

SAN FRANCISCO HEALTH SERVICE SYSTEM

Affordable, Quality Benefits & Well-Being

DATE: March 14, 2024
TO: Randy Scott, President, and Members of the Health Service Board
FROM: Iftikhar Hussain, Chief Financial Officer
SUBJECT: Health Service Board Financial Report as of January 31, 2014

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, 2014.

Executive Summary

Trust Fund and Health Sustainability Fund

- The FYE trust balance is projected to decrease by \$24M mainly due to \$14.9M rate stabilization, use of Sutter settlement to buy down rates and high medical claims.
- Claims for the first seven months were higher than planned due to medical claims driven by high pharmacy costs. Dental claims are higher than prior year but lower than plan.
- Pharmacy rebates - \$11.7M were received in the first seven months. The projected annual rebates are \$20M and included in the net claims above.
- The Healthcare Sustainability Fund balance is projected to decrease by \$128K.
- Projected interest income is \$3M for the year.

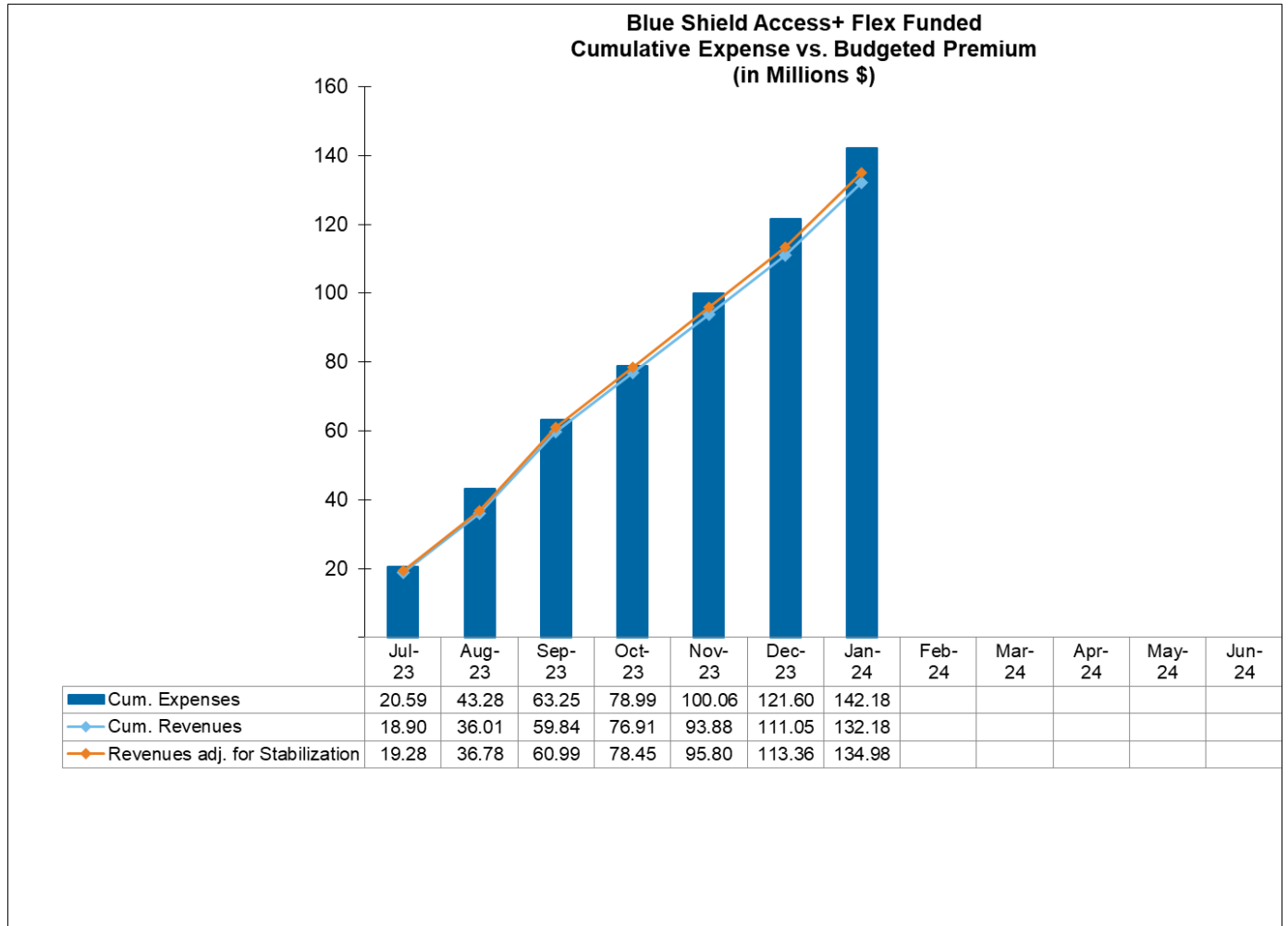
General Fund

Net activity is ahead of budget mainly due to vacancies.

Detailed Analysis by Fund

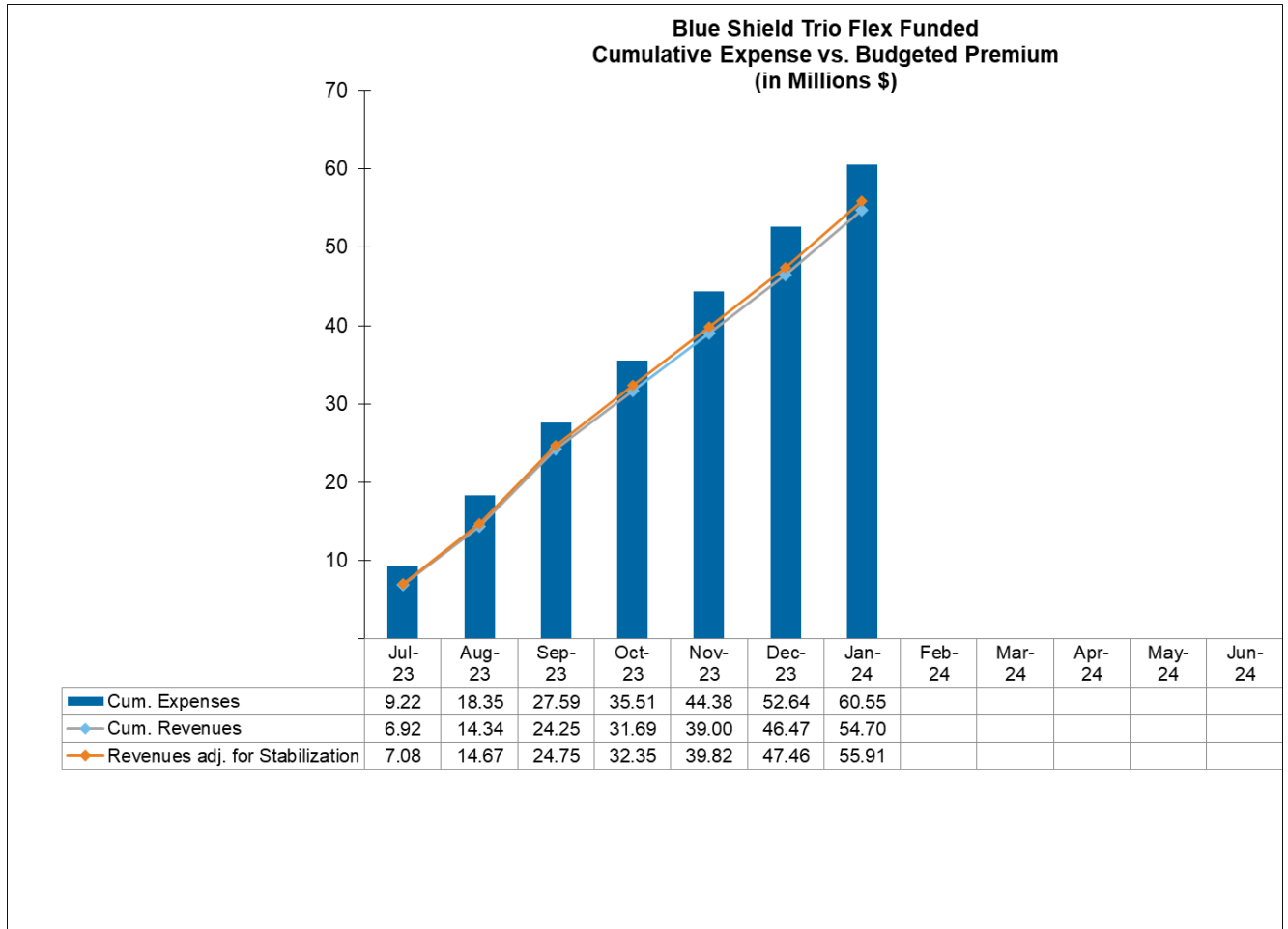
Blue Shield Access+ Flex Funded Plan

Projected FYE balance expected to decrease by \$14M due high claims, rate stabilization and use of Sutter settlement received in the prior year to reduce rates.



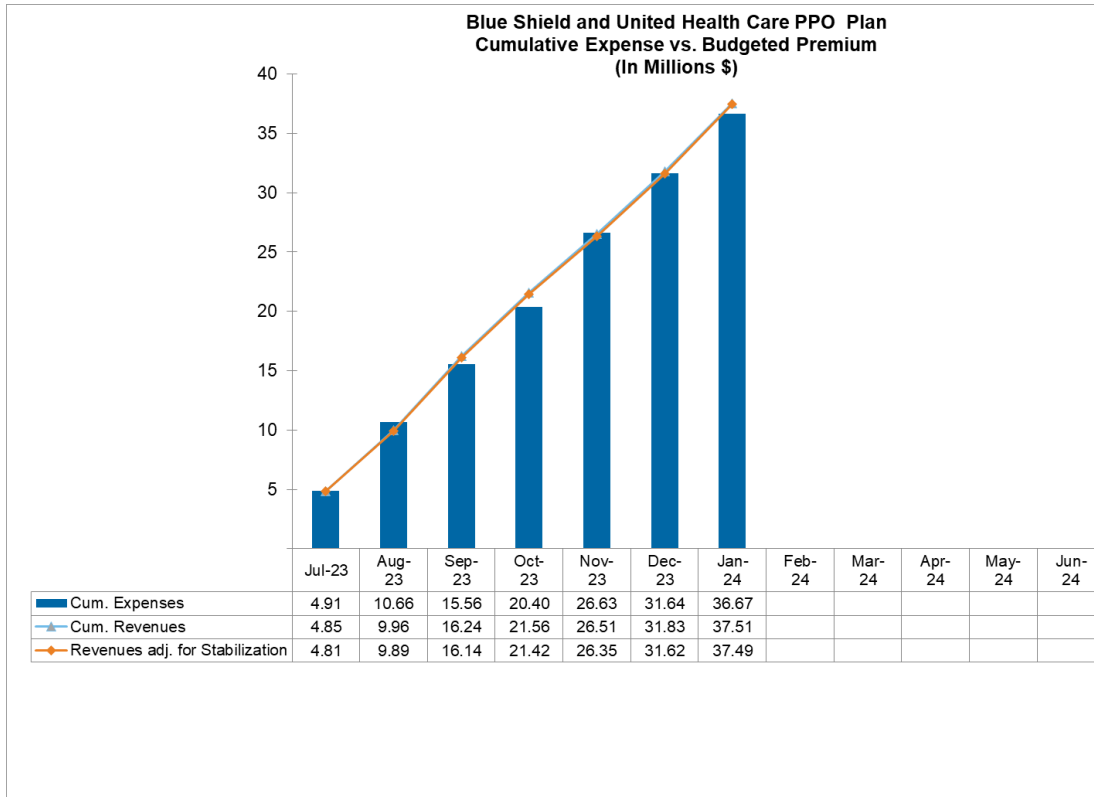
Blue Shield Trio Flex-Funded Plan

FYE balance projected to decrease by \$9.4M due rate stabilization and use of Sutter settlement to reduce rates.



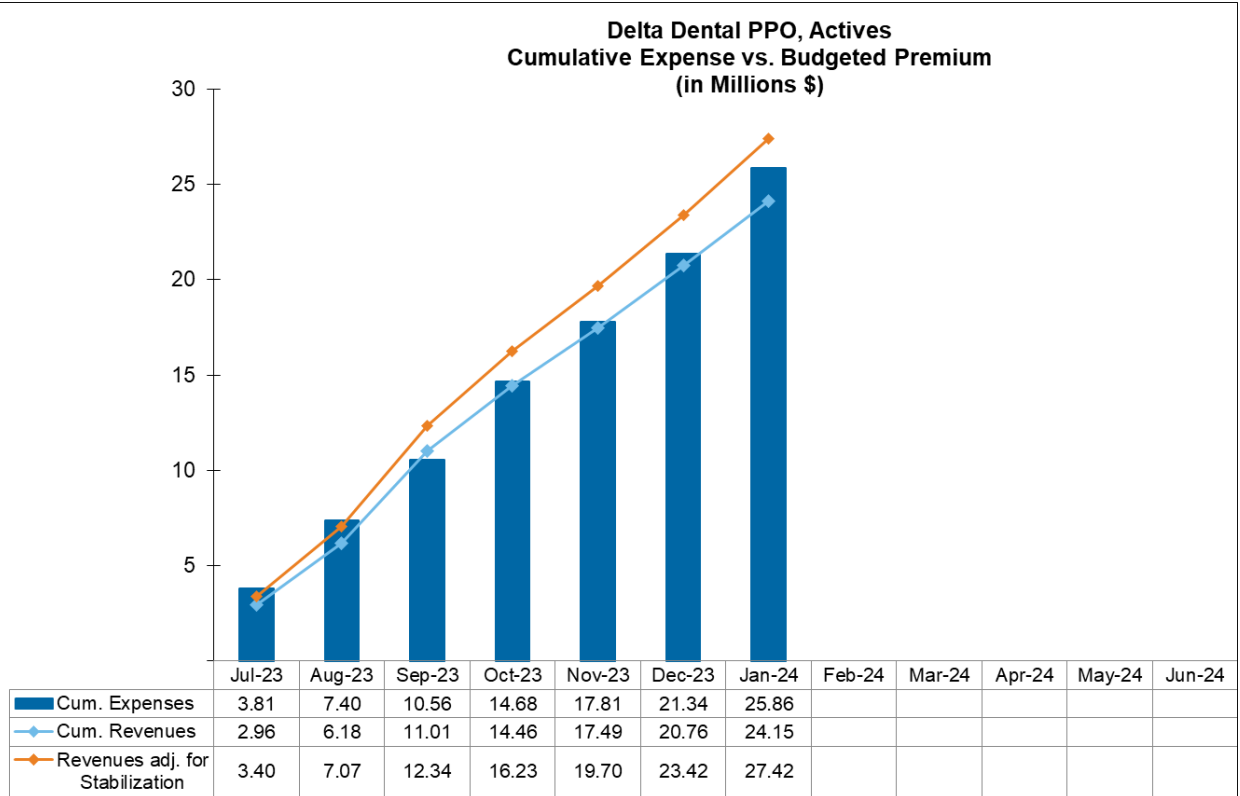
Blue Shield/United Health Care Administered PPO

The administration of the self-funded PPO migrated from United to Blue Shield starting in January 2022. The table below shows the combined results of the plan. FYE 2024 projected net decrease of \$543K.



Delta Dental PPO (Actives Only) Self-Funded Plan

Projecting a net increase of \$3.7M for the year 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 updated FY 2024 budget includes carry forwards for commitments made before June 30, 2023.

The projected FYE balance will decrease by \$128K. The favorable variance from budget is due to Blue Shield wellness and communications reimbursement.

SAN FRANCISCO HEALTH SERVICE SYSTEM <small>Affordable. Quality Benefits & Well-Being</small>		Healthcare Sustainability Fund FY 2023-24					
	FY 2022-23 Expenditures June YTD	FY2023-24 Budget Request (HSS Board Approved)	FY2023-24 Carryforward Budget	FY2023-24 Adjustments	FY 2023-24 Revised Budget + Adj C/F	FY 2023-24 Actuals Jan YTD	FY 2023-24 Projection
REVENUE SOURCES							
Annual Revenues	\$ 2,526,489	\$ 2,553,643		\$ -	\$ 2,553,643	\$ 1,490,796	\$ 2,600,000
Other Revenue						\$ 1,010	\$ -
Carryforward from Fund Balance	4,437,175	4,921,157	264,572	-	5,185,729	5,185,729	5,185,729
TOTAL	\$ 6,963,664	\$ 7,474,800	\$ 264,572	\$ -	\$ 7,739,372	\$ 6,677,535	\$ 7,785,729
EXPENDITURE USES							
Personnel	\$ 810,927	\$ 1,376,559		\$ -	\$ 1,376,559	\$ 387,339	\$ 1,007,992
Administrative	10,266	45,500	2,431	-	47,931	(2,267)	39,300
Member Communications	494,925	668,000	122,756	-	790,756	(331,015)	489,125
Communications - Other	179,342	696,576	40,138		736,714	48,191	623,500
Well-Being	124,980	449,500	70,788		520,288	(105,593)	268,075
Initiatives to Reduce Health Care Costs	422,067	312,773	28,458	23,118	364,349	164,347	300,000
Other Projects	-	-	-	-	-	-	-
TOTAL	\$ 2,042,507	\$ 3,548,908	\$ 264,572	\$ 23,118	\$ 3,836,597	\$ 161,001	\$ 2,727,992
REVENUE - EXP. (excl. carry forward fund balance)	483,982	(995,265)	(264,572)	(23,118)	(1,282,955)	1,329,795	(127,992)
BALANCE	\$ 4,921,157	\$ 3,925,892	\$ 0	\$ (23,118)	\$ 3,902,775	\$ 6,516,534	\$ 5,057,737

Pharmacy Rebates

\$11.7M was received in the first seven months. The projection for the year is \$20M.

		Actual	Projected FYE 2024
BSC Access+		6,754,655	11,579,409
BSC Trio		2,930,053	5,022,948
UHC and BS PPO		1,890,448	3,240,769
HealthNet		129,189	221,467
Total		11,704,346	20,064,593

General Fund

- The FY 2024 budget has been adjusted for carryforward commitments made before June 31, 2023. Net activity is ahead of budget mainly due to vacancies. The \$478K favorable projection for the year includes \$228K mid-year reductions.



General Fund Administration Budget FY 2023-24

ANNUALIZED AS OF 01/31/24

	FY 2023-24 Approved Budget	FY2023-24 Carryforward Budget	FY2023-24 Adjustments	FY 2023-24 Revised Budget	Total Actual YTD	FY 2023-24 Projection
REVENUES						
Non-Operating Revenue	\$ 9,131		\$ -	\$ 9,131	\$ -	\$ -
Operating Work Order Recovery	13,392,951		80,000	13,472,951	7,816,328	13,629,311
Other Revenue	460,000		-	460,000	-	460,000
General Fund Carryforward	-	709,061		709,061	709,061	709,061
Interfund Transfer	-			-	-	-
TOTAL REVENUES	\$ 13,862,082	\$ 709,061	\$ 80,000	\$ 14,651,143	\$ 8,525,389	\$ 14,798,372
EXPENDITURES						
Personnel Services	\$ 6,308,915		\$ (208,326)	\$ 6,100,589	\$ 3,250,059	\$ 5,921,535
Mandatory Fringe Benefits	2,613,811		(104,481)	2,509,330	1,350,187	2,427,829
Non-personnel Services	2,522,965	681,530	194,433	3,398,928	1,635,119	3,361,286
Materials & Supplies	44,459	8,768	-	53,227	29,953	52,750
Services of Other Departments	2,371,932	18,763	198,374	2,589,069	1,402,901	2,566,583
				-		
TOTAL EXPENDITURES	\$ 13,862,082	\$ 709,061	\$ 80,000	\$ 14,651,143	\$ 7,668,220	\$ 14,329,983
BALANCE	\$ -	\$ -	\$ -	\$ -	\$ 857,169	\$ 468,389

Trust Fund and Health Sustainability Fund with FYE Projection

	FY23-24	FY23-24
	Year-to-Date Actual	Projected Year-End
SUMMARY	Net as of 01/31/24	Annual Net
Flex/Self Insurance		
Blue Shield-Access+	(10,002,874)	(14,293,161) (a), (h)
Blue Shield-Trio	(5,845,176)	(9,386,538) (a)
Blue Shield and United PPO	832,052	(543,088) (b)
Health Net Canopy Care	724,113	-
Delta Dental PPO, Actives	(1,711,876)	(3,684,644) (c)
Fully Insured Plans		
Medical HMOs	(245,513)	-
Dental	(9,128)	-
LTD/Flexible Benefits/FSA/Health Net Canopy Care	386,292	-
Healthcare Sustainability Fund (\$3.00)	1,330,805	(127,992) (d)
Savings & Investments		
Interest	-	3,000,000
Performance guarantees	1,926,149	1,926,149 (e)
Surrogacy and adoption	(62,295)	(62,295)
Transfers Out	0	(460,000) (g)
TOTAL	<u>(12,677,450)</u>	<u>(23,631,568)</u>
Net assets		
Beginning of the year		<u>104,744,471</u>
End of the year		<u>81,112,903</u>

(a) Annual Projection is net of claim stabilization of \$1.7 million to increase 2024 rates, \$3.3 million to decrease 2023 rates, Pharmacy rebate of \$19 million, and settlement distribution of \$2.2 million, settlement for rate buydown of \$5.9 million

(b) Annual Projection is net of claim stabilization of \$0.4 million to increase 2024 rates, \$0.2 million to increase 2023 rates, and Pharmacy rebate of \$2.2 million

(c) Annual Projection is net of claim stabilization of \$3.7 million to reduce 2024 rates and \$2.7 million to reduce 2023 rates

(d) \$3.00 per member per month for communications, wellness, actuarial work; is part of a total premium.

(e) Reflects performance guarantees received in FY 2023-2024

(f) Reflects use of fund balance

(g) Transfer of \$0.5M from forfeitures to General Fund.

(h) Includes \$2.2M Sutter settlement distribution

Supplemental Tables – Trust Fund Activity- Current FY

<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*, **	132,181,561	142,184,435	(10,002,874)
Blue Shield Trio HMO*	54,704,129	60,549,305	(5,845,176)
Blue Shield and United PPO	37,505,364	36,673,313	832,052
UHC Administere PPO*	-	-	-
Health Net Canopy Care	5,347,461	4,623,348	724,113
Delta Dental PPO- (Active only)	24,148,648	25,860,524	(1,711,876)
TOTAL FLEX/SELF-INSURED PLANS	253,887,163	269,890,924	(16,003,761)
FULLY INSURED PLANS			
UHC MAPD	57,427,241	57,427,241	-
Kaiser-HMO	291,207,067	291,420,273	(213,205)
Vision Service Plan	6,244,024	6,276,331	(32,308)
Sub-total HMO	354,878,332	355,123,845	(245,513)
Delta Dental PPO - Retirees	11,610,482	11,610,482	-
Delta Care	482,514	488,769	(6,255)
UHC Dental	238,243	241,115	(2,872)
Sub-total Dental	12,331,238	12,340,366	(9,128)
Long Term/Short Term Disability	4,132,935	4,136,011	(3,076)
Flexible Benefits	2,472,688	2,472,688	0
Flexible Spending-Dependent Care	3,573,136	3,985,408	(412,272)
Flexible Spending -Medical Reimbursement	6,972,213	6,170,574	801,640
Healthcare Sustainability Fund (\$3.00)	1,491,806	161,001	1,330,805
Adoption & Surrogacy	-	62,295	(62,295)
Sub-total Other Benefits	18,642,779	16,987,977	1,654,802
TOTAL FULLY INSURED PLANS	385,852,350	384,452,188	1,400,161
SAVINGS AND INVESTMENTS			
Interest	-	-	-
Performance guarantees	1,926,149	-	1,926,149
Forfeitures	-	-	-
TOTAL SAVINGS & INVESTMENTS	1,926,149	-	1,926,149
TRANSFERS OUT OF FORFEITURES			
	-	-	0
TOTAL FUNDS	641,665,662	654,343,112	(12,677,450)

* 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 2023-2024 VS FY 2022-2023
YEAR-TO-DATE: JANUARY 31, 2024

<i>ACTIVE & RETIRED COMBINED</i>	For 7 Months Ended January 31, 2024	For 7 Months Ended January 31, 2023	\$ Change	% Change
FLEX/SELF-INSURED PLANS				
Blue Shield-Access+ HMO				
Revenues	132,181,561	142,084,499	(9,902,939)	-7.0% b
Expenses	(142,184,435)	(141,065,221)	(1,119,213)	0.8% f
Net Blue Shield-Access Excess(Shortage)	(10,002,874)	1,019,278	(11,022,152)	-1081.4%
Blue Shield-Trio HMO				
Revenues	54,704,129	57,679,254	(2,975,125)	-5.2%
Expenses	(60,549,305)	(57,449,763)	(3,099,542)	5.4% i
Net Blue Shield-Trio Excess(Shortage)	(5,845,176)	229,491	(6,074,667)	-2647.0%
Blue Shield and United PPO				
Revenues	37,505,364	28,859,641	8,645,724	30.0%
Expenses	(36,673,313)	(28,435,279)	(8,238,034)	29.0%
Net BSC and United PPO Excess(Shortage)	832,052	424,361	407,690	
UHC Administered PPO				
Revenues	0	0	0	
Expenses	0	0	0	
Net UHC Administered PPO Excess(Shortage)	0	0	0	
Health Net Canopy Care				
Revenues	5,347,461	2,322,330	3,025,131	
Expenses	(4,623,348)	(1,941,429)	(2,681,920)	
Net Health Net Canopy Care Excess(Shortage)	724,113	380,901	343,211	
Delta Dental PPO (Active only)				
Revenues	24,148,648	21,095,628	3,053,020	14.5% h
Expenses	(25,860,524)	(24,278,251)	(1,582,272)	6.5% i
Net Delta Dental PPO- (Active Only) Excess(Shortage)	(1,711,876)	(3,182,623)	1,470,748	-46.2%
NET FLEX/SELF-INSURED PLANS	(16,003,761)	(1,128,591)	(14,875,170)	1318.0%

Notes:

- | | |
|--------------------------|---|
| a decrease in membership | e \$3 per member per month for communications, wellness |
| b Sutter Settlement | 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)

		STATEMENTS OF REVENUES AND EXPENSES FY 2023-2024 VS FY 2022-2023 YEAR-TO-DATE: JANUARY 31, 2024			
ACTIVE & RETIRED COMBINED		For 7 Months Ended January 31, 2024	For 7 Months Ended January 31, 2023	\$ Change	% Change
FULLY INSURED PLANS					
Kaiser-HMO					
Revenues		291,207,067	275,290,699	15,916,368	5.8% d
Expenses		(291,420,273)	(276,763,007)	(14,657,266)	5.3% d, l
Net Kaiser- HMO Excess(Shortage)		(213,205)	(1,472,308)	1,259,102	-85.5% k
UHC MAPD					
Revenues		57,427,241	53,104,103	4,323,139	8.1% d, l
Expenses		(57,427,241)	(53,104,103)	(4,323,139)	8.1% d, l
Net UHC MAPD Excess(Shortage)		0	0	0	
Vision Service Plan, All (City Plan & HMO)					
Revenues		6,244,024	5,550,100	693,923	12.5% d, l
Expenses		(6,276,331)	(5,571,357)	(704,974)	12.7% d, l
Net Vision Service Plan Excess(Shortage)		(32,308)	(21,257)	(11,051)	52.0%
Delta Dental PPO - Retirees					
Revenues		11,610,482	10,518,106	1,092,375	10.4%
Expenses		(11,610,482)	(10,518,106)	(1,092,375)	10.4%
Net Delta Dental PPO - Retirees Excess(Shortage)		0	0	0	
Delta Care					
Revenues		482,514	462,237	20,276	4.4%
Expenses		(488,769)	(466,560)	(22,209)	4.8%
Net Delta Care Excess(Shortage)		(6,255)	(4,322)	(1,933)	44.7%
UHC Dental					
Revenues		238,243	237,934	309	0.1%
Expenses		(241,115)	(239,934)	(1,181)	0.5%
Net UHC Dental Excess(Shortage)		(2,872)	(2,000)	(872)	43.6%
Long Term/Short Term Disability					
Revenues		4,132,935	4,880,814	(747,879)	-15.3%
Expenses		(4,136,011)	(4,885,520)	749,509	-15.3%
Net Long Term/Short Term Disability Excess(Shortage)		(3,076)	(4,706)	1,630	-34.6% k
Flexible Benefits					
Revenues		2,472,688	2,371,638	101,050	4.3% g
Expenses		(2,472,688)	(2,371,566)	(101,122)	4.3% g
Net Flexible Benefits Excess(Shortage)		0	72	(72)	
Flexible Spending-Dependent Care					
Revenues		3,573,136	2,688,952	884,184	32.9% c
Expenses		(3,985,408)	(2,979,799)	(1,005,609)	33.7% c
Net Flexible Spending-Dependent Care Excess(Shortage)		(412,272)	(290,846)	(121,425)	41.7%
Flexible Spending -Medical Reimbursement					
Revenues		6,972,213	6,070,020	902,193	14.9% g
Expenses		(6,170,574)	(5,552,267)	(618,307)	11.1% f
Net Flexible Spending-Medical Reimbursement Excess(Shortage)		801,640	517,753	283,886	54.8%
Adoption & Surrogacy					
Expenses		(62,295)	(63,720)	1,425	
Healthcare Sustainability Fund (\$3.00)					
Revenues		1,491,806	1,473,042	18,764	1.3%
Expenses		(161,001)	(1,203,290)	1,042,289	-86.6% e
Net Healthcare Sustainability Fund (\$3.00) Excess(Shortage)		1,330,805	269,752	1,061,053	393.3%
NET FULLY INSURED PLANS		1,400,161	(1,071,582)	2,471,743	-230.7%
SAVINGS AND INVESTMENTS					
Interest		0	0	0	
Performance guarantees		1,926,149	619,103	1,307,046	
Forfeitures		0	0	0	
TOTAL SAVINGS & INVESTMENTS		1,926,149	619,103	1,307,046	1616.8%
TOTAL NET EXCESS (SHORTAGE)		(12,677,450)	(1,581,070)	(11,096,380)	701.8%

Notes:

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|--------------------------|---|
| a decrease in membership | e \$3 per member per month for communications, wellness |
| b Sutter Settlement | f increase in claims |
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