



*San Francisco Healthy Airport Ordinance*

*(November 2025 Amendment to the Health Care Accountability Ordinance) Implementation Guidance*

**Posted February 25, 2026**

In November 2025, the City enacted amendments to the Healthy Airport Ordinance, operative on February 26, 2026.

Please find the amended ordinance here: [250210 - Leg Ver2](#)

1. What are the changes to the HAO, starting on February 26, 2026?

Prior to February 26, 2026, QSP Covered Employers (Employer) had two options for compliance with the HAO: (1) Offer qualifying health benefits meeting requirements specified in the ordinance; or (2) Pay \$12.15 per hour worked (up to \$486 per week) on behalf of the employee to the City Option Program. (As in prior years, the rate is subject to being updated on July 1, 2026).

Starting February 26, 2026, the HAO will begin transitioning to a new requirement for compliant health benefits for QSP Covered Employees (Employee).

Starting January 1, 2027, the new requirement will be the only option for compliance. Between February 26 and January 1, Employers will have the option to comply with the new requirement or with either of the prior compliance options, to allow time for Employers to come into compliance with the new requirement.

2. What is the new requirement for complying with the HAO?

Employers must make Irrevocable Health Care Expenditures according to a tiered system based on the number of the Employee's dependents and the Employee's hours worked.

3. What is an Irrevocable Health Care Expenditure?

An Irrevocable Health Care Expenditure is a payment made by an Employer for a health care service provided to the Employee that is not recoverable by the Employer.

A "health care service" means medical care for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body. This includes medical, dental and/or vision coverage, nonprescription drugs, including but not limited to, antacids, allergy medicines, pain relievers, and cold medicines; doctor's fees; and necessary hospital services not paid for by insurance. Qualifying medical expenses include dental treatments and fees paid to dentists for x-rays, fillings, braces, extractions, dentures, and the like; eyeglasses and contact lenses needed for medical reasons; and fees for eye examinations and eye surgery to treat defective vision.

Amounts otherwise required to be paid by Federal, State, or local law do not qualify as a health care expenditure under the HAO. Amounts deducted from an Employee's pay do not count toward the required expenditure.

4. How does the tiered structure work?

Under the new tiered approach, Employers may count a wide range of health-related expenses toward the required Irrevocable Health Care Expenditure, as long as the funds are not recoverable by the Employer. Covered expenses include payments to third-party administrators or insurers for health coverage, out-of-pocket claims paid by the employer for specific employees, and the actuarial value of self-funded or self-insured health plans. Employers may also reimburse Employees directly for documented health care costs or contribute to Medical Reimbursement Accounts administered by the City.

The 2026 expenditure minimum spending levels are as follows:

- \$6.17/hour (max \$246.80/week) for Employees with no dependents
- \$12.33/hour (max \$493.20/week) for Employees with one dependent
- \$17.44/hour (max \$697.60/week) for Employees with two or more dependents

The minimum spending levels are adjusted annually on January 1.

5. How are Irrevocable Health Care Expenditures calculated?

The minimum spending levels are for hours worked and capped for the weekly amount. Hours worked are all hours spent working at or near SFO in a QSP capacity. Expenditures are capped for weekly amounts, to be calculated per 52 weeks in a calendar year.

6. When must Irrevocable Health Care Expenditures be made?

Irrevocable Health Care Expenditures must be made each quarter, within 30 days of the end of the preceding quarter. The first quarter of the year is defined as the period from January 1 through March 31; the second quarter, from April 1 through June 30; the third quarter, from July 1 through September 30; and the fourth quarter, from October 1 through December 31.

Where the Employer chooses to make payments to the City to provide a Medical Reimbursement Account, the payment is due no later than 30 days after the end of the quarter of the year in which the hours were worked by the Covered Employee.

7. Do fees count toward the minimum spending amount?

For self-funded plans the ordinance allows certain fees to count toward the minimum spending amount, such as fees paid by the employer to a third-party administrator to administer the plan. However, fees that are described as cost of doing business (e.g. consultant fees for designing a plan) may not be counted toward the minimum spending amount.

8. What if an Employer makes an Irrevocable Health Care Expenditure for a health care service that does not meet the minimum spending rate?

If the amount spent does not meet the minimum spending amount set by the HAO, the 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 to contribute to the SF City Option.

9. What if the Employee has other health insurance?

An Employee may voluntarily waive an offer of health insurance benefits using a waiver form approved by the OLSE, upon the Employee providing proof of current health plan coverage. If choosing the tiered approach, and

upon January 1, 2027 and thereafter, such proof of current health plan coverage must include the Employee's Health Care Dependents. An Employer must retain voluntary waiver forms and proof of health plan coverage for three years and must provide the OLSE access to them upon request.

10. What must the Employer do if the Employee waives participation in the health care service offered?

Where an Employer chooses to comply under the new Irrevocable Health Care Expenditure requirement, and upon January 1, 2027 and thereafter, if the Employer secures a voluntary waiver from an Employee with respect to the health care service offered to the Employee, it may deduct the amount of the premiums that the Employer would have paid if the Employee accepted the coverage offered from the applicable minimum Irrevocable Health Care Expenditure rate. The Employer remains responsible for making Irrevocable Health Care Expenditures for the remaining amounts that are not covered by the waiver.

11. May a collective bargaining agreement waive some or all provisions of the Amendment?

Yes, the HAO permits a waiver through a collective bargaining agreement, provided that the waiver is set forth in clear and unambiguous terms.

12. How will OLSE calculate losses in the event of violations that occur between February 26, 2026 and December 31, 2026?

The new law provides Employers with a compliance grace period whereby they can maintain their current system of expenditures in 2026 and delay any compliance changes until 2027. However, if OLSE determines that an Employer has failed to comply with the law during this grace period, OLSE will calculate any damages or other remedies based on the required expenditures under the new Irrevocable Health Care Expenditure requirement.

**Please email further questions to [HCAO@sfgov.org](mailto:HCAO@sfgov.org) or call (415) 554-7903**