

UPDATE

NAPS Leg/Reg Update - September 25, 2013

Senate Hearing to Focus on Postal Health Care Benefits

The Senate postal oversight committee on Thursday will hold its second [hearing](#) in two weeks on postal reform legislation, [S. 1486](#), introduced in early August by the panel's top Democrat and Republican, Sen. Tom Carper (D-DE) and Sen. Tom Coburn (R-OK).

Thursday's Senate postal hearing will focus on the Postal Service's top legislative priority -- authorizing USPS to establish a postal-only health plan for its active and retired workers, one better integrated with Medicare to receive federal subsidies and bring down premium costs. Donahoe is expected to suggest at Thursday's hearing that the cost savings delivered by a USPS health plan, especially through Medicare integration, would offset the costs of retiree health benefit pre-funding and literally take pre-funding concerns off the table.

Officials from the Office of Personnel Management, which oversees the Federal Employee Health Benefits Program, and the Government Accountability Office, which has reviewed the USPS health plan proposal, are expected to respond to those claims at Thursday's hearing.

You can watch Thursday's hearing live, which starts at 10 am ET, [here](#).

[Last week's Senate postal hearing](#) focused on postage rates and revenues, in the lead-up to today's announcement that the Postal Service will seek Postal Regulatory Commission approval of an emergency postage increase, a move opposed by mailers.

In a [letter](#) released today, USPS Board of Governors Chairman Mickey Barnett described the “precarious financial condition” of the Postal Service and the “uncertain path toward enactment of postal reform legislation” as primary reasons for seeking price changes above the CPI increase. He also indicated that the price adjustment above the CPI increase is necessary in order to ensure that the Postal Service will be able to maintain and continue the development of postal services of the type and quality which America needs.

Postal-rate increases are capped at inflation, as measured by the Consumer Price Index. That would mean an allowable increase of about 2 percent for implementation in January. The Postal Service, under the 2006 postal law, may seek a higher rate increase beyond the CPI in "exigent" circumstances, when approved by the Postal Regulatory Commission, which has 90 days to approve the action. In 2010, the Postal Service submitted a request for an exigent rate increase of 5.6 percent, far above the CPI cap, that would have brought in more than \$3 billion annually. But the mailers fought that increase in court and it was derailed.

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