

## **As the Employee Retirement Income Security Act Celebrates Its 50th Anniversary, New Report Underscores Vital Importance of Preemption**

- State and local laws create potential conflicts and challenges for employers -

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For more information: Ron Dresner

dresner@ebri.org

Jason Hammersla

jhammersla@abcstaff.org

(Washington, D.C.) – A new roundtable research report, published today by the Employee Benefit Research Institute (EBRI) and the American Benefits Council, found that, despite its immense value to employee benefit plans, the Employee Retirement Income Security Act of 1974 (ERISA) preemption framework is threatened by state and local lawmaking and evolving legal challenges.

To mark the 50th anniversary of the passage of ERISA and to develop a better understanding of the value of ERISA preemption to workers and employers, EBRI and the American Benefits Council conducted a series of focus groups with benefits decision makers at large employers. Collectively, these companies employ over 600,000 workers, cover more than one million lives in health care programs and account for over \$7 billion in health care spending. Large employers are not only more likely to be at the forefront of innovative benefits programs, but also more likely to operate and employ workers in multiple states. As a result, these companies rely heavily upon ERISA preemption.

The new report, “ERISA at 50: No Midlife Crisis for ERISA Preemption,” revealed the following key insights drawn from the roundtable discussions:

- ERISA preemption provides a uniform landscape of regulations rather than a patchwork of 50 different state-level regulations, which allows an employer operating in more than one state to administer and offer benefits equitably to their employees, regardless of the state or locality where those employees are located.
- ERISA preemption reduces administrative costs and burdens, enabling employers to deliver richer benefits and lower-cost coverage to their workers.
- ERISA preemption fosters innovation that would otherwise be stifled by different states requiring different coverage mandates or administrative rules.
- Employers remain committed to providing health benefits to employees and their families. If ERISA preemption were eroded, benefits executives would worry about higher costs for providing health benefits and would likely closely watch their competitors to determine the next steps.

“The roundtable participants made clear the immense value that ERISA preemption offers their organizations. The legal framework allows companies to offer a consistent menu of high-quality

benefits to workers across state lines and fosters employer innovations that address those workers' specific needs. Were ERISA preemption to disappear, benefits executives were not exactly sure how their companies would adapt to the complexity of state-level regulations, but they recognized that health benefits are still an important tool to recruit and retain a high-quality work force," explained Barb Marder, president & CEO, EBRI.

"ERISA is the foundation for the employer-sponsored benefits system. Since its enactment, preemption has been considered its crowning achievement, allowing multi-state employers to offer benefits uniformly and equitably to employees, wherever they work," said James Klein, president, American Benefits Council. "As the national employers in these roundtables made clear, ERISA still stands as a monument to forward-thinking, bipartisan policy. Multi-state employers believe that numerous state and local laws, however well-intentioned, not only impose administrative and cost burdens, but also stifle innovation and make it impossible to treat employees equitably, wherever they work. The American Benefits Council believes that policymakers must preserve and protect ERISA's federal preemption standard," Klein added.

The focus group roundtable discussions lasted for two hours, with each group consisting of about half a dozen participants. These participants included professionals with titles such as vice president of benefits, head of global benefits, and ERISA and benefits counsel, all of whom are deeply engaged in their firms' benefits designs and offerings.

To view the complete research paper, "ERISA at 50: No Midlife Crisis for ERISA Preemption," visit [www.ebri.org/publications/research-publications/issue-briefs/content/erisa-at-50--no-midlife-crisis-for-erisa-preemption-abc](http://www.ebri.org/publications/research-publications/issue-briefs/content/erisa-at-50--no-midlife-crisis-for-erisa-preemption-abc).

The American Benefits Council is a public policy organization whose members include over 220 of the world's largest corporations, as ranked by Fortune and Forbes. Collectively, the council's members either directly sponsor or administer health and retirement benefits for virtually all Americans covered by employer sponsored plans. For more information, visit [www.americanbenefitscouncil.org](http://www.americanbenefitscouncil.org).

The Employee Benefit Research Institute is a non-profit, independent and unbiased research organization that provides the most authoritative and objective information about critical issues relating to employee benefit programs in the United States. The organization also coordinates activities for the Center for Research on Health Benefits Innovation, Financial Wellbeing Research Center and Retirement Security Research Center and produces a variety of leading industry surveys during the year. For more information, visit [www.ebri.org](http://www.ebri.org).

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