

SAN FRANCISCO HEALTH SERVICE SYSTEM

Affordable, Quality Benefits & Well-Being

DATE: September 11, 2025

TO: Members of the Health Service Board

FROM: Yuriy Gologorskiy, Principal Administrative Analyst

SUBJECT: Health Service Board Financial Report as of June 30, 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 twelve months ended June 30, 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 decreased by \$14.4M for the year. The decrease is due to \$10 million in stabilization and Sutter settlement.
- Pharmacy rebates for the year were \$33.9M.
- The Healthcare Sustainability Fund decreased by \$201K with an ending balance of \$6.4M
- Interest income and unrealized gains for the year were \$7.6M.

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 06/30/25	FY24-25 Projected Year-End Annual Net	
SUMMARY			
Flex/Self Insurance			
Blue Shield-Access+	(11,354,375)	(11,354,375)	(a)
Blue Shield-Trio	(1,823,271)	(1,823,271)	(a)
Blue Shield and United PPO	(204,283)	(204,283)	(b)
Health Net Canopy Care	698,059	698,059	
Delta Dental PPO, Actives	(7,808,727)	(7,808,727)	(c)
Fully Insured Plans			
Medical HMOs	(1,201,476)	(1,201,476)	
Dental	(45,577)	(45,577)	
LTD/Flexible Benefits/FSA	1,139,064	1,139,064	
Healthcare Sustainability Fund (\$3.00/\$4.00)	(200,874)	(200,874)	(d)
Savings & Investments			
Interest	5,964,429	7,646,390	(i)
Performance guarantees	286,348	286,348	(e)
Surrogacy and adoption	(110,243)	(110,243)	
Forfeitures	-	-	
Transfers Out	(1,450,000)	(1,450,000)	(g)
TOTAL	(16,110,925)	(14,428,964)	
Net assets			
Beginning of the year		109,319,775	
End of the year		94,890,811	

(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 \$28.8 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 \$4.8 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 \$1.45M from forfeitures to General Fund.

(i) Projection includes unrealized gains

Analysis by Health Plan

Blue Shield Access+ Flex Funded Plan

FYE balance decreases by \$11.4M 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 \$1.8M 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 decreased by \$0.2M due to unfavorable claims.

Delta Dental PPO (Actives Only) Self-Funded Plan

The FYE balance decreased by \$7.8M 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 decreased by \$201K to \$6.4M.

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 Jun YTD	Fav/(Unfav) Variance
REVENUE SOURCES							
Annual Revenues	\$ 2,562,918	\$ 3,404,857		\$ -	\$ 3,404,857	\$ 3,027,230	\$ (377,627)
Other Revenue	1,010					-	-
Carryforward from Fund Balance	5,185,729	6,521,000	-	93,082	6,614,082	6,614,082	0
TOTAL	\$ 7,749,657	\$ 9,925,857	\$ -	\$ 93,082	\$ 10,018,939	\$ 9,641,312	\$ (377,627)
EXPENDITURE USES							
Personnel	\$ 756,480	\$ 2,421,636		\$ 354,853	\$ 2,776,489	\$ 1,879,270	\$ 897,219
Administrative	3,883	44,000	22,880		66,880	30,096	36,784
Member Communications	(190,851)	700,500	113,326		813,826	598,026	215,800
Communications - Other	190,215	909,324	286,657		1,195,981	177,456	1,018,524
Well-Being	(50,803)	673,827	64,360		738,187	164,184	574,004
Initiatives to Reduce Health Care Costs	426,651	405,613	3,458		409,071	379,073	29,998
Other Projects	-	-	-		-	-	-
TOTAL	\$ 1,135,575	\$ 5,154,900	\$ 490,681	\$ 354,853	\$ 6,000,433	\$ 3,228,104	\$ 2,772,329
REVENUE - EXP. (excl. carry forward fund balance)	1,427,343	(1,750,042)	(490,681)	(354,853)	(2,595,576)	(200,874)	(3,149,956)
BALANCE	\$ 6,614,082	\$ 4,770,958	\$ (490,681)	\$ (261,771)	\$ 4,018,506	\$ 6,413,208	\$ 2,394,702

Pharmacy Rebates

Rebates for the year were \$33.9M.

	Actual	Projected Full Year
Blue Shield Access+ HMO	20,446,727	20,446,727
Blue Shield Trio HMO	8,331,869	8,331,869
UHC and BS PPO	4,840,852	4,840,852
HealthNet	302,053	302,053
TOTAL	\$ 33,921,500	\$ 33,921,500

General Fund

The FY 2025 budget has been adjusted for carryforward commitments made before June 30, 2024. Net activity is ahead of budget mainly due to vacancies.

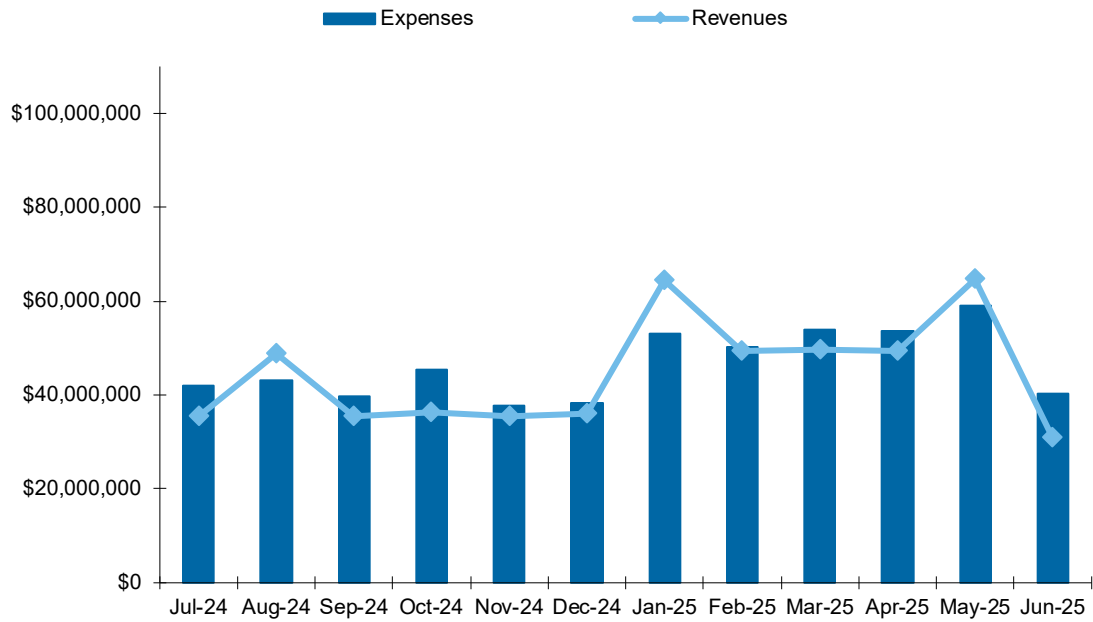
**SAN FRANCISCO
HEALTH SERVICE SYSTEM**
Affordable, Quality Benefits & Well-Being

General Fund Administration Budget FY 2024-25

	ANNUALIZED AS OF 06/30/25					Fav/(Unfav) Variance
	FY 2024-25 Approved Budget	FY2024-25 Carryforward Budget	FY 2024-25 Revised Budget	FY 2024-25 Actuals	Total Actual YTD	
REVENUES						
Non-Operating Revenue	\$ -		\$ 2,478	\$ 2,478	\$ 2,478	\$ -
Operating Work Order Recovery	10,613,691	-	10,735,782	10,663,357	10,663,357	(72,424)
Other Revenue	2,068,410		2,068,410	1,450,000	1,450,000	(618,410)
General Fund Carryforward	-	539,346	539,346	539,346	539,346	-
Interfund Transfer	-		-	-	-	-
TOTAL REVENUES	\$ 12,682,101	\$ 539,346	\$ 13,346,015	\$ 12,655,181	12,655,181	(690,834)
EXPENDITURES						
Personnel Services	\$ 5,820,949		\$ 5,820,949	\$ 5,381,052	\$ 5,381,052	\$ (439,897)
Mandatory Fringe Benefits	2,440,791		2,440,791	2,302,374	2,302,374	(138,417)
Non-personnel Services	2,377,136	317,693	2,684,592	2,149,847	2,149,847	(534,745)
Materials & Supplies	50,873	9,074	94,447	84,681	84,681	(9,766)
Services of Other Departments	1,992,352	212,579	2,302,759	2,024,906	2,024,906	(277,854)
			-		-	-
TOTAL EXPENDITURES	\$ 12,682,101	\$ 539,346	\$ 13,343,538	\$ 11,942,860	\$ 11,942,860	\$ (1,400,678)
BALANCE	\$ -	\$ (0)	\$ 2,477	\$ 712,321	712,321	709,844

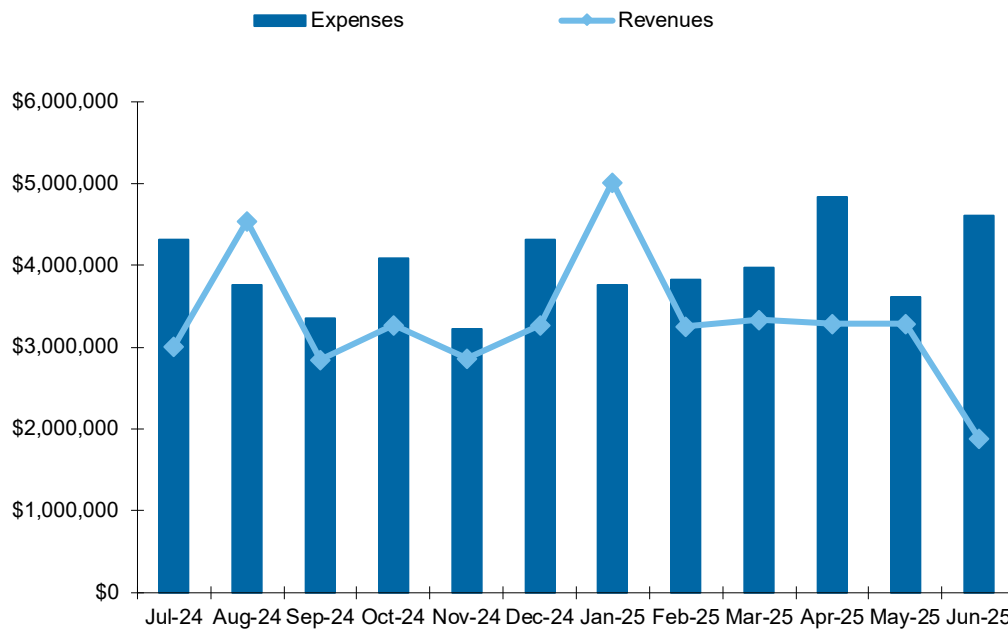
All Flex Funded Medical Plans

All Self-Insured Health and Welfare Combined



Dental

Delta Dental Active



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 12 MONTHS ENDED JUNE 30, 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*, **	267,663,173	279,017,548	(11,354,375)
Blue Shield Trio HMO*	100,724,855	102,548,126	(1,823,271)
Blue Shield and United PPO	127,880,890	128,085,173	(204,283)
UHC Administere PPO*	-	-	-
Health Net Canopy Care	14,169,829	13,471,770	698,059
Delta Dental PPO- (Active only)	39,899,593	47,708,320	(7,808,727)
TOTAL FLEX/SELF-INSURED PLANS	550,338,341	570,830,936	(20,492,596)
FULLY INSURED PLANS			
UHC MAPD	56,266,602	56,266,602	-
Kaiser-HMO	571,137,486	572,248,192	(1,110,706)
Vision Service Plan	11,434,807	11,525,578	(90,771)
Sub-total HMO	638,838,895	640,040,372	(1,201,476)
Delta Dental PPO - Retirees	21,114,022	21,114,022	-
Delta Care	875,983	911,471	(35,488)
UHC Dental	389,362	399,450	(10,089)
Sub-total Dental	22,379,367	22,424,944	(45,577)
Long Term/Short Term Disability	7,594,980	7,596,240	(1,261)
Flexible Benefits	5,005,340	5,205,472	(200,132)
Flexible Spending-Dependent Care	6,253,066	5,697,374	555,692
Flexible Spending -Medical Reimbursement	15,296,356	14,511,591	784,764
Healthcare Sustainability Fund (\$4.00)	3,027,230	3,228,104	(200,874)
Adoption & Surrogacy		110,243	(110,243)
Sub-total Other Benefits	37,176,971	36,349,024	827,947
TOTAL FULLY INSURED PLANS	698,395,234	698,814,340	(419,106)
SAVINGS AND INVESTMENTS			
Interest	5,964,429		5,964,429
Performance guarantees	286,348		286,348
Forfeitures			-
TOTAL SAVINGS & INVESTMENTS	6,250,777	-	6,250,777
TRANSFERS OUT OF FORFEITURES		1,450,000	(1,450,000)
TOTAL FUNDS	1,254,984,351	1,271,095,276	(16,110,925)

* 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: JUNE 30, 2025**

ACTIVE & RETIRED COMBINED	For 12 Months Ended June 30, 2025	For 12 Months Ended June 30, 2024	\$ Change	% Change
FLEX/SELF-INSURED PLANS				
Blue Shield-Access+ HMO				
Revenues	267,663,173	237,642,520	30,020,653	12.6% b
Expenses	(279,017,548)	(244,615,023)	(34,402,524)	14.1% f
Net Blue Shield-Access Excess(Shortage)	(11,354,375)	(6,972,504)	(4,381,871)	62.8%
Blue Shield-Trio HMO				
Revenues	100,724,855	95,023,077	5,701,778	6.0%
Expenses	(102,548,126)	(103,117,170)	569,044	-0.6% i
Net Blue Shield-Trio Excess(Shortage)	(1,823,271)	(8,094,093)	6,270,822	-77.5%
Blue Shield and United PPO				
Revenues	127,880,890	66,765,730	61,115,160	91.5%
Expenses	(128,085,173)	(60,445,418)	(67,639,755)	111.9%
Net BSC and United PPO Excess(Shortage)	(204,283)	6,320,312	(6,524,595)	-103.2%
Health Net Canopy Care				
Revenues	14,169,829	10,593,047	3,576,782	33.8%
Expenses	(13,471,770)	(9,046,284)	(4,425,486)	48.9%
Net Health Net Canopy Care Excess(Shortage)	698,059	1,546,763	(848,704)	-54.9%
Delta Dental PPO (Active only)				
Revenues	39,899,593	41,038,280	(1,138,687)	-2.8% h
Expenses	(47,708,320)	(44,817,633)	(2,890,687)	6.4% f
Net Delta Dental PPO- (Active Only) Excess(Shortage)	(7,808,727)	(3,779,353)	(4,029,373)	106.6%
NET FLEX/SELF-INSURED PLANS	(20,492,596)	(10,978,874)	(9,513,722)	86.7%

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)

**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: JUNE 30, 2025

ACTIVE & RETIRED COMBINED	For 12 Months Ended June 30, 2025	For 12 Months Ended June 30, 2024	\$ Change	% Change	
FULLY INSURED PLANS					
Kaiser-HMO					
Revenues	571,137,486	522,321,765	48,815,721	9.3%	d
Expenses	(572,248,192)	(517,958,392)	(54,289,800)	10.5%	d, l
Net Kaiser- HMO Excess(Shortage)	(1,110,706)	4,363,373	(5,474,079)	-125.5%	k
UHC MAPD					
Revenues	56,266,602	103,913,964	(47,647,362)	-45.9%	
Expenses	(56,266,602)	(103,913,964)	47,647,362	-45.9%	
Net UHC MAPD Excess(Shortage)	0	0	0		
Vision Service Plan, All (City Plan & HMO)					
Revenues	11,434,807	10,930,732	504,075	4.6%	d, l
Expenses	(11,525,578)	(10,934,203)	(591,375)	5.4%	d, l
Net Vision Service Plan Excess(Shortage)	(90,771)	(3,471)	(87,300)	2515.4%	
Delta Dental PPO - Retirees					
Revenues	21,114,022	20,228,247	885,775	4.4%	
Expenses	(21,114,022)	(20,228,247)	(885,775)	4.4%	
Net Delta Dental PPO - Retirees Excess(Shortage)	0	0	0		
Delta Care					
Revenues	875,983	849,818	26,165	3.1%	
Expenses	(911,471)	(852,160)	(59,312)	7.0%	
Net Delta Care Excess(Shortage)	(35,488)	(2,342)	(33,146)	1415.2%	
UHC Dental					
Revenues	389,362	409,278	(19,917)	-4.9%	
Expenses	(399,450)	(410,016)	10,566	-2.6%	
Net UHC Dental Excess(Shortage)	(10,089)	(738)	(9,351)	1267.6%	
Long Term/Short Term Disability					
Revenues	7,594,980	7,215,747	379,232	5.3%	
Expenses	(7,596,240)	(7,221,416)	(374,824)	5.2%	
Net Long Term/Short Term Disability Excess(Shortage)	(1,261)	(5,669)	4,408	-77.8%	k
Flexible Benefits					
Revenues	5,005,340	4,508,866	496,474	11.0%	g
Expenses	(5,205,472)	(4,508,866)	(696,606)	15.4%	g
Net Flexible Benefits Excess(Shortage)	(200,132)	0	(200,132)		k
Flexible Spending-Dependent Care					
Revenues	5,653,066	6,080,646	(427,580)	-7.0%	c
Expenses	(5,697,374)	(6,012,239)	314,865	-5.2%	c
Net Flexible Spending-Dependent Care Excess(Shortage)	(44,308)	68,407	(112,715)	-164.8%	
Flexible Spending -Medical Reimbursement					
Revenues	14,446,356	12,329,104	2,117,251	17.2%	g
Expenses	(14,511,591)	(12,283,080)	(2,228,511)	18.1%	f
Net Flexible Spending-Medical Reimbursement Excess(Shortage)	(65,236)	46,024	(111,260)	-241.7%	
Adoption & Surrogacy					
Expenses	(110,243)	(78,443)	(31,800)		
Healthcare Sustainability Fund (\$4.00)					
Revenues	3,027,230	2,563,928	463,302	18.1%	
Expenses	(3,228,104)	(1,135,575)	(2,092,529)	184.3%	e
Net Healthcare Sustainability Fund (\$4.00) Excess(Shortage)	(200,874)	1,428,353	(1,629,227)	-114.1%	
NET FULLY INSURED PLANS	(1,869,106)	5,815,495	(7,684,602)	-132.1%	
INVESTMENT INCOME AND OTHER					
Interest	5,964,429	7,399,036	(1,434,607)		
Performance guarantees	286,348	2,346,231	(2,059,883)		
Forfeitures	0	0	0		
TOTAL SAVINGS & INVESTMENTS	6,250,777	9,745,267	(3,494,490)	1616.8%	
TOTAL NET EXCESS (SHORTAGE)	(16,110,925)	4,581,889	(20,692,814)	-451.6%	

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