



KAISER PERMANENTE®

2008 PHARMACY GUILD INCENTIVE PLAN

(JANUARY –DECEMBER 2008)

NORTHERN AND SOUTHERN CALIFORNIA REGIONS

INTRODUCTION

The 2008 Pharmacy Guild Incentive Plan reinforces the focus of Plan participants on organizational/Pharmacy goals that benefit plan members such as quality of care, customer service and the financial performance.

PLAN OBJECTIVES

Key Objectives in the design of this plan are:

- a. Reinforce the focus of employees on Regional and Pharmacy Operation goals.
 - b. Encourage employees covered by this Plan to share accountability for achieving Kaiser Permanente's goals.
 - c. Recognize the contributions of employees to the success of Pharmacy Operations and Kaiser Permanente.
 - d. Improve member satisfaction with Pharmacy Operation services.
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PROGRAM ELIGIBILITY

This Plan applies to all full-time, part-time, and Alternate Compensation employees in NCAL/SCAL Pharmacy Operations that are covered by the Guild for Professional Pharmacists' collective bargaining agreement. Per Diem (SC), Short Hour & On-Call (NC), temporary, and registry employees are excluded.

An employee must meet all the following requirements to be eligible for 2008 Pharmacy Guild Incentive Plan:

- a. Must be in a Kaiser Permanente incentive eligible job classification by October 1, 2008.
- b. Must be employed in a job classification covered by the collective bargaining agreement on the last pay period of the plan year.

Note: Payout under the Program is based only on compensated hours as defined in the collective bargaining agreement.

DEFINITION OF PLAN PERIOD

This Plan is effective the 26 pay periods in 2008. Regional Financial Performance and Department performance results will be gathered at the end of the year.

- Award payments will be calculated based on the calendar year of 2008 and disbursed to eligible employees on or about the end of the 1st quarter 2009.
- The Plan Year is composed of 26 pay periods, determined by the 2008 payroll calendar year, which will be used for calculations related to payroll and hours.

PHARMACY OPERATIONS FINANCIAL AND PERFORMANCE GOALS

INCENTIVE GATE:

The NCAL/SCAL Guild for Professional Pharmacists Incentive Plan will be funded based on attaining the financial performance targets of the NCAL/SCAL Regions. The Regions have to exceed the 2008 Operating Margin/Income before funding occurs for this Plan. Regional Operating Margin/Revenue results for 2008 and achievement of Performance Goals determine the amount of available funding for this Plan. This is consistent with the Performance Sharing Plan (for LMP represented employees) and Variable Pay Program (for non represented employees, including management). No award payments will be made if financial funding and performance goals are not achieved.

PERFORMANCE GOALS

Eligible employees may receive award payments contingent on achieving the Performance Goals of Pharmacy Operations as described in Plan Mechanics/Award Payment Calculations Section below.

Performance Goal	Weight (%) Total of 100%	Performance Measurement
Service		
Reduce number of pharmacies with Customer Service Satisfaction levels < 90% in NCAL and SCAL pharmacies 2Q08 & 3Q08 compared to 2Q07 & 3Q07.	15%	Improve # of pharmacies >90% satisfaction weighted levels by 15%. This will be measured at a regional level.
Achieve Customer Service Satisfaction level >90% for the Medical Center Area (SCAL) and Service Area (NCAL). In NCAL and SCAL pharmacies 2Q08 & 3Q08.	20%	Achieve Customer Service Satisfaction weighted of >90% for Medical Center Area (SCAL) and Service Area (NCAL).

(Data Source: Quarterly Patient Satisfaction Survey)

Performance Goal	Weight (%) Total of 100%	Performance Measurement
Pharmacy Finance		
Meet Medical Center Area (SCAL) and Service Area (NCAL) financial goals and operational dispensing cost budget (\$/Rx) by calendar year end	35%	Within 1% variance of budget \$/Rx goal
(Data Source: Outpatient Pharmacy Consolidated Report)		

Quality		
Implement all Joint Commission implementation expectations for National Patient Safety Goal 3E (Anticoagulation) by December 31, 2008 collaboratively with staff involvement for each Medical Center Inpatient Pharmacy.	30%	100% completion This will be measured at the Medical Center* level
(Data Source: Validated by focused surveys).		

Southern California Medical Center Areas Designations

Southern California Medical Center Areas (12) include Baldwin Park, Bellflower, Fontana, Kern County, Los Angeles, Orange County (includes Anaheim and Irvine), Panorama City, Riverside (includes Coachella), San Diego, South Bay, West Los Angeles, and Woodland Hills (includes Western Ventura).

Northern California Service Area Designations (Applies to Service and Financial Goals)

Northern California Service Areas (14) include Central Valley, Diablo, East Bay, Fresno, GSAA, Napa/Solano, North Valley, San Francisco, San Jose, San Mateo, San Rafael, Santa Clara, Santa Rosa, and South Sacramento.

***Northern California Medical Center Designations (Applies to Quality Goal)**

Northern California Medical Centers include Antioch, Central Valley Area (Manteca, Modesto, Stockton), East Bay Area (Oakland and Richmond), Fremont, Fresno, Hayward, Redwood City, Roseville, Sacramento, San Francisco, San Jose, San Rafael, Santa Clara, Santa Rosa, South Sacramento, South San Francisco, Vallejo, and Walnut Creek.

PLAN MECHANICS/AWARD PAYMENT CALCULATIONS

1. Payout Calculation
 - a. All payouts under this Plan will be calculated and distributed on a regional basis for all participating Pharmacy Operations represented by the Guild for Professional Pharmacists in NCAL/SCAL.

- b. Payouts will be calculated based on the medical center/regional assignment as of the last pay period of 2008.
- c. Compensated Hours. For the purposes of this Plan, definition of compensated hours will follow the definition used in the collective bargaining agreement.
- d. Eligible Hours. Payouts of Incentive Target Award will be made in the form of a lump sum payment proportional to the compensated hours of each employee in a covered job classification up to 2080 hours. Employees with compensated hours less than 2080 hours shall receive a bonus pro rated for their compensated hours. For the purposes of determining eligible hours, NCAL/SCAL will use the payroll year. Eligible hours are not to exceed 2080.
- e. Incentive Target Award: a maximum of \$1,800.00 for full time employees per 2008 payroll calendar year contingent on 100% achievement of all Pharmacy Operations Performance Goals and funding of the Plan. The Incentive Target Award will be reduced based on not achieving all the Performance Goals.

2. The Payout Process

- a. Payment of the bonus for each program year will occur on or about the end of the first quarter of the year following the program.
- b. The employee will receive bonus payment from one incentive plan only determined based on the position held at the end of the year.
- c. This Plan will be administered by Pharmacy Operations.

3. Partial Year Eligibility

Pro Rata Distributions. Eligible employees will receive a pro rata share of this Plan award distribution for compensated hours worked in a covered job classification if, during the Program year they fall into one of the following categories:

- i. Retirement.
- ii. Death.

- 4. Transfers In and Out of Eligible Bargaining Units. If an employee transfers from or to another Kaiser Permanente job classification, the job classification of an employee as of the last pay period of 2008 determines whether an employee is covered by the Plan. If an employee is eligible as of the last period pay period of 2008, all of the employee's compensated hours from January to December will be included in calculations of the individual payout. If the employee is not eligible as of the last pay period of 2008, the employee will not receive an individual payout. There are no pro rata payments for employees who transfer in or out of an eligible bargaining unit during the year.