

SAN FRANCISCO HEALTH SERVICE SYSTEM

Affordable, Quality Benefits & Well-Being

DATE: January 9, 2025
TO: Members of the Health Service Board
FROM: Iftikhar Hussain, Chief Financial Officer
SUBJECT: Health Service Board Financial Report as of November 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 five months ending November 30, 2024.

Executive Summary

Trust Fund and Health Sustainability Fund

- The FYE trust balance is projected to decrease by \$35M 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 five 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 11/30/24	Projected Year-End Annual Net
Flex/Self Insurance		
Blue Shield-Access+	(9,110,673)	(17,490,927) (a)
Blue Shield-Trio	(6,877,202)	(13,481,474) (a)
Blue Shield and United PPO	1,160,057	1,710,851 (b)
Health Net Canopy Care	1,724,850	-
Delta Dental PPO, Actives	(2,210,069)	(4,605,665) (c)
Fully Insured Plans		
Medical HMOs	(4,994,372)	-
Dental	(6,069)	-
LTD/Flexible Benefits/FSA	2,268,828	-
Healthcare Sustainability Fund (\$3.00/\$4.00)	(110,789)	(1,974,127) (d)
Savings & Investments		
Interest	-	3,000,000 (i)
Performance guarantees	-	- (e)
Surrogacy and adoption	(31,365)	(31,365)
Forfeitures	-	-
Transfers Out	0	(2,068,410) (g)
TOTAL	(18,186,804)	(34,941,118)
Net assets		
Beginning of the year		<u>109,319,775</u>
End of the year		<u>74,378,657</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 \$17M due to rate stabilization and use of Sutter settlement received in the prior year to reduce rates and 14% increase in claims from prior year mainly due to high hospital and pharmacy claims.

Blue Shield Trio Flex-Funded Plan

FYE balance decreased by \$13M due rate stabilization and use of Sutter settlement to reduce rates and higher claims 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 \$1.7M due to favorable claims.

Delta Dental PPO (Actives Only) Self-Funded Plan

The FYE balance decreased by \$4.6M 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 & 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 Nov YTD	FY 24-25 Projection
REVENUE SOURCES							
Annual Revenues	\$ 2,562,918	\$ 3,404,857		\$ -	\$ 3,404,857	\$ 1,074,642	\$ 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
TOTAL	\$ 7,749,657	\$ 9,925,857	\$ -	\$ 93,082	\$ 10,018,939	\$ 7,688,724	\$ 10,018,939
EXPENDITURE USES							
Personnel	\$ 756,480	\$ 2,776,489		\$ 354,853	\$ 3,131,342	\$ 766,868	\$ 2,155,039
Administrative	3,883	44,000	22,880		66,880	1,613	66,880
Member Communications	(190,851)	700,500	113,326		813,826	323,338	813,826
Communications - Other	190,215	909,324	286,657		1,195,981	47,550	1,195,981
Well-Being	(50,803)	673,827	64,360		738,187	37,970	738,187
Initiatives to Reduce Health Care Costs	426,651	405,613	3,458		409,071	36,727	409,071
Other Projects	-	-	-		-	-	-
TOTAL	\$ 1,135,575	\$ 5,509,753	\$ 490,681	\$ 354,853	\$ 6,355,286	\$ 1,214,066	\$ 5,378,984
REVENUE - EXP. (excl. carry forward fund balance)	1,427,343	(2,104,895)	(490,681)	(354,853)	(2,950,429)	(139,424)	(1,974,127)
BALANCE	\$ 6,614,082	\$ 4,416,105	\$ (490,681)	\$ (261,771)	\$ 3,663,653	\$ 6,474,659	\$ 4,639,956

Pharmacy Rebates

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

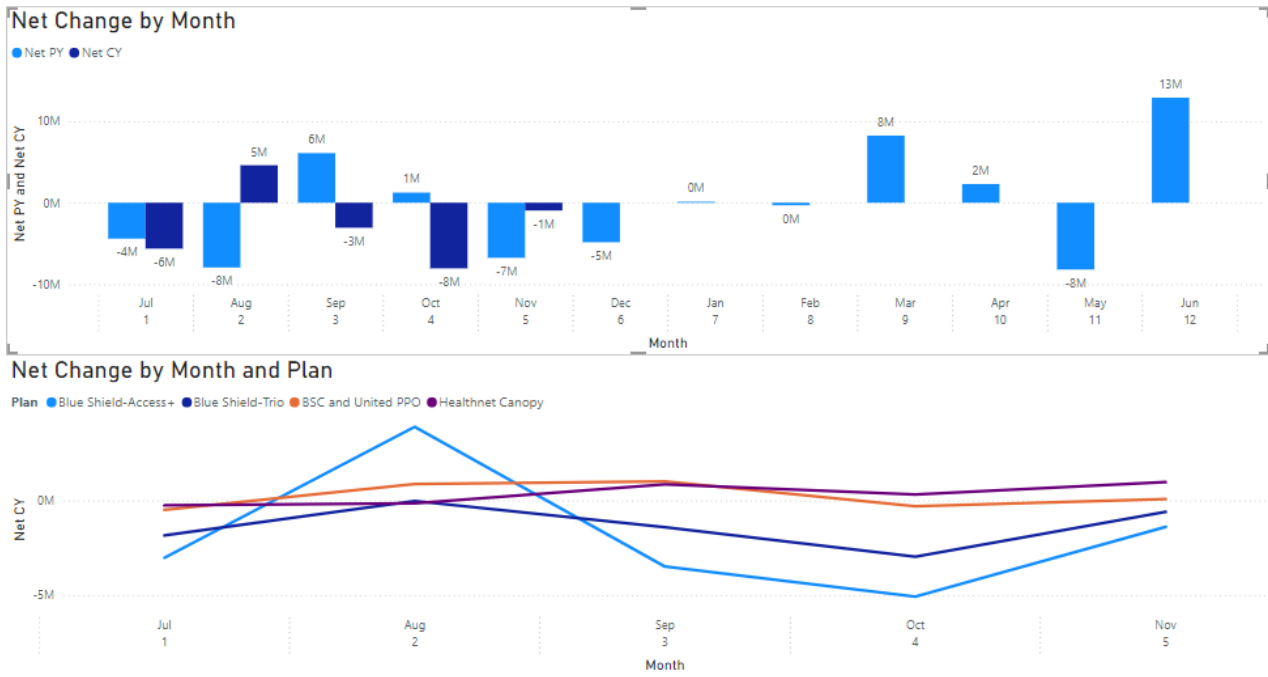
	Actual	Projected Full Year
Blue Shield Access+ HMO	2,218,149	4,556,800
Blue Shield Trio HMO	931,818	9,683,200
UHC Administered PPO	785,824	1,760,000
		-
TOTAL	\$ 3,935,791	\$ 16,000,000

General Fund

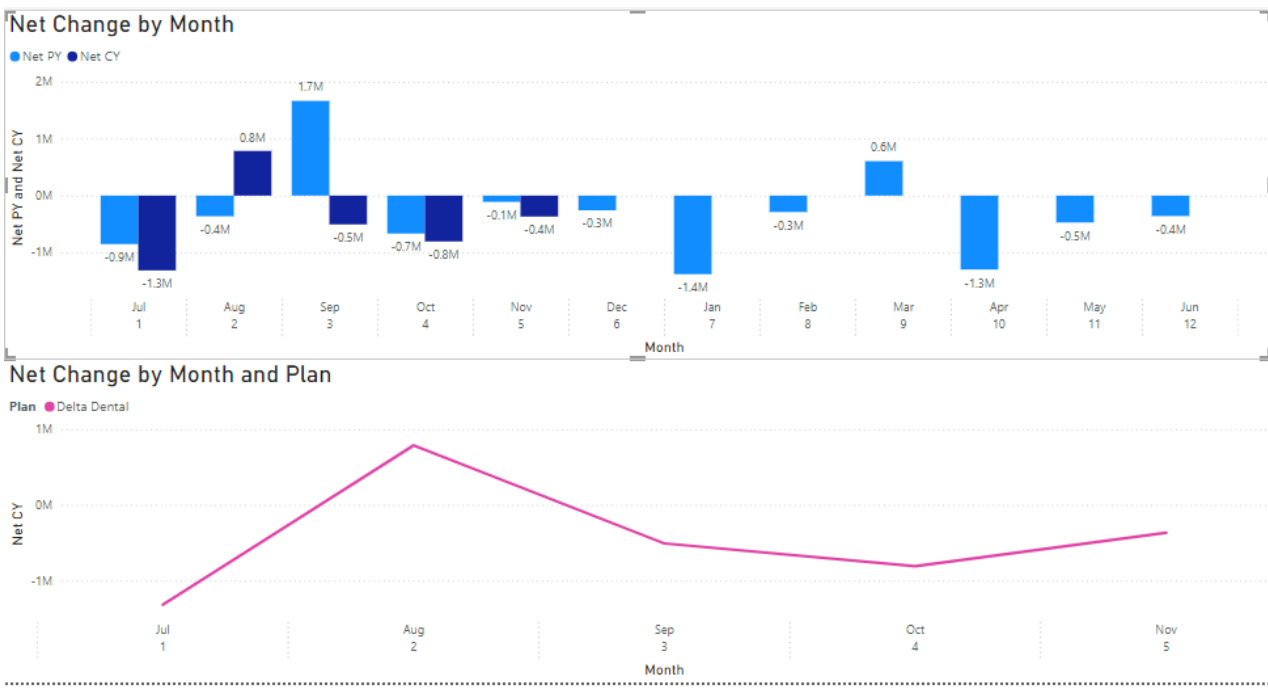
The FY 2025 budget has been adjusted for carryforward commitments made before June 31, 2024. Net activity is ahead of budget mainly due to vacancies.

SAN FRANCISCO HEALTH SERVICE SYSTEM Affordable, Quality Benefits & Well-Being		General Fund Administration Budget FY 2024-25				
ANNUALIZED AS OF 11/30/24						
	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
REVENUES						
Non-Operating Revenue	\$ -		\$ -	\$ -	-	-
Operating Work Order Recovery	10,613,691	-	10,613,691	4,422,375	4,422,375	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	-		-	-	-	-
TOTAL REVENUES	\$ 12,682,101	\$ 539,346	\$ 13,221,447	\$ 4,961,721	4,961,721	13,221,447
EXPENDITURES						
Personnel Services	\$ 5,820,949		\$ 5,820,949	\$ 2,296,297	2,296,297	5,650,896
Mandatory Fringe Benefits	2,440,791		2,440,791	973,848	973,848	2,228,713
Non-personnel Services	2,377,136	317,693	2,694,829	965,410	965,410	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	674,809	674,809	2,204,931
			-			-
TOTAL EXPENDITURES	\$ 12,682,101	\$ 539,346	\$ 13,221,447	\$ 4,926,786	4,926,786	12,839,317
BALANCE	\$ -	\$ (0)	\$ (0)	\$ 34,935	34,935	382,130

All Flex Funded Medical Plans

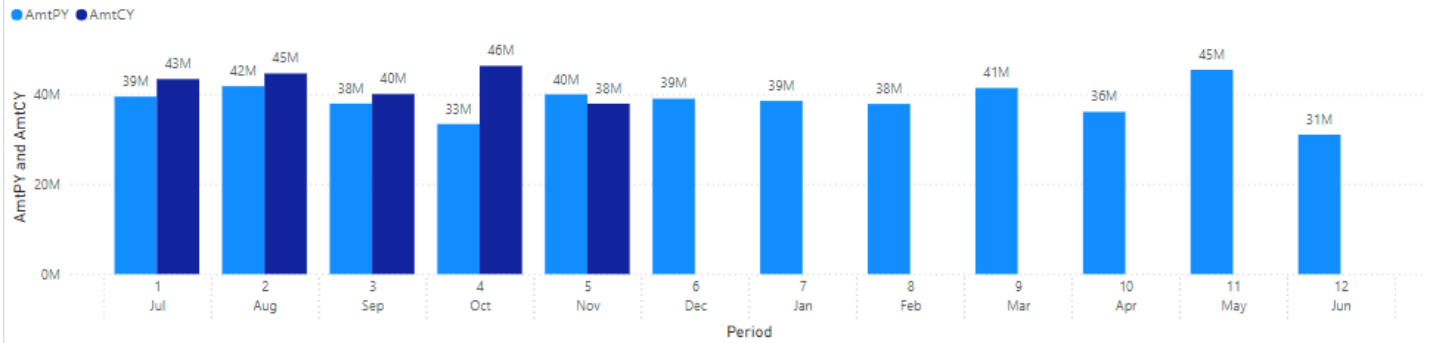


Dental

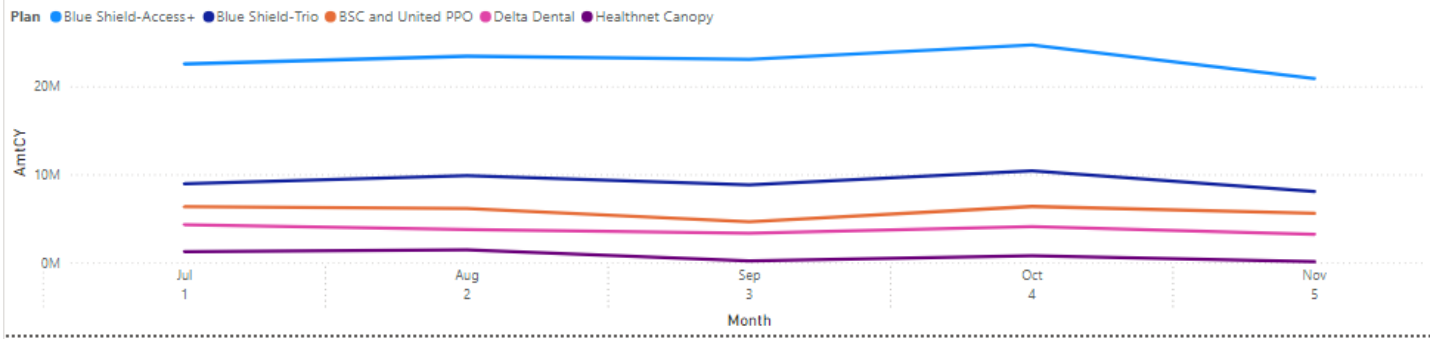


Medical And Dental Expenses by Plan


Expenses by Month



Expenses by Month and Plan



Supplemental Tables – Trust Fund Activity- Current FY

 SAN FRANCISCO HEALTH SERVICE SYSTEM <small>Affordable, Quality Benefits & Well-Being</small>	STATEMENT OF REVENUES AND EXPENSES FY 2024-2025 FOR 5 MONTHS ENDED NOVEMBER 30, 2024		
<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*, **	105,394,906	114,505,579	(9,110,673)
Blue Shield Trio HMO*	39,222,925	46,100,127	(6,877,202)
Blue Shield and United PPO	30,290,102	29,130,045	1,160,057
UHC Administere PPO*	-	-	-
Health Net Canopy Care	5,569,361	3,844,511	1,724,850
Delta Dental PPO- (Active only)	16,546,771	18,756,840	(2,210,069)
TOTAL FLEX/SELF-INSURED PLANS	197,024,066	212,337,103	(15,313,037)
FULLY INSURED PLANS			
UHC MAPD	46,823,336	46,823,336	-
Kaiser-HMO	228,523,656	233,518,918	(4,995,262)
Vision Service Plan	4,681,395	4,680,504	890
Sub-total HMO	280,028,386	285,022,758	(4,994,372)
Delta Dental PPO - Retirees	8,667,113	8,667,113	-
Delta Care	373,559	380,529	(6,970)
UHC Dental	174,791	173,891	901
Sub-total Dental	9,215,463	9,221,532	(6,069)
Long Term/Short Term Disability	3,143,382	3,143,380	2
Flexible Benefits	1,996,291	1,996,291	0
Flexible Spending-Dependent Care	2,578,380	2,093,232	485,149
Flexible Spending -Medical Reimbursement	5,887,380	4,103,704	1,783,676
Healthcare Sustainability Fund (\$4.00)	1,074,642	1,185,431	(110,789)
Adoption & Surrogacy		31,365	(31,365)
Sub-total Other Benefits	14,680,075	12,553,402	2,126,673
TOTAL FULLY INSURED PLANS	303,923,925	306,797,692	(2,873,767)
SAVINGS AND INVESTMENTS			
Interest	-	-	-
Performance guarantees	-	-	-
Forfeitures	-	-	-
TOTAL SAVINGS & INVESTMENTS	-	-	-
TRANSFERS OUT OF FORFEITURES			0
TOTAL FUNDS	500,947,991	519,134,795	(18,186,804)

* 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: NOVEMBER 30, 2024**

<i>ACTIVE & RETIRED COMBINED</i>	For 5 Months Ended November 30, 2024	For 5 Months Ended November 30, 2023	\$ Change	% Change
FLEX/SELF-INSURED PLANS				
Blue Shield-Access+ HMO				
Revenues	105,394,906	97,179,035	8,215,871	8.5% b
Expenses	(114,505,579)	(100,058,026)	(14,447,553)	14.4% f
Net Blue Shield-Access Excess(Shortage)	(9,110,673)	(2,878,991)	(6,231,682)	216.5%
Blue Shield-Trio HMO				
Revenues	39,222,925	40,186,097	(963,172)	-2.4%
Expenses	(46,100,127)	(44,383,108)	(1,717,019)	3.9% i
Net Blue Shield-Trio Excess(Shortage)	(6,877,202)	(4,197,011)	(2,680,191)	63.9%
Blue Shield and United PPO				
Revenues	30,290,102	27,004,004	3,286,098	12.2%
Expenses	(29,130,045)	(26,631,311)	(2,498,734)	9.4%
Net BSC and United PPO Excess(Shortage)	1,160,057	372,693	787,364	
Health Net Canopy Care				
Revenues	5,569,361	3,774,074	1,795,288	
Expenses	(3,844,511)	(3,758,476)	(86,035)	
Net Health Net Canopy Care Excess(Shortage)	1,724,850	15,597	1,709,253	
Delta Dental PPO (Active only)				
Revenues	16,546,771	18,272,265	(1,725,494)	-9.4% h
Expenses	(18,756,840)	(17,813,091)	(943,749)	5.3% i
Net Delta Dental PPO- (Active Only) Excess(Shortage)	(2,210,069)	459,174	(2,669,243)	-581.3%
NET FLEX/SELF-INSURED PLANS	(15,313,037)	(6,228,537)	(9,084,499)	145.9%


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 2024-2025 VS FY 2023-2024 YEAR-TO-DATE: NOVEMBER 30, 2024			
ACTIVE & RETIRED COMBINED		For 5 Months Ended November 30, 2024	For 5 Months Ended November 30, 2023	\$ Change	% Change
FULLY INSURED PLANS					
Kaiser-HMO					
Revenues		228,523,656	204,321,133	24,202,523	11.8% d
Expenses		(233,518,918)	(204,448,912)	(29,070,006)	14.2% d, l
Net Kaiser- HMO Excess(Shortage)		(4,995,262)	(127,779)	(4,867,483)	3809.3% k
UHC MAPD					
Revenues		46,823,336	40,070,096	6,753,240	16.9% d, l
Expenses		(46,823,336)	(40,070,096)	(6,753,240)	16.9% d, l
Net UHC MAPD Excess(Shortage)		0	0	0	
Vision Service Plan, All (City Plan & HMO)					
Revenues		4,681,395	4,459,817	221,578	5.0% d, l
Expenses		(4,680,504)	(4,453,566)	(226,938)	5.1% d, l
Net Vision Service Plan Excess(Shortage)		890	6,251	(5,360)	-85.8%
Delta Dental PPO - Retirees					
Revenues		8,667,113	8,288,544	378,569	4.6%
Expenses		(8,667,113)	(8,288,544)	(378,569)	4.6%
Net Delta Dental PPO - Retirees Excess(Shortage)		0	0	0	
Delta Care					
Revenues		373,559	347,408	26,151	7.5%
Expenses		(380,529)	(347,124)	(33,405)	9.6%
Net Delta Care Excess(Shortage)		(6,970)	284	(7,254)	-2554.1%
UHC Dental					
Revenues		174,791	173,622	1,169	0.7%
Expenses		(173,891)	(173,201)	(690)	0.4%
Net UHC Dental Excess(Shortage)		901	421	480	114.1%
Long Term/Short Term Disability					
Revenues		3,143,382	2,952,016	191,366	6.5%
Expenses		(3,143,380)	(2,953,595)	(189,784)	6.4%
Net Long Term/Short Term Disability Excess(Shortage)		2	(1,580)	1,582	-100.2% k
Flexible Benefits					
Revenues		1,996,291	1,780,969	215,322	12.1% g
Expenses		(1,996,291)	(1,780,969)	(215,322)	12.1% g
Net Flexible Benefits Excess(Shortage)		0	0	0	
Flexible Spending-Dependent Care					
Revenues		2,578,380	2,827,998	(249,617)	-8.8% c
Expenses		(2,093,232)	(2,230,580)	137,348	-6.2% c
Net Flexible Spending-Dependent Care Excess(Shortage)		485,149	597,418	(112,269)	-18.8%
Flexible Spending -Medical Reimbursement					
Revenues		5,887,380	5,450,122	437,259	8.0% g
Expenses		(4,103,704)	(3,335,143)	(768,561)	23.0% f
Net Flexible Spending-Medical Reimbursement Excess(Shortage)		1,783,676	2,114,979	(331,303)	-15.7%
Adoption & Surrogacy					
Expenses		(31,365)	(47,295)	15,930	
Healthcare Sustainability Fund (\$3.00)					
Revenues		1,074,642	1,061,298	13,344	1.3%
Expenses		(1,185,431)	(680,739)	(504,692)	74.1% e
Net Healthcare Sustainability Fund (\$3.00) Excess(Shortage)		(110,789)	380,559	(491,348)	-129.1%
NET FULLY INSURED PLANS		(2,873,767)	2,923,258	(5,797,025)	-198.3%
INVESTMENT INCOME AND OTHER					
Interest		0	0	0	
Performance guarantees		0	730,967	(730,967)	
Forfeitures		0	0	0	
TOTAL SAVINGS & INVESTMENTS		0	730,967	(730,967)	1616.8%
TOTAL NET EXCESS (SHORTAGE)		(18,186,804)	(2,574,312)	(15,612,492)	606.5%

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