



CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139

TEL 349-4300

FAX 349-4307

EXECUTIVE DEPARTMENT

ROBERT W. HEALY

City Manager

RICHARD C. ROSSI

Deputy City Manager

November 3, 1995

To The Honorable, The City Council:

Please find attached for your information, letters that I have sent to Senator John Kerry and Senator Edward M. Kennedy, concerning the Medicare reform bill.

Very truly yours,

Robert W. Healy
City Manager

RWH/mec
attachments



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ROBERT W. HEALY
City Manager

November 1, 1995

RICHARD C. ROSSI
Deputy City Manager

The Honorable Edward M. Kennedy
United States Senate
2400 John Fitzgerald Kennedy Federal Building
Boston, MA 02203

Dear Senator Kennedy:

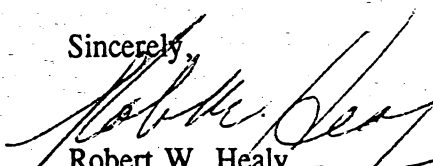
The City of Cambridge is writing to urge you to use your influence to reverse or slow the policy change in the Congress as it relates to the obligations of municipalities not now covered by Social Security to pay a Medicare tax on their pre April, 1986 employees. The current Medicare "reform" bill pending in the Congress would require communities such as Cambridge to begin paying the Medicare tax on all our employees beginning in January, 1996. This would be a new, unbudgeted expense in the middle of our fiscal year. For Cambridge the extra unbudgeted expense for the first six months of calendar 1996 would be in excess of \$600,000. For FY 1997, beginning in July, 1996, the extra expense over what we now budget and pay for our post April, 1986 employees would be nearly \$1,300,000.

This money would come directly from our property taxpayers who would receive no improvements in service for their expenditure. We understand that nearly \$90 billion in new monies or savings have to be provided to keep the Medicare fund solvent. There is no justification for increasing local taxes so dramatically so quickly for purposes unrelated to the need to maintain Medicare solvency.

If there is no way to prevent the ultimate imposition of this tax, it would be much better to phase it in over five to seven years so that our municipality and countless others like us could gradually prepare for this new burden. Unfairest of all is to impose the tax in the middle of this fiscal year, when it is completely unplanned for. Our tax rate for this year is already set. To pay this cost now is to force us to redirect funds earmarked for other public purposes, i.e. to cut services.

We urge you to take the steps necessary to prevent or delay this new tax burden on the citizens of Cambridge and Massachusetts.

Sincerely,


Robert W. Healy
City Manager



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ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

November 1, 1995

The Honorable John Kerry
United States Senate
One Bowdoin Square
Boston, MA 02114

Dear Senator Kerr:

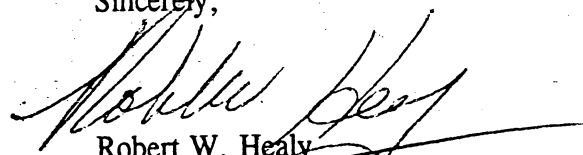
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Sincerely,


Robert W. Healy
City Manager

8-347
Information from the City Manager concerning
letters he sent regarding the Medicare Reform
Bill.

November 3, 1995