

COALITION OF KAISER PERMANENTE UNIONS

Dennis Dabney, Senior Vice President
Jim Pruitt, Vice President
Kaiser Permanente
1 Kaiser Plaza
Oakland, CA 94612

July 28, 2019

Dear Mr. Dabney and Mr. Pruitt,

This past Friday night, on the eve of many scheduled strike votes, you contacted us requesting a phone call with a small group of Coalition leaders to go over a new concept from Kaiser Permanente, which you then summarized in an e-mail.

Unfortunately, your new concept fails to address the issues we have raised with your last three proposals. Given that fact, we are concerned that this latest effort is less aimed toward reaching a settlement and more an attempt to confuse and divide Coalition members as they begin voting to authorize a strike — or maybe a bid to distract them from the imminent release of KP's second quarter financial statement.

This tactic won't work. Here's why:

- 1) **Your e-mail does nothing to halt the outsourcing and automation of jobs that Coalition members have very loudly voiced objections to for the past two years.** How have you not heard these concerns? Our members know that their wage and benefits package is meaningless if their jobs can be replaced by low-wage contractors and the care of their patients is turned over to robots. We cannot imagine an agreement that allows the chaos and trepidation Kaiser has inflicted on the families of so many employees over these past two years to continue. We see nothing in your email to address our concerns around maintaining and improving high quality patient care; including adequate staff. We are serious that we need additional staff and resources to give our patients the care they deserve.
- 2) **Your e-mail does not reflect our members' contributions to Kaiser's economic success.** Kaiser's profits are through the roof — \$3.2 billion in the first three months of the year alone — and you are on track to break Kaiser's

annual profit record in just the first six months of this year. You are using those profits to build an extravagant office tower to house your executives and on a promotional scheme with the Golden State Warriors. Why would you so flagrantly disregard the contributions of the frontline workers who made Kaiser's success happen? In these times of record wealth for the company, you want even the California workers to take lower raises than they did in their last contract. The raises offered for Hawaii, Washington, Oregon, Colorado, Virginia, D.C and Maryland will set employees backwards as the cost of living sky rockets. And these only come with a 15% cut for new hires! A 15% cut in pay would put many classifications near minimum wage- what happened to your commitment to be the Best Place to Work? Our members are very clear that a cut in starting pay for future Kaiser workers will put their own future pay at risk.

- 3) **Your e-mail is deliberately divisive.** Our members understand that they are part of a national Coalition and that the strength of that Coalition is that we stand up for each other. It is unacceptable that you would give your CEO a 60% pay raise but think a medical assistant in Denver should only get 1%. Our California members understand we will need those Denver medical assistants to stand with us in the future — and we won't sell them down the river.
- 4) **Your e-mail undercuts our retirement benefits.** Your concept is for Coalition members to have a Health Retirement Account that is 20% lower than the other Kaiser workers, including the managers. How can this be justified? In addition, you propose to eliminate retiree health premium subsidies for all new hires — a first step towards eliminating it for Coalition members when they retire. Again, cuts to benefits during this time of economic prosperity for the company are unwarranted and unacceptable.
- 5) **Your e-mail fails to address the many issues raised in local bargaining.** You continue to create millionaires among your executive peers, but the IT workers in the Inland Empire still aren't on the union pay scale — even after three years of bargaining. The home health therapists in Northern California continue to endure cuts to their retiree healthcare. You do not offer to fully integrate the KP Washington/Group Health members into our National Agreement. These and many other inequities must be addressed as part of an overall settlement.

For these reasons, the concept you emailed us is a non-starter. Moreover, your "new" proposal is clearly regressive. We continue to stand behind the proposal we made to you at our last bargaining session with our full team:

- Five-year agreement.
- Raises of 4%, 3%, 3%, 4%, and 4%

- Equity across the Coalition in raises and pensions
- No cuts to benefits
- No divisive two-tier system
- Five-year prohibition on outsourcing
- No loss of jobs from automation
- Workforce development program
- Equity in Health Retirement Account contributions (\$2,500 per year)
- .5% Ed Fund contribution
- Tuition reimbursement increase to \$750 for travel
- Resolve all local bargaining issues
- Revitalize the Partnership

Given the reality of Kaiser's finances, this is a very fair and modest proposal that will benefit Kaiser patients and employees for years to come and allow Kaiser to continue to thrive financially.

Finally, we are troubled by the lack of respect you are giving the bargaining process, even after all the unfair labor practices the NLRB is pursuing. We don't bargain by e-mail or telephone. On July 11, we showed you and the process the respect of giving your entire team a full proposal in writing and in person, along with a full explanation of that proposal. We expect the same from you if you are planning to put forth a new proposal. We also expect you to provide the information that we've repeatedly requested.

We are open to discussing our proposal and any new proposal from Kaiser in person with our full elected national bargaining committee. Please send us dates you are available to do that.

Sincerely,

Walter Allen
Executive Director, CKPU

Dave Regan
President, SEIU-UHW
Chair of the Board, CKPU

Meg Niemi
Co-Chair LMP Trust