DETERMINING SOCIAL SECURITY AND MEDICARE COVERAGE OF STATE AND LOCAL GOVERNMENT EMPLOYEES

Is the position or service covered for Social Security and Medicare under a Section 218 Agreement?

Yes → Withhold Social Security and Medicare, unless Exclusion applies 1/

No → Is employee a qualified member of a public retirement system?

Yes → Is employee covered by a Section 218 Agreement that provides Medicare-only coverage for employees hired prior to April 1, 1986?

Yes → Withhold Medicare for those employees, unless exclusion applies 1/

No → Does Medicare Continuing Employment Exception apply? 3/

Yes → No Social Security or Medicare withheld

No → Withhold Medicare only, unless exclusion to mandatory Medicare applies (see SL 50001.530)

1/ Section 218 Mandatory and Optional Exclusions (see SL 30001.356 -357)
2/ Exclusions from mandatory Social Security and Medicare (see SL 50001.560)
3/ Medicare Continuing Employment Exception (see SL 50001.520)

NOTE: This chart is meant as a guide only and is not a substitute for discussing difficult Section 218 coverage situations with your State Social Security Administrator or FICA taxation issues with your IRS FSLG Specialist. The above SL references are found in the State and Local Coverage Handbook.