



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

February 15, 2011

The Honorable Daniel E. Lungren
U.S. House of Representatives
2313 Rayburn House Office Building
Washington, DC 20515

Dear Representative Lungren:

On behalf of the physician and medical student members of the American Medical Association (AMA), I am writing to express the AMA's support for your legislation, H.R. 4, the "Small Business Paperwork Mandate Elimination Act of 2011." This bill would delete section 9006 of the Patient Protection and Affordable Care Act (ACA), which expanded information reporting—through the 1099 form—to the Internal Revenue Service (IRS) by businesses that pay any amount greater than \$600 during the year to corporate and non-corporate providers of property, goods and services.

The AMA is concerned that applying the expanded form 1099 requirements to physicians will be onerous and extremely burdensome, especially for those physicians in small practices. 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.

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 of nine physicians and under, with the majority of those physicians being in either solo practice or in practices of between 2 and 4 physicians. A 2005 study published in the *Annals of Family Medicine* 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 and billing forms from innumerable insurance companies, which takes away from their time with patients. Under Section 9006, more 1099 reporting forms will be added to that paperwork burden.

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While we understand that the intent behind the new reporting requirements was to increase tax payment compliance, we believe that this provision will result in unintended consequences to both physicians and patients. At a time when physicians are trying to adopt health information technology and other changes 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.

Thank you for introducing H.R. 4. We are pleased to support your legislation to eliminate the expanded 1099 reporting requirements.

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