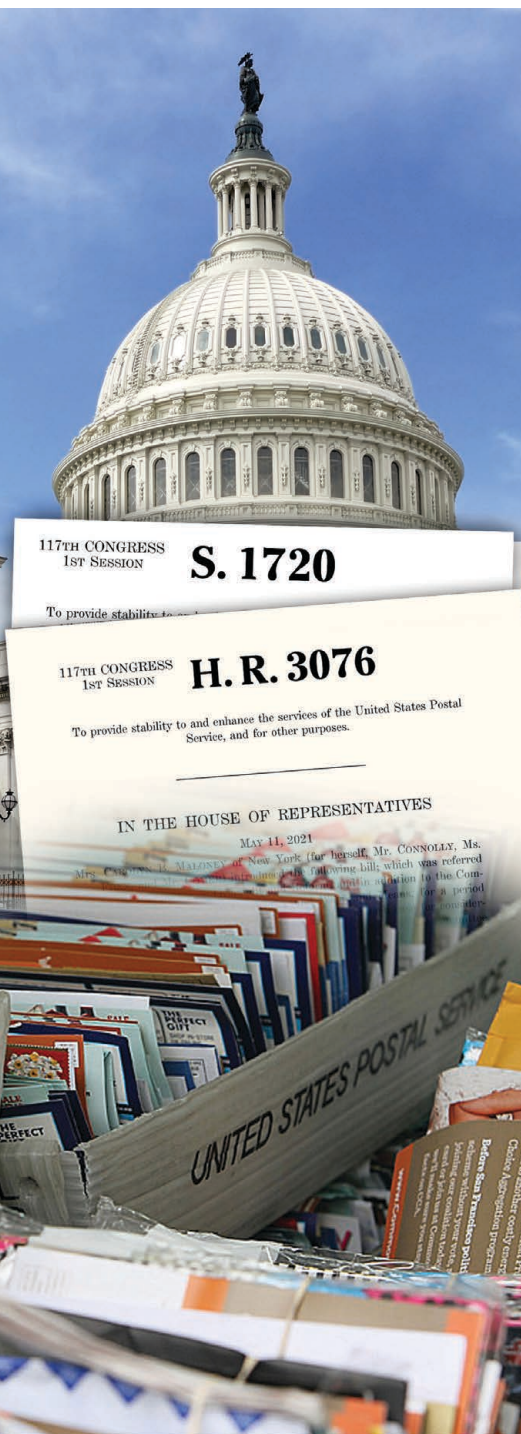




News from Washington

Can postal reform make it to President Biden's desk?



The House of Representatives and the Senate have reached an important phase with regard to postal reform. As letter carriers will recall, the House advanced the Postal Service Reform Act (H.R. 3076) out of the Committee on Oversight and Reform in May, as reported in last month's *Postal Record*.

The Senate companion bill (S. 1720), which mirrors H.R. 3076, was introduced after the last issue of *The Postal Record* went to print and is now before the Senate. The bill is being led by Homeland Security and Governmental Affairs Committee (HSGAC) Chairman Gary Peters (D-MI) and Ranking Member Rob Portman (R-OH).

Including Peters and Portman, the original co-sponsors of the Senate bill consist of 10 Democrats and 10 Republicans: Tom Carper (D-DE), Maggie Hassan (D-NH), Joe Manchin (D-WV), Alex Padilla (D-CA), Jacky Rosen (D-NV), Brian Schatz (D-HI), Krysten Sinema (D-AZ), Tina Smith (D-MN), Ron Wyden (D-OR), Roy Blunt (R-MO), Richard Burr (R-NC), Shelley Capito (R-WV), Susan Collins (R-ME), Steve Daines (R-MT), Josh Hawley (R-MO), Mike Rounds (R-SD), Dan Sullivan (R-AK) and Thomas Tillis (R-NC).

With the partisan makeup of the Senate evenly split 50-50 and legislation needing 60 votes to overcome a filibuster, having 10 original Republican co-sponsors is an important accomplishment. If all Democrats support this critical legislation, it could be signed into law. As this magazine was going to print, an additional Republican, South Dakota Sen. Kevin Cramer, joined the growing list of co-sponsors.

Just like the House bill, S. 1720 would repeal the mandate that the Postal Service pre-fund decades' worth of health benefits for its future retirees,

which was enacted through the Postal Accountability and Enhancement Act of 2006, in line with the bipartisan USPS Fairness Act (H.R. 695 and S. 145).

In addition, the legislation maximizes participation in Medicare once active postal employees (as of Jan. 1, 2023) retire and reach age 65. Annuitants as of Jan. 1, 2023, will be given the choice of whether to remain in the existing Federal Employees Health Benefits (FEHB) Program or participate in the postal version of the program that requires enrollment in Medicare Parts A and B—and retirees over the age of 65 who have chosen not to enroll in Medicare Part B will be given a one-time opportunity to do so with no late-enrollment penalty. Annuitants who elect to remain in the existing FEHB Program will not be required to enroll in Medicare. NALC also successfully lobbied to ensure exceptions to the requirement to enroll in Medicare for those covered under other insurance arrangements (such as under the Department of Veterans Affairs, or VA) and for those who live in places where there are not Medicare-participating providers.

S. 1720 also contains language that requires the Postal Service to maintain “integrated” delivery of both mail and packages six days a week. If this bill becomes law, the six-day requirement would be a statutory mandate. Since 1983, the policy mandate to deliver mail six days a week has had to be renewed annually in the appropriations process. This bill would eliminate the need for the annual fight to maintain six-day delivery.

In addition, the bill: requires the Postal Service to report semiannually to Congress on the implementation of USPS's 10-year strategic plan; provides for a public dashboard using nationwide delivery metrics to track

In the February 2021 issue of *The Postal Record*, a \$500 contribution to the Letter Carrier Political Fund from Joseph McHale should have been listed under Greater East Bay, CA Branch 1111. McHale wishes to make the contribution in the name of his deceased father, Joseph McHale Sr., a postal worker.

delivery performance; directs the Postal Service to use the most efficient means available to transport mail, likely switching from air to ground transportation; mandates a Postal Regulatory Commission (PRC) review of competitive and non-competitive products and a study of nationwide processing efficiency of flats (magazines and catalogs); provides the PRC with independent budget authority through the Postal Fund, preventing it from being directly affected by sequestration/shutdowns; provides a special postage discount for newspapers; and consolidates the Postal Service's and the PRC's Inspectors General into a single office.

"NALC appreciates Chairman Peters and Ranking Member Portman's introduction of this important legislation in the Senate," NALC President Fredric Rolando said. "NALC recognizes the senators who have put partisan tensions aside to show strong support for this bipartisan legislation that is crucial to help restore financial and operational stability to the Postal Service."

The road map through Congress

As this publication was going to print, both the House and Senate were aiming to continue working toward passage in each chamber. The House had set a goal of bringing H.R. 3076 to the floor this month, and the Senate HSGAC was in the process of scheduling a markup of S. 1720. Despite the growing bipartisan support for both bills, the road map to their becoming law is not a straight one.

The bills must get the blessing of some key committees regarding the Medicare Part A, B and D provisions, which fall under the jurisdiction of the House Committee on Energy and Commerce, the

House Committee on Ways and Means, and the Senate Finance Committee. NALC has been educating lawmakers about the fundamentals of the Medicare proposals and correcting rampant misinformation about the bills as they move forward in the two chambers.

Explanation of the health care provisions of H.R. 3076/S. 1720

Many letter carriers may have questions about the FEHB Program and Medicare provisions included in these bills. Unfortunately, misinformation about them is common. Let us start with the proposed changes in FEHB.

FEHB reform

Under the legislation, postal employees and annuitants would participate in a restructured FEHB Program. All major plans now available to participants—Blue Cross Blue Shield, the NALC Health Benefit Plan, Kaiser, etc.—would continue to be offered to postal employees and retirees as a postal-only version of their FEHB plans. But their premiums would be significantly reduced, because postal participants would be placed in a separate risk pool with new rules regarding Medicare enrollment.

The new legislation would not change a current postal annuitant's right to decide whether he or she wants to enroll in Medicare. Although 90 percent of current postal annuitants are automatically enrolled in Medicare Part A (hospital services) and nearly 80 percent of them voluntarily enroll in Medicare Part B (medical services), no current annuitant would be required to enroll in either Medicare Part A or Part B. All active employees under the age of 64 (as of Jan. 1, 2023) would be automatically placed in the postal version of

the health plan they choose, and if retired upon reaching Medicare age, they would be enrolled in Medicare (absent the exceptions discussed below).

Active postal employees (as of Jan. 1, 2023) who are 64 or older and all current postal annuitants as of that date would be given the choice of whether to join the postal-only version of FEHB plans (integrated with Medicare) or to remain in the non-postal version of such plans, depending on whether they want to enroll in Medicare Part B, which currently carries a premium of \$148.50 per month. The reason most annuitants already choose to enroll in Medicare Parts A and B when they turn 65 is that enrolling virtually eliminates any out-of-pocket costs such as deductibles and co-payments. However, under the proposed law, current annuitants (as of Jan. 1, 2023) would decide whether to enroll. Those who do not want to enroll in Medicare would remain in the non-postal version of their FEHB health plan—and the Postal Service would continue to pay the government's share of their premiums.

The postal-only plans in FEHB would be regulated and operated in the same way that current FEHB plans are regulated and operated today. There would be an annual Open Season that would allow participants to choose among a range of plans with separate rates for postal and non-postal participants.

Special protections

NALC lobbied aggressively for the inclusion of special exceptions that are contained in the legislation. Future postal annuitants who do not need Medicare because of coverage by VA or by another non-FEHB program, or who cannot use Medicare because they live in a place (for example, overseas) without



Anton Hajjar

News from Washington (continued)

Medicare providers, would be allowed to enroll in the non-postal version of their FEHB plan. We also worked to include a provision to give current annuitants who did not enroll in Medicare Part B at age 65, but who now wish to do so, a one-time opportunity to enroll in Part B without the late-enrollment penalty that currently applies. That penalty, which raises Part B premiums by 10 percent for each year after age 65 that a retiree delays enrollment, is costly.

Why prospective Medicare integration makes sense

It makes sense to create postal-only plans within FEHB and to maximize Medicare participation because it would reduce health care costs for both the Postal Service and participants. FEHB premiums would be reduced for active and retired postal employees alike. Because Medicare is the first-payer insurer for its enrollees, the costs covered by postal-only FEHB plans would be reduced, thereby reducing the premiums for postal employees. This 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 \$50 billion.

Battling misinformation

Since the introduction of these bills, misinformation about the Medicare provisions included in the legislation has circulated. Most notably, the National Active and Retired Federal Employees Association (NARFE) has distributed inaccurate information about the bills. NARFE has falsely claimed that these bills would cause the premiums of non-postal federal employees and annuitants to increase, allow the Postal Service to “cherry-pick” individuals who

are less costly to insure, and allow the Postal Service to avoid its full financial obligation to those retirees who choose not to enroll in Medicare.

None of this is true. In fact, non-postal FEHB premiums would decline somewhat (by about 1 percent), because the non-postal workforce is younger and less expensive to insure than is the postal workforce. A recent professional actuarial analysis of the proposed FEHB reforms conducted by PRM Consulting Group for the Postal Service demonstrates this clearly. That analysis mirrors the findings of the Congressional Budget Office (CBO) review of S. 1486 (the Postal Reform Act of 2014), which also included FEHB and Medicare integration reforms. The CBO Cost Estimate for S. 1486 (July 14, 2014) states on page 14:

The effect of the legislation on federal on-budget payments for health insurance premiums in the FEHB program would partially offset the increase in Medicare spending. Premiums charged to non-postal enrollees in the FEHB program would be based on expected health costs of the employees, annuitants, and dependents remaining in the FEHB program after the health care costs of USPS workers, annuitants, and their dependents are shifted to the PSHB program. Because non-postal enrollees cost FEHB plans slightly less than postal enrollees, on average, CBO estimates that premiums in the FEHB program would be lower than under current law. Thus, the amount the federal government would contribute toward its share of annuitant premiums would be lower.

CBO estimates that federal payments for health insurance premiums for non-postal annui-

tants enrolled in the FEHB program would be reduced by about \$1.6 billion over the 2015-2024 period.

Finally, USPS would not be able to cherry-pick whom to insure—it would pay the full cost of all postal participant premiums, whether participants are in the postal or non-postal version of their FEHB plans. NALC, along with other postal unions, addressed these false claims in-depth in a letter to the president of NARFE. Read the letter on nalc.org.

As the legislation progresses in the House and Senate, NALC will need the full engagement of letter carriers to help educate members of Congress on how this legislation would protect employees and our essential network. Keep an eye out for more information in the “Government Affairs” section of nalc.org and on the NALC Member App. Members are encouraged to install the app on their smartphones so that NALC can communicate with you when the legislation is released and when it moves in the halls of Congress.

Hajjar confirmed to USPS Board of Governors

The Senate approved the nomination of Anton Hajjar to serve on the Postal Service Board of Governors (BOG) on May 28.

Hajjar holds a term that is effective immediately and expires on Dec. 8, 2023. Hajjar's confirmation comes one month after the Senate confirmed Amber McReynolds and Ronald Stroman, and fills the final vacant BOG seat. The Postal Service now has a full BOG for the first time in more than a decade.

“NALC congratulates Anton Hajjar on this important confirmation,” President Rolando said. “We look forward to working with a complete BOG for the first time in years, and we appreciate the Senate's swift action on these confirmations.” **PR**