

# SAN FRANCISCO HEALTH SERVICE SYSTEM

Affordable, Quality Benefits & Well-Being

DATE: January 8, 2026

TO: Members of the Health Service Board

FROM: Teresa Tan, Chief Financial and Affordability Officer

SUBJECT: Health Service Board Financial Report as of November 30, 2025

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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 five months ended November 30, 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 \$38.1M, 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

	FY25-26 Year-to-Date Actual Net as of 11/30/25	FY25-26 Projected Year-End Annual Net	
SUMMARY			
<b>Flex/Self Insurance</b>			
Blue Shield-Access+	(10,242,422)	(12,337,462)	(a)
Blue Shield-Trio	(4,867,509)	(7,891,227)	(a)
Blue Shield PPO	(8,933,784)	(19,043,462)	(b)
UHC PPO	-	-	(b)
Health Net Canopy Care	(271,833)	(576,118)	
Delta Dental PPO, Actives	(747,024)	553,142	(c)
<b>Fully Insured Plans</b>			
Medical HMOs	(4,521,740)	-	
Dental	314	-	
LTD/Flexible Benefits/FSA	2,638,683	-	
Healthcare Sustainability Fund (\$4.00/\$6.00)	238,763	(1,183,539)	(d)
<b>Savings &amp; Investments</b>			
Interest	-	3,000,000	
Performance guarantees	-	-	
Surrogacy and adoption	(48,443)	(48,443)	
Forfeitures	-	-	
Transfers Out	0	(580,000)	(g)
<b>TOTAL</b>	<b>(26,754,995)</b>	<b>(38,107,109)</b>	
<b>Net assets</b>			
Beginning of the year		101,580,997	
End of the year		<b>63,473,888</b>	

(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 \$18.3 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 \$3.6 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 \$12.3M 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 \$7.9M 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 \$19.0M due to claim stabilization and unfavorable claims.

### **Delta Dental PPO (Actives Only) Self-Funded Plan**

The FYE balance is projected to increase by \$0.6M 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.

<b>SAN FRANCISCO HEALTH SERVICE SYSTEM</b> <small>Affordable, Quality Benefits &amp; Well-Being</small>				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 Nov YTD	FY 25-26 Projection
<b>REVENUE SOURCES</b>							
Annual Revenues	\$ 3,027,230	\$ 4,371,120		\$ -	\$ 4,371,120	\$ 1,439,733	\$ 4,371,120
Other Revenue	-			\$ -		-	-
Carryforward from Fund Balance	6,614,082	\$ 5,143,777	-	-	5,143,777	6,413,208	6,413,208
<b>TOTAL</b>	<b>\$ 9,641,312</b>	<b>\$ 9,514,897</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,514,897</b>	<b>\$ 7,852,941</b>	<b>\$ 10,784,328</b>
<b>EXPENDITURE USES</b>							
<b>Personnel</b>	<b>\$ 1,879,270</b>	<b>\$ 2,919,350</b>		<b>\$ -</b>	<b>\$ 2,919,350</b>	<b>\$ 943,015</b>	<b>\$ 2,919,350</b>
<b>Administrative</b>	30,096	45,000	-	-	45,000	6,760	29,000
<b>Member Communications</b>	598,026	1,032,000	133,472	-	1,165,472	210,836	1,027,000
<b>Communications - Other</b>	177,456	644,406	322,427	-	966,833	8,290	644,406
<b>Well-Being</b>	164,184	435,781	22,900	-	458,681	29,568	329,574
<b>Initiatives to Reduce Health Care Costs</b>	379,073	455,329	4	150,000	605,333	2,500	605,329
<b>Other Projects</b>	-	-	-		-	-	-
<b>TOTAL</b>	<b>\$ 3,228,104</b>	<b>\$ 5,531,866</b>	<b>\$ 478,804</b>	<b>\$ 150,000</b>	<b>\$ 6,160,670</b>	<b>\$ 1,200,970</b>	<b>\$ 5,554,659</b>
<b>REVENUE - EXP. (excl. carry forward fund balance)</b>	(200,874)	(1,160,746)	(478,804)	(150,000)	(1,789,550)	238,763	(1,183,539)
<b>BALANCE</b>	<b>\$ 6,413,208</b>	<b>\$ 3,983,031</b>	<b>\$ (478,804)</b>	<b>\$ (150,000)</b>	<b>\$ 3,354,227</b>	<b>\$ 6,651,971</b>	<b>\$ 5,229,669</b>

## 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	901,608	3,606,432
HealthNet	165,801	663,205
<b>TOTAL</b>	<b>\$ 5,634,707</b>	<b>\$ 22,538,828</b>

## 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.

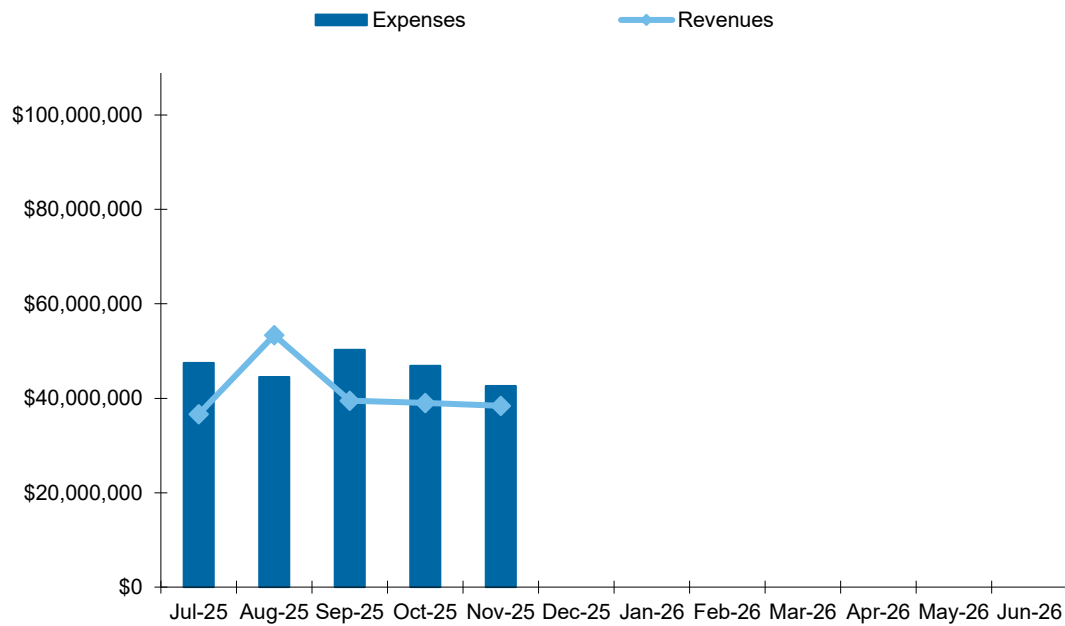
**SAN FRANCISCO  
HEALTH SERVICE SYSTEM**  
Affordable, Quality Benefits & Well-Being

### General Fund Administration Budget FY 2025-26

	ANNUALIZED AS OF 11/30/25						
	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	4,870,958	11,684,295	-
Other Revenue	580,000		-	580,000	-	580,000	-
General Fund Carryforward	-	567,852		567,852	567,852	567,852	-
Interfund Transfer	-			-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ 12,262,123</b>	<b>\$ 567,852</b>	<b>\$ 2,172</b>	<b>\$ 12,832,147</b>	<b>\$ 5,438,810</b>	<b>\$ 12,832,147</b>	<b>\$ -</b>
EXPENDITURES							
Personnel Services	\$ 5,629,021		\$ -	\$ 5,629,021	\$ 2,084,090	\$ 5,413,618	\$ (215,403)
Mandatory Fringe Benefits	2,380,533		-	2,380,533	876,398	2,343,993	(36,540)
Non-personnel Services	2,294,577	455,387	-	2,749,964	843,693	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	781,451	2,029,914	-
				-		-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 12,262,123</b>	<b>\$ 567,852</b>	<b>\$ 2,172</b>	<b>\$ 12,832,147</b>	<b>\$ 4,599,226</b>	<b>\$ 12,580,204</b>	<b>\$ (251,943)</b>
<b>BALANCE</b>	<b>\$ -</b>	<b>\$ (0)</b>	<b>\$ -</b>	<b>\$ (0)</b>	<b>\$ 839,583</b>	<b>\$ 251,943</b>	<b>\$ 251,943</b>

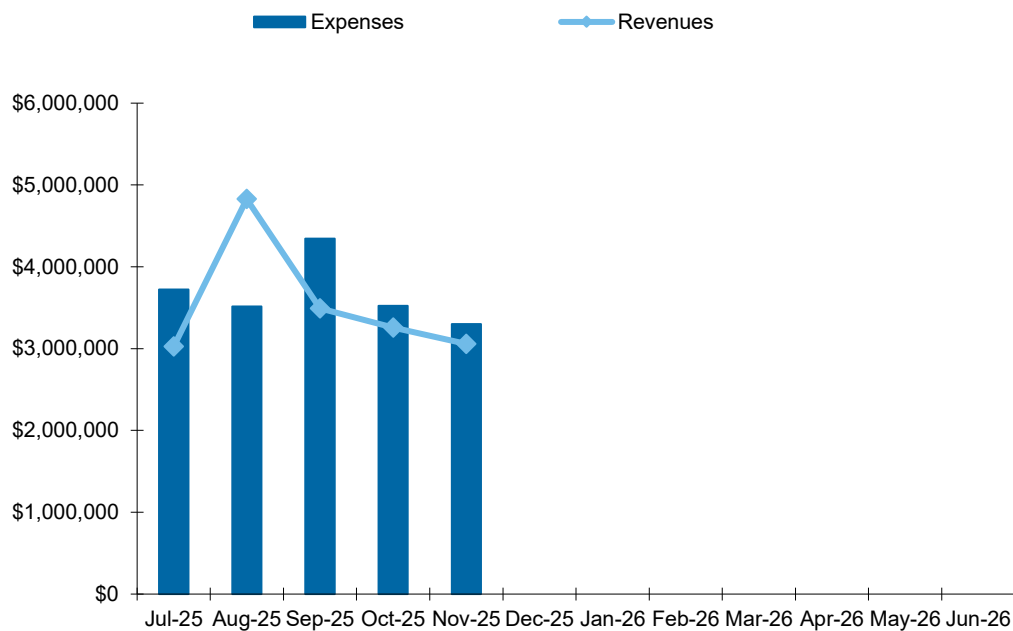
**All Flex Funded Medical Plans**

All Self-Insured Health and Welfare Combined



**Dental**

Delta Dental Active



**Supplemental Tables – Trust Fund Activity- Current FY**

<b>SAN FRANCISCO HEALTH SERVICE SYSTEM</b> <small>Affordable, Quality Benefits &amp; Well-Being</small>	<b>STATEMENT OF REVENUES AND EXPENSES FY 2025-2026 FOR 5 MONTHS ENDED NOVEMBER 30, 2025</b>		
<i>ACTIVE &amp; RETIRED COMBINED</i>	Year-To-Date Revenues	Year-To-Date Expenses	Year-To-Date Net Excess (Shortage)
<b>FLEX/SELF-INSURED PLANS</b>			
Blue Shield Access+ HMO*, **	117,790,340	128,032,762	(10,242,422)
Blue Shield Trio HMO*	42,337,702	47,205,212	(4,867,509)
Blue Shield and United PPO	29,168,280	38,102,065	(8,933,784)
UHC Administere PPO*	-	-	-
Health Net Canopy Care	5,981,804	6,253,638	(271,833)
Delta Dental PPO- (Active only)	17,658,963	18,405,988	(747,024)
<b>TOTAL FLEX/SELF-INSURED PLANS</b>	<b>212,937,090</b>	<b>237,999,664</b>	<b>(25,062,573)</b>
<b>FULLY INSURED PLANS</b>			
Blue Shield MAPD	48,967,529	48,967,529	-
Kaiser-HMO	237,772,228	242,276,043	(4,503,815)
Vision Service Plan	4,889,858	4,907,783	(17,925)
Sub-total HMO	291,629,616	296,151,356	(4,521,740)
Delta Dental PPO - Retirees	9,085,415	9,085,415	-
Delta Care	377,175	377,933	(759)
UHC Dental	161,114	160,041	1,073
Sub-total Dental	9,623,704	9,623,390	314
Long Term/Short Term Disability	3,196,229	3,198,826	(2,598)
Flexible Benefits	2,186,700	1,984,332	202,368
Flexible Spending-Dependent Care	2,288,363	1,759,958	528,405
Flexible Spending -Medical Reimbursement	6,509,698	4,599,191	1,910,508
Healthcare Sustainability Fund (\$4.00)	1,439,733	1,200,970	238,763
Adoption & Surrogacy		48,443	(48,443)
Sub-total Other Benefits	15,620,723	12,791,719	2,829,004
<b>TOTAL FULLY INSURED PLANS</b>	<b>316,874,043</b>	<b>318,566,465</b>	<b>(1,692,421)</b>
<b>TOTAL FUNDS</b>	<b>529,811,134</b>	<b>556,566,128</b>	<b>(26,754,995)</b>

\* Expenses are net of pharmacy rebates - see report for details, \*\* includes Sutter settlement

**Supplemental Tables - Trust Fund Activity- with Prior Year**

<b>SAN FRANCISCO</b> <b>HEALTH SERVICE SYSTEM</b> <small>Affordable, Quality Benefits &amp; Well-Being</small>		<b>STATEMENTS OF REVENUES AND EXPENSES</b> <b>FY 2025-2026 VS FY 2024-2025</b> <b>YEAR-TO-DATE: NOVEMBER 30, 2025</b>		
<b>ACTIVE &amp; RETIRED COMBINED</b>	<b>For 5 Months Ended November 30, 2025</b>	<b>For 5 Months Ended November 30, 2024</b>	<b>\$ Change</b>	<b>% Change</b>
<b>FLEX/SELF-INSURED PLANS</b>				
Blue Shield-Access+ HMO				
Revenues	117,790,340	105,394,906	12,395,434	11.8% l, d
Expenses	(128,032,762)	(114,505,579)	(13,527,183)	11.8% f
Net Blue Shield-Access Excess(Shortage)	(10,242,422)	(9,110,673)	(1,131,749)	12.4%
Blue Shield-Trio HMO				
Revenues	42,337,702	39,222,925	3,114,777	7.9%
Expenses	(47,205,212)	(46,100,127)	(1,105,085)	2.4% f
Net Blue Shield-Trio Excess(Shortage)	(4,867,509)	(6,877,202)	2,009,693	-29.2%
Blue Shield and United PPO				
Revenues	29,168,280	30,290,102	(1,121,822)	-3.7% a
Expenses	(38,102,065)	(29,130,045)	(8,972,020)	30.8% f
Net BSC and United PPO Excess(Shortage)	(8,933,784)	1,160,057	(10,093,842)	-870.1%
Health Net Canopy Care				
Revenues	5,981,804	5,569,361	412,443	7.4%
Expenses	(6,253,638)	(3,844,511)	(2,409,127)	62.7% f
Net Health Net Canopy Care Excess(Shortage)	(271,833)	1,724,850	(1,996,684)	-115.8%
Delta Dental PPO (Active only)				
Revenues	17,658,963	16,546,771	1,112,192	6.7%
Expenses	(18,405,988)	(18,756,840)	350,853	-1.9%
Net Delta Dental PPO- (Active Only) Excess(Shortage)	(747,024)	(2,210,069)	1,463,045	-66.2%
<b>NET FLEX/SELF-INSURED PLANS</b>	<b>(25,062,573)</b>	<b>(15,313,037)</b>	<b>(9,749,537)</b>	<b>63.7%</b>

Notes:

a decrease in membership	e communications, wellness expenses funded by \$4 pmpm
b administered by Blue Shield effective 1/1/25, UHC prior	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

**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: NOVEMBER 30, 2025**

<b>ACTIVE &amp; RETIRED COMBINED</b>	<b>For 5 Months Ended November 30, 2025</b>	<b>For 5 Months Ended November 30, 2024</b>	<b>\$ Change</b>	<b>% Change</b>	
<b>FULLY INSURED PLANS</b>					
Kaiser-HMO					
Revenues	237,772,228	228,523,656	9,248,572	4.0%	
Expenses	(242,276,043)	(233,518,918)	(8,757,125)	3.8%	l, d
Net Kaiser- HMO Excess(Shortage)	(4,503,815)	(4,995,262)	491,447	-9.8%	
Blue Shield and UHC MAPD					b
Revenues	48,967,529	46,823,336	2,144,194	4.6%	l, d
Expenses	(48,967,529)	(46,823,336)	(2,144,194)	4.6%	l, d
Net ble Shield and UHC MAPD Excess(Shortage)	0	0	0		
Vision Service Plan, All (City Plan & HMO)					
Revenues	4,889,858	4,681,395	208,464	4.5%	
Expenses	(4,907,783)	(4,680,504)	(227,279)	4.9%	l, d
Net Vision Service Plan Excess(Shortage)	(17,925)	890	(18,815)		
Delta Dental PPO - Retirees					
Revenues	9,085,415	8,667,113	418,302	4.8%	l, d
Expenses	(9,085,415)	(8,667,113)	(418,302)	4.8%	l, d
Net Delta Dental PPO - Retirees Excess(Shortage)	0	0	0		
Delta Care					
Revenues	377,175	373,559	3,616	1.0%	
Expenses	(377,933)	(380,529)	2,595	-0.7%	
Net Delta Care Excess(Shortage)	(759)	(6,970)	6,211		
UHC Dental					
Revenues	161,114	174,791	(13,677)	-7.8%	a
Expenses	(160,041)	(173,891)	13,849	-8.0%	a
Net UHC Dental Excess(Shortage)	1,073	901	172		
Long Term/Short Term Disability					
Revenues	3,196,229	3,143,382	52,847	1.7%	
Expenses	(3,198,826)	(3,143,380)	(55,447)	1.8%	
Net Long Term/Short Term Disability Excess(Shortage)	(2,598)	2	(2,600)		
Flexible Benefits					
Revenues	2,186,700	1,996,291	190,409	9.5%	k
Expenses	(1,984,332)	(1,996,291)	11,959	-0.6%	c
Net Flexible Benefits Excess(Shortage)	202,368	0	202,368		
Flexible Spending-Dependent Care					
Revenues	2,288,363	2,578,380	(290,017)	-11.2%	c
Expenses	(1,759,958)	(2,093,232)	333,274	-15.9%	j
Net Flexible Spending-Dependent Care Excess(Shortage)	528,405	485,149	43,257	8.9%	
Flexible Spending -Medical Reimbursement					
Revenues	6,509,698	5,887,380	622,318	10.6%	g
Expenses	(4,599,191)	(4,103,704)	(495,487)	12.1%	f
Net Flexible Spending-Medical Reimbursement Excess(Shortage)	1,910,508	1,783,676	126,831	7.1%	
Adoption & Surrogacy					
Expenses	(48,443)	(31,365)	(17,078)	54.4%	
Healthcare Sustainability Fund (\$4.00)					
Revenues	1,439,733	1,074,642	365,091	34.0%	d
Expenses	(1,200,970)	(1,185,431)	(15,539)	1.3%	e
Net Healthcare Sustainability Fund (\$4.00) Excess(Shortage)	238,763	(110,789)	349,552	-315.5%	
<b>NET FULLY INSURED PLANS</b>	<b>(1,692,421)</b>	<b>(2,873,767)</b>	<b>1,181,346</b>	<b>-41.1%</b>	
<b>TOTAL NET EXCESS (SHORTAGE)</b>	<b>(26,754,995)</b>	<b>(18,186,804)</b>	<b>(8,568,191)</b>	<b>47.1%</b>	

**Notes:**

- |   |  |
|---|--|
| a decrease in membership                                  | e communications, wellness expenses funded by \$4 pmpm |
| b administered by Blue Shield effective 1/1/25, UHC prior | 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                                     |