



AMERICAN BENEFITS COUNCIL

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NEWS RELEASE

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Circuit Court Decision in *PCMA v. Mulready* a win for employer health plan sponsors

WASHINGTON, DC- The American Benefits Council (the Council) applauds the August 15 ruling by the U.S. Court of Appeals for the 10th Circuit in *Pharmaceutical Care Management Association (PCMA) v. Mulready*, which upheld the vitally important federal preemption principle enshrined by the Employee Retirement Income Security Act (ERISA).

In a unanimous decision, the court sustained PCMA's challenge to four provisions of a misguided Oklahoma state law by finding them to be preempted under ERISA. The court's decision bolsters ERISA's overarching objective to provide consistent and equitable benefits for employees no matter where they live or work.

"If the applicability of ERISA preemption to plan design choices relating to prescription drug benefits were to be undermined, it would significantly and negatively remake the regulatory landscape for ERISA plans – to the detriment of employers, employees, and their families," said the Council's Ilyse Schuman, senior vice president, health policy.

The Oklahoma law specifically restricted pharmacy benefit companies and health plans from designing quality-enhancing and cost-reducing pharmacy networks that advance plan affordability and choice.

The 10th Circuit's ruling reaffirms ERISA's preemption standard, which has long been recognized as a cornerstone of the federal framework for employee benefits. The court unanimously held that state laws that require benefits to be structured in a particular way or that prohibit employers from structuring benefits in a particular way are

preempted by ERISA, even if the laws directly regulate pharmacy benefit managers, as such laws impermissibly govern a central matter of plan administration and could create a patchwork of regulations that would undermine the uniformity ERISA strives to achieve.

For more information on health policy matters, or to arrange an interview with the Council's policy team, contact Jason Hammersla, Council vice president, communications, at jhammersla@abcstaff.org or by phone at (202) 422-4652.

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The American Benefits Council is the national trade association for companies concerned about federal legislation and regulations affecting all aspects of the employee benefits system. The Council's members represent the entire spectrum of the private employee benefits community and either sponsor directly or administer retirement and health plans covering more than 100 million Americans.