

SAN FRANCISCO HEALTH SERVICE SYSTEM

Affordable, Quality Benefits & Well-Being

DATE: February 13, 2025
TO: Members of the Health Service Board
FROM: Iftikhar Hussain, Chief Financial Officer
SUBJECT: Health Service Board Financial Report as of January 31, 2025

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 seven months ending January 31, 2025.

Executive Summary

Trust Fund and Health Sustainability Fund

- The FYE trust balance is projected to decrease by \$25M for the year. The decrease is due to \$9 million in stabilization and Sutter settlement and higher hospital and pharmacy utilization based on experience in the first seven months.
- Pharmacy rebates for the year are projected to be \$27M.
- The Healthcare Sustainability Fund projected to decrease by \$1.5M with an ending balance of \$5.1M
- Interest income for the year projected to be \$6M.

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 01/31/25	Projected Year-End Annual Net
Flex/Self Insurance		
Blue Shield-Access+	(4,918,990)	(16,244,771) (a)
Blue Shield-Trio	(4,108,175)	(9,071,085) (a)
Blue Shield and United PPO	3,039,962	3,205,548 (b)
Health Net Canopy Care	1,604,300	-
Delta Dental PPO, Actives	(1,995,333)	(5,225,643) (c)
Fully Insured Plans		
Medical HMOs	7,284,478	-
Dental	17,304	-
LTD/Flexible Benefits/FSA	1,061,724	-
Healthcare Sustainability Fund (\$3.00/\$4.00)	(216,633)	(1,470,305) (d)
Savings & Investments		
Interest	1,516,895	6,000,000 (i)
Performance guarantees	-	- (e)
Surrogacy and adoption	(47,513)	(47,513)
Forfeitures	-	-
Transfers Out	0	(2,068,410) (g)
TOTAL	3,238,018	(24,922,179)
Net assets		
Beginning of the year		109,319,775
End of the year		84,397,596

(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/\$4.00 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 \$16M due to rate stabilization and use of Sutter settlement received in the prior year to reduce rates and high hospital and pharmacy claims.

Blue Shield Trio Flex-Funded Plan

FYE balance decreased by \$9M 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 \$.3M due to favorable claims.

Delta Dental PPO (Actives Only) Self-Funded Plan

The FYE balance decreased by \$5.2M 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 decrease by \$1.5M to \$5.1M.

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 Jan YTD	FY 24-25 Projection
REVENUE SOURCES							
Annual Revenues	\$ 2,562,918	\$ 3,404,857		\$ -	\$ 3,404,857	\$ 1,579,613	\$ 3,010,351
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	\$ 8,193,695	\$ 9,624,433
EXPENDITURE USES							
Personnel	\$ 756,480	\$ 2,776,489		\$ 354,853	\$ 3,131,342	\$ 1,090,316	\$ 2,049,489
Administrative	3,883	44,000	22,880		66,880	6,650	24,000
Member Communications	(190,851)	700,500	113,326		813,826	405,318	744,000
Communications - Other	190,215	909,324	286,657		1,195,981	47,550	850,536
Well-Being	(50,803)	673,827	64,360		738,187	91,201	433,400
Initiatives to Reduce Health Care Costs	426,651	405,613	3,458		409,071	155,210	379,231
Other Projects	-	-	-		-	-	-
TOTAL	\$ 1,135,575	\$ 5,509,753	\$ 490,681	\$ 354,853	\$ 6,355,286	\$ 1,796,246	\$ 4,480,656
REVENUE - EXP. (excl. carry forward fund balance)	1,427,343	(2,104,895)	(490,681)	(354,853)	(2,950,429)	(216,633)	(1,470,305)
BALANCE	\$ 6,614,082	\$ 4,416,105	\$ (490,681)	\$ (261,771)	\$ 3,663,653	\$ 6,397,450	\$ 5,143,777

Pharmacy Rebates

\$7M was received in the first seven months. Projected rebates for the year are \$27M. The projection includes true-up of interim rebate payments.

	Actual	Projected Full Year
Blue Shield Access+ HMO	4,173,965	17,000,000
Blue Shield Trio HMO	1,760,260	7,000,000
UHC Administered PPO	1,190,547	3,000,000
HealthNet	149,501	199,334
TOTAL	\$ 7,274,273	\$ 27,199,334

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.

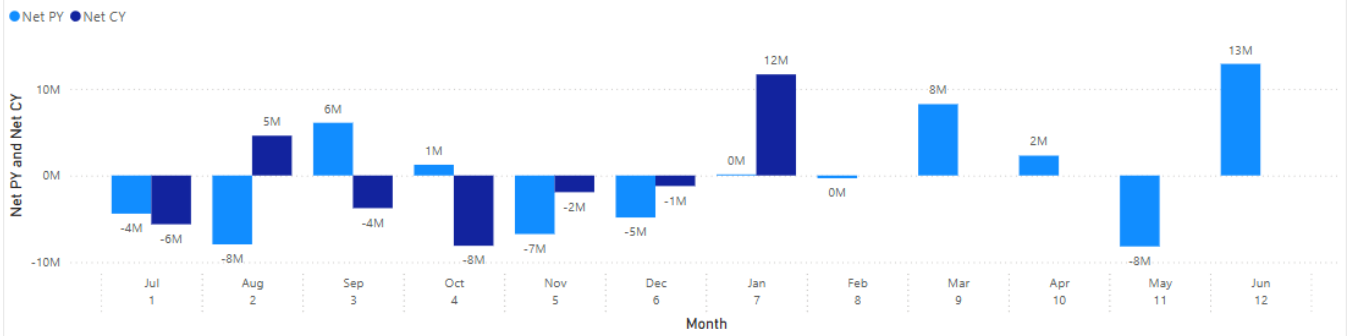


General Fund Administration Budget FY 2024-25

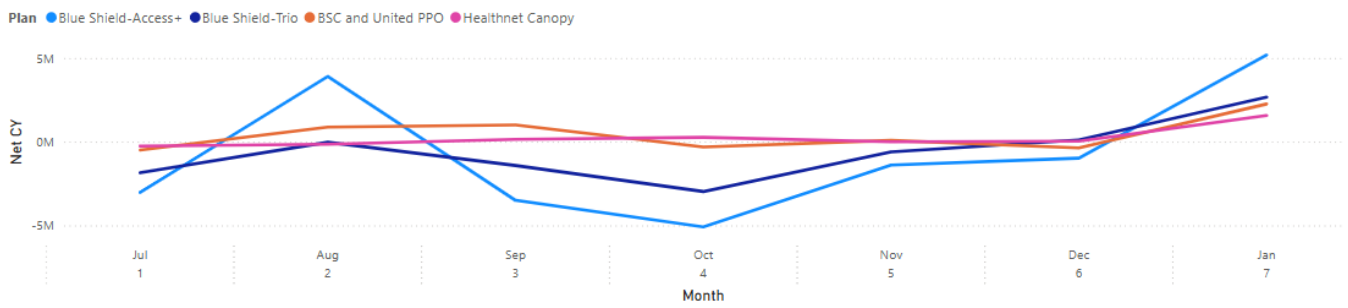
ANNUALIZED AS OF 01/31/25						
	FY 2024-25 Approved Budget	FY2024-25 Carryforward Budget	FY 2024-25 Revised Budget	FY 2024-25 Actuals	Total Actual YTD	FY 2024-25 Projection
REVENUES						
Non-Operating Revenue	\$ -	-	\$ -	\$ -	\$ -	\$ -
Operating Work Order Recovery	10,613,691	-	10,647,691	6,191,325	6,191,325	10,647,691
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	\$ 13,255,447	\$ 6,730,671	6,730,671	13,255,447
EXPENDITURES						
Personnel Services	\$ 5,820,949	-	\$ 5,820,949	\$ 3,205,726	\$ 3,205,726	\$ 5,613,110
Mandatory Fringe Benefits	2,440,791	-	2,440,791	1,345,473	1,345,473	2,387,334
Non-personnel Services	2,377,136	317,693	2,728,829	1,288,549	1,288,549	2,728,829
Materials & Supplies	50,873	9,074	59,947	26,677	26,677	59,947
Services of Other Departments	1,992,352	212,579	2,204,931	1,045,529	1,045,529	2,204,175
			-			-
TOTAL EXPENDITURES	\$ 12,682,101	\$ 539,346	\$ 13,255,447	\$ 6,911,954	6,911,954	12,993,396
BALANCE	\$ -	\$ (0)	\$ (0)	\$ (181,283)	(181,283)	262,051

All Flex Funded Medical Plans

Net Change by Month

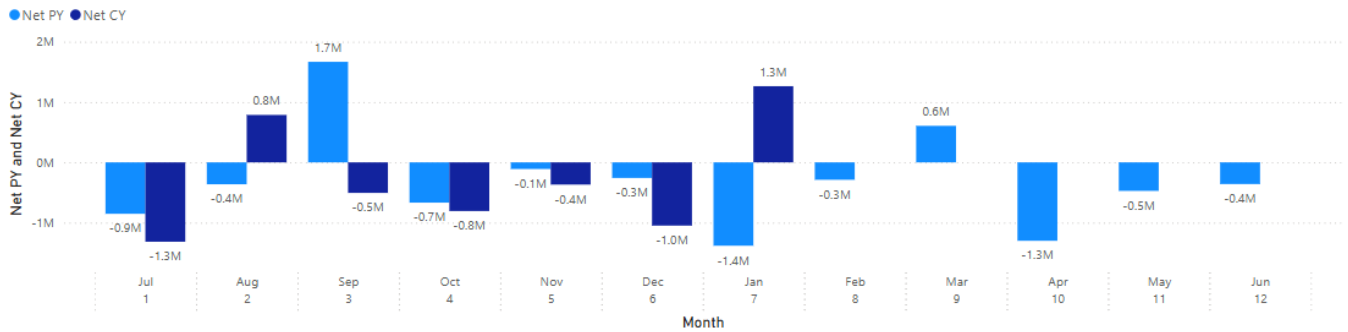


Net Change by Month and Plan

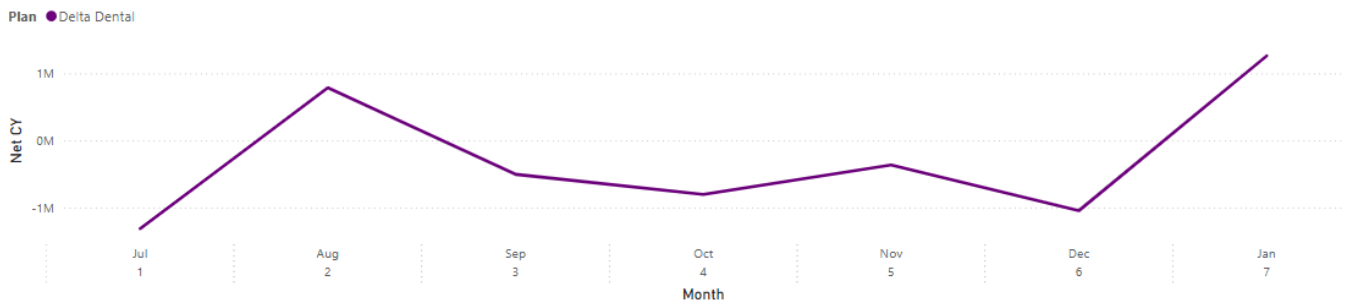


Dental

Net Change by Month

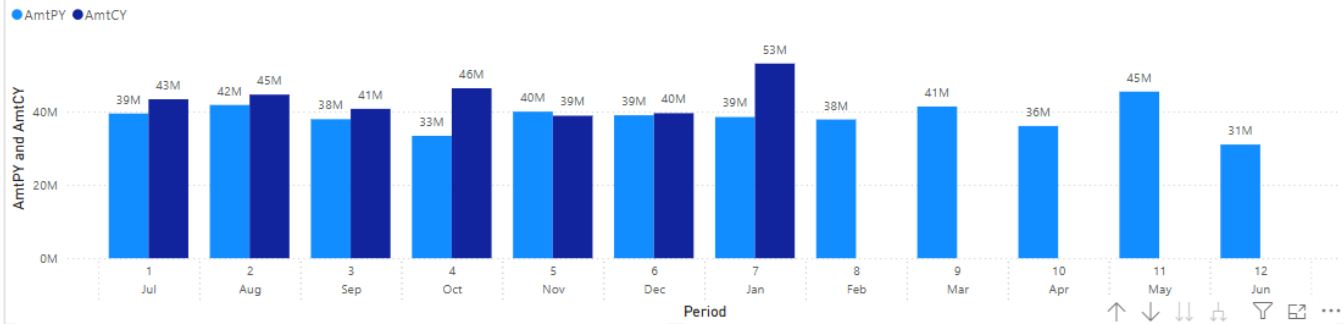


Net Change by Month and Plan

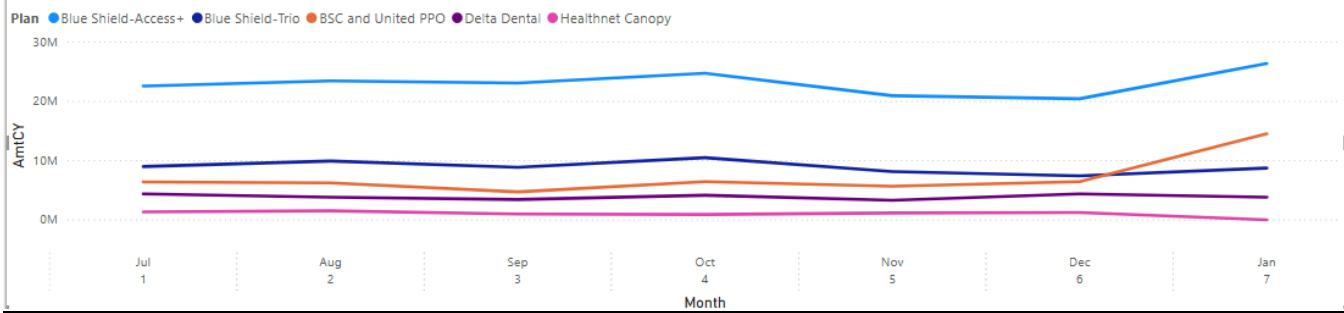


Medical And Dental Expenses by Plan


Expenses by Month



Expenses by Month and Plan



Supplemental Tables – Trust Fund Activity- Current FY

 SAN FRANCISCO HEALTH SERVICE SYSTEM <small>Affordable, Quality Benefits & Well-Being</small>	STATEMENT OF REVENUES AND EXPENSES FY 2024-2025 FOR 7 MONTHS ENDED JANUARY 31, 2025		
<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*, **	156,258,910	161,177,900	(4,918,990)
Blue Shield Trio HMO*	58,021,697	62,129,872	(4,108,175)
Blue Shield and United PPO	53,007,406	49,967,444	3,039,962
UHC Administere PPO*	-	-	-
Health Net Canopy Care	8,267,206	6,662,906	1,604,300
Delta Dental PPO- (Active only)	24,838,520	26,833,854	(1,995,333)
TOTAL FLEX/SELF-INSURED PLANS	300,393,739	306,771,975	(6,378,236)
FULLY INSURED PLANS			
UHC MAPD	56,260,867	56,260,867	-
Kaiser-HMO	335,053,861	327,904,911	7,148,950
Vision Service Plan	6,737,071	6,601,542	135,528
Sub-total HMO	398,051,798	390,767,320	7,284,478
Delta Dental PPO - Retirees	12,125,381	12,125,381	-
Delta Care	541,086	532,082	9,003
UHC Dental	248,905	240,605	8,300
Sub-total Dental	12,915,372	12,898,068	17,304
Long Term/Short Term Disability	4,452,406	4,455,021	(2,615)
Flexible Benefits	2,970,742	2,970,742	0
Flexible Spending-Dependent Care	3,586,111	3,697,860	(111,749)
Flexible Spending -Medical Reimbursement	8,295,528	7,119,439	1,176,089
Healthcare Sustainability Fund (\$4.00)	1,579,613	1,796,246	(216,633)
Adoption & Surrogacy	-	47,513	(47,513)
Sub-total Other Benefits	20,884,400	20,086,822	797,578
TOTAL FULLY INSURED PLANS	431,851,569	423,752,210	8,099,360
SAVINGS AND INVESTMENTS			
Interest	1,516,895	-	1,516,895
Performance guarantees	-	-	-
Forfeitures	-	-	-
TOTAL SAVINGS & INVESTMENTS	1,516,895	-	1,516,895
TRANSFERS OUT OF FORFEITURES			
			0
TOTAL FUNDS	733,762,203	730,524,185	3,238,018

* 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: JANUARY 31, 2025

<i>ACTIVE & RETIRED COMBINED</i>	For 7 Months Ended January 31, 2025	For 7 Months Ended January 31, 2024	\$ Change	% Change
FLEX/SELF-INSURED PLANS				
Blue Shield-Access+ HMO				
Revenues	156,258,910	132,181,561	24,077,349	18.2% b
Expenses	(161,177,900)	(142,184,435)	(18,993,465)	13.4% f
Net Blue Shield-Access Excess(Shortage)	(4,918,990)	(10,002,874)	5,083,884	-50.8%
Blue Shield-Trio HMO				
Revenues	58,021,697	54,704,129	3,317,567	6.1%
Expenses	(62,129,872)	(60,549,305)	(1,580,567)	2.6% i
Net Blue Shield-Trio Excess(Shortage)	(4,108,175)	(5,845,176)	1,737,001	-29.7%
Blue Shield and United PPO				
Revenues	53,007,406	37,505,364	15,502,041	41.3%
Expenses	(49,967,444)	(36,673,313)	(13,294,131)	36.3%
Net BSC and United PPO Excess(Shortage)	3,039,962	832,052	2,207,910	
Health Net Canopy Care				
Revenues	8,267,206	5,347,461	2,919,745	
Expenses	(6,662,906)	(4,623,348)	(2,039,558)	
Net Health Net Canopy Care Excess(Shortage)	1,604,300	724,113	880,188	
Delta Dental PPO (Active only)				
Revenues	24,838,520	24,148,648	689,872	2.9% h
Expenses	(26,833,854)	(25,860,524)	(973,330)	3.8% i
Net Delta Dental PPO- (Active Only) Excess(Shortage)	(1,995,333)	(1,711,876)	(283,458)	16.6%
NET FLEX/SELF-INSURED PLANS	(6,378,236)	(16,003,761)	9,625,525	-60.1%


Notes:

- a decrease in membership
- b Sutter Settlement
- c decrease in deductions
- d increase in membership

e \$4 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: JANUARY 31, 2025			
ACTIVE & RETIRED COMBINED	For 7 Months Ended January 31, 2025	For 7 Months Ended January 31, 2024	\$ Change	% Change	
FULLY INSURED PLANS					
Kaiser-HMO					
Revenues	335,053,861	291,207,067	43,846,793	15.1%	d
Expenses	(327,904,911)	(291,420,273)	(36,484,639)	12.5%	d, l
Net Kaiser- HMO Excess(Shortage)	7,148,950	(213,205)	7,362,155	-3453.1%	k
UHC MAPD					
Revenues	56,260,867	57,427,241	(1,166,375)	-2.0%	d, l
Expenses	(56,260,867)	(57,427,241)	1,166,375	-2.0%	d, l
Net UHC MAPD Excess(Shortage)	0	0	0		
Vision Service Plan, All (City Plan & HMO)					
Revenues	6,737,071	6,244,024	493,047	7.9%	d, l
Expenses	(6,601,542)	(6,276,331)	(325,211)	5.2%	d, l
Net Vision Service Plan Excess(Shortage)	135,528	(32,308)	167,836	-519.5%	
Delta Dental PPO - Retirees					
Revenues	12,125,381	11,610,482	514,899	4.4%	
Expenses	(12,125,381)	(11,610,482)	(514,899)	4.4%	
Net Delta Dental PPO - Retirees Excess(Shortage)	0	0	0		
Delta Care					
Revenues	541,086	482,514	58,572	12.1%	
Expenses	(532,082)	(488,769)	(43,313)	8.9%	
Net Delta Care Excess(Shortage)	9,003	(6,255)	15,259	-243.9%	
UHC Dental					
Revenues	248,905	238,243	10,662	4.5%	
Expenses	(240,605)	(241,115)	510	-0.2%	
Net UHC Dental Excess(Shortage)	8,300	(2,872)	11,172	-389.0%	
Long Term/Short Term Disability					
Revenues	4,452,406	4,132,935	319,471	7.7%	
Expenses	(4,455,021)	(4,136,011)	(319,010)	7.7%	
Net Long Term/Short Term Disability Excess(Shortage)	(2,615)	(3,076)	461	-15.0%	k
Flexible Benefits					
Revenues	2,970,742	2,472,688	498,054	20.1%	g
Expenses	(2,970,742)	(2,472,688)	(498,054)	20.1%	g
Net Flexible Benefits Excess(Shortage)	0	0	0		
Flexible Spending-Dependent Care					
Revenues	3,586,111	3,573,136	12,975	0.4%	c
Expenses	(3,697,860)	(3,985,408)	287,547	-7.2%	c
Net Flexible Spending-Dependent Care Excess(Shortage)	(111,749)	(412,272)	300,522	-72.9%	
Flexible Spending -Medical Reimbursement					
Revenues	8,295,528	6,972,213	1,323,314	19.0%	g
Expenses	(7,119,439)	(6,170,574)	(948,865)	15.4%	f
Net Flexible Spending-Medical Reimbursement Excess(Shortage)	1,176,089	801,640	374,449	46.7%	
Adoption & Surrogacy					
Expenses	(47,513)	(62,295)	14,783		
Healthcare Sustainability Fund (\$4.00)					
Revenues	1,579,613	1,491,806	87,807	5.9%	
Expenses	(1,796,246)	(1,61,001)	(1,635,245)	1015.7%	e
Net Healthcare Sustainability Fund (\$4.00) Excess(Shortage)	(216,633)	1,330,805	(1,547,438)	-116.3%	
NET FULLY INSURED PLANS					
	8,099,360	1,400,161	6,699,198	478.5%	
INVESTMENT INCOME AND OTHER					
Interest	1,516,895	0	1,516,895		
Performance guarantees	0	1,926,149	(1,926,149)		
Forfeitures	0	0	0		
TOTAL SAVINGS & INVESTMENTS					
	1,516,895	1,926,149	(409,255)	1616.8%	
TOTAL NET EXCESS (SHORTAGE)					
	3,238,018	(12,677,450)	15,915,468	-125.5%	

Notes:

- | | |
|--------------------------|---|
| a decrease in membership | e \$4 per member per month for communications, wellness |
| b Sutter Settlement | f increase in claims |
| c decrease in deductions | g increase in deductions |
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