

Modified on October 22, 2007.

MINNESOTA DEPARTMENT OF REVENUE

Modification of Revenue Notice # 97-10: MinnesotaCare – Social Work *

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

MinnesotaCare Tax—General Background

The MinnesotaCare tax is imposed on gross receipts received for patient services furnished by a health care provider or by an employer of health care providers. As defined in ~~Minn. Stat. § 295.50, subd. 4,~~ Minnesota Statutes, section 295.50, subdivision 4, a health care provider is a person whose health care occupation is regulated or required to be regulated through licensing, registration, or certification by the Minnesota Department of Health, and who furnishes health care goods or patient services directly to a patient or consumer. Health care providers also include any person who provides goods and services that qualify for reimbursement under the medical assistance program as provided in ~~Minn. Stat. Ch. 256B~~ Minnesota Statutes, chapter 256B. Patient services are defined in ~~Minn. Stat. § 295.50, subd. 9b,~~ Minnesota Statutes, section 295.50, subdivision 9b, to include health care goods and services provided to a patient or consumer such as medical, medical social, surgical, nursing, drugs, laboratory, diagnostic or therapeutic services, ~~and other services covered by medical assistance~~. This revenue notice clarifies and supplements Revenue Notices # 94-03 and # 94-14 as they apply to patient services provided by social workers.

Social Work Services

For purposes of this revenue notice, the terms “patient” and “client” services are used interchangeably. There are various types of services provided by social workers that are subject to the MinnesotaCare tax. These ~~patient~~ services are generally described in Minnesota Statutes, section 148D.010, subdivisions 6 and 9, and include:

- psychosocial services (including medical social services) that are provided in connection with the diagnosis, treatment, or prevention of a mental condition. They include evaluation and assessment of psychosocial functioning; assistance in correcting problems related to the social environment (e.g., educational problems, occupational problems, housing problems, economic problems, problems with access to health care services, and problems related to interaction with the legal system); facilitating organizational change to meet social needs; case management; information and referral; and advocacy, teaching, or research.
- diagnostic services that use diagnostic tools, such as the Minnesota Multiphasic Personality Inventory (MMPI), that provide evidence which allows the social worker to ascertain whether an individual has a mental disorder, impairment, behavior or condition which leads to a diagnosis of conditions such as those listed in Axis I, II, or III of the most recent version of the Diagnostic and Statistical Manual of Mental Disorders (DSM).
- therapeutic services provided in response to diagnosis of a mental condition listed in Axis I, II, or III of the DSM, ~~(e.g., psychotherapy as defined in Minn. Stat. § 148B.18, subd. 9).~~

In addition, there are four levels of licensed social workers which are each treated differently under the MinnesotaCare tax system due to the differences in services provided under each license. All services provided by social workers employed by another health care provider (such as a physician’s clinic providing patient services) are taxable to the employer.

- 1) Licensed Social Worker (LSW): LSWs are not required to register for the MinnesotaCare tax since their services do not meet the MinnesotaCare definition of patient services.
- 2) Licensed Graduate Social Worker (LGSW) and
- 3) Licensed Independent Social Worker (LISW): LGSWs and LISWs are subject to the MinnesotaCare tax only if they provide patient services. Any services (including psychosocial or medical social services) provided in conjunction with the diagnosis, treatment, or prevention of mental or emotional disorders are subject to the MinnesotaCare tax.
- 4) Licensed Independent Clinical Social Worker (LICSW): LICSWs are required to pay the MinnesotaCare tax if they provide patient services. Any services (such as psychosocial or medical social services) provided in conjunction with the diagnosis, treatment, or prevention of mental or emotional disorders are subject to the MinnesotaCare tax.

Examples of social work services that are subject to the MinnesotaCare tax: **Examples of Social Work Services That Are Subject to the MinnesotaCare Tax**

- ~~Testing used for the purpose of measuring mental and emotional characteristics of applicants for jobs involving public safety (e.g., “fitness for duty” testing of law enforcement personnel).~~
- ~~Psychological examinations that are considered medical examinations under the Americans with Disabilities Act (ADA) that may be properly conducted by an employer only after a conditional offer of employment has been extended.~~
- ~~Return to duty fitness evaluations where mental health issues are involved.~~
- ~~Reviewing mental health information for third parties.~~
- ~~Clinical psychotherapeutic services provided by a social worker employed by a shelter for the homeless.~~
- Assessment and intervention through direct contact with clients.
- Counseling and crisis intervention services given to private patients.

Examples of social work services that are *not* subject to the MinnesotaCare tax: **Examples of Social Work Services That Are Not Subject to the MinnesotaCare Tax**

- Psychosocial services provided to resolve situations concerning environmental factors (e.g., housing, employment, or education) that are not provided in combination with the diagnosis, treatment, or prevention of a mental condition listed in the DSM. For example, information, referral, and outreach services provided independently of psychotherapy that are part of a community services program are not subject to the tax.
- Vocational counseling and evaluations of an individual’s capacity to successfully perform a job when the testing does not involve diagnosis of mental conditions listed in the DSM.
- Services for job rehabilitation or educational training that do not involve treatment of mental conditions listed in the DSM.
- Testimony under oath for legal proceedings including testifying in court as an expert witness. Payments received for depositions or cancellations of depositions are also not subject to tax.
- Seminars or education for the general public (e.g., community education classroom instruction) would not be subject to the tax.

Dated: 2 September 1997

Jennifer L. Engh
Assistant Commissioner for Tax Policy

JOHN H. MANSUN, Assistant Commissioner

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For Tax Policy and External Relations

MINNESOTA DEPARTMENT OF REVENUE

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**As modified

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JOHN H. MANSUN, Assistant Commissioner
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