Compliance Monthly Update: August 2025

A brief update on what happened the prior month in group health plan compliance at the federal level–organized chronologically. If you would like additional information, please reach out to the GBS Compliance Team.

Letters regarding most-favored-nation prescription pricing. On July 31, the White House issued a fact sheet announcing that President Trump had sent letters to seventeen drug manufacturers following the May 12, 2025, executive order "Delivering Most-Favored-Nation Prescription Drug Pricing to American Patients". The order emphasized that if manufacturers did not make meaningful progress toward providing the U.S. with most-favored-nation (MFN) pricing, HHS would be directed to issue regulations mandating MFN pricing and consider other measures to lower prescription drug costs and address anticompetitive practices. Potential actions included importation guidance, antitrust enforcement, and review of export programs. The letters note that manufacturers have not shown sufficient progress and that responses so far have focused on assigning blame rather than addressing pricing. To advance the matter, the letters require manufacturers to take the following actions by September 29, 2025:

- Provide MFN pricing for all drugs in the manufacturer's portfolio to Medicaid patients.
- Contract with the U.S. to extend MFN pricing for newly launched drugs to Medicare, Medicaid, and commercial payers.
- Contract with the U.S. to apply revenue earned abroad toward lowering drug prices for U.S. patients and taxpayers.
- Participate in direct-to-consumer or direct-to-business distribution models for high-volume, high-rebate drugs to make them available at the lowest cost.

Nonenforcement of STLDI regulations. On August 7, the DOL/HHS/IRS issued a statement that they will not prioritize enforcement of the 2024 regulations for short-term, limited-duration health insurance (STLDI), including the consumer notice provisions. As a reminder, STLDI plans (which provide temporary coverage for people between health insurance options) are generally not subject to ACA insurance mandates. In 2024, the agencies tightened the rules to limit how long these plans can last, to prevent their use as substitutes for ACA coverage. The regulatory agencies' nonenforcement statement follows Executive Order 14219 directing federal agencies to review and repeal regulations that create undue burdens or exceed statutory authority. This reflects concerns that the rule limits consumer choice and oversteps agency authority. Conversely, proponents of the 2024 regulations aim to prevent people from being misled and underinsured. The agencies will undertake notice-and-comment rulemaking to consider the need for amendments to the regulatory definition of "short-term, limited-duration insurance." HHS is also encouraging states to take a similar approach and will not penalize states that follow this enforcement policy or use their own state definitions for short-term health plans during this period. In the meantime, STLDI availability and oversight will largely depend on state approaches.

Court temporarily blocks portions of Marketplace integrity rule. On August 22, a federal court temporarily blocked portions of the "Patient Protection and Affordable Care Act; Marketplace Integrity and Affordability" final regulations that were issued by HHS in June of 2025 and were scheduled to take effect on August 25, 2025. HHS acknowledged the court's ruling and identified which provisions will be delayed while litigation is pending. As a reminder, the regulations include changes to annual cost-sharing limits, eligibility and enrollment procedures, and the definition of essential health benefits

(EHBs). The federal court did not block provisions related to (1) the elimination of a 60-day extension for income verification, (2) Exchange eligibility for Deferred Action for Childhood Arrivals (DACA) recipients, (3) the modification of the EHBs definition to exclude "specified sex-trait modification procedures," and (4) the 2026 applicability date of the updated methodology for calculating the "premium adjustment percentage" (which is used to set several ACA parameters, including the maximum annual limitation on cost-sharing). So, the 2026 cost-sharing limitations remain $10,600 for self-only coverage and $21,200 for other than self-only coverage. However, the court found the challengers were likely to succeed on the merits with respect to the following provisions and therefore delayed their effective date pending the outcome of the litigation:

- Imposing a $5 monthly premium penalty on automatic re-enrollees in an Exchange.
- Revoking guaranteed issue coverage for individuals with past-due premiums.
- Reinstating the "failure-to-reconcile policy," affecting eligibility for advance premium tax credits.
- Expanding verification requirements for Exchange special enrollment periods.
- Increasing verification requirements for household income.
- Changing the de minimis ranges for actuarial value calculations.