

SAN FRANCISCO HEALTH SERVICE SYSTEM

Affordable, Quality Benefits & Well-Being

DATE: June 13, 2024
TO: Members of the Health Service Board
FROM: Iftikhar Hussain, Chief Financial Officer
SUBJECT: Health Service Board Financial Report as of April 30, 2014

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 ten months ending April 30, 2014.

Executive Summary

Trust Fund and Health Sustainability Fund

- The FYE trust balance is projected to decrease by \$6M 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 ten months were 3M lower than planned.
- Pharmacy rebates - \$18M were received in the first ten months. The projected annual rebates are \$22M and included in the net claims above.
- The Healthcare Sustainability Fund balance is projected to increase by \$1.4M.
- Projected interest income is \$4.5M 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 04/30/24	Projected Year-End Annual Net
Flex/Self Insurance		
Blue Shield-Access+	(7,769,539)	(9,165,766) (a), (h)
Blue Shield-Trio	(5,381,743)	(6,165,266) (a)
Blue Shield and United PPO	5,522,076	6,631,051 (b)
Health Net Canopy Care	1,318,053	-
Delta Dental PPO, Actives	(2,947,618)	(3,747,142) (c)
Fully Insured Plans		
Medical HMOs	8,335,524	-
Dental	5,774	-
LTD/Flexible Benefits/FSA/Health Net Canopy Care	(8,381)	-
Healthcare Sustainability Fund (\$3.00)	1,335,068	1,390,130 (d)
Savings & Investments		
Interest	3,356,302	4,475,069
Performance guarantees	1,931,032	1,931,032 (e)
Surrogacy and adoption	(78,443)	(78,443)
Transfers Out	0	(460,000) (g)
TOTAL	5,618,104	(5,189,333)
Net assets		
Beginning of the year		104,744,471
End of the year		99,555,138

(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 \$22 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 \$3.8 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 \$9.2M 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 \$6.2M 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 \$6.6M due to low claims.

Delta Dental PPO (Actives Only) Self-Funded Plan

Projecting a \$3.7M net decrease 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 Apr YTD	FY 2023-24 Projection
REVENUE SOURCES							
Annual Revenues	\$ 2,526,489	\$ 2,553,643		\$ -	\$ 2,553,643	\$ 2,134,011	\$ 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	\$ 7,320,750	\$ 7,751,145
EXPENDITURE USES							
Personnel	\$ 810,927	\$ 1,376,559		\$ -	\$ 1,376,559	\$ 610,580	\$ 810,051
Administrative	10,266	45,500	2,431	-	47,931	(557)	-
Member Communications	494,925	668,000	122,756	-	790,756	(226,213)	(201,487)
Communications - Other	179,342	696,576	40,138		736,714	113,869	126,804
Well-Being	124,980	449,500	70,788		520,288	(90,699)	(26,442)
Initiatives to Reduce Health Care Costs	422,067	312,773	28,458	23,118	364,349	392,974	465,351
Other Projects	-	-	-	-	-	-	-
TOTAL	\$ 2,042,507	\$ 3,548,908	\$ 264,572	\$ 23,118	\$ 3,836,597	\$ 799,953	\$ 1,174,277
REVENUE - EXP. (excl. carry forward fund balance)	483,982	(995,265)	(264,572)	(23,118)	(1,282,955)	1,334,057	1,390,130
BALANCE	\$ 4,921,157	\$ 3,925,892	\$ 0	\$ (23,118)	\$ 3,902,775	\$ 6,520,797	\$ 6,576,869

Pharmacy Rebates

\$18.4M was received in the first ten months. The projection for the year is \$22M.

	Actual	Projected FYE 2024
BSC Access+	10,636,540	12,763,847
BSC Trio	4,591,877	5,510,253
UHC and BS PPO	2,946,171	3,535,405
HealthNet	196,237	235,485
Total	18,370,825	22,044,990

General Fund

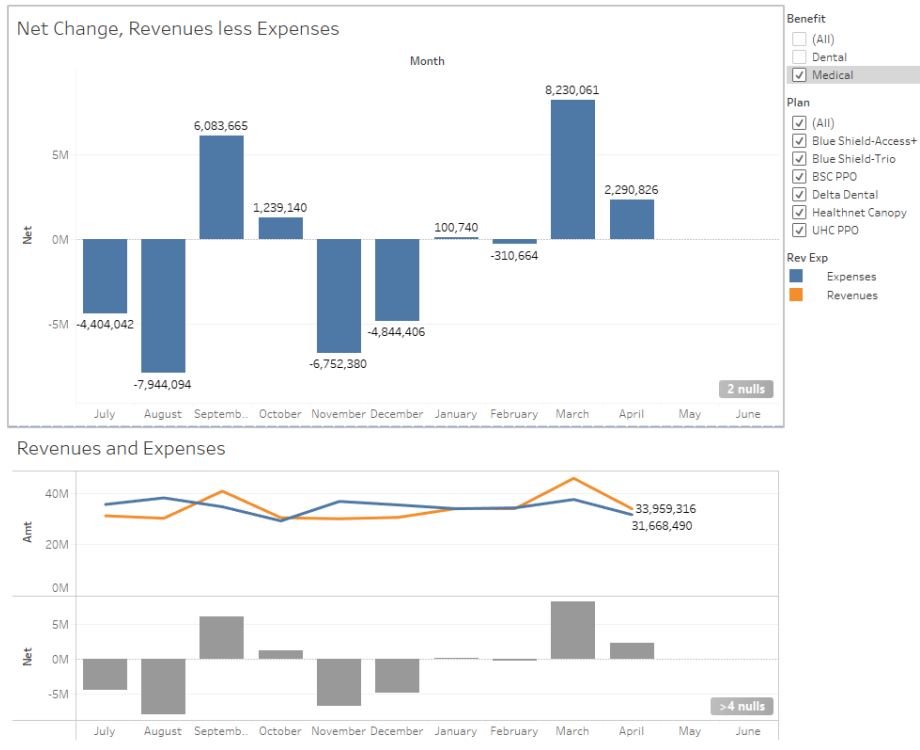
The FY 2024 budget has been adjusted for carryforward commitments made before June 31, 2023. Net activity is ahead of budget mainly due to vacancies. The \$524K favorable projection for the year includes \$228K mid-year reductions.



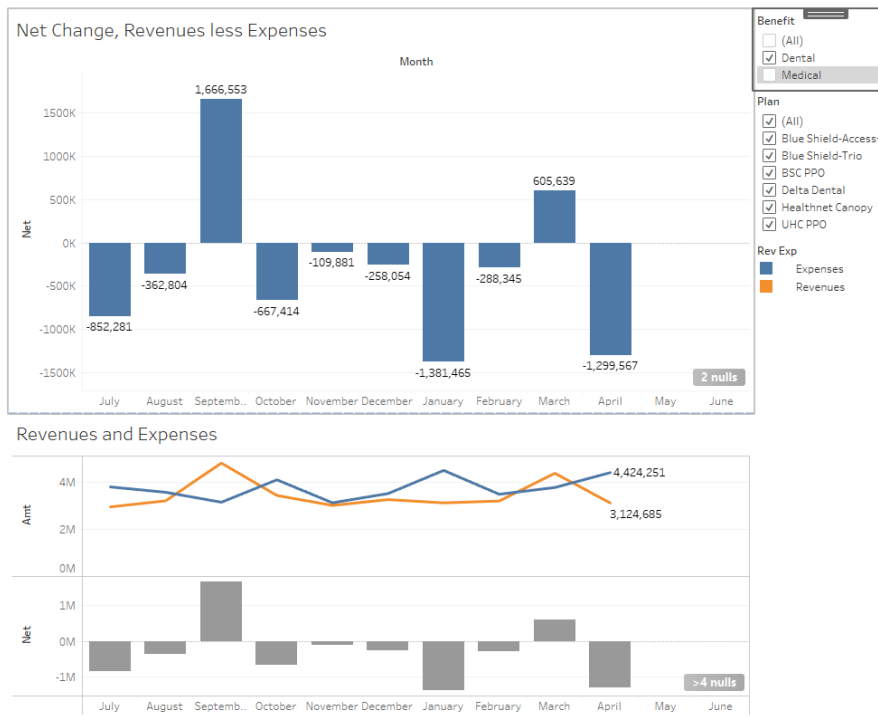
General Fund Administration Budget FY 2023-24

ANNUALIZED AS OF 04/30/24							
	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		87,834	13,480,785	11,208,000	13,480,785	(2,272,785)
Other Revenue	460,000		-	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	\$ 87,834	\$ 14,658,977	\$ 11,917,061	\$ 14,649,846	\$ (2,741,916)
EXPENDITURES							
Personnel Services	\$ 6,308,915		\$ (208,326)	\$ 6,100,589	\$ 4,842,854	\$ 5,906,403	\$ 1,257,735
Mandatory Fringe Benefits	2,613,811		(104,481)	2,509,330	2,025,981	2,431,745	483,349
Non-personnel Services	2,522,965	681,530	9,615	3,214,110	2,206,772	3,148,141	1,007,338
Materials & Supplies	44,459	8,768	-	53,227	40,536	53,227	12,691
Services of Other Departments	2,371,932	18,763	356,374	2,747,069	2,093,583	2,586,046	653,485
				-	-	-	-
TOTAL EXPENDITURES	\$ 13,862,082	\$ 709,061	\$ 53,182	\$ 14,624,325	\$ 11,209,727	\$ 14,125,563	\$ 3,414,598
BALANCE	\$ -	\$ -	\$ 34,652	\$ 34,652	\$ 707,334	\$ 524,283	\$ 672,682

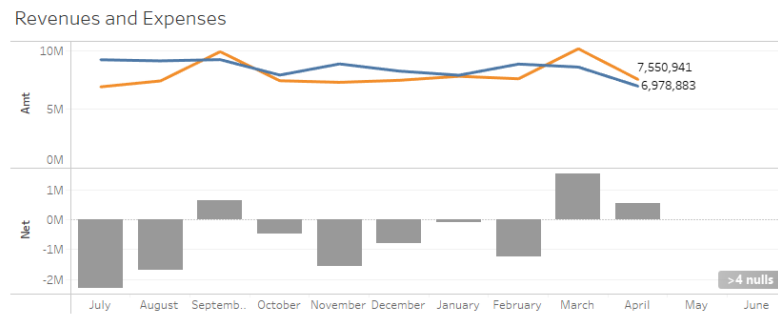
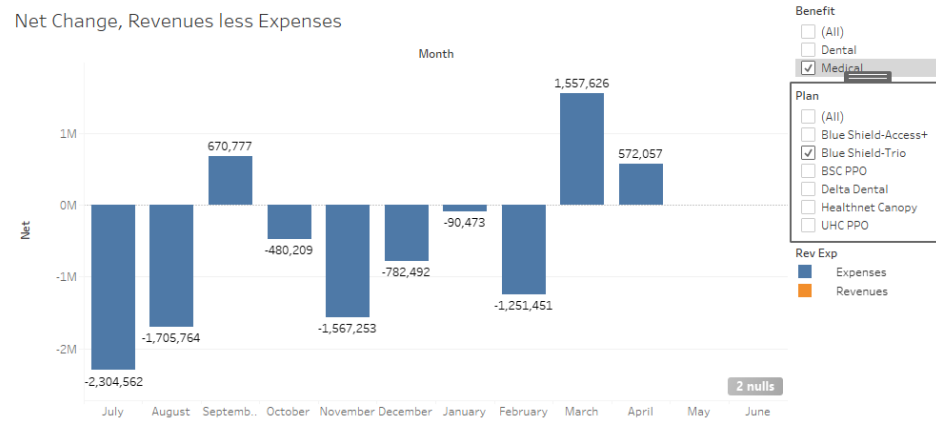
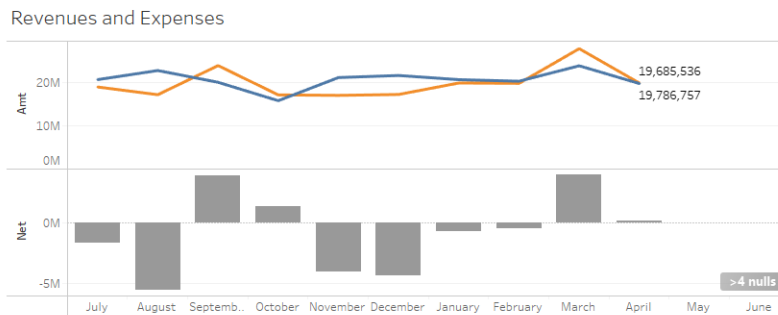
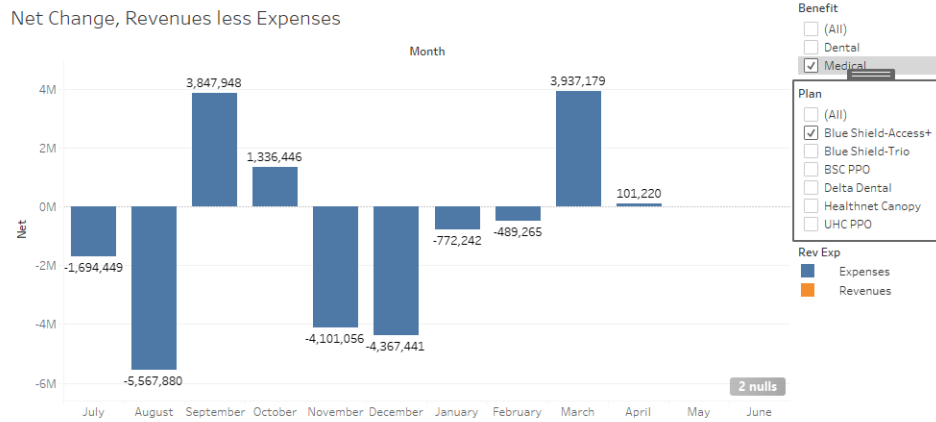
All Flex Funded Medical Plans



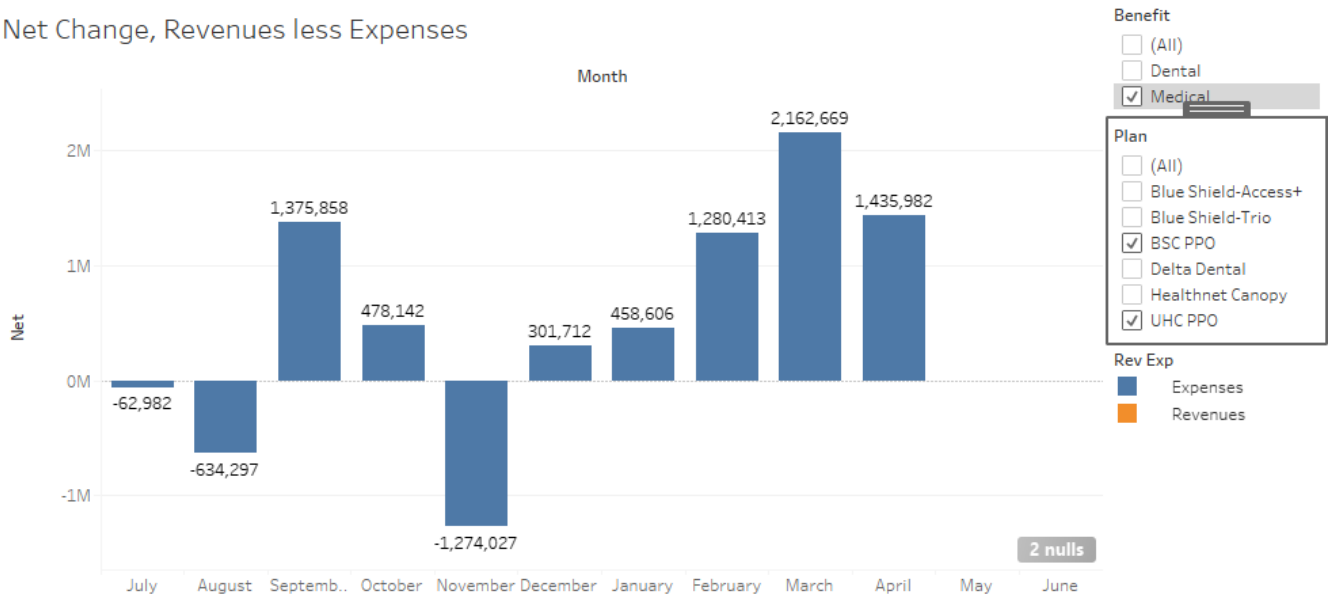
Dental



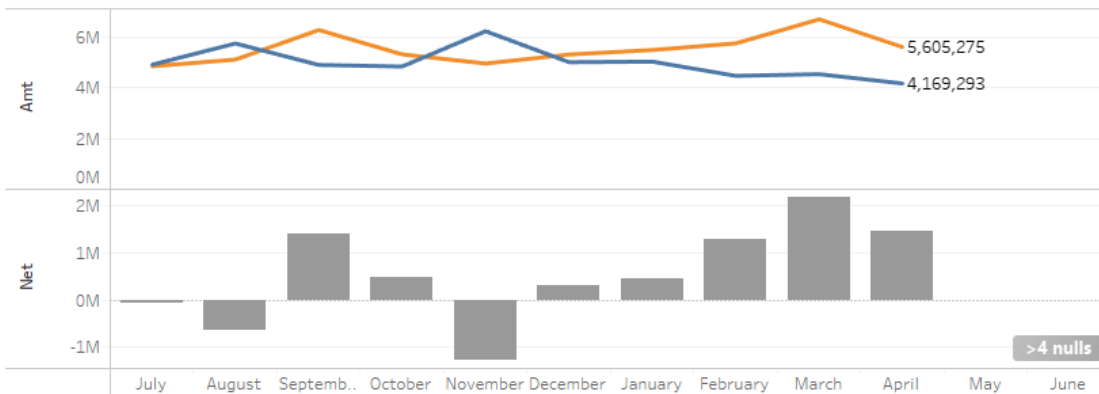
Monthly Activity by Medical Plan



Net Change, Revenues less Expenses



Revenues and Expenses



Supplemental Tables – Trust Fund Activity- Current FY

<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*, **	198,100,323	205,869,862	(7,769,539)
Blue Shield Trio HMO*	79,606,597	84,988,341	(5,381,743)
Blue Shield and United PPO	55,372,959	49,850,883	5,522,076
UHC Administere PPO*	-	-	-
Health Net Canopy Care	8,590,501	7,272,448	1,318,053
Delta Dental PPO- (Active only)	34,627,352	37,574,970	(2,947,618)
TOTAL FLEX/SELF-INSURED PLANS	376,297,732	385,556,505	(9,258,772)
FULLY INSURED PLANS			
UHC MAPD	85,302,949	85,302,949	-
Kaiser-HMO	434,577,980	426,285,907	8,292,073
Vision Service Plan	9,110,378	9,066,927	43,451
Sub-total HMO	528,991,307	520,655,783	8,335,524
Delta Dental PPO - Retirees	16,796,472	16,796,472	-
Delta Care	708,002	704,544	3,458
UHC Dental	343,969	341,653	2,316
Sub-total Dental	17,848,443	17,842,669	5,774
Long Term/Short Term Disability	5,999,630	6,003,892	(4,262)
Flexible Benefits	3,774,349	3,774,349	0
Flexible Spending-Dependent Care	5,231,659	5,538,999	(307,340)
Flexible Spending -Medical Reimbursement	10,516,503	10,213,283	303,221
Healthcare Sustainability Fund (\$3.00)	2,135,021	799,953	1,335,068
Adoption & Surrogacy	-	78,443	(78,443)
Sub-total Other Benefits	27,657,163	26,408,917	1,248,245
TOTAL FULLY INSURED PLANS	574,496,912	564,907,369	9,589,543
SAVINGS AND INVESTMENTS			
Interest	3,356,302	-	3,356,302
Performance guarantees	1,931,032	-	1,931,032
Forfeitures	-	-	-
TOTAL SAVINGS & INVESTMENTS	5,287,334	-	5,287,334
TRANSFERS OUT OF FORFEITURES			
			0
TOTAL FUNDS	956,081,978	950,463,874	5,618,104

* 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: APRIL 30, 2024**

<i>ACTIVE & RETIRED COMBINED</i>	For 10 Months Ended April 30, 2024	For 10 Months Ended April 30, 2023	\$ Change	% Change
FLEX/SELF-INSURED PLANS				
Blue Shield-Access+ HMO				
Revenues	198,100,323	200,227,512	(2,127,189)	-1.1% b
Expenses	(205,869,862)	(201,326,682)	(4,543,180)	2.3% f
Net Blue Shield-Access Excess(Shortage)	(7,769,539)	(1,099,171)	(6,670,369)	606.9%
Blue Shield-Trio HMO				
Revenues	79,606,597	83,022,043	(3,415,446)	-4.1%
Expenses	(84,988,341)	(80,072,533)	(4,915,807)	6.1% i
Net Blue Shield-Trio Excess(Shortage)	(5,381,743)	2,949,510	(8,331,253)	-282.5%
Blue Shield and United PPO				
Revenues	55,372,959	45,077,973	10,294,986	22.8%
Expenses	(49,850,883)	(42,726,383)	(7,124,501)	16.7%
Net BSC and United PPO Excess(Shortage)	5,522,076	2,351,590	3,170,485	
Health Net Canopy Care				
Revenues	8,590,501	4,137,614	4,452,887	
Expenses	(7,272,448)	(3,658,838)	(3,613,610)	
Net Health Net Canopy Care Excess(Shortage)	1,318,053	478,776	839,276	
Delta Dental PPO (Active only)				
Revenues	34,627,352	32,285,841	2,341,511	7.3% h
Expenses	(37,574,970)	(35,192,549)	(2,382,421)	6.8% i
Net Delta Dental PPO- (Active Only) Excess(Shortage)	(2,947,618)	(2,906,708)	(40,910)	1.4%
NET FLEX/SELF-INSURED PLANS	(9,258,772)	1,773,998	(11,032,771)	-621.9%


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)

		STATEMENTS OF REVENUES AND EXPENSES FY 2023-2024 VS FY 2022-2023 YEAR-TO-DATE: APRIL 30, 2024			
ACTIVE & RETIRED COMBINED		For 10 Months Ended April 30, 2024	For 10 Months Ended April 30, 2023	\$ Change	% Change
FULLY INSURED PLANS					
Kaiser-HMO					
Revenues		434,577,980	404,818,620	29,759,360	7.4% d
Expenses		(426,285,907)	(399,088,107)	(27,197,800)	6.8% d, l
Net Kaiser- HMO Excess(Shortage)		8,292,073	5,730,513	2,561,560	44.7% k
UHC MAPD					
Revenues		85,302,949	77,006,110	8,296,839	10.8% d, l
Expenses		(85,302,949)	(77,006,110)	(8,296,839)	10.8% d, l
Net UHC MAPD Excess(Shortage)		0	0	0	
Vision Service Plan, All (City Plan & HMO)					
Revenues		9,110,378	8,250,767	859,611	10.4% d, l
Expenses		(9,066,927)	(8,202,943)	(863,984)	10.5% d, l
Net Vision Service Plan Excess(Shortage)		43,451	47,824	(4,373)	-9.1%
Delta Dental PPO - Retirees					
Revenues		16,796,472	15,574,055	1,222,417	7.8%
Expenses		(16,796,472)	(15,574,055)	(1,222,417)	7.8%
Net Delta Dental PPO - Retirees Excess(Shortage)		0	0	0	
Delta Care					
Revenues		708,002	663,199	44,803	6.8%
Expenses		(704,544)	(658,478)	(46,065)	7.0%
Net Delta Care Excess(Shortage)		3,458	4,720	(1,262)	-26.7%
UHC Dental					
Revenues		343,969	341,173	2,796	0.8%
Expenses		(341,653)	(337,765)	(3,887)	1.2%
Net UHC Dental Excess(Shortage)		2,316	3,408	(1,091)	-32.0%
Long Term/Short Term Disability					
Revenues		5,999,630	6,782,500	(782,870)	-11.5%
Expenses		(6,003,892)	(6,629,031)	625,139	-9.4%
Net Long Term/Short Term Disability Excess(Shortage)		(4,262)	153,469	(157,731)	-102.8% k
Flexible Benefits					
Revenues		3,774,349	3,523,944	250,405	7.1% g
Expenses		(3,774,349)	(3,523,871)	(250,478)	7.1% g
Net Flexible Benefits Excess(Shortage)		0	72	(72)	
Flexible Spending-Dependent Care					
Revenues		5,231,659	4,381,397	850,262	19.4% c
Expenses		(5,538,999)	(4,348,667)	(1,190,332)	27.4% c
Net Flexible Spending-Dependent Care Excess(Shortage)		(307,340)	32,730	(340,069)	-1039.0%
Flexible Spending -Medical Reimbursement					
Revenues		10,516,503	9,355,053	1,161,450	12.4% g
Expenses		(10,213,283)	(9,181,438)	(1,031,845)	11.2% f
Net Flexible Spending-Medical Reimbursement Excess(Shortage)		303,221	173,616	129,605	74.7%
Adoption & Surrogacy					
Expenses		(78,443)	(79,883)	1,440	
Healthcare Sustainability Fund (\$3.00)					
Revenues		2,135,021	2,105,256	29,765	1.4%
Expenses		(799,953)	(1,635,458)	835,505	-51.1% e
Net Healthcare Sustainability Fund (\$3.00) Excess(Shortage)		1,335,068	469,799	865,269	184.2%
NET FULLY INSURED PLANS		9,589,543	6,536,268	3,053,274	46.7%
SAVINGS AND INVESTMENTS					
Interest		3,356,302	1,185,251	2,171,051	
Performance guarantees		1,931,032	619,380	1,311,652	
Forfeitures		0	0	0	
TOTAL SAVINGS & INVESTMENTS		5,287,334	1,804,630	3,482,704	1616.8%
TOTAL NET EXCESS (SHORTAGE)		5,618,104	10,114,897	(4,496,793)	-44.5%

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 |
| | i increase in rates |
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