substance abuse, physical altercations or theft) or gross neglect of duty which could result in immediate termination. All employees shall be given the right to have the local Association representative present at any meeting with supervisors or management representatives when such meetings are accusatory or disciplinary in nature. Prior to beginning any accusatory or disciplinary interview, the supervisor will inform the CRNA of the nature of the interview.

1102 It shall not be a violation of this Agreement and it shall not be cause for discipline, including discharge, if a CRNA refuses to perform any service which but for the existence of a lawful, primary labor dispute would be performed by other employees of the Employer, except in cases of extreme emergencies.

1103 Any material relating to corrective action for which there has been no recurrence for twelve (12) months shall not be used as a basis for progressive corrective action in any future matters and will be removed from the file after twelve (12) months from the date of occurrence. Employees will have reasonable access to review their files to ensure that outdated letters of corrective action have been removed. If an employee is absent for thirty (30) or more calendar days, the entire period will be added to the prescribed time limit for current letters of corrective action.

1104 All employees shall be given the opportunity to read and review any formalized concern with respect to care or services rendered by the Certified Registered Nurse Anesthetist.

1200 ARTICLE XII - GRIEVANCE PROCEDURE

1201 Section 1 - Grievance
Both the Employer and the Association pledge their continuing efforts to secure prompt disposition of requests, complaints and grievances and agree that most disputes can be, should be and will be resolved in informal discussions. A grievance as referred to in this Article is any dispute arising between the parties concerning the interpretation or application of the provisions of this Agreement or any disagreements relating to wages, hours of work, or company rules. The parties also agree that there exists a mutual obligation to adhere to reasonable organizational policies and procedures which shall be consistent with this Agreement when applicable. Each grievance must be initiated in writing at the first step within thirty (30) calendar days after the occurrence or knowledge of the event causing the grievance or the grievance shall be considered waived. The grievance procedure shall consist of the following steps:

Section 2 - Step I

The employee and/or her/his Association Representative shall confer with the employee’s Department Administrator in an attempt to settle the matter. A meeting to resolve this shall be held within seven (7) calendar days of notification of grievance. If the matter cannot be resolved, the Department Administrator shall respond to the grievant in writing within seven (7) calendar days following the meeting.
Section 3 - Step II

In order for a grievance to be considered further, an appeal setting forth the complaint, the specific violation and the remedy sought shall be filed in writing with the local Human Resources Director (or designee) at the facility within seven (7) calendar days after receipt of the Step I response. Following receipt of the written appeal a meeting shall be held within seven (7) calendar days between the aggrieved, the Association Representative and the Medical Group Administrator (or designee), and the Human Resources Director (or designee) to resolve the issue. The Human Resources Director (or designee) shall respond in writing to the Association Representative within seven (7) calendar days after the meeting.

All termination grievances shall be referred immediately to this Step within ten (10) calendar days from the date of the termination.

Section 4 - Step III

In order for a grievance to be considered further, an appeal shall be filed in writing with the Manager of Labor Relations (or designee), within ten (10) calendar days after receipt of the Step II response. Following receipt of the written appeal, a meeting shall be held within ten (10) calendar days between the Association Representative and the Manager of Labor Relations (or designee) to resolve the issue. The Manager of Labor Relations (or designee) shall respond in writing to the Association Representative within fourteen (14) calendar days after the meeting.

Section 5 - Step IV Arbitration

After receipt of the Employer's Step III response, the Association shall have fourteen (14) calendar days to appeal the grievance to arbitration. A grievance appealed to arbitration shall be submitted to the arbitrator who shall be impartial and who shall be appointed by mutual agreement of the parties. In the event mutual agreement cannot be reached on an arbitrator within ten (10) calendar days of the receipt of notice of appeal to arbitration, the Federal Mediation and Conciliation Service shall be asked to name a panel of five (5) individuals from which one (1) name shall be selected by the parties within five (5) calendar days after the receipt by alternating striking names. The arbitrator shall have jurisdiction and authority only to interpret, apply or determine compliance with specific terms of this Agreement and shall not have jurisdiction to add to, detract from, or alter in any way, the provisions of this Agreement. An arbitrator has no authority to order an interest payment, punitive damages,
or expenses (such as attorney’s fees, witness fees, travel expenses) in conjunction with any back pay award. Any decision within the jurisdiction of the arbitrator shall be final and binding on all concerned. The expenses of the services of an arbitrator shall be shared equally by the Employer and the Association.

1212 Section 6 - General Provisions

1213 Grievances may be referred back for further consideration or discussion to a prior step or advance to a higher step in the grievance procedure by mutual agreement. Time limits specified in the processing of grievances may be waived by mutual agreement. Participation at each step of the grievance procedure shall be limited to the employee(s), Association representative(s), Employer representative(s), witnesses as appropriate, to the exclusion of all others. Either party may, by notice to the other party, unilaterally one time only extend by seven (7) calendar days the time limits for meetings on or responding to a grievance.

1214 Should the Employer or Association fail to respond in writing or meet when required within the specified time limits, the grievance shall automatically progress to the next step of the grievance procedure.

1300 ARTICLE XIII - EARNED TIME OFF (ETO) PROGRAM

1301 The Earned Time Off Program is comprised of the following three (3) components:

- Designated Holidays
- Earned Time Off
- Extended Sick Leave

1302 Section 1 - Designated Holidays

1303 The following days are designated as paid holidays:

- New Year’s Day
- Labor Day
- Memorial Day
- Thanksgiving Day
- Independence Day
- Christmas Day
Designated Holiday Schedule

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. In the event any deviation from the designated holiday schedule is proposed by the Employer, the parties will meet to discuss the issue. There will be no deviation from the schedule unless there is mutual agreement among the parties. CRNAs at a facility may plan and implement an alternate holiday selection process using Interest Based Negotiations.

Eligibility for Designated Holiday Pay

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

Designated Holiday Not Worked

A full-time employee shall receive eight (8) hours pay for holiday not worked. If an employee’s scheduled day off falls on a designated holiday, the employee will receive eight (8) hours pay for that day or an additional day off with eight (8) hours pay. Full-time employees shall not suffer a reduction in pay during a pay period in which a designated holiday occurs. Employees who are scheduled to work less than forty (40) hours per week shall receive prorated holiday pay based upon their weekly scheduled hours for holiday hours not worked.

Designated Holiday Worked

For all hours worked on a designated holiday, employees will be paid two (2) times their regular rate of pay (plus appropriate shift differential), unless an arrangement is made to pay the employee straight time and schedule an additional day off with pay. The additional day off will be paid at eight (8) straight time hours. The Employer shall consider the desire of employees when determining the method of holiday compensation; however, the final determination rests with the Employer subject to the efficiency of operations.
Section 2 - Earned Time Off (ETO) Account

The Earned Time Off eligibility date shall mean that period of continuous employment with the Employer less any absence from employment which exceeds sixty-one (61) calendar days for which no compensation is received.

Leaves of absence for sixty (60) days or less will not affect the ETO eligibility date. Leaves of absence for more than sixty-one (61) days 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 1802).

Each full-time employee shall accrue paid time off benefits on a monthly basis in accordance with the following schedule:

<table>
<thead>
<tr>
<th>Length of Service</th>
<th>Hours per Month</th>
<th>Days per Month</th>
<th>Days per Year*</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 4 Years</td>
<td>14.00</td>
<td>1.75</td>
<td>21.00</td>
</tr>
<tr>
<td>5 – 8 Years</td>
<td>17.33</td>
<td>2.17</td>
<td>26.00</td>
</tr>
<tr>
<td>9 – 10 Years</td>
<td>20.66</td>
<td>2.58</td>
<td>31.00</td>
</tr>
<tr>
<td>11 Years or More</td>
<td>24.00</td>
<td>3.00</td>
<td>36.00</td>
</tr>
</tbody>
</table>

*Rounded to two (2) decimal places.

Part-time employees will accrue paid time off benefits on a monthly basis.

Use of Earned Time Off

Earned Time Off can be used for any reason, such as illness, vacation or personal/family reasons. Planned time off for other than ETO - vacation scheduling should be scheduled according to each department’s policy or practice of granting paid time off. When same day requests occur, employees must use the existing departmental notification procedure. The employee is expected to report the absence to his or her supervisor as soon as the employee has knowledge of the needed absence. The employee must report the reason for the absence and the anticipated length of the absence when reporting any same day absence. The maximum number of hours that can be accumulated in an employee’s ETO account is five-hundred (500) hours.

Earned Time Off taken for family leave purposes will run concurrently with Family Leave.
Use of Earned Time Off for Vacation

Earned Time Off for vacation may be split with the approval of the employee and the immediate supervisor. While ETO for vacation will normally be taken in increments of five (5) consecutive workdays, an employee may request ETO - vacation in increments of less than five (5) consecutive workdays, and such requests will not be unreasonably denied. However, the final right to grant such requests is reserved to the Employer subject to the efficiency of operations of the department.

Earned Time Off for Vacation Selection

Full-time and part-time employees will select and schedule ETO-vacations in accordance with the following procedure:

1. ETO - vacations will be selected and scheduled on a facility by facility basis in accordance with seniority. Seniority, for ETO - vacation selection and scheduling, will be defined as follows:
   
   A. Facility Seniority, as defined in Article X - Seniority, Section 1 - Seniority Definition.
   
   B. If two (2) or more individuals have the same facility seniority date, then the continuous service date will determine ETO - vacation selection.
   
   C. If two (2) or more individuals have the same facility seniority and continuous service date, then the individuals will select ETO - vacation in alphabetical order.

2. The ETO - vacation year shall be from January 1 until December 31 of the same year. An ETO - vacation calendar covering this period shall be posted on September 1 for the following year, and a list of employees in seniority order will also be posted. The ETO - Vacation Planning Schedule will indicate the number of persons allowed to take ETO - vacation concurrently. The posting shall be for one (1) month.

3. During the month of September, employees may select ETO - vacations in seniority order as listed in the ETO - Vacation Planning Schedule. Employees will rotationally take their first vacation selection using their facility seniority. If the employee has sufficient ETO time remaining, they may rotationally make a second and subsequent selections using facility seniority.
The ETO-vacation schedule will be completed and posted by October 1 for staff planning.

4. Employees may schedule ETO-vacation to a maximum of their anticipated accrual at the time of ETO-vacation. CRNAs at a facility may plan and implement an alternate vacation selection process using Interest Based Negotiations.

5. Employees may elect not to select ETO-vacation during the month of September and may make unscheduled ETO-vacation requests at any time. However, unscheduled ETO-vacations will be restricted to open dates not previously filled by scheduled ETO-vacations or approved leaves of absence. In addition, the Employer shall have the right to require that requests for unscheduled ETO-vacations be submitted at least four (4) weeks in advance; and such requests, if approved, shall be granted on the basis of date of earliest submission.

6. Employees may request ETO-vacation schedule changes at any time. However, ETO-vacation schedule changes will be restricted to open dates not previously filled by scheduled ETO-vacations or approved leaves of absence. In addition, employees will be required to submit ETO-vacation schedule changes at least four (4) weeks in advance; and, such changes shall be granted on the basis of date of earliest submission.

7. Employees transferring from one facility to another facility will be required to select ETO-vacation in accordance with the ETO-Vacation Planning Schedule in effect for the new facility. Further, the employee will be restricted to open dates not previously filled by scheduled ETO-vacations or approved leaves of absence.

8. Employees wanting to cancel scheduled ETO-vacation or approved leave of absence must give notice in writing no later than four (4) weeks prior to start of ETO-vacation or leave. It is the Employer's intent not to change the scheduled ETO-vacation unless necessitated for the efficiency of operations. In the event it is necessary to change an employee's scheduled ETO-vacation, the Employer will give four (4) weeks notice of such change. In this case, the ETO-vacation will be mutually rescheduled.

9. Employees may request non-emergency personal leaves of absence, for the ETO-vacation calendar year, in accordance with the provisions of Article XVI - Leaves of Absence, Section 2 -
Personal Leaves. However, requests for non-emergency personal leaves of absence will be considered only for open dates not previously filled by scheduled ETO - vacations or approved leaves of absence. In addition, employees will be required to submit requests for such leaves at least four (4) weeks in advance; and, such request shall be granted on the basis of date of earliest submission, if scheduling and staffing permit.

1324 Scheduling and staffing permitting, ETO - vacations shall be granted at the time desired by the employee. However, where efficient operation of the facility does not permit granting a requested ETO - vacation, such ETO - vacation shall be scheduled by mutual agreement.

1325 ETO - Vacation Pay

1326 ETO - vacation pay for employees shall be at the hourly rate in effect at the time ETO - vacation is taken. Part-time employees who are scheduled to work less than forty (40) hours per week shall have their ETO - vacation pay prorated on the basis of scheduled hours.

1327 In-Service Cash Out-Option

1328 Eligible employees may elect to cash-out ETO hours during the annual election period in accordance with the Employer’s existing policy.

1329 Section 3 - Extended Sick Leave (ESL) Bank

1330 In addition to the ETO Account, there is an Extended Sick Leave Bank. Employees may use the hours in the ESL Bank on the first day of hospitalization or after three (3) consecutive calendar days of disability. Employees will accrue six (6) hours of ESL each month. The Employer may require certification of illness and/or disability sufficient to justify the employee’s absence from work for the period claimed.

1331 Part-time employees will accrue ESL hours prorated based upon their regular weekly scheduled hours.

1332 Extended Sick Leave taken for family leave purposes will run concurrent with Family Leave.

1333 Employees shall not receive shift differential with ESL.

1334 Integration With State Disability Insurance/Workers’ Compensation
If an employee is eligible for State Disability Insurance (SDI) or Workers’ Compensation payments, integration with paid ETO and/or ESL shall occur.

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

Leaves taken for medical reasons, including work related illnesses/injuries, will run concurrent with Family Leave.

Employees with an Extended Sick Leave Bank of two hundred and fifty (250) or more hours at the time of termination or retirement will have all unused hours in their Extended Sick Leave Bank converted to Credited Service for Basic Pension Plan calculation purposes provided they are vested in the pension plan.

The contents of an employee'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 employee’s medical records be restricted to this use. All other uses are unauthorized.

1400 ARTICLE XIV - EDUCATIONAL LEAVES

1401 Section 1 - Paid Educational Leave

Upon completion of one (1) year of service, each employee who is regularly scheduled to work a minimum of thirty-two (32) hours per week, will earn paid Educational Leave at the rate of five (5) working
days per year. Employees scheduled to work less than thirty-two (32) hours per week will earn paid Educational Leave at the rate of three (3) working days per year.

1403 Paid Educational Leave is designed to protect an employee's regular earnings, excluding shift differential, while attending educational meetings. Compensatory time off will be granted for Educational Leave taken on a day that an employee is not scheduled to work.

1404 Educational Leave must be approved in advance by the Employer and may be taken in full days or in hourly increments. Educational Leave may be cumulative from year to year to a maximum of three (3) years (i.e., fifteen (15) days for full-time employees and nine (9) days for part-time employees scheduled less than thirty-two (32) hours per week).

1405 Requests for such leave shall be made in writing setting forth the details, i.e., dates, hours, subject, facility and purpose. Pay for Educational Leave will be authorized upon presentation to the supervisor of a Certification of Attendance, or other proof of attendance.

1406 Section 2 - Unpaid Educational Leave

1407 Incidental unpaid time off for the purpose of attending educational programs shall be given consideration and may be granted at the sole discretion of the Employer.

1500 ARTICLE XV - TUITION REIMBURSEMENT

1501 CRNAs shall be entitled to participate in the Kaiser Permanente Tuition Reimbursement Program as set forth in the Employer's policy.

1600 ARTICLE XVI - LEAVES OF ABSENCE

1601 Section 1 - Eligibility

1602 Leaves of absence without pay may be granted to employees at the discretion of the Employer. All requests for leaves of absence by employees shall be requested in writing on the form provided by the Employer. In order to be eligible for a leave of absence, an employee must have at least six (6) months 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. Leaves of absence for sixty (60) days or less will not affect continuous service. 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.

1603 Section 2 - Personal Leave

1604 The Employer shall give consideration to granting employees nonemergency personal leaves of absence without pay. Non-emergency leaves of absence may be granted for specific time periods not to exceed thirty (30) calendar days. The Employer shall consider the effect the granting of the request will have upon the operation of the facility. In addition, the requesting and scheduling of such non-emergency leaves will adhere to the procedures set forth in Article XIII - Earned Time Off Program, Paragraph 1322 - Earned Time Off for Vacation Selection.

1605 In justifiable circumstances, the Employer may grant emergency leaves of absence, without pay, to employees for specific time periods not to exceed ninety (90) calendar days.

1606 Section 3 - Family Leave of Absence

1607 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 of 1993, as amended. Any alleged violations of this paragraph must be pursued under the procedures of those acts.

1608 Section 4 - Parental Leave of Absence

1609 A parental leave of absence without pay may be granted to a CRNA. Such leave shall commence on the date of arrival of a natural or adopted child, except in the case of a natural child such leave may commence thirty (30) days prior to the expected arrival date. Parental leaves will not extend beyond sixty (60) days from the date of arrival of the child.
Section 5 - Medical Leave

Upon the exhaustion of accrued Extended Sick Leave benefits, leaves of absence without pay for non-industrial disabilities, including conditions related to pregnancy, shall be granted for the period of disability, provided the employee furnishes a physician's certification setting forth the necessity for such a leave and the anticipated duration of the disability. Physician recertification will be required at the expiration of each previous certification for continued eligibility.

Medical leaves of absence shall not normally exceed a total of one-hundred twenty (120) calendar days for those employees with less than three (3) years of service and three hundred sixty (360) calendar days for those employees with three (3) or more years of service. Each leave of absence will be treated independently unless it is for the same episode of illness and three (3) months have not elapsed between leaves of absence.

No employee will be compelled by the Employer to take Earned Time Off (ETO) during a period of medical leave. However, prior to the commencement of the medical leave, an employee may request payment of accrued ETO hours prior to the exhaustion of Extended Sick Leave hours to delay the commencement of a medical leave. An employee may request ETO hours during the course of a medical leave. ETO hours received while on a medical leave will constitute additional income only, and will not extend the length of the leave. Upon conclusion of a medical leave, Earned Time Off requests may, by mutual agreement, be granted.

Section 6 - Occupational Injury or Illness

Commencing on the first (1st) day of employment, employees who sustain an occupational injury or illness, covered by Workers’ Compensation, will be eligible for an occupational injury or illness leave of absence. Such leave of absence will be provided up to a maximum of two (2) years. If an employee does not return to work within the two (2) year limit, they will be terminated.

An employee qualified to return to unrestricted duty by physician certification will be returned to a former or comparable position provided such action does not entail any addition to the existing staff and such occurs within a reasonable period of time. This is not to be construed as a guaranteed job placement.
Section 7 - Military Leave

Leaves of absence for military service commitments shall be granted to all employees with full reemployment rights extended. All employees will be afforded the opportunity to take a Military Leave of Absence in accordance with the Employer’s current policies.

The Employer will comply with the provisions of USERRA, as amended.

The Employer agrees that employees on extended military duty will have their Earned Time Off, Extended Sick Leave and other benefits restored upon reinstatement in accordance with applicable Federal statutes.

In those cases where employees are in reserve status and serve an annual two (2) week commitment, Earned Time Off may be granted during the leave of absence. The employee will notify the affected supervisor of the dates of Military Leave obligation as soon as possible after the employee learns of those dates.

Section 8 - Jury Duty

Employees required to report for jury services, or to give depositions, or attend preparation meetings requested by the Employer, or subpoenaed to appear as a witness in a judicial procedure arising out of their employment will be excused from work on such days and shall receive on days they otherwise would have worked their regular pay and any amount of jury pay or witness fees received. The employee must provide verification of having been directed to report in connection with jury service or the subpoena. Shift differential is excluded from regular pay for Jury Service only.

CRNA shall receive paid leave for jury duty for duration of such service. There will be no offset to CRNA’s pay nor collection of jury duty pay provided by the courts.

On any day of jury service in which an employee is excused entirely or in sufficient time to permit the employee to return to work for a minimum of one-half (1/2) her/his scheduled workday she/he shall be required to report to work. However, the Association and Employer agree that there may be instances (such as staffing or travel time) when it would not be necessary or feasible for an employee to report to work to complete a half (1/2) day or more of his/her normal scheduled workday. Consequently, the parties agree that when such instances occur the employee and
Supervisor may, by mutual agreement, determine that the employee should not be required to report to work.

Section 9 - Personal Time Off

Employees may request personal time off without pay for short periods of time not to exceed five (5) consecutive work days. In determining whether such requests shall be granted, the Employer shall consider the effect the granting of the request will have upon the operation of the facility.

Section 10 - Return from Leave of Absence

Employees shall give as much notice as possible of their intent to return from an authorized leave of absence. Prior notice of two (2) weeks must be given by an employee to their immediate supervisor as a condition of reinstatement to a position. However, when conditions permit, the Employer will attempt to reinstate employees returning from a leave of absence earlier than two (2) weeks. Such employees shall be reinstated to their former or like position in which they were employed prior to the leave of absence, but, if conditions have so changed that it is not reasonable to reinstate the employee to their former or like position, the Employer will reinstate the employee to a position that is as nearly comparable to their original position with respect to hours, wages, benefits, etc., as is reasonable under the circumstances and will give such employee prior consideration for reinstatement into a like position when comparable vacancies occur.

Section 11 - Benefits While on Leave of Absence

Premiums for continued Health Plan Coverage, Dental Plan and Group Life Insurance coverage during an authorized leave of absence will be paid by the Employer for a period not to exceed thirty (30) days providing three (3) calendar months elapse between incidents of application. Coverage beyond thirty (30) days shall be paid by the employee if continued coverage is desired. Health Plan Coverage will be continued at Employer expense during the entire period of an approved medical or industrial leave of absence, providing three (3) calendar months elapse between incidents of application. Dental coverage will be continued at Employer expense during the entire period of an industrial leave of absence.

ARTICLE XVII - BEREAVEMENT LEAVE

Effective the first day of the month following eligibility, all full-time and part-time employees are eligible for bereavement leave, unless the
bereavement leave has been waived by participation in the Alternate Compensation Program. Employees shall be granted up to three (3) days paid Bereavement Leave upon the death of their immediate family member. 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.

1702 Immediate family for Bereavement Leave is defined as:

- spouse or domestic partner who is registered with the state or has a KP affidavit of domestic partnership 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

1800 ARTICLE XVIII - INSURED BENEFITS

1801 Section 1 - Health Plan Coverage

1802 Each employee regularly scheduled twenty (20) or more hours per week and their eligible dependents are entitled to Kaiser Foundation Health Plan Coverage, to include a prescription drug program, vision care and mental health services, Employer-paid, effective on date of hire. There will be a five dollar ($5.00) co-payment for each medical office visit and for each prescription (up to a 100 day supply).

1803 There is a Coordination of Benefits (COB) provision under the Kaiser Foundation Health Plan Coverage.

1804 A durable medical equipment benefit, including orthotics and prosthetics, is included under Kaiser Foundation Health Plan Coverage.
1805 Eligible dependents will include spouse or eligible domestic partner, unmarried dependent children up to the age of twenty-five (25), including stepchildren, and physically handicapped or mentally retarded children regardless of age, provided such disability or handicap occurred prior to the dependent children turning age twenty-five (25). Annual certification of incapacity and dependency may be required by the Kaiser Foundation Health Plan.

1806 Kaiser Foundation Health Plan coverage coordinated with Medicare shall be provided at age sixty-five (65) to eligible employees and their spouses who retire under the Early provisions of the pension plan and have fifteen (15) or more years of service. However, Early retirees who have ten (10) years of service prior to January 1, 1990 will be eligible for Employer-paid Health Plan Coverage at their Early retirement date. Health Plan or Health Plan coordinated with Medicare will be extended to the spouse or eligible domestic partner of the eligible retiree and Health Plan Coverage shall continue for eligible dependent children until they reach limiting age. Physically handicapped or mentally retarded children who meet the eligibility requirements described in Paragraph 1805 will also receive Health Plan Coverage for the life of the retiree. Upon attaining age sixty-five (65), the retiree must enroll in Parts A and B of Medicare in order to be eligible for continued Health Plan Coverage. The spouse or eligible domestic partner must enroll in Parts A and B when eligible. Once enrolled in Medicare, the retiree and/or spouse/domestic partner will be provided Employer-paid Health Plan Coverage coordinated with Medicare. Employer-paid Coverage coordinated with Medicare shall be provided for Normal or Postponed retirement, provided the employee has fifteen (15) or more years of service and has enrolled in both Parts A and B of Medicare. The preceding years of service requirement will apply for employees hired on or after December 1, 1987. Health Plan Coverage will be extended to the spouse/domestic partner of the retiree. The spouse/domestic partner must enroll in Parts A and B of Medicare at the spouse's/domestic partner's time of retirement, at which time the spouse/eligible domestic partner will be entitled to Employer-paid Health Plan Coverage coordinated with Medicare. Health Plan Coverage shall continue for eligible dependent children until they reach limiting age. Physically handicapped or mentally retarded children who meet the eligibility requirements described in Paragraph 1805 will also receive Health Plan Coverage for the life of the retiree.

1807 Kaiser Foundation Health Plan Coverage, Employer-paid, shall be provided to each eligible employee who retires under the disability provisions of the pension plan. Health Plan Coverage shall also be
extended to the spouse/eligible domestic partner of the eligible retiree and Health Plan Coverage shall continue for the eligible dependent children until they reach limiting age (as defined in Paragraph 1805). Physically handicapped or mentally retarded children who meet the eligibility requirements in Paragraph 1805 will also receive Health Plan Coverage for the life of the retiree. Upon reaching eligibility for Medicare benefits, the retiree and spouse/domestic partner must enroll in Parts A and B of Medicare in order to be eligible for continued Health Plan Coverage. Once enrolled in Medicare, the retiree and/or spouse/eligible domestic partner will be provided Employer-paid Coverage coordinated with Medicare. Effective January 1, 1998, for future retirees there will be a five dollar ($5.00) co-payment for each medical office visit and for each prescription (up to a 100 day supply).

1808 In the event there are any changes which affect the Employer's Medicare reimbursement, the Employer retains the right to contact the Association to commence negotiations relative to the retiree Health Plan benefit.

1809 Medicare-coordinated Coverage for Retirements On or After December 1, 1987

1810 For retirements on or after December 1, 1987, the retiree and spouse/domestic partner must enroll in Employer-paid Health Plan coordinated with Medicare when first eligible. Should the retiree or spouse/domestic partner fail to enroll in Medicare-coordinated coverage as provided in this Paragraph, Employer-paid Health Plan Coverage will not be provided until such time as the retiree or spouse/domestic partner does enroll in Health Plan coordinated with Medicare. Following enrollment in Health Plan coordinated with Medicare, if said retiree residing in the Southern California service area elects to disenroll in the Medicare-coordinated coverage, the retiree will receive Health Plan Coverage and must pay the difference between the Employer's cost for Health Plan coordinated with Medicare and non-Medicare coordinated Health Plan Coverage premiums.

1811 Medicare-coordinated Coverage for Retirements Prior to December 1, 1987

1812 The Employer will offer Employer-paid Kaiser Foundation Health Plan Coverage coordinated with Medicare, to all retirees (and spouses) who retired prior to December 1, 1987, who at the time of Normal or Postponed retirement received “M” Coverage or who would have received “M” Coverage when first eligible following Early or Disability retirement. Retirees who elect not to enroll in Health Plan coordinated with Medicare will continue to receive Employer-paid Health Plan Coverage with no
change in benefits. Following enrollment in Health Plan coordinated with Medicare, if said retiree residing in the Southern California service area elects to disenroll in the Medicare-coordinated Health Plan, the retiree will receive Health Plan Coverage and must pay the difference between the Employer’s cost for Health Plan coordinated with Medicare and non-Medicare coordinated Health Plan Coverage premiums.

1813 Survivors’ Health Plan Coverage

1814 In the event an employee who has fifteen (15) years of service and has met the eligibility requirements for retirement dies while actively employed, Kaiser Foundation Health Plan or Health Plan coverage coordinated with Medicare will be provided to the spouse or eligible domestic partner and eligible dependent children when said deceased employee would have been eligible for coverage, provided the spouse has not remarried/domestic partner has not recommitted and will continue thereafter until remarriage/recommitment or death and Health Plan Coverage will continue for eligible unmarried dependent children up to age twenty-five (25). A physically handicapped or mentally retarded dependent who is beyond limiting age will be given the option to convert his/her coverage. The preceding fifteen (15) year requirement will apply to employees hired on or after December 1, 1987.

1815 Upon the death of a retiree, Health Plan or Health Plan coordinated with Medicare shall continue for the spouse or eligible domestic partner until remarriage/recommitment or death and Health Plan Coverage shall continue for eligible dependents until they reach limiting age. A physically handicapped or mentally retarded dependent who is beyond limiting age will be given the option to convert his/her coverage.
Retiree Health Insurance (Out of Area)

The Employer will make available an alternative health plan to all eligible retirees and eligible dependents who reside outside of the Southern California Health Plan service area. For retirees who are eligible for Employer-paid Retiree Health Plan and who move to another Kaiser Permanente Region, the retiree will be required to participate in the out-of-region plan. The retiree, spouse or domestic partner, will be required to assign Medicare, when applicable. For retirees who are eligible for Employer-paid Retiree Health Plan and who move to an area not served by Kaiser Permanente, an out-of-area plan is available. The retiree also has the option of maintaining their Southern California Kaiser Permanente Retiree Health Plan.

Retirees who reestablish residence within the service area will be returned to Kaiser Health Plan Coverage, within sixty (60) days of written notification of return to the Southern California Health Plan service area. Premiums for the alternative health plan will not exceed the premiums for Kaiser Health Plan Coverage.

Section 2 - Dental Plan

Each employee who is regularly scheduled twenty (20) or more hours per week is required to select a Prepaid Dental Plan on the first (1st) of the month following completion of three (3) months of service. The Prepaid Dental Plan option will remain in effect during their first (1st) three (3) years of service. In subsequent open enrollment periods (following the first (1st) three (3) years of service), they may elect to participate in the Delta Dental Plan. Coverage will apply to the employee's spouse or eligible domestic partner and unmarried dependent children up to the age of twenty-five (25). Physically handicapped or mentally retarded children regardless of age, provided such disability or handicap occurred prior to the dependent children turning age twenty-five (25). Annual certification of incapacity and dependency may be required.

Dental coverage provides payment of seventy percent (70%) of the Usual, Customary, and Reasonable (UCR) charges for basic services. Effective January 1, 1998, at fifty percent (50%) for major services. Prosthodontic care to a maximum of one thousand dollars ($1,000) per covered individual per year. Services must be obtained from a dentist who is a participating member of Delta Dental Plan.
The Dental Plan will include a one hundred percent (100%) UCR benefit for only the following diagnostic and preventive procedures:

1. Prophylaxis (with or without fluoride treatment) twice every calendar year.
2. Examinations.
3. Bite-Wing X-rays (twice every calendar year).
4. Full Mouth X-rays (once every three (3) years).
5. Space Maintainers (for dependent children under age twelve (12) to replace a lost tooth).

An Orthodontia benefit is available to dependent children under age nineteen (19). This benefit provides for a payment of fifty percent (50%) of covered services to a maximum payment of one thousand dollars ($1,000) per child per lifetime.

The Employer will offer an optional prepaid dental plan to all eligible employees. Any costs for the optional plan which exceed the Employer's monthly cost for the Delta Dental Plan shall be paid for by the employee.

Section 3 - Life Insurance

Each employee regularly scheduled thirty-two (32) or more hours per week will be provided five thousand dollars ($5,000) life coverage and five thousand dollars ($5,000) accidental death and dismemberment coverage at Employer expense. This coverage will be effective upon date of hire or date of first eligibility.

Each employee regularly scheduled thirty-two (32) or more hours per week will have the option of electing life insurance to equal two times their annual salary to include accidental death and dismemberment coverage. The cost of this two times annual salary optional insurance will be no more than $.50/$1,000 of coverage less five thousand dollars ($5,000). After two (2) years of premium payments, this coverage is continued at Employer expense. An employee has either the five thousand ($5,000) free coverage or the two times annual salary coverage, not both.

Retiree Life Insurance
Each employee who has five thousand dollars ($5,000) life insurance as an active employee, and meets the eligibility for Early, Normal, or Postponed retirement, will be provided an Employer-paid two thousand dollar ($2,000) death benefit after retirement.

Each employee covered by the two times annual salary life insurance program at the time they elect Early, Normal, or Postponed retirement under the provisions of the retirement plan, will be eligible for retired tapered life insurance coverage during retirement.

This coverage is in the amount of life insurance in effect at retirement and will continue for thirty (30) days after retirement. Thereafter, the amount of coverage will reduce by one percent (1%) per month for seventy-five (75) months until twenty-five percent (25%) of the original amount is reached. This fully tapered amount of coverage remains in effect until the death of the retiree.

Section 4 - Survivor Assistance Benefit

Effective May 1, 1995, full-time and part-time employees will be provided with a survivor assistance benefit equal to one (1) month's base wages. This benefit is payable to a designated beneficiary during the period immediately following the death of the employee.

Section 5 - Retirement

The Employer established a defined benefit, Employer-funded pension plan for all eligible employees.

Each employee becomes a participant at date of hire or on January 1, 1980 if a participant in the Kaiser Permanente Salaried Retirement Plan on December 31, 1979.

Normal retirement income shall be computed at \( \frac{1.45\%}{100} \) of final average pay multiplied by all years of credited service.

Final average pay is an employee's average monthly compensation for the highest sixty (60) consecutive months of employment in the last one hundred twenty (120) months before the employee's retirement date in which an employee had at least one (1) compensated hour of employment. For this calculation, monthly compensation is the employee's base hourly rate and does not include bonuses, allowances and differentials for the first compensated hour in each month multiplied by 173.33. The month immediately before a month or series of months in
which the employee had no compensated hours of employment and the
month immediately after such a period are considered to be consecutive
months of employment.

1839 A year of service is defined as any calendar year in which an employee
receives pay for one thousand (1,000) or more hours and is used to
determine eligibility for Vesting and Early retirement.

1840 A year of credited service is defined as any year in which an employee
receives pay for two thousand (2,000) or more hours and is used to
determine monthly retirement benefits. Partial years of credited service
are counted for calendar years in which an employee receives pay for
less than two thousand (2,000) hours by dividing actual compensated
hours by two thousand (2,000) to determine the percentage of a year of
credited service, providing the employee has met the eligibility for Early,
or Normal retirement or for Deferred Vested Pension benefits. For years
on or after January 1, 2003, a year of Credited Service is based on 1,800
hours and partial years of Credited Service are counted for years in
which an employee received pay for less than 1,800 hours. Credited
Service is used to determine the amount of monthly benefits.

1841 An employee will be eligible for Normal retirement at age sixty-five (65). If
an employee is at least age fifty-five (55) and has at least fifteen (15)
years of service or if an employee's age plus years of service equal 75,
the employee may elect an Early retirement and receive the actuarial
equivalent of his or her Normal retirement benefit. If an employee
terminates employment after age sixty-five (65), the employee will be
eligible for a Postponed retirement with employment beyond age sixty-five
(65) counting toward credited service and final average compensation.

1842 If an employee becomes disabled, has ten (10) years of service and is
eligible for disability benefits under Title II of the Social Security Act, he or
she is eligible for a Disability retirement.
Employees who terminate their employment with ten (10) or more years of service but who do not meet the eligibility for Early, Normal, or Postponed retirement will be eligible to receive their vested pension at age sixty-five (65) based upon the level of benefits in effect at the time of termination.

Effective January 1, 1989, vesting requirements in the pension plan is attained after five (5) years of service.

If benefits accrued prior to January 1, 1980, under the Kaiser Permanente Savings and Retirement Plan are higher than benefits under the new plan for the same period, the employee will receive the higher benefit upon retirement.

The Employer will provide a qualified Preretirement Survivor Annuity (PRSA) to active employees vested in the pension plan at no cost to the employee. This PRSA will provide a benefit to the spouse of an employee who dies prior to retirement. The PRSA will provide a benefit to the spouse or eligible domestic partner. The spouse/eligible domestic partner will receive a benefit calculated as if the employee retired the day before death and elected a joint and survivor annuity with a fifty percent (50%) continuation to the survivor. The benefit is payable to the spouse at the earliest time 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.

The Employer established a voluntary Tax Deferred Savings Plan. The future of the Plan and its provisions will be determined by Kaiser Foundation Health Plan, Inc.

Section 6 - Long Term Disability

Each employee having at least two (2) years of service and regularly scheduled twenty (20) or more hours per week will be covered by an Employer-paid Long Term Disability (LTD) plan.

If an employee is unable to perform their current occupation due to illness or injury, Long Term Disability benefits will commence six (6) months from initial date of disability or upon exhaustion of Extended Sick Leave benefits if employee has more than six (6) months of Extended Sick Leave benefits available. Long Term Disability will continue during a certifiable disability for a period of twenty-four (24) months from date of disability. If the employee is unable to perform any occupation for comparable remuneration or profit during the period after twenty-four (24) months, disability payments will continue according to the following schedule:
### Duration of Benefits (In Years) from Date of Disability

<table>
<thead>
<tr>
<th>Age at Disablement</th>
<th>Duration of Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>60 or Younger</td>
<td>To age 65</td>
</tr>
<tr>
<td>61 through 65</td>
<td>To four (4) years from date of disability</td>
</tr>
<tr>
<td>66 or Older</td>
<td>To two (2) years from date of disability</td>
</tr>
</tbody>
</table>

1851 Long Term Disability benefits due to psychological related disabilities and alcohol/drug abuse are limited to three (3) years unless the employee was institutionalized at the end of the three (3) year period. In this event, benefits would continue to three (3) months following release from the institution.

1852 Coverages, limitations and exclusions of the foregoing disability plan is established by the Employer's agreement with the representative insurance carrier.

1853 Benefits are payable at fifty percent (50%) of the base monthly salary in effect on the date of initial disability. Benefits will increase to sixty percent (60%) of base monthly salary when integrated with benefits from Social Security Disability, Workers' Compensation, or any other statutory plan. If the employee becomes involved in an approved rehabilitation employment program, seventy percent (70%) of base monthly salary will be assured when income from all other sources are combined. Long Term Disability benefits are paid on a monthly basis.

1854 Health Plan Coverage and Life Insurance Coverage are continued at Employer expense when an employee is receiving Long Term Disability benefits.

1855 **Section 7 - Major Medical Insurance**

1856 Members of the Bargaining Unit hired prior to November 2, 1994, who are scheduled to work thirty-two (32) hours per week or more will be provided the company's standard Supplemental Medical coverage. Employees hired on or after November 2, 1994, or employees who transfer to the Bargaining Unit on or after November 2, 1994, who are regularly scheduled thirty-two (32) or more hours per week will have the option of electing Supplemental Medical coverage. The employee will have thirty-one (31) days from their date of hire or transfer to the Bargaining Unit to
elect this coverage; otherwise, employee may elect coverage during the annual open enrollment period. Any cost of providing evidence of insurability shall be borne by the employee. The premium cost will be paid by the employee for the first five (5) years of coverage. After five (5) years, the premium cost will be paid by the Employer. Employees who are covered by Employer-paid Supplemental Medical coverage at the time of retirement will continue to receive Employer-paid Supplemental Medical coverage as a retiree.

Coverages, limitations and exclusions of the foregoing Health Plan, dental plan, life insurance plan, disability plan and major medical plan are established by the Employer's agreements with the insurance carriers.

ARTICLE XIX - MEDICAL MALPRACTICE INSURANCE

The Employer will provide medical malpractice insurance covering all employees. The Employer will hold employees financially harmless from any liability where the liability is imposed because of negligent acts of an employee in the course and scope of employment.

ARTICLE XX - COMPENSATION

Section 1 - Salary Schedule

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

Section 2 - Tenure Increases

Full-time employees will receive step increases based on their anniversary dates, except where such dates are adjusted in accordance with Article XVI - Leaves of Absence, Section 1 - Eligibility. Movement to the ten (10) and fifteen (15) year rates will be based on service between the steps.

Part-time employees shall receive step increases on the basis of actual hours worked (2,000 hours worked is equivalent to one (1) year of service for this calculation). Movement to the ten (10) and fifteen (15) year rates will be based on service between the steps.

Section 3 - Shift Differential

Employees shall receive a shift differential at the rate of $513.586 per month ($2.963 per hour) for the evening shift and $653.639 per month ($3.771 per hour) for the night shift. Shift differential will be paid for shifts
commencing between the hours of 2:00 p.m. and 6:00 a.m. and shall be paid for time worked only.

2008 Section 4 – Clinical Coordinator Differential

2009 The CRNA Clinical Coordinator differential will be paid at a flat rate of $100 per month or $0.577 per hour to a maximum of eighty (80) hours in a pay period.

2010 Section 5 - Standby Pay

2011 Employees on standby status (i.e., who are available to be called back to work) shall be paid fifteen dollars ($15) for each hour of standby. Each time the employee is called in to work during the standby period, the employee will be paid at his/her straight time rate plus the fifteen dollars ($15) per hour standby differential.

2012 Employees who are scheduled for standby immediately following their regularly scheduled shift and who are required to continue to work beyond the conclusion of such shift shall be paid straight time for the first two (2) hours on the same case. For all continuous hours worked beyond two (2) hours or beyond the case in progress (whichever is first), the employee shall be paid straight time pay plus the fifteen dollars ($15) per hour standby differential. When an employee is called in to work, he/she will be guaranteed a minimum of two (2) hours of straight time pay plus the fifteen dollars ($15.00) per hour standby differential.

2013 Section 6 - Mileage Reimbursement

2014 The Employer will continue its practice of making available to members of the bargaining unit its policy of mileage reimbursement to employees who use their personal automobiles for authorized company business. This includes temporary assignment to another Employer location. In case of temporary assignment to another location, allowable claims would be limited to the excess of the distance normally traveled to and from the employee's regular work location and home.
Section 7 - Parking

Free parking shall be provided by the Employer, as per present Organizational Policy. During the term of this Agreement, the Association will meet with Management, on a facility by facility basis, to resolve problems relating to parking and security.

Section 8 - Meals and Lodging

For employees who are on-call, the Employer agrees to continue the present practice at each facility with regards to meals and lodging, but in no event will less than one (1) meal be provided for employees on sixteen (16) hour shifts and two (2) meals for employees on twenty-four (24) hour shifts.

Section 9 - Nonduplication of Pay Provisions

Pay provisions shall not be duplicated for the same hours worked under any terms of this Agreement; and, to the extent that hours are compensated for under one provision, they shall not be counted as hours worked in determining payment under the same or any other provision.

Section 10 - Alternate Compensation Program

An Alternate Compensation Program (ACP) will be available as an option to all full-time CRNAs and part-time (20 hour) CRNAs. A CRNA choosing this option must enroll during the open enrollment period in order for the option to be effective the first pay period of the year. Thereafter, a CRNA will be allowed to choose this ACP option during an annual open enrollment period to become effective the first pay period of the following year. A CRNA choosing to participate in the ACP must remain for a minimum of one (1) payroll calendar year. The terms and conditions of the program are set forth in the ACP Agreement between the parties.

ARTICLE XXI - PART-TIME EMPLOYEES

At the request of an Association Representative, the Employer will audit the hours worked of a part-time CRNA to determine if such employee's current hours worked status should be changed (e.g., from 16 hours to 32 hours per week). If the parties agree that the CRNA has worked the subject increased hours over a period of six (6) consecutive months, the CRNAs status will be changed. However, should the parties agree that the
increase in hours is due to non-recurring circumstances (such as but not limited to part-time employee filling in for CRNAs out on ETO - vacation, medical leave of absence, concurrent employee absences of various duration) the status of such employee shall not be changed.

2102 Conversely, if an Employer initiated audit reveals that a CRNA has worked fewer hours than their current hours worked status for a period of six (6) months, the CRNAs status may be changed (e.g., from 32 hours to 16).

2200 ARTICLE XXII - PER DIEM EMPLOYEES

2201 Employees working in a Per Diem status shall be paid at the Per Diem rate in lieu of insured benefits, retirement benefits, designated holiday premiums and all paid time off provisions. Per Diems will be scheduled an established number of hours per month. Newly hired Per Diem employees will undergo a 1,000 hour probationary period.

2202 Per Diem employees on standby status will be paid fifteen dollars ($15) per hour for all hours on standby. Each time a Per Diem is called in to work during the standby period, the Per Diem will be paid straight time plus the fifteen dollars ($15) per hour standby differential.

2203 Per Diem employees shall receive the same shift differential as is applicable to regular employees.

2204 When it is possible to hire qualified personnel for typical schedule openings, Per Diem Nurse Anesthetists will not be used to fill regular positions in the bargaining unit. Per Diem Nurse Anesthetists will be used for Earned Time Off and Extended Sick Leave relief and for leave of absence and short term absence replacement. Per Diem Nurse Anesthetists will not be used for the permanent filling of vacancies that could be filled by available qualified personnel.

2205 Per Diem employees will accrue seniority based on actual hours worked for the purpose of job bidding only. Seniority can only be exercised at their medical center when a Per Diem has worked 2,000 hours. The Per Diem may use their service credit up to a total of 4000 hours. When a Per Diem successfully bids into a permanent position the Per Diem's hours worked of 1,000 or more will apply towards the completion of the probationary period. Employees whose hours worked, at the time of transfer, are between 1000 and 1999 hours worked, will undergo a two (2) month probation as defined in Article VI, Paragraph 601.
ARTICLE XXIII - MANAGEMENT

Section 1 - Management Rights

The Employer retains, solely and exclusively, all rights, powers and authority which it exercised or possessed prior to the execution of this Agreement, except as specifically abridged by any expressed provision(s) of this Agreement.

Without limiting the generality of the foregoing, the rights, powers and authority retained solely and exclusively by the Employer and not abridged by this Agreement include, but are not limited to the following: to manage, direct and maintain the efficiency of its hospitals, clinics, and personnel; to create, change, combine or abolish positions, departments and facilities in whole or in part; to subcontract or discontinue work for economic or operational reasons; to direct the staff; to increase or decrease the staff and determine the number of employees needed on the basis of operational necessity; to hire, transfer, promote, layoff, demote, suspend, discharge, and maintain the discipline and efficiency of its employees; to establish professional work standards which will be based on the principles of quality patient care and said principles (standards) will be developed and applied within a framework based upon the professions' code of ethics and the legislative licensing regulations for each classification covered by this Agreement; to establish schedules of operation and work and patient loads; to specify or assign work and decide which employees are qualified to perform work; to schedule and change work hours, shifts and days off; to adopt reasonable rules, and determine appropriate discipline thereof; and to determine the type and scope of work to be performed and the services to be provided; to determine the methods, processes, means and places of providing services; to determine the location and relocation of facilities; and to effect technological changes. The foregoing rights are to be subject to the provisions of this Agreement.
Section 2 - Scope of Bargaining

The Association and the Employer agree that they have bargained fully with respect to all proper subjects of collective bargaining and have settled all such matters as set forth in this Agreement. This shall not be construed to prevent the parties to this Agreement agreeing to the discussion or negotiation of any subject matter.

ARTICLE XXIV - CONFORMITY TO LAW

If any portion of this Agreement is or shall at any time be contrary to law, then such provision shall not be applicable, performed or enforced except to the extent permitted by law. If any provision of the Agreement is found to be in conflict with the laws of the State of California or the United States, the remaining provisions of this Agreement shall remain at full force and effect.

ARTICLE XXV - HEALTH AND SAFETY

The Employer will comply with applicable Federal and California laws and regulations relating to Occupational Safety and Health. Likewise, it is the duty of each employee to comply with all health and safety regulations of the Employer. In the event any safety or health hazard is detected, it shall be promptly reported to the Chief of Service or employee's immediate supervisor.

ARTICLE XXVI - NO STRIKE, NO LOCKOUT

During the term of this Agreement, or any period of extension, neither the Association, its members, nor any employee covered by this Agreement will call, sanction, or participate in any strike, including sympathy strikes, stoppage of work, picketing, slow down, or concerted interruption of the function of the Employer. An employee engaged in such action shall not be entitled to any benefits that occur or accrue during that time, and shall be subject to discharge or other discipline at the Employer's sole discretion.

The Employer and the Association realize that a medical facility is different in its operation from manufacturing or other industries because
of the vital services it renders to the community and for humanitarian reasons and therefore agree that there will be no lockouts on the part of the Employer, nor suspension of work on the part of the employees, it being one of the purposes of this Agreement to guarantee that there will be no strike, lockouts, or work stoppages and that all disputes will be settled by the procedure provided in this Agreement.

2700 ARTICLE XXVII - LIAISON COMMITTEE

2701 The Association and the Employer agree to encourage all persons, regardless of position or profession, to perform in an efficient, courteous and dignified manner when such persons interact with one another, patients and public. In addition, the Employer is committed to ethical and fair treatment of all employees and their designated representatives. Any violations of this Article are subject to the grievance and arbitration procedure as outlined in Article XII, without retaliation.

2702 Prior to submitting an issue to the grievance and arbitration procedure, courtesy and work related issues shall first be submitted to the Liaison Committee established at each facility. The goal of the committee is to enhance the department’s working relationships, creating a shared governance model. The Committee will support a partnership environment and will be comprised of department management, Anesthesiologists, and CRNAs. The Liaison Committee will review issues of professional relationships, work related issues within the department, provide support, and create a forum for discussion of these issues between the affected individuals. If the issue is still not resolved after the Liaison Committee meets, it may be submitted directly to Step 2 of the grievance and arbitration procedure.

2800 ARTICLE XXVIII - EXPIRATION AND RENEWAL

2801 Section 1 - Term of Agreement

2802 This Agreement shall be effective on October 2, 2005, and shall continue in effect to and including September 30, 2012. It shall continue in effect from year to year thereafter unless changed or terminated as provided herein.

2803 Section 2 - Reopening

2804 Either party wishing to change or terminate this Agreement must serve written notice of their intent to the other party at least ninety (90) days prior to the expiration date.
Applicable Federal law which establishes special notice periods for health care institutions shall prevail over this Agreement.
IN WITNESS WHEREOF, the respective parties hereto have executed this Agreement on this October 1, 2005.

SOUTHERN CALIFORNIA PERMANENTE MEDICAL GROUP

/S/ Jeffrey Weisz, M.D.        /S/ Jim DeFontes, M.D.
Jeffrey Weisz, M.D.             Jim DeFontes, M.D.

/S/ Thomas J. Williamson       /S/ Debra Hammons
Thomas J. Williamson            Debra Hammons

/S/ Michael Belmont           /S/ Brian Herzberger
Michael Belmont                 Brian Herzberger

/S/ Ramah Baliber             /S/ Doris Tanaka
Ramah Baliber                   Doris Tanaka

/S/ Mary Ann Barnes          /S/ Michael Ward, M.D.
Mary Ann Barnes               Michael Ward, M.D.

/S/ Victoria Coon
Victoria Coon
IN WITNESS WHEREOF, the respective parties hereto have executed this Agreement on this October 1, 2005.

KAISER PERMANENTE NURSE ANESTHETISTS
ASSOCIATION OF SOUTHERN CALIFORNIA

/S/ Sandra Even, Executive Director
Sandra Even, Executive Director

/S/ Tom Jackson, CRNA
Tom Jackson, CRNA

/S/ Nancy Boyajian, CRNA
Nancy Boyajian, CRNA

/S/ Patti Hughes, CRNA
Patti Hughes, CRNA

/S/ Michael Churchin, CRNA
Michael Churchin, CRNA

/S/ David Kolodji, CRNA
David Kolodji, CRNA

/S/ Shelley Currie, CRNA
Shelley Currie, CRNA

/S/ Robert Lineses, CRNA
Robert Lineses, CRNA

/S/ Cathy Forward, CRNA
Cathy Forward, CRNA

/S/ Carmen Lopez, CRNA
Carmen Lopez, CRNA

/S/ Frank Guadagnini, CRNA
Frank Guadagnini, CRNA

/S/ Edward Marthaler, CRNA
Edward Marthaler, CRNA

/S/ Carol Hammill, CRNA
Carol Hammill, CRNA
## Effective October 1, 2005

<table>
<thead>
<tr>
<th>Step</th>
<th>Hourly</th>
<th>Monthly</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start</td>
<td>56.533</td>
<td>9,799</td>
<td>117,589</td>
</tr>
<tr>
<td>1 Year</td>
<td>59.071</td>
<td>10,239</td>
<td>122,868</td>
</tr>
<tr>
<td>2 Year</td>
<td>61.729</td>
<td>10,700</td>
<td>128,396</td>
</tr>
<tr>
<td>3 Year</td>
<td>64.506</td>
<td>11,181</td>
<td>134,172</td>
</tr>
<tr>
<td>4 Year</td>
<td>67.413</td>
<td>11,685</td>
<td>140,219</td>
</tr>
<tr>
<td>5 Year</td>
<td>70.449</td>
<td>12,211</td>
<td>146,534</td>
</tr>
<tr>
<td>10 Year</td>
<td>71.856</td>
<td>12,455</td>
<td>149,460</td>
</tr>
<tr>
<td>15 Year</td>
<td>73.295</td>
<td>12,704</td>
<td>152,454</td>
</tr>
</tbody>
</table>

### BASE

### PER DIEM (20% ADDITIONAL PAY, NO PAID BENEFITS)

<table>
<thead>
<tr>
<th>Step</th>
<th>Hourly</th>
<th>Monthly</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start</td>
<td>67.840</td>
<td>11,759</td>
<td>141,107</td>
</tr>
<tr>
<td>1 Year</td>
<td>70.884</td>
<td>12,287</td>
<td>147,439</td>
</tr>
<tr>
<td>2 Year</td>
<td>74.075</td>
<td>12,840</td>
<td>154,076</td>
</tr>
<tr>
<td>3 Year</td>
<td>77.407</td>
<td>13,417</td>
<td>161,007</td>
</tr>
<tr>
<td>4 Year</td>
<td>80.896</td>
<td>14,022</td>
<td>168,264</td>
</tr>
</tbody>
</table>

### ACP (20% ADDITIONAL PAY, NO BENEFITS AND NO PAID TIME OFF)

ACP rates are for illustration purposes to demonstrate the base rate plus the additional ACP differential percent.

<table>
<thead>
<tr>
<th>Step</th>
<th>Hourly</th>
<th>Monthly</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start</td>
<td>67.840</td>
<td>11,759</td>
<td>141,107</td>
</tr>
<tr>
<td>1 Year</td>
<td>70.884</td>
<td>12,287</td>
<td>147,439</td>
</tr>
<tr>
<td>2 Year</td>
<td>74.075</td>
<td>12,840</td>
<td>154,076</td>
</tr>
<tr>
<td>3 Year</td>
<td>77.407</td>
<td>13,417</td>
<td>161,007</td>
</tr>
<tr>
<td>4 Year</td>
<td>80.896</td>
<td>14,022</td>
<td>168,264</td>
</tr>
</tbody>
</table>

## Effective October 1, 2006

<table>
<thead>
<tr>
<th>Step</th>
<th>Hourly</th>
<th>Monthly</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start</td>
<td>59.359</td>
<td>10,289</td>
<td>123,467</td>
</tr>
<tr>
<td>1 Year</td>
<td>62.024</td>
<td>10,751</td>
<td>129,010</td>
</tr>
<tr>
<td>2 Year</td>
<td>64.815</td>
<td>11,235</td>
<td>134,815</td>
</tr>
<tr>
<td>3 Year</td>
<td>67.731</td>
<td>11,740</td>
<td>140,880</td>
</tr>
<tr>
<td>4 Year</td>
<td>70.783</td>
<td>12,269</td>
<td>147,229</td>
</tr>
<tr>
<td>5 Year</td>
<td>73.971</td>
<td>12,822</td>
<td>153,860</td>
</tr>
<tr>
<td>10 Year</td>
<td>75.448</td>
<td>13,078</td>
<td>156,932</td>
</tr>
<tr>
<td>15 Year</td>
<td>76.959</td>
<td>13,340</td>
<td>160,075</td>
</tr>
</tbody>
</table>

### BASE

### PER DIEM (20% ADDITIONAL PAY, NO PAID BENEFITS)

<table>
<thead>
<tr>
<th>Step</th>
<th>Hourly</th>
<th>Monthly</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start</td>
<td>71.232</td>
<td>12,347</td>
<td>148,163</td>
</tr>
<tr>
<td>1 Year</td>
<td>74.428</td>
<td>12,901</td>
<td>154,810</td>
</tr>
<tr>
<td>2 Year</td>
<td>77.778</td>
<td>13,481</td>
<td>161,778</td>
</tr>
<tr>
<td>3 Year</td>
<td>81.277</td>
<td>14,088</td>
<td>168,056</td>
</tr>
<tr>
<td>4 Year</td>
<td>84.940</td>
<td>14,723</td>
<td>176,675</td>
</tr>
</tbody>
</table>

### ACP (20% ADDITIONAL PAY, NO BENEFITS AND NO PAID TIME OFF)

ACP rates are for illustration purposes to demonstrate the base rate plus the additional ACP differential percent.

<table>
<thead>
<tr>
<th>Step</th>
<th>Hourly</th>
<th>Monthly</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start</td>
<td>71.232</td>
<td>12,347</td>
<td>148,163</td>
</tr>
<tr>
<td>1 Year</td>
<td>74.428</td>
<td>12,901</td>
<td>154,810</td>
</tr>
<tr>
<td>2 Year</td>
<td>77.778</td>
<td>13,481</td>
<td>161,778</td>
</tr>
<tr>
<td>3 Year</td>
<td>81.277</td>
<td>14,088</td>
<td>168,056</td>
</tr>
<tr>
<td>4 Year</td>
<td>84.940</td>
<td>14,723</td>
<td>176,675</td>
</tr>
</tbody>
</table>

### BASE

### PER DIEM (20% ADDITIONAL PAY, NO PAID BENEFITS)

<table>
<thead>
<tr>
<th>Step</th>
<th>Hourly</th>
<th>Monthly</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start</td>
<td>71.232</td>
<td>12,347</td>
<td>148,163</td>
</tr>
<tr>
<td>1 Year</td>
<td>74.428</td>
<td>12,901</td>
<td>154,810</td>
</tr>
<tr>
<td>2 Year</td>
<td>77.778</td>
<td>13,481</td>
<td>161,778</td>
</tr>
<tr>
<td>3 Year</td>
<td>81.277</td>
<td>14,088</td>
<td>168,056</td>
</tr>
<tr>
<td>4 Year</td>
<td>84.940</td>
<td>14,723</td>
<td>176,675</td>
</tr>
</tbody>
</table>

### ACP (20% ADDITIONAL PAY, NO BENEFITS AND NO PAID TIME OFF)

ACP rates are for illustration purposes to demonstrate the base rate plus the additional ACP differential percent.

<table>
<thead>
<tr>
<th>Step</th>
<th>Hourly</th>
<th>Monthly</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start</td>
<td>71.232</td>
<td>12,347</td>
<td>148,163</td>
</tr>
<tr>
<td>1 Year</td>
<td>74.428</td>
<td>12,901</td>
<td>154,810</td>
</tr>
<tr>
<td>2 Year</td>
<td>77.778</td>
<td>13,481</td>
<td>161,778</td>
</tr>
<tr>
<td>3 Year</td>
<td>81.277</td>
<td>14,088</td>
<td>168,056</td>
</tr>
<tr>
<td>4 Year</td>
<td>84.940</td>
<td>14,723</td>
<td>176,675</td>
</tr>
</tbody>
</table>

### BASE

### PER DIEM (20% ADDITIONAL PAY, NO PAID BENEFITS)

<table>
<thead>
<tr>
<th>Step</th>
<th>Hourly</th>
<th>Monthly</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start</td>
<td>71.232</td>
<td>12,347</td>
<td>148,163</td>
</tr>
<tr>
<td>1 Year</td>
<td>74.428</td>
<td>12,901</td>
<td>154,810</td>
</tr>
<tr>
<td>2 Year</td>
<td>77.778</td>
<td>13,481</td>
<td>161,778</td>
</tr>
<tr>
<td>3 Year</td>
<td>81.277</td>
<td>14,088</td>
<td>168,056</td>
</tr>
<tr>
<td>4 Year</td>
<td>84.940</td>
<td>14,723</td>
<td>176,675</td>
</tr>
</tbody>
</table>

### ACP (20% ADDITIONAL PAY, NO BENEFITS AND NO PAID TIME OFF)

ACP rates are for illustration purposes to demonstrate the base rate plus the additional ACP differential percent.

<table>
<thead>
<tr>
<th>Step</th>
<th>Hourly</th>
<th>Monthly</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start</td>
<td>71.232</td>
<td>12,347</td>
<td>148,163</td>
</tr>
<tr>
<td>1 Year</td>
<td>74.428</td>
<td>12,901</td>
<td>154,810</td>
</tr>
<tr>
<td>2 Year</td>
<td>77.778</td>
<td>13,481</td>
<td>161,778</td>
</tr>
<tr>
<td>3 Year</td>
<td>81.277</td>
<td>14,088</td>
<td>168,056</td>
</tr>
<tr>
<td>4 Year</td>
<td>84.940</td>
<td>14,723</td>
<td>176,675</td>
</tr>
</tbody>
</table>

### BASE

### PER DIEM (20% ADDITIONAL PAY, NO PAID BENEFITS)

<table>
<thead>
<tr>
<th>Step</th>
<th>Hourly</th>
<th>Monthly</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start</td>
<td>71.232</td>
<td>12,347</td>
<td>148,163</td>
</tr>
<tr>
<td>1 Year</td>
<td>74.428</td>
<td>12,901</td>
<td>154,810</td>
</tr>
<tr>
<td>2 Year</td>
<td>77.778</td>
<td>13,481</td>
<td>161,778</td>
</tr>
<tr>
<td>3 Year</td>
<td>81.277</td>
<td>14,088</td>
<td>168,056</td>
</tr>
<tr>
<td>4 Year</td>
<td>84.940</td>
<td>14,723</td>
<td>176,675</td>
</tr>
</tbody>
</table>

### ACP (20% ADDITIONAL PAY, NO BENEFITS AND NO PAID TIME OFF)

ACP rates are for illustration purposes to demonstrate the base rate plus the additional ACP differential percent.

<table>
<thead>
<tr>
<th>Step</th>
<th>Hourly</th>
<th>Monthly</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start</td>
<td>71.232</td>
<td>12,347</td>
<td>148,163</td>
</tr>
<tr>
<td>1 Year</td>
<td>74.428</td>
<td>12,901</td>
<td>154,810</td>
</tr>
<tr>
<td>2 Year</td>
<td>77.778</td>
<td>13,481</td>
<td>161,778</td>
</tr>
<tr>
<td>3 Year</td>
<td>81.277</td>
<td>14,088</td>
<td>168,056</td>
</tr>
<tr>
<td>4 Year</td>
<td>84.940</td>
<td>14,723</td>
<td>176,675</td>
</tr>
</tbody>
</table>

## 48
## BASE

<table>
<thead>
<tr>
<th></th>
<th>STEP 1</th>
<th>STEP 2</th>
<th>STEP 3</th>
<th>STEP 4</th>
<th>STEP 5</th>
<th>STEP 6</th>
<th>STEP 7</th>
<th>STEP 8</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hourly</strong></td>
<td>62.326</td>
<td>65.125</td>
<td>68.055</td>
<td>71.117</td>
<td>74.322</td>
<td>77.669</td>
<td>79.220</td>
<td>80.806</td>
</tr>
<tr>
<td><strong>Monthly</strong></td>
<td>10,803</td>
<td>11,288</td>
<td>11,796</td>
<td>12,327</td>
<td>12,882</td>
<td>13,463</td>
<td>13,731</td>
<td>14,006</td>
</tr>
<tr>
<td><strong>Annual</strong></td>
<td>129,638</td>
<td>135,460</td>
<td>141,554</td>
<td>147,923</td>
<td>154,590</td>
<td>161,552</td>
<td>164,778</td>
<td>168,076</td>
</tr>
</tbody>
</table>

## PER DIEM (20% ADDITIONAL PAY, NO PAID BENEFITS)

<table>
<thead>
<tr>
<th></th>
<th>STEP 1</th>
<th>STEP 2</th>
<th>STEP 3</th>
<th>STEP 4</th>
<th>STEP 5</th>
<th>STEP 6</th>
<th>STEP 7</th>
<th>STEP 8</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hourly</strong></td>
<td>74.793</td>
<td>78.149</td>
<td>81.666</td>
<td>85.340</td>
<td>89.187</td>
<td>93.202</td>
<td>96.931</td>
<td>100.771</td>
</tr>
<tr>
<td><strong>Monthly</strong></td>
<td>12,964</td>
<td>13,546</td>
<td>14,155</td>
<td>14,792</td>
<td>15,459</td>
<td>16,155</td>
<td>16,801</td>
<td>17,457</td>
</tr>
<tr>
<td><strong>Annual</strong></td>
<td>155,569</td>
<td>162,550</td>
<td>169,865</td>
<td>177,507</td>
<td>185,509</td>
<td>193,860</td>
<td>201,617</td>
<td></td>
</tr>
</tbody>
</table>

## ACP (20% ADDITIONAL PAY, NO BENEFITS AND NO PAID TIME OFF)

ACP rates are for illustration purposes to demonstrate the base rate plus the additional ACP differential percent.

<table>
<thead>
<tr>
<th></th>
<th>STEP 1</th>
<th>STEP 2</th>
<th>STEP 3</th>
<th>STEP 4</th>
<th>STEP 5</th>
<th>STEP 6</th>
<th>STEP 7</th>
<th>STEP 8</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hourly</strong></td>
<td>74.793</td>
<td>78.149</td>
<td>81.666</td>
<td>85.340</td>
<td>89.187</td>
<td>93.202</td>
<td>96.931</td>
<td>100.771</td>
</tr>
<tr>
<td><strong>Monthly</strong></td>
<td>12,964</td>
<td>13,546</td>
<td>14,155</td>
<td>14,792</td>
<td>15,459</td>
<td>16,155</td>
<td>16,801</td>
<td>17,457</td>
</tr>
<tr>
<td><strong>Annual</strong></td>
<td>155,569</td>
<td>162,550</td>
<td>169,865</td>
<td>177,507</td>
<td>185,509</td>
<td>193,860</td>
<td>201,617</td>
<td></td>
</tr>
</tbody>
</table>

## EFFECTIVE OCTOBER 1, 2008

### BASE

<table>
<thead>
<tr>
<th></th>
<th>STEP 1</th>
<th>STEP 2</th>
<th>STEP 3</th>
<th>STEP 4</th>
<th>STEP 5</th>
<th>STEP 6</th>
<th>STEP 7</th>
<th>STEP 8</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hourly</strong></td>
<td>64.819</td>
<td>67.730</td>
<td>70.777</td>
<td>73.962</td>
<td>77.295</td>
<td>80.776</td>
<td>82.389</td>
<td>84.038</td>
</tr>
<tr>
<td><strong>Monthly</strong></td>
<td>11,235</td>
<td>11,740</td>
<td>12,268</td>
<td>12,820</td>
<td>13,398</td>
<td>14,001</td>
<td>14,281</td>
<td>14,567</td>
</tr>
<tr>
<td><strong>Annual</strong></td>
<td>134,824</td>
<td>140,878</td>
<td>147,216</td>
<td>153,841</td>
<td>160,774</td>
<td>168,014</td>
<td>171,369</td>
<td>174,799</td>
</tr>
</tbody>
</table>

### PER DIEM (20% ADDITIONAL PAY, NO PAID BENEFITS)

<table>
<thead>
<tr>
<th></th>
<th>STEP 1</th>
<th>STEP 2</th>
<th>STEP 3</th>
<th>STEP 4</th>
<th>STEP 5</th>
<th>STEP 6</th>
<th>STEP 7</th>
<th>STEP 8</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hourly</strong></td>
<td>77.783</td>
<td>81.276</td>
<td>84.932</td>
<td>88.754</td>
<td>92.754</td>
<td>96.931</td>
<td>96.931</td>
<td>96.931</td>
</tr>
<tr>
<td><strong>Monthly</strong></td>
<td>13,482</td>
<td>14,088</td>
<td>14,722</td>
<td>15,384</td>
<td>16,077</td>
<td>16,801</td>
<td>16,801</td>
<td>16,801</td>
</tr>
<tr>
<td><strong>Annual</strong></td>
<td>161,788</td>
<td>169,054</td>
<td>176,659</td>
<td>184,609</td>
<td>192,928</td>
<td>201,617</td>
<td>201,617</td>
<td></td>
</tr>
</tbody>
</table>

ACP rates are for illustration purposes to demonstrate the base rate plus the additional ACP differential percent.
## KAISER PERMANENTE NURSE ANESTHETISTS ASSOCIATION
### CERTIFIED REGISTERED NURSE ANESTHETIST (CRNA)

**Effective October 1, 2009**

<table>
<thead>
<tr>
<th>Years of Experience</th>
<th>Hire Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-1 Year</td>
<td>Start Rate</td>
</tr>
<tr>
<td>1 Year – 2 Years</td>
<td>1 Year Rate</td>
</tr>
<tr>
<td>2 Years – 3 Years</td>
<td>2 Year Rate</td>
</tr>
<tr>
<td>3 Years – 5 Years</td>
<td>3 Year Rate</td>
</tr>
<tr>
<td>5 Years – 10 Years</td>
<td>4 Year Rate</td>
</tr>
<tr>
<td>10 or More Years</td>
<td>5 Year Rate</td>
</tr>
</tbody>
</table>

At the time of hire, the CRNA’s previous experience will be evaluated by the Chief of Anesthesiology in determining the appropriate hiring rate in accordance with the following schedule:

Students graduating from the Kaiser Permanente CRNA School of Anesthesia will be placed at the 1 Year Rate and will remain at that rate for 2 years.

### BASE

<table>
<thead>
<tr>
<th>Rate Type</th>
<th>STEP 1</th>
<th>STEP 2</th>
<th>STEP 3</th>
<th>STEP 4</th>
<th>STEP 5</th>
<th>STEP 6</th>
<th>STEP 7</th>
<th>STEP 8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hourly</td>
<td>67.412</td>
<td>70.439</td>
<td>73.608</td>
<td>76.920</td>
<td>80.387</td>
<td>84.007</td>
<td>85.685</td>
<td>87.400</td>
</tr>
<tr>
<td>Annual</td>
<td>140.217</td>
<td>146.513</td>
<td>153.105</td>
<td>159.994</td>
<td>167.205</td>
<td>174.735</td>
<td>178.225</td>
<td>181.792</td>
</tr>
</tbody>
</table>

### PER DIEM (20% ADDITIONAL PAY, NO PAID BENEFITS)

<table>
<thead>
<tr>
<th>Rate Type</th>
<th>STEP 1</th>
<th>STEP 2</th>
<th>STEP 3</th>
<th>STEP 4</th>
<th>STEP 5</th>
<th>STEP 6</th>
<th>STEP 7</th>
<th>STEP 8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hourly</td>
<td>80.894</td>
<td>84.527</td>
<td>88.330</td>
<td>92.304</td>
<td>96.464</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monthly</td>
<td>14.022</td>
<td>14.651</td>
<td>15.310</td>
<td>15.999</td>
<td>16.720</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual</td>
<td>168.260</td>
<td>175.816</td>
<td>183.726</td>
<td>191.992</td>
<td>200.646</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### ACP (20% ADDITIONAL PAY, NO BENEFITS AND NO PAID TIME OFF)

ACP rates are for illustration purposes to demonstrate the base rate plus the additional ACP differential percent.

<table>
<thead>
<tr>
<th>Rate Type</th>
<th>STEP 1</th>
<th>STEP 2</th>
<th>STEP 3</th>
<th>STEP 4</th>
<th>STEP 5</th>
<th>STEP 6</th>
<th>STEP 7</th>
<th>STEP 8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hourly</td>
<td>80.894</td>
<td>84.527</td>
<td>88.330</td>
<td>92.304</td>
<td>96.464</td>
<td>100.808</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual</td>
<td>168.260</td>
<td>175.816</td>
<td>183.726</td>
<td>191.992</td>
<td>200.646</td>
<td>209.681</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX B

ALTERNATE COMPENSATION PROGRAM AGREEMENT

This Agreement outlines the terms and conditions applicable to a Certified Registered Nurse Anesthetist (CRNA) who chooses to enroll in the Alternate Compensation Program (ACP).

PARTICIPATION

Participation is open to full-time and part-time (20 hour) CRNAs only. Enrollment will be for a minimum of one (1) payroll calendar year beginning with the first (1st) pay period of the year. Each CRNA choosing to participate in the ACP will be required to enroll during the annual open enrollment period.

BENEFITS AND COMPENSATION RATE

In lieu of benefits and premiums/differentials, except as described below, CRNAs choosing to participate in the ACP will be compensated at a rate of pay that is twenty percent (20%) above the straight time hourly rate they would receive based on service and tenure. Participants receive no paid time off benefits.

HEALTH PLAN/DENTAL PLAN/LIFE INSURANCE

CRNAs participating in the ACP will not be covered by Employer-paid health, dental or life insurance programs. Conversion privileges may be offered based on the specific provisions of the plan.

EARNED TIME OFF

CRNAs participating in the ACP will receive a pay off for all accrued Earned Time Off upon entering the Program. Such pay will be at the straight time hourly rate in effect on the day prior to entering the ACP. No additional Earned Time Off will accrue while in the ACP. CRNAs must take two (2) weeks of unpaid leave per calendar year. This unpaid leave is to accomplish the rest and relaxation provided to other employees via Earned Time Off. Additional unpaid leave weeks may be granted at the sole discretion of the Employer. CRNAs on the ACP may exercise seniority on the Earned Time Off schedule to obtain their two (2) weeks of unpaid leave.
EXTENDED SICK LEAVE

CRNAs participating in the ACP will have their current Extended Sick Leave Bank frozen upon entering the Program. Extended Sick Leave already accrued at the time of transfer to the ACP will be available when the CRNA returns to the regular compensation program. No additional Extended Sick Leave will accrue while in the ACP.

DESIGNATED HOLIDAYS

CRNAs participating in the ACP do not receive pay for time not worked. In the event a CRNA works on a designated holiday, their pay will be at their ACP hourly rate for all hours worked.

PENSION

Hours worked while participating in the ACP will count for accrued service to determine benefit eligibility. Effective January 1, 1989, hours worked while participating in the ACP will also count for credited service which is used to determine benefit amount. In calculating final average pay pursuant to Paragraph 1834, monthly compensation will exclude the twenty percent (20%) ACP differential.

POST RETIREMENT BENEFITS

Employees enrolled in the Alternate Compensation Program at the time of retirement will be eligible for post-retirement benefits such as Health Plan provided they satisfy the eligibility requirements.

LEAVES OF ABSENCE

CRNAs participating in the ACP are eligible for unpaid leaves of absence as specified in the Collective Bargaining Agreement.

TAX DEFERRED SAVINGS PLAN

CRNAs participating in the ACP will remain eligible to participate in the Tax Deferred Savings Plan.
**JURY DUTY**

In the event a CRNA participating in the ACP is called for jury duty, he/she will receive pay for the number of hours regularly scheduled on the day in question at their regular ACP hourly rate.

**MISCELLANEOUS**

CRNAs participating in the ACP will not receive other benefits included in the Collective Bargaining Agreement to include Educational Leave and Bereavement Leave.
AN ALTERNATIVE TO FORMAL PROGRESSIVE DISCIPLINE

In concert with recognized changing employee work values, our corporate culture endeavors and our organization’s strategic plans and objectives to increase employee morale, the concept of “Discipline without Punishment” is proposed.

Our traditional four (4) step disciplinary procedure (i.e., Initial Written Warning, Subsequent Written Warning, Final Warning/Suspension and Termination) must be viewed as an “old line approach” basically adversarial in nature. It is often viewed as punitive and demeaning to professional employees. To compound this, the old process neither requests or receives commitment to future acceptable performance or acknowledged agreement of reasonable standards by the employee. In some cases, the employee feels absolved of wrong doing by merely accepting the punishment.

Moreover, this traditional approach requires management to “sit in” judgement and to determine the penalty. The disciplined employee’s response is usually one of resentment and/or apathy. Communication declines and the employee may develop attitudinal behaviors such as “just getting by” or “getting even”.

The model presented for your consideration would be applied in situations that would normally follow progressive discipline. It is also a four (4) step procedure and would function as follows:

First Step – Coaching Session:

The manager meets privately with the employee to identify and discuss the problem. The manager’s primary goal is to gain the employee’s agreement to solve the problem. Instead of “warning” the employee of more serious disciplinary action, the manager’s focus is to remind the employee he or she has a “personal responsibility to meet reasonable standards of performance and behavior”. Paramount in this session is obtaining the employee’s concurrence on the reasonableness of the standard and expectation.

There is no documentation or record of this session in the employee’s personnel file, unless the problem arises again. The discussion will be
reduced to writing, signed by both parties and maintained by both individuals in personal files only.

**Second Step – The Action Plan:**

Should the problem persist, the manager meets again with the employee to review the business reasons for why the rule or standard must be observed without threats of what will occur should the employee continue. Through this second session, together the employee and supervisor develop an action plan to eliminate the gap between actual and desired performance. Once agreement on the action plan is obtained, the supervisor summarizes this on an inter office memorandum which is maintained only by the supervisor and employee. There is no documentation or record of the session maintained in the employee’s personnel file.

If the problem persists, another action plan session may be scheduled and this subsequent discussion will focus not only on the continuing problem, but also on the employee’s failure to abide by the original agreement. The intent is that these sessions are “reminders” instead of “warnings”.

The following will be considered in determining whether or not this step should be repeated or advanced to the next level; severity of the incident; frequency of the incident in comparison to the date of the action plan; previous overall performance; tenure of the employee; mitigating circumstances; commitment of the CRNA to the overall action plan.

**Step Three – The Decision Making Leave:**

When coaching, and action plan sessions fail to produce the desired changes, management will place the individual on a paid one-day “decision making leave”. The day is paid to demonstrate the organization’s commitment to retain the employee and eliminate the resentment and hostility that punitive actions produce. Tenure with the organization is conditional on the employee’s decision to solve the problem and make a “total performance commitment” to the job. During this time, the employee is to begin preparing an action plan which will assist in correcting the problem. The employee is instructed to return the following day with their decision to either modify their behavior or voluntarily sever the employment relationship.
Upon returning to the job, the employee and supervisor meet to review the employee’s decision. If the decision is to “change and stay” the employee and supervisor set specific goals and develop a formal action plan after reviewing the ideas put forth by the employee. This agreement is formally documented and is placed in their personnel file for a period of one (1) year. If there has been no reoccurrence during the one (1) year, it will be removed. The employee is encouraged in this process by the supervisor instilling confidence in both his/her decision and his/her ability to fulfill the agreed upon action plan. The employee reports without an action plan to modify his/her behavior and does not voluntarily terminate, the equivalent disciplinary step will be invoked.

**Step Four – Termination:**

If the problem still persists despite these coaching sessions, action plan session(s) and the decision making leave, termination would be the next step.

**GENERAL PROVISIONS:**

- At the initial phase of the process, this concept should be discussed with the CRNA as a viable alternative to formal progressive discipline. If the CRNA disputes the viability of the subject matter as appropriate for coaching, the supervisor should follow the “traditional progressive disciplinary process” as this new concept requires concurrence between the supervisor and the CRNA. Likewise, if the CRNA disputes the viability of the process at a later step, the offense will be met with the equivalent disciplinary step. The parties have stipulated this four (4) step process is an equivalent alternative to the four (4) step traditional disciplinary process.

- An employee currently on formal discipline, which has been undisputed in the grievance procedure, should be interviewed and the supervisor and the CRNA should mutually agree on which process to utilize. If mutual agreement is not reached, the traditional disciplinary process will continue.

- Gross misconduct and/or gross negligence will continue to be handled with formal discipline, (i.e., a Final Warning/Suspension and/or termination as appropriate).
• Association Representatives may be included at the employee’s request at the first stage (i.e., coaching session), second stage, and/or at the Decision Making Leave step of this procedure.

• In the event that the CRNA disputes the process at any later step, both parties stipulate to the equivalency of these alternative steps to the disciplinary steps.
Job Share Template

The following is a template of the Job Share Letter of Agreement. All job shares must have signed letters of agreement between the parties. The template below may be modified to meet the individual medical center and employee needs, but must contain the essential provisions below.

LETTER OF AGREEMENT: EMPLOYEE JOB-SHARING

It is mutually agreed per the Collective Bargaining Agreement, that (name of CRNA) and (name of CRNA) will be permitted to share one CRNA full-time position. The status of these two CRNAs will be changed to part-time, forty (40) hours per pay period.

By signing this agreement the parties agree to the following provisions:

1. If one of the job share participants terminate, reduce hours below 40 hours per pay period or transfers to another position, the other incumbent will be assigned the additional hours up to full-time.

2. If the needs of the department change, the job share participants may be assigned additional hours up to full-time, upon mutual agreement of the two participants and Department Administrator.

3. It is agreed by the incumbents of this job share that they will work compatibly together to fill this position. Failure to do so could result in the dissolution of the job share.

4. The job share partners will agree to cover for all vacation and PTO requests that the partners have mutually agreed upon. Coverage for paid and unpaid excused absences, such as; jury duty, ESL, family leave, bereavement leave, sick leave, medical leave, or as determined by the job share participants, the Employer and KPNAA at the signing of this Agreement.

5. The job share partners or the Employer in conjunction with KPNAA, have the ability to review this agreement if requested by any of the interested parties. The job share may be terminated if any of the parties request in writing that the job share be dissolved. If there is agreement to dissolve the
job share the Employer, KPNAA and the participants must agree to the placement of the participants into available positions.

This agreement and the above conditions will begin on (date) and will be renewed on an annual basis. Continuation of the job share is based on the needs of the department and the agreement of the job share participants, the Employer and KPNAA.

The agreement does not supersede the provisions of the Collective Bargaining Agreement. This agreement shall not establish precedent or be binding on the Union or Employer.

Employee Signature  ____________________________  Date  
Employee Signature  ____________________________  Date  
Department Administrator  ____________________________  Date  
KPNAA Representative  ____________________________  Date
APPENDIX E

Per Diem Work Commitment Template

The following template should be used by each facility to establish the minimum work commitment for Per Diem employees. The Employer and KPNAA will mutually agree, in writing, to the Per Diem work commitment at each facility. The agreements will be reviewed annually or more often based on the needs of the department and employees.

(Facility Name) Per Diem Work Commitment

Per Diems at (Facility name) will be required to work a minimum number of shifts to equal 32 hours per month. The department will schedule employees the required number of shifts to meet this commitment. A Per Diem may work at more than one facility to meet his/her work commitment. For example, a Per Diem from the Riverside Medical Center may also work at the Los Angeles Medical Center.

Per Diems will be required to work at least ___ % of shifts per month on weekends and off hours. The Employer and KPNAA will mutually agree to the percentage of such shifts.

Per Diems must be available to work at least one of the following holidays: New Year’s Eve, New Year’s Day, Thanksgiving, Christmas Eve, Christmas Day. In addition, Per Diems must also be available to work at least one of the following holidays: Memorial Day, Fourth of July, Labor Day. (Optional facility requirement)

Full time and part time employees will have priority over Per Diems for desired shifts. However, Per Diems will not be required to fill compulsory shifts.

In any given month if a Per Diem is unable to work the required number of hours per month, the request for the time off must be in writing. Granting of time off will be based on operational needs.
October 1, 2005

Mr. Tom Jackson
1407 N. Batavia St., Unit# 113
Orange, CA 92867

Dear Mr. Jackson:

The purpose of this letter is to set forth the understandings reached and continued during the recently concluded contract negotiations which are to run concurrently with the present Collective Bargaining Agreement.

1. Kaiser Permanente Supplemental Savings and Retirement Plan (Plan B)

   Effective January 1, 1980, each employee who is a participant in Plan B will be converted to an inactive status. No contributions will be made either by the employee or the Employer. Inactive participants may still change their contribution accounts from one investment division to another and will receive annual statements. Employees may withdraw voluntary contributions at any time. Required contributions and Employer contributions will remain in the Plan until termination or retirement. Any calendar year in which an inactive participant is compensated for one thousand (1,000) or more hours will be considered one year of Plan participation or service for vesting purposes.

2. Extra Copies of the Labor Agreement

   When final copy of this Agreement is available, an additional fifty (50) copies will be provided to the Association Representative.

3. Supplemental Life Insurance

   Each employee currently covered by the two times annual salary supplemental life program will continue participation until termination, retirement, death or they become ineligible due to scheduled hours, whichever comes first.
4. **Martin Luther King, Jr. Holiday**

During the term of the Agreement, if any other bargaining unit with a Collective Bargaining Agreement with the Employer is granted an additional holiday for the Martin Luther King, Jr. holiday, such holiday will be granted to the employees under this Collective Bargaining Agreement.

5. **Joint Association/Management Committee**

The parties to this Collective Bargaining Agreement agree that there are issues that may be addressed more appropriately in an arena other than formal collective bargaining negotiations. Therefore, in the spirit of mutual cooperation and dedication to the highest professional standards of the health care industry, it is agreed that a Joint Association/Management Committee be established to be in effect during the life of this Collective Bargaining Agreement.

This Joint Association/Management Committee will address issues of mutual concern to either party. The purpose of JAMCO is to provide a format to discuss and implement recommendations involving professional practice issues, scheduling, access, service, quality, patient care and business initiatives. Specifically excluded from such committee meetings will be issues appropriately pursued through the grievance and arbitration procedure, unless otherwise agreed to by the parties.

Members of the Joint Association/Management Committee will be comprised of the members of the Association’s Negotiating Team responsible for negotiating the current Collective Bargaining Agreement and five (5) Employer representatives to include the Coordinating Chief of Service, a Labor Relations Representative (or designee), a Human Resources Director, a Department Administrator and a representative from Medical Group Administration.
Such committee will meet at least bi-annually at a mutually agreeable date, time and place. The meeting shall take place during normal working hours and without compensation for participants.

The committee shall have the right to establish its own rules and procedures, including but not limited to the selection of co-chairs, meeting dates, places and the agenda for each meeting.

The duties and functions of the committee shall not abridge any rights the Association or the Employer has under the Collective Bargaining Agreement.

6. Maintenance of Service Credits for Inter-Regional Transfers

CRNAs transferring into the Southern California Region from other regions will retain service credits for purposes of benefit accrual and placement on the wage structure only. Inter-regional transfers will be considered new hires for all other purposes, such as the probationary period, accrual of seniority, job and ETO - vacation bidding.

If the above reflects your understanding, please sign this letter in the space provided below.

Sincerely,

/S/ Ramah Baliber Sr. Labor Relations Representative
Date: October 1, 2005

/S/ Tom Jackson Tom Jackson, President Date: October 1, 2005
Kaiser Permanente Nurse Anesthetists Association
# INDEX

<table>
<thead>
<tr>
<th>SUBJECT</th>
<th>PARAGRAPH</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Absence, Benefits While on Leave of</td>
<td>1630</td>
<td>27</td>
</tr>
<tr>
<td>Absence, Family Leave of</td>
<td>1606</td>
<td>24</td>
</tr>
<tr>
<td>Absence, Leaves of</td>
<td>1600</td>
<td>23</td>
</tr>
<tr>
<td>Absence, Notice of Intended</td>
<td>809</td>
<td>8</td>
</tr>
<tr>
<td>Absence, Parental Leave of</td>
<td>1608</td>
<td>24</td>
</tr>
<tr>
<td>Absence, Return from Leave of</td>
<td>1628</td>
<td>27</td>
</tr>
<tr>
<td>Affirmative Action, Nondiscrimination and</td>
<td>400</td>
<td>5</td>
</tr>
<tr>
<td>Agreement</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Agreement: Employee Job Sharing, Letter of</td>
<td>Appendix D</td>
<td>58</td>
</tr>
<tr>
<td>Agreement, Extra Copies of the Labor</td>
<td>2801</td>
<td>44</td>
</tr>
<tr>
<td>Agreement, Term of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alternate Compensation Program</td>
<td>2021</td>
<td>40</td>
</tr>
<tr>
<td>Alternate Compensation Program Agreement</td>
<td>Appendix B</td>
<td>51</td>
</tr>
<tr>
<td>Benefits and Compensation Rate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Designated Holidays</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earned Time Off</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extended Sick Leave</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health Plan/Dental Plan/Life Insurance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jury Duty</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leaves of Absence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pension</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax Deferred Savings Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>An Alternative to Formal Progressive Discipline</td>
<td>Appendix C</td>
<td>54</td>
</tr>
<tr>
<td>Arbitration, Step IV</td>
<td>1210</td>
<td>15</td>
</tr>
<tr>
<td>Assistance Benefit, Survivor</td>
<td>1832</td>
<td>34</td>
</tr>
<tr>
<td>Association/Management Committee, Joint</td>
<td>62</td>
<td></td>
</tr>
<tr>
<td>Association Membership</td>
<td>201</td>
<td>1</td>
</tr>
<tr>
<td>Association Representatives</td>
<td>213</td>
<td>3</td>
</tr>
<tr>
<td>Association Security</td>
<td>200</td>
<td>1</td>
</tr>
<tr>
<td>Association Membership</td>
<td>201</td>
<td>1</td>
</tr>
<tr>
<td>Association Representatives</td>
<td>213</td>
<td>3</td>
</tr>
<tr>
<td>Bulletin Boards</td>
<td>211</td>
<td>2</td>
</tr>
<tr>
<td>Checkoff</td>
<td>205</td>
<td>2</td>
</tr>
<tr>
<td>Information</td>
<td>208</td>
<td>2</td>
</tr>
<tr>
<td>SUBJECT</td>
<td>PARAGRAPH</td>
<td>PAGE</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>-----------</td>
<td>------</td>
</tr>
<tr>
<td>B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bargaining, Scope of</td>
<td>2304</td>
<td>43</td>
</tr>
<tr>
<td>Bargaining Unit, Return to the</td>
<td>1013</td>
<td>12</td>
</tr>
<tr>
<td>Benefits, Insured</td>
<td>1800</td>
<td>28</td>
</tr>
<tr>
<td>Benefit, Survivor Assistance</td>
<td>1832</td>
<td>34</td>
</tr>
<tr>
<td>Benefits While on Leave of Absence</td>
<td>1630</td>
<td>27</td>
</tr>
<tr>
<td>Bereavement Leave</td>
<td>1700</td>
<td>28</td>
</tr>
<tr>
<td>Bulletin Boards</td>
<td>211</td>
<td>2</td>
</tr>
<tr>
<td>C</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Checkoff</td>
<td>205</td>
<td>2</td>
</tr>
<tr>
<td>Classifications and Technological Changes, New</td>
<td>700</td>
<td>6</td>
</tr>
<tr>
<td>Clinical Coordinator Differential</td>
<td>2008</td>
<td>39</td>
</tr>
<tr>
<td>Committee, Joint Association/Management</td>
<td></td>
<td>62</td>
</tr>
<tr>
<td>Compensation</td>
<td>2000</td>
<td>38</td>
</tr>
<tr>
<td>Alternate Compensation Program</td>
<td>2021</td>
<td>40</td>
</tr>
<tr>
<td>Meals and Lodging</td>
<td>2017</td>
<td>40</td>
</tr>
<tr>
<td>Mileage Reimbursement</td>
<td>2013</td>
<td>39</td>
</tr>
<tr>
<td>Nonduplication of Pay Provisions</td>
<td>2019</td>
<td>40</td>
</tr>
<tr>
<td>Parking</td>
<td>2015</td>
<td>40</td>
</tr>
<tr>
<td>Salary Schedule</td>
<td>2001</td>
<td>38</td>
</tr>
<tr>
<td>Shift Differential</td>
<td>2006</td>
<td>39</td>
</tr>
<tr>
<td>Standby Pay</td>
<td>2010</td>
<td>39</td>
</tr>
<tr>
<td>Tenure Increases</td>
<td>2003</td>
<td>38</td>
</tr>
<tr>
<td>Compensation Program Agreement, Alternate</td>
<td>Appendix B</td>
<td>51</td>
</tr>
<tr>
<td>Compensation Program, Alternate</td>
<td>2021</td>
<td>40</td>
</tr>
<tr>
<td>Conformity to Law</td>
<td>2400</td>
<td>43</td>
</tr>
<tr>
<td>Copies of the Labor Agreement, Extra</td>
<td></td>
<td>61</td>
</tr>
<tr>
<td>Coverage, Distribution of Work and</td>
<td>300</td>
<td>4</td>
</tr>
<tr>
<td>Credit, Service</td>
<td>1006</td>
<td>11</td>
</tr>
<tr>
<td>Credits for Inter-Regional Transfers, Maintenance of Service</td>
<td></td>
<td>63</td>
</tr>
<tr>
<td>D</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Definition, Seniority</td>
<td>1001</td>
<td>10</td>
</tr>
<tr>
<td>Degrees</td>
<td>912</td>
<td>10</td>
</tr>
<tr>
<td>Dental Plan</td>
<td>1819</td>
<td>32</td>
</tr>
<tr>
<td>Differential, Clinical Coordinator</td>
<td>2008</td>
<td>39</td>
</tr>
<tr>
<td>SUBJECT</td>
<td>PARAGRAPHS</td>
<td>PAGE</td>
</tr>
<tr>
<td>---------</td>
<td>------------</td>
<td>------</td>
</tr>
<tr>
<td>D (con’t)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Differential, Shift</td>
<td>2006</td>
<td>39</td>
</tr>
<tr>
<td>Disability, Long Term</td>
<td>1848</td>
<td>36</td>
</tr>
<tr>
<td>Discipline</td>
<td>1100</td>
<td>13</td>
</tr>
<tr>
<td>Distribution of Work and Coverage</td>
<td>300</td>
<td>4</td>
</tr>
<tr>
<td>E</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earned Time Off (ETO) Program</td>
<td>1300</td>
<td>16</td>
</tr>
<tr>
<td>Designated Holiday Not Worked</td>
<td>1308</td>
<td>17</td>
</tr>
<tr>
<td>Designated Holiday Pay, Eligibility for</td>
<td>1306</td>
<td>17</td>
</tr>
<tr>
<td>Designated Holidays</td>
<td>1302</td>
<td>16</td>
</tr>
<tr>
<td>Designated Holiday Schedule</td>
<td>1304</td>
<td>17</td>
</tr>
<tr>
<td>Designated Holiday Worked</td>
<td>1310</td>
<td>17</td>
</tr>
<tr>
<td>Earned Time Off (ETO) Account</td>
<td>1312</td>
<td>18</td>
</tr>
<tr>
<td>Earned Time Off for Vacation Selection</td>
<td>1322</td>
<td>19</td>
</tr>
<tr>
<td>Earned Time Off for Vacation, Use of</td>
<td>1320</td>
<td>19</td>
</tr>
<tr>
<td>Earned Time Off, Use of</td>
<td>1317</td>
<td>18</td>
</tr>
<tr>
<td>Eligibility for Designated Holiday Pay</td>
<td>1306</td>
<td>17</td>
</tr>
<tr>
<td>Employee Medical Records</td>
<td>1339</td>
<td>22</td>
</tr>
<tr>
<td>ETO - Vacation Pay</td>
<td>1325</td>
<td>21</td>
</tr>
<tr>
<td>Extended Sick Leave (ESL) Bank</td>
<td>1329</td>
<td>21</td>
</tr>
<tr>
<td>Integration With State Disability Insurance/Workers’ Compensation</td>
<td>1334</td>
<td>22</td>
</tr>
<tr>
<td>Use of Earned Time Off</td>
<td>1317</td>
<td>18</td>
</tr>
<tr>
<td>Use of Earned Time Off for Vacation</td>
<td>1320</td>
<td>19</td>
</tr>
<tr>
<td>Educational Leaves</td>
<td>1400</td>
<td>22</td>
</tr>
<tr>
<td>Paid Educational Leave</td>
<td>1401</td>
<td>22</td>
</tr>
<tr>
<td>Unpaid Educational Leave</td>
<td>1406</td>
<td>23</td>
</tr>
<tr>
<td>Employee Medical Records</td>
<td>1339</td>
<td>22</td>
</tr>
<tr>
<td>Employees, Part-time</td>
<td>2100</td>
<td>40</td>
</tr>
<tr>
<td>Employees, Per Diem</td>
<td>2200</td>
<td>41</td>
</tr>
<tr>
<td>Evaluations, Personnel</td>
<td>500</td>
<td>5</td>
</tr>
<tr>
<td>Expiration and Renewal</td>
<td>2800</td>
<td>44</td>
</tr>
<tr>
<td>Reopening</td>
<td>2803</td>
<td>45</td>
</tr>
<tr>
<td>Term of Agreement</td>
<td>2801</td>
<td>44</td>
</tr>
<tr>
<td>SUBJECT</td>
<td>PARAGRAPH</td>
<td>PAGE</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>-----------</td>
<td>------</td>
</tr>
<tr>
<td>F</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family Leave of Absence</td>
<td>1606</td>
<td>24</td>
</tr>
<tr>
<td>Filling Vacancies</td>
<td>903</td>
<td>9</td>
</tr>
<tr>
<td>Filling Vacancies, Job Postings and</td>
<td>900</td>
<td>9</td>
</tr>
<tr>
<td>Force, Reduction in</td>
<td>1008</td>
<td>11</td>
</tr>
<tr>
<td>G</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grievance Procedure</td>
<td>1200</td>
<td>14</td>
</tr>
<tr>
<td>General Provisions</td>
<td>1212</td>
<td>16</td>
</tr>
<tr>
<td>Grievance</td>
<td>1201</td>
<td>14</td>
</tr>
<tr>
<td>Step I</td>
<td>1203</td>
<td>14</td>
</tr>
<tr>
<td>Step II</td>
<td>1205</td>
<td>15</td>
</tr>
<tr>
<td>Step III</td>
<td>1208</td>
<td>15</td>
</tr>
<tr>
<td>Step IV Arbitration</td>
<td>1210</td>
<td>15</td>
</tr>
<tr>
<td>H</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health and Safety</td>
<td>2500</td>
<td>43</td>
</tr>
<tr>
<td>Health Insurance (Out of Area), Retiree</td>
<td>1816</td>
<td>32</td>
</tr>
<tr>
<td>Health Plan Coverage</td>
<td>1801</td>
<td>28</td>
</tr>
<tr>
<td>Health Plan Coverage, Survivors’</td>
<td>1813</td>
<td>31</td>
</tr>
<tr>
<td>Prior to December 1, 1987</td>
<td>1811</td>
<td>31</td>
</tr>
<tr>
<td>Holiday, Martin Luther King, Jr.</td>
<td></td>
<td>62</td>
</tr>
<tr>
<td>Holidays, Designated (Reference Earned Time Off Program in Index)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hours, Compulsory</td>
<td>806</td>
<td>8</td>
</tr>
<tr>
<td>Hours of Work</td>
<td>800</td>
<td>7</td>
</tr>
<tr>
<td>Job Sharing</td>
<td>811</td>
<td>8</td>
</tr>
<tr>
<td>Compulsory Hours</td>
<td>806</td>
<td>8</td>
</tr>
<tr>
<td>Notice of Intended Absence</td>
<td>809</td>
<td>8</td>
</tr>
<tr>
<td>Professional Hours</td>
<td>801</td>
<td>7</td>
</tr>
<tr>
<td>Holidays, Designated (Reference Earned Time Off Program in Index)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hours, Professional</td>
<td>801</td>
<td>7</td>
</tr>
<tr>
<td>I</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increases, Tenure</td>
<td>2003</td>
<td>38</td>
</tr>
<tr>
<td>Information</td>
<td>208</td>
<td>2</td>
</tr>
<tr>
<td>Injury or Illness, Occupational</td>
<td>1614</td>
<td>25</td>
</tr>
<tr>
<td>In-Service Cash Out-Option</td>
<td>1327</td>
<td>21</td>
</tr>
</tbody>
</table>
### I (con’t)

<table>
<thead>
<tr>
<th>Benefit/Insurance</th>
<th>Page 1824</th>
<th>Page 1825</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance, Life</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>Insurance, Major Medical</td>
<td>37</td>
<td>37</td>
</tr>
<tr>
<td>Insurance, Medical Malpractice</td>
<td>38</td>
<td>38</td>
</tr>
<tr>
<td>Insurance (Out of Area), Retiree Health</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>Insurance, Retiree Life</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>Insurance, Supplemental Life</td>
<td>61</td>
<td>61</td>
</tr>
<tr>
<td>Insured Benefits</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td>Dental Plan</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>Health Plan Coverage</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td>Medicare-coordinated Coverage for Retirements</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>On or After December 1, 1987</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior to December 1, 1987</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td>Life Insurance</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>Long Term Disability</td>
<td>36</td>
<td>36</td>
</tr>
<tr>
<td>Major Medical Insurance</td>
<td>37</td>
<td>37</td>
</tr>
<tr>
<td>Retiree Health Insurance (Out of Area)</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>Retiree Life Insurance</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>Retirement</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>Survivor Assistance Benefit</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>Survivors’ Health Plan Coverage</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td>Integration With State Disability Insurance/Workers’ Compensation</td>
<td>22</td>
<td>22</td>
</tr>
<tr>
<td>Intended Absence, Notice of Interfacility Transfers</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Interfacility Transfers</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Inter-Regional Transfers, Maintenance of Service Credits for</td>
<td>63</td>
<td>63</td>
</tr>
</tbody>
</table>

### J

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page 901</th>
<th>Page 900</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Postings</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Job Postings and Filling Vacancies</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Degrees</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Filling Vacancies</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Interfacility Transfers</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Job Postings</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Job Sharing</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Job Share Template</td>
<td>Appendix D</td>
<td>58</td>
</tr>
<tr>
<td>Jury Duty</td>
<td>26</td>
<td>26</td>
</tr>
<tr>
<td>SUBJECT</td>
<td>PARAGRAPH</td>
<td>PAGE</td>
</tr>
<tr>
<td>---------</td>
<td>-----------</td>
<td>------</td>
</tr>
<tr>
<td><strong>K</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>King, Jr. Holiday, Martin Luther</td>
<td></td>
<td>62</td>
</tr>
<tr>
<td><strong>L</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor Agreement, Extra Copies of the</td>
<td></td>
<td>61</td>
</tr>
<tr>
<td>Law, Conformity to</td>
<td>2400</td>
<td>43</td>
</tr>
<tr>
<td>Leave, Bereavement</td>
<td>1700</td>
<td>28</td>
</tr>
<tr>
<td>Leaves, Educational</td>
<td>1400</td>
<td>22</td>
</tr>
<tr>
<td>Leaves of Absence</td>
<td>1600</td>
<td>23</td>
</tr>
<tr>
<td>Benefits While on Leave of Absence</td>
<td>1630</td>
<td>27</td>
</tr>
<tr>
<td>Eligibility</td>
<td>1601</td>
<td>23</td>
</tr>
<tr>
<td>Family Leave of Absence</td>
<td>1606</td>
<td>24</td>
</tr>
<tr>
<td>Jury Duty</td>
<td>1622</td>
<td>26</td>
</tr>
<tr>
<td>Medical Leave</td>
<td>1610</td>
<td>25</td>
</tr>
<tr>
<td>Military Leave</td>
<td>1617</td>
<td>26</td>
</tr>
<tr>
<td>Occupational Injury or Illness</td>
<td>1614</td>
<td>25</td>
</tr>
<tr>
<td>Parental Leave of Absence</td>
<td>1608</td>
<td>24</td>
</tr>
<tr>
<td>Personal Leave</td>
<td>1603</td>
<td>24</td>
</tr>
<tr>
<td>Personal Time Off</td>
<td>1626</td>
<td>27</td>
</tr>
<tr>
<td>Return from Leave of Absence</td>
<td>1628</td>
<td>27</td>
</tr>
<tr>
<td>Letter of Understanding</td>
<td></td>
<td>61</td>
</tr>
<tr>
<td>Extra Copies of the Labor Agreement</td>
<td></td>
<td>61</td>
</tr>
<tr>
<td>Joint Association/Management Committee</td>
<td></td>
<td>62</td>
</tr>
<tr>
<td>Kaiser Permanente Supplemental Savings and</td>
<td></td>
<td>61</td>
</tr>
<tr>
<td>Retirement Plan (Plan B)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance of Service Credits for Inter-Regional</td>
<td></td>
<td>63</td>
</tr>
<tr>
<td>Transfers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Martin Luther King, Jr. Holiday</td>
<td></td>
<td>62</td>
</tr>
<tr>
<td>Supplemental Life Insurance</td>
<td></td>
<td>61</td>
</tr>
<tr>
<td>Liaison Committee</td>
<td>2700</td>
<td>44</td>
</tr>
<tr>
<td>Life Insurance</td>
<td>1825</td>
<td>33</td>
</tr>
<tr>
<td>Life Insurance, Retiree</td>
<td>1828</td>
<td>34</td>
</tr>
<tr>
<td>Life Insurance, Supplemental</td>
<td></td>
<td>61</td>
</tr>
<tr>
<td>Lockout, No Strike, No</td>
<td>2600</td>
<td>43</td>
</tr>
<tr>
<td>Lodging, Meals and</td>
<td>2017</td>
<td>40</td>
</tr>
<tr>
<td>Long Term Disability</td>
<td>1848</td>
<td>36</td>
</tr>
<tr>
<td>Loss of Seniority</td>
<td>1004</td>
<td>11</td>
</tr>
<tr>
<td>M</td>
<td>Maintenance of Service Credits for Inter-Regional Transfers</td>
<td>63</td>
</tr>
<tr>
<td></td>
<td>Malpractice Insurance, Medical</td>
<td>1900</td>
</tr>
<tr>
<td></td>
<td>Management</td>
<td>2300</td>
</tr>
<tr>
<td></td>
<td>Management Rights</td>
<td>2301</td>
</tr>
<tr>
<td></td>
<td>Scope of Bargaining</td>
<td>2304</td>
</tr>
<tr>
<td></td>
<td>Management Committee, Joint Association/ Martin Luther King, Jr. Holiday</td>
<td>62</td>
</tr>
<tr>
<td></td>
<td>Meals and Lodging</td>
<td>2017</td>
</tr>
<tr>
<td></td>
<td>Medical Insurance, Major</td>
<td>1855</td>
</tr>
<tr>
<td></td>
<td>Medical Leave</td>
<td>1610</td>
</tr>
<tr>
<td></td>
<td>Medical Malpractice Insurance</td>
<td>1900</td>
</tr>
<tr>
<td></td>
<td>Medical Records, Employee</td>
<td>1339</td>
</tr>
<tr>
<td></td>
<td>Medicare-coordinated Coverage for Retirements</td>
<td>1809</td>
</tr>
<tr>
<td></td>
<td>Medicare-coordinated Coverage for Retirements</td>
<td>1811</td>
</tr>
<tr>
<td></td>
<td>Prior to December 1, 1987</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>Membership, Association</td>
<td>201</td>
</tr>
<tr>
<td></td>
<td>Mileage Reimbursement</td>
<td>2013</td>
</tr>
<tr>
<td></td>
<td>Military Leave</td>
<td>1617</td>
</tr>
</tbody>
</table>

| N | New Classifications and Technological Changes | 700 | 6 |
|   | New Classifications | 701 | 6 |
|   | Technological Changes | 705 | 6 |
|   | No Lockout, No Strike | 2600 | 43 |
|   | Nondiscrimination and Affirmative Action | 400 | 5 |
|   | Nonduplication of Pay Provisions | 2019 | 40 |
|   | No Strike, No Lockout | 2600 | 43 |
|   | Notice of Intended Absence | 809 | 8 |

<p>| O | Occupational Injury or Illness | 1614 | 25 |</p>
<table>
<thead>
<tr>
<th>SUBJECT</th>
<th>PARAGRAPH</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parental Leave of Absence</td>
<td>1608</td>
<td>24</td>
</tr>
<tr>
<td>Parking</td>
<td>2015</td>
<td>40</td>
</tr>
<tr>
<td>Part-time Employees</td>
<td>2100</td>
<td>40</td>
</tr>
<tr>
<td>Pay, ETO - Vacation</td>
<td>1325</td>
<td>21</td>
</tr>
<tr>
<td>Pay Provisions, Nonduplication of</td>
<td>2019</td>
<td>40</td>
</tr>
<tr>
<td>Pay, Standby</td>
<td>2010</td>
<td>39</td>
</tr>
<tr>
<td>Per Diem Employees</td>
<td>2200</td>
<td>41</td>
</tr>
<tr>
<td>Per Diem Work Commitment Template</td>
<td>Appendix E</td>
<td>60</td>
</tr>
<tr>
<td>Personal Leave</td>
<td>1603</td>
<td>24</td>
</tr>
<tr>
<td>Personal Time Off</td>
<td>1626</td>
<td>27</td>
</tr>
<tr>
<td>Personnel Evaluations</td>
<td>500</td>
<td>5</td>
</tr>
<tr>
<td>Postings and Filling Vacancies, Job</td>
<td>900</td>
<td>9</td>
</tr>
<tr>
<td>Postings, Job</td>
<td>901</td>
<td>9</td>
</tr>
<tr>
<td>Probationary Period</td>
<td>600</td>
<td>6</td>
</tr>
<tr>
<td>Procedure, Grievance</td>
<td>1200</td>
<td>14</td>
</tr>
<tr>
<td>Professional Hours</td>
<td>801</td>
<td>7</td>
</tr>
<tr>
<td>Recognition</td>
<td>100</td>
<td>1</td>
</tr>
<tr>
<td>Records, Employee Medical</td>
<td>1339</td>
<td>22</td>
</tr>
<tr>
<td>Reduction in Force</td>
<td>1008</td>
<td>11</td>
</tr>
<tr>
<td>Reimbursement, Mileage</td>
<td>2013</td>
<td>39</td>
</tr>
<tr>
<td>Reimbursement, Tuition</td>
<td>1500</td>
<td>23</td>
</tr>
<tr>
<td>Renewal, Expiration and</td>
<td>2800</td>
<td>44</td>
</tr>
<tr>
<td>Reopening</td>
<td>2803</td>
<td>45</td>
</tr>
<tr>
<td>Representatives, Association</td>
<td>213</td>
<td>3</td>
</tr>
<tr>
<td>Retiree Health Insurance (Out of Area)</td>
<td>1816</td>
<td>32</td>
</tr>
<tr>
<td>Retiree Life Insurance</td>
<td>1828</td>
<td>34</td>
</tr>
<tr>
<td>Retirement</td>
<td>1834</td>
<td>34</td>
</tr>
<tr>
<td>Retirement Plan (Plan B), Kaiser Permanente</td>
<td></td>
<td>61</td>
</tr>
<tr>
<td>Suppemental Savings and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement On or After December 1, 1987,</td>
<td>1809</td>
<td>30</td>
</tr>
<tr>
<td>Medicare-coordinated Coverage for</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement Prior to December 1, 1987,</td>
<td>1811</td>
<td>31</td>
</tr>
<tr>
<td>Medicare-coordinated Coverage for</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return from Leave of Absence</td>
<td>1628</td>
<td>27</td>
</tr>
<tr>
<td>Return to the Bargaining Unit</td>
<td>1013</td>
<td>12</td>
</tr>
<tr>
<td>Rights, Management</td>
<td>2301</td>
<td>42</td>
</tr>
<tr>
<td>Section</td>
<td>Page</td>
<td>Section</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>------</td>
<td>------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Safety, Health and</td>
<td>2500</td>
<td>Salary Schedule</td>
</tr>
<tr>
<td>Salary Structure</td>
<td></td>
<td>Appendix A</td>
</tr>
<tr>
<td>Savings and Retirement Plan (Plan B), Kaiser Permanente Supplemental</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schedule, Salary</td>
<td>2001</td>
<td></td>
</tr>
<tr>
<td>Scope of Bargaining</td>
<td>2304</td>
<td></td>
</tr>
<tr>
<td>Security, Association</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>Seniority</td>
<td>1000</td>
<td></td>
</tr>
<tr>
<td>Loss of Seniority</td>
<td>1004</td>
<td></td>
</tr>
<tr>
<td>Reduction in Force</td>
<td>1008</td>
<td></td>
</tr>
<tr>
<td>Return to the Bargaining Unit</td>
<td>1013</td>
<td></td>
</tr>
<tr>
<td>Seniority Definition</td>
<td>1001</td>
<td></td>
</tr>
<tr>
<td>Service Credit</td>
<td>1006</td>
<td></td>
</tr>
<tr>
<td>Service Credit</td>
<td>1006</td>
<td></td>
</tr>
<tr>
<td>Service Credits for Inter-Regional Transfers,</td>
<td></td>
<td>Maintenance of</td>
</tr>
<tr>
<td>Shift Differential</td>
<td>2006</td>
<td></td>
</tr>
<tr>
<td>Sick Leave (ESL) Bank, Extended</td>
<td>1329</td>
<td></td>
</tr>
<tr>
<td>Standby Pay</td>
<td>2010</td>
<td></td>
</tr>
<tr>
<td>State Disability Insurance/Workers’ Compensation, Integration With</td>
<td>1334</td>
<td></td>
</tr>
<tr>
<td>Step I</td>
<td>1203</td>
<td></td>
</tr>
<tr>
<td>Step II</td>
<td>1205</td>
<td></td>
</tr>
<tr>
<td>Step III</td>
<td>1208</td>
<td></td>
</tr>
<tr>
<td>Step IV Arbitration</td>
<td>1210</td>
<td></td>
</tr>
<tr>
<td>Strike, No Lockout, No</td>
<td>2600</td>
<td></td>
</tr>
<tr>
<td>Structure, Salary</td>
<td></td>
<td>Appendix A</td>
</tr>
<tr>
<td>Supplemental Life Insurance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplemental Savings and Retirement Plan (Plan B), Kaiser Permanente</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Survivor Assistance Benefit</td>
<td>1832</td>
<td></td>
</tr>
<tr>
<td>Survivors’ Health Plan Coverage</td>
<td>1813</td>
<td></td>
</tr>
<tr>
<td>SUBJECT</td>
<td>PARAGRAPH</td>
<td>PAGE</td>
</tr>
<tr>
<td>---------</td>
<td>-----------</td>
<td>------</td>
</tr>
<tr>
<td>T</td>
<td>Technological Changes, New Classifications and Tenure Increases</td>
<td>700 2003</td>
</tr>
<tr>
<td>Term of Agreement</td>
<td>2801</td>
<td>44</td>
</tr>
<tr>
<td>Time Off, Personal</td>
<td>1626</td>
<td>27</td>
</tr>
<tr>
<td>Transfers, Interfacility</td>
<td>910</td>
<td>10</td>
</tr>
<tr>
<td>Transfers, Maintenance of Service Credits for Inter-Regional Tuition Reimbursement</td>
<td>1500</td>
<td>23</td>
</tr>
<tr>
<td>V</td>
<td>Vacancies, Filling</td>
<td>903</td>
</tr>
<tr>
<td>Vacancies, Job Postings and Filling</td>
<td>900</td>
<td>9</td>
</tr>
<tr>
<td>Vacation Pay, ETO -</td>
<td>1325</td>
<td>21</td>
</tr>
<tr>
<td>W</td>
<td>Work and Coverage, Distribution of Workers’ Compensation, Integration With State Disability Insurance/ Work, Hours of</td>
<td>300 1334 800</td>
</tr>
</tbody>
</table>
National Agreement

KAISER PERMANENTE

THE COALITION OF KAISER PERMANENTE UNIONS

October 1, 2005
Table of Contents

INTRODUCTION ............................................................................................................. 9

SECTION 1: PRIVILEGES AND OBLIGATIONS OF PARTNERSHIP

A. Commitment To Partnership .................................................................................. 11

B. Partnership Governance And Structure ................................................................. 12
   1. Partnership Structures ....................................................................................... 12
      a. Integration ....................................................................................................... 12
      b. Unit Based Teams ......................................................................................... 12
   2. Governing Bodies ............................................................................................... 14
   3. Joint Partnership Trust ..................................................................................... 14

C. Organizational Performance .................................................................................. 15
   1. Performance Improvement ................................................................................ 15
      a. Successful Practices ...................................................................................... 16
      b. Flexibility ....................................................................................................... 16
   2. Service Quality .................................................................................................. 19
      a. Leadership Commitment And Service Behavior ........................................... 19
      b. Systems And Processes .............................................................................. 19
      c. Environment ................................................................................................. 20
3. Attendance

a. Philosophy

b. Sponsorship And Accountability

c. Time Off Benefit Enhancement

d. Implementation

e. Integrated Disability Management

f. Attendance Intervention Model

g. Staffing And Backfill (Planned Replacement)

4. Scope Of Practice

5. Joint Marketing

D. Workforce Development

1. Taft-Hartley Trusts

a. Funding

b. Governance

2. Structure

a. Workforce Development Coordination And Implementation Structure

b. National Workforce Development Team

c. Regional Workforce Development Teams

d. Facility Workforce Development Teams
3. Joint Workforce Development ............................................................. 28
   a. Workforce Planning ....................................................................... 28
   b. Career Development .................................................................... 28
   c. Education And Training .............................................................. 29
   d. Retention And Recruitment ........................................................... 29

E. Education And Training .................................................................. 30
   1. Principles ..................................................................................... 30
   2. Types Of Training ......................................................................... 30
   3. Steward Education, Training And Development ............................ 31
   4. Integrated Approach To Education And Training ............................ 31

F. Staffing, Backfill, Budgeting And Capacity Building ..................... 32
   1. Planned Replacement And Budgeting ............................................. 32
   2. A Joint Staffing Process ............................................................... 33
   3. Contract Specialists .................................................................... 34

G. Human Resources Information System (HRIS) Process Consistency .. 35

H. Work-Life Balance .......................................................................... 35
   1. Structure ...................................................................................... 36
   2. Programs and Services ................................................................. 36
   3. Mandatory Overtime and Assignments .......................................... 37

I. Patient Safety .................................................................................... 37
J. Workplace Safety

1. Creating A Culture Of Safety
2. Comprehensive Approach To Safety
3. National Data System
4. Bloodborne Pathogens
5. Integrated Disability Management
6. Union Indemnification

K. Union Security

1. Union Leaves Of Absence
2. Corporate Transactions
3. Voluntary Cope Check-Off
4. Subcontracting
5. Union Representation Of New Positions

L. Problem Solving Processes

1. Issue Resolution And Corrective Action Procedures
   a. Issue Resolution And Corrective Action
2. Partnership Agreement Review Process

M. Term Of The Partnership
SECTION 2: Wages and Benefits

A. Compensation ........................................................................................................... 46

1. Across The Board Wage Increases And Special Adjustments .......... 46

2. Partnership Bonus ............................................................................................. 49

3. Performance Sharing ......................................................................................... 49

B. Health And Welfare Benefits ............................................................................. 51

1. Medical Benefits ...................................................................................................... 51

   a. Eligibility ............................................................................................................. 51

   b. Basic Comprehensive Plan ........................................................................... 51

   c. Parent Coverage .............................................................................................. 52

   d. Health Care Spending Account ................................................................... 52

   e. Creation Of A Flexible Benefit Program and Recognition of
      Martin Luther King, Jr.’s Birthday ................................................................. 52

2. Retirement Benefits ................................................................................................ 53

   a. Defined Contribution Plan ............................................................................... 53

   b. Defined Benefit Retirement Plan .................................................................... 54

   c. Continuation Of Certain Retirement Programs ........................................... 54

   d. Pension Service Credits ................................................................................. 54

   e. Investment Committee Representative .......................................................... 55

   f. Pre-Retirement Survivor Benefits .................................................................. 55
3. Other Benefits ...................................................................................... 56
   a. Dependent Care Spending Account .............................................. 56
   b. Survivor Assistance Benefit .......................................................... 56
   c. Workers Compensation Leaves Of Absence .................................. 56
   d. Disability Insurance ....................................................................... 56
   e. Employee Health Care Management Program .............................. 57

4. Maintenance Of Benefits ..................................................................... 57

5. Referrals To The Strategy Group ......................................................... 57

C. Disputes .................................................................................................. 58

SECTION 3: SCOPE OF THE AGREEMENT

A. Coverage .................................................................................................. 60

B. The National Agreement And Local Agreements ................................. 60

C. National Agreement Implementation .................................................. 60

D. Duration, Renewal And Reopening ................................................... 61

E. Living Agreement .................................................................................. 62
<table>
<thead>
<tr>
<th>EXHIBITS</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.B.1.b 2005 Performance Improvement BTG Report (page 7)</td>
<td>63</td>
</tr>
<tr>
<td>1.C.4(1) 2005 Scope of Practice BTG Report (pages 14-17)</td>
<td>65</td>
</tr>
<tr>
<td>1.C.4(2) 2005 Scope of Practice BTG Report (pages 9-11)</td>
<td>72</td>
</tr>
<tr>
<td>1.F 2005 Attendance BTG Report (pages 20-23)</td>
<td>76</td>
</tr>
<tr>
<td>1.H.3 2005 Mandatory Overtime Documents</td>
<td>81</td>
</tr>
<tr>
<td>1.K.4 MOU dated July 15, 2005</td>
<td>83</td>
</tr>
<tr>
<td>2.B.1.c Parent Medical Coverage Letter of Agreement and Intent</td>
<td>88</td>
</tr>
<tr>
<td>2.B.2.b Defined Benefit Retirement Plans</td>
<td>94</td>
</tr>
<tr>
<td>2.B.3.d General Description of Disability Plan Benefit Levels</td>
<td>107</td>
</tr>
</tbody>
</table>
NATIONAL AGREEMENT

This National Agreement (the Agreement) is entered into this first day of October, 2005 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 thirty-three 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 thirty three bargaining units. In 2005, the parties formed a new CIC to bargain this successor Agreement, covering forty-four 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 four hundred management and union representatives from across the Program.

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

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

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

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

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

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

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

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

This Agreement was created through an extraordinary collaboration with the input of hundreds of Kaiser Permanente employees at every level. The Agreement embodies the parties’ collective vision for Kaiser Permanente. The language of this Agreement cannot begin to fully capture the energy and collective insights of the hundreds of people working long hours to establish this framework. As work units apply these principles, their commitment and expertise will make the vision a reality.
SECTION 1: PRIVILEGES AND OBLIGATIONS OF PARTNERSHIP

A. COMMITMENT TO PARTNERSHIP

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

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

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.

In addition, 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.
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 takes substantive steps toward this integration.

1. PARTNERSHIP STRUCTURES

a. Integration

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

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

b. Unit Based Teams

Engaging employees in the design and implementation of their work creates a healthy work environment and builds commitment to superior organizational performance. Successful engagement begins with appropriate structures and processes for Partnership interaction to take place. It requires the sponsorship, commitment and accountability of labor, management, and medical and dental group leadership to communicate to stakeholders that engagement in Partnership is not optional, but the way that Kaiser Permanente does business.

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

Members of a Unit Based Team will participate in:

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

The teams will need information and support, including:

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

Senior leadership of KFHP/H, medical and dental groups, and unions in each region will agree on a shared vision of the process for establishing teams, the methods for holding teams and leaders accountable, and the tools and resources necessary to support the teams.

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 will be fully deployed as the operating model for Kaiser Permanente by 2010, in accordance with the timeline set forth in the 2005 Performance Improvement BTG report, page 7 (attached as Exhibit 1.B.1.b.).

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 front line workers. The role should evolve from directing the workforce to coaching, facilitating, supporting, representing management through interest-based procedures and ensuring that a more involved and engaged workforce is provided with the necessary systems, materials and resources. The role of stewards should evolve into one of work unit leadership, problem solving, participating in the
organization and design of the work processes, and representing co-workers through interest-based procedures.

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

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. Kaiser Permanente will continue to contribute at its current rate, adjusted annually in accordance with general budget inflationary factors. 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 continue to be contributed to the Partnership Trust throughout the term of this Agreement, using the current or jointly acceptable alternative methodologies. The purpose of the employee contribution is employee ownership of the Partnership, sponsorship of increased union capacity and shared ownership of outcomes and performance gains.

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

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

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

1. PERFORMANCE IMPROVEMENT

Kaiser Permanente and the Coalition are competing in a challenging market that is characterized by a limited workforce, changes in technology, changes in clinical practice, cultural diversity, changing demographics, and high demand for quality service. The parties are committed to the enhancement of organizational performance so that working in Partnership is the way Kaiser Permanente does business. Under this Agreement, the parties will work together to:

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

a. Successful Practices

Implementation of a comprehensive, web-based system for sharing and transferring successful practices will be a significant contribution to performance improvement. This system will identify and capture successful practices and tool kits related to regional and Program-wide goals such as:

• service,
• attendance,
• workplace safety,
• workforce development,
• cost structure reduction,
• scope of practice, and
• performance-based pay.

By July 1, 2006, each region will inventory and submit to a designee in the OLMP the existing systems that are used to capture and share successful practices. By October 1, 2006, a national web-based system will be designed. By the end of 2006, the national web-based system will be populated with data and effective January 1, 2007, each region and national function, as appropriate, will begin to utilize the selected national successful practices system.

The National Operations Team will be responsible to:

• act as the sponsor for the transfer of successful practices;
• identify at least two demonstrated successful practices annually and recommend to the Strategy Group that they be implemented Program-wide;
• coordinate with regional and national function leadership to provide funding, incentives, education, support and tools;
• establish a video conference, ideally on a semi-annual basis, where each region shares a successful practice; and
• implement and maintain the system to ensure that successful practices are, in fact, transferred.

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;
- re-training or re-deploying 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.
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 implementation, the Strategy Group, working with the KPPG subgroup on service, will lead 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 will include 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. A service training program will be designed, for regional delivery, to include a section on service recovery.

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 front line 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 (2) to five (5) flexible personal paid days off (Personal Days) that employees may use for personal needs in increments of not less than two (2) 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 (5) 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 (2) 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% 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% 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 calendar year.
**Annual Sick Leave.** Employees will be credited with their entire annual allotment of sick leave days provided in the local collective bargaining agreements on January 1 of each calendar year following implementation of this plan. In 2006, the current sick leave accrual system will remain in place until such time as the new attendance system is implemented in the region. Employees who commence employment after January 1 will receive a pro-rated allocation. At the end of each calendar year, 100% of unused Annual Sick Leave days may be credited to Banked Sick Leave at 100% of value.

**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.** 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 year beginning with 2006, employees who meet the eligibility requirements set forth below, may:

- convert unused Annual Sick Leave days (up to ten days) to cash at 50% of value; or
- credit unused days to Banked Sick Leave at 100% of value.

Employees may select either option, or a combination of the two.

**Conversion of Unused Annual Sick Leave.** During each year of the program, including 2006, employees in each region will be eligible to cash out unused sick leave as described below.

At the end of each year, employees with at least ten days of Banked Sick Leave (or the proportional equivalent for part-time employees) may cash out up to ten (10) days of unused Annual Sick Leave, at 50% of value. Employees with fewer than ten (10) days of Banked Sick Leave must first apply unused Annual Sick Leave toward reaching a minimum balance of ten (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 ten (10) days, at 50% of value.

**Example 1:** an employee has no Banked Sick Leave and twelve (12) days unused Annual Sick Leave at the end of the year. Ten (10) days must be credited to Banked Sick Leave and two (2) days may be cashed out at 50% of value.

**Example 2:** an employee has five (5) days Banked Sick Leave, and twelve (12) days unused Annual Sick Leave at the end of the year. Five (5) days
must be credited to Banked Sick Leave and seven (7) days may be cashed out at 50% of value.

Example 3: an employee has twenty (20) days Banked Sick Leave and twelve (12) days unused Annual Sick Leave at the end of the year. Ten (10) days may be cashed out and two (2) days will be credited to Banked Sick Leave; or, all twelve (12) days unused Annual Sick Leave may be credited to Banked Sick Leave.

All unused Annual Sick Leave days which are not converted to cash will be automatically credited to Banked Sick Leave at 100% of value.

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

d. Implementation

Southern California will 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 becomes effective as of January 1, 2006. 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 will develop detailed timelines for initial and long-term implementation of the attendance program with identified goals, and performance expectations. The Committee will define the kinds of data needed and the methods to be used, collect the necessary data and provide reporting that is consistent across Regions. The Committee will also establish a framework that defines the level of attendance performance at which an attendance review is triggered. The 2005 Attendance BTG report will guide 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 tool kit for use by the regions or national functions;
- develop and offer training to regional or national personnel for intervention skills and use of the tool kit; 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 by June 30, 2006; 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, 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

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 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 Kaiser Foundation Health Plan. National oversight and sponsorship of the joint
marketing effort will be provided by the Strategy Group. The foundation of the joint
marketing efforts will require organizational alignment, integration (e.g., participating in the
regional rate-setting process), and coordination between the Coalition and departments
engaged in promoting Kaiser Permanente at the regional level.

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

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

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

1. TAFT-HARTLEY TRUSTS

   a. Funding

   Two Taft-Hartley education trusts, one for the Coalition SEIU unions (the SEIU Multi-Employer Education Trust) and another for all other Coalition unions representing employees of KFHP, KFH and the affected Permanente Medical Groups (the Coalition Education Trust) will be funded to offer career development/upgrade training programs and services for their respective memberships. In the first year of the Agreement, each trust will be funded at 1% of its represented employee payroll.

   Contributions that the Employer makes according to paragraph 1 above, to the SEIU Multi-Employer Trust on behalf of the Northern California SEIU Unions will be offset by previous contributions to the SEIU Multi-Employer Trust, made prior to the effective date of this Agreement. This offset will have no affect on contributions due to the Coalition Education Trust.

   The first year contributions will fund the trusts over the first three years of the Agreement. Beginning the third year of the Agreement, the parties will meet annually to evaluate the assets and performance of the trusts, mutually agree on future goals and determine the level of future contributions.

   Annually, beginning in 2006, the parties will meet to discuss appropriate contributions to (1) the Education Trusts and (2) the Partnership Trust to fund Workforce Development activities such as: forecasting, data collection (FIS/MIS) coordination, WFD team training and training for areas not covered by the Taft Hartley Education Trusts, such as training for Unit Based Teams, Service and Scope of Practice.

   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 already established in Northern California.

   • All other Coalition unions will join the Coalition Trust, which will be established no later than December 31, 2005.

   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% allocation to the Partnership Trust. Funded activity will include:

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

b. National Workforce Development Team (National Team)

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

c. Regional Workforce Development Teams (Regional Teams)

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

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

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

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 healthcare 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. 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.

a. Workforce Planning

As Kaiser Permanente and the Coalition plan for the workforce of today and tomorrow, it is necessary to develop a set of ongoing processes that determine current workforce skill levels, current and future workforce needs and formulate a strategy to assure alignment. The parties agree that successful Workforce Planning must include a commitment to internal promotions in the filling of vacancies. Therefore, existing policies, practices and contract language will be jointly reviewed and new policies developed to support internal promotions including: the harvesting of vacancies, development of redeployment processes, studies to determine the feasibility of insourcing career counseling services/functions that are currently performed by external providers and new incentives for managers to promote from within.

b. Career Development

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

c. Education and Training

The workforce development education and training objectives are to:

- prepare individuals to engage in learning processes and skills training;
- support employees in meeting their professional and continuing educational needs;
- train professional and technical employees for specialty classifications;
- provide education and training in new careers and career upgrades;
- support employees in adapting to technological changes; and
- ensure alignment with the needs of the organization.

The parties recognize the need to raise awareness of the availability of tuition reimbursement opportunities. By April 2006, each Regional Team will complete a study to determine 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. After the regional studies have been completed, 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. 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.

• 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;
• Steward’s 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 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 #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 #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 front-line 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 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 their current number of liaison positions in lieu of a Contract Specialist, or choose a combination of Contract Specialist and liaisons, or eliminate all liaison positions and replace them with Contract Specialists. In the event that a local union does not have a liaison, it may choose to select a liaison(s), instead of a Contract Specialist, at the ratio described above. Local unions will set policies for liaison and Contract Specialist positions such as term length (e.g., single one-year, non-renewable term, etc.). Local unions that currently have liaison positions exceeding the 1:1,500 ratio cited above will maintain their current FTE ratio.
Southern California will provide 13 FTE Contract Specialist/liaison positions, prorated by International Union, over and above current liaison level, in the first year of the Agreement. All regions will achieve the 1:1,500 ratio by the end of the second year of the Agreement.

G. HUMAN RESOURCE INFORMATION SYSTEM (HRIS) PROCESS CONSISTENCY

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

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

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

- bereavement leave;
- jury duty;
- effective dates of step increases;
- longevity pay; and
- alternative compensation program terms.

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

H. WORK-LIFE BALANCE

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

The parties agree to create a Work-Life Balance (WLB) division of Human Resources, resulting from realignment of the current Employee Assistance Program (EAP) at all levels. This infrastructure will help ensure that the work-life balance services offered are consistent 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.

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 injuries.

1. CREATING A CULTURE OF SAFETY

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

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

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

2. COMPREHENSIVE APPROACH TO SAFETY

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

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

3. NATIONAL DATA SYSTEM

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

4. BLOODBORNE PATHOGENS

The parties will continue support of the National Sharps Safety Committee (NSSC), chartered by the Labor Management Partnership to pursue the goal of selecting and recommending the provision of the safest sharps safety devices. In the event of an issue or disagreement arising out of National Product Council actions regarding a recommendation from the NSSC, the appropriate Problem-Solving Processes under Section 1 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 ninety days. During this time, the employee’s bargaining unit status will be maintained with all rights and
responsibilities. After ninety 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 thirty 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 thirty days and up to a maximum of one year. Such leaves will be granted by the Employer in increments of three months and shall be jointly reviewed, on a periodic basis, at the regional level. Seniority, service credit, credited service and health, dental, and life insurance benefits will continue during the leave as long as the union reimburses Kaiser Permanente for the associated costs.

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

Kaiser Permanente will pay employees for absences in order to participate in grievances, issue resolution meetings, Kaiser Permanente work committees and interest-based negotiations under Section 3.E. of this Agreement. Paying employees for participation in panel arbitrations will be the decision of senior union and management leaders in the region.
The Employer and the leaders of the Partner unions will work together to ensure reasonable notice and to minimize impact on service and care delivery associated with this provision.

2. CORPORATE TRANSACTIONS

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

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

3. VOLUNTARY COPE CHECK-OFF

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

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

4. SUBCONTRACTING

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

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

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

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

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

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

If the local parties have an agreed upon process for reviewing newly created positions that provide for an expedited and timely resolution to the issue, that local process should prevail or they may mutually agree to use the process below.

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

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

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

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

If the parties are unable to agree whether the job is a bargaining unit position, then the matter may be submitted as a dispute to an expedited Issue Resolution process. The parties will appoint a standing panel with the responsibility of expeditiously reviewing the facts with each party’s perspectives and issuing a timely determination. Optimally, the standing panel would include several neutral parties with an inherent understanding of the complex issues.
involved in such determinations, and sufficient flexibility in their schedules to expeditiously hear pending issues. The panel will be accountable to the Strategy Group, who will ultimately determine the composition of the panel and who may elect to appoint one or more Strategy Group members, or their designees, to the standing panel. The panel will be appointed by January 1, 2006.

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

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

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

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

L. PROBLEM SOLVING PROCESSES

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

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

1. ISSUE RESOLUTION AND CORRECTIVE ACTION PROCEDURES

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

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

a. Issue Resolution and Corrective Action

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

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

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

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

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

2. PARTNERSHIP AGREEMENT REVIEW PROCESS

After sharing information and fully discussing and exchanging ideas and fully considering all views about issues of interest and concern to the parties, decisions should be reached that are satisfactory to all.
It is understood that the parties may not always agree. Disagreement at the facility level which arises out of the interpretation and/or implementation of Section 1, should be referred to the local level Partnership team for discussion in an attempt to reach a consensus decision. If it cannot be resolved at the local level, the senior union and management regional strategy group, council or equivalent must address and attempt to resolve the issue no later than thirty 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 thirty days, unless the time is extended by mutual agreement. It is the responsibility of the neutral designee to ensure that 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 sixty-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 sixty-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.

[The remainder of this page is intentionally blank.]
<table>
<thead>
<tr>
<th>Region or Area</th>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ATB (Across-the-Board) Increases</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NCAL, SCAL, CO, NW</td>
<td></td>
<td>5%</td>
<td>4%</td>
<td>4%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>OHIO, MAS, TX</td>
<td></td>
<td>4%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>GA</td>
<td></td>
<td>i</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td><strong>RN Differentials</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CO, OHIO, MAS</td>
<td></td>
<td></td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>GA</td>
<td></td>
<td>iii</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>NW</td>
<td></td>
<td>iv</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>SCAL</td>
<td></td>
<td>v</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Self-Funded Performance Sharing Program (“PSP”)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All Partnership Regions</td>
<td></td>
<td></td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Job Classification Adjustments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Imaging (Technical Classifications)</td>
<td></td>
<td>NCAL, SCAL, OHIO, GA, NW</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clinical Lab Scientists</td>
<td></td>
<td>NCAL, SCAL</td>
<td></td>
<td></td>
<td></td>
<td>Referred to by local table for joint resolution.</td>
</tr>
<tr>
<td>Coders</td>
<td></td>
<td>NCAL, CO</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pharmacists</td>
<td></td>
<td>CO</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Respiratory Care Practitioners</td>
<td></td>
<td>NCAL, SCAL, NW</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Special Parity Adjustments - ROC Regions**

<table>
<thead>
<tr>
<th>Region</th>
<th>Close up to</th>
</tr>
</thead>
<tbody>
<tr>
<td>NW - MSW/MH</td>
<td>in year one</td>
</tr>
<tr>
<td>MAS – UFCW Local 400 – Baltimore/DC</td>
<td>on 10/1/2006</td>
</tr>
</tbody>
</table>
## Special Parity Adjustments - NCAL

<table>
<thead>
<tr>
<th>Union/Group</th>
<th>Description</th>
<th>Date of Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>UHW – Geographic Two Tier System</td>
<td>To be implemented mid-year in year 3, as agreed by the parties.</td>
<td></td>
</tr>
<tr>
<td>SEIU Local 535 MH/SW – Geographic Two Tier System</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IFPTE Local 20 - Geographic Two Tier System</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEIU Local 535 - Pension Service Credit</td>
<td>By 9/30/08, or earlier if mutually agreed.</td>
<td></td>
</tr>
<tr>
<td>IFPTE Local 20 - Pension Service Credit</td>
<td>By 9/30/08, or earlier if mutually agreed.</td>
<td></td>
</tr>
</tbody>
</table>

## Special Parity/Progression Adjustments - SCAL

<table>
<thead>
<tr>
<th>Description</th>
<th>Date of Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees represented by OPEIU Local 30, IBT Local 166, USWA Local 7600, SEIU Local 535 (except AFN), SEIU UHW and all UFCW Locals in SCAL will receive a 4.23% Across-the-Board increase in year 3, in addition to the scheduled ATB.</td>
<td>To be implemented mid-year in year 3, as agreed by the parties.</td>
</tr>
<tr>
<td>SEIU Local 535 – Psychiatric Social Workers in San Diego will receive an adjustment to close the geographic gap in wage rates between San Diego and Los Angeles service areas.</td>
<td>To be addressed in year 3.</td>
</tr>
</tbody>
</table>

i Georgia implemented ATB increases in May 2005. Accordingly, the year 1 ATB Increase in Georgia will be applied as follows: 10/01/05 - 2%; and 5/01/06 - 1%.

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

iii Georgia implemented ATB increases in May 2005. Accordingly, the year 1 RN Differential in Georgia will be applied as follows: 10/01/05 - 0.5%; and 5/01/06 - 0.5%.

iv Northwest RNs: Inpatient night shift differential will be $5.00, inpatient evening shift differential will be $2.50. Outpatient RN wages will be at parity with inpatient. For RN, NP, PA, CNM, extra steps will be established in the scale at 16 and 20 years at 3% intervals, effective 10/01/05.

v In years 1 and 2, pursuant to a schedule agreed upon at the national table by SCAL union and management leaders, the general ATBs of 5% and 4%, plus the value of the RN differential, in addition to a total of $27.5M, will be used to revise the steps and wages within the step structure for both UNAC and SEIU 535 / AFN Registered Nurses. In year 1, an additional $2.5M will be used to increase UNAC differentials.
2. PARTNERSHIP BONUS

Partnership Bonus in Ohio, Georgia and Mid-Atlantic States. Coalition represented employees in the Ohio, Georgia and Mid-Atlantic States regions will receive an annual cash Partnership Bonus in each of the first and second years of the Agreement. The total amount available to fund the Partnership Bonus in each region will be 0.5% of represented employee payroll in that region in each year.

3. PERFORMANCE SHARING

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

The Strategy Group will be accountable for the LMP PSP. The Strategy Group may, but is not required to, establish national factors each year that will be included in all regional and local programs, together with regional and local factors. The Strategy Group will appoint a PSP Design Team to review the 2005 Performance-Based Pay BTG recommendations and make improvements to the LMP PSP by December 31, 2005, for the 2006 plan year. The emphasis will be on achieving simplicity, ease of administration and alignment with organizational and Partnership goals. 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.

Year 1- 3% payout at target to be paid out in First Quarter 2007, based on 2006 performance;
Year 2- 3% payout at target to be paid out in First Quarter 2008, based on 2007 performance;
Year 3- 3% payout at target to be paid out in First Quarter 2009, based on 2008 performance;
Year 4- 3% payout at target to be paid out in First Quarter 2010, based on 2009 performance; and
Year 5- 3% payout at target to be paid out in First Quarter 2011, based on 2010 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.

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 sub-regional (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 at the beginning of each year. 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 31st 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 1800 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 1800 hours. Employees with compensated hours less than 1800 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 (3) 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/3 months for maintenance medications, barring state statutory or other legal or technical barriers;
• 100% 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 five (5) dollar 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. Creation of a Flexible (Flex) Benefit Program and Recognition of Martin Luther King, Jr.’s Birthday
The parties have agreed to work together to implement a flexible benefit program and to identify a consistent way to recognize and celebrate Martin Luther King, Jr.’s birthday. The adoption of each program is dependent upon adoption of the other.

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

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

The fundamental criteria for the Flex program would include the following:
• a fully-funded option that would mirror the traditional benefit plans, including long-term disability where an employer-paid plan exists;
• co-pays for the funded level would be the same as the traditional plan for the region;
• a provision that employees could opt out of the Flex program on an annual basis and return to the traditional plans, and vice versa, subject to insurance contract requirements;
• the program, at a minimum, would include health, dental, long term disability and life insurance components. It would not include ETO/PTO or other similar time off benefits; and

• a cash-out for opting out of benefits that would be low enough so that workers would have no incentive to opt out. (There would be a requirement that workers provide verification of health care coverage before being permitted to opt out.)

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% 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%, actual margin of 2.25% is required for payment of the performance-based contribution, and if budgeted margin is 4%, actual margin of 4.25% is required for payment. The first performance-based contribution opportunity will be based on 2006 year-end performance, with the applicable contribution made in March of 2007.

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

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

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

In 2009 and 2010, the Ohio, Georgia and Mid-Atlantic States regions will each make a supplemental annual contribution (Contribution) to their respective Defined Contribution Plans if the region achieved its three-year cumulative budgeted margin for the 2006, 2007 and 2008 calendar years. The total amount of each Contribution will be equal to the additional annual pension expense the region would have incurred in that year had the region increased its Defined Benefit Plan multiplier to 1.45 at the beginning of that plan year. The assumptions used to calculate this value will be those in effect for the calculation of pension expense in the year in which the Contribution is to be made. No amounts will be contributed under this provision for any year in which the region has actually applied a 1.45 multiplier under its Defined Benefit Plan. No past service credit will be included in determining employer Contribution amounts. The design of the participant allocation of the Contribution will be determined prior to the date of the first Contribution, by agreement between the Coalition and management.
b. Defined Benefit Retirement Plan

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

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

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

c. 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.

d. 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.
e. Investment Committee Representative

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

f. 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.

g. GATT Amendment

All benefits under the defined benefit pension plans will be calculated using GATT provisions. The interest rate for payments will be determined monthly and will be based on the Treasury yield from two months earlier.

h. Retiree Medical Benefits

Effective January 1, 2006, for SEIU Local 105 employees in the Colorado region, the maximum monthly Employer-paid contribution towards retiree health care coverage for retirees with twenty-five (25) years of service will increase to $150.00 per person per month. The Employer-paid contribution for retirees with less than twenty-five (25) years of service, but with fifteen (15) or more years of service, will be reduced by 4% for each year of service under twenty-five (25) years, with a minimum benefit of $90.00 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.

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 1000 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 Agreement the eligible employees of the Northern and Southern California regions, and beginning January 1, 2007 the eligible employees of the Northwest region, shall receive long-term disability insurance coverage with the same benefit levels as those contained in the SEIU-UHW long-term disability plan in Southern California. (General description of SEIU-UHW long and short-term disability plan benefit levels for Southern California is attached as Exhibit 2.B.3.d.).

Beginning in the first year of the 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.

4. MAINTENANCE OF BENEFITS

Effective October 1, 2005, 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.
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 fifteen 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 ten 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 fifteen 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 thirty 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 cancelled 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 thirty 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 issue within thirty 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 THE AGREEMENT

A. COVERAGE

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

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, RENEWAL AND REOPENING

1. The duration of this Agreement is October 1, 2005 through September 30, 2008. It shall automatically renew itself for an additional two year period (October 1, 2008 through September 30, 2010), unless either the Coalition (by its Executive Director) or Kaiser Permanente (by its Vice President for the LMP) gives the other party written Notice of Reopening no later than ninety (90) days and no earlier than one hundred, twenty (120) days prior to October 1, 2008.

2. If either party to this Agreement gives timely Notice of Reopening to the other as set forth in Paragraph D.1., this Agreement and all local agreements that incorporate this Agreement as an addendum ("Relevant Local Agreements") shall be reopened with respect to Across-the-Board wage adjustments and Retiree Medical Benefits only ("Reopener Subjects"). Any and all negotiations conducted pursuant to this reopener shall be conducted at the national level by the CIC. There shall be no local negotiations, and no other subjects shall be addressed.

   a. If this Agreement is reopened pursuant to Paragraphs D.1. and D.2., above, and the parties reach agreement with respect to the Reopener Subjects before October 1, 2008, this Agreement shall automatically renew itself for an additional two-year period, and any and all agreed upon changes with respect to Reopener Subjects shall be incorporated into this Agreement and the Relevant Local Agreements.

   b. If this Agreement is reopened pursuant to Paragraphs D.1. and D.2., above, and no agreement is reached with respect to the Reopener Subjects before October 1, 2008, this Agreement shall automatically renew itself for an additional two-year period on all other existing terms and conditions, provided, however, that the parties may continue to negotiate concerning the Reopener Subjects until such time as agreement is reached on those subjects or negotiations conclude. Any and all changes resulting from such continued negotiations shall be incorporated into this Agreement and the Relevant Local Agreements.

3. This Agreement also affects the duration, renewal and reopening of Relevant Local Agreements as follows:

   a. Unless otherwise effective earlier as set forth in paragraph 3.b., below, all Relevant Local Agreements shall be effective as of October 1, 2005 and remain in effect until midnight on September 30, 2008. They shall automatically renew themselves, unless Notice of Reopening is given in accordance with Paragraph D.1. above, for an additional period that depends on their classification under the 2000 National Agreement, as follows:

      • GROUP I (local collective bargaining agreements with expiration dates on or before September 30, 2005): The renewed period for Group I agreements will begin October 1, 2008 and expire on the anniversary in 2010 of their original Group I expiration date.
• **GROUP II** (local collective bargaining agreements with expiration dates between October 1, 2005 and January 31, 2007): The renewed period for Group II agreements will begin October 1, 2008 and extend through January 31, 2012 on the anniversary of their original Group II expiration date. In the event of such automatic renewal, employees covered by Group II agreements will receive a wage increase on October 1, 2010 of not less than 3% ATB. The 3% may be increased by an escalator method based on the BTG wage philosophy factors recommended to the Common Issues Committee on July 6, 2000. The method will be determined no later than April 1, 2007. The method and its application will be subject to resolution in the review process in Section 1 of this Agreement.

• **GROUP III** (local collective bargaining agreements with expiration dates on or after February 1, 2007): The renewed period for Group III agreements will begin October 1, 2008 and expire on or after February 1, 2012 on their original Group III expiration date. In the event of such automatic renewal, Group III agreements will be reopened on a staggered basis between October 1, 2010 and April 1, 2011. The actual dates to reopen each Group III agreement will be determined no later than April 1, 2007. Group III reopener settlements will apply up to the extended expiration date of the Relevant Local Agreement or for a new full term if jointly determined in local bargaining.

b. Any Relevant Local Agreement entered into during the 2005 bargaining cycle prior to October 1, 2005 shall be effective as of the date of execution. Provisions of this Agreement incorporated as addenda to such a Relevant Local Agreement shall become effective as of October 1, 2005.

c. If Notice of Reopening is given in accordance with Paragraphs D.1. and D.2., above, the renewal provisions of Paragraphs D.2.a. and D.2.b. shall apply to the Relevant Local Agreements in the same manner as to this Agreement, except that the duration of a renewed Relevant Local Agreement shall be the period designated for its Group as set forth in Paragraph D.3.a., above.

4. All terms of the renewed Agreement shall expire at midnight on September 30, 2010, except for the wages, performance sharing opportunities, and benefits as identified in Section 2 of the 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.
EXHIBITS

Exhibit 1.B.1.b

2005 Performance Improvement BTG Report, Page 7

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

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

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

Implementation Issues

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

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

Timeline

We envisioned a phased approach to implementation, with the first year focused on readiness training and education and developing a plan to enable employees, supervisors and stewards to operate differently. Again, some parts of the organization already do use DBTs; this plan will provide support for those that do not. The remaining years of the 2005 contract would be spent implementing DBTs, and measuring success based on the jointly developed metrics.
2006: Plan for and agree on a plan to prepare employees, supervisors and stewards to partner in Department Based Teams. Plan will cover needs for business education, training, facilitation, etc.

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

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

2010: 100% of the organization operating in DBTs.
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

<table>
<thead>
<tr>
<th>Region</th>
<th>SOP Committee Structure and Process Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>COLORADO</td>
<td>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:</td>
</tr>
<tr>
<td></td>
<td>• <strong>Assure alignment of Health Plan, CPMG and union leadership to address scope of practice risks,</strong></td>
</tr>
<tr>
<td></td>
<td>• <strong>Identify and prioritize clinical areas at risk for Scope of Practice violations,</strong></td>
</tr>
<tr>
<td></td>
<td>• <strong>Assure clear delineation of accountabilities between practitioners (physicians and allied health professionals) in job descriptions, care delivery documentation, and information systems,</strong></td>
</tr>
<tr>
<td></td>
<td>• <strong>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,</strong></td>
</tr>
<tr>
<td></td>
<td>• <strong>Communicate physician responsibility for assuring the quality of medical services found in care delivery models, clinical guidelines, clinical policies, and quality standards,</strong></td>
</tr>
<tr>
<td></td>
<td>• <strong>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</strong></td>
</tr>
<tr>
<td></td>
<td>• <strong>Assure scope of practice corrective action plans are developed and implemented as appropriate.</strong></td>
</tr>
<tr>
<td>MEMBERSHIP</td>
<td>CHAIR AND MEMBERSHIP</td>
</tr>
<tr>
<td></td>
<td>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.</td>
</tr>
<tr>
<td>REPORTING</td>
<td>At least annually, representatives of the SOP Oversight Committee shall meet with and report to the Colorado Compliance Executive Committee. The report shall include:</td>
</tr>
<tr>
<td>Region</td>
<td>SOP Committee Structure and Process Summary</td>
</tr>
<tr>
<td>--------</td>
<td>-------------------------------------------</td>
</tr>
<tr>
<td><strong>GEORGIA</strong></td>
<td><strong>PURPOSE</strong></td>
</tr>
<tr>
<td></td>
<td>• Assure scope of practice review is completed for all applicable clinical staff in health plan and medical group.</td>
</tr>
<tr>
<td></td>
<td>• Identify and clarify all scope of practice issues identified.</td>
</tr>
<tr>
<td></td>
<td>• Report findings of scope of practice review to Regional President and Medical Director.</td>
</tr>
<tr>
<td></td>
<td>• 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.</td>
</tr>
<tr>
<td></td>
<td><strong>MEMBERSHIP</strong></td>
</tr>
<tr>
<td></td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td><strong>REPORTING</strong></td>
</tr>
<tr>
<td></td>
<td>• Regional President</td>
</tr>
<tr>
<td></td>
<td>• TSPMG Medical Director</td>
</tr>
<tr>
<td></td>
<td>• Chief Compliance Officer</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>SOP Committee Structure and Process Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MAS</strong></td>
<td><strong>PURPOSE</strong></td>
</tr>
<tr>
<td></td>
<td>The Scope of Practice Committee is the oversight body for regional scope of practice issues. The Committee will review and address scope of practice issues and risks for both licensed and unlicensed clinical and support staff to ensure compliance with legal, accreditation, and organizational requirements and improve upon patient safety and operational effectiveness.</td>
</tr>
<tr>
<td></td>
<td>The Committee Will:</td>
</tr>
<tr>
<td></td>
<td>• Develop and maintain an inventory of scope of practice requirements by position type;</td>
</tr>
<tr>
<td></td>
<td>• Review and approve protocols, policies and procedures created by the</td>
</tr>
</tbody>
</table>
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;
- 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.

Sub-committees may be created as needed to facilitate completion of specialized tasks.

<table>
<thead>
<tr>
<th>MEMBERSHIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>MEMBERSHIP, LENGTH OF TERM, AND VOTING:</td>
</tr>
<tr>
<td>The Scope of Practice Committee shall consist of the following people or their designees:</td>
</tr>
</tbody>
</table>

- 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
- Asst. Medical Director, Information Management & Research, MAPMG
- Labor Management Partnership representative(s)
- Medicare Compliance Manager
- Senior Compensation Consultant
- Director, Human Resources (ad hoc)
- Director, Professional Staff Office and Delegation Oversight |
### Region | SOP Committee Structure and Process Summary
--- | ---
**NCAL** | **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
- Program Office Legal Department
- Accreditation, Regulation & Licensing
- Regional Credentialing & Privileging
- Local Assistant Administrator for Quality
- APIC for Risk
- Pharmacy Operations
- Patient Business Services

**Ad hoc members**

- TPMG Legal
### Region: SCAL

**SCOPE AND AUTHORITY:**
- Identify areas of risk, facilitate resolution and implementation of actions and monitor Scope of Practice across all care venues

**CO-CHAIRS:**
- **AMD, SCPMG**
- **SVP & SAM, KF/HHP**

**MEMBERSHIP:**
- **Vice President, Quality and Risk Management, KF/HHP**
- **Executive Consultant, Quality and Risk Management, KF/HHP**
- **Executive Director Patient Care Services, Operations, KF/HHP**
- **Manager of SCPMG Nursing Administration, SCPMG**
- **Medical Group Administrator, Bellflower, SCPMG**
- **Medical Group Administrator, South Bay, SCPMG**
- **Counsel, KF/HHP**
- **Senior Consultant AR&L**
- **Labor Coalition Representative**
- **Project Support: Management Consulting**

**REPORTING:**
- **Southern California Regional Compliance Leadership Committee**
- **Southern California Quality Committee SCQC**
- **Southern California President and Regional SCPMG Medical Director**
<table>
<thead>
<tr>
<th>Region</th>
<th>SOP Committee Structure and Process Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>NORTHWEST</td>
<td>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.</td>
</tr>
<tr>
<td>PURPOSE</td>
<td></td>
</tr>
<tr>
<td>REPRESENTATION</td>
<td>The committee shall consist of:</td>
</tr>
<tr>
<td></td>
<td>- Management Representatives:</td>
</tr>
<tr>
<td></td>
<td>- Integrity, Compliance and Ethics Manager(s) (stakeholder)</td>
</tr>
<tr>
<td></td>
<td>- NW Permanente Physician (stakeholder)</td>
</tr>
<tr>
<td></td>
<td>- Health Plan Legal Counsel (consultant)</td>
</tr>
<tr>
<td></td>
<td>- Human Resource Manager (consultant)</td>
</tr>
<tr>
<td></td>
<td>- Director, Ambulatory Nursing (stakeholder)</td>
</tr>
<tr>
<td></td>
<td>- Pharmacy Manager (consultant)</td>
</tr>
<tr>
<td></td>
<td>- KP Health Connect Representative (consultant)</td>
</tr>
<tr>
<td></td>
<td>- Medical Office Managers (stakeholder)</td>
</tr>
<tr>
<td></td>
<td>- NW Perm &amp; PDA General Counsel &amp; Compliance (consultant)</td>
</tr>
<tr>
<td></td>
<td>- Laboratory Services (consultant)</td>
</tr>
<tr>
<td></td>
<td>- Labor Representatives:</td>
</tr>
<tr>
<td></td>
<td>- OFN Health Professional (stakeholder)</td>
</tr>
<tr>
<td></td>
<td>- OFN – RN (stakeholder)</td>
</tr>
<tr>
<td></td>
<td>- SEIU – LPN (stakeholder)</td>
</tr>
<tr>
<td></td>
<td>- SEIU – MA (stakeholder)</td>
</tr>
<tr>
<td></td>
<td>- Staff Support</td>
</tr>
<tr>
<td>REPORTING</td>
<td>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]</td>
</tr>
<tr>
<td>Region</td>
<td>SOP Committee Structure and Process Summary</td>
</tr>
<tr>
<td>--------</td>
<td>---------------------------------------------</td>
</tr>
<tr>
<td>OHIO</td>
<td>To review and address SOP issues as they arrive. Charter is in the process of development.</td>
</tr>
<tr>
<td>PURPOSE</td>
<td>Expended Medical Operations Team with representatives from the Union as the scope of practice team.</td>
</tr>
<tr>
<td>REPORTING</td>
<td>To Executive Team.</td>
</tr>
</tbody>
</table>
Section VI: Education Plan

I. Basis for Recommendation

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

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

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

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

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

III. SOP Education Toolkit Content

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

1. What is SOP?
   Why is it important?
   History of KP SOP issues

2. Individual SOP/licensure requirements
   Laws and regulations impacting SOP
   - State specific
   KP SOP policies

3. What is the process to get SOP issues or concerns addressed?
   How to elevate a concern for resolution:
   • tree
   • FAQs
   • decision ADO form
   • Compliance hotline

4. Scope of Practice Limitations:
   - What are the legal risks and consequences of exceeding SOP?

Part B (Additional/On-Going Training Materials)

1. Video presentation
   - Legal, NCO, Labor, NLT representatives speaking on importance of SOP
   - Case studies/dramatizations of SOP situations

IV. Implementation of SOP Education

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

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

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

C. Additional Consideration

• CEUs should be available for participation
• Labor and management accountability for ensuring participation
• Integrate concepts in KP HealthConnect training
• Pre and Post testing for evaluation and CEU’s
• Fun, creative, and engaging training (i.e. Scope of Practice week, Jeopardy Game, etc)

V. Costs Associated with Recommendation

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

VII. Implementation

1. Within 90 days of ratification, across the program, leadership will:

• Assess standing committees that may impact SOP;
• Determine which committee at each level is best positioned to coordinate and integrate SOP issues; and

• Assure that committees are operating within LMP process, structure and following the SOP Vision and Principles

2. Resource and implement education plan, with initial phase completed by mid-year 2006

3. Establish reporting systems/metrics

   • Annual regional SOP report to National Strategy Group
   • Tracking system of SOP issues for regional sharing of successful practices

4. Develop and implement a communication plan
Budgeting, Staffing and Scheduling

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

Interests/Objectives

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

N. Approach:

Staffing Model

1. Each unit develops a unit level staffing model (core staffing) that specifies the staffing needed to cover operations (refer to joint staffing language in the National Agreement). The model will include assumptions about productivity and performance that reflect both historical experience and expectations of process improvements.
2. The model will include workload factors such as seasonal fluctuations.
3. The model will also include all time away from work and work-related assignments
4. The staffing model identifies core staffing levels for various operating levels and identifies triggers for backfill based in part on service level metrics (e.g. if service levels fall below a certain defined point).
5. The model must account for specialized skills and hard-to-fill occupations.
6. There will be no automatic backfills: it will be based on the staffing model which may specify different staffing coverage in different operating circumstances.
7. The staffing model will be reviewed on an annual basis and adjusted as needed.
Workforce Planning

1. Each unit will jointly develop an annual workforce plan to cover the staffing requirements defined in the staffing model.

2. The workforce plan will be reflected in the unit staff and backfill budget.

3. The plan will project staffing availability based on the current employees, contractual time off, actuarially-based illness and injury, and workforce demographics.

4. The plan will identify ways to cover short term staffing needs such as full time, part time, on-call, overtime, float pool, cross-training, flexible assignments, etc. in a way that allows a relatively stable permanent workforce while striving for full workforce utilization.

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

Budgeting Process

1. At a regional level, the budgetary process will include a line item for backfill/replacement in each unit budget.

2. The process for developing the regional budget for backfill will include meaningful labor input and participation.

3. A replacement factor will be established as a multiple of the payroll budget that will be based on contractual time off (vacations, holidays, etc.), an actuarially-based projection of illness and injury including FMLA projections based on previous years, and provision for other activities such as training, meetings and LMP projects.

4. The replacement factor may be adjusted by operating needs as reflected in the staffing model (i.e. replacement staff may not be needed in certain situations).
## Budgeting Illustration

<table>
<thead>
<tr>
<th>Time off Budget (per employee)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Vacation (average)</td>
<td>20.0</td>
<td>days</td>
</tr>
<tr>
<td>Holidays</td>
<td>6.0</td>
<td></td>
</tr>
<tr>
<td>Personal days</td>
<td>3.0</td>
<td></td>
</tr>
<tr>
<td>Sick leave (average)</td>
<td>7.3</td>
<td></td>
</tr>
<tr>
<td>FMLA</td>
<td>1.8</td>
<td></td>
</tr>
<tr>
<td>Workers Comp</td>
<td>.9</td>
<td></td>
</tr>
<tr>
<td>Education/Training</td>
<td>5.0</td>
<td></td>
</tr>
<tr>
<td>Meetings (1 hour/week)</td>
<td>6.0</td>
<td></td>
</tr>
<tr>
<td>Projects/improvements (average)</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>52.0</strong></td>
<td><strong>days</strong></td>
</tr>
</tbody>
</table>

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

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

Net time off factor for budget (.20 - .08 = .12) or 12% 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

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Benefits @ 42%</td>
<td>420,000</td>
</tr>
<tr>
<td>Backfill @ 12%</td>
<td>120,000</td>
</tr>
<tr>
<td>Total Personnel budget</td>
<td>1,540,000</td>
</tr>
</tbody>
</table>

Innovative Work Schedules and Scheduling

1. Local units should consider flexible work schedules to enhance the ability of the unit to provide scheduled time off. Examples of flexible work schedules includes: flex scheduling, telecommuting, job sharing, etc. (See p.13 of the National Agreement. This states “Respect for seniority and union jurisdiction, flexibility for employees’ personal needs… Flexibility in work scheduling, work assignments and other workplace practices.”).

2. Local units should consider self-scheduling concepts including self-directed teams where work groups would have responsibilities and be allowed to schedule themselves to accomplish them within defined parameters.

3. Facilities should consider services, vouchers or referral services to help employees address family issues (e.g. childcare or eldercare).

Tracking Time Off Requests

Short Term

1. Develop a basic system to capture data on requests for time-off, approvals, denials and reasons for denials. The system may be a manual tracking sheet or a stand alone computer application.

2. Use collected time off data to set targets for time off requests and to support scheduling.

3. Establish reporting of time-off data.

4. Complete and file time off request reports at business unit level.

5. Create monthly summaries of time-off requested, taken, and denied and submit to Region to establish a region-wide view.

6. Consider limiting requests for denial data to those areas identified as high-absenteeism areas, as part of a specific intervention process.

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

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

Administering Time Off

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

May 22, 2003

(Relevant section only)

**Applicable to all classifications.**

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

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

---

**Mandatory Overtime – Principles and Tools**

We have a mutual vision, to make Kaiser Permanente the best place to work, as well as the best place to receive care. Through the Partnership, unions, management and employees are sharing responsibility, information and decision making, to improve the quality of care and service and enrich the work environment. The ability to rely on a stable schedule is fundamental to this equation and the parties have therefore committed to discontinue mandatory overtime practices. Our overall goal is to avoid the mandatory assignment of unwanted work time, outside of schedule requirements of the posted position.

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

**Principles**

- *There is value in achieving the goal.*
- *Patient care is of utmost importance.*
- *Stability in work schedules is of utmost importance.*
- *Respecting personal responsibilities and lives contributes to overall morale and commitment.*
Management, Union and Employees should work collaboratively to identify the underlying issues and seek solutions.

Problems should be approached in an interest-based manner.

If the problems creating the situation or solutions are beyond the control of the concerned department, the employees, union and management will prepare a joint summary of the problem(s) and potential temporary and long-term solutions.

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

**Tools**

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

- **Interest Based Problem Solving**
- **Mandatory Work Prevention Process developed by joint team in NCAL (attached)**
- **Joint Staffing Processes**
- **Root Cause Analyses**
Exhibit 1.K.4

MEMORANDUM OF UNDERSTANDING REGARDING SUB-CONTRACTING

Between

KAISER FOUNDATION HEALTH PLAN/
HOSPITALS, THE PERMANENTE MEDICAL GROUPS

And

THE COALITION OF KAISER PERMANENTE UNIONS, AFL-CIO

Preamble

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

Section 1: Privileges and Obligations of Partnership
   D: Union Security
   4: Sub-Contracting

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

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

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

Extraordinary Circumstances

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

Bargaining Unit Work

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

Future Subcontracting

Any new or additional contracting of bargaining unit work.

Insourcing

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

Feasibility Analyses

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

Costs

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

II. Guidelines

Notification

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

Process

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

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

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

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

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Subcontracting Principle</th>
<th>Insourcing Principle</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operational Feasibility</strong></td>
<td>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.</td>
<td>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.</td>
</tr>
<tr>
<td><strong>Staffing</strong></td>
<td>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.</td>
<td>The potential workforce is available in the labor market to allow KP to recruit for positions required by the proposed insourcing project.</td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td>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.</td>
<td>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.</td>
</tr>
<tr>
<td><strong>Quality</strong></td>
<td>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</td>
<td>The insourcing solution complies with and ensures the quality standard that is acceptable and efficient to the organization.</td>
</tr>
<tr>
<td>Category</td>
<td>Subcontracting Principle</td>
<td>Insourcing Principle</td>
</tr>
<tr>
<td>----------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>core competencies for success.</td>
<td>Wages and job duties DESCRIPTIONS are created, confirmed and negotiated, as necessary. Jurisdictional issues are clarified</td>
</tr>
<tr>
<td>Labor Relations</td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td>Contracting and Compliance</td>
<td>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.</td>
<td>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.</td>
</tr>
<tr>
<td>Employer of Choice</td>
<td>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.</td>
<td>The insourcing solution will support KP’s involvement in community service and contribute to KP being the employer of choice.</td>
</tr>
<tr>
<td>Ongoing Review</td>
<td>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.</td>
<td>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.</td>
</tr>
</tbody>
</table>
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 UNAC/UHCP, AFSCME

Ellen Canter
Benefits Task Force Management Co-Chair
VP, Benefits and HR Administration
Kaiser Permanente
INTENT

PARENT MEDICAL COVERAGE

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

Eligibility

Eligible Employees

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

Eligible Parents

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

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

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

Dependents of parents are not eligible for this coverage.
Enrollment in Parent Medical Coverage

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

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

Coverage Premiums

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

Coverage

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

- **Benefits included in Parent Medical coverage are:**
- **5 doctor’s office visits**
• $5 prescription drug coverage
• Uncapped prescription drug benefit
• $5 hearing and vision exams
• No charge for inpatient hospital care
• No charge for lab tests and x-rays
• No charge for allergy testing and treatment
• $25 emergency department copayment
• No charge for approved ambulance services

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

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

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

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

Coverage will be available in all regions in which Kaiser Foundation Health Plan medical services are offered and in which there are active National Partnership Union employees, including the Northern California and Southern California, Colorado, Ohio, and Mid-Atlantic States Regions. The Northwest Region will continue to offer its existing parent coverage plan, under the rules already established for that plan. National Partnership Union employees in Texas will not be eligible to enroll their parents in this plan, as there is no Kaiser Foundation Health Plan coverage available in that region.

When Parents Lose Coverage

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

• The employee through whom a parent claims benefits terminates prior to retirement, is no longer represented by a National Partnership Union, or is no longer eligible per the eligibility requirements above.
• The parent no longer meets the eligibility requirements as stated in the ‘Eligible Parents’ section above.
• The employee and covered parent no longer reside in the same region. For the purposes of this plan, Northern California and Southern California are considered two separate regions.

• Premiums for medical coverage are not paid.

Parents who are disenrolled from Parent Medical Coverage will be offered conversion to an individual plan.
Exhibit 2.B.1.c

May 22, 2003

(Relevant section only)

SPONSORED PARENT/PARENT-IN-LAW GROUP

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

Effective 1-1-03, parents and parents-in-law of Regular employees will be offered the opportunity to purchase the enhanced Senior Advantage health plan coverage at their own expense provided they are enrolled in Parts A and B of Medicare and meet the eligibility rules of the Senior Advantage health plan. For those regions without a Sr. Advantage product, the Medicare product available in that Region will be offered.

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

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

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

1. No new non-Medicare eligible will be admitted
2. Rates for grand-fathered group will be raised by the same % the market increases annually plus an additional 25% 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**

<table>
<thead>
<tr>
<th>Plan Name</th>
<th>Supplement to</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kaiser Permanente Employees Pension Plan</td>
<td>KPRP</td>
</tr>
<tr>
<td>Kaiser Permanente Southern California Employees Pension Plan</td>
<td>KPRP</td>
</tr>
<tr>
<td>Kaiser Permanente Southern California Social Services Pension Plan</td>
<td>KPRP</td>
</tr>
<tr>
<td>Kaiser Permanente Fontana Pension Plan</td>
<td>KPRP</td>
</tr>
<tr>
<td>Kaiser Permanente Northwest Pension Plan</td>
<td>KPRP</td>
</tr>
<tr>
<td>Kaiser Permanente Colorado Pension Plan</td>
<td>KPRP</td>
</tr>
<tr>
<td>Kaiser Permanente Colorado Professional Employees Pension Plan</td>
<td>KPRP</td>
</tr>
<tr>
<td>Kaiser Permanente Ohio Employees Pension Plan</td>
<td>KPRP</td>
</tr>
<tr>
<td>Kaiser Permanente Mid-Atlantic Employees Pension Plan</td>
<td>KPRP</td>
</tr>
<tr>
<td>Kaiser Permanente Physicians and Employees Retirement Plan</td>
<td>KPRP</td>
</tr>
<tr>
<td>Kaiser Permanente Represented Employees Pension Plan</td>
<td>KPRP</td>
</tr>
<tr>
<td>Kaiser Permanente Fontana Pension Plan for SCPMG</td>
<td></td>
</tr>
<tr>
<td>Kaiser Permanente Southern California Employees Pension Plan for SCPMG</td>
<td></td>
</tr>
<tr>
<td>Kaiser Permanente Southern California Social Services Pension Plan for SCPMG</td>
<td></td>
</tr>
<tr>
<td>Kaiser Permanente Nurse Anesthetists Pension Plan for SCPMG</td>
<td></td>
</tr>
<tr>
<td>Kaiser Permanente Represented Employees Pension Plan for SCPMG</td>
<td></td>
</tr>
<tr>
<td>Retirement Plan for Mental Health Workers</td>
<td></td>
</tr>
<tr>
<td>Kaiser Permanente Employees Pension Plan for The Permanente Medical Group, Inc</td>
<td></td>
</tr>
<tr>
<td>Kaiser Permanente Represented Employees Pension Plan for The Permanente Medical Group, Inc</td>
<td></td>
</tr>
<tr>
<td>Kaiser Permanente Optometrists Retirement Plan</td>
<td></td>
</tr>
</tbody>
</table>
Exhibit 2.B.2.b

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% 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

Leslie Margolin
Senior VP, Workforce Development
Kaiser Permanente

Bill Rouse
Benefits Task Force Labor Co-Chair UNAC/UHCP, AFSCME

Ellen Canter
Benefits Task Force Management Co-Chair
VP, Benefits and HR Administration
Kaiser Permanente
Exhibit 2.B.2.b

ATTACHMENT TO LETTER OF AGREEMENT CONCERNING 1.4% MULTIPLIER

Section A

<table>
<thead>
<tr>
<th>Kaiser Permanente Pension Plans</th>
<th>Union</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In Northern California:</strong></td>
<td></td>
</tr>
<tr>
<td>Kaiser Permanente Employees Pension Plan (KPEPP)</td>
<td>Office and Professional Employees International Union, Local 29 (Clerical)</td>
</tr>
<tr>
<td></td>
<td>Hospital and Health Care Workers Union, Local 250 (SEIU)</td>
</tr>
<tr>
<td></td>
<td>Service Employees International Union, Local 535 (Social Workers)</td>
</tr>
<tr>
<td></td>
<td>Service Employees International Union, Local 535 (Optical Workers)</td>
</tr>
<tr>
<td>Kaiser Permanente Retirement Plan for Mental Health Workers</td>
<td>Service Employees International Union, Local 535 (Social Workers – LCSW’s; CDRP Counselors, Psychologists) for employees hired <strong>on or after</strong> 10/13/00</td>
</tr>
<tr>
<td><strong>In the Northwest:</strong></td>
<td></td>
</tr>
<tr>
<td>Kaiser Permanente Northwest Pension Plan (KPNPP)</td>
<td>Oregon Federation of Nurses (Registered Nurses) ¹</td>
</tr>
<tr>
<td></td>
<td>Service Employees International Union, Local 49</td>
</tr>
<tr>
<td></td>
<td>Oregon Federation of Nurses (Hygienists) ¹</td>
</tr>
<tr>
<td></td>
<td>Oregon Federation of Nurses (Technical) ¹</td>
</tr>
<tr>
<td></td>
<td>Oregon Nurses Association ¹</td>
</tr>
<tr>
<td>In Colorado:</td>
<td>Service Employees International Union, Local 105</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td>Kaiser Permanente Colorado Pension Plan (KPCPP)</td>
<td></td>
</tr>
<tr>
<td>In Ohio:</td>
<td>Office &amp; Professional Employees International Union, Local 17</td>
</tr>
<tr>
<td>Kaiser Permanente Ohio Employees Pension Plan (KPOEPP)</td>
<td></td>
</tr>
</tbody>
</table>

1 The 1.4% 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).
## Section B

<table>
<thead>
<tr>
<th>Kaiser Permanente Pension Plans</th>
<th>Union</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In Northern California:</strong></td>
<td></td>
</tr>
<tr>
<td>Kaiser Permanente Retirement Plan for Mental Health Workers</td>
<td>Service Employees International Union, Local 535 (Social Workers – LCSW’s, CDRP Counselors, Psychologists) for Employees hired before 10/13/00</td>
</tr>
<tr>
<td>Kaiser Permanente Optometrists Retirement Plan (KPORP)</td>
<td>Engineers &amp; Scientists of California, Local 20, IFPTE (formerly MEBA) (Optometrists)</td>
</tr>
<tr>
<td><strong>In Southern California:</strong></td>
<td></td>
</tr>
<tr>
<td>Kaiser Permanente Southern California Employees Pension Plan (KPSCEPP)</td>
<td>United Nurses Association of California (Registered Nurses) – L.A. &amp; Bakersfield areas</td>
</tr>
<tr>
<td></td>
<td>United Nurses Association of California (Registered Nurses) – San Diego, Woodland Hills, &amp; Riverside areas</td>
</tr>
<tr>
<td></td>
<td>Office and Professional Employees International Union, Local 30</td>
</tr>
<tr>
<td></td>
<td>Service Employees International Union, Local 399</td>
</tr>
<tr>
<td></td>
<td>American Federation of Nurses – Sunset</td>
</tr>
<tr>
<td></td>
<td>United Food &amp; Commercial Workers Union (Medical Technologists) – except San Diego Locals 324, 770, 1036, 1167,1428</td>
</tr>
<tr>
<td></td>
<td>United Food &amp; Commercial Workers Union Bakersfield – Clerical/Service/Pt Care Locals 135, 324, 770, 1036, 1167, 1428</td>
</tr>
<tr>
<td></td>
<td>OPEIU, Local 30, California Service Center, San Diego</td>
</tr>
<tr>
<td>Kaiser Permanente Southern California Social Services Pension Plan (KPSCSSPP)</td>
<td>Social Services Union, Local 535 (Psychiatry) San Diego</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Kaiser Permanente Fontana Pension Plan (KPFPP)</td>
<td>Social Services Union, Local 535 (Psychiatry) Except San Diego</td>
</tr>
<tr>
<td>Kaiser Permanente Nurse Anesthetists Pension Plan KPNAPP)</td>
<td>United Steelworkers of America, Local 7600</td>
</tr>
<tr>
<td><strong>In the Mid-Atlantic:</strong></td>
<td><strong>Kaiser Permanente Nurse Anesthetists Association</strong></td>
</tr>
<tr>
<td>Kaiser Permanente Mid-Atlantic Employees Pension Plan (KPMAEPP)</td>
<td>United Food &amp; Commercial Workers, Local 27 (Health Professionals) – Baltimore</td>
</tr>
<tr>
<td></td>
<td>Office &amp; Professional Employees International Union, Local 2, Washington</td>
</tr>
<tr>
<td></td>
<td>Office &amp; Professional Employees International Union, Local 2, Baltimore</td>
</tr>
<tr>
<td></td>
<td>United Food &amp; Commercial Workers, Local 400 (Health Professionals)</td>
</tr>
</tbody>
</table>
Exhibit 2.B.2.b

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% FAP, the FAP multiplier will increase to 1.45%. This multiplier will apply to all years of service. In addition, 1800 hours will be considered a year of Credited Service under these plans for pension calculation purposes. This new Credited Service hours definition will be effective beginning with the 2003 calendar year.

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

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

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

It is understood that where pension plans are moving from a defined contribution plan to a defined benefit plan, such is subject to ratification of the bargaining unit.
Exhibit 2.B.2.b

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% 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:

<table>
<thead>
<tr>
<th>Age at Retirement</th>
<th>Percent of Normal Pension Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>65</td>
<td>100%</td>
</tr>
<tr>
<td>64</td>
<td>95%</td>
</tr>
<tr>
<td>63</td>
<td>90%</td>
</tr>
<tr>
<td>62</td>
<td>85%</td>
</tr>
<tr>
<td>61</td>
<td>80%</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>60</td>
<td>75%</td>
</tr>
<tr>
<td>59</td>
<td>70%</td>
</tr>
<tr>
<td>58</td>
<td>65%</td>
</tr>
<tr>
<td>57</td>
<td>60%</td>
</tr>
<tr>
<td>56</td>
<td>55%</td>
</tr>
<tr>
<td>55</td>
<td>50%</td>
</tr>
</tbody>
</table>

**Bill Rouse**  
Benefits Task Force Labor Co-Chair  
UNAC/UHCP, AFSCME

**Ellen Canter**  
Benefits Task Force Management Co-Chair  
VP, Benefits and HR Administration  
Kaiser Permanente

**Peter diCicco**  
Executive Director, Coalition of  
Kaiser Permanente Unions

**Anthony J Gately**  
VP, National Labor Management Partnership
ATTACHMENT TO LETTER OF AGREEMENT CONCERNING EARLY REDUCTION FACTORS

Section A - National Partnership Union Groups Affected by This Agreement

<table>
<thead>
<tr>
<th>Kaiser Permanente Pension Plans</th>
<th>Union</th>
</tr>
</thead>
<tbody>
<tr>
<td>In Northern California:</td>
<td></td>
</tr>
<tr>
<td>Kaiser Permanente Employees Pension Plan KPEPP)</td>
<td>Office and Professional Employees International Union, Local 29 (Clerical)</td>
</tr>
<tr>
<td></td>
<td>Hospital and Health Care Workers Union, Local 250 (SEIU)</td>
</tr>
<tr>
<td></td>
<td>Service Employees International Union, Local 535 (Social Workers)</td>
</tr>
<tr>
<td></td>
<td>Service Employees International Union, Local 535 (Optical Workers)</td>
</tr>
<tr>
<td>Kaiser Permanente Retirement Plan for Mental Health Workers</td>
<td>Service Employees International Union, Local 535 (Social Workers – LCSW’s, CDRP Counselors, Psychologists) for Employees hired on or after 10/13/00</td>
</tr>
<tr>
<td>Kaiser Permanente Optometrists Retirement Plan (KPORP)</td>
<td>Engineers &amp; Scientists of California, Local 20, IFPTE (formerly MEBA) (Optometrists)</td>
</tr>
<tr>
<td>In Southern California:</td>
<td></td>
</tr>
<tr>
<td>Kaiser Permanente Southern California Employees Pension Plan (KPSCEPP)</td>
<td>United Nurses Association of California (Registered Nurses) – L.A. &amp; Bakersfield areas</td>
</tr>
<tr>
<td></td>
<td>United Nurses Association of California (Registered Nurses) – San Diego, Woodland Hills, &amp; Riverside areas</td>
</tr>
<tr>
<td>Plan Description</td>
<td>Union/Association</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Kaiser Permanente Southern California Social Services Pension Plan (KPSCSSPP)</td>
<td>Office and Professional Employees International Union, Local 30</td>
</tr>
<tr>
<td></td>
<td>Service Employees International Union, Local 399</td>
</tr>
<tr>
<td></td>
<td>American Federation of Nurses – Sunset</td>
</tr>
<tr>
<td></td>
<td>United Food &amp; Commercial Workers Union (Medical Technologists) – except San Diego Locals 324, 770, 1036, 1167, 1428</td>
</tr>
<tr>
<td></td>
<td>United Food &amp; Commercial Workers Union Bakersfield – Clerical/Service/Plt Care Locals 135, 324, 770, 1036, 1167, 1428</td>
</tr>
<tr>
<td></td>
<td>OPEIU, Local 30, California Service Center, San Diego</td>
</tr>
<tr>
<td>Kaiser Permanente Fontana Pension Plan (KPFPP)</td>
<td>Social Services Union, Local 535 (Psychiatry)</td>
</tr>
<tr>
<td></td>
<td>San Diego</td>
</tr>
<tr>
<td></td>
<td>Social Services Union, Local 535 (Psychiatry) Except San Diego</td>
</tr>
<tr>
<td>Kaiser Permanente Nurse Anesthetists Pension Plan (KPNAPP)</td>
<td>United Steelworkers of America, Local 7600</td>
</tr>
<tr>
<td>In the Northwest:</td>
<td></td>
</tr>
<tr>
<td>Kaiser Permanente Northwest Pension Plan (KPNPP)</td>
<td>Oregon Federation of Nurses (Registered Nurses)</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
In the Mid-Atlantic States:

Kaiser Permanente Mid-Atlantic Employees Pension Plan (KPMAEPP)

In Colorado:

Kaiser Permanente Colorado Pension Plan (KPCPP)

In Ohio:

Kaiser Permanente Ohio Employees Pension Plan (KPOEPP)

<table>
<thead>
<tr>
<th>Local</th>
<th>Union Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>49</td>
<td>Service Employees International Union, Local 49</td>
</tr>
<tr>
<td></td>
<td>Oregon Federation of Nurses (Hygienists)</td>
</tr>
<tr>
<td></td>
<td>Oregon Federation of Nurses (Technical)</td>
</tr>
<tr>
<td></td>
<td>Oregon Nurses Association</td>
</tr>
<tr>
<td></td>
<td>United Food &amp; Commercial Workers, Local 27 (Health Professionals) – Baltimore</td>
</tr>
<tr>
<td></td>
<td>Office &amp; Professional Employees International Union, Local 2, Washington</td>
</tr>
<tr>
<td></td>
<td>Office &amp; Professional Employees International Union, Local 2, Baltimore</td>
</tr>
<tr>
<td></td>
<td>United Food &amp; Commercial Workers, Local 400 (Health Professionals)</td>
</tr>
<tr>
<td>1</td>
<td>Service Employees International Union, Local 105</td>
</tr>
<tr>
<td>1</td>
<td>Office &amp; Professional Employees International Union, Local 17</td>
</tr>
</tbody>
</table>

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).
### Section B - National Partnership Union Groups Not Affected by This Agreement

<table>
<thead>
<tr>
<th>Kaiser Permanente Pension Plans</th>
<th>Union</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In Northern California:</strong></td>
<td></td>
</tr>
<tr>
<td>Kaiser Permanente Retirement Plan for Mental Health Workers</td>
<td>Service Employees International Union, Local 535 (Social Workers – LCSW’s, CDRP Counselors, Psychologists) for Employees hired <strong>before</strong> 10/13/00</td>
</tr>
</tbody>
</table>
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 of base wages, sixty (60%) percent if integrated with a statutory plan (i.e., State Disability Insurance, Workers’ Compensation, etc.), or seventy (70%) 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.