

## Optometry Coding & Billing Alert

### Reader Questions: Write-Off Doesn't Equal 1099

Question: We ended up writing off some patient balances as bad debts. Should we be sending those patients an IRS 1099-C form?

Arkansas Subscriber

Answer: There is a lot of conflicting information circulating about whether you can, or should, send an IRS form 1099-C to a patient when you write off her account balance.

What it is: A 1099-C form is a cancellation-of-debt form. The IRS instructions state that "if a federal government agency, certain agencies connected to the federal government, financial institution, credit union, or an organization having a significant trade or business of lending money (such a finance or creditcard company) cancels or forgives a debt you owe of \$600 or more, this form must be provided."

What it means to you: You should not send a 1099-C form to a patient when you write off her account balance. In fact, you could get in serious trouble if the patient gets upset and goes to the IRS about the incorrect 1099.

Best bet: If you want to collect the bad debt from the patient, you need to take her to small-claims court, not send her a 1099.

-- Answers to You Be the Expert and Reader Questions reviewed by **David Gibson, OD, FAAO**, a practicing optometrist in Lubbock, Texas.