

San Francisco HCSO Expenditures and Reporting Update for 2027

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The San Francisco Health Care Security Ordinance (“HCSO”) minimum expenditure rates for 2027 have been released, and the HCSO Annual Reporting Form for calendar year 2026 is due on April 30, 2027.

2027 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	2026 Health Care Expenditure Rate	2027 Health Care Expenditure Rate
Large	All employers with 100 or more employees	\$4.11 per hour payable	\$4.49 per hour payable
Medium	Businesses with 20-99 employees Nonprofits with 50-99 employees	\$2.74 per hour payable	\$2.99 per hour payable
Small	Businesses with 20-99 employees Nonprofits with 50-99 employees	Exempt	Exempt

The hours payable under the HCSO for each employee are capped at 172 hours per month. Therefore, for 2027 the maximum required health care expenditure for a covered employee of a large employer is **\$772.28** per month (\$4.49/hour x 172 hours). For a medium-sized employer, the maximum required expenditure for a covered employee is **\$514.28** per month (\$2.99/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 2026, the earnings threshold for these employees to be exempt from the HCSO is \$128,861 per year (or \$61.95 per hour). As of January 1, 2027, the new threshold will be **\$131,763** per year (or **\$63.35** per hour).

■ Annual Form Reporting

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 2026 is expected to become available on the HCSO website by April 1, 2027, and is due by April 30, 2027.

■ Employer Action

Covered employers should ensure that they will be making the required minimum health care expenditures in 2027 at the new rates for employees in San Francisco and maintain records showing compliance with the HCSO requirements.

The 2027 version of the HCSO poster, which must be posted in all workplaces with covered employees, is expected to become available by December 2026. Covered employers should monitor the San Francisco HCSO website (linked below) to obtain and post the 2027 version of the poster by January 1, 2027.

Covered employers should also be prepared to submit the HCSO Annual Reporting Form for calendar year 2026 no later than April 30, 2027.