

COLLECTIVE BARGAINING NEGOTIATIONS
NUHW INTEGRATED BEHAVIORAL HEALTH SERVICES / THE PERMANENTE
MEDICAL GROUP, INC.

EMPLOYER PROPOSAL
February 12, 2014

Modifications to the Employer's proposal on Article XXIV – Health & Welfare Benefits for Retirees, Section 1 – Health Plan are indicated by underline and strikethrough below.

ARTICLE XXIV – HEALTH & WELFARE BENEFITS FOR RETIREES

SECTION 1 – HEALTH PLAN

A. Retiree Health Plan Coverage for Current Retirees Prior to January 1, ~~2015~~ 2016

A “Current Retiree” means an employee who retires on or after the effective date of this Agreement, and before January 1, ~~2015~~ 2016.

Through December 31, ~~2014~~ 2015, Retiree Medical Coverage remains unchanged for eligible Current Retirees.

Employees retiring with fifteen (15) years of service and are age fifty-five (55) or older receive medical coverage when they become eligible for and participate in Medicare Parts “A”, “B” and “D”. Eligible retirees and their eligible dependents receive coverage under the Kaiser Foundation Health Plan known as “Senior Advantage” or the Preferred Provider Option (PPO) Plan coordinated with Medicare. In the event that the cost of the PPO Plan exceeds the Health Plan coverage, the retiree will bear the cost difference. The employee and spouse or eligible domestic partner must enroll in Medicare Parts “A”, “B” and “D” when first eligible to have continued Health Plan or PPO coverage. If the employee chooses the Kaiser Foundation Health Plan option, the employee and spouse or eligible domestic partner must assign all Medicare benefits to Kaiser Permanente. Employees hired prior to February 1, 1986, are covered under the Medicare Reimbursement program, and will be reimbursed for standard Medicare Part B premiums. Employees hired on or after February 1, 1986, will not be reimbursed for Medicare.

Retiree medical coverage is extended to the retiree's spouse or eligible domestic partner and eligible dependent children. Physically or mentally disabled children are covered regardless of age, provided such disability occurred prior to the dependent children turning age twenty-six (26). The retiree may need to provide annual certification of disability and dependency. Upon the death of the retiree, coverage continues for the surviving spouse until remarriage or death, for the eligible domestic partner until marriage, reentering a domestic partnership or death, and for surviving dependent children until they no longer meet the eligibility requirements.

Employees hired prior to February 1, 1986, who meet the eligibility requirements for early retirement (i.e., age 55 and 15 years of service, or age plus years of service = 75), normal retirement (age 65), or postponed retirement (over age 65), and their eligible dependents will receive Health Plan (with vision benefits), dental, and retiree life insurance coverage immediately upon retirement, and Medicare reimbursement for standard Part B premiums as applicable.

Employees hired on or after February 1, 1986, and are age 55 or older, with at least 15 years of service when they retire, and their eligible dependents will receive Health Plan coverage (without vision benefits) upon participation in Medicare (generally age 65). Retiree life insurance coverage is provided at retirement.

B. Retiree Medical Program for Active Employees On or After January 1, 2015 2016

Section 1 – Retiree Health Plan Coverage for Active Employees on and After January 1, 2015 2016

Retiree Medical Program “Eligibility” For Active Employees

Category 1. Is an active employee who was hired before January 1, 2015 2016, and who is age fifty-five (55) or older with fifteen (15) or more years of service upon termination. A year of service is defined as 1,000 compensated hours or, if more favorable, as otherwise defined under the rules existing prior to January 1, 2015 2016. On or after January 1, 2015 2016, a year of service is equal to two thousand (2,000) compensated hours, and prorated for each year in which the employee has at least 1,000 hours but fewer than 2,000 hours.

Category 2. An active employee hired on or after January 1, 2015 2016 who is age fifty-five (55) years or older with twenty (20) or more years of service upon termination. A year of service is defined as two thousand (2,000) compensated hours, and prorated for each year in which the employee has at least 1,000 hours but fewer than 2,000 hours.

Retiree Medical Program “Medical Subsidy” For Category 1 and 2 Employees

Category 1. Upon attainment of age sixty-five (65) or older, or Medicare-eligibility if earlier, a Category 1 retiree shall receive a Medical Subsidy toward enrollment in the Northern California Region Kaiser Permanente Senior Advantage Plan (“KPSAP”) or as further described in the “Medical Subsidy” rules below. The Medical Subsidy for 2015 2016 shall be equal to the greater of \$175 per month or the monthly plan premium of the highest cost individual Northern California Region Kaiser Permanente Senior Advantage Plan or its successor as of January 1, 2015 2016. After 2015 2016, the Medical Subsidy shall increase by three percent (3%) each year. A Category 1 Retiree’s spouse or eligible domestic partner shall receive a Medical Subsidy equal to one hundred percent (100%) of the retiree’s Medical Subsidy. The 100% Medical Subsidy for a spouse or eligible domestic partner will not apply until the retiree attains

age sixty-five (65). If the Category 1 retiree's spouse or domestic partner is not yet Medicare eligible when the Retiree attains age 65, the spouse or domestic partner shall be covered under the active employee plan in effect, until attainment of age sixty-five (65) or Medicare-eligibility if earlier. A Category 1 retiree's eligible dependent child and disabled dependent child shall be covered under the active employee plan in effect at the time that the eligible dependent receives services. The Retiree Medical Program for a Category 1 retiree's eligible dependents (spouse, domestic partner, and/or eligible children) will not apply until the retiree attains age 65 or Medicare eligibility. Eligible spouse/domestic partner, or eligible disabled dependent children, who are not yet Medicare eligible, must enroll in Medicare and Kaiser Permanente's Senior Advantage Plan as soon as they become eligible in order to maintain retiree medical coverage.

Category 2. A Category 2 retiree, his or her spouse or domestic partner, and his or her dependent child will not receive a Medical Subsidy.

Retiree Medical Program "Medical Subsidy" Rules of Application (Category 1 only)

If the Medical Subsidy amount exceeds the premium costs, then the excess amount will be forfeited. Any cost of medical coverage above the Medical Subsidy shall be borne by the retiree. A retiree who does not pay the retiree's share of KPSAP premiums shall lose coverage in accordance with KPSAP terms. If a retiree does not pay the retiree's share of KPSAP premiums for his or her Medicare-eligible spouse or domestic partner, the spouse or domestic partner shall lose coverage in accordance with KPSAP terms. Within the Northern California Region or another Kaiser Permanente Service Area, Medical Subsidy applies only for KPSAP coverage (and not for any non-Kaiser Permanente plan). A retiree must enroll in Medicare Parts A & B and any other relevant Parts of Medicare, assign his or her Medicare rights to the applicable Kaiser Permanente Plan, and take such other action as the applicable Kaiser Permanente Plan determines is necessary to assign/coordinate Medicare. The spouse or domestic partner must also take the same actions when eligible. If the Category 1 retiree's spouse or domestic partner is not yet Medicare-eligible when the Retiree attains age 65, the spouse or domestic partner may use the 100% Medical Subsidy towards payment of premiums of any plan offered by Kaiser Permanente. If the retiree does not pay the balance of the premiums for the spouse or domestic partner, the spouse or domestic partner shall lose coverage in accordance with the plan terms. If a Category 1 retiree and/or his or her eligible dependents reside outside of a Kaiser Permanente service area, the Medical Subsidy can be used for any medical premiums permitted by the Internal Revenue Code.

The Medical Subsidy for a Category 1 retiree, for his or her spouse or eligible domestic partner, and coverage for the Category 1 retiree's eligible dependent children, shall not apply until the Category 1 retiree attains age 65 or is Medicare eligible unless the retiree meets the definition of Category 3: Disabled Employees as described in Section 2.

In the event of a Category 1 retiree's death, the 100% Medical Subsidy for a surviving spouse or eligible domestic partner will continue for the survivor until remarriage/recommitment or death.

Retiree Medical Health Reimbursement Account ("HRA") For Category 1 and 2 Employees

A Category 1 employee will receive an Employer allocation to an unfunded Retiree Medical Health Reimbursement Account ("HRA") at the time of retirement in the amount of \$750 per year of service. A year of service is equal to 1,000 compensated hours or as otherwise defined under the rules existing prior to January 1, [2015 2016](#). On or after January 1, [2015 2016](#), a year of service is equal to two thousand (2,000) compensated hours, and prorated for each year in which the employee has at least 1,000 hours but fewer than 2,000 hours.

A Category 2 employee will receive an Employer allocation to an unfunded Retiree Medical HRA at the time of retirement in the amount of \$750 per year of service up to a maximum of thirty-five (35) years. A year of service is equal to two thousand (2,000) compensated hours, and prorated for each year in which the employee has at least 1,000 hours but fewer than 2,000 hours.

Retiree Medical HRA Rules of Application

The following rules shall apply to reimbursements from the Retiree Medical HRA:

- 1) A retiree may access the Retiree Medical HRA for reimbursement of IRS-approved expenses (with limitations described in paragraphs 2) and 3) below) upon attainment of age sixty-five (65). A retiree who becomes Medicare-eligible prior to age sixty-five (65) may access the Retiree Medical HRA prior to age sixty-five (65).
- 2) For a retiree residing within a Kaiser Permanente Service Area, reimbursements shall be limited to the KPSAP (or other plans offered by Kaiser Foundation Health Plan) coverage costs, consisting of premiums in excess of the Medical Subsidy and deductibles or co-payments required for covered services under KPSAP (or other plans offered by Kaiser Foundation Health Plan).
- 3) A retiree residing outside the Kaiser Permanente Service Area may receive Retiree Medical HRA reimbursements for any Medicare supplemental plan costs, consisting of Medicare supplemental plan premiums in excess of the Medical Subsidy, and Medicare supplemental plan deductibles or co-payments, based on guidelines issued by the Internal Revenue Service.
- 4) To the extent the Retiree Medical HRA mechanism is not available for a retiree's same-sex spouse or domestic partner, due to federal tax limitations,

this paragraph shall apply. If an eligible retiree has an eligible domestic partner or same-sex spouse who is not a dependent as defined in the Internal Revenue Code, one-third (1/3) of the amount that otherwise would be allocated to the Retiree Medical HRA will instead be paid out in cash to the retiree within ninety (90) days of the later of the date the retiree attains age sixty-five (65) or separates from service. The amount described in this section shall, in no event, be paid later than the end of the applicable calendar year (or the 15th day of the third month after the applicable event, if later).

- 5) In the event of a retiree's death, any balance in the Retiree Medical HRA will be available for the benefit of the retiree's surviving spouse or domestic partner who is an eligible dependent as defined by the Internal Revenue Code. The surviving spouse or domestic partner may access the Retiree Medical HRA for reimbursement of eligible medical expenses, subject to the same Retiree Medical HRA Rules of Application in sections 2) and 3) above, when the retiree would have been eligible to access the HRA. Any balance in the Retiree Medical HRA will remain available until remarriage, entering a new domestic partnership or death.

Section 2 – Retiree Medical Program for Disabled Employees On or After January 1, 2015 2016

Retiree Medical Program “Eligibility” for Disabled Employees On or After January 1, 2015 2016

Category 3. An active employee who is eligible for employer-paid health benefits as an active employee, who retires (separates from service) on or after January 1, 2015 2016 , after becoming disabled, and who has at least fifteen (15) years of service and who is eligible for disability benefits under Title II of the Social Security Act. For the purpose of determining an employee's eligibility under Category 3, a year of service is defined as one thousand (1,000) compensated hours or, if more favorable, as otherwise defined under the rules existing prior to January 1, 2015 2016. On or after January 1, 2015 2016, a year of service is equal to two thousand (2,000) compensated hours, and prorated for each year in which the employee has at least 1,000 hours but fewer than 2,000 hours.

Retiree Medical Program “Medical Subsidy” For Disabled Employees

A Category 3 disabled retiree shall be entitled to a Medical Subsidy equal to the greater of \$175 per month or the monthly plan premium of the highest cost individual Northern California Region Kaiser Permanente Senior Advantage Plan or its successor ("KPSAP") as of January 1, 2015 2016. After 2015 2016, the Medical Subsidy shall increase by three percent (3%) each year. Unless the Category 3 disabled retiree also meets the requirements in Category 1, a Category 3 disabled retiree's spouse, eligible domestic partner and non-disabled children shall not receive a Medical Subsidy. Disabled dependent children shall be covered under the active employee plan in effect

at the time services are received. If the Category 3 disabled retiree also meets the requirements in Category 1, see Category 1, above for 100% Medical Subsidy for spouse/domestic partner, and for coverage for non-disabled children.

The Retiree Medical Program "Medical Subsidy" Rules of Application above, for Category 1 Retirees shall also apply for Category 3, Disabled Retirees.

Employer Allocation to Retiree Medical Health Reimbursement Account ("HRA") For Disabled Employees

A Category 3 disabled retiree will receive an Employer allocation to an unfunded Retiree Medical HRA at the time of retirement (separation from service) in the amount equal to the greater of \$15,000 or \$750 per year of service based on a one-thousand (1,000) hour compensated year or as otherwise defined prior to January 1, [2015_2016](#), if more favorable. On or after January 1, [2015_2016](#), a year of service is equal to two thousand (2,000) compensated hours, and prorated for each year in which the employee has at least 1,000 hours but fewer than 2,000 hours.

The Retiree Medical HRA Rules of Application above for Category 1 and 2 retirees shall also apply to Category 3, Disabled Retirees.

C. Retiree Medical Program for Current Retirees On and After January 1, [2015_2016](#)

A "Current Retiree" means an employee who retires on or after the effective date of this Agreement, and before January 1, [2015_2016](#). An employee "retires" before January 1, [2015_2016](#) if he or she has a termination of employment defined as:

- 1) After attaining at least age 55 with 15 or more years of Service, or
- 2) If hired on or after October 13, 2000, after attaining eligibility for income benefits under Title II of the Social Security Act with 10 or more years of Service, or
- 3) If hired on or before February 1, 1986, after attaining at least age 55 with 15 or more years of service, or after the employee's age plus years of service are at least 75.

Categories of Current Retirees as of January 1, [2015_2016](#)

Category 4. Effective January 1, [2015_2016](#), a Current Retiree who attained age 75 before January 1, [2015_2016](#), shall receive the retiree medical benefits in effect as of December 31, [2014_2015](#) for that retiree, and any eligible dependents. The surviving spouse or domestic partner of a deceased Category 4 Current Retiree shall also continue to receive the retiree medical benefits in effect as of December 31, [2014_2015](#). If the pre-[2015_2016](#) retiree medical benefits required the retiree to pay a share of the plan cost, the retiree (or surviving spouse/domestic partner) shall continue to pay the cost-sharing. Survivor coverage shall continue for the spouse or domestic

partner until remarriage/recommitment or death.

Category 5. A Current Retiree who has not attained age 75 before January 1, [2015](#) [2016](#), shall receive the following Retiree Medical Program. The Retiree Medical Program for a retiree, his or her spouse or eligible domestic partner shall not apply until the retiree attains age 65 or is Medicare eligible.

Retiree Medical Program For Category 5 Current Retirees

Effective January 1, [2015](#) [2016](#), a Category 5 Current Retiree's retiree medical coverage will be equivalent to the KFHP Mid-Plan for active employees. Any changes to the active employee co-payments on or after January 1, [2015](#) [2016](#), will also be implemented for the Category 5 Current Retiree and his/her eligible spouse/domestic partner and dependent children.

The Employer agrees to provide to the Category 5 Current Retiree, Kaiser Foundation Hospital-Surgical-Medical benefits described as Senior Advantage integrated with Medicare, provided the Category 5 Current Retiree retired under the normal or postponed provisions of the pension plan and is eligible for and participating in Parts "A", "B" and "D" of Medicare. If the Category 5 Current Retiree retired under the early or disability provisions of the pension plan, he/she shall become eligible for the Kaiser Foundation Health Plan Senior Advantage coverage at the Employer's expense upon becoming eligible for and participating in Parts "A", "B" and "D" of Medicare. Covered spouses, or eligible domestic partners, of Category 5 Current Retirees must also enroll in Parts "A", "B" and "D" of Medicare when eligible, and assign Medicare benefits to Kaiser Permanente. For Category 5 Current Retirees who were hired after February 1, 1986, such coverage shall not include optical benefits. For employees hired on or before February 1, 1986, such coverage will include vision benefits. Medicare eligible retirees and dependents, to include eligible domestic partners, will be required to enroll in the Senior Advantage Plan. The medical benefits that retirees receive from the Senior Advantage program will be equivalent to the KFHP Mid-Plan Level for active employees. Category 5 Current Retirees covered by Senior Advantage must receive all medical care at Kaiser Permanente facilities in order to receive benefits. If a Category 5 Current Retiree moves outside the Kaiser Permanente service area, he/she will be required to pay that amount of the Out of Area or Out of Region retiree group rate which is in excess of the Senior Advantage Health Plan retiree group rate in effect on January 1 of each year for himself/herself and for any eligible spouse/domestic partner or eligible dependent child. Eligible spouse/domestic partner or eligible disabled children, who are not yet Medicare eligible, must enroll in Kaiser Permanente's Senior Advantage Plan as soon as they become eligible in order to maintain health plan coverage. Current Retirees hired prior to February 1, 1986 are covered under the Medicare Reimbursement program, and will be reimbursed for standard Medicare Part B premiums. Employees hired on or after February 1, 1986, will not be reimbursed for Medicare.

The Employer reserves the right to add, modify, delete, or otherwise change proposals during the course of negotiations.