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## **SAN FRANCISCO'S ANNUAL HEALTH CARE EXPENDITURE REPORT DUE APRIL 30**

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Employers with San Francisco employees must submit annual [Health Care Security Ordinance](#) (HCSO) reports for 2018 by April 30, 2019. The report includes a section on compliance with the city's [Fair Chance Ordinance](#) (FCO). Penalties for failure to file can reach up to \$500 per quarter.

### **HEALTH CARE EXPENDITURE MANDATE**

The Health Care Expenditure (HCE) is the minimum amount employers must spend on healthcare for each hour worked by a covered employee — one who has been employed for more than 90 days and who regularly works at least eight hours a week in San Francisco. Minimum HCE amounts are adjusted annually and vary by employer size. To determine workforce size, employers must count all employees, no matter where they live or work. However, the expenditure applies only for hours worked in San Francisco. The annual reports are due at the end of each April.

### **Covered Expenditures**

The HCSO regulations limit HCE-qualifying expenses to “irrevocable” expenditures, such as insurance premiums. Employers whose expenditures fall short of the required HCE have 30 days after the end of the quarter to remit the difference to the [City Option](#) program. These payments are either allocated to a [medical reimbursement account](#) (MRA) or used to offset the cost of the [Healthy San Francisco](#) program for each employee covered by the law.

### **Excluded Employees**

Covered employees exclude [managers, supervisors and confidential employees](#) who earned at least \$97,722 per year or \$46.98 per hour in 2018. Employees covered by Medicare or TRICARE may also be excluded if the employer can document employee enrollment. In addition, the ordinance excludes employees covered by the [Health Care Accountability Ordinance](#) for contractors with the city.

**Employee waivers.** Employers can also exclude from HCE contributions any employees who voluntarily signed a revocable HCSO [Employee Voluntary Waiver Form](#) certifying that they receive health benefits through another employer (either as an employee or as the spouse, domestic partner or child of another person). The form is effective for one year from the date signed, unless revoked sooner. Employees who waive employer coverage but haven't completed and signed the city's form aren't exempt from the HCE. Failure to use the proper waiver form could result in noncompliance penalties.

### Exempt Employers

A business doesn't have to submit the [2018 Employer Annual Reporting Form](#) if the employer either:

- Employed fewer than 20 individuals (including those employed outside of San Francisco) in each of the four 2018 calendar quarters and doesn't contract with the city and county of San Francisco.
- Had no employees within the geographic boundaries of San Francisco (including employees working from home in San Francisco) in any 2018 quarter.

Exempt employers don't need to notify the city that they are exempt. No action is required, even if the employer received notice that it might be subject to the filing requirement.

### HEALTH EXPENDITURE REPORT DATA

Employers generally must use the [online form](#) for annual reporting, providing their seven-digit [Business Account Number](#) from the San Francisco Treasurer and Tax Collector. Employers providing self-insured coverage have additional reporting obligations as described [below](#).

### Required Information

Reporting [instructions](#) include a "[preview](#)" of the annual reporting form that employers can download a print. Data to report for each quarter in 2018 includes:

- Total number of persons performing work for compensation (including those outside of San Francisco)
- Total qualified HCE made, including:
  - Payments for health, dental and vision insurance
  - Contributions to the City Option
  - Contributions to health savings accounts
- Surcharges collected from customers to cover any HCSO compliance costs

### Uniform Health Plan

A covered employer may comply with the HCSO by providing some or all of its covered employees a uniform health plan that has the same benefit design — including cost sharing, coverage tiers and eligibility criteria — for all covered employees. The average hourly HCE for employees in a uniform health plan is calculated by dividing the total required HCE for employees in the plan by the total number of hours payable to each of the employees in the plan during that quarter.

### Self-Insured Health Plans

Expenditures for self-insured health plans are calculated on annual basis. Since 2017, HCEs must reflect amounts irrevocably paid to third parties. As a result, employers cannot use a COBRA-equivalent rate to

determine their quarterly expenditures for employees enrolled in self-funded plans. Employers may instead determine a self-insured plan's annual expenditures using fixed expenditures or paid healthcare claims.

Self-insured plans must complete a [separate addendum](#) in addition to the annual online report. The addendum must be emailed to the [Office of Labor Standards](#) (OLSE) at [hcsosf@sfgov.org](mailto:hcsosf@sfgov.org) with the subject line "Self-funded Plan Form."

### FCO REPORTING

The San Francisco [FCO](#) restricts many employers' inquiries about and use of applicants' and employees' arrest and conviction records and related information. The FCO report asks about compliance, including how the employer used arrest and conviction history information in hiring.

### RELATED RESOURCES

- [HCSO Reporting Instructions](#) (San Francisco OLSE)
- [2018 Employer Annual Reporting Form — HCO and FCO](#) (San Francisco OLSE)
- [Self-Funded Plan Addendum](#) to the Employer Annual Reporting Form (San Francisco OLSE)
- [Health Care Security Ordinance Resources](#) (San Francisco OLSE)
- [Health Care Accountability Ordinance Resources](#) (San Francisco OLSE)
- [Fair Chance Ordinance Resources](#) (San Francisco OLSE)

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