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Test Your Medicare Claims Now! After you have submitted claims containing both National Provider Identifiers (NPIs) and legacy identifiers and those claims have been paid, Medicare urges you to send a small batch of claims now with only the NPI in the primary provider fields. If the results are positive, begin increasing the number of claims in the batch. (Reminder: For institutional claims, the primary provider fields are the Billing and Pay-to Provider fields. For professional claims, the primary provider fields are the Billing, Pay-to, and Rendering Provider fields. If the Pay-to Provider is the same as the Billing Provider, the Pay-to Provider does not need to be identified.)

MLN Matters Number: MM5816

Related Change Request (CR) #: 5816

Related CR Release Date: January 25, 2008

Effective Date: January 1, 2007 (date of payment)

Related CR Transmittal #: R3110TN

Implementation Date: January 30, 2008

Support Income Tax Reporting

Note: This article was updated on June 20, 2013, to reflect current Web addresses. All other information remains unchanged.

Provider Types Affected

Suppliers submitting claims to Durable Medical Equipment Medicare Administrative Contractors (DME MACs)

Provider Action Needed

This article is based on Change Request (CR) 5816, which notifies all DME MACs of the requirements to issue Internal Revenue Service (IRS) Form 1099-MISC to every supplier paid under contract and/or any other forms required for income tax and reporting purposes. Thus, your DME MAC will issue appropriate 1099 forms to you, when you receive \$600 or more in Medicare payments in a calendar year, beginning with January 1, 2007.

Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.

Background

The reporting requirements of the Internal Revenue Code (Section 6041A) state that any service-recipient engaged in a trade or business that pays in the course of such trade or business during any calendar year remuneration for such services in the aggregate of \$600 or more must file an information return with the Internal Revenue Service (IRS). Internal Revenue Code section 6041A(d)(3) provides that payments made for services performed by a corporation are subject to information reporting requirements when the remuneration has been paid to the corporation by a Federal executive agency. The \$600 or more paid by a Federal executive agency to a corporation is subject to information reporting requirements per section 6041A(d)(3) of the Internal Revenue Code.

Further, the IRS has determined that payments to Durable Medical Equipment companies paid from Medicare trust fund monies are subject to Form 1099-MISC reporting requirements. IRS has also ruled that payments to persons providing health care services, including proprietary hospitals, physicians and dentists, often include charges for injections, drugs, dentures, and similar items. In such cases, the entire payment is subject to information reporting.

IRS instructions for completing form 1099-MISC states in part that Form 1099-MISC (Miscellaneous Income) should be filed for each person to whom one has paid during the year:

- At least \$600 in rents, services (including parts and materials), prizes and awards, other income payments, medical and health care payments.

For more information, visit <http://www.irs.gov/pub/irs-pdf/f1099misc.pdf> and <http://www.irs.gov/pub/irs-pdf/i1099misc.pdf> on the Internet.

Note that “services” as defined by Medicare means “medical care or services and items, such as medical diagnosis and treatment, drugs and biologicals, supplies, appliances, and equipment, medical social services, and use of hospital, Critical Access Hospital (CAH), or Skilled Nursing Facility (SNF).”

In summary, CR5816 instructs that DME MACs should:

- Issue to every supplier paid under contract a 1099 and/or any other forms required for income tax and reporting purpose;
- Comply with Form 1099 rules, regulations, procedures and instructions as published at <http://www.irs.gov/>; and
- Report all payments made to suppliers during the previous year.

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Additional Information

The official instruction, CR 5816, issued to your DME MAC regarding this change may be viewed at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R3110TN.pdf> on the CMS website.

If you have any questions, please contact your DME MAC at their toll-free number, which may be found at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website.

News Flash - It's Not Too Late to Get the Flu Shot. We are in the midst of flu season and a flu vaccine is still the best way to prevent infection and the complications associated with the flu. But re-vaccination is necessary each year because flu viruses change each year. Please encourage your Medicare patients who haven't already done so to get their annual flu shot. – And don't forget to immunize yourself and your staff. Protect yourself, your patients, and your family and friends. Get Your Flu Shot – Not the Flu! Remember - Influenza vaccination is a covered Part B benefit. Note that influenza vaccine is NOT a Part D covered drug. Health care professionals and their staff can learn more about Medicare's coverage of adult immunizations and related provider education resources, by reviewing Special Edition MLN Matters article SE0748 at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/SE0748.pdf> on the CMS website.

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