State/Local Compliance Update: April 2025

A brief update on what happened the prior month in group health plan compliance at the state and local level, listed alphabetically.

Arkansas

- **IRS extends deadlines due to disaster declaration**. Due to severe storms, straight-line winds, tornadoes, and flooding that began on April 2, the IRS announced an extended deadline for individuals and businesses in Arkansas to file various federal individual and business tax returns and make tax payments. Individuals and businesses in Arkansas now have until November 3, 2025, to file and make tax payments.
    - This relief applies to the Form 5500 filing requirement that generally is required to be submitted to the IRS within 7½ months after the end of the plan year, unless an extension is requested. Form 5500 returns that were required to be filed on or after April 2, 2025, and before November 3, 2025, are postponed through November 3. The Form 5500 instructions provide direction on how to utilize disaster relief on the form when such declarations are available. Failure to do so may result in penalties if the Form is filed after its original deadline and an extension was not timely filed.
    - Form 720 (used for PCORI fee filings) is covered by this relief. Employers required to file the form by July 31, 2025, to report the number of covered lives is delayed until November 3, 2025. But this relief does NOT apply to the PCORI fee payment. So, employers sponsoring self-insured plans (insurers pay the fee for fully insured plans) will still be required to pay the fee by July 31, 2025.
    - Note that this relief does NOT apply to W2s or Forms 1094 or 1095 filing requirements.
- **New Arkansas law prohibits PBM ownership of pharmacies**. On April 16, Governor Huckabee Sanders signed into law Act 624, making Arkansas the first state in the nation to prohibit PBMs from acquiring or holding a direct or indirect interest in a pharmacy. Under the Act, as of January 1, 2026, the Arkansas State Board of Pharmacy must either revoke or not renew pharmacy permits where the permit holder is a PBM or its subsidiary, is an entity managed by a PBM, or is an entity that has a direct or indirect ownership interest in a PBM. This law has already had an immediate impact, with at least on PBM announcing plans to shutter their Arkansas pharmacy operations and others publicly cautioning about potential disruptions to hundreds of thousands of Arkansians' prescriptions. PBMs and other industry stakeholders have also criticized the Act's potential to limit patients' access to drugs and increase prescription drug costs. But other states—including Indiana, New York and Vermont—are considering similar state initiatives to bolster independent pharmacies and combat perceived anticompetitive operations. Note also that there is similar bipartisan federal legislation that Congress is working on.

Maryland

- **Maryland delays FAMLI program.** On April 7, the Maryland General Assembly passed HB 102 that postpones the implementation dates for the Maryland Family and Medical Leave Insurance (FAMLI) program. Now, payroll deductions by employers will begin January 1, 2027. And leave

benefits will become available to eligible employees starting not earlier than January 1, 2027, or later than January 3, 2028.

Mississippi

- **Telehealth coverage requirements under Mississippi fully insured plans.** On March 12, Governor Reeves signed SB 2415 that mandates fully insured health plans cover telemedicine services to the same extent as in-person consultations. The bill also requires that all health insurance and employee benefit plans in Mississippi reimburse out-of-network providers for telemedicine services under the same reimbursement policies applicable to other out-of-network providers.

Tennessee

- **IRS extends deadlines due to disaster declaration**. Similar to Arkansas, due to severe storms, straight-line winds, tornadoes, and flooding that began on April 2, the IRS announced an extended deadline for individuals and businesses in Tennessee to file various federal individual and business tax returns and make tax payments. Individuals and businesses in Tennessee now have until November 3, 2025, to file and make tax payments.
    - This relief applies to the Form 5500 filing requirement that generally is required to be submitted to the IRS within 7½ months after the end of the plan year, unless an extension is requested. Form 5500 returns that were required to be filed on or after April 2, 2025, and before November 3, 2025, are postponed through November 3. The Form 5500 instructions provide direction on how to utilize disaster relief on the form when such declarations are available. Failure to do so may result in penalties if the Form is filed after its original deadline and an extension was not timely filed.
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    - Note that this relief does NOT apply to W2s or Forms 1094 or 1095 filing requirements.
- **Court finds ERISA preempts application of Tennessee PBM law to self-funded plans**. On March 31, a federal district court held that a Tennessee law requiring PBMs to admit any will pharmacy into the PBM's network (also known as an "any willing provider" law) was preempted by ERISA. The court noted that ERISA preempts state laws that are impermissibly connected to an ERISA plan. An impermissible connection with ERISA plans may exist where the law governs a central matter of plan administration or interferes with nationally uniform plan administration. The court explained that restrictions on provider and pharmacy networks such as "any willing provider" requirements affect a key aspect of plan administration, forcing plans to structure benefits in a particular way. The court distinguished this direct regulation of benefit structures from other types of state PBM laws regulating benefits that courts have held were not preempted by ERISA. Currently, multistate self-funded plan sponsors are confronted with various state PBM laws and an unclear standard of when ERISA preemption applies. Hopefully either Congress or the Supreme Court can weigh in soon to provide more certainty and consistency.