

# SAN FRANCISCO HEALTH SERVICE SYSTEM

Affordable, Quality Benefits & Well-Being

DATE: June 12, 2025

TO: Members of the Health Service Board

FROM: Iftikhar Hussain, Chief Financial Officer

SUBJECT: Health Service Board Financial Report as of April 30, 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 (HSF) and the General Fund for the ten months ending April 30, 2025.

SFHSS oversees the Benefit Trust Fund and HSF. The healthcare premiums and expenses flow through the Benefit Trust Fund. HSF activity consists of proceeds from the HSF assessment built into the premium rates and expenses related to communications, wellness and initiatives to reduce healthcare costs.

## **Executive Summary**

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

- The FYE trust balance is projected to decrease by \$5.1M 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 \$766K with an ending balance of \$5.8M
- 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 04/30/25	FY24-25 Projected Year-End Annual Net	
SUMMARY			
<b>Flex/Self Insurance</b>			
Blue Shield-Access+	(9,988,952)	(4,624,646)	(a)
Blue Shield-Trio	(4,886,147)	(2,752,885)	(a)
Blue Shield and United PPO	2,337,016	3,469,397	(b)
Health Net Canopy Care	685,596	830,071	
Delta Dental PPO, Actives	(4,759,122)	(5,571,247)	(c)
<b>Fully Insured Plans</b>			
Medical HMOs	3,206,959	-	
Dental	3,307	-	
LTD/Flexible Benefits/FSA	96,155	-	
Healthcare Sustainability Fund (\$3.00/\$4.00)	(272,058)	(765,508)	(d)
<b>Savings &amp; Investments</b>			
Interest	2,948,795	6,000,000	(i)
Performance guarantees	-	-	(e)
Surrogacy and adoption	(78,878)	(78,878)	
Forfeitures	-	-	
Transfers Out	0	(1,616,174)	(g)
<b>TOTAL</b>	<b>(10,707,331)</b>	<b>(5,109,869)</b>	
<b>Net assets</b>			
Beginning of the year		109,319,775	
End of the year		104,209,906	

(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 \$4.6M 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 projected to decrease by \$2.8M 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 \$3.5M due to favorable claims.

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

The FYE balance decreased by \$5.6M 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 \$766K to \$5.8M.

<b>SAN FRANCISCO 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 Apr YTD	FY 24-25 Projection Based on 9-Month Projection
<b>REVENUE SOURCES</b>							
Annual Revenues	\$ 2,562,918	\$ 3,404,857		\$ -	\$ 3,404,857	\$ 2,449,802	\$ 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>\$ 9,063,884</b>	<b>\$ 9,624,433</b>
<b>EXPENDITURE USES</b>							
Personnel	\$ 756,480	\$ 2,421,636		\$ 354,853	\$ 2,776,489	\$ 1,542,184	\$ 1,971,037
Administrative	3,883	44,000	22,880		66,880	16,055	13,638
Member Communications	(190,851)	700,500	113,326		813,826	521,550	696,600
Communications - Other	190,215	909,324	286,657		1,195,981	177,456	346,579
Well-Being	(50,803)	673,827	64,360		738,187	130,541	233,505
Initiatives to Reduce Health Care Costs	426,651	405,613	3,458		409,071	334,073	514,500
Other Projects	-	-	-		-	-	-
<b>TOTAL</b>	<b>\$ 1,135,575</b>	<b>\$ 5,154,900</b>	<b>\$ 490,681</b>	<b>\$ 354,853</b>	<b>\$ 6,000,433</b>	<b>\$ 2,721,860</b>	<b>\$ 3,775,859</b>
<b>REVENUE - EXP. (excl. carry forward fund balance)</b>	<b>1,427,343</b>	<b>(1,750,042)</b>	<b>(490,681)</b>	<b>(354,853)</b>	<b>(2,595,576)</b>	<b>(272,058)</b>	<b>(765,508)</b>
<b>BALANCE</b>	<b>\$ 6,614,082</b>	<b>\$ 4,770,958</b>	<b>\$ (490,681)</b>	<b>\$ (261,771)</b>	<b>\$ 4,018,506</b>	<b>\$ 6,342,024</b>	<b>\$ 5,848,574</b>

## Pharmacy Rebates

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

Health Plan	Actual	Projected Full Year
Blue Shield Access+ HMO	5,955,588	13,370,000
Blue Shield Trio HMO	2,533,925	5,700,000
UHC and BS PPO	2,267,966	3,400,000
HealthNet	231,221	308,294
<b>TOTAL</b>	<b>\$ 10,988,700</b>	<b>\$ 22,778,294</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.

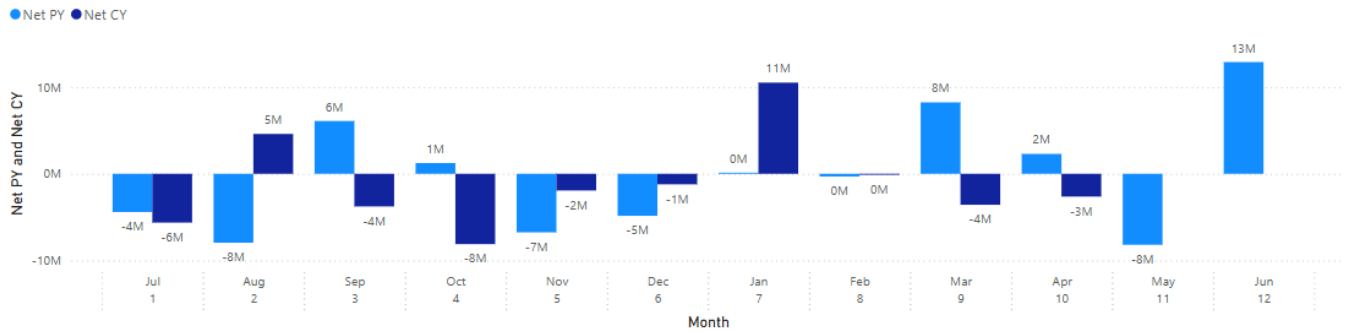
SAN FRANCISCO  
HEALTH SERVICE SYSTEM  
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### General Fund Administration Budget FY 2024-25

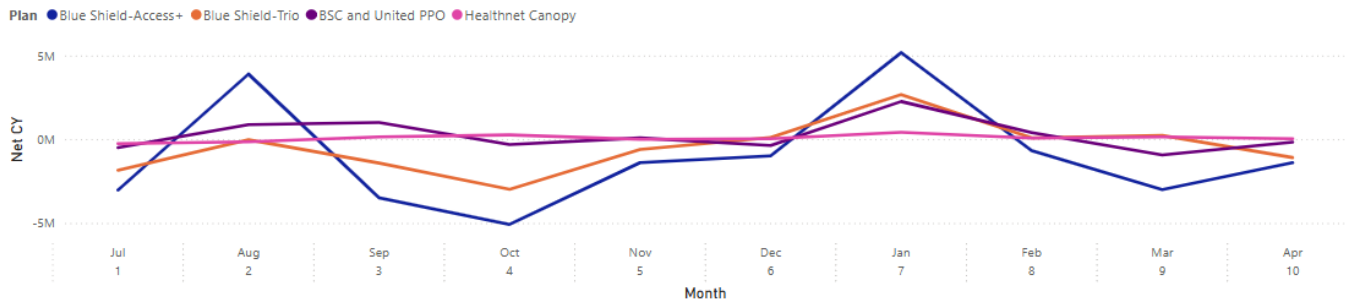
ANNUALIZED AS OF 04/30/25						
	FY 2024-25 Approved Budget	FY2024-25 Carryforward Budget	FY 2024-25 Revised Budget	FY 2024-25 Actuals	Total Actual YTD	FY 2024-25 Projection
<b>REVENUES</b>						
Non-Operating Revenue	\$ -		\$ -	\$ -	\$ -	\$ -
Operating Work Order Recovery	10,613,691	-	10,735,354	8,881,046	8,881,046	10,650,077
Other Revenue	2,068,410		2,068,410	-	-	1,616,174
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>\$ 13,343,110</b>	<b>\$ 9,420,392</b>	<b>9,420,392</b>	<b>12,805,597</b>
<b>EXPENDITURES</b>						
Personnel Services	\$ 5,820,949		\$ 5,820,949	\$ 4,518,934	\$ 4,518,934	\$ 5,406,552
Mandatory Fringe Benefits	2,440,791		2,440,791	1,922,211	1,922,211	2,296,736
Non-personnel Services	2,377,136	317,693	2,684,592	1,894,631	1,894,631	2,569,385
Materials & Supplies	50,873	9,074	94,447	48,312	48,312	82,763
Services of Other Departments	1,992,352	212,579	2,302,331	1,476,566	1,476,566	2,188,162
			-			-
<b>TOTAL EXPENDITURES</b>	<b>\$ 12,682,101</b>	<b>\$ 539,346</b>	<b>\$ 13,343,110</b>	<b>\$ 9,860,654</b>	<b>9,860,654</b>	<b>12,543,597</b>
<b>BALANCE</b>	<b>\$ -</b>	<b>\$ (0)</b>	<b>\$ (0)</b>	<b>\$ (440,262)</b>	<b>(440,262)</b>	<b>262,000</b>

## All Flex Funded Medical Plans

Net Change by Month

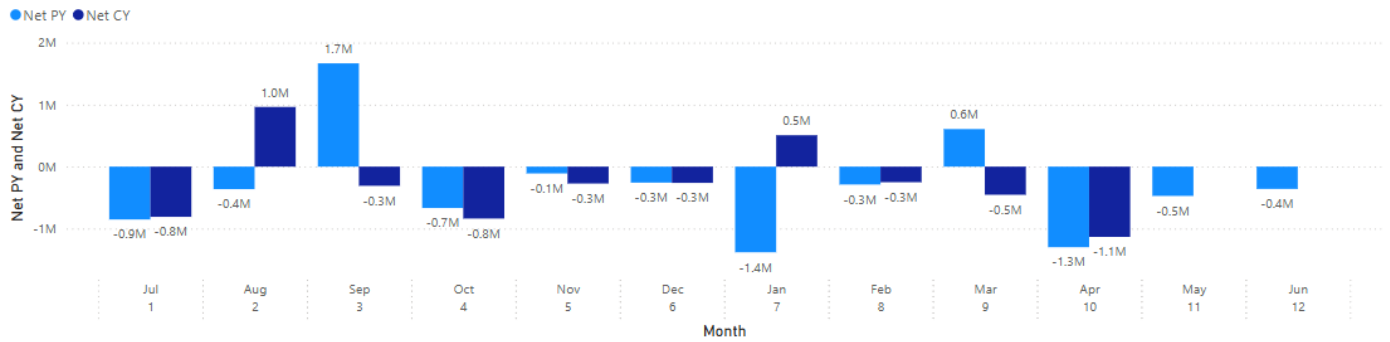


Net Change by Month and Plan

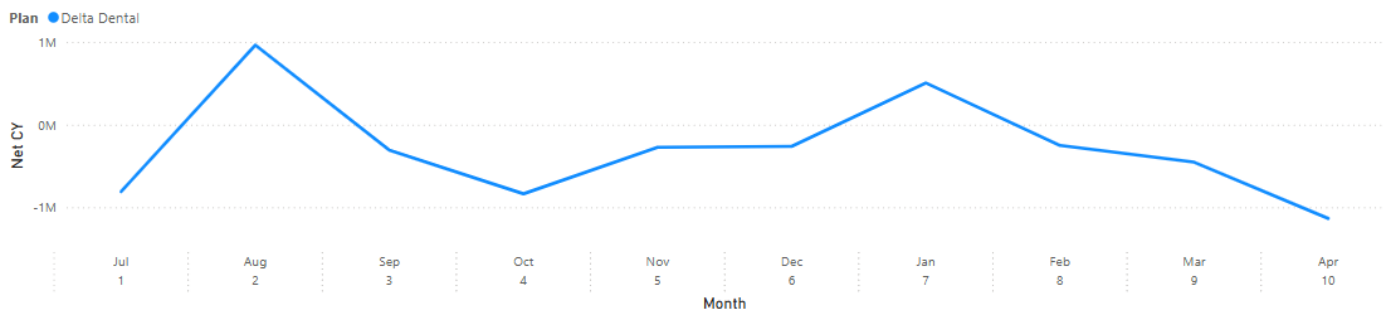


## Dental

Net Change by Month

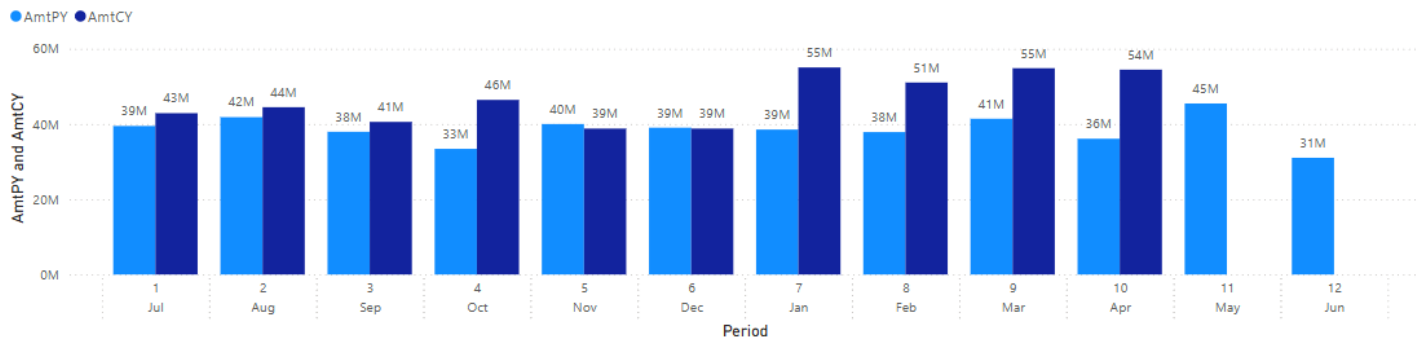


Net Change by Month and Plan

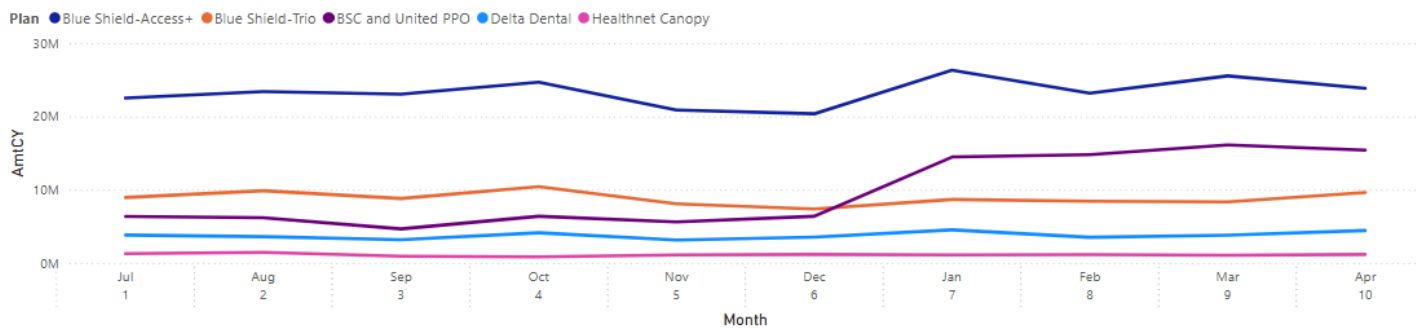


## Medical And Dental Expenses by Plan

### Expenses by Month



### Expenses by Month and Plan



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

<b>SAN FRANCISCO HEALTH SERVICE SYSTEM</b> <small>Affordable, Quality Benefits &amp; Well-Being</small>	<b>STATEMENT OF REVENUES AND EXPENSES</b> <b>FY 2024-2025</b> <b>FOR 10 MONTHS ENDED APRIL 30, 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*, **	223,742,398	233,731,350	(9,988,952)
Blue Shield Trio HMO*	83,625,676	88,511,823	(4,886,147)
Blue Shield and United PPO	98,628,935	96,291,920	2,337,016
UHC Administere PPO*	-	-	-
Health Net Canopy Care	11,850,117	11,164,521	685,596
Delta Dental PPO- (Active only)	34,713,930	39,473,053	(4,759,122)
<b>TOTAL FLEX/SELF-INSURED PLANS</b>	<b>452,561,056</b>	<b>469,172,666</b>	<b>(16,611,610)</b>
<b>FULLY INSURED PLANS</b>			
UHC MAPD	56,274,601	56,274,601	-
Kaiser-HMO	477,818,598	474,680,571	3,138,027
Vision Service Plan	9,625,566	9,556,634	68,931
Sub-total HMO	543,718,766	540,511,807	3,206,959
Delta Dental PPO - Retirees	17,544,285	17,544,285	-
Delta Care	759,161	759,687	(526)
UHC Dental	339,904	336,071	3,833
Sub-total Dental	18,643,350	18,640,043	3,307
Long Term/Short Term Disability	6,339,092	6,339,092	0
Flexible Benefits	4,193,901	4,193,901	0
Flexible Spending-Dependent Care	5,157,527	5,197,101	(39,574)
Flexible Spending -Medical Reimbursement	12,136,703	12,000,975	135,728
Healthcare Sustainability Fund (\$4.00)	2,449,802	2,721,860	(272,058)
Adoption & Surrogacy	-	78,878	(78,878)
Sub-total Other Benefits	30,277,026	30,531,807	(254,781)
<b>TOTAL FULLY INSURED PLANS</b>	<b>592,639,142</b>	<b>589,683,657</b>	<b>2,955,484</b>
<b>SAVINGS AND INVESTMENTS</b>			
Interest	2,948,795		2,948,795
Performance guarantees	-		-
Forfeitures			-
<b>TOTAL SAVINGS &amp; INVESTMENTS</b>	2,948,795	-	<b>2,948,795</b>
<b>TRANSFERS OUT OF FORFEITURES</b>			<b>0</b>
<b>TOTAL FUNDS</b>	<b>1,048,148,993</b>	<b>1,058,856,323</b>	<b>(10,707,331)</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: APRIL 30, 2025**

<b>ACTIVE &amp; RETIRED COMBINED</b>	<b>For 10 Months Ended April 30, 2025</b>	<b>For 10 Months Ended April 30, 2024</b>	<b>\$ Change</b>	<b>% Change</b>
<b>FLEX/SELF-INSURED PLANS</b>				
Blue Shield-Access+ HMO				
Revenues	223,742,398	198,100,323	25,642,076	12.9% b
Expenses	(233,731,350)	(205,869,862)	(27,861,488)	13.5% f
Net Blue Shield-Access Excess(Shortage)	(9,988,952)	(7,769,539)	(2,219,413)	28.6%
Blue Shield-Trio HMO				
Revenues	83,625,676	79,606,597	4,019,079	5.0%
Expenses	(88,511,823)	(84,988,341)	(3,523,482)	4.1% i
Net Blue Shield-Trio Excess(Shortage)	(4,886,147)	(5,381,743)	495,596	-9.2%
Blue Shield and United PPO				
Revenues	98,628,935	55,372,959	43,255,976	78.1%
Expenses	(96,291,920)	(49,850,883)	(46,441,036)	93.2%
Net BSC and United PPO Excess(Shortage)	2,337,016	5,522,076	(3,185,060)	
Health Net Canopy Care				
Revenues	11,850,117	8,590,501	3,259,615	
Expenses	(11,164,521)	(7,272,448)	(3,892,072)	
Net Health Net Canopy Care Excess(Shortage)	685,596	1,318,053	(632,457)	
Delta Dental PPO (Active only)				
Revenues	34,713,930	34,627,352	86,578	0.3% h
Expenses	(39,473,053)	(37,574,970)	(1,898,083)	5.1% i
Net Delta Dental PPO- (Active Only) Excess(Shortage)	(4,759,122)	(2,947,618)	(1,811,504)	61.5%
<b>NET FLEX/SELF-INSURED PLANS</b>	<b>(16,611,610)</b>	<b>(9,258,772)</b>	<b>(7,352,838)</b>	<b>79.4%</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> <b>SAN FRANCISCO</b>  <b>HEALTH SERVICE SYSTEM</b>  <small>Affordable. Quality Benefits &amp; Well-Being</small> </div> <div> <b>STATEMENTS OF REVENUES AND EXPENSES</b>  <b>FY 2024-2025 VS FY 2023-2024</b>  <b>YEAR-TO-DATE: APRIL 30, 2025</b> </div> </div>				
<b>ACTIVE &amp; RETIRED COMBINED</b>	<b>For 10 Months Ended April 30, 2025</b>	<b>For 10 Months Ended April 30, 2024</b>	<b>\$ Change</b>	<b>% Change</b>
<b>FULLY INSURED PLANS</b>				
Kaiser-HMO				
Revenues	477,818,598	434,577,980	43,240,618	10.0% d
Expenses	(474,680,571)	(426,285,907)	(48,394,664)	11.4% d, l
Net Kaiser- HMO Excess(Shortage)	3,138,027	8,292,073	(5,154,046)	-62.2% K
UHC MAPD				
Revenues	56,274,601	85,302,949	(29,028,348)	-34.0% d, l
Expenses	(56,274,601)	(85,302,949)	29,028,348	-34.0% d, l
Net UHC MAPD Excess(Shortage)	0	0	0	
Vision Service Plan, All (City Plan & HMO)				
Revenues	9,625,566	9,110,378	515,188	5.7% d, l
Expenses	(9,556,634)	(9,066,927)	(489,707)	5.4% d, l
Net Vision Service Plan Excess(Shortage)	68,931	43,451	25,481	58.6%
Delta Dental PPO - Retirees				
Revenues	17,544,285	16,796,472	747,813	4.5%
Expenses	(17,544,285)	(16,796,472)	(747,813)	4.5%
Net Delta Dental PPO - Retirees Excess(Shortage)	0	0	0	
Delta Care				
Revenues	759,161	708,002	51,160	7.2%
Expenses	(759,687)	(704,544)	(55,143)	7.8%
Net Delta Care Excess(Shortage)	(526)	3,458	(3,983)	-115.2%
UHC Dental				
Revenues	339,904	343,969	(4,065)	-1.2%
Expenses	(336,071)	(341,653)	5,582	-1.6%
Net UHC Dental Excess(Shortage)	3,833	2,316	1,516	65.5%
Long Term/Short Term Disability				
Revenues	6,339,092	5,999,630	339,462	5.7%
Expenses	(6,339,092)	(6,003,892)	(335,200)	5.6%
Net Long Term/Short Term Disability Excess(Shortage)	0	(4,262)	4,262	-100.0% k
Flexible Benefits				
Revenues	4,193,901	3,774,349	419,552	11.1% g
Expenses	(4,193,901)	(3,774,349)	(419,552)	11.1% g
Net Flexible Benefits Excess(Shortage)	0	0	0	
Flexible Spending-Dependent Care				
Revenues	5,157,527	5,231,659	(74,132)	-1.4% c
Expenses	(5,197,101)	(5,538,999)	341,897	-6.2% c
Net Flexible Spending-Dependent Care Excess(Shortage)	(39,574)	(307,340)	267,766	-87.1%
Flexible Spending -Medical Reimbursement				
Revenues	12,136,703	10,516,503	1,620,200	15.4% g
Expenses	(12,000,975)	(10,213,283)	(1,787,693)	17.5% f
Net Flexible Spending-Medical Reimbursement Excess(Shortage)	135,728	303,221	(167,493)	-55.2%
Adoption & Surrogacy				
Expenses	(78,878)	(78,443)	(435)	
Healthcare Sustainability Fund (\$4.00)				
Revenues	2,449,802	2,135,021	314,781	14.7%
Expenses	(2,721,860)	(799,953)	(1,921,907)	240.3% e
Net Healthcare Sustainability Fund (\$4.00) Excess(Shortage)	(272,058)	1,335,068	(1,607,127)	-120.4%
<b>NET FULLY INSURED PLANS</b>	<b>2,955,484</b>	<b>9,589,543</b>	<b>(6,634,058)</b>	<b>-69.2%</b>
<b>INVESTMENT INCOME AND OTHER</b>				
Interest	2,948,795	3,356,302	(407,506)	
Performance guarantees	0	1,931,032	(1,931,032)	
Forfeitures	0	0	0	
<b>TOTAL SAVINGS &amp; INVESTMENTS</b>	<b>2,948,795</b>	<b>5,287,334</b>	<b>(2,338,538)</b>	<b>1616.8%</b>
<b>TOTAL NET EXCESS (SHORTAGE)</b>	<b>(10,707,331)</b>	<b>5,618,104</b>	<b>(16,325,434)</b>	<b>-290.6%</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