

2018 Alliance Coordinated Bargaining – Tentative Agreement

Subcommittee: Economics

Letter of Understanding
Between

Kaiser Foundation Health Plan of Colorado (“the Company” and/or “the Employer”)

And

United Food and Commercial Workers, Local Number 7 and

International Union of Operating Engineers, Local 1

(“Colorado Region Alliance Unions”)

Background and Agreement. The parties discussed the KFHP Colorado Region’s finances during the course of Alliance of Health Care Unions’ coordinated bargaining in 2018. The Unions recognize the deep financial challenges that the Company faces, and the Unions expect to be engaged and at the table to assist the Company in its turnaround.

One difficult decision the Alliance Unions made was to agree to lower across-the-board wage increases for the Colorado region than other Kaiser Permanente regions. The agreement was premised on Kaiser Foundation Health Plan of Colorado proactively engaging labor in turnaround efforts; a most favored nations provision; no changes to active medical benefits for Alliance Union members working for KFHP or its affiliates, subject to a 2021 National Agreement reopener with respect to active medical plan co-pays; and new employee orientation language. The employer also commits not to assert its rights to the “extraordinary circumstances” provision of the EISA prior to December 31, 2019. After that date, in the event of an extraordinary circumstance, the Company and the Colorado Alliance Unions will come together for a thorough joint review to discuss what is appropriate for the situation.

Potential Additional 2021 ATB: In light of the deep financial challenges facing the Colorado Region, Management and the Unions understand and agree that the Colorado Region is effectuating a turnaround plan. It is the Colorado Region’s goal to achieve or exceed 2% operating margin performance in 2021. At the end of the second quarter of 2021, if Kaiser Foundation Health Plan of Colorado projects operating income above the planned 2% operating margin sufficient to fund an annualized additional 1% ATB for Alliance Union members and still meet the 2% operating margin, an additional ATB will be effective the first full pay period in September 2021. The raise opportunity under this provision will be in increments of 0.5% up to 1%. The employer commits to financial transparency and joint data review.

Most Favored Nations. The parties hereby agree that the Alliance Union-represented members in the Colorado Region shall receive no less favorable contractual benefits and economic terms, by way of example but not limited to: across-the-board wage increases and/or a mixture of ATBs

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Note: The joint Contract Language Team will finalize actual language at a later date.

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and bonuses; wage table improvements; shift differential rates; reporting time pay; on-call pay; holidays; holiday premiums; PTO benefits, including jury duty and bereavement leave, than received by non-Alliance of Health Care Unions-represented Bargaining Unit employees in the Colorado Region. Should the Company agree to any more favorable contractual benefits or economic terms for non-Alliance-represented bargaining unit employees in Colorado, the Employer shall provide and implement the same or better benefit or economic term(s) for Alliance-represented Colorado members as of the same effective date. A determination of the favored benefit is made by the Union.

No Changes to Active Medical Benefits. The parties expressly agree that there shall be no changes to active medical benefits of Colorado Alliance Union members during the term of the agreement, except in the event the National Agreement is reopened in 2021 with respect to active medical plan co-pays to be paid in 2022, in which case that reopener will include Alliance union members in Colorado.

No Layoffs. The Company hereby agrees that it will not trigger the “extraordinary circumstances” provision of the Employment and Income Security Agreement (EISA) to separate Colorado Region Alliance Union members through December 2019. In the event Colorado Alliance Union members’ positions are eliminated on or before December 31, 2019, they will be entitled to all benefits of the EISA. This provision does not preclude Alliance Unions members from accepting severance as referenced in the applicable collective bargaining agreements.

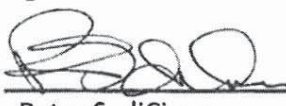

NEO. The parties hereby agree to incorporate the new employee orientation tentative agreement from 2018 coordinated bargaining into Colorado Alliance Unions the local agreements.

Term of Agreement. This agreement shall run concurrent with and expire at the expiration of the applicable collective bargaining agreements as extended through the National Agreement:

- May 31, 2022 UFCW Local 7 Mental Health
- April 2, 2022 UFCW Local 7 Multi-Professional
- April 2, 2022 IUOE Local 1

The parties may extend this agreement by mutual agreement.

Agreed:

 Peter S. diCicco Executive Director Alliance of Health Care Unions	<u>9/22/18</u> Date	 Dennis Dabney Senior Vice President National Labor Relations, Kaiser Permanente	<u>9/22/18</u> Date
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