



Office of the State Comptroller  
**PAYROLL BULLETIN**

Subject  Medicare/Social Security Withholdings	Bulletin No. P-567
	Date April 20, 1988

All full-time and part-time State employees who are hired or rehired after March 31, 1986 and who are not covered by Social Security must be covered by Medicare.

Occasionally it is determined that an employee has the wrong coverage. When that occurs, you must notify OSC to transfer the money to the correct field, as well as submit an AC-1040 to correct the deduction. Below are the procedures to be followed for current year adjustments and prior year deficiencies when you find that an employee had wrong Medicare or Social Security coverage.

1. An employee paying Medicare should have been paying Social Security (for example, an employee who became a mandatory member of the Retirement System but was not enrolled and reported on time).

Current Year Adjustment

- A. Submit an AC-1040 to start Social Security and to report a Social Security adjustment. The amount of the adjustment is the amount of Social Security owed for the period in this calendar year minus the Medicare tax paid for that period.
- B. Submit a letter to OSC requesting transfer of the Medicare amount to Social Security.

Prior Year Deficiency

- A. Submit a letter to OSC requesting transfer of the Medicare amount to Social Security and a deficiency deduction. Include the wages paid and the amount due for each prior year.
2. An employee paying Social Security should have been paying Medicare.
    - A. Submit an AC-1040 to start Medicare.
    - B. Submit a letter requesting a transfer from Social Security to Medicare and a refund of the excess contributions. If the change covers more than one year, include the wages paid and the refund due for each year.

Letters requesting transfers, deficiencies and refunds should include the employee's name, Social Security number, effective date of the change in status, amount to be transferred and refunded or withheld and an explanation of the transaction. Letters should be sent to:

Office of the State Comptroller  
Deduction Section - 8th Floor  
A.E. Smith State Office Building  
Albany, New York 12236  
Attention: Betty Williams

Questions concerning this Bulletin should be directed to Betty Williams at (518) 474-6006.