

Proposed SFHSS Health Sustainability Budget FYE 2024-2025 and FYE 2025-2026

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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 health care 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-service eBenefits
 - Telephony replacement including the integration with customer relationship management (CRM)
 - All-Payer Claims Database
- Recommendation to the Board
 - APPROVE SAN FRANCISCO HEALTH SERVICE SYSTEM FYE 2025 AND FYE 2026 PROPOSED HEALTHCARE SUSTAINABILITY FUND BUDGET INCLUDING INCREASING THE ASSESSMENT TO \$4 PMPM BEGINNING WITH PLAN YEAR 2025

HSS Budget Overview

Health Benefits Trust – \$844M CCSF aggregate plan cost

- HSS Impact
 - Rates negotiation, RFPs
 - Manage flex funded plans
 - Wellness activities to promote health
 - Mental Health EAP services
 - Member support for open enrollment

General Fund - \$13.9M

- Targeted reduction of 10% in FYE 2025 and an additional 5% contingency plan

General Fund - Continuing Authority Fund – 1M

- Dream Keeper fund transfer from DPH beginning in FYE 2024

Healthcare Sustainability Fund - \$5 M

- Use for member communications, programs to reduce healthcare costs and member well-being programs
- Funded with \$3 pmpm charge in benefit costs. The charge was last increased in plan year 2017
- Proposing \$1 assessment increase to keep the fund sustainable
- Current Annual revenue is \$2.5M
- Uses above \$2.5M reduce balance accumulated in prior years

HSF Budget Highlights

- Salaries and Benefits increase to fill vacant positions and transfer funding for 2 managers from General Fund \$1M
- DEVA infrastructure costs - \$300K
- Replacement of self-service benefits enrollment system due to eBenefits end-of-life - \$225K
- Cost of RFP for Plan Year 2026 - \$150K
- Expected savings from APCD alternatives \$100K

HSF Budget and 5 Year Forecast

\$ in thousands

- The requires an increase in assessment from \$3pmpm to \$4pmpm in order to remain solvent though FYE 2028.
- The table below shows the balance of the fund with and without the increase.

	FYE 2022-2023	FYE 2023-2024	FYE 2024 Projection	FYE 2024-2025 Budget	FYE 2025-2026 Budget	FY24-25 Projectio	FY25-26 Projectio	FY26-27 Projectio	FY27-28 Projectio	FY28-29 Projectio
Sources										
Premiums	2,526	2,554	2,554	2,554	2,554	2,554	2,554	2,554	2,554	2,554
Carryforward	4,437	4,921	4,921	4,804	2,428	4,804	2,428	530	(1,501)	(3,669)
Total Revenue Sources	6,964	7,475	7,475	7,358	4,981	7,358	4,981	3,084	1,053	(1,116)
Uses										
Personnel	811	1,377	1,377	2,422	2,511	2,422	2,511	2,586	2,664	2,744
Administrative	10	46	46	44	44	44	44	45	47	48
Member Communications	495	668	113	701	709	701	709	730	752	774
Communications- Other	179	697	602	909	561	909	561	578	596	614
Well-Being	125	450	277	450	450	450	450	463	477	491
Initiatives to Reduce Health Care Costs	422	336	256	406	177	406	177	182	187	193
Total Expenditures	2,043	3,572	2,670	4,931	4,451	4,931	4,451	4,585	4,722	4,864
Revenues Less Expenditures	4,921	3,903	4,804	2,428	530	2,428	530	(1,501)	(3,669)	(5,979)
Additional Assessment										
Increase to \$4				426	851	851	851	851	851	851
Carryforward					426	1,277	2,128	2,979	3,830	4,682
Balance after additional assessment				2,853	1,807	4,556	3,509	2,330	1,012	(446)

Recommendation to HSB

Approve the San Francisco Health Service System Fiscal Year 2024-2025 and Fiscal Year 2025-2026 Healthcare Sustainability Fund Budget, including the assessment to \$4 Per Member Per Month (PMPM) beginning with Plan Year 2025