

# MINNESOTA DEPARTMENT OF REVENUE

## Modification of Revenue Notice # 93-18: MinnesotaCare – Government Payments\*

\*With modifications shown (see “Key” below).

~~Minnesota Statutes, Minnesota Statutes, section 295.53, subdivision 1(4)~~ (a)(10) provides that payments received from any governmental agency for services benefiting the public, not including payments made by the government in its capacity as an employer or insurer or payments made by the government for services provided under general assistance medical care, the MinnesotaCare program, or the medical assistance program, are excluded from the hospital, surgical center, or health care provider taxes under Minnesota Statutes, sections 295.50 to 295.57 295.59.

To qualify for this exemption, government payments have to be wholly generated by general public revenues and not by payments made by the covered individuals to the government as payment in part or in whole for benefits for the covered individuals. The fact that individuals ~~benefitted by~~ who benefit from the government payment make a copayment directly to the provider, does not disqualify the government payment from this exemption. The copayments to the provider are taxable.

### EXAMPLES Examples

1. ~~Exempt Receipts~~ Exempt Receipts
  - a. Payments health care providers receive from the State of Minnesota or the federal government for patient services provided to inmates.
  - b. A grant received by a hospital from a county to provide patient services to indigents.
  - c. Payments received from the government under the migrant health service project.
  
2. ~~Non-Exempt Receipts~~ Non-Exempt Receipts
  - a. ~~Payments a hospital receives from the federal government under the Champus program; these are payments for patient services provided to military personnel and are thus payments the government makes in its capacity as an employer.~~
  - b. a. Payments received by a provider from the State of Minnesota for patient services provided to state employees are payments made by the government in its capacity as an employer.
  - c. ~~Payments received from the social security administration for evaluations given to determine whether an individual is eligible for social security disability are payments made by the government in its capacity as an insurer.~~
  - b. Payments received under Workers Compensation insurance.
  - c. Payments received from a state agency for prescription safety glasses provided to employees.

~~Michael E. Beckhaus, Director  
Appeals, Legal Services and Criminal  
Investigation Division  
Dated: October 4, 1993~~

JOHN H. MANSUN, Assistant Commissioner  
for Tax Policy and External Relations  
Publication Date: May 7, 2007

\***Key:** Underlining indicates additions to existing Revenue Notice language. Strikeouts indicate deletions from existing Revenue Notice language.

**Please see next page for a clean, printable copy of this notice as modified.**

# MINNESOTA DEPARTMENT OF REVENUE

## Modification of Revenue Notice # 93-18: MinnesotaCare – Government Payments\*\*

### \*\*As modified

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To qualify for this exemption, government payments have to be wholly generated by general public revenues and not by payments made by the covered individuals to the government as payment in part or in whole for benefits for the covered individuals. The fact that individuals who benefit from the government payment make a copayment directly to the provider, does not disqualify the government payment from this exemption. The copayments to the provider are taxable.

### Examples

1. Exempt Receipts
  - a. Payments health care providers receive from the State of Minnesota or the federal government for patient services provided to inmates.
  - b. A grant received by a hospital from a county to provide patient services to indigents.
  - c. Payments received from the government under the migrant health service project.
2. Non-Exempt Receipts
  - a. Payments received by a provider from the State of Minnesota for patient services provided to state employees are payments made by the government in its capacity as an employer.
  - b. Payments received under Workers Compensation insurance.
  - c. Payments received from a state agency for prescription safety glasses provided to employees.

JOHN H. MANSUN, Assistant Commissioner  
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