

**Technical corrections were made to this notice on April 16, 2007 by Revenue Notice # 07-05. See also: Revenue Notice # 02-20 made technical corrections to this notice on December 2, 2002.**

## **Minnesota revenue notice number 99-13**

### **MinnesotaCare Tax - Examinations for Utilization Reviews, Insurance, Litigation and Employment**

This Revenue Notice addresses a new exemption from the MinnesotaCare tax for examinations for purposes of utilization reviews, insurance claims or eligibility, litigation, and employment. It also modifies Revenue Notices # 93-18 and # 94-20 with regard to services provided for employment purposes.

Minnesota Statutes, § 295.53, subdivision 1(21), exempts from the MinnesotaCare tax the following payments received by a hospital, surgical center, or health care provider ("provider"): "payments received for examinations for purposes of utilization reviews, insurance claims or eligibility, litigation, and employment, including reviews of medical records for those purposes." This exemption is effective for services provided after December 31, 1998.

Following is an explanation of some of the terms used in the exemption:

**Examinations:** Examinations are procedures or tests that seek information about the existence, nature, or severity of an individual's physical or mental impairment, or that seek information regarding an individual's physical or psychological health. Examinations include physical as well as psychological examinations, independent medical exams, X-rays, lab work, and the review of medical records.

**Utilization Reviews:** Utilization reviews as defined in Minnesota Statutes, § 62M.02, subdivision 20, mean the evaluation of the necessity, appropriateness, and efficacy of the use of health care services, procedures, and facilities, by a person or entity acting as a utilization review organization, other than the attending health care professional, for the purpose of determining the medical necessity of the service or admission.

#### Examples of Exempt Services

- Review by a person, other than the attending physician, of medical records for utilization review;
- A second opinion examination for utilization review;
- Review of medical records for purpose of determining continuation of benefits;
- Confirmatory consultations required by a third party payor on the necessity or appropriateness of a previously recommended medical treatment (including but not limited to procedures required to be coded under the following American Medical Association Current Procedural Terminology (CPT) codes: 99456 and 99271 through 99275 (modifier '32'));

**Insurance Claims Or Eligibility:** Examinations for the purpose of obtaining insurance coverage and examinations for the purpose of determining whether the insured is eligible for benefits are exempt.

#### Examples of Exempt Services

- Review of medical records for purposes of insurance claims or eligibility;
- Life insurance or disability insurance eligibility examinations (including but not limited to the following CPT codes: 99450, 99455, and 99456);
- Second opinion examinations when they are required by a third party payor (including but not limited to procedures required to be coded under the following CPT codes: 99271 through 99275 (modifier '32'));
- Examinations required for any authorizations of a medical procedure;

An independent medical examination for purposes of an auto insurance claim; and  
An independent medical examination for purposes of a Workers' Compensation claim.  
Therapeutic services that are paid for by Workers' Compensation are taxable.

**Employment:** Examinations for employment purposes include examinations for obtaining and retaining employment, and examinations for purposes of employment promotions.

Examples of Exempt Services or Payments

Review of medical records for purposes of employment;  
Required school bus driver and truck driver physical examinations;  
Pre-employment, or continuing employment physical examinations (including but not limited to procedures required to be coded under the following CPT codes: 99455, and 99456);  
Drug and psychological tests required for employment; and  
Annual employment-related surveillance physicals.

**Litigation:** Litigation includes civil and criminal proceedings, administrative proceedings and civil commitment hearings.

Examples of Exempt Services

Reviews of medical records for purposes of litigation;  
Expert witness preparation for depositions, depositions, testimony and affidavits (including but not limited to procedures required to be coded under the following CPT codes: 99075);  
Examinations ordered by a court; and  
Medical record review and examinations conducted by a medical expert in preparation for litigation.

Dated: November 15, 1999

Jennifer L. Engh  
Assistant Commissioner for Tax Policy