DALLAS COUNTY
OFFICE OF BUDGET AND EVALUATION

August 9, 2026

TO: Commissioners Court

THROUGH: Dr. Ronica Watkins, Budget Officer

FROM: Erica Terrazas, Assistant Budget Officer

SUBJECT: FY2027 Baseline Budget for Employee Health Insurance

Background
The purpose of this analysis is to describe the current amount budgeted for health insurance for employees and the change to a new insurance company for Dallas County.

Employee Health Insurance
The employee health insurance account (61140) is where funds are budgeted to each department for the County's portion of health insurance upon enrollment. The assumption is that all employees budgeted are also enrolled. Each year, a cost is determined based on coordination with the Office of Budget and Evaluation and County Audit.

An average amount of $12,000 is also budgeted per employee. This amount has increased from $10,000 from FY2026 due to increasing costs of health care and insurance. The employee contribution increased slightly last year but remains the same for FY2027. Below are the amounts budgeted for fiscal years 2022-2026, and the baseline budget for FY2027.

Budget					Baseline	FY2026-FY2027
FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Variance
$57,527,200	$58,526,200	$57,581,800	$58,990,492	$59,362,000	$72,992,000	22.86%

General Information County Other Post-Employee Benefits (OPEB) Plan
The County's group medical insurance plans are administered through the Public Employee Benefits Cooperative. The Plan is a single employer-defined benefit healthcare plan funded on a pay-as-you-go basis. OPEB includes health insurance and Medicare supplements.

The County is not required by State law or contractual agreement to provide funding for OPEB. However, the County allows retirees and dependents to continue currently selected health, dental, and other insurance benefits upon retirement. An employee must be eligible for retirement with a minimum of 10 years of service credit within the County for insurance eligibility.

The County does not maintain a trust to pay for future OPEB expenses. However, the County annually budgets amounts necessary to cover the pay-as-you-go costs of benefits to retirees and eligible beneficiaries and their dependents. Contribution, adjustment, or elimination of the contribution and adjustments to OPEB eligibility are subject to Commissioners Court's annual budgetary discretion.

This funding has been budgeted annually in Reserves and Contingencies. For FY2027, the unplanned costs of changing health insurance companies have been budgeted in this line at an amount of $2 million.

Employee Health Insurance Reserves & Contingencies					**Baseline**	**FY2026-FY2027**
FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Variance
$1,500,000	$3,303,200	$3,303,200	$4,500,000	$0	$2,000,000	100%