

*Roy's D-407*

**LABOR-MANAGEMENT PARTNERSHIP AGREEMENT**

**CLARIFICATION OF EMPLOYMENT SECURITY  
PRINCIPLES AND APPLICATION**

October 20, 1999

To "provide Kaiser Permanente employees with the maximum possible employment and income security within Kaiser Permanente and/or the health care field."

– one of the Partnership Goals, from the Labor-Management Partnership Agreement signed June, 1997

"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."

– Partnership Agreement, June 1997

**Labor-Management Partnership Equation:  
Performance = Security + Governance + Rewards**

# LABOR-MANAGEMENT PARTNERSHIP AGREEMENT

## CLARIFICATION OF EMPLOYMENT SECURITY PRINCIPLES AND APPLICATION

October 20, 1999

LABOR-MANAGEMENT PARTNERSHIP EQUATION  
PERFORMANCE = SECURITY + GOVERNANCE + REWARDS

### LANGUAGE FROM PARTNERSHIP AGREEMENT SIGNED JUNE, 1997:

**PARTNERSHIP AGREEMENT GOAL:** "Provide Kaiser Permanente employees with the maximum possible employment and income security within Kaiser Permanente and/or the health care field."

**PARTNERSHIP AGREEMENT LANGUAGE:** "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.~~"

The National Labor-Management Partnership Agreement unites Kaiser Permanente and signatory labor organizations in a common goal to make Kaiser Permanente the pre-eminent deliverer of health care in the United States. We are jointly committed to demonstrating that labor-management collaboration produces superior health care outcomes, market leading competitive performance and a superior workplace for Kaiser Permanente employees.

Employment Security is a goal of the Partnership and one of the cornerstones of workforce engagement and, as such, is an integral part of the Partnership commitment to market leading performance. It represents an expression of the vision of Kaiser Permanente and the Unions to provide a new level of commitment to employment and income security for Kaiser Permanente employees covered by the Partnership, with a goal of doing everything reasonably possible to avoid the permanent displacement of personnel.

It is our belief that workforce engagement is critical to the success of changing the way we do work, resulting in better quality, greater efficiencies and increased growth. It is unrealistic, however, to expect employees to participate in process improvements if as a result they redesign themselves out of a job or if the result is their co-workers lose their jobs.

## THE COMMITMENT TO EMPLOYMENT AND INCOME SECURITY

Our commitment is to re-deploy, not lay-off, employees who are displaced. Accomplishing our Employment Security goal will require new behaviors and approaches from both Kaiser Permanente and the Unions, including:

- Increased planning and flexibility -- It is not the intent of the parties to discard or ignore existing contract provisions such as seniority, job posting, or displacement. However, the Employer's ability to honor its commitment to maximize employment security and locate economically feasible alternatives for displaced employees may be directly proportional to union flexibility with regard to such provisions. Accordingly, it is expected that unions will develop a process to achieve flexibility in contract provisions when necessary to maximize employee opportunities during periods of transition.
- Resources, time and new processes -- Maximizing employment security requires a mutual commitment to engage in proactive problem solving at the onset of a problem and to allow sufficient time to process solutions. It also requires a commitment to provide reasonable transitions for those affected and to consider solutions in light of current business and operational goals and realities. And, it assumes establishment of an aggressive workforce planning process--a formal long-term approach to managing the "people" resources of Kaiser Permanente.

Turnover will provide opportunities to allow displaced persons to return to their former classification. However, the parties recognize that an employee's ability to return to his/her former classification may not always be possible due to rapid changes in technology and the health care environment.

The following is what it will minimally require to achieve the employment and income security in all situations other than those defined as extraordinary circumstances, and is intended to assist the parties in implementing the Employment and Income Security provision. The parties are encouraged to use creativity in adapting these principles to respond to local situations.

The Partnership Agreement recognizes that extraordinary circumstances, as deemed by Program level Health Plan/Hospitals leadership and Permanente Medical Group leadership, could present situations which would require the parties to come together for a high level joint review to examine what is appropriate for that situation. Examples of extraordinary circumstances are those which impact a significant number of employees and could include closure or divestiture of KP operations, severe KP membership or financial losses, technological changes which impact job classifications, legislative or regulatory changes which broadly affect operations, etc.

## WORKFORCE PLANNING

Collectively, the parties will develop and oversee a comprehensive workforce planning strategy and implementation plan. Oversight responsibility for the plan elements and results relating to Employment Security will reside with the Senior Partnership Committee (SPC). Regions, together with their union partners and with Human Resources and Labor Relations, will have accountability in their areas of responsibility for developing and implementing plans which are integrated with the overall strategic business plans and consistent with Employment Security goals.

Workforce planning includes:

- Identification of existing and anticipated shortages
- Identification of both emerging and obsolete skills or job classifications
- Analysis of workforce demographics, e.g., age, skill, education
- Projections of changes in the health care field and implications for Kaiser Permanente
- Impact of Kaiser Permanente business plans on the workforce
- Mechanisms and action plans for:
  - Retraining opportunities
  - Harvesting vacancies for placing displaced employees
  - Creating positive incentives for managers to accept displaced employees and to provide retraining
  - Formal redeployment plans
  - Union and management flexibility in terms of policies, practices or contract language barriers
  - Changing hiring policies to compensate for redeployment efforts and reflect practices necessary to support a strong employment security commitment
  - Reviewing the feasibility of internalizing services or functions which are performed by external providers

The workforce planning strategy is expected to define roles and responsibilities, including both tasks and needed changes in awareness levels. Everyone, both management and union, must view potential vacancies as redeployment opportunities and be held accountable for achieving employment and income security goals.

## EMPLOYMENT SECURITY

Employment security for re-deployment purposes is defined as:

- Comparable number of hours of previously scheduled weekly hours

- Comparable classification, if possible
- Placement at a facility within a reasonable geographic area of the previous facility or an employee's residence
- Comparable rate of pay (Same)
- Comparable shift (Day, Evening, or Night. Specific shift hours may vary.)

In situations where a comparable classification is not available, work as nearly comparable as possible will be provided, with the intent of re-assigning the employee to his/her former classification when and if such work becomes available.

In some situations, it may not be possible to provide comparability in all dimensions outlined above. Managers and unions within regions are advised to develop a process to handle such situations. An effective process will include a methodology for allowing employees to prioritize the dimensions that are most critical to them and for insuring that seniority of displaced employees is used in determining choice of available positions.

## REDEPLOYMENT AND TRANSITION STATUS

A displaced employee who cannot secure a position in the same classification previously held will be placed into an available position in the most comparable classification for which he/she qualifies. The employee's current rate of pay will be maintained during a transition period of one year or longer, if mutually agreed to. (Individuals placed in a higher classification will be paid the higher wage rate.) The purpose of transition status is to maintain employment and income for an affected employee for a temporary period of time with the intent of returning to the previous classification when an appropriate vacancy becomes available. While in transition status, an employee will maintain the benefits status he/she held prior to transition.

During transition status, the Employer and the employee have a mutual accountability to monitor vacancies for potential placement back into the previously held position. Whenever possible, employees on transition status should have preference for such vacancies. Employees are expected to accept opportunities for a comparable position, or the privileges of the transition status will be forfeited. In the event there is a strong likelihood that the previous classification will no longer be available, the employee is expected to actively seek education and training to qualify for a different position. It is the intent of the parties to provide reasonable education and training opportunities for employees to pursue.

To effectively place employees out of the "transition status", a workforce planning strategy must be employed to plan for and capture potential vacancies. A joint process to review the situations of employees on transition status is recommended. The employer, the union and the employee have a mutual and continuing

accountability to actively utilize the transition period to achieve return to the previous classification or to explore other avenues which help meet employment security goals.

At the end of one year, employees who have not returned to their prior classification will be paid in accordance with the wage scale of the position they occupy. Management and the unions in each Region are also encouraged to consider other options which may be mutually agreeable and which provide a reasonable transition. Examples include "red circle" formulas, "grandfathering", or other solutions. However, to assure appropriate consistency and fairness, the parties are encouraged to select a single option to apply to the current situation, or at a minimum, to clarify up front which option will apply in given circumstances. Existing contract language may also provide or define appropriate solutions.

## PROCESS

The Partnership Agreement outlines the intent of Kaiser Permanente and the signatory unions to instill a culture of workforce engagement and joint problem solving. This means that when a problem or issue is identified, whether by management, unions or the workforce, all parties will engage in defining the problem and its resolution. This engagement means that management will need to be more inclusive in the solution finding process and the unions and employees will need to be more responsive in helping find the solutions. These employment security principles are intended to insure that the parties freely and creatively enter into problem solving.

It is hoped that these principles will assist the parties in exploring all reasonable efforts for redeployment and transition for employees impacted by changes. It is expected that each Region will develop and utilize a Partnership appeal mechanism to review any situations in which achieving employment security goals is particularly challenging or in which either party feels there is a failure to adhere to the mutual commitments regarding employment security. The following are suggested for inclusion in such a review:

- Redeployment opportunities explored
- Retraining opportunities explored
- Transition options explored
- Other avenues considered
- Alternatives such as voluntary severance, leaves of absence, etc.
- Options for resolving the situation

An impasse resolution mechanism will be defined by the parties in advance to address situations where the parties cannot reach agreement on the above. Suggestions include the use of a third-party neutral or a small panel that is empowered to reach a decision. The panel could be composed of local representatives, representatives from

the SPC or Office of Labor-Management Partnership (OLMP) or any other qualified representatives acceptable to both parties.