



e-NAPUS Legislative Newsletter

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NAPUS Urges Congress to Sign Onto White House Medicare Relief Letter

In mid-September, Representatives Dave Camp (R-MI) and Carolyn Kilpatrick (D-MI) circulated a letter among their House colleagues that asks the Bush Administration to permit the USPS to benefit from the Medicare Part D prescription drug subsidy as employers would under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (PL 108-173). The fair application of this provision to the Postal Service and its retirees could yield the USPS approximately \$250 million per year. Therefore, NAPUS is asking active and retired postmasters to request that their Members of Congress cosign the Camp/Kilpatrick letter. In April 2005, Senate Homeland Security Chairman Susan Collins (R-ME) and its Ranking Democrat Joseph Lieberman (D-CT), and Senate Finance Committee Chairman Charles Grassley (R-IA) and its Ranking Democrat Max Baucus (D-MT) sent a similar letter to the White House.

Last December, the *e-NAPUS Legislative Newsletter* described how the proposed implementation of the new Medicare Part D (i.e., Medicare prescription drug coverage) would be unfair to the USPS. The new law, which will take effect in 2006, enables employers who provide prescription drug coverage for their retirees that is equivalent or better than the Part D benefit to claim a government rebate for each Medicare-eligible retiree who could have enrolled in the new Medicare benefit, but did not. Moreover, public and private sector employers, including the federal government itself, are eligible to receive the subsidy. Unfortunately, the Office of Personnel Management (OPM), the government administrator for the Federal Employees Health Benefits Program (FEHBP), is waiving the right for federal agencies to claim the rebate. This waiver would cover the USPS, thereby denying the agency the opportunity to benefit from the Medicare Part D subsidy. The USPS counts approximately 330,000 Medicare-eligible postal retirees and survivors. The average value of the subsidy would be about \$688 per year for each Medicare beneficiary. Therefore, the USPS subsidy would be significant. In addition, the USPS has been plagued by significant health cost increases associated with prescription drug benefits. The employer retiree drug subsidy is intended to mitigate employer health care costs and to help the employer maintain quality prescription drug benefits for their retirees. The Camp/Kilpatrick letter asks Office of Management and Budget Director Josh Bolton to work with OPM and the Department of Health and Human Services to allow the USPS to receive the Medicare Part D rebate.

NAPUS notified its National Executive Board and legislative activists of the necessity that Congress supports the fair treatment of the USPS regarding Medicare health benefits. Representatives Camp and Kilpatrick intend to forward the letter to OMB Director Bolton next week. Time is of the essence,



Rep. Dave Camp (R-MI)



Rep. Carolyn Kilpatrick (D-MI)



George Omas
PRC Chairman

2006 Retirement

COLAs

CSRS – 4.1%

FERS – 3.1%

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Postal Rate Commission Responds To Board of Governors' 9/13 Letter

On October 12, Postal Rate Commission Chairman George Omas sent a letter to postal leaders on the House Government Reform Committee, rebutting certain points that the Postal Board of Governors made in its September 13th letter to Senate Homeland Security and Governmental Affairs Chairman Susan Collins (R-ME) and House Government Reform Chairman Tom Davis (R-VA). Apparently, the letter was sent in response to a Congressional request for PRC comments about the September 13th Board of Governors letter.

Although the PRC letter focused on the PRC's role under pending postal legislation, H.R. 22 and S. 662, the letter's first paragraph expressed surprise with the Board of Governors' request for major changes in the postal bills. The PRC letter went on to dispute the Postal Board's claim that postal legislation would unduly empower the PRC to impede USPS management. Specifically, the PRC does not believe that it would have the authority to interfere with "network modernization." In addition, the PRC suggested that under the legislation, it would continue to limit its oversight responsibility to postal rate and service complaints that have a nationwide impact. Finally, the PRC argues that so long as the USPS retains its limited legal monopoly over certain postal products and it continues to be a public agency, regulatory oversight is a necessity and is in the public interest.

The PRC also has stepped into the debate over the standard by which the USPS may request a rate adjustment beyond the consumer price index (CPI). NAPUS supports the more reasonable House language. Towards the end of its 4-page letter, the PRC implies that the way in which efficiency and effectiveness can be achieved is through the more rigid Senate language, which limits rate adjustment requests to "unexpected and extraordinary" events. The House bill permits the USPS to request an adjustment only when "reasonable and necessary." The PRC legislation appears to ignore the fact that the regulator would still be the judge over whether the justification for adjustment met the legal criteria as defined in H.R. 22. Consequently, the PRC failed to identify how much, if at all, the Senate CPI provision would be more effective in promoting postal efficiency than the House language, without jeopardizing the USPS's ability to service its customers. This is the minimum burden that proponents of the Senate language must meet.

Whoops!

Last week, the *e-NAPUS Legislative Newsletter* reported that the House Government Reform Committee approved by a voice vote H.R. 923, legislation that would provide family members an opportunity to send letters and packages to members of the armed forces who are stationed in combat zones free of charge. The October 7 issue of this newsletter inaccurately reported that if the Congress did not appropriate sufficient funds to run the new mailing program, mailers could be left holding the bag. In fact, H.R. 923, the Mailing Support to Troops Act of 2005, was amended to include a provision that placed the responsibility for financing the program on the Department of Defense. Therefore, this military mail program relies on Congressional funds through the Pentagon – not the USPS. I apologize for the inaccuracy.