

**THE FAIR COALITION**  
**REPRESENTING ACTIVE AND RETIRED MEMBERS OF THE FEDERAL AND POSTAL**  
**WORKFORCE FOR OVER A QUARTER CENTURY**

January 2, 2009

The Honorable Barack Obama  
c/o Presidential Transition Offices  
451 6<sup>th</sup> Street, N.W.  
Washington, D.C. 20001

Dear President-elect Obama:

The FAIR Coalition represents the interests of approximately 5 million Americans who are employees and retirees of the Federal government and the U.S. Postal Service, as well as members of their families. One of the most cherished earned benefits of federal and postal service is eligibility to participate in the Federal Employees Health Benefits Program (FEHBP). We believe that as your Administration seeks out strategies to extend and improve health coverage FOR EVERY AMERICAN, White House initiatives should not unintentionally jeopardize the integrity of the FEHBP.

The FEHBP is the world's largest employer-sponsored health program, insuring about 8 million individuals. The program enables participants to choose from a variety of fee-for-service, preferred provider, and health maintenance organization options. The program is not immune to the health economy. Over the years, inflation of medical costs has challenged the program's affordability and benefit package. Moreover, *adverse selection*, the tendency of certain plans to attract young, healthy participants and other plans to draw sick, elderly participants, has plagued the program. Nevertheless, there is stability within the FEHBP, which is a product of a predictable risk-pool. In the past, political interests have advocated the opening up FEHBP, beyond the federal and postal population. We would strongly oppose opening up the FEHBP, without strict firewalls to protect the integrity of the FEHBP risk pool. The FAIR Coalition would caution against any proposal to integrate the uninsured and underinsured population into the FEHBP without such protections.

We urge you to consider authorizing the Office of Personnel Management (OPM) to negotiate prescription drug prices ON BEHALF OF ALL CARRIERS AND ENROLLEES IN THE FEHBP. In this way, the FEHBP could exercise its market leverage and control pharmaceutical costs for the benefit of plan participants and U.S. taxpayers. Presently, the Department of Veterans Affairs is able to negotiate over drug costs.

Also, we propose that the Administration support legislation enabling federal and postal annuitants to contribute their share of the FEHBP premium on a pre-tax basis, similar to active federal and postal employees. This legislation would help to lessen the impact of the escalating cost of health services.

Finally, we recommend that the Administration direct the OPM to apply to the Centers for Medicare and Medicaid Services for the prescription drug subsidy AVAILABLE TO OTHER EMPLOYERS as authorized under Public Law 108-173. The legislation specifically authorized that FEHBP, the federal government, and the Postal Service would be eligible for the subsidy.

On behalf of the members of our organizations, we appreciate your consideration.

Sincerely,

American Federation of Government Employees  
American Foreign Service Association  
American Postal Workers Union  
Federal Managers Association  
International Association of Fire Fighters  
National Active and Retired Federal Employees Association  
National Air Traffic Controllers Association  
National Association of Letter Carriers  
National Association of Government Employees  
National Association of Postal Supervisors  
National Association of Postmasters of the United States  
National Federation of Federal Employees  
National League of Postmasters  
National Postal Mail Handlers Union  
National Rural Letter Carriers Association  
National Treasury Employees Union  
Professional Airways Safety Specialists

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