

Senate Panel Questions OPM Denial of Medicare Part D Subsidy

Today, Senate Oversight of Government Management, the Federal Workforce, and the District of Columbia Subcommittee Chairman Daniel Akaka (D-HI) conducted a hearing on the costs associated with the Federal Employees Health Benefits Program (FEHBP). Ranking Republican George Voinovich (R-OH) and Senator John Warner (R-VA) joined Chairman Akaka. The focus of the hearing was a December 2006 Government Accountability Office (GAO) report on FEHBP premium growth, which analyzed premium trends among the health program's participating plans. Over the past 13 years, the average annual enrollee FEHBP premium contribution rose by 6.9%.

Early in the hearing, Sen. Akaka argued that the Federal government could have saved FEHBP beneficiaries premium dollars by applying for the Medicare Part D prescription drug coverage subsidy. Under the Medicare Modernization Act of 2003, the FEHBP was entitled to a subsidy of approximately \$670 per Medicare-eligible beneficiary. The GAO estimated that the application of the subsidy to the FEHBP would have reduced enrollee contributions in the two plans with highest retiree enrollment by 3½% to 4%, while reducing the contribution for the other plans by about 2.6%. The Office of Personnel Management (OPM) declined to apply for the subsidy, because the agency claimed that the Federal government has no plans to eliminate or reduce FEHBP prescription coverage. OPM argued that the subsidy was created to encourage private and public employers to maintain drug coverage for their annuitants at a level equivalent to or higher than the newly created Medicare alternative. It was pointed out that both public and private sector employers, who had no plans to alter their retiree prescription drug coverage, were not denied access to the subsidy and are benefiting from it.

In addition, Sen. Akaka criticized the government's decision to deny the US Postal Service the opportunity to apply for the rebate. The Chairman pointed out that the USPS relies on ratepayer dollars, not taxpayer dollars. Consequently, the subsidy impacts postage rates. Sen. Voinovich also questioned the Administration's witness regarding the OPM denial of the USPS subsidy request. OPM claimed that an administrative burden precluded USPS permission to apply for the subsidy. Specifically, OPM testified that it would be extremely difficult to segregate postal retirees from non-postal retirees among the numerous FEHBP plans for the purpose of calculating the rebate.

Towards the end of the hearing, Sen. Warner referenced S. 773, his legislation to permit federal and military retirees to pay their portion of the health premium on a pre-tax basis. Currently, 29 Senators cosponsor the bill. The House companion, H.R. 1110 was introduced by Rep. Tom Davis (R-VA) and presently has earned the cosponsorship of 169 members of the House.



Sen. Daniel Akaka
(D-HI)



Sen. George Voinovich
(R-OH)

Congressional Objection to Contract Delivery Services Growing

As Postmasters may recall, a major focus of the April 17th House postal oversight hearing was the apparent decision by the USPS to expand its contracting-out of residential mail deliveries in non-rural settings. At that time, the postal unions, with the exception of the APWU, requested Congressional intervention, arguing that the plan has major public policy implications. Moreover, the 3 postal management associations were critical of the USPS initiative. In fact, NAPUS President Dale Goff remarked “you get what you pay for!”

Three weeks prior to the hearing, freshman Rep. Albio Sires (D-NJ) introduced House Resolution 282, which expresses the sense of Congress that contract delivery services (CDS) should be discontinued. Subsequent to the hearing, 150 members of the House of Representatives decided to cosponsor the resolution. Although the resolution is nonbinding, the measure’s support demonstrates considerable sympathy with letter carriers – both city and rural.

NAPUS is attentive to the growing Congressional interest in this issue because CDS relates to contract carrier recruitment, qualifications, and accountability. Postmasters would be concerned if the USPS is seeking to address current carrier understaffing with a privatized workforce. Postmasters would also be concerned about their lack of input into the decision as to whether it makes sense – from a service standpoint – to conscript private messengers, rather than recruit professional letter carriers. Finally, Postmasters would be anxious about the accountability of subcontractors signed up by contractors who were not selected by the local Postmaster, but by someone up the food chain who does not touch the mail or manage a post office.

National Dog Bite Prevention Week

On Monday, Rep. Thaddeus McCotter (R-MI) will introduce legislation to designate May 20-26, 2007 as “National Dog Bite Prevention Week.” The USPS is already publicizing the information about how to ensure that “man’s best friend” remains just that.

NAPUS, the National Association of Letter Carriers, the National Association of Rural Letter Carriers, the Humane Society, the American Veterinary Medical Association, the American Society for the Protection of Cruelty to Animals, and the American Academy of Pediatrics are working with Rep. McCotter in educating Members of Congress about the danger that unrestrained dogs pose to postal employees and to the public. In fact, each year, about 3,000 letter carriers are bitten by our canine friends. Rep. McCotter is soliciting support for the resolution.

The yet-to-be introduced House measure will call upon communities to work with the USPS to raise awareness of dog bites on letter carriers and encouraging localities to find homegrown solutions to address the problem of dog bites. Postmasters and all postal employees appreciate Rep. McCotter’s concern about postal employee safety and the unimpeded delivery of US mail .



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We are on the Web!

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