KAISER PERMANENTE®

KAISER PERMANENTE NATIONAL LABOR-MANAGEMENT PARTNERSHIP AGREEMENT

1. PURPOSE

Health care services and the institutions that provide them are undergoing rapid change. Advances in health care, and the need to ensure that high quality healthcare is affordable for Kaiser Permanente members and the communities we serve, 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 partnership to better implement our mutual vision for labor and health care and for partnership as an operational strategy and way of doing business. Now is the time to unite around our common purposes and work together to most effectively deliver high quality, affordable 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 and the best place to work in health care. It is further our goal to demonstrate 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;
- ensure that health care is affordable for Kaiser Permanente members and the communities we serve;
- assist Kaiser Permanente in achieving and maintaining market leading competitive performance;
- make Kaiser Permanente the best 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;
• support the growth of partner unions at Kaiser Permanente;

• enable Kaiser Permanente to innovate and to adapt rapidly to changes such as technology the
  provision of health care, the rising costs of prescription medications, decreasing government
  reimbursements, and business needs, through collaboration;

• 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. PARTIES

The Union Parties and the Employer Parties to this Agreement (collectively the “Parties”
or “Members of the Partnership”) are identified in Exhibit A attached. New individual parties
may be added to this Agreement, subject to the mutual consent of the Employer Parties and the
Union Parties, each of whom shall determine internally how their consent shall be determined.
Individual union parties may withdraw from this Agreement upon 60 days’ notice without
consent of other Parties to this Agreement. The Parties will update Exhibit A when individual
parties are added or subtracted.

The Union Parties agree that union members not covered by this Agreement may participate in
Partnership activities that affect their work, but may not participate in the consensus decision
making process.

3. PROCESS AND STRUCTURE

The success of Partnership is dependent upon meaningful sponsorship and accountability at
every level.

**Labor Management Partnership Strategy Group**

The Parties will establish a Labor Management Partnership Strategy Group (the Strategy
Group) consisting of Kaiser Permanente executive level staff and senior union leadership
designated from the participating Unions representing employees at Kaiser Permanente. The
Strategy Group may expand the Partnership to include representatives of other parties as
necessary, as agreed to by the labor and management representatives on the Strategy Group. The
responsibilities of the Strategy Group are to establish, consistent with the terms and scope
outlined in this agreement, concrete targets, goals, objectives, time lines and other Partnership
initiatives. An Executive Committee of the Strategy Group has been created from members of
the Strategy Group. The Executive Committee 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 Strategy Group and the Executive Committee 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 Groups (PMGs) to govern Kaiser Permanente; contractual obligations between KFHP, KFH, and the PMGs, and the duty of the Union Parties and their 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 Union Parties 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, which may include expulsion from the Partnership, subject to expedited arbitration.

Partnerships at Other Organizational Levels

It is the vision and intent of the Strategy Group that Partnership be pervasive throughout Kaiser Permanente. Further, the Strategy Group 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. Appropriate business units are charged with the responsibility to develop local joint partnerships that meet the Strategy Group targets that fall within the partnership scope described within this agreement. (For purposes of this section the term “business unit” means Region, Service Area, Medical Centers, Business Lines, or Market.)

Each business unit partnership shall maintain a Labor Management Partnership Council (LMPC) which will develop and monitor the implementation of action plans and initiatives. These LMP Councils, 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 Strategy Group. The LMPCs will work proactively to ensure that Kaiser Permanente remains a leader in providing high quality and
affordable healthcare and the best place to work by: helping Kaiser Permanente to adapt rapidly to changes in healthcare and business conditions, including technological changes and other innovations, preparing employees within the Partnership to be part of the workforce of the future, and ensuring a partnership and free to speak environment for all employees.

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 and/or their designees 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, the Parties are committed to setting up a Labor Management Partnership Trust (LMP Trust) through collective bargaining to bear the costs of administering the Partnership, including consultants, lost time, and incidental expenses of all Kaiser Permanente employees. As jointly agreed, the Trust will reimburse parties for appropriate partnership expenses under mutually agreed upon procedures.

4. DECISION-MAKING

The decision-making process under the framework of the LMP 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.
The intent of the Partnership is to align labor and management’s interests in their respective organizations and to engage collaboratively in addressing issues that impact the success of Kaiser Permanente and of its partner unions. However, nothing in this Agreement implies co-management. 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, and Unions reserve the right to respond.

5. 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.

While the level of engagement may vary, the scope of this Partnership is broad and may include a wide range of matters that affect a partner’s interests, such as: strategic initiatives; quality; operational efficiencies, member and employee satisfaction; union interests; business planning; and business unit employment issues. In the course of fulfilling their respective obligations, the Management and Union Parties to the Partnership have joint responsibility to identify issues that should be brought to the partnership table. Any partner can raise a question as to a perceived issue. If the Parties agree the issue is within the scope of the Partnership, they will engage per the Partnership Agreement.

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 PMGs. The Strategy Group’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 Strategy Group 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.

6. 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. (See Employment and Income Security Agreement.)

7. 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, that the parties agree to be appropriate, express clearly and unambiguously their 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 and the partner unions reserve 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.

Kaiser Permanente and the Partnership unions agree that in the accretion of newly represented groups the expectation is that in normal circumstances the new represented unit will convert to the existing contractual provisions, including all economic provisions. In the absence of agreement, outstanding issues will be referred to expedited binding interest arbitration.

8. 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 Union Parties to this Agreement, acting in the interest of and in support of the Partnership, will use their 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.

9. TERM OF AGREEMENT

Either the Employer Parties or the Union Parties collectively, may terminate this Partnership agreement with 60 days’ notice. As provided under Section 2, individual unions may withdraw from this Partnership agreement with 60 days’ notice. Neither of these Parties will provide this notice without first making every reasonable and good faith effort to discuss and resolve the differences leading them to consider terminating the Partnership.

10. EXPULSION

The Parties agree that part of what makes partnerships work well is having good working relations between the partners. However, there may come a time when the signatories to this Agreement believe there is cause to expel a signatory Party to this Agreement. The signatories to this Agreement may expel another signatory Party for egregious non-partnering behavior upon a vote of 70% of all signatory Parties.

11. SAVINGS

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.

12. CONDUCT AND EXPECTATIONS

This Partnership Agreement instills on the Parties a number of privileges and obligations, and as such, requires all Parties to adhere to a set of norms and behaviors reflective of mutual respect, trust, and the Parties’ joint commitment to creating a workplace culture of collaborative problem-solving.

The Parties shall endeavor to build and maintain mutually respectful and supportive relationships, built on honesty and trust.
The Parties shall respect each others' representatives and contracts/agreements shall be jointly honored and enforced.

All Parties, subject to a common multi-union, multi-employer collective bargaining agreement that incorporates Partnership privileges, obligations, and structures, agree to abide by the spirit and intent of the collective bargaining agreement.

Where disputes arise, the Parties shall utilize the collective bargaining agreement's dispute resolution process. The Parties agree to work together to make the dispute process effective and timely in the resolution of disputes concerning partnership privileges and obligations.

The Parties commit to proactively addressing issues arising from disputes that may cause either an Employer Party or a Union Party to undertake actions detrimental to the spirit and intent of this Agreement. Actions detrimental to this Agreement may range from personal attacks to Union corporate campaigns. The Parties agree to utilize a mutually agreed issue resolution process to address alleged detrimental actions. If the issue resolution process fails to address the issue to the satisfaction of all Parties, the issue may be arbitrated, with expulsion from the Partnership as a possible remedy.

The Parties are committed to each other's success, and as such, shall not pursue, sponsor or support legislation or ballot initiatives, which are specifically targeted at and the primary purpose of which is to harm another member of the Partnership. An aggrieved Party may submit an alleged violation of this provision to expedited arbitration. A Member of the Partnership who is found to have violated this Section shall be expelled from the Partnership, in addition to any other remedies that may be sought in arbitration.

All Parties agree that they will not engage in conduct that may harm or jeopardize the tax-exempt status of Kaiser Health Plan/Hospitals, or support legislation which undermines the rights of labor unions.

KAISER PERMANENTE®

NATIONAL LABOR-MANAGEMENT PARTNERSHIP
GENERAL PARTNERSHIP PRINCIPLES AND GUIDELINES

The following describe expectations of Kaiser Permanente managers and union representatives while partnership structures and initiatives evolve.
1. Partners are to discuss problems, identify issues, and whenever possible, pursue joint solutions. Partners should jointly conceptualize potential projects.

2. Familiarize yourselves with the National Partnership Agreement. Pay particular attention to the six goals.
   - 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 the best 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, and the growth of Unions within Kaiser Permanente;
   - 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.

3. Actively pursue a good working relationship. Honor agreements, solve problems, and help each other succeed. Work to resolve problems in a constructive way. Be generous and public with your praise.

4. Keep your partners informed. Openly share all relevant information.

5. Recognize and accept that your partners may have different views. Create a safe environment for discussion, and engage in constructive interest-based dialogue.

6. Familiarize yourself with the key components of the partnership implementation plan. Be able to tell your constituents what is currently underway with respect to partnership initiatives and when and how they are likely to be directly involved.

7. All partners should keep in mind the above guidelines. However, do not represent major change initiatives as partnership activities unless they have been approved by the Strategy Group. Partnership initiatives should have every reasonable chance to succeed. This means they should be properly sanctioned, resourced and staffed, and monitored with an appropriate partnership structure.

8. Provide sponsorship of the LMP and accept accountability for its success at each KP and Union Operational Level.

This proposal is approved effective __22__ by the undersigned: