



City and County of San Francisco Office of Labor Standards Enforcement

Welcome!
City-Wide & Contracting Labor Laws Webinar
for
Non-Profit Grantees



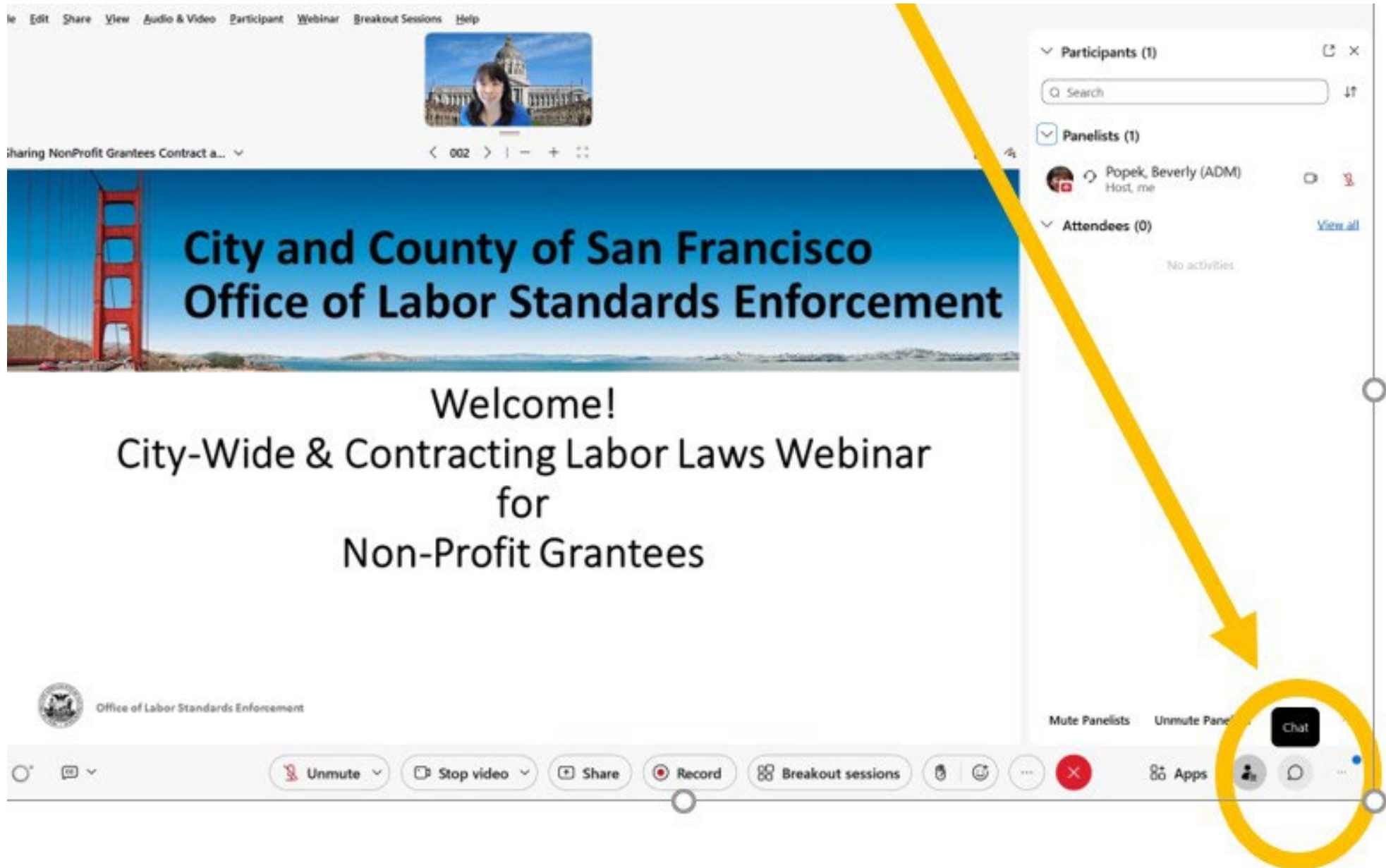
Office of Labor Standards Enforcement

Session 6

- Health Care Security Ordinance
- Military Leave Pay Protection Act



Chat Box



The screenshot shows a Zoom webinar interface. At the top, there is a navigation bar with links: Edit, Share, View, Audio & Video, Participant, Webinar, Breakout Sessions, and Help. Below this is a small video thumbnail of a woman in front of a building. The main banner features the Golden Gate Bridge and the text: "City and County of San Francisco Office of Labor Standards Enforcement". Below the banner, the text reads: "Welcome! City-Wide & Contracting Labor Laws Webinar for Non-Profit Grantees". At the bottom left is the Office of Labor Standards Enforcement logo. The bottom toolbar contains icons for Unmute, Stop video, Share, Record, Breakout sessions, and a red 'X' icon. On the right side, there is a sidebar with sections: Participants (1), Panelists (1) (listing Popek, Beverly (ADM) as Host, me), and Attendees (0). A yellow arrow points from the top right towards the bottom right, where a yellow circle highlights the 'Chat' icon in the bottom toolbar.

Participants (1)

Search

Panelists (1)

Popek, Beverly (ADM)
Host, me

Attendees (0)

No activities

View all

Mute Panelists Unmute Panelists

Chat

Unmute Stop video Share Record Breakout sessions Apps

Materials & Recording

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

<https://sf.gov/departments/office-labor-standards-enforcement>



Questions and Answers

Questions & Answers Box

- Staff will provide answers to your questions via the Q&A box during the presentation(s).

Live Question and Answer Session

- OLSE staff will answer select questions LIVE at the end of the presentation(s).

Some questions may require more information and you may be asked to contact us.



Session 6 – Health Care Security Ordinance & Military Leave Pay Protection Act

Host

Beverly Popek

Presenter

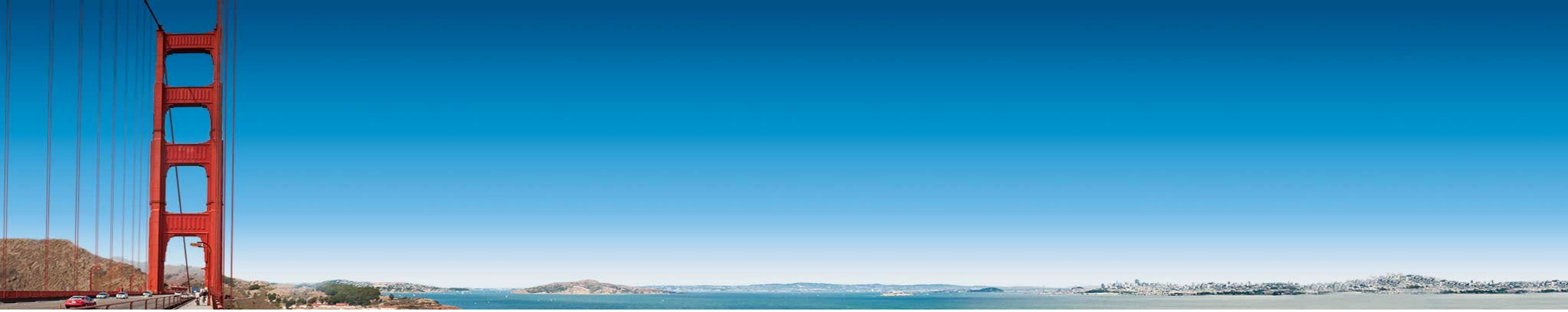
Maura Prendiville

Q&A

Janet Man

Chat Box

Joyce Sorro



Health Care Security Ordinance

Maura Prendiville
Supervising Compliance Officer



Office of Labor Standards Enforcement

Overview

- The HCSO has been around since 2008; it is a **spending requirement**. It requires employers to spend a certain amount of money on employee health care.
- There are different ways to comply with the HCSO.



Who's a Covered Employer?

Minimum size threshold based on total number of persons performing work in ALL locations throughout the world, not only San Francisco

- **Employers who are nonprofit *grantees* (not contractors): 50+ persons perform work per quarter.**
- **If your nonprofit does not have 50+ people, and won't in the near future, you can sign off.**



Who's a Covered Employee?

- Employed for at least 90 calendar days for the company organization; and
- Works at least 8 hours per week **in San Francisco** in a quarter (104 hours/quarter).

→ This means that **nearly all** of a company's San Francisco employees are covered by the HCSO. The few categories of workers who are exempt are addressed later in the presentation.

The employee's place of residence does not matter; what matters is where the work is performed.



Employer Obligation #1: Satisfy Employer Spending Requirement

- Expenditures must be made *quarterly*.
- Expenditure rate is based on employer's *global* workforce size, not just those in San Francisco. Companies with under 100 workers have a lower spending rate.

Employer size	2025 Rate
100+ workers worldwide	\$3.85/hr
20-99 workers worldwide (or nonprofits with 50 – 99 workers)	\$2.56/hr

****Health Care Expenditure Rates Change Annually****



Employer Obligation #1:

Satisfy Employer Spending Requirement

- Multiply the expenditure rate by the employee's payable hours to get the correct quarterly spending amount.
- Payable hours: hours worked in SF or hours for which employee is *entitled to be paid* (sick time, vacation, overtime). Capped at 172h/mo.
- What this looks like for a **full-time** employee:

Employer size	2025 rates
Large (100+ workers worldwide)	\$3.85/hr (rate) x max 172hrs = \$662.20/mo or \$1,986.60/Q
Medium (20-99 workers or nonprofits with 50-99 workers)	\$2.56/hr (rate) x max 172hrs = \$440.32/mo or \$1,320.96/Q



Employer Obligation #1: Satisfy Employer Spending Requirement

Options to satisfy Employer Spending Requirement:

- Provide health insurance:
 - Payments for insurance premiums, including medical, dental, and/or vision insurance for covered employees and/or their spouses, partners, children, or other dependents.
- Contribute 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.



Employer Obligation #1: Satisfy Employer Spending Requirement

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



Employer Obligation #2: Mandatory Poster



City & County of San Francisco Health Care Security Ordinance

Covered Employers Must Post Where Employees Can Read Easily

OFFICIAL NOTICE 2025

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

2025 Required Health Care Spending Rates	
Employer size	Required rate
20-99 workers worldwide (or nonprofits with 50-99 workers)	\$2.56 / hour
100 or more workers worldwide	\$3.85 / 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

AVISO OFICIAL 2025 - Ordenanza de Seguridad del Cuidado de la Salud (HCSO)

Es posible que tenga derecho a los gastos de atención médica del empleador

La mayoría de los trabajadores en San Francisco tienen derecho a los gastos de atención médica del empleador, si usted:

- Trabaja por lo menos **8 horas** a la semana en San Francisco
- Ha estado trabajando por su empleador durante aproximadamente unos 3 meses (**90 días**)
- Trabaja para una empresa que tiene **20 o más trabajadores** en todo el mundo o una organización sin fines de

Employer Obligation #3: Maintain Records

Maintain records for four years of:

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



Employer Obligation #4: Annual Reporting Form

- Available April 1 each year; Form Available Now.
- This year, Due by May 2.
- Purpose: to demonstrate total health care spending for SF employees, and demonstrate the different compliance options employer utilized.
- Additional webinars and resources available on OLSE website:
<https://www.sf.gov/submit-employer-annual-reporting-form-olse>



Annual Reporting Form Notification

- Notices about Annual Reporting form are mailed to physical address listed on employer's business registration with City of SF.
- Emailed to all employers on OLSE's email list.



Exemptions to HCSO: Part 1

Very few employees are exempt from these requirements. **Safest approach is to assume they are all covered by HCSO and entitled to health care spending.**

- Exempt: employees eligible for Medicare (program for ages 65+) or TriCare (for veterans). Note: employees on Medi-Cal are **not** exempt, and are still covered by HCSO.



Non-profit Trainee Exemption

- Exempt: temporary non-profit employees in specific training programs.
- Must be a bona fide training program consistent with Federal law, which training program enables the trainee to advance into a permanent position.
- This exemption only covers a limited type of position. (Please contact OLSE for more info).



Exemptions to HCSO: Part 2

Exempt: managerial & supervisory employees who earn a certain salary.

- Salary amounts change annually; (2025: \$125,405/yr or \$60.29/hr).
- HCSO has a specific definition for “managerial” and “supervisory” that is different from other laws;
- **Always** contact OLSE for more information. Do **not** assume that all highly paid employees are exempt. Do **not** assume that any employee with the word “manager” in their title is exempt.



Exemptions to HCSO: Part 3

- Exempt: Employees who sign voluntary waiver forms. Form must be:
 - (1) OLSE's specific waiver form for HCSO (**not** simply a form in which employee declines insurance): found at <https://www.sf.gov/sites/default/files/2022-12/Employee%20Voluntary%20Waiver%20Form%20English%20-%202018%20update%20Final.pdf>
 - (2) Signed voluntarily (free of coercion by employer);
 - (3) Employee **must** have health care services from **another employer** (spouse/domestic partner's job; parents' job; employee's other job) AND be willing to waive their right to an alternate expenditure.



Waiver Exemption Continued

- Waivers good for one year only, can be revoked by the employee at any time, and cannot be retroactive.
- Employees who buy their own insurance, or who have Medi-Cal, or are uninsured may **not** sign a waiver.
- Waivers are the exception, not the rule; most employees do not want to sign them because they are entitled to an expenditure even if they have insurance from elsewhere.



Common Compliance Issues

- Failing to make any health care expenditures for anyone;
- Spending too little for health insurance;
- Disregarding part time workers who work 8+ hours/week and may not qualify for employer's health insurance program;
- Assuming employees are exempt from the HCSO when they are not;
- Failing to make health care expenditures for employees with other health care coverage;
- Surcharges (collecting \$ from customers but then not spending it on health care).



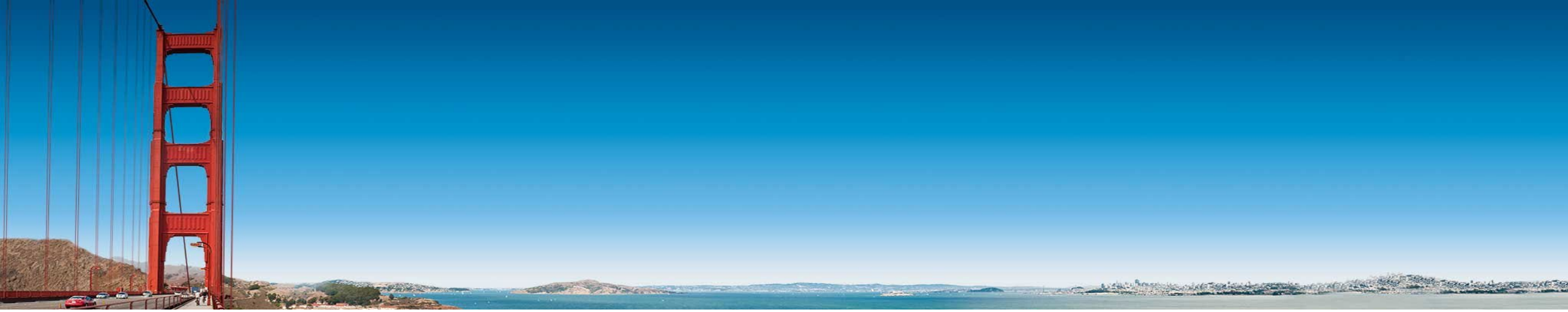
Consequences

- Employers may face enforcement actions, including but not limited to audits; assessment of restitution, interest, and penalties; administrative hearings and/or court actions.

HOWEVER...

- OLSE does not punish employers who contact us to ask questions, or who realize they have a compliance issue and want our help figuring how to remedy it.
- It is always better for an employer to proactively contact OLSE than to have us take enforcement action.





Frequently Asked Questions



FAQ 1

Q: I offer insurance to my SF employees; isn't that enough to comply with the HCSO?

A: It depends. The employer must (1) ensure the insurance is sufficiently expensive to satisfy the expenditure rate for that year; and (2) ensure that all Covered Employees are enrolled in the plan.

If the answer to either of the above is “no,” employer should (1) add additional expenditures to the insurance; and (2) find a way to comply for the employees not on the insurance.

See more info here: <https://sfgov.org/olse/e-making-health-care-expenditures#insurance>



FAQ 2

Q: Do I need to make expenditures for employees who already have health insurance from elsewhere?

A: Most of the time, yes. See here: <https://sfgov.org/olse/e-making-health-care-expenditures#7>

Q: What do I do if I've offered insurance and the employee declines it?

A: In most situations, you'll need to find another way to make the expenditures. Many employers use the City Option program as a way to comply for the folks who are not enrolled in the company's insurance plan. See here: <https://sfgov.org/olse/e-making-health-care-expenditures#eesoptout>



FAQ 3

Q: What is the difference between the HCSO and the City Option?

A: The HCSO (Health Care Security Ordinance) is the law that requires employers to spend money on health care services. The HCSO is enforced by the OLSE. The OLSE also offers an advice hotline for employees and employers. The City Option is a health care program run by the San Francisco Department of Public Health. Payments to the City Option is *one of the ways* employers can comply with the HCSO.

Q: What is the City Option, and what do my employees get if I contribute to it?

A: Employees will get an individual MRA (Medical Reimbursement Account) that they can use for out-of-pocket medical expenses such as prescriptions, co-pays, premiums, and many other items. Employers must notify employees about the contributions and provide correct contact info.



FAQ 4

Q: I thought I only had to worry about employees who aren't on my health plan. Aren't those the only ones covered by this law?

A: No. All Covered Employees (basically, all SF employees) must receive their full health care expenditures. The employer may or may not be satisfying the expenditure requirement with the insurance—it depends how much the insurance costs.

Q: Doesn't this law apply only to people who live in SF?

A: No. The employee's place of residence does not matter. The *work location* (including remote work) is what matters.



FAQ 5

Q: Do I have to comply with this for my highly paid employees?

A: Employee salaries do not matter. The only time it comes into play is if the employee has a salary threshold above a certain amount **and** his/her job duties meet the HCSO's definition of a managerial/supervisory employee. For example, a CFO or CEO will not be covered by the HCSO. A "project manager" will be unlikely to satisfy the definition.



FAQ 6

Q: I'm confused about waivers. When are they required?

A: They're not required! The employer should just be providing the health care expenditures. In rare situations, if an employee has health care services from another employer, and is willing to waive their right to an alternate expenditure from your company, then they can be asked to sign an HCSO waiver form (different from the 'opt-out' form your insurer may collect). This must be done free of coercion. If the employee signs it, that means the employer does not have an expenditure obligation for that person for a one-year period, unless the employee revokes it.

Note: waivers are the exception, not the rule.



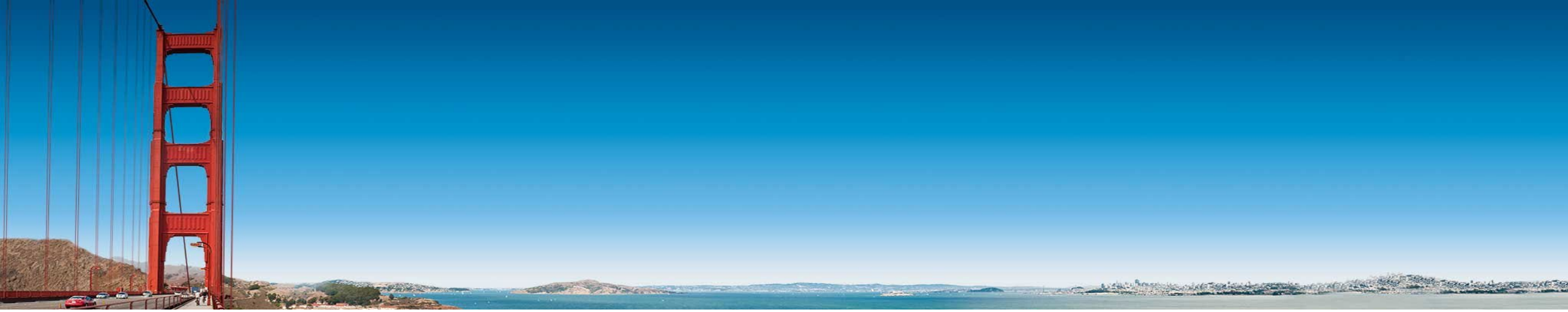
FAQ 7

Q: Where can I find more information?

A:

- [Sign up](#) for labor law updates, including HCSO news
- **OLSE/HCSO [Website](#)**
 - Administrative Guidance
 - OLSE Official Notices
 - Annual Reporting Form
 - Employee Voluntary Waiver Form
- **Attend a [webinar](#) (offered monthly)**
- **Email us: HCSO@sfgov.org**
- **Call us: (415) 554-7892**





Thank you!

hcsosf@sf.gov
(415) 554-7892



Office of Labor Standards Enforcement



Military Leave Pay Protection Act

Maura Prendiville
Supervising Compliance Officer



Office of Labor Standards Enforcement

Covered Employers

Who is a Covered Employer?

- Global count of one hundred (100) or more employees;
- Location of employer's headquarters is not relevant;
- Government entities are **not** covered employers (State of CA, UCSF, CCSF, school districts).
- If employer only has employees at SFO Airport, they are not covered because SFO is outside city limits.

What must a Covered Employer do?

- Notify employees of their right to supplemental compensation promptly after being told the employee will require time off work.
- Put MLPPA info in next edition of Employee Handbook; OLSE poster regarding MLPPA available [here](#).
- Calculate and pay Supplemental Compensation on time and in full
- Service members already have job protection under federal law and state laws.



What is the Military Leave Pay Protection Act (MLPPA)?

Military reserve and National Guard personnel are often required to take military leave from work to attend training, and to assist with emergencies. They have been deployed to respond to the pandemic and natural disasters, to protect state and federal Capitols, and are sent overseas.

Reservists and Guards on military leave often suffer a loss in compensation because their civilian jobs pay more than their military service. The MLPPA was designed to avoid a loss in income for members of the military.

MLPPA became operative on **February 19, 2023**



Covered Employees

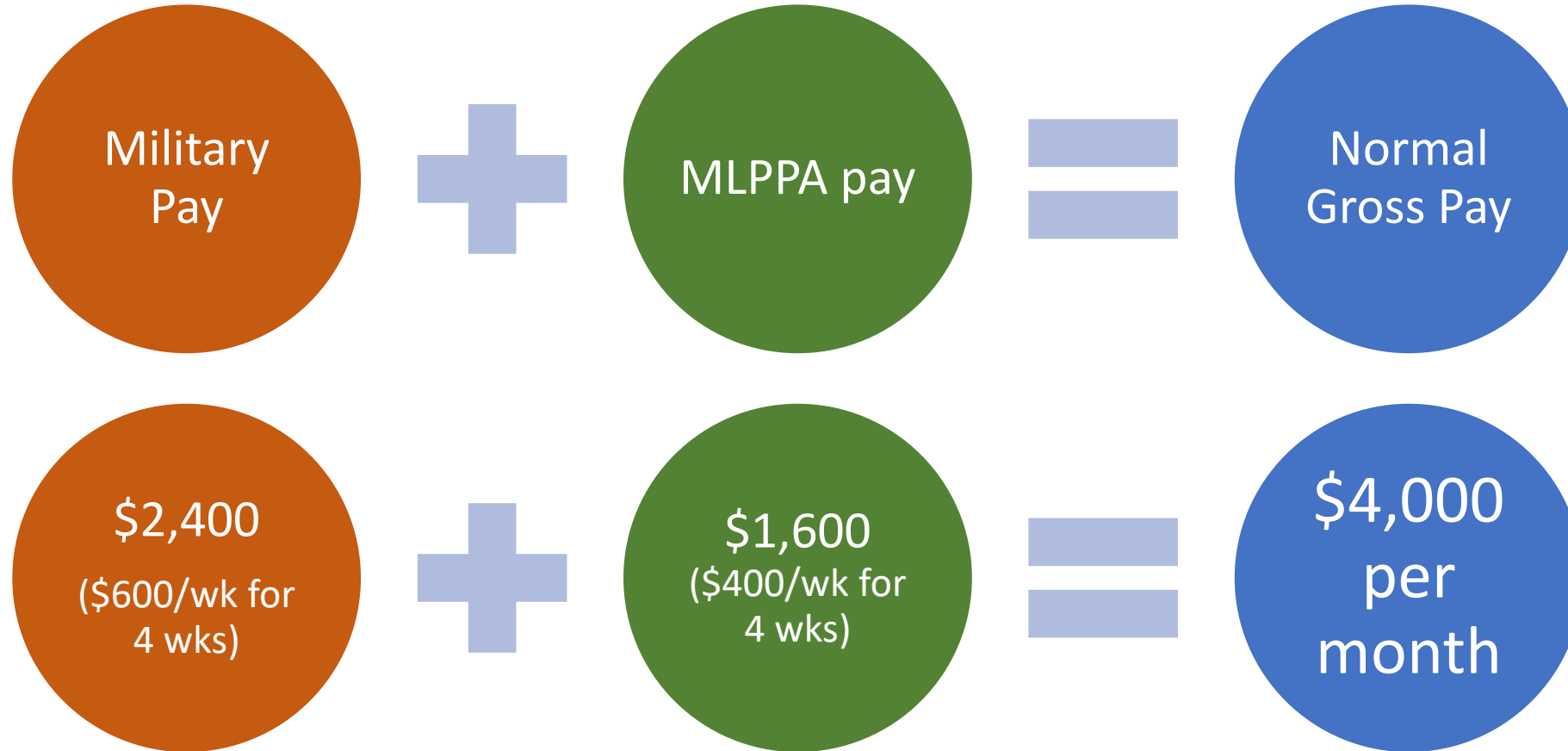
- **Work for a Covered Employer within the geographic boundaries of San Francisco**
 - No length of tenure requirements.
 - Includes part-time and temporary employees.
 - Note: SFO airport is not within S.F.



- **Are members of the reserve corps of the U.S. Armed Forces, National Guard, or other uniformed service organization of the U.S.**



Calculating Supplemental Compensation: 1



Calculating Supplemental Compensation: 2

- Employer must pay the Employee the difference between:
 - the Employee's gross military pay; and
 - *the amount of gross pay the Employee would have received* from the Employer had the Employee worked his/her regular work schedule.
- If irregular schedule, "regular work schedule" can be determined by looking at the 3 monthly pay periods, 6 bi-weekly/semi-monthly pay periods, or 12 weekly pay periods immediately preceding the relevant period of military leave.
- Employer does *not* need to pay for days that Employee would have been working *outside of San Francisco*, or for days that they would *not have been scheduled to work*.



Calculating Supplemental Compensation: 3

- How do I know how much pay my employee is getting from the Military?
 - Can vary based on rank.
 - Employer may request that the Employee provide his/her written military orders showing pay, or a wage statement verifying the pay.
 - Employer can also use the current rate chart (include link) to anticipate the military gross pay.
 - If employer cannot confirm pay in advance, it can estimate and make adjustments in the following pay period(s).

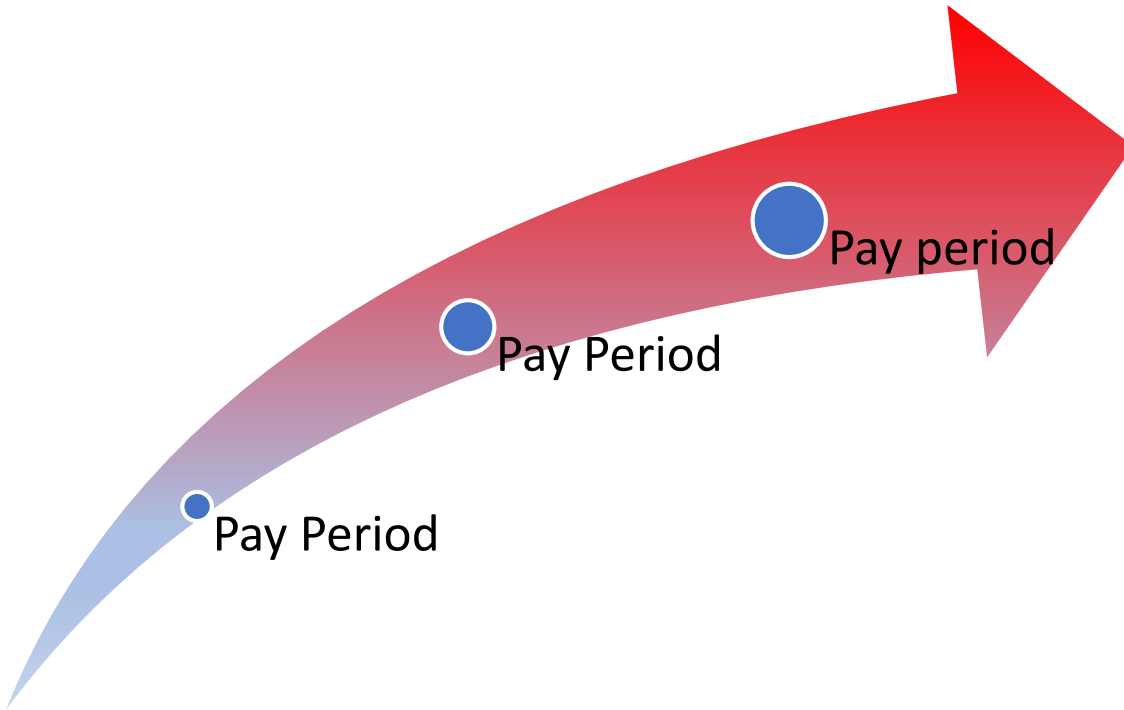


Calculating Supplemental Compensation: 4

- The Employee should not receive more compensation than they would have if they hadn't gone on military leave.
- Military Leave can be taken in daily increments for one or more days at a time, which means supplemental payment is paid incrementally.
- Employers are responsible for supplementing pay for up to 30 days in a calendar year, even if the employee's military leave is longer than 30 days.



Timing of Supplemental Compensation



Employers should make a good faith effort to provide the Supplemental Compensation no later than the payday for the payroll period when the Employee's military leave began.



Other Requirements

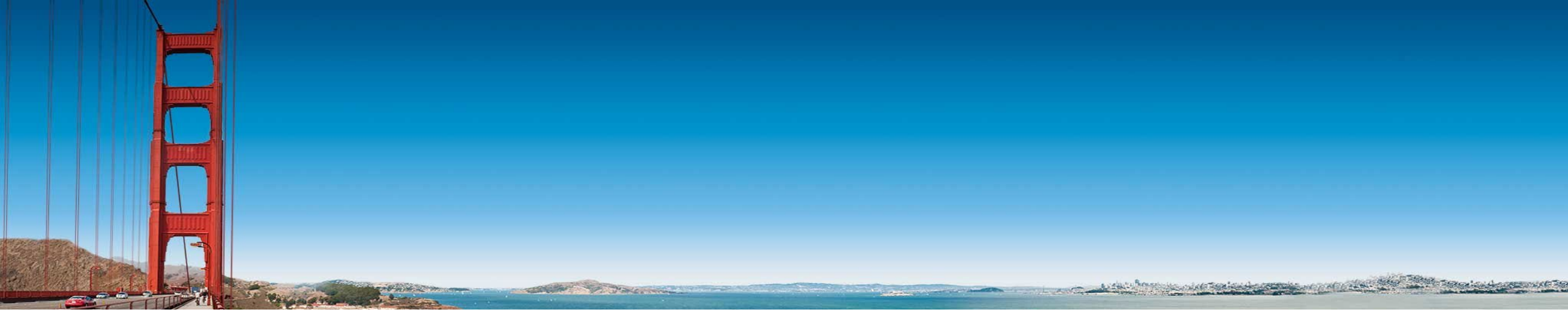
- Keep records of:
 - Schedules and hours worked.
 - Military leave records.
 - Supplemental compensation records.
- Maintain records for **four years**.



Resources

- Website: [Military Leave Pay Protection Act | San Francisco \(sf.gov\)](https://www.sfgov.org/military-leave-pay-protection-act)
 - Poster
 - FAQs
 - Statute
- Email hotline: MLPPA@sfgov.org
- Phone hotline: (415) 554-4048



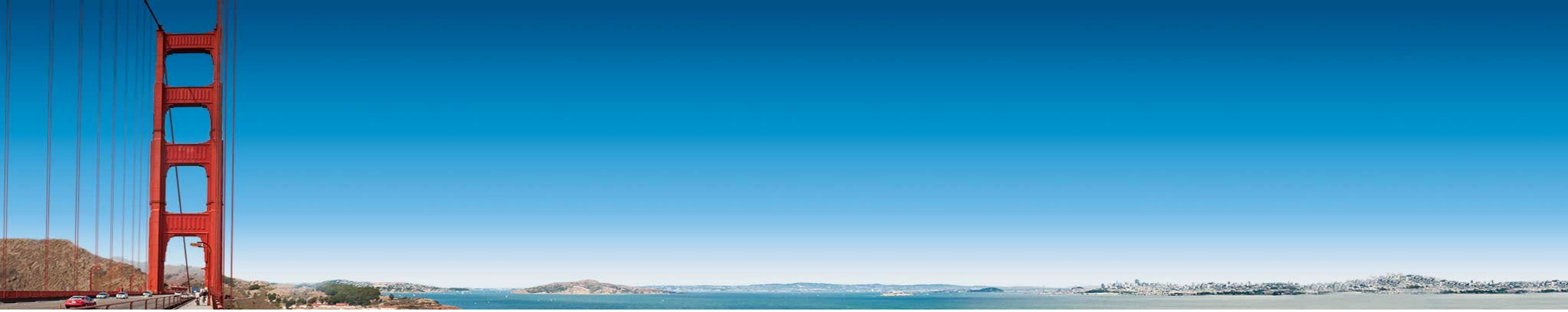


Questions?

Send us your questions in the Q&A Box

If the question is not answered during the webinar in the Answer Box or Live Session, we will email the answer to the email address you used for registration to this webinar.





Thank you for attending!



Office of Labor Standards Enforcement