

SAN FRANCISCO HEALTH SERVICE SYSTEM

Affordable, Quality Benefits & Well-Being

DATE: May 14, 2026
TO: Members of the Health Service Board
FROM: Teresa Tan, Chief Financial and Affordability Officer
SUBJECT: Health Service Board Financial Report as of March 31, 2026

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 nine months ended March 31, 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 \$36.8M, primarily due to higher medical claims.
- Pharmacy rebates for the year projected to be \$22.1M.
- The Healthcare Sustainability Fund is projected to decrease by \$0.1M, resulting in an ending balance of \$6.4M
- 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

	FY25-26	FY25-26	
SUMMARY	Year-to-Date Actual Net as of 03/31/26	Projected Year-End Annual Net	
Flex/Self Insurance			
Blue Shield-Access+	\$ (14,447,869)	\$ (18,817,421)	(a)
Blue Shield-Trio	(3,578,246)	(5,013,274)	(a)
Blue Shield PPO	(10,334,643)	(14,080,791)	(b)
Health Net Canopy Care	(866,200)	(1,148,854)	(c)
Delta Dental PPO, Actives	(2,461,641)	(2,500,188)	(d)
Fully Insured Plans			
Medical HMOs	(1,902,522)	-	
Dental	(0)	-	
LTD/Flexible Benefits/FSA	(351,094)	-	
Healthcare Sustainability Fund (\$4.00/\$6.00)	935,913	(61,018)	(e)
Savings & Investments			
Interest	2,924,070	5,500,000	
Surrogacy and adoption	(64,590)	(64,590)	
Transfers Out	0	(580,000)	(f)
TOTAL	\$ (30,146,823)	\$ (36,766,137)	
Net assets			
Beginning of the year		101,580,997	
End of the year		\$ 64,814,860	

- (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 \$18.0 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 \$18.8M 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 \$5.0M 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 \$14.1M due to claim stabilization and higher claims.

Health Net Canopy Care

FYE balance is projected to decrease by \$1.1M due to claim stabilization and higher claims.

Delta Dental PPO (Actives Only) Self-Funded Plan

The FYE balance is projected to decrease by \$2.5M 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 \$0.1M to a total of \$6.4M.

	FY 25-26 Budget + ADJ C/F	FY 25-26 Actuals Mar YTD	FY25-26 Projection
REVENUE SOURCES			
Annual Revenues	\$ 4,371,120	\$ 3,035,197	\$ 4,341,025
Carryforward from Fund Balance	5,143,777	6,413,208	6,413,208
TOTAL	\$ 9,514,897	\$ 9,448,405	\$ 10,754,233
EXPENDITURE USES			
Personnel	\$ 2,919,350	\$ 1,775,646	\$ 2,573,082
Administrative	45,000	3,391	25,996
Member Communications	1,211,085	361,936	777,033
Communications - Other	966,833	111,290	607,447
Well-Being	479,194	(25,146)	158,318
Initiatives to Reduce Health Care Costs	605,333	(127,833)	260,167
TOTAL	\$ 6,226,796	\$ 2,099,284	\$ 4,402,043
REV - EXP (excl. carry forward bal)	(1,855,676)	935,913	(61,018)
BALANCE	\$ 3,288,101	\$ 7,349,121	\$ 6,352,189

Pharmacy Rebates

Rebates for the year are projected to be \$22.1M.

	Actual	Projected Full Year
Blue Shield Access+ HMO	9,647,338	12,863,117
Blue Shield Trio HMO	3,873,734	5,164,978
UHC and BS PPO	2,591,320	3,455,093
HealthNet	428,191	570,921
TOTAL	\$ 16,540,583	\$ 22,054,110

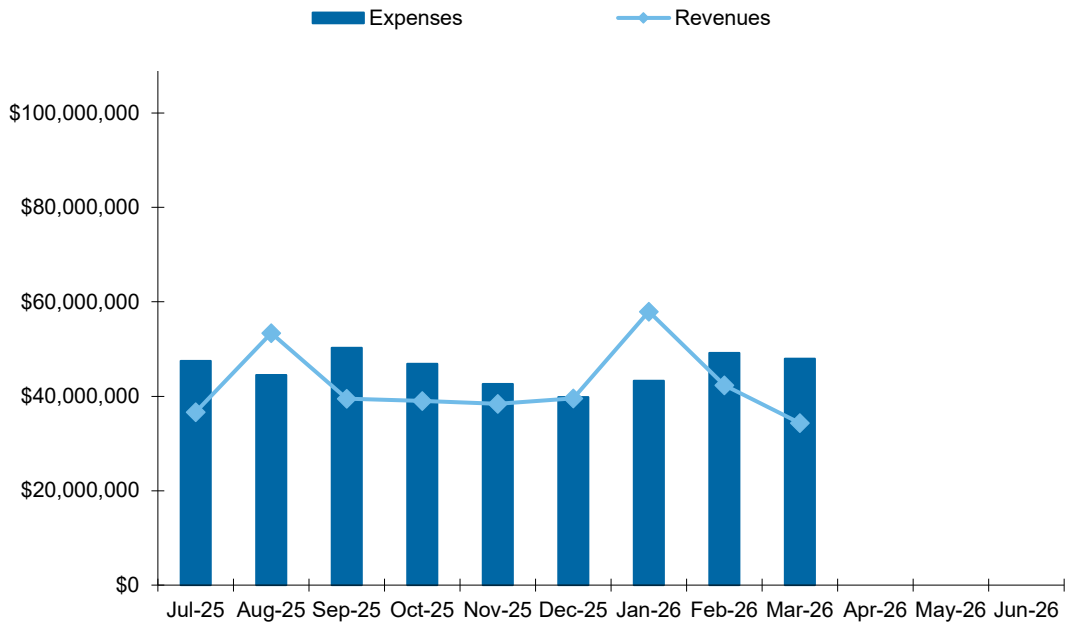
General Fund

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
Revenues				
Operating Work Order Recovery	\$ 11,692,932	\$ 8,766,562	\$ 11,673,527	\$ (19,405)
Other Revenue	580,000	-	580,000	-
General Fund Carryforward	567,852	567,852	567,852	(0)
Total Revenues	\$ 12,840,784	\$ 9,334,414	\$ 12,821,379	\$ (19,405)
Expenditures				
Personnel Services	\$ 5,566,321	\$ 3,837,951	\$ 5,428,775	\$ (137,546)
Mandatory Fringe Benefits	2,333,233	1,643,218	2,207,757	(125,476)
Non-personnel Services	2,749,964	1,530,593	2,717,963	(32,001)
Materials & Supplies	42,716	16,826	39,206	(3,510)
Services of Other Departments	2,148,551	1,286,339	2,080,280	(68,271)
Total Expenditures	\$ 12,840,784	\$ 8,314,926	\$ 12,473,981	\$ (366,802)
Balance	\$ -	\$ 1,019,488	\$ 347,398	\$ 347,397

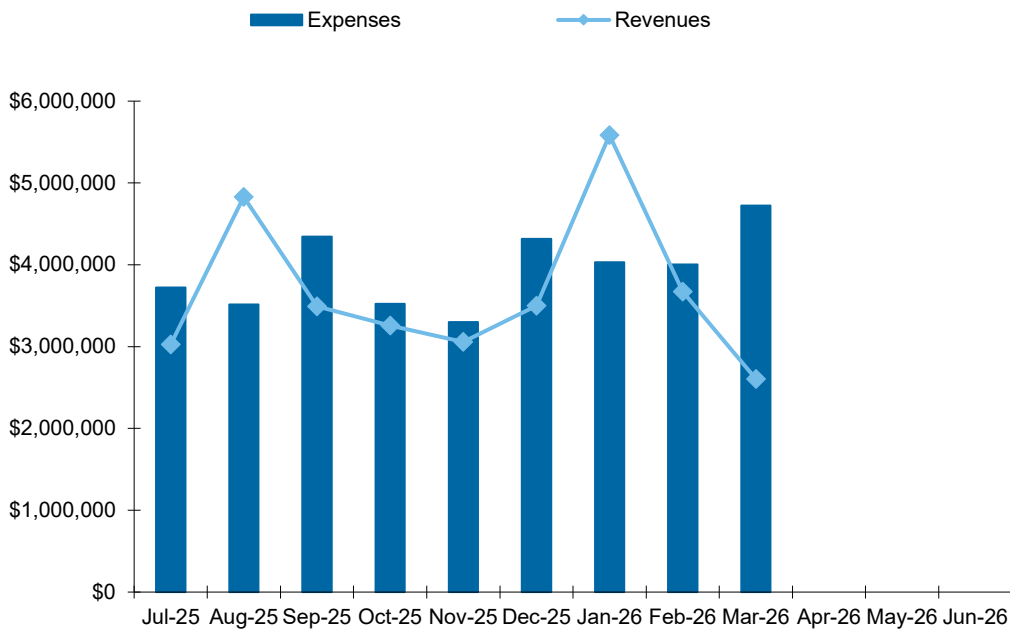
All Flex Funded Medical Plans

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 9 MONTHS ENDED MARCH 31, 2026

ACTIVE & RETIRED COMBINED	Year-To-Date Revenues	Year-To-Date Expenses	Year-To-Date Net
FLEX/SELF-INSURED PLANS			
Blue Shield Access+ HMO	\$ 215,813,659	\$ 230,261,527	\$ (14,447,869)
Blue Shield Trio HMO	78,140,690	81,718,937	(3,578,246)
Blue Shield and United PPO	54,201,578	64,536,221	(10,334,643)
Health Net Canopy Care	11,921,788	12,787,988	(866,200)
Delta Dental PPO- (Active only)	33,019,159	35,480,801	(2,461,641)
TOTAL FLEX/SELF-INSURED PLANS	393,096,875	424,785,474	(31,688,599)
FULLY INSURED PLANS			
Blue Shield MAPD	89,755,839	89,755,839	-
Kaiser-HMO	448,560,829	450,463,351	(1,902,522)
Vision Service Plan	8,934,174	8,934,174	(0)
Sub-total HMO	547,250,843	549,153,365	(1,902,522)
Delta Dental PPO - Retirees	16,512,232	16,512,232	-
Delta Care	659,043	659,043	(0)
UHC Dental	280,687	280,687	(0)
Sub-total Dental	17,451,961	17,451,962	(0)
Long Term/Short Term Disability	5,755,648	5,633,499	122,149
Flexible Benefits	4,465,290	4,262,959	202,331
Flexible Spending-Dependent Care	4,291,661	4,789,181	(497,521)
Flexible Spending -Medical Reimbursement	12,047,900	12,225,954	(178,054)
Healthcare Sustainability Fund (\$4.00/\$6.00)	3,035,197	2,099,284	935,913
Adoption & Surrogacy		64,590	(64,590)
Sub-total Other Benefits	29,595,696	29,075,467	520,229
TOTAL FULLY INSURED PLANS	594,298,500	595,680,793	(1,382,293)
SAVINGS AND INVESTMENTS			
Interest	2,924,070		2,924,070
TOTAL SAVINGS & INVESTMENTS	2,924,070	-	2,924,070
TOTAL FUNDS	\$ 990,319,444	\$ 1,020,466,267	\$ (30,146,823)

Supplemental Tables - Trust Fund Activity- with Prior Year

STATEMENTS OF REVENUES AND EXPENSES
FY 25-26 VS FY 24-25
YEAR-TO-DATE: MARCH 31, 2026

<i>ACTIVE & RETIRED COMBINED</i>	For 9 Months Ended March 31, 2026	For 9 Months Ended March 31, 2025	\$ Change	% Change	
FLEX/SELF-INSURED PLANS					
Blue Shield-Access+ HMO					
Revenues	\$ 215,813,659	\$ 201,207,978	\$ 14,605,680	7.3%	I
Expenses	(230,261,527)	(209,886,689)	(20,374,838)	9.7%	f
Net Blue Shield-Access Excess(Shortage)	(14,447,869)	(8,678,711)	(5,769,158)		
Blue Shield-Trio HMO					
Revenues	78,140,690	75,069,094	3,071,597	4.1%	I
Expenses	(81,718,937)	(78,897,194)	(2,821,743)	3.6%	f
Net Blue Shield-Trio Excess(Shortage)	(3,578,246)	(3,828,100)	249,854		
Blue Shield and United PPO					
Revenues	54,201,578	54,085,200	116,377	0.2%	
Expenses	(64,536,221)	(51,585,604)	(12,950,616)	25.1%	f
Net BSC and United PPO Excess(Shortage)	(10,334,643)	2,499,596	(12,834,239)		
Health Net Canopy Care					
Revenues	11,921,788	10,648,462	1,273,326	12.0%	d
Expenses	(12,787,988)	(10,004,938)	(2,783,050)	27.8%	f
Net Health Net Canopy Care Excess(Shortage)	(866,200)	643,524	(1,509,724)		
Delta Dental PPO (Active only)					
Revenues	33,019,159	31,423,325	1,595,834	5.1%	I
Expenses	(35,480,801)	(34,640,631)	(840,170)	2.4%	
Net Delta Dental PPO- (Active Only) Excess(Shortage)	(2,461,641)	(3,217,306)	755,665		
NET FLEX/SELF-INSURED PLANS	\$ (31,688,599)	\$ (12,580,997)	\$ (19,107,602)		

Notes:

- | | | |
|--|--|----------------------|
| a decrease in membership | e communic, wellness exp funded by \$6pmpm | I 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: MARCH 31, 2026

ACTIVE & RETIRED COMBINED	For 9 Months Ended March 31, 2026	For 9 Months Ended March 31, 2025	\$ Change	% Change	
FULLY INSURED PLANS					
Kaiser-HMO					
Revenues	\$ 448,560,829	\$ 430,083,322	\$ 18,477,508	4.3%	I
Expenses	(450,463,351)	(425,848,845)	(24,614,506)	5.8%	I
Net Kaiser- HMO Excess(Shortage)	(1,902,522)	4,234,477	(6,136,999)		
Blue Shield and UHC MAPD					b
Revenues	89,755,839	85,574,601	4,181,238	4.9%	I,d
Expenses	(89,755,839)	(85,574,601)	(4,181,238)	4.9%	I,d
Net ble Shield and UHC MAPD Excess(Shortage)	0	0	0		
Vision Service Plan, All (City Plan & HMO)					
Revenues	8,934,174	8,661,666	272,508	3.1%	I,d
Expenses	(8,934,174)	(8,571,937)	(362,238)	4.2%	I,d
Net Vision Service Plan Excess(Shortage)	(0)	89,729	(89,730)		
Delta Dental PPO - Retirees					
Revenues	16,512,232	15,755,849	756,383	4.8%	I,d
Expenses	(16,512,232)	(15,755,849)	(756,383)	4.8%	I,d
Net Delta Dental PPO - Retirees Excess(Shortage)	0	0	0		
Delta Care					
Revenues	659,043	686,905	(27,862)	-4.1%	
Expenses	(659,043)	(684,040)	24,997	-3.7%	
Net Delta Care Excess(Shortage)	(0)	2,865	(2,865)		
UHC Dental					
Revenues	280,687	309,815	(29,128)	-9.4%	a
Expenses	(280,687)	(304,123)	23,436	-7.7%	a
Net UHC Dental Excess(Shortage)	(0)	5,692	(5,692)		
Long Term/Short Term Disability					
Revenues	5,755,648	5,709,823	45,825	0.8%	
Expenses	(5,633,499)	(5,709,405)	75,906	-1.3%	
Net Long Term/Short Term Disability Excess(Shortage)	122,149	418	121,731		
Flexible Benefits					
Revenues	4,465,290	3,786,422	678,868	17.9%	k
Expenses	(4,262,959)	(3,786,422)	(476,538)	12.6%	g
Net Flexible Benefits Excess(Shortage)	202,331	0	202,331		
Flexible Spending-Dependent Care					
Revenues	4,291,661	4,632,173	(340,512)	-7.4%	c
Expenses	(4,789,181)	(4,815,407)	26,226	-0.5%	
Net Flexible Spending-Dependent Care Excess(Shortage)	(497,521)	(183,234)	(314,287)		
Flexible Spending -Medical Reimbursement					
Revenues	12,047,900	10,854,174	1,193,726	11.0%	g
Expenses	(12,225,954)	(10,639,269)	(1,586,685)	14.9%	f
Net Flexible Spending-Medical Reimbursement Excess(Shortage)	(178,054)	214,905	(392,959)		
Adoption & Surrogacy					
Expenses	(64,590)	(78,878)	14,288	-18.1%	
Healthcare Sustainability Fund (\$4.00/\$6.00)					
Revenues	3,035,197	2,160,130	875,067	40.5%	I,d
Expenses	(2,099,284)	(2,306,614)	207,331	-9.0%	e
Net Healthcare Sustainability Fund (\$4.00) Excess(Shortage)	935,913	(146,484)	1,082,398		
NET FULLY INSURED PLANS	(1,382,293)	4,139,491	(5,521,784)		
INVESTMENT INCOME AND OTHER					
Interest	2,924,070	2,948,795	(24,725)	-0.8%	o
TOTAL SAVINGS & INVESTMENTS	2,924,070	2,948,795	(24,726)		
TOTAL NET EXCESS (SHORTAGE)	\$ (30,146,823)	\$ (5,492,711)	\$ (24,654,112)		

Notes:

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|---|--|---|---|---|--------------------------|
| 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 |