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COMMITTEE PRINT

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STAFF DATA

Preliminary Results
Of
Internal Revenue Service Inquiry
Into
Health Care Practitioners
Who Received Large Medicare-Medicaid
Payments in 1968

(NOTE: This document has not been reviewed by the Committee and does not reflect the approval or disapproval of the Committee or any member thereof.)



SEPTEMBER 21, 1970

Printed for the use of the Committee on Finance

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WASHINGTON : 1970 -

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INTRODUCTION

Although payers of dividends and interest of more than \$10 per year, and payers of most other items of income aggregating \$600 or more a year, must file information returns with the Internal Revenue Service identifying the payee and the amounts paid to him, payers under health insurance plans had not been required to make similar reports of their payments to health care suppliers. Neither had payers serving as carriers and intermediaries under the Medicare program (or State agencies with respect to the Medicaid program) been required to file such information reports.

The Finance Committee, concerned about this,^{1/} added an amendment to the Tax Reform Act of 1969 calling on insurance companies and others making health care payments to file with the Internal Revenue Service information returns with respect to payments aggregating more than \$600. The amendment, which would have applied to both assigned and non-assigned payments, was deleted from the bill by the conferees and thus did not become law in 1969.

At about the same time, however, the Internal Revenue Service changed its practice of exempting health care payments from the general reporting provisions of the tax law. Technical Information Release #1023 (November 13, 1969) announced that in the future reports would be required with respect to payments made directly to doctors and other suppliers (the assigned payments). No reporting, however, was required under the ruling with respect to payments made to the insured (the non-assigned payments).

The lack of information regarding this sort of payment has placed the Internal Revenue Service at a disadvantage in auditing tax returns of health care suppliers. In 1969 at the request of the Internal Revenue Service, the Committee on Finance referred to it payment information compiled from reports received from carriers and intermediaries serving the Medicare program and State agencies serving the Medicaid program.

The Internal Revenue Service has been studying this material and has submitted two preliminary reports to the Committee indicating partial results of their efforts to correlate the payments information supplied by the Committee with data reported on tax returns. This pamphlet includes illustrations of the types of tax avoidance by health care suppliers that have been detected to date.

^{1/} See "Medicare and Medicaid" Hearings before the Committee on Finance, July 1 and 2, 1969, pages 173 - 196.



US Treasury Department

Internal Revenue Service
Washington, DC 20224

Date **AUG 17 1970** In reply refer to:



▷ Honorable Russell B. Long
Chairman, Committee on Finance
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:*

In accordance with the recently submitted request of the Committee on Finance, I am enclosing a narrative summary, without identifying information, of 35^{*} cases involving physicians and other health care practitioners, which were under investigation by our Intelligence Division as of July 31, 1970. These cases originated from the Service's program for utilizing information documents as well as payment information furnished by the Committee last fall with respect to participants in the Medicare and Medicaid programs. In many cases involving omission of receipts, it is possible to trace the omission to specific Medicare and Medicaid payments. In such cases this information is reflected in the summary. In other cases, however, the taxpayer's records are such that it is not possible to determine the precise source of the omitted income.

The status of each case is indicated as either a "preliminary" or "full scale" investigation. A preliminary investigation is one conducted for the purpose of determining whether a full scale investigation is warranted and is usually limited to contact with the taxpayer, his representatives or employees. A full scale investigation is a detailed criminal investigation, including contact with third parties, to gather all pertinent evidence of a violation of the law or regulations.

Since these investigations are still in progress it would be premature to draw any conclusions as to their final outcome. As you know, further investigation may develop evidence indicating that some of the cases should be closed on the basis of additional assessments and perhaps civil penalties, rather than by criminal prosecution. On the other hand, the examination of additional cases may uncover other instances which need to be investigated as to their criminal aspects.

Approximately 4,500 other taxpayers are either under examination or yet to be examined by our Audit or Collection Division. When more definite information is available on these cases, we will inform you.

With kind regards,

Sincerely,

James A. Thomas
Commissioner

RECEIVED AUG 18 1970

Enclosures

* Cases 1-35 were attached to this letter.



US Treasury Department

Internal Revenue Service
Washington, DC 20224

Date: _____ In reply refer to _____

SEP 15 1970



▷ Honorable Russell B. Long
Chairman, Committee on Finance
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:*

As per your Committee's request, there are enclosed narrative summaries, without identifying information, of eight additional cases involving physicians and other health care practitioners which are under investigation by our Intelligence Division as a result of the program utilizing Medicare/Medicaid information furnished to us by the Finance Committee.

This material supplements the summaries forwarded to you on August 17, 1970.

With kind regards,

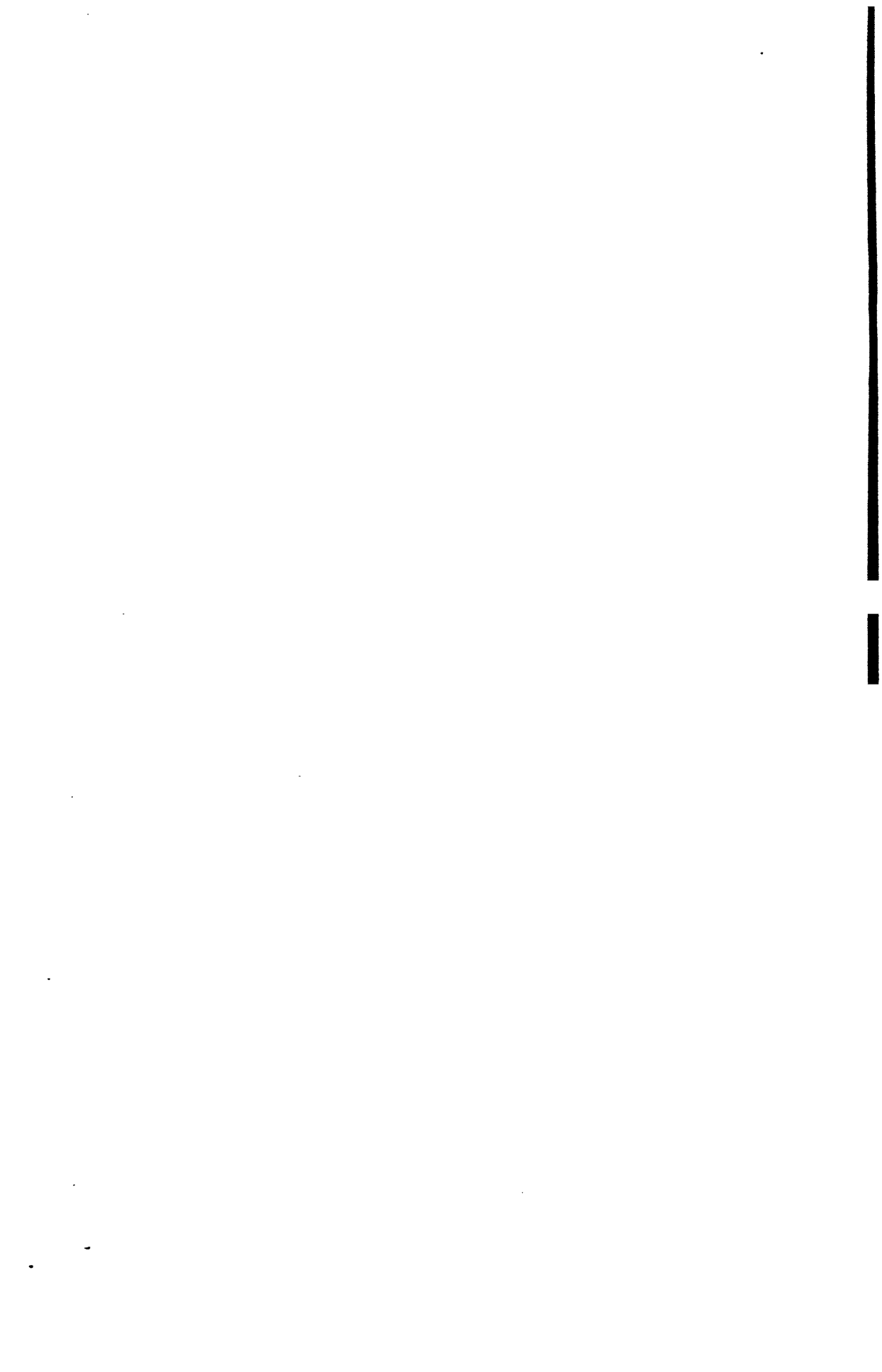
Sincerely,

Joseph W. Thomas
Commissioner

Enclosures

RECEIVED SEP 18 1970

* Cases 36-43 were attached to this letter.



**Preliminary results of Internal Revenue Service Inquiry
into health care practitioners who received large medi-
care/medicaid payments in 1968**

1

OCCUPATION: Physician and Director

REFERRED BY: Audit Division

SYNOPSIS: Receipts understated by about \$10,000, part of which was a Medicaid receipt of \$5,550 paid in July 1968. Taxpayer attributes omitted receipts to sloppy bookkeeping.

TAX YEARS INVOLVED: 1968

INCOME DETERMINED: \$93,799.74

INCOME REPORTED: \$83,364.85

ADDITIONAL INCOME: \$10,433.89

ADDITIONAL TAXES
AND PENALTIES: Not yet determined.

DISPOSITION OR STATUS: Preliminary Investigation

2

OCCUPATION: Physician

REFERRED BY: Audit Division

SYNOPSIS: Taxpayer specializes in urology. Doctor maintains his own records. Doctor's wife handles most of the cash. Taxpayers were unable to account for difference between the amount deposited and total receipts reported. In addition, subject purchased warrants for \$2,311.76, source of which is unknown.

TAX YEARS INVOLVED: 1968

INCOME DETERMINED: \$50,413.88

INCOME REPORTED: \$33,548.34

ADDITIONAL INCOME: \$16,865.54

ADDITIONAL TAXES
AND PENALTIES: Not determined.

DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Medical Practitioner
 REFERRED BY: Collection Division
 SYNOPSIS: Apparent non-filer

TAX YEARS INVOLVED: 1968
 INCOME DETERMINED: \$32,462.25
 INCOME REPORTED: 0
 ADDITIONAL INCOME: \$32,462.25
 ADDITIONAL TAXES
 AND PENALTIES: Not determined.
 DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Pharmacist
 REFERRED BY: Audit Division
 SYNOPSIS: Taxpayer diverted Medicaid payments received
 on behalf of his
 100 percent owned corporation to his personal
 checking account. Subject recently constructed
 and paid for a new home costing in excess of \$30,000.

TAX YEARS INVOLVED: 1968, 1969
 INCOME DETERMINED: \$27,306.42
 INCOME REPORTED: \$18,306.42
 ADDITIONAL INCOME: \$ 9,303.97
 ADDITIONAL TAXES
 AND PENALTIES: Not determined
 DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Physician - Urology

REFERRED BY: Audit Division

SYNOPSIS: Taxpayer's bank deposits exceeded receipts per return by \$27,424.31. Doctor has no summary sheets or receipt books by which receipts could be verified. In 1968 subject purchased \$70,000 in Treasury Bills. Source of funds to purchase Treasury Bills could not be determined and doctor stated he did not remember how he purchased bills nor does he recall what he did with receipts of \$82,552.23 for the sale of stocks.

TAX YEARS INVOLVED: 1968
 INCOME DETERMINED: \$115,835.72
 INCOME REPORTED: \$ 86,093.00
 ADDITIONAL INCOME: \$ 29,742.72
 ADDITIONAL TAXES
 AND PENALTIES: Not determined
 DISPOSITION OR STATUS: Full-scale Investigation

OCCUPATION: Medical Practitioner

REFERRED BY: Collection Division

SYNOPSIS: Apparent non-filer

TAX YEARS INVOLVED: 1968
 INCOME DETERMINED: \$57,455.20
 INCOME REPORTED: 0
 ADDITIONAL INCOME: \$57,455.20
 ADDITIONAL TAXES
 AND PENALTIES: Not determined
 DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Physician

REFERRED BY: Collection Division

SYNOPSIS: Doctor stated he had failed to report Medicaid payment received in the amount of \$48,093 because he did not realize a profit. Taxpayer stated he prepares his own return and keeps his own records.

TAX YEARS INVOLVED: 1968

INCOME DETERMINED: \$48,093.00

INCOME REPORTED: 0

ADDITIONAL INCOME: \$48,093.00

ADDITIONAL TAXES
AND PENALTIES: Not determined

DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Pharmacy

REFERRED BY: Audit Division

SYNOPSIS: Wholly-owned corporation related to another case.

TAX YEARS INVOLVED: 1968, 1969

INCOME DETERMINED: \$12,291.68

INCOME REPORTED: \$ 1,350.87

ADDITIONAL INCOME: \$10,930.81

ADDITIONAL TAXES
AND PENALTIES: Not determined

DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: . Medical Practitioner
REFERRED BY: Collection Division
SYNOPSIS: Apparent non-filer

TAX YEARS INVOLVED: 1968
INCOME DETERMINED: \$50,228.40
INCOME REPORTED: 0
ADDITIONAL INCOME: \$50,228.40
ADDITIONAL TAXES
AND PENALTIES: Not determined
DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: . Unknown
REFERRED BY: Collection Division
SYNOPSIS: Apparent non-filer

TAX YEARS INVOLVED: 1968
INCOME DETERMINED: Not yet known
INCOME REPORTED: Not yet known
ADDITIONAL INCOME: Not yet known
ADDITIONAL TAXES
AND PENALTIES: Not determined
DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Physician - General Surgery

REFERRED BY: Audit Division

SYNOPSIS: Payments received are recorded in a cash receipts book by doctor's secretary. Payments received from Medicare, Medicaid, and Blue Shield are not recorded. Doctor stated to Revenue Agent he knew he was in trouble and that he did not know he had a receipts book until it was requested by the examining agent.

TAX YEARS INVOLVED: Unknown
 INCOME DETERMINED: \$211,786.47
 INCOME REPORTED: \$ 81,421.00
 ADDITIONAL INCOME: \$130,365.47
 ADDITIONAL TAXES
 AND PENALTIES: Not determined
 DISPOSITION OR STATUS: Full-scale Investigation

OCCUPATION: Physician

REFERRED BY: Audit Division

SYNOPSIS: Taxpayer reported gross receipts from his medical practice based on deposits to his checking account, plus cash business expenses and estimated personal living expenses. A review of payments reflects sizeable deficiencies. No explanation has been offered by taxpayer's representative other than subject did not keep accurate records.

TAX YEARS INVOLVED: 1968, 1969
 INCOME DETERMINED: \$221,842.83
 INCOME REPORTED: \$ 72,833.65
 ADDITIONAL INCOME: \$149,009.18
 ADDITIONAL TAXES
 AND PENALTIES: Not determined
 DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Drug Store

REFERRED BY: Collection Division

SYNOPSIS: Medicaid Payment Data Sheet discloses payment to subject in the amount of \$331,709.28 for 1968. Fiscal year returns for corporation reflect gross receipts of \$54,550.31 for period 3-1-67 to 2-29-68 and \$62,144.05 for period 3-1-68 to 2-28-69.

TAX YEARS INVOLVED: 1968
 INCOME DETERMINED: Not determined
 INCOME REPORTED: Not determined
 ADDITIONAL INCOME: Not determined
 ADDITIONAL TAXES
 AND PENALTIES: Not determined
 DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Medical Practitioner

REFERRED BY: Collection Division

SYNOPSIS: Apparent non-filer

TAX YEARS INVOLVED: 1968
 INCOME DETERMINED: \$30,207.60
 INCOME REPORTED: 0
 ADDITIONAL INCOME: \$30,207.60
 ADDITIONAL TAXES
 AND PENALTIES: Not determined
 DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Dentist

REFERRED BY: Audit Division

SYNOPSIS: Taxpayer is a dentist in low-income area. In preparing return taxpayer included only Medicaid payments which he reduced by "alleged" refunds to patients. In addition, taxpayer failed to include in income non-Medicaid payments.

TAX YEARS INVOLVED: 1968

INCOME DETERMINED: \$15,858

INCOME REPORTED: \$ 5,070

ADDITIONAL INCOME: \$10,788

ADDITIONAL TAXES
AND PENALTIES: Not determined

DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Dentist

REFERRED BY: Audit Division

SYNOPSIS: Medicaid Payment Data Sheet indicates taxpayer was paid \$66,961 in 1968. Only records presented by taxpayer were canceled checks. Taxpayer stated his patient records were turned over to another dentist in 1969 when he sold his business. Taxpayer was asked if he had reported receipts from Medicaid or Medicare programs and taxpayer stated that he did not believe he had reported any of these payments on his return. Taxpayer declined to give any reason why the amounts were not reported.

TAX YEARS INVOLVED: 1968

INCOME DETERMINED: \$71,855

INCOME REPORTED: \$ 4,894

ADDITIONAL INCOME: \$66,961

ADDITIONAL TAXES
AND PENALTIES: Not determined

DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Medical Practitioner
REFERRED BY: Collection Division
SYNOPSIS: Apparent non-filer

TAX YEARS INVOLVED: 1968
INCOME DETERMINED: Not determined
INCOME REPORTED: Not determined
ADDITIONAL INCOME: Not determined
ADDITIONAL TAXES
AND PENALTIES: Not determined
DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Medical Practitioner
REFERRED BY: Collection Division
SYNOPSIS: Apparent non-filer

TAX YEARS INVOLVED: 1968
INCOME DETERMINED: \$40,727.27
INCOME REPORTED: 0
ADDITIONAL INCOME: \$40,727.27
ADDITIONAL TAXES
AND PENALTIES: Not determined
DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Physician
 REFERRED BY: Audit Division
 SYNOPSIS: Unreported Medicare receipts of \$49,316.40

TAX YEARS INVOLVED: 1968
 INCOME DETERMINED: Not reported
 INCOME REPORTED: Not reported
 ADDITIONAL INCOME: \$49,316.40
 ADDITIONAL TAXES
 AND PENALTIES: Not determined
 DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Medical Doctor - Urologist
 REFERRED BY: Audit Division
 SYNOPSIS: Report from Medicare indicates irregularities in making claims. Taxpayer deposits no cash.

TAX YEARS INVOLVED: 1968
 INCOME DETERMINED: \$186,379.27
 INCOME REPORTED: \$138,756.95
 ADDITIONAL INCOME: \$ 47,622.32
 ADDITIONAL TAXES
 AND PENALTIES: Not determined
 DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Owner of pharmacy

REFERRED BY: Audit Division

SYNOPSIS: Subject owns pharmacy and many of taxpayer's customers are on welfare. Taxpayer omitted eight payments made to him by the Department of Public Welfare. Taxpayer's explanation for failure to report all receipts is that his brother-in-law, who keeps his business records, had a heart attack in 1968.

TAX YEARS INVOLVED: 1968

INCOME DETERMINED: \$20,451.88

INCOME REPORTED: \$ 2,835.57

ADDITIONAL INCOME: \$17,616.31

ADDITIONAL TAXES
AND PENALTIES: Not determined

DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Husband - Dentist Wife - Social Worker

REFERRED BY: Audit Division

SYNOPSIS: Taxpayer omitted at least four known receipts received from the State.

TAX YEARS INVOLVED: 1968

INCOME DETERMINED: \$26,289.90

INCOME REPORTED: \$20,175.90

ADDITIONAL INCOME: \$ 6,114.00

ADDITIONAL TAXES
AND PENALTIES: Approximately \$10,000.00

DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Physician - Internal Medicine

REFERRED BY: Audit Division

SYNOPSIS: When a patient pays medical bill in cash, the amount is normally used for spending money. Taxpayer admits omitting receipts that should have been reported. After being contacted by examiner, taxpayer filed an amended return.

TAX YEARS INVOLVED: 1968
 INCOME DETERMINED: \$86,536.57
 INCOME REPORTED: \$62,090.57
 ADDITIONAL INCOME: \$24,446.00
 ADDITIONAL TAXES
 AND PENALTIES: Not determined
 DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Osteopathic Physician

REFERRED BY: Audit Division

SYNOPSIS: Taxpayer failed to report about \$54,000.00 from Blue Cross.

TAX YEARS INVOLVED: 1968
 INCOME DETERMINED: \$113,000.00
 INCOME REPORTED: \$ 59,000.00
 ADDITIONAL INCOME: \$ 54,000.00
 ADDITIONAL TAXES
 AND PENALTIES: Not determined
 DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Orthopedic Doctor

REFERRED BY: Collection Division

SYNOPSIS: Subject has not filed returns for years 1965 to 1969, inclusive. Gross income ranged from \$24,000 to \$46,000 per year. Tax withheld ranged from \$2,000 to \$10,000 per year. Doctor stated he did not file returns because he was confused about what deductions he could take.

TAX YEARS INVOLVED: 1965, 1966, 1967, 1968, 1969

INCOME DETERMINED: Not determined

INCOME REPORTED: Not determined

ADDITIONAL INCOME: Not determined

ADDITIONAL TAXES
AND PENALTIES: Not determined

DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Osteopathic Physician

REFERRED BY: Audit Division

SYNOPSIS: Taxpayer's first wife lost her life in a fire in February 1969. He subsequently remarried and his present wife claims his first wife was an alcoholic who maintained doctor's records.

TAX YEARS INVOLVED: 1968

INCOME DETERMINED: \$16,580.40

INCOME REPORTED: \$ 3,644.00

ADDITIONAL INCOME: \$12,936.40

ADDITIONAL TAXES
AND PENALTIES: Not determined

DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Optometrist

REFERRED BY: Collection Division

SYNOPSIS: Subject filed joint returns for 1968 and 1969 with Revenue Officer after being contacted about non-filing. The returns as submitted do not reflect Medicaid payments during 1968 of \$22,494.00

TAX YEARS INVOLVED: 1968, 1969

INCOME DETERMINED: \$22,494.00

INCOME REPORTED: 0

ADDITIONAL INCOME: \$22,494.00

ADDITIONAL TAXES
AND PENALTIES: Not determined

DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Doctor - partner in drug store

REFERRED BY: Audit Division

SYNOPSIS: Doctor's records are maintained by his wife. She stated that all receipts were deposited and that income was computed by use of bank deposits. Revenue Agent states that income reported on return bears little relationship to the deposits. One check in amount of \$6,020.90 from Medicare Program was endorsed and applied against farm mortgage.

TAX YEARS INVOLVED: 1967, 1968

INCOME DETERMINED: \$92,012.03

INCOME REPORTED: \$22,447.22

ADDITIONAL INCOME: \$69,564.81

ADDITIONAL TAXES
AND PENALTIES: Not determined

- DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Physician

REFERRED BY: Audit Division

SYNOPSIS: Revenue Agent determined a \$7,000 understatement for tax year 1968. Doctor twice insisted that books and records and tax returns are correct and reflect all income. After second visit by Revenue Agent to discuss understatement Doctor called agent and said his wife admitted to him that she was taking cash receipts and not reporting them.

TAX YEARS INVOLVED: 1967, 1968, 1969

INCOME DETERMINED: \$118,812.51

INCOME REPORTED: \$ 96,213.00

ADDITIONAL INCOME: \$22,599.51

ADDITIONAL TAXES
AND PENALTIES: Not determined

DISPOSITION OR STATUS: Full-scale Investigation

OCCUPATION: Physician

REFERRED BY: Audit Division

SYNOPSIS: Taxpayer was requested to furnish bank statements and deposit slips for all bank accounts. Doctor referred agent to accountant who furnished information requested for two bank accounts. The agent, after becoming aware that bank accounts did not reflect all receipts, was provided with two more bank accounts which the doctor stated were used to hide money from his wife.

TAX YEARS INVOLVED: 1966, 1967, 1968

INCOME DETERMINED: \$158,591.00

INCOME REPORTED: \$ 18,590.34

ADDITIONAL INCOME: \$140,000.66

ADDITIONAL TAXES
AND PENALTIES: Not determined

DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Physician

REFERRED BY: Audit Division

SYNOPSIS: Doctor maintains a daily record sheet on which he enters the daily collection on accounts receivable. He advised that he adds the daily record sheets in order to arrive at gross income from his medical practice; however, he could not produce the tapes. The doctor stated that he may have given CPA net income after expenses as gross income or he could have made a mistake in addition.

TAX YEARS INVOLVED: 1967, 1968, 1969

INCOME DETERMINED: \$364,719.04

INCOME REPORTED: \$259,209.17

ADDITIONAL INCOME: \$105,509.87

ADDITIONAL TAXES
AND PENALTIES: Not determined

DISPOSITION OR STATUS: Full-scale investigation

OCCUPATION: General Practitioner

REFERRED BY: Collection Division

SYNOPSIS: Apparent non-filer

TAX YEARS INVOLVED: 1968

INCOME DETERMINED: Not determined

INCOME REPORTED: Not determined

ADDITIONAL INCOME: Not determined

ADDITIONAL TAXES
AND PENALTIES: Not determined

DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: General Practitioner and Surgeon

REFERRED BY: Audit Division

SYNOPSIS: Doctor advised Revenue Agent when first contacted that he does not maintain any books or records because it was too costly. On second visit doctor advised that his income was taken from a "day book" which he could not find. Doctor advised examining agent that he has been questioned several times by police regarding abortions, narcotics and employing a non-licensed doctor.

TAX YEARS INVOLVED: 1967, 1968

INCOME DETERMINED: \$193,923.73

INCOME REPORTED: \$(7,153)

ADDITIONAL INCOME: \$201,076.73

ADDITIONAL TAXES
AND PENALTIES: Not determined

DISPOSITION OR STATUS: Preliminary Investigation

34

OCCUPATION: Doctor

REFERRED BY: Audit Division

SYNOPSIS: Taxpayer reported \$31,739.64 as Medicare/Medicaid payments. A referral sheet on Medicare/Medicaid payments reflects that the doctor was paid \$103,103.90 in such payments. Doctor has filed an amended 1969 return and indicated that the errors are due to incompetent office help.

TAX YEARS INVOLVED: 1967, 1968, 1969

INCOME DETERMINED: \$229,919.85

INCOME REPORTED: \$ 55,575.81

ADDITIONAL INCOME: \$174,344.04

ADDITIONAL TAXES
AND PENALTIES: Not determined

DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Physician

REFERRED BY: Collection Division

SYNOPSIS: Taxpayer received \$48,290 from Medicaid during 1968. Subject's copy of his return shows gross receipts of \$42,105.50. Doctor claims he was not practicing for a few years because of poor health. Taxpayer claims his 1040 for 1968 was filed in January 1970. His accountant is now preparing 1969 returns.

TAX YEARS INVOLVED: 1967, 1968, 1969

INCOME DETERMINED: Not determined

INCOME REPORTED: Not determined

ADDITIONAL INCOME: \$30,400.00

ADDITIONAL TAXES
AND PENALTIES: Not determined

DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Dentist

REFERRED BY: Audit Division

SYNOPSIS: Taxpayer is employed with the Department of Health. He also practices after work and has an office in and one in . In 1968 deposits exceeded receipts by \$5,132.00. In 1969 receipts reported exceeded deposits. In both years cash receipts were not reported.

TAX YEARS INVOLVED: 1968, 1969

INCOME DETERMINED: \$56,486.00

INCOME REPORTED: \$35,203.00

ADDITIONAL INCOME: \$21,283.00

ADDITIONAL TAXES AND PEIALTIES: Not determined

DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Internist

REFERRED BY: Audit Division

SYNOPSIS: Income determined by bank deposits method.

TAX YEARS INVOLVED: 1967

INCOME DETERMINED: \$138,408.60

INCOME REPORTED: \$75,178.41

ADDITIONAL INCOME: \$62,230.19

ADDITIONAL TAXES AND PENALTIES: Not determined

DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Dentist

REFERRED BY: Audit Division

SYNOPSIS: Subject is a practicing dentist. In 1967 taxpayer received about \$53,000.00 in Medicaid and reported only \$44,370.00. In addition, he did not report cash income from non-Medicaid patients of about \$13,000.00. In 1969 taxpayer omitted only \$9,700.00 of business receipts.

TAX YEARS INVOLVED: 1968, 1969

INCOME DETERMINED: \$66,979.00

INCOME REPORTED: \$24,233.00

ADDITIONAL INCOME: \$42,696.00

ADDITIONAL TAXES AND PENALTIES: Not determined

DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Dentist

REFERRED BY: Audit Division

SYNOPSIS: Taxpayer had few checks payable to cash, insufficient to meet living expenses. It appears that 98% of deposits are from Medicaid. Taxpayer paid \$13,000.00 for land in 1968 and had a house built in 1969 at a cost of \$45,000.00

TAX YEARS INVOLVED: 1967, 1968

INCOME DETERMINED: \$141,985.81

INCOME REPORTED: \$50,470.00

ADDITIONAL INCOME: \$91,495.81

ADDITIONAL TAXES AND PENALTIES: Not determined

DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Medical Doctor

REFERRED BY: Audit Division

SYNOPSIS: Taxpayer received \$61,007.38 from Medicare, Medicaid and other health organizations in 1968, but only reported \$36,070.13 as his total gross receipts.

TAX YEARS INVOLVED: 1968

INCOME DETERMINED: \$61,007.38

INCOME REPORTED: \$36,070.13

ADDITIONAL INCOME: \$24,937.25

ADDITIONAL TAXES AND PENALTIES: Not determined

DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Dental Technician

REFERRED BY: Audit Division

SYNOPSIS: Excess bank deposits of about \$43,000 and \$20,000 which include Medicaid payments of about \$29,000 and \$9,000. Taxpayer is a dentist and practices as a dental technician and is not in general practice. Taxpayer stated that in 1968 and 1969 his practice was strictly Medicaid.

TAX YEARS INVOLVED: 1968, 1969

INCOME DETERMINED: \$109,000.00

INCOME REPORTED: \$46,000.00

ADDITIONAL INCOME: \$63,000.00

ADDITIONAL TAXES AND PENALTIES: Not determined

DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Medical Doctor

REFERRED BY: Collection Division

SYNOPSIS: Subject was contacted on July 23, 1970, at which time he had not filed a 1040 return for 1967. Upon further questioning, subject stated that the last return he can remember filing was for 1963.

TAX YEARS INVOLVED: 1967, 1968

INCOME DETERMINED: \$50,000.00

INCOME REPORTED: - 0 -

ADDITIONAL INCOME: \$50,000.00

ADDITIONAL TAXES AND PENALTIES: Not determined

DISPOSITION OR STATUS: Preliminary Investigation

OCCUPATION: Dentist

REFERRED BY: Audit Division

SYNOPSIS: In 1968, based upon bank deposits, unreported receipts amounted to \$26,414.00. Unexplained cash expenditures for lab fees, dental supplies and a stock purchase also occurred.

TAX YEARS INVOLVED:

INCOME DETERMINED: \$150,407.23

INCOME REPORTED: \$107,114.56

ADDITIONAL INCOME: \$52,292.67

ADDITIONAL TAXES AND PENALTIES: Not determined

DISPOSITION OR STATUS: Preliminary Investigation

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