

## U.S. POSTAL REFORM IN THE 116<sup>TH</sup> CONGRESS

*NARFE supports postal reform efforts aimed at improving the financial situation of the United States Postal Service (USPS) so it is able to provide universal, public service for the American people. NARFE opposes provisions of previous postal reform legislation that would require current postal retirees to pay additional premiums for mostly duplicative health insurance coverage through Medicare or lose their earned retiree health benefits. We support modifications to those provisions. Without modifications, NARFE will oppose postal reform bills that includes mandatory Medicare coverage for retirees.*

### **Recent Legislative History (115<sup>th</sup> Congress)**

Leading postal reform bills in the House and Senate during the 115<sup>th</sup> Congress, H.R. 756/H.R. 6076/S. 2629, did not gain the support necessary to win approval in either chamber, much like their predecessors. However, these bills represent a starting point for postal reform efforts in the 116<sup>th</sup> Congress. NARFE's views on additional postal issues are at the end of this brief.

### **Mandatory Medicare Enrollment for Postal Retirees**

NARFE opposes provisions contained in previous bills that would require current postal retirees to enroll in Medicare Part B or forfeit the Federal Employees Health Benefits (FEHB) program coverage they earned as a benefit of long years of employment.

NARFE objects to the mandatory Medicare provisions for current postal retirees on two basic grounds: 1) it changes the bargain regarding health benefits for postal retirees after they retired, setting a dangerous precedent for all federal retirees; and 2) it imposes a deeply paternalistic government requirement by removing choice for postal retirees with regard to their health insurance coverage, at significant additional cost.

For postal retirees over age 65 who previously declined Part B coverage – about 76,000 individuals – the requirement would require an additional \$135.50 per month, or more, in premiums per enrollee, on top of their FEHB premiums. While FEHB premiums vary by plan, monthly premiums for the popular Blue Cross Blue Shield Standard plan in 2019 is \$555.83 for self-plus-one coverage. For a postal retiree and spouse already paying \$6,670 per year for their federal health benefits, the mandatory Medicare requirement would add another \$3,240 in premiums per year, bringing their annual health insurance premium costs to nearly \$10,000 while living on a fixed income.

NARFE supports modifying the Medicare provisions that would do any or a combination of the following:

- Allow current postal retirees to opt-in to Medicare with a waiver of late enrollment penalties.
- Maintain automatic enrollment of current postal retirees into Medicare (with a waiver of late enrollment penalties), but provide them with a short opt-out window.
- Only apply the requirement to enroll in Medicare prospectively, to future retirees.

Without modifications, the legislation sets the dangerous precedent of changing retiree benefits in retirement and replaces the individual postal retiree's choice of health insurance with a paternalistic government requirement.

### **Prefunding Requirement**

To improve USPS finances in the near term, and to allow investments for the long term, NARFE supports eliminating or modifying the requirement to prefund at 100 percent its future retiree health care liabilities. Notably, NARFE supports the USPS Fairness Act, H.R. 2382, which would repeal the prefunding requirement.

The Postal Accountability and Enhancement Act (PAEA) of 2006 mandated annual prefunding payments by USPS into the Retiree Health Benefits Fund (RHBF) over a 10-year budget window from fiscal years 2007-2016, which ranged from \$5.4 to \$5.8 billion. No other federal agency or private-sector company fully prefunds its retiree health benefits.

USPS has not made a prefunding payment to the U.S. Treasury since 2010. At the end of the 10-year payment schedule in 2016, the Office of Personnel Management (OPM) revalued the RHBF unfunded liability to \$56.9 billion and assessed an annual amortization payment of \$955 million through fiscal year 2056 to cover the unfunded liability.<sup>1</sup> USPS continues to default on mandatory health payments even with the 10-year budget window closed.

Although USPS has not made these payments, the liability remains current on its balance sheet and is steering cost-cutting strategies, prohibiting investments and driving the conversation on Medicare coverage. The overly burdensome prefunding requirement must be reevaluated.

### **NARFE's Position on Additional Issues**

***Six-Day Delivery.*** NARFE supports maintaining six days of mail delivery throughout the United States. This modest delivery standard has existed since at least 1888. Toward that end, NARFE supports H.Res. 54 in support of six-day delivery, and continuing to mandate six-day delivery through the appropriations process.

***To-the-door Delivery.*** NARFE supports maintaining curbside and to-the-door delivery, opposing a transition to cluster box delivery. This is of particular concern to NARFE members, as most are retired and some may not have the ability to walk several blocks to retrieve their mail, and they shouldn't have to. NARFE supports H.Res. 23 in support of to-the-door delivery.

***Maintaining Service Standards.*** NARFE supports efforts to preserve high service and delivery standards. Lowering the quality of service is not the way to improve the USPS business model. Toward that end, NARFE supports H.Res. 60 in support of restoring service standards.

***Privatizing the Postal Service.*** NARFE supports universal postal service provided independent of profit motivations. Toward that end, NARFE supports H.Res. 33 expressing the position that USPS remain an independent establishment of the federal government and not be subject to privatization.

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<sup>1</sup> Financial Analysis of United States Postal Service Financial Results and 10-K Statement FY 2017, p. 11, available at: <https://www.prc.gov/sites/default/files/reports/PRC%20FY2017%20FINANCIAL%20REPORT%20FINAL.pdf> (accessed April 17, 2018).