OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

PHONE (405) 521-3133
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November 18, 2004

Re: Our File No. LR-04-170

Dear

I am writing in response to the request for confirmation that the is eligible to purchase drugs, medical appliances, medical devices and other medical equipment exempt from sales and use tax pursuant to Section 1357.6 of Title 68 which provides in part as follows:

A. Effective July 1, 1992, there are hereby exempted from the tax levied by Section 1351 et seq. of, this title sales of drugs for the treatment of human beings, medical appliances, medical devices and other medical equipment including but not limited to corrective eyeglasses, contact lenses, hearing aids, prosthetic devices, as defined in subsection C of this section, durable medical equipment, as defined in subsection D of this section, and mobility enhancing equipment, as defined in subsection E of this section, when administered or distributed by a practitioner, as defined in subsection B of this section, who is authorized by law to administer or distribute such items or when purchased or leased by or on behalf of an individual for use by such individual under a prescription or work order of a practitioner who is authorized by law to prescribe such items and when the cost of such items will be reimbursed under the Medicare or Medicaid Program.

For the situation described in your correspondence where a practitioner determines that the patient needs qualifying medical equipment or supplies outside of that provided through the patient's daily care, and the requests and receives from Medicaid reimbursement approval of the purchase, those items can be purchased exempt from sales or use tax pursuant to 68 O.S. §1357.6.

As to the daily rate reimbursement arrangement, the Policy Division is unable, without additional information, to provide a definitive answer as to whether drugs, medical appliances, medical devices and other medical equipment purchased pursuant to this arrangement

may be done so exempt from sales and use tax. Therefore, please provide information, which explains how the daily rate is determined and purchase, billing and reimbursement documentation which demonstrates how the cost of the items for which the seeks exemption are tied to the daily rate reimbursement received from Medicaid.

Sincerely,

OKLAHOMA TAX COMMISSION

Christy J. Caesar

Christy J. Caesar
Tax Policy Analyst