

NTEU

The National Treasury Employees Union

January 26, 2007

VIA FACSIMILE AND FIRST CLASS MAIL

The Honorable Linda M. Springer
Director
Office of Personnel Management
Washington, D.C. 20415

Dear Linda:

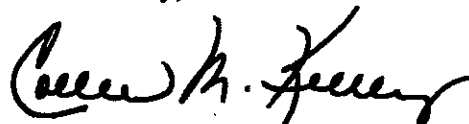
On behalf of the National Treasury Employees Union (NTEU) and our more than 150,000 federal workers in 30 government agencies, I am writing to express my concern about the Office of Personnel Management's (OPM) decision not to apply for the Medicare drug subsidy to which it is entitled under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. (PL 108-173). I would appreciate an explanation of this decision.

As you may know, the Government Accountability Office found that the subsidy would have lowered the average 2006 Federal Employees Health Benefits Program (FEHBP) premium by 2.6 percent had OPM received the subsidy. Some of the individual health plans that serve a high number of retirees could have realized a slowdown in premium growth by as much as 3.5 to 4 percent. These savings could have been passed on to keep the enrollee portion of the premium down.

Since OPM operates the largest employer-sponsored health insurance program in the country serving 8 million federal employees, retirees and their dependents, and the FEHBP plans do offer prescription drug coverage, it is clearly eligible for the subsidy. OPM should take advantage, therefore, of every opportunity to keep health costs down for employees and retirees. From my viewpoint, this is an easy way to save program costs and help federal retirees at the same time.

I would appreciate hearing from you on this vitally important issue for our federal workers and retirees who are trying to make ends meet.

Sincerely,



Colleen M. Kelley
National President