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California Raises Minimum Wage for Healthcare Workers Effective June 1, 2024



California Governor Gavin Newsom signed into law [SB 525](#), which provides a tiered approach for minimum wages for the state's healthcare workers. The law sets forth detailed descriptions of which types of healthcare facilities are covered and which employees are covered by the law. Covered employees include "an employee of a health care facility employer who provides patient care, health care services, or services supporting the provision of health care, which includes, but is not limited to, employees performing work in the occupation of a 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." The law may also apply to contracted or subcontracted employees if (1) the employee's employer contracts with the healthcare facility employer, or with a contractor or subcontractor to the healthcare facility employer, to provide healthcare services, or services supporting the provision of healthcare and (2) the healthcare facility employer directly or indirectly, or through an agent or any other person, exercises control over the employee's wages, hours, or working conditions. There are also some defined exclusions from the law; for example, individuals who perform delivery or waste collection work on the premises of a covered healthcare facility or medical transportation services in or out of a covered healthcare facility are excluded, provided that the worker is not an employee of any person that owns, controls, or operates a covered healthcare facility.

Generally, the following provisions apply beginning June 1, 2024. For covered healthcare facilities with 10,000 or more full-time equivalent employees; any covered healthcare facility employer that is a part of an integrated healthcare delivery system or healthcare system with 10,000 or more full-time equivalent employees; any covered healthcare facility employer that is a dialysis clinic (defined in the Health and Safety Code) or that is a person that owns, controls, or operates a dialysis clinic; or a covered health facility owned, affiliated, or operated by a county with a population of more than 5,000,000 as of January 1, 2023, the minimum wage for healthcare employees shall be as follows:

- From June 1, 2024, to May 31, 2025, inclusive, \$23 per hour.
- From June 1, 2025, to May 31, 2026, inclusive, \$24 per hour.
- From June 1, 2026, and until adjusted as specified, \$25 per hour.

For any hospital with a high governmental payor mix; an independent hospital with an elevated governmental payor mix; a rural independent covered healthcare facility; or a covered healthcare facility that is owned, affiliated, or operated by a county with a population of less than 250,000 as of January 1, 2023, the minimum wage for all covered healthcare employees shall be as follows:

- From June 1, 2024, to May 31, 2033, inclusive, \$18 per hour, with 3.5% increases annually.
- From June 1, 2033, and until adjusted as specified, \$25 per hour.

For certain clinics such as community clinics, rural healthcare, and urgent care clinics (as defined in the law), the minimum wage for all covered healthcare employees shall be as follows:

- From June 1, 2024, to May 31, 2026, inclusive, \$21 per hour.
- From June 1, 2026, to May 31, 2027, inclusive, \$22 per hour.
- From June 1, 2027, and until adjusted as specified, \$25 per hour.

For all other covered healthcare facility employers, the minimum wage for all covered healthcare employees shall be as follows:

- From June 1, 2024, to May 31, 2026, inclusive, \$21 per hour.
- From June 1, 2026, to May 31, 2028, inclusive, \$23 per hour.
- From June 1, 2028, and until adjusted as specified, \$25 per hour.

California healthcare employers with questions about these changes should contact experienced counsel.

## **Authors**

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