2015 Tentative Agreement

COALITION OF KAISER PERMANENTE UNIONS

BENEFITS: STILL THE BEST PLACE TO WORK

- ACTIVE MEDICAL — PRESERVED
- RETIREE MEDICAL — PRESERVED
- PENSION — PRESERVED
- PENSION for all of the UNAC/UHCP-represented pharmacists in Southern California hired on or before Dec. 31, 2013 — RESTORED

Active medical: health insurance benefits remain intact.

- NO CHANGE TO CO-PAYS EXCEPT FOR ER*
- NO PREMIUMS FOR MOST MEMBERS
- NO CHANGE TO PREMIUMS FOR THOSE WHO ALREADY HAVE THEM
- NO DEDUCTIBLE

*On 1/1/2017, emergency room co-pays increase to $50 in California and the Northwest regions, and $100 in all other regions outside California.

New and Improved!

ENHANCEMENTS: ALL COALITION MEMBERS WILL ENJOY THE SAME DENTAL, LIFE INSURANCE AND TUITION BENEFITS ACROSS ALL REGIONS*

KP-PAID BENEFITS INCREASED

- LIFE INSURANCE — $50,000
- DENTAL ANNUAL MAX — $1,500
- LIFETIME MAX FOR ORTHODONTIA — $1,500 PER CHILD
- ANNUAL TUITION REIMBURSEMENT — $3,000

* Unions that have better benefits will keep those.

ACROSS-THE-BOARD WAGE INCREASES

	OCT. 1, 2015	OCT. 1, 2016	OCT. 1, 2017	SEPT. 1, 2018
ROCs	+2%	+2%	+2%	+1%
California	+3%	+3%	+4%	n/a

MORE $ FOR EDUCATION = MORE OPPORTUNITIES FOR US

+33%

Over the three-year contract, KP will contribute an additional $29.2 million to the Ben Hudnall Memorial Trust and SEIU-UHW Joint Employer Education Fund. This includes funds to support to workers in redeployment. This funding helps cover training and program stipends to promote skill enhancement and career development.

Once ratified, this agreement will take effect Oct. 1, 2015, and be in effect through Sept. 30, 2018.

COALITION OF KAISER PERMANENTE UNIONS

PROTECTING AND IMPROVING RETIREE HEALTH BENEFITS

Our Tentative Agreement protects quality health benefits for Kaiser Permanente retirees that we've achieved through partnership—at a time when **84 percent** of health care employers ***do not*** provide *any* type of retiree health benefits. Retirees will **not** pay more for their health benefits, and most will save money. This long-term solution protects current and future retirees.

How is the new plan better?

- Retirees outside of California who now pay a significant portion of their monthly premium will see this drop to below $10, or eliminated completely.
- A Health Reimbursement Account funded by KP will cover most out-of-pocket costs. This will result in little to no costs for retirees, spouses and dependents.
- It's a long-term solution that protects current and future retirees.

If the new plan is better for retirees, why did KP agree to it?

Moving from a small group plan limited to KP retirees to the Kaiser Permanente Senior Advantage (KPSA) plan open to the public reduces premium costs to KP because it spreads the risks across a larger population. Lower premiums reduce KP's future liabilities, and because of accounting rules it improves KP's ability to borrow money.

HERE'S THE BREAKDOWN:

No Immediate Change for California; Improvement for ROCs

For current retirees, or if you retire before 1/1/2017, current benefits will remain in place.

- **California:** If you retire after 1/1/2017, current benefits will remain in place until at least 2028, after which you will transition to the new KPSA/HRA plan.
- **Regions Outside California:** People who retire after 1/1/2017 will move to the new plan because it will be an immediate savings to retirees.
- Employees covered by grandfathering provisions will remain covered.

Enrollment in KPSA covered by KP-paid premium subsidy

- When the region transitions to the new plan, retirees will enroll in a Kaiser Permanente Senior Advantage plan (KPSA) in their county. (KPSA is a Medicare Advantage plan that covers Medicare Part A, B and D).
- Retirees and their spouses will receive a subsidy that will cover the monthly KPSA premium for the basic level plan.
- The KP-paid premium subsidy will improve by three percent each year to keep up with rising health care costs.

Health Reimbursement Account covers most out-of-pocket expenses

- A Health Reimbursement Account (HRA) will be established and maintained by KP for each retiree to use for the higher co-pays expected. It may also be used to cover premium costs for the basic plan, if necessary. (This is separate from the HRA that some employees have in connection with their unused banked sick leave.)
- The HRA is in addition to the monthly premium subsidy.
- Upon retirement, KP will set up the HRA with an amount based on years of service. The retiree will be credited with $2,000 for every year of service. The HRA covers out-of-pocket expenses for spouses and dependents as well.
- This account will be reloaded with $10,000 when the retiree reaches age 85 to cover additional health expenses.
- The HRA will be set up to provide direct payment of out-of-pocket costs, avoiding any need for retirees to file for reimbursements.

YEARS OF SERVICE	HRA TOTAL
15	$30,000
20	$40,000
25	$50,000

NOTE: Most regions' retiree medical eligibility requirements are 15 years of service at age 55 or older. Consult your local agreement or local union to confirm retiree medical eligibility in your region.