


REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: May 18, 2026

TO: Honorable Members of City Council

FROM: Sharon M. Tso 
Chief Legislative Analyst

Council File No. 25-1466
Assignment No. 26-05-0364

SUBJECT: Health Benefit Payments in Comparable Jurisdictions

SUMMARY

At its meeting on May 13, 2026, Council instructed our Office, in coordination with the City Attorney, to gather information regarding hourly health benefit payments to inform amendments to Section 186.04 of Article 6, Chapter XVIII of the Los Angeles Municipal Code (LAMC).

Pursuant to Council instruction, our Office has included the hourly health benefit payment amounts required under relevant law at international airports located in New York City, Los Angeles, and San Francisco. Our Office has also included information regarding monthly health benefit payment information covered by the Federal government and State of California, which has been adjusted to estimate hourly benefit contributions.

Hourly health benefit payment amounts for single workers at covered airports range from \$5.55 an hour (New York City) to as high as \$7.65 per hour (Los Angeles). San Francisco requires larger hourly benefit payments for workers with one or more dependents. Federal and State of California employer health contributions follow San Francisco, contributing more for employees with dependents and families than single workers.

BACKGROUND

International airports located in Los Angeles, New York City, and San Francisco require employers to provide an hourly health benefit payment or cash wage equivalent in addition to an hourly cash wage. Whereas Los Angeles and New York City require employers to provide an hourly health benefit amount irrespective of marital or family status, San Francisco requires employers to provide higher amounts for workers with one or more dependents.

New York City's Healthy Terminals Act

New York's Healthy Terminals Act establishes specific standards for wage and benefit rates for airport workers at covered airport locations. As of January 2026, the law applies to anyone who works at least 50 percent of their time during any work week at a covered airport location, which include LaGuardia and JFK International airports and locations from where food to be consumed on airplanes departing from either airport is prepared or delivered.

The Healthy Terminals Act currently mandates an hourly minimum wage of \$21.25 and an hourly health and welfare rate of \$5.55 that can be satisfied by an equivalent cash wage increase. The health and welfare rate only applies for the first 40 hours worked.

San Francisco's Healthy Airport Ordinance

Starting January 1, 2027, San Francisco's Healthy Airport Ordinance (HAO) will require employers to make Irrevocable Health Care Expenditures¹—payments made by an Employer for health care services provided to an Employee that is not recoverable by the Employer—according to a tiered system based on the number of the Employee's dependents and the Employee's hours worked. Current law allows for two additional options for compliance with the HAO, but these two options will no longer be available on January 1, 2027.

Employers may count a wide range of health-related expenses toward the required Irrevocable Health Care Expenditure, as long as the funds are not recoverable by the Employer. Covered expenses include payments to third-party administrators or insurers for health coverage, out-of-pocket claims paid by the employer for specific employees, and the actuarial value of self-funded or self-insured health plans. Employers may also reimburse Employees directly for documented health care costs or contribute to Medical Reimbursement Accounts administered by San Francisco City.

The 2026 expenditure minimum spending levels are as follows and are adjusted annually on January 1:

- \$6.17/hour (max \$246.80/week) for Employees with no dependents;
- \$12.33/hour (max \$493.20/week) for Employees with one dependent; and
- \$17.44/hour (max \$697.60/week) for Employees with two or more dependents

Los Angeles' Living Wage Ordinance

Division 10, Chapter 1, Article 11 of the Los Angeles Administrative Code (LAAC), also known as the Living Wage Ordinance (LWO), currently mandates an hourly wage of \$22.50 for all employees that provide services at Los Angeles International Airport (LAX). Employees are defined as any person who is not a managerial, supervisory or confidential employees who expends any of their time working for an employer in the United States, and include individuals who service the airport but may not work on its premises such as food preparation workers located in Inglewood that serve LAX.

The LWO further requires employers to provide health benefits in an amount not to exceed \$7.65 an hour, which can be provided either as an additional amount added to the \$22.50 cash wage or

¹ Irrevocable Health Care Expenditure refers to any amount of Health Care Expenditure that has not been retained by and cannot at any time be recovered by or returned to an employer or contractor at SFO.

through healthcare related expenses. Thus, the current hourly cost of labor for LAX employees covered by the LWO is \$30.15 an hour.

City of Los Angeles Employer Health Contributions

LA Well 2026 employer health contributions are displayed as biweekly amounts according to the multiple plan options below:

- \$428.83 to \$790.06 for single employees;
- \$943.48 to \$1,120 for employee with spouses or domestic partners;
- \$814.84 to \$1,120 for employees with one or multiple children; and
- \$1,115 to \$1,120 for employees with families

If these amounts are adjusted to assume 26 pay periods for each full-time employee, the hourly City employer health contribution may be estimated as follows:

- \$5.36 to \$9.88 for single employees;
- \$11.80 to \$14 for employees with spouses or domestic partners;
- \$10.19 to \$14 for employees with one or more children; and
- \$13.94 to \$14 for employees with families

The weighted average hourly health contribution for all civilian City employees is approximately \$9.26.

State of California Employer Health Contributions

Employer health contributions for covered State of California employees vary by bargaining unit and by marital and family status. The 2026 employer health contributions are as follows and displayed as monthly amounts:

- \$867 to \$1,032 for single employees;
- \$1,732 to \$1,897 for employee-plus-one; and
- \$2,249 to \$2,414 for employees with families

If these amounts are adjusted to assume each employee works 40 hours per week and 52 weeks per year (2,080 hours annually), hourly employer health contributions may be estimated as follows:

- \$5 to \$5.95 for single employees;
- \$9.99 to \$10.94 for employee-plus-one; and
- \$12.98 to \$13.92 for employees with families

In order to compute the weighted average for hourly health contributions by the State of California, our Office would require employment statistics that are not currently available.

Federal Government Employer Health Contribution

The Federal Employees Health Benefits Program (FEHB) covers over 70% of federal employees' healthcare premiums. Maximum employer health contributions for covered federal employees for 2026 are displayed below as monthly amounts:

- \$703.65 for Self Only;
- \$1,540.87 for Self Plus One; and
- \$1,685.73 for Self and Family

Converting the above amounts for covered federal workers into maximum hourly contributions yields the following estimates:

- \$4.06 for Self Only;
- \$8.89 for Self Plus One; and
- \$9.73 for Self and Family

Estimating the average maximum hourly contribution amount would require comprehensive data regarding federal employees marital and relationship status, which is not readily available.

Summary

Figure 1 provides a summary table of the above highlighted health payment amounts, which have been adjusted to hourly rates for easier comparison. The amounts vary widely: LAX currently requires a standard rate of \$7.65 an hour that does not increase for workers with families or an additional dependent, whereas SFO requires employers to contribute to hourly healthcare costs up to \$17.44 an hour depending on family status.

City of Los Angeles, California, and Federal employees also exhibit substantial variation depending on family or marital status: maximum contribution amounts for California employees ranges from \$5 to \$13.92, whereas federal employees are entitled to \$4.06 to \$9.72 depending on family or marital status.

Figure 1: Summary Table of Hourly Health Payment Amounts

Jurisdiction	Los Angeles	New York City	San Francisco	California	United States
Hourly Amount	\$5.36 to \$14	\$5.55	\$6.17 to \$17.44	\$5 to \$13.92	\$4.06 to \$9.73



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