



EMPLOYEE RELATIONS BULLETIN

April 2, 1986

MEDICARE FOR NEW EMPLOYEES HIRED EFFECTIVE APRIL 1, 1986

To: Department Management Representatives

Congress has recently approved legislation requiring mandatory participation of newly-hired state and local employees in the Medicare System.

Although the President has not as yet signed the legislation and we are uncertain when it will be finally enacted, it is anticipated to be retroactive to April 1, 1986. Therefore, departments are advised to inform all employees hired as of April 1 that a deduction in the amount of 1.45% of the first \$42,000 of gross pay will be withheld from their paycheck for the employee contribution portion of the Medicare program. The City will also make a contribution in an equal amount.

Because this legislation has moved unexpectedly, the mechanics of the payroll deduction have not been completed. Therefore, new employees will not immediately see the deduction from their paychecks. If and when the legislation is enacted, a retroactive deduction from a subsequent paycheck will be necessary.

We will keep you advised of further developments. Any questions may be directed to Royce Menkus at extension 55534.

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