

# SAN FRANCISCO HEALTH SERVICE SYSTEM

Affordable, Quality Benefits & Well-Being

DATE: April 9, 2026  
TO: Members of the Health Service Board  
FROM: Teresa Tan, Chief Financial and Affordability Officer  
SUBJECT: Health Service Board Financial Report as of February 28, 2026

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This report presents 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 eight months ended February 28, 2026.

SFHSS administers both the Benefit Trust Fund and HSF. The Trust Fund accounts for healthcare premiums collected and related benefit expenses. The HSF consists of proceeds from the assessment built into the premium rates and expenses supporting wellness, communications, and initiatives to reduce healthcare costs.

## **Executive Summary**

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

- The fiscal year-end (FYE) trust balance is projected to decrease by \$31.3M, primarily due to higher medical claims.
- Pharmacy rebates for the year projected to be \$22.3M.
- The Healthcare Sustainability Fund is projected to decrease by \$0.5M, resulting in an ending balance of \$5.9M
- Interest income for the year is projected to be \$5.5M.

### **General Fund**

Net activity is ahead of budget mainly due to position vacancies.

**Trust Fund and Healthcare Sustainability Fund with FYE Projection**

SUMMARY	FY25-26 Year-to-Date Actual Net as of 02/28/26	FY25-26 Projected Year-End Annual Net	
<b>Flex/Self Insurance</b>			
Blue Shield-Access+	\$ (11,626,839)	\$ (13,642,110)	(a)
Blue Shield-Trio	(4,233,678)	(5,267,378)	(a)
Blue Shield PPO	(10,046,393)	(14,713,781)	(b)
Health Net Canopy Care	(701,355)	(880,359)	(c)
Delta Dental PPO, Actives	(1,552,977)	(1,156,465)	(d)
<b>Fully Insured Plans</b>			
Medical HMOs	(2,876,721)	-	
Dental	1,782	-	
LTD/Flexible Benefits/FSA	(222,820)	-	
Healthcare Sustainability Fund (\$4.00/\$6.00)	1,026,833	(537,988)	(e)
<b>Savings &amp; Investments</b>			
Interest	2,924,070	5,500,000	
Surrogacy and adoption	(64,590)	(64,590)	
<b>Transfers Out</b>	0	(580,000)	(f)
<b>TOTAL</b>	<b>\$ (27,372,689)</b>	<b>\$ (31,342,672)</b>	
<b>Net assets</b>			
Beginning of the year		101,580,997	
End of the year		<b>\$ 70,238,325</b>	

- (a) Annual Projection is net of claim stabilization of \$4.3 million to increase 2026 rates, \$4.5 million to increase 2025 rates, Pharmacy rebate of \$18.2 million, settlement for rate buydown of \$1.0 million in 2025
- (b) Annual Projection is net of claim stabilization of \$2.2 million to decrease 2026 rates, \$1.0 million to decrease 2025 rates, Pharmacy rebate of \$3.5 million, and settlement for rate buydown of \$0.2 million in 2025
- (c) Annual Projection is net of claim stabilization of \$0.4 million to decrease 2026 rates, \$0.2 million to decrease 2025 rates, Pharmacy rebate of \$0.6 million
- (d) Annual Projection is net of claim stabilization of \$0.7 million to reduce 2026 rates and \$3.0 million to reduce 2025 rates
- (e) \$4.00/\$6.00 per member per month for communications, wellness, actuarial work; is part of a total premium.
- (f) Transfer of \$580K from forfeitures to General Fund.

**Analysis by Health Plan**

**Blue Shield Access+ Flex Funded Plan**

FYE balance is projected to decrease by \$13.6M due to the use of Sutter settlement to reduce rates and higher claims mainly due to high hospital and pharmacy claims.

**Blue Shield Trio Flex-Funded Plan**

FYE balance is projected to decrease by \$5.3M due to the 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**

FYE balance is projected to decrease by \$14.7M due to claim stabilization and unfavorable claims.

**Health Net Canopy Care**

FYE balance is projected to decrease by \$0.9M due to claim stabilization.

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

The FYE balance is projected to decrease by \$1.2M due to claim 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 is projected to decrease by \$0.5M to a total of \$5.9M.

	<b>FY 25-26 Budget + ADJ C/F</b>	<b>FY 25-26 Actuals Feb YTD</b>	<b>FY 25-26 Projection</b>
<b>REVENUE SOURCES</b>			
Annual Revenues	\$ 4,371,120	\$ 2,599,329	\$ 4,371,120
Carryforward from Fund Balance	5,143,777	6,413,208	6,413,208
<b>TOTAL</b>	<b>\$ 9,514,897</b>	<b>\$ 9,012,537</b>	<b>\$ 10,784,328</b>
<b>EXPENDITURE USES</b>			
Personnel	\$ 2,919,350	\$ 1,567,608	\$ 2,573,282
Administrative	45,000	13,604	29,000
Member Communications	1,211,085	75,809	977,000
Communications - Other	966,833	76,290	644,406
Well-Being	479,194	(32,982)	194,091
Initiatives to Reduce Health Care Costs	605,333	(127,833)	491,329
<b>TOTAL</b>	<b>\$ 6,226,796</b>	<b>\$ 1,572,496</b>	<b>\$ 4,909,108</b>
<b>REV - EXP (excl. carry forward bal)</b>	<b>(1,855,676)</b>	<b>1,026,833</b>	<b>(537,988)</b>
<b>BALANCE</b>	<b>\$ 3,288,101</b>	<b>\$ 7,440,040</b>	<b>\$ 5,875,220</b>

**Pharmacy Rebates**

Rebates for the year are projected to be \$22.3M.

	<b>Actual</b>	<b>Projected Full Year</b>
Blue Shield Access+ HMO	6,494,755	12,989,510
Blue Shield Trio HMO	2,616,607	5,233,214
UHC and BS PPO	1,749,953	3,499,907
HealthNet	295,885	591,770
<b>TOTAL</b>	<b>\$ 11,157,200</b>	<b>\$ 22,314,400</b>

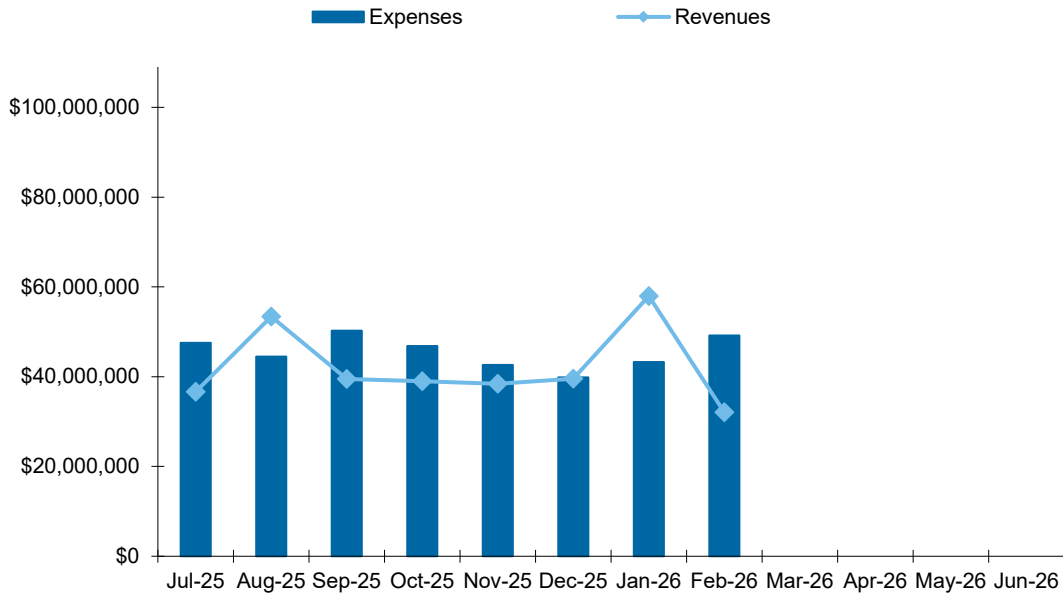
**General Fund**

The FY 25-26 budget has been adjusted for carryforward commitments made before June 30, 2025. Net activity is ahead of budget mainly due to vacancies.

	FY 25-26 Budget	FY 25-26 Actuals	FY 25-26 Projection	Fav/(Unfav) Variance
<b>Revenues</b>				
Operating Work Order Recovery	\$ 11,692,932	\$ 7,793,053	\$ 11,684,295	\$ (8,637)
Other Revenue	580,000	-	580,000	-
General Fund Carryforward	567,852	567,852	567,852	(0)
<b>Total Revenues</b>	<b>\$ 12,840,784</b>	<b>\$ 8,360,905</b>	<b>\$ 12,832,147</b>	<b>\$ (8,637)</b>
<b>Expenditures</b>				
Personnel Services	\$ 5,566,321	\$ 3,412,474	\$ 5,490,787	\$ (75,534)
Mandatory Fringe Benefits	2,333,233	1,446,961	2,244,849	(88,384)
Non-personnel Services	2,749,964	1,364,661	2,745,272	(4,691)
Materials & Supplies	42,716	15,430	42,193	(523)
Services of Other Departments	2,148,551	1,135,874	2,096,996	(51,555)
<b>Total Expenditures</b>	<b>\$ 12,840,784</b>	<b>\$ 7,375,400</b>	<b>\$ 12,620,097</b>	<b>\$ (220,686)</b>
<b>Balance</b>	<b>\$ -</b>	<b>\$ 985,506</b>	<b>\$ 212,050</b>	<b>\$ 212,049</b>

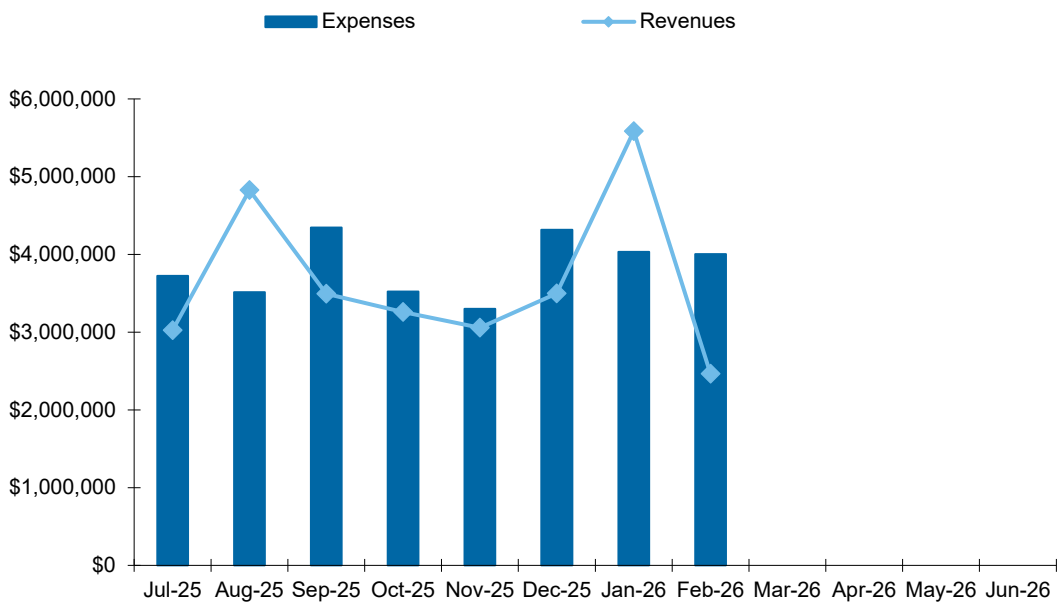
**All Flex Funded Medical Plans**

All Self-Insured Health and Welfare Combined



**Dental**

Delta Dental Active



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

STATEMENT OF REVENUES AND EXPENSES  
FY 25-26  
FOR 8 MONTHS ENDED FEBRUARY 28, 2026

<b>ACTIVE &amp; RETIRED COMBINED</b>	<b>Year-To-Date Revenues</b>	<b>Year-To-Date Expenses</b>	<b>Year-To-Date Net</b>
<b>FLEX/SELF-INSURED PLANS</b>			
Blue Shield Access+ HMO	\$ 190,486,047	\$ 202,112,886	\$ (11,626,839)
Blue Shield Trio HMO	68,988,194	73,221,872	(4,233,678)
Blue Shield and United PPO	47,904,039	57,950,432	(10,046,393)
Health Net Canopy Care	10,357,953	11,059,308	(701,355)
Delta Dental PPO- (Active only)	29,204,783	30,757,760	(1,552,977)
<b>TOTAL FLEX/SELF-INSURED PLANS</b>	<b>346,941,016</b>	<b>375,102,258</b>	<b>(28,161,242)</b>
<b>FULLY INSURED PLANS</b>			
Blue Shield MAPD	79,449,266	79,449,266	-
Kaiser-HMO	394,153,210	397,021,562	(2,868,352)
Vision Service Plan	7,909,177	7,917,546	(8,369)
Sub-total HMO	481,511,653	484,388,374	(2,876,721)
Delta Dental PPO - Retirees	14,647,482	14,647,482	-
Delta Care	591,095	590,434	661
UHC Dental	252,157	251,036	1,120
Sub-total Dental	15,490,733	15,488,952	1,782
Long Term/Short Term Disability	5,288,529	5,166,145	122,383
Flexible Benefits	3,928,372	3,726,041	202,331
Flexible Spending-Dependent Care	3,783,809	4,438,632	(654,824)
Flexible Spending -Medical Reimbursement	10,648,633	10,541,343	107,290
Healthcare Sustainability Fund (\$4.00/\$6.00)	2,599,329	1,572,496	1,026,833
Adoption & Surrogacy		64,590	(64,590)
Sub-total Other Benefits	26,248,671	25,509,247	739,423
<b>TOTAL FULLY INSURED PLANS</b>	<b>523,251,057</b>	<b>525,386,573</b>	<b>(2,135,516)</b>
<b>SAVINGS AND INVESTMENTS</b>			
Interest	2,924,070		2,924,070
<b>TOTAL SAVINGS &amp; INVESTMENTS</b>	<b>2,924,070</b>	<b>-</b>	<b>2,924,070</b>
<b>TOTAL FUNDS</b>	<b>\$ 873,116,143</b>	<b>\$ 900,488,832</b>	<b>\$ (27,372,689)</b>

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

STATEMENTS OF REVENUES AND EXPENSES  
FY 25-26 VS FY 24-25  
YEAR-TO-DATE: FEBRUARY 28, 2026

<b>ACTIVE &amp; RETIRED COMBINED</b>	<b>For 8 Months Ended February 28, 2026</b>	<b>For 8 Months Ended February 28, 2025</b>	<b>\$ Change</b>	<b>% Change</b>	
<b>FLEX/SELF-INSURED PLANS</b>					
Blue Shield-Access+ HMO					
Revenues	\$ 190,486,047	\$ 173,005,650	\$ 17,480,397	10.1%	l
Expenses	(202,112,886)	(184,345,290)	(17,767,596)	9.6%	f
Net Blue Shield-Access Excess(Shortage)	(11,626,839)	(11,339,640)	(287,199)		
Blue Shield-Trio HMO					
Revenues	68,988,194	64,810,313	4,177,880	6.4%	l
Expenses	(73,221,872)	(70,564,036)	(2,657,836)	3.8%	f
Net Blue Shield-Trio Excess(Shortage)	(4,233,678)	(5,753,722)	1,520,044		
Blue Shield and United PPO					
Revenues	47,904,039	67,202,246	(19,298,208)	-28.7%	k
Expenses	(57,950,432)	(64,761,214)	6,810,782	-10.5%	j
Net BSC and United PPO Excess(Shortage)	(10,046,393)	2,441,033	(12,487,426)		
Health Net Canopy Care					
Revenues	10,357,953	9,263,314	1,094,640	11.8%	d
Expenses	(11,059,308)	(8,955,006)	(2,104,302)	23.5%	f
Net Health Net Canopy Care Excess(Shortage)	(701,355)	308,308	(1,009,663)		
Delta Dental PPO (Active only)					
Revenues	29,204,783	27,010,388	2,194,395	8.1%	l
Expenses	(30,757,760)	(30,659,353)	(98,407)	0.3%	
Net Delta Dental PPO- (Active Only) Excess(Shortage)	(1,552,977)	(3,648,965)	2,095,988		
<b>NET FLEX/SELF-INSURED PLANS</b>	<b>\$ (28,161,242)</b>	<b>\$ (17,992,987)</b>	<b>\$ (10,168,256)</b>		

Notes:

- |  |  |                      |
|--|--|----------------------|
| a decrease in membership                       | e communic, wellness exp funded by \$6pmpm | l increase in rates  |
| b administered by Blue Shield effective 1/1/25 | 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                        |                      |

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

STATEMENTS OF REVENUES AND EXPENSES  
FY 25-26 VS FY 24-25  
YEAR-TO-DATE: FEBRUARY 28, 2026

<b>ACTIVE &amp; RETIRED COMBINED</b>	<b>For 8 Months Ended February 28, 2026</b>	<b>For 8 Months Ended February 28, 2025</b>	<b>\$ Change</b>	<b>% Change</b>	
<b>FULLY INSURED PLANS</b>					
Kaiser-HMO					
Revenues	\$ 394,153,210	\$ 373,223,087	\$ 20,930,123	5.6%	l
Expenses	(397,021,562)	(376,794,037)	(20,227,525)	5.4%	l
Net Kaiser- HMO Excess(Shortage)	(2,868,352)	(3,570,950)	702,598		
Blue Shield and UHC MAPD					b
Revenues	79,449,266	56,260,867	23,188,399	41.2%	l, d
Expenses	(79,449,266)	(56,260,867)	(23,188,399)	41.2%	l, d
Net Blue Shield and UHC MAPD Excess(Shortage)	0	0	0		
Vision Service Plan, All (City Plan & HMO)					
Revenues	7,909,177	7,592,421	316,756	4.2%	l, d
Expenses	(7,917,546)	(7,585,850)	(331,696)	4.4%	l, d
Net Vision Service Plan Excess(Shortage)	(8,369)	6,571	(14,940)		
Delta Dental PPO - Retirees					
Revenues	14,647,482	13,964,109	683,373	4.9%	l, d
Expenses	(14,647,482)	(13,964,109)	(683,373)	4.9%	l, d
Net Delta Dental PPO - Retirees Excess(Shortage)	0	0	0		
Delta Care					
Revenues	591,095	613,078	(21,984)	-3.6%	
Expenses	(590,434)	(607,897)	17,463	-2.9%	
Net Delta Care Excess(Shortage)	661	5,181	(4,520)		
UHC Dental					
Revenues	252,157	279,181	(27,024)	-9.7%	a
Expenses	(251,036)	(272,508)	21,472	-7.9%	a
Net UHC Dental Excess(Shortage)	1,120	6,673	(5,552)		
Long Term/Short Term Disability					
Revenues	5,288,529	5,080,886	207,643	4.1%	
Expenses	(5,166,145)	(5,080,137)	(86,008)	1.7%	
Net Long Term/Short Term Disability Excess(Shortage)	122,383	749	121,635		
Flexible Benefits					
Revenues	3,928,372	3,379,310	549,062	16.2%	k
Expenses	(3,726,041)	(3,379,310)	(346,731)	10.3%	g
Net Flexible Benefits Excess(Shortage)	202,331	0	202,331		

<b>ACTIVE &amp; RETIRED COMBINED</b>	<b>For 8 Months Ended February 28, 2026</b>	<b>For 8 Months Ended February 28, 2025</b>	<b>\$ Change</b>	<b>% Change</b>	
Flexible Spending-Dependent Care					
Revenues	3,783,809	4,106,280	(322,471)	-7.9%	c
Expenses	(4,438,632)	(4,389,290)	(49,343)	1.1%	
Net Flexible Spending-Dependent Care Excess(Shortage)	(654,824)	(283,010)	(371,814)		
Flexible Spending -Medical Reimbursement					
Revenues	10,648,633	9,572,305	1,076,327	11.2%	g
Expenses	(10,541,343)	(9,130,775)	(1,410,568)	15.4%	f
Net Flexible Spending-Medical Reimbursement Excess(Shortage)	107,290	441,530	(334,240)		
Adoption & Surrogacy					
Expenses	(64,590)	(63,660)	(930)	1.5%	
Healthcare Sustainability Fund (\$4.00/\$6.00)					
Revenues	2,599,329	1,869,669	729,660	39.0%	i, d
Expenses	(1,572,496)	(2,165,141)	592,646	-27.4%	e
Net Healthcare Sustainability Fund (\$4.00) Excess(Shortage)	1,026,833	(295,472)	1,322,306		
<b>NET FULLY INSURED PLANS</b>	<b>(2,135,516)</b>	<b>(3,752,388)</b>	<b>1,616,872</b>		
<b>INVESTMENT INCOME AND OTHER</b>					
Interest	2,924,070	1,516,895	1,407,175	92.8%	o
<b>TOTAL SAVINGS &amp; INVESTMENTS</b>	<b>2,924,070</b>	<b>1,516,895</b>	<b>1,407,175</b>		
<b>TOTAL NET EXCESS (SHORTAGE)</b>	<b>\$ (27,372,689)</b>	<b>\$ (20,228,480)</b>	<b>\$ (7,144,208)</b>		

Notes:

- |  |   |                            |
|--|---|----------------------------|
| a decrease in membership                       | e communic, wellness exp funded by \$6ppm | l increase in rates        |
| b administered by Blue Shield effective 1/1/25 | 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                       | o increase in cash balance |