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TO: NATIONAL COUNCIL SSMA OFFICERS & EXECUTIVE COMMITTEE
MAUREEN McCONAGHY, NATIONAL GRASSROOTS COORDINATOR
WILLIAM DIXON, EDITOR 'MASS MEDIA'

RE: Legislative Report #20

With only a moment's pause to accept and reflect on Senator Dole's announcement yesterday that he will resign from the Senate in early June, the Senate as well as the House resumed business as usual as they each debate an FY 97 Budget Resolution and face the possibility of working through the weekend to complete it. Senator Trent Lott (Miss) is the next ranking Republican (currently Majority Whip) who is likely to succeed Dole as Majority Leader, but there are others in the Republican Leadership who may make a run for the position.

The following provisions affecting federal employees are in both the House and Senate bills:

- * Delay civilian retiree COLA to April until 2002 (but allow military retiree COLA to return to January beg. in 1997)
 - * Conform congressional retirement accrual rates to the rates for other federal employees
 - * Increase employee payments to CSRS and FERS by .25% in 1997, an additional .15% in 1998, and an additional .10% in 1999.
 - * Increase agency payments to CSRS system by 1.51% in FY 1997
- In addition the House bill reportedly contains revisions to the Workers Compensation system. I do not have details at this time.

After Resolutions are finalized and passed in each chamber, a House-Senate conference will resolve the differences. We do not expect federal employee worker's comp changes to survive the conference. It appears that there will, after all, then be an abbreviated "reconciliation" process which will involve our authorizing committees in determining whether any changes affecting federal employee benefits should/could be modified before finalization of the entire FY 97 budget/appropriations process. Whatever opportunity the NC has to influence the outcome will occur between the conference and July; however, if the changes currently included in both the House and Senate bills are the outcome of the conference, they are the "least-onerous" cuts negotiated during last year's budget process, and are doubtless the best we can do for this year as well.

Buy-outs update: As stated in my addendum to Legislative Report #19, the Administration's buy-out proposal will be the subject of a hearing before the House Gov. Reform Subcommittee on Civil Service. GAO, OPM and OMB are now scheduled to testify before Chairman Mica on May 23. Opinion on the Hill is divided regarding the future of buy-outs. The consensus is that they will be authorized in some form, but whether for FY 96 or held off until FY 97 (the latter favored by key Republicans) is uncertain; also uncertain is whether they will be widely offered or narrowly targeted (the latter also favored by key Republicans).

Federal Employee/Association protections: Good news. H.R. 782, the bill introduced by Rep. Wolf to clarify that federal employees may represent their professional/management association views before Executive branch agencies (necessitated by a Dept. of Justice directive which threatened such open communication) has been cleared for a vote as a non-controversial measure on the Senate floor. We can expect Senate passage after conclusion of work on the Budget Resolution. Rep. Wolf will then shepherd it back to the House floor; a second House vote is required due to minor language changes since House passage last fall. At the same time, OPM has committed to publishing within 30 days the regulations replacing Chapters 251 and 252 of the former Federal Personnel Manual. OMB has signed off on the new regs, on which we worked with OPM through the Coalition for Effective Change to spell out consultation and other privileges agencies are encouraged to provide to associations of federal employees.

Blue Cross/Blue Shield reimbursements: More good news! As many of you may know from communications with your regional personnel officers, OPM has decided to amend the BC/BS FEHBP contract for the current year regarding reimbursements for claims involving non-preferred providers. Although I have not seen it officially in writing from OPM, Hill staff confirm that beginning in July, BC/BS will for the current year revert to their practice of reimbursing claims which involve non-preferred providers based on a percentage of usual and customary charges rather than based on Medicare allowances (the change they made this year with inadequate communication of its impact to enrollees during the last open season). BC/BS will reprocess claims filed between January 1 and July and rebate the difference to the enrollee. How the contract for 1997 will be written is not certain at this point, however we continue to work this issue and are hopeful that BC/BS will again be required to maintain the usual and customary basis. I will closely monitor the situation to ensure that you have accurate information on this subject during the next open season, because the change attempted for this year would have cost affected employees hundreds, even thousands, of dollars out of pocket. (Don Seatter generously credited Walt Herbst and me for our successful work on this problem along with our friends in Senator Stevens' and Pryor's offices for their ongoing effective efforts. However, my recollection is that it was Don himself who was both

persuasive and knowledgeable when he visited Hill staff on this issue at the beginning of the year. I am preparing letters of thanks and recognition from the NC to the two Senators and their staffs.)

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