

# SAN FRANCISCO HEALTH SERVICE SYSTEM

Affordable, Quality Benefits & Well-Being

DATE: November 14, 2024  
TO: Members of the Health Service Board  
FROM: Iftikhar Hussain, Chief Financial Officer  
SUBJECT: Health Service Board Financial Report as of September 30, 2024

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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 three months ending September 30, 2024.

## **Executive Summary**

### **Trust Fund and Health Sustainability Fund**

- The FYE trust balance is projected to decrease by \$19M for the year. The decrease is due to \$9 million in stabilization and Sutter settlement and higher medical claims based on the experience in the first 3 months.
- Pharmacy rebates for the year are projected to be \$16M.
- The Healthcare Sustainability Fund projected to decreased by \$2M with an ending balance of \$4.6M
- Interest income for the year projected at \$3M.

### **General Fund**

Net activity is ahead of budget mainly due to vacancies.

**Trust Fund and Health Sustainability Fund with FYE Projection**

	FY24-25 Year-to-Date Actual Net as of 09/30/24	FY24-25 Projected Year-End Annual Net	
<b>SUMMARY</b>			
<b>Flex/Self Insurance</b>			
Blue Shield-Access+	(2,635,187)	(8,858,309)	(a)
Blue Shield-Trio	(3,293,116)	(9,308,804)	(a)
Blue Shield and United PPO	1,389,937	4,037,655	(b)
Health Net Canopy Care	436,085	-	
Delta Dental PPO, Actives	(1,035,460)	(3,443,341)	(c)
<b>Fully Insured Plans</b>			
Medical HMOs	4,410,480	-	
Dental	4,309	-	
LTD/Flexible Benefits/FSA	1,921,502	-	
Healthcare Sustainability Fund (\$3.00/\$4.00)	(285,059)	(1,974,127)	(d)
<b>Savings &amp; Investments</b>			
Interest	-	3,000,000	(i)
Performance guarantees	-	-	(e)
Surrogacy and adoption	(31,365)	(31,365)	
Forfeitures	-	-	
Transfers Out	0	(2,068,410)	(g)
<b>TOTAL</b>	<b>882,126</b>	<b>(18,646,702)</b>	
<b>Net assets</b>			
Beginning of the year		109,319,775	
End of the year		90,673,073	

(a) Annual Projection is net of claim stabilization of \$1.7 million to increase 2024 rates, \$4.5 million to increase 2025 rates, Pharmacy rebate of \$10.9 million, settlement for rate buydown of \$5.9 million in 2024 and \$1.0 million in 2025

(b) Annual Projection is net of claim stabilization of \$0.4 million to increase 2024 rates, \$1.0 million to decrease 2025 rates, Pharmacy rebate of \$2.2 million, and settlement for rate buydown of \$1.5 million in 2024 and \$0.2 million in 2025

(c) Annual Projection is net of claim stabilization of \$3.7 million to reduce 2024 rates and \$3.0 million to reduce 2025 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 2024-2025

(f) Reflects use of fund balance

(g) Transfer of \$2.1M from forfeitures to General Fund.

(i) Projection includes unrealized gains

**Analysis by Health Plan**

**Blue Shield Access+ Flex Funded Plan**

FYE balance projected to decrease by \$9M due to rate stabilization and use of Sutter settlement received in the prior year to reduce rates and high claims.

**Blue Shield Trio Flex-Funded Plan**

FYE balance decreased by \$9M due rate stabilization and use of Sutter settlement to reduce rates and high claims.

**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 by \$4M due to favorable claims.

**Delta Dental PPO (Actives Only) Self-Funded Plan**

The FYE balance decreased by \$3.4M 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 FYE balance increase by \$1.9M to \$4.6M.

SAN FRANCISCO HEALTH SERVICE SYSTEM <small>Affordable, Quality Benefits &amp; Well-Being</small>		Healthcare Sustainability Fund FY 2024-25					
	FY 2023-24 Actuals June YTD	FY2024-25 Budget Request (HSS Board Approved)	FY2024-25 Carryforward Budget	FY2024-25 Adjustments	FY 2024-25 Revised Budget + Adj C/F	FY 2024-25 Actuals Sep YTD	FY 24-25 Projection
<b>REVENUE SOURCES</b>							
Annual Revenues	\$ 2,562,918	\$ 3,404,857		\$ -	\$ 3,404,857	\$ 643,986	\$ 3,404,857
Other Revenue	\$ 1,010					\$ -	\$ -
Carryforward from Fund Balance	5,185,729	6,521,000	-	93,082	6,614,082	6,614,082	6,614,082
<b>TOTAL</b>	<b>\$ 7,749,657</b>	<b>\$ 9,925,857</b>	<b>\$ -</b>	<b>\$ 93,082</b>	<b>\$ 10,018,939</b>	<b>\$ 7,258,068</b>	<b>\$ 10,018,939</b>
<b>EXPENDITURE USES</b>							
Personnel	\$ 756,480	\$ 2,776,489		\$ 354,853	\$ 3,131,342	\$ 461,307	\$ 2,155,039
Administrative	3,883	44,000	22,880		66,880	1,173	66,880
Member Communications	(190,851)	700,500	113,326		813,826	285,273	813,826
Communications - Other	190,215	909,324	286,657		1,195,981	47,182	1,195,981
Well-Being	(50,803)	673,827	64,360		738,187	27,334	738,187
Initiatives to Reduce Health Care Costs	426,651	405,613	3,458		409,071	106,776	409,071
Other Projects	-	-	-		-	-	-
<b>TOTAL</b>	<b>\$ 1,135,575</b>	<b>\$ 5,509,753</b>	<b>\$ 490,681</b>	<b>\$ 354,853</b>	<b>\$ 6,355,286</b>	<b>\$ 929,045</b>	<b>\$ 5,378,984</b>
<b>REVENUE - EXP. (excl. carry forward fund balance)</b>	<b>1,427,343</b>	<b>(2,104,895)</b>	<b>(490,681)</b>	<b>(354,853)</b>	<b>(2,950,429)</b>	<b>(285,059)</b>	<b>(1,974,127)</b>
<b>BALANCE</b>	<b>\$ 6,614,082</b>	<b>\$ 4,416,105</b>	<b>\$ (490,681)</b>	<b>\$ (261,771)</b>	<b>\$ 3,663,653</b>	<b>\$ 6,329,023</b>	<b>\$ 4,639,956</b>

**Pharmacy Rebates**

\$3M was received in the first three months. Projected rebates for the year are \$16M.

	Actual	Projected Full
Blue Shield Access+ HMO	1,813,952	4,556,800
Blue Shield Trio HMO	759,128	9,683,200
UHC Administered PPO	363,696	1,760,000
		-
<b>TOTAL</b>	<b>\$ 2,936,776</b>	<b>\$ 16,000,000</b>

**General Fund**

The FY 2025 budget has been adjusted for carryforward commitments made before June 31, 2024. Net activity is ahead of budget mainly due to vacancies.

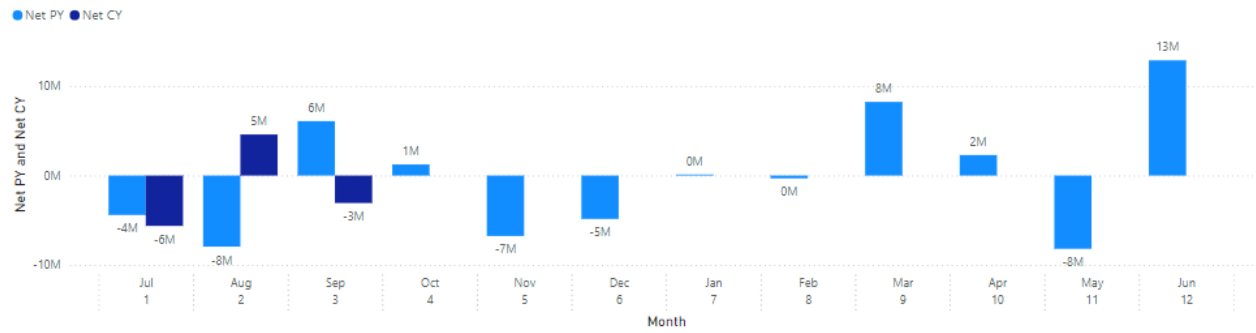


**General Fund Administration Budget FY 2024-25**

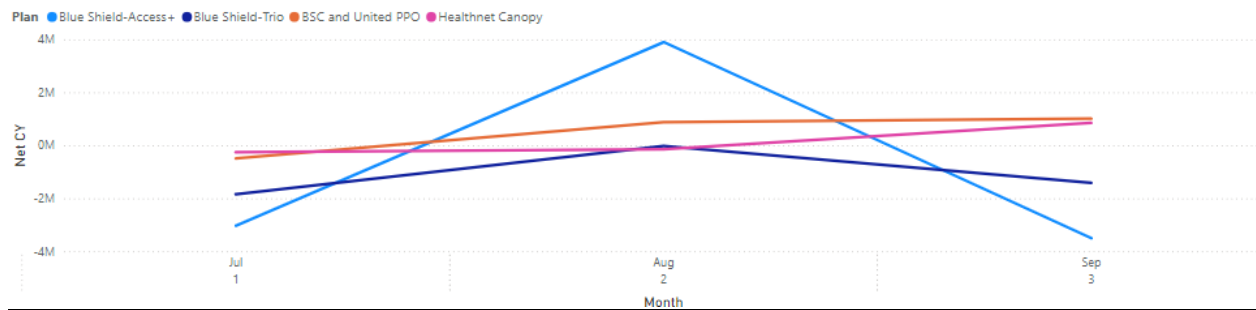
ANNUALIZED AS OF 09/30/24						
	FY 2024-25 Approved Budget	FY2024-25 Carryforward Budget	FY 2024-25 Revised Budget	FY 2024-25 Actuals	Total Actual YTD	FY 2024-25 Projection
<b>REVENUES</b>						
Non-Operating Revenue	\$ -		\$ -	\$ -	-	-
Operating Work Order Recovery	10,613,691	-	10,613,691	2,653,425	2,653,425	10,613,691
Other Revenue	2,068,410		2,068,410	-	-	2,068,410
General Fund Carryforward	-	539,346	539,346	539,346	539,346	539,346
Interfund Transfer	-		-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ 12,682,101</b>	<b>\$ 539,346</b>	<b>\$ 13,221,447</b>	<b>\$ 3,192,771</b>	<b>3,192,771</b>	<b>13,221,447</b>
<b>EXPENDITURES</b>						
Personnel Services	\$ 5,820,949		\$ 5,820,949	\$ 1,374,327	1,374,327	5,812,149
Mandatory Fringe Benefits	2,440,791		2,440,791	587,640	587,640	2,292,512
Non-personnel Services	2,377,136	317,693	2,694,829	503,914	503,914	2,694,829
Materials & Supplies	50,873	9,074	59,947	16,422	16,422	59,947
Services of Other Departments	1,992,352	212,579	2,204,931	51,684	51,684	2,204,931
			-			-
<b>TOTAL EXPENDITURES</b>	<b>\$ 12,682,101</b>	<b>\$ 539,346</b>	<b>\$ 13,221,447</b>	<b>\$ 2,533,988</b>	<b>2,533,988</b>	<b>13,064,368</b>
<b>BALANCE</b>	<b>\$ -</b>	<b>\$ (0)</b>	<b>\$ (0)</b>	<b>\$ 658,783</b>	<b>658,783</b>	<b>157,079</b>

**All Flex Funded Medical Plans**

Net Change by Month

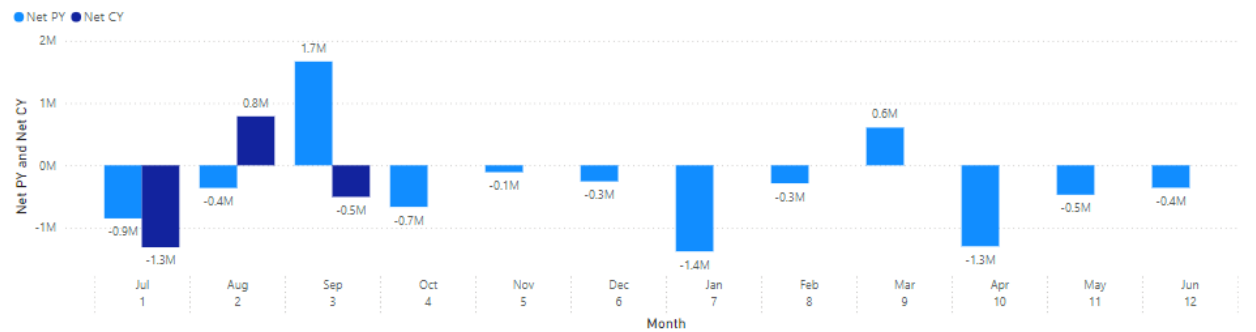


Net Change by Month and Plan

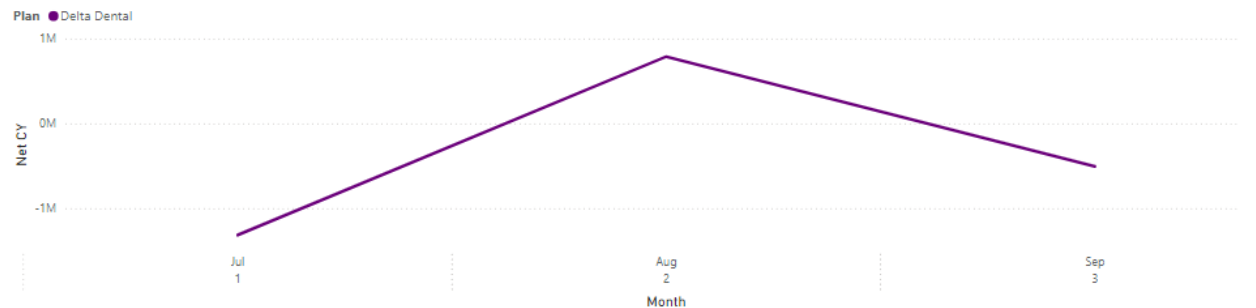


**Dental**

Net Change by Month

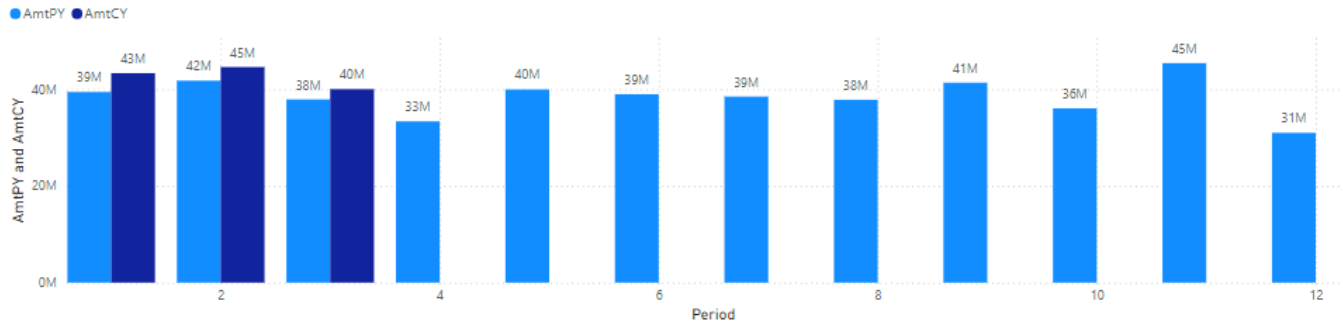


Net Change by Month and Plan

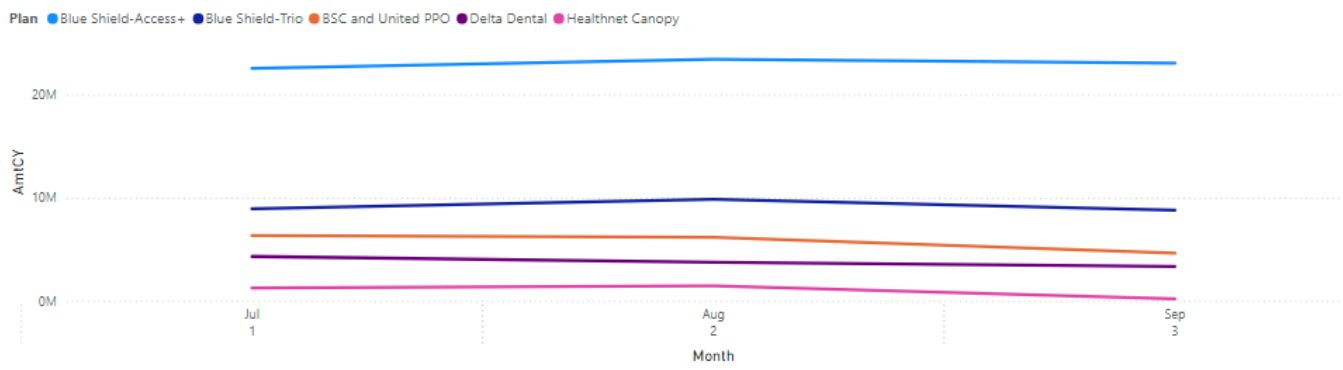


### Medical And Dental Expenses by Plan


Expenses by Month



Expenses by Month and Plan



**Supplemental Tables – Trust Fund Activity- Current FY**

 <b>SAN FRANCISCO HEALTH SERVICE SYSTEM</b> <small>Affordable, Quality Benefits &amp; Well-Being</small>	<b>STATEMENT OF REVENUES AND EXPENSES</b> <b>FY 2024-2025</b> <b>FOR 3 MONTHS ENDED SEPTEMBER 30, 2024</b>		
<i>ACTIVE &amp; RETIRED COMBINED</i>	Year-To-Date Revenues	Year-To-Date Expenses	Year-To-Date Net Excess (Shortage)
<b>FLEX/SELF-INSURED PLANS</b>			
Blue Shield Access+ HMO*, **	66,320,654	68,955,840	(2,635,187)
Blue Shield Trio HMO*	24,308,512	27,601,628	(3,293,116)
Blue Shield and United PPO	18,541,084	17,151,147	1,389,937
UHC Administere PPO*	-	-	-
Health Net Canopy Care	3,384,588	2,948,503	436,085
Delta Dental PPO- (Active only)	10,404,351	11,439,811	(1,035,460)
<b>TOTAL FLEX/SELF-INSURED PLANS</b>	<b>122,959,187</b>	<b>128,096,929</b>	<b>(5,137,742)</b>
<b>FULLY INSURED PLANS</b>			
UHC MAPD	28,041,746	28,041,746	-
Kaiser-HMO	141,801,306	137,445,335	4,355,971
Vision Service Plan	2,858,265	2,803,756	54,509
Sub-total HMO	172,701,317	168,290,837	4,410,480
Delta Dental PPO - Retirees	5,200,766	5,200,766	-
Delta Care	226,713	226,428	285
UHC Dental	108,067	104,042	4,025
Sub-total Dental	5,535,547	5,531,237	4,309
Long Term/Short Term Disability	1,904,016	1,904,016	-
Flexible Benefits	1,273,243	1,273,243	0
Flexible Spending-Dependent Care	1,614,813	1,059,801	555,012
Flexible Spending -Medical Reimbursement	3,690,562	2,324,072	1,366,490
Healthcare Sustainability Fund (\$3.00)	643,986	929,045	(285,059)
Adoption & Surrogacy		31,365	(31,365)
Sub-total Other Benefits	9,126,620	7,521,542	1,605,078
<b>TOTAL FULLY INSURED PLANS</b>	<b>187,363,484</b>	<b>181,343,616</b>	<b>6,019,868</b>
<b>SAVINGS AND INVESTMENTS</b>			
Interest	-	-	-
Performance guarantees	-	-	-
Forfeitures	-	-	-
<b>TOTAL SAVINGS &amp; INVESTMENTS</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TRANSFERS OUT OF FORFEITURES</b>			<b>0</b>
<b>TOTAL FUNDS</b>	<b>310,322,671</b>	<b>309,440,545</b>	<b>882,126</b>

\* 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 2024-2025 VS FY 2023-2024  
YEAR-TO-DATE: SEPTEMBER 30, 2024

<i>ACTIVE &amp; RETIRED COMBINED</i>	For 3 Months Ended September 30, 2024	For 3 Months Ended September 30, 2023	\$ Change	% Change
<b>FLEX/SELF-INSURED PLANS</b>				
Blue Shield-Access+ HMO				
Revenues	66,320,654	59,837,088	6,483,565	10.8% b
Expenses	(68,955,840)	(63,251,470)	(5,704,371)	9.0% f
Net Blue Shield-Access Excess(Shortage)	(2,635,187)	(3,414,381)	779,194	-22.8%
Blue Shield-Trio HMO				
Revenues	24,308,512	24,251,488	57,024	0.2%
Expenses	(27,601,628)	(27,591,037)	(10,591)	0.0% i
Net Blue Shield-Trio Excess(Shortage)	(3,293,116)	(3,339,549)	46,433	-1.4%
Blue Shield and United PPO				
Revenues	18,541,084	16,238,773	2,302,311	14.2%
Expenses	(17,151,147)	(15,560,194)	(1,590,952)	10.2%
Net BSC and United PPO Excess(Shortage)	1,389,937	678,579	711,358	
Health Net Canopy Care				
Revenues	3,384,588	2,092,780	1,291,808	
Expenses	(2,948,503)	(1,685,142)	(1,263,361)	
Net Health Net Canopy Care Excess(Shortage)	436,085	407,638	28,447	
Delta Dental PPO (Active only)				
Revenues	10,404,351	11,012,024	(607,673)	-5.5% h
Expenses	(11,439,811)	(10,560,555)	(879,256)	8.3% i
Net Delta Dental PPO- (Active Only) Excess(Shortage)	(1,035,460)	451,469	(1,486,929)	-329.4%
<b>NET FLEX/SELF-INSURED PLANS</b>	<b>(5,137,742)</b>	<b>(5,216,245)</b>	<b>78,504</b>	<b>-1.5%</b>

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 2024-2025 VS FY 2023-2024 YEAR-TO-DATE: SEPTEMBER 30, 2024			
ACTIVE & RETIRED COMBINED		For 3 Months Ended September 30, 2024	For 3 Months Ended September 30, 2023	\$ Change	% Change
<b>FULLY INSURED PLANS</b>					
Kaiser-HMO					
Revenues		141,801,306	126,536,784	15,264,522	12.1% d
Expenses		(137,445,335)	(122,225,758)	(15,219,577)	12.5% d, l
Net Kaiser- HMO Excess(Shortage)		4,355,971	4,311,026	44,946	1.0% k
UHC MAPD					
Revenues		28,041,746	24,016,665	4,025,080	16.8% d, l
Expenses		(28,041,746)	(24,016,665)	(4,025,080)	16.8% d, l
Net UHC MAPD Excess(Shortage)		0	0	0	
Vision Service Plan, All (City Plan & HMO)					
Revenues		2,858,265	2,715,981	142,284	5.2% d, l
Expenses		(2,803,756)	(2,661,943)	(141,814)	5.3% d, l
Net Vision Service Plan Excess(Shortage)		54,509	54,038	471	0.9%
Delta Dental PPO - Retirees					
Revenues		5,200,766	4,966,588	234,179	4.7%
Expenses		(5,200,766)	(4,966,588)	(234,179)	4.7%
Net Delta Dental PPO - Retirees Excess(Shortage)		0	0	0	
Delta Care					
Revenues		226,713	212,453	14,259	6.7%
Expenses		(226,428)	(205,784)	(20,644)	10.0%
Net Delta Care Excess(Shortage)		285	6,669	(6,385)	-95.7%
UHC Dental					
Revenues		108,067	107,112	956	0.9%
Expenses		(104,042)	(103,210)	(833)	0.8%
Net UHC Dental Excess(Shortage)		4,025	3,902	123	3.1%
Long Term/Short Term Disability					
Revenues		1,904,016	1,785,465	118,552	6.6%
Expenses		(1,904,016)	(1,786,583)	(117,433)	6.6%
Net Long Term/Short Term Disability Excess(Shortage)		0	(1,119)	1,119	-100.0% k
Flexible Benefits					
Revenues		1,273,243	1,130,170	143,073	12.7% g
Expenses		(1,273,243)	(1,130,170)	(143,073)	12.7% g
Net Flexible Benefits Excess(Shortage)		0	0	0	
Flexible Spending-Dependent Care					
Revenues		1,614,813	1,772,063	(157,250)	-8.9% c
Expenses		(1,059,801)	(1,150,644)	90,843	-7.9% c
Net Flexible Spending-Dependent Care Excess(Shortage)		555,012	621,419	(66,407)	-10.7%
Flexible Spending -Medical Reimbursement					
Revenues		3,690,562	3,409,687	280,875	8.2% g
Expenses		(2,324,072)	(2,085,331)	(238,740)	11.4% f
Net Flexible Spending-Medical Reimbursement Excess(Shortage)		1,366,490	1,324,355	42,135	3.2%
Adoption & Surrogacy					
Expenses		(31,365)	(31,148)	(218)	
Healthcare Sustainability Fund (\$3.00)					
Revenues		643,986	635,154	8,832	1.4% e
Expenses		(929,045)	(351,760)	(577,284)	164.1% e
Net Healthcare Sustainability Fund (\$3.00) Excess(Shortage)		(285,059)	283,394	(568,452)	-200.6%
<b>NET FULLY INSURED PLANS</b>		<b>6,019,868</b>	<b>6,572,537</b>	<b>(552,669)</b>	<b>-8.4%</b>
<b>INVESTMENT INCOME AND OTHER</b>					
Interest		0	0	0	
Performance guarantees		0	6,460	(6,460)	
Forfeitures		0	0	0	
<b>TOTAL SAVINGS &amp; INVESTMENTS</b>		<b>0</b>	<b>6,460</b>	<b>(6,460)</b>	<b>1616.8%</b>
<b>TOTAL NET EXCESS (SHORTAGE)</b>		<b>882,126</b>	<b>1,362,751</b>	<b>(480,625)</b>	<b>-35.3%</b>

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