Finance Committee

Meeting Date: September 8, 2026

Employee Health Benefits Rates for FY 2027

Department:	Finance
Presenter:	Mattie Sue Stevens, Deputy Administrator
Caption:	Discuss and approve employee contribution rates for the health benefits plan for FY 2027.
Background:	Augusta offers employee health insurance under a self-funded model. Anthem Blue Cross Blue Shield administers the plan, but actual healthcare costs are funded by Augusta and employee contributions. The intended structure for the plan is to share healthcare costs at 22% for employees and 78% for Augusta. Prior to the 2026 plan year, employee health care rates had not been adjusted since 2018, and actual rates were roughly a 13%/87% split.
Analysis:	For FY 2026, the Commission adopted several changes to the plan, including introducing salary-based premium tiers, raising individual deductibles to $500, and implementing Year 1 of a four-year plan to gradually increase employee rates to the desired cost allocation. For FY 2027, Augusta's health care consultants project that overall healthcare costs will increase approximately 6-7%. In keeping with the previous plan, staff recommend adjusting employee premium rates by 15% for all salary tiers in 2027. This increase would keep Augusta on track toward restoring the 22/78 split by 2030 (depending on actual costs).
Financial Impact:	Adjusting the rates as recommended would shift an estimated $970,000 in FY 2027 health care costs from Augusta to employees. Other potential cost saving measures are currently in negotiation with vendors and will be presented during the 2027 budget process.
Alternatives:	Keep employee rates at their 2026 level, or set another contribution increase amount.
Recommendation:	Approve recommended employee contribution rates for the health benefits plan for FY 2027.
Funds are available in the following accounts:	N/A
<u>REVIEWED AND APPROVED BY:</u>	N/A