AGENDA ITEM 1: FINANCE COMMITTEE MINUTES

Joint San Francisco Health Authority &
San Francisco Community Health Authority
Finance Committee Minutes
September 16, 2026
(11:00am to 12:00pm)

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

1. Welcome

Johanna Liu, PharmD, MBA, chair, opened the Finance Committee meeting and welcomed everyone. There were no guests and no public comments.

2. Review and Approval of Minutes of June 17, 2026, Finance Committee Meeting

The minutes were reviewed, and no issues were raised.

- **Motion to approve the Finance Committee minutes:** Eddie Chan, PharmD
- **Second:** Johanna Liu, PharmD

The motion passed unanimously.

3. Review and Approval of Unaudited Financial Statements and Investment Report for FY 2025-26 Year-End

Skip Bishop, chief financial officer, and Rand Takeuchi, controller, presented the unaudited financial statements and investment income report for FY 2025-26 year-end. (Details were provided in the Finance Committee packet.)

The Finance Committee reviewed the statements in detail with Mr. Bishop and Mr. Takeuchi. For June 2026, net operating surplus was unfavorable to budget by $6.8 million. SFHP reported an actual deficit of $5.7 million compared with a budgeted surplus of $1.1 million. Drivers contributing to the variance included unfavorable performance in gross operating surplus of $6.5 million, unfavorable net administrative expense of $0.7 million, favorable net investment income of $0.1 million, and favorable community reinvestment of $0.3 million. Excluding pass-throughs, the total medical loss ratio (MLR) was 99.8%, compared with a budgeted 92.9%.

June financial results reflected the addition of $5.0 million incurred but not reported (IBNR) reserve. This was in addition to the $10.0 million added in May. The balance in the IBNR reserve as of June 30, 2026, was in line with the Milliman model. This is important because SFHP's auditors, Baker Tilly, require actuarial certification of the IBNR reserve balance as part of the annual audit process.

There were no issues or concerns with the unaudited financial statements or investment report as presented.

- **Motion to approve the unaudited FY 2025-26 year-end financial statements and investment report:** Eddie Chan, PharmD
- **Second:** Johanna Liu, PharmD

The motion passed unanimously.

4. Review and Approval of Unaudited Financial Statements and Investment Income Reports for July 31, 2026

Mr. Bishop and Mr. Takeuchi presented the unaudited financial statements and investment income reports for the month ending July 31, 2026, for FY 2026-27. (Details were provided in the Finance Committee packet.)

For July, net operating surplus (deficit) was unfavorable to budget by $4.5 million. SFHP reported an actual deficit of $3.2 million compared with a budgeted surplus of $1.2 million. Drivers contributing to the variance included unfavorable performance in gross operating surplus of $6.3 million, favorable net administrative expense of $0.5 million, favorable net investment income of $1.3 million, and favorable community reinvestment of $0.1 million. Excluding pass-throughs, the total MLR was 99.9%, compared with a budgeted 93.1%.

SFHP paid $72.8 million in fee-for-service claims in July. There were five claims check runs during the month, averaging $14.6 million per check run. The July budget projected $12 million to $13 million in fee-for-service claims expense. The adjustment to the IBNR accrual absorbed some of the increase in claims disbursements.

SFHP recorded additional Medi-Cal revenue that is expected to be received in the coming months, including $6.0 million in Enhanced Care Management (ECM) risk corridor funding related to CY 2024 and $5.3 million in quality withhold funding related to CY 2025. SFHP has a high level of confidence that both amounts will be collected in full.

- **Motion to approve the unaudited month-end financial statements and investment report:** Eddie Chan, PharmD
- **Second:** Johanna Liu, PharmD

The motion passed unanimously.

5. Adjournment

Ms. Liu adjourned the meeting.