San Francisco Labor Laws for SFO Leases and Concessions

Effective July 1, 2026-Excludes QSP Employers

Minimum Compensation Ordinance (MCO)

Wages and Time Off Requirements

Covered Employers

- Applies to a company that has 5 or more employees, anywhere in the world AND subcontractors working on the City Contract

Covered Employees

- Any employee who works on a City contract for services and who performs such work anywhere in the USA

Employer Requirements

- **For-profit rate** is $22.01/hour
- 0.04615 hours of Paid Time Off (PTO) per hour worked (can be used as vacation or sick leave, and is vested and cashed out at termination)
- 0.03846 hours of Unpaid Time Off per hour worked – allowed without consequence
- Posting Requirements
- Employee must sign a "Know Your Rights" form

Contact the MCO unit: mco@sfgov.org and (415) 554-7903

Health Care Accountability Ordinance (HCAO)

Covered Employers

- For a company that has > 20 workers (for profit)/ > 50 workers (nonprofit), anywhere in the world
- Applies to your subcontractors working on the City Contract

Covered Employees

- Any employee who works **at least 20 hours a week** on a City contract for services

Employer Requirements

A) Offer a compliant health plan with no premium charge to the employee. See Minimum Standards*
OR

B) Pay $8.00** per hour to the Department of Public Health (DPH) – this is not a benefit to employees but a fee paid to be in compliance with the HCAO
OR

C) Pay $8.00** per hour to covered employee. N/A to SFO and San Bruno Jail locations. Employee must work outside of SF and work on a City contract outside of SF. See HCAO for more details

- Posting Requirements
- Employee must sign a "Know Your Rights" form

*Current standards are attached and new standards, effective 1/1/27, can be found on www.sf.gov/olse-hcao. An employer's plan year that overlaps with the new standards 1/1/27, is still under the standards effective 1/1/26. Any subsequent contract effective on or after 1/1/27 must comply with the new standards. Questions regarding HCAO Standards, please contact DPH (628) 271-7517.

**Rate changes every July 1

Contact the HCAO Unit: hcao@sfgov.org and (415) 554-7903

CITY AND COUNTY OF SAN FRANCISCO

Minimum Compensation Ordinance

For Profit Entities

<u>NOTICE TO EMPLOYEES</u>

Effective: July 1, 2026

This employer is a contractor with the City and County of San Francisco (CCSF). The contract with CCSF is subject to the Minimum Compensation Ordinance (MCO). If you perform any work under the contract, you must be provided no less than the Minimum Compensation outlined below.

THESE ARE YOUR RIGHTS . . .

1. **Minimum Hourly Compensation:**
    - For-Profit Rate: **$22.01/hour**
    - Rates are subject to change; your employer must pay the applicable current rate posted on the OLSE website: www.sf.gov/olse-mco

2. **Paid Time Off (PTO):**
    - Accrued at 0.04615 hours per hour worked (equivalent to 12 paid days off per year for employees working a 40 hour workweek)
    - May be used for vacation, sick leave, or personal necessity
    - Accrued unused PTO shall be paid out to employees at separation

3. **Unpaid Time Off (UTO):**
    - Accrued at 0.03846 hours per hour worked (equivalent to 10 unpaid days off per year for employees working a 40 hour workweek)
    - For unpaid sick time purposes

If you believe your rights have been or are being violated contact the Office of Labor Standards Enforcement at (415) 554-7903 or mco@sfgov.org

Office of Labor Standards Enforcement (OLSE)
City Hall, Room 430
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
www.sf.gov/olse-mco

Covered Employers Must Post Where Employees Can Read Easily

Revised June 2026

OFFICE OF THE CITY ADMINISTRATOR
OFFICE OF LABOR STANDARDS ENFORCEMENT
PATRICK MULLIGAN, DIRECTOR

Minimum Compensation Ordinance – For-Profit

KNOW YOUR RIGHTS

Effective: July 1, 2026

Under the Minimum Compensation Ordinance (MCO), employers who: (1) have contracts or subcontracts (i.e., services agreement, grant, lease, etc.) with the City and County of San Francisco; or (2) are tenants and subtenants, or their subcontractors, on San Francisco International Airport property **MUST** provide minimum compensation and time off to employees. This Know Your Rights Form explains the MCO requirements. Please sign it only after you have read it fully and understand your rights.

THE MCO REQUIREMENTS

1. **Minimum Hourly Wage**
   - Hourly Rate is **$22.01/hour**
   - Rates are subject to change. Your employer is obligated to keep informed of the requirements and to notify employees in writing of any adjustment to the MCO wage.

2. **Paid Time Off (PTO)**
   - Accrued at 0.04615 hours per hour worked (equivalent to 12 paid days off per year for a 40 hour workweek employee).
   - May be used for vacation, sick leave, or personal necessity.
   - Accrued PTO shall be paid out to employees at separation.

3. **Unpaid Time Off (UTO)**
   - Accrued at 0.03846 hours per hour worked (equivalent to 10 unpaid days off per year for a 40 hour workweek employee).
   - For unpaid sick time purposes.

Retaliation Prohibited: Your employer may not retaliate against you or any other employee for trying to learn more about the MCO or exercising your rights under the law. If you believe that you have been discriminated or retaliated against for inquiring about or exercising your rights under the MCO, contact the Office of Labor Standards (OLSE) to file a complaint.

Sign this document ONLY AFTER you have read it fully and understand your rights under the MCO. If you have questions about your rights or your employer's responsibilities under the MCO, please contact the OLSE at (415) 554-7903 or mco@sfgov.org.

Print Name of Employee: ____

Signature of Employee: ____________________________ Date: _______________

Para asistencia en Español, llame al (415) 554-7903
需要中文幫助，請電 (415) 554-7903
Para sa tulong sa Tagalog, manyaring tumawag sa (415) 554-7903
Để được trợ giúp bằng tiếng Việt, gọi (415) 554-7903

For a complete copy of the Minimum Compensation Ordinance, visit www.sf.gov/olse-mco

Revised June 2026

CITY AND COUNTY OF SAN FRANCISCO

Health Care Accountability Ordinance

NOTICE TO EMPLOYEES

Effective: July 1, 2026

This employer is a contractor with the City and County of San Francisco and is subject to the Health Care Accountability Ordinance (HCAO). The HCAO requires your employer to provide health plan benefits to covered employees, make payments to the Department of Public Health (DPH), or, under limited circumstances, make payments directly to employees. If you work at least 20 hours per week on a City contract, you are a covered employee and your employer must choose one of the following options:

1. **PROVIDE YOU WITH A HEALTH PLAN THAT MEETS DPH'S MINIMUM STANDARDS OUTLINED BY THE DIRECTOR OF PUBLIC HEALTH**
   - Your employer cannot require you to contribute any amount towards the premiums for health plan coverage for yourself**.**
   - Coverage must begin no later than the first of the month that begins after 30 days from the start of employment on a covered contract.

OR

2. **PAY $8.00 PER HOUR WORKED TO DPH**
   If you live within the City and County of San Francisco or work on a City contract within the City, the San Francisco Airport, or the San Bruno Jail, and your employer does not provide a health plan that meets the Minimum Standards, your employer must pay $8.00/hour for every hour you work (up to 40 hours or $320 a week) to DPH.

OR

3. **PAY AN ADDITIONAL $8.00 PER HOUR WORKED TO THE EMPLOYEE**
   If you live outside the City and County of San Francisco and work on a City contract located outside of the City, and not at the San Francisco Airport or at the San Bruno Jail and your employer does not provide a health plan that meets the Minimum Standards, your employer must pay you an additional $8.00/hour for every hour you work (up to 40 hours or $320 a week) to enable you to obtain health insurance.

If you believe your rights have been or are being violated contact the Office of Labor Standards Enforcement at (415) 554-7903 or hcao@sfgov.org

Office of Labor Standards Enforcement (OLSE)
City Hall, Room 430
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
www.sf.gov/olse-hcao

Covered Employers Must Post Where Employees Can Read Easily

Revised June 2026

GENERAL SERVICES AGENCY
OFFICE OF LABOR STANDARDS ENFORCEMENT
PATRICK MULLIGAN, DIRECTOR

Health Care Accountability Ordinance (HCAO)

KNOW YOUR RIGHTS

Effective: July 1, 2026

This notice is intended to inform you of your rights under the Health Care Accountability Ordinance (HCAO). The HCAO requires your employer to provide certain health benefits to you. Your employer can comply with the HCAO by offering you a compliant health plan, making payments to the Department of Public Health (DPH), or, under limited circumstances, by making payments directly to you. You will be asked to sign this document after you have reviewed the following information. Please sign only after you have fully read and understand your rights.

THE HCAO COMPONENTS

I. If you live in San Francisco (regardless of where you work) or if you work in San Francisco, at the San Francisco International Airport, or at the San Bruno Jail, your employer must:

A. Offer you health coverage that meets the Minimum Standards starting on the first day of the month following 30 calendar days after your first day of work*; **OR**

B. For each month in which you averaged at least 20 hours of work per week, pay DPH $8.00 per hour for each hour you work, up to 40 hours or $320 per week.

II. If you do not live in San Francisco and do not work in San Francisco, at the San Francisco International Airport, or at the San Bruno Jail, your employer must:

A. Offer you health coverage that meets the Minimum Standards starting on the first day of the month following 30 calendar days after your first day of work*; **OR**

B. For each month in which you averaged at least 20 hours of work per week, pay you $8.00 per hour for each hour you work, up to 40 hours or $320 per week, so that you can obtain health insurance coverage on your own.

Note that your employer must offer at least one plan that does not require you to contribute any amount towards the cost of premiums for health plan coverage for yourself.

EXEMPTIONS FROM COVERAGE

Certain categories of employees, including but not limited to students, trainees, and employees of employers subject to Prevailing Wage requirements, are exempt under the HCAO.

RETALIATION PROHIBITED

Your employer may not retaliate against you or any other employee for trying to learn more about the HCAO or exercising your rights under the law. If you believe that you have been discriminated or retaliated against for inquiring about or exercising your rights under the HCAO, contact the OLSE to file a complaint.

Sign this document ONLY AFTER you have read it fully and understand your rights under the HCAO. If you have questions about your rights or your employer's responsibilities under the HCAO, please contact the OLSE at (415) 554-7903 or hcao@sfgov.org.

Name of Employee Date

Signature of Employee

Para asistencia en Español, llame al 554-7903
需要中文幫助，請電 554-7903
Para sa tulong sa Tagalog, manyaring tumawag sa (415) 554-7903
Để được trợ giúp bằng tiếng Việt, gọi (415) 554-7903

For a complete copy of the HCAO or the Minimum Standards, visit www.sf.gov/olse-hcao

Revised June 2026

City and County of San Francisco
Daniel Lurie
Mayor

San Francisco Department of Public Health
Daniel Tsai
Director of Health

San Francisco Health Care Accountability Ordinance (HCAO) Minimum Standards – Effective January 1, 2027

The following minimum standards are effective January 1, 2027. Health plans deemed compliant with the HCAO must either:

(1) Meet all 16 minimum standards as described below, **OR**
(2) Be a gold- and platinum-level plan written in California (or actuarial value of at least 76%), where:
   A. the employer covers 100 percent of both the plan premium and medical services deducible. Employers may use any health savings/reimbursement product that supports coverage of the medical deductible; and
   B. the plan covers all required covered services minimum standards (5, 8-16).

Note that the requirements under the HCAO are distinct from the Healthy Airport Ordinance (HAO). More information on the HAO can be found here: sf.gov/information/understanding-healthy-airport-ordinance

Benefit Requirement	Minimum Standard
1. Premium Contribution	Employer pays 100 percent.
2. Annual OOP Maximum	In-Network: • Employer must cover in-network out-of-pocket expenses up to 50 percent of plan's annual out-of-pocket maximum. These expenses must be covered on a first-dollar basis. • Employers may use any health savings or reimbursement product that supports compliance with this minimum standard. • OOP Maximum must include all types of cost-sharing (deductible, copays, coinsurance, etc.). • The plan's out of pocket maximum cannot exceed the Federal out-of-pocket limit for a self-only coverage plan during the plan's effective date. In 2027, the limit is $12,000. Out-of-Network: Not specified.
3. Medical Deductible	• In-Network: $3,200 maximum. • Out-of-Network: Not specified.
4. Prescription Drug Deductible	• In-Network: $500 maximum. • Out-of-Network: Not specified.
5. Prescription Drug Coverage	• Plan must provide drug coverage, including coverage of brand-name drugs.
6. Coinsurance Percentages	• In-Network: 55 percent/ 45 percent. • Out-of-Network: 50 percent/50 percent.

Benefit Requirement	Minimum Standard
7. Copayment for Primary Care Provider Visits	• In-Network: $65 per visit. When coinsurance is applied See Benefit Requirement #6. • Out-of-Network: Not specified.
8. Preventive & Wellness Services	• In-Network: Provided at no cost, per ACA rules. • Out-of-Network: Subject to the plan's out-of-network fee requirements. These services are standardized by federal ACA rules at no charge to the member. The California EHB Benchmark Plan outlines the types of preventive services that are required.
9. Pre/Post-Natal Care	• In-Network: Scheduled prenatal exams and first postpartum follow-up consult is covered without charge, per ACA rules. • Out-of-Network: Subject to the plan's out-of-network fee requirements. These services are standardized by federal ACA rules at no charge to the member. The California EHB Benchmark Plan outlines the types of pre- and post-natal services that are required.

10. Ambulatory Patient Services (Outpatient Care)	• When coinsurance is applied See Benefit Requirement #6.
	• When copayments are applied for these services:
	  ○ Primary Care Provider: See Benefit Requirement #7.
	  ○ Specialty visits: Not specified.

11. Hospitalization	• When coinsurance is applied See Benefit Requirement #6. • When copayments are applied for these services: Not specified.
12. Mental Health & Substance Use Disorder Services, including Behavioral Health	• When coinsurance is applied See Benefit Requirement #6. • When copayments are applied for these services: Not specified.
13. Rehabilitative & Habilitative Services	• When coinsurance is applied See Benefit Requirement #6. • When copayments are applied for these services: Not specified.
14. Laboratory Services	• When coinsurance is applied See Benefit Requirement #6. • When copayments are applied for these services: Not specified.
15. Emergency Room Services & Ambulance	• Limited to treatment of medical emergencies. The in-network deductible, copayment, and coinsurance also apply to emergency services received from an out-of-network provider.
16. Other Services	• The full set of covered benefits is defined by the California EHB Benchmark plan.

City and County of San Francisco
Daniel Lurie
Mayor

San Francisco Department of Public Health
Daniel Tsai
Director of Health

Office of Policy and Planning

2027-2028 Healthcare Accountability Ordinance (HCAO) Minimum Standards: Frequently Asked Questions and Common Clarifications

1) Does the HCAO require that coverage be offered for the individual employee and their dependent(s)?

No, the HCAO only requires that medical insurance be offered to the individual worker.

2) Since an employer only has to offer one (1) compliant plan, do other additional plans have to be HCAO compliant?

A covered employer is only required to offer one (1) compliant plan at no charge to the employee. If they choose to offer additional plans, these plans do not have to meet all the minimum standards, and they can be administered as the employer so chooses.

For example, after offering the compliant plan at no charge, the employer can also:
- offer a plan with different benefits that do not meet the minimum standards; or
- offer a plan that requires an employee premium contribution

3) If an employer pays the HCAO fee instead of offering a compliant plan, does that count as insurance? Does the employee benefit directly from the fee payment?

Paying the HCAO fee does not count as insurance, and where an employer needs to pay the fee depends on the location of where the employee's work is performed:
- If the employee performs works on a City contract within the City, the San Francisco Airport, or the San Bruno Jail, the fee is paid to the Department of Public Health. These payments are not a benefit to employees and the fees paid are to meet the HCAO compliance's requirement if the employee does not offer a HCAO complaint health plan to the covered employee.
- If the employee performs work on a City contract outside the City and County of San Francisco, the fee is paid to the employee. These payments to the employee are a direct benefit to the employee.

Contact the Office of Labor Standards Enforcement (OLSE) at hcao@sfgov.org for more questions about the fee, best practices on implementation of the above, and how to make a payment instead of offering a compliant plan.

4) Does it matter if our plan is self-funded vs fully-funded as it relates to the HCAO minimum standards?

No, it does not.

5) How do I calculate the actuarial value of a plan?

Employers can request that your broker provide the actuarial value of the plan in question, or you can also use the CMS Actuarial Value Calculator (AV Calculator), which is designed to give an estimate of the actuarial value for a given plan design. Please ensure you use the calculator of the corresponding year you're seeking compliance for (i.e., 2027 AV Calculator is used to calculate the AV of a 2027 health plan).

Services Covered

6) **If our plan is written out of another state, what can we do to comply with the coverage requirements under standard 16 regarding the CA benchmark plan?**

Employers can get a rider for the services not currently covered or get a plan written in CA.

7) **Are quantity limits allowed on services that are in the CA benchmark plan?**

Please refer to the CA benchmark plan for allowable quantitative limitations on services. For example, bariatric services cannot have quantitative limitations as specified under the CA Benchmark Plan: Link

8) **Does an employer need to offer pediatric vision and dental coverage as part of the HCAO?**

Given that the HCAO only requires adult coverage, plans do not need to include these benefits.

9) **Are adult vision exams required? They are part of the benchmark plan but are not EHBs, so wanted to double check.**

Routine eye exams for adults must be covered. Under the HCAO and HAO, plans must provide the full set of covered benefits defined by the California EHB Benchmark plan, and routine eye exams are a covered service.

10) **What weight loss drugs must be covered by HCAO compliant health plans?**

Under the HCAO Minimum Standard #16, compliant plans must cover all services and Rx drugs listed in the CA EHB Plan. The plan, on pp.6-11 of the CA EHB plan link, specifies which Rx's must be covered. If your plan covers the listed # of Rx in the category/class in the table, then it complies with Rx requirements.

The weight loss programs and interventions referenced by EHB plans (and CMS) are grounded in the US Preventive Services Task Force, and generally more in the context of behavioral interventions. They are intentionally general and defer to the medical provider and their relationship with the patient to prescribe based on their clinical expertise. It does not require coverage of certain Rx drugs

Healthcare Accountability Ordinance (HCAO) vs. Healthcare Airport Ordinance (HAO)

11) **How do I know if I have to comply with the HCAO or HAO?**

The requirements under the HCAO are distinct from the Healthy Airport Ordinance (HAO). The HAO applies to employers at SFO with employees covered under the SFO Quality Standards Program (QSP).

More information on the HAO can be found here: sf.gov/information/understanding-healthy-airport-ordinance. For more info about whether your employees covered under the SFO QSP, contact 650-821-1003; qsp@flysfo.com.

If you are required to comply with the HAO requirements, you do not need to comply with the HCAO minimum standards.

12) **Does the HAO plan supersede the HCAO? If a company has QSP and non-QSP employees, can they offer only the HAO compliant plan?**

The HAO does not supersede the HCAO. If there are non-QSP employees that fall under the HCAO, then they would need to be offered an HCAO compliant plan. In many cases, HAO compliant plans comply with the HCAO minimum standards, but employers should still review plans for HCAO compliance in this circumstance.

HCAO Compliance Timeline

13) **If our health insurance policy does not end until after the revised minimum standards become effective for 2027, will we be considered out of compliance?**

No – the employer's plan would still be compliant. A plan year that overlaps with the revised standards effective January 1, 2027 (i.e. plan year was July 1, 2026 to June 30, 2027), would only need to comply with the standards that were effective January 1, 2026. Any subsequent contract effective on or after January 1, 2027 will need to comply with the revised standards.

Common Clarifications about specific Minimum Standards	
Minimum Standard	**Clarification**
1. Premium Contribution Employer pays 100% of the premium contribution.	• Refers only to individual medical coverage and not vision/dental. • No money may come out of an employee's paycheck to pay the premium contribution. • Employer is only required to offer at least 1 HCAO compliant health plan for which the employer must pay 100% of the premium contribution for the covered employee. • Employer has the discretion to offer any additional health plans for which there can be an option for employees to contribute to their premiums.
2. Annual Out-of-Pocket Maximum In-Network: • Employer must cover in-network out-of-pocket expenses up to 50 percent of plan's annual out-of-pocket maximum. These expenses must be covered on a first-dollar basis. • OOP Maximum must include all types of cost-sharing (deductible, copays, coinsurance, etc.). • The plan's out of pocket maximum cannot exceed the Federal out-of-pocket limit for a self-only coverage plan during the plan's effective date. In 2027, the limit is $12,000. Out-of-Network: Not specified.	• If a HRA or HSA is utilized to cover the employee's in-network out-of-pocket expenses, there is no need to pre-fund the full out-of-pocket expenses amount. • Employer may use a third-party administrator or other appropriate option to manage reimbursement of employees' medical expenditures that count towards the in-network out-of-pocket expenses as long as employees' protected health information remain private and confidential in accordance with state and federal laws. • Employers are encouraged to discuss the optimal reimbursement mechanism with their benefits administrator. While not required, employers are strongly encouraged to provide an employer-funded mechanism, such as a pre-funded debit card, to beneficiaries to cover out-of-pocket expenses (e.g. copays) upfront. • *Example of how standard would be applied to a health plan:* If a plan's annual out-of-pocket maximum for in-network services is $8,000, then the employer must cover the initial $4,000 of the

Common Clarifications about specific Minimum Standards	
Minimum Standard	**Clarification**
	employees in-network health expenses that count towards the OOP Maximum.
Medical Deductible • In-Network: $3,200 maximum. • Out-of-Network: Not specified.	• The $3,200 maximum limit is for an individual deductible. • A plan can have combined medical and prescription drug deductible. In this situation, the $3,200 maximum would still apply to the combined deductible amount as long as the medical and prescription costs count toward the one total deductible.
16. Other Services The full set of covered benefits is defined by the California EHB Benchmark plan.	• Although all gold- and platinum-tier health plans are considered automatically compliant under the HCAO Minimum Standards, **they must still offer coverage for the full set of covered benefits as defined by the California EHB Benchmark plan.** • Health plans offered by out-of-state contractors doing business with or in the City and County of San Francisco must provide coverage for the services covered by the California EHB Benchmark plan.

For more information

https://tinyurl.com/yx9ms7af

sf.gov/information/understand-health-care-accountability-ordinance

(628) 271-7517