

DEPARTMENT OF ADMINISTRATIVE SERVICES
OFFICE OF LABOR STANDARDS ENFORCEMENT
DONNA LEVITT, MANAGER



Revised NOTICE San Francisco Health Care Security Ordinance

On April 6, 2007, two ordinances amending the SF Health Care Security Ordinance (HCSO) were signed into law. Key changes to the HCSO are highlighted in bold font in this Revised Notice.

Beginning January 1, 2008, all employers for which an average of fifty (50) or more persons per week perform work for compensation during a quarter must make required Health Care Expenditures (HCE) to or on behalf of their covered employees each quarter. For employers with an average of twenty (20) or more persons per week, the employer spending requirement becomes effective on April 1, 2008.

Covered Employees

With some exceptions, a covered employee is any person who performs work within the City and County of San Francisco, who qualifies as an employee entitled to payment of minimum wage pursuant to the Minimum Wage Ordinance (Chapter 12R of the San Francisco Administrative Code), who:

- Has been employed by his or her employer for at least 90 calendar days; and
- **In a particular week performs at least 10 hours of work for his or her employer within the geographic boundaries of the City and County of San Francisco.**

Required Health Care Expenditures (HCE)

- An HCE is any amount paid by a covered employer to its covered employees or to a third party on behalf of its covered employees for the purpose of providing health care services or reimbursing the cost of such services to its covered employees. Examples include, but are not limited to: (a) payments to a third party to provide health care coverage or services; (b) payments to the City to fund membership in the Health Access Program or reimbursement accounts established and maintained by the City; (c) contributions to a health savings account; (d) reimbursement for expenses incurred in the purchase of health care services; and (e) costs incurred in the direct delivery of health care services to covered employees.
- **An employer for which an average of 20-99 persons per week perform work for compensation during a quarter is required to make an HCE of \$1.17/hour for each hour paid to each of its covered employees each quarter. For employers for which an average of 100 or more persons per week perform work for compensation during a quarter, the rate is \$1.76/hour.** (Note that the number of hours an employee must work to qualify as a covered employee and the required health care expenditure rates will change for 2009.)
- Required HCEs are calculated by multiplying the total number of hours paid for each covered employee during the quarter (starting on the first day of the month that begins 90 calendar days after a covered employee's first day of work) by the applicable HCE rate listed above. Hours paid means a work hour or work hours for which a person is paid wages or entitled to be paid wages for work performed within the city, including paid vacation and paid sick leave. Payments to or on behalf of one covered employee that exceed the required HCE for that employee will not be considered in determining whether an employer has met its total required HCE for all employees.

Recordkeeping

Employers shall maintain complete and accurate records of hours worked and health care expenditures required under the ordinance. Employers shall allow the Office of Labor Standards Enforcement reasonable access to such records.

This notice is intended to provide general information and does not establish policy or offer legal advice regarding the Health Care Security Ordinance, Chapter 14 of the San Francisco Administrative Code. The text of the ordinance and its corresponding Rules & Regulations are available at www.sfgov.org/olse. If you have any questions about your obligations under the ordinance, please visit the website, call 554-7892, or email HCSO@sfgov.org.

Para asistencia en Español, llámé al 554-7892

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