

Proposed SFHSS Healthcare Sustainability Budget FYE 2026 and FYE 2027

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Background and Board Action

- Healthcare Sustainability Fund (HSF) was established under San Francisco City Charter Section A8.423
- The HSF budget covers annual activities and multiyear implementation of strategic initiatives to improve the member service experience, mitigate rising healthcare costs, and invest in the Well-Being of all members.
- Accumulated funds are accessed for large one-time projects.
- Projects include:
 - An updated member communications plan
 - Self-servicing eBenefits
 - Telephony replacement including the integration with customer relationship management (CRM)
 - Software, operating the All-Payer Claims Database
- Recommendation to the Board
 - APPROVE SAN FRANCISCO HEALTH SERVICE SYSTEM FYE 2026 AND FYE 2027 PROPOSED HEALTHCARE SUSTAINABILITY FUND BUDGET INCLUDING INCREASING THE ASSESSMENT TO \$6 BEGINNING WITH PLAN YEAR 2026

HSS Budgets

General Fund - \$12.7M

- Targeted ongoing reduction of \$600K
- Rates negotiation and RFPs
- Manage flex funded plans
- Well-Being activities to promote health
- Mental Health EAP services
- Member support for open enrollment and benefit plan transition support

Healthcare Sustainability Fund - \$5.5M

- Use for member communications, programs to reduce healthcare costs and member well-being programs
- Currently funded with \$4 pmpm charge in benefit costs. Proposed increase to \$6 pmpm in plan year 2026 to keep the fund solvent
- Annual revenue of \$5.2M

HSF Budget Highlights

- No net change in HSF (FTEs) in the first year and a reduction of one member services position in the second year
- Dependent Eligibility Verification Audit (DEVA) infrastructure costs
- Member services peak time open enrollment call center support
- Member services phone and software integration enhancements to improve efficiency and response time
- Aon audit and RFP support

HSF Budget by Division and Projects

(in thousands)

	FYE 26	FYE 27	Comments
Payroll			
Salaries	2,023	1,986	Salaries for Employees Budgeted in Trust
Mandatory Fringe Benefits	897	880	MFB for Employees Budgeted in Trust
Payroll Total	2,919	2,866	
Admin Services			
Administrative Services for Board Meetings, Trainings, Mailings	45	45	Administrative costs for Board Meetings, Trainings, Mailings
Communications Team			
Open Enrollment	362	400	Printed Materials for Open Enrollment
Website Redesign 3.0	125	50	SFHSS.org website redesign for DIAS
Peak Time Call Center Support	100	100	Call Center Needs during Open Enrollment
Communications Other	145	145	Postage, Mailings, Interpretations Services
Communications Total	732	695	
Communications - Other (ESA Group)			
DEVA Project (Dependent Employee Verification Audit)	300	300	Audit of Dependents to verify if they are eligible for coverage
Peoplesoft, ECM Integration Project	225	225	Project to integrate all of our software platforms so that they work together.
Salesforce Licenses	155	170	Annual License Fees for Member Services
Communications-Other	265	335	Other ESA funding needs
Communications-Other Total	944	1,030	
Well-Being			
Trainings, Workshops, Activities	100	100	Wellness seminars, Healthy Eating Programs, Group Exercise Classes
Well-Being Targeted Interventions with Departments	100	100	Project with individual departments to increase their Well-Being Initiatives
Diabetes Prevention Program	70	55	YMCA program for groups to learn how to prevent and control their diabetes.
Well-Being Other	166	152	Other Well-Being Initiatives
Well-Being Total	336	307	
Initiatives to Reduce Healthcare			
AON Audits and Other Services as Needed	286	261	AON Audits and Services
Organization Memberships	120	143	PBGH, Catalys for Payment Reform, Integrated Health Association
Detailed rates calculator	50	50	Fees for maintenance on the new rate calculator SQL Server
Initiatives to Reduce Healthcare Total	170	193	
Total Budget	5,532	5,497	

HSF Budget FTEs by Division

Increase in HSF FTEs mainly due to transfer of Communications and Well-being FTEs in FYE 2025

SFHSS DIVISION	Actual			Budget			Projection				
	FYE 2023	FYE 2024	FYE 2025	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Communication	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Member Services	3.00	2.00	1.97	3.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00
Enterprise Systems & Analytics	0.25	0.25	0.25	1.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Well-Being	-	-	3.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Contracts	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
Total FTEs	6.35	5.35	9.32	13.35	13.35	12.35	12.35	12.35	12.35	12.35	12.35

HSF Budget and 5 Year Forecast

(in thousands)

- The requires an and increase in assessment from 4pmpm to 6pmpm in order to remain solvent though FYE 2032 – five years after the budget

	Actual		Budget	Projection	Budget		Projection					
	FYE 2023	FYE 2024	FYE 2025	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	
Sources												
Premiums	2,526	2,563	3,405	3,010	4,371	5,245	5,245	5,245	5,245	5,245	5,245	5,245
Other Revenue		1										
Carryforward	4,437	5,186	4,921	6,614	5,144	3,983	3,731	3,562	3,269	2,851	2,303	2,303
Total Revenue Sources	6,964	7,750	8,326	9,624	9,515	9,228	8,977	8,807	8,514	8,096	7,548	7,548
Uses												
Personnel	811	756	2,776	2,049	2,919	2,866	2,937	2,995	3,055	3,115	3,177	3,177
Administrative	13	4	67	24	45	45	46	48	49	51	52	52
Member Communications	495	(191)	814	744	732	695	703	721	739	758	778	778
Communications- Other	176	190	1,196	851	944	1,030	1,061	1,093	1,125	1,159	1,194	1,194
Well-Being	125	(51)	738	433	436	407	406	412	418	424	430	430
Initiatives to Reduce Health Care Costs	422	427	409	379	455	454	262	269	277	286	294	294
Total Expenditures	2,043	1,136	6,000	4,481	5,532	5,497	5,415	5,538	5,664	5,793	5,925	5,925
Revenues Less Expenditures	4,921	6,614	2,326	5,144	3,983	3,731	3,562	3,269	2,851	2,303	1,623	1,623

Recommendation to the HSB

- APPROVE SAN FRANCISCO HEALTH SERVICE SYSTEM FYE 2026 AND FYE 2027 PROPOSED HEALTHCARE SUSTAINABILITY FUND BUDGET INCLUDING INCREASING THE ASSESSMENT TO \$6 BEGINNING WITH PLAN YEAR 2026