

Telehealth Companies – Form 1099 Reporting of Medical and Health Care Payments



Companies must issue Form 1099 to report certain payments made in the course of business to nonemployees. Generally, Form 1099-NEC, *Nonemployee Compensation*, is used to report compensation for services, and Form 1099-MISC, *Miscellaneous Information*, is used to report other types of payments. The type of payment, parties involved, and terms of the relationship will determine whether Form 1099 reporting is appropriate and which of these forms should be used to report payments.

There are special Form 1099 reporting considerations for telehealth companies making payments to physicians or other suppliers for medical and health care services. Many of these payments should be reported on Form 1099-MISC, Box 6, instead of Form 1099-NEC. Further, medical professionals often provide services through professional corporations, or S corporations. In this case, the corporation is listed as the recipient rather than the individual providing the services. The exemption from issuing Form 1099-MISC to a corporation does not apply to payments for medical or health care services provided by corporations, including professional corporations, with certain exceptions.

With many medical professionals operating in professional corporations or S-corporations, Form 1099 reporting may be missed or incorrect. Failing to correctly complete Forms 1099-NEC and 1099-MISC can result in incorrect or missed reporting obligations with potential penalties. We have seen an uptick in IRS notices and penalties related to Form 1099 reporting, as well as additional scrutiny during IRS examinations.

Forms 1099-MISC and 1099-NEC must be furnished to recipients on or before January 31, 2024. Form 1099-NEC must be filed with IRS by January 31, 2024. Form 1099-MISC must be filed with IRS by February 28, 2024, if filed on paper, or April 1, 2024 (as March 31, 2024, is a Sunday), if filed electronically. For further information on these forms and other federal information reporting requirements, see this [summary](#).

How Andersen Can Help

Andersen can assist clients with Form 1099 reporting, including:

- Assisting in evaluating payments made by telehealth companies to ensure correct information reporting, and
- Providing support in the event an IRS notice or other correspondence is received related to Form 1099 reporting.

The Takeaway

Special considerations apply to telehealth companies reporting payments to nonemployees due to the nature of the payments as medical and health care payments and because medical professionals often conduct their business through professional corporations or S corporations. Failure to understand the reporting requirements for Forms 1099-NEC and 1099-MISC can result in missed or incorrect reporting, resulting in the assessment of penalties. Andersen can help telehealth clients navigate Form 1099 reporting requirements unique to their business.

For further information please contact your Andersen advisor.