

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-20 One-Time Notification</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 311</b>	<b>Date: JANUARY 25, 2008</b>
	<b>Change Request 5816</b>

**SUBJECT: Support Income Tax Reporting**

**I. SUMMARY OF CHANGES:** The purpose of this instruction is to insert in the DME MAC contracts statement of work, a reminder of the Form 1099 miscellaneous reporting requirements under IRS rules and regulations. This change is for contractors' production and mailing requirements by January 31 only. A second change request will follow for all additional tasks and services required.

**NEW / REVISED MATERIAL**

**EFFECTIVE DATE: \*January 1, 2007 (date of payment)**

**IMPLEMENTATION DATE: January 30, 2008**

*Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revise information only, and not the entire table of contents.*

**II. CHANGES IN MANUAL INSTRUCTIONS:** (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	Chapter / Section / Subsection / Title
N/A	

**III. FUNDING:**

**SECTION A:** For Fiscal Intermediaries and Carriers:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their operating budgets.

**SECTION B:** For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

**IV. ATTACHMENTS:**

**One-Time Notification**

*\*Unless otherwise specified, the effective date is the date of service.*

# Attachment – One-Time Notification

Pub. 100-20	Transmittal: 311	Date: January 25, 2008	Change Request: 5816
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**SUBJECT: Support Income Tax Reporting**

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

**Implementation Date: January 30, 2008**

## **I. GENERAL INFORMATION**

### **A. Background: Reporting Requirements For Federal Agencies**

The reporting requirements of the Internal Revenue Code, Section 6041A states 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. The \$600 or more paid by a Federal executive agency to a corporation is also subject to the information reporting requirements per section 6041A(d)(3). However, contracts between Federal agencies and corporations that qualify as classified or confidential (i.e., for national security reasons) under Internal Revenue Code, Sections 6050M (e) and 6050M.

### **Centers for Medicare & Medicaid Services, HHS C.F.R 42 400.202 – Definitions specific to Medicare:**

“*Services* means medical care or services and items, such as medical diagnosis and treatment, drugs and biological, supplies, appliances, and equipment, medical social services, and use of hospital, CAN, or SNF facilities.”

### **Internal Revenue Service – Special Rules:**

Payments reportable to Corporations: Payments by Federal agencies to corporations are not exempt from the filing requirements. 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.

### **IRS Specific Instructions for Form 1099-MISC**

States in part – File Form 1099-MISC, Miscellaneous Income, for each person to whom you have 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.

### **Medicare Enrollment Application Form CMS-855S**

Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Suppliers



Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B  M A C	D M E  M A C	F I  M A C	C A R I E R	R H I  S	Shared-System Maintainers				OTH ER
						F I S	M C S	V M S	C W F		
	<a href="http://www.cms.hhs.gov/MLNMattersArticles/">http://www.cms.hhs.gov/MLNMattersArticles/</a> shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.		X								

**IV. SUPPORTING INFORMATION**

**A. For any recommendations and supporting information associated with listed requirements, use the box below: N/A**

*Use "Should" to denote a recommendation.*

X-Ref Requirement Number	Recommendations or other supporting information

**B. For all other recommendations and supporting information, use this space: N/A**

**V. CONTACTS**

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**Post-Implementation Contact(s):**

## **VI. FUNDING**

**A. *For Fiscal Intermediaries and Carriers, use the following statement:***

No additional funding will be provided by CMS; Contractor activities are to be carried out within their operating budgets.

**B. *For Medicare Administrative Contractors (MACs), use the following statement:***

The contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the Statement of Work (SOW). The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.