

SAN FRANCISCO HEALTH SERVICE SYSTEM

Affordable, Quality Benefits & Well-Being

DATE: August 14, 2025

TO: Members of the Health Service Board

FROM: Iftikhar Hussain, Chief Financial Officer

SUBJECT: Health Service Board Financial Report as of May 31, 2025

This report covers the sources and uses of the Health Service System Employee Benefit Trust Fund (Trust Fund), the Health Sustainability Fund (HSF) and the General Fund for the eleven months ending May 31, 2025.

SFHSS oversees the Benefit Trust Fund and HSF. The healthcare premiums and expenses flow through the Trust Fund. HSF activity consists of proceeds from the HSF assessment built into the premium rates and expenses related to communications, wellness and initiatives to reduce healthcare costs.

Executive Summary

Trust Fund and Health Sustainability Fund

- The FYE trust balance is projected to decrease by \$4.1M for the year. The decrease is due to \$10 million in stabilization and Sutter settlement.
- Pharmacy rebates for the year are projected to be \$28.8M.
- The Healthcare Sustainability Fund projected to decrease by \$766K with an ending balance of \$5.8M
- Interest income for the year is projected to be \$5.9M.

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 05/31/25	FY24-25 Projected Year-End Annual Net	
SUMMARY			
Flex/Self Insurance			
Blue Shield-Access+	(15,783,966)	(3,038,240)	(a)
Blue Shield-Trio	(6,863,969)	(1,420,792)	(a)
Blue Shield and United PPO	616,979	1,592,804	(b)
Health Net Canopy Care	701,984	810,054	
Delta Dental PPO, Actives	(5,088,587)	(5,487,686)	(c)
Fully Insured Plans			
Medical HMOs	1,683,433	-	
Dental	(1,696)	-	
LTD/Flexible Benefits/FSA	61,519	-	
Healthcare Sustainability Fund (\$3.00/\$4.00)	(257,609)	(765,508)	(d)
Savings & Investments			
Interest	4,439,016	5,918,688	(i)
Performance guarantees	-	-	(e)
Surrogacy and adoption	(94,095)	(94,095)	
Forfeitures	-	-	
Transfers Out	0	(1,616,174)	(g)
TOTAL	(20,586,991)	(4,100,950)	
Net assets			
Beginning of the year		109,319,775	
End of the year		105,218,825	

(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 \$19.1 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 \$3.4 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 \$3M 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 projected to decrease by \$1.4M 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 \$1.6M due to favorable claims.

Delta Dental PPO (Actives Only) Self-Funded Plan

The FYE balance decreased by \$5.5M 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 decreased by \$766K to \$5.8M.

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 May YTD	FY 24-25 Projection Based on 9-Month Projection
REVENUE SOURCES							
Annual Revenues	\$ 2,562,918	\$ 3,404,857		\$ -	\$ 3,404,857	\$ 2,739,530	\$ 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	\$ 9,353,612	\$ 9,624,433
EXPENDITURE USES							
Personnel	\$ 756,480	\$ 2,421,636		\$ 354,853	\$ 2,776,489	\$ 1,708,101	\$ 1,971,037
Administrative	3,883	44,000	22,880		66,880	24,355	13,638
Member Communications	(190,851)	700,500	113,326		813,826	563,847	696,600
Communications - Other	190,215	909,324	286,657		1,195,981	177,456	346,579
Well-Being	(50,803)	673,827	64,360		738,187	144,307	233,505
Initiatives to Reduce Health Care Costs	426,651	405,613	3,458		409,071	379,073	514,500
Other Projects	-	-	-		-	-	-
TOTAL	\$ 1,135,575	\$ 5,154,900	\$ 490,681	\$ 354,853	\$ 6,000,433	\$ 2,997,139	\$ 3,775,859
REVENUE - EXP. (excl. carry forward fund balance)	1,427,343	(1,750,042)	(490,681)	(354,853)	(2,595,576)	(257,609)	(765,508)
BALANCE	\$ 6,614,082	\$ 4,770,958	\$ (490,681)	\$ (261,771)	\$ 4,018,506	\$ 6,356,474	\$ 5,848,574

Pharmacy Rebates

\$11M was received in the first eleven months. Projected rebates for the year are \$28.8M.

	Actual	Projected Full Year
Blue Shield Access+ HMO	5,955,588	19,370,000
Blue Shield Trio HMO	2,533,925	5,700,000
UHC and BS PPO	2,267,966	3,400,000
HealthNet	231,221	308,294
TOTAL	\$ 10,988,700	\$ 28,778,294

General Fund

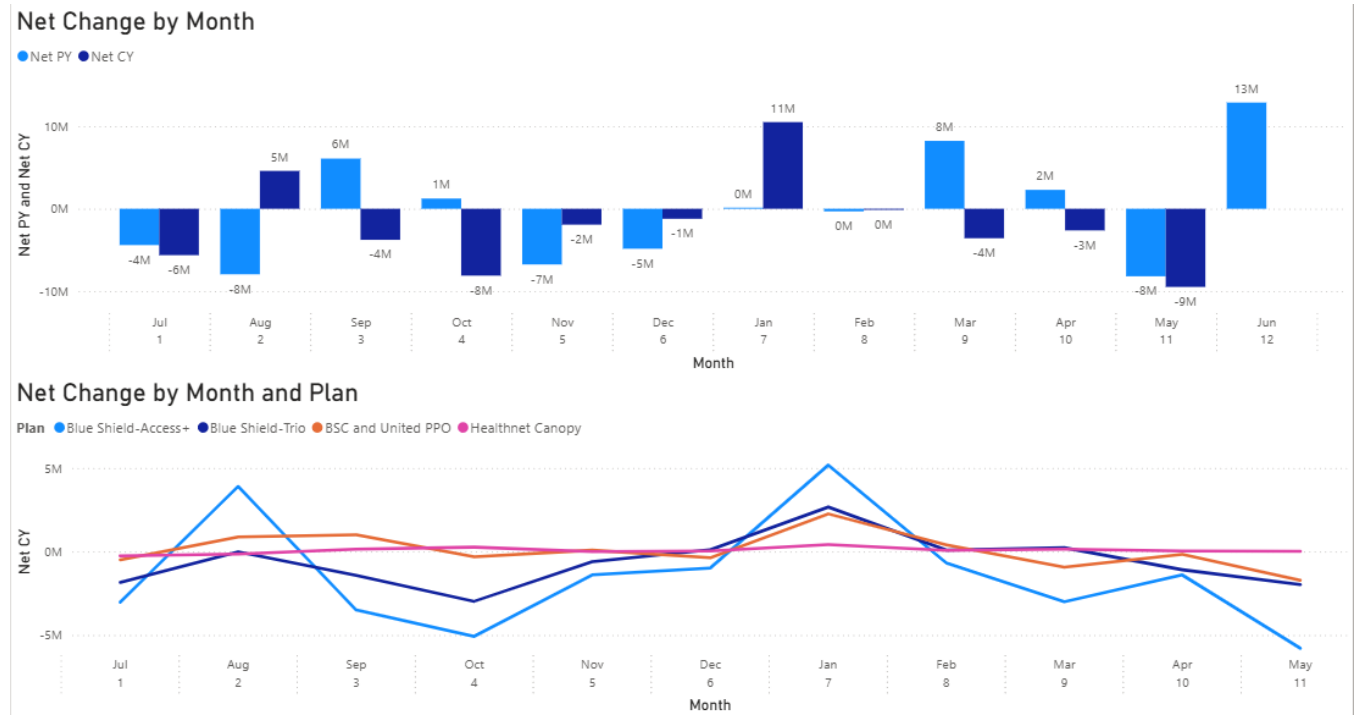
The FY 2025 budget has been adjusted for carryforward commitments made before June 31, 2024. Net activity is ahead of budget mainly due to vacancies.

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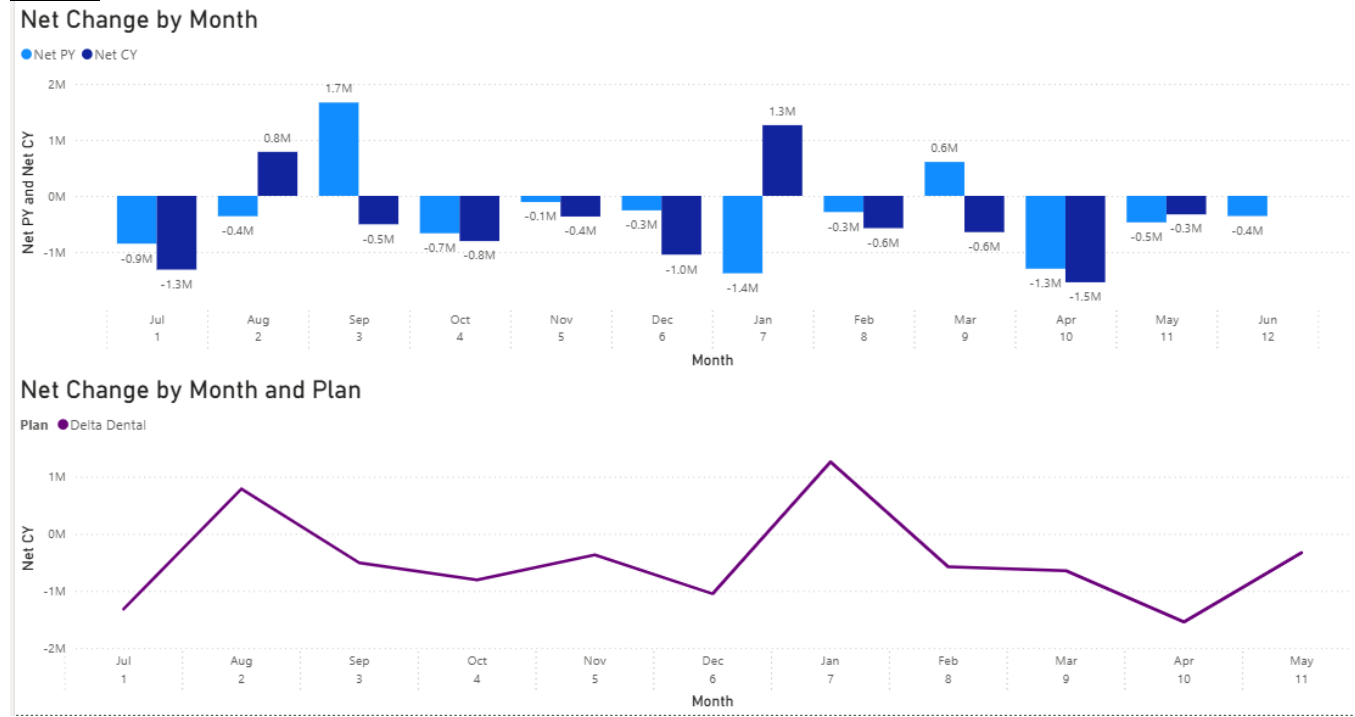
General Fund Administration Budget FY 2024-25

ANNUALIZED AS OF 05/31/25							
	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	Fav/(Unfav) Variance
REVENUES							
Non-Operating Revenue	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Operating Work Order Recovery	10,613,691	-	10,735,782	9,768,335	9,768,335	10,650,077	(85,704)
Other Revenue	2,068,410		2,068,410	-	-	1,616,174	(452,236)
General Fund Carryforward	-	539,346	539,346	539,346	-	539,346	-
Interfund Transfer	-		-	-	-	-	-
TOTAL REVENUES	\$ 12,682,101	\$ 539,346	\$ 13,343,538	\$ 10,307,681	9,768,335	12,805,597	(537,941)
EXPENDITURES							
Personnel Services	\$ 5,820,949		\$ 5,820,949	\$ 4,959,039	\$ 4,959,039	\$ 5,406,552	\$ (414,397)
Mandatory Fringe Benefits	2,440,791		2,440,791	2,146,866	2,146,866	2,296,736	(144,055)
Non-personnel Services	2,377,136	317,693	2,684,592	1,979,866	1,979,866	2,569,385	(115,207)
Materials & Supplies	50,873	9,074	94,447	57,569	57,569	82,763	(11,684)
Services of Other Departments	1,992,352	212,579	2,302,759	1,897,042	1,897,042	2,188,162	(114,597)
			-	-	-	-	-
TOTAL EXPENDITURES	\$ 12,682,101	\$ 539,346	\$ 13,343,538	\$ 11,040,383	11,040,383	12,543,597	(799,941)
BALANCE	\$ -	\$ (0)	\$ (0)	\$ (732,702)	(1,272,048)	262,000	262,000

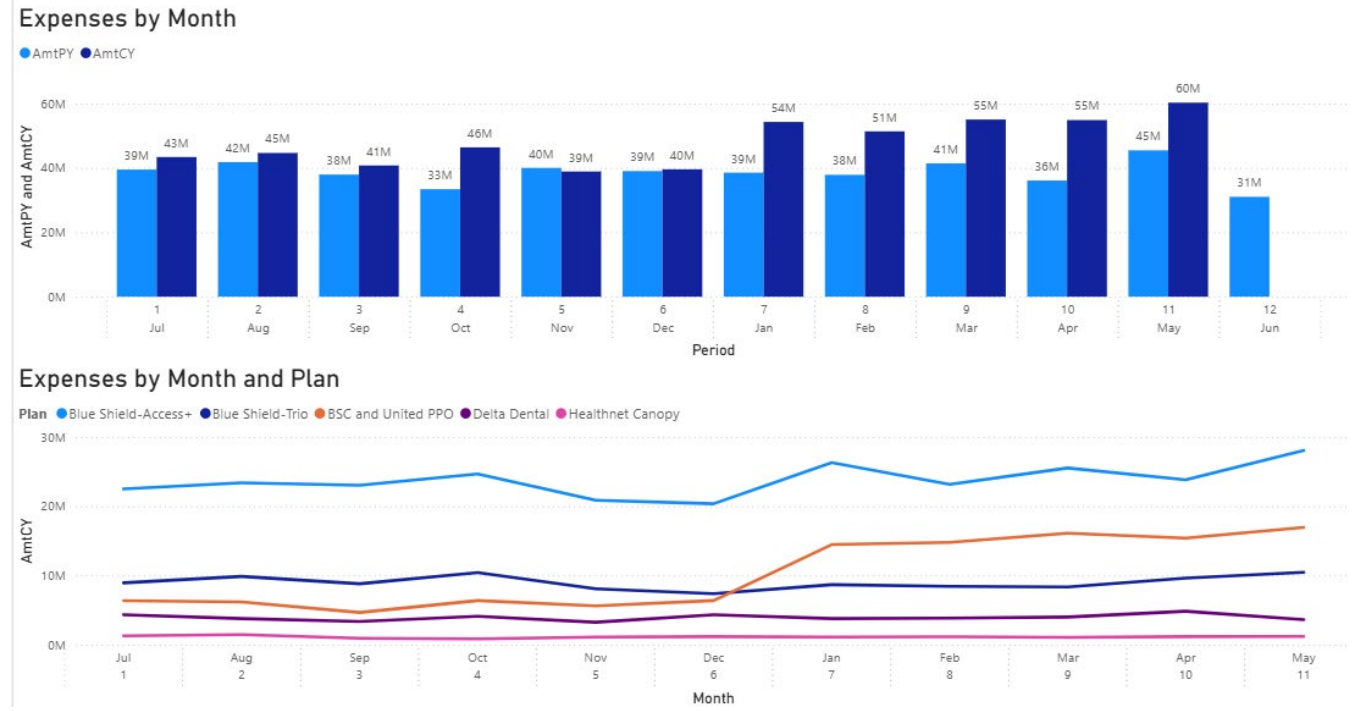
All Flex Funded Medical Plans



Dental



Medical And Dental Expenses by 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 11 MONTHS ENDED MAY 31, 2025		
ACTIVE & RETIRED COMBINED	Year-To-Date Revenues	Year-To-Date Expenses	Year-To-Date Net Excess (Shortage)
FLEX/SELF-INSURED PLANS			
Blue Shield Access+ HMO*, **	246,018,538	261,802,504	(15,783,966)
Blue Shield Trio HMO*	92,093,932	98,957,901	(6,863,969)
Blue Shield and United PPO	113,870,549	113,253,571	616,979
UHC Administere PPO*	-	-	-
Health Net Canopy Care	13,040,712	12,338,728	701,984
Delta Dental PPO- (Active only)	38,005,860	43,094,447	(5,088,587)
TOTAL FLEX/SELF-INSURED PLANS	503,029,592	529,447,150	(26,417,559)
FULLY INSURED PLANS			
UHC MAPD	56,274,601	56,274,601	-
Kaiser-HMO	525,024,289	523,386,775	1,637,514
Vision Service Plan	10,587,223	10,541,305	45,918
Sub-total HMO	591,886,113	590,202,681	1,683,433
Delta Dental PPO - Retirees	19,328,111	19,328,111	-
Delta Care	831,591	835,657	(4,066)
UHC Dental	370,102	367,732	2,370
Sub-total Dental	20,529,805	20,531,501	(1,696)
Long Term/Short Term Disability	6,967,677	6,967,677	-
Flexible Benefits	4,599,453	4,599,453	0
Flexible Spending-Dependent Care	5,601,526	5,454,987	146,540
Flexible Spending -Medical Reimbursement	13,417,498	13,502,519	(85,021)
Healthcare Sustainability Fund (\$4.00)	2,739,530	2,997,139	(257,609)
Adoption & Surrogacy		94,095	(94,095)
Sub-total Other Benefits	33,325,684	33,615,869	(290,186)
TOTAL FULLY INSURED PLANS	645,741,602	644,350,050	1,391,551
SAVINGS AND INVESTMENTS			
Interest	4,439,016		4,439,016
Performance guarantees	-		-
Forfeitures			-
TOTAL SAVINGS & INVESTMENTS	4,439,016	-	4,439,016
TRANSFERS OUT OF FORFEITURES			0
TOTAL FUNDS	1,153,210,209	1,173,797,201	(20,586,991)

* 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: MAY 31, 2025

ACTIVE & RETIRED COMBINED	For 11 Months Ended May 31, 2025	For 11 Months Ended May 31, 2024	\$ Change	% Change
FLEX/SELF-INSURED PLANS				
Blue Shield-Access+ HMO				
Revenues	246,018,538	217,717,018	28,301,520	13.0% b
Expenses	(261,802,504)	(229,648,806)	(32,153,698)	14.0% f
Net Blue Shield-Access Excess(Shortage)	(15,783,966)	(11,931,788)	(3,852,178)	32.3%
Blue Shield-Trio HMO				
Revenues	92,093,932	87,135,923	4,958,010	5.7%
Expenses	(98,957,901)	(95,484,504)	(3,473,397)	3.6% i
Net Blue Shield-Trio Excess(Shortage)	(6,863,969)	(8,348,582)	1,484,613	-17.8%
Blue Shield and United PPO				
Revenues	113,870,549	60,944,944	52,925,605	86.8%
Expenses	(113,253,571)	(56,638,375)	(56,615,195)	100.0%
Net BSC and United PPO Excess(Shortage)	616,979	4,306,569	(3,689,590)	
Health Net Canopy Care				
Revenues	13,040,712	9,606,691	3,434,022	
Expenses	(12,338,728)	(8,129,013)	(4,209,715)	
Net Health Net Canopy Care Excess(Shortage)	701,984	1,477,678	(775,693)	
Delta Dental PPO (Active only)				
Revenues	38,005,860	37,695,040	310,819	0.8% h
Expenses	(43,094,447)	(41,115,160)	(1,979,287)	4.8% i
Net Delta Dental PPO- (Active Only) Excess(Shortage)	(5,088,587)	(3,420,120)	(1,668,468)	48.8%
NET FLEX/SELF-INSURED PLANS	(26,417,559)	(17,916,242)	(8,501,316)	47.5%

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)

<div> <div> SAN FRANCISCO HEALTH SERVICE SYSTEM <small>Affordable, Quality Benefits & Well-Being</small> </div> <div> STATEMENTS OF REVENUES AND EXPENSES FY 2024-2025 VS FY 2023-2024 YEAR-TO-DATE: MAY 31, 2025 </div> </div>				
ACTIVE & RETIRED COMBINED	For 11 Months Ended May 31, 2025	For 11 Months Ended May 31, 2024	\$ Change	% Change
FULLY INSURED PLANS				
Kaiser-HMO				
Revenues	525,024,289	478,257,566	46,766,723	9.8% d
Expenses	(523,386,775)	(472,182,015)	(51,204,760)	10.8% d, l
Net Kaiser- HMO Excess(Shortage)	1,637,514	6,075,551	(4,438,037)	-73.0% k
UHC MAPD				
Revenues	56,274,601	94,603,039	(38,328,438)	-40.5% d, l
Expenses	(56,274,601)	(94,603,039)	38,328,438	-40.5% d, l
Net UHC MAPD Excess(Shortage)	0	0	0	
Vision Service Plan, All (City Plan & HMO)				
Revenues	10,587,223	10,019,560	567,663	5.7% d, l
Expenses	(10,541,305)	(10,000,117)	(541,188)	5.4% d, l
Net Vision Service Plan Excess(Shortage)	45,918	19,443	26,475	136.2%
Delta Dental PPO - Retirees				
Revenues	19,328,111	18,511,439	816,673	4.4%
Expenses	(19,328,111)	(18,511,439)	(816,673)	4.4%
Net Delta Dental PPO - Retirees Excess(Shortage)	0	0	0	
Delta Care				
Revenues	831,591	777,919	53,672	6.9%
Expenses	(835,657)	(777,968)	(57,689)	7.4%
Net Delta Care Excess(Shortage)	(4,066)	(49)	(4,017)	8117.7%
UHC Dental				
Revenues	370,102	376,376	(6,274)	-1.7%
Expenses	(367,732)	(375,754)	8,022	-2.1%
Net UHC Dental Excess(Shortage)	2,370	622	1,748	281.1%
Long Term/Short Term Disability				
Revenues	6,967,677	6,605,735	361,942	5.5%
Expenses	(6,967,677)	(6,610,767)	(356,910)	5.4%
Net Long Term/Short Term Disability Excess(Shortage)	0	(5,032)	5,032	-100.0% k
Flexible Benefits				
Revenues	4,599,453	4,141,270	458,183	11.1% g
Expenses	(4,599,453)	(4,141,270)	(458,183)	11.1% g
Net Flexible Benefits Excess(Shortage)	0	0	0	
Flexible Spending-Dependent Care				
Revenues	5,601,526	5,678,295	(76,768)	-1.4% c
Expenses	(5,454,987)	(5,738,680)	283,693	-4.9% c
Net Flexible Spending-Dependent Care Excess(Shortage)	146,540	(60,385)	206,924	-342.7%
Flexible Spending -Medical Reimbursement				
Revenues	13,417,498	11,544,622	1,872,876	16.2% g
Expenses	(13,502,519)	(11,156,134)	(2,346,385)	21.0% f
Net Flexible Spending-Medical Reimbursement Excess(Shortage)	(85,021)	388,488	(473,509)	-121.9%
Adoption & Surrogacy				
Expenses	(94,095)	(78,443)	(15,653)	
Healthcare Sustainability Fund (\$4.00)				
Revenues	2,739,530	2,349,902	389,628	16.6%
Expenses	(2,997,139)	(1,002,707)	(1,994,432)	198.9% e
Net Healthcare Sustainability Fund (\$4.00) Excess(Shortage)	(257,609)	1,347,195	(1,604,805)	-119.1%
NET FULLY INSURED PLANS	1,391,551	7,687,392	(6,295,841)	-81.9%
INVESTMENT INCOME AND OTHER				
Interest	4,439,016	3,932,843	506,173	
Performance guarantees	0	1,933,708	(1,933,708)	
Forfeitures	0	0	0	
TOTAL SAVINGS & INVESTMENTS	4,439,016	5,866,551	(1,427,535)	1616.8%
TOTAL NET EXCESS (SHORTAGE)	(20,586,991)	(4,362,300)	(16,224,692)	371.9%

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