



May 25, 2021,

Dear Chairman Neal, Ranking Member Kevin Brady, Chairman Frank Pallone, Ranking Member McMorris Rodgers and members of the House Committee on Ways and Means and Energy and Commerce:

On behalf of over 500,000 active postal employees and over 140,000 retired postal employees exclusively represented by the American Postal Workers Union, the National Association of Letter Carriers, the National Postal Mail Handlers Union, and the National Rural Letter Carriers Association, we write to you regarding the Postal Service Reform Act of 2021 (H.R. 3076).

H.R. 3076 recently passed out of the Committee on Oversight and Reform by a voice vote and reflects carefully achieved consensus and bipartisan agreement to bring financial stability to the Postal Service. This agreement could not have been accomplished without broad compromise from each stakeholder. This includes finally eliminating the mandate that the Postal Service pre-fund decades' worth of health-care benefits for its future retirees -- embracing the bipartisan USPS Fairness Act (H.R. 695 and S. 145) – and mandating six-day delivery in permanent law, a mandate that will benefit the entire postal system. Both these major provisions are broadly supported principles in the House and Senate.

As it relates to your Committees, the legislation would adopt private sector best practice and provide our members and other postal employees with a seamless transition into Medicare, a program that postal employees have paid over \$36 billion into since 1983.

- Without imposing any costs on other federal employees or retirees, the bill will reduce USPS retiree health care costs under the Federal Employees Health Benefits Plan (FEHBP) by creating postal-only plans within FEHBP and adopting rules for those plans that are standard practice among private sector health plans that offer retiree coverage. Specifically, the postal-only plans will require future annuitants to enroll in Medicare Parts A and B and take advantage of employer subsidies now provided under Medicare Part D to company plans that offer prescription drug benefits to their retirees.
- Beginning January 1, 2023, the following will apply: Active postal employees under age 64 will be automatically enrolled in Medicare (Parts A and B) when they retire and become eligible for the program. Retired postal employees will have an option to remain in existing FEHBP or participate in new postal-only FEHBP plans that include enrollment in Medicare Parts A and B. Active postal employees 64 or older will have the same options when they retire.
- Retirees over age 65 who have chosen in the past not to enroll in Medicare Part B will be given a one-time opportunity to do so with no late-enrollment penalty by enrolling in a postal-only FEHBP plan. Annuitants who do not want to use this opportunity to enroll in Medicare will remain in their existing FEHBP (non-postal) plans.
- For all future annuitants, the bill provides an exception to the requirement to enroll in Medicare Part B for those covered under other insurance arrangements (such as the VA) and for those who live in a place where there are not Medicare-participating providers. These retirees will be covered by non-postal FEHBP plans.

As you consider this legislation, please note that any assertions that this bill would adversely impact other federal employees' premiums or take away options for current annuitants are unfounded. Nor would the bill allow the Postal Service to "cherry pick" which retirees to cover.

The bill explicitly requires separate risk pools, but USPS will pay the premiums for all postal annuitants regardless of which risk pool they are placed in, based on the free choice given existing annuitants.

The bill preserves existing health insurance coverage for postal retirees. Current postal annuitants in small plans (those with less than 1,500 postal participants) would be allowed to switch into any plan they want. Any claim to the contrary is misinformed.

This bipartisan postal bill will finally address the financial crisis caused by the Postal Accountability and Enhancement Act of 2006, particularly by repealing that law's onerous prefunding mandate. But the Medicare reforms in H.R. 3076 are also very important. The overwhelming majority of postal retirees have already enrolled in Medicare Parts A and B; this bill is aimed at getting nearly all of them enrolled in the future. Along with the Part D subsidies that private companies now enjoy, these reforms will strengthen the Postal Service while raising total Medicare spending by less than two-tenths of one percent in the future. Postal employees and the Postal Service have paid into Medicare and should be allowed to maximize its value the same way private companies and their retirees do.

America's postal employees and the 160 million households and businesses we serve every day are relying on your swift action on H.R. 3076.

Thank you for your support and consideration.

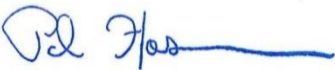
Sincerely,



Fredric V. Rolando
President
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Mark Dimondstein
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American Postal Workers Union



Paul V. Hogrogian
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Ronnie W. Stutts
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