116TH CONGRESS
2D SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to provide for reporting by certain investors with respect to certain specified medical care providers.

IN THE HOUSE OF REPRESENTATIVES

Mr. Neal introduced the following bill; which was referred to the Committee on ________________

A BILL

To amend the Internal Revenue Code of 1986 to provide for reporting by certain investors with respect to certain specified medical care providers.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,
3 SECTION 1. REPORTING BY CERTAIN INVESTORS WITH RES-
4PECT TO CERTAIN SPECIFIED MEDICAL
5 CARE PROVIDERS.
6 (a) In General.—Subpart A of part III of sub-
7chapter A of chapter 61 of the Internal Revenue Code of
1986 is amended by inserting after section 6039J the following new section:

“SEC. 6039K. RETURNS BY CERTAIN INVESTORS WITH RESPECT TO CERTAIN SPECIFIED MEDICAL CARE PROVIDERS.

“(a) In General.—Each reporting person with respect to any specified medical care provider shall electronically file a separate annual return with respect to each such medical care provider which contains the information described in subsection (b).

“(b) Information Required.—With respect to each specified medical care provider with respect to which the person is a reporting person, such information as the Secretary may require relating to each of the following:

“(1) Gross Receipts.—

“(A) Amounts received by the specified medical care provider as reimbursement for any item or service under title XVIII of the Social Security Act.

“(B) Amounts received by the specified medical care provider as reimbursement for any item or service received under a State plan (or waiver of such plan) under title XIX of the Social Security Act.
“(C) Amounts not described in subparagraph (A) or (B) received by the specified medical care provider pursuant to a negotiated rate with respect to any provider of health insurance.

“(D) Amounts received by the specified medical care provider in the sale of, or other arrangement with respect to, any receivable arising in connection with the provision of medical care.

“(E) Amounts not described in any preceding subparagraph of this paragraph which are received by the specified medical care provider for the provision of medical care (and a separate statement of such amounts which are received from any provider of health insurance).

“(F) Gross receipts not described in any preceding subparagraph of this paragraph (and divided into such categories as the Secretary may provide).

“(2) REAL ESTATE.—

“(A) The addresses of all real estate owned or leased by the specified medical care provider.

“(B) Amounts paid as principal or interest by the specified medical care provider on any
debt which is secured by real estate (and a separate statement of such amounts which are paid to the reporting person or any person related to the reporting person).

“(C) Amounts paid by the specified medical care provider as rent for real property (and a separate statement of such amounts which are paid to the reporting person or any person related to the reporting person).

“(3) Other payments to related persons.—

“(A) Amounts paid as principal or interest by the specified medical provider on any debt not described in paragraph (2) to the reporting person or any person related to the reporting person.

“(B) Amounts paid by the specified medical care provider as rent for any property other than real property to the reporting person or any person related to the reporting person.

“(C) Amounts not described in subparagraph (A) or (B) paid by the specified medical care provider to the reporting person or any person related to the reporting person (and di-
vided into such categories as the Secretary may provide).

“(4) OTHER INFORMATION.—Such other information as the Secretary may reasonably require.

“(c) REPORTING PERSON.—For purposes of this section—

“(1) IN GENERAL.—The term ‘reporting person’ means, with respect to any specified medical care provider, any person if—

“(A) such person holds an interest in such specified medical care provider,

“(B) such person (or any person related to such person) controls such specified medical care provider, and

“(C) such person (or any person related to such person) either—

“(i) is engaged in an applicable trade or business with respect to which any interest in such specified medical care provider is, directly or indirectly, an expanded specified asset, or

“(ii) receives any service from any person engaged in an applicable trade or business described in clause (i).
“(2) Applicable partnership interest requirement.—

“(A) In general.—A person shall not be treated as a reporting person with respect to any specified medical care provider unless one or more persons receive or hold an applicable partnership interest with respect to the applicable trade or business which is referred to in paragraph (1)(C) with respect to such specified medical care provider.

“(B) Applicable partnership interest.—The term ‘applicable partnership interest’ has the meaning which would be given such term by section 1061(c) if the term ‘applicable trade or business’ had the meaning given such term by paragraph (3) for purposes of such section.

“(3) Applicable trade or business.—The term ‘applicable trade or business’ has the meaning which would be given such term by section 1061(c)(2) if such section were applied by substituting ‘expanded specified assets’ for ‘specified assets’ each place it appears therein.

“(4) Expanded specified assets.—The term ‘expanded specified asset’ means any specified asset
(as defined in section 1061(c)(3)) and any interest in a partnership.

“(5) CONTROL.—For purposes of paragraph (1)(B)—

“(A) except as provided in subparagraph (B), control shall be determined under the rules of paragraph (2) or (3) of section 6038(e), and

“(B) if the investment of any person described in paragraph (1)(B) is coordinated with the investment of any other person the investment of such other person shall be treated as held by such person.

For purposes of subparagraph (B), investments of persons shall not fail to be treated as coordinated if contractual obligations exist (directly or indirectly) between such persons with respect to such investments or the provision of any services in connection with any applicable trade or business.

“(d) SPECIFIED MEDICAL CARE PROVIDER.—For purposes of this section, the term ‘specified medical care provider’ means any corporation or partnership which—

“(1) is enrolled under section 1866(j) of the Social Security Act,
“(2) is enrolled as a participating provider in a
State plan (or waiver of such plan) under title XIX
of such Act, or
“(3) in the course of any trade or business
which includes the provision of medical care, em-
employs any individual who is so enrolled or certified.
“(e) RELATED PERSONS.—For purposes of this sec-
tion, persons are related to each other if such persons are
described in section 267(b) or 707(b)(1), determined by
substituting ‘20 percent’ for ‘50 percent’ each place it ap-
ppears in such sections.
“(f) REGULATIONS.—The Secretary shall prescribe
such regulations or other guidance as may be necessary
to carry out the purposes of this section, including—
“(1) the time and manner of filing the return
required under subsection (a),
“(2) rules to prevent, to the extent practicable,
more than one person from being required to report
the same information,
“(3) rules to prevent the use of intermediaries,
agents, nominee ownership, and other arrangements
to avoid the application of this section, and
“(4) rules to require reporting of information to
any person by any person related to such person to
the extent that such information is necessary for
such person to determine if such person is a report-
ning person, or is required to be reported by such
person under this section, and is not otherwise avail-
able to such person.

“(g) Public Availability of Returns.—Annual
returns filed under this section shall be made available by
the Secretary to the public as soon as practicable in a ma-
chine readable format.”.

(b) Penalty for Failure to File Complete and
Correct Return.—Part II of subchapter B of chapter
68 of such Code is amended by adding at the end the fol-
lowing new section:

“SEC. 6726. FAILURE TO FILE CORRECT INFORMATION RE-
TURN WITH RESPECT TO SPECIFIED MED-
ICAL CARE PROVIDERS.

“(a) In General.—In the case of any person’s fail-
ure to file a complete and correct return under section
6039K with respect to any specified medical care provider
(as defined in such section) at the time and in the manner
prescribed therefor, such person shall pay a penalty of
$5,000 for each such return for each day during which
such failure continues.

“(b) Maximum Penalty Per Return.—The max-
imum penalty under this section on failures with respect
to any 1 return shall not exceed $1,000,000.
“(c) DEFICIENCY PROCEDURES NOT TO APPLY.—

Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, gift, and certain excise taxes) shall not apply with respect to the assessment or collection of any penalty imposed by this section.”.

(e) CLERICAL AMENDMENTS.—

(1) The table of sections for subpart A of part III of subchapter A of chapter 61 of such Code is amended by inserting after the item relating to section 6039J the following new item:

“Sec. 6039K. Returns by certain investors with respect to certain specified medical care providers.”.

(2) The table of sections for part II of subchapter B of chapter 68 of such Code is amended by adding at the end the following new item:

“Sec. 6726. Failure to file correct information return with respect to specified medical care providers.”.

(d) EFFECTIVE DATE.—The amendments made by this subsection shall apply to returns with respect to taxable years of specified medical care providers beginning after the date of the enactment of this Act.