

# **San Francisco Health Service System Health Service Board**

## **Rates & Benefits**

Review and Approve Self-Funded and Flex-Funded Health  
Plans 2026 Stabilization Reserve Actions

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April 10, 2025

# **Review and Approve Self-Funded and Flex-Funded Health Plans 2026 Stabilization Reserve Actions**

## **Agenda**

- Introduction—Health Plan Reserves Background
- Rate Stabilization Recommended Actions by Plan
  - Blue Shield of California (BSC) Flex-Funded HMO Plans
  - BSC Self-Funded Non-Medicare PPO Plan
  - Health Net CanopyCare Flex-Funded HMO Plan
- Recommendations for HSB Action
- Appendix—Historical View of Rate Stabilization Actions for Each Self-Funded and Flex-Funded Health Plan, Reconciliation Exhibits Glossary

# Recommendations for HSB Action

## Self-Funded and Flex-Funded Medical Plans

In congruence with the Stabilization Fund Policy, approve the use of one-third of the December 31, 2024, stabilization fund balances in plan year 2026 plan rates to apply proportionately between active employees and non-Medicare retirees as follows:

1. BSC HMO plans: apply a **Deficit** amount of \$8,504,000 (or one-third of \$25,512,000) towards buy-up of rates across all rating tiers for plan year 2026;
2. BSC Non-Medicare PPO plan: apply a **Surplus** amount of \$4,409,000 (or one-third of \$13,226,000) towards buy-down of rates across all rating tiers for plan year 2026; and
3. Health Net CanopyCare HMO plan: apply a **Surplus** amount of \$710,000 (or one-third of \$2,129,000) towards buy-down of rates across all rating tiers for plan year 2026.

# 1

## Introduction—Health Plan Reserves Background

# SFHSS Health Plan Reserves Background

## Three Reserves for SFHSS Self-Funded/Flex-Funded Plans

### Today's Discussion Focuses on Third Below — Stabilization

- 1) **Incurred But Not Reported (IBNR):** Actuarial estimate of the unpaid claim liability for run-out claims where services were incurred on or before a given date, but those claims have not yet been paid as of that date; **calculated annually as of June 30 (last day of fiscal year)** for SFHSS plans (e.g., as of June 30, 2024, for most recent reserve cycle).
- 2) **Contingency:** Statistically determined amount which protects against potential for funding estimate shortfalls which could occur when the actual claims incurred over a plan year would exceed projected claims when developing premium equivalents; **calculated annually as of June 30 (last day of fiscal year)** for SFHSS plans (e.g., as of June 30, 2024, for most recent reserve cycle).
- 3) **Stabilization:** Annual determination of the financial gain or loss for the self-funded/flex-funded plans; **calculated annually as of December 31 (last day of plan year)** for SFHSS plans (e.g., as of December 31, 2024, for today's review of the self-funded and flex-funded health plans stabilization amounts).

# SFHSS Health Plan Reserves Background

Recommended June 30, 2024, IBNR and Contingency reserves amounts were approved by the Health Service Board (HSB) on January 9, 2025.

The HSB's Self-Funded Plans' Stabilization Policy requires an annual determination of the financial gain or loss over a calendar year for each self-funded and flex-funded health plan. The difference between the expected and actual plan costs for the just-completed plan year is added to the existing Stabilization Reserve balance, and per policy is amortized over a three-year rating period.

This presentation contains exhibits showing the impact of actual 2024 self-funded and flex-funded plans experience relative to original 2024 plan cost expectations from the Spring 2023 Rates & Benefits cycle—along with the resulting December 31, 2024, rate stabilization fund balances and allocations of these balances into 2026 plan year stabilization rate portions of rate cards.

# 2

## BSC HMO Plans

# BSC HMO Plans

## Rate Stabilization Calculation Introduction

The rate stabilization calculations for 2026 rating are primarily based on 2024 plan experience relative to expectations for the BSC Access+ and Trio plans, combined with deficit carry-forward balance from the plans' December 31, 2023, rate stabilization fund amount.

Starting January 1, 2023, UnitedHealthcare (UHC) became the administrator of the broad-network HMO and narrow-network HMO plans for Non-Medicare “split family” covered lives where one or more family member is Medicare-eligible and enrolled in the UHC Medicare Advantage (MAPD) plan. Overall, the UHC Select EPO and UHC Doctors EPO plans for these Non-Medicare covered lives represents about 2% of overall plan enrollment, with the remaining 98% distributed into the BSC Access+ and BSC Trio plans. The combination of BSC HMO and UHC EPO plans 2024 experience is included in the evaluation of rate stabilization balance updates as of December 31, 2024—and forms the basis for the 2026 plan year rate stabilization recommended action for these plans.



# BSC HMO Plans - 2024 Experience Assessment

## Expected Versus Actual

The BSC HMO plans had a carry-forward deficit balance for use in rate stabilization calculations after 2025 of \$18,054,000.

For the 2024 plan year, plan experience for the combination of BSC HMO and UHC EPO plans exceeded expected amounts that were calculated in Spring 2023 for the 2024 plan year. A stabilization rating buy-up of \$3,359,000 applied for the 2024 plan year (as well as the Sutter Legal Settlement buy-down amount of \$11,848,000) for an overall rating buy-down for these plans of \$8,489,000 for plan year 2024. Now that 2024 experience is known, the actual rating shortfall before contingency reserve change adjustment was \$15,988,000. Higher-than-expected claim spend contributed to this outcome.

The expected and actual figures are illustrated on the next page. The contingency reserve amount change reflects the 95<sup>th</sup> percentile confidence interval figure as of June 30, 2024.

# BSC HMO Plans 2024 Plan Year Reconciliation

Combined BSC HMO/UHC EPO Plans: Active Employees and Non-Medicare Retirees

January 2024 — December 2024 Plan Reconciliation (Actual vs Expected)		Expected	Actual
1	Paid Claims — includes capitation and large claim pooling reimbursements for BSC plans IBNR Increase/(Decrease)		\$379,936,755 <u>(\$1,305,061)</u>
	Total Incurred Claims Spend	\$358,102,943	\$378,631,694
2	Administration Expense — includes BSC Pooling, Legislative Fees	\$19,254,503	\$19,506,745
3	Rx Rebates	<u>(\$19,069,129)</u>	<u>(\$25,036,222)</u>
4	Total Cost (1+2+3)	\$358,288,317	\$373,102,217
5	Total Contributions	<u>\$349,798,961</u>	<u>\$357,114,154</u>
6	Revenue Shortfall/(Surplus) (4-5)	\$8,489,356	\$15,988,063
7	Increase/(Decrease) in Contingency Reserve		<u>(\$40,869)</u>
8	Total Shortfall/(Surplus) (Actual column: 6+7)		\$15,947,194
9	Aon Recommended Carry Forward Shortfall/(Surplus) (Actual 8 – Expected 6; rounded to nearest \$000)		<b>\$7,458,000</b>

**NOTE:** Descriptions for items above contained in Appendix to this document

# Today’s Recommendation—BSC HMO Plans

## Rate Stabilization Reserve Calculation

Stabilization <b>deficit</b> balance as of December 31, 2023	\$27,081,000
Offset <b>deficit</b> amount applied in 2025 rate buy-up per policy (1/3)	\$9,027,000
Prior carry-forward stabilization <b>deficit</b> balance	\$18,054,000
Recommended increase to the <b>deficit</b> based on 2024 experience	\$7,458,000
Stabilization <b>deficit</b> balance as of December 31, 2024	\$25,512,000
Calculated amount per amortization policy to apply to 2026 rate <b>buy-up</b> per policy (1/3 of stabilization <b>deficit</b> balance)	\$8,504,000
Updated carry-forward stabilization <b>deficit</b> for use after 2026	\$17,008,000

### Today’s Recommendation

In congruence with the Stabilization Fund Policy, approve the use of one-third of the December 31, 2024, stabilization reserve **deficit** or \$8,504,000 (one-third of \$25,512,000) be applied towards buy-up of rates across all rating tiers for the BSC HMO plans for plan year 2026, and apply proportionately between active employees and Non-Medicare retirees.

# 3

## BSC Non-Medicare PPO Plan

# BSC Non-Medicare PPO Plan

## Rate Stabilization Calculation Introduction

The rate stabilization calculations for 2026 rating are based on 2024 plan experience relative to expectations for the Non-Medicare PPO Plan, combined with deficit carry-forward balance from the plan's December 31, 2023, rate stabilization fund amount.

Starting January 1, 2022, BSC became the plan administrator for most Non-Medicare PPO plan covered lives (where it was previously UHC). UHC retained PPO plan administration for Non-Medicare “split family” covered lives where one or more family member is Medicare-eligible and enrolled in the UHC Medicare Advantage (MAPD) plan. PPO plan covered lives distribute approximately 90% in BSC administration and 10% in UHC administration.

The combination of BSC HMO and UHC EPO plans 2024 experience is included in the evaluation of rate stabilization balance updates as of December 31, 2024—and forms the basis for the 2026 plan year rate stabilization recommended action for this plan.

# **BSC Non-Medicare PPO Plan - 2024 Experience Assessment**

## **Expected Versus Actual**

The Non-Medicare PPO plan had a carry-forward surplus balance for use in rate stabilization calculations after 2025 of \$4,041,000.

For the 2024 plan year, plan experience was favorable to expectations, as reviewed during the March 13 HSB meeting. A stabilization rating buy-up of \$746,000 applied for the 2024 plan year (as well as the Sutter Legal Settlement buy-down amount of \$2,943,000) for an overall rating buy-down for this plan of \$2,197,000 for plan year 2024. The combination of increased enrollment (primarily from the active employee population) and favorable plan experience produced a higher plan surplus than originally expected for the 2024 plan year.

The expected and actual figures are illustrated on the next page. The contingency reserve amount change reflects the 95<sup>th</sup> percentile confidence interval figure as of June 30, 2024.

# BSC Non-Medicare PPO Plan 2024 Plan Year Reconciliation

Combined BSC and UHC PPO Experience: Active Employees and Non-Medicare Retirees

January 2024 — December 2024 Plan Reconciliation (Actual vs Expected)		Expected	Actual
1	Paid Claims IBNR Increase/(Decrease)		\$55,677,393 <u>(\$374,923)</u>
	Total Incurred Claims Spend	\$58,879,732	\$55,302,470
2	Administration Expense — includes PCORI Fee	\$1,137,796	\$1,604,197
3	Rx Rebates	<u>(\$1,993,748)</u>	<u>(\$3,625,098)</u>
4	Total Cost (1+2+3)	\$58,023,780	\$53,281,569
5	Total Contributions	<u>\$55,826,438</u>	<u>\$60,723,105</u>
6	Revenue Shortfall/(Surplus) (4-5)	\$2,197,342	(\$7,441,536)
7	Increase/(Decrease) in Contingency Reserve		<u>\$454,371</u>
8	Total Shortfall/(Surplus) (Actual column: 6+7)		(\$6,987,165)
9	Aon Recommended Carry Forward Shortfall/(Surplus) (Actual 8 – Expected 6; rounded to nearest \$000)		<u>(\$9,185,000)</u>

**NOTE:** Descriptions for items above contained in Appendix to this document

# Today’s Recommendation—BSC Non-Medicare PPO Plan

## Rate Stabilization Reserve Calculation

Stabilization <b>surplus</b> balance as of December 31, 2023	(\$6,061,000)
Offset <b>surplus</b> amount applied in 2025 rate buy-down per policy (1/3)	(\$2,020,000)
Prior carry-forward stabilization <b>surplus</b> balance	(\$4,041,000)
Recommended <b>surplus</b> based on 2024 experience	(\$9,185,000)
Stabilization <b>surplus</b> balance as of December 31, 2024	(\$13,226,000)
Calculated amount per amortization policy to apply to 2026 rate <b>buy-down</b> per policy (1/3 of stabilization <b>surplus</b> balance)	(\$4,409,000)
Updated carry-forward stabilization <b>surplus</b> for use after 2026	(\$8,817,000)

## Today’s Recommendation

In congruence with the Stabilization Fund Policy, approve the use of one-third of the December 31, 2024, stabilization reserve **surplus** amount of \$4,409,000 (one-third of \$13,226,000) be applied towards buy-down of rates across all rating tiers for the Non-Medicare PPO Plan (including Choice Not Available) for plan year 2026, and apply proportionately between active employees and non-Medicare retirees.



# 4

## Health Net CanopyCare HMO Plan

# Health Net CanopyCare HMO Plan

## Rate Stabilization Calculation Introduction

The rate stabilization calculations for 2026 rating are based on 2024 plan experience relative to expectations for the Health Net CanopyCare HMO Plan, combined with surplus carry-forward balance from the plan's December 31, 2023, rate stabilization fund amount.

The Health Net CanopyCare HMO plan was first offered to SFHSS active employees and non-Medicare retirees on January 1, 2022. Enrollment in the plan has grown steadily since its initial introduction, resulting in higher dollars of actual 2024 plan experience versus those forecast during Spring 2023 using initial plan enrollment.

The 2024 plan experience is included in the evaluation of rate stabilization balance updates as of December 31, 2024—and forms the basis for the 2026 plan year rate stabilization recommended action for this plan.

# Health Net CanopyCare HMO Plan - 2024 Experience Assessment

## Expected Versus Actual

The Health Net CanopyCare HMO plan had a carry-forward surplus balance for use in rate stabilization calculations after 2025 of \$664,000.

For the 2024 plan year, plan experience was favorable to expectations, as reviewed during the March 13 HSB meeting. A stabilization rating buy-up of \$118,000 applied for the 2024 plan year. The combination of increased enrollment and favorable plan experience produced a higher plan surplus than originally expected for the 2024 plan year.

The expected and actual figures are illustrated on the next page. The contingency reserve amount change reflects the 95<sup>th</sup> percentile confidence interval figure as of June 30, 2024.

# Health Net CanopyCare HMO Plan 2024 Plan Year Reconciliation

## Active Employees and Non-Medicare Retirees

January 2024 — December 2024 Plan Reconciliation (Actual vs Expected)		Expected	Actual
1	Paid Claims		\$10,686,429
	IBNR Increase/(Decrease)		<u>\$120,531</u>
	Total Incurred Claims Spend	\$6,368,097	\$10,806,960
2	Administration Expense — includes PCORI Fee	\$383,913	\$732,520
3	Rx Rebates	<u>(incl. in Rx claims)</u>	<u>(\$277,848)</u>
4	Total Cost (1+2+3)	\$6,752,010	\$11,261,632
5	Total Contributions	<u>\$6,634,010</u>	<u>\$13,010,365</u>
6	Revenue Shortfall/(Surplus) (4-5)	\$118,000	(\$1,748,733)
7	Increase/(Decrease) in Contingency Reserve		<u>\$401,919</u>
8	Total Shortfall/(Surplus) (Actual column: 6+7)		(\$1,346,814)
9	Aon Recommended Carry Forward Shortfall/(Surplus) (Actual 8 – Expected 6; rounded to nearest \$000)		<u>(\$1,465,000)</u>

**NOTE:** Descriptions for items above contained in Appendix to this document

# Today’s Recommendation—Health Net CanopyCare HMO Plan

## Rate Stabilization Reserve Calculation

Stabilization <b>surplus</b> balance as of December 31, 2023	(\$996,000)
Offset <b>surplus</b> amount applied in 2025 rate buy-down per policy (1/3)	(\$332,000)
Prior carry-forward stabilization <b>surplus</b> balance	(\$664,000)
Recommended increase to the <b>surplus</b> based on 2024 experience	(\$1,465,000)
Stabilization <b>surplus</b> balance as of December 31, 2024	(\$2,129,000)
Calculated amount per amortization policy to apply to 2026 rate <b>buy-down</b> per policy (1/3 of stabilization <b>surplus</b> balance)	(\$710,000)
Updated carry-forward stabilization <b>surplus</b> for use after 2026	(\$1,419,000)

### Today’s Recommendation

In congruence with the Stabilization Fund Policy, approve the use of one-third of the December 31, 2024, stabilization reserve **surplus** or \$710,000 (one-third of \$2,129,000) be applied towards buy-down of rates across all rating tiers for the Health Net CanopyCare HMO plan for plan year 2026, and apply proportionately between active employees and non-Medicare retirees.

# 5

## Recommendations for HSB Action

# Recommendations for HSB Action

## Self-Funded and Flex-Funded Medical Plans

In congruence with the Stabilization Fund Policy, approve the use of one-third of the December 31, 2024, stabilization fund balances in plan year 2026 plan rates to apply proportionately between active employees and non-Medicare retirees as follows:

1. BSC HMO plans: apply a **Deficit** amount of \$8,504,000 (or one-third of \$25,512,000) towards buy-up of rates across all rating tiers for plan year 2026;
2. BSC Non-Medicare PPO plan: apply a **Surplus** amount of \$4,409,000 (or one-third of \$13,226,000) towards buy-down of rates across all rating tiers for plan year 2026; and
3. Health Net CanopyCare HMO plan: apply a **Surplus** amount of \$710,000 (or one-third of \$2,129,000) towards buy-down of rates across all rating tiers for plan year 2026.

# 6

## Appendix

- Historical View of Rate Stabilization Actions for Each Self-Funded and Flex-Funded Health Plan
- Reconciliation Exhibits Glossary



# Rate Stabilization History—BSC HMO and UHC EPO Plans

Column reference --->	B	C	D	E	F	G	H	I	J	K
Year for Rating Application	Starting Point Stabilization Reserve / Deficit Carry Forward as of date	Starting Point Stabilization Reserve / (Deficit) Carry Forward (col K from prior year)	Expected Revenue Surplus / (Shortfall)	Actual Revenue Surplus / (Shortfall) - Item #6 from Stabilization Calc Exhibit	Transfer from (Increase) / Decrease in Contingency Reserve	Increase / (Decrease) to Stabilization Reserve (E+F-D)	Updated Stabilization Reserve / (Deficit) (G+C)	Revised Stabilization Reserve / Deficit as of date	Reserve / (Deficit) Amount Applied in Year for Rating Application	Reserve / (Deficit) Amount Applied to Carry Forward (H-J)
2016	12/31/2013	\$2,053,000	\$0	(\$14,559,000)	(\$949,000)	(\$15,508,000)	(\$13,455,000)	12/31/2014	(\$4,485,000)	(\$8,970,000)
2017	12/31/2014	(\$8,970,000)	(\$8,844,000)	(\$14,536,000)	(\$799,000)	(\$6,491,000)	(\$15,461,000)	12/31/2015	(\$5,154,000)	(\$10,307,000)
2018	12/31/2015	(\$10,307,000)	\$4,485,000	\$4,341,000	(\$183,000)	(\$327,000)	(\$10,634,000)	12/31/2016	(\$3,545,000)	(\$7,089,000)
2019	12/31/2016	(\$7,089,000)	\$5,154,000	\$974,000	\$1,784,000	(\$2,396,000)	(\$9,485,000)	12/31/2017	(\$3,162,000)	(\$6,323,000)
2020	12/31/2017	(\$6,323,000)	\$3,545,000	\$4,912,000	(\$731,000)	\$636,000	(\$5,687,000)	12/31/2018	(\$1,896,000)	(\$3,791,000)
2021	12/31/2018	(\$3,791,000)	\$3,162,000	\$14,559,000	\$80,000	\$11,477,000	\$7,686,000	12/31/2019	\$2,562,000	\$5,124,000
2022	12/31/2019	\$5,124,000	\$1,896,000	\$11,591,000	(\$252,000)	\$9,443,000	\$14,567,000	12/31/2020	\$4,856,000	\$9,711,000
2023	12/31/2020	\$9,711,000	(\$2,562,000)	\$7,046,000	\$456,000	\$10,064,000	\$19,775,000	12/31/2021	\$6,592,000	\$13,183,000
2024	12/31/2021	\$13,183,000	(\$4,856,000)	(\$27,294,000)	(\$822,000)	(\$23,260,000)	(\$10,077,000)	12/31/2022	(\$3,359,000)	(\$6,718,000)
2025	12/31/2022	(\$6,718,000)	(\$6,592,000)	(\$29,434,000)	\$2,479,000	(\$20,363,000)	(\$27,081,000)	12/31/2023	(\$9,027,000)	(\$18,054,000)
2026	12/31/2023	(\$18,054,000)	(\$8,489,000)	(\$15,988,000)	\$41,000	(\$7,458,000)	(\$25,512,000)	12/31/2024	(\$8,504,000)	(\$17,008,000)

NOTE: separate from Stabilization Fund Use, the Sutter Legal Settlement buy-down amounts for the BSC HMO/UHC EPO plans are \$11,848,356 in 2024 and \$1,916,321 in 2025.

# Rate Stabilization History—Non-Medicare PPO Plan

Column reference ---->	B	C	D	E	F	G	H	I	J	K
Year for Rating Application	Starting Point Stabilization Reserve / Deficit Carry Forward as of date	Starting Point Stabilization Reserve / (Deficit) Carry Forward (col K from prior year)	Expected Revenue Surplus / (Shortfall)	Actual Revenue Surplus / (Shortfall) - Item #6 from Stabilization Calc Exhibit	Transfer from (Increase) / Decrease in Contingency Reserve	Increase / (Decrease) to Stabilization Reserve (E+F-D)	Updated Stabilization Reserve / (Deficit) (G+C)	Revised Stabilization Reserve / Deficit as of date	Reserve / (Deficit) Amount Applied in Year for Rating Application	Reserve / (Deficit) Amount Applied to Carry Forward (H-J)
2014	12/31/2011	(\$76,000)	\$966,000	\$8,136,000	\$0	\$7,170,000	\$7,094,000	12/31/2012	\$2,365,000	\$4,729,000
2015	12/31/2012	\$4,729,000	(\$38,000)	\$17,525,000	\$0	\$17,563,000	\$22,292,000	12/31/2013	\$7,431,000	\$14,861,000
2016	12/31/2013	\$14,861,000	(\$2,364,000)	\$7,586,000	\$963,000	\$10,913,000	\$25,774,000	12/31/2014	\$13,991,000	\$11,783,000
2017	12/31/2014	\$11,783,000	(\$7,431,000)	(\$8,016,000)	\$181,000	(\$404,000)	\$11,379,000	12/31/2015	\$7,586,000	\$3,793,000
2018	12/31/2015	\$3,793,000	(\$13,991,000)	(\$13,699,000)	\$444,000	\$736,000	\$4,529,000	12/31/2016	\$4,529,000	\$0
2019	12/31/2016	\$0	(\$7,586,000)	(\$6,064,000)	\$139,000	\$1,661,000	\$1,661,000	12/31/2017	\$1,661,000	\$0
2020	12/31/2017	\$0	(\$4,529,000)	(\$4,549,000)	(\$331,000)	(\$351,000)	(\$351,000)	12/31/2018	(\$117,000)	(\$234,000)
2021	12/31/2018	(\$234,000)	(\$1,661,000)	(\$3,048,000)	(\$612,000)	(\$1,999,000)	(\$2,233,000)	12/31/2019	(\$744,000)	(\$1,489,000)
2022	12/31/2019	(\$1,489,000)	\$117,000	\$1,698,000	\$154,000	\$1,735,000	\$990,000	12/31/2020	\$330,000	\$660,000
2023	12/31/2020	\$660,000	\$744,000	\$138,000	(\$1,264,000)	(\$1,870,000)	(\$1,210,000)	12/31/2021	(\$403,000)	(\$807,000)
2024	12/31/2021	(\$807,000)	(\$330,000)	(\$1,381,000)	(\$380,000)	(\$1,431,000)	(\$2,238,000)	12/31/2022	(\$746,000)	(\$1,492,000)
2025	12/31/2022	(\$1,492,000)	\$403,000	\$5,563,000	\$2,393,000	\$7,553,000	\$6,061,000	12/31/2023	\$2,020,000	\$4,041,000
2026	12/31/2023	\$4,041,000	(\$2,197,000)	\$7,442,000	(\$454,000)	\$9,185,000	\$13,226,000	12/31/2024	\$4,409,000	\$8,817,000

NOTE: separate from Stabilization Fund Use, the Sutter Legal Settlement buy-down amounts for the Non-Medicare PPO plan are \$2,943,342 in 2024 and \$311,959 in 2025.

# Rate Stabilization History—HN CanopyCare HMO Plan

Column reference --->	B	C	D	E	F	G	H	I	J	K
Year for Rating Application	Starting Point Stabilization Reserve / Deficit Carry Forward as of date	Starting Point Stabilization Reserve / (Deficit) Carry Forward (col K from prior year)	Expected Revenue Surplus / (Shortfall)	Actual Revenue Surplus / (Shortfall) - Item #6 from Stabilization Calc Exhibit	Transfer from (Increase) / Decrease in Contingency Reserve	Increase / (Decrease) to Stabilization Reserve (E+F-D)	Updated Stabilization Reserve / (Deficit) (G+C)	Revised Stabilization Reserve / Deficit as of date	Reserve / (Deficit) Amount Applied in Year for Rating Application	Reserve / (Deficit) Amount Applied to Carry Forward (H-J)
2024	12/31/2021	\$0	\$0	\$533,000	(\$180,000)	\$353,000	\$353,000	12/31/2022	\$118,000	\$235,000
2025	12/31/2022	\$235,000	\$0	\$862,000	(\$101,000)	\$761,000	\$996,000	12/31/2023	\$332,000	\$664,000
2026	12/31/2023	\$664,000	(\$118,000)	\$1,749,000	(\$402,000)	\$1,465,000	\$2,129,000	12/31/2024	\$710,000	\$1,419,000

# Reconciliation Exhibits Glossary

- 1 Estimated Incurred Claims including claim payments for medical, pharmacy, and capitation in January–December 2024.
- 2 Administration Expense — Cost of administering January–December 2024 claims payments for medical and pharmacy, including federal Patient Centered Outcomes Research Institute (PCORI) fee paid by SFHSS for self-funded medical plans.
- 3 Rx Rebates — Rebates from drug manufacturers for active employees and non-Medicare retirees.
- 5 Total Contributions — Annual premium revenue collected.
- 6 Revenue Shortfall/(Surplus) — Difference in cost versus premium revenue collected.
- 7 Contingency Reserve — Explicit reserve held to cover excess losses.
- 9 Actual shortfall/(surplus) minus expected shortfall/(surplus) — Amount added to existing stabilization balance per HSB policy and amortized over three years.