

Repeal Onerous 1099 Reporting Mandate

The scope of Form 1099 has been considerably extended by Section 9006 of the *Patient Protection and Affordable Care Act* (P.L. 111-148). Beginning January 1, 2012, long term care facilities will have to file a Form 1099-MISC information return with the Internal Revenue Service (IRS), if the total amount of payments made to most businesses in exchange for goods or services is \$600 or more in one year. Previous law only required Form 1099 to be filed for payments made in exchange for services and exempted payments made to corporations.

Complying with this new mandate will add significantly to the paperwork burden of businesses - such as long term care facilities - particularly for the more than 10,000 long term care companies that own one to three facilities and are truly considered small businesses. While the new requirement is intended to increase tax payment compliance and reduce the net tax gap, it unnecessarily hurts honest, taxpaying businesses. Efforts to enhance the feasibility of tax compliance should focus on minimizing the administrative burdens rather than requiring long term care facilities to disclose excessive amounts of information and overburdening facility staff with paperwork, thus taking valuable time away from patient care.

The 1099 mandate also has the significant potential to increase operating costs on long term care facilities, as thousands of these IRS documents may be required to be filed for the multiple vendors that do business with facilities. Increased costs associated preparing and mailing forms in order to comply with the new mandate may force facilities to limit hiring, forego certain investments, or reduce the number of vendors with whom they do business.

Despite efforts by many members of Congress, the burdensome 1099 reporting requirements have not yet been successfully repealed. AHCA/NCAL urges law makers to support legislation to expeditiously repeal the 1099 reporting mandate and relieve long term care facilities from this substantial paperwork burden so that facilities can continue to provide high quality care for the frail, elderly, and disabled Americans they serve.

Ask Congress...

To relieve long term care facilities from substantial paperwork and reporting burdens by repealing the 1099 reporting mandate in Section 9006 of the *Patient Protection and Affordable Care Act*.

Key Facts

- The extended reporting scope for Form 1099, which takes effect in 2012, requires employers to file IRS 1099 forms for vendors who do more than \$600 worth of business in one year.
- The 1099 reporting mandate will impose substantial paperwork and reporting burdens on long term care facilities, particularly those that are small business.

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