



INSTRUCTIONS FOR THE HCSO ANNUAL REPORTING FORM

The Health Care Security Ordinance (HCSO) requires for-profit employers with 20 or more employees (and nonprofits with 50 or more employees) to spend a minimum amount (set by law) on health care for Covered Employees and to report on these expenditures annually, using the Annual Reporting Form (ARF). The HCSO is enforced by the Office of Labor Standards Enforcement (OLSE).

Employers with fewer than 20 employees are not covered by the HCSO and should not return the ARF.

For more information on the HCSO and the Annual Reporting Form go to www.sfgov.org/olse/hcso.

GENERAL INSTRUCTIONS

This year's 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. The form is also mailed to employers. **Employers that download and return the ARF from our website do not need to complete or return the ARF received by mail.**

The data you provide on the ARF will be electronically scanned. To ensure accuracy in the scanning process, we encourage you to type your answers, by either opening the PDF from our website and filling in your responses using the computer, or using a typewriter. 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

Confidentiality of Data Provided: 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.

Annual Reporting with Quarterly Breakdowns: The ARF must be submitted only once per year; however, your answers for most of the lines on this form should be broken down for each quarterly period. Quarter 1 includes the period from January through March of 2008; quarter 2, from April through June of 2008; quarter 3, from July through September of 2008; and quarter 4, from October through December of 2008. Generally, a quarter consists of 13 weeks.

Reporting Deadline: To avoid penalties and other corrective action, Covered Employers must return the ARF by April 30, 2009. Please do not return the form to our City Hall address; instead, please mail it to Post Office Box 7378, San Francisco, CA 94120-7378, as indicated at the top of the ARF and the purple return envelope provided in your mailing.

LINE-BY-LINE INSTRUCTIONS

Business Account or Certificate Number: Every registered San Francisco business ownership has a unique six-digit business account or certificate number, which should be pre-printed on your form. (For more information regarding business registration, please visit www.sfgov.org/BusinessRegistration or call Taxpayer Assistance at 415-554-4400.)

- If your business account number does not appear on your form, be sure to type or print it in the space provided.

For Businesses 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). Please fill the circle in completely (● rather than x or √) if you are filing this form on behalf of several entities in the same “control group,” and enclose the blank ARFs for the other entities in the same envelope.

- Leave this circle blank if you are not filing on behalf of businesses in the same “control group.”

All members of a “controlled group of corporations” (as defined for purposes of income tax filing) are considered one employer under the Ordinance, and all employees of each entity must be counted to determine the size of the employer. Employees of businesses that are not incorporated are counted as working for one employer if the businesses are under common control. For purposes of this Ordinance, "under common control" means either (a) one person (individual, estate, or trust) has at least an 80 percent ownership interest in each of the businesses, or (b) two to five persons hold more than a 50 percent ownership interest in each of the businesses.

Line A: This question is to determine whether you are a Covered Employer.

- You must include all employees anywhere, including those working outside of the geographic boundaries of San Francisco, in this number.
- Owners who perform work for compensation for the business are considered employees and must be counted as such.
- For businesses employing a fluctuating number of employees during a quarter, please review Frequently Asked Question (“FAQ”) #14, available at www.sfgov.org/olse/hcso.

If you are a for-profit business employing 20 or more employees per week or a nonprofit business employing 50 or more employees per week, you are a Covered Employer and must complete the rest of the ARF and return it by April 30, 2009 to Post Office Box 7378, San Francisco, CA 94120-7378.

If you are not a Covered Employer, stop here, and do not return the form!

Lines B-E: Lines B-E should include only those employees who meet the definition of a Covered Employee under the HCSO. Covered Employees are those who have been employed for at least 90 calendar days and, after completing this 90-calendar day eligibility period, have worked at least 10 or more hours per week in San Francisco in 2008.

For employees whose work hours fluctuate from week to week, please review FAQ #20, available at www.sfgov.org/olse/hcso.

If you had no Covered Employees in any quarter in 2008, enter zero, sign the form, and submit it to the OLSE by April 30, 2009.

Line B1: Enter the number of Covered Employees (see criteria above). Do not include employees exempt from coverage under the HCSO; you will include those employees in Line B2. Exemption categories are explained in the instructions for Line B2 below.

Line B2: Enter the number of employees who meet the Covered Employee criteria above, but are exempt from coverage under the HCSO because they fall into one or more of the five categories of exempt employees. For more details, see FAQ #23 and/or Regulation 3.2, available at <http://www.sfgov.org/olse/hcso>.

Line C: Calculate and enter the total number of “hours paid” to all Covered Employees. Hours paid includes both hours worked and hours for which Covered Employees were entitled to be paid, such as paid time off, vacation, sick leave, and holidays, up to 172 hours per month or 516 hours per quarter per employee. (For full-time employees, you may enter 172 hours per month or 516 hours per quarter, rather than calculating actual hours paid.)

Line D: Enter the total amount of health care expenditures you made on behalf of Covered Employees in 2008 in whole dollars.

- Include all health care expenditures made on behalf of your Covered Employees, including dental and vision benefits, even if the total amount exceeds the minimum amount required under the Ordinance.
- Include health care expenditures made for dependents of your Covered Employees if you intend for those amounts to be counted towards the minimum health care expenditure required under the Ordinance. (For more information regarding dependent benefits, see Regulation 4.2(D), available at www.sfgov.org/olse/hcso.)
- Do not include commas or cents.
- Do not include any health care contributions or expenditures made by employees.

Employers with self-insured plans (as defined in the instructions for Line E2) may use either the COBRA equivalent rate for the 2008 plan year (minus any administrative fees) or the actual expenditure amounts.

Line E: In each of the categories listed in this section, enter the number of Covered Employees for whom you provided the benefits listed. Count each Covered Employee only once per quarter. If you made more than one type of health care expenditure for a Covered Employee, count that employee in the category in which the largest or greatest dollar amount of spending was made.

Line E1: Enter the total number of Covered Employees whom you enrolled in group health insurance coverage. Include in this category any employees for whom you made contributions to a Taft-Hartley plan pursuant to a collective bargaining agreement or union contract.

Line E2: Enter the total number of Covered Employees enrolled in your self-insured group health 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 self-insured or self-funded plans.

Line E3: Enter the total number of Covered Employees enrolled in a health/medical reimbursement, spending, or savings account that was administered by a third-party vendor (e.g., Health Reimbursement Arrangement, Health Savings Account, Medical Flexible Spending Account, etc.)

Line E3(a): Enter the total dollar amount of funds that you made available to your Covered Employees listed in Line E3 over the entire plan year via a health/medical reimbursement, spending, or savings account administered by a third-party vendor. Enter the amount in whole dollars; *do not include commas or cents.*

Line E3(b): Enter the total dollar amount of funds that your Covered Employees listed in Line E3 were reimbursed during the plan year via a health/medical reimbursement, spending, or savings account administered by a third-party vendor. Enter the amount in whole dollars; *do not include commas or cents.*

Line E4: Enter the total number of Covered Employees for whom you provided direct reimbursement or made direct payments for health care expenses. This category includes any health spending accounts that were self-administered, in other words, the account was administered internally by the employer.

Line E4(a): Enter the total dollar amount of funds that you made available to your Covered Employees listed in Line E4 over the entire plan year via a self-administered health spending account. Enter the amount in whole dollars; *do not include commas or cents.*

Line E4(b): Enter the total dollar amount of funds that you paid out for your employees' health care during the plan year, through for example, reimbursements to your Covered Employees or direct payments to your employees' health care provider. Enter the amount in whole dollars; *do not include commas or cents.*

Line E5: Enter the total number of Covered Employees for whom you made payment for the City Option, which includes both *Healthy San Francisco* and the Medical Reimbursement Accounts administered by SHPS.

Line E6: If you made any other health care expenditures on behalf of your Covered Employees, enter the total number of Covered Employees for whom you made such expenses and describe how you made the expenditure in the space provided. If your explanation does not fit in the space provided, please provide your explanation on a separate page.

Final Step: Sign and date the form, then mail it to Post Office Box 7378, San Francisco, CA 94120-7378. To avoid penalties and other corrective action, return the ARF by April 30, 2009.

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.