

Ambulance Services and Emergency Medical Provider

MinnesotaCare Tax Fact Sheet 3

Licensed ambulance services and emergency medical providers are considered health care providers under MinnesotaCare tax law. They are subject to Provider Tax.

Non-Volunteer Ambulance Services

Non-volunteer ambulance services are subject to Provider Tax. The tax applies to the gross revenue received for providing services, including compensation for providing on-call services at private or public events such as concerts, sporting events, or fairs.

Transportation Across State Borders

When an ambulance service transports a patient across the Minnesota border, the portion of the service performed in Minnesota is subject to Provider Tax.

A reasonable method must be used to calculate the percentage of taxable revenue, such as determining the total miles traveled in Minnesota versus the miles traveled out-of-state.

Example

An ambulance service transports a patient from Minnesota into North Dakota. The ambulance picks up the patient in Minnesota and drives eight miles to the Minnesota-North Dakota border. The ambulance crosses the border and drives two miles in North Dakota for a total of 10 miles. Based on the eight miles driven in Minnesota compared to the total trip miles, 80% of the revenue earned from the service is subject to Provider Tax.

Volunteer Ambulance Services

Volunteer ambulance services are not subject to Provider Tax.

How to Determine Volunteer Status

An ambulance service is volunteer if both of the following conditions are met:

- None of its attendants earn \$6,000 or more in annual non-standby alert time income from the service
- None of its attendants rely solely on total compensation from the service for their livelihood

An ambulance service attendant refers to an individual who is authorized by a licensed ambulance service to provide emergency care and is registered or certified by the Emergency Medical Services Regulatory Board.

Attendants include, but are not limited to:

- Paramedics
- Emergency medical technicians (EMTs)
- Advanced emergency medical technicians (AEMTs)

Non-standby alert time is the time spent providing services, such as:

- Attending to emergency calls
- Providing medical transportation
- Providing direct patient care and treatment
- Returning the ambulance
- Time restocking or prepping the ambulance for the next run

Non-standby alert time income does not include:

- Compensation for time spent on standby alert
- Reimbursements for continuing education
- Salaries of administrative staff

When Status Changes to Non-Volunteer

An ambulance service's volunteer status may change from year to year. If any of its attendants do not meet the volunteer requirements in a particular year, the status changes to non-volunteer and all gross revenue received that year is subject to Provider Tax.

Example

ABC Ambulance Service employs three attendants who earn the following non-standby alert time income in Year 1 and Year 2.

Attendant	Year 1	Year 2
EMT 1	\$1,000	\$1,500
EMT 2	\$2,000	\$5,000
Paramedic	\$3,000	\$7,000

In Year 1, none of the attendants earn more than \$6,000 in annual non-standby alert time income or depend solely on the total compensation they receive from ABC for their livelihoods. ABC meets the requirements for volunteer status and is not subject to Provider Tax on its gross revenue received in Year 1.

In Year 2, ABC's paramedic earns more than \$6,000 in annual non-standby alert time income during the year. ABC's status in Year 2 changes from volunteer to non-volunteer because at least one of its attendants earned more than the \$6,000 annual non-standby alert time limit. ABC is subject to Provider Tax on all gross revenue received in Year 2.

Emergency Medical Providers

Emergency medical providers include emergency medical responders, emergency medical technicians, paramedics, and other emergency medical providers regulated by the state of Minnesota.

When emergency medical providers provide services independent of an ambulance service, they are subject to Provider Tax on the gross revenue received for providing the services. This includes compensation received for providing on-call services at private or public events, such as concerts, sporting events, or fairs.

Here are examples of how Provider Tax applies:

Example 1: An EMT contracts with an event organizer to provide on-call emergency services at a sporting event in case someone becomes ill or injured. The EMT is subject to Provider Tax on the compensation received.

Example 2: XYZ Emergency Services, a business owned by a paramedic, contracts with event organizers to supply emergency medical providers to work on-call at concerts. XYZ employs three EMTs to provide the on-call services. XYZ is subject to Provider Tax on the gross revenue received.

Tax Exemptions

These are the most common tax exemptions for ambulance services and emergency medical providers. For a list of MinnesotaCare tax exemptions, go to our website at www.revenue.state.mn.us and enter **MinnesotaCare Tax Exemptions** in Search.

Claim an Exemption

To claim an exemption, the amount must first be reported as gross receipts on your Provider Tax Return and then deducted on the appropriate exemption line.

Medicare Exemption

Amounts received for Medicare-covered services are exempt from Provider Tax, including:

- Payments from Medicare or Medicare managed-care plans
- Deductibles, copayments, and coinsurance, paid by patients or supplemental insurance plans

Legend Drug Exemption

The cost of legend drugs and gas purchased from wholesale drug distributors may be exempt from Provider Tax. To qualify as exempt, the legend drug must be all of the following:

- Labeled either "Caution: Federal law prohibits dispensing without prescription" or "Rx only"
- Classified by the U.S. Food and Drug Administration as a drug, and not a device
- Purchased from a drug wholesaler that is subject to MinnesotaCare Wholesale Drug Distributor Tax

Note: To determine if a wholesaler is subject to tax, check your invoice for a MinnesotaCare tax charge or contact the wholesaler for verification.

Charges to Include in the Exemption

Certain charges included with the purchase price of a legend drug or gas can be used to calculate the Legend Drug Exemption. Examples of common charges include:

- Shipping, delivery, and hazardous material charges
- MinnesotaCare tax charges
- Tank rental charges

Calculate the Exemption

There are two ways to calculate the Legend Drug Exemption. If you cannot use Method 1, you must use Method 2.

- **Method 1:** You may claim the actual cost of the drugs reduced by any reimbursements you receive for the drugs from exempt sources, such as Medicare. To use this method, you must be able to determine the portion of exempt revenue attributable to legend drug reimbursements and have records verifying the actual drug costs and exempt reimbursement amounts.
- **Method 2:** If you cannot determine the actual drug costs and exempt reimbursement amounts, you must calculate the Legend Drug Exemption using our Legend Drug Exemption Calculator on our website. Go to www.revenue.state.mn.us and enter **Legend Drug Calculator** in Search.

Questions?

If you have questions about MinnesotaCare tax, contact us by emailing MinnesotaCare.tax@state.mn.us or calling 651-282-5533.