

BLOG

San Francisco HCSO Upcoming Reporting Deadline

By Erica Honig, Compliance Director, Employee Benefits

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Employers covered by the [San Francisco Health Care Security Ordinance](#) (HCSO) are required to submit the 2021 Employer Annual Reporting Form by **Monday, May 2, 2022**. This annual reporting requirement under the HCSO was waived for the 2019 and 2020 reporting years due to the pandemic but is now back in effect for the 2021 reporting year.



Click [here](#) to access the 2021 HCSO Employer Annual Reporting Form. Covered employers who fail to make a timely submission of the Reporting Form may be subject to a penalty of \$500 per quarter. Instructions on completing the HCSO Employer Annual Reporting Form can be accessed [here](#).

HCSO Background

The HCSO is a San Francisco law that established several employer health-care-related obligations enforced by the Office of Labor Standards Enforcement and has been in place since 2008. The HCSO requires all covered employers in San Francisco to spend a minimum amount of money, called an expenditure, on a quarterly basis toward their covered employees' healthcare costs.

Under the HCSO, covered employers are those for-profit businesses with 20 or more employees and non-profit businesses with 50 or more employees who have employees working within the geographic boundaries of the City and County of San Francisco. Employers must count all employees, regardless of where they live or work, to determine if they are covered under the HCSO. Covered employees are those employees who have been employed for more than 90 days and who regularly work at least 8 hours per week in San Francisco.

The minimum health care expenditure for each covered employee is determined quarterly by multiplying the total number of hours payable to the employee in the quarter (capped at 172 hours per month) by the applicable expenditure rate.

Refer to the table below for the 2022 HCSO expenditure rates based on size and type of employer:

Employer Size	Number of Workers	2022 Expenditure Rate
Large	All employers w/ 100+ workers	\$3.30 per hour payable

Medium	Businesses w/ 20-99 workers Nonprofits w/ 50-99 workers	\$2.20 per hour payable
Small	Businesses w/ 0-19 workers Nonprofits w/ 0-49 workers	Exempt

Covered employers can comply with the HCSO by making health care expenditures for their covered employees under the following options:

- Payments for medical, dental, and/or vision insurance
- Payment into health savings accounts (HSAs) or other irrevocable reimbursement accounts
- Payments to the [San Francisco City Option](#) (common option for those covered employees who waive employer-sponsored health plan coverage)
- Payments to covered employees to reimburse them for out-of-pocket health care costs.

Exempt Employees

The HCSO exempts the following employees:

- Employees who voluntarily waive their right to have their employers make health care expenditures for their benefit by completing the [waiver form](#), certifying that they are receiving health benefits through another employer, including an employer of their spouse, domestic partner or parent.
- Employees who qualify as managers, supervisors, or confidential employees and earn more than the applicable salary exemption amount (\$109,643 annually in 2022).
- Employees who are eligible for Medicare or TRICARE.
- Employees who are employed by a non-profit corporation for up to one year as trainees in a bona fide training program consistent with federal law.
- Employees who receive health care benefits under the San Francisco Health Care Accountability Ordinance.

Remote Employees

In light of the San Francisco City public health order on June 11, 2021, which removed the remote work recommendation for employers, note that employees working remotely outside of San Francisco are **not** covered under the HCSO employer spending requirements.

HCSO Recordkeeping, Notice and Reporting Requirements

Covered employers are required to maintain sufficient records for four years from each covered employee’s employment dates, including itemized pay statements and records of health care expenditures for each covered employee.

Covered employers must post the [2022 HCSO poster](#) in a conspicuous place at all workplaces with covered employees in English, Spanish, Chinese and other applicable languages spoken by covered employees.

As mentioned earlier, covered employers are also required to submit an annual reporting form to the OLSE each year, including information on total health care spending and any applicable surcharges that a covered employer imposes on customers to offset HCSO costs. The annual reporting form deadline is generally April 30th of each year, however the deadline for the 2021 reporting year is Monday, May 2, 2022. Click [here](#) for more information regarding the annual reporting form requirements.

The HCSO employer expenditure and reporting requirements can be confusing and complex. Contact your Risk Strategies account team members for assistance and with additional questions.

TAGS:

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