

PORTLAND LAW COLLECTIVE, LLP

BENJAMIN HALL • CATHY HIGHT • KENNETH A. KRUSCHER

1130 SW MORRISON STREET, SUITE 407
PORTLAND, OREGON 97205
TELEPHONE: (503) 228-1889
FACSIMILE: (503) 223-4518

April 9, 2010

VIA EMAIL: Simao.J.Avila@kp.org
and U.S. MAIL

Sim Avila
Senior Counsel
Kaiser Foundation Health Plan, Inc.
One Kaiser Plaza, 19L
Oakland, CA 94612

Re: Step Progression Issues – Letter of Agreement
Our File No. 5509-02

Dear Sim:

This letter will summarize my understanding of the framework for resolution of the above-captioned case to which the parties have agreed orally. I have included only those terms regarding implementation on which I think we currently have agreement; I will provide additional, more detailed proposals separately. Please sign and return one copy of this letter if it is acceptable to you, or if not, please alert me to any concerns you may have.

Changes in Job Description and Longevity Steps.

1. The following sets of job descriptions will be treated as the same “job title” for the purpose of earning credit towards longevity steps:
 - a. Audiologist and Dispensing Audiologist,
 - b. Dietician and Certified Dietician, and
 - c. Nurse Practitioner or Physician Assistant Grades 14, 15 and 88.

In other words, an Audiologist who becomes a Dispensing Audiologist will receive credit towards longevity steps for time both before and after the change.

2. Kaiser Permanente will implement this change prospectively for all employees by advancing employees to the appropriate step as needed.

3. Kaiser Permanente will make retroactive payments to affected individuals for the full difference between their actual pay and that they would have received had this practice been applied to them at all times.
4. The parties believe that the individuals affected are the ten listed in my December 15, 2009 letter.

Crediting of Experience towards Tenure Steps

5. Kaiser Permanente will return to its pre-2005 practice in associating tenure steps with years of experience. In other words, Step 1 will be for employees with no to one year of experience, Step 2 for employees with one to two years experience, and so on.
6. Kaiser Permanente will implement this change prospectively for all employees by advancing employees to the appropriate step as needed.
7. Kaiser Permanente will make an initial retroactive payment to all affected employees equal to the difference between their actual pay during the 2009 payroll year and their pay as it would have been under pre-2005 practice.
8. After implementing the change prospectively, Kaiser Permanente will make a second retroactive payment to all affected employees representing the same difference for period from the beginning of the 2010 payroll year until the effective date of the change. Kaiser Permanente may combine the two payments described in this section into a single payment for each employee.

Premature Movement to or among Longevity Steps

9. This section covers employees who were accidentally given credit for non-Kaiser Permanente experience towards longevity steps.
10. Affected employees will be "red circled." This means that each affected employee will remain at their current hourly wage and forgo across the board wage increases until such time as the wage for their correct step equals or exceeds their actual hourly wage. At that time they will return to being compensated according to their correct step.
11. Affected employees will not be asked to reimburse any past overpayments.
12. Red circling will not affect bonuses such as the PSP bonus.

Implementation

13. This agreement will resolve the three issues described above. The parties specifically acknowledge that this is a settlement and compromise of their respective positions and that the payments made pursuant to this agreement will

provide a complete remedy for disputed compensation claimed on behalf of affected employees.

14. Although the parties have been working cooperatively to determine who has been affected by the issues described above and how much pay they might receive under various proposals, they have not reached definitive answers to these questions. Therefore, the parties are agreeing to the framework and general formulas outlined above. The parties will continue to collaborate to determine individual eligibility and retroactive pay amounts on each issue.

I know that reaching agreement on this framework has required a lot of hard work from many individuals at Kaiser Permanente. They have my gratitude for their diligence and the spirit of cooperation they have brought to the effort.

Very truly yours,

PORTLAND LAW COLLECTIVE


Cathy Highet

cc: Creighton Young
Mark Richard
Kathy Schmidt
Guy Marx
Sharon Culley

Reviewed and Accepted:


KAISER PERMANENTE

04/09/2010
Date