

Historic 2005 National Agreement

Unity at Work!

Overview: Unity at work: By sticking together, our Unions were able to make historic breakthroughs and narrow wage and benefit differences, raising all Kaiser Permanente employees up to a higher standard. Here is an overview of the national agreement:

- a. **Wage increases** include
 1. Significant, annual across-the-board wage increases for all union members;
 2. Additional increases that begin to bridge the wage gap between Northern and Southern California;
 3. Elimination of the geographic two-tier in Northern California;
 4. Additional bonuses or adjustments for union members in Georgia, Ohio, Colorado, Mid-Atlantic, and Northwest regions;
 5. Continued performance sharing at 3% at target each year;
 6. Special adjustments for hard-to-fill positions.
- b. A major investment in us with as much as \$100 million into individual career ladders, education, and training programs.
- c. A NEW Defined Contribution retirement plan.
- d. New commitments to budget for and provide backfill staffing to replace people for time off, training, and Partnership activities.
- e. A new sick leave benefit aimed at improving attendance.
- f. The agreement provides for a contract re-opener in 2008 to negotiate for cross-the-board wage increases and retirement medical benefits.

1. Wages

- a. The following tables include the Across-the-Board wage increases (ATBs); RN wage differentials; Performance Sharing bonus opportunities (3% for each of the five years of the agreement); Partnership bonuses and other regional parity adjustments; special adjustments for hard-to-fill positions, and progression adjustments to close the Northern/Southern California wage gap.

	Region or Area	Year				
		1	2	3	4	5
ATB (Across-the-Board) Increases	NCAL, SCAL, CO, NW	5%	4%	4%	3%	3%
	OHIO, MAS, TX	4%	3%	3%	3%	3%
	GA	ⁱ	3%	3%	3%	3%
RN Differentials ⁱⁱ	CO, OHIO, MAS,	1%	1%	1%	1%	1%
	GA	ⁱⁱⁱ	1%	1%	1%	1%
	NW	^{iv}	1%	1%	1%	1%
	SCAL	1% ^v	1% ^v	1%	1%	1%
Self-Funded Performance Sharing Program ("PSP")	All Partnership Regions	3%	3%	3%	3%	3%
Job Classification Adjustments		Referred to local tables for joint resolution.				
Imaging (Technical Classifications)	NCAL, SCAL, OHIO, GA, NW					
Clinical Lab Scientists	NCAL, SCAL					
Coders	NCAL, CO					
Pharmacists	CO					
Respiratory Care Practitioners	NCAL, SCAL, NW					

Special Parity Adjustments - ROC Regions

NW - MSW/MH	Close gap in year one
MAS - UFCW Local 400 - Baltimore/DC	Close gap on 10/1/2006

Special Parity Adjustments to close geographic two-tier - NCAL

UHW - Geographic Two Tier System	To be addressed within 3 years - in 25% increments on 1/06, 1/07, 1/08, and 7/08
SEIU Local 535 MH/SW - Geographic Two Tier System	
IFPTE Local 20 - Geographic Two Tier System	
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 to close North/South gap - SCAL

Employees represented by OPEIU Local 30, IBT Local 166, USWA Local 7600, SEIU Local 535 (except AFN), KPNAA, SEIU UHW and all UFCW Locals in SCAL will receive a 4.23% Across-the-Board increase in year 3. .	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.

- i Georgia implemented ATB increases in May 2005. Accordingly, the year 1 ATB Increase in Georgia will be applied as follows: 10/01/05 - 2%; and 5/01/06 - 1%.
- ii The term RN means RN positions such as inpatient and outpatient RN (including Psychiatric RN), RNP, PA, CRNA, Nurse Midwife, Clinical Nurse Specialist or like positions, jointly agreed to, that are unique to the region.
- iii Georgia implemented ATB increases in May 2005. Accordingly, the year 1 RN Differential in Georgia will be applied as follows: 10/01/05 - 0.5%; and 5/01/06 - 0.5%.
- iv Northwest RNs: Inpatient night shift differential will be \$5.00, inpatient evening shift differential will be \$2.50. Outpatient RN wages will be at parity with inpatient. For RN, NP, PA, CNM, extra steps will be established in the scale at 16 and 20 years at 3% intervals, effective 10/01/05.
- v In years 1 and 2, pursuant to a schedule agreed upon at the national table by SCAL union and management leaders, the general ATBs of 5% and 4%, plus the value of the RN differential, in addition to a total of \$27.5M, will be used to revise the steps and wages within the step structure for both UNAC and SEIU 535 / AFN Registered Nurses. In year 1, an additional \$2.5M will be used to increase UNAC differentials.

2. Benefits

- a. **New defined contribution plan (401(K))**. While some other large companies are eliminating pensions, we have created a second retirement plan in addition to the current pension plan.
 - 1. Beginning in the first quarter of 2007, and the first quarter of each year thereafter, 1% contribution for each employee, if performance targets of the region for the preceding year are exceeded. No employee matching contribution required.
 - 2. In addition, beginning January 1, 2008, the employer will provide a guaranteed match to an employee's voluntary contributions to the 401(K) up to a maximum of 1.25% of the employee's annual salary.
 - 3. In summary: beginning in 2008 the employer match and contribution will be up to 2.25% per year if performance targets are met.
- g. **Flex benefit program linked to Martin Luther King, Jr. Holiday**
 - 1. During 2006 the Unions and the Employer, on a program-wide level, will meet to develop a possible flexible benefit program. If agreement is reached, it will be implemented in 2007. This benefit would offer members some choices in benefit levels. Members would have to have health insurance and could use their benefit dollars to buy better dental plans, life insurance, or long-term disability.

2. The program would be VOLUNTARY, and on an annual basis employees could choose to return to traditional benefit plans.
 3. Agreement to the Flex plan is dependent on management's agreement to convert one of our paid Life Balance Days to a fixed Martin Luther King Jr. Holiday (time and one-half premium holiday). This holiday would be established provided we reach agreement on the Flex plan, and details of implementation can be worked out.
- h. **Bereavement Leave** – The employer has agreed to increase the number of members in the immediate family for purposes of bereavement leave. The new agreement also adds two additional days of paid bereavement for those traveling 300 miles or more to attend funeral or memorial services. Part time employees will be eligible for the full benefit.

i. **NEW Sick Leave Benefit**

1. **Frontloaded sick leave** – each January 1, fulltime employees will be given their full allotment of sick leave as opposed to accruing it over the year. Part-time employees' sick leave will be credited proportionately based on scheduled hours. (Southern California will implement January 1, 2006; other regions will implement during 2006 and their current accrual systems will continue until the new system is in place.)
2. **Cash out sick leave at 50%** – a possible extra week's pay each year, as an incentive not to use your sick leave, except for real need. At the end of each year an employee who has a minimum of 10 days of sick leave in a sick leave bank may:
 1. Credit unused annual sick leave to their sick leave bank or
 2. Cash out up to 10 days of sick leave at 50% of value.
 3. To participate in the cash-out option, employees must maintain at least 10 days in banked sick leave at the time of cash-out. Pre-accrued sick leave and that year's annual sick leave may be combined to meet the minimum of 10 days to be kept in the bank.

3. **Verification/doctors' note** – if an employee uses all of his/her annual sick leave, s/he may be required to provide verification for further use of banked sick leave that year.
4. There will be **no maximum accrual** of sick leave.
5. **Retirement benefit** – upon retirement, an employee would be able to convert 50% of all sick leave accrued on or after January 1, 2006, into paid time that s/he could use to retire early.
 1. For example, if I have 60 days of sick leave on the books before I retire, I could convert them into 30 days' paid vacation time and leave employment 30 workdays early but continue to be paid those days.
 2. Sick leave accrued prior to January 1, 2006 will be applied as pension credit on retirement.
 3. If you exhaust annual sick leave and still require further paid sick time, the sick leave from your pre-2006 sick leave bank will be used first.
6. Adequate **staffing, backfill, and release time** – the employer has agreed to include in department budgets, beginning with the 2007 budget cycle, a line item specifically for backfill, so that there is sufficient staff for our members to take the time off they have earned without having to call in sick.
7. **Granting time off** – currently existing work-life balance days, floating holidays, birthday holidays, or personal days contained in local agreements may be designated as Flexible Personal Days. 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. Denials of requests will be tracked to assure that time off is being granted. Last minute notice is acceptable for personal emergencies. Personal time can be taken in increments of two hours.
- j. **Employee health care management** program – To improve the health and well-being of union members, and reduce the incidence of chronic diseases among employees, the employer will provide a jointly-designed, comprehensive Employee Health Care Management Program to help employees manage their chronic diseases and other existing health issues.

- k. **Service credits in the NW Region** – 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 up to three years of pension service credits in accordance with the September 2005 Letter of Agreement between the Health Plan and OFNHP and ONA, at the local level.

- l. **SEIU Local 105 (Colorado) retiree medical** – Effective January 1, 2006, for SEIU Local 105 employees in the Colorado region, the maximum monthly Employer-paid contribution toward retiree health care coverage for current and future 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.

- m. **Short-term and Long-term Disability** – Northern California and NW brought up to the Southern California plan. Generally, 50% of income for short-term and long-term disability.

- n. **Northern CA co-pay for doctors' visit** – Northern California unions were the only ones in the program that did not pay at least the \$5 co-pay for doctors' visits. In exchange for the increased benefits in this agreement all the Northern California Unions agreed to pay consistent with the unions in all Regions.

- o. **Workforce Development Joint Trust Funds**
 - 1. In a major step forward, with a historic commitment to up to \$100 million to a new training fund, the new contract recognizes that the hard work, dedication and skill of our members creates the success of KP and our Unions, and ensures our job security.

 - 2. The funds will provide education and training for career development, Partnership and National Agreement, business strategies and initiatives, and steward education, training and development.

 - 3. Create two jointly administered Taft-Hartley trust funds, the multi-employer trust for SEIU locals and another joint trust for all other Coalition unions.

4. **Funded** at 1 percent of payroll in the first year, and up to 2 percent more if 2005 performance goals are met (as much as \$100 million).
5. National and regional workforce development teams with union co-leads, and facility workforce development teams where appropriate.
6. Commitment to good jobs: exit interviews will determine why workers leave KP; ambassador program to improve recruitment.

3. Advancing the Partnership

- a. Increased commitments to partnership
 1. Partnership structures should be integrated into operating structures at every level
 2. Union should be involved in new initiatives from the start.
- b. New areas for Partnership such as **scope of practice**; jointly developed education and training programs will promote understanding of scope of practice issues.
- c. Stronger protection against **subcontracting** bargaining unit work, with a 'in-sourcing' provision that gives us major opportunities to bring bargaining work back into KP and provide greater opportunity and job security for union members.
- d. Each region will set goals and integrate **workplace safety** into budgeting and business plans; an **integrated disability management program** will allow injured employees to take temporary assignment for up to 90 days while retaining their bargaining unit status.
- e. **LMP Joint Trust Contribution** – the Partnership will continue to be funded by the joint trust at the current contribution level.
- f. The agreement calls for **unit-based teams** throughout the organization, with a team including all of the participants within the boundaries of the work unit, including supervisors, stewards, providers, and employees. These teams should be the operating model throughout KP, and should address issues such as service quality, work processes, attendance, workforce development, etc.

- g. **Consistency** in working conditions – the national agreement called for local bargaining to improve consistency across regions on bereavement leave, jury duty, effective dates of step increases, longevity pay, and terms of alternative compensation programs.
- h. **Union Capacity--Contract Specialists** – these new positions will empower stewards to build union strength in the workplace and strengthen the Partnership, while building a cadre of contract experts.
 - 1. Will be employer-paid
 - 2. Each bargaining unit will get 1 fulltime Contract Specialist per 1,500 employees, a minimum of one.
 - 3. Normally, it is expected they will serve a single, one-year, non-renewable term.
 - 4. Management and unions will work together on deciding whether to keep current Labor Liaison positions, replace them with contract specialists, or a combination of the two. The final decision will be the unions’.

4. Summary: This historic national agreement:

- a. Is effective October 1, 2005 through September 30, 2010; and can be re-opened in 2008 to address wages and retiree medical benefits;
- b. Provides significant wage and benefit increases across the program;
- c. Moves us toward providing a common work experience for all members of our Coalition unions; and
- d. Helps us continue to advance the Partnership to provide the best jobs and the best care for KP members.

This document is a synopsis of the national agreement, rather than a comprehensive report. For further details, please see the National Agreement and your Local Agreement.