Montana Department of Administration

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Updated with State of Montana and Public Union Employee Agreement Dated September 22, 2026

The State of Montana and its public employee unions have reached agreement on a package of compensation, leave, travel, and State of Montana Benefit Plan (State Plan) provisions for 2027 and the upcoming biennium.

The bargained agreement impacts the benefits offered to retirees. The information below has been updated to reflect the 2027 State Plan adjustments being made as agreed to within the bargained agreement.

Our Current Situation

The State of Montana Benefit Plan (State Plan) is self-funded. This means that contributions from the State of Montana (employer contribution or State Share) plus the monthly contributions from employees, legislators, and retirees fund the health care expenses incurred by all plan members. To continue providing benefits, these combined contributions must keep pace with claim costs across the plan.

Medical and Pharmacy Costs Continue to Rise

Medical and pharmacy costs continue to rise, and the State Plan is experiencing higher use of health care services, increased prevalence of chronic conditions, and a growing number of high-cost claims. Health care costs are projected to increase at nearly double-digit rates for the fourth consecutive year in 2027.

- The number of claims exceeding $1 million in a year increased by nearly 74% between 2020 and 2025. This reflects an increase in complex medical needs being experienced by our plan members, resulting in numerous individual plan members exceeding $1 million in health care costs in a single year—and, in some cases, several million dollars over a lifetime.

- Specialty drug spending is also increasing at double-digit rates. Cancer therapies account for more than half of spending among high-cost pharmacy claimants. In addition, some gene therapies can cost up to $4 million for a single treatment. While these treatments are uncommon, they can substantially affect the plan's overall costs when needed.

- Health care use and costs have grown more quickly than in prior years and have exceeded actuarial projections. Without changes to contributions and plan benefits effective January 1, 2027, the State Plan is expected to face a funding shortfall that could affect its long-term financial stability.

- In 2025, a small number of members experienced serious, complex health needs that required extensive care and cost over $100,000 in a year. Although these members represented only 2% of our approximately 28,000 total members, their annual paid claims accounted for more than 30% of the plan's total health care spending. These costs reflected the treatment and ongoing support associated with conditions such as cancer, circulatory disease, neurological disorders, and musculoskeletal conditions.

2027 Changes

Beginning January 1, 2027, employees, legislators, retirees and their families will see changes to monthly contributions and out-of-pocket costs. These changes are intended to respond to actual health care use and cost growth, support the State Plan's long-term financial stability, and help ensure all plan members can continue to rely on their health coverage.

Non-Medicare Retiree Monthly Contributions

Medical includes medical, prescription drug, basic vision ($10 copay for an annual eye exam per member at an In-Network VSP Vision Care provider) and basic life insurance.

Non-Medicare Retiree Plans	Medical	Dental	Vision Hardware	Potential LLW Incentive
Non-Medicare Retiree Only	$1,590.00	$42.37	$7.64	Up to $60 off
Non-Medicare Retiree & Non-Medicare Spouse	$2,549.00	$63.77	$14.42	Up to $120 off
Non-Medicare Retiree & Medicare Spouse	$1,879.00	$63.77	$14.42	Up to $120 off
Non-Medicare Retiree & Children	$2,042.00	$62.27	$15.18	Up to $60 off
Non-Medicare Retiree, Non-Medicare Spouse, & Children	$2,826.00	$71.27	$22.26	Up to $120 off
Non-Medicare Retiree, Medicare Spouse & Children	$2,372.00	$71.27	$22.26	Up to $120 off

Basic Life Insurance
Non-Medicare retirees must also pay $0.63 per month for Basic Life Insurance coverage.

Medicare Retiree Monthly Contributions

Medical includes medical, prescription drug, basic vision ($10 copay for an annual eye exam per member at an In-Network VSP Vision Care provider).

Medicare Retiree Plans	Medical*	Dental	Vision Hardware	Potential LLW Incentive
Medicare Retiree Only	$598.00	$42.37	$7.64	Up to $60 off
Medicare Retiree & Non-Medicare Spouse	$1,594.00	$63.77	$14.42	Up to $120 off
Medicare Retiree & Medicare Spouse	$1,072.00	$63.77	$14.42	Up to $120 off
Medicare Retiree & Children	$978.00	$62.27	$15.18	Up to $60 off
Medicare Retiree, Non-Medicare Spouse, & Children	$1,830.00	$71.27	$22.26	Up to $120 off
Medicare Retiree, Medicare Spouse, & Children	$1,246.00	$71.27	$22.26	Up to $120 off

Medical Plan Cost Sharing – Non-Medicare and Medicare Retirees

In-Network Plan Benefit Change	2026 Medical Plan Benefit	2027 Medical Plan Benefit
Deductible	$1,000 per individual	$2,000 per individual
Out-of-Pocket Maximum	$4,000 per individual $8,000 per family	$6,500 per individual $13,000 per family
Primary Care Provider Office Visit Copay	$25	$25 (no change)
Specialist Office Visit Copay	$35	$50
Urgent Care Copay	$35	$50

Changes will also occur to the out-of-network deductible and maximum out-of-pocket. The changes to the out-of-network deductible and maximum out-of-pocket will be shared in the Open Enrollment materials coming soon.

Pharmacy Plan Cost Sharing – Non-Medicare and Medicare Retirees

Drug Tier	2026 Copayment 1-34 days' supply	2027 Copayment 1-34 days' supply	2026 Copayment 35-90 days' supply	2027 Copayment 35-90 days' supply
$0 Preventive Products	$0	$0	$0	$0
Tier 1 Preferred generics and some lower cost brand products	$15	$25	$30	$50
Tier 2 Preferred brand products and some high-cost non-preferred generics	$50	$80	$100	$160
Tier 3 Non-preferred products	50% Coinsurance*	50% Coinsurance*	50% Coinsurance*	50% Coinsurance*
Tier 4 – Non-Medicare Retirees Specialty brand products	$200	$400	Coverage for specialty products is limited to a 30-day supply.	Coverage for specialty products is limited to a 30-day supply.
Tier 4 – Medicare Retirees Specialty brand products	$50	$100	Coverage for specialty products is limited to a 30-day supply.	Coverage for specialty products is limited to a 30-day supply.

Drug Tier	2026 Copayment 1-34 days' supply	2027 Copayment 1-34 days' supply	2026 Copayment 35-90 days' supply	2027 Copayment 35-90 days' supply
Tier 4 Specialty generic products	$0	$0	Coverage for specialty products is limited to a 30-day supply.	Coverage for specialty products is limited to a 30-day supply.

* Coinsurance does not apply to out-of-pocket maximum.

Pharmacy Out-of-Pocket Maximum	2026	2027
Per Individual	$1,800	$2,500
Per Family	$3,600	$5,000

Additional Plan Information

The dental and vision plans will have no contribution or benefit design changes in 2027. The Live Life Well (LLW) Incentive will remain $60 per retiree or spouse/domestic partner per month. The Tobacco Surcharge will remain $60 per retiree or spouse/domestic partner per month.

Also coming in 2027, the State Plan will offer an enhanced care navigation solution to help retirees and their families find high-quality, low-cost care options. The State Plan will also be working with its vendor partners to address the unique challenges associated with medical specialty drugs and cost.

Ongoing Commitment

The State of Montana remains committed to proactively and effectively managing every facet of the State Plan, ensuring that benefit offerings are both robust and fiscally responsible. Some examples of our efforts include:

- Continuation of the reference-based pricing program, which includes aggressive provider reimbursement negotiations;
- Contract oversight and accountability measures including aggressive performance guarantees with third-party administrators and vendors;
- A pharmacy benefit that is transparent and focuses on lowest net cost;
- High-quality low-cost care options;
- No-cost access to preventive care;
- A dedicated musculoskeletal program;
- Expanded behavioral-health support; and
- Access to essential primary care services via the five Montana Health Centers for non-Medicare retirees.

The State recognizes these changes will impact retirees and their families. The goal is to ensure the approach is fiscally responsible, maintains access to quality health care, and uses every practical cost-management tool available. The underlying health care cost growth is real, and it must be addressed to ensure the long-term sustainability of the State Plan.

The State is sharing this information right now for retiree awareness and in advance of Open Enrollment; **no action is necessary**. The State Plan's Open Enrollment for 2027 will occur October 21 – November 7, 2026.

Open Enrollment is your annual opportunity to review benefit elections and change plans or covered dependents. Watch for Open Enrollment information in early October.

If you have questions or comments, please email DOAdirector@mt.gov.