State of Montana Benefit Plan
September 2026 Update

Department of Administration
Health Care & Benefits Division

HEALTH CARE & BENEFITS

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RESPONSIBILITIES / SERVICES

State of Montana Benefit Plan

HCBD manages the State of Montana Benefit Plan (State Plan), which provides health plan benefits to State of Montana employees, retirees, legislators, survivors, and their covered dependents.

Self-funded plan created in 1979

- MCA 2-18-702
- MCA 2-18-1205
- MCA 2-18-703
- MCA 2-18-704
- MCA 5-2-303
- MCA 2-18-820
- MCA 2-18-812

Workers' Compensation Bureau

HCBD's Workers' Compensation Bureau (WCMB) performs workers' compensation policy management and oversight via its workplace safety and return to work programs. MCA 39-71-4

Budgeted Positions by Fund Type	
Non-Budgeted Proprietary	21.87

BACKGROUND

Self-funded State Plan

The self-funded State Plan is funded by the State of Montana via the employer contribution (State Share), bi-weekly employee contributions, and monthly retiree contributions.

The State Plan:

- Provides coverage in accordance with state and federal law
- Sets the monthly rates and out-of-pocket costs for benefits
- Carries the liability for all 28,000+ members of the State Plan - employees, legislators, retirees, and their dependents
  - Provides for self-funded medical, prescription, vision, and dental benefits
  - Provides plan members with access to near-site employer health clinics
  - Provides for fully insured life and long-term disability insurance

The self-funded State Plan contracts with outside companies to process claims, administer State Plan benefits, expertise, and cost savings contracts.

Third Party Administrators (TPAs)/Vendors:

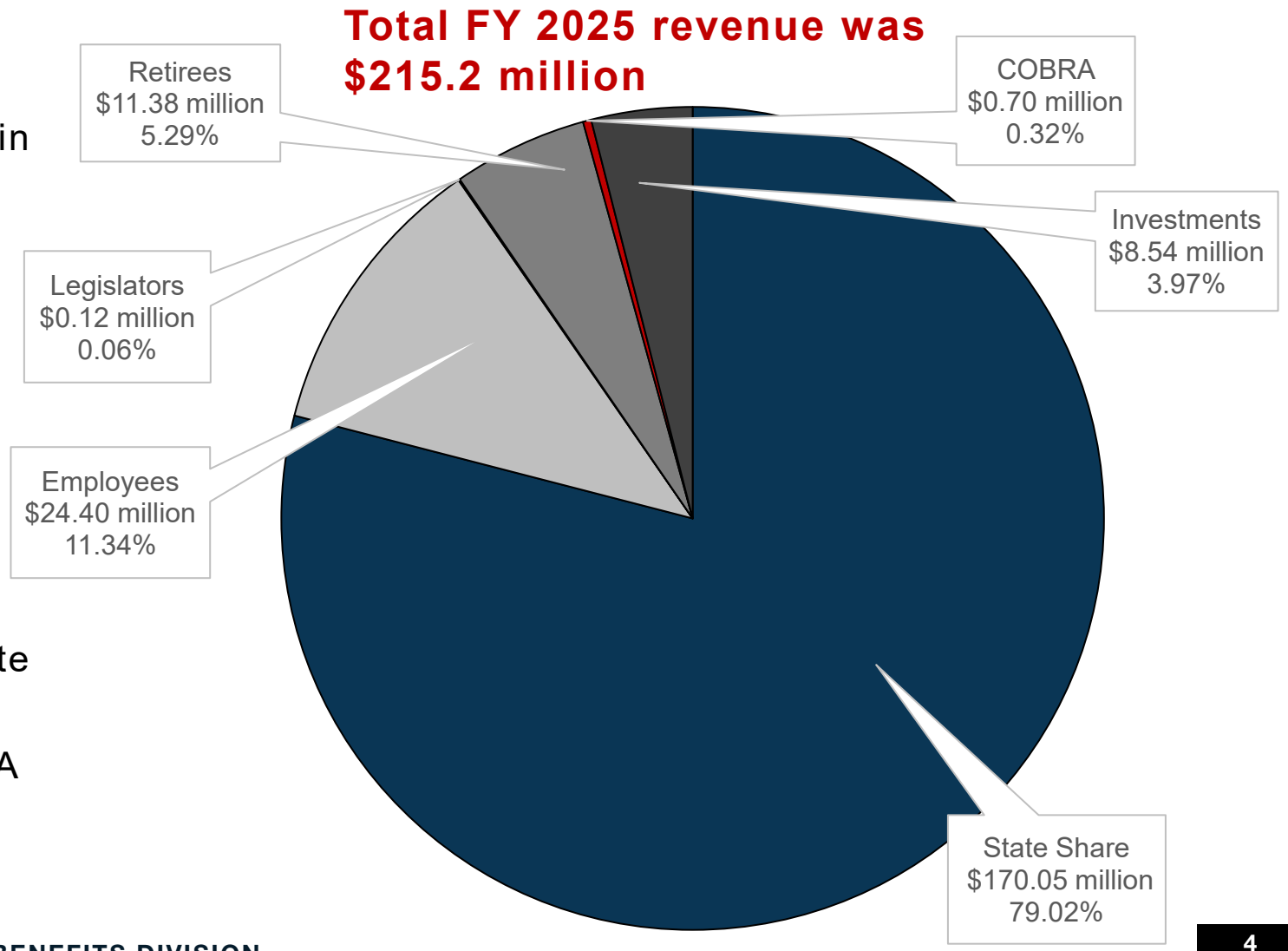
- Dental Plan TPA – Delta Dental
- Employee Assistance Program (EAP) – ComPsych (fully insured)
- Flexible Spending Accounts (FSAs) – ASIFlex
- Life and LTD Insurance – BlueCross BlueShield of Montana via Symetra (fully insured)
- Medical Plan TPA – BlueCross BlueShield of Montana (BCBSMT)
- Montana Health Center Administrator – Premise Health
- Prescription Plan TPA/PBM – Navitus Health Solutions
- Vision Plan TPA – VSP Vision Care

FUNDING

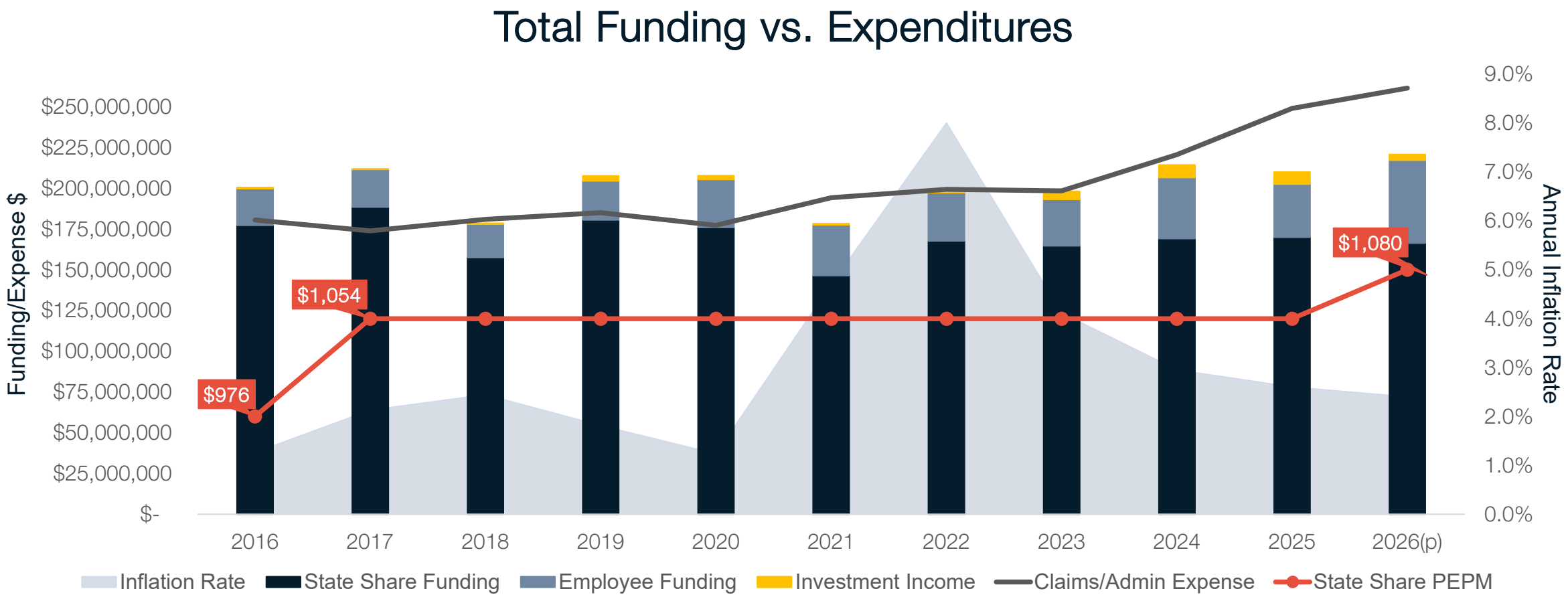
State of Montana is a health plan fiduciary and is responsible for management of the group health plan and ensuring it operates in the best interests of plan participants and beneficiaries.

Legislature defines “rates” for the State Plan, often referred to as State Share or the employer contribution.

- State Share is $1,080 per month per filled benefits eligible position, §2-18-703(2)(a), MCA
- Requires the department to maintain state employee group benefit plan on an actuarily sound basis, §2-18-812(1), MCA



STATE PLAN FINANCIAL STATUS / UTILIZATION

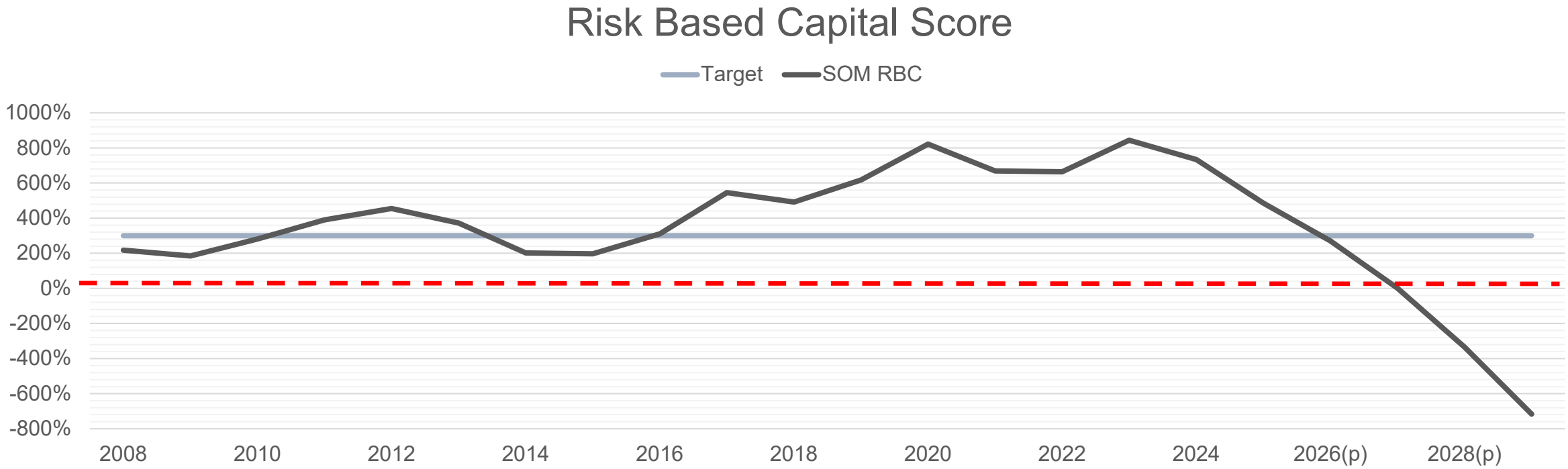


*** Funding bars **include** the State Share holiday reductions of $26M in 2018 and $28M in 2021. Does not include the OTO infusion of $30M in 2023.***

Claims/Admin Expense line reflects expense trending since the 2016 and 2017 State Share increases, implementation of RBP in 2016, as well as the dip in 2020 due to COVID shut down and then ongoing continuous increases.

MEASUREMENT OF STABILITY

Risk Based Capital (RBC) History



To maintain the 300% RBC level through December 31, 2028, it is estimated approximately $181 million is needed in either additional State Share, employee contributions, or benefit changes ($81 million in 2027 and $100 million in 2028). **With the changes being implemented for 2027, the RBC level is projected to be at 320% at the end of 2027.**

MEASUREMENT OF STABILITY

State of Montana is a health plan fiduciary and is responsible for management of the group health plan and ensuring it operates in the best interests of plan participants and beneficiaries.

§2-18-812(1), MCA, requires the department to maintain the state employee group benefit plan on an actuarily sound basis.

Risk Based Capital (RBC)

The State Plan maintains a general reserve fund to protect against unanticipated events or unusually high claim experience. Reserves ensure the State Plan can fulfill obligations to plan participants.

The State Plan maintains a reserve level of 300% ACL (authorized control level) – similar to methodology used by the National Association of Insurance Commissioners (NAIC) for insurance companies to ensure solvency.

Generally used in public sector plans since funding solutions differ from those available in private sector health plans.

- The State Plan sets the employer contributions each biennium, versus annually in the public sector.
- The State Plan does not have alternative funding solutions, like raising rates mid-year or access to capital infusions.

CURRENT UNION AGREEMENT

Language Bargained in the Current Agreement:

The State has the discretion to manage all aspects of the State Health Plan, to include but not be limited to deductible, coinsurance levels, and maximum out of pocket levels. Member contributions will only increase beyond the rates established above if the Risk Based Capital Level is at or below 300%.

2027 Bargain

2.5% State Share increase to $1,107 – 2026 amount is $1,080

Contribution increases to employees between 2.5% and 2.9%

Live Life Well Incentive (LLW) remains $60 per employee and enrolled spouse

Tobacco Surcharge will remain $60

Coverage Tier	2026 Rate	2026 Rate with Live Life Well Incentive	2027 Rate	2027 Rate with Live Life Well Incentive
Employee Only	$60	$0	$60	$0
Employee and Spouse	$318	$198	$326	$206
Employee and Children	$134	$74	$138	$78
Employee and Family	$397	$277	$407	$287

STATE SHARE – EMPLOYER CONTRIBUTION

Approved employer contribution effective January 1, 2027 - $1,107 per eligible employee per month

During Montana's 70th Legislative Session

- HB 13 will include a request for an additional 5% employer contribution increase retro-active to January 1, 2027
- If approved, employer contribution will be $1,162 per eligible employee per month

EMPLOYEE CONTRIBUTION – 30+ HOURS PER WEEK

Employee rates will be increasing January 1, 2027 - $60 for employee only coverage and $100 for all other coverage tiers

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

EMPLOYEE CONTRIBUTION – 20-29 HOURS PER WEEK

Employees working 20-29 hours per week will be charged 80% more than those working 30+ hours per week

Monthly Contributions for Employees Working 20-29 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	$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

OTHER CONTRIBUTION CHANGES

- Live Life Well Incentive will remain $60 per month per employee and/ spouse/domestic partner
- Tobacco Surcharge will remain $60 per month per employee and/or spouse/domestic partner
- No change to dental or vision rates or benefits. Same rate will apply regardless of hours worked.
- Life and LTD rates will not be changing
- Medical Flexible Spending Account maximum contribution will be $3,400
- Dependent Care Flexible Spending Account maximum contribution remain at $7,500 per household or $3,750 if married filling separately
- Retiree Contributions will increase by 4%

BENEFIT PLAN DESIGN CHANGES

Medical Plan Cost Sharing – In-Network Benefits

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.

The State Plan is not a High Deductible Health Plan. In order to qualify for a HSA, you must be covered by a High Deductible Health Plan. The State Plan is not considered a High Deductible Health Plan as the State Plan pays for some services prior to the member meeting the full deductible. For example, the State Plan has copays in place for office visits and prescriptions drugs that apply before a member meets their deductible.

BENEFIT PLAN DESIGN CHANGES

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	NA	NA
Tier 4 Specialty generic products	$0	$0	NA	NA

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

LIVE LIFE WELL INCENTIVE (LLW)

Unique count of employees/retirees/spouses that received at least one portion of the LLW incentive.

Incentive Year	Members Receiving Discount	Eligible # of Members	Spouses Receiving Discount	Eligible # of Spouses	Total Receiving Discount	Total Eligible to Receive Discount	% Receiving Discount
2010	3,994				3,994		
2011	4,514				4,514		
2012	4,575				4,575		
2013	4,785				4,785		
2014	6,894	15,609	2,551	6,869	9,445	22,478	42%
2015	7,315	15,332	2,800	6,634	10,115	21,966	46%
2016	9,331	14,895	3,336	6,325	12,667	21,220	60%
2017	10,049	14,811	3,155	6,155	13,204	20,966	63%
2018	9,610	14,363	2,895	5,878	12,505	20,241	62%
2019	6,176	14,450	2,006	5,883	8,182	20,333	40%
2020	6,551	13,787	1,985	5,483	8,536	19,270	44%
2021	6,497	13,908	1,976	5,479	8,473	19,387	44%
2022	5,995	13,550	1,860	5,355	7,855	18,905	42%
2023	6,166	13,229	1,770	5,085	7,936	18,314	43%
2024	6,607	13,644	1,805	5,074	8,412	18,718	45%
2025	6,963	13,693	1,905	4,911	8,868	18,604	48%
2026	7,711	13,730	2,104	5,057	9,815	18,787	52%

LLW Incentive is $60 per month per covered employee and/or spouse who complete the four LLW Incentive Activities.

OTHER OPPORTUNITIES

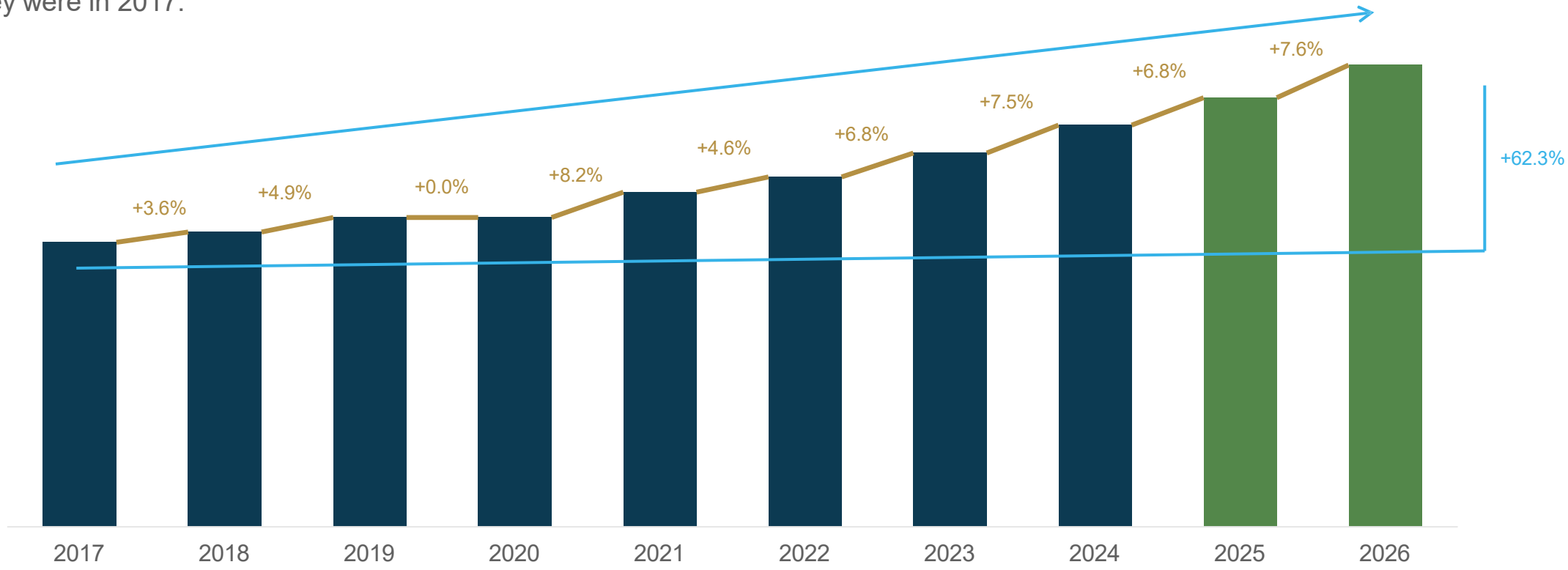
Cost saving strategies being evaluated for implementation:

- Site of care solutions for medically administered pharmaceuticals that can be infused in the home setting versus higher cost facility settings
  - Example – Prolia - $8,380 allowed under medical plan compared to $1,850 under prescription plan
- RxPostCheck – specialized reviews of medically distributed pharmaceuticals for reimbursement and quantity errors
  - 21% of high-cost medically administered pharmaceuticals have a therapeutic equivalent substitution – average savings per case $25,936
  - 50% of medically distributed pharmaceuticals are expected to contain billing errors – average savings per case $14,077
- App based care navigation solution to assist in member education and steerage to cost effective quality providers and facilities
  - Redirecting colonoscopy & GI procedures – potentially $1.7 million in annual savings
  - Redirecting CT imaging – potentially $631,000 in annual savings
- Ongoing facility and provider negotiations – steerage when/where necessary
- Pilot micro steerage contracts for specific services within Montana (programs with St. Peter's and Billings Clinic)
- Review of out-of-sate steerage opportunities (enhanced Centers of Excellence Program)
- Enhanced value proposition for providers to use lowest cost facility options – in-office vs. ambulatory surgery center vs. hospital
- Reimbursement negotiations with ambulatory surgery centers
- Travel benefit
- Increased focus on primary care and preventive screening

NATIONAL TRENDS

The Impact of Compounding Health Care Trend on Total Costs, 2017-2026

The compounding effect of high health care trend increases means that 2026 health care costs are projected to be 62% higher than they were in 2017.



Note: Actual health care trend is used through 2024, but 2025 and 2026 are based on after plan design change projections.
Q: What level of total health care cost trend (including pharmacy) did your organization anticipate for 2024, and what did your total health care trend actually turn out to be?
Q: For 2025 and 2026, what total health care cost trend (including pharmacy) is your organization anticipating?

Median Health Care Trend (Actual and Projected), 2017-2026

For the second consecutive year, employers experienced actual cost in excess of forecasted cost, with 2024's trend at 7.5%. This is concerning as forecasted increases for 2025 and 2026 are 8% and 9% respectively.

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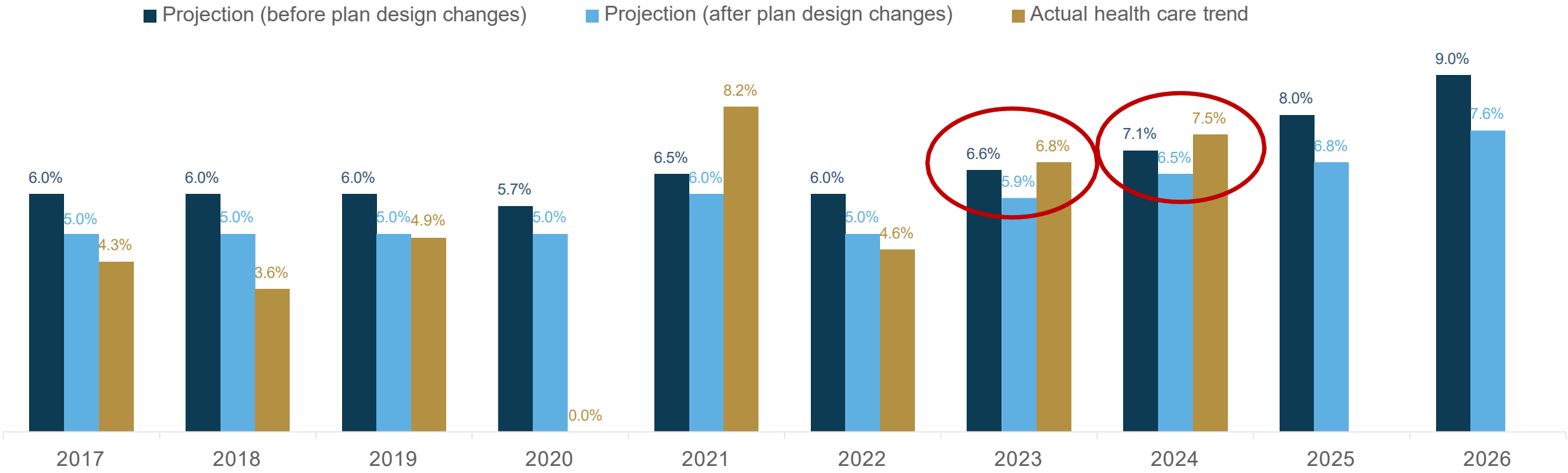


Q: What level of total health care cost trend (including pharmacy) did your organization anticipate for 2024, and what did your total health care trend actually turn out to be?
Q: For 2025 and 2026, what total health care cost trend (including pharmacy) is your organization anticipating?

MONTANA COST DRIVERS

STATE PLAN FINANCIAL STATUS / UTILIZATION

The number of high-cost claimants increased from 234 members in 2020 to 361 members in 2025. Reflecting a 54% increase in the number of members with high-cost claims, and a 67% cost increase over the same period.

High-Cost Claims Plan Paid by Year						
	2020	2021	2022	2023	2024	2025
Number of Members	234	245	236	300	302	361
Total Medical Paid	$39,069,145	$38,914,003	$41,099,383	$46,548,216	$50,239,003	$61,807,791
Total Pharmacy Paid	$8,670,217	$10,781,002	$10,620,436	$12,789,747	$15,862,475	$18,314,778
Total Combined Paid	$47,739,362	$49,695,004	$51,719,819	$59,337,963	$66,101,477	$80,122,569

Reflects number of claimants with $100,000 or more in annual spend.

STATE PLAN FINANCIAL STATUS / UTILIZATION

The financials are impacted not only by the increase in the number of high-cost claimants, but also by the ongoing increase in the number of claims being submitted annually to the plan. Comparing 2020 to 2025, there is a 9% increase in the number of claims submitted. Additionally, total claims paid increased by 40% over that same period.

All Medical Claims Plan Paid by Year						
	2020	2021	2022	2023	2024	2025
Medical Claims Plan Paid	$126,120,733	$133,687,200	$138,962,739	$154,441,936	$159,384,820	$182,132,780
Employee Paid Amount Medical	$25,116,660	$26,162,859	$26,645,377	$28,588,426	$29,123,105	$30,586,447
Plan Paid + Employee Paid Medical	$151,239,413	$159,852,080	$165,610,138	$183,032,385	$188,509,948	$212,721,251
Subscribers	14,441	14,007	13,373	13,903	14,050	13,898
Members	29,078	28,288	27,513	27,840	28,389	28,357
Member Months	343,749	342,190	329,655	327,102	332,308	335,622
Claim Count	405,013	416,123	447,254	454,179	472,281	481,947
Medical Claims PMPM	$366.90	$390.68	$421.54	$472.15	$479.63	$542.67

PMPM – Per Member Per Month

STATE PLAN FINANCIAL STATUS / UTILIZATION

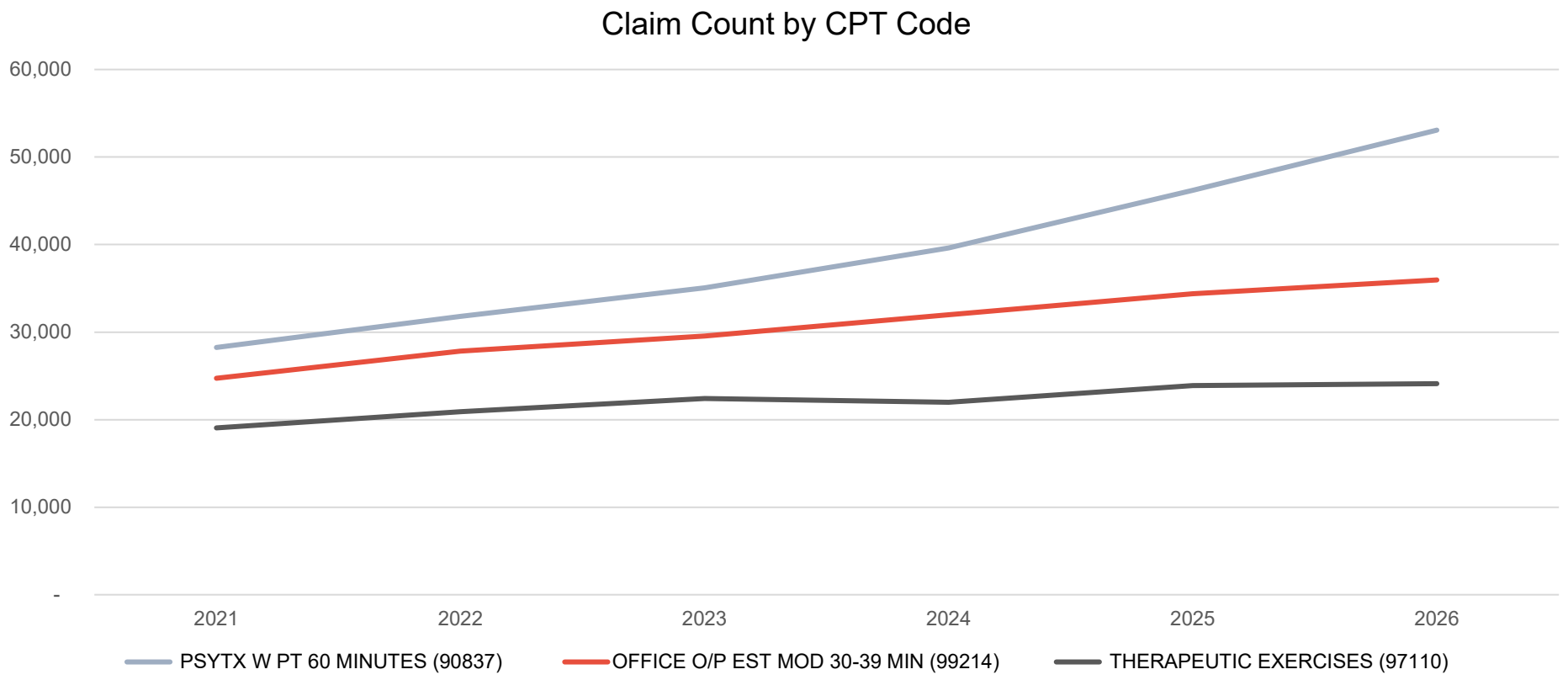
Medical increase in PMPM from 2020 to 2025 is 48%. Pharmacy increase in PMPM from 2020 to 2025 is 53%.

Plan Paid by Year						
	2020	2021	2022	2023	2024	2025
Medical Claims Paid	$126,120,733	$133,687,200	$138,962,739	$154,441,936	$159,384,820	$182,132,780
Pharmacy Claims Paid	$40,982,769	$44,465,223	$45,675,026	$50,898,605	$55,551,119	$61,233,844
Dental Claims Paid	$6,406,376	$7,198,505	$6,942,155	$6,856,708	$7,355,738	$7,315,132
Vision Claims Paid	$1,043,145	$1,111,319	$1,056,075	$1,160,324	$1,286,217	$1,316,649
Total Health Plan Claims Paid	$174,553,022	$186,462,247	$192,635,996	$213,357,573	$223,577,893	$251,998,405
Subscribers	14,441	14,007	13,373	13,903	14,050	13,898
Members	29,078	28,288	27,513	27,840	28,389	28,357
Member Months	343,749	342,190	329,655	327,102	332,308	335,622
Average Family Size	2.01	2.02	2.06	2	2.02	2.04
Inpatient PMPM	$99.23	$98.25	$95.73	$98.46	$109.90	$133.67
Outpatient PMPM	$175.23	$191.72	$209.62	$247.00	$236.24	$262.71
Office Visit PMPM	$80.76	$88.02	$103.22	$114.55	$120.01	$131.23
Post Acute PMPM	$11.68	$12.70	$12.97	$12.14	$13.48	$15.05
Medical Claims PMPM	$366.90	$390.68	$421.54	$472.15	$479.63	$542.67
Pharmacy Claims PMPM	$119.22	$129.94	$138.55	$155.60	$167.17	$182.45
Dental Claims PMPM	$18.59	$20.91	$20.94	$20.79	$22.08	$21.85
Vision Claims PMPM	$3.19	$3.25	$3.20	$3.54	$3.87	$3.92
Medical and Pharmacy Claims PMPM	$486.12	$520.62	$560.09	$627.76	$646.80	$725.12
Total Employee Paid Amount	$31,100,738	$32,052,609	$36,665,753	$37,171,176	$37,950,505	$39,559,276
Employee Paid Amount Medical	$25,116,660	$26,162,859	$26,645,377	$28,588,426	$29,123,105	$30,586,447
Employee Paid Amount Pharmacy	$5,984,078	$5,889,750	$10,020,376	$8,582,750	$8,827,400	$8,972,829

PMPM – Per Member Per Month

STATE PLAN FINANCIAL STATUS / UTILIZATION

Utilization Trends: Top Medical Procedures



STATE PLAN FINANCIAL STATUS / UTILIZATION

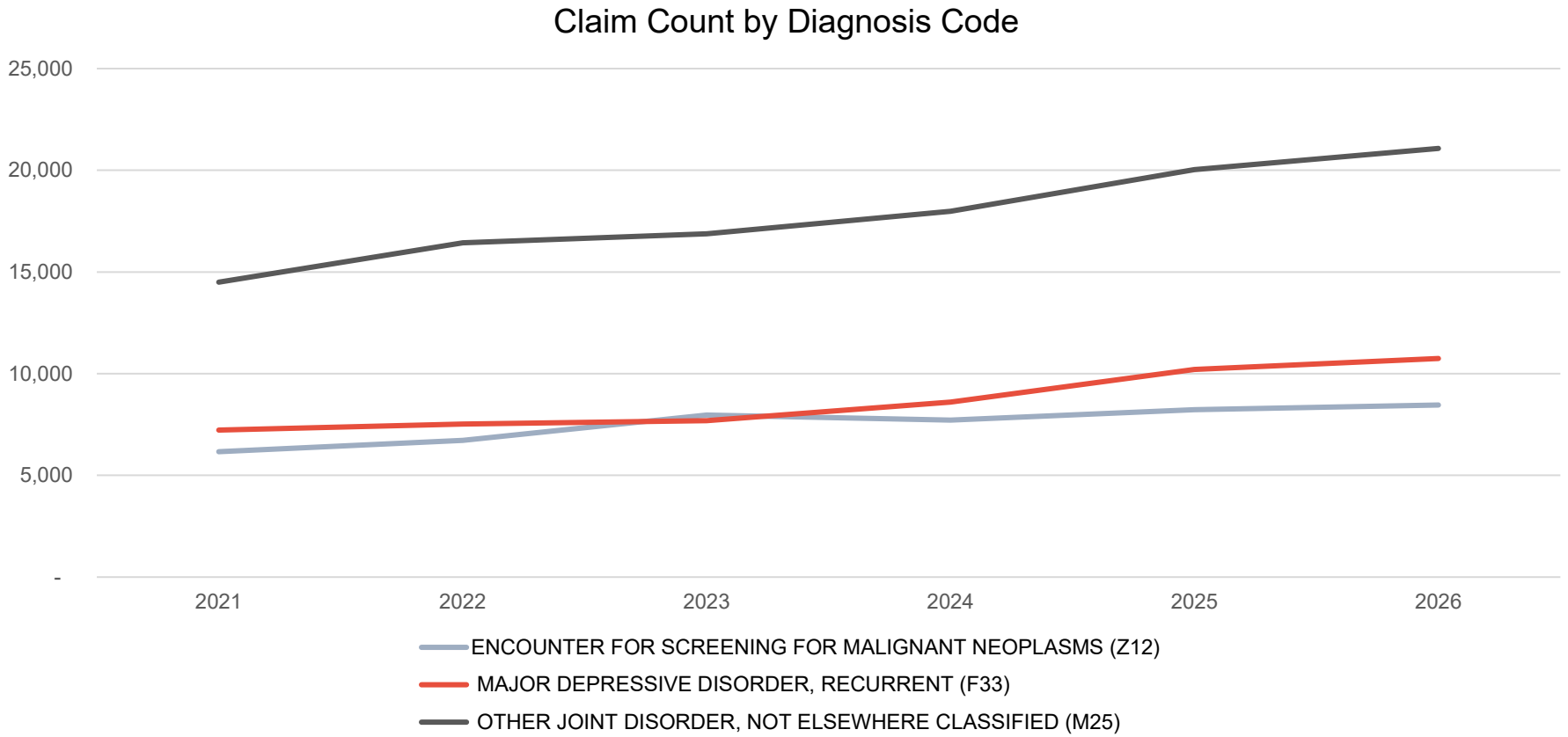
Utilization Trends: Top Medical Procedures

Year	Claim Count Psytx W Pt 60 Min (90837) **	Plan Paid PSYTX W PT 60 Min (90837)	Claim Count Office O/P Est Mod 30-39 Min (99214)**	Plan Paid Office O/P Est Mod 30-39 Min (99214)**	Claim Count Therapeutic Exercises (97110)	Plan Paid Therapeutic Exercises (97110)
2021	28,248	$4,263,310	24,730	$3,020,591	19,059	$1,549,622
2022	31,807	$4,765,029	27,817	$3,480,558	20,924	$1,631,198
2023	35,04	$5,452,987	29,568	$4,008,381	22,403	$1,668,198
2024	39,601	$5,947,418	31,998	$4,322,114	21,973	$1,616,292
2025	46,206	$7,040,225	34,394	$4,729,816	23,888	$1,675,874
2026*	53,075	$8,058,248	35,961	$4,966,293	24,111	$1,830,359

*2026 claim counts are through June 30, 2026
**Includes Montana Health Center visits

STATE PLAN FINANCIAL STATUS / UTILIZATION

Utilization Trends: Top Diagnoses



STATE PLAN FINANCIAL STATUS / UTILIZATION

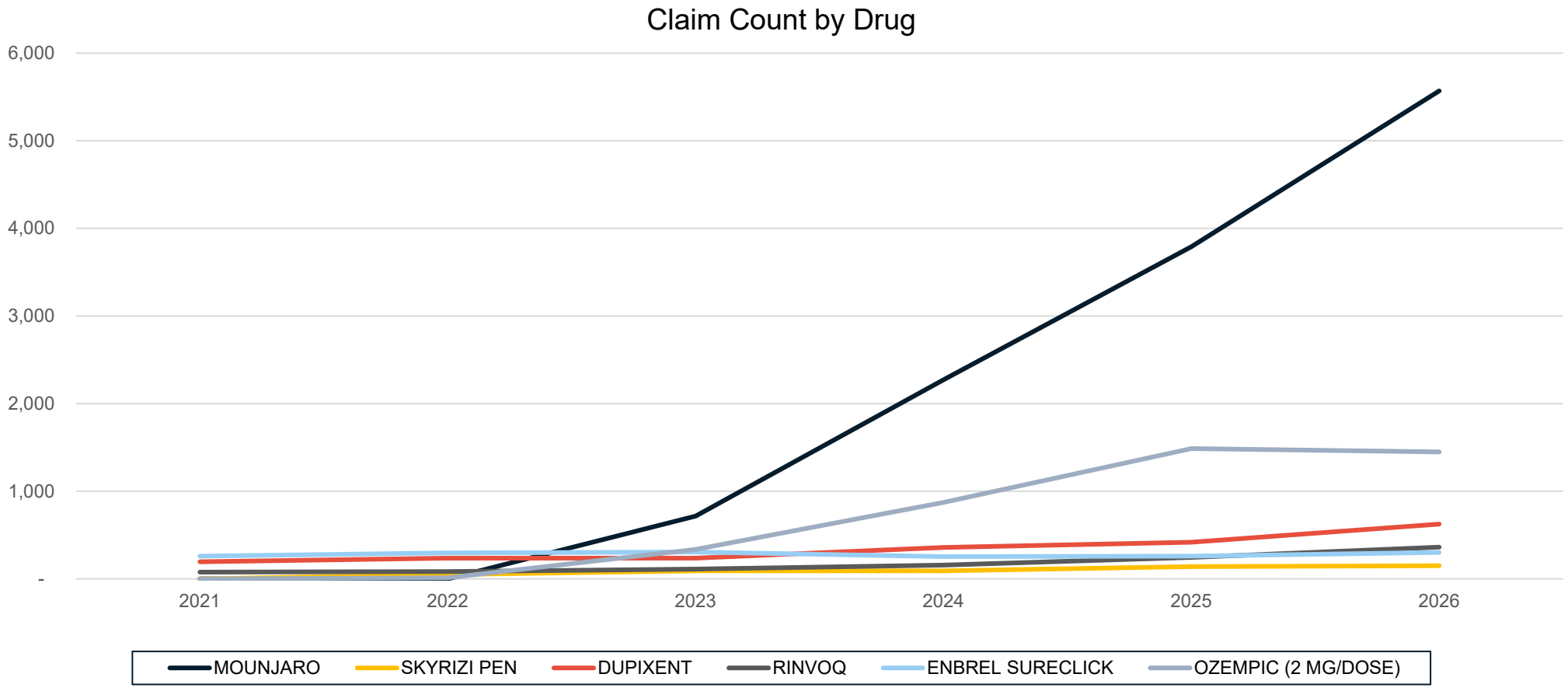
Utilization Trends: Top Diagnoses

Year	Claim Count Encounter For Screening For Malignant Neoplasms (Z12)	Plan Paid Encounter For Screening For Malignant Neoplasms (Z12)	Claim Count Major Depressive Disorder, Recurrent (F33)	Plan Paid Major Depressive Disorder, Recurrent (F33	Claim Count Other Joint Disorder, Not Elsewhere Classified (M25)	Plan Paid Other Joint Disorder, Not Elsewhere Classified (M25)
2021	6,165	$2,606,359	7,228	$1,870,631	14,500	$2,241,920
2022	6,727	$3,360,898	7,525	$1,828,852	16,433	$2,632,621
2023	7,965	$4,710,154	7,691	$1,705,300	16,882	$2,633,894
2024	7,722	$4,954,813	8,606	$1,891,533	17,991	$3,061,489
2025	8,229	$4,841,599	10,202	$3,463,346	20,034	$3,610,452
2026*	8,460	$4,762,486	10,747	$3,739,122	21,075	$3,738,834

*2026 claim counts are through June 30, 2026

STATE PLAN FINANCIAL STATUS / UTILIZATION

Utilization Trends: Top Drugs



STATE PLAN FINANCIAL STATUS / UTILIZATION

Utilization Trends: Top Drugs

Year	Claim Count Mounjaro	Plan Paid Mounjaro	Claim Count Skyrizi Pen	Plan Paid Skyrizi Pen	Claim Count Dupixent	Plan Paid Dupixent	Claim Count Rinvoq	Plan Paid Rinvoq	Claim Count Enbrel Sureclick	Plan Paid Enbrel Sureclick	Claim Count Ozempic (2 Mg/Dose)	Plan Paid Ozempic (2 Mg/Dose)
2021	0	$0	0	$0	195	$430,240	77	$275,250	260	$1,196,078	0	$0
2022	0	$0	49	$651,723	236	$456,906	82	$319,166	296	$1,414,223	11	$12,084
2023	717	$721,036	91	$1,371,933	238	$682,108	112	$557,634	306	$1,773,680	337	$372,046
2024	2,273	$2,491,838	92	$1,657,649	358	$1,012,510	158	$869,208	254	$1,579,421	873	$1,044,589
2025	3,791	$3,957,921	141	$2,636,919	419	$1,357,349	244	$1,502,093	260	$1,777,227	1,487	$1,533,602
2026*	5,569	$6,451,998	150	$3,006,586	625	$2,427,630	362	$2,190,302	302	$2,146,193	1,449	$1,624,279

*2026 claim counts are through June 30, 2026

Questions