

This notice was modified on October 22, 2007. This notice was also supplemented by Revenue Notices # 97-10 and # 97-11. Please review both of these notices for the supplemental language.

MINNESOTA DEPARTMENT OF REVENUE **Modification of Revenue Notice # 94-03: MinnesotaCare – Patient Services***

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

Patient Services Patient Services

This Revenue Notice replaces Revenue Notice # 93-14. ~~For interpretation of the tax on payments received by persons selling, renting, or repairing medical supplies or equipment, see Revenue Notice # 93-26.~~

Under the MinnesotaCare Act, health care providers are taxed on their receipts for patient services. Patient services are defined in *Minnesota Statutes*, section 295.50, subdivision 9b, as any of the following goods and services provided to a patient or consumer:

- bed and board;
- nursing services and other related services;
- use of the facility;
- medical social services;
- drugs, biologicals, supplies, appliances and equipment;
- other diagnostic or therapeutic items or services;
- medical or surgical services;
- items and services furnished to ambulatory patients not requiring emergency care; or
- emergency services; ~~or~~
- ~~services covered under the medical assistance program.~~

Generally, patient services include services or goods provided by:

- a. a person whose health care occupation is regulated or required to be regulated by the state of Minnesota a licensed or registered individual who provides the services within the scope of his or her professional duties;
- b. a person who provides goods and services that qualify for reimbursement under the medical assistance program;
- c. a staff model health plan company; or
- d. an ambulance service required to be licensed.
- ~~b-d.~~ a person who qualifies for reimbursement under the medical assistance program; or
- ~~e-e.~~ a person selling, renting or repairing hearing aids and related equipment or prescription eyewear. medical supplies.

Patient services include health care goods and services provided to a patient or a consumer. ~~This means for example that wholesalers of medical supplies who sell wheel chairs to a hospital are not subject to tax.~~ Patient services include goods and services that involve or aid the health care provider in examining or treating the medical or mental condition of an individual patient or consumer regardless of the existence of a medical relationship between the patient and the provider. Patient services do not include educational services that are given to the general public.

Examples of patient services that are subject to tax Examples of Patient Services That Are Subject to Tax

- Patient counseling by a university nurse when the student’s insurer pays for the service or by a

- ~~physician hired by a business to treat employees;~~
- Medical transportation by an ambulance service;
- Preventive, corrective or diagnostic services provided by or under supervision of a dentist;
- Independent laboratory services;
- Professional services provided by a physician;
- Immunizations; and
- Voluntary and medically necessary surgeries- .
- ~~Independent Medical Exams (IME) to determine eligibility for insurance or employment, or exams conducted for purpose of an adversarial proceeding;~~
- ~~Utilization reviews of the treatment given to an individual patient based on reviewing the patient's file~~
- ~~Reviewing cases for malpractice litigation;~~

~~Examples of services that are not taxable as patient services~~ **Examples of Services That Are Not Taxable as Patient Services**

- Quality utilization reviews where a health care provider reviews the work of a clinic or other medical facility in order to determine the efficiency of the procedures used in that facility in general, rather than reviewing the procedures used for a specific patient;
- Payments received by a health care provider for testifying in court as an expert witness;
- Payments received by a provider for advising a business on occupational safety in the workplace;
- Payments received by a provider teaching a class to the general public about smoke cessation or correct nutrition;
- Payments received by Qualified Rehabilitation Consultants for evaluations of the work environment in order to accommodate the needs of an employee; and
- Payments received for transferring copies of a patient's records;- .

Debra L. McMartin
Assistant Commissioner for Tax Policy

~~Dated: February 7, 1994~~

JOHN H. MANSUN, Assistant Commissioner
For Tax Policy and External Relations

Publication Date: October 22, 2007

MINNESOTA DEPARTMENT OF REVENUE

Modification of Revenue Notice # 94-03: MinnesotaCare – Patient Services**

**As modified

Patient Services

This Revenue Notice replaces Revenue Notice # 93-14.

Under the MinnesotaCare Act, health care providers are taxed on their receipts for patient services. Patient services are defined in *Minnesota Statutes*, section 295.50, subdivision 9b, as any of the following goods and services provided to a patient or consumer:

- bed and board;
- nursing services and other related services;
- use of the facility;
- medical social services;
- drugs, biologicals, supplies, appliances and equipment;
- other diagnostic or therapeutic items or services;
- medical or surgical services;
- items and services furnished to ambulatory patients not requiring emergency care; or
- emergency services.

Generally, patient services include services or goods provided by:

- a. a person whose health care occupation is regulated or required to be regulated by the state of Minnesota;
- b. a person who provides goods and services that qualify for reimbursement under the medical assistance program;
- c. a staff model health plan company; or
- d. an ambulance service required to be licensed.
- d. a person who qualifies for reimbursement under the medical assistance program; or
- e. a person selling, renting or repairing hearing aids and related equipment or prescription eyewear.

Patient services include health care goods and services provided to a patient or a consumer. Patient services include goods and services that involve or aid the health care provider in examining or treating the medical or mental condition of an individual patient or consumer regardless of the existence of a medical relationship between the patient and the provider. Patient services do not include educational services that are given to the general public.

Examples of Patient Services That Are Subject to Tax

- Patient counseling by a university nurse when the student's insurer pays for the service;
- Medical transportation by an ambulance service;
- Preventive, corrective or diagnostic services provided by or under supervision of a dentist;
- Independent laboratory services;
- Professional services provided by a physician;
- Immunizations; and
- Voluntary and medically necessary surgeries.

Examples of Services That Are Not Taxable as Patient Services

- Quality utilization reviews where a health care provider reviews the work of a clinic or other medical facility in order to determine the efficiency of the procedures used in that facility in general, rather than reviewing the procedures used for a specific patient;
- Payments received by a health care provider for testifying in court as an expert witness;
- Payments received by a provider for advising a business on occupational safety in the workplace;
- Payments received by a provider teaching a class to the general public about smoke cessation or correct nutrition;
- Payments received by Qualified Rehabilitation Consultants for evaluations of the work environment in order to accommodate the needs of an employee; and
- Payments received for transferring copies of a patient's records.

JOHN H. MANSUN, Assistant Commissioner
For Tax Policy and External Relations

Publication Date: October 22, 2007