

1 [Administrative Code - Irrevocable Employer Health Care Expenditure Requirement and
2 Establishment of Health Care Access Assistance Program]

3 **Ordinance revising the Health Care Security Ordinance to require all health care**
4 **expenditures to be made irrevocably; to clarify that the existing establish a City public**
5 **benefit program known as the Health Care Access Assistance Program (HCAAP) has**
6 **two; to describe the public benefits available under each of HCAAP's three component**
7 **programs, Healthy San Francisco, Covered San Francisco, and Medical**
8 **Reimbursement Health Care Access Accounts; to charge the Department of Public**
9 **Health with creating a plan to maximize HAP participants' enrollment in the State health**
10 **insurance exchange, Covered California, by plan year 2016 set certain eligibility**
11 **requirements for program participants; and to set an operative date of October 1, 2014.**

12 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
13 **Additions to Codes** are in *single-underline italics Times New Roman font*.
14 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
15 **Board amendment additions** are in double-underlined Arial font.
16 **Board amendment deletions** are in ~~Arial font~~.
17 **Asterisks (* * * *)** indicate the omission of unchanged Code
18 subsections or parts of tables.

19 Be it ordained by the People of the City and County of San Francisco:

20 Section 1. The Administrative Code is hereby amended by revising Sections 14.1
21 through 14.8 of Chapter 14, and deleting Section 14.1.5, to read as follows:

22 **SEC. 14.1. SHORT TITLE; DEFINITIONS.**

23 (a) Short title. This Chapter shall be known and may be cited as the "San Francisco
24 Health Care Security Ordinance."

25 (b) Definitions. For purposes of this Chapter, the following terms shall have the
following meanings:

(+) "City" means the City and County of San Francisco.

1 (2) "Covered eEmployee" means any person who works in the City where such
2 person qualifies as an employee entitled to payment of a minimum wage from an eEmployer
3 under the Minimum Wage Ordinance, ~~as provided under~~ Chapter 12R of the ~~San Francisco~~
4 Administrative Code, and has performed work for compensation for his or her eEmployer for
5 ninety (90) days, provided, however, that:

6 (A) ~~From the effective date of this Chapter through December 31, 2007, "at~~
7 ~~least twelve (12) hours" shall be substituted for "at least two (2) hours" where such term appears in~~
8 ~~Section 12R.3(a);~~

9 (B) ~~From January 1, 2008 through December 31, 2008, "at least ten (10)~~
10 ~~hours" shall be substituted for "at least two (2) hours" where such term appears in Section 12R.3(a);~~

11 (1C) ~~Beginning January 1, 2009, "At least eight (8) hours" shall be~~
12 substituted for "at least two (2) hours" where such term appears in Section 12R.3(a);

13 (2D) The term "Covered Employee" shall not include persons who are
14 managerial, supervisory, or confidential employees, unless such employees earn annually
15 under ~~\$88,21272,450.00~~ ~~or~~ in 20142007 and, for subsequent years, the figure as set by the
16 administering agency;

17 (3E) The term "Covered Employee" shall not include those persons who
18 are eligible to receive benefits under Medicare or TRICARE/CHAMPUS;

19 (4F) The term "Ceovered Eemployees" shall not include those persons
20 who are "Ceovered Eemployees" as defined in Section 12Q.2.9 of the Health Care
21 Accountability Ordinance, Chapter 12Q of the ~~San Francisco~~ Administrative Code, if the
22 eEmployer meets the requirements set forth in Section 12Q.3 for those employees; and

23 (5G) The term "Ceovered Eemployees" shall not include those persons
24 who are employed by a nonprofit corporation for up to one year as trainees in a bona fide
25 training program consistent with Federal law, which training program enables the trainee to

1 advance into a permanent position, provided that the trainee does not replace, displace, or
2 lower the wage or benefits of any existing position or employee.

3 (6H) Nor shall the term "Covered Employees" include those persons
4 whose Employers verify that they are receiving Health Care Services through another
5 Employer, either as an employee or by virtue of being the spouse, domestic partner, ~~or~~ child,
6 or other dependent of another person; provided that the Employer obtains from those persons
7 a voluntary written waiver of the Health Care Expenditure requirements of this Chapter and
8 that such waiver is revocable by those persons at any time.

9 (3) "Covered Employer" means any ~~medium-sized~~ or ~~large~~ Business as
10 defined below engaging in business within the City that is required to obtain a valid San
11 Francisco business registration certificate from the San Francisco Tax Collector's office or, in
12 the case of a nonprofit corporation, an Employer for which an average of fifty (50) or more
13 persons per week perform work for compensation during a quarter. Small Businesses are not
14 "Covered Employers" and are exempt from the health care spending requirements under
15 Section 14.3.

16 "~~Covered San Francisco~~" means ~~a public benefit program administered by the~~
17 ~~Department of Public Health, funded in whole or in part by Health Care Expenditures made by~~
18 ~~Covered Employers to the City under Section 14.3, to make health insurance purchased~~
19 ~~through Covered California, or similar state-administered exchanges, more affordable for San~~
20 ~~Francisco employees and residents.~~

21 (4) "Employer" means an employing unit as defined in Section 135 of the
22 California Unemployment Insurance Code or any Person defined in Section 18 of the
23 California Labor Code. "Employer" shall include all members of a "controlled group of
24 corporations" as defined in Section 1563(a) of the United States Internal Revenue Code, and
25

1 the determination shall be made without regard to Sections 1563(a)(4) and 1563(e)(3)(C) of
2 the Internal Revenue Code.

3 ~~“Health Care Access Account” means a public health benefit administered by~~
4 ~~the Department of Public Health, funded in whole or in part by Health Care Expenditures~~
5 ~~made by Covered Employers to the City under Section 14.3, from which eligible Covered~~
6 ~~Employees may obtain reimbursement for Health Care Services.~~

7 ~~“Health Care Access Assistance Program” means a public health benefit program~~
8 ~~administered by the Department of Public Health; comprised of Healthy San Francisco, Covered San~~
9 ~~Francisco, and Medical Reimbursement Health Care Access Accounts; and intended to~~
10 ~~maximize enrollment in Covered California plans and increase every participant’s access to~~
11 ~~Health Care Services.~~

12 ~~(5) “Health Access Program” means a San Francisco Department of Public Health~~
13 ~~program to provide health care for uninsured San Francisco residents.~~

14 ~~(6) “Health Access Program participant” means any uninsured San Francisco resident,~~
15 ~~regardless of employment or immigration status or pre-existing condition, who is enrolled by his or her~~
16 ~~employer or who enrolls as an individual in the Health Access Program under the terms established by~~
17 ~~the Department of Public Health.~~

18 ~~(A) “Health Care Expenditure” means an amount irrevocably paid by a Covered~~
19 ~~Employer to a Covered Employee or a trustee or a third party on behalf of a Covered Employee for the~~
20 ~~purpose of providing or reimbursing the cost of Health Care Services for Covered Employees and/or~~
21 ~~their spouses, domestic partners, children, or other dependents. “Health Care Expenditure” also~~
22 ~~means an amount paid by a Covered Employer to the City on behalf of a Covered Employee to~~
23 ~~establish his or her eligibility to participate in the Health Care Access Assistance Program in the~~
24 ~~manner and according to the terms set by the Department of Public Health. “Health Care~~
25 ~~Expenditure” shall not include any amount that has been allocated for use by a Covered Employee but~~

1 retained by the Employer, nor any amount that has been paid to a trustee or third party but that may at
2 any time be recovered by or returned to the Employer, nor any amount otherwise required to be paid by
3 Federal, State, or local law. "Health care expenditure" means any amount paid by a covered employer
4 to its covered employees or to a third party on behalf of its covered employees for the purpose of
5 providing health care services for covered employees or reimbursing the cost of such services for its
6 covered employees, including, but not limited to: (i) contributions designated or paid by such employer
7 on behalf of its covered employees to a health savings account as defined under section 223 of the
8 United States Internal Revenue Code or to any other account having substantially the same purpose or
9 effect without regard to whether such contributions qualify for a tax deduction or are excludable from
10 employee income; (ii) reimbursement by such covered employer to its covered employees for expenses
11 incurred in the purchase of health care services; (iii) payments by a covered employer to a third party
12 for the purpose of providing health care services for covered employees; (iv) costs incurred by a
13 covered employer in the direct delivery of health care services to its covered employees; and (v)
14 payments by a covered employer to the City to be used on behalf of covered employees. The City may
15 use these payments to fund membership in the Health Access Program for uninsured San Francisco
16 residents, and establish and maintain reimbursement accounts for covered employees, whether or not
17 those covered employees are San Francisco residents.

18 ~~(B) Prior to October 1, 2014, a contribution designated or paid to a health~~
19 ~~savings account or to any other account having substantially the same purpose or effect which is not~~
20 ~~irrevocably paid to a third party on behalf of a covered employee, shall not constitute a "health care~~
21 ~~expenditure" unless all of the following conditions are met:~~

22 ~~(i) The contribution is reasonably calculated to benefit the employee;~~
23 ~~(ii) Except as provided in clause (v)(a), the contribution remains~~
24 ~~available to the employee (and any other person eligible for reimbursement for health care expenses~~
25 ~~through the employee) for a minimum of twenty four (24) months from the date of the contribution.~~

1 ~~sized businesses shall increase five (5) percent over the expenditure rate calculated for the preceding~~
2 ~~year;~~

3 ~~(C) From January 1, 2010 and each year thereafter, t~~The "~~h~~Health ~~C~~are
4 ~~E~~xpenditure ~~R~~ate" shall be determined annually based on the "average contribution" for a
5 full-time employee to the City Health Service System pursuant to Section A8.423 of the San
6 Francisco Charter based on the annual ten county survey amount for the applicable fiscal
7 year, with such average contribution prorated on an hourly basis by dividing the monthly
8 average contribution by one hundred seventy-two (172) (the number of hours worked in a
9 month by a full-time employee). The "~~h~~Health ~~e~~Care ~~e~~Xpenditure ~~r~~ate" shall be seventy-five
10 percent (75%) of the annual ten county survey amount for the applicable ~~calendar fiscal~~ year for
11 ~~L~~arge ~~b~~Businesses and fifty percent (50%) for ~~m~~Medium-sized ~~b~~Businesses.

12 ~~(9)~~ "Health ~~C~~are ~~S~~ervices" means medical care, services, or goods that may
13 qualify as tax deductible medical care expenses under Section 213 of the Internal Revenue
14 Code, or medical care, services, or goods having substantially the same purpose or effect as
15 such deductible expenses.

16 "Healthy San Francisco" means a Department of Public Health program to provide
17 health care for uninsured San Francisco residents who meet the eligibility criteria established by the
18 Department of Public Health.

19 ~~(10)~~ "Hour ~~p~~aid" or "~~h~~Hours ~~p~~aid" means a work hour or work hours for which
20 a person is paid wages or is entitled to be paid wages for work performed within the City,
21 including paid vacation hours and paid sick leave hours, but not exceeding 172 hours in a
22 single month. For salaried persons, "hours paid" shall be calculated based on a 40-hour work
23 week for a full-time employee.

24 ~~(11)~~ "Large ~~b~~Business" means an ~~e~~Employer for which an average of one
25 hundred (100) or more persons per week perform work for compensation during a quarter.

1 “Medical Reimbursement Account” means a public health benefit administered
2 by the Department of Public Health, funded in whole or in part by Health Care Expenditures
3 made by Covered Employers to the City under Section 14.3, from which eligible Covered
4 Employees may obtain reimbursement for Health Care Services as determined by the
5 Department of Public Health.

6 ~~(12)~~ "Medium-sized ~~b~~Business" means an ~~e~~Employer for which an average of
7 between twenty (20) and ninety-nine (99) persons per week perform work for compensation
8 during a quarter.

9 ~~(13)~~ "Person" means any natural person, corporation, sole proprietorship,
10 partnership, association, joint venture, limited liability company, or other legal entity.

11 ~~(14)~~ "Required ~~h~~Health ~~C~~are ~~e~~Expenditure" means the total ~~h~~Health ~~e~~Care
12 ~~e~~Expenditure that a ~~C~~covered ~~E~~mployer is required to make every quarter for all its ~~C~~covered
13 ~~E~~mployees.

14 ~~(15)~~ "Small ~~b~~Business" means an ~~e~~Employer for which an average of fewer than
15 twenty (20) persons per week perform work for compensation during a quarter.

16 ~~SEC. 14.1.5. ALTERNATE PROVISIONS.~~

17 ~~(a) If the City Attorney certifies to the Mayor and the Board of Supervisors that a court of~~
18 ~~competent jurisdiction in a lawsuit brought by or on behalf of a Covered Employer has struck down the~~
19 ~~provisions of Section 14.1.5, or permanently enjoined their enforcement, then the following provisions~~
20 ~~shall become operative on the first day of the next calendar quarter following the City Attorney's~~
21 ~~certification.~~

22 ~~Notwithstanding any other provision of this Chapter, "health care expenditure" shall~~
23 ~~only include an amount irrevocably paid by a covered employer to a covered employee or to a third~~
24 ~~party on behalf of a covered employee. An amount that is retained by the employer or that may be~~
25 ~~recovered by or returned to the employer shall not constitute a "health care expenditure." An amount~~

1 *paid to a third party for the purpose of reimbursing a covered employee for expenses incurred in the*
2 *purchase of health care services shall not constitute a "health care expenditure" unless any unused*
3 *funds carry over from quarter to quarter and from year to year and remain available to the covered*
4 *employee, even after the covered employee's separation from employment.*

5 *Notwithstanding the above, an amount paid as a "health expenditure" may be recovered*
6 *by or returned to the employer without losing its status as a "health care expenditure" in the following*
7 *circumstances:*

8 *(A) A former employee has not made a claim for any of the remaining available*
9 *funds for 18 months (including a claim made on behalf of any other person eligible for reimbursement*
10 *from health care expenses from the former employee's remaining available funds); or,*

11 *(B) The covered employee has died.*

12 *(b) If the City Attorney subsequently certifies to the Mayor and the Board of Supervisors that*
13 *an order enjoining enforcement of the provisions of Section 14.1.5 has been lifted, then the original*
14 *provisions shall again become operative on the first day of the next calendar quarter following the City*
15 *Attorney's certification.*

16 **SEC. 14.2. SAN FRANCISCO HEALTH CARE ACCESS ASSISTANCE PROGRAM**
17 **~~AND REIMBURSEMENT ACCOUNTS.~~**

18 (a) The San Francisco Department of Public Health shall administer the Health Care
19 Access Assistance Program, comprised of Healthy San Francisco and Medical Reimbursement
20 Accounts, Covered San Francisco, and Health Care Access Accounts. *The Department shall*
21 *determine eligibility and benefits under each program component to maximize participants' overall*
22 *access to Health Care Services.*

23 *(b) Under Healthy San Francisco the Health Access Program, eligible uninsured San*
24 *Francisco residents may obtain health care from a network consisting of San Francisco*
25 *General Hospital and the Department of Public Health's clinics, and other community non-*

1 profit and private providers that meet the program's quality and other criteria for participation.

2 ~~*Healthy San Francisco*~~~~*The Health Access Program*~~ is not an insurance plan for ~~*Healthy San*~~
3 ~~*Francisco*~~~~*Health Access Program*~~ participants.

4 ~~(b) *The Department of Public Health shall coordinate with a third party vendor to administer*~~
5 ~~*program operations, including basic customer services, enrollment, tracking service utilization, billing,*~~
6 ~~*and communication with the participants.*~~

7 (c) ~~*Healthy San Francisco*~~~~*The Health Access Program*~~ shall be open to eligible, uninsured
8 San Francisco residents,~~*regardless of employment status.*~~ Eligibility criteria shall be established
9 by the Department of Public Health,~~and shall include eligibility for persons (1) with family~~
10 ~~incomes up to 400% of the federal poverty level who are not eligible for subsidized health~~
11 ~~insurance coverage through Covered California or for Medicare or Medi-Cal; or (2) who are~~
12 ~~exempt, due to economic hardship or the cost of employer-sponsored coverage, from the~~
13 ~~mandate of the federal Affordable Care Act to carry health insurance; or (3) who do not have~~
14 ~~an affordable offer of insurance coverage as determined by the Department of Public Health.~~
15 ~~but not, but no person shall be excluded from *Healthy San Francisco*~~~~*The Health Access Program*~~
16 ~~based on *employment or immigration status or* a pre-existing condition. *Participants may enroll*~~
17 ~~*themselves as individuals, with the terms of enrollment to be determined pursuant to Section 14.4(a).*~~

18 (d) ~~*Healthy San Francisco*~~~~*The Health Access Program*~~ may be funded from a variety of
19 sources, including ~~*health care expenditures by*~~~~*payments from*~~ Covered Employers pursuant to
20 Section 14.3, from individuals, and from the City. Funding from the City shall prioritize
21 services for low and moderate income persons, with costs based on ~~*Healthy San*~~
22 ~~*Francisco*~~~~*Health Access Program*~~ participant's' ability to pay.

23 (e) ~~*Healthy San Francisco*~~~~*The Health Access Program*~~ shall use the "Medical Home" model
24 in which a primary care physician, nurse practitioner, or physician assistant develop and direct
25 a plan of care for each ~~*Healthy San Francisco*~~~~*Health Access Program*~~ participant, coordinate

1 referrals for testing and specialty services, and monitor management of chronic conditions
2 and diseases. ~~Healthy San Francisco~~~~Health Access Program~~ participants shall be assigned to a
3 primary care physician, nurse practitioner, or physician assistant.

4 (f) ~~Healthy San Francisco~~~~The Health Access Program~~ shall provide medical services with
5 an emphasis on wellness, preventive care and innovative service delivery. The ~~p~~Program shall
6 provide medical services for the prevention, diagnosis, and treatment of medical conditions,
7 excluding vision, dental, infertility, and cosmetic services. The Department of Public Health
8 may further define the services to be provided, except that such services must, at a minimum,
9 include: professional medical services by doctors, nurse practitioners, physician assistants,
10 and other licensed health care providers, including preventive, primary, diagnostic and
11 specialty services; inpatient and outpatient hospital services, including acute inpatient mental
12 health services; diagnostic and laboratory services, including therapeutic radiological services;
13 prescription drugs, excluding drugs for excluded services; home health care; and emergency
14 care provided in San Francisco by contracted providers, including emergency medical
15 transportation if needed.

16 (g) ~~Covered San Francisco shall provide financial assistance to eligible participants to~~
17 ~~offset a portion of the cost of health insurance purchased through Covered California or~~
18 ~~similar state-administered exchanges as determined by the Department of Public Health.~~

19 (h) ~~Participation in Covered San Francisco shall be available to eligible Covered~~
20 ~~Employees whose Employers make health care expenditures to the City on their behalf, to~~
21 ~~their dependents, and to others as determined by the Department of Public Health.~~

22 (i) ~~The Department of Public Health shall annually determine the level of public~~
23 ~~benefits available to Covered San Francisco participants subject to the following:~~

24 ——— (1) ~~That the costs of Covered San Francisco shall be met by Health Care~~
25 ~~Expenditures made by Covered Employers to the City pursuant to Section 14.3, in addition to~~

1 any funds that may be made available by the Board, allocated at the discretion of the
2 Department of Public Health, or received as grants.

3 ~~—— (2) That the design of the Covered San Francisco public benefit shall incentivize~~
4 ~~enrollment in Covered California health plans so as to maximize affordability for participants,~~
5 ~~taking into account both the individual share of premiums and other individual cost sharing~~
6 ~~under the terms of these plans.~~

7 ~~(j) The Department of Public Health shall coordinate with Covered California and other~~
8 ~~state or federal agencies as appropriate to create mechanisms for the efficient coordination of~~
9 ~~Covered San Francisco benefits and to minimize the administrative burden placed on~~
10 ~~Covered San Francisco participants and on the City.~~

11 ~~(k) The Department of Public Health shall also be authorized to use payments made~~
12 ~~to the City by Covered ~~e~~Employers to satisfy their Health Care ~~E~~expenditure requirements as set~~
13 ~~forth in Section 14.3 to establish and maintain Medical Reimbursement ~~Health Care Access~~~~
14 ~~reimbursement ~~A~~accounts from which eligible ~~C~~covered ~~E~~employees may obtain reimbursement~~
15 ~~of ~~h~~Health ~~e~~Care ~~e~~Expenditures in the amount and under the terms set by the Department of Public~~
16 ~~Health. Such Health Care Access Accounts shall be made available to Covered Employees~~
17 ~~who are not eligible for Healthy San Francisco or Covered San Francisco, including Medi-Cal~~
18 ~~enrollees and others as determined by the Department of Public Health.~~

19 ~~(l) The Department of Public Health shall promulgate information about the Health~~
20 ~~Care Access Assistance Program and each of its components to maximize awareness of~~
21 ~~these public health benefits and to maximize enrollment in Covered California or other forms~~
22 ~~of health insurance.~~

23 ~~(m) The Department of Public Health may coordinate with a third party vendor to administer~~
24 ~~program operations, including enrollment, tracking service utilization, billing, and communication with~~
25 ~~the participants.~~

1 ~~(n) The Department of Public Health shall establish a procedure by which participants~~
2 ~~in the Health Care Access Assistance Program may appeal their placement in the Healthy~~
3 ~~San Francisco, Covered San Francisco, or Health Care Access Account programs.~~

4 ~~(i)h) The City Controller shall ensure that any required health care expenditures~~
5 ~~made by an Covered Employer to the City pursuant to Section 14.3 are kept separate and apart~~
6 ~~from general funds and shall limit use of the expenditures to support the Health Care Access~~
7 ~~Assistance Program. *or to the establishment and maintenance of reimbursement accounts from which*~~
8 ~~*covered employees may obtain reimbursement of health care expenditures. If any covered employee*~~
9 ~~*fails to enroll in the Health Access Program or establish a reimbursement account with the Department*~~
10 ~~*of Public Health within a reasonable time, as determined by the Department of Public Health, the City*~~
11 ~~*may use the funds paid to the City and County of San Francisco on behalf of that employee for the*~~
12 ~~*benefit of the health care programs created by this Ordinance, but the City may not transfer these funds*~~
13 ~~*to the City's general fund.*~~

14 (j) In accordance with the guiding principles and key findings of the 2013 Universal
15 Healthcare Council Final Report, the Department of Public Health shall develop a plan to
16 ensure that Employer Health Care Expenditures made to the City pursuant to Section 14.3
17 can be used to maximize enrollment in health insurance through Covered California. This plan
18 shall be presented to the Health Commission no later than August 1, 2015, so that it may be
19 considered and approved by the Health Commission and by the Board of Supervisors in time
20 for full implementation beginning in the 2016 Covered California plan year. Unless and until
21 the plan is approved by the Board of Supervisors, the Department of Public Health shall
22 continue to administer the Health Access Program, which includes Healthy San Francisco and
23 Medical Reimbursement Accounts, in a manner that is consistent with the guiding principles
24 and key findings of the 2013 Universal Healthcare Council Final Report.

25 **SEC. 14.3. REQUIRED HEALTH CARE EXPENDITURES.**

1 **(a) Required Expenditures.** Covered Employers shall make Required HHealth Care
2 Expenditures to or on behalf of their Covered Employees each quarter. The Required
3 HHealth Care Expenditure for a Covered Employer shall be calculated by multiplying the
4 total number of hours paid for each of its Covered Employees during the quarter (including
5 only hours starting on the first day of the calendar month following ninety (90) calendar days
6 after a Covered Employee's date of hire) by the applicable HHealth Care Expenditure
7 Rate. In determining whether a Covered Employer has made its Required HHealth Care
8 Expenditures, payments to or on behalf of a Covered Employee shall not be considered if
9 they exceed the following amount: the number of hours paid for the Covered Employee
10 during the quarter multiplied by the applicable HHealth Care Expenditure Rate. The City's
11 Office of Labor Standards Enforcement (OLSE) shall enforce the HHealth Care Expenditure
12 requirements under this Section 14.3.

13 **(b) Employer Notice to Employees.**

14 (1) By December 1 of each year, OLSE shall publish and make available to
15 Covered Employers, in all languages spoken by more than five percent of the San Francisco
16 work force, a notice suitable for posting by Covered Employers in the workplace informing
17 Covered Employees of their rights and the Covered Employer's obligations under the
18 Ordinance.

19 (2) Every Covered Employer shall post in a conspicuous place at any workplace
20 or job site where any Covered Employee works the notice published each year by OLSE.
21 Every Covered Employer shall post such notices in English, Spanish, Chinese and any other
22 language spoken by at least five percent of the Employees at the workplace or job site.

23 **(c) Additional Employer Responsibilities.** A Covered Employer shall: (i)
24 maintain accurate records of HHealth Care Expenditures, Required HHealth Care
25 Expenditures, and proof of such expenditures made each quarter each year, and allow OLSE

1 reasonable access to such records, provided, however, that Ceovered Eemployers shall not be
2 required to maintain such records in any particular form; and (i2) provide information to ~~the~~
3 OLSE, or the OLSE's designee, on an annual basis containing such other information as
4 OLSE shall require, including information on the eEmployer's compliance with this Chapter,
5 but OLSE may not require an eEmployer to provide information in violation of State or federal
6 privacy laws. ~~If a Covered Employer uses a health reimbursement account to satisfy its obligation to~~
7 ~~make health care expenditures for any of its Covered Employees, the Employer shall also report to~~
8 ~~OLSE the terms of such accounts, including what costs are eligible for reimbursement.~~

9 Where an eEmployer does not maintain or retain adequate records documenting the
10 hHealth Care eExpenditures made, or does not allow OLSE reasonable access to such
11 records, it shall be presumed that the eEmployer did not make the Rrequired hHealth Care
12 eExpenditures for the quarter for which records are lacking, absent clear and convincing
13 evidence otherwise. The Office of Treasurer and Tax Collector shall have the authority to
14 provide any and all nonfinancial information to OLSE necessary to fulfill OLSE's
15 responsibilities as the enforcing agency under this ChapterOrdinance. With regard to all such
16 information provided by the Office of Treasurer and Tax Collector, OLSE shall be subject to
17 the confidentiality provisions of Subsection (a) of Section 6.22-1 of the San Francisco
18 Business and Tax Regulations Code.

19 (d) If a Covered Employer imposes a surcharge on its customers to cover in whole or
20 in part the costs of the hHealth eCare eExpenditure requirement under this Chapter, the
21 Covered Employer shall provide to OLSE on an annual basis the amount collected during the
22 12-month reporting period from the surcharge for employee health care and the amount spent
23 on employee health care. If the amount collected from the surcharge is greater than the
24 amount spent on employee health care, the Covered Employer must irrevocably pay or
25 designate an amount equal to that difference for hHealth eCare eExpenditures for its Covered

1 Employees under this Chapter. OLSE may refer any potential cases of consumer fraud to
2 appropriate authorities.

3 **SEC. 14.4. ADMINISTRATION AND ENFORCEMENT.**

4 (a) The City shall develop and promulgate rules and regulations to govern the operation
5 of this Chapter. ~~The regulations shall include specific rules by~~ ~~†~~ The Department of Public Health
6 shall develop and promulgate rules and regulations to govern ~~on~~ the operation of ~~both~~ the Health
7 ~~Care Access Assistance Program and the reimbursement accounts~~ identified in Section 14.2(~~g~~),
8 including but not limited to eligibility for enrollment in Healthy San Francisco and Covered San
9 Francisco, the Health Access Program and the establishment of Medical Reimbursement Health
10 ~~Care Access reimbursement Accounts, and rules by the~~ OLSE shall develop and promulgate rules
11 and regulations for enforcement of the obligations of ~~the~~ ~~e~~ Employers under this Chapter. The
12 rules and regulations shall also establish procedures for ~~C~~covered ~~E~~employers to maintain
13 accurate records of ~~h~~Health ~~e~~Care ~~e~~Expenditures and ~~R~~required ~~h~~Health ~~e~~Care ~~e~~Expenditures
14 and provide a report to ~~the~~ OLSE City without requiring any disclosures of information that
15 would violate State or Federal privacy laws. The rules and regulations shall further establish
16 procedures for providing ~~e~~Employers notice that they may have violated this Chapter, a right
17 to respond to the notice, a procedure for notification of the final determination of a violation,
18 and an appeal procedure before a hearing officer appointed by the City Controller. The sole
19 means of review of the hearing officer's decision shall be by filing in the San Francisco
20 Superior Court a petition for a writ of mandate under Section 1094.5 of the California Code of
21 Civil Procedure. No rules or regulations shall be adopted finally until after a public hearing.

22 (b) ~~During implementation of this Chapter and on an ongoing basis thereafter, †~~ The City shall
23 maintain an education and advice program to assist ~~e~~Employers with meeting the
24 requirements of this Chapter.
25

1 (c) Any eEmployer that reduces the number of employees below the number that
2 would have resulted in the eEmployer being considered a "Ceovered Eemployer," or below the
3 number that would have resulted in the eEmployer being considered a ~~m~~Medium-sized or
4 ~~L~~Large ~~b~~Business, shall demonstrate that such reduction was not done for the purpose of
5 evading the obligations of this Chapter or shall be in violation of this ~~l~~l Chapter.

6 (d) It shall be unlawful for any eEmployer or Ceovered Eemployer to deprive or threaten
7 to deprive any person of employment, take or threaten to take any reprisal or retaliatory action
8 against any person, or directly or indirectly intimidate, threaten, coerce, command or influence
9 or attempt to intimidate, threaten, coerce, command or influence any person because such
10 person has cooperated or otherwise participated in an action to enforce, inquire about, or
11 inform others about the requirements of this Chapter. Taking adverse action against a person
12 within ninety (90) days of the person's exercise of rights protected under this Chapter shall
13 raise a rebuttable presumption of having done so in retaliation for the exercise of such rights.

14 (e) (1) The City shall enforce the obligations of Ceovered Eemployers under this
15 Chapter, including requiring restitution to employees where appropriate, and shall impose
16 administrative penalties ~~up~~on Ceovered Eemployers who fail to make Required ~~h~~HHealth eCare
17 eExpenditures on behalf of their employees within five business days of the quarterly due
18 date. ~~Failure to make a required health care expenditure shall include making a purported expenditure~~
19 ~~that is determined by OLSE not to be reasonably calculated to benefit the employee.~~The amount of
20 the penalty shall be up to one-and-one-half times the total expenditures that a Ceovered
21 Eemployer failed to make, but in any event the total penalty for this violation shall not exceed
22 \$100 for each employee for each quarter that the required expenditures were not made within
23 five business days of the quarterly due date. ~~The \$100 penalty limit shall increase each year by an~~
24 ~~amount corresponding to the prior year's increase, if any, in the Consumer Price Index for urban wage~~
25

1 ~~earners and clerical workers for the San Francisco-Oakland-San Jose, CA metropolitan statistical~~
2 ~~area.~~

3 (2) For other violations of this Chapter by ~~e~~Employers and Covered
4 Employers, the maximum administrative penalties shall be as follows: For refusing to allow
5 access to records, pursuant to Section 14.3(c), \$25.00 as to each worker whose records are
6 in issue for each day that the violation occurs; for the failure to maintain or retain accurate and
7 adequate records pursuant to Section 14.3(c) and for the failure to make the annual reports of
8 information required by OLSE pursuant to Sections 14.3(c) and 14.3(d), \$500.00 for each
9 quarter that the violation occurs; for violation of Section 14.4(d) (retaliation), \$100.00 as to
10 each person who is the target of the prohibited action for each day that the violation occurs;
11 and for any other violation not specified in this subsection (e)(2), \$25.00 per day for each day
12 that the violation occurs.

13 (3) The City Attorney may bring a civil action to recover civil penalties for the
14 violations set forth in subsections (e)(1) and (e)(2) in the same amounts set forth in those
15 subsections, and to recover the City's enforcement costs, including attorneys' fees.

16 (4) Penalties Amounts recovered under this Section 14.4 shall be deposited in the
17 City's General Fund.

18 ~~—(f)—The City Controller shall coordinate with the Department of Public Health and OLSE to~~
19 ~~prepare periodic reports on the implementation of this Chapter including participant rates, any effect~~
20 ~~on services provided by the Department of Public Health, the cost of providing services to the Health~~
21 ~~Care Access Assistance Program participants and the economic impact of the Chapter's provisions.~~
22 ~~Reports shall be provided to the Board of Supervisors on a quarterly basis for quarters beginning July~~
23 ~~1, 2007 through June 30, 2008, then every six months through June 30, 2010. Reports shall include~~
24 ~~specific information on any significant event affecting the implementation of this Chapter and also~~
25 ~~include recommendations for improvement where needed, in which case the Board of Supervisors or a~~

1 *committee thereof shall hold a hearing within thirty (30) days of receiving the report to consider*
2 *responsive action.*

3 ~~—(g) The Director of Public Health shall convene an advisory Health Access Working Group~~
4 ~~to provide the Department of Public Health and the Health Access Program with expert consultation~~
5 ~~and direction, with input on members from the Mayor and the Board of Supervisors. The Health Access~~
6 ~~Working Group shall be advisory in nature and may provide the Health Access Program with input on~~
7 ~~matters including: setting membership rates; designing the range of benefits and health care services~~
8 ~~for participants; and researching utilization, actuaries, and costs.~~

9 ~~—(h) The Department of Public Health and the OLSE shall report to the Board of Supervisors~~
10 ~~by July 1, 2007, on the development of rules for the Health Access Program and for the enforcement~~
11 ~~and administration of the employer obligations under this Chapter. The Board of Supervisors or a~~
12 ~~committee thereof shall hold a hearing on the proposed rules to ensure that participants in the Health~~
13 ~~Access Program shall have access to high quality and culturally competent services.~~

14 **SEC. 14.5. SEVERABILITY.**

15 If any section, subsection, clause, phrase, or wordportion of this Chapter is for any
16 reason held to be invalid or unconstitutional by a decision of any court ~~or Federal or State agency~~
17 of competent jurisdiction, such ~~portion shall be deemed a separate, distinct and independent~~
18 ~~provision and such holding~~ decision shall not affect the validity of the remaining portions of this
19 Chapterthereof. The Board of Supervisors hereby declares that it would have passed this Chapter and
20 each and every section, subsection, sentence, clause, phrase, and word not declared invalid or
21 unconstitutional without regard to whether any other portion of this Chapter would be subsequently
22 declared invalid or unconstitutional. To this end, the provisions of this ordinance shall be deemed
23 severable.

24 **SEC. 14.6. NO CONFLICT WITH FEDERAL OR STATE LAWPREEMPTION.**

1 Nothing in this Chapter shall be interpreted or applied so as to create any power, duty
2 or obligation in conflict with, ~~or preempted by,~~ any Federal or State law.

3 **SEC. 14.7. GENERAL WELFARE.**

4 By this Chapter, the City is assuming an undertaking only to promote the general
5 welfare and otherwise satisfy its obligations to provide health care under applicable law. This
6 Chapter should in no way be construed as an expansion of the City's existing obligations to
7 provide health care under State and Federal law, and the City shall set all necessary criteria
8 for enrollment consistent with its legal obligations. The City is not assuming, nor is it imposing
9 on its officers and employees, an obligation for breach of which it is liable in money damages
10 to any ~~per~~ Person who claims that such breach proximately caused injury. To the fullest extent
11 permitted by law, the City shall assume no liability whatsoever. To the fullest extent permitted
12 by law, any actions taken by a public officer or employee under the provisions of this Chapter
13 shall not become a personal liability of any public officer or employee of the City.

14 **SEC. 14.8. OPERATIVE DATE.**

15 *The changes in this Chapter resulting from enactment of Ordinance No. _____ shall*
16 *become operative on October 1, 2014 or the effective date of said ordinance, whichever is later. in*
17 *three phases. The day this Chapter becomes effective, implementation of the Chapter shall commence.*
18 *The Health Access Program shall become operative on July 1, 2007. Any requirements on employers*
19 *for which an average of fifty (50) or more persons per week perform work for compensation during a*
20 *quarter shall become operative on January 1, 2008. Any requirements on employers for which an*
21 *average of from twenty (20) to forty-nine (49) persons per week perform work for compensation during*
22 *a quarter shall become operative on April 1, 2008. This Chapter is intended to have prospective effect*
23 *only.*

1 Section 2. Effective Date and Operative Date. This Chapter shall become effective 30
2 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor
3 returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it,
4 or the Board of Supervisors overrides the Mayor’s veto of the ordinance. As indicated in
5 Section 14.8 of the Administrative Code, this ordinance shall become operative on October 1,
6 2014 or its effective date, whichever is later.

7
8 Section 3. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
9 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
10 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
11 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
12 additions, and Board amendment deletions in accordance with the “Note” that appears under
13 the official title of the ordinance.

14
15 APPROVED AS TO FORM:
16 DENNIS J. HERRERA, City Attorney

17 By: _____
18 Sherri Sokeland Kaiser
19 Deputy City Attorney

20 n:\legana\as2014\1400345\00929213.doc