



American Postal Workers Union, AFL-CIO

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LEGISLATIVE PRIORITIES

115th Congress

The Postal Service Reform Act of 2017

The **Postal Service Reform Act of 2017, H.R. 756** and its companion bill, the Postal Service Financial Improvement Act of 2017, H.R. 760, introduced in the 115th Congress, present an opportunity for Congress to move the Postal Service towards solid financial footing. It is a step forward to resolving the pre-funding obligation set forth in the Postal Accountability and Enhancement Act of 2006. APWU joins its sister unions in support of these bills moving forward and are encouraged by the bipartisan efforts being made to fix the Postal Service's financial problems.

A Positive Step Forward

On January 31, 2017, the *Postal Service Reform Act of 2017* (H.R. 756) was introduced by Representatives Jason Chaffetz (R- UT), Elijah Cummings (D-MD), Mark Meadows (R-NC), Gerry Connolly (D-VA), Dennis Ross (R-FL) and Stephen Lynch (D-MA).

"This legislation is a necessary step to solving the disastrous pre-funding mandate that is dragging down the Postal Service," said President Dimondstein. "We are encouraged by the bipartisan effort to fix the financial problems currently facing the USPS while preserving good union jobs and public postal services."

There are many components of the new postal reform legislation, including the restoration of half of the postal rate increase and removal of a provision lobbied by the USPS's private competitors. The portion of the bill that concerns many APWU members is the Medicare integration for postal retirees.

'Medicare Integration'

H.R. 756 addresses the pre-funding mandate through "Medicare integration." A "Postal Service Health Benefit Program" will be created within the Federal Employee Health Benefits Program (FEHBP), managed by the Office of Personnel Management (OPM). It would place Medicare-eligible postal workers in Medicare Parts A and B. In addition to expanding Medicare's role as a primary payer, FEHBP plans would be given access, through the law that created Medicare Part D, to discounted prescription drugs subsidized by an Employer Group Waiver Plan.

At this time, approximately 80 percent of Medicare-eligible postal workers and retirees are voluntarily enrolled into Medicare A and B. Many APWU members say that having a FEHBP plan and Medicare saves them money in the long run.

The bill achieves the following goals of the union:

- The program remains part of the FEHBP;
- The Medicare integration is part of the comprehensive reform bill, not a stand-alone measure;
- Prescription drug coverage results in no additional costs to employees and retirees;
- The Postal Accountability and Enhancement Act's (PAEA) required payments to pre-fund future postal retiree health care will be virtually eliminated by Medicare integration because it will create a huge reduction in the current unfunded liability costs.

Whether or not they enrolled, postal employees have long subsidized Medicare, paying over \$30 billion in Medicare taxes since 1983. Postal employees, retirees and the Postal Service can realize the benefit of those contributions through Medicare integration. The APWU believes, although not perfect, this bill provides a workable route to achieve a robust future for America's Postal Service.

On March 16, 2017, the House Oversight and Government Reform Committee "marked-up" and approved H.R. 756. The favorable vote to move the bill out of the Oversight Committee is one of several key steps in a lengthy legislative process. As the legislation continues work its way through Congress, the APWU will stay engaged in the process with lawmakers and staff to improve the bill every step of the way.