



Michael D. Maves, MD, MBA, Executive Vice President, CEO

September 29, 2010

Douglas H. Shulman  
Commissioner  
Internal Revenue Service  
1111 Constitution Avenue, NW  
Washington, DC 20224

**Re: Internal Revenue Service Notice 2010-51**

Dear Commissioner Shulman:

On behalf of the physician and medical student members of the American Medical Association (AMA), I am pleased to offer our comments in response to the above-referenced notice seeking guidance to be provided on expanded Form 1099 reporting requirements required pursuant to section 9006 of the Patient Protection and Affordable Care Act of 2010 (ACA), Pub. L. No. 111-148 (incorporated as section 6041 of the Internal Revenue Code). A fundamental goal of the ACA is to implement significant health care delivery reforms, and physicians are critical to achieving successful reforms. The AMA has tremendous concerns that applying the expanded Form 1099 requirements to physicians will jeopardize the transition to delivery reform. These new reporting requirements will be onerous and extremely burdensome on physicians, and we urge you to exercise your discretion to exempt physician practices from the requirements.

Effective for payments made after December 31, 2011, section 6041 requires all businesses that pay any amount greater than \$600 during the year to corporate and non-corporate providers of property, goods and services to file an information report—Form 1099—with the IRS. The National Taxpayer Advocate Service, a division of the IRS, recently estimated that this provision will affect about 40 million businesses. Currently, the law requires Form 1099 reporting for the value of purchased services (in excess of \$600) from unincorporated businesses (sole proprietorships, partnerships, and LLCs). Section 6041 expands the requirement to purchased goods, and clarifies that the reporting requirements apply to payments made to corporations, not just small contractors or vendors.

The stricter requirements will force business owners to collect tax identification information for companies, contractors, and vendors. Business owners will have to file two forms for each transaction—one with the IRS and the other with the vendor. These provisions will create an expensive reporting burden that will negatively impact the operations of businesses, particularly small businesses.

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Physician practices will be required to report on all equipment and supply purchases, as well as purchases from vendors such as paper suppliers and bottled water distributors. The routine business expenses of physician practices will now be subject to an increased paperwork burden, thereby adding to their administrative expenses and overhead. According to the latest AMA Physician Practice Information survey (2007-2008), 78 percent of office-based physicians in the U.S. are in practices in sizes of nine physicians and under, with the majority of those physicians being in either solo practice or in practices of between two and four physicians. It is estimated that paperwork, or documentation, takes up as much as a third of a physician's workday. Physicians already deal with piles of charts, and encounter billing forms from innumerable insurance companies, which takes away from their time with patients. Now, more 1099 reporting forms will be added to that paperwork burden.

While we understand that the intent behind the new reporting requirements was to increase tax payment compliance and reduce the net tax gap, we believe that this provision, which received little to no public discussion during the lengthy health system reform debate, will result in unintended consequences to both physicians and patients. At a time when physicians are beginning to implement the numerous changes included in the ACA to transform the health care delivery system to allow them to deliver high quality and efficient care to their patients, this new reporting requirement poses an unreasonable unfunded mandate on physicians, which could have serious adverse consequences on patients' access to our health care delivery system and services. We urge you to exempt physicians from the expanded Form 1099 reporting requirement.

Thank you for considering our comments.

Sincerely,

A handwritten signature in black ink that reads "Mike Maves". The signature is written in a cursive, flowing style.

Michael D. Maves, MD, MBA