



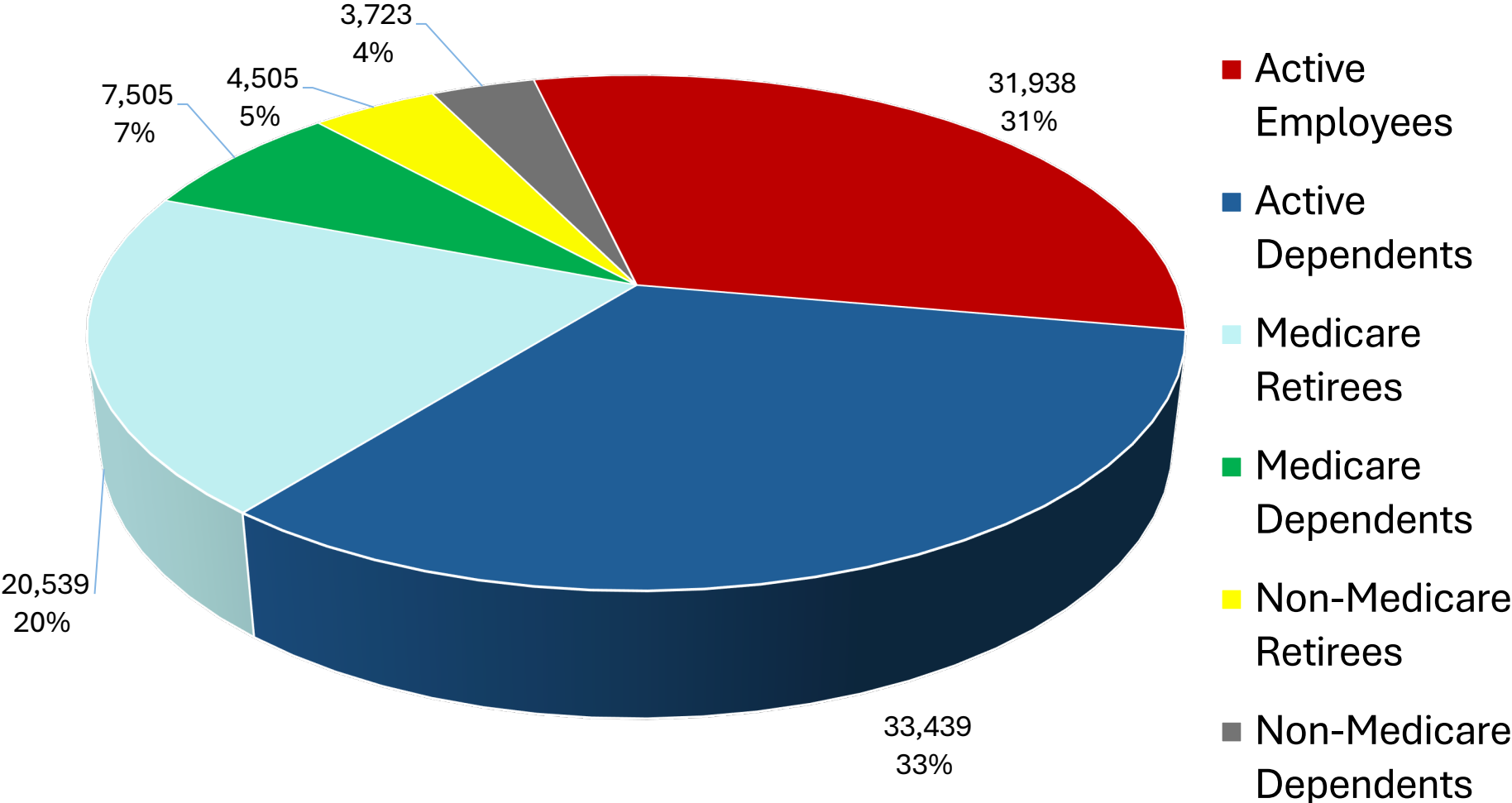
2027 BUDGET HEARING

January 29, 2026

**Stephanie McGee Azar
Chief Executive Officer**

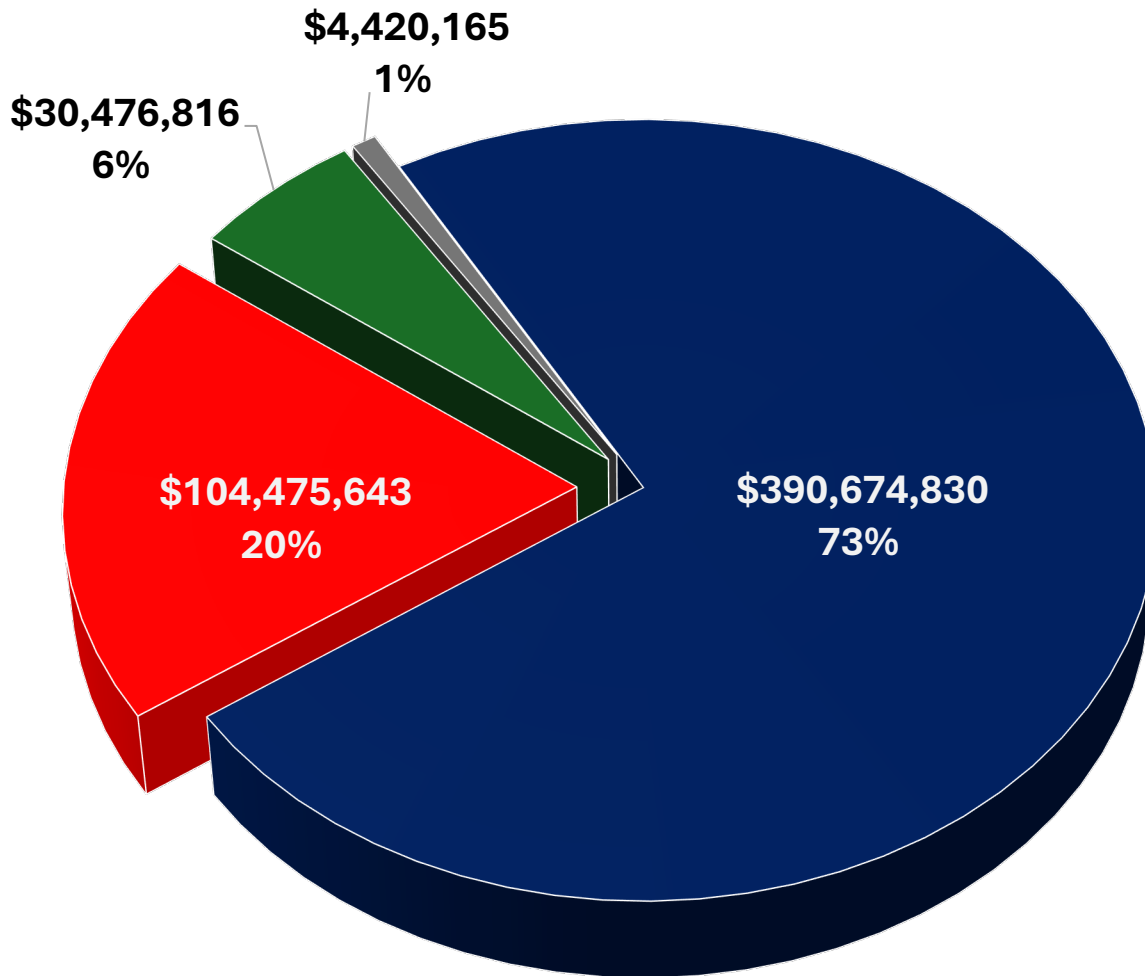
CURRENT ENROLLMENT – SEPTEMBER 2025

TOTAL COVERED LIVES – 101,649





FY 2025 FUNDING SOURCES - \$530,047,454



■ Employer Share

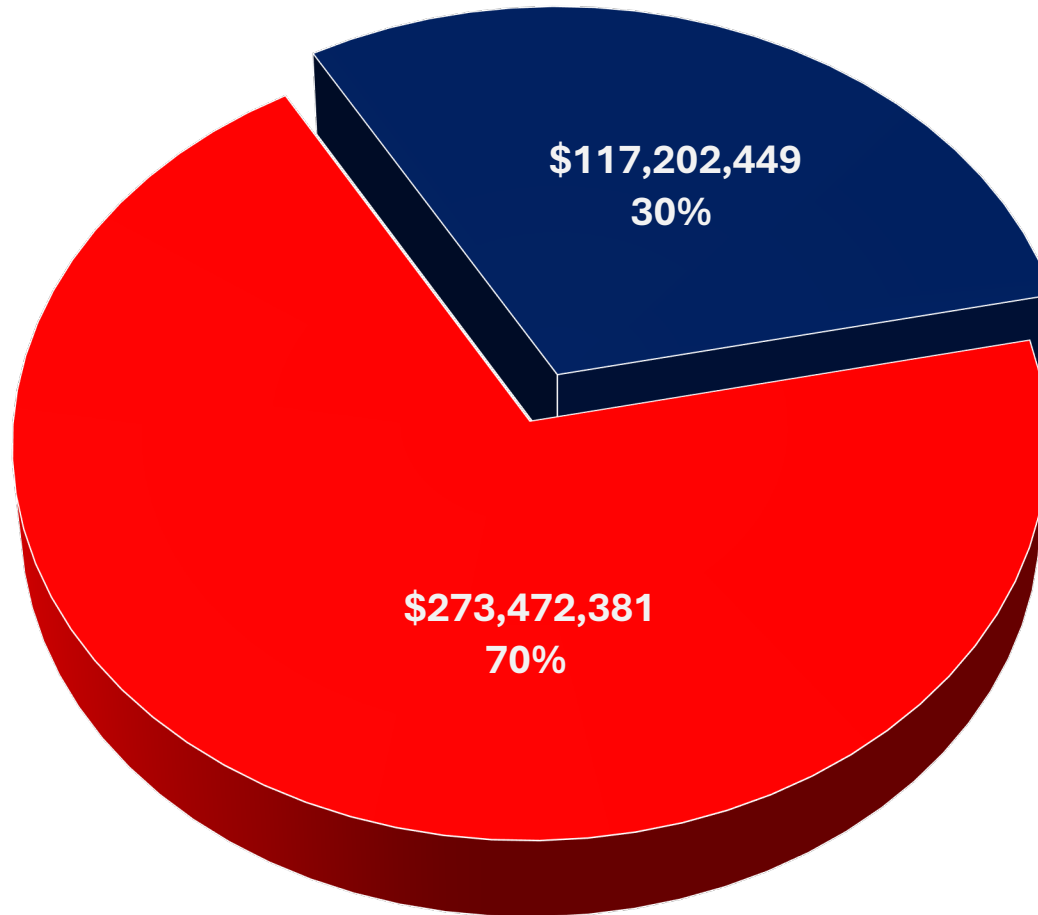
■ Employee Share

■ Retiree Trust Fund Transfer

■ Investment Income & ARPA

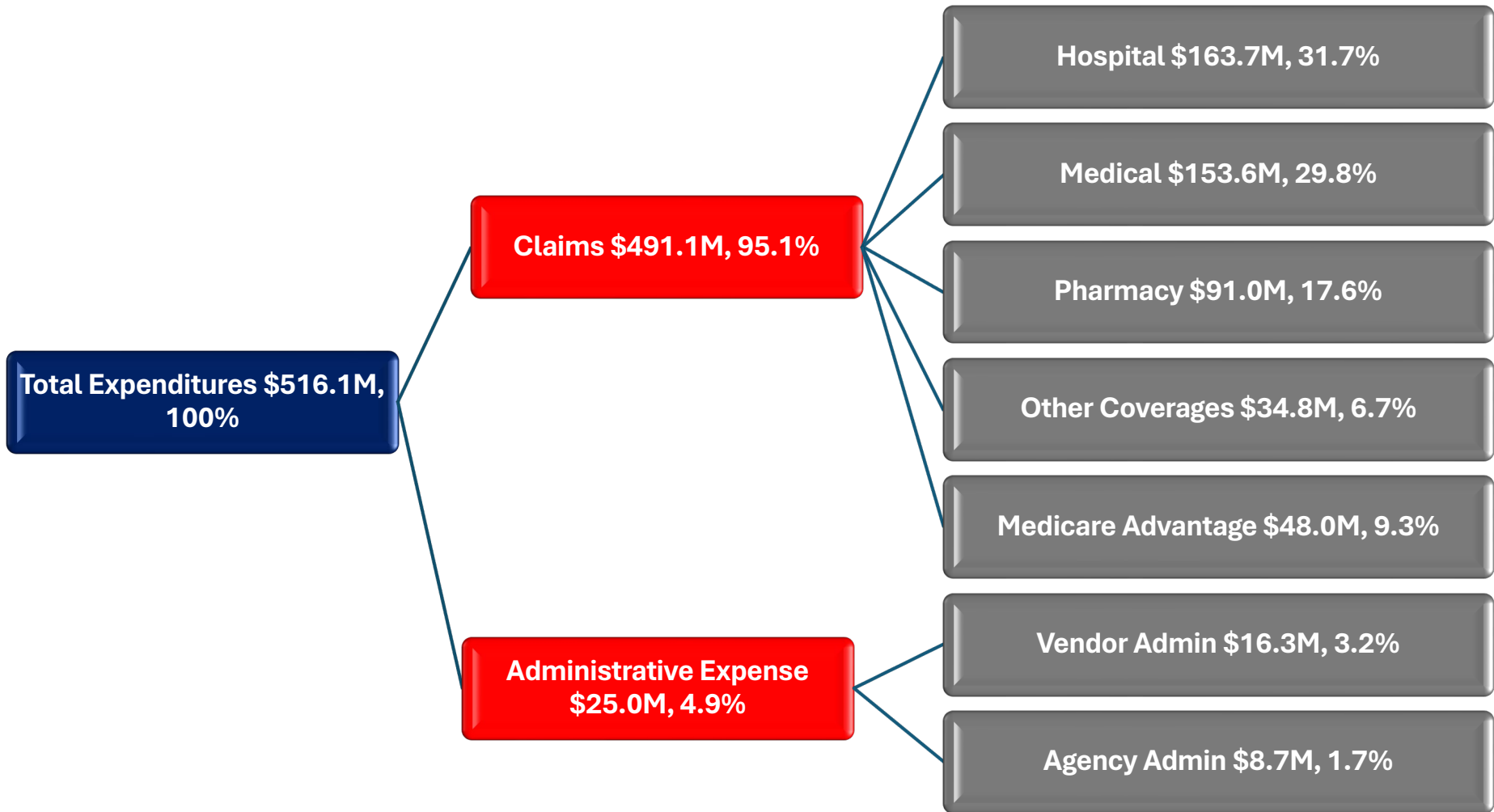
FY 2025 FUNDING SOURCES

EMPLOYER SHARE - \$390,674,830



■ General Fund ■ Other Sources

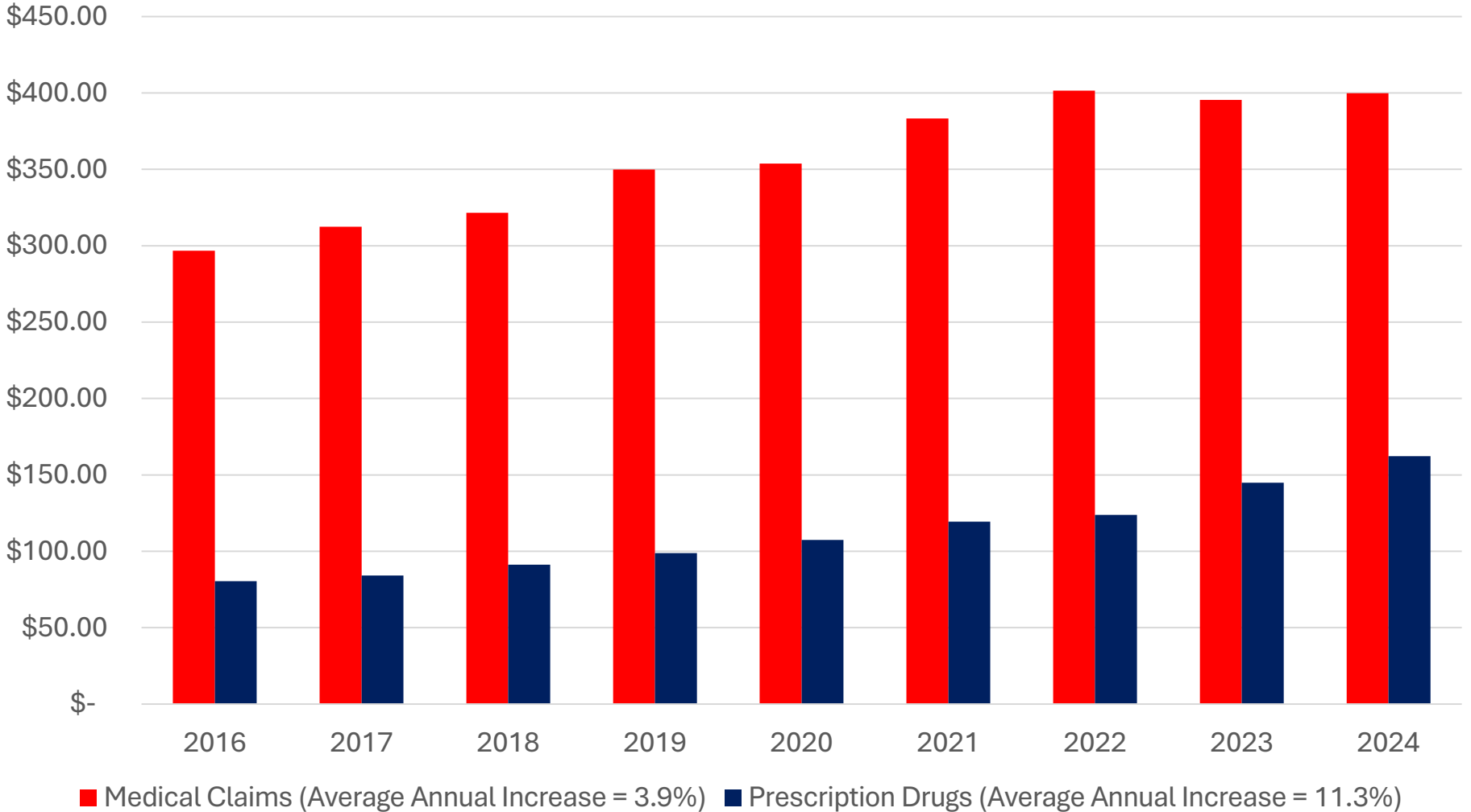
FY 2025 EXPENDITURES





MEDICAL & PHARMACY CLAIMS HISTORY

Per Member Per Month



Note: Excludes Medicare Coverage.



FY 2025 ACTUAL VS BUDGET

	FY 2025 Actual	FY 2025 Budget	Variance Favorable/ (Unfavorable)
Beginning Carry Forward	\$57.7	\$63.4	(\$5.7)
Total Revenues	\$499.5	\$492.0	\$7.5
Total Expenses	\$516.1	\$528.0	\$11.9
Revenues Over / (Under) Expenses	(\$16.6)	(\$36.0)	\$19.4
Transfers From / (To) RTF	\$30.5	\$0.0	\$30.5
Ending Carry Forward	\$71.6	\$27.4	\$44.2

ALABAMA RETIRED STATE EMPLOYEES' HEALTH CARE TRUST



- Act 2007-14 established the Retiree Trust. It is an irrevocable trust established to pre-fund healthcare costs for SEIB retirees and offset unfunded liability.
- Annual distributions from the Retiree Trust are limited to 10% of the fair market value as of the last day of the previous fiscal year and must be used to provide health care benefits for retirees and their dependents. See *AL Code 36-36-6(d)*.
- The SEIB withdrew the maximum distribution for FY25 of \$30,476,816. The balance of the Retiree Trust as of September 30, 2025 was \$309,258,268.
- Background: The Retiree Trust has been funded by transfers totaling \$102,550,623 as well as reinvested income. There have been three withdrawals to address funding shortfalls: FY15 (\$7.8 million), FY16 (\$14.9 million), and FY25 (\$30.5 million).

CHANGES TO BENEFITS – PLAN YEAR 2026



Estimated Annual Financial Impact per BCBS	
Increase the Major Medical Calendar Year Deductible ➤ From \$300 per Calendar Year (Total of Three per Family) ➤ To \$350 per Calendar Year (Total of Three per Family)	\$930,900
Increase Inpatient Hospital Out of Pockets ➤ From \$250 Deductible and \$25 Copay, Days 2-5 ➤ To \$300 Deductible and \$50 Copay, Days 2-5	\$465,500
Increase Emergency Room Copay ➤ From \$250 per ER Visit Excluding Accidents ➤ To \$300 per ER Visit <u>Including</u> Accidents	\$1,086,100
Increase Copays for Specialist and ER Physician Visits ➤ From \$35 Copay per Visit ➤ To \$40 Copay per Visit	\$1,241,200
Total Annual Savings (FY2027 and beyond)	\$3,723,700
Partial Year Savings for FY2026 (Changes effective 1/1/2026)	\$2,792,775

FINANCIAL PROJECTIONS

Retiree Trust Fund (RTF) Transfer (10% 2025 & 5% 2026), Benefit Changes, \$1,175 State Rate (SR)



	FY 2025 Actual	FY 2026 Projected	FY 2027 Forecast	FY 2028 Forecast
State Funding Rate Per Active Employee	\$1,005 per month	\$1,025 per month	\$1,175 per month	\$1,175 per month
Beginning Carry Forward	\$57.7	\$71.6	\$34.1	\$12.6
Total Revenues	\$499.5	\$506.0	\$563.8	\$563.4
Total Expenses	\$516.1	\$558.5	\$585.4	\$619.4
Revenues Over / (Under) Expenses	(\$16.6)	(\$52.5)	(\$21.6)	(\$56.0)
Transfers From / (To) RTF	\$30.5	\$15.0	\$0	\$0
Ending Carry Forward	\$71.6	\$34.1	\$12.6	(\$43.4)

Note: Amounts in Millions except in State Rate

FINANCIAL PROJECTIONS **WITH BOARD APPROVED CHANGES**

RTF Transfer (10% 2025), Benefit Changes, \$1,175 SR



	FY 2025 Actual	FY 2026 Projected	FY 2027 Forecast	FY 2028 Forecast
State Funding Rate Per Active Employee	\$1,005 per month	\$1,025 per month	\$1,175 per month	\$1,175 per month
Beginning Carry Forward	\$57.7	\$71.6	\$19.1	(\$2.4)
Total Revenues	\$499.5	\$506.0	\$563.8	\$563.4
Total Expenses	\$516.1	\$558.5	\$585.4	\$619.4
Revenues Over / (Under) Expenses	(\$16.6)	(\$52.5)	(\$21.6)	(\$56.0)
Transfers From / (To) RTF	\$30.5	\$0	\$0	\$0
Ending Carry Forward	\$71.6	\$19.1	(\$2.4)	(\$58.4)

Note: Amounts in Millions except State Rate



QUESTIONS