

# SAN FRANCISCO HEALTH SERVICE SYSTEM

Affordable, Quality Benefits & Well-Being

DATE: April 10, 2025

TO: Members of the Health Service Board

FROM: Iftikhar Hussain, Chief Financial Officer

SUBJECT: Health Service Board Financial Report as of February 28, 2025

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This report covers the sources and uses of the Health Service System Employee Benefit Trust Fund (Trust Fund), the Health Sustainability Fund and the General Fund for the eight months ending February 28, 2025.

## **Executive Summary**

### **Trust Fund and Health Sustainability Fund**

- The FYE trust balance is projected to decrease by \$10M for the year. The decrease is due to \$9 million in stabilization and Sutter settlement and higher hospital and pharmacy utilization based on experience in the first eight months.
- Pharmacy rebates for the year are projected to be \$23M.
- The Healthcare Sustainability Fund projected to decrease by \$1.5M with an ending balance of \$5.1M
- Interest income for the year is projected to be \$6M.

### **General Fund**

Net activity is ahead of budget mainly due to vacancies.

## Trust Fund and Health Sustainability Fund with FYE Projection

	FY24-25 Year-to-Date Actual Net as of 02/28/25	FY24-25 Projected Year-End Annual Net	
SUMMARY			
<b>Flex/Self Insurance</b>			
Blue Shield-Access+	(11,339,640)	(7,053,402)	(a)
Blue Shield-Trio	(5,753,722)	(4,487,971)	(a)
Blue Shield and United PPO	2,441,033	4,785,973	(b)
Health Net Canopy Care	308,308	490,932	
Delta Dental PPO, Actives	(3,648,965)	(5,124,197)	(c)
<b>Fully Insured Plans</b>			
Medical HMOs	(3,564,379)	-	
Dental	11,854	-	
LTD/Flexible Benefits/FSA	159,269	-	
Healthcare Sustainability Fund (\$3.00/\$4.00)	(295,472)	(1,470,305)	(d)
<b>Savings &amp; Investments</b>			
Interest	1,516,895	6,000,000	(i)
Performance guarantees	-	-	(e)
Surrogacy and adoption	(63,660)	(63,660)	
Forfeitures	-	-	
Transfers Out	0	(2,068,410)	(g)
TOTAL	(20,228,480)	(8,991,040)	
Net assets			
Beginning of the year		109,319,775	
End of the year		100,328,735	

(a) Annual Projection is net of claim stabilization of \$1.7 million to increase 2024 rates, \$4.5 million to increase 2025 rates, Pharmacy rebate of \$19.1 million, settlement for rate buydown of \$5.9 million in 2024 and \$1.0 million in 2025

(b) Annual Projection is net of claim stabilization of \$0.4 million to increase 2024 rates, \$1.0 million to decrease 2025 rates, Pharmacy rebate of \$3.4 million, and settlement for rate buydown of \$1.5 million in 2024 and \$0.2 million in 2025

(c) Annual Projection is net of claim stabilization of \$3.7 million to reduce 2024 rates and \$3.0 million to reduce 2025 rates

(d) \$3.00/\$4.00 per member per month for communications, wellness, actuarial work; is part of a total premium.

(e) Reflects performance guarantees received in FY 2024-2025

(f) Reflects use of fund balance

(g) Transfer of \$2.1M from forfeitures to General Fund.

(i) Projection includes unrealized gains

## Analysis by Health Plan

### **Blue Shield Access+ Flex Funded Plan**

FYE balance projected to decrease by \$7M due to rate stabilization and use of Sutter settlement received in the prior year to reduce rates and high hospital and pharmacy claims.

### **Blue Shield Trio Flex-Funded Plan**

FYE balance decreased by \$4.5M due rate stabilization and use of Sutter settlement to reduce rates and higher claims mainly due to high hospital and pharmacy claims.

### **Blue Shield/United Health Care Administered PPO**

The administration of the self-funded PPO migrated from United to Blue Shield starting in January 2022. FYE balance projected to increase by \$.4.8M due to favorable claims.

### **Delta Dental PPO (Actives Only) Self-Funded Plan**

The FYE balance decreased by \$5.1M due to stabilization.

## Other Trust Fund Notes

### Healthcare Sustainability Fund

The Healthcare Sustainability Fund resides within the Trust Fund and is designated for member communications, programs to reduce healthcare costs and member well-being programs.

The FYE balance decreased by \$1.5M to \$5.1M.

<b>SAN FRANCISCO</b> <b>HEALTH SERVICE SYSTEM</b> <small>Affordable, Quality Benefits &amp; Well-Being</small>		Healthcare Sustainability Fund FY 2024-25					
	FY 2023-24 Actuals June YTD	FY2024-25 Budget Request (HSS Board Approved)	FY2024-25 Carryforward Budget	FY2024-25 Adjustments	FY 2024-25 Revised Budget + Adj C/F	FY 2024-25 Actuals Feb YTD	FY 24-25 Projection
<b>REVENUE SOURCES</b>							
Annual Revenues	\$ 2,562,918	\$ 3,404,857		\$ -	\$ 3,404,857	\$ 1,869,669	\$ 3,010,351
Other Revenue	1,010					-	-
Carryforward from Fund Balance	5,185,729	6,521,000	-	93,082	6,614,082	6,614,082	6,614,082
<b>TOTAL</b>	<b>\$ 7,749,657</b>	<b>\$ 9,925,857</b>	<b>\$ -</b>	<b>\$ 93,082</b>	<b>\$ 10,018,939</b>	<b>\$ 8,483,751</b>	<b>\$ 9,624,433</b>
<b>EXPENDITURE USES</b>							
<b>Personnel</b>	<b>\$ 756,480</b>	<b>\$ 2,776,489</b>		<b>\$ 354,853</b>	<b>\$ 3,131,342</b>	<b>\$ 1,233,732</b>	<b>\$ 2,049,489</b>
<b>Administrative</b>	3,883	44,000	22,880		66,880	10,960	24,000
<b>Member Communications</b>	(190,851)	700,500	113,326		813,826	415,659	744,000
<b>Communications - Other</b>	190,215	909,324	286,657		1,195,981	49,120	850,536
<b>Well-Being</b>	(50,803)	673,827	64,360		738,187	105,792	433,400
<b>Initiatives to Reduce Health Care Costs</b>	426,651	405,613	3,458		409,071	349,877	379,231
<b>Other Projects</b>	-	-	-		-	-	-
<b>TOTAL</b>	<b>\$ 1,135,575</b>	<b>\$ 5,509,753</b>	<b>\$ 490,681</b>	<b>\$ 354,853</b>	<b>\$ 6,355,286</b>	<b>\$ 2,165,141</b>	<b>\$ 4,480,656</b>
<b>REVENUE - EXP. (excl. carry forward fund balance)</b>	<b>1,427,343</b>	<b>(2,104,895)</b>	<b>(490,681)</b>	<b>(354,853)</b>	<b>(2,950,429)</b>	<b>(295,472)</b>	<b>(1,470,305)</b>
<b>BALANCE</b>	<b>\$ 6,614,082</b>	<b>\$ 4,416,105</b>	<b>\$ (490,681)</b>	<b>\$ (261,771)</b>	<b>\$ 3,663,653</b>	<b>\$ 6,318,610</b>	<b>\$ 5,143,777</b>

## Pharmacy Rebates

\$7.6M was received in the first eight months. Projected rebates for the year are \$23M.

	Actual	Projected Full Year
Blue Shield Access+ HMO	4,173,965	13,370,000
Blue Shield Trio HMO	1,760,260	5,700,000
UHC and BS PPO	1,494,615	3,400,000
HealthNet	149,501	299,001
<b>TOTAL</b>	<b>\$ 7,578,341</b>	<b>\$ 22,769,001</b>

## General Fund

The FY 2025 budget has been adjusted for carryforward commitments made before June 31, 2024. Net activity is ahead of budget mainly due to vacancies.

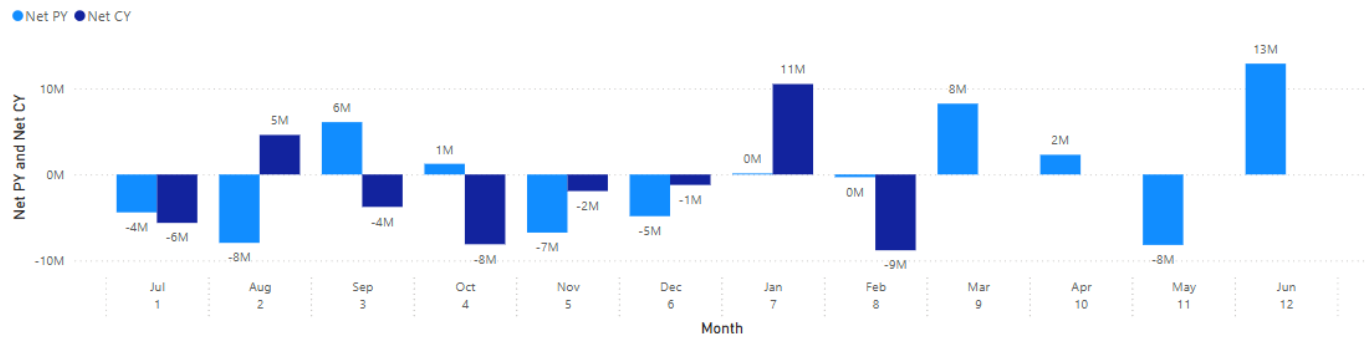
**SAN FRANCISCO  
HEALTH SERVICE SYSTEM**  
Affordable, Quality Benefits & Well-Being

### General Fund Administration Budget FY 2024-25

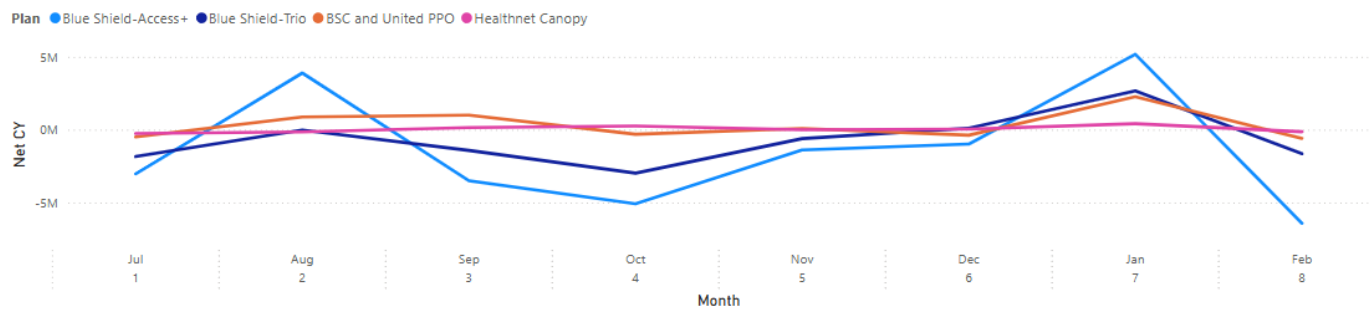
ANNUALIZED AS OF 02/28/25						
	FY 2024-25 Approved Budget	FY2024-25 Carryforward Budget	FY 2024-25 Revised Budget	FY 2024-25 Actuals	Total Actual YTD	FY 2024-25 Projection
<b>REVENUES</b>						
Non-Operating Revenue	\$ -		\$ -	\$ -	\$ -	\$ -
Operating Work Order Recovery	10,613,691	-	10,687,531	7,079,170	7,079,170	10,647,691
Other Revenue	2,068,410		2,068,410	-	-	2,068,410
General Fund Carryforward	-	539,346	539,346	539,346	539,346	539,346
Interfund Transfer	-		-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ 12,682,101</b>	<b>\$ 539,346</b>	<b>\$ 13,295,287</b>	<b>\$ 7,618,516</b>	<b>7,618,516</b>	<b>13,255,447</b>
<b>EXPENDITURES</b>						
Personnel Services	\$ 5,820,949		\$ 5,820,949	\$ 3,604,304	\$ 3,604,304	\$ 5,613,110
Mandatory Fringe Benefits	2,440,791		2,440,791	1,521,681	1,521,681	2,387,334
Non-personnel Services	2,377,136	317,693	2,728,829	1,469,150	1,469,150	2,728,829
Materials & Supplies	50,873	9,074	59,947	28,399	28,399	59,947
Services of Other Departments	1,992,352	212,579	2,204,931	1,013,875	1,013,875	2,204,175
			-			-
<b>TOTAL EXPENDITURES</b>	<b>\$ 12,682,101</b>	<b>\$ 539,346</b>	<b>\$ 13,255,447</b>	<b>\$ 7,637,409</b>	<b>7,637,409</b>	<b>12,993,396</b>
<b>BALANCE</b>	<b>\$ -</b>	<b>\$ (0)</b>	<b>\$ 39,840</b>	<b>\$ (18,894)</b>	<b>(18,894)</b>	<b>262,051</b>

## All Flex Funded Medical Plans

Net Change by Month

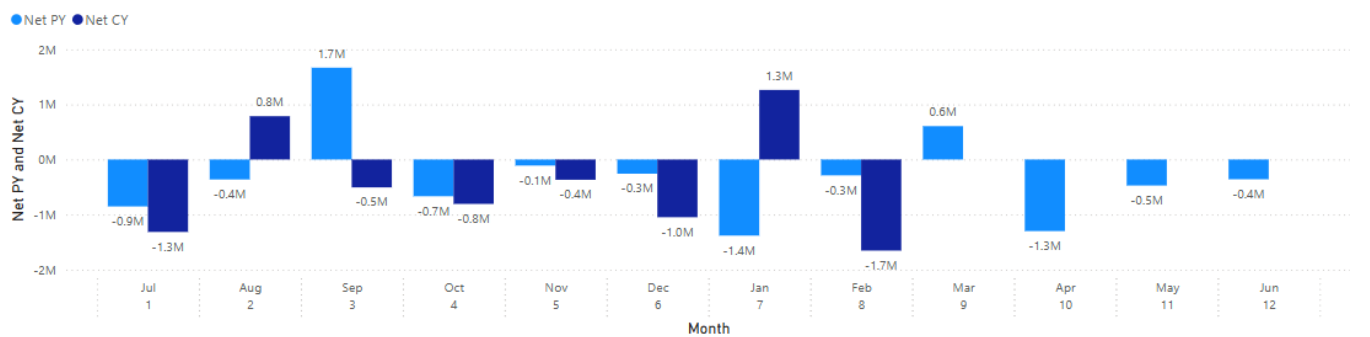


Net Change by Month and Plan

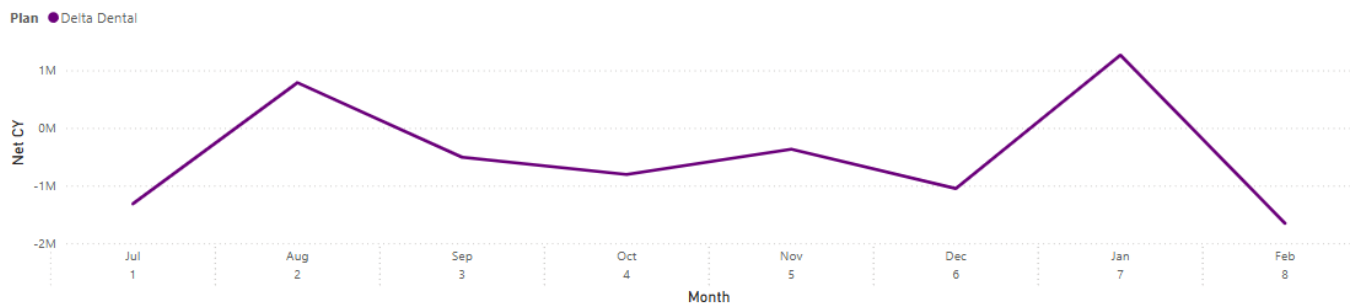


## Dental

Net Change by Month

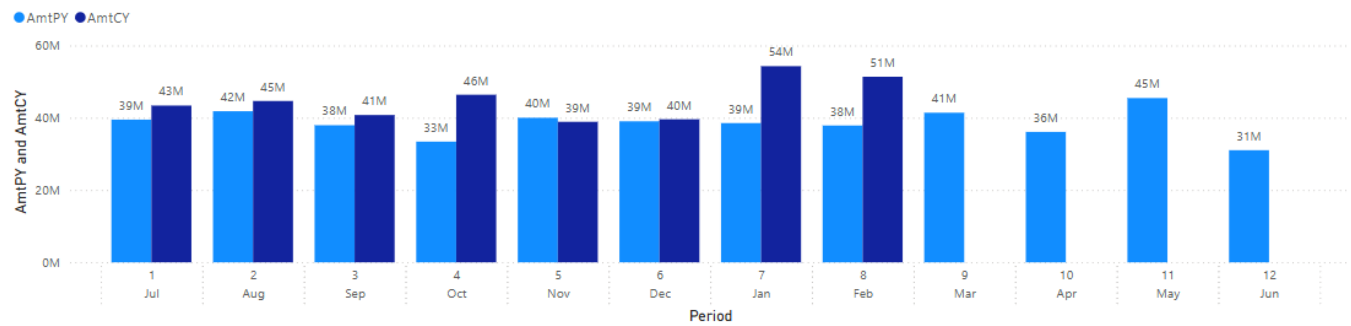


Net Change by Month and Plan

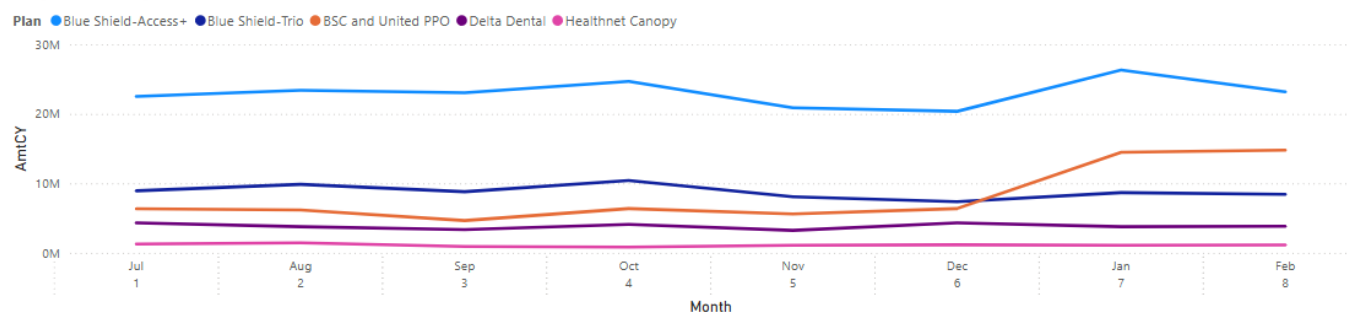


## Medical And Dental Expenses by Plan

### Expenses by Month



### Expenses by Month and Plan



**Supplemental Tables – Trust Fund Activity- Current FY**

<b>SAN FRANCISCO HEALTH SERVICE SYSTEM</b> Affordable, Quality Benefits & Well-Being	<b>STATEMENT OF REVENUES AND EXPENSES</b> <b>FY 2024-2025</b> <b>FOR 8 MONTHS ENDED FEBRUARY 28, 2025</b>		
<b>ACTIVE &amp; RETIRED COMBINED</b>	<b>Year-To-Date Revenues</b>	<b>Year-To-Date Expenses</b>	<b>Year-To-Date Net Excess (Shortage)</b>
<b>FLEX/SELF-INSURED PLANS</b>			
Blue Shield Access+ HMO*, **	173,005,650	184,345,290	(11,339,640)
Blue Shield Trio HMO*	64,810,313	70,564,036	(5,753,722)
Blue Shield and United PPO	67,202,246	64,761,214	2,441,033
UHC Administere PPO*	-	-	-
Health Net Canopy Care	9,263,314	8,955,006	308,308
Delta Dental PPO- (Active only)	27,010,388	30,659,353	(3,648,965)
<b>TOTAL FLEX/SELF-INSURED PLANS</b>	<b>341,291,912</b>	<b>359,284,899</b>	<b>(17,992,987)</b>
<b>FULLY INSURED PLANS</b>			
UHC MAPD	56,260,867	56,260,867	-
Kaiser-HMO	373,223,087	376,794,037	(3,570,950)
Vision Service Plan	7,592,421	7,585,850	6,571
Sub-total HMO	437,076,375	440,640,754	(3,564,379)
Delta Dental PPO - Retirees	13,964,109	13,964,109	-
Delta Care	613,078	607,897	5,181
UHC Dental	279,181	272,508	6,673
Sub-total Dental	14,856,368	14,844,514	11,854
Long Term/Short Term Disability	5,080,886	5,080,137	749
Flexible Benefits	3,379,310	3,379,310	0
Flexible Spending-Dependent Care	4,106,280	4,389,290	(283,010)
Flexible Spending -Medical Reimbursement	9,572,305	9,130,775	441,530
Healthcare Sustainability Fund (\$4.00)	1,869,669	2,165,141	(295,472)
Adoption & Surrogacy		63,660	(63,660)
Sub-total Other Benefits	24,008,449	24,208,313	(199,863)
<b>TOTAL FULLY INSURED PLANS</b>	<b>475,941,193</b>	<b>479,693,581</b>	<b>(3,752,388)</b>
<b>SAVINGS AND INVESTMENTS</b>			
Interest	1,516,895		1,516,895
Performance guarantees	-		-
Forfeitures			-
<b>TOTAL SAVINGS &amp; INVESTMENTS</b>	1,516,895	-	<b>1,516,895</b>
<b>TRANSFERS OUT OF FORFEITURES</b>			<b>0</b>
<b>TOTAL FUNDS</b>	<b>818,750,000</b>	<b>838,978,480</b>	<b>(20,228,480)</b>

\* Expenses are net of pharmacy rebates - see report for details, \*\* includes Sutter settlement

**Supplemental Tables - Trust Fund Activity- with Prior Year**

**SAN FRANCISCO  
HEALTH SERVICE SYSTEM**  
Affordable, Quality Benefits & Well-Being

**STATEMENTS OF REVENUES AND EXPENSES  
FY 2024-2025 VS FY 2023-2024  
YEAR-TO-DATE: FEBRUARY 28, 2025**

<b>ACTIVE &amp; RETIRED COMBINED</b>	<b>For 8 Months Ended February 28, 2025</b>	<b>For 8 Months Ended February 29, 2024</b>	<b>\$ Change</b>	<b>% Change</b>
<b>FLEX/SELF-INSURED PLANS</b>				
Blue Shield-Access+ HMO				
Revenues	173,005,650	153,140,541	19,865,109	13.0% b
Expenses	(184,345,290)	(162,407,480)	(21,937,810)	13.5% f
Net Blue Shield-Access Excess(Shortage)	(11,339,640)	(9,266,939)	(2,072,701)	22.4%
Blue Shield-Trio HMO				
Revenues	64,810,313	62,687,637	2,122,676	3.4%
Expenses	(70,564,036)	(69,407,064)	(1,156,972)	1.7% i
Net Blue Shield-Trio Excess(Shortage)	(5,753,722)	(6,719,427)	965,704	-14.4%
Blue Shield and United PPO				
Revenues	67,202,246	43,437,417	23,764,829	54.7%
Expenses	(64,761,214)	(41,144,723)	(23,616,491)	57.4%
Net BSC and United PPO Excess(Shortage)	2,441,033	2,292,694	148,338	
Health Net Canopy Care				
Revenues	9,263,314	6,393,907	2,869,407	
Expenses	(8,955,006)	(5,738,927)	(3,216,079)	
Net Health Net Canopy Care Excess(Shortage)	308,308	654,980	(346,672)	
Delta Dental PPO (Active only)				
Revenues	27,010,388	27,600,671	(590,282)	-2.1% h
Expenses	(30,659,353)	(29,362,002)	(1,297,352)	4.4% i
Net Delta Dental PPO- (Active Only) Excess(Shortage)	(3,648,965)	(1,761,331)	(1,887,634)	107.2%
<b>NET FLEX/SELF-INSURED PLANS</b>	<b>(17,992,987)</b>	<b>(14,800,022)</b>	<b>(3,192,964)</b>	<b>21.6%</b>

**Notes:**

- a decrease in membership
- b Sutter Settlement
- c decrease in deductions
- d increase in membership

- e \$4 per member per month for communications, wellness
- f increase in claims
- g increase in deductions
- h decrease in rates
- i increase in rates
- j decrease in claims
- k Payperiod Timing



**Supplemental Tables - Trust Fund Activity- with Prior Year (continued)**

<div> <div> <div>SAN FRANCISCO</div> <div>HEALTH SERVICE SYSTEM</div> <div>Affordable, Quality Benefits &amp; Well-Being</div> </div> <div> <div>STATEMENTS OF REVENUES AND EXPENSES</div> <div>FY 2024-2025 VS FY 2023-2024</div> <div>YEAR-TO-DATE: FEBRUARY 28, 2025</div> </div> </div>				
ACTIVE & RETIRED COMBINED	For 8 Months Ended February 28, 2025	For 8 Months Ended February 29, 2024	\$ Change	% Change
<b>FULLY INSURED PLANS</b>				
Kaiser-HMO				
Revenues	373,223,087	337,376,829	35,846,258	10.6% d
Expenses	(376,794,037)	(337,527,181)	(39,266,856)	11.6% d, l
Net Kaiser- HMO Excess(Shortage)	(3,570,950)	(150,352)	(3,420,598)	2275.1% k
UHC MAPD				
Revenues	56,260,867	66,728,217	(10,467,351)	-15.7% d, l
Expenses	(56,260,867)	(66,728,217)	10,467,351	-15.7% d, l
Net UHC MAPD Excess(Shortage)	0	0	0	
Vision Service Plan, All (City Plan & HMO)				
Revenues	7,592,421	7,210,555	381,867	5.3% d, l
Expenses	(7,585,850)	(7,207,460)	(378,391)	5.2% d, l
Net Vision Service Plan Excess(Shortage)	6,571	3,095	3,476	112.3%
Delta Dental PPO - Retirees				
Revenues	13,964,109	13,376,793	587,316	4.4%
Expenses	(13,964,109)	(13,376,793)	(587,316)	4.4%
Net Delta Dental PPO - Retirees Excess(Shortage)	0	0	0	
Delta Care				
Revenues	613,078	559,982	53,097	9.5%
Expenses	(607,897)	(559,848)	(48,049)	8.6%
Net Delta Care Excess(Shortage)	5,181	134	5,047	3768.1%
UHC Dental				
Revenues	279,181	274,402	4,778	1.7%
Expenses	(272,508)	(274,221)	1,713	-0.6%
Net UHC Dental Excess(Shortage)	6,673	182	6,491	3570.8%
Long Term/Short Term Disability				
Revenues	5,080,886	4,794,246	286,639	6.0%
Expenses	(5,080,137)	(4,797,161)	(282,976)	5.9%
Net Long Term/Short Term Disability Excess(Shortage)	749	(2,915)	3,664	-125.7% k
Flexible Benefits				
Revenues	3,379,310	2,845,887	533,423	18.7% g
Expenses	(3,379,310)	(2,845,887)	(533,423)	18.7% g
Net Flexible Benefits Excess(Shortage)	0	0	0	
Flexible Spending-Dependent Care				
Revenues	4,106,280	4,129,029	(22,749)	-0.6% c
Expenses	(4,389,290)	(4,514,000)	124,710	-2.8% c
Net Flexible Spending-Dependent Care Excess(Shortage)	(283,010)	(384,971)	101,961	-26.5%
Flexible Spending -Medical Reimbursement				
Revenues	9,572,305	8,143,325	1,428,981	17.5% g
Expenses	(9,130,775)	(7,481,151)	(1,649,624)	22.1% f
Net Flexible Spending-Medical Reimbursement Excess(Shortage)	441,530	662,173	(220,643)	-33.3%
Adoption & Surrogacy				
Expenses	(63,660)	(62,295)	(1,365)	
Healthcare Sustainability Fund (\$4.00)				
Revenues	1,869,669	1,706,363	163,306	9.6%
Expenses	(2,165,141)	(294,058)	(1,871,084)	636.3% e
Net Healthcare Sustainability Fund (\$4.00) Excess(Shortage)	(295,472)	1,412,305	(1,707,778)	-120.9%
<b>NET FULLY INSURED PLANS</b>	<b>(3,752,388)</b>	<b>1,477,356</b>	<b>(5,229,744)</b>	<b>-354.0%</b>
<b>INVESTMENT INCOME AND OTHER</b>				
Interest	1,516,895	1,051,619	465,276	
Performance guarantees	0	1,926,149	(1,926,149)	
Forfeitures	0	0	0	
<b>TOTAL SAVINGS &amp; INVESTMENTS</b>	<b>1,516,895</b>	<b>2,977,768</b>	<b>(1,460,874)</b>	<b>1616.8%</b>
<b>TOTAL NET EXCESS (SHORTAGE)</b>	<b>(20,228,480)</b>	<b>(10,344,898)</b>	<b>(9,883,583)</b>	<b>95.5%</b>

Notes:

- a decrease in membership
- b Sutter Settlement
- c decrease in deductions
- d increase in membership

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- g increase in deductions
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- l increase in rates
- j decrease in claims
- k Payperiod Timing