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White House Drops Lump of Coal In Postal Stocking

Just in time for the holidays, the Bush Administration rejected the U.S. Postal Service request for a Medicare prescription drug subsidy. This rebate would have saved the USPS and the mailing public approximately \$250 million per year.

The Administration denied the request because the USPS participates in the Federal Employees Health Benefits Program (FEHBP). According to Administration officials, since the Federal government is not claiming the subsidy on behalf of its FEHBP participants, neither should the USPS. The Office of Personnel Management (OPM), the federal government's personnel agency, declined to apply for the Medicare prescription drug subsidy because it saw no reason to pay itself to continue to provide coverage when it had no intention to drop, or reduce the FEHBP drug benefit.

Beginning in 2006, Medicare-eligible Americans will be able to purchase prescription coverage through the newly created Medicare Part D (Public Law 108-173). In addition, the Medicare law enables employers who provide their retirees drug coverage that is equal to or better than Part D, a subsidy for its Medicare-eligible retirees who did not elect Part D coverage. The purpose of the rebate is to encourage employers to maintain comprehensive drug coverage for its retirees. FEHBP drug coverage is superior to Part D benefits.

It is important to note that the Medicare law does not prohibit public employer-provided retiree health plans from collecting the subsidy. Moreover, the statute does not exclude employers who may be contractually or legally obligated to provide for such coverage. Therefore, whether or not an employer intends to, or declines to drop drug coverage are irrelevant in determining eligibility for the Part D subsidy. Simply the existence and continuation of a drug plan establishes eligibility. Therefore, USPS is entitled to the subsidy.

It is curious that OPM speaks for the USPS on the issue of employer eligibility for the Part D subsidy. OPM is not the employer of postal workers and postal retirees. The USPS signs the paycheck, pays the employer share of the FEHBP premium, and funds the retirement annuity -- not OPM or the American taxpayer. In fact, the Part D rebate could be used to help mitigate postage rate increases and reduce USPS health care costs.

It is indeed ironic that, in the case of Medicare Part D subsidy, the Bush Administration claims *ownership* of the proceeds of a USPS-financed employee benefit. Yet, the White House still rejects its inherent responsibility to pay the costs incurred by the U.S. Treasury as the result of the military service of postal retirees (i.e., CSRS military retirement credit).

NAPUS Prepares for FY 2007 Budget Battle

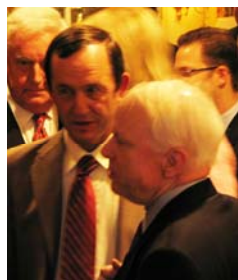
Postmasters are girding for battle, anticipating an aggressive attempt to slash the Fiscal Year 2007 Federal Budget. Fiscally conservative Members of Congress – particularly in the House of Representatives – are contemplating postal employee and retiree benefits to achieve this feat.

During this past week, Congress primed its engine for next year's FY 2007 budget battle. The Republican Leadership ensured enactment of S. 1932, to cut the FY 2006 federal budget by almost \$40 billion. The Senate needed to recall Vice President Dick Cheney from overseas to cast the deciding vote, breaking a 50-50 tie on the S. 1932. The House first approved the measure on Sunday, December 18, at about 6:00 AM. However, the House needs to return to Washington to cast another vote on the bill, because the Senate included a number changes. Generally, S. 1932 cut funds for Medicare, Medicaid, child support, and federal student loan programs.

During this year's 11-month FY 2006 budget process, NAPUS allies House Government Reform Committee Chairman Tom Davis (R-VA) and Senate Homeland Security and Governmental Affairs Committee Chairman Susan Collins (R-ME) passionately and successfully defended federal and postal employee and retiree benefits from the budget ax. Congress sought cuts to offset hurricane-related expenses, assorted tax cuts, and reduce the deficit. While Iraq-related costs have been insulated from budget offsets, next year may be quite different. Therefore, the combination of the frantic end-year legislative activity, and the desire to pay for Iraq military and reconstruction initiatives hint strongly toward a "Budget Armageddon" in 2006. Consequently, NAPUS will be energized and committed to ward off the proposed cuts to our benefits. As the FY 2007 Budget process commences next month, NAPUS will work with other employee groups and our bipartisan congressional allies to repel attacks on postmaster benefits. Remember, 2006 is an election year!

Postmasters Politicking During Congressional Breaks

Across the nation NAPUS activists, as well as rank-and-file postmasters, are visiting with their Members of Congress, preparing the Representatives and Senators for NAPUS' 2006 legislative priorities. NAPUS will continue to be in the forefront to enact postal reform legislation, to enhance our universal postal system, protect postmaster benefits, and respond to the needs of the mailing public. We plan to work with Members of Congress to ensure that their post offices continue to meet constituent needs. We will also carefully monitor USPS respect for the legal protections afforded communities, should the agency contemplate closing or consolidating a post office. NAPUS activists have reminded Members of Congress about the *NAPUS Post Office Closing and Consolidation Committee* and invited the officials to use NAPUS as an expert resource. Additionally, NAPUS is cautioning Members of Congress about hanging a bull's-eye on postal employee benefits to offset the federal budget deficit or underwrite tax giveaways. The NAPUS Leadership Conference (March 19-23) will concentrate on these and other issues that will be on our agenda.



In late November, Stamford CT Postmaster Jim Long spoke with Senator John McCain (R-AZ) about postal issues

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We are on the Web!