



San Francisco Department of Public Health

FY 2025-26

Second Quarter Financial Report

March 2026



Second Quarter Summary

Second Quarter Report

	Revenue			Expenditure			Total Surplus/ (Deficit)
	Revised Budget	Current Projection	Surplus/ (Deficit)	Revised Budget	Current Projection	Surplus/ (Deficit)	
HGH - Zuckerberg SF General	\$ 1,423.8	\$ 1,370.4	\$ (53.4)	\$ 1,340.2	\$ 1,367.4	\$ (27.1)	\$ (80.6)
HLH - Laguna Honda Hospital	\$ 269.9	\$ 292.9	\$ 23.0	\$ 341.0	\$ 332.0	\$ 9.0	\$ 32.0
HBH - Behavioral Health	\$ 295.6	\$ 339.1	\$ 43.5	\$ 417.1	\$ 407.4	\$ 9.7	\$ 53.2
HPC - Primary Care	\$ 110.1	\$ 118.2	\$ 8.1	\$ 146.8	\$ 145.9	\$ 0.9	\$ 9.1
HJH - Jail Health	\$ 7.5	\$ 13.4	\$ 5.9	\$ 54.1	\$ 57.6	\$ (3.4)	\$ 2.5
HNS - Health Network including HAH	\$ 25.3	\$ 30.7	\$ 5.4	\$ 200.8	\$ 187.2	\$ 13.6	\$ 19.0
HPH - Public Health Division	\$ 20.5	\$ 21.1	\$ 0.6	\$ 108.2	\$ 100.8	\$ 7.4	\$ 8.0
HAD - DPH Operations	\$ 44.2	\$ 44.2	\$ -	\$ 194.9	\$ 205.1	\$ (10.2)	\$ (10.2)
Total Operating	2,197.0	2,230.2	33.1	2,803.2	2,803.2	(0.0)	33.1
		Surplus/Deficit	33.1			(0.0)	33.1



Highlights for 2nd Quarter Financials

- The department projects to close **on balance and does not expect a positive expenditure variance or a need for supplemental appropriations authority.**
- The department projects a **positive revenue variance of \$33.1M (1.5%),** driven primarily by sustained growth in behavioral health service volumes, with additional impacts from the timing of State claim submissions.
- **Zuckerberg San Francisco General Hospital** inpatient census dropped versus prior year driving negative revenue variance. Spending remains over budget due to higher personnel and supply costs.



Zuckerberg San Francisco General

\$ millions	<u>Projection</u>	<u>Revised Budget</u>	<u>Original Budget</u>	<u>Fav/(Unfav)</u>	
				<u>Variance</u>	<u>% Var</u>
PATIENT SERVICE REVENUE	712.7	769.8	769.8	(57.1)	-7.4%
OTHER OPERATING REVENUE	657.7	654.0	599.2	(3.7)	-0.6%
OPERATING REVENUE	1,370.4	1,423.8	1,369.0	(53.4)	-3.8%
OPERATING EXPENSES	1,367.4	1,340.2	1,328.1	(27.1)	-2.0%
GENERAL FUND SUPPORT	2.5	83.6	40.9	(80.6)	-97.0%

Zuckerberg San Francisco General - Notes



- Negative variance in patient service revenue from Medi-Cal & Medicare totals \$70M due to **lower-than-expected patient volume and census** partially offset by a **\$12.9M positive variance** in Outpatient Pharmacy revenue.
- Negative variance from budget in other operating revenues of \$3.5M (1.4%) due to **higher-than-expected intergovernmental transfer payments** for State Medi-Cal supplemental programs.
- The **\$27.1M (2.0%) negative expenditure variance** will require year-end budget transfers of savings from other divisions to balance. Increasing expenditures are being driven by **personnel costs, professional services, and materials & supplies**, resulting from inflationary costs and persistent cost pressures.
- Projections assume interventions to **better track and review per-diem nursing staff utilization**, a large contributor to the negative expenditure variance.



Laguna Honda Hospital

\$ millions	<u>Projection</u>	<u>Revised Budget</u>	<u>Original Budget</u>	<u>Fav/(Unfav)</u>	
				<u>Variance</u>	<u>% Var</u>
PATIENT SERVICE REVENUE	292.1	269.1	269.1	23.0	8.5%
OTHER OPERATING REVENUE	0.8	0.8	0.8	-	0.0%
TOTAL OPERATING REVENUE	292.9	269.9	269.9	23.0	8.5%
OPERATING EXPENSES	332.0	341.0	334.0	9.1	2.7%
GENERAL FUND SUPPORT	56.8	76.8	64.6	44.1	57.4%

- The \$23.0M positive revenue variance (8.5%) is primarily driven by **temporarily increased DP/NF supplemental payments** for calendar years 2024 and 2025 (\$25.8M), partially offset by a projected **\$2.8M negative variance in patient revenue** as census returns to budgeted levels.
- \$9.1M in positive expenditure variance primarily driven by **\$5.7M from reduced overtime usage and delay in onboarding new hires** along with **\$2.9M from lower-than-expected CMS recertification costs**.
- Projections assume **census of 636 by year end** requiring an increase of 10.8 patients each month.



Behavioral Health

\$ millions	<u>Projection</u>	<u>Revised Budget</u>	<u>Original Budget</u>	<u>Fav/(Unfav)</u>	
				<u>Variance</u>	<u>% Var</u>
PATIENT SERVICE REVENUE	204.8	166.3	166.3	46.5	23.2%
OTHER OPERATING REVENUE	128.7	129.3	129.3	(3.1)	-0.5%
OPERATING REVENUE	333.5	295.6	295.6	43.5	12.8%
OPERATING EXPENSES	407.4	417.1	411.5	9.7	2.3%
GENERAL FUND SUPPORT	68.3	121.5	115.9	53.2	43.8%

- Our projection of \$43.5 million (15%) in favorable revenue variance is comprised primarily of growth in units of service (UOS) among existing Behavioral Health outpatient programs (\$25.0 million) and one-time increases in Quality Assurance and Utilization Review claiming enabled by changes in the state’s claim schedule (QAUR) (\$16.9 million),
- Q2 reflects a positive variance increase of \$7.2 million above Q1, driven by newly implemented program billing and lagging claim submissions, reflecting higher-than-anticipated volume growth.
- \$9.7 million in positive expenditure variance due primarily to savings from prior year contracts (\$7.1 million) and projected pharmaceuticals savings (\$3.8 million), offset by salaries and fringes negative variance (\$1.9 million).

Primary Care



\$ millions	<u>Projection</u>	<u>Revised Budget</u>	<u>Original Budget</u>	<u>Fav/(Unfav)</u>	
				<u>Variance</u>	<u>% Var</u>
PATIENT SERVICE REVENUE	20.5	20.5	20.5	5.4	0.0%
OTHER OPERATING REVENUE	88.7	89.6	89.6	2.8	-1.0%
OPERATING REVENUE	109.1	110.1	110.1	8.1	-0.8%
OPERATING EXPENSES	145.9	146.8	146.8	0.9	0.6%
GENERAL FUND SUPPORT	27.7	36.8	36.7	9.1	24.6%

- \$5.4 million positive patient revenue variance due to better-than-expected volume of billed primary care visit services,
- \$7.4 million positive variance in QIP revenue and \$4.6 million negative revenue variance in San Francisco Health Plan (SFHP) capitation and pay for performance revenue
- \$0.9 million in projected positive expenditure variance primarily from pharmaceuticals underspending (\$0.7 million) and interdepartmental services savings from electricity and gas, as well as workers compensation charges, offset by salaries and fringes negative variance (\$0.5 million) and unexpected courier costs (\$0.2 million).



Jail Health

\$ millions	<u>Projection</u>	<u>Revised Budget</u>	<u>Original Budget</u>	<u>Fav/(Unfav)</u>	
				<u>Variance</u>	<u>% Var</u>
PATIENT SERVICE REVENUE	13.0	7.0	7.0	5.9	84.1%
OTHER OPERATING REVENUE	0.5	0.5	0.5	-	0.0%
OPERATING REVENUE	13.4	7.5	7.5	5.9	78.6%
OPERATING EXPENSES	57.6	54.1	55.0	(3.4)	-6.3%
GENERAL FUND SUPPORT	44.1	46.6	47.5	2.5	5.3%

- \$5.9M in positive revenue variance is a result of new billing opportunities attributed to Jail Health’s implementation of the CalAIM Justice Involved Initiative.
- \$3.4M in negative expenditure variance driven by higher personnel costs (\$1.7M) and pharmaceutical costs (\$1.7M).



Health Network Services

\$ millions	<u>Projection</u>	<u>Revised Budget</u>	<u>Original Budget</u>	<u>Fav/(Unfav)</u>	
				<u>Variance</u>	<u>% Var</u>
PATIENT SERVICE REVENUE	15.1	15.1	15.1	5.4	0.0%
OTHER OPERATING REVENUE	10.1	10.3	10.3	-	-1.5%
OPERATING REVENUE	25.2	25.3	25.3	5.4	-0.6%
OPERATING EXPENSES	187.2	200.8	192.5	13.6	6.8%
GENERAL FUND SUPPORT	156.5	175.5	167.2	19.0	10.8%

- A \$5.4 million positive variance due to increased patient and capitation revenue, new CalAIM Recuperative Care Community Support sites, and increases in California Children’s Services cost-reimbursement
- \$13.6 million in positive expenditure variance primarily reflecting position vacancies, contracts underspending, and materials and supplies savings from pharmaceuticals underspending and incentives savings.



Population Health Division

\$ millions	<u>Projection</u>	<u>Revised Budget</u>	<u>Original Budget</u>	<u>Fav/(Unfav)</u>	
				<u>Variance</u>	<u>% Var</u>
PATIENT SERVICE REVENUE	4.5	2.8	2.8	0.7	58.8%
OTHER OPERATING REVENUE	17.6	17.6	17.6	(0.1)	-0.1%
OPERATING REVENUE	22.1	20.5	20.5	0.6	8.0%
OPERATING EXPENSES	100.8	108.2	104.2	7.4	6.8%
GENERAL FUND SUPPORT	79.7	87.8	83.7	8.0	9.1%

- \$0.6 million in positive revenue variance resulting from expanded billing for Public Health Laboratory services (\$0.7 million) and recovery of Prop M waived revenue (\$0.4 million), offset by reduced participation in County Medical Administrative Activities (CMAA) program (\$0.5 million).
- \$7.4 million in positive expenditure variance primarily from position vacancies (\$4.5 million), and contracts savings (\$1.4 million), and medical supplies underspending (\$1.5 million).



Public Health Administration

\$ millions	<u>Projection</u>	<u>Revised Budget</u>	<u>Original Budget</u>	<u>Fav/(Unfav)</u>	
				<u>Variance</u>	<u>% Var</u>
PATIENT SERVICE REVENUE	-	-	-	-	0.0%
OTHER OPERATING REVENUE	44.2	44.2	44.2	-	0.0%
OPERATING REVENUE	44.2	44.2	44.2	-	0.0%
OPERATING EXPENSES	205.1	194.9	190.0	(10.2)	-5.3%
GENERAL FUND SUPPORT	160.9	150.7	145.7	(10.2)	-5.3%

- The \$10.2 million expenditure negative variance is driven by unexpected temporary staffing needs.



DPH Revenue Management Reserve

- Section 12.6 of the administrative provisions of the Annual Appropriation Ordinance allows the deferral of DPH revenue in the DPH Revenue Management Reserve to offset short-term funding reductions for health services.
- 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 to its cap.

DPH Revenue Management Reserve as of Q2 2025-26

Budgeted Revenues	Medi-Cal	Medicare	Patient Revenues	Less IGT	Annual total
FY 2025-26	1,395,840,452	300,085,604	179,574,049	(158,362,730)	1,717,137,375
FY 2026-27	1,450,774,982	310,258,922	184,576,333	(179,143,599)	1,766,466,638
Total Revenues Over Two Years					3,483,604,013
Reserve Balance as of Q3 FY 24-25					148,888,630
Year End Reserve Deposit					25,291,571
Reserve Balance as of Q1 FY2025-26					174,180,201
Reserve as a Percentage of Medi-Cal, Medicare & Patient Revenue					5.00%

Questions



Thank You