A statement by Arlene Peasnall, senior vice president of human resources at Kaiser Permanente. October 30, 2021.

Kaiser Permanente is indisputably one of the most labor-friendly organizations in the United States. We have the longest-running and most successful labor management partnership in the nation. As the largest health care union employer in the U.S. — with nearly 75% of our employees working under collective bargaining agreements — we have always strived to work cooperatively and constructively with the unions that represent our employees.

Kaiser Permanente and the Alliance of Health Care Unions began national bargaining in April 2021. Although our national contract expired at the end of September, we have continued to meet with the Alliance and bargain in good faith. We have made progress in many important areas and have extended an initial economic offer with wage increases and no takeaways to the current retirement plan or our excellent, market-leading benefits. The proposed wage increases are on top of the already market-leading pay and benefits our employees receive, as confirmed by independent wage surveys and the government's own data compiled by the Centers for Medicare & Medicaid Services.

Over the course of our 22 years of labor partnership, we — labor and management — have negotiated wages primarily at a national level, so pay has not always been matched to the markets where we operate. As a result, over time in many areas, our wage rates have grown to the point where our employees represented by Alliance unions earn about 27% above the average market wage, and in some places 37% above market levels. In addition, we provide among the most generous benefits available. And Alliance-represented employees have the opportunity to earn an additional 3% bonus every year, based on the organization's overall performance.

The challenge we face is that this is unsustainable. If we continue to increase costs so high above the marketplace, we will become unaffordable and lose members. And the fact is: Wages and benefits account for half of Kaiser Permanente’s operational costs, a contributing factor to why health care is becoming increasingly unaffordable.

As we have worked in partnership, through an interest-based problem-solving approach for 22 years, we are asking our labor partners to work with us to address this very real problem.

To help address future costs and ensure we continue to be affordable for our members, we are proposing a market-based compensation structure for those employees hired in 2023 and beyond that will allow our new employees to be paid above-market wages on average; receive the same excellent, market-leading benefits; and enable us to continue attracting and retaining top talent. Put simply, our proposal aims to slow the significant over-market growth in compensation while continuing to reward our employees and fulfill our commitment to our members and patients to provide high-quality, affordable health care. We’ve made clear to our labor partners that we are prepared to engage with them in an interest-based process to reach a solution.

We believe in our partnership, we believe in our employees, we believe in our labor leaders. While we understand the bargaining tactics being used, we believe we will come together and find a mutually beneficial solution.