



We will begin at 10AM PST

Healthy Airport Ordinance (HAO)

The slide deck and a recording of this webinar will be posted on our website



Office of Labor Standards Enforcement



Healthy Airport Ordinance (HAO)

February 18, 2026
(Effective: February 26, 2026)



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Materials & Recording

The slide deck and a recording of this webinar will be posted on our website:

<https://sfgov.org/olse>



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Chat Box

- Open up the Chat Box (bottom right).
- We'll share important information in the Chat Box, like URLs.
- Unfortunately, we won't be able to chat with you during the webinar. Send us a Question in the Question Box!



Questions and Answers (1 of 2)

- Send your questions to us in the Questions Box.
- Staff will answer questions in the Questions and Answers Box.
- If your question is not answered during the webinar, staff will contact you directly with a response.



Questions and Answers (2 of 2)

- Provide contact information so we can follow up with you, if needed.
- You can always contact our office to ask questions.



Background (1 of 2)

- 2020: City and County of San Francisco (City) enacted the HAO.
- November 2025: The City amended the HAO to provide a new compliance method—Irrevocable Health Care Expenditures—designed to provide Quality Standards Program (QSP) employers with covered employees more flexibility.



Background (2 of 2)

- Starting **February 26, 2026**: QSP employers will have three compliance options for the remainder of the 2026 calendar year.
- Effective January 1, 2027: the Irrevocable Health Care Expenditures method will be the only way to comply with the HAO.



Goal of Presentation

- Explain new option: Starting **February 26, 2026**, employers of employees covered by SFO's QSP will have three options for compliance for the remainder of the 2026 calendar year.
- Review the Three Options for Compliance for the remainder of the 2026 calendar year.



Covered Employer

Quality Standards Program (QSP) Employer:

Any firm, including airlines and service providers, which employs personnel involved in performing services which directly impact safety and/or security at the San Francisco International Airport (SFO).



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Covered Employees – Type of Work (1 of 2)

Types of employees covered by the Quality Standards Program are those who hold safety- or security sensitive positions.

- *Those impacting security.*
E.g., Directly engaged in performing checkpoint security screening, passenger check-in activities, skycap and baggage check-in and handling services, and Airfield Operations Area (AOA) perimeter control.



Covered Employees – Type of Work (2 of 2)

- *Those impacting safety.*
E.g., Providing ramp handling functions including aircraft cleaning, fueling, and baggage/cargo handling; preparation and/or transportation of food and beverage products delivered on the AOA; other employees with AOA access working in and around in the AOA in the performance of their duties.



Covered Employees - Hours

- No minimum hours requirement to qualify under HAO.
 - includes part-time & temporary employees.
- Hours worked must be at SFO property.
 - Note: Employees directly involved in the preparation and/or transportation of food and beverage products may be located on Airport property and the surrounding areas.



QSP Unit

If you need help determining whether you are a QSP employer and/or if you have QSP employees, contact the QSP Unit at:

Email: qsp@flysfo.com

Phone: 650-821-1003

Website: <https://www.flysfo.com/about/airport-operations/policies-regulations/rules-and-regulations>



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Compliance Options under HAO

Effective February 26, 2026, an employer may comply with the HAO by selecting one of the following three options:

1. Offer a compliant/qualifying family health plan; **or**
2. Pay the monthly City Option Contributions; **or**

NEW OPTION:

3. Make Irrevocable Health Care Expenditures based on each employee's household size and hours worked.



Overview of Option 1 – Family Health Plan (1 of 3)

Option 1: Provide each covered employee a family health plan (that includes the employee's dependents) that meets the health plan requirements.



Overview of Option 1 – Family Health Plan (2 of 3)

Health plan requirements include:

- must be at no cost to the covered employee;
- is actuarially equivalent to a platinum-level plan;
- provides comprehensive coverage for benefits listed in California's Essential Health Benefit Benchmark Plan.
- Coverage must begin on the first of the month that begins after 30 days from the start of employment.



Overview of Option 1 – Family Health Plan (3 of 3)

Buy-Up Options Allowed

- once the platinum-level offer is satisfied, the employer may also offer additional gold-level plans.
- Cost limited to the difference between the employer's premium cost of the most expensive Platinum plan and the employer's premium cost of the Gold plan(s).



Overview of Option 2 – Payment to City Option (1 of 2)

Employers may make payments to City Option.

Rate:

- 7/1/25: \$12.15 per hour worked at or near SFO property (up to \$486/week)
- Weekly cap of 40 hours.
- Rate updated July 1. New rate for 7/1/26 will be available in May.



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SFCityOption
THE EMPLOYER'S HEALTH CARE CHOICE

Overview of Option 2 – Payment to City Option (2 of 2)

Payment to City Option:

- Due by the 15th of each month for hours worked in the preceding month.
- Contact City Option to set up an account to make reports and payments. Please mention that you are a San Francisco International Airport (SFO) employer.
- Inform your employees in writing when you have made the first payment and what to expect.



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Resources for Options 1 and 2

Option 1 – Family Health Plan

- See [HAO Website](#) more information about health plan requirements in the FAQ.
- On demand videos for HAO health plan requirements.



Option 2 – City Option

- Visit <https://sfcityoption.org/>
- Email: employerservices@sfcityoption.org
- Phone: 1 (877) 772-0415



New Compliance Option - Irrevocable Health Care Expenditures (Option 3)

- Starting February 26, 2026, QSP employers will have a new option to make irrevocable health expenditures based on a Covered Employee's household size and hours worked at or near the Airport in a QSP capacity.
- **January 1, 2027, this tiered irrevocable expenditure method will be the only compliance option.**
- This gives Covered Employers most of 2026 to either maintain their current approach or transition to the new system.



Make Irrevocable Health Care Expenditures to or on behalf of QSP Employees

Expenditure rate is based on employee's household size and hours worked.

Employee's Household Size	2026 Hourly Rate
Employees with No Dependents	\$6.17/hour worked (max \$246.80/week)
Employees with 1 Dependent	\$12.33/hour (max \$493.20/week)
Employees with 2 or more Dependents	\$17.44/hour (max \$697.60/week)

Health Care Expenditure Rates Change Annually on January 1



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Who is a Health Care Dependent?

Health Care Dependent means a QSP employee's:

- spouse or registered domestic partner,
- child, including any legally adopted child, recognized natural child, stepchild, foster child, and minor legal ward who is eligible for coverage in accordance with 42 U.S.C. § 300(gg-14)(a), and
- any other dependent entitled to be covered under employer-provided full-family health care plans under federal laws or California state law.



Calculate the Weekly Employee Expenditure Amount

Multiply the expenditure rate by the employee's hours worked* to determine the weekly expenditure amount.

Example for Employee with 1 Dependent

- Rate = \$12.33 per hour
- Employee works 38 hours a week

$38 \text{ (hours worked)} \times \$12.33 \text{ (household rate)} = \468.54

*Count the hours worked on **SFO** property in a QSP capacity. Hours worked elsewhere in the world or at home do not count as covered hours for the HAO. For purposes of preparation and/or transport of food/beverage delivered to an aircraft on the AOA, count hours worked at or near SFO property.



“Irrevocable Health Care Expenditure” Defined

- Any amount of health care expenditure that has not been retained by and cannot at any time be recovered by or returned to the Employer.
- For self-funded or self-insured health plans, the actuarial value of the benefit offered may be treated as an Irrevocable Expenditure.



What are Health Care Expenditures? (1 of 2)

“Health Care Expenditures” may include amounts paid to:

- a trustee or third party on behalf of a QSP employee for the **purpose of providing or reimbursing the cost of Health Care Services** for an employee and their dependents.



What are Health Care Expenditures? (2 of 2)

- An employee for the purposes of **reimbursing the cost of Health Care Services** for the employee and their health care dependents.
- the City on behalf of a QSP employee to **establish or to contribute to a Medical Reimbursement Account** administered in accordance with SF Labor & Employment Code § 21.2(g).



Health Care Expenditures for Self-Funded Plans

For self-funded plans, Health Care Expenditures may include:

- Premiums and/or fees paid by the Employer to a third party to administer the self-funded/self-insured plan.
- Claims paid out-of-pocket by the Employer for the specific worker.
- The actuarial value of the benefits offered by the Employer as determined for setting rates for COBRA under federal law.



Health Care Services Defined

Health Care Service means *medical care*, services, or goods that may qualify as tax deductible medical care expenses under 26 U.S.C. 213, or those having substantially the same purpose or effect as such deductible expenses.

For the purposes of the term *medical care*: means amounts paid for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purposes of affecting any structure of the function of the body.



Examples of Health Care Expenditures (1 of 2)

Payments or contributions:

- to a trustee, third party, health care provider, or employee to provide/reimburse for medical, dental, or vision insurance.
- on behalf of the Covered Employee to the [SF City Option](#).
- on behalf of the employee to a reimbursement program.



Examples of Health Care Expenditures (2 of 2)

Payments or contributions:

- For qualifying medical expenses, such as dental treatments and fees paid to dentists for x-rays, fillings, braces, extractions, dentures; eyeglasses and contact lenses needed for medical reasons; fees for eye examinations and eye surgery to treat defective vision.



Health Care Expenditures Don't Include

- Any amount:
 - otherwise required to be paid by Federal, State, or local law
 - funded by deductions from an Employee's pay
 - paid directly by an Employer to an Employee that is not related to a documented expenditure for Health Care Services.

Payments made directly or indirectly for workers' compensation or Medicare benefits do not qualify as Health Care Expenditures.



Ways to Satisfy the Employer Spending Requirement (1 of 2)

Options include:

- Offering health (medical) plan/insurance, dental insurance, vision insurance:
 - Payments for insurance premiums, including medical, dental, and/or vision insurance for covered employees and/or their spouses, partners, children, or other dependents



Ways to Satisfy the Employer Spending Requirement (2 of 2)

Options include:

- Contributing to SF City Option (managed by SF Dept of Public Health, not OLSE. For more information see www.sfcityoption.org)
- Contribute to a Health Savings Account, Medical Savings Account, or other irrevocable reimbursement account
- Combination of these options



Health Plan Waiver

How to Utilize for HAO Options 1 and 3

Covered Employee may voluntarily waive the health plan offered under Option 1 and Option 3 (NEW) if they:

- Execute the OLSE's Voluntary Waiver Form
- Provide proof of current coverage for employee and dependents.

The waiver is not available for Option 2 (City Option).

The waiver is valid for the health plan year and is required on an annual basis.



Health Plan Waiver: Option 3 (NEW) (1 of 2)

If an employer offers an employee a health plan/medical insurance and the employee signs a voluntary waiver:

- The employer may deduct the amount of the premiums that the employer would have paid if the employee accepted the coverage offered from the health plan.
- An employer must retain a copy of form and documents for three (3) years after the termination of your contract with SFO.



Health Plan Waiver: Option 3 (2 of 2)

- Offering a health/medical plan is the only reason you can use the HAO Voluntary Waiver Form and therefore may apply the credit.
- The Employer remains responsible to make Irrevocable Health Care Expenditures for the remaining amounts that are not covered by the waiver, if any.



HAO Waiver Form Requirements (1 of 2)

- Declination Reason: Employee has health coverage from another source and they would like to decline the offering.



HAO Waiver Form Requirements (2 of 2)

Employer must:

- Complete employer portion of the OLSE form.
- Have the employee voluntarily complete employee section and sign form.
- Collect proof of supporting document(s) showing the employee and their dependents have current coverage from another source.



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Other Types of Health Care Expenditures Under Option 3 (NEW)



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Contributions to a Medical Reimbursement Account (1 of 2)

Quarterly Payments

Employers must make that payment to the account within 30 days after the end of the quarter in which the employee worked the hours.



Contributions to a Medical Reimbursement Account (2 of 2)

The year is divided into quarters:

(Jan–Mar, Apr–Jun, Jul–Sep, Oct–Dec).

The employer tracks the hours worked in each quarter.

After a quarter ends, the employer has 30 days to send the required payment to the account.



Deadlines

Expenditures must be made within 30 days of the end of the quarter. Exception for self-funded health plans which are calculated annually.

- **Quarterly Deadlines:**
 - Quarter 1: Apr. 30
 - Quarter 2: July 30
 - Quarter 3: Oct. 30
 - Quarter 4: Jan. 30



CBA Waiver

Collective Bargaining Agreement (CBA) Waiver allowed.



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Employer's Notice Requirements

The employer is responsible for:

- providing existing and new QSP employees with the current Know Your Rights Form.
- posting the operative poster that explains the employer's HAO obligations.

The Notice & Forms will be available on the OLSE website by 2/26/26 and will be effective until June 30, 2026, as there will be a new poster issued for July 1, 2026.



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Maintain Records

Maintain records for three (3) years after the termination of your City Contract.

Examples of records:

- Hours worked
- Health care expenditures made (including insurance enrollment and invoices)
- HAO waiver forms, if any
- Anything else you'd need to demonstrate compliance (payroll records showing start & end dates, City Option contributions, etc.)



Common Compliance Issues (1 of 3)

Not calculating your spending requirement correctly.

- This amount is based on hours worked, not hours paid.



Common Compliance Issues (2 of 3)

Not making expenditures at the correct household size.



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Common Compliance Issues (3 of 3)

Failing to make any health care expenditures for anyone.

- Disregarding part time workers. Employers are required to comply with the HAO if your QSP Employee works a minimum of one hour per week.





Questions



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FAQ 1

Q: I offer insurance to my employees. Isn't that enough to comply with the Irrevocable Health Care Expenditure method?

A: It depends. The employer must ensure (1) the insurance is sufficiently comprehensive to satisfy the expenditure rate for that year and (2) that all Covered Employees are enrolled in the plan or have signed a voluntary waiver* form and have provided proof of current health coverage.

*As a reminder, for waivers the employer may receive credits for the premiums it would have spent on the health plan if the employee had accepted the coverage. If the amount does not meet the expenditure rate, the employer must find another expenditure method to cover the difference.



FAQ 2

Q: Under the Irrevocable Health Care Expenditures method, do I need to make expenditures for employees who already have health insurance from another source?



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FAQ 2 - Answer

A: It depends. If you are offering a health plan and an employee declines the offer of health insurance because they have insurance from another source, they voluntarily complete the official waiver form, and submit supporting proof of current coverage, then:

- May deduct the amount of the premiums that the employer would have paid if the employee accepted the coverage offered from the health plan.
- The Employer remains responsible to make Irrevocable Health Care Expenditures for the remaining amounts that are not covered by the waiver, if any.



FAQ 3

Q: Will the City Option Rate increase on July 1, 2026?

A: Yes, the City Option Rate will increase on July 1, 2026. The new rate will be published in May 2026.

- Check the HAO webpage

<https://www.sf.gov/information--healthy-airport-ordinance>

- Sign up for our email newsletters to be notified

<https://www.sf.gov/sign-mcohcao-emails>



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FAQ 4

Q: Can an employee require an employer to provide a particular compliance option? For example, can the employee require us to pay contributions to the City Option?

A: No, the employer decides on the compliance option, not the employee.



FAQ 5

Q: What are hours worked? Do hours worked outside of SFO count for the purposes of calculating health expenditures?

A: This is usually the time your employee works on SFO property. However, there are exceptions to this where catering companies who prepare food for the airlines, these companies may QSP employees who perform work near SFO or in other words, not on SFO property, and these employees are covered. If you have any questions, about who are your QSP employees, contact the QSP Unit. If you have questions about compliance, contact our office.



Contact OLSE

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Website: www.sf.gov/olse

