

CALIFORNIA'S HEALTHCARE MINIMUM WAGE LAW FACES DELAY AMID BUDGET CONCERNS: WHAT EMPLOYERS NEED TO KNOW

Insights
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In a recent turn of events, California's new law raising the healthcare minimum wage will likely be (slightly) delayed. SB 525 was initially set to take effect in less than two weeks, but state lawmakers are now considering a new bill to push the start date to July 1. If enacted, SB 828 will go into effect immediately when signed by Governor Newsom. Although there are no guarantees, his approval of the measure appears likely, as the bill has been the subject of negotiations with the original author and sponsors. Here's what employers need to know as you watch for an update.

[Ed. Note: State lawmakers passed and Governor Newsom signed the delay into effect right before the original June 1 implementation date, which delayed the wage hike to July 1. On June 29, the wage hike was delayed again as part of a state budget agreement between Governor Newsom and legislative leaders. The wage increase will now take effect as early as October 15 or by January 1 at latest – so stay tuned for updates.]

What's New?

The original bill would have raised the minimum wage on June 1 for many healthcare facilities to \$21 per hour, and as high as \$23 per hour for dialysis clinics and large healthcare systems. Earlier this week, however, the law's lead author, State Senator Maria Elana Durazo, presented a new bill to delay the start date by 30 days.

SB 828 aims to give the state more time to implement the program amidst a projected state budget deficit in the

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billions. The delay is expected to address an estimated \$4 billion annual increase in state costs due to the wage hike.

The new timeline would offer a brief respite for the state's financial planning. As discussions continue, stakeholders are optimistic that the delay will align the wage increase with the fiscal year, providing a smoother transition and ensuring the pay raise is implemented effectively.

The state legislature plans to pass the measure and ideally send it to the Governor before the original effective date of June 1, but the exact timing is subject to the legislative process.

What Should You Do For Now?

As you await further guidance from state lawmakers on the effective date, you should review your compliance strategy and consider taking the following steps if you haven't already:

- **Consult with your employment counsel** to determine if the minimum wage requirements apply to your business, what workers are covered under the bill, and whether your business qualifies for a waiver.
- **Revise applicable policies** to ensure compliance with the new minimum wage requirements and review your wage and hour practices. With a higher minimum wage comes higher meal and rest period premiums, higher reporting time pay, higher split shift premiums, and higher waiting time penalties.
- Since SB 525 extends to independent contractors, covered employers should also **review your service contracts** to ensure covered contractors are paid in accordance with the increase minimum rates.
- [Read our comprehensive coverage, here, on SB 525's requirements.](#)

Conclusion

If you have questions regarding best practices for updating and implementing policies and procedures in light of these changes, please contact your Fisher Phillips attorney, the authors of this Insight, any attorney in one of [our six California offices](#), or any attorney on our [Healthcare Industry Team](#) for more information. Make sure you are subscribed



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