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# San Francisco HCSO Expenditures and Reporting Update for 2023

The San Francisco Health Care Security Ordinance (“HCSO”) minimum expenditure rates for 2023 have been released, and the HCSO Annual Reporting Form for calendar year 2022 is due on May 1, 2023.

## ■ 2023 Minimum Expenditure Rates

Under the HCSO, covered employers must make minimum health care expenditures at the following rates for each hour worked by covered employees in San Francisco:

Employer Size	Number of Employees	2022 Health Care Expenditure Rate	2023 Health Care Expenditure Rate
Large	All employers with 100 or more employees	\$3.30 per hour payable	\$3.40 per hour payable
Medium	Businesses with 20-99 employees Nonprofits with 50-99 employees	\$2.20 per hour payable	\$2.27 per hour payable
Small	Businesses with 19 or fewer employees Nonprofits with 49 or fewer employees	Exempt	Exempt

The hours payable under the HCSO for each employee are capped at 172 hours per month. Therefore, for 2023 the maximum required health care expenditure for a covered employee of a large employer is \$584.80 per month (\$3.40/hour x 172 hours). For a medium-sized employer, the maximum required expenditure for a covered employee is \$390.44 per month (\$2.27/hour x 172 hours).



Managerial, supervisory, or confidential employees who earn more than a specified amount are exempt from the minimum health care expenditures requirement under the HCSO. For 2022, the earnings threshold for these employees to be exempt from the HCSO is \$109,643 per year (or \$52.71 per hour). As of January 1, 2023, the new threshold will be \$114,141 per year (or \$54.88 per hour).

## ■ Annual Reporting Form

Covered employers must submit an online report each year that summarizes how they complied with the HCSO. The web-based HCSO Annual Reporting Form for the prior calendar year is typically available on the San Francisco Office of Labor Standards Enforcement (OLSE) HCSO website by April 1 and must be submitted by April 30. For example, the HCSO Annual Reporting Form for calendar year 2022 is expected to become available on the HCSO website by April 1, 2023, and is due by May 1, 2023 (the next business day after the normal April 30 deadline, which falls on a Sunday in 2023).

It should be noted that, due to the COVID-19 pandemic, OLSE did not require employers to submit the HCSO Annual Reporting Form for calendar years 2019 and 2020, although employers were still obligated to make minimum health care expenditures under the HCSO. This waiver was not extended, and employers were required to submit the HCSO Annual Reporting Form for calendar year 2021 by May 2, 2022 (the next business day after the normal April 30 deadline, which fell on a Saturday in 2022).

## ■ Employer Action

Covered employers should ensure that they will be making the required minimum health care expenditures in 2023 at the new rates for employees in San Francisco.

The 2023 version of the HCSO poster, which must be posted in all workplaces with covered employees, is expected to become available by December 2022. Covered employers should monitor the San Francisco HCSO website (linked below) to obtain and post the 2023 version of the poster by January 1, 2023.

Covered employers should also be prepared to submit the HCSO Annual Reporting Form for calendar year 2022 no later than May 1, 2023.