

SAN FRANCISCO HEALTH SERVICE SYSTEM

Affordable, Quality Benefits & Well-Being

DATE: August 8, 2024
TO: Members of the Health Service Board
FROM: Iftikhar Hussain, Chief Financial Officer
SUBJECT: Health Service Board Financial Report as of May 31, 2024

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 eleven months ending May 31, 2024. Note that the graphs formats have changed slightly in this month's report due to conversion to CCSF standard Power BI from Tableau.

Executive Summary

Trust Fund and Health Sustainability Fund

- The FYE trust balance is projected to decrease by \$5.3M mainly due to \$14.9M rate stabilization and use of Sutter settlement to buy down rates and favorable claims.
- Medical and dental claims for the first eleven months were \$4M higher than planned due to an uptick in medical utilization in May in all of the flex funded plans.
- Pharmacy rebates - \$18M were received in the first eleven months. The projected annual rebates are \$20M and included in the net claims above.
- The Healthcare Sustainability Fund balance is projected to increase by \$1.4M.
- Projected interest income is \$5.2M for the year.

General Fund

Net activity is ahead of budget mainly due to vacancies.

Trust Fund and Health Sustainability Fund with FYE Projection

SUMMARY	FY23-24	FY23-24
	Year-to-Date Actual Net as of 05/31/24	Projected Year-End Annual Net
Flex/Self Insurance		
Blue Shield-Access+	(11,931,788)	(8,282,935) (a), (h)
Blue Shield-Trio	(8,348,582)	(7,092,737) (a)
Blue Shield and United PPO	4,306,569	5,665,873 (b)
Health Net Canopy Care	1,477,678	-
Delta Dental PPO, Actives	(3,420,120)	(3,826,494) (c)
Fully Insured Plans		
Medical HMOs	6,094,995	-
Dental	572	-
LTD/Flexible Benefits/FSA/Health Net Canopy Care	323,071	-
Healthcare Sustainability Fund (\$3.00)	1,347,195	1,390,130 (d)
Savings & Investments		
Interest	3,932,843	5,243,791
Performance guarantees	1,933,708	2,098,128 (e)
Surrogacy and adoption	(78,443)	(78,443)
Transfers Out	0	(460,000) (g)
TOTAL	(4,362,300)	(5,342,687)
Net assets		
Beginning of the year		104,744,471
End of the year		99,401,784

(a) Annual Projection is net of claim stabilization of \$1.7 million to increase 2024 rates, \$3.3 million to decrease 2023 rates, Pharmacy rebate of \$23.6 million, and settlement distribution of \$2.2 million, settlement for rate buydown of \$5.9 million

(b) Annual Projection is net of claim stabilization of \$0.4 million to increase 2024 rates, \$0.2 million to increase 2023 rates, and Pharmacy rebate of \$4.3 million

(c) Annual Projection is net of claim stabilization of \$3.7 million to reduce 2024 rates and \$2.7 million to reduce 2023 rates

(d) \$3.00 per member per month for communications, wellness, actuarial work; is part of a total premium.

(e) Reflects performance guarantees received in FY 2023-2024

(f) Reflects use of fund balance

(g) Transfer of \$0.5M from forfeitures to General Fund.

(h) Includes \$2.2M Sutter settlement distribution

Analysis by Fund

Blue Shield Access+ Flex Funded Plan

Projected FYE balance expected to decrease by \$8.3M due to rate stabilization and use of Sutter settlement received in the prior year to reduce rates.

Blue Shield Trio Flex-Funded Plan

FYE balance projected to decrease by \$7M due rate stabilization and use of Sutter settlement to reduce rates.

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 of \$5.7M due to low claims.

Delta Dental PPO (Actives Only) Self-Funded Plan

The FYE balance is projected to decrease by \$3.8M 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 updated FY 2024 budget includes carry forwards for commitments made before June 30, 2023.

The projected FYE balance will increase by \$1.4M due to Blue Shield wellness and communications reimbursement.

SAN FRANCISCO HEALTH SERVICE SYSTEM <small>Affordable, Quality Benefits & Well-Being</small>		Healthcare Sustainability Fund FY 2023-24					
	FY 2022-23 Expenditures June YTD	FY2023-24 Budget Request (HSS Board Approved)	FY2023-24 Carryforward Budget	FY2023-24 Adjustments	FY 2023-24 Revised Budget + Adj C/F	FY 2023-24 Actuals May YTD	FY 2023-24 Projection
REVENUE SOURCES							
Annual Revenues	\$ 2,526,489	\$ 2,553,643		\$ -	\$ 2,553,643	\$ 2,348,892	\$ 2,564,406
Other Revenue						\$ 1,010	\$ 1,010
Carryforward from Fund Balance	4,437,175	4,921,157	264,572	-	5,185,729	5,185,729	5,185,729
TOTAL	\$ 6,963,664	\$ 7,474,800	\$ 264,572	\$ -	\$ 7,739,372	\$ 7,535,631	\$ 7,751,145
EXPENDITURE USES							
Personnel	\$ 810,927	\$ 1,376,559		\$ -	\$ 1,376,559	\$ 692,692	\$ 810,051
Administrative	10,266	45,500	2,431	-	47,931	2,803	-
Member Communications	494,925	668,000	122,756	-	790,756	(215,953)	(201,487)
Communications - Other	179,342	696,576	40,138	-	736,714	190,215	126,804
Well-Being	124,980	449,500	70,788	-	520,288	(76,862)	(26,442)
Initiatives to Reduce Health Care Costs	422,067	312,773	28,458	23,118	364,349	409,812	465,351
Other Projects	-	-	-	-	-	-	-
TOTAL	\$ 2,042,507	\$ 3,548,908	\$ 264,572	\$ 23,118	\$ 3,836,597	\$ 1,002,707	\$ 1,174,277
REVENUE - EXP. (excl. carry forward fund balance)	483,982	(995,265)	(264,572)	(23,118)	(1,282,955)	1,346,185	1,390,130
BALANCE	\$ 4,921,157	\$ 3,925,892	\$ 0	\$ (23,118)	\$ 3,902,775	\$ 6,532,925	\$ 6,576,869

Pharmacy Rebates

\$18.4M was received in the first eleven months. The projection for the year is \$20M.

	Actual	Projected FYE 2024
BSC Access+	10,636,540	11,603,498
BSC Trio	4,591,877	5,009,321
UHC and BS PPO	2,946,171	3,214,005
HealthNet	196,237	214,077
Total	18,370,825	20,040,900

General Fund

The FY 2024 budget has been adjusted for carryforward commitments made before June 31, 2023. Net activity is ahead of budget mainly due to vacancies. The \$524K favorable projection for the year includes \$228K mid-year reductions.

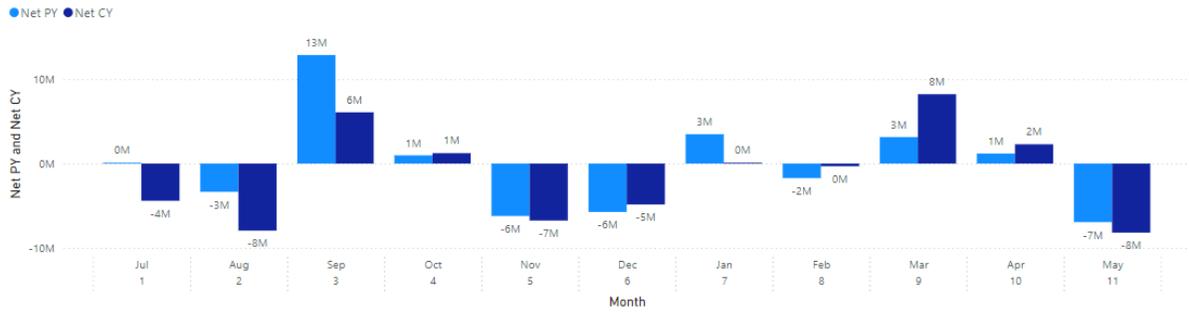


General Fund Administration Budget FY 2023-24

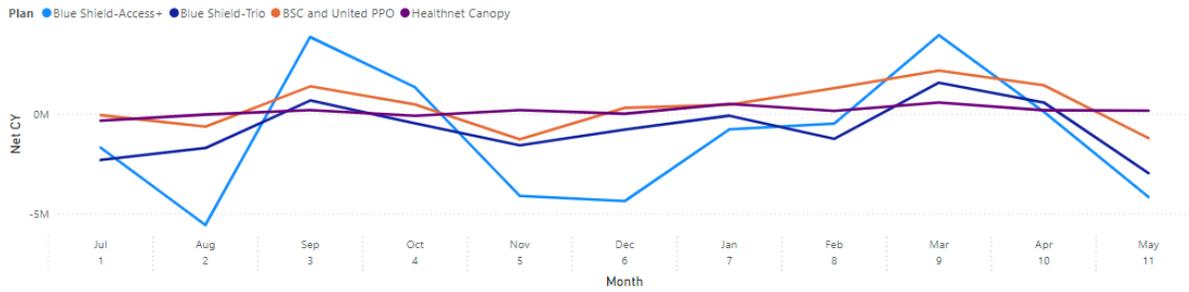
ANNUALIZED AS OF 05/31/24							
	FY 2023-24 Approved Budget	FY2023-24 Carryforward Budget	FY2023-24 Adjustments	FY 2023-24 Revised Budget	Total Actual YTD	FY 2023-24 Projection	Fav/(Unfav) Variance
REVENUES							
Non-Operating Revenue	\$ 9,131		\$ -	\$ 9,131	\$ -	\$ -	\$ (9,131)
Operating Work Order Recovery	13,392,951	-	130,834	13,523,785	12,316,004	13,480,785	(43,000)
Other Revenue	460,000		-	460,000	-	460,000	-
General Fund Carryforward	-	709,061		709,061	709,061	709,061	-
Interfund Transfer	-			-	-	-	-
TOTAL REVENUES	\$ 13,862,082	\$ 709,061	\$ 130,834	\$ 14,701,977	\$ 13,025,065	\$ 14,649,846	\$ (52,131)
EXPENDITURES							
Personnel Services	\$ 6,308,915		\$ (208,326)	\$ 6,100,589	\$ 5,315,954	\$ 5,906,403	\$ (194,185)
Mandatory Fringe Benefits	2,613,811		(104,481)	2,509,330	2,203,035	2,431,745	(77,585)
Non-personnel Services	2,522,965	525,170	52,615	3,100,750	2,488,679	3,148,141	47,391
Materials & Supplies	44,459	8,768	34,652	87,879	43,864	53,227	(34,652)
Services of Other Departments	2,371,932	175,122	356,374	2,903,428	2,348,058	2,586,046	(317,382)
				-	-	-	-
TOTAL EXPENDITURES	\$ 13,862,082	\$ 709,061	\$ 130,834	\$ 14,701,977	\$ 12,399,590	\$ 14,125,563	\$ (576,414)
BALANCE	\$ -	\$ 0	\$ -	\$ 0	\$ 625,475	\$ 524,283	\$ 524,283

All Flex Funded Medical Plans

Net Change by Month



Net Change by Month and Plan

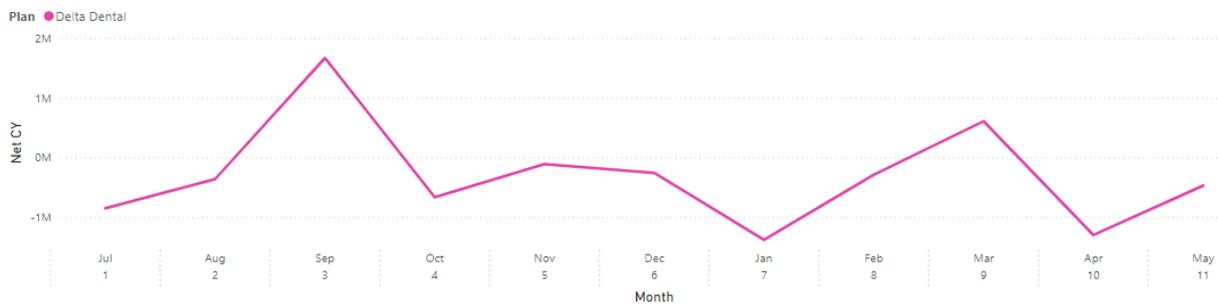


Dental

Net Change by Month



Net Change by Month and Plan

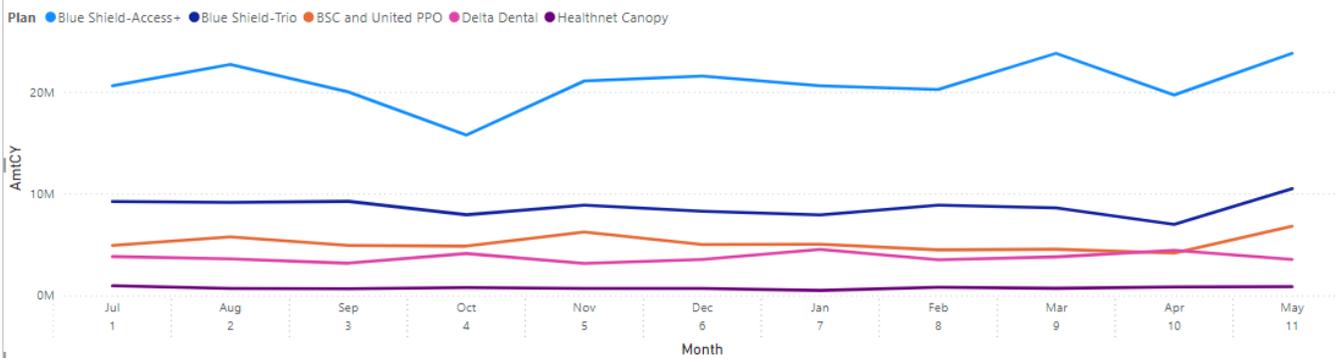


Medical And Dental Expenses by Plan

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 2023-2024 FOR 11 MONTHS ENDED MAY 31, 2024		
<i>ACTIVE & RETIRED COMBINED</i>	Year-To-Date Revenues	Year-To-Date Expenses	Year-To-Date Net Excess (Shortage)
FLEX/SELF-INSURED PLANS			
Blue Shield Access+ HMO*, **	217,717,018	229,648,806	(11,931,788)
Blue Shield Trio HMO*	87,135,923	95,484,504	(8,348,582)
Blue Shield and United PPO	60,944,944	56,638,375	4,306,569
UHC Administere PPO*	-	-	-
Health Net Canopy Care	9,606,691	8,129,013	1,477,678
Delta Dental PPO- (Active only)	37,695,040	41,115,160	(3,420,120)
TOTAL FLEX/SELF-INSURED PLANS	413,099,615	431,015,858	(17,916,242)
FULLY INSURED PLANS			
UHC MAPD	94,603,039	94,603,039	-
Kaiser-HMO	478,257,566	472,182,015	6,075,551
Vision Service Plan	10,019,560	10,000,117	19,443
Sub-total HMO	582,880,166	576,785,171	6,094,995
Delta Dental PPO - Retirees	18,511,439	18,511,439	-
Delta Care	777,919	777,968	(49)
UHC Dental	376,376	375,754	622
Sub-total Dental	19,665,734	19,665,161	572
Long Term/Short Term Disability	6,605,735	6,610,767	(5,032)
Flexible Benefits	4,141,270	4,141,270	0
Flexible Spending-Dependent Care	5,678,295	5,738,680	(60,385)
Flexible Spending -Medical Reimbursement	11,544,622	11,156,134	388,488
Healthcare Sustainability Fund (\$3.00)	2,349,902	1,002,707	1,347,195
Adoption & Surrogacy	-	78,443	(78,443)
Sub-total Other Benefits	30,319,823	28,727,999	1,591,824
TOTAL FULLY INSURED PLANS	632,865,723	625,178,331	7,687,392
SAVINGS AND INVESTMENTS			
Interest	3,932,843	-	3,932,843
Performance guarantees	1,933,708	-	1,933,708
Forfeitures	-	-	-
TOTAL SAVINGS & INVESTMENTS	5,866,551	-	5,866,551
TRANSFERS OUT OF FORFEITURES			
			0
TOTAL FUNDS	1,051,831,889	1,056,194,189	(4,362,300)

* Expenses are net of pharmacy rebates - see report for details, ** includes Sutter settlement

Supplemental Tables - Trust Fund Activity- with Prior Year



**STATEMENTS OF REVENUES AND EXPENSES
FY 2023-2024 VS FY 2022-2023
YEAR-TO-DATE: MAY 31, 2024**

<i>ACTIVE & RETIRED COMBINED</i>	For 11 Months Ended May 31, 2024	For 11 Months Ended May 31, 2023	\$ Change	% Change
FLEX/SELF-INSURED PLANS				
Blue Shield-Access+ HMO				
Revenues	217,717,018	217,342,838	374,180	0.2% b
Expenses	(229,648,806)	(222,860,363)	(6,788,443)	3.0% f
Net Blue Shield-Access Excess(Shortage)	(11,931,788)	(5,517,525)	(6,414,263)	116.3%
Blue Shield-Trio HMO				
Revenues	87,135,923	90,579,188	(3,443,266)	-3.8%
Expenses	(95,484,504)	(89,861,828)	(5,622,676)	6.3% i
Net Blue Shield-Trio Excess(Shortage)	(8,348,582)	717,360	(9,065,942)	-1263.8%
Blue Shield and United PPO				
Revenues	60,944,944	50,222,914	10,722,030	21.3%
Expenses	(56,638,375)	(48,231,440)	(8,406,935)	17.4%
Net BSC and United PPO Excess(Shortage)	4,306,569	1,991,473	2,315,095	
Health Net Canopy Care				
Revenues	9,606,691	4,733,524	4,873,167	
Expenses	(8,129,013)	(4,181,634)	(3,947,379)	
Net Health Net Canopy Care Excess(Shortage)	1,477,678	551,890	925,787	
Delta Dental PPO (Active only)				
Revenues	37,695,040	35,530,961	2,164,079	6.1% h
Expenses	(41,115,160)	(39,376,783)	(1,738,377)	4.4% i
Net Delta Dental PPO- (Active Only) Excess(Shortage)	(3,420,120)	(3,845,821)	425,702	-11.1%
NET FLEX/SELF-INSURED PLANS	(17,916,242)	(6,102,622)	(11,813,620)	193.6%

Notes:

- a decrease in membership
- b Sutter Settlement
- c decrease in deductions
- d increase in membership

- e \$3 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)

SAN FRANCISCO HEALTH SERVICE SYSTEM <small>Affordable, Quality Benefits & Well-Being</small>				
STATEMENTS OF REVENUES AND EXPENSES FY 2023-2024 VS FY 2022-2023 YEAR-TO-DATE: MAY 31, 2024				
<i>ACTIVE & RETIRED COMBINED</i>	For 11 Months Ended May 31, 2024	For 11 Months Ended May 31, 2023	\$ Change	% Change
FULLY INSURED PLANS				
Kaiser-HMO				
Revenues	478,257,566	444,151,606	34,105,961	7.7% d
Expenses	(472,182,015)	(439,944,302)	(32,237,713)	7.3% d, l
Net Kaiser- HMO Excess(Shortage)	6,075,551	4,207,304	1,868,248	44.4% K
UHC MAPD				
Revenues	94,603,039	84,952,660	9,650,379	11.4% d, l
Expenses	(94,603,039)	(84,952,660)	(9,650,379)	11.4% d, l
Net UHC MAPD Excess(Shortage)	0	0	0	
Vision Service Plan, All (City Plan & HMO)				
Revenues	10,019,560	9,110,034	909,526	10.0% d, l
Expenses	(10,000,117)	(9,083,442)	(916,675)	10.1% d, l
Net Vision Service Plan Excess(Shortage)	19,443	26,592	(7,149)	-26.9%
Delta Dental PPO - Retirees				
Revenues	18,511,439	17,218,969	1,292,470	7.5%
Expenses	(18,511,439)	(17,218,969)	(1,292,470)	7.5%
Net Delta Dental PPO - Retirees Excess(Shortage)	0	0	0	
Delta Care				
Revenues	777,919	726,497	51,422	7.1%
Expenses	(777,968)	(723,724)	(54,244)	7.5%
Net Delta Care Excess(Shortage)	(49)	2,773	(2,822)	-101.8%
UHC Dental				
Revenues	376,376	373,106	3,270	0.9%
Expenses	(375,754)	(370,986)	(4,768)	1.3%
Net UHC Dental Excess(Shortage)	622	2,120	(1,498)	-70.7%
Long Term/Short Term Disability				
Revenues	6,605,735	7,915,818	(1,310,083)	-16.6%
Expenses	(6,610,767)	(7,194,429)	583,662	-8.1%
Net Long Term/Short Term Disability Excess(Shortage)	(5,032)	721,389	(726,421)	-100.7% k
Flexible Benefits				
Revenues	4,141,270	3,856,293	284,976	7.4% g
Expenses	(4,141,270)	(3,856,221)	(285,048)	7.4% g
Net Flexible Benefits Excess(Shortage)	0	72	(72)	
Flexible Spending-Dependent Care				
Revenues	5,678,295	4,869,980	808,315	16.6% c
Expenses	(5,738,680)	(4,565,842)	(1,172,837)	25.7% c
Net Flexible Spending-Dependent Care Excess(Shortage)	(60,385)	304,138	(364,522)	-119.9%
Flexible Spending -Medical Reimbursement				
Revenues	11,544,622	10,306,010	1,238,612	12.0% g
Expenses	(11,156,134)	(10,006,021)	(1,150,113)	11.5% f
Net Flexible Spending-Medical Reimbursement Excess(Shortage)	388,488	299,989	88,499	29.5%
Adoption & Surrogacy				
Expenses	(78,443)	(79,883)	1,440	
Healthcare Sustainability Fund (\$3.00)				
Revenues	2,349,902	2,316,504	33,398	1.4%
Expenses	(1,002,707)	(1,817,376)	814,669	-44.8% e
Net Healthcare Sustainability Fund (\$3.00) Excess(Shortage)	1,347,195	499,128	848,067	169.9%
NET FULLY INSURED PLANS	7,687,392	5,983,623	1,703,769	28.5%
SAVINGS AND INVESTMENTS				
Interest	3,932,843	2,123,842	1,809,001	
Performance guarantees	1,933,708	1,826,918	106,790	
Forfeitures	0	0	0	
TOTAL SAVINGS & INVESTMENTS	5,866,551	3,950,760	1,915,791	1616.8%
TOTAL NET EXCESS (SHORTAGE)	(4,362,300)	3,831,760	(8,194,060)	-213.8%

Notes:

- | | |
|--------------------------|---|
| a decrease in membership | e \$3 per member per month for communications, wellness |
| b Sutter Settlement | f increase in claims |
| c decrease in deductions | g increase in deductions |
| d increase in membership | h decrease in rates |
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