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## **House Rejects 3% Tax on Medicare Payments**

On Thursday, October 27, 2011, the U.S. House of Representatives passed a bill (HR 674) that would eliminate a 3% tax withholding on Medicare payments that was created under the Tax Increase Prevention and Reconciliation Act of 2005. The provision, which is scheduled to take effect January 1, 2012, requires a mandatory 3% withholding from payments made by government agencies in an attempt to address tax noncompliance. This bill will now be addressed by the US Senate.

If this provision is allowed to take effect, the IRS would require Medicare contractors to withhold 3% of Medicare payments to physicians and other health care providers. The 3% payment cut would be in addition to any cuts imposed by the SGR.

If you have questions about HR 674, please contact Jay Packer at (562) 809-3521 or [jpacker@marinabilling.com](mailto:jpacker@marinabilling.com).