



San Francisco Health Service System Proposed Budget for FYE 2027 and 2028

Board of Supervisors
Budget and Appropriations Committee Presentation

Presented by:
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Our Mission



Purpose

The San Francisco Health Service System (SFHSS) was created by Charter Amendment No. 3 in 1937, to provide medical care for municipal employees.

Today, SFHSS serves more than 139,000 employees, retirees, and their dependents of the City and County of San Francisco, San Francisco Unified School District, City College of San Francisco, and Superior Court of San Francisco by providing an array of comprehensive benefits that enhance the physical, mental, and financial well-being of our members.



Lean Structure

SFHSS manages \$1.3 billion in annual spend for health benefits with a total annual budget of **\$17.5 million** and **49 FTEs** to support more than **139,000 members**.

General Fund:

- \$12.2 million
- 37 FTEs

Health Sustainability Fund:

- \$5.4 million
- 12 FTEs

How We Served Our Members in 2025

Addressing Member Issues

- 7,603 Walk-ins served
- 33,683 Calls Handled

Member Communications

- Monthly newsletters to engage members in their health through preventative care
- 8,895 premium due notices
- 79,679 open enrollment letters
- 80,610 confirmation letters

Open Enrollment Processing

- 1,216 paper enrollments processed
- 15,397 online transactions processed
- 3,900+ detailed rates calculated

Well-Being

- 934 Department requested well-being activities

Qualifying Life Event / New Hire Processing

- 2,347 qualifying life event enrollment transactions processed
- 2,987 new hire/rehire enrollment transactions processed
- 305 refunds processed

Mandated Regulatory and Compliance

- IRS W-2 Box 12DD and Box 10 reporting
- 51,491 IRS 1095-C forms provided
- 110 IRS 1099 forms provided
- 1,031 Tax Favored Declarations processed

Prioritization and Decision Framework

Target: General Fund decisions focused on preserving our Core and Mandated work.

Core – Mandated by Charter

- Medical / Vision

Strategic – Required by MOUs

- Dental
- Life Insurance
- Disability Insurance

Discretionary

- Flexible Spending Accounts
- Employee Assistance Program (EAP)
- Pilot Kaiser HMO plans for three states outside of California

Required Mitigations to Preserve Core & Mandated Services

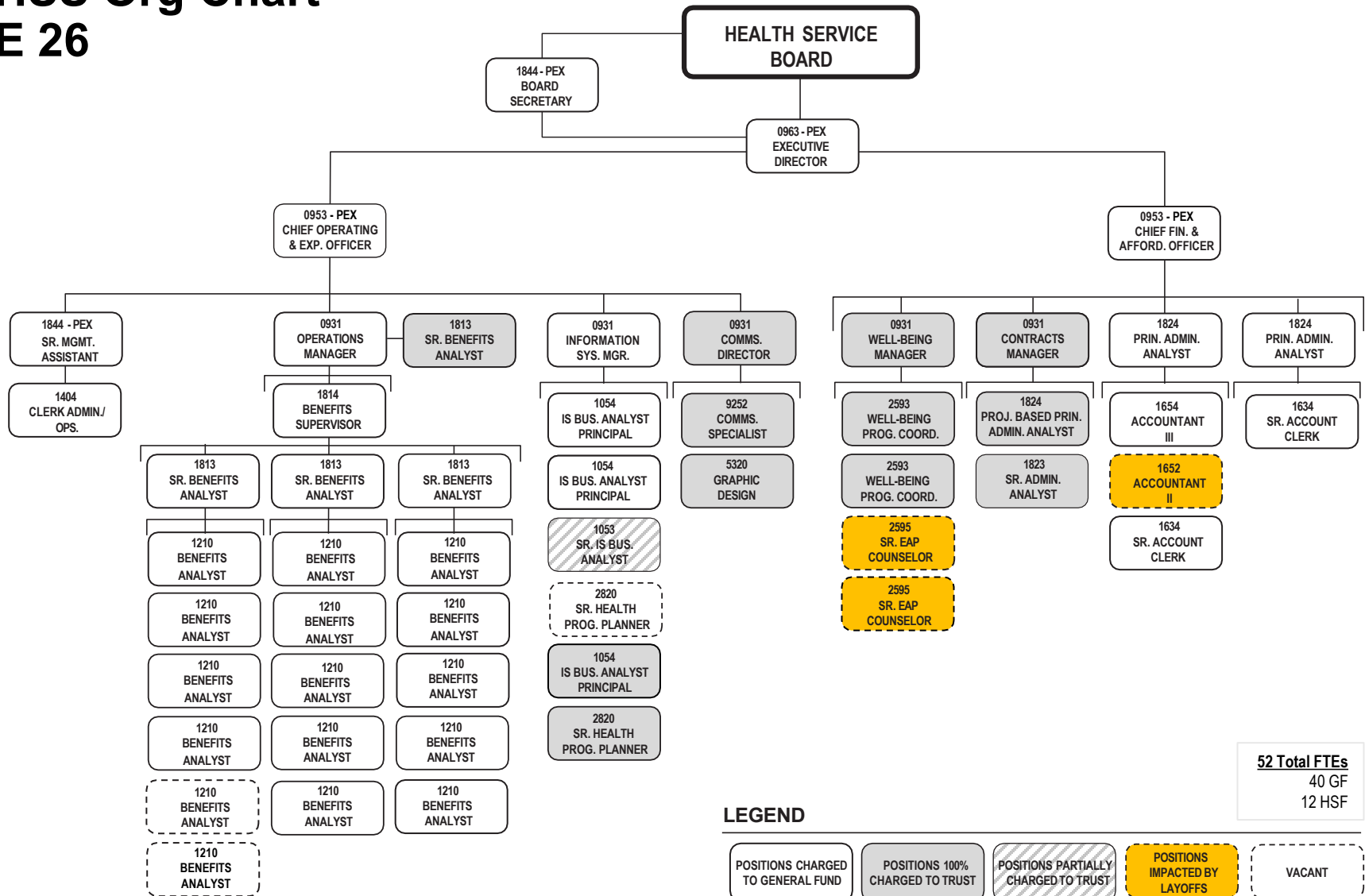
Description	# of FTE	FY 26-27 Amount	FY 27-28 Amount
2595 - Senior Employee Assistance Counselor	(2)	(411,666)	(444,334)
Associated Costs:			
Non-Personnel Materials & Supplies		(102,986)	(102,986)
1652 - Accountant II	(1)	(\$181,827)	(\$196,273)
Total Savings	(3)	(\$696,479)	(\$743,593)

Senior EAP Counselors - Discontinue Internal EAP program services. This includes customized wellness workshops, seminars, mediation services, and management consultation aligned with the City's current business objectives and specific needs led by our internal EAP staff.

Accountant II - Discontinue Kaiser Permanente Multi-Region Plans Pilot Program in Washington, Oregon, and Hawaii due to too few members enrolled and the large amount of work required to administer the plans.

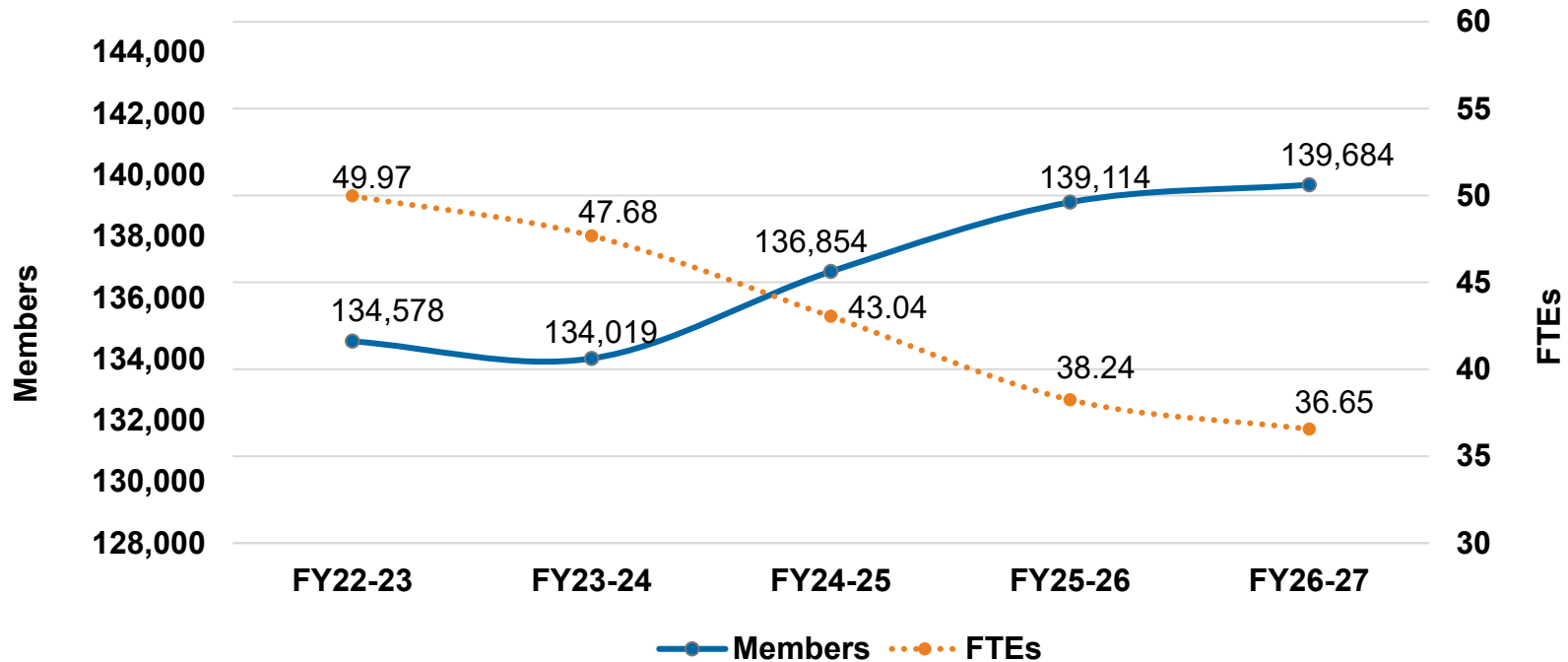
SFHSS Org Chart

FYE 26



Note: All positions are PCS unless otherwise noted.

SFHSS General Fund Budget FTE History



Historical FTE changes:

- FY 2024 – 2 FTEs reduced to meet cost reduction target
- FY 2025 – 4 FTEs – 3 Well-Being and 1 Communications FTEs transferred to HSF
- FY 2026 – 4 FTEs – Increased attrition by 2 FTEs and transferred 2 FTEs to HSF
- FY 2027 – 3 FTEs reduced

Lean Workforce with Attrition and Management Ratio

Years	2023	2024	2025	2026	2027
Total GF Budgeted Positions	49.97	47.68	43.04	38.24	36.65
Net GF Change	(2.80)	(2.29)	(4.64)	(4.80)	(1.59)
Total Members	134,578	134,019	136,854	139,114	139,684
Service Ratio Per FTE	2,693	2,811	3,180	3,638	3,811

GF FY 27	Positions/FTEs	Total %
Total GF Budgeted	36.65	100%
Filled	33.75	92%
Attrition and Temp Misc.	(0.10)	0%
Recruitment (Benefits Analysts)	2	5%
Vacancy (Sr. IS Bus. Analyst)	1	3%

FY 27	GF	HSF	Total FTEs	Total %
Management	5.00	3.00	8.00	16%
Non-Management	31.65	9.25	40.90	84%
Total FTEs	36.65	12.25	48.90	100%

LEGEND **GF:** General Fund **HSF:** Healthcare Sustainability Fund **FTEs:** Full-time Equivalent

Budget with Changes (\$ in thousands) to Preserve Services

	FY 27			FY 28		
	Original Budget	Change	Final	Original Budget	Change	Final
Sources						
Other Revenues	\$580	3	\$583	\$580		\$580
Expenditure Recovery	12,188	(610)	11,578	12,962	(775)	12,187
Sources Total	12,768	(607)	12,161	13,542	(775)	12,767
Expenditures						
Salaries	5,884	(417)	5,467	6,301	(585)	5,716
Fringe Benefits	2,607	(165)	2,442	2,871	(240)	2,631
Non-Personnel Services	2,260	121	2,381	2,353	121	2,474
Materials & Supplies	36	(8)	28	36	(8)	28
Services of Other Departments	1,981	(138)	1,843	1,981	(63)	1,918
Expenditures Total	\$12,768	(\$607)	\$12,161	\$13,542	(\$775)	\$12,767

Thank You!



SAN FRANCISCO HEALTH SERVICE SYSTEM

The San Francisco Health Service System is honored to serve those who dedicate their careers to providing public service to the residents of our great city.

Caring for the people who care for our community is at the heart of everything we do.