

SAN FRANCISCO HEALTH SERVICE SYSTEM

Affordable, Quality Benefits & Well-Being

DATE: May 9, 2024

TO: Mary Hao, Vice President, and Members of the Health Service Board

FROM: Iftikhar Hussain, Chief Financial Officer

SUBJECT: Health Service Board Financial Report as of March 31, 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 nine months ending March 31, 2014.

Executive Summary

Trust Fund and Health Sustainability Fund

- The FYE trust balance is projected to decrease by \$12M mainly due to \$14.9M rate stabilization, use of Sutter settlement to buy down rates and high medical claims.
- Claims for the first nine months were higher than planned due to medical claims driven by high pharmacy costs. Dental claims are higher than the previous year but lower than plan.
- Pharmacy rebates - \$11.7M were received in the first nine months. The projected annual rebates are \$15.7M and included in the net claims above.
- The Healthcare Sustainability Fund balance is projected to increase by \$1.4M.
- Projected interest income is \$4.4M 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 03/31/24	Projected Year-End Annual Net
Flex/Self Insurance		
Blue Shield-Access+	(11,720,760)	(12,098,005) (a), (h)
Blue Shield-Trio	(7,153,801)	(7,680,006) (a)
Blue Shield and United PPO	3,511,094	3,927,470 (b)
Health Net Canopy Care	997,486	-
Delta Dental PPO, Actives	(2,393,051)	(3,540,735) (c)
Fully Insured Plans		
Medical HMOs	909,161	-
Dental	(1,822)	-
LTD/Flexible Benefits/FSA/Health Net Canopy Care	197,635	-
Healthcare Sustainability Fund (\$3.00)	1,459,331	1,390,130 (d)
Savings & Investments		
Interest	2,183,061	4,366,121
Performance guarantees	1,931,032	1,931,032 (e)
Surrogacy and adoption	(78,443)	(78,443)
Transfers Out	0	(460,000) (g)
TOTAL	(10,159,078)	(12,242,436)
Net assets		
Beginning of the year		104,744,471
End of the year		92,502,035

(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 \$16 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 \$2.2 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 \$12M due high claims, 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 \$8M 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 \$4M due to low claims.

Delta Dental PPO (Actives Only) Self-Funded Plan

Projecting a \$3.5 million 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 JuneYTD	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 Mar YTD	FY 2023-24 Projection
REVENUE SOURCES							
Annual Revenues	\$ 2,526,489	\$ 2,553,643		\$ -	\$ 2,553,643	\$ 1,919,433	\$ 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	\$ 7,106,172	\$ 7,751,145
EXPENDITURE USES							
Personnel	\$ 810,927	\$ 1,376,559		\$ -	\$ 1,376,559	\$ 545,624	\$ 810,051
Administrative	10,266	45,500	2,431	-	47,931	(1,067)	-
Member Communications	494,925	668,000	122,756	-	790,756	(294,158)	(201,487)
Communications - Other	179,342	696,576	40,138		736,714	108,194	126,804
Well-Being	124,980	449,500	70,788		520,288	(95,504)	(26,442)
Initiatives to Reduce Health Care Costs	422,067	312,773	28,458	23,118	364,349	198,023	465,351
Other Projects	-	-	-	-	-	-	-
TOTAL	\$ 2,042,507	\$ 3,548,908	\$ 264,572	\$ 23,118	\$ 3,836,597	\$ 461,113	\$ 1,174,277
REVENUE - EXP. (excl. carry forward fund balance)	483,982	(995,265)	(264,572)	(23,118)	(1,282,955)	1,458,320	1,390,130
BALANCE	\$ 4,921,157	\$ 3,925,892	\$ 0	\$ (23,118)	\$ 3,902,775	\$ 6,645,060	\$ 6,576,869

Pharmacy Rebates

\$11.8M was received in the first nine months. The projection for the year is \$15.7M.

	Actual	Projected FYE 2024
BSC Access+	6,754,655	9,006,207
BSC Trio	2,930,053	3,906,738
UHC and BS PPO	1,890,448	2,520,598
HealthNet	196,237	261,650
Total	11,771,394	15,695,192

General Fund

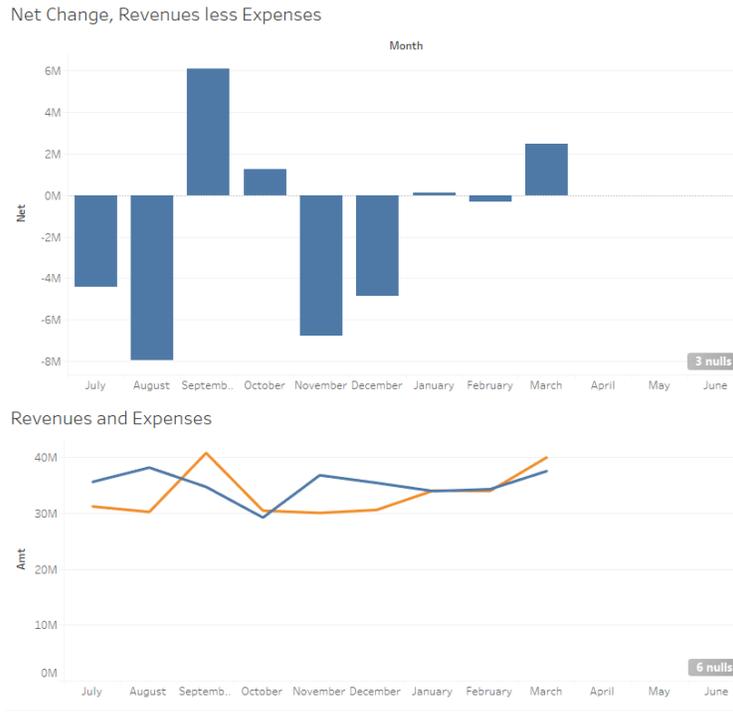
The FY 2024 budget has been adjusted for carryforward commitments made before June 31, 2023. Net activity is ahead of budget mainly due to vacancies. The \$524K favorable projection for the year includes \$228K mid-year reductions.



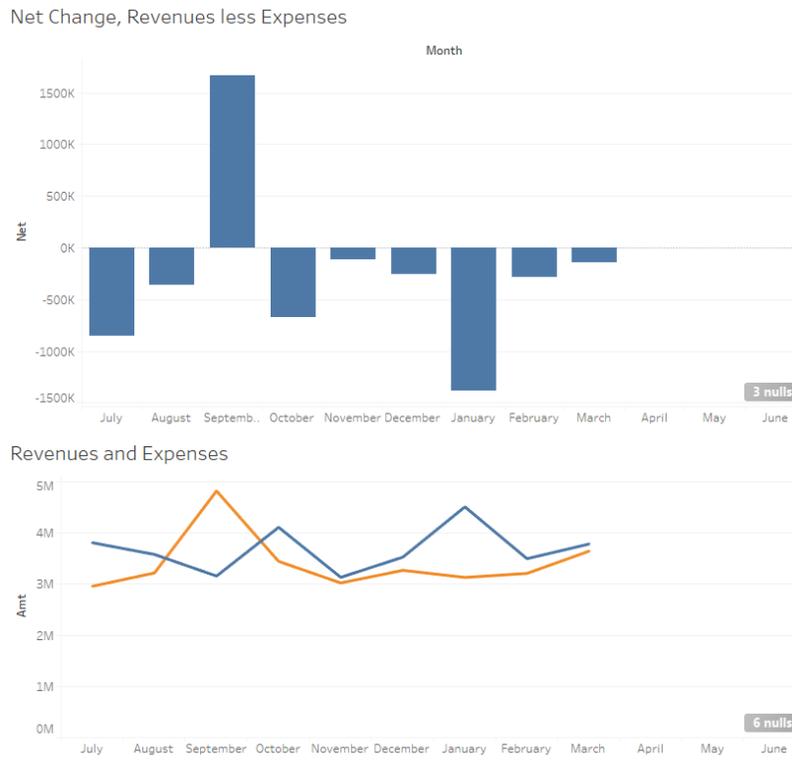
General Fund Administration Budget FY 2023-24

ANNUALIZED AS OF 03/31/24						
	FY 2023-24 Approved Budget	FY2023-24 Carryforward Budget	FY2023-24 Adjustments	FY 2023-24 Revised Budget	Total Actual YTD	FY 2023-24 Projection
REVENUES						
Non-Operating Revenue	\$ 9,131		\$ -	\$ 9,131	\$ -	\$ -
Operating Work Order Recovery	13,392,951		87,834	13,480,785	10,068,098	13,480,785
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	\$ 87,834	\$ 14,658,977	\$ 10,777,159	\$ 14,649,846
EXPENDITURES						
Personnel Services	\$ 6,308,915		\$ (208,326)	\$ 6,100,589	\$ 4,315,097	\$ 5,906,403
Mandatory Fringe Benefits	2,613,811		(104,481)	2,509,330	1,792,634	2,431,745
Non-personnel Services	2,522,965	681,530	202,267	3,406,763	2,189,502	3,148,141
Materials & Supplies	44,459	8,768	-	53,227	34,992	53,227
Services of Other Departments	2,371,932	18,763	198,374	2,589,069	1,765,470	2,586,046
				-		
TOTAL EXPENDITURES	\$ 13,862,082	\$ 709,061	\$ 87,834	\$ 14,658,977	\$ 10,097,695	\$ 14,125,562
BALANCE	\$ -	\$ -	\$ -	\$ -	\$ 679,464	\$ 524,284

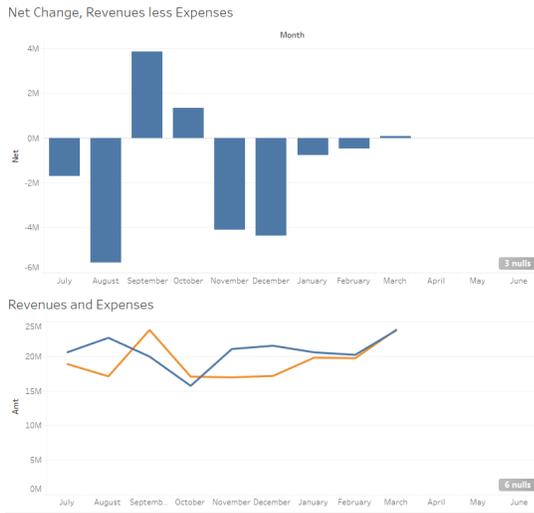
All Flex Funded Medical Plans



Dental



Monthly Activity by Medical Plan



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*, **	174,463,566	186,184,326	(11,720,760)
Blue Shield Trio HMO*	70,855,657	78,009,457	(7,153,801)
Blue Shield and United PPO	49,192,684	45,681,591	3,511,094
UHC Administere PPO*	-	-	-
Health Net Canopy Care	7,435,157	6,437,671	997,486
Delta Dental PPO- (Active only)	30,757,668	33,150,719	(2,393,051)
TOTAL FLEX/SELF-INSURED PLANS	332,704,732	349,463,764	(16,759,032)
FULLY INSURED PLANS			
UHC MAPD	75,996,449	75,996,449	-
Kaiser-HMO	384,125,142	383,219,884	905,258
Vision Service Plan	8,139,366	8,135,463	3,903
Sub-total HMO	468,260,957	467,351,796	909,161
Delta Dental PPO - Retirees	15,086,599	15,086,599	-
Delta Care	629,039	631,533	(2,494)
UHC Dental	308,392	307,720	672
Sub-total Dental	16,024,030	16,025,852	(1,822)
Long Term/Short Term Disability	5,397,274	5,400,753	(3,478)
Flexible Benefits	3,405,322	3,405,322	0
Flexible Spending-Dependent Care	4,769,287	5,081,301	(312,013)
Flexible Spending -Medical Reimbursement	9,495,338	8,982,212	513,127
Healthcare Sustainability Fund (\$3.00)	1,920,443	461,113	1,459,331
Adoption & Surrogacy	-	78,443	(78,443)
Sub-total Other Benefits	24,987,666	23,409,143	1,578,523
TOTAL FULLY INSURED PLANS	509,272,652	506,786,790	2,485,862
SAVINGS AND INVESTMENTS			
Interest	2,183,061	-	2,183,061
Performance guarantees	1,931,032	-	1,931,032
Forfeitures	-	-	-
TOTAL SAVINGS & INVESTMENTS	4,114,092	-	4,114,092
TRANSFERS OUT OF FORFEITURES			
	-	-	0
TOTAL FUNDS	846,091,476	856,250,554	(10,159,078)

* 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: MARCH 31, 2024**

<i>ACTIVE & RETIRED COMBINED</i>	For 9 Months Ended March 31, 2024	For 9 Months Ended March 31, 2023	\$ Change	% Change
FLEX/SELF-INSURED PLANS				
Blue Shield-Access+ HMO				
Revenues	174,463,566	183,074,899	(8,611,333)	-4.7% b
Expenses	(186,184,326)	(183,374,801)	(2,809,525)	1.5% f
Net Blue Shield-Access Excess(Shortage)	(11,720,760)	(299,902)	(11,420,858)	3808.2%
Blue Shield-Trio HMO				
Revenues	70,855,657	75,428,349	(4,572,693)	-6.1%
Expenses	(78,009,457)	(73,724,350)	(4,285,107)	5.8% i
Net Blue Shield-Trio Excess(Shortage)	(7,153,801)	1,704,000	(8,857,800)	-519.8%
Blue Shield and United PPO				
Revenues	49,192,684	39,960,895	9,231,789	23.1%
Expenses	(45,681,591)	(38,369,549)	(7,312,041)	19.1%
Net BSC and United PPO Excess(Shortage)	3,511,094	1,591,346	1,919,747	
Health Net Canopy Care				
Revenues	7,435,157	3,583,389	3,851,768	
Expenses	(6,437,671)	(3,091,047)	(3,346,625)	
Net Health Net Canopy Care Excess(Shortage)	997,486	492,343	505,143	
Delta Dental PPO (Active only)				
Revenues	30,757,668	29,022,198	1,735,470	6.0% h
Expenses	(33,150,719)	(31,658,674)	(1,492,045)	4.7% i
Net Delta Dental PPO- (Active Only) Excess(Shortage)	(2,393,051)	(2,636,476)	243,425	-9.2%
NET FLEX/SELF-INSURED PLANS	(16,759,032)	851,310	(17,610,342)	-2068.6%

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 Affordable, Quality Benefits & Well-Being		STATEMENTS OF REVENUES AND EXPENSES FY 2023-2024 VS FY 2022-2023 YEAR-TO-DATE: MARCH 31, 2024			
ACTIVE & RETIRED COMBINED		For 9 Months Ended March 31, 2024	For 9 Months Ended March 31, 2023	\$ Change	% Change
FULLY INSURED PLANS					
Kaiser-HMO					
Revenues		384,125,142	365,521,681	18,603,461	5.1% d
Expenses		(383,219,884)	(358,268,591)	(24,951,293)	7.0% d, l
Net Kaiser- HMO Excess(Shortage)		905,258	7,253,090	(6,347,831)	-87.5% k
UHC MAPD					
Revenues		75,996,449	69,080,799	6,915,650	10.0% d, l
Expenses		(75,996,449)	(69,080,799)	(6,915,650)	10.0% d, l
Net UHC MAPD Excess(Shortage)		0	0	0	
Vision Service Plan, All (City Plan & HMO)					
Revenues		8,139,366	7,393,034	746,331	10.1% d, l
Expenses		(8,135,463)	(7,324,687)	(810,775)	11.1% d, l
Net Vision Service Plan Excess(Shortage)		3,903	68,347	(64,444)	-94.3%
Delta Dental PPO - Retirees					
Revenues		15,086,599	13,942,439	1,144,160	8.2%
Expenses		(15,086,599)	(13,942,439)	(1,144,160)	8.2%
Net Delta Dental PPO - Retirees Excess(Shortage)		0	0	0	
Delta Care					
Revenues		629,039	600,064	28,975	4.8%
Expenses		(631,533)	(593,806)	(37,727)	6.4%
Net Delta Care Excess(Shortage)		(2,494)	6,258	(8,752)	-139.9%
UHC Dental					
Revenues		308,392	309,235	(843)	-0.3%
Expenses		(307,720)	(304,833)	(2,887)	0.9%
Net UHC Dental Excess(Shortage)		672	4,402	(3,730)	-84.7%
Long Term/Short Term Disability					
Revenues		5,397,274	6,060,578	(663,304)	-10.9%
Expenses		(5,400,753)	(6,065,461)	664,708	-11.0%
Net Long Term/Short Term Disability Excess(Shortage)		(3,478)	(4,882)	1,404	-28.8% k
Flexible Benefits					
Revenues		3,405,322	3,195,778	209,545	6.6% g
Expenses		(3,405,322)	(3,195,705)	(209,617)	6.6% g
Net Flexible Benefits Excess(Shortage)		0	72	(72)	
Flexible Spending-Dependent Care					
Revenues		4,769,287	3,894,571	874,716	22.5% c
Expenses		(5,081,301)	(3,965,663)	(1,115,638)	28.1% c
Net Flexible Spending-Dependent Care Excess(Shortage)		(312,013)	(71,092)	(240,921)	338.9%
Flexible Spending -Medical Reimbursement					
Revenues		9,495,338	8,411,322	1,084,016	12.9% g
Expenses		(8,982,212)	(7,923,446)	(1,058,765)	13.4% f
Net Flexible Spending-Medical Reimbursement Excess(Shortage)		513,127	487,876	25,250	5.2%
Adoption & Surrogacy					
Expenses		(78,443)	(79,883)	1,440	
Healthcare Sustainability Fund (\$3.00)					
Revenues		1,920,443	1,894,368	26,075	1.4%
Expenses		(461,113)	(1,460,719)	999,606	-68.4% e
Net Healthcare Sustainability Fund (\$3.00) Excess(Shortage)		1,459,331	433,650	1,025,681	236.5%
NET FULLY INSURED PLANS					
		2,485,862	8,097,838	(5,611,976)	-69.3%
SAVINGS AND INVESTMENTS					
Interest		2,183,061	1,150,918	1,032,142	
Performance guarantees		1,931,032	619,103	1,311,929	
Forfeitures		0	0	0	
TOTAL SAVINGS & INVESTMENTS					
		4,114,092	1,770,021	2,344,071	1616.8%
TOTAL NET EXCESS (SHORTAGE)					
		(10,159,078)	10,719,170	(20,878,247)	-194.8%

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