Montana Department of Administration

Health Care & Benefits Division
doa.mt.gov/HCBD • BenefitsQuestions@mt.gov
(406) 444-7462 • (800) 287-8266 • TTY (406) 444-1412

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) and employees via their bi-weekly payroll deductions fund the health care expenses incurred by all plan members (employees and their families). 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 and their families will see changes to monthly contributions and out-of-pocket costs. The State will also increase its contribution, known as the employer contribution or State Share. 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 employees and their families continue to rely on their health coverage.

- The State Share increase bargained and legislatively approved for 2027 is 2.5%. During the 2027 legislative session, the State will propose an additional 5% increase in the State Share. If approved, the total State Share increase for 2027 would be 7.5%.

- The proposed additional 5% increase would provide approximately $8 million in additional State Share funding. If approved, the annualized employer contribution for 2027 would be $179 million.

The remaining response includes adjustments to employee premium contributions and benefit-related out-of-pocket costs. Those changes are outlined below:

Monthly Contributions for Employees Working 30+ Hours Per Week

2026 Contributions Without LLW Incentive		2027 Contributions Without LLW Incentive	
Contribution Type	**Monthly Contribution**	**Contribution Type**	**Monthly Contribution**
Employee Only	$60	Employee Only	$120
Employee & Spouse	$318	Employee & Spouse	$418
Employee & Children	$134	Employee & Children	$234
Family	$397	Family	$497

2026 Contributions With LLW Incentive		2027 Contributions With LLW Incentive	
Contribution Type	**Monthly Contribution**	**Contribution Type**	**Monthly Contribution**
Employee Only	$0	Employee Only	$60
Employee & Spouse	$198	Employee & Spouse	$298
Employee & Children	$74	Employee & Children	$174
Family	$277	Family	$377

Monthly Contributions for Employees Working 20-29 Hours Per Week

Effective January 1, 2027, employees working 20-29 hours per week will have an increased contribution requirement. Those contributions are outlined below:

2026 Contributions Without LLW Incentive		2027 Contributions Without LLW Incentive	
Contribution Type	**Monthly Contribution**	**Contribution Type**	**Monthly Contribution**
Employee Only	$60	Employee Only	$216
Employee & Spouse	$318	Employee & Spouse	$752
Employee & Children	$134	Employee & Children	$421
Family	$397	Family	$895

2026 Contributions With LLW Incentive		2027 Contributions With LLW Incentive	
Contribution Type	**Monthly Contribution**	**Contribution Type**	**Monthly Contribution**
Employee Only	$0	Employee Only	$156
Employee & Spouse	$198	Employee & Spouse	$632
Employee & Children	$74	Employee & Children	$361
Family	$277	Family	$775

Medical Plan Cost Sharing

In-Network Plan Benefit Change *	2026 Medical Plan Benefit	2027 Medical Plan Benefit
Deductible	$1,000 per individual	$3,000 per individual
Out-of-Pocket Maximum	$4,000 per individual $8,000 per family	$8,000 per individual $16,000 per family
Primary Care Provider Office Visit Copay	$25	$25 (no change)
Specialist Office Visit Copay	$35	$60
Urgent Care Copay	$35	$60

* Changes will also occur to the out-of-network cost sharing requirements.

Pharmacy Plan Cost Sharing

	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	$30	$30	$60
Tier 2 Preferred brand products and some high-cost non-preferred generics	$50	$100	$100	$200
Tier 3 Non-preferred products *Coinsurance does not apply to out-of-pocket maximum.	50% Coinsurance*	50% Coinsurance*	50% Coinsurance*	50% Coinsurance*
Tier 4 Specialty brand products	$200	$500	N/A	N/A
Tier 4 Specialty generic products	$0	$0	N/A	N/A

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 employee or spouse/domestic partner per month. The Tobacco Surcharge will remain $60 per employee or spouse/domestic partner per month. Additionally, there will be no rate changes to Life, AD&D, and Long-Term Disability (LTD) insurance.

Also coming in 2027, the State Plan will offer an enhanced care navigation solution to help employees 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.

The State recognizes these changes will impact employees and 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 employee 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.