

# SAN FRANCISCO HEALTH SERVICE SYSTEM

Affordable, Quality Benefits & Well-Being

DATE: December 12, 2024  
TO: Members of the Health Service Board  
FROM: Iftikhar Hussain, Chief Financial Officer  
SUBJECT: Health Service Board Financial Report as of October 31, 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 four months ending October 31, 2024.

## **Executive Summary**

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

- The FYE trust balance is projected to decrease by \$37M for the year. The decrease is due to \$9 million in stabilization and Sutter settlement and higher hospital and pharmacy utilization based on the experience in the first four 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

SUMMARY	FY24-25	FY24-25
	Year-to-Date Actual Net as of 10/31/24	Projected Year-End Annual Net
<b>Flex/Self Insurance</b>		
Blue Shield-Access+	(7,716,511)	(18,515,734) (a)
Blue Shield-Trio	(6,268,873)	(13,851,899) (a)
Blue Shield and United PPO	1,080,116	1,365,568 (b)
Health Net Canopy Care	1,827,002	-
Delta Dental PPO, Actives	(1,841,864)	(4,827,092) (c)
<b>Fully Insured Plans</b>		
Medical HMOs	2,038,154	-
Dental	4,170	-
LTD/Flexible Benefits/FSA	2,138,809	-
Healthcare Sustainability Fund (\$3.00/\$4.00)	(303,203)	(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>(9,073,565)</b>	<b>(36,903,059)</b>
<b>Net assets</b>		
Beginning of the year		<u>109,319,775</u>
End of the year		<u>72,416,716</u>

(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 \$19M due to rate stabilization and use of Sutter settlement received in the prior year to reduce rates and 18.5% increase in claims from prior year mainly due to high hospital and pharmacy claims.

#### **Blue Shield Trio Flex-Funded Plan**

FYE balance decreased by \$14M due rate stabilization and use of Sutter settlement to reduce rates and 7% higher claims from prior year mainly due to high hospital and pharmacy 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 \$1.4M 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 JuneYTD	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 Oct YTD	FY 24-25 Projection
<b>REVENUE SOURCES</b>							
Annual Revenues	\$ 2,562,918	\$ 3,404,857		\$ -	\$ 3,404,857	\$ 858,900	\$ 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>\$ 7,472,982</b>	<b>\$ 10,018,939</b>
<b>EXPENDITURE USES</b>							
Personnel	\$ 756,480	\$ 2,776,489		\$ 354,853	\$ 3,131,342	\$ 632,703	\$ 2,155,039
Administrative	3,883	44,000	22,880		66,880	1,253	66,880
Member Communications	(190,851)	700,500	113,326		813,826	360,552	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	33,535	738,187
Initiatives to Reduce Health Care Costs	426,651	405,613	3,458		409,071	162,095	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>\$ 1,237,319</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>(378,419)</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>\$ 6,235,663</b>	<b>\$ 4,639,956</b>

**Pharmacy Rebates**

\$4M was received in the first four months. Projected rebates for the year are \$16M.

	Actual	Projected Full Year
Blue Shield Access+ HMO	2,218,149	4,556,800
Blue Shield Trio HMO	931,818	9,683,200
UHC Administered PPO	785,824	1,760,000
		-
<b>TOTAL</b>	<b>\$ 3,935,791</b>	<b>\$ 16,000,000</b>

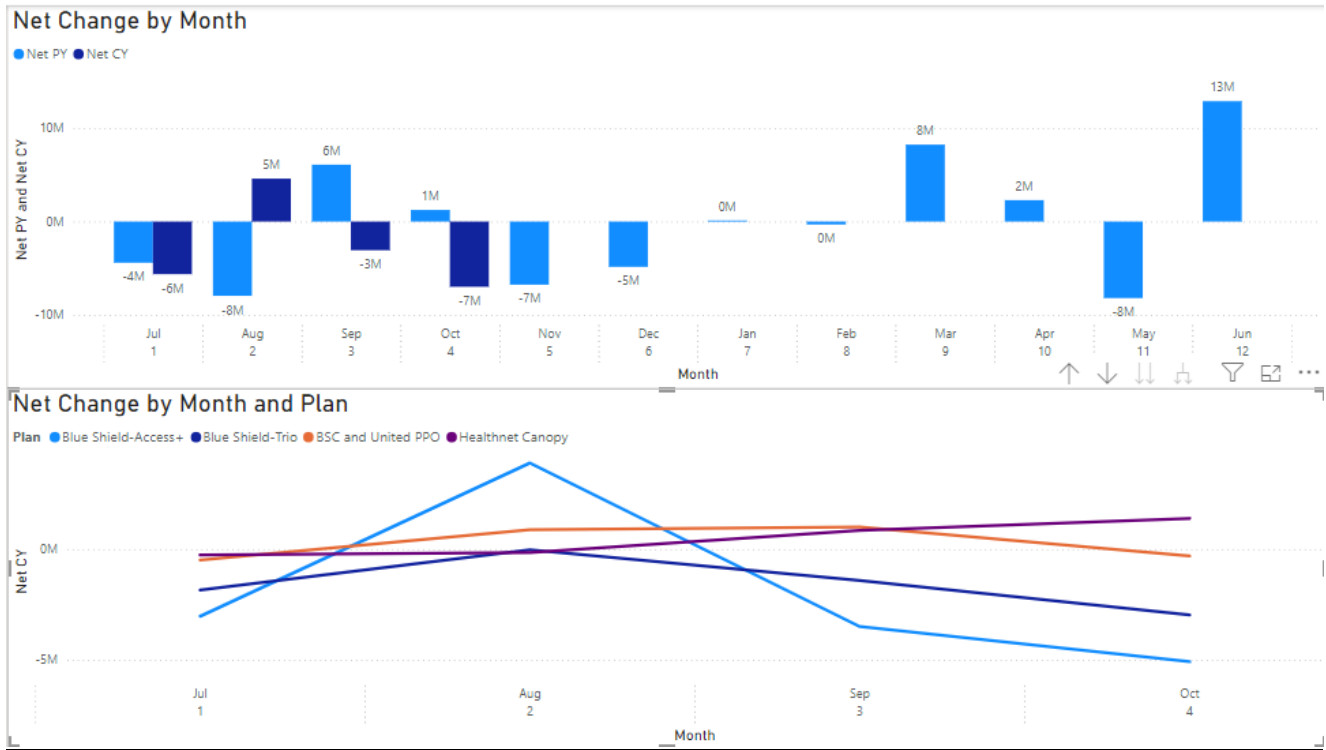
**General Fund**

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 10/31/24						
	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	3,537,900	3,537,900	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>\$ 4,077,246</b>	<b>4,077,246</b>	<b>13,221,447</b>
<b>EXPENDITURES</b>						
Personnel Services	\$ 5,820,949		\$ 5,820,949	\$ 1,913,675	1,913,675	5,650,896
Mandatory Fringe Benefits	2,440,791		2,440,791	818,880	818,880	2,228,713
Non-personnel Services	2,377,136	317,693	2,694,829	741,797	741,797	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	446,662	446,662	2,204,931
			-			-
<b>TOTAL EXPENDITURES</b>	<b>\$ 12,682,101</b>	<b>\$ 539,346</b>	<b>\$ 13,221,447</b>	<b>\$ 3,937,436</b>	<b>3,937,436</b>	<b>12,839,317</b>
<b>BALANCE</b>	<b>\$ -</b>	<b>\$ (0)</b>	<b>\$ (0)</b>	<b>\$ 139,810</b>	<b>139,810</b>	<b>382,130</b>

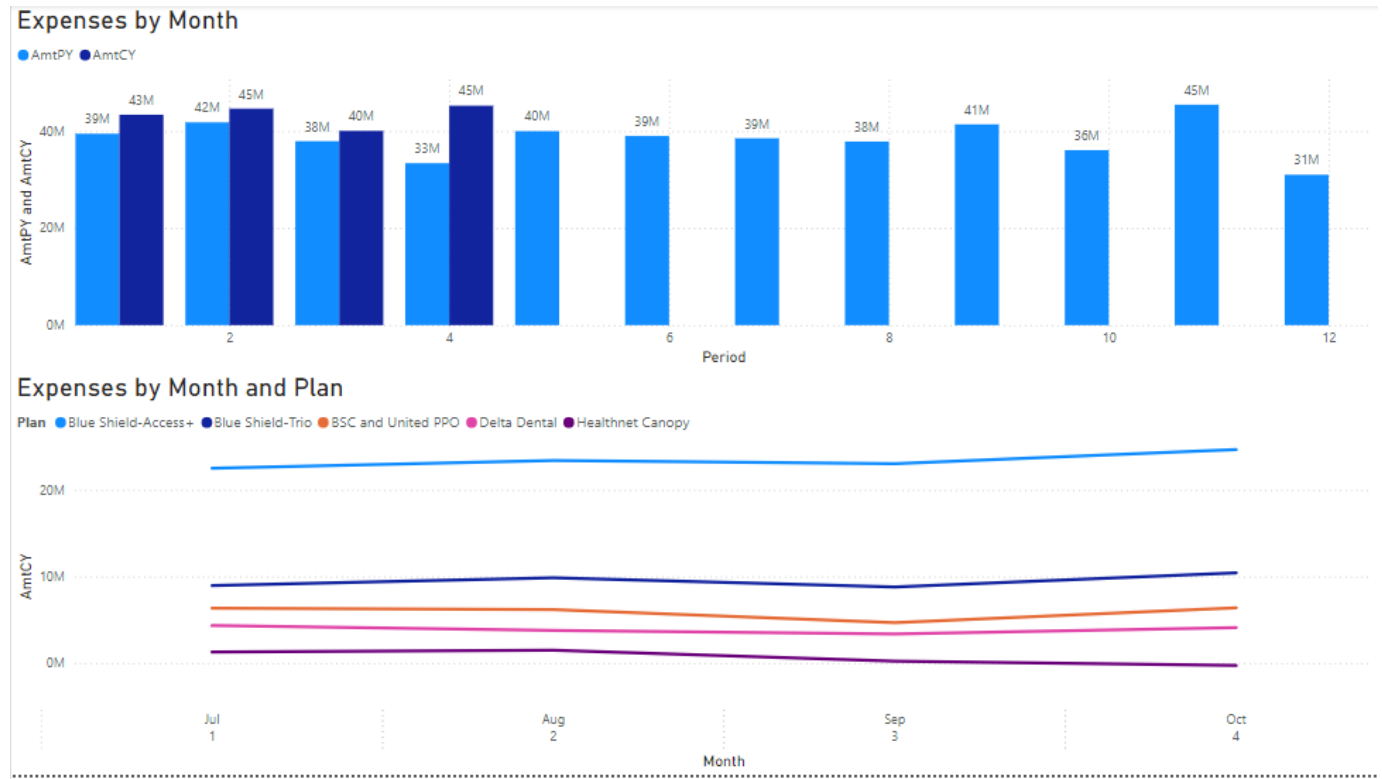
**All Flex Funded Medical Plans**



**Dental**



**Medical And Dental Expenses by 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*, **	85,909,068	93,625,579	(7,716,511)
Blue Shield Trio HMO*	31,756,185	38,025,058	(6,268,873)
Blue Shield and United PPO	24,605,429	23,525,313	1,080,116
UHC Administere PPO*	-	-	-
Health Net Canopy Care	4,476,159	2,649,157	1,827,002
Delta Dental PPO- (Active only)	13,682,996	15,524,860	(1,841,864)
<b>TOTAL FLEX/SELF-INSURED PLANS</b>	<b>160,429,838</b>	<b>173,349,967</b>	<b>(12,920,130)</b>
<b>FULLY INSURED PLANS</b>			
UHC MAPD	37,429,364	37,429,364	-
Kaiser-HMO	185,286,044	183,290,362	1,995,682
Vision Service Plan	3,784,427	3,741,955	42,472
Sub-total HMO	226,499,835	224,461,681	2,038,154
Delta Dental PPO - Retirees	6,932,888	6,932,888	-
Delta Care	303,573	303,504	69
UHC Dental	143,148	139,047	4,101
Sub-total Dental	7,379,609	7,375,439	4,170
Long Term/Short Term Disability	2,523,113	2,522,406	707
Flexible Benefits	1,637,387	1,637,387	0
Flexible Spending-Dependent Care	2,092,578	1,594,580	497,998
Flexible Spending -Medical Reimbursement	4,781,924	3,141,820	1,640,104
Healthcare Sustainability Fund (\$4.00)	858,900	1,162,103	(303,203)
Adoption & Surrogacy	-	31,365	(31,365)
Sub-total Other Benefits	11,893,902	10,089,662	1,804,241
<b>TOTAL FULLY INSURED PLANS</b>	<b>245,773,346</b>	<b>241,926,781</b>	<b>3,846,565</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>406,203,184</b>	<b>415,276,749</b>	<b>(9,073,565)</b>

\* Expenses are net of pharmacy rebates - see report for details, \*\* includes Sutter settlement

**Supplemental Tables - Trust Fund Activity- with Prior Year**

**SAN FRANCISCO  
HEALTH SERVICE SYSTEM**  
Affordable, Quality Benefits & Well-Being

**STATEMENTS OF REVENUES AND EXPENSES  
FY 2024-2025 VS FY 2023-2024  
YEAR-TO-DATE: OCTOBER 31, 2024**

<i>ACTIVE &amp; RETIRED COMBINED</i>	For 4 Months Ended October 31, 2024	For 4 Months Ended October 31, 2023	\$ Change	% Change
<b>FLEX/SELF-INSURED PLANS</b>				
Blue Shield-Access+ HMO				
Revenues	85,909,068	76,913,069	8,995,999	11.7% b
Expenses	(93,625,579)	(78,991,004)	(14,634,575)	18.5% f
Net Blue Shield-Access Excess(Shortage)	(7,716,511)	(2,077,935)	(5,638,576)	271.4%
Blue Shield-Trio HMO				
Revenues	31,756,185	31,692,664	63,521	0.2%
Expenses	(38,025,058)	(35,512,422)	(2,512,636)	7.1% i
Net Blue Shield-Trio Excess(Shortage)	(6,268,873)	(3,819,758)	(2,449,115)	64.1%
Blue Shield and United PPO				
Revenues	24,605,429	21,556,417	3,049,013	14.1%
Expenses	(23,525,313)	(20,399,697)	(3,125,616)	15.3%
Net BSC and United PPO Excess(Shortage)	1,080,116	1,156,720	(76,604)	
Health Net Canopy Care				
Revenues	4,476,159	2,779,613	1,696,546	
Expenses	(2,649,157)	(3,063,971)	414,814	
Net Health Net Canopy Care Excess(Shortage)	1,827,002	(284,358)	2,111,360	
Delta Dental PPO (Active only)				
Revenues	13,682,996	14,460,787	(777,791)	-5.4% h
Expenses	(15,524,860)	(14,676,732)	(848,128)	5.8% i
Net Delta Dental PPO- (Active Only) Excess(Shortage)	(1,841,864)	(215,946)	(1,625,918)	752.9%
<b>NET FLEX/SELF-INSURED PLANS</b>	<b>(12,920,130)</b>	<b>(5,241,276)</b>	<b>(7,678,853)</b>	<b>146.5%</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: OCTOBER 31, 2024			
ACTIVE & RETIRED COMBINED		For 4 Months Ended October 31, 2024	For 4 Months Ended October 31, 2023	\$ Change	% Change
<b>FULLY INSURED PLANS</b>					
Kaiser-HMO					
Revenues		185,286,044	165,651,387	19,634,657	11.9% d
Expenses		(183,290,362)	(163,293,853)	(19,996,509)	12.2% d, l
Net Kaiser- HMO Excess(Shortage)		1,995,682	2,357,534	(361,852)	-15.3% k
UHC MAPD					
Revenues		37,429,364	32,044,027	5,385,338	16.8% d, l
Expenses		(37,429,364)	(32,044,027)	(5,385,338)	16.8% d, l
Net UHC MAPD Excess(Shortage)		0	0	0	
Vision Service Plan, All (City Plan & HMO)					
Revenues		3,784,427	3,600,422	184,005	5.1% d, l
Expenses		(3,741,955)	(3,557,018)	(184,937)	5.2% d, l
Net Vision Service Plan Excess(Shortage)		42,472	43,404	(932)	-2.1%
Delta Dental PPO - Retirees					
Revenues		6,932,888	6,626,513	306,375	4.6%
Expenses		(6,932,888)	(6,626,513)	(306,375)	4.6%
Net Delta Dental PPO - Retirees Excess(Shortage)		0	0	0	
Delta Care					
Revenues		303,573	282,997	20,576	7.3%
Expenses		(303,504)	(276,292)	(27,211)	9.8%
Net Delta Care Excess(Shortage)		69	6,705	(6,636)	-99.0%
UHC Dental					
Revenues		143,148	142,009	1,139	0.8%
Expenses		(139,047)	(138,124)	(923)	0.7%
Net UHC Dental Excess(Shortage)		4,101	3,885	216	5.6%
Long Term/Short Term Disability					
Revenues		2,523,113	2,368,479	154,635	6.5%
Expenses		(2,522,406)	(2,367,727)	(154,679)	6.5%
Net Long Term/Short Term Disability Excess(Shortage)		707	751	(44)	-5.9% k
Flexible Benefits					
Revenues		1,637,387	1,456,071	181,316	12.5% g
Expenses		(1,637,387)	(1,456,071)	(181,316)	12.5% g
Net Flexible Benefits Excess(Shortage)		0	0	0	
Flexible Spending-Dependent Care					
Revenues		2,092,578	2,290,879	(198,300)	-8.7% c
Expenses		(1,594,580)	(1,623,898)	29,318	-1.8% c
Net Flexible Spending-Dependent Care Excess(Shortage)		497,998	666,981	(168,983)	-25.3%
Flexible Spending -Medical Reimbursement					
Revenues		4,781,924	4,416,269	365,655	8.3% g
Expenses		(3,141,820)	(2,810,805)	(331,015)	11.8% f
Net Flexible Spending-Medical Reimbursement Excess(Shortage)		1,640,104	1,605,464	34,640	2.2%
Adoption & Surrogacy					
Expenses		(31,365)	(47,295)	15,930	
Healthcare Sustainability Fund (\$3.00)					
Revenues		858,900	848,154	10,746	1.3%
Expenses		(1,162,103)	(478,534)	(683,569)	142.8% e
Net Healthcare Sustainability Fund (\$3.00) Excess(Shortage)		(303,203)	369,620	(672,823)	-182.0%
<b>NET FULLY INSURED PLANS</b>		<b>3,846,565</b>	<b>5,007,049</b>	<b>(1,160,484)</b>	<b>-23.2%</b>
<b>INVESTMENT INCOME AND OTHER</b>					
Interest		0	0	0	
Performance guarantees		0	730,967	(730,967)	
Forfeitures		0	0	0	
<b>TOTAL SAVINGS &amp; INVESTMENTS</b>		<b>0</b>	<b>730,967</b>	<b>(730,967)</b>	<b>1616.8%</b>
<b>TOTAL NET EXCESS (SHORTAGE)</b>		<b>(9,073,565)</b>	<b>496,740</b>	<b>(9,570,304)</b>	<b>-1926.6%</b>

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                                     |
|                          | j decrease in claims                                    |
|                          | k Payperiod Timing                                      |