

Dear Brother Priest,

I would like to bring to your attention a matter which is of great concern to me, namely, the health care of retired priests, specifically, those priests who are 65 or older and receive permission to retire.

For these priests, the Diocesan Health Care Plan presumes that they will enroll in both the Medicare Part A and Part B Program when they retire. Upon retirement Medicare Part A and Part B will pay "primary" benefits for covered medical expenses and the Health Care Plan provided by the Diocese will make "secondary" payments. Therefore, these priests must be covered by both Medicare A and B because the Diocesan Health Care Plan does not make "primary" payments.

According to a Social Security representative, if a Diocesan priest elected and received an exemption from payment of Self-Employment Taxes (by having filed IRS Form 4361), he will not be covered under the Medicare trust fund. Therefore, he will not be covered by Medicare Part A upon reaching the age of 65.

Because of the exemption's effects upon post-retirement health care coverage, I am enacting the following policy:

- **No priest of the Diocese is to be exempt from payment of Self-Employment Tax.**
- **Any priest who has filed for and received exemption from paying Self-Employment Taxes must file to revoke the exemption according to the procedure provided by the Internal Revenue Service.**

The Internal Revenue Service has informed us that a priest who previously elected exemption from payment of Self-Employment Tax now has a limited period of time to revoke that exemption. To revoke the exemption, IRS Form 2031 must be filed by April 15, 2002. The IRS "Revocation of Exemption" Form 2031 may be obtained directly from the IRS or by calling my office.

I have enacted this policy to ensure that our retired priests will receive medical care available from the Federal Government and to ensure that no priest expect to receive from the Diocesan Medical Insurance Plan medical coverage it is unable to provide.

SOM