

Rutledge v. PCMA: A Breakdown of the Case



What's at stake in *Rutledge v. PCMA* is more than just vital federal protections and one badly-designed state law. **If the Court decides to upend precedent, it's American families who will pay the price:**

- **Health care costs for employees and their families will rise even more**, thanks to increasing administrative burden and the need to devote resources to compliance, instead of decreasing the cost of care.
- **Employers will be unable to design affordable and quality-focused health care benefit programs** that work best for them and their employees.

The Employee Retirement Income Security Act of 1974 (ERISA) is a federal law that regulates employer-sponsored benefit plans. Congress intentionally included federal preemption in ERISA to protect employees and ensure they received the value of the benefit plans that their employers provide. ERISA protects against employers having to comply with a patchwork of inconsistent state laws that could create disparities and inefficiencies. **The preemption provision in ERISA allows employers to provide consistent, equitable, and affordable health care benefits to all their employees and their families — regardless of where they live or work.**

At issue in *Rutledge v. PCMA* is federal preemption under ERISA and an Arkansas state law regulating how employee benefit plans, and the pharmacy benefit managers (PBMs) that serve them, reimburse pharmacies. That law is just one of many passed by nearly 40 states that regulate PBMs — and by extension, employer-provided health care plans. **These laws are variable at best, and contradictory at worst.**

Rutledge v. PCMA is just one of a number of ERISA-related cases the Supreme Court has heard in recent years. Here's how this case landed in Washington:

2015 The state of Arkansas passed a law that regulates health plan reimbursement of pharmacies. PCMA challenged the law in federal court.

2018 The U.S. Court of Appeals for the 8th Circuit ruled in favor of PCMA, saying ERISA preempted the state law because it "both relates to and has a connection with employee benefit plans."

2018-20 Arkansas appealed the 8th Circuit ruling on ERISA preemption; the Supreme Court agreed to hear the case.

A fair and equitable health care system for patients — no matter what state they're in — is under attack. The Arkansas law and the patchwork of state regulations put at risk employer plans and the patients they cover by:

- Creating a system that unfairly impacts employees, patients, and families because of where they live or work.
- Making it nearly impossible and expensive for employers to provide the same standard, high-quality, affordable health care benefits to all of their employees.
- Increasing the cost of health care by making it harder for employers to use tools that help them manage the rising costs of prescription drugs.
- Forcing businesses to spend more on inefficient plan administration rather than on employee benefits.

We know we have the law and judicial precedent on our side, and we look forward to advocating for patients, families, employees, and employers in court.