

COMPLIANCE CHRONICLE

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Navigating the ever-evolving landscape of compliance can be challenging and time-consuming. Warner Pacific is happy to share monthly updates to help your organization stay informed about new requirements and minimize compliance risks. Let us handle the complexities, so you can focus on what matters most – your business.

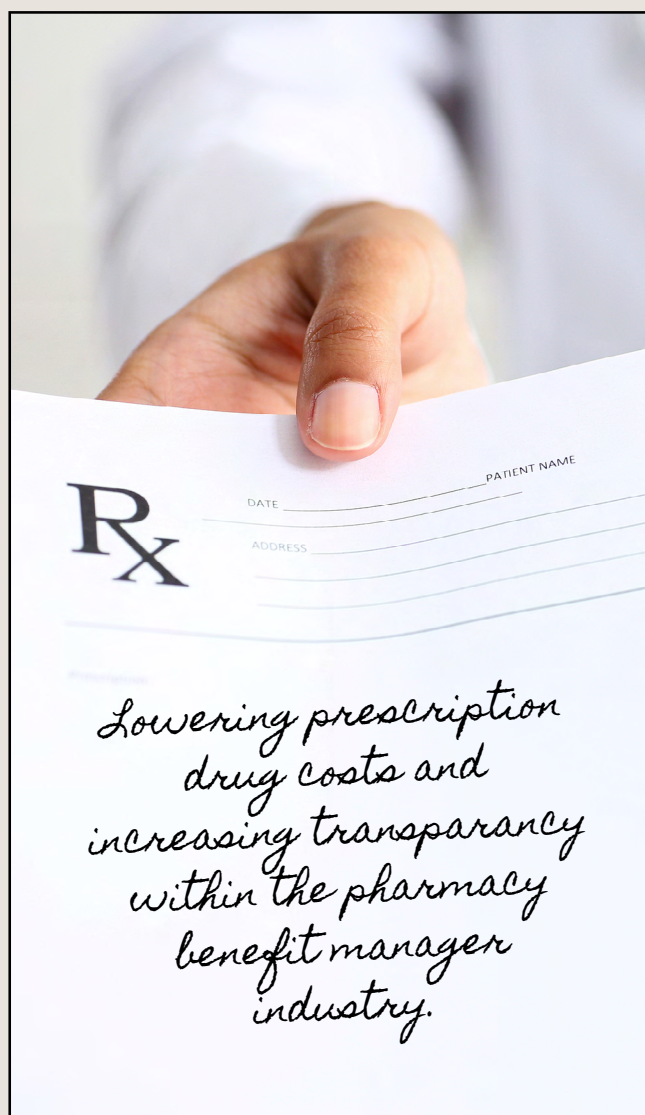
New Executive Order Targets Drug Price Reductions and PBM Transparency

On April 15, 2025, President Donald Trump issued an executive order aimed at lowering prescription drug costs and increasing transparency within the pharmacy benefit manager (PBM) industry.

A key provision directs the U.S. Department of Labor to propose regulations that would enhance employer fiduciary oversight of PBM compensation practices. These actions, grounded in ERISA standards, seek to clarify the fees PBMs pay to brokers and support employers in making more informed benefit decisions.







While implementation will take time, the order signals growing federal involvement in PBM oversight — an area historically governed at the state level. Additionally, the order calls on the U.S. Department of Health and Human Services to take broad action to improve Medicare pricing transparency, stabilize premiums, expand access to affordable medications like insulin and epinephrine, and promote the approval of generics and biosimilars.

These reforms are designed to increase competition, reduce costs, and provide better value for consumers and employer-sponsored health plans alike.



Medicare Spotlight

In addition to the PBM reforms highlighted in the April 15 executive order, the order outlines several Medicare-focused actions, including:

-  Improving transparency around Medicare drug price negotiations
-  Stabilizing and reducing Medicare Part D premiums
-  Expanding access to affordable medications like insulin and epinephrine
-  Accelerating approval for generics and biosimilars
-  Enhancing the prescription drug importation program
-  Addressing anti-competitive behavior in the pharmaceutical industry



Voluntary Benefits and ERISA: What Employers Need to Know

Voluntary benefits are a valuable way for employers to enhance their benefits offerings without incurring additional costs. Typically, employee-paid and facilitated through payroll deductions, these benefits can include coverage such as life insurance, disability, or critical illness policies.

To reduce administrative burden, employers can structure these offerings to fall under a Department of Labor (DOL) safe-harbor exemption from the Employee Retirement Income Security Act (ERISA). This exemption relieves employers from key ERISA compliance obligations — such as issuing Summary Plan Descriptions (SPDs) and filing Form 5500 — if certain conditions are met:

- No employer contributions toward premiums
- Completely voluntary participation by employees
- No employer compensation from the insurer (except limited admin fees)
- Minimal employer involvement, limited to promoting, collecting, and remitting premiums — without endorsing the plan

Employers should be cautious not to overstep, as activities like recommending a plan, negotiating terms, or allowing pretax payments through a Section 125 plan could trigger ERISA compliance requirements. Given the legal complexities and varied court interpretations, employers should periodically review their voluntary benefit offerings to ensure they align with safe-harbor standards.

Check out all of our compliance and legislative resources at [warnerpacific.com](https://www.warnerpacific.com).