

## San Francisco’s 2016 Minimum Health Care Spending Requirements

San Francisco’s Office of Labor Standards Enforcement has issued the minimum health care spending requirements for 2016. The requirements apply to San Francisco employers with employees who work in the city.

### Background

Since 2006, the San Francisco Health Care Security Ordinance (HCSO) has required covered employers to make minimum health care expenditures on behalf of their San Francisco employees. “Covered employers” are employers with 20 or more employees in the U.S. and with at least one employee in San Francisco. A “covered employee” is one who works at least 8 hours per week in San Francisco, is entitled to be paid the minimum wage and has been employed for at least 90 days. Employers can pay for medical, dental, vision or other health care coverage and/or make a payment to the city of San Francisco. (See our [January 21, 2015 For Your Information.](#))

### 2016 Expenditure Rates

The HCSO requires covered employers to spend a minimum amount per covered employee for each hour paid for work performed in San Francisco (including paid time off like vacation and sick leave). The minimum amount that must be spent for 2016 is:

Business Size		January 1, 2015	January 1, 2016	Percent Change
Large	100+ employees	\$2.48/hour paid	\$2.53/hour paid	2.0% increase
Medium	20 – 99 employees	\$1.65/hour paid	\$1.68/hour paid	1.8% increase
Small	0 – 19 employees	Exempt	Exempt	Not applicable

## Annual Notice and Reporting

Covered employers must also post an HCSO notice in all workplaces with covered employees and must submit an annual report to San Francisco's Office of Labor Standards Enforcement. The [2016 notice](#) is available and must be posted in a conspicuous location.

The annual reporting form, which must be submitted by April 30, will be available on the HCSO website by April 1. Employers can [register](#) to receive an email notification when the form is available.

## Irrevocable Spending Requirement

In 2014, the HCSO was amended to phase out revocable employer expenditures. In 2015, at least 60% of expenditures were required to be irrevocable and for 2016, at least 80% of the health care expenditures for each employee must be irrevocable — that is, they must be payments that the employer has not retained and cannot recover, even if the employee leaves the job. Irrevocable expenditures include payments to an insurer for medical premiums, payments to the city of San Francisco and contributions to a health savings account.

Beginning January 1, 2017, 100% of the employer expenditures must be irrevocable to count toward the minimum spending requirement.

The notice must be posted in English, Spanish and Chinese and in any other language spoken by at least 5% of the employees at that workplace. The official notice includes English, Spanish, Chinese, Tagalog, Russian and Vietnamese. If more than 5% of the workers speak a language other than those included in the notice, the employer must translate and post the notice in that language.

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