Other Viewpoints

Politics drove refund decision

Gov. Sam Brownback's abrupt, unilateral decision to refund the state's $31.5 million "early innovator" health care reform grant to the federal government serves politics, specifically the Republican determination not to touch "Obamacare" with a 10-foot pole. But it certainly does nothing for Kansans' health or the state budget.

Brownback's refund of a grant seems to assume that the Patient Protection and Affordable Care Act is going to be ruled unconstitutional by the U.S. Supreme Court – an unsafe assumption based on the mixed bag of legal rulings to date.

And the move badly disrespects the months of hard work by Kansas Insurance Commissioner Sandy Praeger and her team to have an online insurance marketplace for the state ready to go by January 2014, with help from the federal grant. Praeger wasn't even told about the decision until late.

Under the federal reform law, the exchange is where consumers and businesses in each state will be able to shop for the best private health coverage for them; it also will handle people seeking Medicaid coverage.

"We want this to be run by Kansans for Kansans," Praeger said in Topeka, before Brownback's decision.

Praeger, a Republican and a national leader in helping shape health care reform in a way that served states' interests, had tried and failed to persuade the GOP-led Legislature to take some actions to help set up the marketplace.

But even GOP lawmakers were caught off guard by Brownback's decision, especially given that Brownback reportedly had signed letters enabling Praeger to accept the grant.

"It was a surprise to me," Senate President Steve Morris, R-Hugoton, told the *Topeka Capital-Journal*. "Having money to implement this was a good move on the federal government's part."

Now, instead of being among the half a dozen states on the leading edge of setting up these health insurance exchanges, Kansas will be in the situation of lagging and, eventually, trying to catch up – and paying for it with scarce state dollars rather than a federal grant.

Another frustration in Brownback's move is that the idea of an online insurance marketplace was promoted by GOP lawmakers in Kansas and elsewhere for years. They championed it as a free-market approach to helping individuals and small businesses reduce costs through greater competition. But once it emerged as part of the federal reform, the idea suddenly became radioactive to Republicans.

The health care industry is busy getting ready for the reform law, including the online insurance exchanges. Kansas should be doing likewise, not returning federal dollars and blithely acting as if "Obamacare" will be history any day now.

– The Wichita Eagle, via The Associated Press

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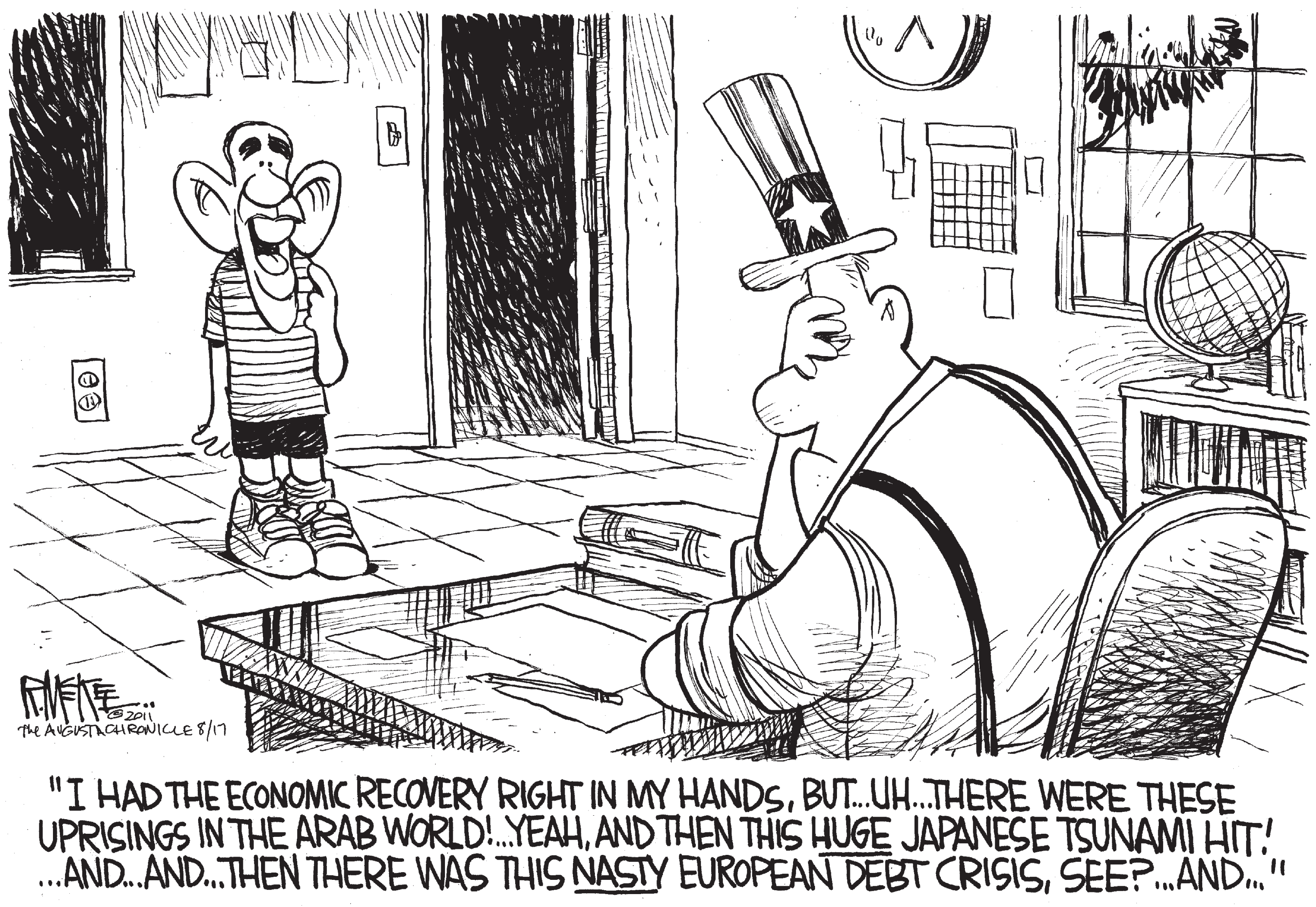

Will we face a world without mail?

Steve Haynes

• Along the Sappa

Can you imagine a world without mail?

Neither can Pat Donahoe, the new postmaster general.

The Post Office was among the first departments, organized by the Continental Congress back in 1775, a year before the Declaration of Independence. It was seen as a vital means of uniting the colonies.

Today, nearly everyone depends on the U.S. Postal Service – but that could change, and quickly.

Pat Donahoe looks a lot like the guy left holding the bag. When he took office Dec. 7 after 10 years as the service's No. 2 guy, the agency had just posted a record $8.5 billion loss for 2010. Prospects for the future are little brighter.

Mr. Donahoe briefed editors and publishers at the National Newspaper Association's Government Affairs Conference last month, inviting them to his 14th-floor conference room for a session lasting nearly an hour and a half.

It's not that the service has been standing still while the recession and changes in how people communicate pounded it. The agency has cut nearly a third of its employees – going from 803,000 in 2000 to 553,000 today – he noted. It's slashed overtime, revamped its system and cut at every level, eliminating $19 billion a year in expenses.

"The loss this year will be $9 billion," he said, "but it could have been $28 billion."

Despite all that work, he added, fuel hikes could cost $400 million this year alone to the operator of the nation's largest truck fleet.

One of the service's biggest problems is a law requiring it to make $5.5 billion a year in advance payments to the old civil service retirement system. While actuaries and government auditors say the system is overfunded and the payments are no longer needed, Congress has refused to act – even though ending them would solve many of the agency's money problems.

As it is, the service will reach its borrowing limit this year and could run out of cash by next summer, Donahoe said. Already, it's defaulted on some pension payments to the government.

"I tell everyone this," the postmaster general says, "because people need to know. Nobody is going to bail us out."

And Mr. Donahoe, a tall guy who looks as Irish as his name, started as a postal clerk in Pittsburgh. Don't let that fool you, though; he has a bachelor's degree in economics from Pitt and a master's from the Massachusetts Institute of Technology, or MIT. He gives the impression he's a force of nature, a leader who'll get his program set in motion no matter what.

The question is, is it the right program? And will it be enough to save the venerable mail service?

Donahoe wants to streamline the service's plant and delivery system once more, realigning mail-sorting plants, eliminating workers and executives, cutting out Saturday delivery and closing more than a third of the nation's 33,000 post offices. And that's just the first round. He says that should save $1 billion, but against a $9 billion loss, that's not much.

Still, he said, if Congress will act on the pension overpayment, the service should be able to move into the black for the next few years. Even his most optimistic line, however, shows a deficit creeping back in by 2016.

What's wrong?

A lot. People don't mail things like they used to. First-class mail is off by 25 percent over the last five years. Individuals and businesses alike have turned to e-mail and texting to replace letters, bills, paper-check payments and the like. The future holds more of the same.

For years now, the Postal Service has looked to advertising – what we call junk mail – for growth. Whether that can sustain the goal of universal mail service across the nation, no one knows for sure. It's always been First Class Mail that's paid the bills.

What is certain is the system still has too many workers and, by industry standards, they're highly paid. Postal unions are among the strongest in the nation, partly because they have heavy influence in Congress.

By 2015, the postmaster general says, the service should be down to 420,000 employees, trimming another quarter of its work force. In small towns where offices close, the agency touts its "Village Post Office" as a replacement. Costs in the first town went from $89,000 a year, he said, to $2,000. However, many small towns lack a business or public office which could house a contract station.

Congress is sure to oppose closing rural offices, but no one wants to be seen as "bailing out" the postal system, so the service is likely to get its way. It'll have to keep cutting and try to generate more business. Some postal unions have pitched in, but not all are on board yet.

"These aren't scare tactics," Mr. Donahoe says of the cuts. "First Class is driving that."

And the price of stamps can't go up much more, he adds.

"I can't price myself out of this," he says.

A fair solution to the pension overpayments is nearly impossible, since Congress is counting that money as federal "income" and using it to make the deficit look smaller.

In the topsy-turvy world of Washington, that nearly makes sense, but it'll do no one any good if the Postal Service goes belly up. Then Congress will have to bail out one of the government's oldest and best-loved services.

Steve Haynes is president of Nor'West Newspapers. When he has the time, he'd rather be reading a good book or casting a fly.

Debt a two-alarm fire to put out

U.S. Rep. Tim Huelskamp

• Capitol Notes

After the markets closed on the Friday following the "debt deal," Standard & Poor's delivered a blow to Washington and to the American people: it downgraded the country's top-notch AAA credit rating. Unfortunately for the American people, Washington already received the wake-up call. It just hit the snooze button. Now, the fire alarm is ringing, too.

In April, Standard & Poor's issued a downgrade threat. That was nearly five months ago. That was plenty of time for Washington get out of bed and prevent this embarrassing slight to our standing in the global marketplace.

Washington had an opportunity to deliver a solution that would give the markets the confidence they need. A solution like "Cut, Cap, Balance" – which I supported and held firm for – would have provided the short-term increase in the debt limit, but also improved and ensured the long-term health of Washington's ledgers and America's economy. The House passed it while the Senate simply refused to vote on it and the President issued a veto threat.

"Cut, Cap, Balance" would have prevented the downgrade because it provided for substantial immediate cuts, caps on future spending tied to the overall performance of the economy, and passage of a Balanced Budget Amendment. Washington would have sent a message that it was ready to be a prudent and responsible borrower and spender; instead, it sent the same message it has offered for years: Washington ignores the reality that it is broke.

To turn off the alarm clock and the fire alarm, Washington needs a comprehensive solution that restores the nation's AAA rating and gets the economy moving again. There is a reciprocal relationship between these two goals, as achieving one will help achieve the other.

When the new Joint Committee – a 12-member product of the debt limit deal – convenes, it will be charged with coming up with $1.5 trillion in cuts. Exceeding that requirement would tell lenders that Washington wants to reduce annual deficits and the overall debt by more than has been committed. Simultaneously, job creators would hear that Washington has no interest in spending more than it is now, thus no need for increased taxes.

Job creators also need to hear that Washington wants to pursue an agenda of prosperity. This means Washington must scale back its regulatory grip and provide tax certainty for the men and women of this nation whose entrepreneurial pursuits will get this economy moving again. This also includes repealing the new health care law that already has employers scared and nervous about the costs they will incur while trying to comply with it. And, while we are looking for additional ways to grow the economy, the President should delay no longer in sending three pending free trade agreements to Congress for its approval.

The issue of needing more revenue will take care of itself if we pursue a solution aimed at economic growth, not government growth. Simply put, Washington will have more money to spend when there are more taxpayers and more sales. I agree, we need more revenue, but the way to do it is by adding new taxpayers, not new taxes.

America cannot afford another alarm, so Washington has no choice but to multitask and fix immediately the mistakes of the past and the errors of recent.

Tim Huelskamp is the congressman from Kansas' 1st District, serving his first term.

Mallard Fillmore

• Bruce Tinsley