

Postal reform and Medicare integration



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The Postal Service Reform Act of 2022 (PSRA), which passed with strong bipartisan support in both the House and the Senate, puts the Postal Service back on a track of financial stability by repealing the onerous pre-funding mandate established by the Postal Accountability and Enhancement Act of 2006. The PSRA will save the Postal Service billions of dollars every year. This piece of legislation is an incredible achievement, and credit goes to the rank-and-file letter carriers who got the message out to co-workers and the public through discussions and writing to publications, and of course for advocating to their repre-

sentatives. I sincerely thank all of you for your role to restore the Postal Service and protect our jobs.

The Medicare integration component of the PSRA has raised many questions from our current retirees. The PSRA will restructure the Federal Employees Health Benefit (FEHB) program to create postal-only versions to account for the integration of Medicare. All the major plans now available to participants—Blue Cross Blue Shield, NALC HBP, Kaiser, etc.—would continue to be offered to postal employees and retirees as a postal-only version of their FEHB plans within FEHB. This will allow these postal-only plans to account for the coordination of benefits provided through Medicare and increase the efficiency of such a system.

The reason it makes sense to create postal-only plans within FEHB and to maximize Medicare participation is that it will reduce health care costs for both the Postal Service and postal participants in the federal insurance program. Because Medicare is the first-payer insurer for its enrollees, the costs covered by postal-only FEHB plans will be reduced, thereby reducing costs for postal employees. This also would reduce the Postal Service's health care expenses by hundreds of millions of dollars annually, and reduce its future liability for retiree health benefits by approximately \$40 billion.

Annuitants and active employees who retire before Jan. 1, 2025, and any active employee at least 64 years of age as of Jan. 1, 2025, will get to decide whether they want to enroll in Medicare (or not) when they become eligible. Current annuitants who did not enroll in Medicare Part B when first eligible will get a one-time opportunity to enroll without facing the 10 percent-per-year

late enrollment penalty (see the January 2021 retirement column for more information regarding the late enrollment penalty). Generally, this late enrollment penalty is so severe that after a few years it becomes unaffordable. For those annuitants who did not enroll in Part B when first eligible, this will be a tremendous opportunity to reconsider Medicare Part B when the one-time opportunity arrives. The special enrollment will be a six-month period beginning on April 1, 2024.

Future annuitants retiring after Jan. 1, 2025 (and under age 64 as of Jan. 1, 2025) who choose to maintain their FEHB coverage into retirement will be required to enroll in Medicare Parts A and B when eligible. Approximately 80 percent of postal annuitants already elect to enroll in Medicare, as this helps to cover additional (if not all) out-of-pocket expenses and brings more comprehensive coverage than a lone FEHB plan.

Not all future annuitants will be required to enroll in Medicare. There are exceptions for those enrolled in TRICARE (health care benefits provided by the Department of Veterans Affairs) or Indian Health Services, as well as those who reside outside of the United States.

The PSRA requires the Postal Service to establish a Health Benefits Education Program that will provide Postal Service annuitants and employees a description of the health care options available, enrollment provisions, and any requirements to be enrolled in Medicare. The Postal Service also must respond and provide answers to inquiries from employees and annuitants. The Health Benefits Education Program must be established no later than 18 months after the signing of the law on April 6, 2022.

Additionally, the PSRA directs the Office of Personnel Management, the government agency in charge of administering the FEHB, to issue the implementing regulations no later than one year after the signing of the law. These implementing regulations will help fill in the details that are not expressly provided for in the law. The one-year deadline is soon enough that letter carriers should have plenty of time to make an informed decision prior to the special enrollment period and the enactment of the postal-only FEHB plans on Jan. 1, 2025.

Our health insurance benefits through the FEHB, along with the Postal Service's 72 percent contribution for annuitants, are not going anywhere. There will continue to be an annual Open Season that will allow participants to shop around and change their plans as they see fit. Current annuitants can remain comfortable knowing they'll be able to continue with what they have, or after understanding their Medicare options and the special enrollment period, customize their coverage.