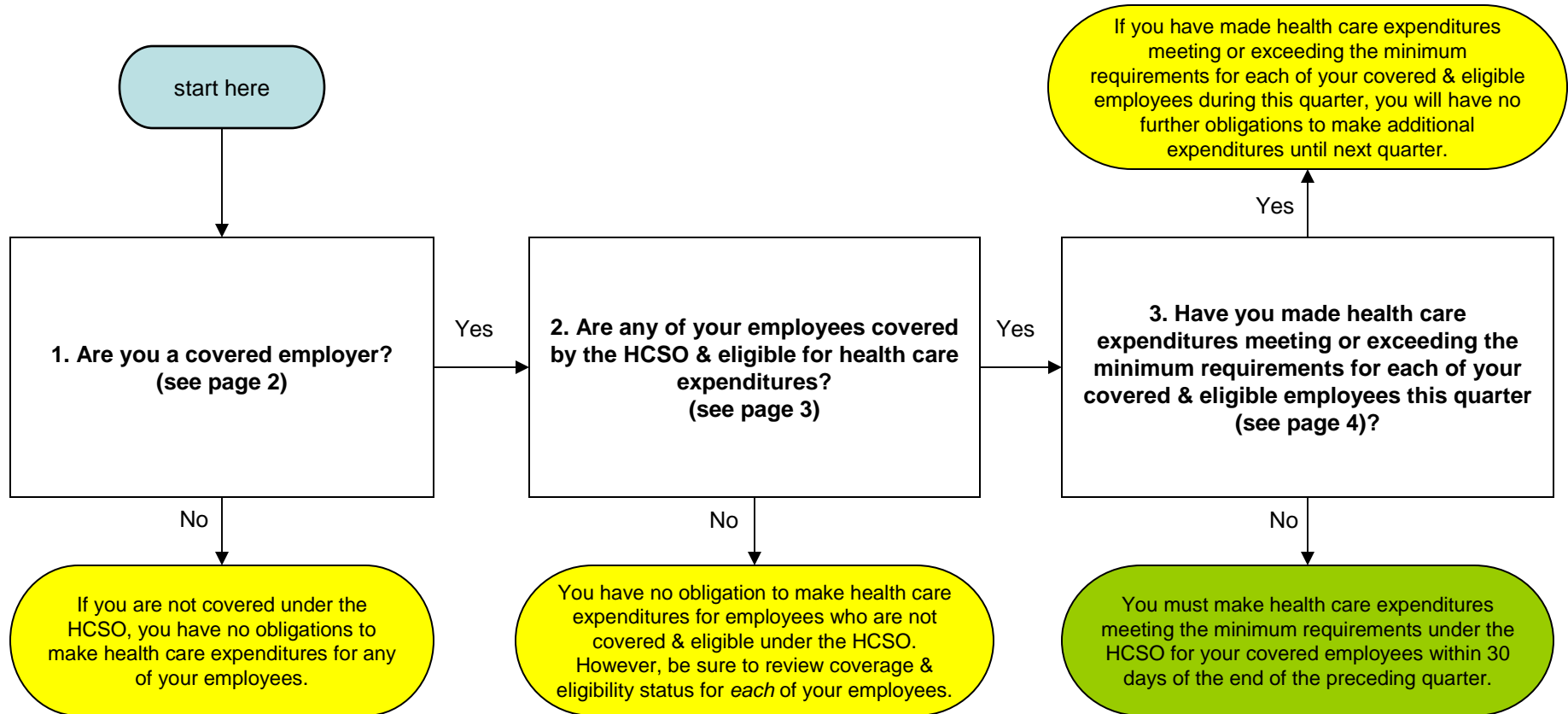


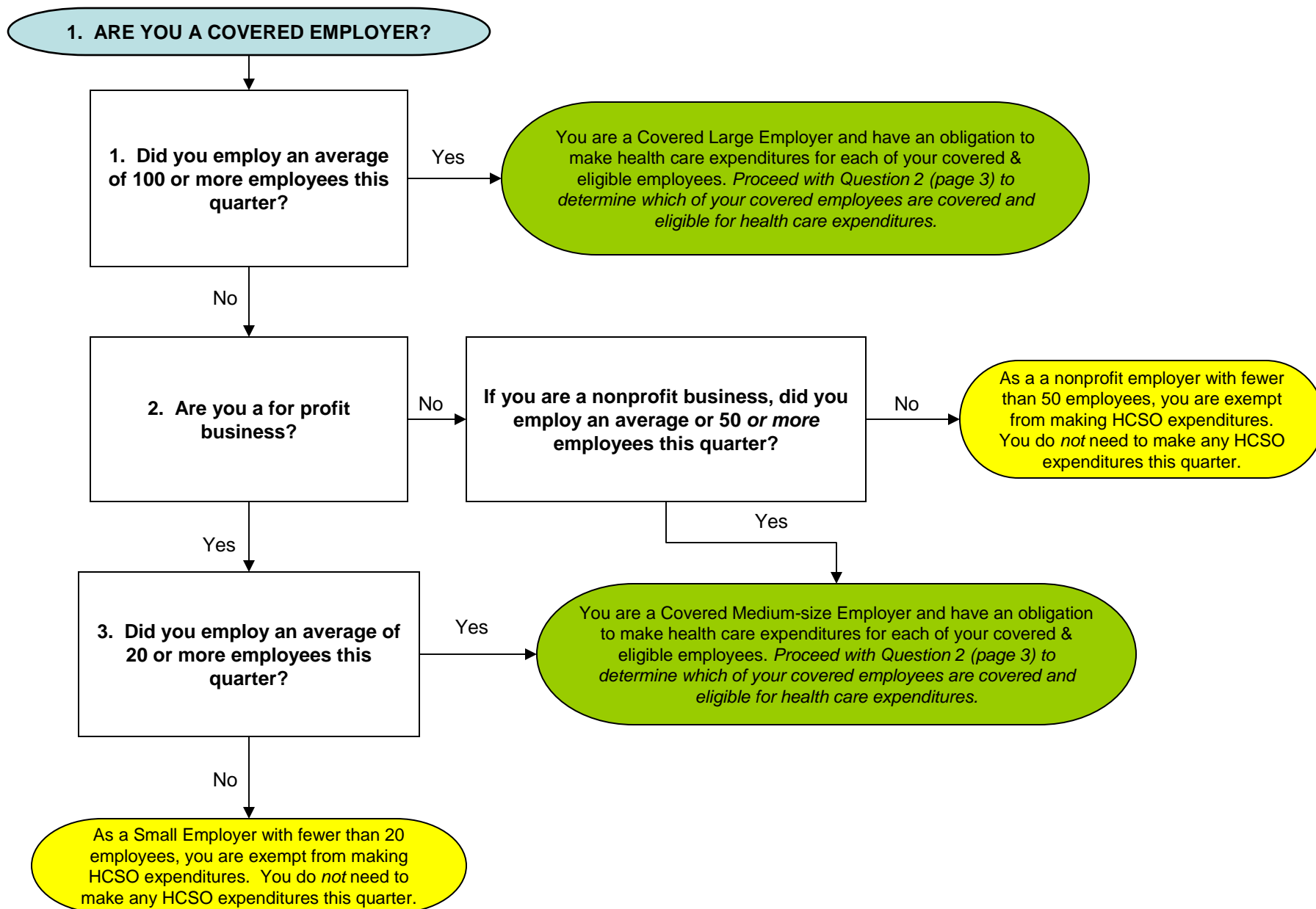


# Steps to Determine Whether a Covered Employer Has Met its Spending Requirement under the SF Health Care Security Ordinance (HCSO)

This document is intended to provide general guidance to employers and employees about the Employer Spending Requirements of the Health Care Security Ordinance (HCSO). For further inquiries regarding the HCSO, please call (415) 554-7892 or email [HCSO@sfgov.org](mailto:HCSO@sfgov.org).



**A covered employer must perform each of the steps above to determine whether it is required to make a health care expenditure for any of its covered employees. These steps should be reviewed each quarter and any time changes in an employee's coverage and eligibility status occur.**



**2. ARE ANY OF YOUR EMPLOYEES COVERED BY THE HCSO & ELIGIBLE FOR HEALTH CARE EXPENDITURES THIS QUARTER?**

REMEMBER: You must answer these questions for **each** of your employees.

- a. Is the employee a manager, supervisor, or confidential employee, AND does s/he earn more than \$76,851 year in 2008?
- b. Is s/he eligible to receive Medicare or TRICARE/CHAMPUS benefits?
- c. Is s/he employed by a non-profit corporation for up to one year as a trainee in a federally-approved training program that will make the trainee eligible to advance into a permanent position?
- d. Is s/he covered by the Health Care Accountability Ordinance?
- e. Has s/he signed an Employee Voluntary Waiver Form?

If the answer to all of these questions is "No," this employee is a Covered Employee. Proceed with the next question to determine whether s/he is eligible for health care expenditures

Has the employee been employed for at least 90 calendar days?

Yes

Did the employee work in SF for an average of at least 10 hours per week during the quarter?

Yes

This employee is a Covered & Eligible Employee; you must make health care expenditures for him/her this quarter. Proceed with Question 3 (page 4) to determine the required amount.

This employee is exempt from coverage under the HCSO. You are not required to make any HCSO expenditures on behalf of this employee unless the answer to any of these questions changes.

If the answer to any of these questions is "Yes,"

The 90-calendar-day eligibility period need not be continuous, consecutive, or completed in the same calendar year. For an employee who is terminated and rehired within one year, the prior period of employment counts toward the 90-calendar-day eligibility period.

No

This employee is not eligible for HCSO expenditures. You are not required to make any HCSO expenditures on behalf of this employee unless the answer to either of these questions changes.

No

**3. DO YOUR HEALTH CARE EXPENDITURES FOR EACH OF YOUR COVERED & ELIGIBLE EMPLOYEES MEET OR EXCEED THE MINIMUM REQUIREMENTS?**

Step 1: Calculate the required health care expenditure for this Covered & Eligible Employee by multiplying the applicable expenditure rate (from the chart below) with the hours paid to this employee during this quarter.

Step 2: Calculate the sum of all health care expenditures that have been made to or for the benefit of this Covered & Eligible Employee during this quarter.

Step 3: Subtract the figure in Step 2 (health care expenditures that have been made) from the figure in Step 1 (required health care expenditure).

If the difference is a positive number, you must make a health care expenditure meeting or exceeding this amount. Decide how you want to make the remaining expenditure, and be sure to make it within 30 days of the end of the previous quarter.

If the difference is zero or a negative number, you have met or exceeded the minimum expenditure required under the HCSO and have no further spending obligations for this employee during this quarter.

Employer Health Care Expenditure Rate Schedule				
Business Size		January 1 2008	April 1 2008	January 1 2009
Large {	100+ Employees	\$1.76/hour		\$1.85/hour
Medium {	50-99 Employees	\$1.17/hour		\$1.23/hour
	20-49 Employees *	Not Applicable	\$1.17/hour	
Small {	1-19 Employees	Not Applicable		

\* Non-profits with less than 50 employees are exempt from the spending requirement.

**A covered employer must perform the calculations above to determine whether its health care expenditures for each of its Covered & Eligible Employees meet or exceed the minimum requirements under the HCSO. Subject to the exceptions outlined in Regulation 6.2(B), these calculations must be made for each covered employee, and expenditures will not be considered in the aggregate. (Final Regulations may be downloaded from [www.sfgov.org/olse/hcso](http://www.sfgov.org/olse/hcso).)**