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RE: H3297

It is my pleasure to address you on behalf of the South Carolina Rheumatism Society, the statewide organization of rheumatologists in South Carolina. As rheumatologists, we specialize in the care of patients with autoimmune and inflammatory diseases such as Rheumatoid Arthritis, an autoimmune disease affecting approximately 1% of the population, usually presenting in the third or fourth decade of life, often a person's most productive years. It is a chronic progressive disease affecting multiple organ systems, and if left untreated, mortality is similar to many types of malignancies, and rate of disability is greater than 50%. While we are primarily an academic organization committed to furthering the medical education of physicians, we feel that this is an issue of critical importance to our patients which necessitates our involvement. .

The last ten years have brought exciting developments in the care of our patients with rheumatic diseases. Principal among these has been the development of biological agents for the management of rheumatoid arthritis and related disease. Unlike conventional drugs, these agents are proteins that must be given parenterally, by injection or intravenous infusion. While some of these drugs are administered by the patient in the form of a subcutaneous shot, other agents are given in the physician's office or hospital by means of an intravenous infusion.

In 2005, a bill was passed making infusion medications exempt from state tax, similar to the tax exemption given to chemotherapy medications used to treat cancer. The reasoning was valid and patient-centered as rheumatologists, basically the only physicians which use these types of medicines on a regular basis, were finding it difficult to treat patients in their office, the optimal place to give any medication with the potential for significant side effects. The state exemption has allowed rheumatologists to continue administering biologics in their office, observing their patients each visit for possible need of change in therapy, and ensuring the highest quality of care and access to treatment, which has significant effect on both patient morbidity and mortality. The reversal of the tax exemption in today's climate of reducing reimbursements would unfortunately limit treatment availability to the citizens of our state and lead to medical decisions based on financial limitations versus clinical outcomes.

Ensuring access to care by maintaining infusion treatments in the physicians' offices makes good economic sense in several ways. Biologic therapies have significantly reduced disability rates for Rheumatoid Arthritis, and although there is no specific data for our state, if South Carolina follows the trend seen in large epidemiological studies, the positive economic effect of keeping people at work and out of doctors offices far outweighs the 1.7 million dollar price tag associated with this exemption. Limiting potential adverse events from these medications by ensuring that they are used in the proper setting also prevents possible costly hospital stays and missed work days. In addition, the cost savings of providing therapeutic services in the physician's office versus the hospital is well known. Keeping patient treatment in the doctor's office makes good sense both clinically and economically.

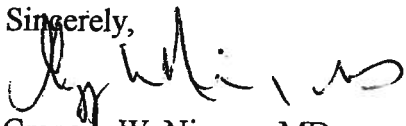
A very important point to be made is we are not buying these drugs for retail sale, but for administration in our office. Because of insurance reimbursement, we are unable to pass on an increase in expenses in the form of higher prices, besides the fact that in the current economic climate, our goal is to keep our patients' fees to a minimum. Based on the current reimbursement model, a state sales tax added to the expense of the drug would only allow physicians to recoup drug cost without taking into account the overhead for drug administration. Our goal is not to make a profit but to ensure the best quality of care.

Finally, it is our understanding that all states except for Illinois and certain parishes in Louisiana currently exempt drugs used to treat autoimmune disease from state taxes, including our neighboring states of Georgia and North Carolina. When the tax status of infusion medications to treat Rheumatoid Arthritis was brought to light five years ago, the exemption was put in place not so much as a change in policy but to fix an oversight in the tax codes. Any undoing of this correction would not be congruent with the historical stance the state has taken towards medications used to treat potentially fatal diseases.

For all of these reasons, the South Carolina Rheumatism Society is strongly "for" the tax exemption of infusion medications used to treat Rheumatoid Arthritis.

The South Carolina Rheumatism Society would be more than happy to provide any further information that you would desire. Please contact me at (843) 572-4840 or via email at gregniemer@lowcountryrheumatology.com.

Sincerely,



Gregory W. Niemer, MD
Patient Advocacy Chair
South Carolina Rheumatism Society

Summary of “for” position regarding H3297

- Optimal treatment of Rheumatoid Arthritis has a significant effect on patient morbidity and mortality.
- The tax exemption for infusion drugs used to treat Rheumatoid Arthritis has had a positive effect on patient access and quality of care.
- Ensuring proper use of biologics has a positive economic impact that outweighs tax revenue.
- The goal of maintaining the current tax exemption is not to make a profit but to ensure that treatment stays in the hands of the patient’s physician.
- State taxation of infusion therapies is not the standard across the nation.