CLINICAL LABORATORY SCIENTISTS
AND MEDICAL LABORATORY TECHNICIANS

AGREEMENT

October 1, 2005 – May 1, 2012

between

UNITED FOOD AND COMMERCIAL WORKERS
INTERNATIONAL UNION,
LOCALS 135, 324, 770, 1036 and 1428

and

SOUTHERN CALIFORNIA PERMANENTE MEDICAL GROUP
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This Agreement is entered into and effective as of this first day of October 2005 by and between Southern California Permanente Medical Group, hereinafter referred to as the “Employer,” and UFCW Locals 135, 324, 770, 1036 and 1428, chartered by the United Food and Commercial Workers International Union, hereinafter referred to as the “Union.”

The foremost obligation to the Employer and the employees is to assure Health Plan members and the public that laboratory services are handled in accordance with the highest professional standards. The Employer and the employees pledge full cooperation in such mutual undertaking. All employees, regardless of position or profession, are expected to perform in an efficient, courteous and dignified manner when interacting with fellow employees, patients, the public and customers.

100 ARTICLE I - SCOPE OF AGREEMENT

101 Definitions

102 The term “employee” or “employees” as and wherever used in this Agreement shall mean and include all Clinical Laboratory Scientists and Medical Laboratory Technicians, excluding supervisors, of the Employer at the Medical Offices and Hospitals located in the Southern California Region and within the geographical jurisdiction of the Union, but shall exclude all Clinical Laboratory Scientists and Medical Laboratory Technicians covered by other Labor Agreements.

103 The Employer recognizes the fact that bona fide supervisory employees are only those who have the authority to hire, promote, discipline, discharge, or otherwise effect changes in the status of employees or effectively recommend such action. Supervisory employees will not perform duties normally performed by employees falling within the scope of this Agreement except for training or emergencies requiring immediate action, or under circumstances that are beyond the control of the Employer. Individual laboratory supervisors assigned to the Medical Center Laboratory only may perform bargaining unit work as provided in this Paragraph and in Paragraph 104. Supervisors performing bargaining unit work as provided herein will not do so for the sole purpose of denying work opportunities to bargaining unit members, exclusive of overtime. In instances of significant abuse of the limitation described in Paragraph 104, remedies for any grievance may include appropriate compensation to the affected party. Any grievance claiming such will be automatically advanced to Step III.

104 Laboratory departments will not assign supervisors in any workweek to perform bargaining unit work in excess of the number of hours arrived at by multiplying twenty (20) times the total number of laboratory supervisors who are licensed Clinical Laboratory Scientists in said department.
the Employer shall discharge said employee no later than the seventh (7th) calendar day after such notice unless the employee pays or tenders to the Union said unpaid monies prior to the expiration of the seven (7) calendar day period.

Check-Off

The Employer shall deduct Union dues and initiation fees, by the amount uniformly required by the Union, for all employees who have voluntarily submitted appropriate written authorization to the Employer. Said authorizations shall be irrevocable only for a period of one (1) year or to the termination date of this Agreement, whichever occurs first. Dues deductions shall be made monthly and shall be remitted to the Union as soon as possible, after they are deducted by the Employer. Initiation fees shall be deducted on a biweekly basis for a time frame of twenty-six (26) pay periods. It shall be the Union's responsibility to keep accurate accounting of each employee's dues and initiation fees deductions and to adjust any discrepancies directly with said employee.

Indemnification

The Union 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 dues check-off provision of this Agreement.

Hire and Transfer Notice

On the basis of each pay period, but in no event less than twice a month, the Employer will provide the Union a list of employees hired or transferred between facilities to include the employee's name, address, telephone number, Social Security number, job classification, title, rate of pay, date of hire or transfer, and location of the facility where employed.

New Hire Probation

The probationary period of employment for full-time employees shall be three (3) months following the last day of new hire orientation. Orientation periods are outlined by area under separate agreement. The probationary period for part-time employees shall be forty (40) working days or four (4) calendar months, whichever is longer, but in no event shall the probationary period exceed six (6) months from the employee's date of hire. During the probationary period all terms and conditions of the collective bargaining agreement shall apply, except the discharge and seniority clauses. The probationary period shall be extended by any time that the employee may be absent from work. Upon completion of such probationary period, when the Employer determines that the new employee cannot be properly evaluated, the probationary period may be extended only upon agreement of the parties, provided that in no event shall such extension be longer than an additional three (3) months for full-time employees and two (2) months for part-time employees.

Physical Examinations
Employees who are required to submit to and satisfactorily pass a mandatory pre-employment screening before their start date as a condition of employment, and to submit to an annual screening as a condition of continued employment, shall be notified in writing by the Employer of such requirement.

The cost of such pre-employment screening shall be borne by the Employer. Employees shall be compensated at the appropriate rate of pay for time spent completing the annual screening.

Access of Business Representatives

In order to observe conditions existing under this Agreement and to settle grievances, representatives of the Union shall have the right to visit the Employer's facilities. The Union further agrees that it will arrange with the person in charge for such investigation of reported grievances and/or corrective action meetings and that any meetings between employees and Union representatives shall be conducted with the least possible interference with the Employer's operations. Such meetings shall be held on the premises in a place designated by the person in charge.

The Employer agrees to permit the Union representative, upon request, to review the current roster of employees.

Bulletin Boards

The Employer will provide a bulletin board or posting location to be located in the Laboratory Department for posting of Union literature.

Union Principles

The Employer shall not discharge or discriminate against any employee for upholding Union principles, as long as such act does not constitute a violation of this Agreement, and nothing herein shall be so construed as to abrogate an employee's rights under the law.

ARTICLE V – DISCIPLINE OR DISCHARGE

The language below is supplemented by the provisions of the National Agreement between the parties, as long as the current National Agreement is in effect.

The Employer shall discipline or discharge an employee for just cause only.

It is the intent of the Employer to utilize progressive discipline in normal circumstances. The discipline imposed will be appropriate to the offense. Where deemed appropriate, the Employer may elect to use informal corrective action such as verbal counseling or documented counseling prior to the issuing of formal discipline. Formal discipline imposed may include written warnings, final warnings, and discharge.

Employees who are demoted or discharged for incompetence or minor misconduct in connection with work performance (including excessive absenteeism or excessive tardiness) shall first have had two (2) prior warnings in writing which are active pursuant to Paragraph 506 preceding the discharge for related or similar offenses with a copy sent to the Union. The employee must initial the warning notice to attest only to having received a copy of said warning notice. Warning notices shall be issued only by management personnel.

Employees shall have the right to have a Union representative to be present at any meeting with the Employer when such meetings are accusatory, or disciplinary in nature.

Employees will receive copies of all Discipline / Corrective Action placed in their personnel file. Discipline / Corrective Action for which there has been no recurrence for one (1) year shall not be used as a basis for progressive discipline in any future discipline matters. Said one (1) year period shall commence on the date the Discipline / Corrective Action was issued, and will automatically be extended by any absences of sixty (60) consecutive calendar days or more for a period of time equal to the duration of said absence.

To satisfy governmental record keeping requirements, copies of all Discipline / Corrective Action shall be permanently maintained in a separate file to which supervisors shall not have access.

Upon receipt of Discipline / Corrective Action other than discharge, by an employee, said employee shall have fifteen (15) calendar days from receipt to file a grievance concerning the Employer's action at the Second Step. All grievances concerning discharge shall be filed within ten (10) calendar days from the date the employee is advised in writing by the Employer of said discharge. Any grievance not timely filed is deemed waived by the aggrieved party.

The Employer may place employees off work on an administrative leave without pay for a reasonable period of time, not to exceed ten (10) workdays in normal circumstances, to investigate charges of gross misconduct such as, but not limited to, fighting, reporting to work under the influence of drugs or alcohol, or gross negligence. In the event there is found to be insufficient cause, then the employee will be made whole as to all lost wages, benefits and seniority.

ARTICLE VI - SENIORITY

Definition of Seniority

Bargaining unit seniority shall be defined as the continuous period of employment measured from the date the employee last entered the Clinical Laboratory Scientist or Medical Laboratory Technicians classification at a facility covered by this Agreement.
Department seniority shall be defined as the continuous period of employment measured from the date the employee last entered the Clinical Laboratory Scientist or Medical Laboratory Technicians classification in a specified department at a facility covered by this Agreement.

The department subdivisions under which seniority shall apply are listed in Appendix E. For good and sufficient reason, the Employer may modify the department designations. Written notice shall be provided to the Union at least sixty (60) calendar days prior to the implementation of such modification. Upon notification, the Union may request to meet and confer in an attempt to reach agreement on the proposed changes. Failing agreement, the Employer may implement the modifications. The Union shall have the right to challenge the modification through the grievance procedure.

If in any provision throughout this Agreement the measure of service to be used is not expressly stated, the measure shall be bargaining unit service.

The foregoing shall apply equally to part-time employees except that their seniority shall be determined based on their straight-time hours compensated, not to exceed eighty (80) hours in a pay period. One (1) month of seniority shall be granted for each one hundred and seventy-three and one third (173.33) hours worked.

A full-time employee is one who works forty (40) hours or more per week.

A part-time employee is one who works less than forty (40) hours per week, but may be assigned to full-time work to fill a temporary vacancy caused by vacation, illness, injury or leave of absence.

A Per Diem employee is one who works on an intermittent basis and is not normally scheduled for any particular hours per day or per week. A Per Diem employee will not be assigned work until all part-time employees assigned to the department have been offered, or permitted to decline, all hours available to them at straight time pay.

Per Diem employees shall accumulate seniority on the same basis as part-time employees.

Per Diem employees, and the rights and benefits of employees assigned as Per Diems, are further described in Appendix C.

Service Credit

“Service credit” shall mean that period of continuous employment with the Employer, less any absence from employment, excepting regularly scheduled days off, which exceeds thirty (30) calendar days for personal leave or sixty (60) calendar days for medical leave. Where unpaid absences exceed the thirty (30) or sixty (60) calendar days respectively, service credit will be adjusted by the total number of days of absence. However, upon return from any unpaid authorized leave, the employee's service credit accrued prior to such leave shall be retained. In the event of an industrial leave of absence, the employee's seniority shall continue during the entire period of such leave.

Vacation Schedule Preference

Employees shall be given their preference for vacation in accordance with their position in department seniority.

Job Posting

Notices of all job openings within the bargaining unit, including higher-rated classifications, night call assignments and extended weekends, shall be posted by the Employer at the facility where the opening exists, and at all other facilities of the Medical Center area where the opening exists which are within the area covered by this Agreement. The job posting notice may include special qualifications for the classification and for full-time and part-time positions shall also include the predominant shift(s) as set forth in paragraph 716, and will be posted a minimum of seven (7) calendar days prior to filling the vacancy on a permanent basis.

After completion of the initial probationary period, employees may bid for openings as they become available.

Requests for transfer received within the seven (7) day posting period shall be granted on the basis of seniority provided employees possess the necessary aptitude and experience consistent with efficient laboratory practices. Transfer requests received after the seven (7) day posting will be given preferential consideration over outside applicants only if such transfer requests were submitted prior to the receipt of the external applications.

Seniority shall be applied in the following selection order:

- Department (applying department seniority)
- Bargaining Unit (applying bargaining unit seniority)
- Per Diem Employees (applying Per Diem seniority)
- Medical Laboratory Technicians (applying Medical Laboratory Technicians seniority)
- Clinical Laboratory Scientists (applying Clinical Laboratory Scientists seniority)

If all employees exercise seniority for nonassignment, the Employer shall assign employees by inverse seniority, beginning with the least senior employee within the department, to work a particular assignment in order to maintain efficiency of operations.

In the event the Employer exercises its right pursuant to Paragraph 621 to assign the least senior employee to a particular assignment, such assignment will be temporary and the employee will be returned to his former position as soon as the job opening has been filled and the employee is able to assume the responsibilities of the assignment. Nothing herein restricts the Employer's sole and exclusive right to staff for the orderly operation of its facilities.

An employee who is voluntarily reassigned pursuant to Paragraph 618 may elect in writing to return to his former position within seven (7) calendar days of such reassignment. An employee who is promoted to a lead position may elect to return to his/her former position within fourteen (14) calendar days. Upon receipt of such written notification, the Employer will return such employee to his former position if such position exists, on the next full weekly schedule following a seven (7) day period after the request pursuant to efficient operations of the department. Employees who
under this provision will retain all previously earned service credits, and shall be
removed from the recall list.

Clinical Laboratory Scientists may not displace Lead Clinical Laboratory Scientists in a
reduction in force.

In all instances of bumping, open vacant positions in the same affected classification in
the Medical Center area or **Regional Reference Laboratory** will be considered as being
the least senior position for bumping purposes.

For purposes of reduction in force, all references to seniority shall mean bargaining
unit seniority.

A reduction in force includes a reduction in hours from full-time to part-time status.

The Employer will give as much advance notice as possible to affected employees and
the Union of a pending reduction in force, but in no event shall said notice be less than
thirty (30) calendar days.

**Recall Rights**

Laid off employees will be recalled to open positions only after active employees have
been permitted the opportunity to exercise job bidding rights within their own
department. A laid off employee shall have recall rights to the resultant open positions
in the Medical Center area and **Regional Reference Laboratory** where the layoff
occurred for twelve (12) calendar months beginning with the date of layoff. Employees
shall be recalled by bargaining unit seniority.

In all cases of job displacement during a reduction in force and
job placement during a
recall, employees must be qualified to perform the full scope of the work. Employees
shall be afforded **adequate training and/or orientation**.

**Employee Transfer**

Employees who transfer between locations covered by this Bargaining Unit Agreement
shall retain all previously earned bargaining unit seniority.

**Condition of Transfer**

Transfer of an employee from a bargaining unit facility to any other Employer facility in
other medical areas will be effected only with the consent of the employee.

Employees who transfer from other medical areas to a bargaining unit facility, at the
Employer's request, shall be treated as new hires in establishing seniority for purposes
of a layoff, vacation preference and for job openings as defined in this Article.

An employee's service credit as defined in Paragraph 613 above shall be recognized
for all other purposes should an employee transfer into the bargaining unit.

**Seniority for Job Bidding - Part-time Employees**

qualify for and are accepted for reassignment pursuant to this Article shall receive a
new job trial period for sixty (60) calendar days. Should the employee fail to meet the
job requirements at any time during the trial period, said employee will be returned to
his/her former job assignment. If an employee elects to return or is returned to his
former position, all employees will revert back to their former positions and the job
opening will be filled pursuant to Paragraph 618 using the original job posting.

**Job Bidding Prerequisites**

Employees scheduled for more than one (1) week of vacation, may submit a
prerequisite for a permanent job opening which may occur within their department
during their absence. Such prerequisite must be submitted one (1) week prior to the
start of the vacation period.

**Reduction in Force**

This language is supplemented by the National Employment Income Security
Agreement between the parties, as long as the current National Employment Income
Security Agreement is in effect.

The Employer and the Union will carefully review the status of any employee displaced
by technological or legislative change to locate suitable employment for the employee
or employees. The Employer shall make available to the Union any information
necessary for a constructive discussion of these matters.

A reduction in force is accomplished by classification. Should a reduction occur in the
Lead Clinical Laboratory Scientist classification, the least senior employee in the
facility / department in the Lead Clinical Laboratory Scientist classification shall be
the first displaced. Such employee may then displace the least senior Clinical Laboratory
Scientist within the same status (full-time over part-time twenty four (24) or more
hours, over part-time less than twenty four (24) hours, **over Per Diem**) and shift within
the Medical Center area. Such displaced employee may exercise his/her rights as
stipulated in the following paragraphs of this section.

In a reduction in force, the Employer shall identify, by department / facility and status,
the position(s) to be displaced. The least senior employee in the identified status and
department / facility shall displace the least senior employee within the same status
and shift within the Medical Center area or department. Such displaced employee
may then displace the least senior employee in the same status within the Medical
Center area or department. Such least senior employee, if more senior than
employees in lower status levels, shall then displace the least senior employee in the
lower status level (full-time over part-time 24 or more hours, over part-time less than
24 hours, **over Per Diem**).

An employee who is to be laid off from the Medical Center area or **Regional Reference
Laboratory** as a result of the proceeding reduction in force language may, at the time
of layoff, file requests with the Employer to fill any open job classification in a different
Medical Center area or **Regional Reference Laboratory**. Such requests shall be valid
for the same period of time as outlined in Paragraph 639. The employee must specify
the location desired. The Employer will only be required to make one (1) offer of
placement, and if refused, the employee's request is canceled. Employees placed
Part-time employees may use their seniority to bid on full-time job openings within their same classification at other facilities within an Area Operation. Part-time employees must bid for full-time openings in writing on a form provided by the Employer. Bids shall be submitted to supervision. The full-time job opening shall be awarded to the senior qualified bidder.

A part-time employee shall have the right to claim additional part-time hours as they become available in the employee's assigned facility up to eight (8) hours per day and forty (40) hours per week based on the employee's department seniority and ability to perform the work. The parties agree, however, that the Employer must maintain an ample force of qualified part-time employees only to meet the minimum scheduling requirements of the laboratory.

Loss of Seniority

Seniority shall be lost by:

1) Voluntary quit.

2) Discharge for cause.

3) Failure to accept and report for work within ten (10) calendar days after date of mailing of notice of recall which shall be sent by registered or certified letter to the last address shown for the employee on the records of the Employer.

4) Failure to report for work in accordance with the terms of any leave of absence, unless the terms are otherwise agreed upon by the Employer and the employee.

5) Retirement.

6) Transfer out of the bargaining unit; except that any employee heretofore or hereafter promoted to a supervisory position shall retain any accumulated bargaining unit seniority, but shall not continue to accumulate bargaining unit seniority while working as a supervisor. In the event of such employee's return to the bargaining unit, the employee may utilize any previously accumulated bargaining unit seniority for purposes of bidding on posted job openings; however, in no case will such employee be permitted to displace a bargaining unit employee in the absence of a bid. Return of any supervisory employee to the bargaining unit shall be at the sole discretion of the Employer.

Seniority List

A seniority list containing both the department and bargaining unit seniority dates of all employees by department within the bargaining unit shall be established and maintained. The pertinent department seniority list shall be made available to the employees within the department and the representatives of the Union at all times. Further, an updated list shall be furnished to the Union on March 1 and September 1 of each year.

Seniority lists for each department will be separate for all purposes of application.

In the event two (2) or more employees have the same department seniority date, their bargaining unit seniority dates will be used to determine their relative seniority.

In the event two (2) or more employees have the same bargaining unit seniority date, employee numbers shall be used. In such event, the employee with the lowest employee number shall be considered the most senior. For employees hired before August 15, 2005 (or the date that My HR – PeopleSoft became effective), employee numbers as assigned in the Genesys system shall be used. For employees hired on or after August 15, 2005 (or the effective date of My HR-PeopleSoft), employee numbers as assigned in the PeopleSoft system shall be used.

ARTICLE VII - HOURS OF WORK

Workweek and Workday

Normal Workweek.

The normal workweek shall be forty (40) hours, consisting of five (5) eight (8) hour days and two (2) days of rest within a period of seven (7) consecutive days. A normal day's work shall consist of eight (8) hours to be worked within eight and one-half (8 1/2) consecutive hours in a twenty-four (24) hour period. Full-time employees shall be scheduled for two (2) consecutive days off within a fourteen (14) consecutive day period, except where work schedules which do not provide such consecutive days off have been established prior to the effective date of this Agreement. Once established, individual employee schedules will not be changed except for good and sufficient cause. Nothing in the foregoing shall preclude the Employer from changing employee schedules on a temporary basis to meet the fluctuating operations of the laboratory or to meet short term staffing needs.

Holiday Workweek.

A holiday workweek shall be thirty-two (32) hours consisting of four (4) eight (8) hour days other than the holiday except where two (2) holidays occur in the same workweek the workweek shall be twenty-four (24) hours consisting of three (3) eight (8) hour days other than the holidays.

Minimum Work Schedule

Full-time.

All full-time employees shall be scheduled to work not less than a normal workday of eight (8) hours and a normal workweek of five (5) days of work. In cases where a part-time position is worked at forty (40) straight time hours in a week on non-replacement work for a period of eight (8) consecutive pay periods, the union and the company shall meet to discuss and resolve the issue, which may include the posting of said position as full-time.

Part-time.
A part-time employee shall normally be scheduled to work not less than four (4) hours in a workday and forty (40) hours in a pay period. A part-time employee may be scheduled from time to time to work less than a normal workday to fulfill the exceptional staffing requirements of the laboratory. The Employer shall not create any part-time jobs at the expense of what could otherwise be a full-time job or jobs.

Meal Period

All hours shall be worked consecutively, except for a scheduled meal period which shall be one-half (1/2) hour. The meal period may be extended up to one (1) hour if mutually agreed to by the bargaining parties. No eight (8) hour employee shall be scheduled for more than five (5) hours or less than three (3) hours before a meal break.

Work Schedules

The Employer agrees to post a legible schedule in ink or other permanent type of the working hours for all employees. Such schedule shall show the full name of each employee, the classification, starting time, quitting time and days off. It is further agreed that the schedules shall remain posted for four (4) weeks in advance, and will be maintained on a weekly basis. Any changes in the schedule will be made by 12:00 O’clock Noon on Thursday of the week preceding the schedule change except for emergencies. In such circumstances, it is the responsibility of the Employer to notify the employee of such change in schedule. If the work schedule within any day is changed after Friday without reasonable cause, the matter may be subject to the grievance procedure. Such schedule shall be posted on the bulletin board or at a place where all employees and representatives of the Union may observe same at all times during the workweek. An employee shall be guaranteed pay for the specific days in a workweek for which scheduled to work, provided the employee is available to involuntarily work more than seven (7) consecutive days in any combination of workweeks. At the time of schedule posting it is the responsibility of the employee to bring to the Employer’s attention any time he/she may be assigned. In the event operations cannot commence or continue when so recommended by civil authorities; or public utilities fail to supply electricity, water, or gas; or the interruption of work is caused by an act of God, the foregoing guarantees shall not be applicable. No employee will be normally required to work more than seven (7) consecutive days in any combination of workweeks. At the time of schedule posting it is the responsibility of the employee to bring to the Employer’s attention any time he/she is scheduled more than said seven (7) consecutive days. The Employer will make every attempt to change the schedule to rectify the situation.

Work Shifts

There shall be three (3) shifts of work with the ranges of normal starting time as follows:

- **Day Shift:** 5:00 a.m. - 10:00 a.m.
- **Evening Shift:** 2:00 p.m. - 6:00 p.m.
- **Night Shift:** 10:00 p.m. - 2:00 a.m.

Employees whose normal starting time is between 5:00 a.m. and 10:00 a.m. shall be day shift employees. Similarly, employees whose normal starting time is between 2:00 p.m. and 6:00 p.m. shall be evening shift employees and employees whose normal starting time is between 10:00 p.m. and 2:00 a.m. shall be night shift employees.

If an employee's normal starting time within a shift is permanently changed by more than one-half (1/2) hour or the employee's regularly scheduled days off are permanently changed, the employee may elect to accept the new schedule or displace a less senior employee within the same shift in their department provided the displaced employee possesses the necessary aptitude and experience consistent with efficient laboratory practices. If qualified, the less senior employee so displaced may elect to fill the available starting time or schedule or displace the least senior employee within the same shift in their department who would then be assigned to the available starting time or schedule.

If an employee's shift is permanently changed, the employee may elect to accept the new shift or displace a less senior employee within the same shift in their department provided the displaced employee possesses the necessary aptitude and experience consistent with efficient laboratory practices. If qualified, the less senior employee so displaced may elect to fill the available shift or displace the least senior employee within the same shift in their department who would then be assigned to the available shift.

It is understood that the right to establish schedules is the exclusive right of the Employer.

Rest Periods

Each employee shall receive a fifteen (15) minute uninterrupted rest period in each half of the workday. An employee who works ten (10) or more hours in a workday shall receive an extra fifteen (15) minute uninterrupted rest period. Insofar as practicable, rest periods shall be permitted and taken sometime near the middle of each half of the workday.

If continuous operation is required in the job concerned, either a substitute will be provided or the rest period delayed until the operation is completed.

The Employer shall make every effort to give breaks to employees, other than causing an employee to interrupt a continuous operation.

A rest period may be combined with the lunch period when it is impossible to give relief, for example, on weekends.

Legal Proceedings

Any employee served with a legal notice, citation, or subpoena which involves any facet of the Employer's operation, or which may require the employee to appear in legal proceedings during scheduled work time shall immediately inform the Employer of such service.

Employees shall be paid as time worked under the terms of this Agreement for time spent at appearances or standby in legal proceedings arising out of the course of and scope of employment.
Call Back

When an employee is called back to work after completing a normal workday, the employee shall receive not less than four (4) hours pay at time and one-half (1 1/2) or at the appropriate premium rate. Such pay shall commence at the time the employee arrives at the facility and shall end when the employee leaves the facility. If the immediate work, necessitating the call back, is accomplished in less than four (4) hours, at the Employer's discretion the employee may be assigned to other work of the same general type for which the employee is qualified.

Notice of Intended Absence

Employees who are required to be absent from work for any reason will provide their immediate supervisor or designated representative with notification as soon as the employee has knowledge of the intended absence, preferably no later than two (2) hours, when possible.

ARTICLE VIII - OVERTIME

Definition of Overtime Rates

"Overtime rates," as used in this Article, shall mean the rates for the overtime hours worked as provided in this Article.

Definition of Week and Day

"Week," as used in this Article, shall mean and consist of the seven (7) day period beginning at 12:00 a.m., Monday or at the shift changing hour nearest that time. "Day," as used in this Article, shall mean and consist of the twenty-four (24) hour period beginning at the time the employee commences work. Employees assigned to schedules which include rotating weekends shall commence the workweek at 12:00 a.m. Sunday or the shift changing hour nearest that time.

Overtime Rates

The overtime rate of pay of one and one-half (1 1/2) times the employee's regular rate of pay shall be paid for:

- All hours worked in excess of eight (8) hours in a workday. (Workday is defined as the twenty-four (24) hour period beginning when the employee commences work.) In the event an employee's prescheduled work schedule causes him/her to commence work earlier than the preceding day, the overtime rate set forth herein shall be applicable only if more than three (3) hours are involved. The three (3) hour exception shall not apply to employees called in early for a prescheduled shift. This overtime rate will not be applicable if such earlier start time is the result of an employee's request, regardless of how much earlier said employee's shift may commence. Part-time employees may waive overtime premiums for working over eight (8) hours in the

- All hours worked in excess of forty (40) hours in a week.

The overtime rate of pay of two (2) times the employee's regular rate of pay shall be paid for:

- All hours worked in excess of twelve (12) hours in a workday.

Two (2) times the regular rate of pay should be paid for hours worked on the seventh (7th) consecutive day of work in a workweek except when such schedule results from the request of the employee. The Employer may change the work schedule of any employee to avoid the payment of the seventh (7th) consecutive day, provided the full-time employee receives a normal schedule of forty (40) hours pay.

Employees shall be eligible to receive seventh (7th) consecutive day premium provided that no more than one (1) of the preceding six (6) days have been compensated at an overtime rate. A lapsed period of thirty (30) hours off from the time the employee last worked until the employee commences work again shall constitute a day off for purposes of interrupting consecutive days.

Only designated holiday hours worked shall count as time worked for the purpose of computing weekly overtime.

Overtime Scheduling

Scheduled and unscheduled overtime shall be offered on an equitable rotation basis within each overtime subdivision, except in those situations of an extreme and immediate nature beginning initially with the most senior employee. Employees shall have no right to claim overtime on any day said employee is paid as jury duty or educational leave. An overtime subdivision shall be the facility where the department is subdivided into facilities, or the department where the facility is subdivided into departments.

A list by overtime subdivisions shall be maintained by the Employer noting those employees who desire to work overtime. On January 1, April 1, July 1 and October 1 of each year employees may add or delete their names from this list. An employee who does not accept a minimum of thirty-three and one-third (33 1/3) percent of offered overtime work during a designated quarter shall not be permitted to have his/her name on the following quarter's overtime list.

Unclaimed overtime whether scheduled or unscheduled will be assigned to the least senior employees within an overtime subdivision and such employees shall be required to work the overtime. This language is supplemented by the National Agreement, Section 1.H.3, as long as the current National Agreement is in effect.
Nothing in the foregoing shall require the Employer to offer overtime to an employee when such assignment, if accepted, would result in repeating overtime payments; for example, a series of consecutive days worked. Nothing in the foregoing shall require the Employer to offer overtime to an employee at two and one-half (2 1/2) times or two (2) times when other employees are available to work the overtime at one and one-half (1 1/2) times. Nothing in the foregoing shall preclude the Employer from having the necessary work performed on a nonovertime basis. In all instances of overtime assignment, the employee must possess the necessary qualifications and experience consistent with efficient laboratory practice to be eligible for assignment.

Payment of overtime rates shall not be duplicated, and to the extent that hours are paid at an overtime rate, such hours shall not be counted further for purposes of calculating overtime for any other hours or day. Time paid for, but not worked, shall not count as time worked for purposes of calculating overtime or premium payments.

Payment of overtime rates shall not be pyramided, and to the extent that hours are compensated for at overtime rates under one provision, such hours shall not be compensated again at overtime rates under any other provision. Where two (2) or more overtime provisions are applicable to the same hours worked, the higher shall be paid.

Because of the nature of our medical care organization, it is recognized that a major community disaster could require the services of our organization and facilities far beyond those normally provided. In the event of such a disaster, and in recognition of our obligation to the community, Article VII - Hours of Work and Article VIII - Overtime, will be inapplicable during the period of such unusual demands caused by this disaster, provided that the facilities of the organization are made available to non-members as well as members of the Kaiser Foundation Health Plan. It is further provided that Articles VII and VIII will also be inapplicable during bona fide disaster program drills, excluding educational programs.

Appendix A, attached hereto and by reference made a part of this Agreement, sets forth classifications and appropriate wage schedules.
1100 ARTICLE XI - PAID TIME OFF

1101 The Employer will provide a Paid Time Off Program which has four (4) components as follows:

- Designated Holidays
- Vacation
- Sick Leave
- Life Balance Days

1102 Section 1 - Designated Holidays

1103 Employees shall be eligible for paid designated holidays effective on his/her date of hire. The following shall be recognized as paid designated holidays:

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

1104 Designated Holiday Work Schedule and Notification

1105 Employees may request assignment or non-assignment to work a designated holiday within the subdivisions described in Paragraph 815 on the basis of department seniority. Should an insufficient number of employees on a shift request assignment, volunteers shall be solicited without regard to shift or day off. Should inadequate staffing remain on a shift, the Employer shall assign employees by inverse department seniority on said shift, beginning with the least senior employee, to work the designated holiday. An employee who is normally scheduled to work on a day which a designated holiday falls, may not be displaced by a more senior employee who is not normally scheduled to work that day. An employee who requests to work the designated holiday on his/her day off will not be entitled to the designated holiday hours worked counting towards daily or weekly overtime or consecutive day premium.

1106 An employee who is selected to work a designated holiday by inverse department seniority may request and receive a mutually agreeable day off, without pay, within thirty (30) days of the designated holiday, subject to appropriate staffing requirements. All employees shall receive at least one (1) of the following three (3) holidays off unless the employee requests to work all of them: New Year’s Day, Thanksgiving Day, Christmas Day.

1107 The Employer shall solicit employees for designated holiday work schedules thirty (30) days in advance to permit application of seniority to determine the designated holiday work schedule and schedule posting a minimum of fourteen (14) days prior to the designated holiday.

1108 Employee's Day Off

1109 If an employee's day off falls on a designated holiday, he shall receive an additional day off within the thirty (30) days preceding or thirty (30) days following the designated holiday with full pay.

1110 Designated Holiday Guarantee

1111 An employee who works on a designated holiday, but fails to complete at least their normal shift, shall receive designated holiday pay at straight time pay for the balance of the non-worked hours to a maximum of their normal shift hours.

1112 Eligibility for Designated Holiday Pay

1113 An employee shall be eligible to receive designated holiday pay having met the following qualifications:

- Must have performed work during the payroll week in which the designated holiday falls, unless the designated holiday falls on the part-time employee's only scheduled workday in the week.
- Must have worked both the last scheduled shift prior to the designated holiday, and the next scheduled shift following the designated holiday, unless an absence from one or both of such shifts is due to sickness, or because of death in the employee's immediate family (Paragraph 1117), or because of a similar good cause.

1114 No designated holiday pay shall be paid to an employee for any designated holiday which occurs during a period of layoff or unpaid leave of absence, except as specified in Paragraph 1115, or which occurs following the effective date of termination of employment.

1115 No designated holiday pay shall be paid to an employee who is scheduled to work on a designated holiday and fails to do so, unless such absence is because of sickness or because of death in the immediate family (mother, father, including in-laws, children, brother, sister, spouse or eligible domestic partner, grandparents, grandchildren, stepparents, stepchildren, legal guardian and legal ward), or because of similar good cause.

1116 Designated Holiday Pay

1117 Full-time. Designated holiday pay for hours not-worked shall be computed by multiplying by a maximum of eight (8) times the employee's regular straight-time hourly rate as of the last day of work prior to the designated holiday.

1118 Part-time. Part-time employees shall be entitled to designated holiday pay in accordance with this Article. Part-time employees shall receive ten percent (10%) of the straight-time hours worked by the employee during the preceding pay period. Designated holiday pay shall not exceed eight (8) hours’ pay. Schedules shall not be changed for the purpose of avoiding or minimizing designated holiday pay.

1119 Designated Holiday Premiums

1120 No deduction shall be made from the pay of employees for the observance of the designated holidays listed above, and compensation for work performed on said designated holidays shall be two and one-half (2 1/2) times the appropriate regular rate of pay, plus any applicable premium or shift differential, unless an arrangement is
Employees may accumulate up to a maximum of two (2) times their annual vacation account.

Vacation at Termination or Retirement

An employee who terminates employment or retires will receive payment for all accrued and unused vacation at the base hourly wage rate the employee is receiving on that date.

Requesting Vacation Benefits

Employees taking less than one (1) week of vacation will be paid based on their regularly scheduled hours for each day of vacation taken.

Full-time employees taking one (1) week of vacation will be paid for forty (40) hours of vacation. Part-time employees taking one (1) week of vacation have the following two (2) options for weekly payment: pay based on the average hours worked in the two (2) preceding pay periods or forty (40) hours.

Requests for vacation in increments of less than five (5) days must be made a minimum of fourteen (14) calendar days before a desired date. The employee may request and may receive an available existing date, subject to staffing needs and efficiency of operations. The supervisor shall give the employee notification of approval or denial within seven (7) days of the request.

Vacation In-Service Cash Out-Out Option

Eligible employees may elect to cash-out vacation during the annual election period in accordance with the existing Employer’s Policy and the National Agreement.

Vacation Scheduling

Requests for vacation shall be submitted by February 1 of each year and the Employer shall inform employees of their vacation scheduled by April 1 of each year.

The employees shall be permitted to select their vacation period without restriction throughout the vacation year, subject to the efficiency of operations. Such requests will not be unreasonably denied.

Vacation shall be scheduled within each respective department. Variations to department designations may exist for vacation scheduling purposes only. Modifications to such existing vacation modules or creation of new modules must have the prior agreement of the bargaining parties. Vacation Preferences will be awarded based on department seniority. Employees who transfer between departments must reschedule their vacation year utilizing available open weeks where a conflict of preapproved vacation exists with current employees within that department.

The vacation schedule may be changed by the Employer only for extreme and compelling reasons to ensure the orderly operation of the facility. An employee may be permitted to cancel his/her scheduled vacation for good and sufficient cause. Such cancellation must occur before the posting of department schedules except in

Section 2 - Vacation Eligibility Date

Vacation Eligibility Date

The vacation eligibility date determines the employee’s accrual rate and is their date of hire, unless it is adjusted for unpaid leaves of absence or for the period of time that the employee worked in an ineligible status in another employee group.

An employee shall not forfeit any accrued rights earned prior to the commencement of the leave during an authorized leave of absence without pay.

The vacation eligibility date shall mean that period of continuous employment with the Employer, less any unpaid leave of absence from employment which exceeds sixty (60) days. Leaves of absence of sixty-one (61) days or more will be deducted in their entirety from the eligibility date. The vacation eligibility date will not be adjusted for Occupational Leave of Absence.

Section 3 – Vacation Schedule

Each full-time employee shall accrue vacation hours 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 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-4 Years</td>
<td>6.666</td>
<td>10</td>
</tr>
<tr>
<td>5-8 Years</td>
<td>10.00</td>
<td>15</td>
</tr>
<tr>
<td>9-10 Years</td>
<td>13.33</td>
<td>20</td>
</tr>
<tr>
<td>11 Years or More</td>
<td>16.66</td>
<td>25</td>
</tr>
</tbody>
</table>

Part-time employees will accrue prorated vacation hours in accordance with the above schedule(s) on the basis of an average of straight time hours paid during the preceding two (2) pay periods.

Vacation Pay

Employees shall not receive their shift differential with vacation pay. Vacation pay shall be at the base hourly wage rate the employee is receiving on the date time off is taken.

Vacation shall not be considered as time worked for the purposes of calculating overtime.

Vacation Accumulation
emergencies. The canceled vacation period will be reposted for five (5) days if possible. Employees with available vacation hours may bid on such open unscheduled hours:

- First by seniority of those who have previously submitted and have been denied vacation before the Feb. 1st deadline and have banked vacation days available.
- If no employee who previously selected that vacation period by the Feb. 1st deadline bids on it, then selection will be by lottery.

If accrued vacation has been exhausted, previously approved Vacation increments may be canceled.

The total maximum annual vacation entitlement may be taken in one (1) consecutive period or may be split with the approval of the Employer and the employee into increments of no less than one (1) week. For those employees choosing to split their vacation period into two (2) or more increments, seniority will apply on the first choice of vacation increment in each anniversary year. Upon all employees making said first choice, there shall be a second choice by seniority. In justifiable circumstances, the employee may request to split his/her vacation into increments of less than one (1) week.

The employees of a department/unit may by unanimous agreement implement an alternative vacation selection process. The alternative selection process must have the prior approval of the parties.

The Employer will schedule where possible the employee's days off in such a way that they are attached to the employee's vacation period. Vacation will be scheduled and taken in accordance with the employee's workweek as defined in Paragraph 804.

Vacation Pay Advance

The employee may request vacation pay in writing two (2) weeks prior to taking scheduled vacation, and such vacation paycheck will be made available to the employee on the last day of work prior to starting the vacation.

Vacation Relief

The Employer, subject to availability of qualified replacements, will provide adequate vacation relief and will, to every extent possible, accomplish required work without undue hardship on any one (1) employee or group of employees.

The Employer shall make every reasonable effort to ensure that the maximum number possible of employees are allowed to go on vacation during the summer period of June through September of each year.

Section 4 - Sick Leave and Income/Extended Income Protection Plan

This language is supplemented by the National Agreement, as long as the current National Agreement is in effect. See Section 1.C.3 (c) Time Off Benefit Enhancement.

Sick Leave hours will be earned on the basis of ten (10) hours per month for each calendar month of employment. Part-time employees will accrue hours at a rate of ten (10) hours per month prorated based on an average of straight time hours paid in the preceding two (2) pay periods.

An employee shall be entitled to sick leave with pay on the first day of illness provided the employee accrued sick leave in his/her sick leave bank. Sick leave taken for Family Leave purposes will run concurrent with Family Leave.

Sick Leave time off for which pay is received shall not be considered an interruption of continuous service.

Sick Leave shall not be considered as time worked for purposes of computing overtime.

Employees shall not receive their shift differential with Sick Leave pay. Sick Leave pay shall be at the base hourly wage rate the employee is receiving on the date Sick Leave is taken.

Income Protection and Extended Income Protection

Employees who are scheduled to work twenty (20) hours or more per week shall be provided with an Income Protection Plan or Extended Income Protection Plan. Whether the employee is eligible for Income Protection or Extended Income Protection is based on their length of service.

Employees with less than two (2) calendar years of service, Income Protection benefits shall be payable after the exhaustion of the Sick Leave for the duration of one (1) year from the date the employee first (1st) became disabled or when no longer disabled, whichever is less.

Employees with two (2) or more calendar years of service, Extended Income Protection benefits shall be payable after the exhaustion of the Sick Leave or three (3) months of disability, whichever is later, and shall continue for the duration of five (5) years from the date the employee became disabled or is no longer disabled or if over age sixty (60) according to the Duration of Benefits schedule, whichever is less. The Extended Income Protection benefits due to psychological related disabilities and/or alcohol/drug abuse are limited to a maximum of three (3) years from the date of disability, unless the employee is 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.

Income Protection and Extended Income Protection benefits are payable at a level of fifty percent (50%) of base hourly rate times scheduled hours per month, sixty percent (60%) with integration with other statutory plans or seventy percent (70%) with an approved rehabilitation employment program (prorated for employees less than full-time). The minimum integrated benefit (prorated for employees less than full-time) provided by the program during the first (1st) year of disability will not be less than one thousand dollars ($1,000.00) per month.
Income Protection and Extended Income Protection coverage terminates at the end of employment or upon transfer to an ineligible status.

The intent of the above Income Protection and Extended Income Protection language is to provide a summary of benefits available. Income Protection and Extended Income Protection benefits are governed by the Employer's contract with the insurance company.

Integration of vacation and sick leave with State Disability Insurance or Workers' Compensation or Family Medical Temporary Disability.

Employees who are eligible for basic State Disability Insurance (SDI) benefits or Workers' Compensation (WC) benefits or Family Medical Temporary Disability (FMTD) shall have their sick leave integrated with paid SDI or WC or FMTD benefits, so that combined SDI/WC/FMTD pay and sick leave pay totals normal straight time salary. The reduced amount of sick leave payment shall then be charged against the employee's sick leave. All contractual provisions as specified in Article XII, Leaves of Absence, will apply. In the payment to an employee on sick leave, disability, or Workers' Compensation, the Employer will deduct taxes in accordance with Federal and State laws.

It is the employee's responsibility to promptly file claims for any eligible compensation benefits, and to report the amount of such benefits to the Employer's Personnel Office.

Doctor's Certificate

A doctor's certificate or other authoritative verification of illness may be required only where the Employer has evidence of excessive illness or where the employee otherwise gives reasonable cause to suspicion the absence by a pattern of absences.

Life Balance Days

This section is supplemented by the National Agreement, as long as the current National Agreement is in effect. See Section 1.C. (3) Time Off Benefit Enhancement.

Full-time Employees shall accrue Life Balance Days of three and one third (3.33) hours per month to a maximum of forty (40) hours per year, at any given time. Part-time Employees will accrue Life Balance Days on a prorated basis based on hours paid (up to a maximum of eighty (80) hours per pay period) in the previous two (2) pay periods.

Life Balance Days may be used for any reason the employee chooses without restriction and may be used for less than a full day. In the event an employee elects to utilize Life Balance Days in conjunction with vacation, those Life Balance Days may be granted only after the vacation selection process outlined in this Agreement. The Life Balance Days will, insofar as possible, be granted on the day(s) most desired by the employee. Requests for Life Balance Day(s) will be made seventy-two (72) hours in advance and subject to Departmental Approval. The Employer, at its option, may also approve requests made less than seventy-two (72) hours in advance. Employees will have preference as to their choice based upon department seniority. Life Balance Days requests will be considered for anytime of the calendar year and shall be granted in an emergency situation. In the event that a request(s) for a Life Balance Day(s) is continuously denied and not rescheduled by the Employee, the parties will meet, upon the Union's request, to determine the appropriate resolution. Life Balance Days may be donated to another benefited employee. Life Balance Days that are accrued, and not used, are paid out upon termination, retirement or transfer to an ineligible status.

Once granted, a more senior employee shall not be able to displace the granted individual.

ARTICLE XII – LEAVES OF ABSENCE

Eligibility

Leaves of absence without pay may be granted to full-time and part-time 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) calendar months of continuous service. However, in the case of disabilities related to pregnancy, the six (6) month eligibility requirement is waived for the purpose of the Medical Leave of Absence.

Personal Leave of Absence

Personal Leaves of Absence without pay, may be granted for justifiable reasons, subject to the eligibility requirements and with adequate notice, for a period of up to sixty (60) days. Under extenuating circumstances, consideration may be given for extending such leaves at the discretion of the Employer. Such extension will be considered on an individual basis to a maximum of thirty (30) additional days.

Medical Leave of Absence

Upon the exhaustion of accrued Sick Leave, Medical Leaves of Absence, without pay, for nonoccupational related disabilities, including conditions related to pregnancy, shall be granted subject to the eligibility requirements 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.

Employees with less than three (3) years of continuous service shall be eligible for a Medical Leave of Absence for a specific period of time not to exceed one hundred eighty (180) calendar days. Employees with three (3) or more years of service shall be eligible for a specific period of time not to exceed three hundred sixty-five (365) calendar days.

Under extenuating circumstances, an employee may request and the Employer may grant an extension to the maximum period of Medical Leave of Absence. However, the granting of such an extension is at the sole discretion of the Employer.
Occupational Injury or Illness Leave of Absence

1210 Commencing on the first (1st) day of employment, for those absences covered by Workers' Compensation, employees will be eligible for an Occupational Injury or Illness Leave of Absence for up to a maximum period of two (2) years. The two (2) year calculation period shall commence on the date the employee exhausts Extended Sick Leave benefits. Such leaves shall be continuous, provided the employee furnishes a physician's certification, until the employee is released by the attending physician.

1211 The Employer will place employees released to return to work from an occupational injury or illness leave of absence without medical restrictions, to their former position at their regular rate of pay as soon as reasonable, not to exceed seven (7) days.

1212 The Employer will place employees released to return to work from an occupational injury or illness leave of absence on a temporarily restricted basis, in their former job, provided the employee can perform the essential functions of the position in light of the medical restrictions, or if said restrictions relate to a disability protected by the Americans with Disabilities Act, in an appropriate alternate position, or on a preferential basis at their regular rate of pay.

1213 The Employer will place employees released to return to work from an occupational injury or illness leave of absence on a permanently restricted basis, in their former job, provided the employee is capable of performing the essential functions of the position in light of the medical restrictions and limitations. If the employee is unable to perform the essential functions of the position, that employee may bid on any position in which he/she can perform the essential functions in light of their medical restrictions and limitations. Where there is no appropriate position, the Employer will provide all reasonable accommodations and necessary vocational/rehabilitation training program benefits as approved by Division of Industrial Accidents/Workers' Compensation Appeals Board pursuant to the Administration of the California Labor Code.

1214 An Occupational Injury or Illness Leave of Absence shall be extended throughout any period of temporary disability or permanent disability for a period not to exceed thirty (30) days after the employee has been awarded a permanent disability by the Workers' Compensation Appeals Board.

1215 Upon release by the attending physician for occupational injury or illness the Employer may request that the employee provide a return-to-work authorization containing the name of physician, signature, and clarification of disability, and date released to return to work, within sufficient time to enable the Employer to conduct an analysis of the essential functions and reasonable accommodations, if any.

Personal Time Off

1216 Commencing on the first day of employment, where circumstances warrant, an employee may request and receive Personal Time Off without pay for short periods of time not to exceed five (5) workdays. Such requests shall not be unreasonably denied. In a verifiable emergency, on duty employees may ask for Personal Time Off which shall be granted on a momentary notice; and, such employees will be released from duty as soon as possible. It shall not be a condition of the granting of Personal Time Off that the employee secure his own replacement. Employees may not be denied Personal Time Off because they have accumulated Sick Leave.

1218 An employee with twelve (12) months' continuous service may request one (1) week's leave of absence for any reason other than sickness or death in the immediate family, to be scheduled in conjunction with the employee's vacation. Only one (1) such leave will be granted in any one (1) calendar year. The scheduling of said leave shall not interfere with the vacation selections of other employees.

Family Leave of Absence

1219 As outlined in the Employer's prevailing organizational Family Leave Policy, 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.

1220 Leaves for situations that are covered by Family Leave and other contractual leave provisions will be considered to run concurrently when determining the maximum duration for both types of leave.

Parental Leave

1221 The legal spouse of the mother shall be entitled to receive either two (2) weeks personal time off, or two (2) weeks of vacation at the employee's option. Such leave is dependent upon the staffing requirements of the laboratory but shall not be denied without sufficient cause.

Bereavement Leave

1222 When a death occurs in the immediate family of a full-time employee, the employee shall be entitled to a leave of absence of up to three (3) days with pay, regardless of the employee's regularly scheduled days off.

1223 For deaths of immediate family members whose home or place of burial is over one hundred (100) miles distant from the employee's home, up to two (2) additional days leave may be taken to be paid by the Employer. This provision is in effect for the duration of the current National Agreement.

1224 Part-time employees shall receive bereavement leave of up to three (3) calendar days for deaths in the area and five (5) calendar days for deaths out of the area, and will receive pay for scheduled work hours within such three (3) or five (5) day periods. Part-time employees shall receive two (2) additional days, up to a maximum of five (5) days, for deaths and burials occurring one hundred (100) or more miles from the employee's residence. The provision for the two (2) additional days shall remain in effect for the duration of the current National Agreement.

Immediate family for Bereavement Leave is defined as the employee's:
Military Leave of Absence

All employees will be afforded the opportunity to take a Military Leave of Absence in accordance with the provisions of USERRA, as amended and other applicable statutes. Any alleged violation of this paragraph must be pursued under the provisions of the Act.

The Employer agrees that employees on extended military duty will have their Vacation, Life Balance Days, Sick Leave and other benefits restored upon reinstatement in accordance with the above named statutes.

Commencing on the first day of employment, employees called for training duty in the National Guard or any of the reserve units of the United States Armed Forces, after furnishing the Employer with a certificate of evidence of such service, shall be granted a Military Leave of Absence without pay. In those cases where employees are in a reserve status and serve an annual two (2) week commitment, employees may request and receive vacation pay for the period of absence, if otherwise eligible. In no case will employees receive pay, other than vacation pay, for a Military Leave of Absence.

The Employer shall accord to each employee who applies for reemployment, after conclusion of his military service, such reemployment rights as he shall be entitled to under the then existing statutes. It is understood that the employee must make application for reemployment within the time limits specific under the law.

Educational Leave

It is the policy of the Employer to encourage its employees to maintain or enhance their professional skills through continuing education. To this end the Employer shall make every reasonable effort to grant educational leave as provided.

All full-time licensed employees with one (1) year or more of continuous service shall be granted three (3) days (eight (8) hours for each day of educational leave granted on a scheduled day of work) of paid educational leave per year to participate in educational programs. Employees will not be entitled to Education Leave pay for Employer-sponsored programs which provide Continuing Education Units (CEUs).

However, the employee may carry over three (3) days of unused educational leave to the following year, up to a maximum of six (6) days in any year. Educational leave may be utilized on other than scheduled workdays. Pay for such leave shall be at straight time and will be based on contact hours (i.e., one (1) hour of educational leave pay for one (1) contact hour). Certification of contact hours must be provided. Employees may subscribe to home study or mail order courses provided that the courses are accredited and prior approval of management is obtained.

At the Employer’s discretion, education pay for eight (8) hours or a day off with education leave pay will be granted within ninety (90) days after completing six (6) hours of CEUs or continuing home study education units and receipt of a CEU certificate. The employee’s day off preference will be solicited and considered; however, management retains the right to schedule.

All part-time licensed employees with one (1) year or more of continuous service shall be granted two (2) days of paid educational leave per year. Part-time employees may carry over two (2) days of unused educational leave to the following year, up to a maximum of four (4) days in any year. Educational leave may be utilized on other than scheduled workdays in the same manner as outlined in Paragraph 1237 above. Pay for such leave shall be at straight time.

Requests for such leave should be submitted to the supervisor fourteen (14) days in advance of the program to enable scheduling the employee’s absence. The supervisor shall give the employee notification of approval within seven (7) days of the request. Approval will be granted for any programs which provide Continuing Education Units.

Jury Duty

An employee will not be required to work twelve (12) hours before or twelve (12) hours after serving jury duty, except on a day of jury service when the employee has been excused by the courts, and the employee can work for at least one-half (1/2) his/her regularly scheduled shift. No employee will be required to be on jury service and work for seven consecutive day period. An employee must notify his/her supervisor immediately upon receipt of a jury summons. The employee will co-operate and get an extension of the jury service, if requested by the Employer. Full-time employees will receive eight (8) hours of straight-time pay for each day of jury service and part-time employees will receive pay for the number of hours regularly scheduled on the day in question. An employee must show proof of jury service.

If an employee is placed on an “on-call” status by the courts the employee will inform his/her supervisor of such status. The Employer and employee will work out a mutually agreeable schedule.

On any day of jury service in which an employee is excused entirely or in sufficient time to permit him/her to return to work for a minimum of one-half (1/2) his/her regularly scheduled shift, he shall be required to do so.

An employee shall be eligible for an unlimited number of days of jury duty pay.

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 within their department 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.

Benefits While on Medical Leave

Premiums for continued Health Plan coverage, Dental Plan coverage and Employer-paid Group Life Insurance coverage during an authorized Medical Leave and in the case of disabilities due to pregnancy, will be paid by the Employer for the period of the leave, providing three (3) calendar months elapse between incidents of application. For this purpose, an initial incident of application will be considered to end when the maximum period of the initial authorized Medical Leave expires, according to an employee’s eligibility for Medical Leave.

Employees on a Medical Leave are eligible to accrue vacation and Sick Leave benefits for one (1) month.

Benefits While on Occupational Injury or Illness Leave

Premiums for continued Health Plan coverage, Dental Plan coverage and Employer-paid Group Life Insurance coverage during an authorized Occupational Injury or Illness Leave will be paid by the Employer during the entire period of leave.

Employees on an Occupational Injury or Illness Leave are eligible to accrue vacation and sick leave benefits for one (1) month.

Benefits While on Family Leave

Premiums for continued Health Plan coverage, Dental Plan coverage and Employer-paid Group Life Insurance coverage during an authorized Family Leave will be paid by the Employer during the entire period of leave.

Employees on a Family Leave are eligible to accrue vacation and Sick Leave benefits for one (1) month.

Benefits While on Personal Leave

Premiums for continued Health Plan coverage, Dental Plan coverage and Employer-paid Group Life Insurance coverage during an authorized Personal Leave will be paid by the Employer during the entire period of leave not to exceed thirty (30) calendar days.

Employees on a Personal Leave are eligible to accrue vacation and Sick Leave benefits for one (1) month.

Replacements

All persons hired to replace employees who are on leave of absence will be considered as temporary employees and shall be so advised and shall be informed of the approximate date the regular employee is expected to return from leave. Upon return to work of the original employee, said temporary employee’s employment will end. In no event will a temporary employee be hired for a continuous period of time to exceed ninety (90) days.

ARTICLE XIII – MISCELLANEOUS PROVISIONS

Sign Off Responsibility of Clinical Laboratory Scientists

Clinical Laboratory Scientists shall not be requested or required to sign any work done by any nonlicensed employee where reasonable doubt as to accuracy exists. Clinical Laboratory Scientists shall be required to sign off any procedure which they have personally performed.

Completion of Work Assignment

When the supervisor and/or assistant supervisor is not on duty, a Clinical Laboratory Scientist with an unfinished unit of work which in his or her judgment, and in accordance with the Employer’s laboratory practice should not be abandoned, shall stay and complete such work and shall be paid therefor.

Supervision of Clinical Laboratory Scientists

On all matters relating to technical practices, the Clinical Laboratory Scientists shall be responsible only to management representatives who are trained and specifically designated to supervise technical practices.

It shall be the responsibility of the Laboratory Supervisor to prepare and post an appropriate notification of any change in a test or laboratory procedure in a place accessible to all Clinical Laboratory Scientists.

Employee Education and Orientation

It is the employee’s responsibility to keep abreast of developments in the laboratory technology field. The Employer will arrange during working hours, subject to requirements of efficient operations, to assist employees to learn new procedures and to operate new equipment in the Employer’s facilities.

The Employer will also arrange during working hours, subject to requirements of efficient operations, visits by employees to other of its laboratories in Southern
An effort will be made to schedule such visits in whole day increments.

Medical Care During Working Hours

The Employer realizes that, upon occasion, employees at work require medical advice and/or treatment for conditions necessitating immediate attention. In such cases, excluding prescheduled appointments, employees may request and receive reasonable time without loss of pay to obtain required treatment.

Temporary Reassignment

The Employer may, when necessary for operating efficiency, temporarily reassign an employee within the Southern California Region (except San Diego) for periods not to exceed four (4) weeks. In extenuating circumstances, the Employer may request reassignment for longer than four (4) weeks, but in no case to exceed a total of sixty (60) days. The employee shall be given advance written notice of such temporary reassignment. Employees will not be temporarily reassigned within the context of this Paragraph in an arbitrary or discriminatory manner, or for disciplinary purposes.

Tuition Reimbursement

Employees shall be entitled to participate in the Kaiser Permanente Tuition Reimbursement Program.

Uniforms

When employees are required to wear uniforms, the cost of furnishing and laundring uniforms shall be borne by the Employer. Sufficient uniforms shall be maintained by the Employer to ensure each employee clean and serviceable uniforms.

Department Based Teams

In an effort to resolve matters which have arisen in the laboratory there shall be established Department Based Teams comprised of a maximum of three (3) members from the Union (one of whom shall be the Business Representative of the Union).

The Department Based Teams shall discuss problems which may affect the working conditions and/or work performed by the Clinical Laboratory Scientists and Medical Laboratory Technicians. The Department Based Team shall attempt to resolve such problems on a continuing basis. Resolutions shall be implemented as soon as agreement is reached as to the appropriate corrective changes. Where the Department Based Team finds no change necessary, the matter shall be resolved and disposed of.

If an impasse is reached between the members of the Department Based Team, the problems will be submitted immediately to the grievance procedure pursuant to Article XIV of this Agreement. Changes made shall be implemented as soon as agreement is reached on said changes.

The Department Based Team shall meet as frequently as required to investigate and resolve all matters but not less than quarterly.

The Department Based Team representative will submit issues of concern to the appropriate Medical Center area committee for consideration and/or resolution. Said area committee will respond to the Department Based Team within thirty (30) calendar days of the next scheduled committee meeting.

An employee who serves as a representative member of the Union shall suffer no reduction in pay for time spent at Department Based Team and Safety Committee meetings.

ARTICLE XIV – GRIEVANCES AND ARBITRATION

Any and all matters of controversy, dispute or disagreement of any kind or character existing between the parties and arising out of or in any way involving the interpretation or application of the terms of this Agreement shall be examined and resolved by the procedures of this Article.

Grievance Procedure

First Step. A grievance shall be taken up orally in the first instance between the employee, a Union representative and the employee’s immediate supervisor.

Second Step. If the grievance is not satisfactorily adjusted in the First Step, a grievance may be filed in writing by the Union specifying the nature of the grievance in reasonable detail, the provision(s) of the Agreement in dispute, the names of the individual or individuals involved, if any, and the remedy demanded, sent to the Personnel Director within fifteen (15) calendar days following the discussion with the supervisor at the First Step, and thereafter promptly taken up between the Union representative and the Employer representative, each of whom has authority to adjust the grievance. The Employer representative shall respond to the Union representative in writing within ten (10) calendar days after the grievance has been taken up in the Second Step.

Third Step. If a grievance is not satisfactorily adjusted in the Second Step, the grievance may be appealed to the Director of Labor Relations not later than fifteen (15) calendar days following receipt of the written response in the Second Step. The parties shall meet to consider the grievance as soon as practicable, but within thirty (30) calendar days following such appeal. The Director of Labor Relations or his/her designee will respond in writing to the Union within fifteen (15) calendar days after the date of the Third Step meeting. If the grievance is not satisfactorily adjusted in the
If the Employer does not respond within specified time limit(s), the Union may proceed to the next step. Any matter not appealed, within specified time limit(s) or during an extension thereof is considered settled.

No settlement, or decision of any Arbitrator, shall create a basis for retroactive adjustment in any other case.

A grievance must be presented within thirty (30) days after the employee had knowledge of the event or should have had knowledge of the event causing the grievance.

In cases where grievances alleging wage discrepancies or monetary benefits occur, such grievances must be brought to the attention of the Personnel Office not later than one (1) year from the date from which the incorrect computation was paid.

**ARTICLE XV – DISPUTES**

**Work Stoppages**

The Employer and the Union realize that a hospital is different in its operations from industries because of its services rendered to the community and for humanitarian reasons, and 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 strikes, sympathy strikes, lockouts, or work stoppages, and that all disputes will be settled by the procedures hereinafter provided during the term of this Agreement, except that this limitation shall not be binding upon either party hereto, if the other party refuses to perform any obligation under Article XIV or refuses or fails to abide by, accept or perform, a decision or award of an Arbitrator, and fails to appeal to a court of competent jurisdiction.

**ARTICLE XVI – DISCRIMINATION**

There shall not be any discrimination against any person in regard to application for employment or hire nor any employee in regard to tenure of employment or job status because of race, religion, color, national origin, age, sex, or physical handicap.

**ARTICLE XVII – MALPRACTICE INSURANCE**

Kaiser Permanente Medical Care Program carries medical malpractice insurance covering all of its employees, including Clinical Laboratory Scientists. This coverage is subject to certain deductibles. The Employer will hold its employees harmless from
Plan Coverage. Coverage is effective the first day of the month following one (1) full month of employment.

Health Plan Coverage will include inpatient, outpatient, mental health benefits, vision care and prepaid prescriptions, a Durable Medical Equipment/Prosthetics and Orthotics benefit which pays one hundred percent (100%) of the charges up to two thousand five hundred dollars ($2,500) after a one hundred dollar ($100) deductible. If the item should exceed two thousand five hundred dollars ($2,500), the balance will be paid at eighty percent (80%). Effective January 1, 1988, a Coordination of Benefits (COB) provision was added under Kaiser Foundation Health Plan. Effective July 1, 1997, there will be a five dollar ($5.00) co-payment for each medical office visit and generally for each prescription. Co-payments apply to medical and/or therapeutic services provided in medical offices, emergency departments, or other outpatient facilities. The application of co-payments to medical services and prescription drugs is governed by the applicable service agreement.

Eligible dependents will include spouse or eligible domestic partner, unmarried dependent children, stepchildren and unmarried dependent children up to age twenty-five (25). Physically or mentally handicapped children are also covered regardless of age, provided such handicap or retardation occurred prior to the dependent children age twenty-five (25). Annual certification of such handicap or retardation and dependency may be required by Kaiser Foundation Health Plan.

Kaiser Foundation Health Plan Coverage will be provided to employees who elect to work beyond age sixty-five (65), their spouse or eligible domestic partner and eligible dependents. Active employees and their spouses or eligible domestic partners are ineligible to participate in the Medicare reimbursement program.

Retiree Health Plan Coverage

Early Retirement

Kaiser Foundation Health Plan Coverage, coordinated with Medicare, Employer-paid, shall be provided at age sixty-five (65) to each eligible employee who retires under the Pension Plan prior to age sixty-five (65) and has fifteen (15) years or more of service with the Kaiser Permanente Medical Care Program. However, early retirees who have ten (10) years of service preceding January 1, 1990 will be eligible for Employer-paid coverage at their Early retirement date. Health Plan Coverage will also be extended to the spouse or eligible domestic partner of the eligible retiree and coverage shall continue for eligible dependent children until they reach limiting age. “Special dependent children” who meet the eligibility requirements described in Paragraph 2105 will receive Health Plan Coverage for the lifetime of the retiree. Upon attaining age sixty-five (65), the retiree and/or spouse or eligible domestic partner must enroll in Parts A and B of Medicare in order to be eligible for continued Health Plan Coverage. Premiums for the cost of Part B of Medicare shall be the responsibility of the retiree and/or spouse or eligible domestic partner. For employees retired prior to April 1, 1989, the Employer will reimburse the cost of Part B of Medicare on a quarterly basis.
Kaiser Foundation Health Plan Coverage, Employer-paid, shall be provided to each eligible employee who retires under the Pension Plan prior to age sixty-five (65). Health Plan coverage will also be extended to the spouse or eligible domestic partner of the eligible retiree and coverage shall continue for eligible dependent children until they reach limiting age. “Special dependent children” who meet the eligibility requirements described in Paragraph 2105 will receive Health Plan coverage for the lifetime of the retiree. Upon reaching eligibility for Medicare benefits or attaining age sixty-five (65), the retiree and/or spouse or eligible domestic partner must enroll in Parts A and B of Medicare in order to be eligible for continued Health Plan coverage. Premiums for the cost of Part B of Medicare shall be the responsibility of the retiree and/or spouse or eligible domestic partner. For employees retired prior to April 1, 1989, the Employer will reimburse the cost of Part B of Medicare on a quarterly basis.

Kaiser Foundation Health Plan Coverage coordinated with Medicare, Employer-paid, shall be provided to each eligible employee who retires under the Pension Plan at age sixty-five (65) and has fifteen (15) years or more of service with the Kaiser Permanente Medical Care Program, provided the employee enrolls in Parts A and B of Medicare when first eligible. Coverage will also be extended to the spouse or eligible domestic partner of the eligible retiree provided the spouse or eligible domestic partner enrolls in Parts A and B of Medicare when first eligible or at the spouse's or eligible domestic partner’s time of retirement. Coverage shall continue for eligible dependent children until they reach limiting age. “Special dependent children” who meet the eligibility requirements described in Paragraph 2105 will receive Health Plan coverage for the lifetime of the retiree. An employee and/or spouse or eligible domestic partner who does not enroll in Parts A and B of Medicare when first eligible or at the time of retirement, whichever is later, will not receive Retiree Health Plan Coverage. Premiums for the cost of Part B of Medicare shall be the responsibility of the retiree and/or spouse or eligible domestic partner. For employees retired prior to April 1, 1989, the Employer will reimburse the cost of Part B of Medicare on a quarterly basis.

Kaiser Foundation Health Plan Coverage coordinated with Medicare, Employer-paid, shall be provided to each eligible employee who retires under the Pension Plan at age sixty-five (65) and has fifteen (15) years or more of service with the Kaiser Permanente Medical Care Program and who enrolls in Parts A and B of Medicare at the time of retirement. Coverage will also be extended to the spouse or eligible domestic partner of the eligible retiree provided the spouse or eligible domestic partner enrolls in Parts A and B of Medicare at time of spouse's or eligible domestic partner’s retirement or when first eligible. Coverage shall continue for eligible dependent children until they reach limiting age. “Special dependent children” who meet the eligibility requirements described in Paragraph 2105 will receive Health Plan coverage for the lifetime of the retiree. An employee and/or spouse or eligible domestic partner who does not enroll in Parts A and B of Medicare when first eligible or at retirement, whichever is later, will not receive Retiree Health Plan Coverage. Premiums for the cost of Part B of Medicare shall be the responsibility of the retiree and/or spouse or eligible domestic partner. For employees retired prior to April 1, 1989, the Employer will reimburse the cost of Part B of Medicare on a quarterly basis. The preceding fifteen (15) year service requirement shall apply to employees hired on or after April 1, 1985.

Effective July 1, 1988, the Employer will provide Kaiser Foundation Health Plan Coverage coordinated with Medicare to all eligible retirees and/or spouses or eligible domestic partners at the time of Normal or Postponed retirement or when first eligible after Early or Disability retirement. Employees who retire and/or become eligible for Kaiser Permanente Health Plan Coverage on or after July 1, 1997, will have a five dollar ($5.00) co-payment for each medical office visit and generally for each prescription. Co-payments apply to medical and/or therapeutic services provided in medical offices, emergency departments, or other outpatient facilities. The application of co-payments to medical services and prescription drugs is governed by the applicable service agreement. Should the retiree and/or spouse or eligible domestic partner elect nonenrollment or to disenroll in the Medicare coordinated Health Plan Coverage program, the retiree and/or spouse or eligible domestic partner must pay the difference between the Employer's cost for the program and coverage premiums.

Kaiser Foundation Health Plan Coverage shall continue for the spouse until remarriage or death. Coverage shall continue for eligible dependent children until they reach limiting age. A “special dependent child” who is beyond limiting age, upon the death of the retiree, will be given the option of purchasing either conversion or continued coverage. The preceding fifteen (15) year service requirement shall apply to employees hired on or after April 1, 1985.

In the event an employee who has fifteen (15) years of service, and who has met the eligibility requirements for Early, Normal or Postponed retirement dies while actively employed, Kaiser Foundation Health Plan Coverage will be provided to the spouse, when said deceased employee would have been eligible for coverage, provided the spouse has not remarried, and will continue until remarriage or death. Coverage will continue for eligible dependent children until they reach limiting age. A “special dependent child” who is beyond limiting age, upon the death of the employee, will be given the option of purchasing either conversion or continued coverage. The preceding fifteen (15) year service requirement shall apply to employees hired on or after April 1, 1985.

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.

2123 **Medicare Coverage**

2124 In the event there are any changes in the Social Security Medicare laws which affects the Employer, the Employer retains the right to contact the Union to commence negotiations relative to the Health Plan benefits.

2125 **Employee Life Insurance**

2126 An employee who is regularly scheduled to work thirty-two (32) hours or more per week, is provided a six thousand dollars ($6,000) group life insurance policy, a six thousand dollars ($6,000) accidental death and dismemberment policy and six thousand dollars ($6,000) Total and Permanently Disabled Benefit paid for by the Employer. This coverage is effective on the sixty-first (61st) day of employment.

2127 All employees may choose to purchase their choice of the following Optional Life Insurance Programs at the employee’s cost:

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2128 The employee must elect to purchase the Optional Life Insurance at the time of hire. Coverage will be effective on the sixty-first (61st) day of continuous employment.

2129 The employee must be actively at work on the date both the free and optional coverages become effective. If the employee is not actively at work on the sixty-first (61st) day, coverage is deferred until he returns to active employment.

2130 If an employee becomes totally and permanently disabled, up to six thousand dollars ($6,000) of the basic life coverage will be paid out in monthly installments commencing six (6) months from the date the employee last worked due to disability. If an employee has elected an Optional Life Insurance Program up to ten thousand dollars ($10,000) in basic life coverage will be paid out in monthly installments under a total and permanent disability provision. If the employee had elected Program 2, 3 or 4, the remainder of his basic life coverage, not subject to the total and permanent disability provision, would remain in force in accordance with the Duration of Benefits schedule or until the employee returns to work or is no longer disabled.

2131 Except for coverages continued under total and permanent disability provisions, all coverages which apply to active employees cease upon retirement or other termination of employment, subject to the provisions of conversion to individual policies.

2132 **Part-time Employees Life Insurance**

2133 Part-time employees will be provided with Employer-paid life insurance of one thousand dollars ($1,000) and accidental death and dismemberment coverage of one thousand dollars ($1,000). This coverage is effective on the sixty-first (61st) day of employment.

2134 **Retiree Life Insurance**

2135 For employees regularly scheduled thirty-two (32) hours or more per week, Employer-paid life insurance coverage of three thousand dollars ($3,000) and accidental death and dismemberment of three thousand dollars ($3,000) will be provided to the employee with fifteen (15) years or more of service with the Kaiser Permanente Medical Care Program who elects an Early, Postponed or Normal retirement under the provisions of the Pension Plan. The preceding fifteen (15) year service requirement shall apply to employees hired on or after July 1, 1988. For part-time employees regularly scheduled less than thirty-two (32) hours, Employer-paid life insurance coverage of one thousand dollars ($1,000) will be provided pursuant to the preceding provisions.

2136 **Dental Plan**

2137 An employee who is regularly scheduled to work twenty (20) or more hours per week and their eligible dependents will be provided with an Employer-paid dental plan.

2138 Eligible dependents will include spouse or eligible domestic partner, unmarried dependent children up to age twenty-five (25). Physically or mentally handicapped children are also covered regardless of age, provided such handicap prior to the dependent child turning twenty-five (25). Annual certification of such handicap or retardation and dependency may be required by the Kaiser Foundation Health Plan. Coverage is effective on the first day of the calendar month following six (6) months of continuous employment at a regular work schedule of twenty (20) or more scheduled hours per week.

2139 Delta Dental coverage provides payment of seventy percent (70%) of the usual, customary and reasonable (UCR) charges for basic services, and effective July 1, 1997, expenses for major services are reimbursed at fifty percent (50%) of usual, customary and reasonable.

2140 The Delta Dental plan includes a diagnostic and preventative benefits which pays one hundred percent (100%) of the reasonable and customary dentist's fee for the following procedures:

1. **Prophylaxis** (twice each year)
2. **Prophylaxis with fluoride treatment**
3. **Examinations**
4. **Full mouth x-rays** (once every three (3) years)
5. **Bite-wing x-ray** (twice each year)
6. **Space maintainers** (for patients under eighteen (18) in the event of a lost tooth)

2141 An orthodontia benefit is included in the Delta Dental Plan and is available for children under age 19. The benefit provides for a payment of fifty percent (50%) of covered
Services must be provided by a participating Delta Dental dentist or orthodontist to receive full benefits. The maximum benefit per calendar year is one thousand dollars ($1,000) per covered individual.

The Employer offers an optional prepaid dental plan to all eligible employees. Employees hired on or after April 1, 1997, and who are eligible for dental coverage, must select a prepaid dental plan during their first (1st) three (3) years of continuous employment. In subsequent open enrollment periods, they may select Delta Dental.

The Employer offers an optional prepaid dental plan to all eligible employees. Employees hired on or after April 1, 1997, and who are eligible for dental coverage, must select a prepaid dental plan during their first (1st) three (3) years of continuous employment. In subsequent open enrollment periods, they may select Delta Dental.

Each employee regularly scheduled to work at the rate of forty (40) or more hours per month is automatically covered under the provisions of the Pension Plan at date of hire.

Normal monthly retirement income shall be one and four-tenths percent (1.4%) of final average monthly compensation multiplied by all years of Credited Service.
This Agreement shall be effective on October 1, 2005, and shall continue in effect to and including May 1, 2012. It shall continue in effect from year to year thereafter unless changed or terminated as provided herein.

In the event the National Agreement is not renewed at the end of its term, this Local Agreement provides for a wage reopener December 2010.

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

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 1st day of October 2005.

FOR THE EMPLOYER:
KAISER PERMANENTE
MEDICAL CARE PROGRAM

FOR THE UNIONS:
UNITED FOOD COMMERCIAL WORKERS INTERNATIONAL UNION

/S/ Jeffrey Weiss, M.D.
Jeffrey Weiss, M.D.

/S/ Mickey Kasparian
Mickey Kasparian, Local 135

/S/ Greg M. Conger
Greg M. Conger, Local 324

/S/ Ricardo F. Icaza
Ricardo F. Icaza, Local 770
Includes former Local 1036

/S/ Brent Fratzke
Brent Fratzke

/S/ Connie Leyva
Connie Leyva, Local 1428

/S/ Fred Ung
Fred Ung

/S/ Amy Janeski
Amy Janeski

/S/ Michael Belmont
Michael Belmont

/S/ Ann Vannier, M.D.
Ann Vannier, M.D.

/S/ Julie Toti
Julie Toti

/S/ Robert Zuch, M.D.
Robert Zuch, M.D.

/S/ Rose Kiff
Rose Kiff

/S/ William Blank
William Blank

/S/ Connie Leyva
Connie Leyva, Local 1428

/S/ Michael Belmont
Michael Belmont
# PID MASTER

**UNION CODE B02**

**UFCW - CLINICAL LABORATORY SCIENTISTS**

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<td>50.415</td>
<td>53.887</td>
<td>54.387</td>
</tr>
</tbody>
</table>

**NOTE:** LONGEVITY RATES AS FOLLOWS:
- CLINICAL LAB SCIENTISTS - 10 YEAR = $0.50 / 15 YEAR = $0.75
- MEDICAL TECHNICIANS - 10 YEAR = $0.30 / 15 YEAR = $0.40

**EFFECTIVE 09/26/2005:** PER DIEM RATE INCREASE FROM 15% TO 20%
**Longevity**

Clinical Laboratory Scientists, with ten (10) or more years of service will receive an additional fifty cents ($.50) per hour.

Clinical Laboratory Scientists with fifteen (15) or more years of service will receive an additional twenty-five cents ($.25) per hour for a maximum of seventy-five cents ($.75) per hour.

The longevity differential for Medical Laboratory Technicians will be thirty cents ($0.30) per hour after ten (10) years of service with the Employer and forty cents ($0.40) per hour after fifteen (15) years of service with the Employer.

**Placement on Wage Structure**

In the event an employee is promoted to a higher rated classification, transferred or demoted to a lower rated classification, the appropriate rate of the same tenured step to the classification to which the employee is promoted, transferred or demoted will be used.

**Classification Differential**

Employees assigned to work in a higher classification for two (2) or more hours during a regularly scheduled day of work shall receive the higher hourly rate of pay for the time worked in the higher classification and will be paid at the same tenure step rate held in his/her classification.
APPENDIX C
PER DIEM EMPLOYEES

1. Per Diem employees as described in Article VI shall not be eligible for vacation, sick
leave, unworked designated holiday pay, health and welfare benefits, pension, leave of
absence, or any other paid time off provisions or benefits under this Agreement.

2. The Employer will establish a wage structure twenty percent (20%) above current wage
rates to be paid to those employees in Per Diem status.

3. Per Diem employees will be eligible for tenured step increases on the basis of hours
worked in the same manner as part-time employees.

4. Per Diem employees will receive time and one-half (1 1/2) for all hours worked on a
designated holiday.

5. Per Diem employees will only receive overtime of time and one-half (1 1/2) for hours
worked in excess of eight (8) in a day or forty (40) in a week.

6. Per Diem employees will be required to serve a new hire probationary period of five
hundred twenty (520) hours of actual work.

7. Per Diem employees may submit transfer requests to non-Per Diem positions and shall
compete on an equal basis with part-time employees.

8. Per Diem employees shall have no bumping rights in a force reduction, except in
competition with other Per Diem employees in the same department.

9. Per Diem employees will not be employed for the sole purpose of denying permanent
full-time or part-time positions.

APPENDIX B – LEADS

If the Employer decides to create additional Lead position(s) and full-time hours exist, then such
position(s) shall be posted and filled according to existing contractual procedures. Nothing shall
preclude the Employer from creating and filling part-time positions in the same manner.

Should the Employer determine the need exists for a Lead to cover certain hours on an ongoing
basis, but not full-time, the Employer may assign employees in the Lead capacity as necessary.
In the event this situation exists, the Employer shall notify the Union and shall meet and confer if
requested.

With the exception of the Draft San Diego Clinical Laboratory Scientists Accretion Agreement of
June 14, 2001, the parties agree not to recognize any side letters of agreement which reference
leads providing functional direction to three or more medical technologists.

No later than ninety (90) days from ratification of this agreement, the parties agree to meet to
discuss the respective job responsibilities of Clinical Laboratory Scientists, Lead Clinical
Laboratory Scientists and Medical Laboratory Technicians.

San Diego Lead Side Letter

The parties agree that the current Leads listed below will be grandfathered and continue to be
paid the lead differential as long as the incumbents remain in their current positions. Upon
ratification, in order for a position to be a Lead, it must meet the criteria for Lead as agreed to by
the parties in the existing collective bargaining agreement.

San Diego Clinical Scientist Leads:
Elaine Hoffman
Judith Haiar
Patricia Whitacare
Rosemarie Hooper
Kent Abell
Alice Alexander
Daniel Brown
Suzanne Dunn
Sue Holtz
Linda Rivera
John Rockwood
Jean Neal
Jane Jepson
Cheryl Severton
APPENDIX D
MARTIN LUTHER KING, JR. BIRTHDAY HOLIDAY

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

APPENDIX E
DEPARTMENT DESIGNATIONS

Bakersfield
Bellflower Medical Center
Endocrinology / Chemistry
Regional Reference Lab Bacteriology
Regional Reference Lab Chemistry / Endocrinology
Regional Reference Lab Immunology
Regional Reference Lab Metabolic
Regional Reference Lab Toxicology/Special Chemistry
Regional Reference Lab Virology
Fontana Medical Center Regional Reference Lab Specimen Processing
Fontana Medical Center Regional Reference Lab Client Services
South Bay Medical Center
Los Angeles Medical Center
Orange County Medical Center
Panorama City Medical Center
Riverside Medical Center
San Diego Medical Center
Baldwin Park Medical Center
West Los Angeles Medical Center
Woodland Hills Medical Center

New Hospital and Initial Filling of Jobs

When a new department / hospital is established in Appendix E*, bargaining unit seniority shall apply to fill all open positions during a mutually agreed upon start-up period.

*Excluding Bakersfield and Lancaster
APPENDIX G
MEDIATION AND FINAL OFFER INTEREST ARBITRATION AGREEMENT
KPMCP AND UFCWIU

PURPOSE

The purpose of the foregoing Mediation and Final Offer Interest Arbitration Agreement is to ensure that there will be no interruption of service to health plan members caused by an inability of the Employer and Union to reach agreement on a replacement Agreement upon expiration of the prior Agreement. The Employer pledges and agrees that there will be no lockout on the part of the Employer following expiration of the Agreement, and the Union pledges and agrees that there will be no strikes, slowdowns, sickouts, picketing, or other concerted activities on the part of the Union following expiration of the Agreement, and both parties pledge and agree that all disputes will be settled by the procedures which follow.

DISPUTE RESOLUTION MECHANISM

Any unresolved proposals which may arise between the Employer and the Union concerning any subject matter listed in Exhibit A which the negotiators for the parties are unable to settle by the expiration date of the Agreement, shall be submitted to an arbitrator for decision pursuant to the provisions of the Final Offer Interest Arbitration Agreement.

Should tentative agreement be reached, but not ratified by the rank and file membership, the parties agree to reconvene within the time frames set forth in this Appendix to attempt to reach further tentative agreement. The arbitrator will be present at all such negotiating sessions between the parties. If no tentative agreement is reached, the parties will submit to the arbitrator, pursuant to the provisions of the Final Offer Arbitrator Agreement, their last stated positions, as discussed on any subject matter listed in Appendix A, that they were unable to settle.

SELECTION OF ARBITRATOR

The arbitrator shall be selected by mutual agreement of the parties no later than six (6) months prior to the expiration of the Agreement. The parties agree to reconvene within the time frames set forth in this Appendix to attempt to reach further tentative agreement. The arbitrator will be present at all such negotiating sessions between the parties. If no tentative agreement is reached, the parties will submit to the arbitrator, pursuant to the provisions of the Final Offer Arbitrator Agreement, their last stated positions, as discussed on any subject matter listed in Appendix A, that they were unable to settle.

The arbitrator shall be selected by mutual agreement of the parties no later than six (6) months prior to the expiration of the Agreement. The arbitrator will be present during all negotiation sessions scheduled during the seven (7) calendar day period immediately preceding the expiration date. In addition, the arbitrator may attend any side bar meetings by mutual agreement, or any caucus meetings by invitation of either party.

APPENDIX F
UNITED FOOD AND COMMERCIAL WORKERS
INTERNATIONAL UNION,
LOCALS 135, 324, 770, 1036 AND 1428
AND
SOUTHERN CALIFORNIA PERMANENTE MEDICAL GROUP
MEDICAL LABORATORY TECHNICIAN

The Medical Laboratory Technician is a new classification. The positions will either be new position(s) or position(s) posted and filled as attrition of Clinical Laboratory Scientists occur. No existing Clinical Laboratory Scientist will suffer reduction in hours or elimination of their position as a direct result of the implementation of the Medical Laboratory Technician classification.

All provisions of the current Collective Bargaining Agreement will apply to the Medical Laboratory Technicians, with the following clarifications and modifications:

An MLT with a valid California CLS license who performs CLS work for one hour or more will be paid the at the CLS rate of pay step for step.

OVERTIME, VACATION AND DESIGNATED HOLIDAY SCHEDULING

Medical Laboratory Technicians will have an overtime rotation, with vacation and designated holiday schedules separate from that of the Clinical Laboratory Scientists.

LONGETIVITY DIFFERENTIAL

The longevity differential for Medical Laboratory Technicians will be thirty cents ($0.30) per hour after ten (10) years of service with the Employer and forty cents ($0.40) per hour after fifteen (15) years of service with the Employer.

SHIFT DIFFERENTIAL

Evening shift differential will be ten percent (10%) per hour. Night shift differential will be fifteen percent (15%) per hour.

WAGES

See Appendix A.

PER DIEM DIFFERENTIAL

The Per Diem differential will be one dollar ($1.00) per hour.

REDUCTIONS IN FORCE

The same procedure for reductions in force, as outlined in the current Collective Bargaining Agreement, will be applicable for the Medical Laboratory Technician. No bumping across classifications will be permitted.
UNRESOLVED ISSUES

At the conclusion of negotiations immediately following the expiration date, the parties will jointly stipulate to a list of unresolved issues and present to the other party each party's final offer on said issue. The parties will prepare a joint submission of unresolved issues to be presented to the arbitrator for decision.

DECISION AND EXPENSES OF THE ARBITRATOR

The arbitration hearing shall be conducted within three (3) workdays following the contract expiration date. Arguments shall be made orally, and the arbitrator shall render a decision within fifteen (15) workdays after the record is closed. The decision and award of the arbitrator shall be final and binding upon both parties. The expenses and fees of the arbitrator shall be shared equally by the parties.

FINAL OFFER ARBITRATION PROCEDURE

Any issue from Exhibit A submitted to the arbitrator following expiration of the Agreement shall be presented by each party as a final offer. The arbitrator shall only have authority to select either the Employer's final offer or the Union's final offer to resolve an issue, applying the agreed upon arbitration standards. The parties expressly agree that the arbitrator shall not have the authority to compromise or search for middle ground in deciding an issue. The arbitrator shall decide issues on an individual basis, considering each party's final offer on that issue.

AUTHORITY OF ARBITRATOR

The arbitrator shall only have authority to decide issues listed in Exhibit A. Any issue raised by either party not listed on Exhibit A is an improper issue and the arbitrator shall issue no decision on said issue, except to state that the issue is improper.

ARBITRATION STANDARDS

Wage Issues

The arbitrator shall use as a standard in deciding any wage issues the prevailing wage rates and pay practices for the same or similar classifications within:

1. The Employer's organization in Southern California.
2. Other employers in the Southern California community.

Benefit Issues

The arbitrator shall use as a standard in deciding any benefit issue the benefit levels and benefit plans provided to other represented groups of technical employees within the Employer's organization in Southern California.

Paid Time Off and Premium/Differential Issues

The arbitrator shall use as a standard in deciding any paid time off or premium/differential issues the amount of paid time off or the level of premiums or differentials provided to other represented employees within the Employer's organization in Southern California.

ISSUES NOT LISTED ON EXHIBIT A

The arbitrator shall have no authority to decide an issue not listed on Exhibit A. The parties agree that any proposal by either side on a non-Exhibit A issue will be bargained in good faith during the negotiation process. Should the parties agree to a modification, such will be included in the replacement Agreement. Should the parties be unable to agree to a change, or on new language, the provisions contained in the prior Agreement shall be carried forward without change.

SUNSET CLAUSE

The parties agree that any future final offer arbitration settlement shall automatically trigger a review of the Mediation and Final Offer Interest Arbitration Agreement. Said review shall occur one (1) year prior to the next contract expiration date following the arbitrator's decision.

During the review meetings the parties shall meet and confer as necessary to consider proposals by either party to either amend or discontinue the Mediation and Final Offer Interest Arbitration Agreement. Should the parties mutually agree to modify the procedure, said changes shall be effective immediately and applicable to future collective bargaining associated with the expiration of the Agreement. The parties may mutually agree to discontinue the entire procedure, but in the absence of mutuality the procedure shall continue in effect until the next Sunset review, during which time these same understandings shall again be applied.
The Employer and Union agree to the following flexible ten (10) hour shift agreement:

1. Ten (10) hour days shall be incorporated into the schedule. It is understood that the Employer may discontinue such scheduling at any time.

2. Designated Holidays

Work on designated holidays may be scheduled as eight (8) hour shifts. A maximum of eight (8) hours Holiday Not Worked (HNW) shall be paid for nonworked designated holidays. During a designated holiday workweek, five times eight (5 x 8) hour/day schedules may be resumed to provide staffing and attempt to assure forty (40) hours worth of pay for the scheduled employee, unless modifications to the existing schedule provide the same result, while incorporating eight (8) and ten (10) hour days.

3. Vacation

Vacation is expected to be scheduled and taken. During periods of vacation, the five (5) day, eight (8) hours/day workweek may be resumed to provide adequate staffing. Vacation relief may be provided with a part-time employee or the employee working the Vacation relief schedule.

4. Overtime

The following deviations to overtime definition and pay shall apply to schedules which incorporate eight (8) and ten (10) hour workdays.

The overtime rate of one and one-half (1 1/2) times the employee's straight time rate shall be paid for:

- All hours worked in excess of eight (8) hours for an eight (8) hour shift or ten (10) hours for a ten (10) hour shift; continuous hours worked in excess of eight (8) hours for an eight (8) hour shift or ten (10) hours for a ten (10) hour shift in any two (2) consecutive workdays.

Example:

- Eight (8) hour shift: 1 1/2 x all hours > 8 and <= 12
- Ten (10) hour shift: 1 1/2 x all hours > 10 and <= 14

All hours worked in excess of forty (40) in a normal workweek.

The overtime rate of two (2) times the employee's straight time rate of pay shall be paid for:
APPENDIX I – UNION STEWARDS

The parties have agreed we share a joint commitment to support union stewards and recognize and enhance their vital role in the workplace.

The parties agree to jointly promote greater utilization of stewards and develop a process to release stewards for authorized activities. Stewards may be notified to participate in discipline/corrective action meetings and shall be made whole for attendance at such meetings. Stewards will obtain permission from their immediate supervisor for absences from their normal work place to conduct Union business.

The Employer will make every effort to allow access to secure mail, use of facsimile, telephone, copier, computer and email for joint Employer/Union business communication. Use of Employer equipment will not occur on company time unless so authorized by the Employer.

5. Sick Leave
Sick Leave pay shall be defined as payment of the straight time hours the employee would have worked had the disability not occurred, calculated at the employee’s straight time hourly rate.

6. Bereavement Leave
Paid eight (8) hours daily. The entitlement for bereavement leave will be in accordance with the provisions of the Collective Bargaining Agreement.

7. Educational Leave
Educational leave pay shall be defined as payment of the straight time hours the employee would have worked had the leave not occurred, calculated at the employee’s straight time hourly rate, not to exceed a maximum of forty (40) hours per year. Educational leave may be used on other than scheduled days of work. Pay for such leave will be at straight time and will be based on contact hours (one (1) hour of educational leave pay for one (1) contact hour).

8. Replacement Hours
Employees who are replacing other employees who are working under this Appendix will also be bound to the terms and conditions of this Appendix and will receive overtime and other types of payment in accordance with this Appendix.

9. Miscellaneous
Ten (10) hour shifts may be regularly scheduled for the involved part-time employees under the same provisions of this Appendix.

10. Implementation
Implementation of ten (10) hour shift scheduling is contingent upon one hundred (100%) percent concurrence of all employees involved. Ten (10) hour shifts, once implemented, are subject to the ongoing approval of the employees involved and the Union. Such schedules may be discontinued by the Employer, the Union, or by a two-thirds (2/3rds) vote of the involved employees, with a minimum of two (2) weeks’ notice.

11. UNLESS OTHERWISE STATED IN THIS APPENDIX, ALL OTHER PROVISIONS OF THE COLLECTIVE BARGAINING AGREEMENT WILL APPLY.

12. Alternate work schedules, other than the ten (10)-hour shift outlined above, will be addressed at the request of either party.
APPENDIX J – UNION STEWARD TRAINING

Union Steward Training

The parties agree that the total number of hours of paid steward’s training time provided for in the National Agreement may be allocated throughout the year in increments of between two (2) and eight (8) hours, and may be on site or offsite as requested by the Union. In no event will the total annual amount of paid time stewards’ training exceed the amount set forth in the National Agreement. This amount is currently forty-eight (48) hours annually, but will increase or decrease if the amount set forth in the National Agreement changes.

The parties further agree that the purpose of training shall be consistent with the National Agreement. Stewards shall notify their immediate supervisor of such training no less than thirty (30) days in advance.

APPENDIX K

The Southern California Permanente Medical Group, Inc., and UFCW 135, 324, 770, 1036 and 1428 agree to meet on a periodic basis at the request of the other party to discuss mutual problems and issues impacting Clinical Laboratory Scientists and Medical Laboratory Technicians employed by the Permanente Medical Group, Inc. Such meetings, including time and places shall be mutually agreed to.

These discussions may also include reviewing the classifications identified by either party requiring wage adjustments in addition to the negotiated wage increase for that specific year. Any changes or recommendations made under this Appendix shall be by mutual agreement only.
APPENDIX L - CORRECTIVE ACTION

The following mutually agreed upon policy is included as an Addendum to the Collective Bargaining Agreement – not as a part of the Agreement – for informational purposes and is subject to change during the life of the contract.

PHILOSOPHY:
It is the philosophy of Kaiser Permanente and the Partnership Unions to recognize the value of all employees and the significant investment each employee represents. Thus, it is the collective intent of the Organization and Partnership Unions to retain each employee whenever possible. The Corrective Action Process is intended to be an open method that utilizes a collaborative problem solving approach to address issues, emphasizing a non-punitive alternative to correct performance and/or behavioral problems.

PURPOSE:
Through a collaborative process, develop and initiate positive ways to build employees’ commitment to the Organization’s primary mission (service to our patients) by fostering individual responsibility and accountability for performance and behavior.

LEVELS:
Employees will be notified of their right to representation at all levels of the Corrective Action Process. Employees, who dispute any action under this process, shall have the right to file a grievance at any time during the process, within the timelines specified by the applicable collective bargaining agreement.

a.) Level 1 – Initial Discussion

At this level, the supervisor/department manager will meet privately with the employee and representative of the union (unless such representation is refused by the employee) to clarify the existence and nature of the performance and/or behavioral issue(s). The supervisor’s/department manager’s primary role at Level 1 is to gain the employee’s understanding and agreement to solve the problem.

The focus of the initial discussion is to advise the employee that he/she has a personal responsibility to meet reasonable standards of performance and behavior. The supervisor/department manager and employee should use this opportunity to problem solve the issue(s), clarify expectations, explore and agree on expected behavioral/performance changes, and determine measures of achievement and timelines for improvement. The Corrective Action Process should be reviewed with the employee to make sure they understand it.

b.) Level 2 – Development Action Plan

This level of the Corrective Action Process should be utilized if the employee’s performance and/or behavioral problems continue.

The supervisor/department manager will meet privately with the employee and a representative of the union (unless such representation is refused by the employee) to revisit the issue(s)/problem(s) and reinforce the need for the employee to meet reasonable standards of performance and behavior. The discussion will include, but is not limited to, the following: 1) A review of the progress made by the employee, 2) The joint development of a Developmental Action Plan.

The supervisor/department manager and employee will collaboratively develop this Plan, defining the specific issues related to performance and/or behavior, establish expectations, verify the employee’s commitment to the Plan, and establish a time frame for the achievement of performance and/or behavioral expectations. If a representative from the union is present, such representative will be an active participant and assist the parties in reaching agreement. Based upon agreements reached through consensus, the supervisor/department manager and/or employee will prepare a written memorandum summarizing the agreed upon Developmental Action Plan. The supervisor/department manager and employee will be asked to sign the memorandum as an expression of commitment to the Plan; and, the union representative will be asked to sign the memorandum as a record of attendance at the meeting. If the employee refuses to participate in of the Developmental Action Plan, disagrees with final version of the Plan, or refuses to sign the Plan, the supervisor/department manager will progress to Level 3 of the Corrective Action Process.

A copy of the Developmental Action Plan will be given to the employee and the union representative (if involved). The Developmental Action Plan will be placed in the employee’s departmental file for one (1) year, or for a shorter period if agreed to by both parties. A copy of the Developmental Action Plan will not be placed in the employee’s personnel file, and it can not be used for purposes of formal discipline procedure (Levels 3, 4, and 5).

The supervisor/department manager and labor representative may wish to consult with Human Resources and Union Leadership during the process.

At the conclusion of the agreed upon timelines, the supervisor/department manager will meet again with the employee and representative of the union (unless such representation is refused by the employee) for the purpose of assessing progress or moving the issue forward to the next level if satisfactory progress has not been made.

The supervisor/department manager will prepare a written summary of the meeting to include date, participants, issue(s) discussed and agreements reached. A copy of the written summary will be given to the employee and union representative (if involved). The documentation is for informational purposes only. A copy of the written summary will be placed in the employee’s departmental file for one (1) year, or for a shorter period if agreed to by both parties. A copy of the written summary will not be placed in the personnel file, and it can not be used for purposes of formal discipline procedure (Levels 3, 4, and 5).
At the conclusion of the agreed upon timelines, the supervisor/department manager will meet with the employee and representative of the union (unless such representation is refused by the employee), for the purpose of assessing progress or moving the issue forward to the next level if satisfactory progress has not been made.

The supervisor/department manager and labor representative may wish to consult with Human Resources and Union Leadership during the process.

c.) Level 3 – Corrective Action Plan

This level of the Corrective Action Process should be utilized if the employee’s performance and/or behavioral issues have continued or if the employee disagreed with the final version of or refused to sign the Developmental Action Plan (Level 2). At Level 3, the supervisor/department manager, employee, and a representative of the union (unless such representation is refused by the employee), will meet privately to revisit the Developmental Action Plan, timelines, and progress made.

The preferred outcome of this meeting is that the supervisor/department manager and the employee, through a collaborative process, will mutually agree upon a Corrective Action Plan. The supervisor/department manager, and/or employee will prepare this written Plan, which sets forth the agreements made or parameters established for correcting performance and/or behavioral issues, including measures of achievement and timelines for completion. The Corrective Action Plan will include acknowledgement that failure to meet the performance and/or behavioral expectations will result in further corrective action, and may lead to termination. The supervisor/department manager and employee will be asked to sign the Corrective Action Plan as an expression of commitment to the Plan; and, if present, the union representative will be asked to sign the Plan as a record of attendance at the meeting.

However, if the employee refuses to acknowledge the issue, refuses to sign the Corrective Action Plan or agreement cannot be reached; the supervisor/department manager will unilaterally prepare and implement the Corrective Action Plan. The Corrective Action Plan will include notification to the employee that failure to live up to performance and/or behavioral expectations will result in further corrective action being taken, which may lead to termination.

A copy of the Corrective Action Plan will be given to the employee and the union representative (if present), or mailed to the union representative if he/she was not present. The Corrective Action Plan will be placed in the department file and the employee’s personnel file for one (1) year, or for a shorter period if agreed to by both parties. At this point in the process, the union representative may request and obtain documentation of earlier levels, if desired.

At the agreed upon timelines, the supervisor/department manager will meet with the employee and a representative of the union (unless such representation is refused by the employee), for purposes of assessing progress or moving the issue forward to the next level if satisfactory progress has not been made.

In the event that inadequate progress has been made, the following will be considered in determining if Level 3 should be repeated or the issue should be advanced to Level 4: Day of Decision:

- Severity of the incident
- Frequency of the incident
- Date of the incident in comparison to the date of the Corrective Action Plan
- Previous overall performance
- Tenure of the employee
- Mitigating circumstances
- Commitment of the employee to the overall Corrective Action Plan

Consultation with Human Resources and Union Leadership is strongly encouraged at this level.

d.) Level 4 – Day of Decision

This level of the Corrective Action Process should be utilized when the employee has not shown adequate improvement in performance and/or behavior after completing Level 3.

At the conclusion of the follow-up meeting at Level 3, and after having determined that prior efforts have failed to produce the desired changes, a meeting will be scheduled including the supervisor/department manager, the employee and the union representation (unless such representation is refused by the employee). Higher levels of management and union leadership may attend this meeting if desired.

The purpose of this meeting is to review the continuing performance and/or behavioral issues and the lack of adequate improvement. When management decides to invoke a Day of Decision (Level 4), the severity of the situation will be explained to the employee, and a copy of the Draft Action Plan Form will be explained and provided by the supervisor/department manager. The employee will then be placed on a paid “Day of Decision”. The Day of Decision is paid to retain the employee. The supervisor/department manager will stress the need for the employee to utilize the Day of Decision as a day of reflection and choice. The employee has the opportunity to commit to change their performance and/or behavior and return to the organization, or voluntarily sever the employment relationship.

Management will document the meeting in a memorandum that includes the date, location, attendees, and summary of the discussion.

Upon returning to the workplace, the supervisor/department manager, the employee, and the union representative (unless such representation is refused by the employee), will meet to review the employee’s decision. If the employee’s decision is to change their performance and/or behavior and continue employment, the employee will submit the completed Draft Action Plan Form upon returning from the Day of Decision. The supervisor/department manager, employee, and a representative of the union (unless such representation is refused by the employee), will review and incorporate the employee’s Draft Action Plan into a Last Chance Agreement. The employee will be required to sign the Last Chance Agreement and will be given a copy. The union representative will be asked to sign the Last Chance Agreement demonstrating their
INVESTIGATORY SUSPENSIONS

In situations where Management determines that removal of an employee is warranted due to the nature of an incident or allegation, such employee will be placed on a paid investigatory suspension. At the conclusion of the investigatory suspension, Management, in consultation with the Union, will determine at what level, up to and including Level 5, to place the employee in the Corrective Action Process.

ACTS OF GROSS MISCONDUCT

Acts of gross misconduct and/or negligence will subject the employee to an accelerated level in the Corrective Action Process (Last Chance Agreement or Termination).

The Last Chance Agreement will be placed in the department file and the employee’s personnel file for one (1) year, or for a shorter period if agreed to by both parties.

At the conclusion of the agreed upon timelines, the supervisor/department manager will meet with the employee and a representative of the union (unless such representation is refused by the employee), for purposes of assessing progress or moving the issue forward if satisfactory progress has not been made.

The supervisor/department manager and labor representative must consult with Human Resources and Union Leadership at this Level.

e.) Level 5 – Termination

If performance and/or behavior issue(s) still persist despite the Initial Discussion, Developmental Action Plan, Corrective Action Plan, and Day of Decision, termination would be the next step in the Corrective Action Process. However, when an employee is on a Last Chance Agreement, and there is a recurrence of an incident after at least six (6) months of acceptable behavior, Human Resources and management will review the incident prior to the discharge of the employee. Based upon this review, management may elect to retain the employee. In certain circumstances, the organization may accept the employee’s resignation in lieu of termination.

Appropriate documentation will be given to the employee, union and placed in the department file and employee’s personnel file.

The supervisor/department manager and labor representative must consult with Human Resources and Union Leadership at this level to determine if termination is appropriate.

MAINTENANCE OF DOCUMENTS / PURGING OF DOCUMENTATION

Documents will be purged from the employee’s departmental file and/or personnel file after one year unless there has been a reoccurrence of the same infraction. However, upon mutual agreement, corrective action documentation may be removed from the employee’s personnel file prior to the one-year (1) expiration period.

In order to satisfy governmental record keeping requirements, in certain circumstances, purged documentation (Corrective Action Plans, Last Chance Agreements) will be maintained by the employer in a separate file that supervisors/department managers do not have access to.
APPENDIX M – ISSUE RESOLUTION

The following mutually agreed upon policy is included as an Addendum to the Collective bargaining Agreement – not as a part of the Agreement – for informational purposes and is subject to change during the life of the contract.

PHILOSOPHY:

Kaiser Permanente and the Coalition of Kaiser Permanente Unions are aligned together when we express the value of each member in the workforce. The effectiveness of our health care team and our organization are enhanced when we work together to resolve our common issues. We believe that effective problem solving starts with respectful, open-minded informal discussion between the parties who have a stake in the problem before they initiate formal Issue Resolution. If the informal discussion fails to produce a mutually agreed upon resolution to the issue, then the following formal Issue Resolution process will commence. We believe that formal Issue Resolution process sets the foundation for:

- The resolution of issues in a prompt and cooperative fashion.
- Focusing on what is right vs. who is right.
- Constructive/respectful fashion without fear of retaliation.
- The ownership of issues and problem when and where they occur, through the utilization of an interest based consensus driven process.
- Honoring all agreements.

PROCESS:

Any individual, team member or work team is empowered to bring issues or concerns related to the work place to the attention of another individual, team member or supervisor/manager. Stakeholders(s) bringing the issue or concern forward, have a responsibility to stay actively involved in the issue resolution process (employing the techniques of “Interest Based Problem Solving”).

PROCESS COMPONENTS:

Once the “issue resolution process” is determined to be the appropriate vehicle to achieve resolution then the following will occur:

- A clear definition of the issue.
- Identification of interests (individual and in common).
- Generation of possible solutions.
- Agreement regarding criteria.
- Selection of solution elements.
- Develop and implement a comprehensive solution
- Establishment of a monitoring process.

COMPONENT DEFINITION:

Define the issue. Ensure that the stakeholder(s) involved agree on the issue to be solved.

Identify the interests involved. (Interests refer to the needs or concerns of the stakeholder(s) regarding the issue)

Generation of possible solutions. Use this process as a brainstorming vehicle to generate as many solutions/ options that might resolve the issue. It is expected that the parties involved will be creative in looking for solutions, and are not bound by past practice. If needed, the parties should request additional resources, including neutral facilitation (e.g. trained facilitators with Kaiser Permanente), in support of solving the issue. The exploration of solutions requires the participation of all stakeholder(s) involved.

Agree on Criteria. Determine criteria to be used as a yardstick by which solutions are measured, compared, judged and limitations are defined.

Determine solution elements. By consensus of the stakeholder(s) involved, determine the solutions that meet the agreed upon criteria.

Develop and implement a final resolution. The final resolution is developed and written by incorporating the agreed upon solutions and monitoring process. All solutions or agreements reached through issue resolution must be made by consensus and are non-precedent setting, unless setting a precedent is mutually agreed upon.

Unions and management will support the implementation of agreed upon solutions/agreements.

Monitoring / Intervention Process. In order to maximize the efficiency of the issue resolution process, the local Service Area Labor Management Partnership councils are accountable for monitoring the effectiveness of the decisions resulting from this process. The local Service Area LMP Council monthly will review the process, and they will send a yearly report to the Regional LMP Council for their review.

It is the Regional LMP Councils responsibility to review the overall effectiveness of the Process and to make changes as appropriate.

If the solution is in conflict with the collective bargaining agreement(s) or policy then the appropriate union/management representatives must approve the solution. If there is failure to gain approval at the appropriate local level, the issue is to be referred to the SCAL Regional LMP Council for approval.

NOTE: All resolutions resulting with this process must comply with state or federal employment and labor relations laws, and are not in conflict with organizational philosophy.
INITIATION/OBLIGATION PROCESS FOR ISSUE RESOLUTION

(Who has the obligation to respond to the request for Issue Resolution?)

An issue should first be addressed between the parties, in an informal manner, prior to the initiation of the following formal/documentated process:

<table>
<thead>
<tr>
<th>Situation (Person with issue! perceived source of issue)</th>
<th>Who Initiates</th>
<th>Who Coordinates and Responds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee/Employee</td>
<td>Employee presents issue in writing to parties designated by the SA LMP council on an Issue Resolution form Or, if the SA LMP council becomes aware of an issue that impacts a department, the council should initiate a meeting in writing and complete a Issue Resolution form</td>
<td>The Service Area LMP council coordinates a meeting to include all stakeholders</td>
</tr>
<tr>
<td>Employee/Supervisor</td>
<td>Employee/Union steward or Union Rep. presents in writing (Issue Resolution form) to the level of management immediately above the involved supervisor. If management becomes aware of an issue that impacts a department, management should initiate a meeting using the Issue Resolution form.</td>
<td>Management coordinates the meeting to include all stakeholders</td>
</tr>
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APPEALS PROCESS:

If after going through the issue resolution process described above, a mutually agreed upon solution has not been reached, the Stakeholder(s) will be responsible for bringing the issue to the Service Area LMP council or designees for review and resolution no later than its next regularly scheduled meeting. Issues resolved by the Service Area LMP council will be communicated back to the Stakeholder(s). Such communication will be in writing and will include the date and location of the meeting, attendees, statement of the issue, and a summary of the resolution including the rationale for the decision. If the consensus is not reached by the Service Area LMP council, the issue will be referred to the SCAL Regional LMP council for review and resolution. The SCAL Regional LMP council will determine if stakeholder(s) need be present, during such review, to provide clarification and any support data necessary to reach a decision. If consensus is reached, a written communication will be forwarded to the originating LMP council and will include the date and location of the meeting, attendees, statement of the issue, and a summary of the resolution including the rationale for the decision.

At any time a union stakeholder may choose to discontinue their participation in the issue resolution process and enter the grievance process. The parties by mutual agreement will determine the appropriate step to enter the established grievance procedure and time limits for grievance purposes will commence upon exiting the issue resolution process. It is strongly recommended that grievance mediation be used prior to arbitration. At no time during this process may a management stakeholder opt out of the process.

COMPARISON WITH OTHER PROCESSES:

Issue Resolution: Any issue that can not result in corrective action, at any stage of the process, is correctly placed in Issue Resolution. Issues may have multiple points of initiation (e.g. employee to employee, employee to supervisor, employee to department, supervisor to supervisor, department to department).

Corrective Action: Any issue that can result in corrective action, in whole or part, is correctly placed in Corrective Action. If there are elements of the subject issue that will not result in corrective action, those elements should be resolved through the Issue Resolution process (e.g. true employee tardiness and an ongoing/validated timekeeping malfunction).

Grievance Procedure: Any employee may opt out of the Issue Resolution or Corrective Action process and initiate a grievance. Timeliness of the grievance will be determined by contract language and the parties will jointly determine the appropriate step to initiate the issue.

Contract and Policy Issues: Contract or policy issues will not be processed through Issue Resolution. Instead, such issues will be directed to the appropriate union/management representatives for resolution.
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<td>Supervisor/Supervisor</td>
<td>Employee presents the issue in writing (Issue Resolution form) to the level of management immediately above the involved supervisors. If management becomes aware of an issue that impacts a department, management should initiate a meeting using the Issue Resolution form.</td>
<td>Management coordinates the meeting to include all stakeholders.</td>
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<tr>
<td>Employee/Department process, (i.e. scheduling, patient care process, interpersonal)</td>
<td>Employee presents issue in writing (Issue Resolution form) to the level of management immediately above the involved level. If management becomes aware of an issue that impacts a department, management should initiate a meeting using the Issue Resolution form.</td>
<td>Management coordinates the meeting to include all stakeholders.</td>
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National Agreement

KAISER PERMANENTE
THE COALITION OF KAISER PERMANENTE UNIONS

October 1, 2005
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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 work place 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
organizational 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,
   • 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.

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Banked 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 Banked Sick Leave at 100% 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 the national body and one from the Coalition, and will be accountable to the Strategy Group. The team will include representatives from HR functions including, Recruitment, Compensation and Learning Services, as well as Workforce for Tomorrow, operations and other representatives as appropriate. The 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 in-sourcing career counseling services/functions that are currently performed by external providers and new incentives for managers to promote from within.

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

c. Education and Training
The workforce development education and training objectives are to:
• prepare individuals to engage in learning processes and skills training;
• support employees in meeting their professional and continuing educational needs;
• train professional and technical employees for specialty classifications;
• provide education and training in new careers and career upgrades;
• support employees in adapting to technological changes; and
• ensure alignment with the needs of the organization.

The parties recognize the need to raise awareness of the availability of tuition reimbursement opportunities. 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, 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.).

40 41
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.

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Self-Funded Performance Sharing Program ("PSP")

All Partnership Regions

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Job Classification Adjustments

- Imaging (Technical Classifications)
- Clinical Lab Scientists
- Coders
- Pharmacists
- Respiratory Care Practitioners

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<th>Job Classification Adjustments</th>
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Special Parity Adjustments - ROC Regions

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<td>Close gap in year one</td>
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<td>Close gap on 10/1/2006</td>
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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.

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**Special Parity Adjustments - NCAL**

| 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. |
|-----------------|-----------------|
| **UHW – Geographic Two Tier System** | **To be implemented mid-year in year 3, as agreed by the parties.** |
| **SEIU Local 535 MH/HSW – Geographic Two Tier System** | **To be implemented mid-year in year 3, as agreed by the parties.** |
| **IFPTE Local 20 - Geographic Two Tier System** | **By 9/30/08, or earlier if mutually agreed.** |
| **SEIU Local 535 - Pension Service Credit** | **By 9/30/08, or earlier if mutually agreed.** |
| **IFPTE Local 20 - Pension Service Credit** | **By 9/30/08, or earlier if mutually agreed.** |

**Special Parity/Progression Adjustments - SCAL**

| 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. | **To be implemented mid-year in year 3, as agreed by the parties.** |
| 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. | **To be addressed in year 3.** |

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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.

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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;
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. of the local collective bargaining agreement or 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.
**COLORADO**

**PURPOSE**

The purpose of the Scope of Practice Oversight Committee is to provide region-wide monitoring, leadership, and oversight for compliance with legal, accreditation, and organizational scope of practice requirements. To achieve this purpose, the committee will:

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

**MEMBERSHIP CHAIR AND MEMBERSHIP**

The Regional Compliance Officer and Director of Business and Clinical Risk Management co-chair this committee. The membership shall consist of representatives from Behavioral Health, Pharmacy, Nursing, Operations, CPMG, Local 7, Local 105, HR, and Coding.

**REPORTING**

At least annually, representatives of the SOP Oversight Committee shall meet with and report to the Colorado Compliance Executive Committee. The report shall include:

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**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

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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.
The Committee to meet scope of practice regulations and requirements for unlicensed and licensed clinical and support staff;
- Develop and oversee implementation of annual scope of practice work plan and action items;
- Establish a mechanism for recurring review of clinical position descriptions;
- Evaluate existing and proposed clinical practices for scope of practice risks and/or violations and the impact on scope of practice;
- Develop and oversee scope of practice training and education throughout the region;
- Coordinate with re-existing committees and work groups to ensure that scope of practice issues are addressed effectively;
- 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.

## Membership, Length of Term, and Voting:
The Scope of Practice Committee shall consist of the following people or their designees:
- Clinical Compliance Coordinator (Co-Chair)
- Regional Nurse Executive (Co-Chair)
- Regional Compliance Officer
- Vice President for Strategic Services/Compliance, MAPMG
- Director, Quality Management Operations
- Regional Manager, Nursing Practice and Education
- 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

<table>
<thead>
<tr>
<th>Region</th>
<th>Membership</th>
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<tr>
<td>GEORGIA</td>
<td>The Scope of Practice Committee shall consist 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>
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### Reporting
- Regional President
- TSPMG Medical Director
- Chief Compliance Officer

### SUB-COMMITTEE STRUCTURE
- Sub-committees may be created as needed to facilitate completion of specialized tasks.

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### Region SOP Committee Structure and Process Summary

<table>
<thead>
<tr>
<th>Region</th>
<th>Purpose</th>
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<tbody>
<tr>
<td>MAS</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>
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The Committee Will:
- Develop and maintain an inventory of scope of practice requirements by position type;
- Review and approve protocols, policies and procedures created by the
<table>
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<tr>
<th>Region</th>
<th>SOP Committee Structure and Process Summary</th>
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</table>
| 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

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<th>Region</th>
<th>SOP Committee Structure and Process Summary</th>
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</table>
| SCAL   | **PURPOSE**

SCOPE AND AUTHORITY:

- Identify areas of risk, facilitate resolution ad implementation of actions and monitor Scope of Practice across all care venues

**CO-CHAIRS:**

- AMD, SCPMG
- SVP & SAM, KFH/HP

**MEMBERSHIP:**

- Vice President, Quality and Risk Management, KFH/KFHP
- Executive Consultant, Quality and Risk Management, KFHP/KFHP
- Executive Director Patient Care Services, Operations, KFHP
- Manager of SCPMG Nursing Administration, SCPMG
- Medical Group Administrator, Bellflower, SCPMG
- Medical Group Administrator, South Bay, SCPMG
- Counsel, KFHP
- 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>
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<th>Region</th>
<th>SOP Committee Structure and Process Summary</th>
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<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>
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<td>PURPOSE</td>
<td>The committee shall consist of:</td>
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<tr>
<td>REPRESENTATION</td>
<td>- Management Representatives:</td>
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<tr>
<td></td>
<td>- Integrity, Compliance and Ethics Manager(s) (stakeholder)</td>
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<td></td>
<td>- NW Permanente Physician (stakeholder)</td>
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<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>
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<td></td>
<td>- OFN – RN (stakeholder)</td>
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<tr>
<td></td>
<td>- SEIU – LPN (stakeholder)</td>
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<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>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>MEMBERSHIP</td>
<td>To Executive Team.</td>
</tr>
</tbody>
</table>
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

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)

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
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).

Exhibit 1.F

2005 Attendance BTG Report, Concept #3, pages 20-23

Budgeting, Staffing and Scheduling

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

Interests/Objectives

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

N. Approach:

Staffing Model

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

<table>
<thead>
<tr>
<th>Category</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>
</tbody>
</table>

Total Personnel budget $1,540,000

### Innovative Work Schedules and Scheduling

1. Local units should consider flexible work schedules to enhance the ability of the unit to provide scheduled time off. Examples of flexible work schedules include: flex scheduling, telecommuting, job sharing, etc. (See p.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

---

### Budgeting Illustration

| Time off Budget (per employee) | | |
|-------------------------------|-------------------|
| **Vacation (average)**        | 20.0 days         |
| **Holidays**                  | 6.0               |
| **Personal days**             | 3.0               |
| **Sick leave (average)**      | 7.3               |
| **FMLA**                      | 1.8               |
| **Workers Comp**              | 0.9               |
| **Education/Training**        | 5.0               |
| **Meetings (1 hour/week)**    | 6.0               |
| **Projects/improvements (average)** | 2.0             |
| **Total**                     | 52.0 days         |

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.
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>Operational Feasibility</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>Staffing</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>Cost</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>Quality</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>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Category</th>
<th>Subcontracting Principle</th>
<th>Insourcing Principle</th>
</tr>
</thead>
<tbody>
<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>Wages and job duties/descriptions are created, confirmed and negotiated, as necessary. Jurisdictional issues are clarified.</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>
Exhibit 2.B.1.c

LETTER OF AGREEMENT

PARENT MEDICAL COVERAGE

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

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

Benefits included in Parent Medical coverage are:

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

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

Bill Rouse
Benefits Task Force Labor Co-Chair 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.
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

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

<table>
<thead>
<tr>
<th>In Colorado:</th>
<th>Service Employees International Union, Local 105</th>
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</thead>
<tbody>
<tr>
<td>Kaiser Permanente Colorado Pension Plan (KPCPP)</td>
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</table>

<table>
<thead>
<tr>
<th>In Ohio:</th>
<th>Office &amp; Professional Employees International Union, Local 17</th>
</tr>
</thead>
<tbody>
<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

#### Kaiser Permanente Pension Plans

<table>
<thead>
<tr>
<th>In Northern California:</th>
<th>Union</th>
</tr>
</thead>
<tbody>
<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>
</tbody>
</table>

<table>
<thead>
<tr>
<th>In Southern California:</th>
<th>Union</th>
</tr>
</thead>
<tbody>
<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>
</tbody>
</table>

<table>
<thead>
<tr>
<th>In the Mid-Atlantic:</th>
<th>Union</th>
</tr>
</thead>
<tbody>
<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>Social Services Union, Local 535 (Psychiatry) Except San Diego</td>
</tr>
<tr>
<td>Kaiser Permanente Fontana Pension Plan (KPFPP)</td>
<td>United Steelworkers of America, Local 7600</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.

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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>
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</table>
DETACHMENT TO LETTER OF AGREEMENT CONCERNING EARLY REDUCTION FACTORS

Section A - National Partnership Union Groups Affected by This Agreement

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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
In the Mid-Atlantic States:
Kaiser Permanente Mid-Atlantic Employees Pension Plan (KPMAEPP)

In Colorado:
Kaiser Permanente Colorado Pension Plan (KPCPP)

In the Northwest:
Kaiser Permanente Nurse Anesthetists Association
Kaiser Permanente Nurse Anesthetists Pension Plan (KPNAPP)

In the Northwest:
Kaiser Permanente Northwest Pension Plan (KPNPP)

Service Employees International Union, Local 105
Office & Professional Employees International Union, Local 17

Social Services Union, Local 535 (Psychiatry) Except San Diego
Social Services Union, Local 535 (Psychiatry) San Diego

United Steelworkers of America, Local 7600
Kaiser Permanente Nurse Anesthetists Association

United Steelworkers of America, Local 7600
Kaiser Permanente Nurse Anesthetists Association

United Steelworkers of America, Local 7600
Kaiser Permanente Nurse Anesthetists Association

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).
Exhibit 2.B.3.d

General Description of Disability Plan Benefit Levels

Section 26 – Income Protection/Extended Income Protection

980 Employees scheduled to work twenty (20) or more hours per week will be provided with an Income Protection or Extended Income Protection Plan. The benefit amount will be equal to either fifty (50%) percent 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.

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>
</table>
| In Northern California:  
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