



# NALC Fact Sheet

Department of Legislative and Political Affairs — National Association of Letter Carriers, AFL-CIO  
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## Postal Service Reform Act (H.R. 3076)

The Postal Service Reform Act of 2022 (H.R. 3076) aims to provide financial and operational stability to the Postal Service. After 15 years of debate, this bipartisan legislation reflects a broad consensus in Congress and among postal stakeholders, including business, postal labor and USPS management. It provides Congress with its best opportunity in years to enact postal reform. This critical legislation advances several key priorities of the NALC and the broader postal stakeholder community:

### Repeals the pre-funding mandate

H.R. 3076 would repeal the mandate that the Postal Service pre-fund decades' worth of health benefits for its future retirees, which was enacted through the Postal Accountability and Enhancement Act (PAEA) of 2006.

This mandate places an onerous burden on the Postal Service that no other public agency or private company in the country faces. As reported in the Postal Service's annual 10-K financial statements, the mandate has cost an average of \$5.2 billion annually since 2007 and is responsible for 84 percent of USPS losses over that period. The pre-funding mandate accounted for 100 percent of losses from 2013 to 2018, disguising what otherwise would have been net profits. Absent this unique burden, USPS would have recorded surpluses of nearly \$4.0 billion in that latter period.

The PAEA's pre-funding mandate exhausted the Postal Service's statutory borrowing authority, preventing the non-taxpayer funded/self-sustaining agency from making much-needed investments in its networks and infrastructure. In the 116th Congress, the bipartisan USPS Fairness Act (H.R. 695 and S. 145) passed out of the House with strong bipartisan support laying the groundwork for the Postal Service Reform Act in the 117th Congress.

### Maximizes Medicare participation among FEHBP-covered postal employees and annuitants

The Postal Service Reform Act aims to reform the Federal Employees Health Benefits (FEHB) Program to maximize participation in Medicare among postal annuitants, following best practice in private sector health plans. Postal employees and the Postal Service have paid over \$34 billion into the Medicare Trust Fund since 1983. Maximizing participation will cut the cost of health benefits for the Postal Service and postal participants, strengthen the Postal Service's balance sheet and improve its annual financial results while raising overall Medicare spending by just a tiny fraction of one percent.

Currently, enrollment in Medicare for FEHBP participants is optional, though an average of 80 percent of postal annuitants currently choose to enroll at age 65. For those that enroll, Medicare is the primary payer of health care costs while FEHBP becomes the secondary payer. Maximizing Medicare enrollment (in Part A for Hospital coverage and Part B for Medical coverage) will therefore lower the cost of health insurance premiums for active and retired postal employees. It will reduce premiums further by providing annuitants access to savings on prescription drugs under the Medicare Modernization Act, a 2006 law that created Medicare Part D.

Under the proposed legislation:

- Starting in calendar year 2025, the FEHBP plans of postal employees under the age of 64 will require enrollment in Medicare (Parts A and B) when they retire and turn age 65 (or when they retire after age 65).
- Postal FEHBP participants who are active and age 64 or older, or who are already retired by January 1, 2025, will not be required to enroll in Medicare, but will be allowed to enroll voluntarily when eligible.
- Non-postal federal employees and annuitants will not be subject to these Medicare requirements and will not be adversely affected by the FEHBP reforms applicable to postal participants. Indeed, CBO estimates that non-postal federal employee health premium costs will decline modestly as a result of the bill. These savings are due to the separate risk pools for federal and postal participants provided by the bill -- federal participants are on average slightly younger and less expensive to insure than their postal counterparts.

There will be exceptions to the Medicare enrollment requirements for active postal employees covered by the reformed FEHBP program in 2025 -- if such employees are covered by other insurance arrangements (provided by the Veterans Administration or the Indian Health Service) or if, after retirement, they live a place where there are no participating Medicare-participating providers (overseas, e.g.). Retired postal participants (annuitants and family members) in FEHBP who are already Medicare-eligible (over age 65) and who have not yet enrolled in Medicare Part B will be given a one-time opportunity in 2024 to enroll in Part B without the late enrollment penalty.

### **Strengthens six-day delivery requirement**

The bill includes language that requires the Postal Service to continue delivery of both mail and packages six days a week. Integrated six-day mail delivery has been the norm for decades and maintaining this policy has had overwhelming bipartisan, bicameral support over the years. Since 1983, the policy mandate to deliver mail six days a week has had to be renewed annually in the appropriations process. If this bill becomes law, the six-day requirement would be a statutory mandate.

The Postal Service's unmatched network and Universal Service Obligation serves 159 million homes and businesses every day, processing and delivering an average of 430 million pieces of mail and packages per day. In fact, USPS often delivers seven days a week due to demand and necessity. This has been especially true during the Covid-19 pandemic as American homes, businesses and private shippers have relied on the Postal Service to meet their needs in these extraordinary times.

### **Other notable provisions**

In addition to these key priorities, the legislation would require:

- Semi-annual USPS reports to Congress on the implementation of its 10-year strategy plan
- An online 'service dashboard' to track USPS delivery performance
- The Postal Regulatory Commission (PRC) to review of the pricing of competitive and non-competitive products and to study the processing efficiency of flats
- Independent budget authority and funding of the PRC through the Postal Fund to exempt the PRC from the impacts of sequestrations/shutdowns – just as the USPS is
- A special postage discount for rural newspapers

**NALC strongly supports H.R. 3076, which would bring financial and operational stability to the Postal Service.  
We urge Senators to pass this important legislation into law.**