



San Francisco Health Service System Proposed Budget for FYE 2026 and 2027

Board of Supervisors
Budget and Appropriations Committee
Presentation

Presented by
Rey Guillen, Executive Director
Iftikhar Hussain, Chief Financial & Affordability Officer

June 11, 2025

BOS Budget Instructions

1. What are the department's mission and objectives?
2. How does the department's budget allocations help achieve these mission and objectives? Please include a pie chart that breaks down the budgeted amounts per work area.
3. What are the performance measures that the department uses to determine whether it is achieving its objectives?
4. Please include an organizational chart of your department. This chart or supporting documentation should include:
 - Position name, classification, and whether it is a permanent, temporary, or exempt position.
 - If you have any remaining vacant positions and how long they have been vacant.
 - Indicate whether you requested any upward substitutions for these positions and justification for that request.
 - Please include staffing numbers from FY2019-20 to demonstrate areas of growth or contraction.
5. How did the Department respond to the Mayor's budget instructions? What changes and reductions did your department make in the first round and what additional reductions in the second round?

Mission, Objectives & Accountabilities

Mission

The San Francisco Health Service System (SFHSS) is dedicated to preserving and improving sustainable, quality health benefits and to enhancing the well-being of our members and their families.

Objectives

- Provide affordable and sustainable healthcare and high-quality well-being services through value-driven decisions and effective program design.
- Support the mental health and well-being of our membership by reducing the stigma and addressing barriers to care.
- Optimize service to maintain and advance exceptional member engagement.

Accountabilities

- Serving 138,000 employees, retirees & dependents of CCSF, SFUSD, SFCCD, and Courts
- Impact on CCSF budget:
 - Manage \$1.2B annual spend for health benefits.
 - The General Fund annual budget is \$12.3M and 39 FTEs administering overall benefits, including wellness and mental health programs.

SFHSS Divisions

Member Services

The Member Services division, through an on-site call center, assists members with health benefits navigation, enrollment, and eligibility. The primary objectives are to determine eligibility and enroll active employees, retirees, and their dependents in health benefits.

Finance & Contracts

Finance is responsible for calculating rates and benefits, managing the Health Benefit Trust, preparing financial statements, monitoring claims trends, supporting external and internal audits, collecting premiums, and paying invoices to both operations and health plan vendors. The Contracts Administration unit manages the negotiation and execution of department contractual agreements, all procurements and competitive solicitations, vendor contract disputes, contract performance evaluation programs, and review of annual plan materials.

Enterprise Systems & Analytics

The Enterprise Systems & Analytics Division (ESA) provides support for technology key to delivering the department's critical services. These enterprise systems enable HSS staff to support our members effectively and include Cisco Contact Center for our call center, Hyland Perceptive Content for digital member files, Salesforce Service Cloud to track and manage member issue resolution, and PeopleSoft Human Capital Management for benefit administration.

Well-Being / Employee Assistance Program (EAP)

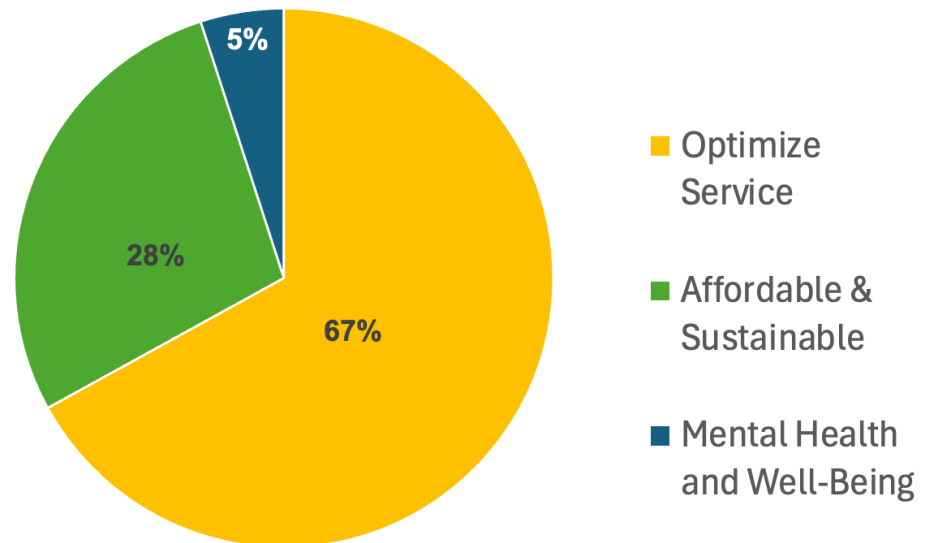
The SFHSS Well-Being Team helps our members to feel, live, and be Better Every Day by focusing on healthy behaviors, emotional well-being, and condition and prevention management. The SFHSS Employee Assistance Program (EAP) offers free counseling, coaching, training, and mediation services for employees at all levels.

Budget Allocations to Support Objectives (based on FTEs)

Objectives

1. Provide affordable and sustainable healthcare and high-quality well-being services through value-driven decisions and effective program design.
2. Support mental health and well-being of our membership by reducing the stigma and addressing barriers to care.
3. Optimize service to maintain and advance exceptional member engagement.

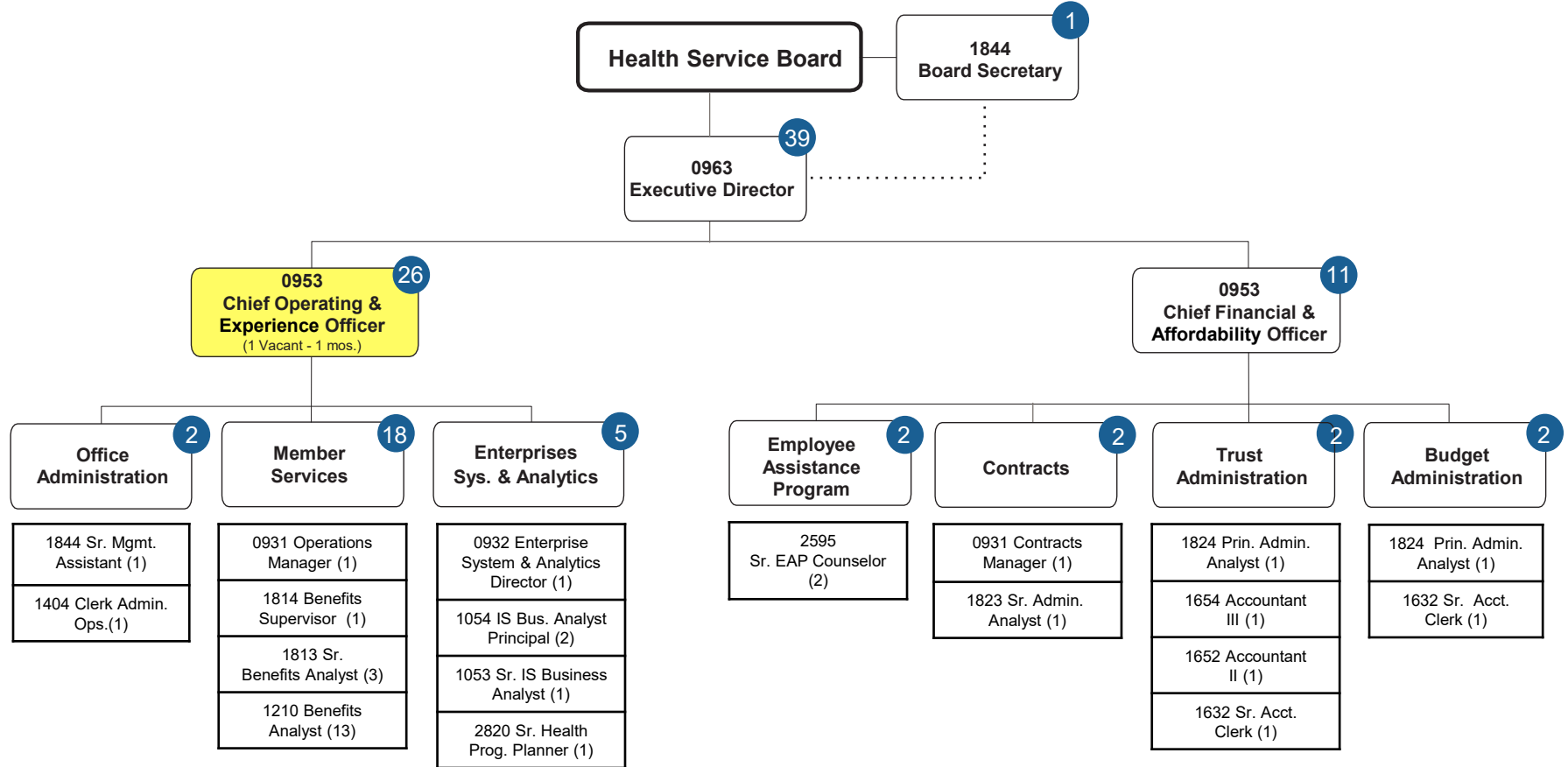
HSS Budget Allocation by Objectives



Performance Metrics

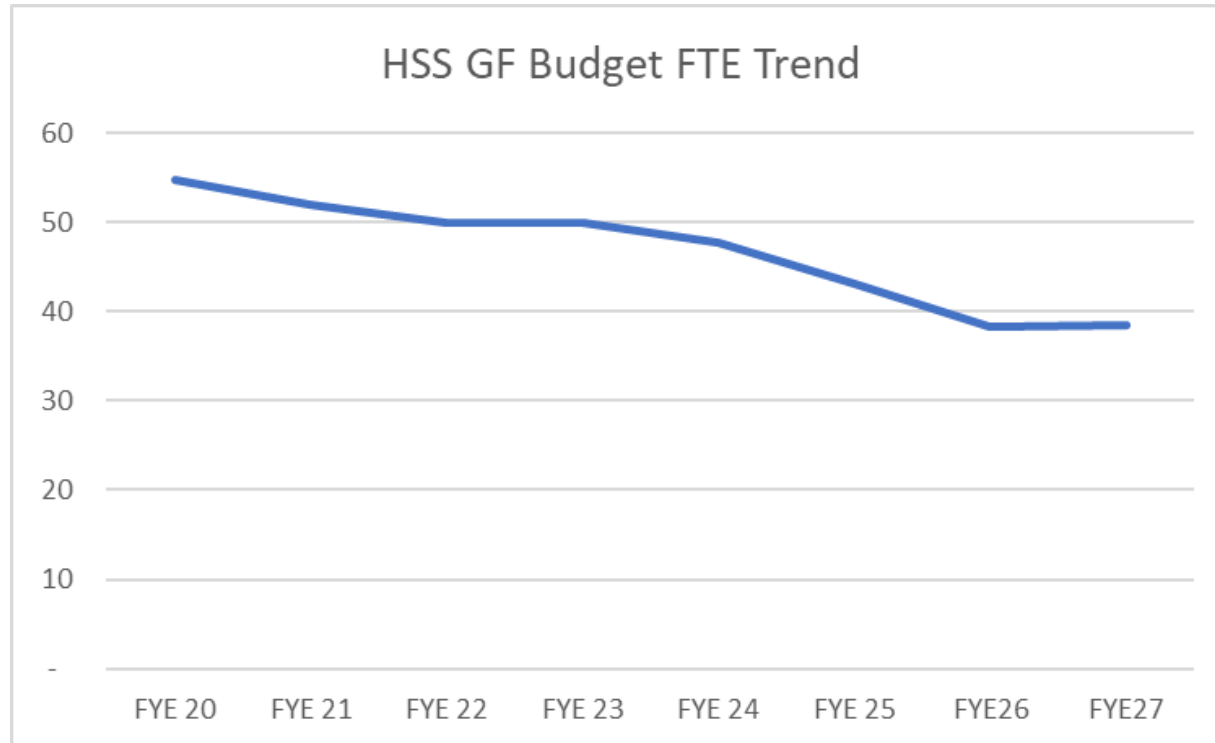
Goal	Results
Affordable & Sustainable: Percentage of vendor contracts that include HSS-specific performance guarantees.	100%
Optimize Service: Average time to answer telephone calls (in seconds) with a target goal of less than 180 seconds. <i>(Above target due to vacancies)</i>	212 seconds
Optimize Service: Rate of inquiries resolved on the first call or interaction with a target of greater than 75%. <i>(Below target due to vacancies)</i>	64%
Support Mental Health & Well-Being: Percentage of departments that have a well-being annual plan with a target of 57%.	52%

SFHSS Organization Chart and Staffing – General Fund



 Vacant

SFHSS General Fund Budget FTE History



Historical FTE changes:

- FYE 2021 – Attrition target to meet cost reduction target
- FYE 2022 – Increase attrition by 2 FTEs to fund EAP
- FYE 2023 – No changes
- FYE 2024 – 2 FTEs reduced to meet cost reduction target
- FYE 2025 – 4 FTEs - 3 Well-Being and 1 Communications FTEs transferred to HSF
- FYE 2026 – 4 FTEs – Increased attrition by 2 FTEs and transferred 2 FTEs to HSF

Summary of Mayor's General Fund Budget Changes

Round 1

- Net Expense reduction of 15% (\$600,000)
 - Increased attrition by 2 FTEs
 - Transferred 2 FTEs to Health Sustainability Fund (HSF)

Round 2

- Net Expense reductions of \$152,000, mainly consisting of:
 - AON – Transferred a portion of actuarial services to HSF
 - ComPsych – Negotiated savings through contract extension

Budget with Mayor's Changes (\$ in thousands)

	FYE 25	FYE 26			FYE 27		
	FYE 25 Budget	Original Budget	Mayor's Phase	Final	Original Budget	Mayor's Phase	Final
Positions							
Net GF	45.04	39.00	-	39.00	39.00	-	39.00
Sources							
Other Revenues	2,068	580		580	580		580
Expenditure Recovery	10,614	12,571	(889)	11,682	12,571	(461)	12,110
Sources Total	12,682	13,151	(889)	12,262	13,151	(461)	12,690
Operating Expenditures							
Personnel							
Salaries	5,821	5,619	10	5,629	5,878	6	5,884
Benefits	2,441	2,406	(26)	2,381	2,546	(16)	2,529
Personnel Total	8,262	8,025	(16)	8,010	8,424	(10)	8,414
Non-Personnel Services Total							
Training and Travel	23	35		35	25		25
Software Licenses	70	87		87	72		72
Contracts	2,202	2,294	(176)	2,118	2,302	(206)	2,096
Other	82	54		54	68		68
Non-Personnel Services Total	2,377	2,471	(176)	2,295	2,466	(206)	2,260
Materials & Supplies	51	37		37	37	(1)	36
Services of Other Departments	1,992	1,881	40	1,921	1,900	82	1,981
Total Expenses	12,682	12,414	(152)	12,262	12,826	(135)	12,690