

SAN FRANCISCO HEALTH SERVICE SYSTEM

Affordable, Quality Benefits & Well-Being

DATE: May 8, 2025

TO: Members of the Health Service Board

FROM: Iftikhar Hussain, Chief Financial Officer

SUBJECT: Health Service Board Financial Report as of March 31, 2025

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 nine months ending March 31, 2025.

Executive Summary

Trust Fund and Health Sustainability Fund

- The FYE trust balance is projected to decrease by \$1.5M for the year. The decrease is due to \$9 million in stabilization and Sutter settlement.
- 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 03/31/25	FY24-25 Projected Year-End Annual Net	
SUMMARY			
Flex/Self Insurance			
Blue Shield-Access+	(8,678,711)	(3,368,897)	(a)
Blue Shield-Trio	(3,828,100)	(2,019,145)	(a)
Blue Shield and United PPO	2,499,596	4,717,539	(b)
Health Net Canopy Care	643,524	820,292	
Delta Dental PPO, Actives	(3,217,306)	(4,056,908)	(c)
Fully Insured Plans			
Medical HMOs	4,324,206	-	
Dental	8,557	-	
LTD/Flexible Benefits/FSA	32,089	-	
Healthcare Sustainability Fund (\$3.00/\$4.00)	(146,484)	(1,470,305)	(d)
Savings & Investments			
Interest	2,948,795	6,000,000	(i)
Performance guarantees	-	-	(e)
Surrogacy and adoption	(78,878)	(78,878)	
Forfeitures	-	-	
Transfers Out	0	(2,068,410)	(g)
TOTAL	(5,492,711)	(1,524,712)	
Net assets			
Beginning of the year		109,319,775	
End of the year		107,795,063	

(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 \$3M 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 \$2M 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 \$4M 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.

SAN FRANCISCO HEALTH SERVICE SYSTEM <small>Affordable, Quality Benefits & 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 Mar YTD	FY 24-25 Projection
REVENUE SOURCES							
Annual Revenues	\$ 2,562,918	\$ 3,404,857		\$ -	\$ 3,404,857	\$ 2,160,130	\$ 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
TOTAL	\$ 7,749,657	\$ 9,925,857	\$ -	\$ 93,082	\$ 10,018,939	\$ 8,774,212	\$ 9,624,433
EXPENDITURE USES							
Personnel	\$ 756,480	\$ 2,776,489		\$ 354,853	\$ 3,131,342	\$ 1,377,342	\$ 2,049,489
Administrative	3,883	44,000	22,880		66,880	12,475	24,000
Member Communications	(190,851)	700,500	113,326		813,826	417,744	744,000
Communications - Other	190,215	909,324	286,657		1,195,981	49,120	850,536
Well-Being	(50,803)	673,827	64,360		738,187	115,860	433,400
Initiatives to Reduce Health Care Costs	426,651	405,613	3,458		409,071	334,073	379,231
Other Projects	-	-	-		-	-	-
TOTAL	\$ 1,135,575	\$ 5,509,753	\$ 490,681	\$ 354,853	\$ 6,355,286	\$ 2,306,614	\$ 4,480,656
REVENUE - EXP. (excl. carry forward fund balance)	1,427,343	(2,104,895)	(490,681)	(354,853)	(2,950,429)	(146,484)	(1,470,305)
BALANCE	\$ 6,614,082	\$ 4,416,105	\$ (490,681)	\$ (261,771)	\$ 3,663,653	\$ 6,467,599	\$ 5,143,777

Pharmacy Rebates

\$7.6M was received in the first nine 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	231,221	308,294
TOTAL	\$ 7,660,061	\$ 22,778,294

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.

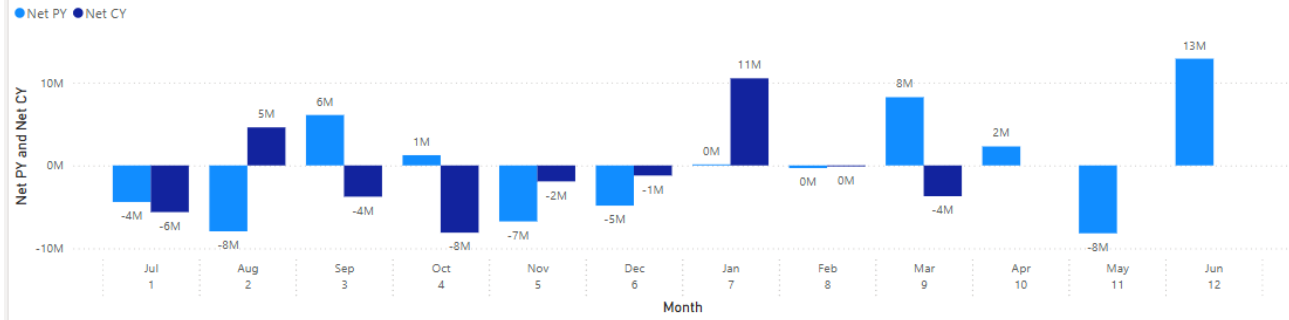
**SAN FRANCISCO
HEALTH SERVICE SYSTEM**
Affordable, Quality Benefits & Well-Being

General Fund Administration Budget FY 2024-25

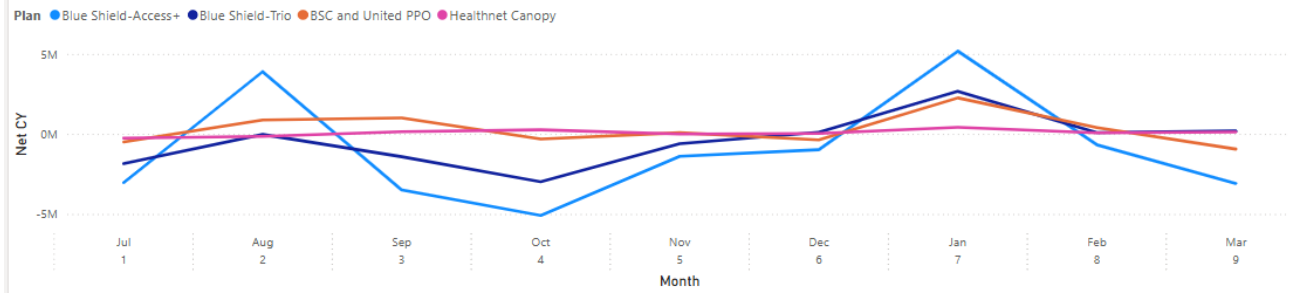
ANNUALIZED AS OF 03/31/25						
	FY 2024-25 Approved Budget	FY2024-25 Carryforward Budget	FY 2024-25 Revised Budget	FY 2024-25 Actuals	Total Actual YTD	FY 2024-25 Projection
REVENUES						
Non-Operating Revenue	\$ -		\$ -	\$ -	\$ -	\$ -
Operating Work Order Recovery	10,613,691	-	10,687,531	7,996,453	7,996,453	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	-		-	-	-	-
TOTAL REVENUES	\$ 12,682,101	\$ 539,346	\$ 13,295,287	\$ 8,535,799	8,535,799	13,255,447
EXPENDITURES						
Personnel Services	\$ 5,820,949		\$ 5,820,949	\$ 4,039,188	\$ 4,039,188	\$ 5,613,110
Mandatory Fringe Benefits	2,440,791		2,440,791	1,714,576	1,714,576	2,387,334
Non-personnel Services	2,377,136	317,693	2,728,829	1,708,923	1,708,923	2,728,829
Materials & Supplies	50,873	9,074	59,947	47,599	47,599	59,947
Services of Other Departments	1,992,352	212,579	2,204,931	1,503,620	1,503,620	2,204,175
			-			-
TOTAL EXPENDITURES	\$ 12,682,101	\$ 539,346	\$ 13,255,447	\$ 9,013,906	9,013,906	12,993,396
BALANCE	\$ -	\$ (0)	\$ 39,840	\$ (478,107)	(478,107)	262,051

All Flex Funded Medical Plans

Net Change by Month

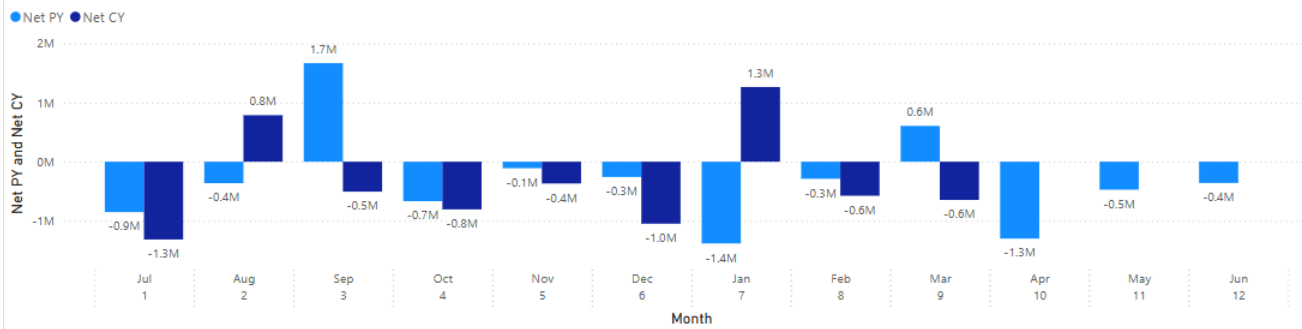


Net Change by Month and Plan

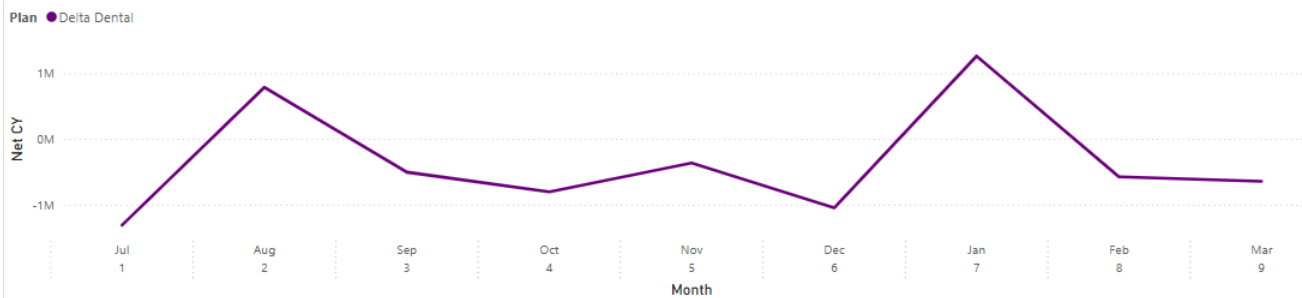


Dental

Net Change by Month

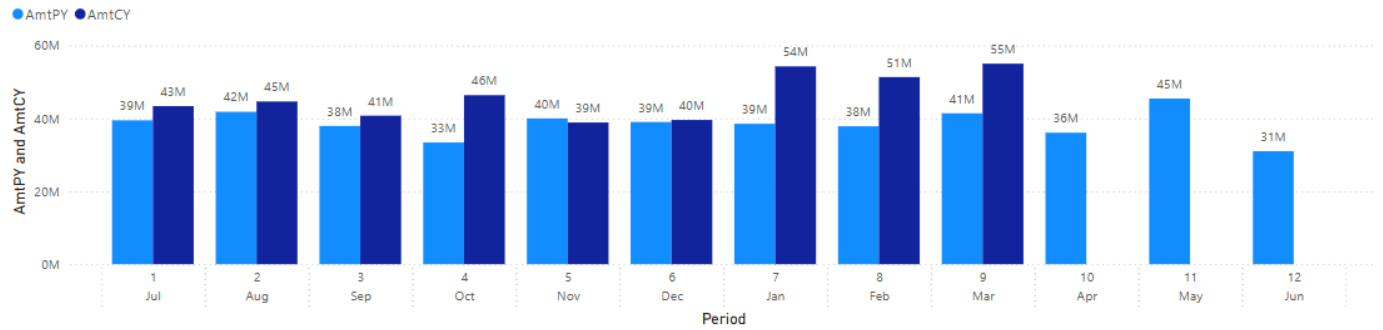


Net Change by Month and Plan

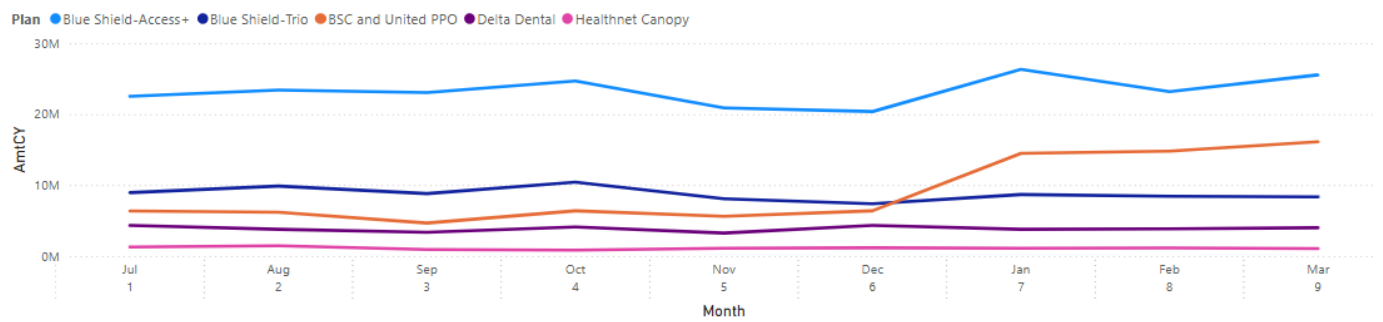


Medical And Dental Expenses by Plan

Expenses by Month



Expenses by Month and Plan



Supplemental Tables – Trust Fund Activity- Current FY

SAN FRANCISCO HEALTH SERVICE SYSTEM <small>Affordable, Quality Benefits & Well-Being</small>	STATEMENT OF REVENUES AND EXPENSES FY 2024-2025 FOR 9 MONTHS ENDED MARCH 31, 2025		
ACTIVE & RETIRED COMBINED	Year-To-Date Revenues	Year-To-Date Expenses	Year-To-Date Net Excess (Shortage)
FLEX/SELF-INSURED PLANS			
Blue Shield Access+ HMO*, **	201,207,978	209,886,689	(8,678,711)
Blue Shield Trio HMO*	75,069,094	78,897,194	(3,828,100)
Blue Shield and United PPO	83,385,200	80,885,604	2,499,596
UHC Administere PPO*	-	-	-
Health Net Canopy Care	10,648,462	10,004,938	643,524
Delta Dental PPO- (Active only)	31,423,325	34,640,631	(3,217,306)
TOTAL FLEX/SELF-INSURED PLANS	401,734,060	414,315,057	(12,580,997)
FULLY INSURED PLANS			
UHC MAPD	56,274,601	56,274,601	-
Kaiser-HMO	430,083,322	425,848,845	4,234,477
Vision Service Plan	8,661,666	8,571,937	89,729
Sub-total HMO	495,019,589	490,695,383	4,324,206
Delta Dental PPO - Retirees	15,755,849	15,755,849	-
Delta Care	686,905	684,040	2,865
UHC Dental	309,815	304,123	5,692
Sub-total Dental	16,752,569	16,744,011	8,557
Long Term/Short Term Disability	5,709,823	5,709,405	418
Flexible Benefits	3,786,422	3,786,422	0
Flexible Spending-Dependent Care	4,632,173	4,815,407	(183,234)
Flexible Spending -Medical Reimbursement	10,854,174	10,639,269	214,905
Healthcare Sustainability Fund (\$4.00)	2,160,130	2,306,614	(146,484)
Adoption & Surrogacy	-	78,878	(78,878)
Sub-total Other Benefits	27,142,722	27,335,994	(193,273)
TOTAL FULLY INSURED PLANS	538,914,879	534,775,388	4,139,491
SAVINGS AND INVESTMENTS			
Interest	2,948,795		2,948,795
Performance guarantees	-		-
Forfeitures			-
TOTAL SAVINGS & INVESTMENTS	2,948,795	-	2,948,795
TRANSFERS OUT OF FORFEITURES			0
TOTAL FUNDS	943,597,734	949,090,445	(5,492,711)

* 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: MARCH 31, 2025**

ACTIVE & RETIRED COMBINED	For 9 Months Ended March 31, 2025	For 9 Months Ended March 31, 2024	\$ Change	% Change
FLEX/SELF-INSURED PLANS				
Blue Shield-Access+ HMO				
Revenues	201,207,978	174,463,566	26,744,412	15.3% b
Expenses	(209,886,689)	(186,184,326)	(23,702,363)	12.7% f
Net Blue Shield-Access Excess(Shortage)	(8,678,711)	(11,720,760)	3,042,049	-26.0%
Blue Shield-Trio HMO				
Revenues	75,069,094	70,855,657	4,213,437	5.9%
Expenses	(78,897,194)	(78,009,457)	(887,737)	1.1% i
Net Blue Shield-Trio Excess(Shortage)	(3,828,100)	(7,153,801)	3,325,700	-46.5%
Blue Shield and United PPO				
Revenues	83,385,200	49,192,684	34,192,516	69.5%
Expenses	(80,885,604)	(45,681,591)	(35,204,014)	77.1%
Net BSC and United PPO Excess(Shortage)	2,499,596	3,511,094	(1,011,498)	
Health Net Canopy Care				
Revenues	10,648,462	7,435,157	3,213,305	
Expenses	(10,004,938)	(6,437,671)	(3,567,267)	
Net Health Net Canopy Care Excess(Shortage)	643,524	997,486	(353,962)	
Delta Dental PPO (Active only)				
Revenues	31,423,325	30,757,668	665,657	2.2% h
Expenses	(34,640,631)	(33,150,719)	(1,489,912)	4.5% i
Net Delta Dental PPO- (Active Only) Excess(Shortage)	(3,217,306)	(2,393,051)	(824,255)	34.4%
NET FLEX/SELF-INSURED PLANS	(12,580,997)	(16,759,032)	4,178,035	-24.9%

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> SAN FRANCISCO HEALTH SERVICE SYSTEM <small>Affordable, Quality Benefits & Well-Being</small> </div> <div> STATEMENTS OF REVENUES AND EXPENSES FY 2024-2025 VS FY 2023-2024 YEAR-TO-DATE: MARCH 31, 2025 </div> </div>				
ACTIVE & RETIRED COMBINED	For 9 Months Ended March 31, 2025	For 9 Months Ended March 31, 2024	\$ Change	% Change
FULLY INSURED PLANS				
Kaiser-HMO				
Revenues	430,083,322	384,125,142	45,958,179	12.0% d
Expenses	(425,848,845)	(383,219,884)	(42,628,961)	11.1% d, l
Net Kaiser- HMO Excess(Shortage)	4,234,477	905,258	3,329,219	367.8% K
UHC MAPD				
Revenues	56,274,601	75,996,449	(19,721,848)	-26.0% d, l
Expenses	(56,274,601)	(75,996,449)	19,721,848	-26.0% d, l
Net UHC MAPD Excess(Shortage)	0	0	0	
Vision Service Plan, All (City Plan & HMO)				
Revenues	8,661,666	8,139,366	522,300	6.4% d, l
Expenses	(8,571,937)	(8,135,463)	(436,474)	5.4% d, l
Net Vision Service Plan Excess(Shortage)	89,729	3,903	85,826	2199.1%
Delta Dental PPO - Retirees				
Revenues	15,755,849	15,086,599	669,250	4.4%
Expenses	(15,755,849)	(15,086,599)	(669,250)	4.4%
Net Delta Dental PPO - Retirees Excess(Shortage)	0	0	0	
Delta Care				
Revenues	686,905	629,039	57,866	9.2%
Expenses	(684,040)	(631,533)	(52,506)	8.3%
Net Delta Care Excess(Shortage)	2,865	(2,494)	5,359	-214.9%
UHC Dental				
Revenues	309,815	308,392	1,423	0.5%
Expenses	(304,123)	(307,720)	3,596	-1.2%
Net UHC Dental Excess(Shortage)	5,692	672	5,020	746.7%
Long Term/Short Term Disability				
Revenues	5,709,823	5,397,274	312,549	5.8%
Expenses	(5,709,405)	(5,400,753)	(308,652)	5.7%
Net Long Term/Short Term Disability Excess(Shortage)	418	(3,478)	3,896	-112.0% k
Flexible Benefits				
Revenues	3,786,422	3,405,322	381,099	11.2% g
Expenses	(3,786,422)	(3,405,322)	(381,099)	11.2% g
Net Flexible Benefits Excess(Shortage)	0	0	0	
Flexible Spending-Dependent Care				
Revenues	4,632,173	4,769,287	(137,114)	-2.9% c
Expenses	(4,815,407)	(5,081,301)	265,894	-5.2% c
Net Flexible Spending-Dependent Care Excess(Shortage)	(183,234)	(312,013)	128,779	-41.3%
Flexible Spending -Medical Reimbursement				
Revenues	10,854,174	9,495,338	1,358,836	14.3% g
Expenses	(10,639,269)	(8,982,212)	(1,657,057)	18.4% f
Net Flexible Spending-Medical Reimbursement Excess(Shortage)	214,905	513,127	(298,221)	-58.1%
Adoption & Surrogacy				
Expenses	(78,878)	(78,443)	(435)	
Healthcare Sustainability Fund (\$4.00)				
Revenues	2,160,130	1,920,443	239,687	12.5%
Expenses	(2,306,614)	(461,113)	(1,845,502)	400.2% e
Net Healthcare Sustainability Fund (\$4.00) Excess(Shortage)	(146,484)	1,459,331	(1,605,815)	-110.0%
NET FULLY INSURED PLANS	4,139,491	2,485,862	1,653,629	66.5%
INVESTMENT INCOME AND OTHER				
Interest	2,948,795	2,183,061	765,735	
Performance guarantees	0	1,931,032	(1,931,032)	
Forfeitures	0	0	0	
TOTAL SAVINGS & INVESTMENTS	2,948,795	4,114,092	(1,165,297)	1616.8%
TOTAL NET EXCESS (SHORTAGE)	(5,492,711)	(10,159,078)	4,666,367	-45.9%

Notes:

- | | | |
|--------------------------|---|----------------------|
| a decrease in membership | e \$4 per member per month for communications, wellness | l increase in rates |
| b Sutter Settlement | f increase in claims | j decrease in claims |
| c decrease in deductions | g increase in deductions | k Payperiod Timing |
| d increase in membership | h decrease in rates | |