

## CALIFORNIA STATE BOARD OF BEHAVIORAL SCIENCES BILL ANALYSIS

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**BILL NUMBER: SB 525**

**VERSION: AMENDED APRIL 17, 2023**

**AUTHOR: DURAZO**

**SPONSOR: SEIU CALIFORNIA**

**RECOMMENDED POSITION: NONE**

**SUBJECT: MINIMUM WAGE: HEALTH CARE WORKERS**

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### **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)
- AFSCME Local 3299
- American Medical Student Association
- Antelope Valley African American Leadership Council
- Ascend Learning
- Asian Americans Advancing Justice-southern California
- Asian Democrats of Los Angeles County
- California Advocates for Nursing Home Reform (CANHR)
- California Immigrant Policy Center
- California Labor Federation, AFL-CIO
- California League of United Latin American Citizens
- California Pan - Ethnic Health Network
- California Physicians Alliance
- California Professional Firefighters
- Central Coast Labor Council
- Central Labor Council of Contra Costa County (AFL-ICO)
- Central Labor Council, Fresno-Madera-Tulare-Kings Counties, AFL-CIO
- City of La Mesa
- City of Lynwood
- Clergy and Laity United for Economic Justice
- Councilmember Monterey Park Henry Lo
- Councilmember Lynwood Juan Munoz-Guevara
- County of Monterey
- Courage California
- Dolores Huerta Foundation
- East Bay Alliance for A Sustainable Economy
- End Poverty in California (EPIC)
- Ensuring Opportunity Campaign to End Poverty in Contra Costa County
- Fresno Barrios Unidos
- Indivisible San Jose
- Justin Cummings, Supervisor Third District, County of Santa Cruz
- Los Angeles Alliance for A New Economy (LAANE)
- Latino and Latina Roundtable of The San Gabriel and Pomona Valley
- Latino Medical Student Association
- Lawyers' Committee for Civil Rights of The San Francisco Bay Area
- Let's Green Ca!
- Los Angeles County Young Democrats
- MILPA (Motivating Individual Leadership for Public Advancement)

- Monterey Bay Central Labor Council, AFL-CIO
- Monterey County Office of Supervisor Luis A. Alejo
- Napa-Solano Labor Council, AFL-CIO
- North Bay Labor Council
- North Valley Labor Federation
- Office of Mario Trujillo, Mayor Pro Tem Downey
- Organize Sacramento
- Physicians for National Health Program - California
- Sacramento City Councilmember Mai Vang
- San Mateo County Central Labor Council
- Santa Ana; City of
- SEIU - United Healthcare Workers
- Silicon Valley Democratic Club
- Silicon Valley Rising Action
- South Bay Labor Council
- Sunrise Silicon Valley
- Supervisor Terra Lawson-Remer, County of San Diego Board of Supervisors
- Techequity Collaborative
- The San Fernando Valley Young Democrats
- UAW Local 2865
- UAW Local 5810
- UC Merced Community and Labor Center
- Ventura County Clergy and Laity United for Economic Justice
- Western Center on Law & Poverty, INC.
- Working Partnerships USA (UNREG)
- Individual Support Letters: 4

**Opposition:**

- Alliance of Catholic Health Care
- AltaMed Health Services
- Altura Centers for Health
- America's Physician Groups
- Association of California Healthcare Districts
- Association of Independent California Colleges and Universities
- Aveanna Healthcare
- Axis Community Health
- Barton Health
- Brea Chamber of Commerce
- CA Chapter of The American College of Cardiology
- California Chamber of Commerce
- California Assisted Living Association
- California Association of Health Facilities
- California Association for Health Services At Home
- California Business Properties Association

- California Chapter American College of Cardiology
- California Children's Hospital Assn
- California Dialysis Council
- California Health+ Advocates, Subsidiary of the California Primary Care Association
- California Hospital Association
- California Medical Association
- California Nurses Association/National Nurses United
- California Orthopedic Association
- California Podiatric Medical Association
- California Radiological Society
- California Retailers Association
- California Rheumatology Alliance
- California Senior Advocates League
- California Society of Plastic Surgeons
- California State Association of Counties
- California Taxpayers Association
- California Taxpayers Association (CALTAX)
- Carlsbad Chamber of Commerce
- Choc Children's (Children's Hospital of Orange County)
- Clinica Sierra Vista
- Coalition of California Chambers – Orange County
- Community Health Association of Inland Southern Region
- Communicare Health Centers
- Community Health System
- Corona Chamber of Commerce
- County of Kern
- District Hospital Leadership Forum
- Enloe Medical Center
- Family Health Centers of San Diego
- Fontana Chamber of Commerce
- Fresno American Indian Health Project
- Gardner Family Health Network, Inc.
- Gilroy Chamber of Commerce
- Golden Valley Health Center
- Greater Coachella Valley Chamber of Commerce
- Greater High Desert Chamber of Commerce
- Greater San Fernando Valley Chamber of Commerce
- Grossmont Healthcare District
- Health Alliance of Northern California
- Health Center Partners of Southern California
- Hill Country Community Clinic
- Huntington Beach Chamber of Commerce
- Huntington Health

- Independent Physical Therapists of California
- Kaweah Delta Health Care District
- Kern Medical
- LA Cañada Flintridge Chamber of Commerce and Community Association
- La Clinica de la Raza, Inc.
- Latinx Physicians of California
- LeadingAge California
- Lifelong Medical Care
- Mad River Community Hospital
- Marshall Medical Center
- Mayers Memorial Healthcare District
- Mee Memorial Healthcare System
- Mountain Communities Healthcare District
- Murrieta Wildomar Chamber of Commerce
- National Federation of Independent Business (NFIB)
- Neighborhood Healthcare
- North Coast Clinics Network
- Northeast Valley Health Corporation
- Northbay Healthcare
- Oceanside Chamber of Commerce
- Ole Health
- Orange County Business Council
- Orchard Hospital
- Pacific Association of Building Service Contractors
- Palo Verde Hospital
- Palos Verdes Peninsula Chamber of Commerce
- Paso Robles Chamber of Commerce
- Pih Health
- Pomona Valley Hospital Medical Center
- Private Essential Access Community Hospitals
- Ridgecrest Regional Hospital
- Roseville Area Chamber of Commerce
- Rural County Representatives of California
- Salinas Valley Health
- San Diego Regional Chamber of Commerce
- San Diego Regional Chamber of Commerce
- San Juan Capistrano Chamber of Commerce
- Santa Barbara South Coast Chamber of Commerce
- Santa Clarita Valley Chamber of Commerce
- Santee Chamber of Commerce
- Seneca Healthcare District
- Shasta Community Health Center
- Sierra View Medical Center
- Simi Valley Chamber of Commerce

- South County Chambers of Commerce
- Southern California University of Health Sciences (SCUHS)
- Southwest California Legislative Council
- St. Jude Neighborhood Health Center
- T.H.E. (To Help Everyone) Health and Wellness Center
- Tahoe Forest Health System
- Temecula Valley Hospital
- Templeton Chamber of Commerce
- Torrance Area Chamber of Commerce
- Tri County Chamber Alliance
- Tulare Chamber of Commerce
- United Hospital Association
- University of California Health
- Urban Counties of California (UCC)
- Valley Children's Healthcare
- Valley Community Healthcare
- Vista Chamber of Commerce
- Westside Council of Chambers of Commerce (WC3)

**5) History.**

- 04/17/23 Read second time and amended. Re-referred to Com. on APPR.
- 04/13/23 From committee: Do pass as amended and re-refer to Com. on APPR. (Ayes 4. Noes 1.) (April 12).
- 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.

AMENDED IN SENATE APRIL 17, 2023

AMENDED IN SENATE MARCH 28, 2023

**SENATE BILL**

**No. 525**

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**Introduced by Senator Durazo**

**(Coauthors: Senators Gonzalez, Smallwood-Cuevas, Stern, and Wahab)**

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

February 14, 2023

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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

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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 (iii) *Delivery work on the premises of a covered health care*  
26 *facility, provided that the delivery worker is not an employee of*  
27 *any person that owns, controls, or operates a covered health care*  
28 *facility.*

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

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

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

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

36 (D) A special hospital, as defined in subdivision (f) of Section  
37 1250 of the Health and Safety Code.

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

- 1 (F) A public health jurisdiction described in Section 101185 of  
2 the Health and Safety Code.
- 3 (G) A patient's home when health care services are delivered  
4 by an entity owned or operated by a general acute care hospital or  
5 acute psychiatric hospital.
- 6 (H) A licensed home health agency, as defined in subdivision  
7 (a) of Section 1727 of the Health and Safety Code.
- 8 (I) A clinic, as defined in Section 1204 of the Health and Safety  
9 Code, including a primary care clinic, specialty care clinic, or a  
10 dialysis clinic.
- 11 (J) A psychology clinic, as defined in Section 1204.1 of the  
12 Health and Safety Code.
- 13 (K) A clinic as defined in subdivision (d), (g), (h) or (l) of  
14 Section 1206 of the Health and Safety Code.
- 15 (L) A licensed residential care facility for the elderly, as defined  
16 in Section 1569.2 of the Health and Safety Code, if affiliated with  
17 an acute care provider or owned, operated or controlled by a  
18 general acute care hospital, acute psychiatric hospital, or the parent  
19 entity of a general acute care hospital or acute psychiatric hospital.
- 20 (M) A psychiatric health facility, as defined in Section 1250.2  
21 of the Health and Safety Code.
- 22 (N) A mental health rehabilitation center, as defined in Section  
23 5675 of the Welfare and Institutions Code.
- 24 (O) A community clinic licensed under subdivision (a) of  
25 Section 1204 of the Health and Safety Code, an intermittent clinic  
26 exempt from licensure under subdivision (h) of Section 1206 of  
27 the Health and Safety Code, a clinic operated by the state or any  
28 of its political subdivisions, including, but not limited to, the  
29 University of California or a city or county that is exempt from  
30 licensure under subdivision (b) of Section 1206 of the Health and  
31 Safety Code, a tribal clinic exempt from licensure under  
32 subdivision (c) of Section 1206 of the Health and Safety Code, or  
33 an outpatient setting conducted, maintained, or operated by a  
34 federally recognized Indian tribe, tribal organization, or urban  
35 Indian organization, as defined in Section 1603 of Title 25 of the  
36 United States Code.
- 37 (P) A rural health clinic, as defined in paragraph (1) of  
38 subdivision (l) of Section 1396d of Title 42 of the United States  
39 Code.
- 40 (Q) An urgent care clinic.

1 (R) An ambulatory surgical center that is certified to participate  
2 in the Medicare program under Title XVIII (42 U.S.C. Sec. 1395  
3 et seq.) of the federal Social Security Act.

4 (S) A physician group.

5 (T) A county correctional facility that provides health care  
6 services.

7 (U) A county mental health facility.

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

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

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

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

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

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

32 (i) Parent and subsidiary relationships, joint or common  
33 ownership or control, common branding, or common boards of  
34 directors and shared senior management.

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

39 (iii) A contractual relationship in which a nonprofit health care  
40 service plan provides medical services to enrollees in a specific

1 geographic region of the state through an affiliated hospital system,  
2 and contracts with a single covered physician group in each  
3 geographic region of the state to provide medical services to a  
4 majority of the plan’s enrollees in that region.

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

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

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

22 (d) (1) Following the implementation of the minimum wage  
23 increase specified in subdivision (c), on or before August 1 of that  
24 year, and on or before each August 1 thereafter, the Director of  
25 Finance shall calculate an adjusted minimum wage. The calculation  
26 shall increase the minimum wage by the greater of 3.5 percent or  
27 the rate of change in the averages of the most recent July 1 to June  
28 30, inclusive, period over the preceding July 1 to June 30, inclusive,  
29 period for the United States Bureau of Labor Statistics  
30 nonseasonally adjusted United States Consumer Price Index for  
31 Urban Wage Earners and Clerical Workers (U.S. CPI-W). The  
32 result shall be rounded to the nearest ten cents (\$0.10). Each  
33 adjusted minimum wage increase calculated under this subdivision  
34 shall take effect on the following January 1.

35 (2) If the rate of change in the averages of the most recent July  
36 1 to June 30, inclusive, period over the preceding July 1 to June  
37 30, inclusive, period for the United States Bureau of Labor  
38 Statistics nonseasonally adjusted U.S. CPI-W is negative, there  
39 shall be no increase or decrease in the minimum wage pursuant to  
40 this subdivision on the following January 1.

1 (e) The health care worker minimum wage shall constitute the  
2 state minimum wage for covered health care employment for all  
3 purposes under this code and the Wage Orders of the Industrial  
4 Welfare Commission. It shall be enforceable by the Labor  
5 Commissioner or by a covered worker through a civil action,  
6 through the same means and with the same relief available for  
7 violation of any other state minimum wage requirement.

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

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

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

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

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