

Item Title: 2026 Employee Health and Dental Plans and Rates

Specific Action Requested:

That the Board of Commissioners approves plan year 2026 plans and rates for the County's employee health and dental plans.

Item Summary:

Purpose: Rate changes for County-funded health and dental plans require Board of Commissioners approval per state statute.

Background: Wake County offers a comprehensive benefits package designed to support our employees' health, well-being, and financial security. Each year, staff considers health and dental plan changes that balance employee health, cost containment, and our competitiveness as an employer. Staff recommends no plan design changes to the health and dental plans while holding employee premiums flat for the 2026 plan year.

Strategic Plan: This action supports Foundations for Service Goal 2: Increase overall employee satisfaction to 90% by 2029.

Fiscal Impact: The FY2026 budget was developed using a plan forecast to estimate increases in medical, prescription, and dental utilization and claim costs. The increased cost associated with the proposed rates are included within the adopted FY2026 budget.

Additional Information:

Wake County periodically issues request for proposals (RFP) as part of the benefit vendor selection process. The Board of Commissioners has approved the multi-year contracts for our current benefit vendors as listed below. Stop loss coverage is bid annually.

Benefit	Last RFP	Current Vendor	Contract Term	Next RFP
Medical	2023	Cigna	1/1/2024 – 12/31/2026	2026
Pharmacy	2023	Cigna	1/1/2024 – 12/31/2026	2026
Dental	2022	Delta Dental	1/1/2023 – 12/31/2026	2026
Medicare Advantage	2023	Cigna	1/1/2024 – 12/31/2026	2026

Health and Dental Plans Design and Rates

Following a comprehensive review of 2026 health and dental plan projections, actuarial recommendations, and budget impact, staff recommends no plan design changes to the health and dental plans while holding employee premiums flat for the 2026 plan year.

Background and Analysis

Through June of the 2025 plan year, net medical and pharmacy claims total \$34.16 million, or \$1,195.44 per employee per month (PEPM). Year-to-date claims are trending 0.5 percent above budget, with one large claimant exceeding \$500,000. The year-end projection is \$70.7 million in net claims, or \$1,242.56 PEPM, which is approximately 4.4 percent over budget, inclusive of a margin for 4.4 large claimants to ensure sufficiency.

For 2026, total projected plan costs are \$74.64 million, representing a 14.5 percent increase over the prior year, with a County share of \$65.1 million. While the medical trend of 2.4 percent is favorable compared to a 7.4 percent benchmark, pharmacy costs are projected to increase by 13.6 percent, which is unfavorable relative to the 10 percent benchmark. Dental costs are expected to rise by 0.8 percent. Retiree Medicare Advantage costs are projected at \$1.63 million, an increase of \$271,191 from the prior year.

The FY26 health budget was developed with an estimated County share of \$65.3 million from January 2025, and the most recent estimate places the County share at \$65.1 million. Although the updated estimate reflects a lower number of covered lives and a higher PEPM cost, the available budgeted funds remain more than sufficient to cover the projected expenses. As a result, an employee contribution increase is not required to create additional budget capacity.

Employee contribution increases were analyzed, but the benefits were minimal compared to the impact on employees. A 2.5 percent increase would generate \$249,108 in plan year 2026 savings for the County (\$125,000 in FY26), while a 5 percent increase would yield \$479,532 in plan year 2026 savings (\$239,000 in FY26). While these measures would provide modest budget relief, they would impose unnecessary financial burdens on employees given the County's current fiscal position.

The charts below show the recommended health and dental plan premium cost share for the County and employees.

2026 Health Plan Rates

Enrollment Tier	2026 Health Rates (Monthly)			Change from 2025	
	Employee Dollars*	County Dollars	Total	Employee Dollars*	County Dollars
Consumer Driven Plan					
Employee Only	\$25.00	\$873.17	\$898.17	+\$0.00	+\$110.21
Employee + Spouse	\$353.00	\$1,542.35	\$1,895.35	+\$0.00	+\$232.57
Employee + Child(ren)	\$152.00	\$1,447.64	\$1,599.64	+\$0.00	+\$196.28
Employee + Family	\$510.00	\$2,221.92	\$2,731.92	+\$0.00	+\$335.21
Standard Plan					
Employee Only	\$33.00	\$873.78	\$906.78	+\$0.00	+\$111.26
Employee + Spouse	\$382.00	\$1,531.52	\$1,913.52	+\$0.00	+\$234.80
Employee + Child(ren)	\$165.00	\$1,449.99	\$1,614.99	+\$0.00	+\$198.16
Employee + Family	\$547.00	\$2,211.10	\$2,758.10	+\$0.00	+\$338.43
Premium Plan					
Employee Only	\$103.00	\$850.65	\$953.65	+\$0.00	+\$117.01
Employee + Spouse	\$565.00	\$1,447.43	\$2,012.43	+\$0.00	+\$246.93
Employee + Child(ren)	\$290.00	\$1,408.46	\$1,698.46	+\$0.00	+\$208.41
Employee + Family	\$789.00	\$2,111.66	\$2,900.66	+\$0.00	+\$355.92

* Part-time rates are prorated based on the position FTE and will increase due to the increase in County share.

2026 Dental Plan Rates

Enrollment Tier	2026 Dental Rates (Monthly)			Change from 2025	
	Employee Dollars*	County Dollars	Total	Employee Dollars*	County Dollars
Basic Plan					
Employee Only	\$11.00	\$21.10	\$32.10	+\$0.00	-\$0.15
Employee + Spouse	\$22.00	\$43.46	\$65.46	+\$0.00	-\$0.30
Employee + Child(ren)	\$30.00	\$49.06	\$79.06	+\$0.00	-\$0.36
Employee + Family	\$48.00	\$74.29	\$122.29	+\$0.00	-\$0.56
Plus Plan					
Employee Only	\$18.00	\$19.61	\$37.61	+\$0.00	-\$0.17
Employee + Spouse	\$35.00	\$41.50	\$76.50	+\$0.00	-\$0.35
Employee + Child(ren)	\$41.00	\$51.09	\$92.09	+\$0.00	-\$0.42
Employee + Family	\$66.00	\$77.96	\$143.96	+\$0.00	-\$0.66

* Part-time rates are prorated based on the position FTE and will increase due to the increase in County share.

2026 Medicare Advantage Plan Rates

Enrollment Tier	2026 Health Rates (Monthly)			Change from 2025	
	Retiree Dollars	County Dollars	Total	Retiree Dollars	County Dollars
100% County Subsidy*					
Retiree Only	\$0.00	\$142.03	\$142.03	+\$0.00	+\$23.59
Retiree + Spouse	\$118.44	\$165.62	\$284.06	+\$0.00	+\$47.18

* Rates for retirees eligible for 50% or 0% County subsidy will increase due to the increase in County share. The level of County subsidy is based on a retiree's date of hire and years of service with Wake County, per Wake County Ordinance 31.14 Retiree Health Insurance Guidelines.

Attachments:

None.