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# NATIONAL AGREEMENT



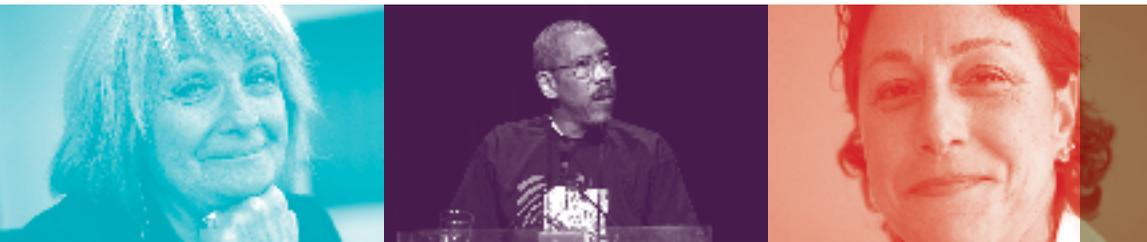
A SUMMARY\_

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# AN AGREEMENT TO STAND TOGETHER



This report summarizes key provisions of the **2010 National Agreement**, focusing on the economic package and the four areas from the 2005 National Agreement that were renegotiated—performance improvement and the Performance Sharing Program; the Labor Management Partnership; Attendance; and Workforce Planning and Development. To see the full agreement, please visit [LMPartnership.org](http://LMPartnership.org). To see the list of unions covered by it, visit [LMPartnership.org/local-contracts](http://LMPartnership.org/local-contracts).

## INTRODUCTION

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A new National Agreement between Kaiser Permanente and the Coalition of Kaiser Permanente Unions takes effect October 1, 2010, and expires September 30, 2012, recommitting KP workers, managers and physicians to a better way of delivering care and doing business.

The agreement includes an economic package with raises, preservation of benefits and enhanced incentives tied to attendance. It provides for a 3 percent across-the-board wage increase in each of the two years of the agreement, maintenance of the current benefit package, an enhanced sick leave cash-out option and stable funding for workforce development trust funds.

But, like the 2005 National Agreement on which it is based, the new agreement goes well beyond the scope of traditional labor contracts. It commits all parties to improve affordability, service and quality for health plan members. It strengthens KP's unique Labor Management Partnership, puts performance improvement tools into the hands of frontline workers and managers, and establishes a path for the development of high-performing unit-based teams. UBTs—Kaiser Permanente's strategy for performance improvement at the front lines—now have measurable goals and benchmarks for success over the next two years (*see Path to Performance, next page*).

**“The new National Agreement reinforces our organizations’ commitment to put our members and patients at the center of what we do,”** said **Barb Grimm**, senior vice president of the Office of Labor Management Partnership. **“It recommits us all to the growth of unit-based teams, where people closest to our members and patients do their work. It also builds on and helps spread the learning that happens every day in our workplaces.”**



The agreement explicitly names the KP Value Compass as the way to lead change and achieve KP's operating strategy—a recognition that a shared, sustained focus on the needs of our patients and members is the key to solving problems and transforming KP.

And the agreement creates a Partnership Health Care Benefits Committee to make joint recommendations for containing the cost of care, ensuring the long-term well-being of KP and its model of care—and protecting union jobs that are part of that model of care.

**“We grappled with tough questions, worked to understand each other’s interests and agreed on concrete solutions—reaching consensus and not just compromise,”** said **Chuck Columbus**, senior vice president of Human Resources.

**“The agreement is good for Kaiser Permanente, our workforce and our members and patients. It’s a commitment to continue our work in partnership and to work together to transform KP and American health care.”**

**“Union members are proud to work at Kaiser Permanente,”** said **John August**, executive director of the Coalition of Kaiser Permanente Unions. **“We know it holds a unique place in American society, and our Labor Management Partnership and National Agreement are part of what makes KP a different and better place to work and to get care. With the passage of health care reform, the need for high quality, affordable health care has never been greater, and the agreement positions us to deliver on that.”**

Here are economic highlights of the agreement, followed by a summary of provisions in four key areas—performance improvement, the Labor Management Partnership, attendance and workforce development.

## ECONOMICS

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- Two across-the-board wage increases of 3 percent, effective October 1, 2010, and October 1, 2011, for all Coalition members in every region. (*Hawaii region employees will receive an increase on December 1, 2010, that was negotiated locally prior to national bargaining. They will join in the National Agreement increases on October 1, 2011.*)
- An additional 0.5 percent increase for Southern California registered nurses and California clinical lab scientists.

- Maintenance of all current benefits.
- Funding for the Workforce Planning and Development education trusts, which provide for worker training and skill upgrades both for current and displaced workers, at the rate of 0.27 percent of annual payroll.
- Sick leave cash-out incentive increased to 75 percent (see *Attendance*, page 5).

## PERFORMANCE IMPROVEMENT AND PERFORMANCE SHARING PROGRAM (PSP)

New language in the 2010 agreement will encourage and sustain high performance and strengthen the connection between performance and rewards. Language was added to the agreement to bring greater clarity, consistency and effectiveness to the programs—in effect, to maximize the returns for KP and for the frontline teams that meet jointly established regional business goals.

For instance, the agreement reaffirms that:

- Unit-based teams are part of KP's operating model.
- Their goals now will be aligned with national, regional, facility and unit goals to improve the performance of the organization.
- Newly hired management and partnership union employees will be scheduled within four months to get LMP training.
- The factors used to set goals for the PSP will be determined by year-end for the following year and communicated in January. Progress on those goals will be reported to employees quarterly throughout the year, when possible.

The agreement encourages greater alignment between the day-to-day work of frontline teams and the PSP goals they are working toward. In addition, it establishes consistent standards for assessing the performance of UBTs across the organization and sets a timeline for reaching high performance.

**“It’s important for all participants in UBTs to have line of sight to their goals and to understand the expected outcomes at the beginning of the year, with frequent updates regarding their progress,”** said **Belva Denmark Tibbs**, vice president of Medical Operations for the Ohio region and a member of the Performance Improvement/PSP bargaining subgroup. **“To achieve the recognition we want as an organization at the national level—if we are to capture the opportunities of health care reform, to be seen as the best place to receive care and the best place to work—we need to have a critical mass of high-performing teams.”**

## LABOR MANAGEMENT PARTNERSHIP, VALUE COMPASS AND PATH TO PERFORMANCE

Unit-based teams, the drivers of performance improvement across KP, will benefit from adoption of the Path to Performance—a uniform, national standard for rating UBTs. The agreement sets goals for increasing the number of high-performing unit-based teams over the life of the contract.

The table below outlines the five stages of development that UBTs go through to become high-performing teams. The agreement identifies several elements of success (including team sponsorship, leadership, training, engagement, and goal setting and delivery) and provides criteria to rank teams on each element at each stage of development.

Path to Performance: LMP developmental pathway for unit-based teams				
Level 1	Level 2	Level 3	Level 4	Level 5
Pre-Team Climate	Foundational	Transitional	Operational	High-Performing
Unit is learning what a unit-based team is and how UBTs work.	Team is establishing structures and beginning to function as a UBT.	Team is demonstrating progress on engagement and making improvement.	Team has joint leadership, engagement of team members and improved performance.	Team is fully successful and collaborating to improve/sustain performance against targets.

For the full contents of the Path to Performance and easy-to-use performance improvement tools for your UBT, see [LMPartnership.org/ubt/high-performing-teams/path-to-performance](http://LMPartnership.org/ubt/high-performing-teams/path-to-performance).

The agreement establishes several measures to help teams meet their goals:

- To ensure high performance, all UBTs will be rated at least quarterly, based on the Path to Performance criteria.
- All team rankings will be entered into a national UBT tracker database.
- Mechanisms will be developed to identify and support underachieving teams and to recognize and reward high-performing teams.
- By year-end 2011, there will be twice as many high-performing teams in place as reported at the end of 2010; the number of high-performing teams will increase by an additional 20 percent in each of the next two years, 2012 and 2013.

The agreement lays out a path for moving from projects to pilots and on to whole systems improvement, recognizing that all four points of the Value Compass (quality, service, affordability and best place to work) affect the total value that the organization delivers to members and patients.

In addition, the Labor Management Partnership's joint Strategy Group will establish a committee to improve partnership accountability; this will include a method for frontline union and management leaders to provide reciprocal feedback.

**“We focused our work on the Value Compass, using that to guide us rather than falling back on rhetoric,” said Michele Knox, MD, chief of ophthalmology, Hayward Medical Center (Northern California) and a member of the Partnership bargaining subgroup. “That led to very positive outcomes and to a better understanding of day-to-day working relationships, which have a huge impact on our work.”**

## ATTENDANCE

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To improve attendance, new language in the agreement includes enhanced incentives for employees who bank their sick leave. Currently, employees with at least 10 days of banked sick leave at the end of each year can cash out up to 10 days of unused annual sick leave at 50 percent of value (or the proportional equivalent for part-time employees). That benefit remains in effect. In addition, under the new agreement, employees with *at*

*least one year's worth* of annual accrued sick leave in their post-January 1, 2006, bank may instead cash out up to 10 days of unused sick time at *75 percent* of value.

Another change involves the date that employees receive their annual allotment of sick days. The 2005 National Agreement frontloaded employees' sick time every January. Now annual sick leave will be allotted starting on each employee's anniversary of hire. A transition year will be put in place until the new system is fully operational. No days or benefits will be lost in the process.

The new agreement also continues health care reimbursement accounts (HRAs), a benefit introduced in 2008 to provide additional options for rewarding good attendance. Under the HRA:

- Upon retirement, eligible employees can convert 80 percent of their unused sick time to fund their account.
- Participants may use the HRA to cover many of their out-of-pocket medical, dental, vision and hearing expenses, as allowed by federal regulations.

In effect, the annual cash-out options reward good attendance on a year-to-year basis, while the HRA option provides maximum long-term benefit for employees who bank a large number of sick days until retirement.

**“HRA allows frontline workers to support their health care needs in retirement by using current sick leave appropriately. By doing so over time, workers can fund their HRA accounts, which can help pay for out-of-pocket medical expenses,” said Ken Deitz, executive vice president of UNAC/UHCP and a member of the Attendance bargaining subgroup. “It's a great and very innovative benefit, and it also helps our departments run better for our patients.”**

## WORKFORCE PLANNING AND DEVELOPMENT

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The new agreement extends the comprehensive approach to workforce planning and development established by the 2005 National Agreement, including workforce communications, redeployment, training for hard-to-fill positions and funding of two education trusts, the SEIU UHW-West Joint Employer Education Fund and the Ben Hudnall Memorial Trust. It ensures stable, annual funding by providing that:

- The education trusts receive annual funding of 0.27 percent of payroll. Those funds support base services, such as the individual stipend, forgivable loan and career counseling programs.
- An additional \$3 million a year will go to the Ben Hudnall Memorial Trust.

New language in the agreement also ensures that:

- When positions are eliminated or staff redeployed, Workforce Planning and Development program leaders should be engaged as soon as the unions are notified, so that Coalition employees consistently receive assistance as early in the process as possible.
- A task force will be created to identify barriers in hard-to-fill/critical positions.

**“One of the big concerns we had was about the support for Workforce Planning and Development, and specifically about redeployment,” said Earlene Person, a lead steward for SEIU UHW and a member of the Workforce Planning bargaining subgroup. “In the end, we were able to come to consensus to make sure that labor will be involved in any redeployment process from the beginning and that we can take full advantage of what Workforce Planning and Development has to offer our union members.”**

## ADDITIONAL PROVISIONS

### Flexibility

KP and the Union Coalition agreed to use the interest-based problem-solving process to address unresolved issues regarding flexibility. In addition, a senior group of KP and union leaders will help implement more flexible practices. This includes engaging labor in discussions in the initial stages of development of an initiative or program.

### Health plan growth

The agreement commits the parties to formulate joint strategies to grow KP membership, adapt to a changing health care marketplace and pursue opportunities arising from national health care reform. Senior leaders of KP and the Union Coalition will establish a joint strategic policy group responsible for developing and supporting product development, marketing and a health care reform presence that positions KP as a national leader for delivering high-quality, efficient health care.

## Partnership Health Care Benefits Committee

KP is committed to providing high-quality health care benefits to its employees, retirees and their families. With health care costs continuing to escalate, KP and the Union Coalition have agreed to educate themselves about the problem and explore opportunities and strategies to manage these costs. A jointly appointed Partnership Health Care Benefits Committee will research, develop and propose specific and concrete options to control KP’s overall health care benefit costs for employees and retirees. The committee’s role is to make recommendations about how to address these issues to the executive director of the Union Coalition and KP’s senior vice president of Labor Relations, who will be responsible for obtaining approval from the KP Partnership Group and the Union Steering Committee.

There will be no benefit changes during the term of the 2010 National Agreement.

**“This is a committee like no other,” Donna Lynne, president of the Colorado region, said of the Partnership Health Care Benefits Committee. “We were able to open a discussion with labor on very tough issues with great candor. We saw a commitment to make this work from management, labor leadership and from rank-and-file workers.”**

**“The nation is looking to us to figure out how to deliver more affordable, quality health care,” said John August, executive director of the Union Coalition. “Our commitment to talk to one another honestly about what the facts are—so we can preserve our resources and protect our social mission—sets us apart from others. Affordability requires that we reduce our expense trends, and that we create value for members and patients through our delivery system, our technology and our skilled, engaged workforce.”**

## WHAT’S IN IT FOR US?

As in previous years, the 2010 National Agreement was reached through interest-based bargaining—a collaborative approach to solving problems that strives to meet all parties’ needs.

In contrast to traditional bargaining, where each side stakes out its position going in, interest-based bargaining begins with all parties discussing what their needs are. Both parties work on an issue together, explore options and find a solution that meets the key interests.

Most bargaining team members say this approach brought good results, but the interest-based process can be challenging.

**“When we’re looking for mutual interests at a national level, there’s not much ability to raise issues like local work rules and work conditions versus wages and benefits,”** said **Judy White**, medical group administrator for Orange County. **“In traditional bargaining, these things are negotiated together and can be traded off.”**

But interest-based bargaining does not paper over differences or preclude creative problem solving.

**As White also noted, “The National Agreement recognizes significant rights that are not always exercised by either side. The existing language doesn’t get in the way of looking at a lot of things we wanted to do differently, both labor and management.”**

The interest-based process also recognizes that while building on shared interests, a good agreement also must satisfy each party’s respective interests. Management interests, for instance, include meeting goals, maintaining flexibility and watching spending. Frontline workers’ interests include workplace equity, opportunities for advancement and employment security.

## So how does the 2010 National Agreement satisfy the parties’ interests? Here’s what members of the union and management bargaining teams have to say:

**“The National Agreement represents the outcome of a tremendous amount of energy and dedication that labor and management demonstrated. Not only did we use the principles of interest-based bargaining—in many instances we jointly bargained from the context of the Value Compass, agreeing that labor and management’s gains needed to concurrently benefit our patients.”**

– **Rachelle Heartte**, social worker, SEIU UHW, Northern California

**“We now have more clarity about the agreement. We have a commitment from labor and management to work on the cost trends and realize the challenges we face as an organization. Moving forward, we are better prepared for health care reform and the economy.”**

– **Debbie Zuege**, RN, senior director, Nursing and Women’s Health, Colorado

**“We need to be mindful that we represent the interests of our constituencies. There is always an element of traditional bargaining, even in interest-based bargaining...[but] it was pretty amazing to me that people come from all over with diverse interests and what we discovered is that we have common interests. And it all seemed to fall together.”**

– **Helen Spiegel**, LCSW, UBT consultant, UFCW Local 7, Colorado

**“We were able to come to an agreement expeditiously, and in this environment, with so many things to focus on, that was very important. It’s also important that the agreement is for two years because the world is**

**changing so quickly that being able to come back and revisit where we are in two years is huge.”**

– **Christine Robisch**, senior vice president and area manager, San Francisco

**“I served on Union Coalition bargaining teams in 2000, 2005 and 2010. The 2000 bargaining was historic, but what a difference ten years makes. Participation in the workplace has expanded—we have UBTs in areas where we did not have them before. Worker engagement has improved service and quality of care for KP members and patients. Partnership is the way we do business now. Senior management at regional, facility and department levels bought into our partnership. And our agreements are better than ever.”**

– **Therron “Ron” King**, certified surgical technologist, shop steward, SEIU UHW, Southern California

**“Health care reform is just ramping up. If we can position ourselves as truly the best place to receive care—and demonstrate that through our values and our performance—we will get more than our share of new members....The flexibility and shared goals we have built into the National Agreement and into our partnership will be critical. The foundational work we did in partnership will make the hard work ahead easier.”**

– **Belva Denmark Tibbs**, vice president, Medical Operations, Ohio

**“We did what we said we were going to do. We protected our benefits. We even got a pay increase. We protected our employment security.”**

– **Olivia Devers**, certified nursing assistant 11, SEIU Local 49 chief steward, Sunnyside Hospital, Northwest



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*The Power of Partnership*

**The Coalition of Kaiser Permanente Unions  
and Kaiser Permanente**

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**THIS IS A SUMMARY OF THE 2010 NATIONAL AGREEMENT.**

Visit [LMPartnership.org](http://LMPartnership.org) for related materials—including the full text of the agreement, which will be available in booklet form in the eStore or as a downloadable 8.5" x 11" pdf—and for tools and stories that will help your unit-based team succeed.