

San Francisco Employer Annual Reporting for 2017 Due April 30

San Francisco employers must pay a certain amount toward the healthcare costs of their employees who work in the city. Covered employers must submit an Annual Reporting Form to the city summarizing compliance with this requirement for 2017 by April 30. Also, new minimum healthcare expenditure rules are effective starting with the first quarter of 2018, and employers with self-insured healthcare plans will need to follow these rules.

Background

Since 2006, the San Francisco Health Care Security Ordinance (HCSO) has required covered employers to make minimum healthcare expenditures on behalf of their San Francisco employees. “Covered employers” are those with 20 or more employees 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 healthcare coverage and/or make a payment to the city of San Francisco. Covered employers are required to submit an Annual Reporting Form each year by April 30.

Annual Reporting Form

The [Annual Reporting Form](#), which must be submitted by April 30 for the 2017 year, is now available on the HCSO website. Covered employers must also post an HCSO Notice in a conspicuous location in all workplaces with covered employees. The [2018 Notice](#) is also available.

The city also published a new [Employee Voluntary Waiver Form](#) on November 1, 2017. Employees may voluntarily choose to sign this waiver only if they have health benefits through another employer, such as a parent or spouse's employer. Only the city waiver form can be used.

Fair Chance Ordinance Reporting

The annual report is also used for another city ordinance — the Fair Chance Ordinance — that requires employers with 20 or more employees worldwide (five or more starting October 1) to comply with requirements



“regarding the use of arrest and convictions records in hiring and employment decisions.” Employers should review the information required for this ordinance before completing the annual report.

New HCSO Minimum Expenditure Rules

San Francisco’s Office of Labor Standards Enforcement has issued new rules for the enforcement of the city’s minimum healthcare spending requirements. (See our [January 3, 2018 For Your Information](#).) The new rules no longer allow the use of COBRA rates for self-insured plans, and instead require that actual claims paid, plus any third-party administrative expenses, be used to determine compliance with the employer spending requirement.

Starting with the first quarter of 2018, employers with self-insured plans will need to develop a new compliance strategy, including obtaining the needed claims and enrollment data from the claim administrator. Average hourly expenditures across a health plan will need to be determined and adjusted for employee contributions. While an annual determination for self-insured plans will probably be the best practice, employers will still need to comply with the minimum expenditure requirement each quarter for insured plans and employees who waive healthcare coverage.

2018 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 2018 is:

Business Size		January 1, 2017	January 1, 2018	Percentage Change
Large	100+ employees	\$2.64/hour paid	\$2.83/hour paid	7.2% increase
Medium	20-99 employees	\$1.76/hour paid	\$1.89/hour paid	7.4% increase
Small	0-19 employees	Exempt	Exempt	Not applicable

In Closing

Covered employers with San Francisco employees need to complete this annual filing. Employers who satisfy the minimum healthcare expenditure with self-insured health plans must ensure they follow the new requirements starting in the first quarter of 2018.

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