

July 26, 2019

Coalition of Kaiser Permanente Unions:

During our Economic Subgroup discussions on July 8, 2019, Kaiser Permanente shared three options that we believe could become the basis of a framework for resolving the 2019 National Bargaining negotiations. The Coalition rejected each of the three options and over the course of the fourth National Bargaining session, July 9-11, 2019, we reviewed key concerns of both labor and management. Based on those concerns, Kaiser Permanente developed a fourth option that we hoped would serve as an outline for a new agreement. This fourth option included:

- 3% increases each year for 4 years in California and other across-the-board increases for the Regions outside California.
- Prescriptions purchased in person would initially have a \$10 copay and mail-order prescriptions would continue to have a \$5 copay.
- The \$5 copay for office visits would be maintained.

Here are more details:

Items	KP Proposal 4 yr Agreement (2019 - 2022)
Wage Rate Increase (ATB) eff. Oct.	
CA	3% / 3% / 3% / 3%
CO	1% / 2% / 2% / 2%
ROC (except CO)	2% / 2% / 2% / 2%
Lump Sums	
CA	None
CO	None
ROCs (Except CO)	1% / 1% / 1% / 1%
New Hire Wage Scale	For certain agreed-upon positions, add 3 Pre-steps and connect to step 1. First pre-step is 15% lower than the existing step 1, effective in 2021
Local Bargaining	To be discussed
Partnership Programs	KPWA SEIU and OPEIU receive certain partnership benefits.
Performance Sharing Plan	No change to current PSP Program
Pension	No change to current DB Plan
Pension - DB Standardization	No change to current DB Plan
Retiree Medical	Change ROC Region HRA from \$2,000 to \$2,500 per Years of Service effective 1/1/2021 for new retirees - change contingent upon elimination of premium subsidy for new hires
Retiree Medical	KPWA HRA: \$250 per Years of Service effective 1/1/2020
Retiree Medical	Removal of premium subsidy for New Hires (effective 1/2021)

Active Medical	-Move Rx to \$10 retail / \$5 mail order effective 1/1/2021 -If less than 40% mail order in calendar year 2021, retail Rx increases to \$15 on 7/1/22 -If less than 80% mail order in calendar year 2022, then retail Rx increases to \$20 on 7/1/23 (excludes KPWA)
Active Medical - KPWA	Day 1 active medical coverage for employees
Dental	No Change
Total Health Incentive Prog.	Discontinue Payouts
Tuition Reimbursement	Increase access to funds for travel (Additional \$250)
LMP Trust	Increase funding from \$9.5 million to \$13 million per year starting in 2019
SEIU / Ben Hudnall Trust	Move from 0.4% to 0.5% of payroll contribution in 2019
Contract Specialists	No Change
Time Off / Attendance	Improve attendance similar to program the parties have discussed.
Workforce Development Fund	One-time lump sum up to \$40 million

In light of the upcoming strike vote, we would like to schedule a meeting by telephone for the Economics Subgroup on Monday July 29, 2019, to walk the subgroup through our proposal and answer any questions you may have. In addition, the previous three options remain on the table for discussion.