

# SAN FRANCISCO HEALTH SERVICE SYSTEM

Affordable, Quality Benefits & Well-Being

DATE: April 11, 2024  
TO: Randy Scott, President, and Members of the Health Service Board  
FROM: Iftikhar Hussain, Chief Financial Officer  
SUBJECT: Health Service Board Financial Report as of February 29, 2014

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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 29, 2014.

I have updated the monthly revenues and expenses graphs to make the trends clearer.

## **Executive Summary**

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

- The FYE trust balance is projected to decrease by \$16M mainly due to \$14.9M rate stabilization, use of Sutter settlement to buy down rates and high medical claims.
- Claims for the first eight months were higher than planned due to medical claims driven by high pharmacy costs. Dental claims are higher than prior year but lower than plan.
- Pharmacy rebates - \$11.7M were received in the first eight months. The projected annual rebates are \$18M and included in the net claims above.
- The Healthcare Sustainability Fund balance is projected to decrease by \$128K.
- Projected interest income is \$4M for the year.

### **General Fund**

Net activity is ahead of budget mainly due to vacancies.

## Trust Fund and Health Sustainability Fund with FYE Projection

SUMMARY	FY23-24	FY23-24
	Year-to-Date Actual Net as of 02/29/24	Projected Year-End Annual Net
<b>Flex/Self Insurance</b>		
Blue Shield-Access+	(9,266,939)	(11,978,568) (a), (h)
Blue Shield-Trio	(6,719,427)	(8,756,521) (a)
Blue Shield and United PPO	2,292,694	2,153,283 (b)
Health Net Canopy Care	654,980	-
Delta Dental PPO, Actives	(1,761,331)	(3,166,996) (c)
<b>Fully Insured Plans</b>		
Medical HMOs	(147,257)	-
Dental	316	-
LTD/Flexible Benefits/FSA/Health Net Canopy Care	274,287	-
Healthcare Sustainability Fund (\$3.00)	1,412,305	(127,992) (d)
<b>Savings &amp; Investments</b>		
Interest	1,051,619	4,206,475
Performance guarantees	1,926,149	1,926,149 (e)
Surrogacy and adoption	(62,295)	(62,295)
Transfers Out	0	(460,000) (g)
<b>TOTAL</b>	<b>(10,344,898)</b>	<b>(16,266,465)</b>
<b>Net assets</b>		
Beginning of the year		<u>104,744,471</u>
End of the year		<u>88,478,006</u>

(a) Annual Projection is net of claim stabilization of \$1.7 million to increase 2024 rates, \$3.3 million to decrease 2023 rates, Pharmacy rebate of \$19 million, and settlement distribution of \$2.2 million, settlement for rate buydown of \$5.9 million

(b) Annual Projection is net of claim stabilization of \$0.4 million to increase 2024 rates, \$0.2 million to increase 2023 rates, and Pharmacy rebate of \$2.2 million

(c) Annual Projection is net of claim stabilization of \$3.7 million to reduce 2024 rates and \$2.7 million to reduce 2023 rates

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

(e) Reflects performance guarantees received in FY 2023-2024

(f) Reflects use of fund balance

(g) Transfer of \$0.5M from forfeitures to General Fund.

(h) Includes \$2.2M Sutter settlement distribution

### Analysis by Fund

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

Projected FYE balance expected to decrease by \$12M due high claims, rate stabilization and use of Sutter settlement received in the prior year to reduce rates.

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

FYE balance projected to decrease by \$9M due rate stabilization and use of Sutter settlement to reduce rates.

#### **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 of \$2M due to low claims.

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

Projecting a \$3 million net decrease 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 updated FY 2024 budget includes carry forwards for commitments made before June 30, 2023.

The projected FYE balance will decrease by \$128K. The favorable variance from budget is due to Blue Shield wellness and communications reimbursement.

<b>SAN FRANCISCO HEALTH SERVICE SYSTEM</b> <small>Affordable, Quality Benefits &amp; Well-Being</small>					Healthcare Sustainability Fund FY 2023-24		
	FY 2022-23 Expenditures June YTD	FY2023-24 Budget Request (HSS Board Approved)	FY2023-24 Carryforward Budget	FY2023-24 Adjustments	FY 2023-24 Revised Budget + Adj C/F	FY 2023-24 Actuals Feb YTD	FY 2023-24 Projection
<b>REVENUE SOURCES</b>							
Annual Revenues	\$ 2,526,489	\$ 2,553,643		\$ -	\$ 2,553,643	\$ 1,705,353	\$ 2,600,000
Other Revenue						\$ 1,010	\$ -
Carryforward from Fund Balance	4,437,175	4,921,157	264,572	-	5,185,729	5,185,729	5,185,729
<b>TOTAL</b>	<b>\$ 6,963,664</b>	<b>\$ 7,474,800</b>	<b>\$ 264,572</b>	<b>\$ -</b>	<b>\$ 7,739,372</b>	<b>\$ 6,892,092</b>	<b>\$ 7,785,729</b>
<b>EXPENDITURE USES</b>							
<b>Personnel</b>	<b>\$ 810,927</b>	<b>\$ 1,376,559</b>		<b>\$ -</b>	<b>\$ 1,376,559</b>	<b>\$ 467,950</b>	<b>\$ 1,007,992</b>
Administrative	10,266	45,500	2,431	-	47,931	(1,907)	39,300
Member Communications	494,925	668,000	122,756	-	790,756	(317,906)	489,125
Communications - Other	179,342	696,576	40,138		736,714	67,737	623,500
Well-Being	124,980	449,500	70,788		520,288	(103,000)	268,075
Initiatives to Reduce Health Care Costs	422,067	312,773	28,458	23,118	364,349	181,185	300,000
Other Projects	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 2,042,507</b>	<b>\$ 3,548,908</b>	<b>\$ 264,572</b>	<b>\$ 23,118</b>	<b>\$ 3,836,597</b>	<b>\$ 294,058</b>	<b>\$ 2,727,992</b>
<b>REVENUE - EXP. (excl. carry forward fund balance)</b>	<b>483,982</b>	<b>(995,265)</b>	<b>(264,572)</b>	<b>(23,118)</b>	<b>(1,282,955)</b>	<b>1,411,295</b>	<b>(127,992)</b>
<b>BALANCE</b>	<b>\$ 4,921,157</b>	<b>\$ 3,925,892</b>	<b>\$ 0</b>	<b>\$ (23,118)</b>	<b>\$ 3,902,775</b>	<b>\$ 6,598,035</b>	<b>\$ 5,057,737</b>

**Pharmacy Rebates**

\$11.7M was received in the first eight months. The projection for the year is \$17.6M.

	Actual	Projected FYE 2024
BSC Access+	6,754,655	10,131,983
BSC Trio	2,930,053	4,395,080
UHC and BS PPO	1,890,448	2,835,672
HealthNet	129,189	193,784
Total	11,704,346	17,556,519

**General Fund**

The FY 2024 budget has been adjusted for carryforward commitments made before June 31, 2023. Net activity is ahead of budget mainly due to vacancies. The \$468K favorable projection for the year includes \$228K mid-year reductions.



**General Fund Administration Budget FY 2023-24**

ANNUALIZED AS OF 02/28/24						
	FY 2023-24 Approved Budget	FY2023-24 Carryforward Budget	FY2023-24 Adjustments	FY 2023-24 Revised Budget	Total Actual YTD	FY 2023-24 Projection
<b>REVENUES</b>						
Non-Operating Revenue	\$ 9,131		\$ -	\$ 9,131	\$ -	\$ -
Operating Work Order Recovery	13,392,951		80,000	13,472,951	8,968,067	13,629,311
Other Revenue	460,000		-	460,000	-	460,000
General Fund Carryforward	-	709,061		709,061	709,061	709,061
Interfund Transfer	-			-	-	-
<b>TOTAL REVENUES</b>	<b>\$ 13,862,082</b>	<b>\$ 709,061</b>	<b>\$ 80,000</b>	<b>\$ 14,651,143</b>	<b>\$ 9,677,128</b>	<b>\$ 14,798,372</b>
<b>EXPENDITURES</b>						
Personnel Services	\$ 6,308,915		\$ (208,326)	\$ 6,100,589	\$ 3,917,181	\$ 5,921,535
Mandatory Fringe Benefits	2,613,811		(104,481)	2,509,330	1,653,176	2,427,829
Non-personnel Services	2,522,965	681,530	202,267	3,406,763	1,898,653	3,361,286
Materials & Supplies	44,459	8,768	-	53,227	34,821	52,750
Services of Other Departments	2,371,932	18,763	198,374	2,589,069	1,587,349	2,566,583
				-		
<b>TOTAL EXPENDITURES</b>	<b>\$ 13,862,082</b>	<b>\$ 709,061</b>	<b>\$ 87,834</b>	<b>\$ 14,658,977</b>	<b>\$ 9,091,180</b>	<b>\$ 14,329,983</b>
<b>BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (7,834)</b>	<b>\$ (7,834)</b>	<b>\$ 585,948</b>	<b>\$ 468,389</b>

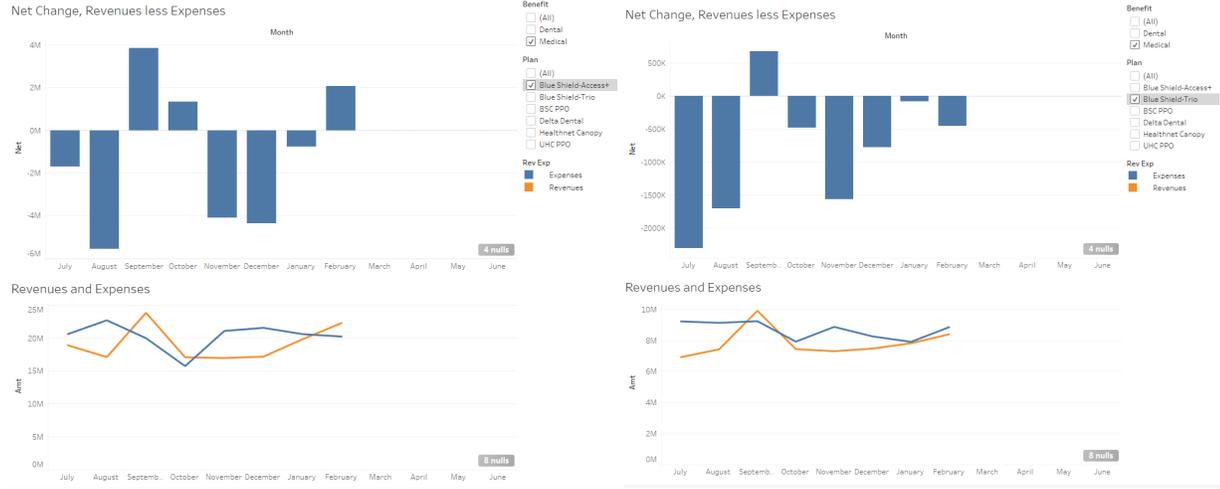
**All Flex Funded Medical Plans**



**Dental**



### Monthly Activity by Medical Plan



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

			
STATEMENT OF REVENUES AND EXPENSES FY 2023-2024 FOR 8 MONTHS ENDED FEBRUARY 29, 2024			
<i>ACTIVE &amp; RETIRED COMBINED</i>	Year-To-Date Revenues	Year-To-Date Expenses	Year-To-Date Net Excess (Shortage)
<b>FLEX/SELF-INSURED PLANS</b>			
Blue Shield Access+ HMO*, **	153,140,541	162,407,480	(9,266,939)
Blue Shield Trio HMO*	62,687,637	69,407,064	(6,719,427)
Blue Shield and United PPO	43,437,417	41,144,723	2,292,694
UHC Administere PPO*	-	-	-
Health Net Canopy Care	6,393,907	5,738,927	654,980
Delta Dental PPO- (Active only)	27,600,671	29,362,002	(1,761,331)
<b>TOTAL FLEX/SELF-INSURED PLANS</b>	<b>293,260,173</b>	<b>308,060,195</b>	<b>(14,800,022)</b>
<b>FULLY INSURED PLANS</b>			
UHC MAPD	66,728,217	66,728,217	-
Kaiser-HMO	337,376,829	337,527,181	(150,352)
Vision Service Plan	7,210,555	7,207,460	3,095
Sub-total HMO	411,315,601	411,462,858	(147,257)
Delta Dental PPO - Retirees	13,376,793	13,376,793	-
Delta Care	559,982	559,848	134
UHC Dental	274,402	274,221	182
Sub-total Dental	14,211,178	14,210,862	316
Long Term/Short Term Disability	4,794,246	4,797,161	(2,915)
Flexible Benefits	2,845,887	2,845,887	0
Flexible Spending-Dependent Care	4,129,029	4,514,000	(384,971)
Flexible Spending -Medical Reimbursement	8,143,325	7,481,151	662,173
Healthcare Sustainability Fund (\$3.00)	1,706,363	294,058	1,412,305
Adoption & Surrogacy	-	62,295	(62,295)
Sub-total Other Benefits	21,618,849	19,994,552	1,624,298
<b>TOTAL FULLY INSURED PLANS</b>	<b>447,145,628</b>	<b>445,668,272</b>	<b>1,477,356</b>
<b>SAVINGS AND INVESTMENTS</b>			
Interest	1,051,619	-	1,051,619
Performance guarantees	1,926,149	-	1,926,149
Forfeitures	-	-	-
<b>TOTAL SAVINGS &amp; INVESTMENTS</b>	<b>2,977,768</b>	<b>-</b>	<b>2,977,768</b>
<b>TRANSFERS OUT OF FORFEITURES</b>			
	-	-	<b>0</b>
<b>TOTAL FUNDS</b>	<b>743,383,569</b>	<b>753,728,467</b>	<b>(10,344,898)</b>

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

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



STATEMENTS OF REVENUES AND EXPENSES  
FY 2023-2024 VS FY 2022-2023  
YEAR-TO-DATE: FEBRUARY 29, 2024

<i>ACTIVE &amp; RETIRED COMBINED</i>	For 8 Months Ended February 29, 2024	For 8 Months Ended February 28, 2023	\$ Change	% Change
<b>FLEX/SELF-INSURED PLANS</b>				
Blue Shield-Access+ HMO				
Revenues	153,140,541	159,152,245	(6,011,704)	-3.8% b
Expenses	(162,407,480)	(161,030,633)	(1,376,847)	0.9% f
Net Blue Shield-Access Excess(Shortage)	(9,266,939)	(1,878,388)	(7,388,550)	393.3%
Blue Shield-Trio HMO				
Revenues	62,687,637	65,324,751	(2,637,113)	-4.0%
Expenses	(69,407,064)	(64,992,532)	(4,414,531)	6.8% i
Net Blue Shield-Trio Excess(Shortage)	(6,719,427)	332,218	(7,051,645)	-2122.6%
Blue Shield and United PPO				
Revenues	43,437,417	34,059,768	9,377,649	27.5%
Expenses	(41,144,723)	(32,999,464)	(8,145,259)	24.7%
Net BSC and United PPO Excess(Shortage)	2,292,694	1,060,305	1,232,390	
Health Net Canopy Care				
Revenues	6,393,907	2,841,468	3,552,439	
Expenses	(5,738,927)	(2,015,097)	(3,723,831)	
Net Health Net Canopy Care Excess(Shortage)	654,980	826,371	(171,392)	
Delta Dental PPO (Active only)				
Revenues	27,600,671	24,194,649	3,406,022	14.1% h
Expenses	(29,362,002)	(27,943,950)	(1,418,052)	5.1% i
Net Delta Dental PPO- (Active Only) Excess(Shortage)	(1,761,331)	(3,749,301)	1,987,970	-53.0%
<b>NET FLEX/SELF-INSURED PLANS</b>	<b>(14,800,022)</b>	<b>(3,408,795)</b>	<b>(11,391,227)</b>	<b>334.2%</b>

Notes:

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

e \$3 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)**

		STATEMENTS OF REVENUES AND EXPENSES FY 2023-2024 VS FY 2022-2023 YEAR-TO-DATE: FEBRUARY 29, 2024			
ACTIVE & RETIRED COMBINED		For 8 Months Ended February 29, 2024	For 8 Months Ended February 28, 2023	\$ Change	% Change
<b>FULLY INSURED PLANS</b>					
Kaiser-HMO					
Revenues		337,376,829	314,547,761	22,829,068	7.3% d
Expenses		(337,527,181)	(317,530,729)	(19,996,452)	6.3% d, l
Net Kaiser- HMO Excess(Shortage)		(150,352)	(2,982,968)	2,832,616	-95.0% k
UHC MAPD					
Revenues		66,728,217	60,997,536	5,730,681	9.4% d, l
Expenses		(66,728,217)	(60,997,536)	(5,730,681)	9.4% d, l
Net UHC MAPD Excess(Shortage)		0	0	0	
Vision Service Plan, All (City Plan & HMO)					
Revenues		7,210,555	6,404,570	805,984	12.6% d, l
Expenses		(7,207,460)	(6,447,127)	(760,333)	11.8% d, l
Net Vision Service Plan Excess(Shortage)		3,095	(42,557)	45,651	-107.3%
Delta Dental PPO - Retirees					
Revenues		13,376,793	12,298,063	1,078,731	8.8%
Expenses		(13,376,793)	(12,298,063)	(1,078,731)	8.8%
Net Delta Dental PPO - Retirees Excess(Shortage)		0	0	0	
Delta Care					
Revenues		559,982	522,685	37,297	7.1%
Expenses		(559,848)	(529,967)	(29,881)	5.6%
Net Delta Care Excess(Shortage)		134	(7,282)	7,416	-101.8%
UHC Dental					
Revenues		274,402	269,137	5,265	2.0%
Expenses		(274,221)	(272,297)	(1,924)	0.7%
Net UHC Dental Excess(Shortage)		182	(3,160)	3,341	-105.8%
Long Term/Short Term Disability					
Revenues		4,794,246	5,556,827	(762,581)	-13.7%
Expenses		(4,797,161)	(5,503,097)	705,935	-12.8%
Net Long Term/Short Term Disability Excess(Shortage)		(2,915)	53,731	(56,646)	-105.4% k
Flexible Benefits					
Revenues		2,845,887	2,701,407	144,479	5.3% g
Expenses		(2,845,887)	(2,701,335)	(144,552)	5.4% g
Net Flexible Benefits Excess(Shortage)		0	72	(72)	
Flexible Spending-Dependent Care					
Revenues		4,129,029	3,168,122	960,906	30.3% c
Expenses		(4,514,000)	(3,465,722)	(1,048,278)	30.2% c
Net Flexible Spending-Dependent Care Excess(Shortage)		(384,971)	(297,600)	(87,371)	29.4%
Flexible Spending -Medical Reimbursement					
Revenues		8,143,325	7,003,277	1,140,048	16.3% g
Expenses		(7,481,151)	(6,756,494)	(724,658)	10.7% f
Net Flexible Spending-Medical Reimbursement Excess(Shortage)		662,173	246,783	415,391	168.3%
Adoption & Surrogacy					
Expenses		(62,295)	(63,720)	1,425	
Healthcare Sustainability Fund (\$3.00)					
Revenues		1,706,363	1,683,609	22,754	1.4%
Expenses		(294,058)	(1,339,623)	1,045,565	-78.0% e
Net Healthcare Sustainability Fund (\$3.00) Excess(Shortage)		1,412,305	343,986	1,068,319	310.6%
<b>NET FULLY INSURED PLANS</b>					
		<b>1,477,356</b>	<b>(2,752,715)</b>	<b>4,230,071</b>	<b>-153.7%</b>
<b>SAVINGS AND INVESTMENTS</b>					
Interest		1,051,619	479,344	572,274	
Performance guarantees		1,926,149	619,103	1,307,046	
Forfeitures		0	0	0	
<b>TOTAL SAVINGS &amp; INVESTMENTS</b>					
		<b>2,977,768</b>	<b>1,098,448</b>	<b>1,879,321</b>	<b>1616.8%</b>
<b>TOTAL NET EXCESS (SHORTAGE)</b>					
		<b>(10,344,898)</b>	<b>(5,063,062)</b>	<b>(5,281,836)</b>	<b>104.3%</b>

Notes:

- |                          |   |
|--------------------------|---|
| a decrease in membership | e \$3 per member per month for communications, wellness |
| b Sutter Settlement      | f increase in claims                                    |
| c decrease in deductions | g increase in deductions                                |
| d increase in membership | h decrease in rates                                     |
|                          | i increase in rates                                     |
|                          | j decrease in claims                                    |
|                          | k Payperiod Timing                                      |