



May 18, 2022

Re: Written testimony on the House Committee on Insurance interim charge to study the impacts of the U.S. Supreme Court's 2020 decision in *Rutledge v. Pharmaceutical Care Management Association*

Dear Chairman Oliverson and House Insurance Committee Members,

TAB is the largest general business association in the state as well as the Texas State Chamber of Commerce and the official state-level affiliate of the National Association of Manufacturers. We work with our member companies, large and small to create a policy, legal and regulatory environment that allows them to thrive in business. TAB represents over 1,500 Texas businesses, 200 local chambers of commerce, along with their hundreds of thousands of employees.

While our membership includes providers, benefit plans, and pharmaceutical manufacturers and distributors, we speak on behalf of all our members as purchasers of employer-based healthcare coverage.

The testimony provided today is exclusively on the interim charge addressing the U.S. Supreme Court's 2020 decision in *Rutledge v. Pharmaceutical Care Management Association* ruling that that the Employee Retirement Income Security Act (ERISA) did not preempt Arkansas's law regulating pharmacy benefit managers (PBMs) and the potential impact on the employers that we represent.

Our members employ millions of Texans and are the largest payers of health care services in the state. A majority of Texas employers choose to offer health benefits directly with self-funded employer plans through ERISA. That means that these businesses accept the risk and pay the health care expenses for our employees, utilizing a health plan administrator to manage the claims process.

Currently employers operating under ERISA must comply with one set of federal rules, which allows businesses to comply and operate uniformly across state lines. This approach encourages businesses to offer their employees insurance plans, which is something employees rely on their employer for and often a top reason an employee chooses to accept a job.

TAB has historically opposed any attempt to erode the federal preemption of state law relating to health benefit plans. While we do not know how the U.S Supreme Court's 2020 decision will be interpreted by the legislature, we discourage anything that risks the ability to control costs for businesses in an inflationary environment, like extending state-imposed health care mandates to businesses. TAB strives to continue to make Texas the number one place to do business and is

committed to making sure businesses of all sizes have the tools to operate, and continue to protect the measures in place that make providing healthcare insurance affordable.

We thank you for allowing us to submit this testimony today and ask that you please contact us if you have specific questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Ben Jones". The signature is stylized with a large, sweeping initial "B" and a long, horizontal flourish extending to the right.

President & CEO

Texas Association of Business