



# NRLCA FACT SHEET

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## **Medicare Prescription Drug Benefit**

The Medicare Prescription Drug Improvement and Modernization Act (MMA) was enacted into law in late 2003. The comprehensive prescription drug benefit provided in the law started in January 2006.

Congress established the Medicare-eligible retiree drug subsidy to ensure the continued availability of affordable employer-sponsored drug coverage for retirees. The Medicare law defined eligible employers to include local, state, and federal government health plans that offer qualified prescription drug coverage.

The Federal Employees Health Benefit Program is clearly eligible to receive the MMA subsidy. In 2005, Senators Baucus, Grassley, Collins and Lieberman along with 57 Congressmen lead by Representatives Camp and Kilpatrick sent letters to the Director of the Office of Management and Budget (OMB) urging that the USPS receive the subsidy. Unfortunately, the Office of Personnel Management (OPM) is not applying for the MMA subsidy for the Federal Employees Health Benefit Program on the basis that "there is no good rationale to continue to pay itself to continue providing drug coverage to federal retirees of agencies that are fully supported by federal tax dollars."

The United States Postal Service is unique among federal agencies that participate in the Federal Employees Health Benefit Program in that it does not receive federal tax dollars. USPS pays the full government share of Postal Service retiree's health insurance premium. Last year the Postal Service sent the Office of Personnel Management a check for \$1.3 billion dollars. All of this revenue was generated from postage rates and services.

The Center for Medicare and Medicaid Services (CMS), an office in the Department of Health and Human Services, estimates the Medicare subsidy to be \$668 per retiree per year. The U S Postal Service has approximately 330,000 Medicare eligible retirees and survivors. The guestimate of the subsidy owed to USPS and its health plans is \$250 million per year.

### ***NRLCA POSITION***

**NRLCA urges Senators and Members of Congress to allow the Postal Service to receive the Medicare Prescription Drug subsidy for its retired employees.**

Contact Paul Swartz (Senate) or Christine Baker (House) if you have any questions or would like more information on this issue.