

**STATUS OF NARFE LEGISLATIVE AND  
ADMINISTRATIVE GOALS IN THE 111<sup>TH</sup> CONGRESS (2009-2010)<sup>1</sup>**

<b>BILL or GOAL</b>	<b>BACKGROUND</b>	<b>SUMMARY</b>	<b>STATUS</b>	<b>COMMENTS</b>
<b>H.R. 3631, the Medicare Premium Fairness Act</b>	Older Americans who receive a Social Security check pay no increase in Medicare Part B premiums in any year there is no cost of living adjustment (COLA). However, federal, state and local government retirees who are not eligible to receive Social Security not only pay the premium increase, but would also have to absorb the cost of other Medicare beneficiaries currently held harmless for the rate hike.	H.R. 3631 would protect all Medicare beneficiaries, including government retirees, from paying an increase in the 2010 Medicare Part B premium.	Passed in the House 9/24/09 by 406-18. Senate passage pending.	Finance Committee Chairman Max Baucus has tried to get the Senate to pass H.R. 3631 by unanimous consent, but unfortunately, there have been objections to the bill. President Baptiste recently sent a letter to Majority Leader Reid asking him to move the bill. A NARFE member action alert on H.R. 3631 was launched 10/29/09.
<b>H.R. 2647/S. 1390, Fiscal Year 2010 Defense Authorization</b>	Several civil service improvements that were stripped from Tobacco Regulatory legislation were added in June 2009 to H.R. 2647 and S.1390.	Conference agreement includes: FERS sick leave, CSRS part-time fix, FERS re-deposit, retirement credit for employees who transferred from DC to federal government, Secret Service retirement fix, Hawaii-Alaska and territories locality pay and re-employed annuitants.	Conference agreement passed the House 281-146 on 11/8/09 and was approved by the Senate 68-29 on 11/22/09. Signed into law by the president on 11/28/09 as P.L. 111-084.	NARFE played a leading role in moving the legislation.

<sup>1</sup> As of November 12, 2009.

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<b>S. 1796, Health Care Reform Legislation</b>	<p>During the Senate Finance Committee's mark-up in September, Sen. Grassley, R-IA, offered an amendment that would have effectively ended the FEHBP by requiring federal workers and Members of Congress to join state-based health exchanges. In addition, Senator Wyden, D-OR, introduced an amendment that would have allowed certain low-income, non-federal civilians into the FEHBP.</p>	<p>The Grassley amendment was changed to make the exchanges mandatory for lawmakers and their staff and not other federal workers. Sen. Wyden did not offer his FEHBP amendment.</p>	<p>The Finance Committee is scheduled to vote on the final version of their bill on 10/13/09. Before it moves to the full Senate, differences between the Senate Health, Education, Labor and Pensions Committee bill and the Finance Committee bill need to be reconciled.</p>	<p>Sen. Grassley's staff says that their boss will not still push for stronger language, but NARFE is concerned that another Senator will offer his original amendment when the bill is considered by the Senate. The Wyden amendment may also be offered. The NARFE Legislative Department is working with key Senators to defeat both amendments. NARFE members have been mobilized against the Grassley and Wyden amendments.</p>

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<b>H.R. 3962, Affordable Health Care for America Act</b>	<p>NARFE’s evaluation of this legislation and all other health care reform legislation is guided by the following key planks in our Legislative Program for the 111<sup>th</sup> Congress (2009-2010): (1) “NARFE supports access to comprehensive health care for all Americans,” (2) “NARFE supports protecting the nation’s most efficiently administered and cost-effective employer-sponsored health insurance program, the Federal Employees Health Benefits Program (FEHBP), for federal employees and annuitants” and (3) “NARFE opposes broadening participation in the FEHBP, unless separate risk pools are created.”</p>	<p>Under H.R. 3962, federal employees will be able to keep the insurance in the system they have now and nothing in the bill specifically impacts Federal Employees Health Benefits Program (FEHBP). However, any comprehensive plan that changes insurance law, provider financing, taxation policy and health infrastructure, will have some ramifications on how FEHBP operates in the larger health system.</p>	<p>H.R. 3962 was approved by the House of Representatives on 11-7-09 by a vote of 220 to 215</p>	<p>While NARFE continues not to endorse any of the bills in either the House or Senate at this time, we have taken positions on specific parts of this legislation. For example, of particular concern are proposals made during the Senate Finance Committee consideration of S. 1796 that would have required FEHBP participants to go into the new Health Insurance Exchanges or permitted non-federal civilian employees to enter the FEHBP system. Although H.R. 3962 contains neither proposal, NARFE remains concerned that they could be added to this legislation at another point during congressional consideration of the bills. For that reason, we continue to ask NARFE members to use our Legislative Action Center to urge their lawmakers to oppose such amendments.</p> <p>We have not supported any specific bill because it could limit our ability to effect change in the outcome of any final measure. NARFE remains concerned about provisions that would</p>

				threaten the integrity of FEHBP. We believe this concern is well founded, as evidenced by consideration of an amendment by Sen. Charles Grassley, R-IA, that initially would have effectively eliminated the FEHBP in any final bill.
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<b>H.R. 3672/S. 1685, Payments to Social Security Beneficiaries</b>	Social Security beneficiaries will receive no cost of living adjustment (COLA) in 2010.	H.R. 3672, Rep. McCarthy's, D-NY, bill would provide a one time payment of \$150 – and S. 1685, Sen. Sanders', I-VT, bill would provide a one time payment of \$250 -- in 2010 to all Social Security beneficiaries.	H.R. 3672 is pending in the House Ways and Means Committee. S. 1685 is pending in the Senate Finance Committee. The president has proposed a \$250 payment, which would include government retirees not entitled to Social Security.	NARFE Legislative Department staff has been working with key committee staff since July 2009 to ensure that federal workers who are not eligible to receive Social Security would receive equivalent compensation.

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<b>Federal Worker Pay Raise</b>	Unlike the automatic retiree COLA, the annual federal worker salary increase is decided each year in the Finance Services and General Government Appropriations bill. Federal employee groups have historically sought “pay parity” between federal civilian employees and military personnel.	The President’s fiscal year (FY) 2010 budget recommended a 2.0% salary increase for federal civilians and a 2.9 percent raise for active duty military. The final FY 2010 Defense Authorization would increase military pay by 3.4%.	H.R. 3170, the House-passed version of the Financial Services Appropriations bill would provide a 2.0 percent increase to federal civilians while the version of the bill passed by the Senate Appropriations Committee, S. 1432, would provide a 2.9% raise.	If Congress fails to complete action on the federal employee pay increase by January, it would automatically default to 2.0%.
<b>Federal Long Term Care Insurance Program (FLTCIP) Premiums Increase</b>	OPM announced earlier this year that eligible individuals who opted for Automatic Compound Inflation (ACI) protection when they purchased a FLTCIP policy would have to pay a 25 percent rate hike or elect to have their benefits reduced to avoid the premium increase.	NARFE has urged OPM to allow FLTCIP enrollees to increase their benefit amount in lieu of ACI. In addition, NARFE has urged the committees of jurisdiction to hold oversight hearings on the premium increase.	The Senate Aging Committee and the Senate Subcommittee on the Federal Workforce held a joint hearing on the FLTCIP premium increase on 10/14/09. NARFE President Baptiste testified.	OPM announced 11/22/09 that the decision period would be extended to from 12/14/09 to 2/15/2010 and that the premium increase for certain enrollees with ACI who choose to remain with their current coverage would be moved from 1/1/10 to 3/1/10.

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<b>Medicare Employer Payment</b>	Employer-sponsored plans that offer retirees age 65 and older with drug coverage as generous as Medicare Part D may apply to the Centers for Medicare and Medicaid Services (CMS) for a subsidy to encourage them to retain their retiree drug benefit. In 2005, at the direction of OMB, OPM declined to apply for the payment.	In an effort led by NARFE, the federal/postal coalition sent a letter in August 2009 to OPM and OMB, urging them to apply for the payment on behalf of FEHBP.	OPM responded to the coalition letter by reaffirming the position of the previous Administration. Instead, the agency would rather “re-examine OPM’s structure related to purchasing drug benefits.”	In a 9/29/09 press release commenting on the average 8.8 percent 2010 FEHBP premium increase, NARFE President Baptiste said premiums could have been lower had OPM applied for the payment. Unfortunately, the committees of jurisdiction show little enthusiasm to pursue this issue further. Indeed, the House Federal Workforce Subcommittee would rather focus on several initiatives which could contain prescription drug costs in the FEHBP.

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<b>H.R. 1203/S. 491, Federal Civilian- Military Premium Conversion</b>	Federal workers have been allowed to pay for their share of FEHBP premiums with pre-tax wages since 2000. However, no public or private sector retirees have this tax benefit.	H.R. 1203/S.491 would allow federal retirees as well as active duty and retired military personnel to pay for their share of health insurance premiums with pre-tax earnings.	In April 2009, Rep. Van Hollen, D-MD, asked the House Ways and Means Committee for permission to include a scaled-back version of premium conversion in civil service provisions that were added to a Tobacco Regulatory bill. The committee refused. Van Hollen received the same response in June when he asked the Committee to include H.R. 1203 in health care reform legislation. The Senate Finance Committee staff also denied NARFE's request in June to include S. 491 in the health care reform bill.	Both committees say it is unfair to provide a tax benefit to persons who already have insurance while 47 million Americans go without health insurance. They also say that premium conversion subsidizes health care consumption which has contributed to double digit increases in health care costs. As a Ways and Means Committee member, Rep. Van Hollen has repeatedly made our case to Committee Chairman Rangel, but other champions on the committee are needed if the legislation is to move.

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<b>H.R. 235/S. 484, Repeal GPO/WEP</b>	In certain situations, the Social Security Government Pension Offset (GPO) eliminates or reduces the survivor or spousal Social Security benefits of federal, state and local government retirees while the Windfall Elimination Provision can lower a government retiree's own Social Security benefit.	H.R. 235/S. 484 would repeal the GPO and WEP.	H.R. 235 is pending in the House Ways and Means Committee and S. 484 is pending in the Senate Finance Committee.	Neither committee wants to address this issue until Congress is willing to take on comprehensive Social Security reform. Rep. Hoyer, D-MD, and Senators Durbin, D-IL, and Graham, R-SC, held preliminary talks about reform earlier this year. However, no action on Social Security reform is expected until Congress completes work on health care reform.
<b>Increased Survivor Benefit Option</b>	Under current law, the highest, and only, survivor benefit a federal worker can elect for their spouse is 55 percent of their annuity. NARFE members have asked that workers be allowed to provide for a larger percentage survivor annuity.	NARFE's legislative program for the 111th Congress includes a resolution to advocate for amendments to federal civil service law to provide retiring employees with the option of electing, and paying the actuarial cost of, additional survivor annuity amounts in 5-percent increments, up to 75 percent of the unreduced employee annuity.	Rep. Jerry Connolly, D-VA, has agreed to introduce such legislation. The bill is being drafted by House Legislative Counsel.	Prospects are good since there would be no cost to this legislation.



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<b>Adjusted Deferred Benefits for Federal Employees</b>	<p>Most federal workers who are several years younger than 62 when they separate from federal service, withdraw their contributions and forfeit a deferred annuity because they perceive the value of the deferred annuity to be small or not worth foregoing the use of the lump sum they can withdraw. The deferred annuity may be perceived as small because it is based on the salary the individual earned in the last three years before the separation. Thus, depending on the rate of inflation from the time of separation until age 62, the value of the annuity can erode substantially. Current law penalizes employees who separate and are eligible for deferred annuities because deferred benefits do not reflect increases in the cost of goods and services that take place before annuity payments begin.</p>	<p>NARFE supports legislation that would base deferred annuities, paid at age 62 to separated workers who do not withdraw their contributions, on the worker's pre-separation pay, indexed from the time of separation until commencement of the annuity.</p>	<p>The NARFE Legislative Department is currently seeking new sponsor.</p>	