



# Board of Supervisors Memorandum

December 16, 2025

## Medical Insurance for County Employees - Fiscal Year 2026/27

### Background

Pima County is preparing for next year's Benefits Plan and as part of that process, claims costs are carefully evaluated. As you know, Pima County made the decision to transition to self-insurance for medical coverage in July of 2013. For Fiscal Year (FY) 2026/27, the projected total medical and pharmaceutical claims cost is \$76.7 million of which 87 percent is funded by Pima County (Employer) and 13 percent is funded by the employees. As detailed in Table 1, Pima County employees have experienced regular annual increases since FY2020/21.

**Table 1: Five Year History of Medical Rates (per pay period)**

HDHP	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Employee Only	\$38.01	\$42.38	\$47.25	\$51.72	\$57.41	\$59.93
Employee + Spouse	50.10	55.86	62.27	68.15	75.65	78.97
Employee + Child(ren)	49.02	54.65	60.92	66.68	74.01	77.26
Employee + Family	67.63	75.40	84.06	92.00	102.12	106.60
Percentage increase	8.61%	11.48%	11.48%	9.45%	11.00%	4.39%

### Medical Costs

In the current fiscal year, as well as the end of the prior fiscal year, the County has experienced lower medical and pharmaceutical claims than we have in prior years. The County engages CBIZ Consulting to provide expert advice in analyzing our medical and pharmaceutical claims data, as well as examine national trends. Based upon their analysis of the most recent 36 months of Pima County claims activity, Pima County's FY2026/27 Health Plan Funding Projection is calling for a 1.67 percent increase (\$1.2 million) to cover the anticipated increase in claims in the upcoming Plan Year, which would normally equate to a premium rate increase for employees and County Departments of the same amount. However, given that the fund balance is above the reserve requirement of four to six months of projected claims cost, the Health Benefits Trust members voted on November 20, 2025, to recommend the County adopt no renewal increase to premiums for FY2026/27 due to the increased Trust reserves and that the Health Benefits Trust absorb the entire projected cost increase of \$1.2 million.

### Pima County Health Care Benefits Trust

The Pima County Health Care Benefits Trust (Trust) ended FY 2024/25 with a net position of \$40.6 million and currently has a net position of \$45.6 million, per the audited financial statements for June 30, 2025, with a projected net position of \$48.5 million by June 30, 2026. Given the Trust is currently in excess of its required reserve amount of projected claims of \$23.3 million (four

months) to \$34.9 million (six months) that is needed to ensure we sustain a healthy balance going forward, having the Trust absorb the \$1.2 million of the projected cost increase allows the Trust to get closer to the recommended reserve range and with the correct amount of reserves.

Improving Health through Healthy Lifestyle Premium Discounts (HLPDs)

Below indicates the Healthy Lifestyle Premium Discount structure in place where employees are actively earning their discounts for the upcoming FY2025/26 Plan Year.

**Table 2: Healthy Lifestyle Premium Discounts (HLPDs) for FY2026/27**

Discount #1	Be Tobacco-Free	\$20.00
Discount #2	Healthy Lifestyle Activity Points	
	Level 1: 15,000 – 29,999 Activity	\$10.00
	Level 2: 30,000 – 44,999 Activity	\$20.00
	Level 3: 45,000 or more Activity	\$30.00
	Maximum Discount	\$50.00

Medical Premiums

Below indicates the proposed Medical Rates for FY2026/27 (which remains the same as the current Plan Year) and the Employee paid portion after applying the maximum earned HLPDs.

**Table 3: Proposed Medical Rates FY2026/27**

		Current and Proposed Rates FY 2026/27		
Level of Coverage	Number of Employees Enrolled	Employee Portion	County Portion	Employee Portion w/\$50 HLPD
Employee Only	2,572	\$59.93	\$253.50	\$9.93
Employee + Spouse	811	78.97	638.21	28.97
Employee + Child(ren)	652	77.26	620.07	27.26
Employee + Family	1,081	106.60	914.17	56.60

The Honorable Chair and Members, Pima County Board of Supervisors  
Re: **Medical Insurance for County Employees - Fiscal Year 2026/27**  
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#### Health Savings Accounts (HSA)

For active employees enrolled in the High-Deductible Health Plan (HDHP) with an HSA, Pima County makes annualized HSA contributions to the individual accounts in the amount of \$1,000 for those employees enrolled in Employee Only coverage and \$2,000 for those employees that also cover one or more dependents. These deposits are distributed equally among each pay period. These contributions equate to 50 percent of the Plan Year deductible. Collectively, active employees have approximately \$22 million saved in their HSAs with the average balance exceeding \$4,000. The HDHP with HSA continues to be a significant cost savings benefit for our employees with favorable feedback. I recommend keeping the funding level for HSAs the same as it is currently.

#### Dental Coverage

Currently, the County has dental services through Delta Dental of Arizona for our Self-Funded Dental Plan administrator and United Concordia for our Dental Health Maintenance Organization for the fully insured dental plan. Those contracted rates remain in place through FY2026/27.

#### Recommendation

I recommend that the Board of Supervisors approve this employee benefits package as described above by approving:

1. Continue the current FY 2025/26 medical premium equivalents through FY 2026/27 as detailed above in Table 3.
2. Continue offering up to \$50 per pay period for participating in the HLPD Program.
3. Continue County HSA contributions as detailed above.

Sincerely,



Jan Leshner  
County Administrator

JKL/je – November 25, 2025

c: Carmine DeBonis, Jr., Deputy County Administrator  
Steve Holmes, Deputy County Administrator  
Cathy Bohland, Director, Human Resources  
Art Cuaron, Director, Finance and Risk Management