# Upcoming Supreme Court Case Could Mean More Red Tape,

## Higher Costs, Fewer Health Care Benefits for Employees and Families

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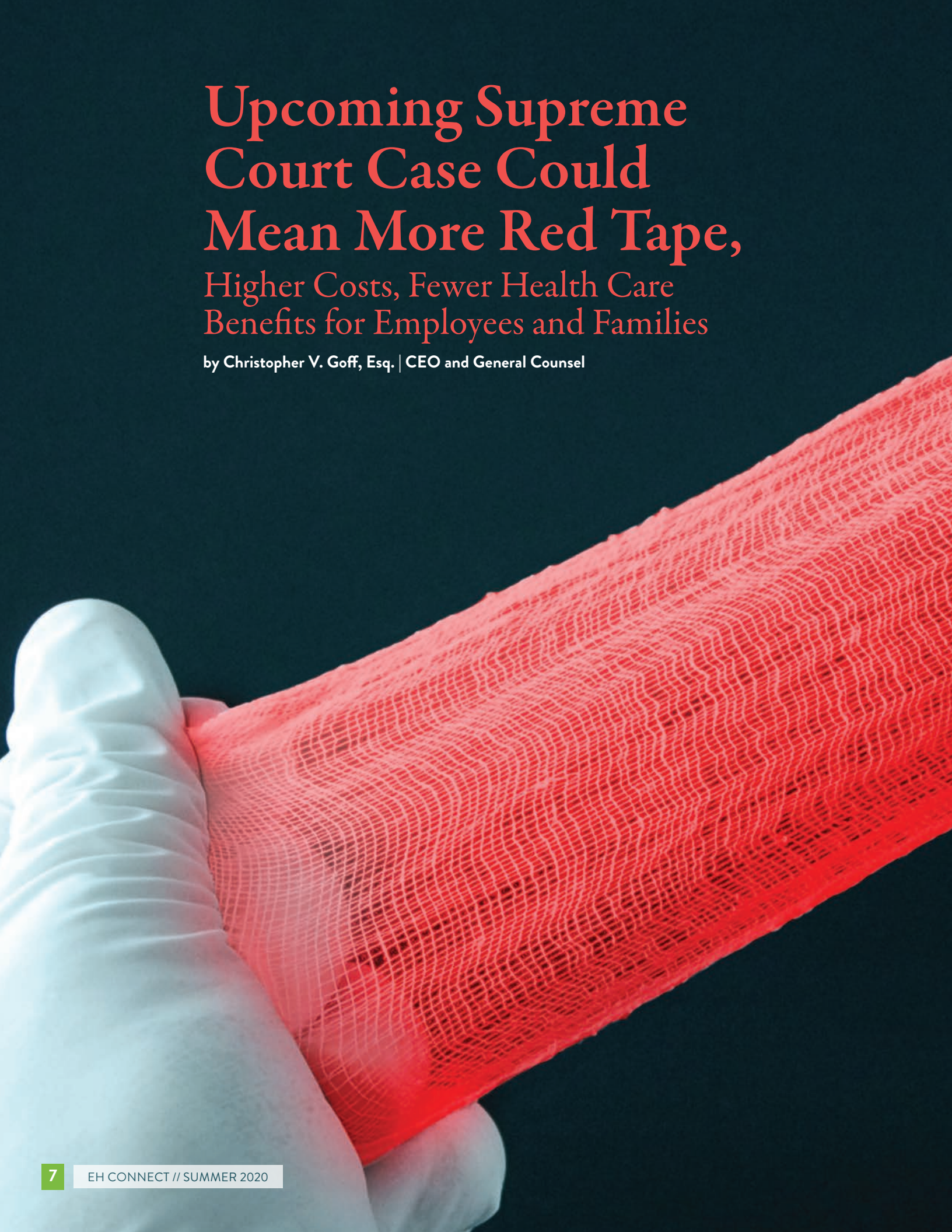


Every American family deserves quality, accessible, affordable health care, regardless of where they live. That is what employers, labor unions and other groups that provide benefits work to deliver for employees and their families. Plan sponsors try to keep administration costs low, provide the same high-quality care to all employees and use their full bargaining power to negotiate savings for employees on prescription drugs and beyond.

At Employers Health, we see how much effort goes into this as we work with companies to make quality, affordable care a reality for millions of families across the country. But now, as we all face an unprecedented public health and economic crisis, Arkansas officials are asking the Supreme Court to upend an important protection for employers that provide health care benefits to their employees.

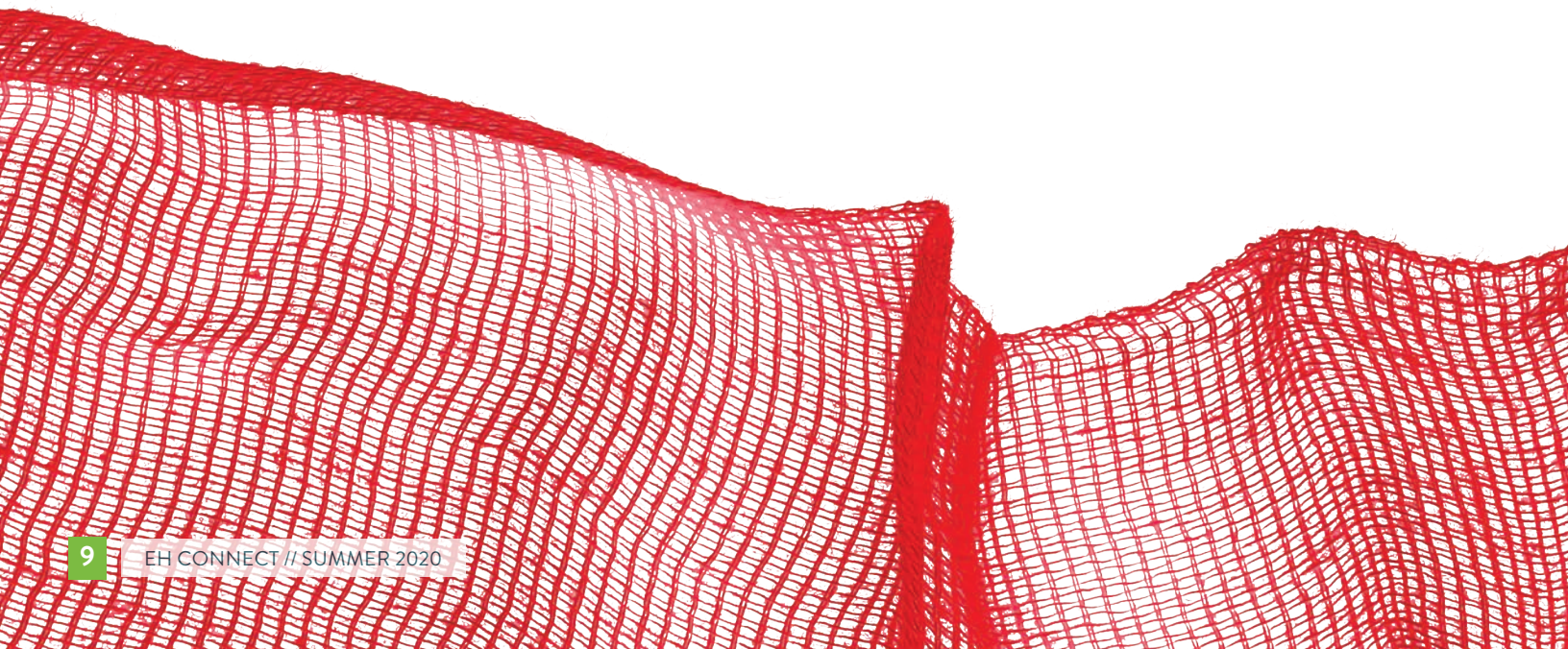
What's at stake when the Court hears Rutledge v. PCMA in October is a fair and equitable health care system for employers and patients. This case hinges on whether or not the Court will allow individual states to chip away at federal protections, and in doing so threaten the ability of employers to deliver consistent, affordable and high-quality health benefits programs for their employees.

Think about it: do workers who happen to live in Arkansas deserve less access to quality care and the prescriptions they need, while their colleagues, doing the exact same job at the exact same company, get access to better care simply because they happen to live 20 miles up the road in Missouri? No. But that's exactly what could happen if the Supreme Court overturns the 8th U.S. Circuit Court of Appeals in favor of the state of Arkansas in this case.

Congress, back in 1974, foresaw this challenge. So, in order to protect employees and ensure they received the full value of the benefits their employers offered, Congress passed the Employee Retirement Income Security Act (ERISA). This law created protections around employer-sponsored benefit plans — meaning employers would not have to waste resources dealing with unpredictable state-based systems that could create disparities among employees and inefficiencies for employers.

Under ERISA, employers who provide health care benefits to employees are legally required to be financially responsible with employee health care dollars. They seek out the best available benefits at the lowest available cost. Covering all employees under one plan — regardless of geographic location allows employers to take advantage of economies of scale and their full bargaining power to negotiate the highest-value health care benefits possible.

Federal courts, including the Supreme Court, have upheld federal protections and preemption in the face of legal challenges. If the Court decides to upend precedent and hand power over to the states, the impact on employers and patients will be far-reaching.



First, health care costs for employers and employees will increase even more. Period.

Second, employers' administrative burdens will become untenable. At Employers Health, we work with plan sponsors every day to cut through red tape and help them deliver quality benefits at a reasonable cost. Our complex health care regulatory system makes this hard enough already — and this would make it exponentially more difficult. Instead of implementing innovative, strategic solutions to lower the cost of care for employees, employers will need to allocate new resources to comply with a patchwork of regulations and an unending variety of red tape.

Finally, there will not be a centralized jurisdiction over employee health benefit plans and policies, making it a regulatory wild west for employers. This slippery slope will result in decades of complicated, overlapping powers and court cases — all paid for with taxpayers' dollars.

When Arkansas passed a law that would raise costs and keep employers from delivering high-quality, uniform benefit plans for all employees, without regard to what state they're in, the Pharmaceutical Care Management Association (PCMA) challenged it, noting it interfered with federal protections under ERISA. The 8th Circuit agreed with PCMA, but the state of Arkansas, determined to make health care even more complicated and expensive, challenged the case in the United States Supreme Court.

If the Supreme Court decides to depart from its precedent and reverse the ruling of the 8th Circuit, Arkansas and states like it will begin dismantling a system that has allowed employers to provide equitable and affordable health care benefits for employees and their families for 40 years.

As an advocate for employers throughout the country, Employers Health filed an amicus curiae, or friend of the court, brief on behalf of its more than 215 clients throughout the country. For more specifics on this case and other pending legislation affecting pharmacy benefit managers, please see Madison Evans' and Garrett Brown's article on the next page.