



Revised SFHSS Health Sustainability Budget FYE 2026 and 2027

Presented by

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Staff Recommendation

APPROVE Revised San Francisco Health Service System FYE 2026 and FYE 2027 Proposed Healthcare Sustainability Fund budget.

Background

- Healthcare Sustainability Fund (HSF) was established under San Francisco City Charter Section A8.423 funded by an assessment built into the rates.
- The HSF budget covers annual activities and multi-year implementation of strategic initiatives, including:
 - Member communications and experience
 - Mitigate rising healthcare costs
 - Invest in the Well-Being of all members
- The HSF budget was adjusted in response to two rounds of reductions to the General Fund.

HSF Budget Revisions from Mayor’s Budget Instructions

Phase 1 – Mayor’s Budget Instructions in December 2024

- Net Expense reduction of 15% (\$600,000)
 - Transferred 2 FTEs to the HSF

Phase 2 – Mayor’s Budget Adjustment

- Net Expense reductions of \$152,000, mainly consisting of:
 - AON – Transferred a portion of actuarial services to HSF

Projection shows HSF remains solvent through FYE 2032

HSF Budget and 5 Year Forecast (\$ in Thousands)

	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	3,833	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	9,078	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	605	634	442	449	457	466	474	474
Total Expenditures	2,043	1,136	6,000	4,481	5,682	5,677	5,595	5,718	5,844	5,973	6,105	6,105
Revenues Less Expenditures	4,921	6,614	2,326	5,144	3,833	3,401	3,382	3,089	2,671	2,123	1,443	1,443

Health Service Board Action

Staff Recommendation:

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