

# UPDATE

NAPS Leg/Reg Update - October 6, 2016

## A Long Shot for Postal Reform

Congressional lawmakers departed Washington last week and will return after the elections for a brief lame duck session. Chances are increasing that postal reform legislation will remain stalled on Capitol Hill for the remainder of this session, including action on the House postal measure, H.R. 5714, which cleared the House postal oversight committee in July, but has not received a final House floor vote.

Despite continued efforts by the bill's proponents and the Postal Service to resolve concerns about the legislation, House leaders have remained silent about their support for the measure. Pressures to go wobbly on postal reform were underscored in early September by a [letter](#) from a coalition of conservative taxpayer groups that expressed opposition to H.R. 5714. Also, the Congressional Budget Office, which must estimate the budgetary cost of all bills prior to final House action, has not yet released its budget "score" of the House postal bill. That score will project the financial impact of the postal bill's Medicare integration approach which, which some experts [predict](#), will expand the size of unfunded Medicare obligations, an outcome that many lawmakers will not relish.

## **Looking Ahead to the Next Congress**

The verdict on postal reform legislation in the next Congress – the 115<sup>th</sup> Congress -- will be affected by multiple factors, including which parties takes control of the White House and the House and Senate, as well as the lawmakers named to the chairmanships of the Congressional committees that oversee the Postal Service.

Some legislators in the next Congress, particularly Senate Democrats from rural states, are likely to continue to try to stem the decline in postal service that they and their constituents have endured over the past several years, especially since January 2015 when the Postal Service revised its First-Class Mail® service standards, eliminating single-piece overnight First-Class Mail service and shifting mail from a 2-day to a 3-day service standard.

The negative impact of those changes, along with Postal Service processing and transportation network realignments, was highlighted in a recent [report](#) by the Office of Inspector General of the Postal Service, which noted that, despite USPS estimates that the service standard reductions would annually save over \$805 million, they in fact created significant delay in mail processing, reduction in performance scores, and increased transportation costs.

## **Health Care and Medicare Costs on the Rise**

Jitters about rising health care costs also were accented recently when the Office of Personnel Management (OPM) announced rises in FEHBP [premium rates for 2017](#). On average, postal employees will see an increase in premium costs of 11.7 percent: self-only postal employees will pay 11.5 percent; self-plus-one will pay 12.9 percent; and, self-plus-family will pay 11.6 percent. The federal government will only contribute an additional 2.8 percent to its share of costs. John O'Brien, OPM Director of Health Care and Insurance, attributed

the FEHBP rate increases to the rising costs of prescription drugs and an aging workforce.

In addition, the 2016 Medicare Trustees Report recently [forecast](#) that, unless Congress intervenes, Part B premiums will increase significantly next year for nearly 30 percent of beneficiaries to an estimated \$149 per month. (The premium now stands at \$121 per month.) The Trustees also predicted that this increase will be accompanied by a hike in the Part B deductible — up from \$166 to \$204. According to the Trustees, a predicted low COLA for Social Security recipients in 2017 (as low as 0.2 percent), leading to the application of the hold harmless provision in the Social Security Act, will contribute to projected Part B premium and deductible increases. Equally alarming, the costs of these increases will be shouldered by the 30 percent of Medicare beneficiaries not protected by the hold harmless provision, some of whom are postal and federal CSRS retirees (along with state and local government retirees) who did not participate in Social Security.

In response to these concerns, NAPS joined recently with 74 other national organizations in a [letter](#) urging Congress, just like it did last year, to shield Medicare participants from the unintended consequences resulting from the application of the hold harmless provision. “No beneficiary should be forced to pay more than they otherwise would simply because some beneficiaries are afforded critical protections against reductions in their Social Security checks,” the letter, co-signed by NAPS, said.

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