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Update on Health Reform and Form 1099 Repeal Efforts

The Republican controlled U.S. House of Representatives voted to repeal the health reform law in what many have called a largely symbolic gesture. The repeal bill will most likely die in the Democratic-controlled Senate, and President Obama has promised to veto repeal in the unlikely event it ever makes it to his desk. The House repeal vote does, however, clear the way for the second phase of the "repeal and replace" promise that Republicans made to voters in November. Republican lawmakers have promised to propose changes to the existing law in the coming months, calling principally for elimination of the individual mandate requirement.

One such proposed change has been introduced on a bipartisan basis that would repeal health reform's Form 1099 reporting provision. Currently, most payments to corporations and payments for goods are exempt from 1099 reporting. But if this provision is retained, starting in 2012, all businesses will have to file a 1099 form with the IRS for any vendor from whom they buy more than \$600 of goods or services in any year. The new 1099 reporting rules were included in the health reform law to improve tax compliance and thereby raise revenue. However, many business groups have expressed concern that the filing process will represent an unreasonable paperwork burden.

A similar 1099 repeal bill was introduced in the prior Congress but it did not receive sufficient support to pass. Like the repeal bill itself, any measure to repeal any part of the health reform law will require Senate approval and a presidential signature to take effect. Passage is looking more certain for repeal of the 1099 requirement as there is bipartisan support and President Obama has voiced his support for repeal of the provision. While this may be the first provision in the health reform bill that will be repealed, it is still unlikely that we will see any major changes in the reform law in the near future.

Employers are advised to continue to monitor health reform developments and proceed with implementation as there is still much to do. Health reform isn't going anywhere, at least not for a while. Should you have questions about this or any aspect of federal health insurance reform, contact your Conner Strong account representative toll free at 1-877-861-3220. For a complete list of Legislative Updates issued by Conner Strong, visit our online [Resource Center](#).



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