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New Broad-Reaching Wage Law for Health Care Workers

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On October 16, 2024, Senate Bill 525 will go into effect and requires every applicable “covered health care facility” to meet certain minimum wage requirements for most of their workforces. The new law applies to a broad range of health care facilities (described below) including certain physician groups, ambulatory surgery centers, clinics, skilled nursing facilities, home health agencies, various hospitals, and several others. The wages required under this new law are higher than certain other recent California minimum wage laws and apply to each “covered health care employee.”

Covered health care employees include employees who provide patient care, health care services, and services supporting the provision of health care. More specifically, “**health care services**” means patient care-related services including nursing; caregiving; services provided by medical residents, interns, or fellows; technical and ancillary services; janitorial work; housekeeping; groundskeeping; guard duties; business office clerical work; food services; laundry; medical coding and billing; call center and warehouse work; scheduling; and gift shop work; but only where such services support patient care.

Applicable employees include, but are not limited to, any nurse, physician, caregiver, medical resident, intern or fellow, patient care technician, janitor, housekeeping staff person, groundskeeper, guard, clerical worker, nonmanagerial administrative worker, food service worker, gift shop worker, technical and ancillary services worker, medical coding and medical billing personnel, scheduler, call center and warehouse worker, and laundry worker, regardless of formal job title.

Covered health care employees also include contracted or subcontracted employees if certain elements are met.

Covered health care employees do not include: (i) employment as an outside salesperson; (ii) any work performed in the public sector where the primary duties performed are not health care services; (iii) delivery or waste collection work on the premises of a covered health care facility, provided that the delivery or waste collection worker is not an employee of any person that owns, controls, or operates a covered health care facility; or (iv) medical transportation services in or out of a covered health care facility, provided that the medical transportation services worker is not an employee of any person that owns, controls, or operates a covered health care facility.

The new law details every type of workplace that is considered a “**covered health care facility.**”

What this means for you:

If you are a covered health care facility, then you likely owe wages to covered health care employees. The below table describes each type of covered health care facility and the applicable minimum wages:



Type of Health Care Facility	Minimum Wage When the Law Takes Effect	Full Minimum Wage Schedule
Hospital or integrated health system with 10,000 or more full-time employees (including skilled nursing facilities operated by these employers)	\$23	10/16/24 to 6/30/25: \$23 7/1/25 to 6/30/26: \$24 7/1/26 to 12/31/27: \$25 1/1/28: adjusted for inflation each year
Dialysis Clinics	\$23	10/16/24 to 6/30/25: \$23 7/1/25 to 6/30/26: \$24 7/1/26 to 12/31/27: \$25 1/1/28: adjusted for inflation each year
Safety Net Hospitals	\$18	10/16/24 to 6/30/25: \$18 6/1/25 to 6/30/33: increases 3.5% each year 7/1/33 to 12/31/34: \$25 1/1/35: adjusted for inflation each year
Intermittent clinics, community clinics, rural health clinics, or urgent care clinics associated with community or rural health clinics	\$21	10/16/24 to 6/30/26: \$21 7/1/26 to 6/30/27: \$22 7/1/27 to 12/31/28: \$25 1/1/29: adjusted for inflation each year
Physician groups with 25 or more physicians, ambulatory surgical centers certified to participate in Medicare, psychology clinics, psychiatric health facilities, and mental health rehabilitation centers	\$21	10/16/24 to 6/30/26: \$21 7/1/26 to 6/30/28: \$23 7/1/28 to 12/31/29: \$25 1/1/30: adjusted for inflation each year
Covered Health Care Facilities run by Large Counties (more than five million people as of 1/1/23)	\$23 (no earlier than 1/1/25)	1/1/25 to 6/30/25: \$23 7/1/25 to 6/30/26: \$24 7/1/26 to 12/31/27: \$25 1/1/28: adjusted for inflation each year
Covered Health Care Facilities run by Medium Sized Counties (250,000 to five million people as of 1/1/23)	\$21 (no earlier than 1/1/25)	1/1/25 to 6/30/26: \$21 7/1/26 to 6/30/28: \$23 7/1/28 to 12/31/29: \$25 1/1/30: adjusted for inflation each year
Covered Health Care Facilities run by Small Counties (less than 250,000 people as of 1/1/23)	\$18 (no earlier than 1/1/25)	1/1/25 to 6/30/25: \$18 6/1/25 to 6/30/33: increases 3.5% each year 7/1/33 to 12/31/34: \$25 1/1/35: adjusted for inflation each year
Skilled Nursing facilities not owned, operated, or controlled by a hospital, integrated health care delivery system, or health care system: **Only takes effect if a patient care minimum spending requirement is passed	No effective date	Schedule <u>if</u> a patient care minimum spending requirement is passed: Once spending requirement passed to 6/30/26: \$21 7/1/26 to 6/30/28: \$23 7/1/28 to 12/31/29: \$25 1/1/30: adjusted for inflation each year



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As always, our team stands ready to assist your business with all of its employment, health care, corporate, or any other legal needs. If you have questions or need assistance, please feel free to contact the attorneys listed below.



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