

## San Francisco HCSO

### *Covered Employers and Employees under HCSO*

Employers with 20 or more employees (50 or more employees if nonprofit) are considered covered employers subject to HCSO. For the purpose of determining employer size, all employees must be counted, regardless if they are working in San Francisco. Employer size is based on the weekly average number of persons performing work for compensation for that quarter.

#### **Covered employees under the HCSO include:**

- those that work in the geographic boundaries of the city and county of San Francisco,
- have been employed at least 90 calendar days, and
- work at least 8 hours per week.

#### **Employees that are exempt from the requirements of the HCSO are:**

- owners (although they are counted as employees for determining employer size if they earn compensation),
- those who have coverage through another employer and waive their rights to coverage on the Voluntary Waiver Form,
- managerial[1], supervisory[2], and confidential[3] employees earning more than \$100,796 annually (or \$48.46 hourly) in 2019[4],
- those eligible to receive benefits under Medicare or TRICARE/CHAMPUS,
- those employed by a nonprofit for up to one year as trainees in a bona fide training program consistent with Federal law, or
- those who receive health care benefits pursuant to the San Francisco Health Care Accountability Ordinance (HCAO).



## Minimum Health Care Expenditures

The minimum health care expenditure depends on the size of the employer and is calculated by multiplying the "hours paid" to the covered employee by the applicable health care expenditure rate. "Hours paid" include hours for which an employee is paid for work, as well as hours not worked but entitled to pay (e.g., paid vacation, paid time off, and sick leave). "Hours paid" does not include time worked outside of San Francisco.

### The published health care expenditure rates (per employee per hours paid) are:

- 100 or more employees: \$2.93/hour in 2019
- 50-99 employees: \$1.95/hour in 2019
- 20-49 employees and not a nonprofit: \$1.95/hour in 2019

For example, if you are a larger employer in 2019, you must spend at least \$6,094.40 per year for a full-time employee working in San Francisco (40 hours/week x 52 weeks x \$2.93 per hour). Employers can make the minimum health care expenditure either through contributions towards medical/dental/vision insurance premiums, cash reimbursements for health care expenses, or contributions towards medical reimbursement accounts set up by either the employer or the city. However, a 2014 amendment requires that expenditures made on or after January 1, 2017 will only satisfy the requirement if they are irrevocable. The three-year phase-in of the amendment required 60% irrevocable expenditures in 2015, 80% in 2016, and 100% in 2017 forward.

