San Francisco Department of Public Health

FY 2025-26

Fourth Quarter Financial Report

November 2026

Fourth Quarter Summary

Fourth Quarter Report	Revenue			Expenditure			Total
	Revised Budget	Current Projection	Surplus/ (Deficit)	Revised Budget	Current Projection	Surplus/ (Deficit)	Surplus/ (Deficit)
HGH - Zuckerberg SF General	$ 1,404.1	$ 1,348.4	$ (55.7)	$ 1,326.4	$ 1,361.0	$ (34.6)	$ (90.3)
HLH - Laguna Honda Hospital	$ 269.9	$ 302.5	$ 32.5	$ 337.4	$ 327.7	$ 9.7	$ 42.2
HBH - Behavioral Health	$ 295.6	$ 374.2	$ 78.6	$ 414.5	$ 409.7	$ 4.7	$ 83.4
HPC - Primary Care	$ 108.9	$ 116.1	$ 7.2	$ 148.1	$ 147.8	$ 0.3	$ 7.5
HJH - Jail Health	$ 7.5	$ 13.0	$ 5.4	$ 53.7	$ 55.7	$ (2.0)	$ 3.5
HNS - Health Network including HAH	$ 25.5	$ 29.6	$ 4.2	$ 195.8	$ 176.6	$ 19.2	$ 23.4
HPH - Public Health Division	$ 20.5	$ 22.4	$ 1.9	$ 107.7	$ 98.0	$ 9.7	$ 11.6
HAD - DPH Operations	$ 44.2	$ 44.6	$ 0.3	$ 184.7	$ 189.7	$ (4.9)	$ (4.6)
Total Operating	**2,176.2**	**2,250.8**	**74.5**	**2,768.3**	**2,766.2**	**2.1**	**76.7**
		Reserve Deposit	**(4.1)**			**-**	**(4.1)**
		Surplus/Deficit	**70.4**			**2.1**	**72.6**

Variance from Q3

Variance (Current vs Prior)	Revenue			Expenditure			Total
	Revised Budget	Current Projection	Positive/ (Negative)	Revised Budget	Current Projection	Positive/ (Negative)	Positive/ (Negative)
HGH - Zuckerberg SF General	$ (26.3)	$ (17.1)	$ 9.2	$ (12.9)	$ (7.0)	$ (5.9)	$ 3.3
HLH - Laguna Honda Hospital	$ -	$ 6.3	$ 6.3	$ (3.6)	$ (3.2)	$ (0.3)	$ 6.0
HBH - Behavioral Health	$ -	$ 28.3	$ 28.3	$ (2.6)	$ 0.3	$ (2.9)	$ 25.4
HPC - Primary Care	$ (1.2)	$ (3.6)	$ (2.4)	$ (1.0)	$ (0.6)	$ (0.4)	$ (2.8)
HJH - Jail Health	$ -	$ (0.7)	$ (0.7)	$ (0.4)	$ (1.2)	$ 0.8	$ 0.0
HNS - Health Network including HAH	$ -	$ (0.2)	$ (0.2)	$ (5.0)	$ (9.2)	$ 4.2	$ 3.9
HPH - Population Health Division	$ -	$ 1.2	$ 1.2	$ (0.4)	$ (3.7)	$ 3.2	$ 4.4
HAD - Central Administration	$ -	$ 0.3	$ 0.3	$ (7.7)	$ (11.2)	$ 3.5	$ 3.9
Total Operating	**(27.5)**	**14.4**	**42.0**	**(33.7)**	**(35.8)**	**2.2**	**44.1**

Net Change in Q4	**44.1**

Highlights for 4th Quarter Financials

- **DPH** closed FY 2025-26 with a positive General Fund variance of $72.6M, driven by a $70.4M revenue surplus and $2.1M in expenditure savings. While baseline revenue growth has been incorporated into DPH's adopted two-year budget, a significant portion of the favorable year-end results reflects one-time revenues.

- **Laguna Honda Hospital (LHH)** closed the year with a $42.2 million surplus, with Medi-Cal revenue and one-time DP/NF supplemental payments, along with expenditure savings from delayed hiring and reduced overtime.

- **Behavioral Health Services (BHS)** generated a revenue surplus due to higher Medi-Cal billing activity, one time prior-year revenue, and timing-related Medi-Cal claiming adjustments.

- **Zuckerberg San Francsico General (ZSFG)** inpatient revenue fell short due to lower inpatient census, which was partially offset by strong supplemental revenue performance, resulting in a $55.7 million shortfall. Expenditure pressures in staffing, contracts, and supplies resulted in a $34.7 negative expenditure variance.

- **A $4.1M deposit to the DPH Management Reserve** increases the balance to $178.3M, maintaining buffer to manage volatility in state and federal funding.

Zuckerberg San Francisco General

$ millions	Projection	Revised Budget	Original Budget	Fav/(Unfav) Variance	% Var
PATIENT SERVICE REVENUE	685.8	769.8	769.8	(84.0)	-10.9%
OTHER OPERATING REVENUE	662.7	634.3	599.2	28.4	4.5%
OPERATING REVENUE	**1,348.4**	**1,404.1**	**1,369.0**	**(55.7)**	**-4.0%**
OPERATING EXPENSES	**1,361.0**	**1,326.4**	**1,328.1**	**(34.6)**	**-2.6%**
GENERAL FUND SUPPORT	**12.6**	**(77.7)**	**(40.9)**	**90.3**	**-116.2%**

Zuckerberg San Francisco General - Notes

- $63.1 million shortfall in patient service revenue, excluding Prior Year Settlements, primarily due to lower-than-expected inpatient volume and the rollout of observation status across all payors. Although this change more closely aligned billing with Medicare guidelines, this did not change actual clinical care delivered, therefore it has resulted in lower recognized revenue without corresponding expenditure savings.

- Positive variance from budget in other operating revenues of $28.4 (4.5%) due to higher-than-expected payments from Medi-Cal waiver and other State Medi-Cal supplemental programs.

- The $34.6M (2.6%) negative expenditure variance required year-end budget transfers of savings from other divisions to balance. Increasing expenditures were driven by personnel costs ($19.7M), professional services ($6.7M), and materials & supplies ($9.0M), resulting from inflationary costs and persistent cost pressures.

Laguna Honda Hospital

$ millions	Projection	Revised Budget	Original Budget	Fav/(Unfav) Variance	% Var
PATIENT SERVICE REVENUE	301.6	269.1	269.1	32.5	12.1%
OTHER OPERATING REVENUE	0.8	0.8	0.8	-	0.0%
OPERATING REVENUE	**302.5**	**269.9**	**269.9**	**32.5**	**12.0%**
OPERATING EXPENSES	**327.7**	**337.4**	**334.0**	**9.7**	**2.9%**
GENERAL FUND SUPPORT	**25.3**	**67.5**	**64.0**	**42.2**	**62.6%**

- The $32.5M positive revenue variance (12.1%) is primarily driven by temporarily increased DP/NF supplemental payments for calendar years 2024 and 2025 ($29.5M). The other ($3M) increase is a combination of Medicare, other patient revenue and prior year settlements.

- $9.7M positive expenditure variance primarily driven by $8.5M from reduced overtime usage and delay in onboarding new hires along with $1.1M from work order savings.

- Census reached 619 by fiscal year end.

Behavioral Health

$ millions	Actual	Revised Budget	Original Budget	Fav/(Unfav) Variance	%Var
PATIENT SERVICE REVENUE	248.7	166.3	166.3	82.4	49.6%
OTHER OPERATING REVENUE	125.5	129.3	129.3	(3.8)	-3.0%
OPERATING REVENUE	**374.2**	**295.6**	**295.6**	**78.6**	**26.6%**
OPERATING EXPENSES	**409.7**	**414.5**	**411.5**	**4.7**	**1.1%**
GENERAL FUND SUPPORT	**35.5**	**118.9**	**115.9**	**73.9**	**63.8%**

- $78.6 million positive revenue variance, primarily driven by a sustained increase in billed service volume ($22 million), timing of state reimbursements and prior-year revenue recognition ($23.9), one-time settlements ($26 million), and updated revenue distribution assumptions ($10.5 million). These gains were partially offset by lower-than-anticipated reimbursements from other operating programs ($3.8 million). The increase from Q3 projections was primarily driven by the receipt of the FY2019–20 interim settlement in Q4, resulting in the release of prior-year cost report settlement reserves.

- $4.7 million positive expenditure variance due primarily to savings from pharmaceuticals savings ($2.7 million), prior year contracts ($0.9 million), interdepartmental services savings ($0.7 million), annual project savings ($0.6 million) and offset by salaries and fringes negative variance ($0.2 million).

Primary Care

$ millions	Actual	Revised Budget	Original Budget	Fav/(Unfav) Variance	%Var
PATIENT SERVICE REVENUE	24.3	20.5	20.5	3.8	18.5%
OTHER OPERATING REVENUE	91.9	88.4	89.6	3.5	3.9%
OPERATING REVENUE	**116.1**	**108.9**	**110.1**	**7.2**	**6.7%**
OPERATING EXPENSES	**147.8**	**148.1**	**146.8**	**0.3**	**0.2%**
GENERAL FUND SUPPORT	**31.7**	**39.2**	**36.7**	**7.5**	**19.2%**

- $3.8 million positive patient revenue variance due to $1.3 million in improved collections rates compared to prior year and increased volume of billable visits; In addition to $2.5 million positive variance from prior year settlements
- $8.6 million positive variance in QIP revenue
- $5.1 million negative variance in San Francisco Health Plan (SFHP) capitation and pay for performance revenue largely due to higher than budgeted out of network costs
- $0.3 million positive expenditure variance primarily due to pharmaceutical savings

Jail Health

$ millions	Projection	Revised Budget	Original Budget	Fav/(Unfav) Variance	%Var
PATIENT SERVICE REVENUE	12.5	7.0	7.0	5.4	77.4%
OTHER OPERATING REVENUE	0.5	0.5	0.5	0.0	0.0%
OPERATING REVENUE	**13.0**	**7.5**	**7.5**	**5.4**	**72.4%**
OPERATING EXPENSES	**55.7**	**53.7**	**55.0**	**(2.0)**	**-3.7%**
GENERAL FUND SUPPORT	**42.7**	**46.2**	**47.5**	**3.5**	**7.4%**

- $5.4M positive revenue variance is a result of new billing opportunities attributed to Jail Health's implementation of the CalAIM Justice Involved Initiative.

- $2.0M negative expenditure variance driven by higher personnel costs ($0.3M), pharmaceutical costs ($1.6M), and registry contract costs ($0.1M)

Health Network Services

$ millions	Projection	Revised Budget	Original Budget	Fav/(Unfav) Variance	%Var
PATIENT SERVICE REVENUE	18.9	15.1	15.1	3.8	25.2%
OTHER OPERATING REVENUE	10.8	10.4	10.3	0.4	3.5%
OPERATING REVENUE	**29.6**	**25.5**	**25.3**	**4.2**	**17.3%**
OPERATING EXPENSES	**176.6**	**195.8**	**192.5**	**19.2**	**9.8%**
GENERAL FUND SUPPORT	**147.0**	**170.3**	**167.2**	**23.4**	**13.7%**

- $4.2 million positive revenue variance largely due to increased patient revenue, revenue for new CalAIM Recuperative Care Community Support sites along with a temporary six-month rate increase, and increases in California Children's Services cost-reimbursement

- $19.2 million positive expenditure variance primarily reflecting position vacancies, contracts savings, and materials and supplies savings from pharmaceuticals and incentives

Population Health Division

$ millions	Projection	Revised Budget	Original Budget	Fav/(Unfav) Variance	%Var
PATIENT SERVICE REVENUE	3.2	2.8	2.8	0.4	12.9%
OTHER OPERATING REVENUE	19.2	17.6	17.6	1.5	8.7%
OPERATING REVENUE	**22.4**	**20.5**	**20.5**	**1.9**	**9.3%**
OPERATING EXPENSES	**98.0**	**107.7**	**104.2**	**9.7**	**6.0%**
GENERAL FUND SUPPORT	**75.6**	**87.3**	**83.7**	**11.6**	**8.3%**

- $1.9 million positive revenue variance was primarily driven by higher volumes of Recology-related administrative fees and penalties ($0.9 million), expanded Public Health Laboratory billing following Epic implementation ($0.4 million), and increased revenue from special event and food establishment fees, prior-year collections, and one-time revenues ($1.1 million), partially offset by reduced participation in the County Medical Administrative Activities (CMAA) program ($0.5 million).

- $9.7 million in positive expenditure variance primarily from position vacancies ($4.5 million), contracts savings ($3.6 million), and medical supplies underspending ($1.5 million).

Public Health Administration

$ millions	Projection	Revised Budget	Original Budget	Fav/(Unfav) Variance	%Var
PATIENT SERVICE REVENUE	-	-	-	-	0.0%
OTHER OPERATING REVENUE	44.6	44.2	44.2	0.3	0.8%
OPERATING REVENUE	**44.6**	**44.2**	**44.2**	**0.3**	**0.8%**
OPERATING EXPENSES	**189.7**	**184.7**	**190.0**	**(4.9)**	**-2.7%**
GENERAL FUND SUPPORT	**145.1**	**140.5**	**145.7**	**(4.6)**	**3.3%**

- $0.3 million positive revenue variance due to efforts to increase participation in CMAA.
- $4.9 million expenditure negative variance is driven by unexpected temporary staffing needs, health services cost increase, increase in security contract costs, and City Attorney charges, offset by IT annual project savings.

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 Q4 2025-26

Budgeted Revenues	Medi-Cal	Medicare	Patient Revenues	Less IGT	Annual total
FY 2026-27	1,524,213,606	317,071,833	159,120,566	(203,209,586)	1,797,196,419
FY 2027-28	1,470,773,674	309,963,752	158,340,049	(170,685,004)	1,768,392,471
				Total Revenues Over Two Years	3,565,588,890
				Reserve Balance as of Q4 FY 24-25	174,180,201
				Year End Reserve Deposit	4,099,244
				Reserve Balance with Q4 FY2025-26 Deposit	**178,279,445**
				Reserve as a Percentage of Medi-Cal, Medicare & Patient Revenue	**5.00%**

Questions

Thank You