

SAN FRANCISCO HEALTH SERVICE SYSTEM

Affordable, Quality Benefits & Well-Being

DATE: June 11, 2026
TO: Members of the Health Service Board
FROM: Teresa Tan, Chief Financial and Affordability Officer
SUBJECT: Health Service Board Financial Report as of April 30, 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 ten months ended April 30, 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 \$33.8M, primarily due to higher medical claims.
- Pharmacy rebates for the year projected to be \$22.1M.
- The Healthcare Sustainability Fund is projected to increase by \$0.9M, resulting in an ending balance of \$7.4M
- 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

SUMMARY	FY25-26	FY25-26	
	Year-to-Date Actual Net as of 04/30/26	Projected Year-End Annual Net	
Flex/Self Insurance			
Blue Shield-Access+	\$ (17,508,302)	\$ (19,345,055)	a)
Blue Shield-Trio	(2,333,843)	(2,551,473)	a)
Blue Shield PPO	(12,358,465)	(14,647,446)	b)
Health Net Canopy Care	(859,351)	(974,850)	c)
Delta Dental PPO, Actives	(2,109,137)	(2,061,764)	d)
Fully Insured Plans			
Medical HMOs	(845,609)	-	
Dental	0	-	
LTD/Flexible Benefits/FSA	(374,593)	-	
Healthcare Sustainability Fund (\$4.00/\$6.00)	1,149,408	939,735	(e)
Savings & Investments			
Interest	4,303,066	5,500,000	
Surrogacy and adoption	(96,885)	(96,885)	
Transfers Out	0	(580,000)	(f)
TOTAL	\$ (31,033,709)	\$ (33,817,737)	
Net assets			
Beginning of the year		101,580,997	
End of the year		\$ 67,763,260	

- (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 \$19.3M 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 \$2.6M 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 \$14.6M due to claim stabilization and higher claims.

Health Net Canopy Care

FYE balance is projected to decrease by \$1.0M due to claim stabilization and higher claims.

Delta Dental PPO (Actives Only) Self-Funded Plan

The FYE balance is projected to decrease by \$2.1M 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 increase by \$0.9M to a total of \$7.4M.

	FY 25-26 Budget + ADJ C/F	FY 25-26 Actuals Apr YTD	FY25-26 Projection
REVENUE SOURCES			
Annual Revenues	\$ 4,371,120	\$ 3,470,875	\$ 4,342,231
Carryforward from Fund Balance	5,143,777	6,413,208	6,413,208
TOTAL	\$ 9,514,897	\$ 9,884,083	\$ 10,755,439
EXPENDITURE USES			
Personnel	\$ 2,919,350	\$ 1,969,327	\$ 2,537,179
Administrative	45,000	3,924	26,810
Member Communications	1,211,085	386,322	470,039
Communications - Other	966,833	76,290	312,407
Well-Being	479,194	6,293	40,336
Initiatives to Reduce Health Care Costs	605,333	(120,690)	15,725
TOTAL	\$ 6,226,796	\$ 2,321,467	\$ 3,402,496
REV - EXP (excl. carry forward bal)	(1,855,676)	1,149,408	939,735
BALANCE	\$ 3,288,101	\$ 7,562,616	\$ 7,352,943

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

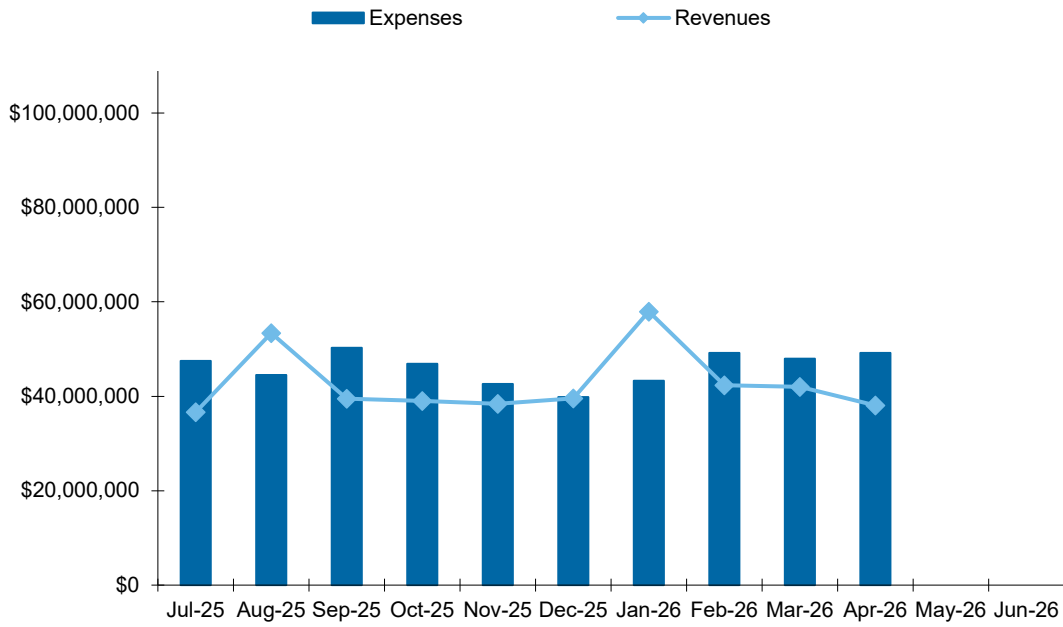
General Fund

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	\$ 9,740,071	\$ 11,687,089	\$ (5,843)
Other Revenue	580,000	-	300,000	(280,000)
General Fund Carryforward	567,852	567,852	567,852	(0)
Total Revenues	\$ 12,840,784	\$ 10,307,923	\$ 12,554,941	\$ (285,843)
Expenditures				
Personnel Services	\$ 5,566,321	\$ 4,272,547	\$ 5,150,049	\$ (416,272)
Mandatory Fringe Benefits	2,333,233	1,842,348	2,317,522	(15,711)
Non-personnel Services	2,749,964	1,698,581	2,591,876	(158,088)
Materials & Supplies	42,716	22,059	42,059	(657)
Services of Other Departments	2,148,551	1,379,471	1,988,551	(160,000)
Total Expenditures	\$ 12,840,784	\$ 9,215,006	\$ 12,090,057	\$ (750,727)
Balance	\$ -	\$ 1,092,918	\$ 464,884	\$ 464,884

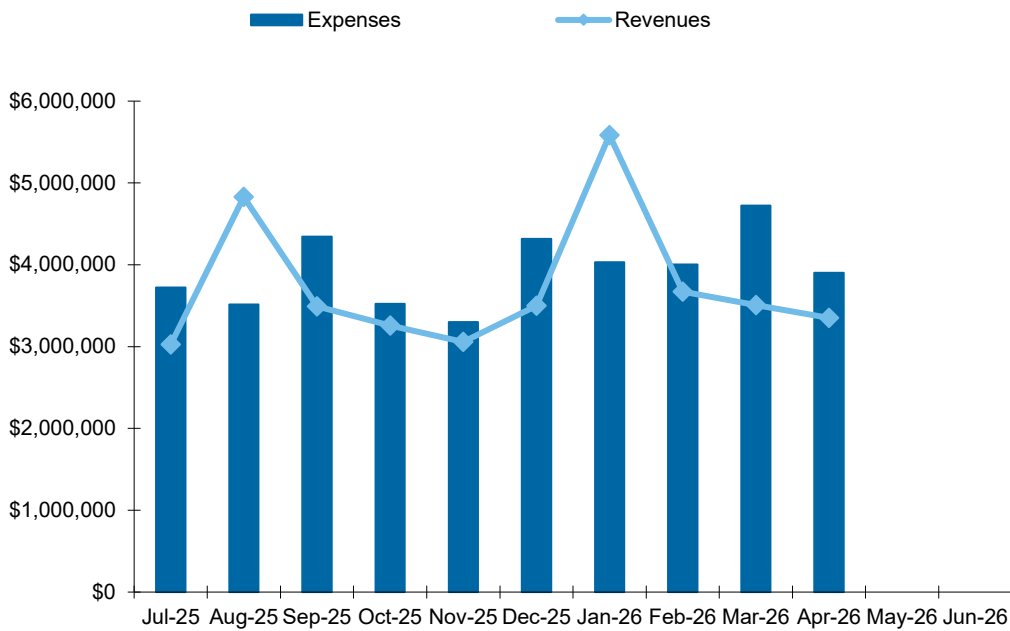
All Flex Funded Medical Plans

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 10 MONTHS ENDED APRIL 30, 2026

ACTIVE & RETIRED COMBINED	Year-To-Date Revenues	Year-To-Date Expenses	Year-To-Date Net
FLEX/SELF-INSURED PLANS			
Blue Shield Access+ HMO	\$ 241,600,544	\$ 259,108,846	\$ (17,508,302)
Blue Shield Trio HMO	87,281,176	89,615,019	(2,333,843)
Blue Shield and United PPO	60,734,851	73,093,316	(12,358,465)
Health Net Canopy Care	13,508,276	14,367,627	(859,351)
Delta Dental PPO- (Active only)	37,272,933	39,382,070	(2,109,137)
TOTAL FLEX/SELF-INSURED PLANS	440,397,781	475,566,877	(35,169,097)
FULLY INSURED PLANS			
Blue Shield MAPD	100,051,245	100,051,245	-
Kaiser-HMO	503,101,328	503,946,938	(845,609)
Vision Service Plan	9,951,604	9,951,604	0
Sub-total HMO	613,104,177	613,949,786	(845,609)
Delta Dental PPO - Retirees	18,375,630	18,375,630	-
Delta Care	727,370	727,370	0
UHC Dental	310,318	310,318	0
Sub-total Dental	19,413,317	19,413,317	0
Long Term/Short Term Disability	6,222,232	6,100,344	121,888
Flexible Benefits	4,996,171	4,790,999	205,172
Flexible Spending-Dependent Care	4,806,850	5,167,650	(360,800)
Flexible Spending -Medical Reimbursement	13,448,885	13,789,738	(340,853)
Healthcare Sustainability Fund (\$4.00/\$6.00)	3,470,875	2,321,467	1,149,408
Adoption & Surrogacy		96,885	(96,885)
Sub-total Other Benefits	32,945,014	32,267,084	677,930
TOTAL FULLY INSURED PLANS	665,462,508	665,630,187	(167,679)
SAVINGS AND INVESTMENTS			
Interest	4,303,066		4,303,066
TOTAL SAVINGS & INVESTMENTS	4,303,066		4,303,066
			-
TOTAL FUNDS	\$ 1,110,163,355	\$ 1,141,197,064	\$ (31,033,709)

Supplemental Tables - Trust Fund Activity- with Prior Year

STATEMENTS OF REVENUES AND EXPENSES
FY 25-26 VS FY 24-25
YEAR-TO-DATE: APRIL 30, 2026

ACTIVE & RETIRED COMBINED	For 10 Months Ended April 30, 2026	For 10 Months Ended April 30, 2025	\$ Change	% Change	
FLEX/SELF-INSURED PLANS					
Blue Shield-Access+ HMO					
Revenues	\$ 241,600,544	\$ 223,742,398	\$ 17,858,146	8.0%	l
Expenses	(259,108,846)	(233,731,350)	(25,377,496)	10.9%	f
Net Blue Shield-Access Excess(Shortage)	(17,508,302)	(9,988,952)	(7,519,349)		
Blue Shield-Trio HMO					
Revenues	87,281,176	83,625,676	3,655,500	4.4%	l
Expenses	(89,615,019)	(88,511,823)	(1,103,196)	1.2%	f
Net Blue Shield-Trio Excess(Shortage)	(2,333,843)	(4,886,147)	2,552,304		
Blue Shield and United PPO					
Revenues	60,734,851	69,328,935	(8,594,084)	-12.4%	
Expenses	(73,093,316)	(66,991,920)	(6,101,396)	9.1%	f
Net BSC and United PPO Excess(Shortage)	(12,358,465)	2,337,016	(14,695,480)		
Health Net Canopy Care					
Revenues	13,508,276	11,850,117	1,658,160	14.0%	d
Expenses	(14,367,627)	(11,164,521)	(3,203,106)	28.7%	f
Net Health Net Canopy Care Excess(Shortage)	(859,351)	685,596	(1,544,946)		
Delta Dental PPO (Active only)					
Revenues	37,272,933	34,713,930	2,559,003	7.4%	l
Expenses	(39,382,070)	(39,473,053)	90,983	-0.2%	
Net Delta Dental PPO- (Active Only) Excess(Shortage)	(2,109,137)	(4,759,122)	2,649,986		
NET FLEX/SELF-INSURED PLANS	\$ (35,169,097)	\$ (16,611,610)	\$ (18,557,487)		

Notes:

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|--|---|----------------------|
| a decrease in membership | e communic, wellness exp funded by \$6mpm | 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

ACTIVE & RETIRED COMBINED	For 10 Months Ended April 30, 2026	For 10 Months Ended April 30, 2025	\$ Change	% Change	
FULLY INSURED PLANS					
Kaiser-HMO					
Revenues	\$ 503,101,328	\$ 477,818,598	\$ 25,282,730	5.3%	l
Expenses	(503,946,938)	(474,680,571)	(29,266,366)	6.2%	l
Net Kaiser- HMO Excess(Shortage)	(845,609)	3,138,027	(3,983,637)		
Blue Shield and UHC MAPD					b
Revenues	100,051,245	85,574,601	14,476,643	16.9%	l,d
Expenses	(100,051,245)	(85,574,601)	(14,476,643)	16.9%	l,d
Net ble Shield and UHC MAPD Excess(Shortage)	0	0	0		
Vision Service Plan, All (City Plan & HMO)					
Revenues	9,951,604	9,625,566	326,038	3.4%	l,d
Expenses	(9,951,604)	(9,556,634)	(394,969)	4.1%	l,d
Net Vision Service Plan Excess(Shortage)	0	68,931	(68,931)		
Delta Dental PPO - Retirees					
Revenues	18,375,630	17,544,285	831,345	4.7%	l,d
Expenses	(18,375,630)	(17,544,285)	(831,345)	4.7%	l,d
Net Delta Dental PPO - Retirees Excess(Shortage)	0	0	0		
Delta Care					
Revenues	727,370	759,161	(31,791)	-4.2%	
Expenses	(727,370)	(759,687)	32,317	-4.3%	
Net Delta Care Excess(Shortage)	0	(526)	526		
UHC Dental					
Revenues	310,318	339,904	(29,586)	-8.7%	a
Expenses	(310,318)	(336,071)	25,754	-7.7%	a
Net UHC Dental Excess(Shortage)	0	3,833	(3,833)		
Long Term/Short Term Disability					
Revenues	6,222,232	6,339,092	(116,860)	-1.8%	
Expenses	(6,100,344)	(6,339,092)	238,748	-3.8%	
Net Long Term/Short Term Disability Excess(Shortage)	121,888	0	121,888		
Flexible Benefits					
Revenues	4,996,171	4,193,901	802,271	19.1%	k
Expenses	(4,790,999)	(4,193,901)	(597,099)	14.2%	g
Net Flexible Benefits Excess(Shortage)	205,172	0	205,172		
Flexible Spending-Dependent Care					
Revenues	4,806,850	5,157,527	(350,677)	-6.8%	c
Expenses	(5,167,650)	(5,197,101)	29,451	-0.6%	
Net Flexible Spending-Dependent Care Excess(Shortage)	(360,800)	(39,574)	(321,227)		
Flexible Spending -Medical Reimbursement					
Revenues	13,448,885	12,136,703	1,312,182	10.8%	g
Expenses	(13,789,738)	(12,000,975)	(1,788,763)	14.9%	f
Net Flexible Spending-Medical Reimbursement Excess(Shortage)	(340,853)	135,728	(476,581)		
Adoption & Surrogacy					
Expenses	(96,885)	(78,878)	(18,008)	22.8%	
Healthcare Sustainability Fund (\$4.00/\$6.00)					
Revenues	3,470,875	2,449,802	1,021,073	41.7%	l,d
Expenses	(2,321,467)	(2,721,860)	400,393	-14.7%	e
Net Healthcare Sustainability Fund (\$4.00) Excess(Shortage)	1,149,408	(272,058)	1,421,466		
NET FULLY INSURED PLANS	(167,679)	2,955,484	(3,123,163)		
INVESTMENT INCOME AND OTHER					
Interest	4,303,066	2,948,795	1,354,271	45.9%	o
TOTAL SAVINGS & INVESTMENTS	4,303,066	2,948,795	1,354,271		
TOTAL NET EXCESS (SHORTAGE)	\$ (31,033,709)	\$ (10,707,331)	\$ (20,326,379)		

Notes:

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|--|---|----------------------------|
| a decrease in membership | e communic, wellness exp funded by \$6mpm | 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 |