



Date: October 15, 2025

To: Deschutes County Board of County Commissioners

From: Trygve Bolken, HR Analyst  
Susan Dejoode, HR Director

Re: Deschutes County Employee Benefits Renewal for the 2026 Plan Year

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The Deschutes County Employee Benefits Plan is set to renew for the 2026 Plan Year. The following is a summary of program renewals and considerations for the period of January 1, 2026 – December 31, 2026.

In preparation for the annual renewal period, staff meets with the County's legal team, benefit consultant, and Third-Party Administrator (TPA) to review proposed changes to the plan. This includes an analysis of changes due to legislative requirements, industry standards, new offerings in the industry, benchmarking against comparable plans, cost impacts, and the impact on the health care needs of our employees and their dependents. It is the County's approach to consider changes that have proven effectiveness, are mandated by law, fiscally responsible, and competitive with benchmarking against other health plans.

This year, due to the continued increases associated with the cost of the County's Health Benefits Plan and the need to continue to build reserves in the Health Benefits fund, County leadership increased Health Plan charges to departments by 1% in Fiscal Year 2026. In Fiscal Year 2025, charges to departments were increased by 30% which contributed to building healthy reserve levels in the fund. The ending fund balance as of June 30, 2025, is \$11.8 million, \$3.8 million higher than the County's reserve policy of \$8.0 million.

Claims costs continue to increase, but at a slower rate than the previous two plan years. During the first seven months of the 2025 plan year (January – July 2025) Medical/RX/Vision claims have increased 9.6% while Dental claims have decreased 0.6%. Because claims costs have stabilized, the long-term forecast model assumes 9% year over year increases, based on input from the County's health benefits consultants.

On Tuesday, September 23, the County's Employee Benefits Advisory Committee (EBAC)<sup>1</sup> voted 13- 0 in

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<sup>1</sup> (EBAC is comprised of representation of County management and represented staff. The committee is

support of the proposed plan changes detailed in this memo for the 2026 Plan Year. The proposed plan changes are due to legislative requirements and have an estimated cost of \$20,574 for the 2026 benefit year.

EBAC also voted in support of increasing employee cost shares by 1%, which would increase monthly rates for individuals from \$95 to \$96 and for employees and dependents from \$116 to \$117. This change is estimated to generate an additional \$17,000 in annual revenue.

**Employee Health Benefits Plan:** Refer to attachment A – Changes Recommended to BOCC for 2026 Plan Year.

- ***Human Resources and Administration recommend and EBAC supports the following Employee Benefit Plan changes, #1-6, for the 2026 plan year.***

1. **Add Dula services under medical services on the medical plan.**

Oregon statute requires health plans to cover doula services, postpartum doula services, and lactation consultations.

- **The estimated cost impact to the plan is a cost of \$7,558 annually.**

2. **Expand prosthetic devices under durable medical equipment on the medical plan.**

Oregon statute requires health plans cover prosthetic and orthotic devices when they are medically necessary for performing daily activities or essential work tasks. This also includes devices needed for physical activities to improve health.

- **The estimated cost impact to the plan is a cost of \$13,016 annually.**

3. **Covering Autologous breast reconstruction.**

Oregon statute requires health plans to cover autologous breast reconstruction procedures for out-of-network providers the same as in-network providers in situations where there is not an adequate network.

- **There is no estimated cost impact to the plan.**

4. **Dependent Care FSA Limit Increase.**

The One Big Beautiful Bill Act (OBBBA) permanently increased the Dependent Care FSA (DCAP) annual limit from \$5,000 to \$7,500 for tax years beginning 1/1/2026.

- **There is no cost impact to the plan.**

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responsible for making recommendations to the Board of County Commissioners regarding Health benefits.)

5. **Update plan language to align with current plan interpretation and TPA best practices.**

In partnership with our TPA, HR staff have made efforts to clarify plan language. Proposed changes are clarifications to the plan document and do not change benefit coverage.

- **HR Staff recommended and EBAC supports making the corrections, clarifications and changes as described on the PacificSource Medical and Dental plan documents.**

6. **Increase employee cost shares.**

Increase employee medical and dental premium cost shares by 1%. This would increase monthly rates for individuals from \$95 to \$96 and monthly rates for employees with dependents from \$116 to \$117.

- **The estimated additional revenue generated would be \$17,000 annually.**

Additionally, Human Resources and County Administration recommend that the Board approve the following administrative actions associated with renewal rates and selection of a stop loss carrier:

- **Renewal – Third Party Administrator (TPA):** Last year, the County experienced an 8.1% rate increase for TPA services with our current vendor, PacificSource. This year, PacificSource has proposed a 3.3% rate increase for TPA services. The final rate increase will depend on which performance reporting options the County selects.
- **Renewal - Life and Disability Insurances** with New York Life: Rate decreases for basic group life, Accidental Death and Dismemberment and Long-Term Disability rates last year. Rates guaranteed until 1/1/2028).
- **Renewal - Employee Assistance Program** with Canopy: Had a 23.4% fee increase last year. There will be no rate increase this year.
- **Renewal - Flexible Spending Accounts** with PacificSource Administrators: No administration fee increase.
- **Renewal - Livongo Diabetic Management Program:** No increase.
- **Stop loss provider.** Staff worked with the County's benefit consultant to obtain competitive bids for coverage and reviewed adjusting the policy deductible. Currently, the most favorable bid is 7% while maintaining the deductible at \$500,000 and a 50% rate cap. Other bidders are waiting for September claims report to make their final bids. Staff recommends maintaining the current deductible of \$500,000 and selecting the bid that is the most cost effective.