

Minnesota revenue notice

Revenue Notice # 93-06 MinnesotaCare

(Update: Revenue Notice #93-06 has been revoked by Revenue Notice #07-04.)

Exemptions for Medicare, medical assistance, general assistance medical care and MinnesotaCare payments.

All hospitals licensed under Minnesota Statutes, chapter 144 are subject to a 2 percent tax on the gross revenues the hospitals receive for inpatient or outpatient services.

Minnesota Statutes, section 295.53 exempts various payments from the tax. Some of the payments exempt under this section are payments received from Medicare, medical assistance, general assistance medical care and MinnesotaCare.

Following is the interpretation of the law by the Department of Revenue: In 1993, hospitals may exclude from the gross revenues subject to tax only payments directly received from Medicare, medical assistance, general assistance medical care and MinnesotaCare. All other payments received for inpatient and outpatient services are taxable to the hospitals.

The Department of Revenue will abate any interest due to underpayments of estimated installments of the tax for payments due February 10, 1993 if they are the result of reasonable reliance by the taxpayer on any previous communication by the department that is inconsistent with this revenue notice.

EXAMPLES

Exempt Payments

- Payments the hospital receives directly from the government for a Medicare patient;
- Payments the hospital receives directly from the government for a medical assistance patient.

Nonexempt Payments

- All payments the hospital receives from a Health Maintenance Organization (HMO) for inpatient or outpatient services provided to a medical assistance patient; this includes any portion paid to the HMO by the government;
- All payments the hospital receives from a Medicare patient for inpatient or outpatient services; this includes any portion paid to the patient by the government;
- Payments the hospital receives from the Consolidated Chemical Dependency Treatment Fund (CETF).

Regional Centers

The section titled 'Regional Centers' appearing in revenue notice #93-5 which was published in the Minnesota State Register on January 25, 1993 is hereby revoked. Regional Centers are subject to the 2 percent tax on hospitals starting January 1, 1993. The Department of Revenue will abate any interest due to underpayments of estimated installments of the tax for payments due February 10th if they are the result of reasonable reliance by the taxpayer on any previous communication by the department which is inconsistent with this revenue notice.

Michael E. Boekhaus, Director
Appeals, Legal Services & Criminal Investigation Division

Dated: February 8, 1993

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