



# The Vita Viewpoint

## Important Information for Decision Makers

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### San Francisco Health Care Security Ordinance

Passed July 18, 2006

#### Overview

The city of San Francisco recently passed an ordinance that will require “Covered Employers” to make “a reasonable health care expenditure on behalf of their employees.” This ordinance will establish the “Health Access Program” for uninsured San Francisco residents with an emphasis on preventive care. The San Francisco Department of Public Health will administer the Health Access program. The program’s network will consist of San Francisco General Hospital, the Department of Public Health’s clinics and other community non-profit providers. The Health Access Program is not an insurance plan. The following briefly outlines this ordinance:

#### Covered Employers

“Covered Employer” means any medium-sized or large business, in the case of a nonprofit corporation an employer for which an average of fifty (50) or more persons per week perform work for compensation during a quarter.

- Large Business: 100+ persons (not covered employees) working for compensation during a quarter.
- Medium Business: 20-99 persons (not covered employees).
- Small Business: Less than 20 persons (not covered employees). **Small Businesses are EXEMPT.**

#### Covered Employees

- A Covered Employee is someone making at least minimum wage, working at least 12 hours/week and **employed for a minimum of 90 days.**

#### Required Health Care Expenditure amounts

- The current established rate for Covered Employees is \$1.60 per hour for large businesses and \$1.06 per hour for medium-sized businesses. As of July 1, 2007 the rate is expected to increase 5% each year.

#### Employees “Not” Considered Covered Employees

- Managers, Supervisors & Confidential Employees are not considered Covered Employees unless they make less than \$72,450 in 2007 and in subsequent years.
- Persons eligible for Medicare or TRICARE/CHAMPUS are not considered Covered Employees.
- Persons covered under a group health plan provided by their employer.
- Persons covered under a group health plan provided by a spouse or domestic partner’s employer are not considered Covered Employees, however, Employer must obtain a written waiver from such employee which employee can rescind at a later date.

#### Effective Date

- **Effective July 1, 2007** for Covered Employers employing an average of 50 or more persons working for compensation during a quarter.
- **Effective March 31, 2008** for Covered Employers employing an average of 20-49 persons working for compensation during a quarter.

#### Key Points

- Covered Employers are required to keep adequate records of required health care expenditures made each quarter.
- Penalties for non-compliance are 1.5 times the total expenditures a Covered Employer should have made for Covered Employees, plus 10% annual interest on those required payments.

**For questions or additional information, please contact Vita Benefits Group at (650) 968-8811.**