AGENDA ITEM 1: FINANCE COMMITTEE MINUTES

Joint San Francisco Health Authority &
San Francisco Community Health Authority
Finance Committee Minutes
June 17, 2026
(11:00am to 12:00pm)

Board Attendance: Eddie Chan, PharmD, Steven Fugaro, MD, and Johanna Liu, PharmD, MBA

1. **Welcome.** Johanna Liu, PharmD, MBA, Chair, opened the Finance Committee meeting and welcomed everyone. There were no guests or public comments.

2. **Review and Approval of Minutes from May 20, 2026, Finance Committee Meeting.**

   The minutes were reviewed and no issues were raised.

   Motion to approve the Finance Committee Minutes: Eddie Chan, PharmD
   Second: Steven Fugaro, MD
   The motion passed unanimously.

3. **Review and Approval of Unaudited Financial Statements and Investment Reports.** Skip Bishop, Chief Financial Officer, and Rand Takeuchi, Controller, presented the unaudited financial statements and investment reports for the quarter ending April 30, 2026.

   For the quarter ending on April 30, 2026, SFHP's net operating surplus was unfavorable to budget by ($0.8) million. The actual margin of $0.8 million was unfavorable compared to a budgeted margin of $1.6 million. Drivers contributing to the variance were unfavorable performance in gross operating surplus of ($1.3) million, unfavorable net administrative expense of ($0.2) million, favorable net investment income of $0.5 million and favorable community reinvestment $0.2 million. Excluding pass-throughs, total Medical Loss Ratio (MLR) came in unfavorable at 94.6% compared to a budget of 92.5%. The April financial results reflected the impact of the efforts to reduce the claims backlog. SFHP paid $82.1 million in fee-for-service claims in April. There were five claims check runs in April for an average of $16.4 million per check run. For the period of July 2025 through March 2026, the average claims check run was $12.2 million. The adjustment to the Incurred but Not Reported (IBNR) accrual absorbed some of the increase in claims disbursements.

   The Finance Committee reviewed the statements in detail with Mr. Bishop and Mr. Takeuchi. There were no issues or concerns with the unaudited financials or investment reports.

   Motion to approve the unaudited quarterly financial statements and investment reports: Eddie Chan, PharmD
   Second: Steven Fugaro, MD

   The motion passed unanimously.

4. **Review and Approval of Combined Budget for San Francisco Health Authority and San Francisco Community Health Authority for FY 26-27.**
Yolanda R. Richardson, CEO, Mr. Bishop, and Mr. Takeuchi provided an overview of the combined budget for the San Francisco Health Authority and San Francisco Community Health Authority for Fiscal Year (FY) 26-27.

Mr. Bishop and Mr. Takeuchi presented the assumptions and projected revenues and expenses for the FY 26-27 Operating and Capital Budgets. Mr. Bishop stated the proposed budget aligns with the resources and investment needs of SFHP and executes on the following goals:

- Maintains a strong financial position, mitigating the financial risk of declining Medi-Cal enrollment.
- Absorbs losses in the D-SNP product while working towards profitability.
- Allocates community reinvestment funds for collaborative partnership opportunities with providers and community stakeholders.

Mr. Bishop stated that SFHP expects to reforecast the budget later in the year. The Finance Committee reviewed the budget in detail and stated SFHP staff developed a solid budget despite uncertainties at the state and federal levels.

Motion to approve the proposed Combined Budget for FY 26-27:
Steven Fugaro, MD
Second: Eddie Chan, PharmD

The motion passed unanimously to approve the Combined Budget for SF Health Authority and SF Community Health Authority for forwarding to the full Governing Board for approval.

5. **Review and Approval of CalPERS Compensation Analysis and Salary Schedule for FY 26-27**
Alana Troutt, Chief of Staff, who oversees Human Resources, presented the annual FY 26-27 staff salary schedule as required by CalPERS. There were no issues or concerns from the committee.

Motion to approve the CalPERS Salary Schedule for FY 26-27:
Eddie Chan, PharmD
Second: Steven Fugaro, MD

The motion passed unanimously.

6. Semi-Annual Program Integrity Report

Nina Maruyama, Chief Compliance and Regulatory Affairs Officer, presented the following highlights from the semi-annual Program Integrity Report.

- New annual compliance training has been released, including to the Governing Board.
- Health Care Fraud Shield, the fraud detection software, provides a case management module and post-payment alerts. Both modules are operational to assist SFHP's Compliance and Oversight staff with the detection and investigation of potential fraud, waste, and abuse (FWA).
- The semi-annual report included a summary of the current potential FWA cases, audit and monitoring activities, and HIPAA privacy and security-related updates.

7. Adjourned. Ms. Liu adjourned the meeting.