

National Association of Letter Carriers

NEWS RELEASE

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Rolando Warns Against Excise Tax In Senate Health Care Legislation

Letter Carriers Union Leader Cites Results of New Report; Foresees Harm to Benefits for Federal/Postal Workers

WASHINGTON – The president of the 300,000-member National Association of Letter Carriers union said today that an excise tax on insurance plans contained in pending health care reform legislation in the Senate would result in the government slashing health benefits for letter carriers and other postal and federal employees.

NALC President Fredric V. Rolando said while the excise tax provision was intended to target luxurious "Cadillac" health insurance plans, a report by the Association of Federal Health Organizations showed that it will inevitably hit the other "Chevy" plans utilized by middle-income federal and postal employees.

He made his comments in a special news teleconference with other union leaders and members of Congress who are attempting to eliminate the damaging tax from the health care bill.

Rolando said he and the other union leaders support health care reform legislation in general.

"But we are opposed to the Senate excise tax because it will force the Office of Personnel Management (OPM) to dramatically slash health benefits that our members have earned," Rolando said. "There are better and fairer ways to finance reform and we will fight for them."

"The Senate excise tax was intended to target luxurious Cadillac plans, but it will inevitably hit more modest plans that make up the Federal Employees' Health Benefit Program," Rolando said. "We can't let this happen."

Rolando said the AFHO report analyzed 11 FEHBP plans that provide benefits to more than 75 percent of government enrollees and discovered a dire future if the tax is enacted.

"FEHBP plans will be hit – and hard – by the tax eventually," he said, adding that letter

carriers and other federal and postal employees have already seen their premiums more than double over the past 10 years.

He said the tax would hit the popular Blue Cross-Blue Shield plans as well as several others, noting that the AFHO study concluded that 5 of the 11 major FEHBP plans would face the tax within three years for their self-only enrollees, and that 4 of the 11 would be affected within six years for workers enrolled in family plans.

"We believe the original intent of the Senate proposal was to tax only extravagant plans," Rolando said. "Unfortunately, as drafted, the excise tax will tax ordinary plans like ours as well."

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The 300,000-member NALC union represents active and retired city delivery letter carriers of the U.S. Postal Service throughout the nation.