

Chapter 100 - Introduction

Subchapter 01 - Introduction

10001.101 Purpose of SLCH

The *State and Local Coverage Handbook* (SLCH) is used by State Social Security Administrators and SSA regional and parallel Social Security office (PSSO) staff to administer the Social Security and Medicare coverage provisions under Sections 218 and 210 of the Social Security Act (Act).

The SLCH does not amend or supersede existing laws and regulations and should not be used or cited as authority for technical matters. If the content of the SLCH conflicts with the Act, another relevant statute, SSA regulations, or Social Security rulings, those authorities have priority over the SLCH.

The Social Security and Medicare coverage provisions for State and local government employees are complex and unique. To administer the coverage provisions for State and local government employees requires the knowledge and understanding of Section 218 Agreements, the mandatory Social Security and Medicare coverage provisions, State laws and how all these interrelate to provide Social Security and Medicare coverage for public employees.

The SSA regulations require States to designate a State official to act on the State's behalf in administering the State's Section 218 Agreement. There is no comparable requirement in administering the mandatory Social Security and Medicare coverage provisions under Section 210. Therefore, it is important for States to understand how the Section 218 and 210 coverage provisions interrelate.

10001.110 Maintaining the SLCH

The SSA Office of Income Security Programs (OISP) is responsible for maintaining the SLCH. The SLCH can be accessed and downloaded from the SSA web site under the heading, *Employee Operating Instruction*, at <http://www.ssa.gov/regulations/index.htm>. Updates and revisions to the SLCH will be posted electronically to the SSA web site.

10001.120 SSA-IRS Federal Responsibilities

A. SOCIAL SECURITY ADMINISTRATION

SSA is responsible for the Social Security and Medicare coverage provisions under the Act. Under the authority of the Act, SSA:

- Administers the Social Security and Medicare coverage provisions for State and local government employees under Sections 210 and 218;
- Makes rules and regulations and establishes procedures, not inconsistent with Title II of the Act (42 U.S.C. 401 et. seq.), which are necessary or appropriate to carry out certain provisions of the Act;
- Adopts reasonable and proper rules and regulations to regulate and provide for the nature and extent of the proofs and evidence and the method of taking and furnishing the same in order to establish the right to benefits under the Act;
- Determines the coverage status of State and local government employees covered under a State's Section 218 Agreement and modifications thereof, and the mandatory coverage provisions under Section 210 of the Act, for Social Security and Medicare benefit purposes; and
- Interprets, executes and maintains Section 218 Agreements and modifications to such agreements;

- Assures the accurate crediting of earnings to all workers; maintains accurate earnings records; verifies the earnings amounts provided; and corrects erroneously posted amounts, as required by law.

B. INTERNAL REVENUE SERVICE

IRS is responsible for the Social Security and Medicare taxation provisions under the Internal Revenue Code (IRC). Under the authority of Chapter 21 of the IRC, IRS:

- Administers the Federal Insurance Contributions Act (FICA), including the mandatory Social Security and Medicare provisions concerning services performed by State and local government employees;
- Assures proper reporting and collection of Social Security and Medicare taxes by State and local government employers under the FICA through examination and other compliance programs; and
- Interprets the FICA provisions applicable to State and local governments through published guidance, e.g., regulations, revenue rulings, revenue procedures, private letter rulings and field directives.

10001.130 State Social Security Administrator Responsibilities

SSA regulation 20 CFR 404.1204 requires each State to designate at least one State official to act for the State in administering that State's Section 218 Agreement. This official, the State Social Security Administrator, acts for the State with respect to its responsibilities for maintaining and administering the provisions of the agreement.

There is no comparable requirement in administering the mandatory Social Security and Medicare coverage provisions. Therefore, it is important for State Administrators to understand how the Section 218 and 210 coverage provisions interrelate.

A. RESPONSIBILITIES

- Serve as a bridge between State and local government employers and Federal agencies, including SSA and IRS.
- Administer and maintain the Section 218 Agreement that governs voluntary Social Security and Medicare coverage by State and local government employers in each State.
- Prepare Section 218 modifications to include additional coverage groups, correct errors in other modifications, identify additional political subdivisions that join a covered retirement system, and obtain Medicare coverage for public employees whose employment relationship with a public employer has been continuous since March 31, 1986.
- Provide SSA with notice and evidence of the legal dissolution of covered state or political subdivision entities.
- Conduct referenda for Social Security and Medicare coverage for services performed by employees in positions under a public retirement system.
- Resolve coverage and taxation questions associated with Section 218 Agreements and modifications with SSA and IRS.
- Advise public employers on Social Security and Medicare and tax withholding matters.
- Provide information to State and local public employers as appropriate and in accordance with the State's enabling legislation, policies, procedures and standards.
- Provide advice on Section 218 optional exclusions applicable to the State and/or individual modifications, and advice on State and local laws, rules, regulations and compliance concerns.

- Maintain physical custody of the State's Section 218 Agreement, modifications, dissolutions and intrastate agreements.

B. NOTIFICATION OF CHANGE OF STATE ADMINISTRATOR

SSA regulation 20 CFR 404.1204 requires each State to inform SSA of the name, title and address of the designated official(s) and the extent of each official's authority. When there are changes in designated officials or changes in their authority, the State should inform SSA timely. States should send a notice to the following SSA offices:

1. SSA Regional Office
2. SSA Parallel Social Security Office
3. SSA, OISP, OEIE, State and Local Coverage
RRCC # 0123, 6401 Security Boulevard
Baltimore, MD 21235-6401

10001.140 SSA Program Administration

SSA program responsibilities for the Section 218 State and local coverage provisions are divided among several SSA components. The following describe those components and their functions.

A. PARALLEL SOCIAL SECURITY OFFICE (PSSO)

The PSSO, usually located in the state capital, is the on-site SSA representative to the State under the leadership of the Regional Commissioner. The PSSO:

- Conducts day-to-day negotiations with the State;
- Assists the State in drafting Section 218 Agreements and modifications;
- Reviews agreements and modifications from the State for technical accuracy and appropriate documentation before forwarding to the Regional Office; and
- Makes coverage and wage determinations, where appropriate.

B. REGIONAL OFFICE (RO)

The RO provides leadership and technical direction in administering the State and local coverage program within the region, consistent with established policy. Within the RO, the Assistant Regional Commissioner (ARC) has responsibility for State and local coverage activities within the region. The RO:

- Interprets, reviews, processes and executes Section 218 Agreements and modifications;
- Reviews supporting documentation from States to remove legally dissolved entities from coverage under Section 218 Agreements;
- Reviews and makes coverage determinations consistent with established policy;
- Provides guidance and advice to States on proposed legislation that may have impact on the State's Section 218 Agreement;
- Interprets and advises States on established SSA policies and procedures;
- Refers to Central Office issues for which no policy has been established or present policy may require a change;
- Maintains file of original agreements and modifications;

- Responds to inquiries concerning magnetic media reporting, electronic filing, and paper reporting of wages; and
- Advises State Social Security Administrators and the Internal Revenue Service regarding Social Security and Medicare issues.

C. REGIONAL CHIEF COUNSEL

The Regional Chief Counsel's office reviews Section 218 Agreements, modifications and legal dissolutions for legal form and substance and provides legal opinions, advice and legal clearance. This office also provides legal interpretations on Federal and State laws and advises SSA when to obtain an Attorney General opinion.

D. SSA CENTRAL OFFICE

1. Office of Income Security Programs (OISP)

OISP is primarily responsible for administering the State and local coverage program under the Act. Organizationally, OISP is located under the Deputy Commissioner for Disability and Income Security Programs. OISP plans, develops, evaluates, and issues operational policies and procedures concerning coverage and wage questions related to Sections 210 and 218 of the Social Security Act. As lead component for the State and local coverage program, OISP:

- Interprets laws and regulations relating to state and local coverage and wages;
- Coordinates national coverage and wage policy with the Internal Revenue Service and other Federal and state agencies;
- Coordinates coverage and wages issues for which no policy has been established or present policy may require a change that may have national impact;
- Issues policies and develops procedures and instructions on coverage, wages, and reporting;
- Administers the policy for decisions involving pre-1987 reporting and wage corrections; and
- Maintains the SSA website for *State and Local Government Employers* (SLGE); and
- Maintains the SLCH for SSA and the State Social Security Administrators.

2. Office of Central Operations (OCO)

OCO processes wage and correction reports and reconciles Annual Wage Reports with IRS Form 941 tax returns and corresponds with employers showing discrepancies.

3. Office of Communications (OCOMM)

OCOMM is the SSA component responsible for SSA's national public information and public affairs (PI/PA) programs. Public affairs specialists in each region speak at seminars to discuss the Social Security and Medicare program and its benefits.

4. Office of Legislation and Congressional Affairs (OLCA)

OLCA monitors and advises SSA officials on legislation pending in Congress and on legislative activity including those related to State and local coverage issues. OLCA also prepares testimony and background material for use by SSA officials for congressional hearings and other contacts with the Congress.

10001.150 Communications between the States and SSA

States are expected to work with the PSSO on State and local coverage and reporting issues. However, in some cases, a State may determine assistance from the RO is necessary. In these situations, it is appropriate for the State to communicate directly with the RO.