

The San Francisco Health Care Security Ordinance (HCSO)

2025 Edition



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Guide Topics

The San Francisco Health Care Security Ordinance (HCSO)

Complying with the City's Unique Employer Health Care Expenditure Rules

- The SF HCSO requires covered employers to make a specified amount of health care expenditures for covered employees per hours payable
- Employers generally satisfy the health care expenditures through a combination of the employer-share of the premium for the health plan, employer HSA contributions, and/or City Option contributions (which typically fund the employee's "MRA")
- Aspects of the HCSO are not intuitive for employers—including the requirement to make City Option contributions for certain employees who decline the health plan, and the eight-hour per week covered employee threshold
- This guide addresses both the compliance requirements and the best practices for taking advantage of exemptions where available

San Francisco HCSO Topics for Discussion

1

Covered employers: Only covered employers are subject to the HCSO requirements

2

Covered employees: The health care expenditure rules apply only to certain San Francisco employees

3

The HCSO Waiver: Where employees can opt-out of the payment, and best practices for administering

4

The Manager/Supervisor Exemption: Certain highly-paid employees may be exempt from HCSO payments

5

The City Option: Contributing to the SF-run program (MRA) where the employer does not satisfy HCSO via the health plan



SF HCSO: The Big Picture

The HCSO generally requires employers with 20 or more employees (50 or more for non-profits) to make a minimum level of health care expenditures for employees performing at least eight hours of work per week in San Francisco.

Employer Size	2024 Rate	2025 Rate	172 Hours/Month 2025 Maximum
Large: 100+ Employees (Worldwide)	\$3.51/hour payable	\$3.85/hour payable	\$662.20/month \$1,986.60/quarter
Medium: Business w/ 20-99 Nonprofit w/ 50-99 (Worldwide)	\$2.34/hour payable	\$2.56/hour payable	\$440.32/month \$1,320.96/quarter
Small: Business w/ 0-19 Nonprofit w/ 0-49 (Worldwide)	<i>Exempt</i>	<i>Exempt</i>	<i>Exempt</i>

01

Covered Employers

Which Employers Must Comply?



Covered Employers

Why It Matters

- Employers that are not HCSO covered employers do not need to comply with the HCSO
- Most common exemption is employers that are not required to obtain a business registration certificate with the City
- This exemption often applies where the employer has no physical office in SF—see next slide for details

An employer is covered by the HCSO for any calendar quarter if it meets **all of** the following **three** conditions:

1

Employs one or more workers within the geographic boundaries of the City and County of San Francisco;

2

Is required to obtain a valid San Francisco business registration certificate pursuant to Article 12 of the Business and Tax Regulations Code, and

3

Is a for-profit business with 20 or more persons performing work **OR** a nonprofit organization with 50 or more persons performing work.

- *Note:* This includes all persons working for the entity, regardless of whether they are located in San Francisco or outside of the city.

Who Needs to Register in San Francisco?

The SF HCSO does not apply to employers who do not need to obtain a valid San Francisco business registration certificate.

<https://sftreasurer.org/business/register-business>



Who needs to register in San Francisco?

San Francisco's Business and Tax Regulations Code generally requires that every person engaging in business within the City, **regardless of whether the business or person is subject to taxation**, must register within 15 days after commencing business within the City.

In general, businesses must register if any of the below statements are true:

- Maintain a fixed place of business within San **Francisco**.
- Perform work or render services within San Francisco for all or part of any seven days during one **tax year**.
- Solicit business within San Francisco for all or part of any seven days during one tax year.
- Exercise corporate or franchise powers within San Francisco.
- Own or lease real or personal property within San Francisco for business purposes.
- **Regularly maintain a stock of tangible personal property in San Francisco for sale in the ordinary course of business.**
- Employ or loan capital on property within San Francisco.
- Liquidate businesses when the liquidators hold themselves out to the public as conducting such business.
- **Use streets in San Francisco for business purposes for any part of seven (7) days during the tax year.**
- Have more than \$500,000 in total gross receipts allocated to the City during the tax year.

02

Covered Employees

To Which Employees Does the HCSO Apply?

Covered Employees

Why It Matters

- Eight hours per week is a very low threshold!
- Covered employers are required to satisfy the required health care expenditures only for covered employees
- If the individual is not a covered employee, the employer will not have to make City Option contributions on their behalf even if they're not enrolled in the employer's group health plan

Employees are covered by the HCSO if they work for a Covered Employer and:

- Are entitled to be paid the minimum wage,
- Have been employed by their employer for at least 90 calendar days*,
- **Perform at least 8 hours of work per week within the geographic boundaries of San Francisco, and**
- Do not meet one of the five exemption criteria.

*[FAQ guidance](#) provides that the employer can delay calculating hours payable for health care expenditures until the first day of the calendar month following 90 calendar days after the employee's first day of work.

Five Categories of HCSO Exempt Employees

1	Employees who voluntarily waive the right to have their employers make Health Care Expenditures for their benefit (e.g., City Option contributions to fund an MRA) by completing the HCSO employee voluntary waiver form
2	Employees who qualify as managers, supervisors, or confidential employees (see slide 14 for definitions) AND earn more than the applicable salary exemption amount (2025: \$125,405 salary, \$60.29 hourly)
3	Employees who are covered by Medicare or TRICARE (the health care program serving Uniformed Service members, retirees and their families). In order to claim these exemptions, an employer must be able to document employee eligibility. (Note: No exemption for Medi-Cal recipients)
4	Employees who are employed by a non-profit corporation for up to one year as trainees in a bona fide training program consistent with federal law.
5	Employees who receive health care benefits pursuant to the San Francisco Health Care Accountability Ordinance (HCAO) for City contractors.

Note: The HCSO does not apply to properly classified independent contractors reported via Form 1099 (i.e., workers who are properly *not* classified as Form W-2 common law employees).

The HCSO Employee Voluntary Waiver Form

1	Exact Employee Voluntary Waiver Form must be used. No edits!
2	No pressure or coercion from employer or coworkers. Voluntary!
3	Employee must complete section stating other employer-sponsored coverage through spouse, domestic partner, or parent.
4	Waiver is valid for a period of one year . Effective date must be on or after signature date, and no later than four months from signature.
5	Employees may revoke waiver at any time and for any reason by submitting written revocation to employer.
6	Employers must provide the employee with a copy of the signed form.



Note: Other forms provided by third-party vendors and health insurance carriers cannot be used in lieu of the City's Employee Voluntary Waiver form.

The HCSO Voluntary Waiver Form

Employers may use electronic version of the form if all the following conditions are satisfied:

1. The text of the electronic form is identical to the office OLSE Employee Voluntary Waiver Form. **No edits or modifications!**
2. The employee can view the entire form when signing electronically. **Signature can't be on a separate page from the form itself!**
3. The website containing the form does not state or imply that that the employee is required to provide the form.
4. The employer retains a copy of the signed form for its records and also gives the employee a printed copy of the entire signed form.

Double-check the benefits administration system to ensure it can meet all of these requirements if attempting to handle HCSO waivers signatures electronically.

ATTENTION EMPLOYEES: IF YOU COMPLETE THIS FORM, YOU ARE GIVING UP YOUR RIGHT TO RECEIVE HEALTH CARE SERVICES FROM THIS EMPLOYER

- You do not have to sign this form. It is unlawful for your employer to pressure you to sign this form. Signing this form may make you ineligible for health benefits you would otherwise be entitled to.
- Read the form carefully. If you have any questions about this form or your employer's obligations under the Health Care Security Ordinance, please call 415-554-7892 or visit www.sfgov.org/olse/hcso. Para asistencia en español, llame al 415-554-7892. 需要中文幫助, 請電 554-7892

The San Francisco Health Care Security Ordinance requires this employer to make health care expenditures on your behalf, even if you already have health insurance and/or receive health care services from another employer. A health care expenditure is an amount of money paid by your employer to provide you with access to health care services. For example, your employer may:

- make payments to enroll you in a health insurance program,
- make payments on your behalf to the City Option program (MRA or Healthy San Francisco), and/or
- establish and maintain a reimbursement account for your health care expenses.

Your employer may request that you waive its legal obligations to spend money on health care services for you if you are currently receiving health care services from another employer. Your employer must obtain an updated and signed Voluntary Waiver Form from you each year that you agree to waive its legal obligations. **Even if you receive health care services through another employer** (ie, your other job, your spouse/domestic partner/parent's job), **you are entitled to receive health care services from THIS employer.** If you sign this form, you are telling this employer it can stop making a mandatory health care expenditure on your behalf **Even if you choose to sign this form, you have the right to revoke or cancel it at any time.**

ARE YOU ELIGIBLE TO WAIVE HEALTH CARE SERVICES?

Examples of Employees who should not sign this waiver are:

- Employees who do not receive healthcare services from another employer
- People who pay for their own insurance out of pocket, or whose families pay for their insurance;
- People who are uninsured;
- Medi-Cal recipients;
- Participants in county-run medical programs (ie, San Mateo County Health Plan, Health PAC (Alameda Co.), etc.

If you have questions about whether you are eligible to sign this waiver, please call 415-554-7892.

I acknowledge that I have read the above statement.

Employer Name: _____

The HCSO Voluntary Waiver Form

Best Practices

- **Providing the HCSO Employee Voluntary Waiver Form to employees at two regular touchpoints is the best practice**
- Employees must complete the form annually to ensure it is always in effect (because it lasts for only a period of one year)
- Providing upon hire and each year at open enrollment ensures all periods are covered by the waiver for employees who choose to waive

When to Provide the Voluntary Waiver Form to Employees:

1

New Hires

Provide the HCSO Employee Voluntary Waiver Form to **new hires** if they waive the employer's group health plan.

2

Open Enrollment

Provide the HCSO Employee Voluntary Waiver Form annual at **open enrollment** for employees who waive the employer's group health plan.

The HCSO Voluntary Waiver Form

Template Language to Provide Employees with HCSO Waiver Form

Please find attached a copy of the San Francisco Health Care Security Ordinance Employee Voluntary Waiver Form. The purpose of this form is to waive your right to receive company contributions on your behalf to the City Option program, which generally is used to establish a Medical Reimbursement Account (MRA) in your name. Note that this waiver is different from your decision to waive the company's health plan coverage.

If you would like to waive your City Option contribution right, please complete the form and return it back to HR. The form is completely voluntary, valid for a period of one year if signed, and can be revoked at any time.

HCSO Employee Voluntary Waiver Form available here:

<https://sf.gov/information/health-care-security-ordinance>

Resources

- HCSO Employee Voluntary Waiver Form (PDFs)
 - [English](#) [Chinese](#) [Spanish](#) [Filipino](#)

Exempt Categories: Managerial, Supervisory, and Confidential Employees

Employees who qualify as **managers, supervisors, or confidential employees** (defined below) AND earn more than the applicable **salary exemption amount** (2025: \$125,405 salary, \$60.29 hourly rate)

(Note: Generally includes commissions but not overtime wages or bonuses)

Managerial Employee	Supervisory Employee	Confidential Employee (Rarely Applies)
<p>An employee who has authority to formulate, determine, or effectuate employer policies by expressing and making operative the decisions of the employer and who has discretion in the performance of his/her job independent of the employer's established policies.</p>	<p>An employee who has authority, in the interest of the employer, to hire, transfer, suspend, lay off, recall, promote, discharge, assign, reward, or discipline other employees, or the responsibility to direct them, or to adjust their grievances, or effectively to recommend any such action, if the exercise of this authority or responsibility is not of a merely routine or clerical nature, but requires the use of independent judgment.</p>	<p>An employee who acts in a confidential capacity to formulate, determine, and effectuate management policies with regard to labor relations, or regularly substitutes for employees having such duties.</p>

03

Health Care Expenditures

Satisfying the Core HCSO Requirement



Calculating Required Health Care Expenditures

Determining How Much the Employer Must Spend to Satisfy Core HCSO Requirement

Calculation Based on “Hours Payable”	Examples
<p>What are “Hours Payable”?</p> <ol style="list-style-type: none">1. The hours for which a person is paid wages for work performed within San Francisco; <u>and</u>2. The hours for which a person is entitled to be paid wages, including, but not limited to, paid vacation hours, paid time off, and paid sick leave hours, but not exceeding 172 hours in a single month. <ul style="list-style-type: none">• Hours Payable includes only those hours during which the employee is working within the geographic boundaries of the City and County of San Francisco• Includes overtime work for non-exempt employees (subject to 172 hour/month maximum)	<ul style="list-style-type: none">• Robin works in SF for Big Sales, Inc. (100+ employees) and has 115 hours payable in July 2025• William works in SF for Big Pharma, Inc. (100+ employees) and has 195 hours payable in July 2025• Big Sales will need to make health care expenditures of \$442.75 for Robin for the month of July 2025 ($\\$3.85 \times 115$)• Big Pharma will need to make health care expenditures of \$662.20 for William for the month of July 2025 ($\\$3.85 \times 172$)• Note that even though William had 195 hours payable in July, the calculation for Big Pharma is capped at the 172 hour/month maximum

Qualifying Expenditures

All of the Following Examples Meet the Requirements of the HCSO:

- **Employer payments to a third party to provide health care services for the Covered Employee, such as the employer-share of the premium for medical, dental, and/or vision coverage (including for spouse, domestic partner, children, or other dependents);**
- **Employer HSA contributions;**
- **Payments on behalf of the Covered Employee to the City Option;**
- Contributions on behalf of the Covered Employee to a reimbursement program (subject to a number of complex ACA and HCSO limitations);
- Payments to the Covered Employee to reimburse the employee for costs incurred in the purchase of Health Care Services; and,
- Costs incurred by the employer in the direct delivery of health care services for the Covered Employee.

Note: Payments made directly or indirectly for workers' compensation or Medicare benefits do not qualify as health care expenditures.

Calculating Health Insurance Expenditures

General Rule

Health care expenditures must be calculated separately for each covered employee.

Averaging Exception (Almost Always Used)

- a. Divide the total monthly premium paid for all employees covered by the uniform plan by the total number of employees covered by that plan, then
- b. Divide that number by 172 hours paid (“hours paid” per employee is capped at 172 hours in a single month).
 - The employer has the option of including only those employees covered by the HCSO or including all employees participating in the uniform plan, provided that all such employees receive the same health coverage or product.
 - Must perform a separate averaging for each “uniform plan” option (e.g., HMO low, HMO high, HDHP, PPO, etc.)

Irrevocable Expenditures

The HCSO was amended to require that all employer health care expenditures be irrevocable (e.g., not HRA contributions) after completion of the three-year phase-in process:

A few examples of irrevocable expenditures include:

- Employer-share of the premium for medical, dental, or vision
- Contributions to the [City Option](#); and
- Contributions to HSAs

2015

At least **60%** of the required health care expenditures are irrevocable.

2016

At least **80%** of the required health care expenditures are irrevocable.

2017+

100% of the required health care expenditures are irrevocable.

Note: This is why employers generally cannot use an HRA or health FSA (which also doesn't work because of the 24-month requirement) to satisfy the required health care expenditures. Some vendors however do promote "irrevocable HRAs" as an option.

The New OLSE “Free Plan Rule”

Exemption for Employers Offering Free Medical Plan Option

OLSE Recently [Updated Its FAQs With a Free Plan Exemption for Opt-Outs](#)

The “Free Plan Rule” exemption applies where:

1. The plan requires no premium contributions from the employee for at least one tier; **and**
2. That free plan tier satisfies the HCSO expenditure requirements at the time it is offered to the employee.
 - OLSE had previously informally communicated that no City Option contributions were required for waived employees if satisfying these free plan option conditions

Additional Considerations for Employers Relying on the “Free Plan Rule”

- The free plan tier relied upon must be a fully insured medical plan option
- That medical plan option must on its own meet the expenditure requirements
- Employers should retain documentation verifying the cost of the free plan, that it was offered to the employee at no cost, and that the employee waived the plan
- Employers relying on this rule still must file the Annual Reporting Form each April
- OLSE is available to address to any questions about the rule: hcsosf@sf.gov

Example

- Generous Co. offers employees a free medical plan option that’s fully insured
- The average expenditure calculation shows that the free plan option has an hourly cost over \$4, well in excess of the expenditure requirement
- Travis declines the Generous Co. offer of coverage because he has an even better health plan available through his spouse Taylor’s company
- **Generous Co. can rely on the free plan rule to avoid making City Option contributions on Travis’s behalf** (which would otherwise be required for an opt-out employee)

04

Examples

Highlighting Common Scenarios and Pain Points



Example 1 (Employee Waives the Health Plan)

Scenario

- Employer offers group health plan coverage
- HCSO covered employee is eligible for the plan, but...
- The employee declines enrollment
 - Maybe because the employee is already covered through a spouse/domestic partner or parent

Question: Has the employer satisfied its HCSO expenditure requirement?



Answer: No! (unless an exemption applies)

A Covered Employer that establishes or maintains a health insurance program that requires contributions by a Covered Employee must do more than offer the Covered Employee an opportunity to participate in such a program. **If the employee declines to participate in such a program, the employer must satisfy its Employer Spending Requirement in some other manner, such as contributions to the City Option.**

Example 2 (Employee Ineligible for the Health Plan)

Scenario

- Employer offers group health plan coverage
- HCSO covered employee is not eligible for the plan
 - For example, the employee works only 8 hours per week
 - Employer plan eligibility is set at 20 or 30 hours per week

Question: Has the employer satisfied its HCSO expenditure requirement?



Answer: No! (unless an exemption applies)

Q: I currently provide benefits to all full-time employees, but only provide benefits to part-time employees who work more than 20 hours per week. Does the HCSO require me to do more?

A: Yes, if your part-time employees work eight or more hours per week in San Francisco, you are required to make health care expenditures on their behalf (e.g., contributions to the City Option).

Example 3 (Insufficient Employer-Share of the Premium)

Scenario

- Employer offers group health plan coverage
- HCSO covered employee is enrolled in the plan, but...
- Employer-share of the premium for the employee's coverage is less than the HCSO hourly expenditure rate (either on an individualized basis, or under the averaging approach)

Question: Has the employer satisfied its HCSO expenditure requirement?

Answer: No! (unless an exemption applies)

- If the amount spent does not meet the minimum expenditure amount set by the HCSO, the Covered Employer must decide how it will spend the difference.
- The employer could choose a health insurance plan that provides more comprehensive benefits, such as dental and visions benefits, or increase its contribution towards the health care premiums while decreasing the portion paid by the employee.
- **Another way to spend the remainder of the minimum spending requirement is City Option contributions.**

Example 4 (Work from Home)

Scenario

- Employer has an office in San Francisco that is the main worksite for Bay Area employees
- Since March 2020, many employees have been working remotely from home
- Some employees live in San Francisco, many live spread out through the rest of the Bay Area and the country

Question: Does the employer still need to satisfy the HCSO expenditure requirement?



Answer: It depends on where the employees are working.

- Employees who work exclusively from home (or any other place) outside of San Francisco for a calendar quarter are not an HCSO covered employee because they are not performing at least 8 hours per week in the City
- This means that no health care expenditure is required for the work-from-home outside of SF employees
 - *Note: The Board of Supervisors recently amended the HCSO to provide that work from home even outside of SF will be treated as work in SF for HCSO purposes if a) there is a public health order that places restrictions on onsite work in SF, and b) the employee was, is, or after the pandemic will be permitted or required to work from the employer's office or worksite in SF. No such order is currently in effect.*
- The HCSO expenditure requirement continues to apply for employees working in SF (at home or at office)
- **For more details: [SF HCSO Compliance in the Work-From-Home Era](#)**

05

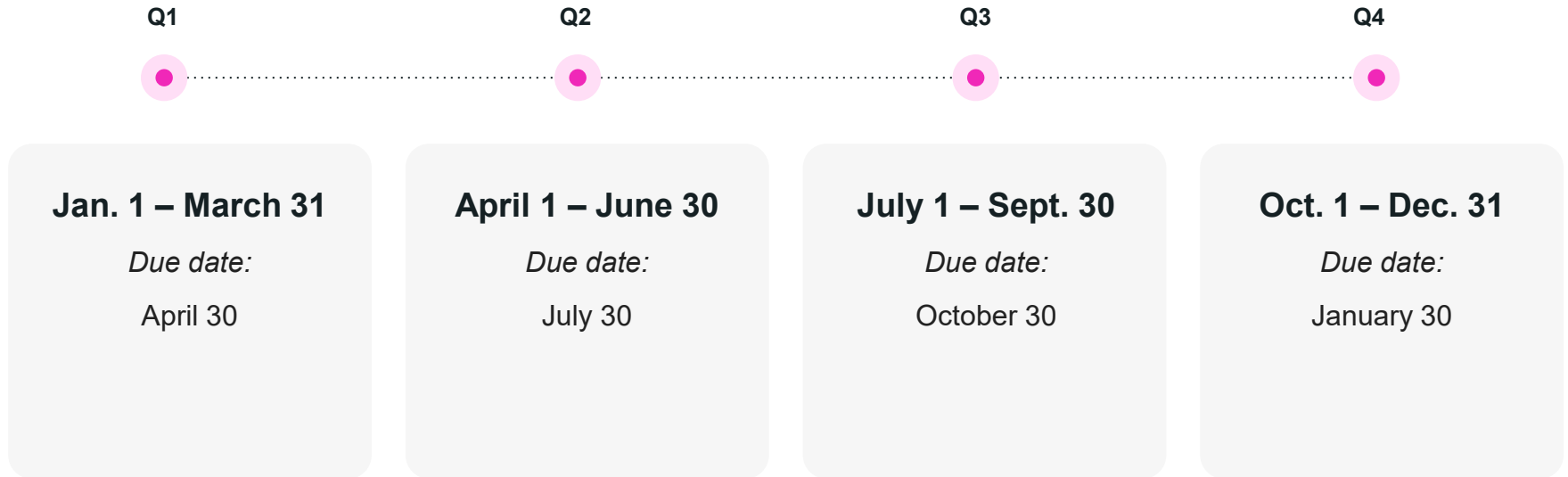
Deadlines

Quarterly Contribution Requirement



Expenditures Due Date

Health Care Expenditures are due quarterly, within 30 days of the end of the preceding quarter.



06

The City Option

Funding an “MRA” on the Employee’s Behalf



The City Option

SF Medical Reimbursement Accounts (SF MRAs)

The employer's contribution is deposited in an irrevocable reimbursement account referred to as a [San Francisco MRA](#). Employees can obtain reimbursements from their MRAs for a full range of medical, dental, and vision expenses, including reimbursements for the cost of insurance premiums.

Healthy San Francisco

If an employee is eligible for [Healthy San Francisco](#), the employer's payment may be applied towards the Employee's HSF enrollment, and the employee may receive a discount on Healthy SF program participation fees. To be eligible for Healthy SF, the employee must live in San Francisco, s/he must be uninsured, and s/he must not qualify for public health insurance programs (such as Medi-Cal).

Make contributions to the City Option at the "[Employer Portal](#)"

The City Option: SF MRA Overview

Employer contributions to the City Option will in almost all cases fund a San Francisco Medical Reimbursement Account (SF MRA) on the employee's behalf

- Think of the SF MRA as the equivalent of an **irrevocable** HRA maintained by the City (and administered by a TPA) that is designed to reimburse any out-of-pocket medical expenses incurred by the employee
- Searchable list of eligible SF MRA expenses: <https://sfcityoption.org/sfmra/mra-eligible-expenses/>

There is no annual use-it-or-lose-it rule or loss of coverage upon termination of employment that applies to the SF MRA

- All contributions are **irrevocable** and will never be returned to the employer
- Reimbursements are deducted from the employee's SF MRA account balance
- There is a \$3.15/month administrative fee charged to the SF MRA
- Employees must file at least one claim every 24 months to keep the account open—but can reinstate the account in full upon request to the City

Make contributions to the City Option at the "[Employer Portal](#)"



The City Option: Contribution Overview

How to Pay

- Employers must make quarterly payments to the City Option via the Employer Portal
- <https://sfcityoption.org/employers/how-to-participate-in-sf-city-option/employer-portal/>
- Payments made via mailed check or EFT online payment

- Employers subject to the SF HCSO may need to make quarterly contributions to the City Option for certain covered employees
- Required where the employer is not satisfying the required hourly health care expenditure through the group health plan (and no exemption applies)
- Payments are due within 30 days after the end of each quarter

Most common scenario

- Required where the employee waives the group health plan, and:
 - Is not a manager/supervisor with compensation in excess of threshold; and
 - Does not complete the Employee Voluntary Waiver Form

One-Time Confirmation Notice to Employees

Employers must provide employees with a Health Care Payment Confirmation Notice after their first payment to the City Option on the employee's behalf.

<https://sfcityoption.org/employers/about-us/employer-resources>

May be delivered by mail, email, or hand delivery.



Health Care Payment Confirmation


Your Employer Has Deposited Money to SF City Option

Congratulations! Your employer has chosen to comply with the San Francisco health care laws by making a payment to SF City Option so that you can access an SF Medical Reimbursement Account (SF MRA).

Your Next Step Is to Enroll in SF MRA

Watch for your SF City Option Welcome Letter in the mail. This letter will include enrollment instructions. Once you're enrolled, you can get reimbursed for eligible expenses.

If you don't receive the welcome letter within the next few weeks or you have questions, call Customer Service at **1(877) 772-0415** or email us at info@sfcityoption.org.

 Enroll now at sfcityoption.org/enroll

Get Reimbursed for a Wide Range of Expenses

SF MRA provides reimbursement for health services and products including:

- Insurance premiums
- Doctor visits
- Dietary supplements
- General health expenses
- Vision and dental expenses

For the full list of eligible expenses visit sfmra.org/eligibleexpenses.



What Is SF MRA?

You can use the money in your SF MRA to get reimbursed for eligible health and wellness expenses. Your spouse, domestic partner, or any dependents have access to this money through your account. The goal of SF MRA is to help you achieve and maintain your best health and wellness. For more information visit, sfmra.org



SFMRA
YOUR ACCOUNT FOR HEALTH COSTS

Useful Links

Payment Process

<https://sfcityoption.org/employers/how-to-participate-in-sf-city-option/make-a-payment/>

Searchable List of SF MRA Eligible Expenses

<https://sfcityoption.org/sfmra/mra-eligible-expenses/>

Overview of the SF MRA

<https://sfcityoption.org/sfmra/about-us/>

How to Access SF MRA Funds

<https://sfcityoption.org/sfmra/enroll-in-sf-mra/>

How to Submit a SF MRA Claim

<https://sfcityoption.org/sfmra/how-to-file-a-claim/>

Make contributions to the City Option at the “Employer Portal”

<https://sfcityoption.org/employers/how-to-participate-in-sf-city-option/employer-portal/>

07

The Other HCISO Requirements



Employee Notice Requirement (Poster)

Every *Covered Employer* must post the Official OLSE Notice in a conspicuous place at any workplace or job site where any *Covered Employee* works.

- Covered Employers must post the Official OLSE Notice
- Drafting and posting a different version will not satisfy the requirement of the law

Every *Covered Employer* is required to post the *Official Notice* in English, Spanish, and Chinese.

- The front of the Official OLSE Notice includes these three languages.
- Every Covered Employer must **also** post the Official Notice in any other language spoken by at least five percent of the employees at the workplace or job site.

Employee Notice Requirement

HCSO Model Poster available here:

<https://sf.gov/information/health-care-security-ordinance>

Resources

HCSO poster - Must be displayed at each workplace with covered employees.

- [2024 HCSO Poster](#) (effective January 1, 2024)

The Model HCSO Poster



OFFICIAL NOTICE 2024

You may be entitled to employer health care spending

Most workers in San Francisco are entitled to employer health care spending, if you:

- Work at least **8 hours** per week in San Francisco
- Have been employed by your employer for about 3 months (**90 days**)
- Work for a business that has **20 or more workers** worldwide or a non-profit with **50 or more workers** worldwide

2024 Required Health Care Spending Rates	
Employer size	Required rate
20-99 workers worldwide (or nonprofits with 50-99 workers)	\$2.34 / hour
100 or more workers worldwide	\$3.51 / hour

Your employer may choose how they spend the money. For example, your employer may pay for health, dental, or vision insurance, make payments to the SF City Option program, etc.

The City may investigate possible violations of the law, and can order employers who violate the law to pay penalties and make payments to workers. Employers may not punish employees who file a complaint or who cooperate with an investigation.

If you have any questions, please contact your employer or the San Francisco Office of Labor Standards Enforcement at (415) 554-7892 or HCSO@sfgov.org. You can also visit the OLSE website at www.sf.gov/olse-hcso

Recordkeeping Requirements

Covered Employers must keep, for a period of four years from each Covered Employee's dates of employment, the following records:

- Itemized pay statements;
- The employee's address, telephone number, date of first day of work;
- Records of Health Care Expenditures made, including calculations of Health Care Expenditures required under the law for each Covered Employee and proof documenting that such expenditures were made each quarter of each year;
- Documentation supporting the exemption of an employee from coverage, such as a signed Employee Voluntary Waiver Form for each employee for whom the employer is claiming an exemption from the Employer Spending Requirement; and
- Covered Employers must also demonstrate that the Required Health Care Expenditures were made quarterly

Reporting Requirements

Covered Employers must submit an Annual Reporting Form to the OLSE by April 30th of each year.

Covered Employers who fail to make a timely submission will be in violation of the HCSO and shall be subject to penalties.

The 2024 Annual Reporting Form (ARF) is due by April 30, 2025.

Note: In 2024, the OLSE extended the deadline through the end of the week (Friday) in which April 30 landed. They may continue this small extension going forward. If so, that would extend the deadline to May 2, 2025—but be sure to confirm on website first!

ARF Preview

Getting Started

Based on your answers to the introductory questions, you must complete the 2023 Employer Annual Reporting Form.

The form is due by **Friday, May 3, 2024**. Employers who do not submit a form may be subject to a penalty of \$500 per quarter.

Read the [Instructions](#) before you begin. If you need help completing the form, sign up for a [2023 Employer Reporting Form Webinar](#).

You will need a **San Francisco Business Account Number** to complete the form. You can find this number:

- On your Business Registration Certificate issued by the San Francisco Treasurer & Tax Collector.
- On the [San Francisco Data website](#).

If you have not registered with the S.F. Treasurer and Tax Collector's Office, you will need to register before completing this form. [Register here](#). Enter your 7-digit S.F. Business Account Number and click "Validate". If it has only 6 digits, enter a zero first.

Business Account Number

Business Name:

Is this your Business?

Do not use your browser back button to navigate between pages.

Name and Address

Business Account Number

Registered Name

Business DBA Name

Mailing Address 1*

Mailing Address 2

City:

State:

Zip:

* Required fields

If this is a new address, please update your record with the Treasurer and Tax Collector's Office [here](#).

Business Type

Select if you are filing on behalf of several entities in the same "control group" or under common control. [More information](#).

Use buttons at the bottom of this form to navigate forward and backwards. Do not use the back button in your internet browser or you may lose your answers.

Health Care Security Ordinance Reporting

	1st Quarter January to March 2023	2nd Quarter April to June 2023	3rd Quarter July to September 2023	4th Quarter October to December 2023
Business Size -	<input checked="" type="radio"/> 0-19	<input checked="" type="radio"/> 0-19	<input checked="" type="radio"/> 0-19	<input checked="" type="radio"/> 0-19
Number of Workers	<input type="radio"/> 20-49	<input type="radio"/> 20-49	<input type="radio"/> 20-49	<input type="radio"/> 20-49
Worldwide	<input type="radio"/> 50-99	<input type="radio"/> 50-99	<input type="radio"/> 50-99	<input type="radio"/> 50-99
More information	<input type="radio"/> 100+	<input type="radio"/> 100+	<input type="radio"/> 100+	<input type="radio"/> 100+
Employees Covered by the HCSO	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
More information				
Total Health Care Spending for Employee Covered by the HCSO in Dollars	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
More information				

Types of Health Care Spending included in the total above (select all that apply):

If you check any of the Self-Funded options, please enter the hourly amount in the Other field at the bottom.

Health Insurance (Traditional/Fully Funded)

Vision (Traditional/Fully Funded)

Dental (Traditional/Fully Funded)

Self-Funded Health Insurance

Self-Funded Vision

Self-Funded Dental

San Francisco City Option

Contributions to a Taft-Hartley Union fund for Health Insurance

Health Savings Account

Irrevocable HRA

Other (describe below max 250 characters)

Penalties

Violation of the HCSO	Maximum Administrative Penalty
Failure to make the required minimum Health Care Expenditures within five business days of the quarterly due date (30 days after the conclusion of each quarter)	\$100.00 for each employee for each quarter that the violation occurred.
Failure to submit the Annual Reporting Form	\$500.00 for each quarter that the violation occurs
Retaliation against employees	\$100.00 for each person who is the target of the prohibited action for each day the violation occurs
Refusing to allow OLSE access to employer records	\$25.00 for each worker whose records are not provided for each day the violation occurs
Failure to maintain or retain accurate and complete records	\$500.00 for each quarter that the violation occurs
Failure to post the Official HCSO Notice	\$25 per day for each workplace or job site where the Notice is not posted

08

Wrap-up

Takeaways



The San Francisco Health Care Security Ordinance (HCSO)

Three Key Points to Remember

1

The SF HCSO imposes a minimum health care expenditure requirement for covered employees of covered employers. Covered employer status and whether the large employer increased threshold applies is determined by the number of worldwide employees. But an employer is not covered if it is not required to obtain a business registration certificate in SF, and an employee is not covered unless they physically work in SF (and do not meet one of the exemptions).

2

The SF HCSO is best thought of as a form of enhancement to the minimum wage in San Francisco. Merely offering a generous plan generally does not satisfy the HCSO. Unless the “free plan” exception applies, the employee must actually receive the sufficient level of health care expenditures. That means the employer must still contribute to the City Option for employees who waive the plan and for whom no exemption applies.

3

The City Option contributions will typically establish a medical reimbursement account for employees that they can use to reimburse any out-of-pocket health expenditures. This is a program administered by the City with no ongoing employer responsibilities other than the one-time confirmation notice to employees after the first contribution and the ongoing contributions on a quarterly basis as needed to satisfy the HCSO health care expenditure requirements.

Content Disclaimer

The San Francisco Health Care Security Ordinance (HCSO)

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Thank you



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