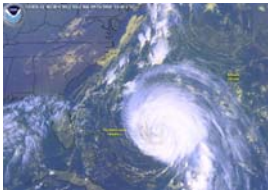




eNAPUS Legislative & Political Bulletin

October 27, 2006

Volume 3, Number 33



Hurricane Bears Down on Washington, DC

Is A "Category 5" Hurricane Blowing Up the Potomac?

Political operatives are scurrying around Washington, preaching an Election Day cataclysm. As political pundits know, two weeks is a lifetime. Now we are now *within* two weeks and the prevailing political trade winds are not shifting. The most recent polling data indicates that the President's approval numbers are floundering at 37%. This is a 4-point drop from October 8. Moreover, likely voters prefer Democrats by a 57% to 35% majority. This reflects a Democratic gain of 7 points over the past 2 weeks. Also, a recent *Washington Post-ABC Poll* concluded that Independent voters were favoring Democrats by a 2 to 1 margin. These numbers are not pretty for the GOP. Moreover, they can be indicative of a major change in the partisan makeup of the 110th Congress. However, just like meteorology, political soothsaying is a notoriously inexact science.

Senior Democrats are not, as of yet, selecting new drapery for upscale quarters, nor is the GOP Leadership handing over the keys to their Democratic counterparts. Millions of dollars are still being poured into "competitive" House and Senate races. There are many such races, and they are growing. Four months ago, there were about 25 hotly contested races. They were primarily located in the Northeast and in the industrial Midwest. Now, there are about 50 races that NAPUS believes are competitive, and they are located in all areas of the continental U.S. Surprisingly, many are in traditionally safe seats. NAPUS is playing a major role in many of these competitive races, helping to fend off well-financed challengers of postmaster allies and aiding the defeat of NAPUS enemies. The sole factor in NAPUS political decision-making is the position of candidates and incumbents on postmaster issues.

NAPUS invites postmasters to logon to a specially created website for real-time political analysis on the evening of November 7 and throughout the night. On November 7, Postmasters can logon on to *NAPUS Election Night Headquarters* <http://napus-election-night-2006.blogspot.com/>. Beginning at 5:30 PM and into the wee hours of November 8, the NAPUS Government Relations Department will be monitoring those Congressional and Senate races that we believe will be predicative of which party will control the Congress in 2007. In addition, NAPUS will be attentive to races in which NAPUS allies are facing spirited challenges. We will be following election night returns as the polls close, beginning with Indiana and Kentucky, whose polls close at 6:00 PM EST. In just these two states, there are at six highly competitive House races that can serve as a bellwether for what to anticipate later in the evening. The polls close in Florida, Georgia, New Hampshire and Virginia at 7:00 EST. Virginia boasts a competitive Senate race, and collectively the states host 8 competitive races. So, fasten you seat belts and join us at NAPUS Election Night HQ.

Senate Magic
Number

6

House Magic
Number

15

FEHBP Open Season Caution

A couple of years ago, the Office of Personnel Management (OPM) invited employee-sponsored Federal Health Benefits Program (FEHBP) plans to offer a new health insurance product – “high-deductible consumer-driven” plans. These plans feature a very high deductible with an opportunity for plan participants to contribute into a health savings account (HSA). OPM’s incentive for encouraging enrollment in this type of insurance is that they cost less. The Bush Administration has heavily promoted these plans as a way to control health care costs.

The premiums for these plans tend to be significantly less than for traditional insurance products or health maintenance organizations (HMOs). In 2007, the average annual premium for the government-wide high-deductible plans will be approximately \$672 less than for a traditional government-wide plan. Although each plan is unique, the common denominator is that the plans force beneficiaries to be more conscious of health care costs by exposing them to those costs. Presently, the APWU, GEHA, and the Mail Handlers offer government-wide high-deductible consumer driven options.

The shortcoming of these plans, which is significant, is that the cost-exposure leads participants to forego necessary medical care, potentially jeopardizing their health. This is what the well-respected *Rand Corporation* concluded. The Rand findings were reported this week in the journal *Health Affairs*. Rand found that the high-deductible plans tend to be confusing, especially to enrollees acclimated to HMOs and preferred-provider organizations (PPOs). In addition, the study noted that people are not filling needed prescriptions and skipping doctor-advised follow-up medical care. Finally, *Rand* reported high-deductible plans tend to attract healthy and wealthy participants, leaving the sicker and less affluent in the traditional plans. This effect – *adverse selection* – forces traditional plans to raise their premiums to accommodate sicker and older population. This is an effect that bears watching in the FEHBP.

Postal Reform’s Last Gasp

During the weeks leading up to the election, Capitol Hill resembles a ghost town. Congressional aides have taken time off to work on campaigns. That is, except for Congressional staff tasked with looking for postal reform magic in the lame duck session. The Postal-4 (Chair Collins and Sen. Carper, and Chair Davis and Rep. Waxman) have been in Washington, or are within commuting distance of the Capitol. There are two issues that need to be reconciled. First, the House and Senate must resolve their disagreement over who will design the new rate system. The Senate-passed bill defines the system, while the House delegates that responsibility to a postal regulator. Second, the House and Senate must address the NALC’s concern about continuation-of-pay benefits, under the Office of Workers’ Compensation Program. There are probably other bells and whistles that could easily derail lame duck consideration of postal reform, including the lack of time, last minute objections, and complications resulting from a shift in the partisan makeup of Congress. Nonetheless, we have learned – as one postal commentator has stated – that postal reform has had more lives than a dead cat. So, it won’t be over until Congress adjourns for good.

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