
CALIFORNIA STATE BOARD OF BEHAVIORAL SCIENCES BILL ANALYSIS

BILL NUMBER: SB 525 **VERSION: AMENDED MARCH 28, 2023**

AUTHOR: DURAZO **SPONSOR: SEIU CALIFORNIA**

RECOMMENDED POSITION: NONE

SUBJECT: MINIMUM WAGE: HEALTH CARE WORKERS

Summary:

This bill sets a statewide health care worker minimum wage of \$25 per hour for persons working in covered health care employment.

Existing Law:

- 1) Establishes a minimum wage for all industries and for any employer of \$15 per hour, commencing January 1, 2023. (Labor Code (LC) §1182.12(b))

This Bill:

- 1) Declares that California is facing an urgent and immediate shortage of health care workers, and the COVID pandemic has worsened these shortages. States that higher wages are needed to attract and retain health care workers. (LC §1182.14(a)(5))
- 2) Provides that on and after January 1, 2024, the minimum wage for covered health care employment shall be no less than \$25 per hour. (LC §1182.14(c))
- 3) Sets forth a calculation to adjust this minimum wage for subsequent years (LC §1182.14(d))
- 4) States that the health care worker minimum wage is enforceable by the Labor Commissioner or by a covered worker through a civil action. (LC §1182.14(e))
- 5) Provides that if the employee's compensation is on a salary basis, the employee shall earn a monthly salary equivalent of no less than 2 times the health care worker minimum wage for full-time employment, in order to qualify as exempt from payment of minimum wage and overtime. (LC §1182.14(f))
- 6) Defines "covered health care employment" as all paid work on the premises of any covered health care facility, regardless of the identity of the employer; and all paid work providing health care services performed for any person that owns, controls, or

operates a covered health care facility, regardless of work location. (LC §1182.14(b)(1))

- 7) Defines a “covered health facility” as a number of different types of entities, including a facility or work site that is part of an integrated health care delivery system, a licensed general acute care hospital,, a licensed acute psychiatric hospital, a public health jurisdiction, a clinic, a psychology clinic, a psychiatric health facility, a mental health rehabilitation center, a rural health clinic, a physician group, a county correctional facility, or a county mental health facility. (LC §1182.14(b)(2))
- 8) Defines “health care services” as patient-care related services that directly or indirectly support patient care, including nursing, caregiving, services provided by medical residents, interns, or fellows, housekeeping, groundskeeping, guard duties, business office clerical work, and certain other listed job types. (LC §1182.14(b)(6))

Comment:

- 1) **Author’s Intent.** The author is seeking to address the healthcare workforce crisis in California. In their fact sheet for the bill, they state the following:

“Raising the minimum wage for all healthcare workers statewide will help retain staff who were considering leaving. Higher wages will also help restore healthcare jobs to the status of a job a person can support a family with, attracting more workers and bolstering efforts to fill the huge shortage of healthcare workers our state is facing.”

- 2) **Settings.** This bill lists a number of settings which will be subject to the health care worker minimum wage. However, it does not clearly include all settings in which the Board’s licensees and registrants work. For example, it may not include certain non-profit settings, or independent private practices (although these settings could possibly be included, for example if they are registered as a clinic or part of a medical group.)

Not including all settings has potentially positive and negative consequences. For example, it could encourage health care workers to choose to work in included settings over other settings. This is positive for the workers obtaining the higher pay and for the settings gaining more workers. However, If other non-included settings in underserved communities cannot afford to compete with the higher pay, it could be more difficult for them to attract providers.

- 3) **Impacts on Associates and Trainees.** The bill includes services provided by “medical residents, interns, or fellows” in its definition of “health care services.” Although the definition could be more specific, the Board’s associates, trainees, and social work interns appear to be included in those who can receive the health care worker minimum wage under the provisions of this bill.

This could have both positive and negative implications. On the positive side, it would provide an increased wage, which could assist those in the licensure process.

However, it could also limit some opportunities if covered health settings choose to hire fewer therapists due to the increased wage requirements.

4) Support and Opposition.

Support:

- SEIU California (Sponsor)

Opposition:

- None at this time.

5) History.

03/28/23 From committee with author's amendments. Read second time and amended. Re-referred to Com. on L., P.E. & R.

03/21/23 Set for hearing April 12.

02/22/23 Referred to Com. on L., P.E. & R. (Labor, Public Employment, and Retirement)

02/15/23 From printer. May be acted upon on or after March 17.

02/14/23 Introduced. Read first time. To Com. on RLS. for assignment. To print.

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AMENDED IN SENATE MARCH 28, 2023

SENATE BILL

No. 525

**Introduced by Senator Durazo (Coauthors:
Senators ~~Smallwood-Cuevas~~ Gonzalez, ~~Smallwood-~~
Cuevas, Stern, and Wahab)**

**(Coauthors: Assembly Members Addis, Arambula, ~~Bonta~~, and Ortega)
Bonta, Connolly, Haney, Jones-Sawyer, Lee, McKinnor, Ortega, and
Santiago)**

February 14, 2023

An act to add Section 1182.14 to the Labor Code, relating to employment.

legislative counsel's digest

SB 525, as amended, Durazo. Minimum wage: health care workers.

Existing law generally requires the minimum wage for all industries to not be less than specified amounts to be increased until it is \$15 per hour commencing January 1, 2022, for employers employing 26 or more employees and commencing January 1, 2023, for employers employing 25 or fewer employees. Existing law makes a violation of minimum wage requirements a misdemeanor.

This bill would require a health care worker minimum wage of \$25 per hour for hours worked in covered health care employment, as defined, subject to adjustment, as prescribed. The bill would provide that the health care worker minimum wage constitutes the state minimum wage for covered health care employment for all purposes under the Labor Code and the Wage Orders of the Industrial Welfare Commission. The health care worker minimum wage would be enforceable by the Labor Commissioner or by a covered worker through a civil action, through the same means and with the same relief available for violation

of any other state minimum wage requirement. By establishing a new minimum wage, the violation of which would be a crime, the bill would impose a state-mandated local program.

This bill would require, for covered health care employment where the employee is paid on a salary basis, that the employee earn a monthly salary equivalent to no less than 2 times the health care worker minimum wage for full-time employment in order to qualify as exempt from the payment of minimum wage and overtime.

This bill would make legislative findings and declarations as to the necessity of a special statute for health care workers.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 1182.14 is added to the Labor Code, to
- 2 read:
- 3 1182.14. (a) The Legislature finds and declares as follows:
- 4 (1) Workers in the health care industry, including workers at
- 5 general acute care hospitals, acute psychiatric hospitals, medical
- 6 offices and clinics, behavioral health centers, and residential care
- 7 centers provide vital health care services to California residents,
- 8 including emergency care, labor and delivery, cancer treatments,
- 9 and primary and specialty care. Similarly, dialysis clinics provide
- 10 life-preserving care to patients with end-stage renal disease and
- 11 are part of the continuum of kidney care that also includes hospitals
- 12 and health systems. Residents and visitors to the state rely on access
- 13 to this high-quality health care.
- 14 (2) Higher wages are an important means of retaining an
- 15 experienced workforce and attracting new workers. A stable
- 16 workforce benefits patients and improves quality of care.
- 17 (3) Employers across multiple industries are raising wages. The
- 18 health care sector in California must offer higher wages to remain
- 19 competitive.

1 (4) Members of the health care team such as certified nursing
2 assistants, patient aides, technicians, and food service workers,
3 among many others, are essential to both routine medical care and
4 emergency response efforts.

5 (5) Even before the COVID pandemic, California was facing
6 an urgent and immediate shortage of health care workers, adversely
7 impacting the health and well-being of Californians, especially
8 economically disadvantaged Californians. The pandemic has
9 worsened these shortages. Higher wages are needed to attract and
10 retain health care workers to treat patients, including being prepared
11 to provide necessary care in an emergency.

12 (b) As used in this section:

13 (1) (A) “Covered health care employment” means any of the
14 following:

15 (i) All paid work performed on the premises of any *covered*
16 health care facility, regardless of the identity of the employer.

17 (ii) All paid work providing health care services performed for
18 any person that owns, controls, or operates a covered health care
19 facility, regardless of work location.

20 (B) Notwithstanding subparagraph (A), “covered health care
21 employment” does not include:

22 (i) Employment as an outside salesperson.

23 (ii) Any work performed in the public sector where the primary
24 duties performed are not health care services.

25 (2) “Covered health care facility” means any of the following:

26 (A) A facility or other work site that is part of an integrated
27 health care delivery system.

28 (B) A licensed general acute care hospital, as defined in
29 subdivision (a) of Section 1250 of the Health and Safety Code.

30 (C) A licensed acute psychiatric hospital, as defined in
31 subdivision (b) of Section 1250 of the Health and Safety Code.

32 (D) A special hospital, as defined in subdivision (f) of Section
33 1250 of the Health and Safety Code.

34 (E) A licensed skilled nursing facility, as defined in subdivision
35 (c) of Section 1250 of the Health and Safety Code.

36 (F) A public health jurisdiction described in Section 101185 of
37 the Health and Safety Code.

38 (G) A patient’s home when health care services are delivered
39 by an entity owned or operated by a general acute care hospital or
40 acute psychiatric hospital.

- 1 (H) A licensed home health agency, as defined in subdivision
2 (a) of Section 1727 of the Health and Safety Code.
- 3 (I) A clinic, as defined in Section 1204 of the Health and Safety
4 Code, including a primary care clinic, specialty care clinic, or a
5 dialysis clinic.
- 6 (J) A psychology clinic, as defined in Section 1204.1 of the
7 Health and Safety Code.
- 8 (K) A clinic as defined in subdivision (d), (g), (h) or (l) of
9 Section 1206 of the Health and Safety Code.
- 10 (L) A licensed residential care facility for the elderly, as defined
11 in Section 1569.2 of the Health and Safety Code, if affiliated with
12 an acute care provider or owned, operated or controlled by a
13 general acute care hospital, acute psychiatric hospital, or the parent
14 entity of a general acute care hospital or acute psychiatric hospital.
- 15 (M) A psychiatric health facility, as defined in Section 1250.2
16 of the Health and Safety Code.
- 17 (N) A mental health rehabilitation center, as defined in Section
18 5675 of the Welfare and Institutions Code.
- 19 (O) A community clinic licensed under subdivision (a) of
20 Section 1204 of the Health and Safety Code, an intermittent clinic
21 exempt from licensure under subdivision (h) of Section 1206 of
22 the Health and Safety Code, a clinic operated by the state or any
23 of its political subdivisions, including, but not limited to, the
24 University of California or a city or county that is exempt from
25 licensure under subdivision (b) of Section 1206 of the Health and
26 Safety Code, a tribal clinic exempt from licensure under
27 subdivision (c) of Section 1206 of the Health and Safety Code, or
28 an outpatient setting conducted, maintained, or operated by a
29 federally recognized Indian tribe, tribal organization, or urban
30 Indian organization, as defined in Section 1603 of Title 25 of the
31 United States Code.
- 32 (P) A rural health clinic, as defined in paragraph (1) of
33 subdivision (l) of Section 1396d of Title 42 of the United States
34 Code.
- 35 (Q) An urgent care clinic.
- 36 (R) An ambulatory surgical center that is certified to participate
37 in the Medicare program under Title XVIII (42 U.S.C. Sec. 1395
38 et seq.) of the federal Social Security Act.
- 39 (S) A physician group.

1 (T) A county correctional facility that provides health care
2 services.

3 (U) A county mental health facility.

4 (3) “Employ” means to engage, suffer or permit to work.

5 (4) “Employee” means any person employed by an employer.

6 (5) “Employer” means a person who directly or indirectly, or
7 through an agent or any other person, employs or exercises control
8 over the wages, hours, or working conditions of any person.
9 “Employer” includes the state, political subdivisions of the state,
10 the University of California, and municipalities.

11 (6) “Health care services” means patient care-related services
12 including nursing; caregiving; services provided by medical
13 residents, interns, or fellows; technical and ancillary services;
14 janitorial work; housekeeping; groundskeeping; guard duties;
15 business office clerical work; food services; laundry; medical
16 coding and billing; call center and warehouse work; scheduling;
17 and gift shop work; but only where such services directly or
18 indirectly support patient care.

19 (7) “Health care worker minimum wage” means the minimum
20 wage rate established by this section.

21 (8) “Integrated health care delivery system” means an entity or
22 group of related entities that includes both of the following: (A)
23 one or more hospitals and (B) one or more physician groups, health
24 care service plans, medical foundation clinics, other health care
25 facilities, or other entities, providing health care or supporting the
26 provision of health care, where the hospital or hospitals and other
27 entities are related through one of the following:

28 (i) Parent and subsidiary relationships, joint or common
29 ownership or control, common branding, or common boards of
30 directors and shared senior management.

31 (ii) A contractual relationship in which affiliated covered
32 physician groups or medical foundation clinics contract with a
33 health care service plan, hospital or other part of the system, all
34 operating under a common trade name.

35 (iii) A contractual relationship in which a nonprofit health care
36 service plan provides medical services to enrollees in a specific
37 geographic region of the state through an affiliated hospital system,
38 and contracts with a single covered physician group in each
39 geographic region of the state to provide medical services to a
40 majority of the plan’s enrollees in that region.

(9) “Physician group” means a medical group practice, including a professional medical corporation, as defined in Section 2406 of the Business and Professions Code, another form of corporation controlled by physicians and surgeons, a medical partnership, or an independent practice association, provided that the group includes a total of 25 or more physicians.

(10) “Urgent care clinic” means a facility or clinic that provides immediate, nonemergent ambulatory medical care to patients, including, but not limited to, facilities known as walk-in clinics or centers or urgent care centers.

(c) Notwithstanding any other provision of this chapter, on and after January 1, 2024, the minimum wage for covered health care employment shall be not less than twenty-five dollars (\$25) per hour for all hours worked in covered health care employment. Any portion of any worker’s time spent working in covered health care employment shall be compensated at the minimum wage of not less than twenty-five dollars (\$25) an hour.

(d) (1) Following the implementation of the minimum wage increase specified in subdivision (c), on or before August 1 of that year, and on or before each August 1 thereafter, the Director of Finance shall calculate an adjusted minimum wage. The calculation shall increase the minimum wage by the greater of 3.5 percent or the rate of change in the averages of the most recent July 1 to June 30, inclusive, period over the preceding July 1 to June 30, inclusive, period for the United States Bureau of Labor Statistics nonseasonally adjusted United States Consumer Price Index for Urban Wage Earners and Clerical Workers (U.S. CPI-W). The result shall be rounded to the nearest ten cents (\$0.10). Each adjusted minimum wage increase calculated under this subdivision shall take effect on the following January 1.

(2) If the rate of change in the averages of the most recent July 1 to June 30, inclusive, period over the preceding July 1 to June 30, inclusive, period for the United States Bureau of Labor Statistics nonseasonally adjusted U.S. CPI-W is negative, there shall be no increase or decrease in the minimum wage pursuant to this subdivision on the following January 1.

(e) The health care worker minimum wage shall constitute the state minimum wage for covered health care employment for all purposes under this code and the Wage Orders of the Industrial Welfare Commission. It shall be enforceable by the Labor

1 Commissioner or by a covered worker through a civil action,
2 through the same means and with the same relief available for
3 violation of any other state minimum wage requirement.

4 (f) For covered health care employment where the compensation
5 of the employee is on a salary basis, the employee shall earn a
6 monthly salary equivalent to no less than two times the health care
7 worker minimum wage for full-time employment in order to qualify
8 as exempt from the payment of minimum wage and overtime under
9 the law of this state, including where the employer is the state, a
10 political subdivision of the state, the University of California, or
11 a municipality.

12 SEC. 2. The provisions of this act are severable. If any
13 provision of this act or its application is held invalid, that invalidity
14 shall not affect other provisions or applications that can be given
15 effect without the invalid provision or application.

16 SEC. 3. The Legislature finds and declares that a special statute
17 is necessary and that a general statute cannot be made applicable
18 within the meaning of Section 16 of Article IV of the California
19 Constitution because of the urgent and immediate shortage of
20 health care workers.

21 SEC. 4. No reimbursement is required by this act pursuant to
22 Section 6 of Article XIII B of the California Constitution because
23 the only costs that may be incurred by a local agency or school
24 district will be incurred because this act creates a new crime or
25 infraction, eliminates a crime or infraction, or changes the penalty
26 for a crime or infraction, within the meaning of Section 17556 of
27 the Government Code, or changes the definition of a crime within
28 the meaning of Section 6 of Article XIII B of the California
29 Constitution.

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