

San Francisco Employer Annual Reporting Form Due May 1

San Francisco employers are required to pay a certain amount toward the health care costs of their employees who work in the city. Covered employers must submit to the city an Annual Reporting Form summarizing compliance with this requirement for 2016 by May 1.

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 those with 20 or more employees in the U.S. and at least one in San Francisco. A “covered employee” is one who works at least eight 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. Covered employers are required to submit an Annual Reporting Form each year, typically by April 30.

Annual Report

The Annual Reporting Form, which must be submitted by May 1 for the 2016 year, is now available on the [HCSO website](#). (Since April 30 is a Sunday, the form is due May 1 this year.) Covered employers must also post an HCSO notice in all workplaces with covered employees. The 2017 [notice](#) is available and must be posted in a conspicuous location.

Paid Parental Leave and Fair Chance Ordinance Reporting

The annual report is also used for two other city ordinances – the Paid Parental Leave Ordinance and the Fair Change Ordinance:

Notice Language Requirements

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

- On April 21, 2016, San Francisco became the first city in the nation to mandate fully paid parental leave for baby bonding. The Paid Parental Leave Ordinance requires employers to supplement compensation new parents receive under California’s Paid Family Leave program, starting in 2017. Employers will want to consider how best to integrate the new entitlement into their leave programs and payroll practices to ensure compliance. (See our [May 9, 2016 For Your Information](#).)
- The San Francisco Fair Chance Ordinance requires employers with 20 or more employees to comply with requirements “regarding the use of arrest and convictions records in hiring and employment decisions.”

Employers should review the information required for these ordinances before completing the annual report.

2017 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 2017 is:

| Business Size | | January 1, 2016 | January 1, 2017 | Percentage Change |
|---------------|-----------------|------------------|------------------|-------------------|
| Large | 100+ employees | \$2.53/hour paid | \$2.64/hour paid | 4.3% increase |
| Medium | 20-99 employees | \$1.68/hour paid | \$1.76/hour paid | 4.8% increase |
| Small | 0-19 employees | Exempt | Exempt | Not applicable |

Irrevocable Spending Requirement

In 2014, the HCSO was amended to phase out revocable employer health care expenditures. In 2015, at least 60 percent of those expenditures were required to be irrevocable, and, for 2016, at least 80 percent of them 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 percent of the employer expenditures must be irrevocable to count toward the minimum spending requirement.

In Closing

Employers with San Francisco locations need to complete this important annual filing that is now being used for monitoring compliance with several city ordinances.

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