**State of Montana**
**2026 Pre-Budget Negotiations** **Package Proposal #2**
**September 17, 2026**

**This is the State's response to Union's Package Proposal #2 received at 4:30 p.m. on September 10, 2026. The State formally rejects Package Proposal #2 in its entirety. This counterproposal is being offered on September 17, 2026, at 10:00 a.m.**

**Below is the State's package counter proposal. The package must be accepted or rejected as a whole package. Items cannot be accepted or rejected individually as part of this package.**

1. The State will introduce legislation that will amend 2-18-303 (3) MCA to increase each employee's base pay by either $.65 per hour or 1.5% whichever is greater, on July 1 of each year of the biennium.

2. The State will introduce legislation to amend 2-18-501 (1) MCA to maintain in-state travel per diem at 80% the standard federal rate.

3. State Health Benefit Contribution

The state and unions reached agreement in October 2024, in good faith, that, "The State has the discretion to manage all aspects of the State Health Plan, to include but not be limited to deductibles, coinsurance levels, and maximum out of pocket levels. Member contributions will only increase beyond the rates established above if the Risk Based Capital (RBC) Level is at or below 300%." Unions were notified that the RBC will in fact be below 300% at the end of 2026 and the State will adjust 2027 member contributions, deductibles, maximum out of pocket levels and other aspects of the plan. Under its discretion, the State notified all State employees of changes to the plan that will take place for the insurance plan year 2027.

Despite the State being under no obligation to bargain 2027 medical plan changes that were communicated, the State will discuss this topic as long as parties can come to agreement on all aspects of economic bargaining by the end of business on September 25, 2026. Should the State and Union not come to agreement by September 25, 2026, the Union should consider any offers related to the medical plan in 2027 withdrawn and the State will proceed with changes communicated to State employees on August 25, 2026.

2027 contributions and benefit plan design changes would only be an option if the proposal is agreed to by September 25, 2026.

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**Employer Contribution Proposal** – Introduce legislation that will amend 2-18-703 (2) (a), (e) & (f) M.C.A. to increase the employer contribution by an additional 5% of the employer contribution retroactive to January 1, 2027 ($1,107 to $1,161) and include a $30,000,000 one-time only infusion to be given to the plan on July 1, 2027.

Additionally, the employer shall increase the employer contribution by <u>4%</u> for the 2028 and 2029 plan years. Effective January 1, 2028, employer contribution to be <u>$1,207</u>; effective January 1, 2029, employer contribution to be <u>$1,255</u>.

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**2027 Contributions:** Full-time and **<u>part-time contributions for 2027</u>** will be as follows without the Live Life Well Incentive: Employee Only: $120 ($60 w/ incentive); Employee & Spouse: $418 ($298 w/incentive); Employee & Children: $234 ($174 w/incentive); Family: $497 ($377 w/incentive).

**2027 Benefit Plan Design:** 2027 deductible will be $2,000 per individual and the maximum out-of-pocket will be $6,500 per individual/$13,000 per family. Medical plan copays will increase to $50 for Specialists and Urgent Care Visits. Pharmacy copays will be Tier 1 - $25, Tier 2 - $80, Tier 3 – 50%, Tier 4 - $400, pharmacy maximum out-of-pocket will be $2,500 per individual/$5,000 per family.

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**2028 Contributions:** Full-time and **<u>part-time contributions for 2028</u>** will be as follows without the Live Life Well Incentive: Employee Only: $125 ($65 w/ incentive); Employee & Spouse: $438 ($318 w/incentive); Employee & Children: $254 ($194 w/incentive); Family: $517 ($397 w/incentive).

**2028 Benefit Plan Design:** 2028 deductible will be $2,500 per individual and the maximum out-of-pocket will be $7,000 per individual/$14,000 per family. Medical plan copays will increase to $50 for Specialists and Urgent Care Visits. Pharmacy copays will be Tier 1 - $25, Tier 2 - $80, Tier 3 – 50%, Tier 4 - $400, pharmacy maximum out-of-pocket will be $2,500 per individual/$5,000 per family.

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**2029 Contributions:** Full-time and **part-time contributions for 2029** will be as follows without the Live Life Well Incentive: Employee Only: $130 ($70 w/ incentive); Employee & Spouse: $458 ($338 w/incentive); Employee & Children: $274 ($214 w/incentive); Family: $537 ($417 w/incentive).

**2029 Benefit Plan Design:** 2029 deductible will be $2,800 per individual and the maximum out-of-pocket will be $7,500 per individual/$15,000 per family. Medical plan copays will increase to $60 for Specialists and Urgent Care Visits. Pharmacy copays will be Tier 1 - $30, Tier 2 - $100, Tier 3 – 50%, Tier 4 - $500, pharmacy maximum out-of-pocket will be $2,500 per individual/$5,000 per family.

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The State has the discretion to manage all aspects of the State Plan, to include but not be limited to deductible, coinsurance levels, and maximum out-of-pocket levels. The State agrees to meet with the parties to this agreement to notify them of any upcoming increases to employee contributions.

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Unions will support 2027 legislation that would help control plan costs and cap care facility charges.

**This is a package proposal. The package must be accepted or rejected as a whole package. Items cannot be accepted or rejected individually as part of this package.**