



Office of the State Comptroller
PAYROLL BULLETIN

Subject	Medicare Coverage for Employees who are hired after March 31, 1986 and who are not covered by Social Security	Bulletin No.
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A recent change in Federal Law requires that certain State employees must pay the medicare portion of the Social Security tax. Under the change, all full-time or part-time State employees who are hired or rehired after March 31, 1986 and who are not covered by Social Security must be covered for medicare. (The eligibility requirements for social security coverage are contained in the Agency Payroll Manual, Chapter D, Section 4, pages 34-35.) The medicare portion of the Social Security tax rate is .0145 and as with Social Security, the tax applies to the first \$42,000 of wages paid in the calendar year. Medicare coverage is required from the date of employment.

Definition of "new employee"

The medicare coverage requirement applies only to employees who are hired after March 31, 1986. In determining who must be covered, the following rules apply.

1. Employees who go on an authorized leave of absence and return to service are not considered new employees.
2. Employees who transfer from one agency to another are not considered new employees if they have no break in service.
3. Employees who are terminated or who resign from State employment and later return to the same or a different agency are considered new employees.
4. All regularly employed school and college employees who are not paid for the summer are not considered new employees when they return to the payroll in September.
5. Seasonal employees with prior State service who are rehired after March 31 are considered new employees. Seasonal employees on the payroll on March 31 who are subsequently terminated and then rehired are considered new employees on the date of rehire.

Exclusion of certain categories of employees

The following employees are excluded from medicare coverage, as they are from Social Security coverage.

1. Students who are employed at the same State University unit at which they are enrolled and regularly attending classes. The exclusion is not applicable for periods not enrolled and regularly attending classes, such as summer vacation.
2. Foreign nationals with F or J Visas if the service performed is in accordance with the purpose of the visa. This exclusion is removed if the employee's status changes from visitor to immigrant.

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Medicare Coverage for employees excluded from Social Security

1. Employees who suspend their retirement and are re-employed under Section 101 of the NYS Retirement and Social Security Law who defer reactivating their membership in the retirement system for up to one year are required to have medicare coverage if rehired after March 31. If employment continues beyond one year, employees must join the retirement system or become employed under Section 211 or 212 of the law and would then be covered by Social Security.
2. Retired policemen who are working in police related activities who are ineligible for membership in NYS Policemen's and Firemen's Retirement System and for Social Security coverage must have medicare coverage if hired after March 31.

Medicare coverage ceases when an employee becomes subject to Social Security coverage (for example, when a part-time employee joins the retirement system).

You must identify all your employees who have been hired since April 1, 1986 and determine if they are subject to medicare coverage. To assist you, we have provided the enclosed listing of employees who are not members of a retirement system and are not covered by Social Security.

You will be required to report medicare coverage for all employees for whom it is required and submit adjustments for the tax on all wages paid since the date employment began.

We will issue a Payroll Bulletin as soon as the reporting requirements are completed.

Enclosure