

## 1. PURPOSE

Health care services and the institutions that provide them are undergoing rapid change. Advances in health care and the explosive growth of for-profit health care businesses present challenges as well as opportunities for Kaiser Permanente, the unions, and the members they represent. Kaiser Permanente and the undersigned labor organizations believe that now is the time to enter into a new way of doing business. Now is the time to unite around our common purposes and work together to most effectively deliver high quality health care and prevail in our new, highly competitive environment.

As social benefit membership organizations, founded on the principle of making life better for those we serve, it is our common goal to make Kaiser Permanente the pre-eminent deliverer of health care in the United States. It is further our goal to demonstrate by any measure that labor-management collaboration produces superior health care outcomes, market leading competitive performance, and a superior workplace for Kaiser Permanente employees.

In this spirit and with this intent, Kaiser Permanente and the undersigned labor organizations agree to establish a Partnership in pursuit of our common goals to:

- improve quality of health care for Kaiser Permanente members and the communities we serve;
- assist Kaiser Permanente in achieving and maintaining market leading competitive performance;
- make Kaiser Permanente a better place to work;
- 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;
- provide Kaiser Permanente employees with the maximum possible employment and income security within Kaiser Permanente and/or the health care field;
- involve employees and their unions in decisions.

## 2. PROCESS AND STRUCTURE

**SENIOR PARTNERSHIP COMMITTEE** The parties will establish a Senior Partnership Committee (SPC) consisting of Kaiser Permanente executive level staff and senior union leadership designated from the participating International Unions representing employees at Kaiser Permanente and from the Industrial Union Department (IUD), AFL-CIO. The SPC may expand the Partnership to include representatives of other parties as necessary, as agreed to by the labor and management representatives on the SPC. The responsibilities of the SPC are to establish, consistent with the terms and scope outlined in this agreement, concrete targets, goals, objectives, time lines and other Partnership initiatives. The SPC will meet as often as necessary to discuss strategic issues of the Partnership, manage implementation, and review and oversee initiatives at all levels.

The powers of the SPC do not supersede the legally mandated obligations of the parties such as the duty to bargain over mandatory subjects; the responsibilities and duties of the governing boards of Kaiser Foundation Health Plan (KFHP), Kaiser Foundation Hospitals (KFH), and the Permanente Medical Group's (PMG's) to govern Kaiser Permanente; contractual obligations between KFHP, KFH, and the PMG's, and the duty of the IUD and its affiliate unions to represent the interests of their members.

**ACCESS TO INFORMATION** It is the express intention of the parties to freely share information with each other. The parties will have timely access to all relevant and pertinent information necessary to address the purposes of the Partnership.

We agree that information must be broadly and deeply shared in order to maximize the effectiveness of the Partnership. Training and education will be provided to maximize the parties' understanding and utilization of the information.

**CONFIDENTIALITY** The parties understand that certain information may be of a very sensitive and proprietary nature, and will need to be held in strict confidence. The IUD, participating union and management officials, and consultants will execute appropriate confidentiality agreements before accessing such information.

Regardless of whether proprietary information is received via the Partnership or by other means, it should not be used to the detriment of the other partner. If information is misused by either party, it will be incumbent upon the partners to investigate the circumstances and invoke appropriate measures.

**CONSULTANTS** The parties will jointly select a third-party consultant to assist the Partnership formation and implementation process and to continue with such assistance until such time as the partners agree that these services are no longer required.

**PARTNERSHIPS AT OTHER ORGANIZATIONAL LEVELS** It is the vision and intent of the SPC that the Partnership concept will become pervasive throughout Kaiser Permanente. Further, the SPC acknowledges that the involvement of employees from all levels of the organization in appropriate and relevant issues results in high quality decisions beneficial to the continued viability of the enterprise. To this end, as sufficient progress is made by the SPC, appropriate business units will be charged with the responsibility to develop local joint partnerships that meet the SPC targets that fall within the partnership scope described within this agreement. (For purposes of this section the term "business unit" means Division, Region or Market.)

Each business unit partnership will establish a Partnership Steering Committee (PSC) which will develop and monitor the implementation of action plans and initiatives. These PSC's, responsible for cascading the Partnership down through the organization, will develop committees and activities at other organizational levels as they deem necessary, appropriate and timely; subject always to the review and approval of the SPC.

All joint committees created by the Partnership will consist of an equal number of members from the unions and the company or a greater number of union members. The union members of the committees will be selected by appropriate elected union leadership consistent with internal union procedures, and company representatives will be selected by the senior managers of the relevant and appropriate business units. If the Partnership decides to select and use Kaiser Permanente employees as internal consultant-facilitators to assist the committees and the implementation of joint activities, the internal consultant-facilitators will be jointly selected by the unions and company, based on a mutually agreed upon set of criteria. In addition, at least half of the internal consultant-facilitators will be union members.

**COSTS OF THE PARTNERSHIP** Following execution of this agreement, Kaiser Permanente will bear the costs of administering the Partnership, including consultants, lost time, and incidental expenses of all Kaiser Permanente employees. Union officials who are not Kaiser Permanente employees will be responsible for their own expenses.

## 3. DECISION-MAKING

The decision-making process may vary from issue to issue. Nonetheless, it is vitally important to determine the decision-making method with consistently applied criteria. Two such criteria are as follows:

1. the degree to which the parties' constituents or institutional interests are likely to be affected by the decision, and
2. the level of expertise or added value the parties can bring to bear on the decision to be made.

If either party's vital interests are likely to be affected by the decision, consensus should be used. If constituent or institutional interests are even marginally affected, consultation should precede a final decision.

If one party has little, if any interest in the outcome, and no particular expertise on an issue to be decided, informing is adequate. We recognize that choosing the appropriate process is somewhat subjective, and that erring in favor of more rather than less participation by partners in decision-making displays commitment and respect for the Partnership. It is understood that this Partnership may not be sufficiently robust in its early stages to withstand many mistakes in the direction of unilateralism. Consequently, the parties will strive for consensus.

In the absence of consensus, mandatory bargaining subjects will be resolved in accordance with contractual and legal rights. On non-mandatory and non-contractual subjects, management reserves the sole responsibility and right for the final decision.

## 4. SCOPE

The issue of scope is inextricably tied to decision making. Scope sets the boundaries for the Partnership; what is in play, what is not. The decision-making process describes the procedures for disposing of or resolving the issues deemed within the parameters of the Partnership.

The scope of this Partnership should be broad and should include: strategic initiatives; quality; member and employee satisfaction; business planning; and business unit employment issues.

With respect to quality, we recognize that business units must meet and/or exceed quality requirements of various accrediting and review organizations and the governing boards of KFHP, KFH, and the PMG's. The SPC's quality focus will be on achieving results to meet and surpass these requirements.

Business unit activities will be consistent with principles established at the strategic level.

**EXISTING LABOR-MANAGEMENT COOPERATIVE ARRANGEMENTS** These arrangements should be permitted to continue and where possible be enhanced by partnering efforts, provided they are consistent with the terms set forth in this agreement.

**CURRENT BUSINESS ISSUES AND PLANS** The parties acknowledge and agree that there are many business initiatives underway whose genesis precedes the formation of this Partnership and that it would be both impractical and detrimental to the viability of the Kaiser Permanente organization to halt or substantially alter these initiatives, some of which are based on multi-year planning and preparation.

Kaiser Permanente will make every effort to educate and fully brief members of the SPC about current business initiatives, business plans and the business environment in which we currently compete.

Opportunity for comments, observations and recommendations will be made available to Partnership participants as a part of this process. Business initiatives begun following formal establishment of the Partnership will be managed in compliance with the Partnership process outlined in this document.

## 5. EMPLOYMENT SECURITY

The Parties acknowledge a mutual obligation and intention to maximize employment security for Kaiser Permanente employees. As such, it is the intent of the parties of the Partnership to avoid the displacement of any Kaiser Permanente employee. We recognize that there could be circumstances when such a commitment cannot be achieved. In such cases, the Partnership will make use of attrition, growth of the business, aggressive job matching, short-term training efforts and other mechanisms agreed upon by the Partnership participants. There will be no loss of employment to any employee because of participation in a Partnership program at the worksite.

## 6. UNION SECURITY

The parties to this agreement believe that Kaiser Permanente employees should exercise free choice and decide for themselves whether or not they wish to be represented by a labor organization.

Kaiser Permanente has no objection to a union signatory to this agreement becoming the bargaining representative to its people. Where a signatory union becomes involved in organizing Kaiser Permanente employees, the employer will maintain a strictly neutral position.

It is the intention of the parties that employees' desire for exclusive bargaining representation be resolved in the most expeditious manner possible. Whenever a majority of employees in a unit the parties agree to be appropriate express clearly and unambiguously the wish to be represented by a signatory union, Kaiser Permanente agrees to recognize that union. An umpire shall be selected who will have the final authority to resolve ambiguities as to majority status and disagreements as to unit appropriateness.

Kaiser Permanente reserves the right to speak out in any appropriate manner when undue provocation is evident in an organizing campaign. Kaiser will encourage subcontractors, vendors, mergers and alliance partners to adopt the same policy regarding union representation of their employees.

## 7. MARKETING COOPERATION

Upon the signing of this agreement, all parties will make their best efforts, as opportunities arise, to market Kaiser Permanente to new groups and individuals and to increase Kaiser Permanente's penetration in existing groups. The AFL-CIO, acting in the interest of and in support of the Partnership, will use its influence to the greatest extent possible to assure that union health and welfare trusts and Taft-Hartley trusts operating in, or providing benefits to union members in, areas served by Kaiser Permanente include Kaiser Foundation Health Plan as a unionized health care option available to their members.

## 8. TERM OF AGREEMENT

Either party may terminate this Partnership agreement with 60 days notice. Neither party will provide this notice without first making every reasonable and good faith effort to discuss and resolve the differences leading one or both of the partners to consider terminating the Partnership.

## 9. SAVINGS CLAUSE

Should any provision of this agreement be declared by a court or agency of competent jurisdiction to be in conflict with the laws, regulations or common law of the United States of America or the State or local jurisdiction in which the provision is being applied, the remaining portions of this agreement shall remain in full force and effect. In the event of such a declaration, the parties will jointly determine how best to modify this agreement to be in compliance with such law or regulation and with the spirit of this agreement.