# What is the Kaiser Permanente Labor Management Partnership?

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On December 7 and 8, 52,000 nurses and other health care workers at Kaiser Permanente will be voting on the tentative agreement for a new four-year contract backed by the Alliance of Health Care Unions (AHCU). The 10-union coalition, which includes the United Nurses Associations of California/Union of Health Care Professionals (UNAC/UHCP), announced the deal November 13, less than 48 hours before 32,000 KP workers were set to strike in California, Oregon, Washington and Hawaii.

While the unions predictably praised the deal, it ignores all the major demands of workers for safe staffing levels, significant wage increases to protect them from the surge of inflation and an end to existing wage, pension and health care differentials across geographic regions.

Aside from Kaiser, the main beneficiaries are the executives who head the Alliance of Health Care Unions. According to an AHCU statement, the deal will “strengthen the Labor Management Partnership,” a corporatist body established in 1997, which includes Kaiser management and representatives from the AHCU unions and the rival Coalition of Kaiser Permanente Unions. The coalition, led by the Service Employees International Union-United Healthcare Workers West (SEIU-UHW), signed a similarly miserable four-year contract in 2019, blocking a strike by 80,000 KP workers.

Part of the partnership’s expanded powers will be the setting up of a “national Affordability and Competitiveness Task Force” to boost profits at the expense of workers and patients. The tentative agreement also ties performance-based bonuses to “joint initiatives for cost-cutting in 2023.”

As part of this joint cost-cutting effort, in the third year of the contract, nurses will be offered a $2,000 bonus if they do not use more than one of their 10 allotted sick days in a year. Thus, staffing shortages will addressed not by compelling KP to hire even a single new nurse but by using economic pressure to force the existing staff to work even if they are sick or exhausted.

As a reward for this collaboration, Kaiser will funnel an additional $15 million to the Ben Hudnall Memorial Trust, an “educational and training” fund that provides union officials with ample opportunities for paid positions and perks. The LMP will also receive, at a minimum, $8 million per year in corporate funding for each year of the contract.

The newly formed Kaiser Workers Rank-and-File Committee is calling for a “no” vote and the mobilization of all Kaiser workers to demand adequate staffing levels enforced by nurses and health care workers themselves, annual 10 percent wage increases, together with cost-of-living increases, the elimination of all wage and benefit tiers and the enforcement of contractually mandated breaks.

**The roots of Kaiser’s Labor Management Partnership**

To understand the battle Kaiser workers face against both the company and the unions, it is necessary to review briefly the evolution of this incestuous relationship.

From its very inception, Kaiser Permanente, founded in 1945 by steel, aluminum and shipbuilding magnate Henry J. Kaiser and physician Sidney Garfield to provide medical coverage to Kaiser’s industrial workers, KP has had the closest ties to the unions. The United Steelworkers, International Longshore and Warehouse Union (ILWU) and other unions at Kaiser agreed to get other employers to add his medical plans to their labor contracts, while any gains made by KP workers were added to the cost of the plans.

Kaiser’s system of setting prices for standardized medical treatments and delivering services for pre-paid premiums became the model for all Health Maintenance Organizations (HMO) and allowed Kaiser to become the largest “non-profit” health care provider in the US. This coincided with militant struggles by American workers in the decades following World War II to win substantial improvements in their living standards, including greater access to medical care, which led to a significant increase in life expectancy.

But by the 1980s and 1990s the situation had drastically changed. US corporations, facing powerful competition from international rivals, destroyed millions of industrial jobs and clawed back the hard-fought gains of the working class. The universal demand coming out of every corporate boardroom was to cut “excessive” medical costs. In the name of making the corporations “more competitive,” the United Steelworkers, the United Auto Workers and other unions betrayed one strike after another and accepted sweeping wage and benefit concessions, including inferior medical plans that reduced coverage and shifted costs onto workers.

This change was no less profoundly felt at Kaiser. Throughout the 1980s there was a series of bitter strikes by UNAC nurses (1980), a seven-week walkout by SEIU Local 250 members in the Bay Area (1986), and a 58-day strike by Oregon nurses (1988). Despite the determination of the workers, the unions accepted two-tier wage systems, pay freezes and other concessions.

However, even with these and other givebacks, Kaiser faced stiff competition from lower-cost “for profit” competitors, including Foundation, Health Net, Blue Cross/WellPoint and PacifiCare, and by the late 1990s it was losing hundreds of millions of dollars each year. When it began closing facilities, slashing jobs and demanding ever greater workloads, the situation reached a boiling point with a series of strikes in 1997, limited to one and two days by the California Nurses Association (CNA), against wage cuts of as much as 15 percent, staffing cuts and reductions in their own health care benefits.

Faced with the danger of an uncontrollable revolt by workers, the unions proposed the formation of the Kaiser Permanente Labor Management Partnership in 1997 to prevent strikes that “threatened to derail the organization,” according to the LMP website.

**“We speak the same language”**

The Partnership agreement declared, “Kaiser Permanente and the undersigned labor organizations believe that now is the time to enter into a new way of doing business. Now is the time to unite around our common purposes and work together to most effectively deliver high quality health care and prevail in our new, highly competitive environment.”

The deal set up a “Senior Partnership Committee (SPC) consisting of Kaiser Permanente executive level staff and senior union leadership designated from the participating International Unions representing employees at Kaiser Permanente and from the Industrial Union Department (IUD), AFL-CIO.” While the unions tried to sell this arrangement as increasing the “involvement of employees in decisions,” they explicitly agreed to conceal all “propriety information” from their members and refrain from revealing any information that could hurt the company.

As a reward to the unions, the statement declared, “Kaiser Permanente will bear the costs of administering the Partnership, including consultants, lost time, and incidental expenses of all Kaiser Permanente employees.” In other words, corrupt union bureaucrats participating in the partnership would receive payments for services rendered. In addition, KP agreed to “neutrality” pacts when it came to unionizing new sections of workers and increasing dues payments to the union bureaucracy.

Following the 2000 negotiations, Kaiser Executive Director Francis Crosson said the main benefit of the new partnership was that it provided “five years of labor peace.” Most importantly, Crosson added, he liked the way union leaders “talk about accountability. We speak the same language, [which is] a big plus.”

Throughout the early 2000s both union coalitions, which engaged in ruthless jurisdictional struggles over potential dues-paying members, agreed to contracts that destroyed thousands of jobs as KP reduced payrolls and outsourced jobs. While the unions feigned horror, saying, “this is not what the partnership was for,” the LMP deal explicitly sanctioned such cuts, saying only that the partnership’s “goal” was to provide Kaiser Permanente employees with “the maximum possible employment and income security within Kaiser Permanente and/or the health care field.'

At the same time, the unions negotiated deals that ensured Kaiser would funnel millions of dollars into union-run schemes to “retrain” laid off KP workers for lower-wage jobs in or outside the company.

While the unions promoted “jointness,” they collaborated in cost-cutting schemes to reduce millions in costs, including accepting wage freezes, widespread regional disparities in wages and benefits, and cuts in critical supplies. Any meager increases in labor costs were more than made up. As one regional director said in the mid-2000s, “I’d rather have well-paid employees, but there has to be a package to make sure they are the most efficient in the industry or it will be untenable.”

The unions also helped Kaiser reduce the number of middle managers through the establishment of so-called Unit-Based Teams (UBTs), co-led by one member of Kaiser management and one member of a union local. The 2005 agreement tasked these teams with carrying out “planning, setting goals, establishing metrics, reviewing performance, generating ideas to improve performance, participating in budgeting, identifying and solving problems.”

**Corporatism**

According to the 2009 book *Healing Together (The Culture and Politics of Health Care Work)*, the LMP was modeled on the labor-management schemes set up by unions in manufacturing and other basic industries. “Our group continued to study and be involved in partnerships in the steel, clothing, telecommunications, and other industries. One project was a long-term study of the Saturn Corporation, the effort by General Motors and the United Auto Workers that was the most ambitious labor-management experiment of its era.”

The reference to the 1985 Saturn agreement is a highly significant admission. That deal, which made the UAW “a full partner in all decisions, from the shop floor to the top-level Saturn Strategic Advisory Committee,” according to then UAW President Owen Bieber, separated workers at the future Spring Hill, Tennessee, plant from the national GM contract, tore up work rules, introduced performance schemes, and sanctioned layoffs despite promises of “permanent job security.” After years of conflict with both management and the UAW, workers voted in 2003 to return to the national labor agreement.

The Saturn agreement was based on corporatism, the doctrine officially adopted by the UAW in the early 1980s, which preached unrestrained class collaboration and promoted the lie that workers have no interests that are separate from, let alone hostile to, those of the corporate bosses. On this basis, the UAW was handed seats on corporate boards and local officials took over the tasks of company foremen, disciplining workers for absenteeism, enforcing speedup and beating down the resistance of workers to job and wage cuts.

Between the 1970s and the 2000s, the UAW collaborated in the elimination of 90 percent of the UAW workforce at GM, Ford and Chrysler, the halving of new workers’ wages and a vast expansion of temporary workers. Over the same period, however, the union’s assets have ballooned to more than $1.1 billion, including an $800 million strike fund which is used, without any constitutional limits, to finance the salaries of the top union officialdom.

The losses in dues money because of the union signing pro-company sweetheart deals have been more than made up through the funneling of billions of dollars by the automakers into joint UAW-Big Three “training centers.” These became the centers of bribe-taking, embezzlement and nepotism that has landed nearly a dozen UAW officials, including two of the last four International presidents, in jail.

**No to Labor-Management Partnerships! Build Rank-and-File Committees!**

Like other HMOs, Kaiser’s profits come from keeping as much of the monthly premiums paid by its members as it can. To increase income, therefore, Kaiser must reduce outlays, cut staff and services while increasing the exploitation of the existing workforce.

This explodes the lies by the union bureaucrats that workers have a “common interest” with the corporations and their executives. To deliver “high quality” health care and protect their living standards and working conditions, health care workers must necessarily cut into the profits of Kaiser and all the health care monopolies, including the insurance, pharmaceutical and medical equipment giants, which dominate America’s multitrillion-dollar health care business.

The deadly consequences of decades of cost-cutting and the subordination of health care to corporate profit have been on full display during the pandemic. As of April 2021, at least 3,600 health care workers have died from COVID-19 in the US, including 400 registered nurses. This includes Sandra Oldfield, a nurse at Kaiser’s Fresno Medical Center, where nurses were being inundated with COVID-19 patients in March 2020 and protested the lack of protective equipment. Between February and July 2020, the California division of Occupational Safety and Health Administration (OSHA) received 120 complaints about Kaiser, more than any other health care system in the state.

Kaiser and its union "partners" say there is no money to reduce chronic understaffing or provide living wages under conditions in which it has netted $6.4 billion in profits in 2020 and $6.6 billion in the first three quarters of 2021 alone. In recent years, the health care giant has raised total CEO compensation to $16 million, a 166 percent increase over 2015. Current CEO Gregory Adams is rumored to be hauling in $34 million annually. Adams's predecessor Bernard Tyson had an estimated net worth of $3.1 billion and a yearly income of over $10 million until his death in 2019.

The leaders of the corporatist unions have also prospered. UNAC/UHCP President Denise Duncan made $263,194 in 2020; Teamsters President James P. Hoffa made $407,689 and UFCW President Anthony Perrone pocketed $307,768. SEIU President Mary Kay Henry pulled in $279,126 last year.

The California Nurses Association, which has 22,000 members at KP, remains, for the time being, outside of the labor-management partnership. Nevertheless, when CNA's former President RoseAnn DeMoro retired in 2018, she took home a staggering $608,622, according to the union's 2019 filing with the U.S. Labor Department. Her husband Robert DeMoro, was also on the CNA payroll in 2018, where he made $248,495 as a "research director."

By contrast, the typical Kaiser RN earns between $38 and $70 an hour. A recent survey of registered nurses at Kaiser found that 60 percent of them want to leave KP, and 42 percent say they are considering leaving the industry altogether because of their low wages and poor conditions.

The near-unanimous strike vote by KP workers is part of a growing rebellion of health care workers in the US and around the world, which has been driven by the criminal response of capitalist governments to the pandemic and the subordination of public health to the profit interests of giant corporations.

Kaiser workers are prepared to fight for themselves and the lives of their patients. To unite KP workers to defeat the sellout contract and mobilize all 150,000 workers at the company to demand the necessary allocation of resources to meet their needs, new organizations of struggle, independent of the corporatist unions, are needed.

The Kaiser Workers Rank-and-File Committee has called for the immediate disbandment of the corporatist Labor Management Partnership and the establishment of genuine workers' control over health and safety, staffing and scheduling issues and other working conditions.

We urge KP workers to join the Kaiser Workers Rank-and-File Committee and expand the growing network of national and international rank-and-file committees to unite workers across state and national boundaries in a common struggle to eliminate the pandemic, save lives and end the squandering of society's resources on the super-rich.

This requires a political fight against both big business parties to transform Kaiser Permanente and other corporate giants into public utilities, under the democratic control and collective ownership of the working class. This will be a decisive part of the establishment of system of socialist medicine that will guarantee health care to all as a human right.

*To join the Kaiser Workers Rank-and-File Committee, email* Kaiserwrfc@gmail.com *or text* (213) 419-0737. *Your name and contact information will not be shared publicly.*

To contact the WSWS and the Socialist Equality Party visit:

**wsws.org/contact**