ALERT TOP STORY

No agreement yet between MFPE, Gianforte on state employee healthcare cost increases

Carly Graf
Sep 18, 2026

John Kaleczyc, a member of the bargaining team for the state's largest labor union, said Thursday negotiations with the governor's office have a "long way to go" before the two sides reach an agreement on pay and benefits for public employees, but he's optimistic they're moving in the right direction.

It's been about two weeks since the Montana Federation of Public Employees started collective bargaining with Republican Gov. Greg Gianforte's team, a standard process that takes place every two years in the months before the next legislative session. The agreement reached during bargaining gets tucked into a bill that sets the terms for state employee benefits and pay for the next two fiscal years and more or less gets a rubber stamp from the Legislature.

But this cycle's negotiations look different as the union's bargaining team aims to mitigate the surprise health insurance price hikes coming on Jan. 1. The Department of Administration in August informed the 28,000 people covered by the state health plan that their insurance would cost more next year because the account that funds the benefit is running out of money.

1 **Missoula daycare evacuated after power pole knocked down at Midtown Commons site**

2 **Who's watching? More surveillance cameras appear in western Montana**

3 **Montana native brings rural, research focus as new Providence Montana CEO**

4 **Missoula man charged with knocking woman's teeth in with punch**

“MFPE members and our families frankly cannot afford the healthcare changes announced,” Kaleczyc said to the Legislative Finance Committee on Thursday.

Union labor supporters gather on the steps of the Montana State Capitol on Feb. 28 for a pro-union rally.
THOM BRIDGE, Independent Record

Under the changes, which the Department of Administration has the authority to enact if the balance of the account that finances the health plan drops below a certain threshold, monthly employee contributions could double and most deductibles will

triple. DOA's fix also requires the state to increase how much it pays into the account per month.

MFPE has decried the increases as unfair and out of touch, and a number of legislators joined that chorus during interim committees this week, expressing frustration that they hadn't been given options to address the shortfall during the last legislative session.

"I am still a little bit struggling with why we didn't address this in the [2025] session a little bit more proactively," said Rep. Terry Falk, R-Kalispell.

Rep. Terry Falk, R-Kalispell

THOM BRIDGE, Independent Record

The negotiating table

With about one week until the deadline to find a fix for the 2027 plan, MFPE and the governor's office have yet to reach an agreement.

So far, the union's bargaining team hasn't moved on its health plan provisions for next year, which had been agreed upon ahead of the 2025 Legislature but were changed by DOA in August. MFPE is asking the state to nix the premium changes announced last month, but is willing to take on increases to deductibles and out-of-pocket maximums, although smaller than what DOA says will be necessary to close the roughly $81 million budget shortfall.

'Downright unaffordable': State employees in Montana to face higher healthcare costs

Carly Graf

Looking to 2028 and 2029, the two years of the next biennium that in a typical situation would be dealt with in this collective bargaining cycle, MFPE has not demonstrated a willingness to shoulder increased employee contributions for the health plan beyond the 2027 starting point.

As of Thursday morning, the state had rejected two of the union's proposals. These packages must be agreed to in full; they can't be negotiated piecemeal. MFPE submitted a third on Thursday afternoon.

For 2027, the governor's office proposed larger monthly contributions than MFPE with marginal bumps over the next two years. Starting Jan.1, a single employee would pay between $60 and $120 under the state's plan. In its third proposal, offered on Thursday afternoon, MFPE proposes that same employee would pay between $0 and $60.

The parties are closer on deductibles. MFPE countered the state's $2,000 proposal with $1,750; however, the state calls for deductibles and out-of-pocket maximums to increase in the following two years as well.

Everyone at the negotiating table agrees that the state should contribute more general fund dollars into the account, but they differ on how much. Part of the governor's office's most recent proposal includes a $30 million cash infusion into the plan's bank account in the next fiscal year to help stabilize the fund. MFPE thinks that number should be $50 million, and is also calling for a greater per-employee contribution.

"Bargaining is progressing in good-faith conversations centered around how we can make public service more responsive and efficient while also supporting Montana's public servants," Kaleczyc said.

Lawmakers question the process

The account that funds the state health plan is supposed to be self-sustaining, financed by a combination of contributions from employees and payments from the state's coffers. Expenditures in the form of healthcare claims shouldn't outpace the money that goes into the fund — and, for a decade, they didn't. But that picture has changed in recent years as medical costs have soared.

Legislators peppered state officials this week with questions about why the health plan's lagging financials hadn't been identified earlier, which might have avoided DOA's need to jack up prices for employees at the last minute.

"It just feels like we're on a roller coaster," Falk said. "I don't like the feel of that for the people we're trying to protect."

Gov. Greg Gianforte speaks at a press conference highlighting his budget proposal on Thursday, Jan. 5, 2023 in the state capitol.

THOM BRIDGE, Independent Record

Amy Jenks, the Department of Administration employee who has overseen the health plan for a decade, attributes the runaway costs to two primary factors: an insured population that's sicker than it once was and a host of new treatments now billable to insurance that, though effective, are also quite expensive.

Take Mounjaro, an injectable to treat type 2 diabetes. It wasn't available five years ago, but halfway through 2026, the drug had already accounted for $6.4 million in claims to the state health plan. Other examples include pricey pediatric gene therapies or cancer drugs.

"They come at a cost, and they are not slowing," Jenks said of the litany of new treatments.

Helena Democratic Rep. Luke Muszkiewicz recognized in an interim meeting on Wednesday the reality of soaring healthcare costs, but still questioned how the governor's office and the Department of Administration had handled the financial pinch headed its way. He referenced a meeting in June where he felt lawmakers were not given the full picture of possible remedies.

"It's my understanding that they were actually not bargained before the plan changes that we're here talking about were announced," Muszkiewicz said.

Rep. Luke Muszkiewicz, D-Helena

THOM BRIDGE, Independent Record

Muszkiewicz also tried to understand what Gianforte's budget office might be able to do on its own to avoid passing the majority of the costs onto employees starting Jan. 1, but budget officials suggested the options might be limited without legislative action next session.

Unless the parties can reach an agreement by Sept. 25, the increases will go into effect on the first of the year. Open enrollment for state employees starts next month.

“Negotiations are ongoing. We are at a point, though, where I have to build open enrollment, so if there are any changes, they have to be decided very, very quickly,” Jenks said.

Carly Graf has worked for the Montana State News Bureau since 2023.

By Carly Graf

State Bureau Health Care Reporter