

GENERAL SERVICES AGENCY
OFFICE OF LABOR STANDARDS ENFORCEMENT
DONNA LEVITT, MANAGER



GENERAL INSTRUCTIONS

BEFORE YOU BEGIN:

- If you are an employer with fewer than 20 employees (*including those employed outside of San Francisco*), you are not covered by the HCSO and should **not** return the Annual Reporting Form (ARF).
- If you are downloading the ARF from our website and do not know or cannot find your Business Certificate Number (BCN), please contact Taxpayer Assistance at 415-554-4400. Your ARF *cannot* be processed without a valid BCN.

Reporting Deadline: To avoid penalties and other corrective action, businesses subject to the Employer Spending Requirement of the HCSO must return the ARF by April 30, 2010.

WORKSHEET FOR THE HCSO ANNUAL REPORTING FORM

REGARDING THIS WORKSHEET: This worksheet guides you through each of the questions on the ARF, but does not walk you through each quarter separately. Because the ARF requires reporting for each quarter, remember that you will need to answer each question below for each quarter of the reporting year.

For Nonprofit Organizations and For Businesses in the Same “Control Group”: Please fill in the circle completely (● rather than x or √) if you are filing this form on behalf of a nonprofit organization or on behalf of several entities in the same “control group.” Only one ARF shall be filed for all entities within the same “controlled group of corporations” (as defined for purposes of income tax filing).

Step 1. Enter the total number of employees in your business, company-wide. Line A. _____

Count all employees, including those located outside of San Francisco, regardless of where they live or work.

Step 2. Enter the total number of employees who met the definition of a covered employee under the HCSO..... Line B1. _____

The HCSO covers employees who have been employed for at least 90 calendar days and, after completing this 90- day eligibility period, have worked at least 8 or more hours per week in SF.

Step 3. Of the employees listed in B1, enter the total number of employees who are exempt from coverage under the HCSO..... Line B2. _____

Employees are exempt from coverage under the HCSO if they:

- signed an HCSO Voluntary Waiver (Note: Insurance carrier waivers are not valid for this exemption.);
- were managers, supervisors, or confidential employees earning at or above \$80,397 annually (or \$38.65 hourly) in 2009;

- were enrolled in Medicare or TRICARE/CHAMPUS;
- were employed by a non-profit corporation for up to one year as trainees in a bona fide training program consistent with federal law; or
- received benefits pursuant to the SF Health Care Accountability Ordinance, which applies only to City Contractors.

Step 4. Subtract B2 from B1, and enter the difference on this line. **Line B3.** _____

This number is the number of employees for whom your business is required to make health care expenditures.

FOR STEP 5, YOU WILL NEED TO:

- Prepare a payroll report which includes all the hours paid to your employees in B3.

Step 5. Enter the total number of hours paid to all employees in B3...... **Line C.** _____

Review the payroll report that you generated and enter the total number of hours paid to all employees in B3.

- ✓ Hours paid includes both hours worked and paid time off, such as vacation and paid sick leave hours, but not exceeding 172 hours/month or 516 hours/quarter per employee.
- ✓ **TIP:** If it's difficult to generate a report for all of these employees, just tally the hours paid for all part-time employees in B3 who work in San Francisco and assume that each full-time employee was paid 172 hours per month or 516 hours per quarter.

FOR STEP 6, YOU WILL NEED TO:

- Prepare a health benefits report which includes all employees in B3 for whom your business provides company-sponsored health care benefits, for example, those who are covered under your business' group health plan and those who participate in an employer-funded health spending account, such as an employer-funded Flexible Spending Account or an employer-funded Health Reimbursement Account.
- The health benefits report should include (1) the total number of employees from B3 for whom your business provided company-sponsored health benefits, sorted by the type of benefit received, (2) the amount(s) you spent for each type of health benefit, and (3) the total amount you spent on benefits for all employees in B3.
- If your business funded a health spending account administered by a third party or reimbursed employees directly for health care expenses, your health benefits report should also include (1) the total amount made available to employees and (2) the amount actually used by employees.
- If you made payments to the City for the City Option, print a copy of the spreadsheet(s) that you uploaded to the employer portal on the *Healthy San Francisco* website.

Step 6. Enter the total dollar amount paid by your business to provide health benefits for all employees in B3...... **Line D.** _____

Refer to your health benefits report for the total amount you spent on benefits for all employees in B3. This is the total cost of providing the benefits listed in Section E for your employees in B3.

- ✓ Do **not** include any health care contributions or expenditures made by employees!
- ✓ Include all health care expenditures, such as money spent on medical, dental, and vision benefits. Do **not** include life insurance, workers' compensation, or disability payments.

- ✓ You may, but are not required to include health care expenditures made for dependents of your employees in B3.
- ✓ Use whole numbers; do **not** include commas or cents
- ✓ **TIP:** Employers with self-insured plans may calculate these expenditures using either the COBRA equivalent rate for the 2008 plan year (minus any administrative fees) or actual expenditure amounts.

IMPORTANT NOTE REGARDING SECTION E:

- Under the HCSO, you have many options to choose from when deciding how you would like meet the minimum spending requirement. The following questions seek information about what health care option you've chosen: What **type** of health benefits did you provide to your employees in B3?
- **Count each employee only once per quarter.** *If you made more than one type of health care expenditure for an employee, count that employee in the category where your business spent the most.* For example, if you paid insurance premiums and funded an HSA for an employee, count that employee in E1 if you spent more on insurance premiums than you made available through the HRA.

Step 7. Enter the total number of employees in B3 who were covered under your group plans, including union and/or self-insured group health plans. Line E1. _____

Refer to your health benefits report and count the number of employees for you provided group health insurance coverage.

- ✓ Include any employees for whom you paid a health insurance carrier to provide group coverage.
- ✓ Include any employees for whom you made contributions to a Taft-Hartley plan pursuant to a collective bargaining agreement or union contract.
- ✓ Include any employees who were covered under your self-insured plan. A self-insured, or self-funded, group health plan is one in which the employer assumes the financial risk for providing health care benefits to its employees. Self-insured employers pay for their employees' health care expenses as they are incurred, rather than paying a fixed premium to an insurance carrier. Such employers must abide by federal laws governing such plans.

Step 8. Enter the total number of employees in B3 that received a health/medical reimbursement or spending account that was funded by the employer and administered by a third-party vendor..... Line E2. _____

Refer to your health benefits report and count the number of employees to whom you provided an employer-funded health spending account, such as an employer-funded Flexible Spending Account or an employer-funded Health Reimbursement Account.

- ✓ Count only employees with employer-funded accounts; do **not** count FSAs funded by employees!
- ✓ **TIP:** If your business did not fund any health spending accounts, leave lines E2, E2(a), and E2(b) blank, and proceed to Step 9.

Step 8(a): Enter the total annual dollar amount funded by the employer. Line E2(a). _____

This is the amount you made available, not the amount actually reimbursed to employees, which should be entered in E2(b) below.

Step 8(b): Enter the dollar amount employees were actually reimbursed for the 2009 plan year. Line E2(b). _____

- ✓ Use whole numbers; do **not** include commas or cents.

Step 9. Enter the total number of employees in B3 for whom your business provided direct reimbursements or made direct payments for health care expenses..... **Line E3.** _____

Refer to your health benefits report and count the number of employees whom your business reimbursed directly for out-of-pocket health care expenses and/or for whom payments were made directly to health care providers for expenses such as treatment, co-pays, or prescription or over-the-counter drugs.

- ✓ Count only employees with accounts administered internally, by or within your business.
- ✓ **TIP:** If your business did not provide direct reimbursements or make direct payments for health care expenses, leave lines E3, E3(a), and E3(b) blank, and proceed to Step 10.

Step 9(a): Enter the annual maximum dollar amount (the cap or ceiling) that you made available or could have spent on direct reimbursements or payments. **Line E3(a).** _____

Step 9(b): Enter the dollar amount actually spent on direct reimbursements or payments within the 2009 plan year. **Line E3(b).** _____

- ✓ Use whole numbers; do not include commas or cents.

Step 10. Enter the total number of employees in B3 for whom your business made payment for the City Option (which includes both *Healthy San Francisco (HSF)* and the Medical Reimbursement Accounts administered by SHPS)..... **Line E4.** _____

Refer to the roster(s) you provided to HSF and include all employees who received the City Option.

- ✓ **TIP:** If an employee on the HSF roster also received another benefit that cost more than what you paid to the City, for example, if you paid insurance premiums in addition to making payment for the City Option, and what you spent on the insurance premiums for this employee is greater than your City Option payment for this employee, do not count the employee here; count him/her in E1.

FINAL STEP. Transfer the answers you entered in each of the boxes on this worksheet to the corresponding lines of the ARF. For example, transfer the answer you provided in the box labeled “Line E4” above to Line E4 of the ARF.

REMEMBER:

- If you need a new ARF, please download it from our website. The Annual Reporting Form (ARF) is available from our website as a “fillable PDF,” allowing employers to open the document, type in their answers, then print, sign, and return the form by mail.
- Typing your answers on the form will increase accuracy. If you must write in your answers, please use **black** ink, stay inside the boxes provided for your responses, and print your numbers similar to these:
1 2 3 4 5 6 7 8 9 0
- To avoid penalties and other corrective action, you must return the ARF by April 30, 2010 to:
Post Office Box 7378
San Francisco, CA 94120-7378.
- Data collected from the ARFs may be released publicly in aggregate form; however, this office will treat individual data as confidential to the extent provided by law.

This notice is intended to provide general information and does not establish policy or offer legal advice regarding the Health Care Security Ordinance, Chapter 14 of the San Francisco Administrative Code. If you have any questions about your obligations under the ordinance, please visit www.sfgov.org/olse/hcso, call (415) 554-7892, or email HCSO@sfgov.org.

Para asistencia en Español, llame al (415) 554-7892

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