



# Rutledge v. Pharmaceutical Care Management Assoc., 141 S. Ct. 474 (2020)

Topics Covered: ERISA

**Outcome: Very Favorable**

## Issue

The issue in this case was whether the Employee Retirement Income Security Act (ERISA) preempts an Arkansas law, A.C.A. § 17-92-507, which regulates the prices pharmacy benefits managers (PBMs) must pay to retail pharmacies for retail drugs.

## AMA Interest

The AMA supports state regulation of pharmacy benefit managers.

## Case Summary

In Arkansas, the PBMs' financial leverage has driven many independent rural pharmacies out of business. The Arkansas legislature perceived that these pharmacies contributed favorably to the quality of small-town life. Accordingly, the legislature enacted § 17-92-507.

Shortly after the enactment of § 17-92-507, the Pharmaceutical Care Management Association, a PBM trade association, sued in the United States District Court for the Eastern District of Arkansas, claiming that ERISA §§ 514(a)&(b) preempted the Arkansas law. The district court, relying on Eighth Circuit precedent, held that ERISA did preempt § 17-92-507. The Arkansas Attorney General appealed to the Eighth Circuit, which affirmed.

The Arkansas Attorney General appealed to the United States Supreme Court. On December 10, 2020, the Supreme Court reversed the lower court decisions and ruled that there was no ERISA preemption, thus finding in favor of the position advocated by the Litigation Center.

## Litigation Center Involvement

The Litigation Center, along with the Arkansas Medical Society, filed an *amicus* brief in the Supreme Court to support § 17-92-507 and urge reversal of the lower courts.

United States Supreme Court Brief