

Council Bill 30-2026 Fiscal Analysis

Introduced: May 4, 2026

Fiscal Manager: Owen Kahn

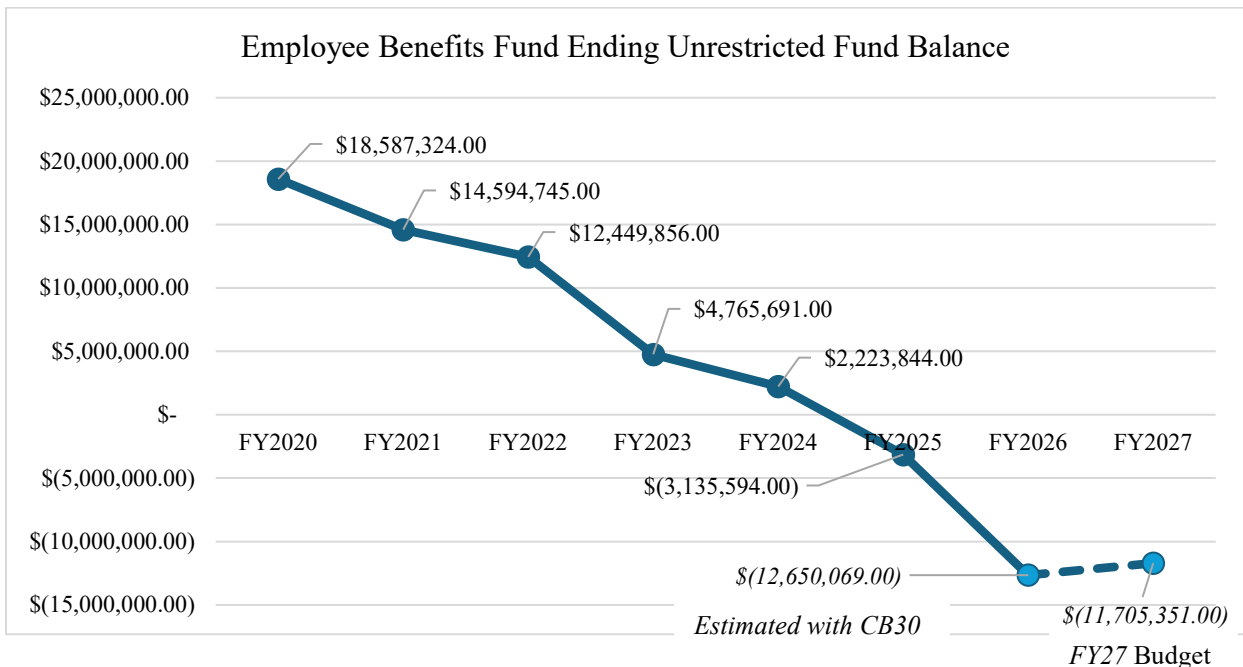
Legislative Intent: This emergency legislation authorizes an additional \$5.2 million in spending authority from the Employee Benefits Self Insurance Fund (“Employee Benefits Fund”) to cover unanticipated increases in the frequency and severity of high cost medical cases.

ANALYSIS

Fiscal Impact:

<u>Employee Benefits Self Insurance Fund</u>	
FY2026	
FY2026 Approved Spending Authority	\$85,566,770
CB30-2026 Additional Spending Authority	<u>\$5,200,000</u>
New FY2026 Spending Authority	\$90,766,770

This emergency legislation will authorize an additional \$5.2 million in spending authority in the Employee Benefits Fund. Because the fund is already in a negative balance, this will be additional deficit spending. The fund is projected to end FY2026 with a negative balance of \$12.65 million. This legislation only authorizes additional spending in the Employee Benefits Fund and does not request supplemental funding from the County.



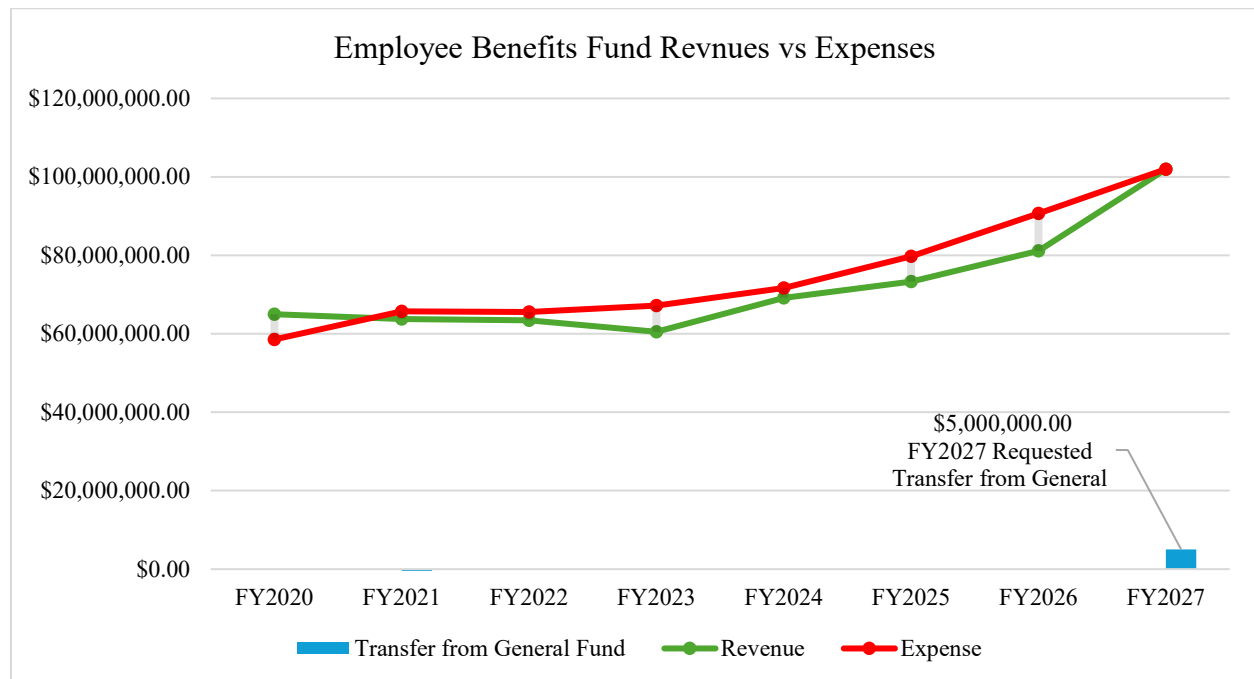
The fund is allowed to spend in a deficit, and the fund has been in a deficit since FY2025.

The FY2027 proposed operating budget shows the fund is estimated to end FY2027 at negative \$11.71 million, with expenses projected to total \$101.97 million. FY2027 includes an additional request for a \$5 million transfer in from the County General Fund, allowing the fund to use \$944,745 to begin reducing the negative balance.

The projected expenses for the Employee Benefit Fund are developed each fiscal year using actuarial analyses, including studies of enrollment trends, historical claim experiences, and projected cost increases

The \$5.2 million is needed to cover the cost of medical claims through the end of FY2026. According to the Office of Human Resources, the County “experienced higher-than-anticipated claims expenditures, largely attributable to an increase in both the frequency and severity of high-cost medical cases, including complex and specialized treatments.” So far in FY2027, there have been 56 claims over \$75,000 and the County will likely end the fiscal year with \$3 million more in large claims compared to the previous fiscal year.

Expenses have exceeded revenues in the fund since FY2021. **From FY2021 through FY2026, expense increased by \$32.13 million (54.9%), while revenues only increased by \$16.18 million (24.9%).** The Administration has indicated that significant increases in all health care costs have contributed to increases, and large medical claims and GLP 1 prescriptions in particular have impacted costs. **The Administration indicated that they are planning structural changes to County chargebacks and coverage to address to deficit in the Employee Benefits Fund.**



Budget Implications:

- The Employee Benefits Fund is almost exclusively used on employee benefits. Approximately 97.9% of expenses are on claims, with the remainder being used for personnel costs and other expenses.
- In FY2024, the fund needed similar legislation to address a budget shortfall. That legislation, [CB18-2024](#), approved \$3 million in spending authority. At the time, the Office of Human Resources indicated a major cause of the increase was major medical procedures that had been deferred during COVID.
- This legislation is needed to reach the end of FY2026. In FY2027, the Employee Benefits Fund is requesting an additional \$5 million in County General Funds to prevent a deeper end of year deficit. With that transfer in, the projected FY2027 ending position of the fund is \$944,745 above the projected FY2026 ending position.

Other Notes:

- This is emergency legislation. The spending authority will be authorized immediately upon signature by the Executive.