

LEGISLATIVE DIGEST

(Amended in Committee – October 16, 2025)

[Labor and Employment Code - Health Care Expenditure Requirements for Certain Employers at the Airport]

Ordinance amending the Labor and Employment Code to revise the Healthy Airport Ordinance to require, beginning on January 1, 2027, that Contracting Parties employing certain airport workers make Irrevocable Health Care Expenditures on behalf of their employees at tiered rates reflecting the employee’s household size.

Existing Law

In 2020, the City enacted the Healthy Airport Ordinance (HAO) (Ordinance No. 235-20), which amended the Health Care Accountability Ordinance (HCAO), now codified as Article 121 of the Labor and Employment Code. The HAO requires employers of workers at San Francisco International Airport (“Airport”) who hold safety- or security-sensitive positions to either (1) offer full-family health insurance benefits in plans meeting specified requirements or (2) pay a set rate to the City to fund Medical Reimbursement Accounts for their Covered Employees. The HAO does not allow for a collective bargaining waiver of these requirements.

Amendments to Current Law

If enacted, under the proposed ordinance Contracting Parties employing San Francisco Airport Service Employees will no longer be limited to choosing between providing specific types of health plans or contributing to Medical Reimbursement Accounts to comply with the HAO. Instead, the proposed ordinance would amend the HAO to set minimum health care expenditure requirements that covered employers have flexibility to meet in any manner they deem appropriate, including through contributions to Medical Reimbursement Accounts. The rates for the minimum health care expenditures would be tiered to reflect the lower or enhanced health care needs that an employee may have depending on the number of their health care dependents. The amended ordinance would allow for a collective bargaining waiver.

Background Information

Since the HAO became law, thousands of San Francisco Airport Service Employees have gained or improved their ability to provide for the health care needs of their families. The Healthy Airport Ordinance has thereby helped attract and retain high-quality employees whose work impacts safety and security, improved Airport safety and security for travelers and

the public by promoting a healthier workforce, and minimized the potential for contagion to spread from the Airport (a major worldwide transportation hub) to other environs.

The proposed ordinance is designed to preserve the improvements to Airport safety and security obtained through the HAO, while providing Covered Employers of San Francisco Airport Service Employees expanded flexibility to determine how best to provide health care expenditures to their employees.

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