This fact sheet explains how the MinnesotaCare Provider Tax applies to licensed ambulance services and emergency medical providers.

**Ambulance Services**
Licensed ambulance services are health care providers under MinnesotaCare tax law and are subject to Provider Tax. The tax is on the gross revenue received for providing services, including compensation received for providing on-call services at private or public events (such as concerts, sporting events, or fairs).

Volunteer ambulance services are not subject to Provider Tax. See “How to Determine Volunteer Status,” below.

**Transportation Across Borders**
When an ambulance service transports a patient across the Minnesota border, the portion of the service performed in Minnesota is subject to tax. A reasonable method must be used to calculate the percentage of taxable revenue, such as determining the total miles traveled in Minnesota versus the miles traveled out-of-state.

**Example:** An ambulance service transports a patient from Minnesota into North Dakota. The ambulance picks up the patient in Minnesota and drives eight miles to the Minnesota-North Dakota border. The ambulance crosses the border and drives two miles in North Dakota for a total of 10 miles. Based on the eight miles driven in Minnesota compared to the total trip miles, 80 percent of the revenue earned from the service is subject to Provider Tax.

**Provider Tax Exemptions**
Certain exemptions are available for the Provider Tax. To claim an exemption, the amount must first be reported as gross receipts on your Provider Tax Return and then deducted on the appropriate exemption line.

For a list of MinnesotaCare tax exemptions, go to www.revenue.state.mn.us and type MinnesotaCare tax exemptions into the Search box.

The most common exemptions for ambulance services are the Medicare Exemption and the Legend Drug Exemption.

**Medicare Exemption.** Amounts received for Medicare-covered services are exempt from Provider Tax, including:

- Payments from Medicare or Medicare managed-care plans
- Deductibles, copayments, and coinsurance, paid by patients or supplemental insurance plans

**Legend Drug Exemption.** The cost of legend drugs purchased from wholesale drug distributors may be exempt from Provider Tax. To qualify as exempt, the legend drug must be all of the following:

- Labeled either “Caution: Federal law prohibits dispensing without prescription” or “Rx only”
- Classified by the FDA as a drug, and not a device
- Purchased from a drug wholesaler that is subject to MinnesotaCare Wholesale Drug Distributor Tax

There are two ways to calculate the Legend Drug Exemption. If you cannot use Method 1, you must use Method 2.

- **Method 1:** You may claim the actual cost of the drugs reduced by any reimbursements you receive for the drugs from exempt sources, such as Medicare. To use this method, you must be able to determine the portion of exempt revenue attributable to legend drug reimbursements and have records verifying the actual drug costs and exempt reimbursement amounts.

- **Method 2:** If you cannot determine the actual drug costs and exempt reimbursement amounts, you must calculate the Legend Drug Exemption using our formula. A Legend Drug Exemption calculator is available on our website. Go to www.revenue.state.mn.us and type legend drug calculator into the Search box.

**How to Determine Volunteer Status**
Volunteer ambulance services are not subject to Provider Tax. An ambulance service is “volunteer” if both of the following conditions are met:

- None of its attendants earn $6,000 or more in annual run-time income from the service; and
- None of its attendants rely solely on total compensation from the service for their livelihood.

An ambulance service “attendant” refers to an individual who is authorized by a licensed ambulance service to provide emergency care and is registered or certified by the Emergency Medical Services Regulatory Board (EMSRB).

Continued
Attendants include, but are not limited to:

- Paramedics
- Emergency Medical Technicians (EMTs)
- Advanced Emergency Medical Technicians (AEMTs)

When determining volunteer status, “run-time” refers to time spent providing services, such as:

- Attending to emergency calls
- Providing medical transportation
- Providing direct patient care and treatment

Run-time income does not include:

- Compensation for time spent on standby alert
- Reimbursements for continuing education
- Salaries of administrative staff

Note: An ambulance service’s volunteer status may change from year-to-year depending on the run-time earnings of its attendants and if they rely on total compensation from the ambulance service for their livelihood.

An ambulance service that meets the volunteer requirements for a particular year is not subject to Provider Tax on the gross revenue received for that year. If any attendant employed by the ambulance service does not meet the volunteer requirements, the service is non-volunteer and subject to Provider Tax on all gross revenue received for that year.

Example: ABC Ambulance Service employs three attendants who earn the following run-time income in Year 1 and Year 2.

<table>
<thead>
<tr>
<th>Attendant</th>
<th>Year 1</th>
<th>Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMT 1</td>
<td>$1,000</td>
<td>$1,500</td>
</tr>
<tr>
<td>EMT 2</td>
<td>$2,000</td>
<td>$5,000</td>
</tr>
<tr>
<td>Paramedic</td>
<td>$3,000</td>
<td>$7,000</td>
</tr>
</tbody>
</table>

In Year 1, none of the attendants earn more than $6,000 in annual run-time income or depend solely on the total compensation they receive from ABC for their livelihoods. ABC meets the requirements for volunteer status and is not subject to Provider Tax on its gross revenue received in Year 1.

In Year 2, ABC’s paramedic earns more than $6,000 in annual run-time income during the year. ABC’s status in Year 2 changes from “volunteer” to “non-volunteer” because at least one of its attendants earned more than the $6,000 annual run-time limit. ABC is subject to Provider Tax on all gross revenue received in Year 2.

### Emergency Medical Providers Working Independently

Emergency Medical Responders (EMRs), EMTs, paramedics, and other emergency medical providers regulated by the state of Minnesota are health care providers under MinnesotaCare tax law. When emergency medical providers provide services independent of an ambulance service, they are subject to Provider Tax on the gross revenue received for providing the services. This includes compensation received for providing on-call services at private or public events (such as concerts, sporting events, or fairs).

Example 1: An EMT contracts with an event organizer to provide on-call emergency services at a sporting event in case someone becomes ill or injured. The EMT is subject to Provider Tax on the compensation received.

Example 2: XYZ Emergency Services, a business owned by a paramedic, contracts with event organizers to supply emergency medical providers to work on-call at concerts. XYZ employs three EMTs to provide the on-call services. XYZ is subject to Provider Tax on the gross revenue received.

### Legal References

- Minnesota Statutes
  - 295.50, subdivision 4(a), Health care provider
  - 295.52, subdivision 2, Provider tax
  - 295.53, Exemptions
  - 144E.001, Definitions