

IRS Whistleblower Claims the Healthcare Industry Owes Nine Trillion Dollars in Taxes

In Dollars \$9,000,000,000,000

District of Columbia, Jul 29, 2019 (Issuewire.com) - Description of Tax Violation

Health care providers are paying illegal kickbacks to the private health care insurance companies, and neither are paying the required taxes on the payments.

On the private-pay side of the health care provider, it has two distinct contracts, which create two separate financial transactions, the patients and the health care insurance company's contract.

The first contract, between the provider and the patient, creates the recognized income for tax purposes. All patients' billed amounts, for accrual accounting taxpayers, are included in gross income. Once the gross income is listed there are only two recognized methods of making a deduction, either a bad debt deduction or cancelled debt deduction.

The second contract, between the provider and the private insurance company, wherein the provider pays a portion of the amount the insured member owes the provider. The uncollected amount is not a bad debt because both parties agree to it in their contract, therefore it is cancelled debt. The cancelled debt is a kickback to the insurance company for referring its insured member to the provider, i.e. the providers are listed as on-network.

This contract creates taxable income for both the provider and the insurance company!

In the Healthcare Industry, any cash or cash equivalent paid for referring s customer to the provider is illegal.

Both the giver and receiver of the kickback have to pay taxes on the amount:

- The insurance company does not include the forgiven debt income into its gross income.
- The provider does not include the value of the services performed by the insurance company, known as barter income, in its gross income.
- The provider cannot deduct the kickback payment from its gross income.

The kickback paid to the insurance company is in the cash equivalent form of cancelled debt. To go undetected by the IRS, the provider and insurance company lists the difference between the amount billed to the insured patient and the actual amount collected from the insurance company as a contract adjustment. The contract adjustment term is used in financial reports to list the difference of what the patient is billed and what is actually collected from a third-party payer, it was supposed to be used for identifying the differences that occur under the Medicare/Medicaid Programs.

The IRS failed to recognize the separate financial transactions created by the two contracts or the timing of the financial transactions that is known as the matching principle in GAAP and for tax purposes, it is known as the economic performance principle, § 1.451.

The IRS failed to understand for taxable revenue purposes it is legal to write off the difference billed to the government beneficiaries and what the government actually pays, but it is illegal to write off the difference of what is billed to a private-pay insured patient and what the private insurance company

pays.

The IRS made the assumption that since the insurance company was the payer it incurred a liability of the medical goods or services, therefore were allowed to change the price and write off the cancelled debt as a deduction to gross income. This assumption is wrong because if it was true the insurance company would be liable to lawsuits for medical malpractice. The insurance company does not buy and sell medical services, that is not an insurance business function. The insurance company is liable for the payment of the patient's bill.

Under our price discrimination laws, the provider cannot accept a different amount of money from different patients for the same services. The providers do put the same prices for services on both the uninsured and insured patients bills. A contract between the provider and the insurance company to pay lower amounts is a violation of these laws. The providers must be made to list the lowest actual amount collected from any private-pay patient as the price of all bills as the standard charge and to actually be collected and to be paid by all. The uninsured are being charged six times more than what the insured are paying. The private-pay insured members are actually paying more for their medical services because the prices listed on their medical bills determine their premiums, this is how the insurance companies collect the revenue from the kickbacks.

The estimated taxes owed by the Healthcare Industry is Nine Trillion Dollars on the kickbacks.

If you believe the kickback scheme should be stopped contact your Congressional Representatives.

Respectfully Yours.

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