

# FYI<sup>®</sup>

## For Your Information<sup>®</sup>

### **San Francisco HCSO and FCO annual report due by May 2**

San Francisco requires covered employers to make minimum healthcare expenditures on behalf of their San Francisco employees and to comply with certain requirements regarding the use of arrest and conviction records in hiring and other employment decisions. Covered employers must report each year on compliance with both these requirements. After waiving the reporting requirement the past two years due to the pandemic, the report for 2021 is due by May 2.

#### **Background**

Since 2006, the San Francisco Health Care Security Ordinance (HCSO) has required covered employers to make minimum healthcare expenditures on behalf of employees working in San Francisco. “Covered employers” are those with 20 or more employees in the U.S. and with at least one employee working in San Francisco, including any employee working from home. Another city ordinance — the Fair Chance Ordinance (FCO) — requires employers with five or more employees worldwide to comply with certain requirements “regarding the use of arrest and convictions records in hiring and employment decisions.”

Covered employers must report to San Francisco’s Office of Labor Standards Enforcement (OLSE) by April 30 each year on compliance with both the HCSO and FCO requirements. Employers that fail to make a timely submission are subject to penalties.

#### **Annual reporting for 2021 required by May 2**

The 2021 Annual Reporting Form and instructions are now available on the San Francisco HCSO [website](#). The deadline for submission of the form is May 2. (Since April 30 falls on a weekend in 2022 the report is due May 2.) Failure to meet the deadline could subject the employer to a penalty of \$500 per quarter. The online form will not be available after May 2.

Volume 45

Issue 15

April 13, 2022

#### **Authors**

Richard Stover, FSA,  
MAAA

Randie Thompson, JD,  
LMM

## 2022 minimum expenditure rates

During 2022 covered employers are required to make healthcare expenditures no later than 30 days after the end of each calendar quarter on behalf of covered employees (those who have been employed for more than 90 days and who regularly work at least eight hours per week in San Francisco) at the following rates:

Business size		January 1, 2021	January 1, 2022	Percentage change
Large	All employers w/100+ employees	\$3.18/hour paid	\$3.30/hour paid	3.8% increase
Medium	Businesses w/20 – 99 employees Nonprofits w/50 – 99 employees	\$2.12/hour paid	\$2.20/hour paid	3.8% increase
Small	Businesses w/0 – 19 employees Nonprofits w/0 – 49 employees	Exempt	Exempt	Not applicable

Note: 2022 exemption threshold: managerial, supervisory, and confidential employees who earn more than \$109,643 annually (or \$52.71 per hour) are exempt from the HCSO minimum expenditure requirement.

Covered employers should ensure that they maintain records sufficient to establish compliance with the spending requirements and have posted the 2022 HCSO [notice](#) in their workplaces or job sites.

## In closing

San Francisco's annual reporting deadline for HCSO and FCO compliance for 2021 is due by May 2. Covered employers should also ensure that they are making the minimum healthcare expenditures and satisfy all other requirements under those ordinances during 2022.

### Produced by the Compliance Consulting Practice

The Compliance Consulting Practice is responsible for national multi-practice compliance consulting, analysis and publications, government relations, research, training, and knowledge management. For more information, please contact your account executive.

You are welcome to distribute FYI® publications in their entirety. To manage your subscriptions, or to sign up to receive our mailings, visit our [Subscription Center](#).

This publication is for information only and does not constitute legal advice; consult with legal, tax and other advisors before applying this information to your specific situation.