



San Francisco Department of Public Health

FY 2025-26

First Quarter Financial Report

December 2025



First Quarter Summary

First Quarter Report	Revenue			Expenditure			Total
	Revised Budget	Current Projection	Surplus/ (Deficit)	Revised Budget	Current Projection	Surplus/ (Deficit)	Surplus/ (Deficit)
HGH - Zuckerberg SF General	\$ 1,399.4	\$ 1,348.1	\$ (51.3)	\$ 1,340.2	\$ 1,365.7	\$ (25.5)	\$ (76.8)
HLH - Laguna Honda Hospital	\$ 269.9	\$ 292.9	\$ 23.0	\$ 335.6	\$ 332.0	\$ 3.6	\$ 26.6
HBH - Behavioral Health	\$ 295.6	\$ 333.5	\$ 37.9	\$ 417.1	\$ 405.3	\$ 11.8	\$ 49.7
HPC - Primary Care	\$ 110.1	\$ 109.1	\$ (0.9)	\$ 147.7	\$ 145.0	\$ 2.7	\$ 1.8
HJH - Jail Health	\$ 7.5	\$ 11.3	\$ 3.8	\$ 54.1	\$ 56.1	\$ (1.9)	\$ 1.9
HNS - Health Network including HAH	\$ 25.3	\$ 25.2	\$ (0.2)	\$ 200.1	\$ 187.0	\$ 13.0	\$ 12.9
HPH - Public Health Division	\$ 20.5	\$ 22.1	\$ 1.6	\$ 108.2	\$ 101.5	\$ 6.7	\$ 8.3
HAD - DPH Operations	\$ 44.2	\$ 44.2	\$ -	\$ 195.1	\$ 205.5	\$ (10.4)	\$ (10.4)
Total Operating	2,172.6	2,186.5	13.9	2,798.1	2,798.1	0.0	13.9
	Surplus/Deficit		13.9			0.0	13.9



Highlights for 1st Quarter Financials

- The department projects to close **on balance and does not expect positive expenditure variance or needing supplemental appropriations** authority.
- The department projects a **small revenue surplus of \$13.9M (0.6%)** primarily from **one-time claims adjustments in Behavioral Services**
- **Zuckerberg San Francisco General Hospital (ZSFG)** financials experienced the **largest variances from budget** relative to size but other divisions experienced larger variances relative to their budgets



Zuckerberg San Francisco General

\$ millions	<u>Fav/(Unfav)</u>				
	<u>Projection</u>	<u>Revised Budget</u>	<u>Original Budget</u>	<u>Variance</u>	<u>% Var</u>
PATIENT SERVICE REVENUE	729.6	769.8	769.8	(40.1)	-5.2%
OTHER OPERATING REVENUE	618.5	629.6	599.2	(11.1)	-1.8%
OPERATING REVENUE	1,348.1	1,399.4	1,369.0	(51.3)	-3.7%
OPERATING EXPENSES	1,396.1	1,370.6	1,328.1	(25.5)	-1.9%
GENERAL FUND SUPPORT	(48.0)	28.8	40.9	(76.8)	-266.9%



Zuckerberg San Francisco General - Notes

- Negative variance in patient service revenue from Medi-Cal & Medicare totals \$49.9M due to **lower-than-expected patient volume and census** partially offset by a **\$9.7M positive variance** in Outpatient Pharmacy revenue.
- Negative variance from budget in other operating revenues of \$11.1M (1.8%) due to **higher-than-expected intergovernmental transfer payments** for State Medi-Cal supplemental programs, and a **shortfall in Capitation revenue** (\$4.6M).
- The **\$25.5M (1.9%) 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>% Var</u>
				<u>Variance</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%
OPERATING REVENUE	292.9	269.9	269.9	23.0	8.5%
OPERATING EXPENSES	332.0	335.6	334.0	3.6	1.1%
GENERAL FUND SUPPORT	44.2	70.8	64.6	26.6	37.5%

- 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 deficit in patient revenue** as census returns to budgeted levels.
- \$3.6M in positive expenditure variance primarily driven by **\$4.2M from reduced overtime usage** partially offset by \$0.7M negative variance primarily due to non-nursing registry usage.
- 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	38.5	23.2%
OTHER OPERATING REVENUE	128.7	129.3	129.3	(0.7)	-0.5%
OPERATING REVENUE	333.5	295.6	295.6	37.9	12.8%
OPERATING EXPENSES	405.3	417.1	411.5	11.8	2.8%
GENERAL FUND SUPPORT	93.7	143.4	118.6	49.7	34.6%

- The \$37.9M revenue variance (12.8%) includes one time accelerated Behavioral Health Quality Assurance and Utilization Review (QAUR) (\$16.6M) claims, claim revenue from prior year growth not previously recognized (\$11.5M) and faster than budgeted growth in units of service for outpatient programs (\$10.5M)
- \$11.8M in positive expenditure variance due primarily to savings from prior year contracts (\$8M) and projected pharmaceuticals savings (\$4.4M).

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	-	0.0%
OTHER OPERATING REVENUE	88.7	89.6	89.6	(0.9)	-1.0%
OPERATING REVENUE	109.1	110.1	110.1	(0.9)	-0.8%
OPERATING EXPENSES	145.0	147.7	146.8	2.7	1.8%
GENERAL FUND SUPPORT	49.9	51.7	40.2	1.8	3.4%

- The \$0.9M negative revenue variance is primarily due to lower than budgeted capitation (\$0.5M) and QIP (\$0.5M) revenue.
- \$2.7M in projected positive expenditure variance primarily from position vacancies and pharmaceuticals underspending.



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	10.9	7.0	7.0	3.8	54.2%
OTHER OPERATING REVENUE	0.5	0.5	0.5	-	0.0%
OPERATING REVENUE	11.3	7.5	7.5	3.8	50.7%
OPERATING EXPENSES	56.1	54.1	55.0	(1.9)	-3.6%
GENERAL FUND SUPPORT	44.7	46.6	47.5	1.9	4.0%

- \$3.8M in positive revenue variance is a result of new billing opportunities attributed to Jail Health's implementation of the CalAIM Justice Involved Initiative.
- \$1.9M in negative expenditure variance driven by higher pharmaceutical (\$1.6M) and personnel (\$0.3M) costs.



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	-	0.0%
OTHER OPERATING REVENUE	10.1	10.3	10.3	(0.2)	-1.5%
OPERATING REVENUE	25.2	25.3	25.3	(0.2)	-0.6%
OPERATING EXPENSES	187.0	200.1	192.5	13.0	6.5%
GENERAL FUND SUPPORT	236.6	249.5	167.2	12.9	5.2%

- A \$0.2M negative revenue variance stemming from a refund of fees related to the Health Care Accountability Ordinance (HCAO).
- \$13.0M in positive expenditure variance primarily reflecting position vacancies, contracts underspending in the Epic project, and materials and supplies savings from pausing incentives purchases.



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	1.7	58.8%
OTHER OPERATING REVENUE	17.6	17.6	17.6	(0.0)	-0.1%
OPERATING REVENUE	22.1	20.5	20.5	1.6	8.0%
OPERATING EXPENSES	101.5	108.2	104.2	6.7	6.2%
GENERAL FUND SUPPORT	86.1	94.5	84.7	8.3	8.8%

- Population Health projects a positive revenue surplus (\$1.6M) driven by better-than-expected insurance billing for Public Health Laboratory services enabled through Epic implementation in FY25.
- \$6.7M in positive expenditure variance primarily from position vacancies (\$3.4M) and contracts savings (\$1.4M).



Public Health Administration

\$ millions	<u>Fav/(Unfav)</u>				
	<u>Projection</u>	<u>Revised Budget</u>	<u>Original Budget</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	205.5	195.1	190.0	(10.4)	-5.3%
GENERAL FUND SUPPORT	208.1	197.7	155.3	(10.4)	-5.3%

- The \$10.4 million expenditure deficit is driven by unexpected temporary staffing needs and reduced grant indirect cost recovery due to expired grants not being renewed.



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 Q1 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

Starting Reserve Balance as of Q4 FY 24-25 174,180,201

Ending Balance 174,180,201

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

Questions



Thank You