A BILL

To restore the financial solvency of the United States Postal Service in order to ensure the efficient and affordable nationwide delivery of mail, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Postal Service Reform Act of 2021”.
SEC. 2. SERVICE STANDARDS, PERFORMANCE TARGETS, AND PERFORMANCE MEASUREMENTS.

(a) Service Performance Targets, Performance Measurements, and Review of Service Standards.—

(1) In general.—Subchapter VII of chapter 36 of title 39, United States Code, is amended by inserting after section 3691 the following:

§ 3692. Performance targets and measurements

“(a) Performance Targets, Measurements, and Publication.—

“(1) Performance targets.—

“(A) Establishment.—Each year, the Postal Service shall establish reasonable targets for performance to ensure that mail service for postal customers meets the service standards for market-dominant products, established under section 3691.

“(B) Compliance determination.—For purposes of section 3653(b)(2), the Postal Regulatory Commission shall evaluate the compliance of the Postal Service with the service standards for market-dominant products by reference to the performance targets.

“(2) Performance measurement.—
“(A) Definitions of urban and rural.—For purposes of measuring performance under the performance targets, the Postal Regulatory Commission, in consultation with the Postal Service—

“(i) shall promulgate regulations defining the terms—

“(I) rural; and

“(II) urban, which shall be defined by the Commission as any geographic area that is not defined as rural under subclause (I); and

“(ii) in defining the terms under clause (i), shall consider—

“(I) existing definitions of those terms that are in use by the Postal Service, the Federal Government, and other sources; and

“(II) stakeholder input.

“(B) Performance reporting.—

“(i) In general.—For purposes of section 3652(a), the Postal Service shall measure and report to the Commission on the performance of the Postal Service with respect to market-dominant products on a
nationwide, Area, and District basis based on the performance targets, taking into consideration the Commission’s opinion on any proposed target, and in a manner that reflects separate consideration of performance with respect to—

“(I) rural customers; and
“(II) urban customers.

“(ii) COMMISSION REVIEW.—Pursuant to section 3653(b) the Commission shall review and comment upon the performance of the Postal Service as reported under clause (i).

“(3) PUBLICATION.—
“(A) IN GENERAL.—Subject to subparagraph (B), the Postal Service shall publish on the website of the Postal Service the performance targets, the actual measurements under those targets, and the comments of the Postal Regulatory Commission under paragraph (2)—
“(i) covering a period designated by the Commission, the length of which shall be not less than 2 years; and
“(ii) categorized in accordance with that paragraph.
“(B) Commercially sensitive or proprietary information.—To the extent that the Postal Service considers any information required to be reported under subparagraph (A) to be commercially sensitive or proprietary in nature, the Commission shall determine the level of information that shall be publicly disclosed in accordance with section 504(g)(3)(A).

“(b) Noncompliance with performance targets.—

“(1) In general.—If the Commission determines that Postal Service has failed to meet 1 or more performance targets—

“(A) subject to subparagraph (B), the Postal Service shall develop a plan to make specific operational corrections under the control of the Postal Service that will cause the performance targets to be met as soon as is reasonably practicable, as determined by the Postal Service; and

“(B) if the Postal Service makes best efforts to develop a plan described in subparagraph (A) and determines that achieving compliance with the performance targets through such a plan would be impractical, would not be
cost effective, and would not be in the best
long-term interest of the Postal Service and its
customers, the Postal Service shall make ad-
justments to the service standards or perform-
ance targets.

“(2) Postal service submission of plan.—
Not later than 180 days after the date of the deter-
mination of noncompliance with a performance tar-
get, the Postal Service shall submit to the Postal
Regulatory Commission—

“(A) the plan required under paragraph
(1)(A); or

“(B) a report explaining why the Postal
Service is making an adjustment described in
paragraph (1)(B).

“(3) Commission consideration of postal
service plan.—

“(A) In general.—Not later than 30
days after the date of submission of a plan or
report under paragraph (2), the Commission—

“(i) shall review such plan or report
(2); and

“(ii) may make such recommendations
as the Commission considers appropriate.
“(B) Postal service response.—If the Commission provides recommendations regarding a plan or report to the Postal Service under subparagraph (A)(ii), the Postal Service shall—

“(i) consider the recommendations; and

“(ii) not later than 30 days after the date on which the Postal Service receives the recommendations, submit a response to the Commission explaining the bases for any decision to accept or reject a recommendation.

“(4) Postal service implementation of plan.—After developing a plan under paragraph (1)(A), the Postal Service shall—

“(A) implement the plan; and

“(B) in each report provided under section 3652, discuss—

“(i) the implementation of the plan;

“(ii) the extent to which the Postal Service is improving performance to meet the performance targets; and

“(iii) if the performance targets subject to the plan are still not being met, whether—
“(I) the plan remains sufficient to achieve compliance within a reasonably practicable period of time, and is therefore being maintained;

“(II) the plan is being revised; or

“(III) the Postal Service has determined to make adjustments described in paragraph (1)(B) rather than continue with the plan.

“(5) COMMISSION REVIEW OF IMPLEMENTATION.—

“(A) IN GENERAL.—In making the determination required under section 3653, the Commission shall—

“(i) review the implementation of each plan developed under paragraph (1)(A); and

“(ii) make such recommendations as the Commission considers appropriate.

“(B) CONSIDERATION.—The Postal Service shall consider any recommendations under subparagraph (A)(ii) in the same manner as provided under paragraph (3).

“(c) PERIODIC REVIEW OF SERVICE STANDARDS.—

The Commission shall periodically—
“(1) review the appropriateness of the service standards; and

“(2) submit to Congress and the Postal Service a report on the review conducted under paragraph (1).”.

(3) **Technical and Conforming Amendment.**—The table of sections for chapter 36 of title 39, United States Code, is amended by inserting the following:

“3692. Performance targets and measurements.”.

(b) **Review of Nationwide Service Standard Changes.**—Section 3661 of title 39, United States Code, is amended by adding at the end the following:

“(d)(1) Upon a request by the Postal Service for an advisory opinion from the Commission under subsection (b) relating to a nationwide or substantially nationwide change in service standards for the delivery of market-dominant products, including when the Postal Service establishes new performance targets under section 3692, the Inspector General shall, not later than 90 days after the submission of the request—

“(A) conduct a review of the proposal to determine whether—

“(i) the Postal Service formulated the proposal based on accurate data;
“(ii) the Postal Service followed appropriate policies and procedures of the Postal Service in formulating the proposal; and

“(iii) the proposal prioritizes the needs of the postal customer; and

“(B) submit a report on the review conducted under subparagraph (A) to—

“(i) the Postal Service;
“(ii) the Commission;
“(iii) the Committee on Homeland Security and Governmental Affairs of the Senate; and
“(iv) the Committee on Oversight and Reform of the House of Representatives.

“(2) Not earlier than 30 days after the date on which the Inspector General submits a report on a proposal to the Commission under paragraph (1), the Commission shall issue its opinion on the proposal.”.

(c) REPORT TO CONGRESS.—Not later than 180 days after the date of enactment of this Act, the Postal Regulatory Commission shall submit to Congress a report that includes—

(1) a determination as to whether the service standards for market-dominant products in effect on the day before the date of enactment of this Act achieve the objectives and factors set forth under
section 3692 of title 39, United States Code, as amended by this section; and

(2) recommendations as to how delivery service to postal customers could be improved based on the financial condition of the Postal Service.

(d) TEMPORARY FLOOR FOR SERVICE STANDARDS.—The United States Postal Service may not revise the service standards for market-dominant products in effect on the day before the date of enactment of this Act in a manner that lengthens delivery times before the date on which the report required by subsection (c) is submitted to Congress.

SEC. 3. POSTAL SERVICE HEALTH BENEFITS PROGRAM.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—Chapter 89 of title 5, United States Code, is amended by inserting after section 8903b the following:

"§ 8903c. Postal Service Health Benefits Program

"(a) DEFINITIONS.—In this section—

“(1) the term ‘covered Medicare individual’ means an individual who is entitled to benefits under part A of title XVIII of the Social Security Act (42 U.S.C. 1395c et seq.), but excluding an individual who is eligible to enroll under such part under sec-
tion 1818 or 1818A of the Social Security Act (42 U.S.C. 1395i–2, 1395i–2a);

“(2) the term ‘initial contract year’ means the contract year beginning in January of 2023;

“(3) the term ‘initial participating carrier’ means a carrier that enters into a contract with the Office to participate in the Postal Service Health Benefits Program during the initial contract year;

“(4) the term ‘Office’ means the Office of Personnel Management;

“(5) the term ‘Postal Service’ means the United States Postal Service;

“(6) the term ‘Postal Service annuitant’ means an annuitant enrolled in a health benefits plan under this chapter whose Government contribution is paid pursuant to the requirements of section 8906(g)(2);

“(7) the term ‘Postal Service employee’ means an employee of the Postal Service enrolled in a health benefits plan under this chapter whose Government contribution is paid by the Postal Service;

“(8) the term ‘Postal Service Medicare covered annuitant’ means an individual who—

“(A) is a Postal Service annuitant; and

“(B) is a covered Medicare individual;
“(9) the term ‘Program’ means the Postal Service Health Benefits Program established under subsection (c) within the Federal Employees Health Benefit Program;

“(10) the term ‘Program plan’ means a health benefits plan offered under the Program; and

“(11) the terms set forth in section 8901 shall apply.

“(b) APPLICATION.—The requirements under this section shall—

“(1) apply to the initial contract year and each contract year thereafter; and

“(2) supersede any other provision of this chapter inconsistent with such requirements, as determined by the Office.

“(c) ESTABLISHMENT OF THE POSTAL SERVICE HEALTH BENEFITS PROGRAM.—

“(1) IN GENERAL.—The Office shall establish the Postal Service Health Benefits Program under which the Office contracts with carriers to offer health benefits plans as described under this section. Except as otherwise provided under this section, any such contract shall be consistent with the requirements of this chapter for contracts under section
8902 with carriers to offer health benefits plans other than under this section. The Program shall—

“(A) to the greatest extent practicable, in-
clude plans offered by—

“(i) each carrier for which the total enrollment in the plans provided under this chapter includes, in the contract year begin-
ing in January 2022, 1,500 or more enrollees who are Postal Service employees or Postal Service annuitants; and

“(ii) any other carrier determined ap-
propriate by the Office;

“(B) be available for participation by all Postal Service employees and Postal Service an-
nuitants, in accordance with subsection (d);

“(C) provide for enrollment in a plan as an individual, for self plus one, or for self and fam-
ily; and

“(D) not be available for participation by an individual who is not a Postal Service em-
ployee or Postal Service annuitant (except as a member of family of such an employee or annu-
itant or as provided under paragraph (5)).

“(2) SEPARATE POSTAL SERVICE RISK POOL.— The Office shall ensure that each Program plan in-
cludes rates that reasonably and equitably reflect the
cost of benefits provided to a risk pool consisting
solely of Postal Service employees and Postal Service
annuitants (and covered members of family of such
employees and annuitants), taking into specific ac-
count the reduction in benefits cost for the Program
plan due to the Medicare enrollment requirements
under subsection (e) and any savings or subsidies re-
sulting from subsection (f)(1).

“(3) ACTUARILY EQUIVALENT COVERAGE.—
The Office shall ensure that each carrier partici-
pating in the Postal Service Health Benefits Pro-
gram provides coverage under the Program plans of-
ferred by the carrier that is actuarially equivalent, as
determined by the Office, to the coverage that the
carrier provides under the health benefits plans of-
ferred by the carrier under this chapter that are not
Program plans.

“(4) APPLICABILITY OF FEDERAL EMPLOYEES
HEALTH BENEFITS PROGRAM REQUIREMENTS.—Ex-
cept as otherwise set forth in this section, all provi-
sions of this chapter applicable to health benefits
plans offered by the carrier under section 8903 or
8903a shall also apply to plans offered under the
Program.
“(5) Application of Continuation Coverage.—In accordance with rules established by the Office, section 8905a shall apply to health benefits plans offered under this section in the same manner as such section applies to other health benefits plans offered under this chapter.

“(d) Election of Coverage.—

“(1) In General.—Except as provided in paragraphs (2) and (3), each Postal Service employee and Postal Service annuitant who elects to receive health benefits coverage under this chapter—

“(A) shall be subject to the requirements of this section; and

“(B) may not enroll in any other health benefits plan offered under any other section of this chapter.

“(2) Annuitants.—

“(A) Application.—A Postal Service annuitant shall not be subject to the requirements of this section if the Postal Service annuitant—

“(i) is enrolled in a health benefits plan under this chapter for the contract year immediately preceding the initial contract year that is not a health benefits plan
offered by an initial participating carrier,
unless—

“(I) the Postal Service annuitant
voluntarily enrolls in a Program plan;
“(II) the health benefits plan in
which such annuitant is enrolled for
such contract year ceases to be avail-
able; or
“(III) the health benefits plan in
which such annuitant is enrolled for
such contract year becomes available
as a Program plan; or
“(ii) resides in a geographic area for
which there is not a Program plan in
which the Postal Service annuitant may
enroll.

“(B) CHANGED ENROLLMENT.—If a Post-
al Service annuitant changes enrollment to a
health benefits plan under this chapter provided
by a different carrier than the health benefits
plan in which such annuitant is enrolled during
the previous contract year, the Postal Service
annuitant may only enroll in a Program plan.

“(3) EMPLOYEES.—A Postal Service employee
who is enrolled in a health benefits plan under this
chapter for the contract year immediately preceding
the initial contract year that is not a health benefits
plan offered by an initial participating carrier shall
not be subject to the requirements of this section,
except that—

“(A) if the Postal Service employee
changes enrollment to a different health bene-
fits plan under this chapter during the open
season for the initial contract year, or after the
start of the initial contract year, the Postal
Service employee may only enroll in a Program
plan;

“(B) if the health benefits plan in which
such employee is enrolled for such contract year
becomes available as a Program plan, the Post-
al Service employee may only enroll in a Pro-
gram plan;

“(C) upon becoming a Postal Service an-
nuitant, if the Postal Service employee elects to
continue coverage under this chapter, the Post-
al Service employee shall enroll in a Program
plan during the open season that is—

“(i) being held when the Postal Serv-
ice employee becomes a Postal Service an-
nuitant; or
“(ii) if the date on which the Postal Service employee becomes a Postal Service annuitant falls outside of an open season, the first open season following that date; and

“(D) subparagraphs (A), (B), and (C) shall not apply to an employee who resides in a geographic area for which there is not a Program plan in which the employee may enroll.

“(e) REQUIREMENT OF MEDICARE ENROLLMENT FOR CERTAIN ANNUITANTS AND THEIR FAMILY MEMBERS.—

“(1) POSTAL SERVICE MEDICARE COVERED ANNUITANTS.—

“(A) IN GENERAL.—Subject to subparagraph (B), a Postal Service Medicare covered annuitant subject to the requirements of this section may not obtain coverage under this chapter unless the annuitant is enrolled in part B of title XVIII of the Social Security Act (42 U.S.C. 1395j et seq.).

“(B) EXCEPTIONS.—Subparagraph (A) shall not apply to an individual who—

“(i) as of January 1, 2023, is—
“(I) a Postal Service Medicare covered annuitant described in paragraph (1)(A)(i) of section 1837(m) of the Social Security Act; or

“(II) an individual described in paragraph (2)(A)(i) of such section, if during the 3-month period beginning on the date on which such individual becomes a Postal Service Medicare covered annuitant the individual under the process established pursuant to paragraph (2) of such section 1837(m) makes an election not to be enrolled in part B of such title; or

“(ii) on or after January 1, 2023, becomes a Postal Service Medicare covered annuitant and with respect to whom a waiver is granted under paragraph (4).

“(2) MEDICARE COVERED FAMILY MEMBERS.—If a member of family of a Postal Service annuitant to whom paragraph (1)(A) applies is a covered Medicare individual, that member of family may not be covered under the Program as a member of family of the Postal Service annuitant unless that member
of family is enrolled in part B of title XVIII of the Social Security Act.

“(3) PROCESS FOR COORDINATED ELECTION OF ENROLLMENT UNDER MEDICARE PART B.—The Office shall establish a process under which—

“(A) Postal Service annuitants and members of family who are subject to the requirements of paragraph (1) or (2)—

“(i) are informed, at the time of enrollment under this chapter, of such requirement;

“(ii) receive requests for any additional information necessary for enrollment in writing; and

“(iii) as a consequence of such enrollment are deemed, if applicable under section 1837(m) of the Social Security Act, for such continuous period as such annuitant or member of family involved otherwise maintains eligibility for enrollment under Medicare part B, to have elected to be enrolled under Medicare part B (in accordance with such section) in connection with the enrollment in a Program plan under this chapter; and
“(B) the Office provides the Secretary of Health and Human Services and the Commissioner of Social Security in a timely manner with such information respecting such annuitants and members of family and such election as may be required to effect their enrollment and coverage under Medicare part B and this section in a timely manner.

“(4) WAIVER FOR EXTREME FINANCIAL HARDSHIP.—The Postal Service, in consultation with postal labor organizations and management organizations, shall establish a waiver program under which the Postal Service may waive the application of paragraph (1)(A) with respect to an individual who becomes a Postal Service Medicare covered annuitant on or after January 1, 2023, and a member of family of such annuitant, if the Postal Service determines that the application of such paragraph would result in extreme financial hardship to such individual. If a waiver is granted under such program, the Postal Service shall notify the Office of Personnel Management of the waiver.

“(f) MEDICARE PART D PRESCRIPTION DRUG BENEFITS.—The Office shall require each Program plan to provide prescription drug benefits for Postal Service annui-
itants and members of family who are eligible individuals (as defined in section 1860D–1(a)(3)(A) of the Social Security Act) through an employer group waiver plan offered under subsection (b) of section 1860D–22 of the Social Security Act.

“(g) Postal Service Contribution.—

“(1) In General.—Subject to subsection (i), for purposes of applying section 8906(b) to the Postal Service, the weighted average shall be calculated in accordance with paragraphs (2) and (3).

“(2) Weighted Average Calculation.—Not later than October 1 of each year (beginning with 2021), the Office shall determine the weighted average of the rates established pursuant to subsection (c)(2) for Program plans that will be in effect during the following contract year with respect to—

“(A) enrollments for self only;
“(B) enrollments for self plus one; and
“(C) enrollments for self and family.

“(3) Weighting in Computing Rates for Initial Contract Year.—In determining such weighted average of the rates for the initial contract year, the Office shall take into account (for purposes of section 8906(a)(2)) the enrollment of Postal Service employees and annuitants in the health benefits
plans offered by the initial participating carriers as of March 31, 2021.

“(h) RESERVES.—

“(1) SEPARATE RESERVES.—

“(A) IN GENERAL.—The Office shall ensure that each Program plan maintains separate reserves (including a separate contingency reserve) with respect to the enrollees in the Program plan in accordance with section 8909.

“(B) REFERENCES.—For purposes of the Program, each reference to ‘the Government’ in section 8909 shall be deemed to be a reference to the Postal Service.

“(C) AMOUNTS TO BE CREDITED.—The reserves (including the separate contingency reserve) maintained by each Program plan shall be credited with a proportionate amount of the funds in the reserves for health benefits plans offered by the carrier.

“(2) DISCONTINUATION OF PROGRAM PLAN.—

In applying section 8909(e) relating to a Program plan that is discontinued, the Office shall credit the separate Postal Service contingency reserve maintained under paragraph (1) for that plan only to the
separate Postal Service contingency reserves of the Program plans continuing under this chapter.

“(i) NO EFFECT ON EXISTING LAW.—Nothing in this section shall be construed as affecting section 1005(f) of title 39 regarding variations, additions, or substitutions to the provisions of this chapter.

“(j) MEDICARE EDUCATION PROGRAM.—Not later than 180 days after the date of enactment of this section, the Postal Service shall establish a Medicare Education Program. Under the Program, the Postal Service shall—

“(1) notify annuitants and employees of the Postal Service about the Postal Service Health Benefits Program established under subsection (e)(1);

“(2) provide information regarding the Postal Service Health Benefits Program to such annuitants and employees, including a description of the health care options available under such Program, the requirement that retirees be enrolled in Medicare under subsection (e)(1); and

“(3) respond and provide answers to any inquiry from such employees and annuitants about the Postal Service Health Benefits Program or Medicare enrollment.”.

(2) TECHNICAL AND CONFORMING AMENDMENTS.—
(A) Section 8903(1) of title 5, United States Code, is amended by striking “two levels of benefits” and inserting “2 levels of benefits for enrollees under this chapter generally and 2 levels of benefits for enrollees under the Postal Service Health Benefits Program established under section 8903c”.

(B) The table of sections for chapter 89 of title 5, United States Code, is amended by inserting after the item relating to section 8903b the following:

“8903c. Postal Service Health Benefits Program.”.

(b) COORDINATION WITH MEDICARE.—

(1) MEDICARE ENROLLMENT AND COVERAGE.—

Section 1837 of the Social Security Act (42 U.S.C. 1395p) is amended by adding at the end the following new subsection:

“(m)(1) In the case of an individual who—

“(A) as of January 1, 2023, is—

“(i) a Postal Service Medicare covered annuitant; or

“(ii) a member of family of a Postal Service employee or of a Postal Service annuitant and is a covered Medicare individual;

“(B) enrolls in a Program plan under section 8903c of title 5, United States Code; and
“(C) is not enrolled under this part,
the individual may elect to be enrolled under this
part during a special enrollment period during the 3-
month period beginning on July 1, 2022.
“(2) In the case of an individual who—
“(A) as of January 1, 2023, is—
“(i) a Postal Service annuitant who is not de-
scribed in paragraph (1) and who is at least 55
years of age but has not attained 65 years of age;
or
“(ii) a member of family of a Postal Service an-
nuitant and who—
“(I) is not described in paragraph (1); and
“(II) is at least 55 years of age but has
not attained 65 years of age; and
“(B) enrolls in a Program plan under section 8903c
of title 5, United States Code,
as of the date the individual becomes a covered Medicare
individual, the individual is deemed, in accordance with
section 8903c(e)(3) of such title, to have elected to be en-
rolled under this part, unless during the 3-month period
immediately following such date the individual, in accord-
ance with a process specified by the Secretary elects not
to enroll under this part.
“(3) In the case of an individual who—
“(A) on or after January 1, 2023, is—

“(i) a Postal Service employee; or

“(ii) a member of family of a Postal Service employee or of a Postal Service annuitant and who is not described in paragraph (1) or (2); and

“(B) enrolls in a Program plan under section 8903c of title 5, United States Code,

as of the date the individual becomes a Postal Service Medicare covered annuitant (or, in the case of an individual described in subparagraph (A)(ii) by reason of relationship to an employee described in subparagraph (A)(i), as of the first date the individual becomes a covered Medicare individual), the individual is deemed, in accordance with section 8903c(e)(3) of such title, to have elected to be enrolled under this part.

“(4) In the case of an individual who elects under paragraph (1) to be enrolled under this part, the coverage period under this part shall begin on the date that the individual first has coverage under the Program plan pursuant to the enrollment described in paragraph (1)(B).

“(5) The definitions in section 8903c(a) of title 5, United States Code, shall apply for purposes of this subsection.”.

(2) WAIVER OF INCREASE OF PREMIUM.—Section 1839(b) of the Social Security Act (42 U.S.C.
1395r(b)) is amended by inserting after “subsection (i)(4) or (l) of section 1837” the following: “or pursuant to the special enrollment period under subsection (m)(1) of such section”.

(3) Conforming Coordination of Benefit Rules.—Section 1862(b) of the Social Security Act (42 U.S.C. 1395y(b)) is amended by adding at the end the following:

“(10) Coordination of Benefits with Postal Service Health Benefits Plans.—The previous provisions of this subsection are superseded to the extent the Secretary determines, in consultation with the Office of Personnel Management, them to be inconsistent with section 8903c(f) of title 5, United States Code.”.

SEC. 4. POSTAL SERVICE RETIREE HEALTH CARE BENEFIT FUNDING REFORM.

(a) Contributions.—Section 8906(g) of title 5, United States Code, is amended—

(1) by striking “(2)(A) The Government” and inserting “(2)(A)(i) The Government”; and

(2) in paragraph (2)—

(A) in subparagraph (A)—

(i) in clause (i), as added by paragraph (1), by striking “shall through Sep-
tember 30, 2016, be paid” and all that fol-
follows and inserting the following: “shall be
paid as provided in clause (ii).”; and

(ii) by adding at the end the fol-
lowing:

“(ii) With respect to the Government contributions
required to be paid under clause (i)—

“(I) the portion of the contributions that is
equal to the amount of the net claims costs under
the enrollment of the individuals described in clause
(i) shall be paid from the Postal Service Retiree
Health Benefits Fund up to the amount contained
in the Fund; and

“(II) any remaining amount shall be paid by
the United States Postal Service.”; and

(B) by adding at the end the following:

“(C) For purposes of this paragraph, the amount of
the net claims costs under the enrollment of an individual
described in subparagraph (A)(i) shall be the amount, as
determined by the Office over any particular period of
time, equal to the difference between—

“(i) the sum of—

“(I) the costs incurred by a carrier in pro-
viding health services to, paying for health serv-
ices provided to, or reimbursing expenses for
health services provided to, the individual and
any other person covered under the enrollment
of the individual; and

“(II) an amount of indirect expenses rea-
sonably allocable to the provision, payment, or
reimbursement described in subclause (I), as
determined by the Office; and

“(ii) the amount withheld from the annuity of
the individual or otherwise paid by the individual
under this section.”.

(b) POSTAL SERVICE RETIREE HEALTH BENEFITS
FUND.—Section 8909a of title 5, United States Code, is
amended—

(1) in subsection (d)—

(A) in paragraph (1)—

(i) by striking “2007” and inserting

“2021”; and

(ii) by striking “required under sec-
tion 8906(g)(2)(A)” and inserting the fol-
lowing: “required to be paid from the Post-
al Service Retiree Health Benefits Fund
under section 8906(g)(2)(A)(ii)(I)”;

(B) in paragraph (2)(A)—

(i) by striking “2007” and inserting

“2021”; and
(ii) in clause (i)—

(I) by striking “current and future” and inserting “current”; and

(II) by inserting “, plus the future payments required under section 8906(g)(2)(A) for current employees of the United States Postal Service who would meet the criteria for coverage of annuitants under section 8905(b) as of September 30 of that year” before the semicolon; and

(iii) in clause (ii)(I) by inserting “, plus any surplus determined under section 8348(h)(2)(B),” after “Benefits Fund”; and

(C) in paragraph (3)—

(i) in subparagraph (B) by striking “Not later than” and inserting “Except as provided for under subparagraph (C), not later than”; and

(ii) by adding at the end the following:

“(C) No payments under subparagraph (B) shall be made for any year if the ratio of the sum of the amount determined in paragraph (2)(A)(ii) to the net present
value computed under paragraph (2)(A)(i) is equal to or more than 80 percent in any fiscal year.”.

(D) by amending paragraph (4) to read as follows:

“(4) Computations under this subsection shall be based on—

“(A) economic and actuarial methods and assumptions consistent with the methods and assumptions used in determining the Postal surplus or supplemental liability under section 8348(h); and

“(B) any other methods and assumptions, including a health care cost trend rate, that the Director of the Office determines to be appropriate.”; and

(E) by adding at the end the following:

“(7) For purposes of computing an amount under paragraph (1), subclause (I) of section 8906(g)(2)(A)(ii) shall be applied without regard to the limit in such subclause with respect to the amount contained in the Fund.”; and

(2) by adding at the end the following:

“(e) Subsections (a) through (d) of this section shall be subject to the requirements of section 8903e.”.

(e) USE OF FUNDS FROM SALE OF REAL PROPERTY FOR CERTAIN PAYMENTS.—
(1) IN GENERAL.—Chapter 29 of title 39, United States Code, is amended by adding at the end the following:

§ 2903. Use of funds from sale of property

“In the event that the Postal Service permanently ceases operations, any funds derived from the sale of any real property owned by the Postal Service shall be used to pay any outstanding liability with respect to the salaries and expenses of any Postal Service employee. The balance of any remaining funds shall be deposited into the Postal Service Retiree Health Benefits Fund established under section 8909a of title 5.”.

(2) CLERICAL AMENDMENT.—The table of sections of such chapter is amended by adding after the item relating to section 2902 the following new item:

“2903. Use of funds from sale of property.”.

(d) TECHNICAL AND CONFORMING AMENDMENT.—The heading of section 8909a of title 5, United States Code, is amended by striking “Benefit” and inserting “Benefits”.

SEC. 5. USPS FAIRNESS ACT.

(a) SHORT TITLE.—This section may be cited as the “USPS Fairness Act”.

(b) REPEAL.—Subsection (d) of section 8909a of title 5, United States Code, is hereby repealed.