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Rep. Peter DeFazio (D-OR)

Parade of USPS Service Cuts Ignite Congressional Outrage

During the course of 2011, the Postal Service strategically rolled out a series of dramatic service reductions that will impact the American public and could further weaken the USPS' position in the communications market. At the same time, there is not much to show regarding a comprehensive Postal strategy to generate revenue, or offer new and innovative products that could revive its market position. A number of commentators have characterized this as a "retreat-and-surrender" strategy.

It is fair to say that Congress has missed repeated opportunities to remedy the punitive retiree health pre-funding requirement and to refund the USPS' overpayment into the Federal Employees Retirement System (FERS). And, the White House has refused to fairly calculate the USPS' Civil Service Retirement System (CSRS) liability. These beneficial actions could help alleviate postal woes. However, the USPS' service cut tactics may have made a positive resolution more elusive – particularly in an election year.

Within weeks of taking the reins of the Postal Service, PMG Donahoe announced his intention to decrease customer access to full service retail facilities by closing "low-performing" post offices (aka small and rural post offices); as the year went on, the USPS amplified its drumbeat for eliminating six-day mail delivery; and, this week – in the midst of the holiday mailing season – the Postal Service dished out another service slice, reduce delivery service standards.

On Monday, the Postal Service requested a Postal Regulatory Commission (PRC) advisory opinion on its proposed service standard reductions. The proposal would "eliminate the expectation of overnight service" for First-Class mail and periodicals. In addition, some current two-day service would become three-day service. On Wednesday, NAPUS formally intervened in PRC docket, noting that Postmasters have vital interest in the PRC opinion.

Throughout the year a handful of Representatives and Senators have pushed for constructive legislative remedies and amendments to safeguard a universal service. In fact, one such safeguard, a provision to establish retail service standards and institute a temporary moratorium on post office closures was appended to the Lieberman-Collins-Carper-Brown postal relief bill, S. 1789. However, the toxic combination of USPS efforts to close post offices, reduce delivery frequency and weaken service standards has ignited a Capitol Hill firestorm, which may complicate enactment of postal relief legislation. This anger culminated in Rep. Peter DeFazio's (D-OR) December 5 call for the PMG's resignation, on the floor of the House of Representatives. In addition, Rep. DeFazio introduced H.R. 3591, a House companion to legislation introduced by Sen. Bernie Sanders (S. 1853), to address many of the challenges confronting

the Postal Service. DeFazio also offered H.R. 3592, a House companion to S. 1668, to protect rural post offices.

A growing number of Senators are taking aim at the USPS' retreat and surrender strategy. This week, Sen. Sanders has recruited Senate colleagues in an effort to prevent the closing and consolidation of postal facilities, including post offices. They are seeking an amendment on a pending appropriations bill to prevent the USPS from taking irrevocable and harmful operational actions, prior to congressional passage of postal reform. The initial part of the effort took the form of a letter to the Senate bipartisan leadership and to the Senate Appropriations Committee. The [Senate letter](#) was signed by the following twenty Senators: Max Baucus (MT), Mark Begich (AK), Michael Bennett (CO), Al Franken (MN), Kirsten Gillibrand (NY), Tom Harkin (IA), Tim Johnson (SD), Amy Klobuchar (MN), John Kerry (MA), Mary Landrieu (LA), Patrick Leahy (VT), Ben Nelson (NE), Claire McCaskill (MO), Jeff Merkley (OR), Jay Rockefeller (WV), Bernie Sanders (VT), Jon Tester (MT), Mark Udall (CO), Tom Udall (NM), and Ron Wyden (OR). In addition to the immediate significance of the letter, the breadth of its support sends a clear message to the Senate Leadership about the support and necessity of a universal and accessible postal service.

In light of the escalating attention to the USPS and the truncated 2012 election-year legislative calendar, we anticipate that postal reform bills will be considered by the House and the Senate in the early spring. It is likely that refinement of committee-reported bills (H.R. 2309 and S. 1789) will take place in January and possibly February, to attract votes; concurrently, Representatives and Senators who are not pleased with the bills, as reported by the committees of jurisdiction, will be drafting floor amendments. January action on postal legislation is unlikely, since Congress is not scheduled to convene for the 2012 term until January 23.

End-of-Year Appropriations Bill Could Alter FEHBP

Over the weekend, House and Senate conferees on a omnibus appropriations bill are considering two changes to the FEHBP that would be effective in the 2013 contract year. The changes are promoted as a way to provide FEHBP enrollees with additional options; however, it is unclear how the changes would affect the program as a whole or impact premiums.

The first proposed change has been advanced by Blue Cross Blue Shield since 2007 and would enable the mega-plan to offer a third option. Currently, the nation-wide "service benefit plan," which insures over 60 percent of the FEHBP population, is limited to two options. Blue Cross wants to offer is a high-deductible plan, partnered with a health savings account (HSA), in addition to its standard and basic options. (It is important to note that HSAs are not the same as medical savings accounts, which are currently available to employees.) A number of federal employee groups and FEHBP plans object to the Blue's request, asserting that Blue Cross desires to expand its dominance over the FEHBP market, and the additional option could destabilize the FEHBP.

The second proposed change, which is promoted by the Office of Personnel Management, would authorize FEHBP to contract with regional preferred or exclusive provider networks. Consequently, FEHBP participants would be able to choose from among Blue Cross, employee organization-sponsored plans, local health maintenance organizations, or regional providers.

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