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

DATE: December 11, 2025

TO: Members of the Health Service Board

FROM: Teresa Tan, Chief Financial and Affordability Officer

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

This report presents 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 three months ended October 31, 2025.

SFHSS administers both the Benefit Trust Fund and HSF. The Trust Fund accounts for healthcare premiums collected and related benefit expenses. The HSF consists of proceeds from the assessment built into the premium rates and expenses supporting wellness, communications, and initiatives to reduce healthcare costs.

Executive Summary

Trust Fund and Health Sustainability Fund

- The fiscal year-end (FYE) trust balance is projected to decrease by $39.9M, primarily due to higher medical claims.
- Pharmacy rebates for the year projected to be $22.5M.
- The Healthcare Sustainability Fund is projected to decrease by $1.2M, resulting in an ending balance of $5.2M
- Interest income for the year is projected to be $3.0M.

General Fund

Net activity is ahead of budget mainly due to position vacancies.

Trust Fund and Health Sustainability Fund with FYE Projection

SUMMARY	FY25-26 Year-to-Date Actual Net as of 10/31/25	FY25-26 Projected Year-End Annual Net	
Flex/Self Insurance			
Blue Shield-Access+	(8,397,490)	(12,823,414)	(a)
Blue Shield-Trio	(4,328,079)	(9,058,526)	(a)
Blue Shield PPO	(7,354,648)	(19,278,561)	(b)
Health Net Canopy Care	(259,332)	(801,194)	
Delta Dental PPO, Actives	(502,536)	838,391	(c)
Fully Insured Plans			
Medical HMOs	(1,439,127)	-	
Dental	10,645	-	
LTD/Flexible Benefits/FSA	1,743,577	-	
Healthcare Sustainability Fund ($4.00/$6.00)	201,717	(1,183,539)	(d)
Savings & Investments			
Interest	-	3,000,000	
Surrogacy and adoption	(48,443)	(48,443)	
Transfers Out	0	(580,000)	(g)
TOTAL	(20,373,716)	(39,935,285)	
Net assets			
Beginning of the year		101,580,997	
End of the year		61,645,712	

(a) Annual Projection is net of claim stabilization of $4.3 million to increase 2026 rates, $4.5 million to increase 2025 rates, Pharmacy rebate of $18.0 million, settlement for rate buydown of $1.0 million in 2025

(b) Annual Projection is net of claim stabilization of $2.2 million to decrease 2026 rates, $1.0 million to decrease 2025 rates, Pharmacy rebate of $3.5 million, and settlement for rate buydown of $0.2 million in 2025

(c) Annual Projection is net of claim stabilization of $0.7 million to reduce 2026 rates and $3.0 million to reduce 2025 rates

(d) $4.00/$6.00 per member per month for communications, wellness, actuarial work; is part of a total premium.

(g) Transfer of $580K from forfeitures to General Fund.

Analysis by Health Plan

Blue Shield Access+ Flex Funded Plan

FYE balance is projected to decrease by $12.8M due to the 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 is projected to decrease by $9.1M due to the 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

FYE balance is projected to decrease by $19.3M due to claim stabilization and unfavorable claims.

Delta Dental PPO (Actives Only) Self-Funded Plan

The FYE balance is projected to increase by $0.8M due to favorable claim experience.

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 is projected to decrease by $1.2M to a total of $5.2M.

SAN FRANCISCO HEALTH SERVICE SYSTEM Affordable, Quality Benefits & Well-Being					Healthcare Sustainability Fund FY 2025-26		
	FY 2024-25 Actuals & June YTD	FY2025-26 Budget Request (HSS Board Approved)	FY2025-26 Carryforward Budget	FY2025-26 Adjustments	FY 2025-2026 Revised Budget + ADj C/F	FY 2025-26 Actuals Oct YTD	FY 25-26 Projection
REVENUE SOURCES							
Annual Revenues	$ 3,027,230	$ 4,371,120		$ -	$ 4,371,120	$ 1,151,133	$ 4,371,120
Other Revenue	-			$ -		-	-
Carryforward from Fund Balance	6,614,082	$ 5,143,777	-	-	5,143,777	6,413,208	6,413,208
TOTAL	**$ 9,641,312**	**$ 9,514,897**	**$ -**	**$ -**	**$ 9,514,897**	**$ 7,564,341**	**$ 10,784,328**
EXPENDITURE USES							
Personnel	**$ 1,879,270**	**$ 2,919,350**		**$ -**	**$ 2,919,350**	**$ 753,988**	**$ 2,919,350**
Administrative	30,096	45,000	-	-	45,000	6,247	29,000
Member Communications	598,026	1,032,000	133,472	-	1,165,472	163,294	1,027,000
Communications - Other	177,456	644,406	322,427	-	966,833	2,148	644,406
Well-Being	164,184	435,781	22,900	-	458,681	23,739	329,574
Initiatives to Reduce Health Care Costs	379,073	455,329	-	150,000	605,329	-	605,329
Other Projects	-	-	-		-	-	-
TOTAL	**$ 3,228,104**	**$ 5,531,866**	**$ 478,800**	**$ 150,000**	**$ 6,160,666**	**$ 949,416**	**$ 5,554,659**
REVENUE - EXP. (excl. carry forward fund balance)	(200,874)	(1,160,746)	(478,800)	(150,000)	(1,789,546)	201,717	(1,183,539)
BALANCE	**$ 6,413,208**	**$ 3,983,031**	**$ (478,800)**	**$ (150,000)**	**$ 3,354,231**	**$ 6,614,924**	**$ 5,229,669**

Pharmacy Rebates

Rebates for the year are projected to be $22.5M.

	Actual	Projected Full Year
Blue Shield Access+ HMO	3,255,491	13,021,963
Blue Shield Trio HMO	1,311,807	5,247,227
UHC and BS PPO	892,032	3,568,129
HealthNet	165,801	663,205
TOTAL	**$ 5,625,131**	**$ 22,500,525**

General Fund

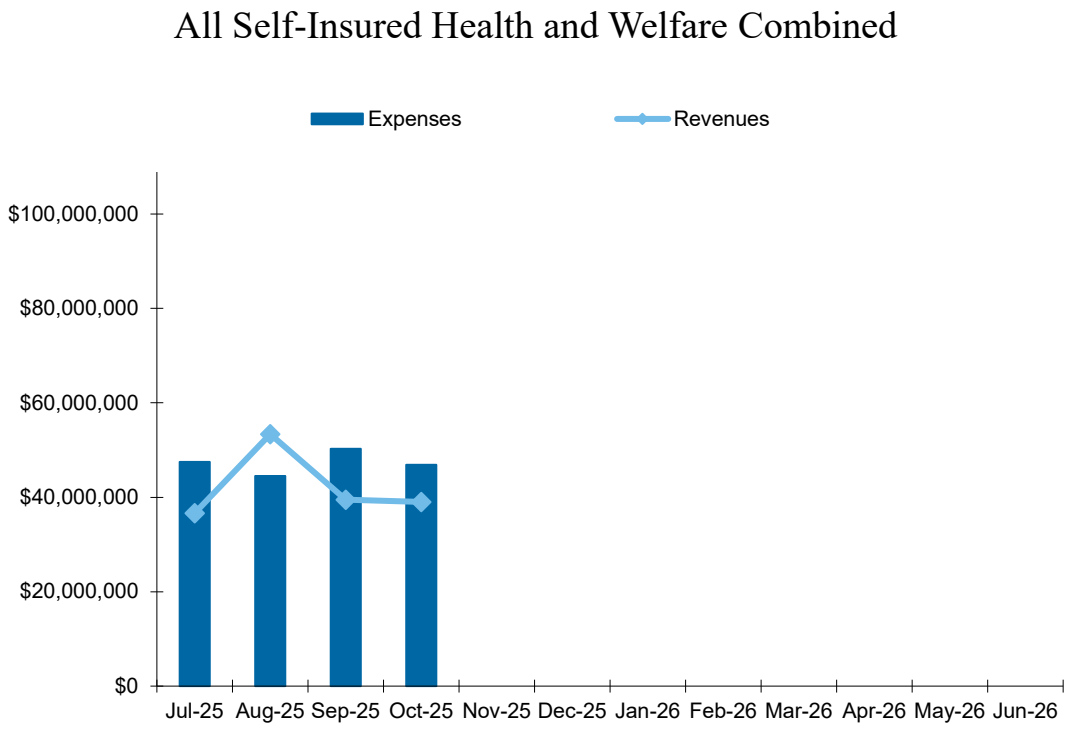
The FY 2026 budget has been adjusted for carryforward commitments made before June 30, 2025. Net activity is ahead of budget mainly due to vacancies.

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

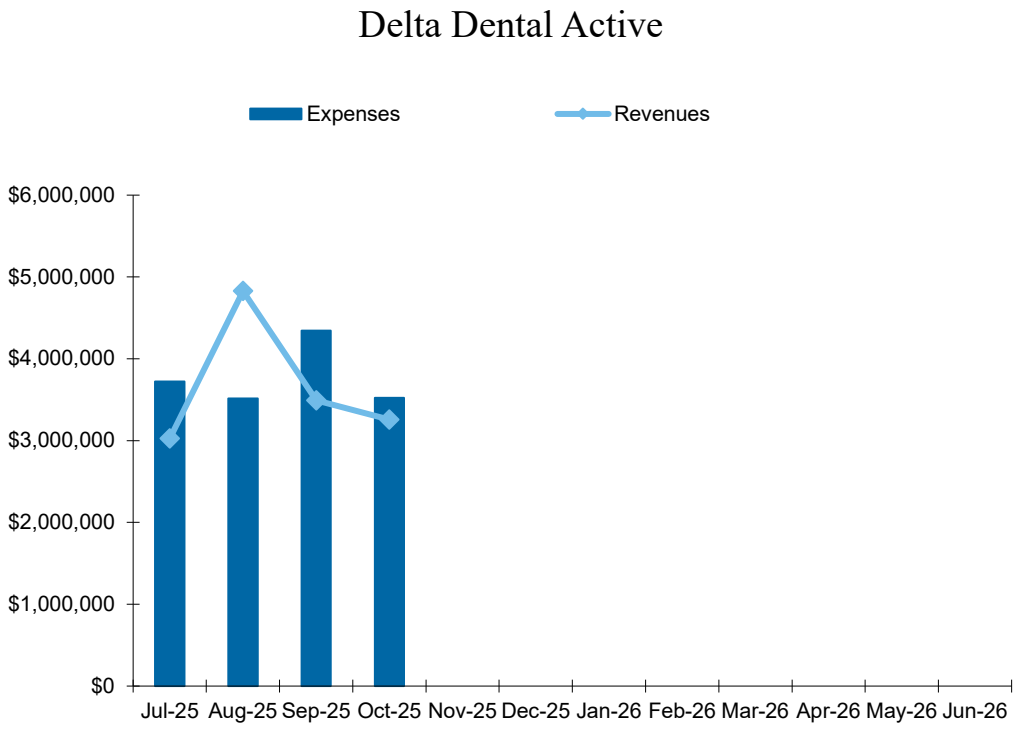
General Fund Administration Budget FY 2025-26

	ANNUALIZED AS OF 10/31/25						
	FY 2025-26 Approved Budget	**FY2025-26 Carryforward Budget**	**FY2024-25 Adjustments**	**FY 2025-26 Revised Budget**	**FY 2025-26 Actuals**	**FY 2025-26 Projection**	**Fav/(Unfav) Variance**
REVENUES							
Non-Operating Revenue	$ -		$ -	$ -	$ -	$ -	$ -
Operating Work Order Recovery	11,682,123	-	2,172	11,684,295	3,897,449	11,684,295	-
Other Revenue	580,000		-	580,000	-	580,000	-
General Fund Carryforward	-	567,852		567,852	567,852	567,852	-
Interfund Transfer	-			-	-	-	-
TOTAL REVENUES	**$ 12,262,123**	**$ 567,852**	**$ 2,172**	**$ 12,832,147**	**$ 4,465,301**	**$ 12,832,147**	**$ -**
EXPENDITURES							
Personnel Services	$ 5,629,021		$ -	$ 5,629,021	$ 1,711,128	$ 5,413,618	$ (215,403)
Mandatory Fringe Benefits	2,380,533		-	2,380,533	719,487	2,343,993	(36,540)
Non-personnel Services	2,294,577	455,387	-	2,749,964	680,688	2,749,964	-
Materials & Supplies	36,758	5,958	-	42,716	13,593	42,716	-
Services of Other Departments	1,921,234	106,508	2,172	2,029,914	598,676	2,029,914	-
				-		-	-
TOTAL EXPENDITURES	**$ 12,262,123**	**$ 567,852**	**$ 2,172**	**$ 12,832,147**	**$ 3,723,573**	**$ 12,580,204**	**$ (251,943)**
BALANCE	**$ -**	**$ (0)**	**$ -**	**$ (0)**	**$ 741,727**	**$ 251,943**	**$ 251,943**

All Flex Funded Medical Plans



Dental



Supplemental Tables – Trust Fund Activity- Current FY

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

STATEMENT OF REVENUES AND EXPENSES
FY 2025-2026
FOR 4 MONTHS ENDED OCTOBER 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*, **	95,997,112	104,394,602	(8,397,490)
Blue Shield Trio HMO*	34,264,694	38,592,774	(4,328,079)
Blue Shield and United PPO	23,659,532	31,014,180	(7,354,648)
UHC Administere PPO*	-	-	-
Health Net Canopy Care	4,794,306	5,053,638	(259,332)
Delta Dental PPO- (Active only)	14,603,153	15,105,689	(502,536)
TOTAL FLEX/SELF-INSURED PLANS	**173,318,798**	**194,160,883**	**(20,842,085)**
FULLY INSURED PLANS			
Blue Shield MAPD	39,138,328	39,138,328	-
Kaiser-HMO	192,156,034	193,619,919	(1,463,885)
Vision Service Plan	3,950,035	3,925,277	24,758
Sub-total HMO	235,244,397	236,683,524	(1,439,127)
Delta Dental PPO - Retirees	7,258,583	7,258,583	-
Delta Care	309,053	302,299	6,754
UHC Dental	131,886	127,995	3,891
Sub-total Dental	7,699,523	7,688,878	10,645
Long Term/Short Term Disability	2,571,732	2,571,732	0
Flexible Benefits	1,793,335	1,591,438	201,897
Flexible Spending-Dependent Care	1,814,958	1,498,916	316,043
Flexible Spending -Medical Reimbursement	5,182,457	3,956,820	1,225,636
Healthcare Sustainability Fund ($4.00)	1,151,133	949,416	201,717
Adoption & Surrogacy		48,443	(48,443)
Sub-total Other Benefits	12,513,616	10,616,764	1,896,851
TOTAL FULLY INSURED PLANS	**255,457,535**	**254,989,166**	**468,369**
TOTAL FUNDS	**428,776,333**	**449,150,049**	**(20,373,716)**

* 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 2025-2026 VS FY 2024-2025
YEAR-TO-DATE: OCTOBER 31, 2025

ACTIVE & RETIRED COMBINED	For 4 Months Ended October 31, 2025	For 4 Months Ended October 31, 2024	$ Change	% Change	
FLEX/SELF-INSURED PLANS					
Blue Shield-Access+ HMO					
Revenues	95,997,112	85,909,068	10,088,044	11.7%	l, d
Expenses	(104,394,602)	(93,625,579)	(10,769,023)	11.5%	f
Net Blue Shield-Access Excess(Shortage)	(8,397,490)	(7,716,511)	(680,979)	8.8%	
Blue Shield-Trio HMO					
Revenues	34,264,694	31,756,185	2,508,509	7.9%	
Expenses	(38,592,774)	(38,025,058)	(567,715)	1.5%	f
Net Blue Shield-Trio Excess(Shortage)	(4,328,079)	(6,268,873)	1,940,794	-31.0%	
Blue Shield and United PPO					
Revenues	23,659,532	24,605,429	(945,897)	-3.8%	a
Expenses	(31,014,180)	(23,525,313)	(7,488,867)	31.8%	f
Net BSC and United PPO Excess(Shortage)	(7,354,648)	1,080,116	(8,434,764)	-780.9%	
Health Net Canopy Care					
Revenues	4,794,306	4,476,159	318,147	7.1%	
Expenses	(5,053,638)	(2,649,157)	(2,404,481)	90.8%	f
Net Health Net Canopy Care Excess(Shortage)	(259,332)	1,827,002	(2,086,333)	-114.2%	
Delta Dental PPO (Active only)					
Revenues	14,603,153	13,682,996	920,157	6.7%	
Expenses	(15,105,689)	(15,524,860)	419,171	-2.7%	
Net Delta Dental PPO- (Active Only) Excess(Shortage)	(502,536)	(1,841,864)	1,339,328	-72.7%	
NET FLEX/SELF-INSURED PLANS	**(20,842,085)**	**(12,920,130)**	**(7,921,955)**	**61.3%**	

Notes:

- **a** decrease in membership
- **b** administered by Blue Shield effective 1/1/25, UHC prior
- **c** decrease in deductions
- **d** increase in membership
- **e** communications, wellness expenses funded by $4 pmpm
- **f** increase in claims
- **g** increase in deductions
- **h** decrease in rates
- **l** 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 2025-2026 VS FY 2024-2025
YEAR-TO-DATE: OCTOBER 31, 2025

ACTIVE & RETIRED COMBINED	For 4 Months Ended October 31, 2025	For 4 Months Ended October 31, 2024	$ Change	% Change	
FULLY INSURED PLANS					
Kaiser-HMO					
Revenues	192,156,034	185,286,044	6,869,990	3.7%	
Expenses	(193,619,919)	(183,290,362)	(10,329,558)	5.6%	l, d
Net Kaiser- HMO Excess(Shortage)	(1,463,885)	1,995,682	(3,459,568)	-173.4%	
Blue Shield and UHC MAPD					b
Revenues	39,138,328	37,429,364	1,708,963	4.6%	l,d
Expenses	(39,138,328)	(37,429,364)	(1,708,963)	4.6%	l,d
Net ble Shield and UHC MAPD Excess(Shortage)	0	0	0		
Vision Service Plan, All (City Plan & HMO)					
Revenues	3,950,035	3,784,427	165,608	4.4%	
Expenses	(3,925,277)	(3,741,955)	(183,322)	4.9%	l, d
Net Vision Service Plan Excess(Shortage)	24,758	42,472	(17,714)		
Delta Dental PPO - Retirees					
Revenues	7,258,583	6,932,888	325,695	4.7%	l, d
Expenses	(7,258,583)	(6,932,888)	(325,695)	4.7%	l, d
Net Delta Dental PPO - Retirees Excess(Shortage)	0	0	0		
Delta Care					
Revenues	309,053	303,573	5,481	1.8%	
Expenses	(302,299)	(303,504)	1,205	-0.4%	
Net Delta Care Excess(Shortage)	6,754	69	6,685		
UHC Dental					
Revenues	131,886	143,148	(11,262)	-7.9%	a
Expenses	(127,995)	(139,047)	11,052	-7.9%	a
Net UHC Dental Excess(Shortage)	3,891	4,101	(210)		
Long Term/Short Term Disability					
Revenues	2,571,732	2,523,113	48,619	1.9%	
Expenses	(2,571,732)	(2,522,406)	(49,326)	2.0%	
Net Long Term/Short Term Disability Excess(Shortage)	0	707	(706)		
Flexible Benefits					
Revenues	1,793,335	1,637,387	155,949	9.5%	k
Expenses	(1,591,438)	(1,637,387)	45,949	-2.8%	c
Net Flexible Benefits Excess(Shortage)	201,897	0	201,897		
Flexible Spending-Dependent Care					
Revenues	1,814,958	2,092,578	(277,620)	-13.3%	c
Expenses	(1,498,916)	(1,594,580)	95,665	-6.0%	j
Net Flexible Spending-Dependent Care Excess(Shortage)	316,043	497,998	(181,955)	-36.5%	
Flexible Spending -Medical Reimbursement					
Revenues	5,182,457	4,781,924	400,532	8.4%	g
Expenses	(3,956,820)	(3,141,820)	(815,001)	25.9%	f
Net Flexible Spending-Medical Reimbursement Excess(Shortage)	1,225,636	1,640,104	(414,468)	-25.3%	
Adoption & Surrogacy					
Expenses	(48,443)	(31,365)	(17,078)	54.4%	
Healthcare Sustainability Fund ($4.00)					
Revenues	1,151,133	858,900	292,233	34.0%	d
Expenses	(949,416)	(1,162,103)	212,688	-18.3%	e
Net Healthcare Sustainability Fund ($4.00) Excess(Shortage)	201,717	(303,203)	504,921	-166.5%	
NET FULLY INSURED PLANS	**468,369**	**3,846,565**	**(3,378,196)**	**-87.8%**	
TOTAL NET EXCESS (SHORTAGE)	**(20,373,716)**	**(9,073,565)**	**(11,300,151)**	**124.5%**	

Notes:

- **a** decrease in membership
- **b** administered by Blue Shield effective 1/1/25, UHC prior
- **c** decrease in deductions
- **d** increase in membership
- **e** communications, wellness expenses funded by $4 pmpm
- **f** increase in claims
- **g** increase in deductions
- **h** decrease in rates
- **l** increase in rates
- **j** decrease in claims
- **k** Payperiod Timing