

ORANGE COUNTY BOARD OF HEALTH AGENDA ITEM SUMMARY

Meeting Date:

Wednesday, February 25, 2026

Agenda Item Number:

VII.A.

Agenda Item Subject:

FY 2026-27 Budget Request and FY 2026-27 Budget Fee Schedule

Attachments:

FY 26-27 Budget Request presentation.ppt

FY 26-27 BOH Budget Submission Overview.xls

FY26-27 Health Fee Schedule and Requested Changes.xls

Staff or Board Member Reporting:

Frederick Perschau, Financial & Administrative Services (FAS) Director, OCHD

Purpose:

Action: Approve & forward to Board of Commissioners

Summary Information:

The Health Department requests a County General Fund operating budget in FY 26-27 of \$10,734,044, *including* personnel. The proposed total revenue budget is (\$3,763,641) and the proposed total expenditure budget is \$14,497,685. This requested budget represents a net increase of \$564,631 (or 5.55%) above the FY2026-27 Base.

Total Medicaid Cost Settlement funds (in State Allocations revenue) of \$676,312 help to reduce the use of County Funds in this Budget Request. Medicaid Cost Settlement funds are restricted in their use to certain programs and to only cover expenses in those programs where the Medicaid revenues were originally generated. These programs include Dental Health, Personal Health Services Family Planning, Child Health and Maternal Health.

Excluding personnel, total net incremental revenue decreased \$39,465 and total net incremental expenditures decreased \$47,465 from the FY 26-27 Base Budget. Overall, net incremental operating costs decreased \$8,000 which resulted from the transfer of \$8K from operational to personnel costs to help cover a temporary hire. (\$8K in incremental revenue, State Allocations, covers these incremental personnel costs from an allocation of OCHD Medicaid Cost Settlement funds.) \$29,289 in total incremental

Medicaid Cost Settlement funds above the FY 26-27 Base help to reduce the use of County Funds.

Staff Position Requests

The Health Department requests 1 new FTEs in personnel. The net personnel expense decrease to the County is \$271 (separate from Overall Budget Request.)

The Financial & Administrative Services (FAS) Division requests 1 new Full-time Permanent position, which if granted would allow us to remove a similar Temporary position.

- Foreign Language Coordinator / Interpreter at a net cost/(savings) to the County of (\$271) due to an offset from \$71,000 in reduced temporary services expenses (20K) and language services expenses (51K).

Fee Changes

The FY 26-27 requested budget includes fee changes for the Environmental Health, Dental Health, and Personal Health Services Divisions.

In reviewing the Health Department fee schedules which are done on an annual basis, the Department would like to make multiple fee changes in Environmental Health, Dental Health, and Personal Health. The proposed changes are summarized below with a detailed list of the fees in the attached Fee Changes Addendum FY25-26:

Dental Health

As part of Dental Health's benchmarking fee strategy, the team is stepping up most of their fees (52 in total) as part of a three-year plan to offset increased costs and align with national standards. FY27 is year 3 in this cost alignment approach. The total financial impact from Dental Health is projected to be a Service Revenue increase of \$17,920.

Environmental Health

Environmental Health requests to make 21 fee changes to cover the administration costs of water sampling. The total financial impact from Environmental Health is projected to be a Service Revenue increase of \$12,873.

Personal Health

As part of Personal Health's benchmarking fee strategy, the team is updating their fees as part of their annual plan to offset increased costs and to align with national standards.

The updates include:

24 Updated Fees

13 New Fees
18 Fee Deletions

The total projected financial impact is tbd (and is excluded from our revenue Budget request because it is unknown at this time.)

Recommended Motion:

To approve the total budget requested in the amount of \$10,734,044 for FY 2026-2027 as presented, and forward to the County Manager and Board of County Commissioners for action.

To approve all fee changes for FY 2026-2027 as presented, and forward to the Board of County Commissioners for their action.

Health Equity Impact:

The requested Health budget for FY27 aligns with the OCHD Vision and Mission as well as with the County's.

Recommended Action:

To approve the total budget requested in the amount of \$10,734,044 for FY 2026-2027 as presented, and forward to the County Manager and Board of County Commissioners for their action.

To approve all fee changes for FY 2026-2027 as presented, and forward to the Board of County Commissioners for action.

OCHD

FY 26-27 Budget Request

Board of Health Meeting
February 25, 2026



BOH Supporting Materials FY2026-27 Budget - OCHD

- ✓ Abstract FY26-27 Proposed Budget

To approve the total budget requested for FY 2026-2027 as presented, and forward to the County Manager and Board of County Commissioners for action.

- ✓ Abstract FY26-27 Fee Schedule Changes (Addendum)

- ✓ Health (Dental, PHS, EH) FY26-27 Fee Schedule Change form

- ✓ FY25-26 BOCC Approved Fees – OCHD excerpt at

<https://county-orange-nc-clear.doc.cleargov.com/20190/773780/d>

- ✓ Budget Submission Overview

- ✓ Budget Request Presentation

Budget and Funding Streams

Fiscal Year 2025-2026

FY2025-26 Approved Budget - OCHD		
	Total in \$M	% of Ttl Rev
State Funds	(1.008)	24.04%
Service Fees & Reimbursements	(2.351)	56.06%
Federal Funds (Medicaid Cost Settlement)	(0.647)	15.43%
Grant Funds	(0.185)	4.42%
Donations	<u>(0.002)</u>	0.05%
Total Revenues	(4.193)	100.00%
Total Authorized Expenditures	14.346	
		% of Ttl Exp
County Funds (Local Revenue)	10.153	70.77%

Annual Budget Process Timeline

- October – mid December
 - - Hold Capital Investment/Improvement Plan (CIP) and *preliminary Budget Expansion Request** discussions and meetings. Submit CIP and Expansion requests.
- Late December
 - - Extract our actual current YTD revenues & expenses and create the next year's Budget workbook.
- January
 - - Receive and adhere to the budget guidelines/criteria as set by the County Manager.
 - - Meet with each Division Director and their Program Managers to discuss current and historical spending and revenue, looking at trends of expenditures (i.e. interpreters' cost), status of projected revenues, etc. After gathering all that information, we make projections and adjustments for the next year.
 -
- February
 - - Analyze, refine, and summarize the Budget submission.
 - - Prepare and present the Budget request for BOH review & approval.

Annual Budget Process Timeline (cont.)

- March

- Once approved by the Board of Health, the Budget request is forwarded to County Budget Department to be presented to the County Manager for inclusion in the Manager's Recommended budget to the Board of County Commissioners (BoCC).

- Respond to requests for supplementary information from the County Budget Department, the County Manager, or the BoCC.

- April & May

- Working groups to discuss and finalize the departmental and overall budget for the County.

- County Manager presents upcoming fiscal year's Annual Operating Budget to the BoCC.

- June

- Once the Budget Working Sessions are completed and the BoCC approves the County Manager's recommended budget request, the Operating & CIP Budget is considered adopted.

- Ongoing - Monitor the Budget

- Prepare and present financial and billing performance reports for submission to the Board of Health at the end of each quarter.

- The Leadership Team reviews Financial Reports quarterly to monitor budget performance and quality assurance of client services provided.

Orange County FY 2026-27 Budget Guidelines

- Alignment with Strategic Plan priorities and performance measures
- **Additional expenditure requests will require reallocation of existing funds or new revenues**
- Analyze current service levels, cost recovery, and staff alignment
- Continue Long-Term Financial Planning Department Reviews
- Continue Interdepartmental and Intergovernmental collaboration initiatives

Assumptions / Caveats - Budget Request FY 2026-27

- **BOH approval scope is for our General Fund Operating Revenue and Expenses.** Personnel and Capital Expenditures are handled through other separate County Budget processes.
- As of early February 2026, North Carolina is the only state in the U.S. without a finalized budget for the 2025-2027 biennium, causing significant delays and uncertainty. **NC Budget Impasse:** The state is operating on the previous 2023 budget, with a new, comprehensive budget unlikely to be passed until at least April 2026. **Medicaid Funding:** Lack of a new budget is jeopardizing funding for Medicaid, which serves over 3 million people, prompting calls for immediate legislative action.
- The following projects are not funded in FY27 due to May 2026 expiration date:
 - CD Pandemic Recovery
 - Addressing Lead
- Public Health Infrastructure Local Workforce Development project (**AA117**) is multi-year (6/1/2023-10/31/2027) and its FY27 estimated portion is excluded from the FY27 budget request because it is a neutral account (nets to 0, only allowable expenses are reimbursed).

Assumptions / Caveats - Budget Request FY 2026-27 cont.

- **DHS** - Benchmarking fee strategy is now in 3rd year: stepping up most of their fees as part of a three-year plan to offset increased costs and align with national standards. Revenue estimates include consideration for the FY26 clinic renovations that significantly decreased our revenue for 8-9 weeks. For FY 26-27 we are assuming more back-to-normal operations with no major unexpected staff shortages that can't be filled in with temps.
- **EHS** - The slowdown in the local housing market, competitive pressure from privatization, news increasing the public's interest for water testing, and the FY26 actuals and projections are all considerations for the Service Revenues decrease in our FY27 Request.
- **CHS** – Care Management Programs (CMHRP & CMARC) will continue, even if under the new Advanced Medical Home Tier 3 Program; however, reimbursement rates for services remains unknown.

Assumptions / Caveats - Budget Request FY 2026-27 cont.

- **PHS** – Anticipate a 5% increase in our UNC contract services ~\$15K – covered by Operating savings and efficiencies in this budget.
 - The fee updates, predominantly for vaccine or the administration of the vaccine, are not substantive for FY27 given the significant additions made last year.
 - Per request of County Manager, outside consultant to conduct Clinic Staffing & Efficiency Analysis, March through June 2026. Results may have recommendations with fiscal impact.
- **FAS** – Fuqua Client Consulting Practicum (FCCP), Duke / School of Business, began this February and will continue until June 2026. The FCCP is free of charge to OCHD and is focused on FAS/PHS process improvements for our clinical front desk, billing, and patient experience.

FY 26-27 Budget Request Highlights

(Incremental Revenue Changes compared to Base Budget FY 26-27)

REVENUES:

- State/Federal funding overall increased \$1,620
Personal Health decrease 17,131, Dental Health increase 17,985, and Community Health increase 766
Includes increase of 29,298 of Medicaid Cost Settlement (Maximization) monies allocated to the divisions. (\$8K included to help cover the temp dentist personnel expenditures in Dental.)
- Service Revenues decreased \$41,085
Environmental Health decrease of 72,478, offset by increases of 24,393 in Dental Health, 4,000 in Community Health, and 3,000 in Personal Health.
- **Net revenue decrease of \$39,465**

FY 26-27 Budget Request Highlights

(Incremental Expense Changes compared to Base Budget FY 26-27)

EXPENSES:

- Primarily reductions Pharmacy and Medical Supplies
 - -27,880 Personal Health decrease
 - -25,314 Dental Health decrease
 - -668 Community Health decrease
 - 6,197 EH increase
 - 200 FAS increase

- **Net operating expense decrease of \$47,465**

FY 26-27 Budget Request Highlights

(Incremental Changes compared to Base Budget FY 26-27)

- REVENUES:
 - Net revenue decrease of \$39,465
- EXPENSES:
 - Net operating expense decrease of \$47,465
- **OVERALL**
 - Net Operating decrease \$8,000
 - (8K operating expense was moved to personnel expense. That 8K is offset by the incremental Medicaid Cost Settlement revenue overall.)

Total Budget Request excluding Personnel \$

- PERSONNEL (separate from Overall Budget Request):
 - *+1 FTE, new position \$70,729 (see following slide) To be funded through reductions in Language Services and Temporary Services, by transfer from Operating to Personnel expenditures, net neutral – if the new Language Interpreter position is approved by County Manager's Office.*

Net personnel expense increase of \$564,631 (These incremental expenses match the County Budget's spreadsheet.)

Total Budget Request including Personnel \$10,734,044 (\$564,631 above Base, increase of 5.55%)

Personnel Requests

1 FTE being requested

	*Foreign Language Coordinator / Interpreter – 1 FTE
New Health Cost	\$69,989
Operating Expenses	740
Offset Revenue	(71,000)
New County Cost	(271)

An additional full-time Spanish interpreter would assist in absorbing approximately 50-75% of language encounters (1,669), which would allow the department to offset approximately \$68,000 to \$76,000 in contracted Spanish interpreter costs annually while improving patient and provider/staff experience.

Funded by reduction of \$20,000 of Temp Services expenses and \$51,000 of Language Services expenses. Potential overall cost decrease if the position is approved: -\$271

*Denotes new position

Medicaid Cost Settlement

Table: Historical Medicaid Cost Settlement Operating Budget Distribution

Division/ Program	2021-2022 Amount	2022-2023 Amount	2023-2024 Amount	2024-2025 Amount	2025-2026 Amount	2026-2027 Amount*
FAS	0	0	0	0	0	0
Dental Van	(13,504)	(30,656)	(30,656)	(30,656)	(30,656)	(33,377)
Dental	(35,023)	(75,055)	(111,026)	(211,026)	(220,693)	(235,957)
CHS/HPES FSA	(250,447)	(250,447)	(250,447)	(330,447)	(343,665)	(354,978)
PH Family Planning	(73,758)	(70,474)	(34,503)	(50,000)	(52,000)	(52,000)
TOTAL	(372,732)	(426,632)	(426,632)	(622,129)	(647,014)	(676,312)

*FY27 – Increase of -29,298 over prior year. Program allocations based on the historical average of the Medicaid revenues generated within these programs.

As of Feb 17, 2026, the total Medicaid Cost Settlement (Maximization) actuals balance available: \$11.3M in Fund 61, which includes Interest on Investments of \$529K.

Fee Changes: Dental Health Services

- As part of Dental Health's benchmarking fee strategy, the team is stepping up most of their fees as part of a three-year plan to offset increased costs and align with national standards. FY27 is year 3 in that cost alignment approach.
- 52 Fee Changes:
 - To offset increased costs and align with national standards.
 - 0 New Fees
 - 0 Fee Deletions
- Projected financial impact \$17,920 increase in Service Revenues from updated fees.

Fee Changes: Environmental Health Services

- 21 Fee Changes:
 - To cover the administration costs of water sampling.
 - 0 New Fees
 - 0 Fee Deletions
- Projected financial impact: \$12,873 increase in Service Revenues from updated fees.

Fee Changes: Personal Health Services

- As part of Personal Health's benchmarking fee strategy, the team is updating their fees as part of their annual plan to offset increased costs and to align with national standards.
 - 24 Updated Fees
 - 13 New Fees
 - 18 Fee Deletions
- Projected financial impact TBD (excluded from our revenue Budget request because it is unknown at this time.)

Summary

	FY 26-27 Base Budget	FY 26-27 Budget Request	\$ Change from 26-27 Base Budget	% Change from FY 26-27 Base Budget
TOTAL REVENUES	\$ (3,803,106)	\$ (3,763,641)	\$ 39,465	-1.04%
TOTAL EXPENSES	\$ 13,972,519	\$ 14,497,685	\$ 525,166	3.76%
NET COUNTY APPROPRIATION	\$ 10,169,413	\$ 10,734,044	\$ 564,631	5.55%
% of Total Expenses / Net County Appropriation	72.78%	74.04%		

THANK YOU

Dental Health Division:

- \$42,378 increase in revenues
 - 15,264 increase in State Allocations - General - Medicaid Cost Settlement funds allocation
 - 2,721 increase in State Allocations - Dental Van - Medicaid Cost Settlement funds allocation
 - 19,730 increase in Service Revenue - Medicaid, Dental Van, higher fees & utilization
 - 7,920 increase in Service Revenue - Self Pay, General, higher fees
 - 3,257 decrease in Service Revenue - Insurance, General, decrease overall - fewer dentists available to see patients offset by slight increase due to fee increases.
- \$25,314 decrease in overall expenses - various
 - 2,000 increase in Credit Card Acceptance Charges
 - 1,129 increase in Travel
 - 1,000 increase in Capital Under \$500
 - 825 increase in Training/Development
 - 342 increase in Duplicating, Equipment Rent, Dues
 - 20,000 decrease in Contract Services, projection
 - 8,000 decrease in Medical Supplies, due to savings, better usage
 - 1,000 decrease in Language Interpreter Services
 - 1,000 decrease in Uniforms
 - 610 decrease in Postage and Certifications & Licenses, CPR training every 2 years
- \$67,692 Dental Division net increase

Community Health Services Division:

- \$4,766 increase in revenues
 - 766 increase in State Allocations, various
 - 4,000 increase in Service Revenues, Newborn
- \$668 decrease in expenses - various
 - 2,144 decrease in Poverty Project/Family Success Alliance (Gateway apt activities)
 - 730 decrease in BOH, moved to other programs
 - 639 decrease in CMHRP (Care Mgmt for High-Risk Pregnancies)
 - 194 decrease in Health and Behavioral Interventions
 - 1,380 increase in Healthy Carolinians
 - 1,184 increase in General, various
 - 450 increase in NC Fit, moved from FSA utility accounts
 - 25 increase in Newborn
- \$ 5,434 CHS Division net increase

Environmental Health Division:

- \$72,478 decrease in revenues
 - 64,603 decrease in Service Revenue, On-Site, due to privatization, slowdown on housing, more community wells, offset by uptick in Samples and Inspections
 - 7,875 decrease in Service Revenue, Food & Lodging, per projection
- \$6,197 increase in expenditures
 - 991 decrease in BT Preparedness
 - 8 decrease in On-Site
 - 5,921 increase in General, Credit Card Acceptance Charges
 - 1,180 increase in Food & Lodging, Travel
 - 95 increase in Healthy Communities - State
- \$78,675 EH Division net decrease

Personal Health Division:

- \$14,131 decrease in revenues -
 - 19,623 decrease in STD - State Allocations
 - 7,250 decrease in Refugee Health - State Allocations
 - 5,296 decrease in Family Planning - State Allocations
 - 3,000 decrease in STD / HIV - Service Revenue
 - 2,432 decrease in Medical Nutrition Therapy - State Allocations
 - 500 decrease in HIV - State Allocations
 - 12,645 increase in TB - Medical Services - State Allocations
 - 5,325 increase in Breast & Cervical Cancer - State Allocations
 - 5,000 increase Child Health - Service Revenue
 - 1,000 increase in Medical Nutrition Therapy - Service Revenue
- \$27,880 decrease in Operational Expenses (details next page) -
- NET decrease for PH Division \$13,749

Personal Health Division (cont.):

- \$14,131 decrease in revenues (details on prior page)
- \$27,880 decrease in Operational Expenses -
 - 21,417 decrease in Primary Care
 - 19,798 decrease in Family Planning
 - 9,011 decrease in STD / HIV
 - 7,643 decrease in Child Health
 - 6,987 decrease in TB - Medical Services
 - 3,580 decrease in General - various
 - 2,032 decrease in Communicable Disease (EPI)
 - 26,442 increase in Adult Health
 - 10,072 increase in Maternal Health
 - 3,954 increase in Immunizations
 - 2,000 increase in Breast & Cervical Cancer
 - 120 increase in various other
- NET decrease for PH Division \$13,749

Finance & Administrative Services Division:

Deltas between the FY27 Request and the FY27 Base Budget

- \$0 revenue

- \$200 increase in overall expenses
 - 890 increase Departmental Supplies
 - 300 increase Contract Services
 - 200 increase Uniforms
 - 10 increase Duplicating
 - 1200 decrease Certifications & Licenses

- NET increase for FAS = \$200