

**SOUTHERN CALIFORNIA PERMANENTE MEDICAL GROUP,
KAISER FOUNDATION HOSPITALS
And
NUHW HEALTHCARE PROFESSIONALS**

2018 Contract Negotiations

June 12, 2019

The following is hereby submitted as a proposal. Kaiser Foundation Hospitals, Inc., and Southern California Permanente Medical Group reserve the right to add, subtract from or modify this proposal at any time during the course of negotiations.

Employer Match Contribution to the Tax Deferred Retirement Plan

Modify CBA paragraphs 2971-2973 as follows:

2971 The Employer will make contributions to match one hundred percent (100%) of an employee's contribution, up to one and one-quarter percent (1.25%) with optimization of the employee's eligible compensation. Effective January 1, 2021, if an eligible employee participates in the EDC, the employee will be eligible for Employer contributions to match one hundred percent (100%) of an employee's contribution, up to three percent (3%) of the employee's eligible compensation.

2973 The Employer will ensure that as long as the employee remains employed by Kaiser Permanente on December 31 of the applicable year and contributes at least two percent (2%) of eligible compensation throughout the year, the Employer will match one and one-quarter percent (1.25%) of his/her eligible compensation.

Effective January 1, 2021, the Employer will ensure that as long as the employee remains employed by Kaiser Permanente on December 31 of the applicable year and contributes throughout the year at least two percent (2%) of eligible compensation, or three percent (3%) of eligible compensation if an eligible employee participates in the EDC, the Employer will provide the applicable match on the total of his/her eligible compensation.

Health Reimbursement Account ("HRA")

2748 **Retiree Medical Employer Allocation to Health Reimbursement Account ("HRA") For Category 1 and 2 Employees**

2749 A. Category 1 Employees – HRA Account – \$1,000 per Year of Service

2750 A Category 1 employee will receive an Employer allocation to an unfunded Retiree Medical Health Reimbursement Account ("HRA"/"Retiree Medical HRA") at the time of retirement in the amount of one thousand dollars (\$1,000) per year of Service. Category 1

employees who retire on or after January 1, 2020, will receive an Employer allocation to an unfunded Retiree Medical HRA at the time of retirement of two thousand dollars (\$2,000) per year of Service.

2751 B. Service Defined for Years Prior to January 1, 2017

2752 A year of Service is defined as one thousand (1,000) compensated hours, or if more favorable, as otherwise defined under the rules existing prior to January 1, 2017.

2753 C. Service Defined for Years On or After January 1, 2017

2754 On or after January 1, 2017, a year of Service is equal to two thousand (2,000) compensated hours, prorated as applicable.

2755 D. Category 2 Employees – HRA Account – Thirty-Five (35) Year Maximum

2756 A Category 2 employee will receive an Employer allocation to an unfunded Retiree Medical HRA at the time of retirement in the amount of one thousand dollars (\$1,000) per year of Service, prorated as applicable, up to a maximum of thirty-five (35) years. Category 2 employees who retire on or after January 1, 2020, will receive an Employer allocation to an unfunded Retiree Medical HRA at the time of retirement of two thousand (\$2,000) per year of Service, prorated as applicable. A year of Service is equal to two thousand (2,000) compensated hours.

2757 E. Retiree Medical HRA Rules of Application For Category 1 and 2 Employees

2758 The following rules shall apply to reimbursements from the Retiree Medical HRA:

2759 1. Access to HRA Account

2760 A retiree may access the Retiree Medical HRA for reimbursement of IRS-approved expenses (with limitations described below) upon attainment of age sixty-five (65). A retiree who becomes Medicare-eligible prior to age sixty-five (65) may access the Retiree Medical HRA prior to age sixty-five (65).

2761 2. Applicable Reimbursements from the HRA Within the KP Service Area

2762 For a retiree residing within the Kaiser Permanente Service Area, reimbursements shall be limited to the KPSAP (or other plans offered by Kaiser Foundation Health Plan) coverage costs, consisting of premiums in excess of the Medical Subsidy and deductibles or copayments required for covered services under KPSAP (or other plans offered by Kaiser Foundation Health Plan).

2763 3. Applicable Reimbursements from the HRA Outside the KP Service Area

2764 A retiree residing outside the Kaiser Permanente Service Area may receive Retiree Medical HRA reimbursements for any Medicare supplemental plan costs, consisting of Medicare supplemental plan premiums in excess of the Medical Subsidy, and Medicare supplemental plan deductibles or copayments, based on guidelines issued by the Internal Revenue Service.

2765 4. In Cases Where the HRA is Legally Not Applicable to a Retiree's Same Sex Spouse or Domestic Partner

2766 To the extent the Retiree Medical HRA mechanism is not available for a retiree's same-sex spouse or domestic partner, due to federal tax limitations, this paragraph shall apply. If an eligible retiree has an eligible domestic partner or same-sex spouse who is not a dependent as defined in the Internal Revenue Code, one-third (1/3) of the amount that otherwise would be allocated to the Retiree Medical HRA will instead be paid out in cash to the retiree within ninety (90) days of the later of the date the retiree attains age sixty-five (65) or separates from service. The amount described in this section shall, in no event, be paid later than the end of the applicable calendar year (or the fifteenth [15th] day of the third [3rd] month after the applicable event, if later).

2767 5. In Case of the Retiree's Death

2768 In the event of a retiree's death, any balance in the Retiree Medical HRA will be available for the benefit of the retiree's surviving spouse or surviving domestic partner who is an eligible dependent as defined by the Internal Revenue Code. The surviving spouse or domestic partner may access the Retiree Medical HRA for reimbursement of eligible medical expenses, subject to the same Retiree

Medical HRA Rules of Application set forth in this Section E, when the retiree would have been eligible to access the HRA. Any balance in the Retiree Medical HRA will remain available until remarriage, entering a new domestic partnership, or death.

Section 8 – Category 3 – Employer Allocation to Health Reimbursement Account For Disabled Employees

2792 A. Amount of Allocation for Category 3 Employee

2793 A Category 3 disabled employee will receive an Employer allocation to an unfunded Retiree Medical HRA at the time of retirement (separation from service) in the amount equal to the greater of fifteen thousand dollars (\$15,000) or one thousand dollars (\$1,000) per year of Service based on a 1,000-hour compensated year or as otherwise then defined prior to January 1, 2017, if more favorable. A Category 3 disabled employee who retires of or after January 1, 2020, will receive an Employer allocation to an unfunded Retiree Medical HRA at the time of retirement (separation from service) in the amount equal to the greater of fifteen thousand dollars (\$15,000) or two thousand dollars (\$2,000) per year of Service based on a 1,000-hour compensated year, prorated as applicable, or as otherwise

then defined prior to January 1, 2017, if more favorable. On or after January 1, 2017, a year of Service is equal to two thousand (2,000) compensated hours, prorated as applicable.

Dental Plan

Modify CBA paragraphs 2620 - 2634 as follows:

2620 **Section 2 – Dental Plan Coverage for Active Employees**

2621 A. Eligibility

2622 An employee who is regularly scheduled to work twenty (20) or more hours per week is eligible for dental coverage effective the first (1st) day of the month after three (3) months of employment. Coverage extends to the employee, his/her spouse or domestic partner, and eligible dependent children as described in Article XXVI, paragraphs 2602 and 2605, up to the limiting age of twenty-six (26). Physically or mentally disabled children are also covered past age twenty-six (26), provided such disability occurred prior to the disabled dependent children turning age twenty-six (26). Annual certification of disability and dependency may be required.

2623 B. Potential Tax Implications for Children and Domestic Partners

2624 Some of the benefits provided to domestic partners and their children may be taxable to the employee.

2625 C. Costs Associated with Pre-Paid Dental Plans

2626 Dental coverage is Employer-paid. However, any cost for the pre-paid plans that exceeds the Employer's cost for the Delta Dental Plan shall be borne by the employees. To determine the cost of the Delta Dental Plan, the Employer will compute the monthly premium amount paid for the Delta Dental Plan by dividing the previous calendar year cost by the number of employees covered in that year, divided by twelve (12) months.

2627 D. Available Dental Plans and Eligibility

2628 A newly hired employee who is eligible for dental coverage must select an Employer provided prepaid dental plan during his/her first (1st) two (2) years of employment. After completing two (2) years of employment, an eligible employee may select the Delta Dental Plan within thirty-one (31) days of obtaining eligibility, and during the annual open enrollment period, an eligible employee may choose among the Employer-provided prepaid dental plans and the Delta Dental Plan.

2629 E. Pre-Paid Dental Coverage Services

2630 The pre-paid dental coverage services are covered at one hundred percent (100%). These services are provided through one (1) of the respective panel providers. There is no annual maximum benefit under the pre-paid options.

2631 F. Delta Dental Coverage

- 2632 The Delta Dental Plan coverage becomes effective the first of the month following eligibility, if elected within thirty-one (31 days) of eligibility, or January 1st, if elected during the annual open enrollment.
- 2633 The plan covers one hundred percent (100%) of preventative services, eighty percent (80%) of usual, customary and reasonable charges for basic services. Basic services are oral surgery, periodontics, endodontics and restorative dentistry. The plan covers fifty per cent (50%) for major services such as crowns, bridges and cast restorations.
- 2634 Orthodontia coverage is limited to dependent children under age twenty-six (26) at fifty percent (50%) with a lifetime maximum of twelve hundred fifty dollars (\$1250). Effective January 1, 2021, the lifetime maximum for child Orthodontia shall be one thousand five hundred dollars (\$1,500). The Delta Dental Plan allows employees to select any dentist or a participating Delta dentist. The calendar year maximum dental benefit is one thousand dollars (\$1,000) per person. Effective January 1, 2021, the dental plan annual maximum for participants will be one thousand five hundred dollars (\$1,500).
- 2635 G. Alternate Mental Health
- An Employee regularly scheduled to work thirty-two (32) or more hours per week, is eligible for the Alternate Mental Health insurance on his/her date of hire provided the employee is actively at work on the day coverage becomes effective. Coverage is extended to eligible dependents as defined in Health Plan eligibility on the same date. The Alternate Mental Health coverage is Employer-paid and covers 80% of reasonable and customary charges. ~~up to the maximum of 25 outpatient visits allowed per calendar year. Copayments apply.~~

Wages – Across the Board Increases

Effective October 7, 2018, there will be an across-the-board increase of three percent (3%).

Effective October 6, 2019, there will be an across-the-board increase of two percent (2%).

Effective October 5, 2020, there will be an across-the-board increase of two percent (2%).

Lump Sum Bonus

Full-time and part-time employees employed on October 6, 2019 will receive a 1% lump sum bonus.

Full-time and part-time employees employed on October 5, 2020 will receive a 1% lump sum bonus.

The lump sum bonus will be paid no later than 60 days following ratification. The subsequent October 5, 2020 payment will be paid no later than 60 days following the end of the pay period to include October 5, 2020.

Earnings to include: Compensated hours includes regular hours worked, overtime, vacation, sick and training time (includes extra shifts and shift premiums), It excludes bonuses and benefits.

Period of Pay: Covers 26 pay periods, or 1 year of earnings ending with the pay period to include October 6, 2019 and October 5, 2020 as applicable.

Payment: Subject to applicable state/federal withholdings

Ratification Bonus

Full-time and Part-time active employees employed on the date of ratification will receive a 1% ratification bonus (less applicable state/federal withholdings) no later than 60 days following the subsequent pay period after the ratification date or as soon as administratively possible.

Evening Shift Differential

Effective upon date of ratification, evening shift differential will be modified from \$0.95 to \$2.75 per hour (as evening shift is defined in the CBA).

Night Shift Differential

Effective upon date of ratification, night shift differential will be modified from \$1.30 to \$4.50 per hour (as night shift is defined in the CBA).

Bilingual Differential

Effective upon date of ratification, bilingual differential for Speech Therapists will be modified from \$1.154 to \$1.50 per hour, not to exceed two hundred sixty dollars (\$260) per month, for all hours worked.

Performance Bonus

There is a bonus opportunity of up to three thousand dollars (\$3,000), payable in the first quarter of 2020. Management determines metrics after consultation and engagement with the Union. Such payment shall be based upon performance metrics determined in 2019.

There is a bonus opportunity of up to three thousand dollars (\$3,000), payable in the first quarter of 2021. Management determines metrics after consultation and engagement with the Union. Such payment shall be based upon performance metrics determined in 2020.

New Article: Alternate Compensation Program (ACP)

Eligibility

A newly hired and newly eligible employee who is regularly scheduled to work twenty (20) hours or more per week has the option to participate in the Alternate Compensation Program (ACP). Participation begins on the 1st day of the pay period following enrollment.

Pay Differential in Lieu of Certain Benefits

ACP is an optional benefit program, which provides an eligible employee with a twenty percent (20%) wage rate differential in exchange for his or her participation in certain benefit plans.

Proof of Other Medical Coverage

Proof of other medical coverage is required to participate in the ACP and must be provided on an annual basis in order to continue ACP participation.

ACP Participation

An employee must remain in the ACP for the duration of the payroll calendar year. An employee may withdraw from ACP during the ACP payroll calendar year due to a loss of other medical coverage or a qualified family or employment status change. During the annual open enrollment period of each year, an employee will have the opportunity to enroll in or withdraw from the ACP.

Payroll Calendar Year

A payroll calendar year is determined by the biweekly payroll cycles within each year. This means that an ACP payroll calendar year can begin prior to January 1 and end prior to December 31, depending on the biweekly cycles.

Exchanged Benefits

An employee enrolling in ACP is not eligible for Health Plan, Dental Plan, Employer-paid Life Insurance, Disability Plans, Earned Time Off Program, Bereavement Leave, Educational Leave, and other paid time off.

ESL Account Frozen

An employee who elects to participate in the ACP will have his/her Extended Sick Leave accounts frozen upon entering the ACP, and frozen ESL hours will not be available for use. Hours already accrued at the time of transfer to ACP will be available when employees return to the regular benefits program. No additional hours will accrue while in the ACP.

Cash Out of ETO

An employee who elects to participate in the ACP will receive a payoff for all accrued Earned Time Off (ETO) upon entering the ACP. Such payoff will be at the base wage rate that is in effect on the day prior to entering the ACP. No additional hours will accrue while in the ACP.

Benefits Participation of an Employee in ACP

An employee will have the option to participate or, as applicable, be automatically enrolled in the following benefits:

- Additional hours will be paid at the ACP wage rate differential;
- Commuter Spending Account;

- Dependent Care Spending Account;
- Designated Holidays worked paid at one and a half (1½) times the base wage rate; unworked Designated Holiday will not be paid;
- Employee-purchased Optional Life Insurance (for employees scheduled to work thirty two (32) hours or more per week);
- Health Care Spending Account
- Jury Duty paid at the ACP wage rate differential;
- Kaiser Permanente Southern California Employees Defined Contribution (EDC) (at the base wage rate);
- Kaiser Permanente Southern California Social Services Pension Plan (KPSCSSPP), (with FAMC at the base wage rate without the 20% ACP differential)
- Shift differentials paid on all applicable hours;
- Survivor Assistance Benefit (paid at the base wage rate without the 20% ACP differential);
- Tax-Deferred Retirement Savings;
- Tuition Reimbursement; and
- Unpaid Leaves of Absence (no benefits associated with the leaves).

Unpaid Leave for Employees in ACP

An employee may take two (2) weeks of unpaid leave per calendar year. Additional weeks of unpaid leave may be granted at the sole discretion of the Employer. An employee in the ACP may exercise seniority on the vacation schedule to obtain his/her two (2) weeks of unpaid leave.

Post Retirement Benefit for Employees in ACP

An employee who retires while enrolled in the ACP and otherwise meets eligibility for post-retirement benefits will be provided with post-retirement benefits.

Letter of Understanding – Add to Appendix

The parties will work together to gather and analyze data related to Kaiser Permanente jobs and pay rates, and develop a common understanding of this data relative to the market, and review the findings ahead of the next round of collective bargaining.

Kaiser Permanente remains committed to competitive pay that allows Kaiser Permanente to continue to be an employer of choice while improving affordability and delivering high-quality care and service.

Contract Duration

Amend paragraph 3701 as follows:

This Agreement shall become effective October 1, 2018 and remain in effect through September 30, 2021. The Agreement shall continue from year to year thereafter unless amended, modified or terminated.

Tentative Agreements

All tentative agreements will be incorporated into the final agreement. Other provisions of the expired contract will remain, except to the extent that there is conforming language.

Withdrawal of NLRB Unfair Labor Practice Charges

In acceptance of the offers contained herein, NUHW shall immediately withdraw any and all open NLRB Charges filed by the Union.

By signing below, the Parties affirm that this Agreement resolves any and/or all issues pursuant to this collective bargaining.

FOR THE EMPLOYER

FOR NUHW

Teresa Marinkovich
Sr. Labor Relations Representative

Greg Tegenkamp
NUHW Kaiser Division Director