

116TH CONGRESS
2D SESSION

H. R. 5825

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

FEBRUARY 10, 2020

Mr. NEAL introduced the following bill; which was referred to the Committee on Ways and Means

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 RE-**
4 **SPECT TO CERTAIN SPECIFIED MEDICAL**
5 **CARE PROVIDERS.**

6 (a) IN GENERAL.—Subpart A of part III of sub-
7 chapter A of chapter 61 of the Internal Revenue Code of
8 1986 is amended by inserting after section 6039J the fol-
9 lowing new section:

1 **“SEC. 6039K. RETURNS BY CERTAIN INVESTORS WITH RE-**
2 **SPECT TO CERTAIN SPECIFIED MEDICAL**
3 **CARE PROVIDERS.**

4 “(a) IN GENERAL.—Each reporting person with re-
5 spect to any specified medical care provider shall electroni-
6 cally file a separate annual return with respect to each
7 such medical care provider which contains the information
8 described in subsection (b).

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

13 “(1) GROSS RECEIPTS.—

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

18 “(B) Amounts received by the specified
19 medical care provider as reimbursement for any
20 item or service received under a State plan (or
21 waiver of such plan) under title XIX of the So-
22 cial Security Act.

23 “(C) Amounts not described in subpara-
24 graph (A) or (B) received by the specified med-
25 ical care provider pursuant to a negotiated rate

1 with respect to any provider of health insur-
2 ance.

3 “(D) Amounts received by the specified
4 medical care provider in the sale of, or other ar-
5 rangement with respect to, any receivable aris-
6 ing in connection with the provision of medical
7 care.

8 “(E) Amounts not described in any pre-
9 ceeding subparagraph of this paragraph which
10 are received by the specified medical care pro-
11 vider for the provision of medical care (and a
12 separate statement of such amounts which are
13 received from any provider of health insurance).

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

18 “(2) REAL ESTATE.—

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

21 “(B) Amounts paid as principal or interest
22 by the specified medical care provider on any
23 debt which is secured by real estate (and a sep-
24 arate statement of such amounts which are paid

1 to the reporting person or any person related to
2 the reporting person).

3 “(C) Amounts paid by the specified med-
4 ical care provider as rent for real property (and
5 a separate statement of such amounts which
6 are paid to the reporting person or any person
7 related to the reporting person).

8 “(3) OTHER PAYMENTS TO RELATED PER-
9 SONS.—

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

15 “(B) Amounts paid by the specified med-
16 ical care provider as rent for any property other
17 than real property to the reporting person or
18 any person related to the reporting person.

19 “(C) Amounts not described in subpara-
20 graph (A) or (B) paid by the specified medical
21 care provider to the reporting person or any
22 person related to the reporting person (and di-
23 vided into such categories as the Secretary may
24 provide).

1 “(4) OTHER INFORMATION.—Such other infor-
2 mation as the Secretary may reasonably require.

3 “(c) REPORTING PERSON.—For purposes of this sec-
4 tion—

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

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

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

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

15 “(i) is engaged in an applicable trade
16 or business with respect to which any in-
17 terest in such specified medical care pro-
18 vider is, directly or indirectly, an expanded
19 specified asset, or

20 “(ii) receives any service from any
21 person engaged in an applicable trade or
22 business described in clause (i).

23 “(2) APPLICABLE PARTNERSHIP INTEREST RE-
24 QUIREMENT.—

1 “(A) IN GENERAL.—A person shall not be
2 treated as a reporting person with respect to
3 any specified medical care provider unless one
4 or more persons receive or hold an applicable
5 partnership interest with respect to the applica-
6 ble trade or business which is referred to in
7 paragraph (1)(C) with respect to such specified
8 medical care provider.

9 “(B) APPLICABLE PARTNERSHIP INTER-
10 EST.—The term ‘applicable partnership inter-
11 est’ has the meaning which would be given such
12 term by section 1061(c) if the term ‘applicable
13 trade or business’ had the meaning given such
14 term by paragraph (3) for purposes of such sec-
15 tion.

16 “(3) APPLICABLE TRADE OR BUSINESS.—The
17 term ‘applicable trade or business’ has the meaning
18 which would be given such term by section
19 1061(c)(2) if such section were applied by sub-
20 stituting ‘expanded specified assets’ for ‘specified as-
21 sets’ each place it appears therein.

22 “(4) EXPANDED SPECIFIED ASSETS.—The term
23 ‘expanded specified asset’ means any specified asset
24 (as defined in section 1061(c)(3)) and any interest
25 in a partnership.

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

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

6 “(B) if the investment of any person de-
7 scribed in paragraph (1)(B) is coordinated with
8 the investment of any other person the invest-
9 ment of such other person shall be treated as
10 held by such person.

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

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

20 “(1) is enrolled under section 1866(j) of the So-
21 cial Security Act,

22 “(2) is enrolled as a participating provider in a
23 State plan (or waiver of such plan) under title XIX
24 of such Act, or

1 “(3) in the course of any trade or business
2 which includes the provision of medical care, em-
3 ploys any individual who is so enrolled or certified.

4 “(e) RELATED PERSONS.—For purposes of this sec-
5 tion, persons are related to each other if such persons are
6 described in section 267(b) or 707(b)(1), determined by
7 substituting ‘20 percent’ for ‘50 percent’ each place it ap-
8 pears in such sections.

9 “(f) REGULATIONS.—The Secretary shall prescribe
10 such regulations or other guidance as may be necessary
11 to carry out the purposes of this section, including—

12 “(1) the time and manner of filing the return
13 required under subsection (a),

14 “(2) rules to prevent, to the extent practicable,
15 more than one person from being required to report
16 the same information,

17 “(3) rules to prevent the use of intermediaries,
18 agents, nominee ownership, and other arrangements
19 to avoid the application of this section, and

20 “(4) rules to require reporting of information to
21 any person by any person related to such person to
22 the extent that such information is necessary for
23 such person to determine if such person is a report-
24 ing person, or is required to be reported by such

1 person under this section, and is not otherwise avail-
2 able to such person.

3 “(g) PUBLIC AVAILABILITY OF RETURNS.—Annual
4 returns filed under this section shall be made available by
5 the Secretary to the public as soon as practicable in a ma-
6 chine readable format.”.

7 (b) PENALTY FOR FAILURE TO FILE COMPLETE AND
8 CORRECT RETURN.—Part II of subchapter B of chapter
9 68 of such Code is amended by adding at the end the fol-
10 lowing new section:

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

14 “(a) IN GENERAL.—In the case of any person’s fail-
15 ure to file a complete and correct return under section
16 6039K with respect to any specified medical care provider
17 (as defined in such section) at the time and in the manner
18 prescribed therefor, such person shall pay a penalty of
19 \$5,000 for each such return for each day during which
20 such failure continues.

21 “(b) MAXIMUM PENALTY PER RETURN.—The max-
22 imum penalty under this section on failures with respect
23 to any 1 return shall not exceed \$1,000,000.

24 “(c) DEFICIENCY PROCEDURES NOT TO APPLY.—
25 Subchapter B of chapter 63 (relating to deficiency proce-

1 dures for income, estate, gift, and certain excise taxes)
2 shall not apply with respect to the assessment or collection
3 of any penalty imposed by this section.”.

4 (c) CLERICAL AMENDMENTS.—

5 (1) The table of sections for subpart A of part
6 III of subchapter A of chapter 61 of such Code is
7 amended by inserting after the item relating to sec-
8 tion 6039J the following new item:

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

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

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

12 (d) EFFECTIVE DATE.—The amendments made by
13 this subsection shall apply to returns with respect to tax-
14 able years of specified medical care providers beginning
15 after the date of the enactment of this Act.

○