



California's Healthcare Minimum Wage Increase Is Finally Here: What Employers Need to Know + 3 Steps You Should Take Now

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After months of delay, California's healthcare minimum wage increase will finally take effect on October 16, immediately hiking wages to \$21 per hour for workers at many healthcare facilities and as high as \$23 per hour for workers at dialysis clinics and large healthcare systems. Additional pay increases will be gradually implemented until ultimately all covered healthcare employers in the state will be required to comply with a \$25 per hour minimum that will be adjusted for inflation each year. Covered healthcare employers must act immediately to prepare for the new requirements and provide the required notices in time. Here's what you need to know and three steps you can take now to comply.

Quick Background

Last year, Governor Newsom signed SB 525 into law, which raises the minimum wage for nearly all health care employees – hourly and salaried – and provides employees a private right of action to enforce these minimum wage requirements. SB 525 was originally set to take effect on June 1, 2024, but the effective date was pushed back due to budgetary concerns, first by one month and then again to an uncertain date (to be determined by certain triggering conditions) as early as October 15 but no later than January 1, 2025.

On October 1, state health officials notified lawmakers that one of the triggering conditions had been met and therefore the minimum wage increases would be effective October 16, and the California Division of Labor Standard Enforcement published an update to confirm.

Higher Minimum Wages Start This Month and Continue to Increase in Four Stages

Starting October 16, all covered healthcare employers must comply with SB 525. Read our comprehensive coverage on the law's requirements, applicability, and important definitions. Below outlines the applicable minimum wage rates and effective dates by covered healthcare facility.

	Healthcare employer or integrated health system with 10,000+ FTE; Dialysis clinics	Safety Net Hospitals	Clinics	Others
First Stage	\$22.00 per hour from	\$18.00 per hour	\$21.00 per hour	\$21.00 per

First Stage	\$23.00 per hour from October 16, 2024 to June 30, 2025	\$18.00 per hour from October 16, 2024 to June 30, 2025	\$21.00 per hour from October 16, 2024 to June 30, 2026	\$21.00 per hour from October 16, 2024 to June 30, 2026
Second Stage	\$24.00 per hour from July 1, 2025 to June 30, 2026	3.5% annual wage increases from July 1, 2025 to June 30, 2033	\$22.00 per hour from July 1, 2026 to June 30, 2027	\$23.00 per hour from July 1, 2026 to June 30, 2028
Third Stage	\$25.00 per hour from July 1, 2026 to December 31, 2027	\$25.00 per hour from July 1, 2033 to December 31, 2034	\$25.00 from July 1, 2027 to December 31, 2028	\$25.00 per hour from July 1, 2028 to December 31, 2029
Fourth Stage	Starting January 1, 2028, the minimum wage will be adjusted for inflation each year	Starting January 1, 2035, the minimum wage will be adjusted for inflation each year	Starting January 1, 2029, the minimum wage will be adjusted for inflation each year	Starting January 1, 2030, the minimum wage will be adjusted for inflation each year

If you have questions about how SB 525 applies to your organization, you can visit these additional resources:

- The [Cal Health Find Database](#) serves to identify the different types of healthcare facilities.
- The Department of Health Care Access and Information [posted a list of all healthcare delivery systems or healthcare systems with 10,000 or more employees](#).
- For more information about rural health clinics, visit the federal Centers for Medicare and Medicaid Service's webpage here: <https://www.cms.gov/medicare/health-safety-standards/certification-compliance/rural-health-clinics>

Notice Requirements

If you are a covered healthcare employer, you must act immediately to comply with two important notice requirements by October 16:

- **Post Notice.** You must publish this [Supplement to the Minimum Wage Order](#) in your workplace.
- **Provide Notice to Employees.** You also must provide notice to your employees of the minimum wage schedule that applies to them. The notice must be in the language you normally uses to communicate employment-related information to your workers

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In addition, any clinic that receives a waiver from any minimum wage increase under SB 525 must within 10 days post a copy of the waiver and provide notice to each covered worker stating that you applied for and received the waiver and listing your applicable minimum wage.

3 Steps for Covered Healthcare Employers

You must act quickly to prepare for SB 525's impending effective date. Here are three steps you can take now:

1. **Consult with your employment counsel** to determine if the minimum wage requirements apply to your business and which workers are covered.
2. **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.
3. **Notify covered healthcare employees** of the minimum wage schedule that applies to them and publish required posters or notices.

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 author 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 to [Fisher Phillips' Insight System](#) to get the most up-to-date information on this and other employment topics directly to your inbox.

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