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Half an Hour for Health Care

The New Minimum Wage Law (SB 525)

May 22, 2024

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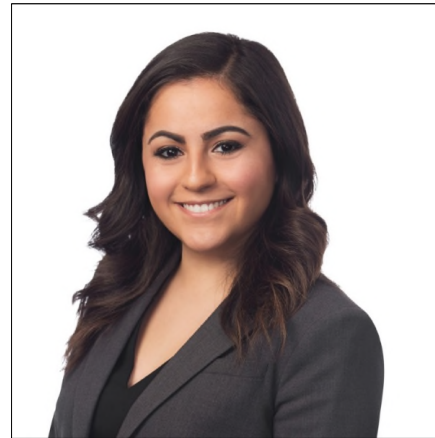
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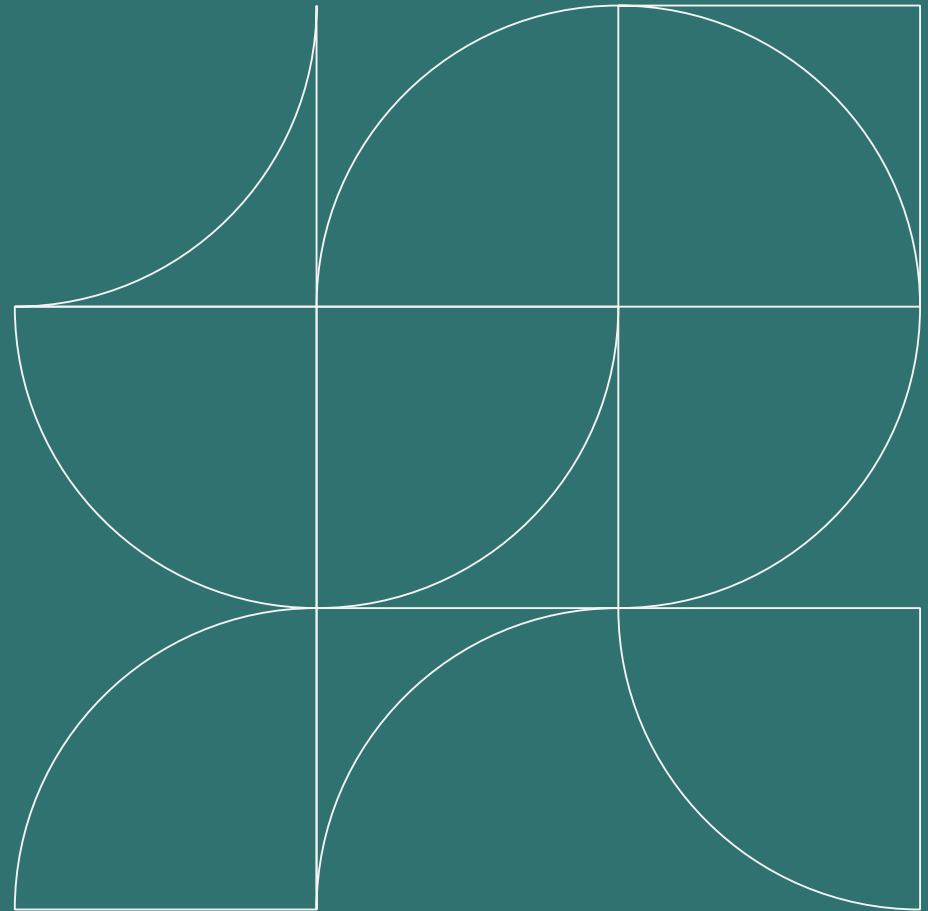
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Agenda

- 1 | Background & Scope
- 2 | Minimum Wage Obligations
- 3 | Considerations for Employers

Background & Scope



Background

- On September 14, 2023, the California legislature passed S.B. 525, which will raise minimum wages for health care workers across the state.
- The bill will be codified as Labor Code sections 1182.14 and 1182.15.
- The bill includes five separate minimum wage schedules for covered health care employees depending on the nature, size, and structure of the employer's business.

Scope – Covered Health Care Employers

- Hospitals
- Clinics
- Psychiatric and Mental Health Facilities
- Licensed Skilled Nursing Facilities
- Home Health Care
- Licensed Residential Care Facilities for the Elderly
- Integrated Health Care Delivery Systems
- Ambulatory Surgical Centers Certified for Medicare Participation
- Physician Groups
- County Correctional Facilities Providing Health Care Services

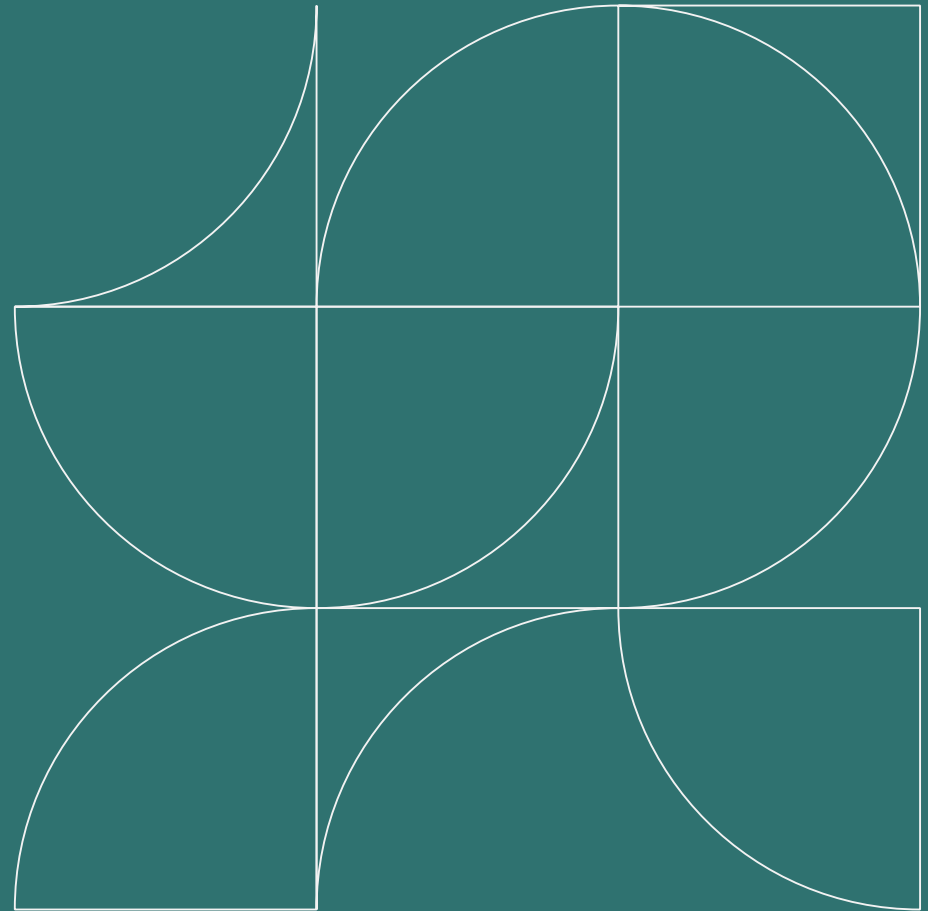
Scope – Integrated Health Care Delivery Systems

- An entity or group of related entities that includes both of the following:
 - (A) one or more hospitals and
 - (B) one or more physician groups, health care service plans, medical foundation clinics, other health care facilities, or other entities, providing health care or supporting the provision of health care, where the hospital or hospitals and other entities are related through one of the following:
 - Parent and subsidiary relationships, joint or common ownership or control, common branding, or common boards of directors and shared senior management.
 - A contractual relationship in which affiliated covered physician groups or medical foundation clinics contract with a health care service plan, hospital or other part of the system, all operating under a common trade name.
 - A contractual relationship in which a nonprofit health care service plan provides medical services to enrollees in a specific geographic region of the state through an affiliated hospital system, and contracts with a single covered physician group in each geographic region of the state to provide medical services to a majority of the plan's enrollees in that region.

Scope – Covered Health Care Employees

- The term “covered health care employee” is defined broadly under both the new Labor Code section 1182.14 and section 1182.15 to include employees who provide patient care, health care services, or services supporting the provision of health care.
- Examples span from nurses and physicians to clerical workers, gift shop workers, janitors, schedulers, and billing personnel.
- Contracted and subcontracted employees are also included if they are:
 - (1) jointly employed by a covered health care facility (meaning that the health care facility controls their wages, hours, or working conditions) or
 - (2) contracted to work at a covered health care facility and spend half or more of their time at the health facility.

Minimum Wage Obligations



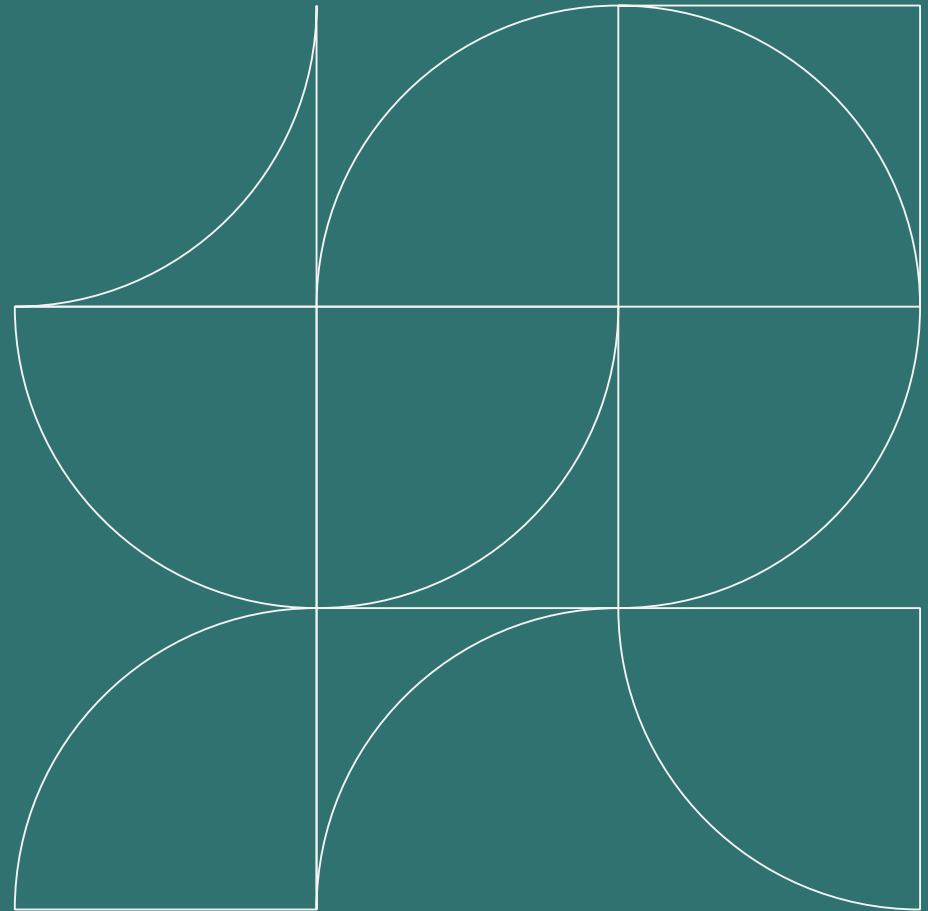
Minimum Wage Obligations

- Group 1: Covered health care facilities with 10,000 or more full-time equivalent employees, covered health care facility employers that are part of an integrated health care delivery system or health care system with 10,000 or more full-time equivalent employees, covered dialysis clinics, and covered health facilities that are owned, affiliated, or operated by a county with a population of more than 5,000,000 as of January 1, 2023.
 - June 1, 2024 to May 31, 2025: \$23 per hour.
 - June 1, 2025 to May 31, 2026: \$24 per hour.
 - June 1, 2026 to August 1, 2027: \$25 per hour.
- Group 2: Covered hospitals with high populations of Medicare/Medicaid patients, covered rural independent health care facilities, and covered health care facilities that are owned, affiliated or operated by a county with a population of less than 250,000 as of January 1, 2023.
 - June 1, 2024 to May 31, 2033: \$18 per hour with 3.5 percent increases annually.
 - June 1, 2033 to August 1, 2034: \$25 per hour.

Minimum Wage Obligations

- Group 3: Covered primary care community or free clinics that are open for limited services of no more than 40 hours a week and that are not conducted or maintained by a government entity, covered community clinics along with any associated intermittent clinics exempt from licensure, covered rural health clinics, and covered urgent care clinics that are owned by or affiliated with a community clinic.
 - June 1, 2024 to May 31, 2026: \$21 per hour.
 - June 1, 2026 to May 31, 2027: \$22 per hour.
 - June 1, 2027 to August 1, 2028: \$25 per hour.
- Group 4: all other covered health care facilities.
 - June 1, 2024 to May 31, 2026: \$21 per hour.
 - June 1, 2026 to May 31, 2028: \$23 per hour.
 - June 1, 2028 to August 1, 2029: \$25 per hour.

Considerations for Employers



Considerations Regarding Compliance

- Salary adjustments for exempt employees
- Impact on collective bargaining agreements
- Possibility of delay in enactment
- Applicability of the waiver program

Other Considerations

- Resources available via the Department of Health Care Access and Information
- Preemption
- Right to sue



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Upcoming *Half an Hour for Health Care Sessions*

July 18 Webinar

- **Topic:** *Standby*
- **Speakers:** Bailey Bifoss, Partner & Brian Gillis, Associate

September 12 Webinar

- **Topic:** *Joint Employment Hot Topics! Wage Statements, Time Keeping, Arbitration Agreements and More!*
- **Speakers:** Elizabeth MacGregor, Partner & Galen Sallomi, Associate

**thank
you**

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