



San Francisco Department of Public Health

FY 2024-25
Third Quarter Financial Report
May 2025



Third Quarter Summary

Third Quarter Report

	Revenue			Expenditure			Total
	Revised Budget	Current Projection	Surplus/ (Deficit)	Revised Budget	Current Projection	Surplus/ (Deficit)	Surplus/ (Deficit)
HGH - Zuckerberg SF General	\$ 1,283.4	\$ 1,347.8	\$ 64.4	\$ 1,267.1	\$ 1,295.3	\$ (28.3)	\$ 36.1
HLH - Laguna Honda Hospital	\$ 289.2	\$ 261.1	\$ (28.1)	\$ 336.5	\$ 330.8	\$ 5.6	\$ (22.5)
HBH - Behavioral Health	\$ 262.5	\$ 311.2	\$ 48.7	\$ 391.3	\$ 378.3	\$ 13.1	\$ 61.8
HPC - Primary Care	\$ 73.1	\$ 86.2	\$ 13.1	\$ 144.0	\$ 141.6	\$ 2.4	\$ 15.5
HJH - Jail Health	\$ 0.4	\$ 0.4	\$ -	\$ 47.0	\$ 50.0	\$ (3.0)	\$ (3.0)
HNS - Health Network	\$ 16.9	\$ 21.3	\$ 4.4	\$ 204.9	\$ 197.8	\$ 7.1	\$ 11.5
HPH - Population Health Division	\$ 28.8	\$ 28.8	\$ (0.0)	\$ 111.1	\$ 100.2	\$ 11.0	\$ 11.0
HAD - DPH Operations	\$ 42.5	\$ 42.1	\$ (0.4)	\$ 197.2	\$ 200.9	\$ (3.7)	\$ (4.1)
Total Operating	1,996.8	2,098.9	102.1	2,699.1	2,694.9	4.2	106.3
Less Savings Per Mid Year Instruction						(2.5)	(2.5)
			Surplus/Deficit			1.7	103.8



Change from Second Quarter Summary

Variance (Current vs Prior)	Revenue			Expenditure			Total
	Revised Budget	Current Projection	Surplus/ (Deficit)	Revised Budget	Current Projection	Surplus/ (Deficit)	Surplus/ (Deficit)
HGH - Zuckerberg SF General	\$ 20.2	\$ 58.7	\$ 38.5	\$ 0.1	\$ 2.3	\$ (2.2)	\$ 36.2
HLH - Laguna Honda Hospital	\$ 0.0	\$ 0.5	\$ 0.5	\$ -	\$ (0.7)	\$ 0.7	\$ 1.2
HBH - Behavioral Health	\$ -	\$ 2.7	\$ 2.7	\$ -	\$ (3.5)	\$ 3.5	\$ 6.2
HPC - Primary Care	\$ 0.3	\$ 0.7	\$ 0.4	\$ -	\$ 3.4	\$ (3.4)	\$ (3.0)
HJH - Jail Health	\$ -	\$ -	\$ -	\$ -	\$ 0.8	\$ (0.8)	\$ (0.8)
HNS - Health Network	\$ -	\$ 0.2	\$ 0.2	\$ -	\$ (3.6)	\$ 3.6	\$ 3.8
HPH - Population Health Division	\$ 0.1	\$ 0.7	\$ 0.6	\$ -	\$ (0.8)	\$ 0.8	\$ 1.4
HAD - Central Administration	\$ 0.1	\$ 0.4	\$ 0.2	\$ -	\$ 0.6	\$ (0.6)	\$ (0.3)
Total Operating	20.8	63.9	43.1	0.1	(1.6)	1.7	44.7
Net Change in Q3							44.7



Highlights for Third Quarter Financials

Laguna Honda Hospital (HLH)

- \$28.1M revenue gap (-9.8%) Driven by (\$48.2M) patient-service revenue (lower census during recertification)
- Partially offset by + \$20 M temporary DP/NF supplemental payments (2023-25) Assumes census returns to full licensure by FY 2025-26

Behavioral Health Services (BHS)

- \$48.7 M Medi-Cal revenue over budget (+18.6%) as a result of statewide payment-reform rates and EPIC go-live (May 2024)

Zuckerberg SF General (ZSFG)

- \$28.3M expenditure gap (-2.2%) due primarily to:
 - (\$20.4M) in materials & supplies (inflation, census growth, high-cost drugs) in line with Q2 projection (- \$19.4 M) – see memo for details

Citywide Reserve Directive

- \$2.5 M in Board-added CBO funding (Sugary Beverage Tax) placed on reserve per Mayor's mid-year savings instruction



Zuckerberg San Francisco General

	CURRENT YEAR				
	<u>Projection</u>	<u>Revised Budget</u>	<u>Original Budget</u>	<u>Fav/(Unfav)</u>	
				<u>Variance</u>	<u>% Var</u>
TOTAL OPERATING REVENUE	1,347.82	1,283.40	1,211.49	64.42	5.0%
TOTAL OPERATING EXPENSES	1,295.35	1,267.06	1,237.19	(28.28)	-2.2%
GENERAL FUND SUPPORT	31.80	68.38	31.60	36.14	52.8%



Zuckerberg San Francisco General

	<u>Projection</u>	<u>Revised Budget</u>	<u>Original Budget</u>	<u>Variance</u>	<u>% Var</u>
NET PATIENT SERVICE REVENUE:					
Medi-Cal Revenue	326.16	296.71	296.71	29.46	9.9%
Medicare Revenue	240.83	235.44	235.44	5.39	2.3%
Prior Year Settlement	13.20	28.70	28.70	(15.50)	-54.0%
Other Patient Revenue	<u>144.79</u>	<u>142.86</u>	<u>142.86</u>	<u>1.93</u>	1.3%
TOTAL PATIENT SERVICE REVENUE	724.98	703.71	703.71	21.27	3.0%

- Improvements in Medi-Cal & Medicare revenue attribute to a \$29.0M surplus in patient revenue from higher-than-expected patient volume and patient census and a \$7.8M surplus due to 340b program revenue due to higher pharmaceutical utilization of higher-cost medications.
- These revenue increases are partially offset by a \$15.5 million deficit in Prior Year settlements due to primarily to a (\$21.1M) FY14-15 State AB85 Realignment allocation recoupment and \$34.3 million in prior year Medicare and Medi-Cal settlements.



Zuckerberg San Francisco General

	CURRENT YEAR				
	Fav/(Unfav)				
	<u>Projection</u>	<u>Revised Budget</u>	<u>Original Budget</u>	<u>Variance</u>	<u>% Var</u>
OTHER OPERATING REVENUE:					
Medi-Cal Waiver	209.74	159.49	124.02	50.26	31.5%
Medi-Cal Managed Care Supplemental	172.65	193.76	161.79	(21.11)	-10.9%
Other Medi-Cal	78.07	64.19	60.14	13.87	21.6%
Capitation Fees / Health Plan Settlements	73.59	71.77	71.77	1.82	2.5%
Other State/Misc	17.56	19.25	18.94	(1.69)	-8.8%
TOTAL OTHER OPERATING REVENUE	622.85	579.69	507.78	43.15	7.4%

- \$50.3 million surplus from Global Payment Program Medi-Cal Waiver revenue due to an increased ability to claim services provided to the uninsured.
- Surpluses of \$13.9 million in Other Medi-Cal due Medicaid GME and \$1.8 million in Capitation revenue were offset by shortfalls of \$21.1 million in Medi-Cal Managed Care Supplemental Revenue and \$1.7 million in other miscellaneous revenue.



Zuckerberg San Francisco General

	CURRENT YEAR				
	<u>Projection</u>	<u>Revised Budget</u>	<u>Original Budget</u>	<u>Fav/(Unfav)</u>	<u>% Var</u>
				<u>Variance</u>	
OPERATING EXPENSES:					
Salaries	540.26	521.33	521.33	(18.93)	-3.6%
Mandatory Fringe Benefits	178.24	190.02	190.02	11.77	6.2%
Non-Personnel Services	319.97	318.57	306.25	(1.40)	-0.4%
Materials & Supplies	172.95	152.56	138.48	(20.39)	-13.4%
TOTAL OPERATING EXPENSES	1,295.35	1,267.06	1,237.19	(28.28)	-2.2%

- \$28.3 million in expenditure deficit due to a \$5.7 million shortfall in personnel costs from unbudgeted increases in holiday and premium pay due to COLA increases
- \$1.4 million shortfall in non-personnel services due to unforeseen contract needs due to equipment failures and overages in registry expenses that represent year over year decreases but continue to exceed budget
- \$20.4 million shortfall in materials and supplies attributed to inflation, census growth and unexpectedly higher pharmaceutical expenditures due to the increased use of higher-cost medications.

Laguna Honda Hospital



	CURRENT YEAR				
	Fav/(Unfav)				
	<u>Projection</u>	<u>Revised Budget</u>	<u>Original Budget</u>	<u>Variance</u>	
TOTAL OPERATING REVENUE	261.07	289.19	289.19	(28.12)	-9.7%
TOTAL OPERATING EXPENSES	330.81	336.46	336.52	5.65	1.7%
GENERAL FUND SUPPORT	87.46	58.64	56.33	(16.07)	-27.4%

- \$28.1 million revenue deficit driven by \$48.2 million shortfall in patient revenue due to reduced patient census during FY2023-24 Medi-Cal and Medicare recertification efforts. This shortfall is partially offset by \$20.0 million in prior year Distinct Part Nursing Facilities (DP/NF) settlement revenue payments
- \$5.7 million in expenditure savings primarily driven by \$4.7 million surplus in salary and fringe costs tied to vacancies.

Behavioral Health



	CURRENT YEAR				
	<u>Projection</u>	<u>Revised Budget</u>	<u>Original Budget</u>	<u>Fav/(Unfav)</u>	
				<u>Variance</u>	<u>% Var</u>
TOTAL OPERATING REVENUE	311.22	262.50	262.50	48.72	18.6%
TOTAL OPERATING EXPENSES	378.26	391.33	395.86	13.07	3.3%
GENERAL FUND SUPPORT	96.60	158.39	138.07	61.79	39.0%

- BHS projects a \$48.7M revenue surplus due to \$26.7M surplus in Medi-Cal revenue from billing efficiencies allowed for by CalAIM payment reform and go-live with Epic for mental health electronic health records, plus an along with a \$21.0 million surplus due to Behavioral Health Administration cost claiming.
- The \$13.1M in expenditure savings is primarily driven mainly by non-personnel savings from prior year purchase order liquidations (\$7.8M) and salary and fringe savings from behavioral health clinicians position vacancy (\$5.0M).

Primary Care



		<u>Revised</u>	<u>Original</u>	<u>Fav/(Unfav)</u>	
	<u>Projection</u>	<u>Budget</u>	<u>Budget</u>	<u>Variance</u>	<u>% Var</u>
TOTAL OPERATING REVENUE	86.21	73.10	72.79	13.10	17.9%
TOTAL OPERATING EXPENSES	141.56	143.98	136.60	2.41	1.7%
GENERAL FUND SUPPORT				15.51	

- \$12.7 million revenue surplus composed of \$6.0 million in surplus QIP revenue from fully meeting quality metrics, \$5.4 million surplus in Medi-Cal revenue from higher volume and better than expected rates for Tom Waddell Urban Health Center and Southeast Health Center and \$1.3 million in prior year Medi-Cal settlements.
- \$2.4 million in expenditure savings primarily from salary and fringe savings due to position vacancy.

Jail Health



	CURRENT YEAR				
	<u>Projection</u>	<u>Revised Budget</u>	<u>Original Budget</u>	<u>Fav/(Unfav)</u>	
				<u>Variance</u>	<u>% Var</u>
TOTAL OPERATING REVENUE	0.39	0.39	0.39	-	0.0%
TOTAL OPERATING EXPENSES	49.99	46.99	45.91	(3.00)	-6.4%
GENERAL FUND SUPPORT	49.60	46.60	45.52	(3.00)	-6.4%

- Jail Health is projecting a \$3M net shortfall driven by unbudgeted COLA-related holiday and premium pay increases (\$2.3M), and increased inmate population leading to higher-cost medication use (\$1.0M), partially offset by \$0.1M in workers comp claim and \$0.1M in non-personnel savings.



Health Network Services

	CURRENT YEAR				
	<u>Projection</u>	<u>Revised Budget</u>	<u>Original Budget</u>	<u>Fav/(Unfav)</u>	
				<u>Variance</u>	<u>% Var</u>
TOTAL OPERATING REVENUE	21.32	16.93	16.93	4.39	25.9%
TOTAL OPERATING EXPENSES	197.83	204.94	191.05	7.11	3.5%
GENERAL FUND SUPPORT	255.60	267.10	174.11	11.50	4.3%

- The \$4.4M revenue surplus is primarily from improvements in billing for Whole Person Integrated Care (WPIC) services and Health at Home (\$5.6M) services partially offset by reductions in Medical Administrative Activities (MAA) claims and State CCS revenue (\$1.2M)
- The \$7.1M expenditure savings is primarily driven by non-personnel savings from underutilization of managed care medical services contracts.



Population Health Division

		<u>Revised</u>	<u>Original</u>	<u>Fav/(Unfav)</u>	
	<u>Projection</u>	<u>Budget</u>	<u>Budget</u>	<u>Variance</u>	<u>% Var</u>
TOTAL OPERATING REVENUE	28.80	28.80	28.68	(0.00)	0.0%
TOTAL OPERATING EXPENSES	100.16	111.11	105.66	10.95	9.9%
GENERAL FUND SUPPORT				10.95	

- The \$0.6 million revenue shortfall largely due to projected deficits in fee and license revenue from Environmental Health inspections is fully offset by improvements to Medi-Cal billing for Public Health Laboratory services enabled through Epic conversion
- \$10.9 million in expenditure savings is primarily from personnel savings from vacancies, non-personnel savings from prior year purchase order liquidations, and addback savings related to Mayor's mid-year savings instructions in the Sugary Sweetened Beverage annual project.



Public Health Administration

		<u>Revised</u>	<u>Original</u>	<u>Fav/(Unfav)</u>	
	<u>Projection</u>	<u>Budget</u>	<u>Budget</u>	<u>Variance</u>	<u>% Var</u>
TOTAL OPERATING REVENUE	42.10	42.52	42.37	(0.42)	-1.0%
TOTAL OPERATING EXPENSES	200.92	197.24	192.12	(3.68)	-1.9%
GENERAL FUND SUPPORT				(4.10)	

- The \$0.7 million revenue shortfall is primarily driven by lower than budgeted Medi-Cal Administrative Activity (MAA) due to decreased eligible time-study staff hours reported relative to budget.
- The \$3.7 million expenditure shortfall is primarily driven by growth in overtime and temporary positions cost offset with a surplus in Information Technology (IT) in the annual project line item.



DPH Revenue Management Reserve

- Section 12.6 of the administrative provisions of the Annual Appropriation Ordinance allows the deferral of DPH Revenue Management Reserve.
- Reserve is based on net Medi-Cal, Medicare and Patient Revenue and allows for up to 50% of surplus revenues to be deposited, up to a total of 5% of the two-year budgeted revenues.
- Reserve balance is maximized at its cap.

DPH Revenue Management Reserve as of Q1 2024-25

Budgeted Revenues	Medi-Cal	Medicare	Patient Revenues	Less IGT	Annual total
FY 2024-25	1,187,704,523	272,578,518	162,893,099	(105,619,445)	1,517,556,695
FY 2025-26	1,130,712,122	268,134,158	166,989,070	(105,619,445)	1,460,215,905
Total Revenues Over Two Years					2,977,772,600

Starting Reserve Balance as of Q4 FY 23-24

Release of GME Settlements Assumed as Part of FY 24-26 Budget 148,888,630

Ending Balance 148,888,630

Reserve balance as a percentage of Two year Medi-Cal, Medicare and Patient Revenues 5.00%

Questions



Thank You