

A NEW USPS HEALTH CARE PROPOSAL WITHIN FEHBP ADDRESSING RHB LIABILITY

USPS is proposing to establish a separate pool of health plans within FEHB whose enrollment would be limited to USPS employees and annuitants. This USPS pool would be limited to those current health plans which have at least 5,000 enrollees. Based on the latest available enrollment information from OPM, this pool would contain 8 PPO plans and 8 HMO plans, a list of which is attached. The enrollment data shows that these 16 plans would cover 95% of current USPS PPO enrollees and 75% of current HMO enrollees, which in aggregate is 92% of USPS membership.

A. The legislation would require these segregated plans to mandate/incent that all postal annuitants age 65 and over who are eligible for Medicare enroll in Medicare Parts A and B. The legislation would waive the penalty for delayed enrollment in Medicare Part B for any Medicare-eligible postal annuitants in the segregated plans that enroll in Part B during the FEHB open enrollment period for 2015.

B. The legislation would require OPM to mandate the provision of prescription drug benefits for Medicare eligible postal annuitants in these segregated plans through Medicare Part D EGWP plans.

C. The savings from mandated/incented Medicare enrollment and the EGWP subsidies would be distributed across all USPS categories of participants in each plan, including active employees, pre-Medicare annuitants, and Medicare eligible annuitants ratably in continuation of the current blended premium rate structure. The allocation of costs between USPS and participants would be designed to mirror the current allocation of costs under the existing contracts with the respective crafts as well as the allocation reached in consultations with the management associations. Annuitant contributions would be based on current FEHB law, with the employer subsidy amount based on the enrollment weighted average of all PPO plans in the USPS pool.

D. All such segregated plans, fully integrated with Medicare and sharing a blended rate separate and apart from other plans in FEHBP, would remain within FEHBP and be administered by OPM.

E. The USPS Retiree Health Benefits Trust Fund would be invested in a diversified manner in the Thrift Savings Plan by an investment manager reporting to the U.S. Treasury and OPM.

F. Contribution amounts for active employees would continue to be subject to collective bargaining and management consultation; contribution amounts for retirees would continue to be set by law.

G. The legislation would be clear that this change, segregating postal annuitants and actives within FEHBP in these enumerated plans, is not simply an additional optional choice within FEHBP for postal annuitants and employees, but a mandate. Once in the segregated pool, there will be no option for participants to select a plan outside the pool. Any postal annuitant not in one of the identified plans may remain in their existing plan or, at a future open enrollment, opt into the segregated plans in the pool.

H. The legislation would waive any penalty for delayed enrollment in Medicare Part B accrued prior to enactment for any Medicare-eligible annuitant who opted into the segregated plans during an FEHB open season. Participants who later elect to enroll in a USPS pool plan will not be eligible for the Part B late enrollment waiver.

IDENTIFIED PLANS FOR SEGREGATION WITHIN FEHBP¹

PPOs

- Blue Cross/Blue Shield
- NALC Health Benefit Plan
- APWU Health Plan
- GEHA
- Mail Handlers Benefit Plan
- Rural Carrier Benefit Plan
- GHI Health Plan
- Triple – S

HMOs

- Kaiser
- Health Insurance Plan of Greater NY
- Aetna
- Pacificare of California
- Group Health Cooperative/Western
- Health Alliance Plan
- M.D. IPA
- Humana

¹ For purposes of this proposal, insurance carriers offering two or more plans are treated as one carrier for identification and separation.