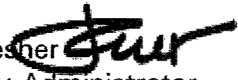




MEMORANDUM

Date: May 21, 2026

To: The Honorable Chair and Members
 Pima County Board of Supervisors

From: Jan Leshner 
 County Administrator

Re: **Budgeted Employee Benefit Costs for FY 2026/27**

The following provides the Board of Supervisors with information regarding the costs associated with employee benefits for Fiscal Year 2026/27. The changes in costs from FY 2025/26 are primarily driven by adjustments in employee compensation and retirement contribution rates.

In FY 2026/27, the budgeted benefits will increase from an FY 2025/26 Adopted Budget amount of \$193.2 million to \$195.5 million, an increase of approximately \$2.3 million (see Attachment 1). The most significant increases occurred in Public Safety and Arizona State Retirement costs, which rose by \$1.0 million and \$718,000, respectively. There were no changes to either the County's portion, or the employees' portion, of the medical insurance rates for the FY 2026/27 plan year. The Board of Supervisors approved the Pima County Health Care Benefits Trust Fund rates on December 16, 2025. For additional information, please refer to Attachment 2, the December 16, 2025, [Medical Insurance for County Employees – Fiscal Year 2026/27 Memorandum](#).

In addition to the increased medical costs, there was an increase in the County Attorney Investigator Retirement Plan due to changes in actuarial assumptions, while the other five retirement plans experienced slight decreases in employer contribution rates. A total of six (6) retirement plans cover most County employees. Each plan has multiple tiers based on the year an employee entered the

retirement system. The table below shows the percentage Pima County contributes for each covered employee in the various retirement plans and the change from the prior year.

Retirement Plans	FY 25/26	FY 26/27	% Increase /Decrease
Arizona Retirement System	12.00%	11.98%	-0.02%
Public Safety Retirement System*	33.67%	31.24%	-2.43%
Corrections Officers Retirement System*	14.90%	14.22%	-0.68%
County Attorney Investigator Retirement*	37.05%	62.51%	25.46%
Elected Official Retirement System	70.70%	70.44%	-0.26%
Admin Office of the Court Retirement System*	40.90%	40.53%	-0.37%

* Each of these plans has multiple tiers and rates. The listed rate is for newest employees.

MAY 21 2026 10:44 AM PCL/KOF/BN/AL

The Honorable Chair and Members, Pima County Board of Supervisors
Re: **Budgeted Employee Benefit Costs for FY 2026/27**
May 21, 2026
Page 2

All benefit costs are included in the Recommended Budget provided to you April 17, 2026.

JKL/dym

Attachments

c: Carmine DeBonis, Jr., Deputy County Administrator
Steve Holmes, Deputy County Administrator
Chad Kasmar, Deputy County Administrator
Art Cuaron, Director, Finance and Risk Management
Andy Welch, Deputy Director, Finance and Risk Management
Xavier Rendon, Budget Division Manager, Finance and Risk Management

ATTACHMENT 1

Pima County
Fiscal Year 2026/27 Requested Budget
Year to Year Benefit Comparison

Spend Category and Name	General Fund	Special Revenue	Enterprise	Internal Service	Total
FY2026/27 Requested Budget					
FTEs	4,758.45	1,621.69	464.75	164.28	7,009.17
50002SC - Unemployment Insurance	169,172	52,691	16,546	5,999	244,408
50003SC - Health Insurance Premiums	50,764,384	15,674,123	5,448,338	1,785,938	73,672,782
50004SC - Workers Compensation	3,697,284	998,920	337,266	61,210	5,094,679
50005SC - Life Insurance	312,310	106,512	31,101	10,828	460,750
50006SC - Arizona State Retirement	25,538,839	9,880,561	3,780,880	1,299,711	40,499,991
50007SC - Correction Officer Retirement - Judicial Employees	3,241,290	3,759,996	-	-	7,001,286
50008SC - AZ Public Safety Retirement - County Attorney	155,190	74,925	-	-	230,115
50009SC - Elected Official Retirement	5,506,330	29,509	-	-	5,535,839
50010SC - Public Safety Retirement	12,974,903	56,340	-	-	13,031,243
50011SC - Corrections Officer Retirement	2,678,086	27,479	-	-	2,705,566
50012SC - Dental Insurance Premiums	1,114,681	359,697	125,080	38,049	1,637,507
50018SC - HSA Contribution - Employer	5,293,289	1,683,558	543,000	185,000	7,704,847
50022SC - Short-term Disability	1,335,568	416,669	138,715	50,468	1,941,421
50240SC - Social Security and Medicare	23,720,436	7,373,142	2,388,999	842,108	34,324,685
50258SC - Parking Subsidy	29,174	8,911	1,680	390	40,155
50340SC - Budgeted Benefits	(536,976)	1,385,629	-	36,658	885,311
50425SC - Wellness Discount Employer	448,885	1,390	-	-	450,275
Totals	136,442,846	41,890,052	12,811,603	4,316,359	195,460,861

Object Code and Name	General Fund	Special Revenue	Enterprise	Internal Service	Total
FY2025/26 Adopted Budget					
FTEs	4,677.28	1,686.97	464.17	164.80	6,993.22
50002SC - Unemployment Insurance	164,852	53,866	16,253	5,949	240,920
50003SC - Health Insurance Premiums	49,607,097	16,809,511	5,495,061	1,895,288	73,806,957
50004SC - Workers Compensation	3,632,610	848,390	331,317	59,985	4,872,302
50005SC - Life Insurance	298,292	111,715	30,466	10,761	451,234
50006SC - Arizona State Retirement	24,663,253	10,116,347	3,699,921	1,302,550	39,782,070
50007SC - Correction Officer Retirement - Judicial Employees	3,266,787	3,591,003	-	-	6,857,789
50008SC - AZ Public Safety Retirement - County Attorney	160,547	74,404	-	-	234,952
50009SC - Elected Official Retirement	5,481,059	4,298	-	-	5,485,357
50010SC - Public Safety Retirement	11,691,757	314,905	-	-	12,006,662
50011SC - Corrections Officer Retirement	3,340,362	25,593	-	-	3,365,955
50012SC - Dental Insurance Premiums	1,084,223	372,539	120,145	36,726	1,613,633
50018SC - HSA Contribution - Employer	5,144,147	1,807,000	564,000	190,000	7,705,147
50022SC - Short-term Disability	1,258,904	426,430	130,447	47,932	1,863,713
50240SC - Social Security and Medicare	23,131,423	7,535,492	2,367,416	834,984	33,869,315
50258SC - Parking Subsidy	29,685	9,101	2,850	1,170	42,806
50340SC - Budgeted Benefits	380,148	549,026	72,914	7,118	1,009,206
50425SC - Wellness Discount Employer	-	-	-	-	-
Totals	133,335,147	42,649,620	12,830,791	4,392,462	193,208,020

Change (Requested - Adopted)	General Fund	Special Revenue	Enterprise	Internal Service	Total
Spend Category and Name					
FTEs	81.17	(65.28)	0.58	(0.53)	15.95
50002SC - Unemployment Insurance	4,320	(1,175)	293	51	3,489
50003SC - Health Insurance Premiums	1,157,286	(1,135,388)	(46,723)	(109,350)	(134,175)
50004SC - Workers Compensation	64,673	150,530	5,948	1,225	222,377
50005SC - Life Insurance	14,018	(5,203)	634	67	9,516
50006SC - Arizona State Retirement	875,586	(235,785)	80,959	(2,839)	717,921
50007SC - Correction Officer Retirement - Judicial Employees	(25,497)	168,994	-	-	143,497
50008SC - AZ Public Safety Retirement - County Attorney	(5,358)	521	-	-	(4,837)
50009SC - Elected Official Retirement	25,272	25,211	-	-	50,483
50010SC - Public Safety Retirement	1,283,145	(258,565)	-	-	1,024,580
50011SC - Corrections Officer Retirement	(662,276)	1,886	-	-	(660,390)
50012SC - Dental Insurance Premiums	30,459	(12,842)	4,935	1,323	23,874
50018SC - HSA Contribution - Employer	149,142	(123,442)	(21,000)	(5,000)	(300)
50022SC - Short-term Disability	76,664	(9,761)	8,267	2,537	77,707
50240SC - Social Security and Medicare	589,013	(162,350)	21,583	7,124	455,370
50258SC - Parking Subsidy	(511)	(190)	(1,170)	(780)	(2,651)
50340SC - Budgeted Benefits	(917,124)	836,602	(72,914)	29,540	(123,896)
50425SC - Wellness Discount Employer	448,885	1,390	-	-	450,275
Spend Category Total Excluding FTE	3,107,699	(759,568)	(19,187)	(76,102)	2,252,841

ATTACHMENT 2



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

Level of Coverage	Number of Employees Enrolled	Current and Proposed Rates FY 2026/27		
		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**
December 16, 2025
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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 Lesher
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