

# SAN FRANCISCO HEALTH SERVICE SYSTEM

Affordable, Quality Benefits & Well-Being

DATE: September 12, 2024  
TO: Members of the Health Service Board  
FROM: Iftikhar Hussain, Chief Financial Officer  
SUBJECT: Health Service Board Financial Report as of June 30, 2024

---

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 twelve months ending June 30, 2024. The June 30, 2024 audited Financial Report will be presented at the November meeting.

## **Executive Summary**

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

- The trust balance increase by \$5M for the year. Favorable claims experience and interest income offset the \$14.9M rate stabilization use of Sutter settlement.
- Medical and dental claims for the year were \$3.9M lower than planned.
- Pharmacy rebates for the year were \$28.2M, 49% higher than prior year.
- The Healthcare Sustainability Fund balance increased by \$1.4M with an ending balance of \$6.6M
- Interest income during the year was \$7.4M.

### **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 06/30/24	Projected Year-End Annual Net	
<b>Flex/Self Insurance</b>			
Blue Shield-Access+	(6,972,504)	(6,972,504)	(a), (h)
Blue Shield-Trio	(8,094,093)	(8,094,093)	(a)
Blue Shield and United PPO	6,320,312	6,320,312	(b)
Health Net Canopy Care	1,546,763	1,546,763	
Delta Dental PPO, Actives	(3,779,353)	(3,779,353)	(c)
<b>Fully Insured Plans</b>			
Medical HMOs	4,359,902	4,359,902	
Dental	(3,080)	(3,080)	
LTD/Flexible Benefits/FSA	108,762	108,762	
Healthcare Sustainability Fund (\$3.00)	1,428,353	1,428,353	(d)
<b>Savings &amp; Investments</b>			
Interest and Unrealized Gain	7,399,036	7,399,036	(i)
Performance guarantees	2,346,231	2,346,231	(e)
Surrogacy and adoption	(78,443)	(78,443)	
Forfeitures	305,000	305,000	
Transfers Out	(305,000)	(305,000)	(g)
<b>TOTAL</b>	<b>4,581,889</b>	<b>4,581,889</b>	
<b>Net assets</b>			
Beginning of the year		104,744,471	
End of the year		109,326,360	

(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 \$23.6 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 \$4.3 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 \$0.3M from forfeitures to General Fund.

(h) Includes \$2.2M Sutter settlement distribution

(i) Projection includes unrealized gains

### Analysis by Health Plan

#### **Blue Shield Access+ Flex Funded Plan**

FYE balance decreased by \$7M 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 decreased 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 increase by \$6M due to favorable claims.

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

The FYE balance decreased by \$3.8M 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 \$1.4M to \$6.6M.

SAN FRANCISCO HEALTH SERVICE SYSTEM <small>Affordable, Quality Benefits &amp; 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 Jun YTD
<b>REVENUE SOURCES</b>						
Annual Revenues	\$ 2,526,489	\$ 2,553,643		\$ -	\$ 2,553,643	\$ 2,562,918
Other Revenue						\$ 1,010
Carryforward from Fund Balance	4,437,175	4,921,157	264,572	-	5,185,729	5,185,729
<b>TOTAL</b>	<b>\$ 6,963,664</b>	<b>\$ 7,474,800</b>	<b>\$ 264,572</b>	<b>\$ -</b>	<b>\$ 7,739,372</b>	<b>\$ 7,749,657</b>
<b>EXPENDITURE USES</b>						
Personnel	\$ 810,927	\$ 1,376,559		\$ -	\$ 1,376,559	\$ 756,480
Administrative	10,266	45,500	2,431	-	47,931	3,883
Member Communications	494,925	668,000	122,756	-	790,756	(190,851)
Communications - Other	179,342	696,576	40,138		736,714	190,215
Well-Being	124,980	449,500	70,788		520,288	(50,803)
Initiatives to Reduce Health Care Costs	422,067	312,773	28,458	23,118	364,349	426,651
Other Projects	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 2,042,507</b>	<b>\$ 3,548,908</b>	<b>\$ 264,572</b>	<b>\$ 23,118</b>	<b>\$ 3,836,597</b>	<b>\$ 1,135,575</b>
REVENUE - EXP. (excl. carry forward fund balance)	483,982	(995,265)	(264,572)	(23,118)	(1,282,955)	1,428,353
<b>BALANCE</b>	<b>\$ 4,921,157</b>	<b>\$ 3,925,892</b>	<b>\$ 0</b>	<b>\$ (23,118)</b>	<b>\$ 3,902,775</b>	<b>\$ 6,614,082</b>

**Pharmacy Rebates**

\$28.2M was received during the year which is 49% higher than prior year.

	<b>Actual</b>
BSC Access+	16,595,995
BSC Trio	7,051,629
UHC and BS PPO	4,343,345
HealthNet	257,536
<b>Total</b>	<b>28,248,506</b>

**General Fund**

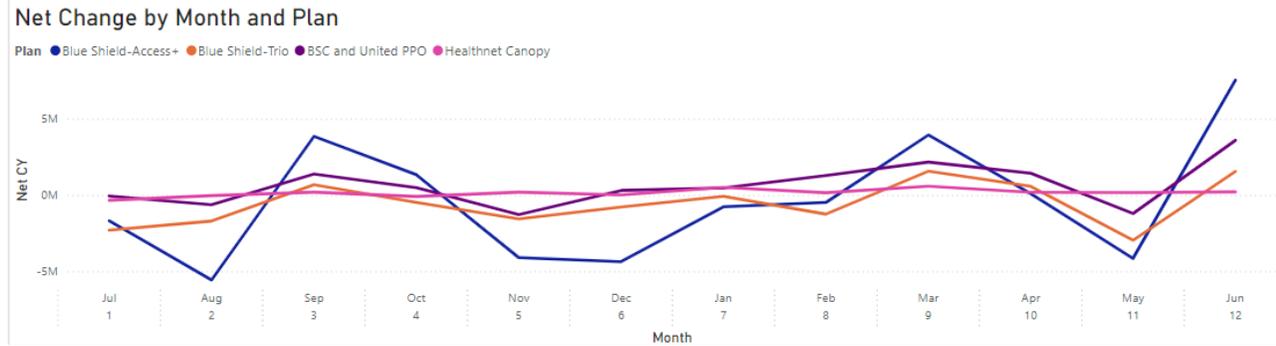
The FY 2024 budget has been adjusted for carryforward commitments made before June 31, 2023. Net activity is ahead of budget mainly due to vacancies. The \$726K favorable variance for the year includes \$228K mid-year reductions.



**General Fund Administration Budget FY 2023-24**

ANNUALIZED AS OF 06/30/24						
	FY 2023-24 Approved Budget	FY2023-24 Carryforward Budget	FY2023-24 Adjustments	FY 2023-24 Revised Budget	Total Actual YTD	Fav/(Unfav) Variance
<b>REVENUES</b>						
Non-Operating Revenue	\$ 9,131		\$ -	\$ 9,131	-	(9,131)
Operating Work Order Recovery	13,392,951	-	114,720	13,507,671	13,427,219	(80,453)
Other Revenue	460,000		-	460,000	305,000	(155,000)
General Fund Carryforward	-	709,061		709,061	552,701	(156,360)
Interfund Transfer	-			-	-	-
<b>TOTAL REVENUES</b>	<b>\$ 13,862,082</b>	<b>\$ 709,061</b>	<b>\$ 114,720</b>	<b>\$ 14,685,863</b>	<b>14,284,920</b>	<b>(400,944)</b>
<b>EXPENDITURES</b>						
Personnel Services	\$ 6,308,915		\$ (208,326)	\$ 6,100,589	5,841,060	(259,529)
Mandatory Fringe Benefits	2,613,811		(104,481)	2,509,330	2,429,659	(79,671)
Non-personnel Services	2,522,965	681,530	(16,216)	3,188,279	2,713,778	(474,501)
Materials & Supplies	44,459	8,768	34,652	87,879	78,432	(9,447)
Services of Other Departments	2,371,932	18,763	409,091	2,799,786	2,495,968	(303,817)
				-		
<b>TOTAL EXPENDITURES</b>	<b>\$ 13,862,082</b>	<b>\$ 709,061</b>	<b>\$ 114,720</b>	<b>\$ 14,685,863</b>	<b>13,558,898</b>	<b>(1,126,966)</b>
<b>BALANCE</b>	<b>\$ -</b>	<b>\$ 0</b>	<b>\$ -</b>	<b>\$ 0</b>	<b>726,022</b>	<b>726,022</b>

### All Flex Funded Medical Plans

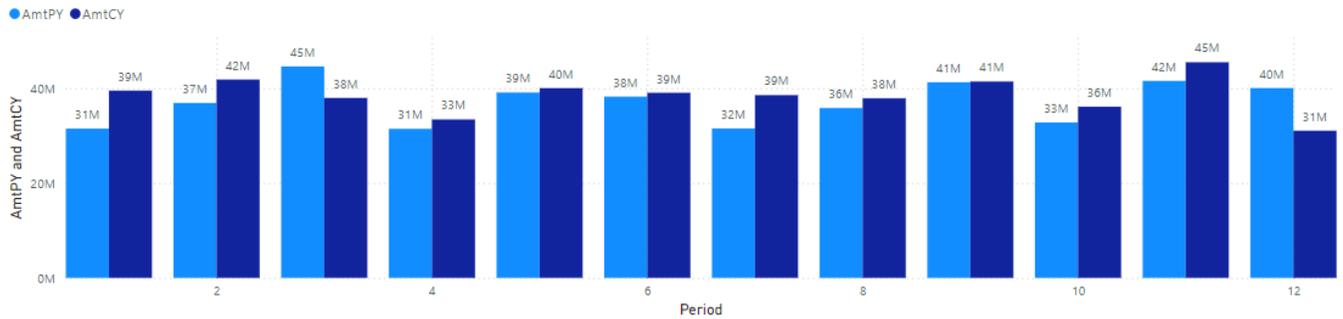


### Dental

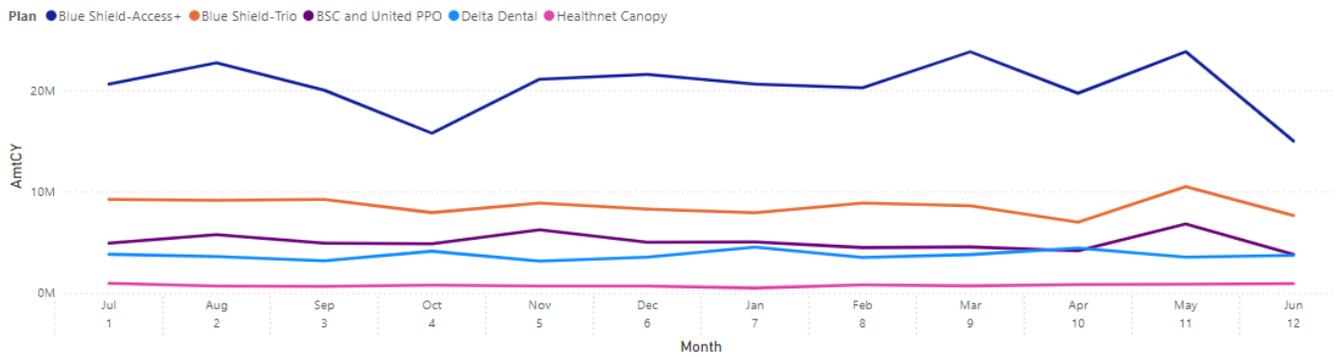


**Medical And Dental Expenses by Plan**

Expenses by Month



Expenses by Month and Plan



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

<b>ACTIVE &amp; RETIRED COMBINED</b>	<b>Year-To-Date Revenues</b>	<b>Year-To-Date Expenses</b>	<b>Year-To-Date Net Excess (Shortage)</b>
<b>FLEX/SELF-INSURED PLANS</b>			
Blue Shield Access+ HMO*, **	237,642,520	244,615,023	(6,972,504)
Blue Shield Trio HMO*	95,023,077	103,117,170	(8,094,093)
Blue Shield and United PPO	66,765,730	60,445,418	6,320,312
UHC Administere PPO*	-	-	-
Health Net Canopy Care	10,593,047	9,046,284	1,546,763
Delta Dental PPO- (Active only)	41,038,280	44,817,633	(3,779,353)
<b>TOTAL FLEX/SELF-INSURED PLANS</b>	<b>451,062,654</b>	<b>462,041,528</b>	<b>(10,978,874)</b>
<b>FULLY INSURED PLANS</b>			
UHC MAPD	103,913,964	103,913,964	-
Kaiser-HMO	522,321,765	517,958,392	4,363,373
Vision Service Plan	10,930,732	10,934,203	(3,471)
Sub-total HMO	637,166,461	632,806,559	4,359,902
Delta Dental PPO - Retirees	20,228,247	20,228,247	-
Delta Care	849,818	852,160	(2,342)
UHC Dental	409,278	410,016	(738)
Sub-total Dental	21,487,343	21,490,423	(3,080)
Long Term/Short Term Disability	7,215,747	7,221,416	(5,669)
Flexible Benefits	4,508,866	4,508,866	0
Flexible Spending-Dependent Care	6,080,646	6,012,239	68,407
Flexible Spending -Medical Reimbursement	12,329,104	12,283,080	46,024
Healthcare Sustainability Fund (\$3.00)	2,563,928	1,135,575	1,428,353
Adoption & Surrogacy	-	78,443	(78,443)
Sub-total Other Benefits	32,698,292	31,239,619	1,458,673
<b>TOTAL FULLY INSURED PLANS</b>	<b>691,352,096</b>	<b>685,536,600</b>	<b>5,815,495</b>
<b>SAVINGS AND INVESTMENTS</b>			
Interest	7,399,036	-	7,399,036
Performance guarantees	2,346,231	-	2,346,231
Forfeitures	305,000	-	305,000
<b>TOTAL SAVINGS &amp; INVESTMENTS</b>	<b>10,050,267</b>	<b>-</b>	<b>10,050,267</b>
<b>TRANSFERS OUT OF FORFEITURES</b>			
	-	305,000	(305,000)
<b>TOTAL FUNDS</b>	<b>1,152,465,017</b>	<b>1,147,883,129</b>	<b>4,581,889</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 2023-2024 VS FY 2022-2023  
YEAR-TO-DATE: JUNE 30, 2024**

<i>ACTIVE &amp; RETIRED COMBINED</i>	For 12 Months Ended June 30, 2024	For 12 Months Ended June 30, 2023	\$ Change	% Change
<b>FLEX/SELF-INSURED PLANS</b>				
Blue Shield-Access+ HMO				
Revenues	237,642,520	234,696,362	2,946,157	1.3% b
Expenses	(244,615,023)	(247,696,631)	3,081,607	-1.2% f
Net Blue Shield-Access Excess(Shortage)	(6,972,504)	(13,000,268)	6,027,765	-46.4%
Blue Shield-Trio HMO				
Revenues	95,023,077	98,453,894	(3,430,816)	-3.5%
Expenses	(103,117,170)	(95,888,507)	(7,228,664)	7.5% i
Net Blue Shield-Trio Excess(Shortage)	(8,094,093)	2,565,387	(10,659,480)	-415.5%
Blue Shield and United PPO				
Revenues	66,765,730	55,589,751	11,175,979	20.1%
Expenses	(60,445,418)	(53,629,294)	(6,816,124)	12.7%
Net BSC and United PPO Excess(Shortage)	6,320,312	1,960,457	4,359,855	
UHC Administered PPO				
Revenues	0	0	0	
Expenses	0	0	0	
Net UHC Administered PPO Excess(Shortage)	0	0	0	
Health Net Canopy Care				
Revenues	10,593,047	5,308,413	5,284,634	
Expenses	(9,046,284)	(4,288,464)	(4,757,820)	
Net Health Net Canopy Care Excess(Shortage)	1,546,763	1,019,949	526,814	
Delta Dental PPO (Active only)				
Revenues	41,038,280	39,076,369	1,961,911	5.0% h
Expenses	(44,817,633)	(43,027,548)	(1,790,085)	4.2% i
Net Delta Dental PPO- (Active Only) Excess(Shortage)	(3,779,353)	(3,951,179)	171,826	-4.3%
<b>NET FLEX/SELF-INSURED PLANS</b>	<b>(10,978,874)</b>	<b>(11,405,654)</b>	<b>426,780</b>	<b>-3.7%</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)**

SAN FRANCISCO HEALTH SERVICE SYSTEM <small>Affordable, Quality Benefits &amp; Well-Being</small>		STATEMENTS OF REVENUES AND EXPENSES FY 2023-2024 VS FY 2022-2023 YEAR-TO-DATE: JUNE 30, 2024			
<i>ACTIVE &amp; RETIRED COMBINED</i>	For 12 Months Ended June 30, 2024	For 12 Months Ended June 30, 2023	\$ Change	% Change	
<b>FULLY INSURED PLANS</b>					
Kaiser-HMO					
Revenues	522,321,765	483,633,088	38,688,677	8.0%	d
Expenses	(517,958,392)	(480,098,600)	(37,859,792)	7.9%	d, l
Net Kaiser- HMO Excess(Shortage)	4,363,373	3,534,488	828,886	23.5%	K
UHC MAPD					
Revenues	103,913,964	92,891,720	11,022,243	11.9%	d, l
Expenses	(103,913,964)	(92,891,720)	(11,022,243)	11.9%	d, l
Net UHC MAPD Excess(Shortage)	0	0	0		
Vision Service Plan, All (City Plan & HMO)					
Revenues	10,930,732	9,976,104	954,628	9.6%	d, l
Expenses	(10,934,203)	(9,965,496)	(968,707)	9.7%	d, l
Net Vision Service Plan Excess(Shortage)	(3,471)	10,608	(14,079)	-132.7%	
Delta Dental PPO - Retirees					
Revenues	20,228,247	18,858,343	1,369,904	7.3%	
Expenses	(20,228,247)	(18,858,343)	(1,369,904)	7.3%	
Net Delta Dental PPO - Retirees Excess(Shortage)	0	0	0		
Delta Care					
Revenues	849,818	792,035	57,783	7.3%	
Expenses	(852,160)	(790,266)	(61,894)	7.8%	
Net Delta Care Excess(Shortage)	(2,342)	1,769	(4,111)	-232.4%	
UHC Dental					
Revenues	409,278	406,099	3,180	0.8%	
Expenses	(410,016)	(404,633)	(5,383)	1.3%	
Net UHC Dental Excess(Shortage)	(738)	1,466	(2,204)	-150.3%	
Long Term/Short Term Disability					
Revenues	7,215,747	7,916,711	(700,964)	-8.9%	
Expenses	(7,221,416)	(7,764,911)	543,495	-7.0%	
Net Long Term/Short Term Disability Excess(Shortage)	(5,669)	151,799	(157,468)	-103.7%	k
Flexible Benefits					
Revenues	4,508,866	4,183,812	325,054	7.8%	g
Expenses	(4,508,866)	(4,179,827)	(329,039)	7.9%	g
Net Flexible Benefits Excess(Shortage)	0	3,986	(3,986)		
Flexible Spending-Dependent Care					
Revenues	6,080,646	5,365,066	715,580	13.3%	c
Expenses	(6,012,239)	(4,868,897)	(1,143,342)	23.5%	c
Net Flexible Spending-Dependent Care Excess(Shortage)	68,407	496,169	(427,762)	-86.2%	
Flexible Spending -Medical Reimbursement					
Revenues	12,329,104	11,258,421	1,070,683	9.5%	g
Expenses	(12,283,080)	(10,935,435)	(1,347,645)	12.3%	f
Net Flexible Spending-Medical Reimbursement Excess(Shortage)	46,024	322,986	(276,962)	-85.8%	
Adoption & Surrogacy					
Expenses	(78,443)	(79,883)	1,440		
Healthcare Sustainability Fund (\$3.00)					
Revenues	2,563,928	2,526,489	37,439	1.5%	
Expenses	(1,135,575)	(2,042,507)	906,932	-44.4%	e
Net Healthcare Sustainability Fund (\$3.00) Excess(Shortage)	1,428,353	483,982	944,371	195.1%	
<b>NET FULLY INSURED PLANS</b>					
	<b>5,815,495</b>	<b>4,927,370</b>	<b>888,126</b>	<b>18.0%</b>	
<b>INVESTMENT INCOME AND OTHER</b>					
Interest	7,399,036	3,300,956	4,098,080		
Performance guarantees	2,346,231	1,882,384	463,847		
Forfeitures	0	0	0		
<b>TOTAL SAVINGS &amp; INVESTMENTS</b>	<b>9,745,267</b>	<b>5,183,340</b>	<b>4,561,927</b>	<b>1616.8%</b>	
<b>TOTAL NET EXCESS (SHORTAGE)</b>	<b>4,581,889</b>	<b>(1,294,944)</b>	<b>5,876,833</b>	<b>-453.8%</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
- l increase in rates
- j decrease in claims
- k Payperiod Timing