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Mr. Burnet R. Maybank, III
Chair
South Carolina Tax Realignment Commission
1230 Main Street
Suite 700
Columbia, South Carolina 29201

Dear Mr. Maybank:

As President of the South Carolina Medical Association and as a practicing internist in South Carolina, I have seen firsthand how the sales and use tax on prescription medication administered in physician practices is adversely impacting patient care in our state. Unfortunately, the sales and use tax law has been interpreted by the SC Department of Revenue as applying to most prescription medication purchased by physicians and administered in physician offices.

South Carolina is the only state in the nation that charges a full sales and use tax on prescription medication administered in physician offices. There are only three states that levy a sales and use tax on physician administered drugs: South Carolina (6% + local option); Illinois (reduced rate of 1%); Louisiana (a few local parishes charge a local option tax but no state-wide tax). The sales and use tax on physician administered medication impacts nearly all of the physicians that are represented by the South Carolina Medical Association and, in turn, affects the ability that our patients have to access quality care.

In order to improve both patient care and the access of patients to quality care, we respectfully request that the South Carolina Tax Realignment Commission recommend that prescription drugs administered in physician offices be exempt from the state sales and use tax.

Sincerely,

John G. Black, MD
President
South Carolina Medical Association



IMMUNE DEFICIENCY FOUNDATION

The National Patient Organization Dedicated to Advocacy, Education and Research for Primary Immunodeficiency Diseases

November 12, 2009

Burnet R. Maybank, III, Chairman
South Carolina Taxation Realignment Commission
c/o Nexsen Pruet
1230 Main Street, Suite 700
Columbia, South Carolina 29201

RE: South Carolina sales and use tax for physician-administered
pharmaceuticals

Dear Chairman Maybank:

The Immune Deficiency Foundation (IDF) is pleased to be able to comment on the current South Carolina law that requires physicians to pay a sales and use tax when physicians provide intravenous immunoglobulin therapy to a primary immunodeficiency disease patient in their office. We believe that such a tax is an impediment to a patient's access to care.

IDF, founded in 1980, is the national patient organization dedicated to improving the diagnosis, treatment, and quality of life for persons with primary immunodeficiency diseases (PIDD) through advocacy, education, and research. In the United States, approximately 250,000 people are diagnosed with primary immunodeficiency diseases. Thousands more go undetected. In South Carolina, IDF estimates there are approximately 3,600 patients diagnosed with PIDD. These diseases are chronic illnesses caused by hereditary or genetic defects in the immune system in which part of the body's immune system is missing or does not function properly. These diseases are not contagious. In fact, the opposite is the case. Patients with PIDD have the fear of exposure to viruses, bacteria and infections from the general population. Such exposure with a compromised immune system assures serious and in many cases life-threatening medical episodes and chronic condition.

However, for many patients with PIDD, there is a life-long and lifesaving therapy that literally allows them to lead relatively normal, healthy and productive lives. It is a plasma based product, immunoglobulin (IgG). When infused either intravenously (IVIG) or sub-cutaneously (SCIG), the transformation of the patient is dramatic. On average, a patient with PIDD using IVIG therapy will need to be infused every month for several hours at a time for the rest of their life. If you will, think about a diabetic with and without insulin therapy. Think of a person with a bleeding disorder without their plasma to keep them from bleeding to death. The same is true if a patient with PIDD has obstacles to access to care.

IDF's concern as a patient organization is that patients have access to the therapies they need when they need them and in the site of care most appropriate. We are concerned with South Carolina's sales tax as an obstacle to patient access to care. If a physician is forced to pay a tax to administer an expensive therapy, we are worried a physician will cease to provide the therapy at all, thus placing a very real obstacle to treatment for the patient.

This is not a speculative fear. We have numerous examples throughout the country of physicians not providing the therapies in their offices because of cost and reimbursement issues (most notably Medicare) and referring their patients to outpatient services in hospitals. That is probably the worst place for patients with PIDD. A patient who has a compromised immune system, who needs to have an infusion of antibodies from plasma, who's ability to fight viruses and infections is at its lowest level is asked to go to a place where they could be exposed to viruses and infections. That does not make sense to us.

Another downside when physician offices are no longer providing IVIG therapy is geographic. Physicians' offices are generally more decentralized and thus relatively more convenient to patients. While there are many community hospitals, not all hospitals have the capability or expertise to provide IVIG therapy. As a result, many patients with PIDD may have to travel long distances and take many days off from work to obtain their needed therapy.

It is because of these impediments to patients with PIDD obtaining the therapies they need that we ask the Commission to recommend the elimination of this sales tax on physicians.

Sincerely,



Lawrence A. La Motte
Director, Public Policy
Immune Deficiency Foundation

cc: Craig Parks, Senior Research Analyst
Senate Finance Committee
Post Office Box 142
Columbia, South Carolina 29202-0142

Rena Grant, Research Analyst
House Ways and Means Committee
Post Office Box 11867
Columbia, South Carolina 29211



GBS/CIDP Foundation International

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Guillain-Barré Syndrome • Chronic Inflammatory Demyelinating Polyneuropathy

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November 12, 2009

Burnet R. Maybank, III, Chairman
South Carolina Taxation Realignment Commission
c/o Nexsen Pruet
1230 Main Street, Suite 700
Columbia, South Carolina 29201

RE: South Carolina sales and use tax for physician-administered pharmaceuticals

Dear Chairman Maybank and Commissioners:

The GBS/CIDP Foundation International, headquartered in Narberth, PA., is the only voluntary, nonprofit organization dedicated to improving the quality of life for individuals and families worldwide affected by Guillain-Barré (Ghee-yan Bah-ray) syndrome (GBS), variants, and chronic inflammatory demyelinating polyneuropathy (CIDP).

GBS is a rare and seldom diagnosed inflammatory disorder of the peripheral nerves, which carry vital information back and forth between other regions of the body and the spinal cord. Though rare, GBS is the most common cause of rapidly acquired paralysis in the United States today, affecting one-to-two people per 100,000.

CIDP is a debilitating, progressive neurological disorder that results in muscle weakness and fatigue, which can lead to severe impairment of motor skills. CIDP affects two-to-seven individuals per 100,000 worldwide.

On behalf of its 30,000 members, 174 chapters in 22 countries, the GBS/CIDP Foundation International continues to stay vigilant and extremely focused on activities that highlight the critical importance of early diagnosis, treatment, and continued patient and family support. With many patients, a critical element of treatment is infusion of intravenous immune globulin (IVIG).

The Holly Building • 104½ Forrest Avenue • Narberth, PA 19072

(610) 667-0131 • 1 (866) 224-3301 (toll free) • Fax: (610) 667-7036 • www.gbs-cidp.org • e-mail: info@gbs-cidp.org

The official registration and financial information of GBSFI may be obtained from the PA Dept. of State by calling toll free, within PA, 1-800-732-0999. Registration does not imply endorsement.

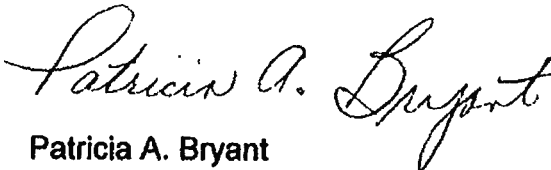
The GBS/CIDP Foundational International is pleased to have the opportunity to provide the Commission with its written testimony to express concerns we have regarding the South Carolina state tax law that requires physicians to pay a use tax on injectable pharmaceutical drugs such as intravenous immune globulin (IVIG) when they infuse the drug in their offices. We thank Chairman Maybank and the Commissioners for allowing us a voice with respect to this important issue.

The common practice of our South Carolina patients receiving their IVIG infusions in the doctors office provided a safe, convenient, and low health risk option for our patients already suffering and doing all they can to speed their recovery. Unfortunately the addition of this sales tax has been cause for many physicians treating our patients to stop the practice of office infusions forcing patients to find alternative sites. We believe this trend to be an unintended consequence when the sales tax was implemented. However, that can be remedied by the recommendations of this Commission.

The GBS/CIDP Foundation International is always concerned that the patients have access to the therapies they need, when they need them, and in the site of care that is the most appropriate given the debilitating nature of the disease.

Our foundation believes that without the elimination of this tax, more and more physicians will discontinue the practice of IVIG infusions in their offices. We therefore respectfully ask the members of this Commission to eliminate the tax.

Sincerely,



Patricia A. Bryant
Executive Director
GBS/CIDP Foundation International

cc: Craig Parks, Senior Research Analyst
Senate Finance Committee
Post Office Box 142
Columbia, South Carolina 29202-0142

Rena Grant, Research Analyst
House Ways and Means Committee
Post Office Box 11867
Columbia, South Carolina 29211



**South Carolina Academy
of Family Physicians**

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Fax: (864) 984-5686

November 11, 2009

Mr. Burnet R. Maybank, III
Chair, South Carolina Tax Realignment Commission
1230 Main Street
Suite 700
Columbia, South Carolina 29201

Dear Mr. Maybank:

I am writing on behalf of the South Carolina Academy of Family Physicians (the "Academy") to join with the South Carolina Medical Association and other medical specialties in requesting that the Commission carefully review the existing sales and use tax exemption for prescription medicines. The Academy strongly supports revising the exemption to cover all prescription medicines. We believe this change will improve the quality of medical care and access to care for the citizens of our State.

The Academy represents over 1,400 family physicians practicing throughout South Carolina. Many of our members practice in rural areas, and almost all of our members serve substantial Medicaid and Medicare populations. With the rising costs of practicing medicine, every dollar counts in our efforts to provide quality, cost-effective care to our patients.

As you know, the sales tax is a very regressive tax. We are sure that the reason a sales tax exemption for prescription medicines was included originally was to alleviate the regressive nature of the sales tax and thus to eliminate barriers to health care.

The current exemption has not fully achieved these goals. The South Carolina Department of Revenue interprets the current exemption very narrowly, focusing on the phrase "sold by prescription." This interpretation has led to the confusing situation where, if a doctor administers a prescription medicine to a patient in his or her office, the medicine is not exempt from sales tax (unless exempted by other language). If the physician, however, writes a prescription for the same medicine, the patient then has the prescription filled at a pharmacy, and the patient returns to the physician's office to have the medicine administered, the medicine is exempt from sales tax.

Family physicians administer a number of prescription medicines in their offices on a daily basis. They include vaccines and medications to treat a variety of conditions such as

Mr. Burnet R. Maybank, III

November 11, 2009

Page 2

asthma, COPD, diabetes, burns, infections, allergic reactions, arthritis, hypertension, and others. Any savings would be extremely helpful in continuing to provide this care to our patients.

Over the years, there have been various amendments to the current exemption that have chipped away at the Department of Revenue's narrow reading of the law. Prescription medicines used to treat cancer and certain other specified diseases are now exempt regardless of whether they are "sold by prescription." This piece-meal approach to amending the tax code has created confusion because the same medicine may be exempt from sales tax if used to treat one disease and subject to sales tax if used to treat a different disease. For example, Remicade was originally FDA-approved for rheumatoid arthritis. It is now FDA-approved for psoriasis, ulcerative colitis, and Crohn's disease. The current exemption, however, applies only when Remicade is used to treat rheumatoid arthritis and not other conditions. Current law is thus too complex and burdensome on patients and doctors. Rather than continue to exempt prescription medicines on an ad hoc basis, which can quickly become outdated with medical advances, it makes sense to address the issue as a whole.

In addition to the fact that the current exemption does not fully achieve its intended purposes and is confusing to doctors and patients alike, it is our understanding that South Carolina is one of about two states that imposes a similar sales tax on prescription drugs administered in a physician's office. We believe that other states have correctly realized that imposing a sales and use tax on prescription medicines adversely affects access and quality of care. Also, limiting access to the most appropriate medicines in the most appropriate settings may ultimately increase costs as patients may incur additional costs, such as hospital visits, as a result of not receiving the most effective treatment for their disease or condition.

The Academy is very encouraged by the Commission's legislative directive to conduct a comprehensive review of our State's tax code, including sales and use tax exemptions. We hope and believe the time has come to address the sales and use tax exemption for prescription medicines by expanding and substantially simplifying it so that it accomplishes its original goals. Thank you for your consideration of our comments on this matter of utmost importance to health care in our State.

Sincerely,



SCAPP

H. Griffin Cupstid, M. D.
Board Chair

cc: Commission Members

South Carolina Society of Allergy, Asthma & Immunology

Executive Committee

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October 21, 2009

Mr. Burnet R. Maybank, III
Chair
South Carolina Tax Realignment Commission
1230 Main Street
Suite 700
Columbia, South Carolina 29201

Dear Mr. Maybank:

As President of the South Carolina Society of Allergy, Asthma, and Immunology and as a practicing Allergist in South Carolina, I have seen firsthand how the Use Tax (sales tax on prescription medication administered in physician practices) is adversely impacting patient care in our state. Unfortunately, the Use Tax law has been interpreted by the SC Department of Revenue as applying to any medication purchased by physicians with or without a prescription.

There are certain insurance payers that will only cover certain expensive medical therapies administered in a physician's office if the physician purchases the drug, administers it, and bills the insurance payer. The reimbursement for these expensive drugs is often exactly the cost. In some cases, the insurance reimbursement is below cost and federal or state law prohibits billing the patient for the deficit. The addition of a Use Tax to the cost of the drug, which cannot be passed on the patient or the insurance payer, means that physicians who buy these expensive drugs for their patients and administer them at or below cost are further penalized financially. If these same drugs are administered at a hospital or outpatient infusion center they are not taxed. Unfortunately this option is often more expensive, less safe, less convenient, and frequently not available.

Intravenous Immunoglobulin used to treat primary immune deficiency syndromes and Xolair which is used to treat severe asthma are two specific medicines that are impacted by this use tax inequity. Many physicians in South Carolina will not administer these products to patients that would benefit from them because of the Use Tax. Physicians who do administer these products are financially penalized. In some areas, patients cannot get these therapies at all due to the cost plus tax. I have specific information regarding specific patients who have been affected by this, but there are many more patients who haven't even been offered these therapies. This is a direct result of the Use Tax and the way it is interpreted by the SC Department of Revenue.

When we brought this situation to the attention of national allergy societies, they informed us that no other state has such a law. The issue only affects patient care in South Carolina and therefore is not of interest to national medical societies. When we brought up the issue at the SC state allergy society meeting, many of the Allergists/Immunologists were not using these therapeutic modalities for their patients because of cost issues and the Use Tax. It is of grave concern that South Carolina residents often do not have access to new and high tech medical treatments because of the Use Tax. New treatments that are currently being developed will likely be affected by these same issues. Unless the Use Tax is repealed, South Carolina residents will have limited access to these new therapies.

Sincerely yours,



Andrew Davidson MD
President, South Carolina Society of Allergy, Asthma, and Immunology

South Carolina Chapter

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South Carolina Chapter

November 9, 2009

Mr. Burnet R. Maybank, III

Chair

South Carolina Tax Realignment Commission

1230 Main Street

Suite 700

Columbia, South Carolina 29201


Dear Mr. Maybank:

As President of the South Carolina chapter of the American Academy of Pediatrics and as a practicing pediatrician in South Carolina, I have seen firsthand how the sales and use tax on prescription medication administered in physician practices is adversely impacting patient care in our state. Unfortunately, the sales and use tax law has been interpreted by the SC Department of Revenue as applying to most prescription medication purchased by physicians and administered in physician offices. For pediatricians this most importantly includes immunizations. Prevention of serious and life threatening disease through immunization is a cornerstone of pediatric practice. However, vaccines, particularly new ones, can cost too much for the pediatrician to stock. The tax makes that problem worse.

It is my understanding that no other state has such a law. The issue only affects patient care in South Carolina and, therefore, South Carolina patients are not getting access to the care that they need. It is of grave concern that South Carolina residents often do not have access to new and high tech medical treatments because of the sales and use tax. Unless prescription medication administered in physician offices is exempted from the sales and use tax, South Carolina residents will have limited access to life-saving and life-changing existing and new therapies.

In order to improve both patient care and the access of patients to quality care, we respectfully request that the South Carolina Tax Realignment Commission recommend that prescription drugs administered in physician offices be exempt from the state sales and use tax.

Sincerely,


W. Kent Jones, MD
Chapter President, SCAAP

South Carolina Society of Ophthalmology

P.O. Box 1508, Columbia, South Carolina 29202

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AMERICAN ACADEMY
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The Eye M.D. Association

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November 11, 2009

The Honorable Burnet Maybank, JD
Chairman
South Carolina Tax Realignment Commission
% South Carolina General Assembly
Columbia, South Carolina

RE: Advanced Macular Degeneration (AMD) Drugs
Leading Cause of Blindness in Over Age 60 Population

Dear Chairman Maybank:

In reference to the above styled matter, the South Carolina Society of Ophthalmology respectfully requests that you and your distinguished colleagues on the South Carolina Tax Realignment Commission grant and adopt a sales tax exemption for all drugs utilized in the treatment of Advanced Macular Degeneration (AMD) when such drugs are administered by ophthalmologists in their offices or other medical settings.

This request is predicated on several important and undisputed facts as follows: (1) Advanced Macular Degeneration (AMD) is the leading cause of blindness in the over Age 60 population in this country; (2) The leading drug (Lucentis) for treatment of AMD carries with it an almost \$140.00 sales tax payment per injection by any ophthalmologist in SC so treating their patients for AMD; and (3) Medicare laws and related rules expressly prohibit the patients being treated from having any state sales taxes collected by the treating ophthalmologist (this rule is in place because at least 48 states do not have sales taxes on AMD drugs so this latest treatment is not an issue as no sales tax applies).

We will be most pleased to supplement this letter as may be needed by this Commission. We very appreciate your consideration of this most important request which "costs" the State of South Carolina and its citizens in far more expensive ways from quality of life to work productivity to citizens going to other states for treatment.

Respectfully submitted,

Malcolm Edwards
Malcolm Edwards, MD, President

cc: SCSO Board of Directors



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10 November 2008

Mr. Burnet R. Maybank, III, Chair
South Carolina Tax Realignment Commission
1230 Main Street
Suite 700
Columbia, South Carolina 29201

Dear Mr. Maybank:

As Chairman of the SC Section of District IV of the American Congress of Obstetricians and Gynecology and as a practicing Obstetrician/Gynecologist in South Carolina and Professor of Obstetrics and Gynecology here in the Department of Obstetrics and Gynecology at the Medical University of South Carolina, I have seen firsthand how the sales and use tax on prescription medication administered in physician practices is adversely impacting patient care in our state. Unfortunately, the sales and use tax law has been interpreted by the SC Department of Revenue as applying to most prescription medication purchased by physicians and administered in physician offices.

There are certain insurance payers that will only cover certain expensive medical therapies administered in a physician's office if the physician purchases the drug, administers it, and bills the insurance payer. The reimbursement for these expensive drugs is often exactly the cost. In some cases, the insurance reimbursement is below cost and federal or state law prohibits billing the patient for the deficit. The addition of a sales and use tax to the cost of the drug, which cannot be passed on the patient or the insurance payer, means that physicians who buy these expensive drugs for their patients and administer them at or below cost are further penalized financially. If these same drugs are administered at a hospital or outpatient infusion center they are not taxed. Unfortunately this option is often more expensive, less safe, less convenient, and frequently not available.

Giving injections of birth control medication or injections of medicine like progesterone for high risk pregnancies or antibiotics that would treat sexually transmitted diseases are examples (and they are many more) that would be affected in OB/GYN. Many physicians in South Carolina will not administer these products to patients that would benefit from them because of the sales and use tax. Physicians who do administer these products are financially penalized. In some areas, patients cannot get these therapies at all due to the cost plus tax. This is a direct result of the sales and use tax and the way it is interpreted by the SC Department of Revenue.

It is my understanding that no other state has such a law. The issue only affects patient care in South Carolina and, therefore, South Carolina patients are not getting access to the care that they need. It is of grave concern that South Carolina residents often do not have access to new and high tech medical treatments because of the sales and use tax. Unless prescription medication administered in physician

offices is exempted from the sales and use tax, South Carolina residents will have limited access to life-saving and life-changing existing and new therapies.

In order to improve both patient care and the access of patients to quality care, I respectfully request that the South Carolina Tax Realignment Commission recommend that prescription drugs administered in physician offices be exempt from the state sales and use tax.

Respectfully,

A handwritten signature in black ink, appearing to read 'JFC', with a long horizontal flourish extending to the right.

James F. Carter, MD, FACOG

South Carolina District Chair of the American Congress of Obstetricians and Gynecologists District IV

Professor of Obstetrics and Gynecology

Director of Gynecologic Minimally Invasive Surgery

Department of Ob/Gyn

Medical University of South Carolina

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November 10, 2009

Mr. Burnet R. Maybank, III
Chair
South Carolina Tax Realignment Commission
1230 Main Street
Suite 700
Columbia, South Carolina 29201

Dear Mr. Maybank,

As a Physician of Carolina Nephrology, PA a Nephrology practice in South Carolina, I have seen firsthand how the sales and use tax on prescription medication administered in physician practices is adversely impacting patient care in our state. Unfortunately, the sales and use tax law has been interpreted by the SC Department of Revenue as applying to most prescription medication purchased by physicians and administered in physician offices.

There are certain insurance payers that will only cover certain expensive medical therapies administered in a physician's office if the physician purchases the drug, administers it, and bills the insurance payer. The reimbursement for these expensive drugs is often exactly the cost. In some cases, the insurance reimbursement is below cost and federal or state law prohibits billing the patient for the deficit. The addition of a sales and use tax to the cost of the drug, which cannot be passed on to the patient or the insurance payer, means that physicians who buy these expensive drugs for their patients and administer them at or below cost are further penalized financially. If these same drugs are administered at a hospital or outpatient infusion center, they are not taxed. Unfortunately this option is often more expensive, less safe, less convenient and frequently not available.

The Procrit (Erythropoietin) our patients must have in order to keep their hemoglobin up within the required level to prevent cardiac issues, along with a host of other problems is a perfect example. The expense of the drug is compounded by the use tax we have to pay.

It is my understanding that no other state has such a law. The issue only affects patient care in South Carolina and, therefore, South Carolina patients are not getting access to the care that they need. It is of grave concern the South Carolina residents often do not have access to new and high tech medical treatments because of the sales tax and use tax.

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Absar A. Mirza, M.D.
Frederick D. Rogoff, M.D.

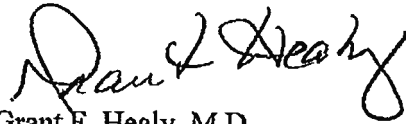
Willy C. Tsai, M.D.
William B. Word, M.D.
Henry T. Yu, M.D.

Karen M. Robertson, ANP-BC
Cheryl A. Harmon, Administrator

Unless prescription medication administered in physician offices is exempted from the sales tax and use tax, South Carolina residents will have limited access to life saving and life changing existing and new therapies.

In order to improve both patient care and the access of patients to quality care, I respectfully request that the South Carolina Tax Realignment Commission recommend that prescription drugs administered in physician offices be exempt from the state sales and use tax.

Respectfully,

A handwritten signature in black ink, appearing to read "Grant R. Healy". The signature is fluid and cursive, with the first name "Grant" and last name "Healy" clearly distinguishable.

Grant R. Healy, M.D.
Carolina Nephrology, PA

November 11, 2009

Mr. Burnet R. Maybank, III

Chair

South Carolina Tax Realignment Commission

1230 Main Street

Suite 700

Columbia, South Carolina 29201

Dear Mr. Maybank:

As President and Owner of the CSRA Renal Services LLC and as a practicing Nephrologist in Aiken, South Carolina, I have seen firsthand how the sales and use tax on prescription medication administered in physician practices is adversely impacting patient care in our state. Unfortunately, the sales and use tax law has been interpreted by the SC Department of Revenue as applying to most prescription medication purchased by physicians and administered in physician offices.

There are certain insurance payers that will only cover certain expensive medical therapies administered in a physician's office if the physician purchases the drug, administers it, and bills the insurance payer. The reimbursement for these expensive drugs is often exactly the cost. In some cases, the insurance reimbursement is below cost and federal or state law prohibits billing the patient for the deficit. The addition of a sales and use tax to the cost of the drug, which cannot be passed on the patient or the insurance payer, means that physicians who buy these expensive drugs for their patients and administer them at or below cost are further penalized financially. If these same drugs are administered at a hospital or outpatient infusion center they are not taxed. Unfortunately this option is often more expensive, less safe, less convenient, and frequently not available.

Specifically, treatment for Anemia, including the injectable medicines Procrit, Venofer, Ferrelcit, and Ferreheme is effected. Many physicians in South Carolina will not administer these products to patients that would benefit from them because of the sales and use tax. Physicians who do administer these products are financially penalized. In some areas, patients cannot get these therapies at all due to the cost

plus tax. This is a direct result of the sales and use tax and the way it is interpreted by the SC Department of Revenue.

It is my understanding that no other state has such a law. The issue only affects patient care in South Carolina and, therefore, South Carolina patients are not getting access to the care that they need. It is of grave concern that South Carolina residents often do not have access to new and high tech medical treatments because of the sales and use tax. Unless prescription medication administered in physician offices is exempted from the sales and use tax, South Carolina residents will have limited access to life-saving and life-changing existing and new therapies.

In order to improve both patient care and the access of patients to quality care, I respectfully request that the South Carolina Tax Realignment Commission recommend that prescription drugs administered in physician offices be exempt from the state sales and use tax.


Douglas Stahura DO

Palmetto Pain & Rehabilitation Physicians
1060 North Church Place
Spartanburg, S.C., 29303
Tel: (864) 278 – 6006/Fax: (864) 278 – 6007
www.PalmettoPain.com

November 9, 2009

South Carolina Tax Realignment Commission
1230 Main Street
Suite 700
Columbia, South Carolina 29201

Attn: **Mr. Burnet R. Maybank, III**
Chair

Dear Mr. Maybank:

As President of the South Carolina Society of Physical Medicine & Rehabilitation and as a practicing Physical Medicine & Rehabilitation physician, I have seen firsthand how the sales and use tax on prescription medication administered in physician practices is adversely impacting patient care in our state. Unfortunately, the sale and use tax law has been interpreted by the SC Department of Revenue as applying to most prescription medication purchased by physicians and administered in physician offices.

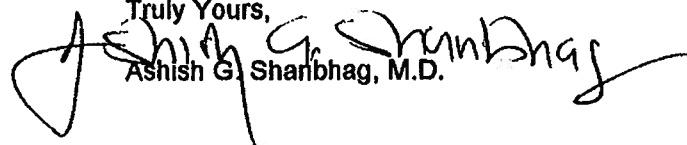
There are certain insurance payors that will only cover certain expensive medical therapies administered in physician's office if the physician purchases the medication, administers it, and bills the insurance payor. The reimbursement for these expensive medications is often exactly the cost. In some cases, the insurance reimbursement is below cost, and federal and state law prohibits billing the patient for the deficit. The addition of a sales and use tax to the cost of the medication, which cannot be passed onto the patient or the insurance payor, means that physicians who purchase these expensive medications for their patients and administer them at or below cost are further penalized financially. If these same medications are administered at a hospital or outpatient infusion center, they are not taxed. Unfortunately, this option is often more expensive, less safe, less convenient, and frequently not available.

Lidocaine and Cortisone are examples of medications that are impacted by this tax in my specialty. Many physicians in South Carolina will not administer these products to patients that would benefit them because of the sales and use tax. Physicians who do administer these products are financially penalized. In some areas, patients cannot get these therapies at all due to the cost plus tax. This is a direct result of the sales and use tax and the way it is interpreted by the SC Department of Revenue.

It is my understanding that no other state has such a law. The issue only affects patient care in South Carolina and, therefore, South Carolina patients are not getting access to the care they need. It is of grave concern that South Carolina residents often do not have access to new and high tech medical treatments because of the sales and use tax. Unless prescription medication administered in physician offices is exempted from the sales and use tax, South Carolina residents will have limited access to life-saving and life-changing existing and new therapies.

In order to improve both patient care and the access of patients to quality care, I respectfully request that the South Carolina Tax Realignment Commission recommend that prescription medications administered in physician offices be exempt from the state sales and use tax.

Truly Yours,


Ashish G. Shanbhag, M.D.



SOUTH CAROLINA SOCIETY OF ANESTHESIOLOGISTS

132 Westpark Blvd. • P.O. Box 11188 • Columbia, SC 29211

www.scanesthesia.com

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Kelley Watson, M.D.

Eric Tedd Rothman, M.D.

Association Office

Margarita M. Pale

Executive Director

(843) 697-3114

E-mail: mpscscsa@aol.com

November 5, 2009

Mr. Burnet R. Maybank, III

Chair

South Carolina Tax Realignment Commission

1230 Main Street

Suite 700

Columbia, South Carolina 29201

Dear Mr. Maybank:

As a Pain Medicine Specialist and the Immediate Past President of the SC Society of Anesthesiologists, I have seen firsthand how the sales and use tax on prescription medication administered in physician practices is adversely impacting patient care in our state. Unfortunately, the sales and use tax law has been interpreted by the SC Department of Revenue as applying to most prescription medication purchased by physicians and administered in physician offices.

There are certain insurance payers that will only cover certain expensive medical therapies administered in a physician's office if the physician purchases the drug, administers it, and bills the insurance payer. The reimbursement for these expensive pain medications is often the cost of the medications to the physician. More often than not, the insurance reimbursement is below cost and federal or state law prohibits billing the patient for the deficit. The addition of a sales and use tax to the cost of the drug, which cannot be passed onto the patient or the insurance payer, means that physicians who buy these expensive drugs for their patients and administer them at or below cost are further penalized financially. If these same drugs are administered at a hospital or outpatient infusion center they are not taxed. For our chronic and acute pain patients, going to these facilities instead of our offices is more expensive, less safe, less convenient, and frequently not available.

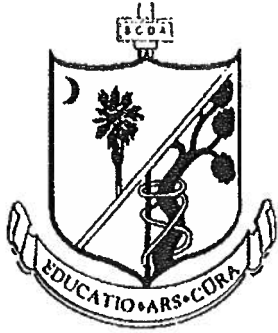
Many physicians in South Carolina will not administer these products to patients that would benefit from them because of the sales and use tax. Physicians who do administer these products are financially penalized. In some areas, patients cannot get these therapies at all due to the cost plus tax. This is a direct result of the sales and use tax and the way it is interpreted by the SC Department of Revenue.

It is my understanding that no other state has such a law. The issue only affects patient care in South Carolina and, therefore, South Carolina patients are not getting access to the care that they need. It is of grave concern that South Carolina residents often do not have access to new and high tech medical treatments because of the sales and use tax. Unless prescription medication administered in physician offices is exempted from the sales and use tax, South Carolina residents will have limited access to life-saving and life-changing existing and new therapies.

In order to improve both patient care and the access of patients to quality care, I respectfully request that the South Carolina Tax Realignment Commission recommend that prescription drugs administered in physician offices be exempt from the state sales and use tax.

Sincerely,

Iva Chapple, M.D.
Iva Chapple, M.D.



Founded
1950

South Carolina Orthopaedic Association

November 10, 2009

Mr. Burnet R. Maybank, III
Chair
South Carolina Tax Realignment Commission
1230 Main Street
Suite 700
Columbia, South Carolina 29201

Dear Mr. Maybank:

As President of the South Carolina Orthopaedic Association and as a practicing orthopaedic surgeon in South Carolina, I have seen firsthand how the sales and use tax on prescription medication administered in physician practices is adversely impacting patient care in our state. Unfortunately, the sales and use tax law has been interpreted by the SC Department of Revenue as applying to most prescription medication purchased by physicians and administered in physician offices.

There are certain insurance payers that will only cover certain expensive medical therapies administered in a physician's office if the physician purchases the drug, administers it, and bills the insurance payer. The reimbursement for these expensive drugs is often exactly the cost. In some cases, the insurance reimbursement is below cost and federal or state law prohibits billing the patient for the deficit. The addition of a sales and use tax to the cost of the drug, which cannot be passed on the patient or the insurance payer, means that physicians who buy these expensive drugs for their patients and administer them at or below cost are further penalized financially. If these same drugs are administered at a hospital or outpatient infusion center they are not taxed. Unfortunately this option is often more expensive, less safe, less convenient, and frequently not available.

Having medication in the office is by far the best way to promote patient compliance. As orthopedic surgeons, we often have to drain joint infections that develop simply because the patient didn't take their antibiotics when they left the doctor's office and instead, waited a couple of days to fill the prescription. In South Carolina the existence of the sales and use tax may impede the willingness of some physicians to provide this service for their patients.

It is my understanding that no other state has such a law. The issue only affects patient care in South Carolina and, therefore, South Carolina patients are not getting access to the care that they need. It is of grave concern that South Carolina residents often do not

♦
Steven C. Poletti, MD
President

♦
James A. O'Leary, MD
President-Elect

♦
Stephen Ridgeway, MD
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♦
Coleman Fowble, MD
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♦
J. Scott Broderick, MD
Immediate Past-President

♦
Kyle J. Jeray, MD
AAOS Board of Councilors

♦
H. Del Schutte, Jr., MD
AAOS Board of Councilors

♦
Fraser Cobbe
Executive Director

have access to new and high tech medical treatments because of the sales and use tax. Unless prescription medication administered in physician offices is exempted from the sales and use tax, South Carolina residents will have limited access to life-saving and life-changing existing and new therapies.

In order to improve both patient care and the access of patients to quality care, I respectfully request that the South Carolina Tax Realignment Commission recommend that prescription drugs administered in physician offices be exempt from the state sales and use tax.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven C. Poletti". The signature is stylized with a large, sweeping initial "S" and a distinct "P".

Steven C. Poletti, M.D.
President



**South Carolina
Gastroenterology Association**

PO Box 11188 Columbia, SC 29211

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pamela.trapp@scmanet.org

November 4, 2009

Mr. Burnet R. Maybank, III
Chair

South Carolina Tax Realignment Commission
1230 Main Street
Suite 700
Columbia, South Carolina 29201

Dear Mr. Maybank:

As President of the South Carolina Gastroenterology Association and as a practicing gastroenterologist in South Carolina, I have seen firsthand how the sales and use tax on prescription medication administered in physician practices is adversely impacting patient care in our state. Unfortunately, the sales and use tax law has been interpreted by the SC Department of Revenue as applying to most prescription medication purchased by physicians and administered in physician offices.

There are certain insurance payers that will only cover certain expensive medical therapies administered in a physician's office if the physician purchases the drug, administers it, and bills the insurance payer. The reimbursement for these expensive drugs is often exactly the cost. In some cases, the insurance reimbursement is below cost and federal or state law prohibits billing the patient for the deficit. The addition of a sales and use tax to the cost of the drug, which cannot be passed on the patient or the insurance payer, means that physicians who buy these expensive drugs for their patients and administer them at or below cost are further penalized financially. If these same drugs are administered at a hospital or outpatient infusion center they are not taxed. Unfortunately this option is often more expensive, less safe, less convenient, and frequently not available.

Many physicians in South Carolina will not administer these products to patients that would benefit from them because of the sales and use tax. Physicians who do administer these products are financially penalized. In some areas, patients cannot get these therapies at all due to the cost plus tax. This is a direct result of the sales and use tax and the way it is interpreted by the SC Department of Revenue.

It is my understanding that no other state has such a law. The issue only affects patient care in South Carolina and, therefore, South Carolina patients are not getting access to the care that they need. It is of grave concern that South Carolina residents often do not have access to new and high tech medical treatments because of the sales and use tax. Unless prescription medication administered in physician offices is exempted from the sales and use tax, South Carolina residents will have limited access to life-saving and life-changing existing and new therapies.

In order to improve both patient care and the access of patients to quality care, I respectfully request that the South Carolina Tax Realignment Commission recommend that prescription drugs administered in physician offices be exempt from the state sales and use tax.

Sincerely,

Mark H. DeLegge, M.D., FACP, AGAF, FASGE



SOUTH CAROLINA PSYCHIATRIC ASSOCIATION

A DISTRICT BRANCH OF THE AMERICAN PSYCHIATRIC ASSOCIATION

P.O. Box 11188 | Columbia, SC 29211

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Executive Director

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Fax: (803) 772-6783
E-mail: pamela.trapp@scmanet.org

October 30, 2009

Mr. Burnet R. Maybank, III, Chair
South Carolina Tax Realignment Commission
1230 Main Street
Suite 700
Columbia, SC 29201

Dear Mr. Maybank:

We recognize the problem for many physicians in South Carolina with helping get their patient's best care and being treated fairly with the sales tax on the medicines given in their office.

The American Psychiatric Association (APA) District Branch of South Carolina, also known as the South Carolina Psychiatric Association (SCPA) requests that the tax realignment commission recommend that prescription drugs administered under the care of a physician be exempt from the South Carolina sales tax.

Sincerely,

John Roberts, MD

John Roberts, MD, President



1214 HENDERSON STREET • COLUMBIA, SOUTH CAROLINA 29201 • (803) 766-1498 • FAX (803) 254-2993 • www.columbiamedicalsociety.org

November 9, 2009

Mr. Burnet R. Maybank, III
Chair
South Carolina Tax Realignment Commission
1230 Main Street
Suite 700
Columbia, South Carolina 29201

Dear Mr. Maybank:

I am writing on behalf of the six hundred fifty physician members of Columbia Medical Society. We have seen firsthand how the sales and use tax on prescription medication administered in physician practices is adversely impacting patient care in our state. Unfortunately, the sales and use tax law has been interpreted by the SC Department of Revenue as applying to most prescription medication purchased by physicians and administered in physician offices.

It is our understanding that no other state has such a law. The issue only affects patient care in South Carolina and, therefore, South Carolina patients are not getting access to the care that they need. It is of grave concern that South Carolina residents often do not have access to new and high tech medical treatments because of the sales and use tax. Unless prescription medication administered in physician offices is exempted from the sales and use tax, South Carolina residents will have limited access to life-saving and life-changing existing and new therapies.

In order to improve both patient care and the access of patients to quality care, we respectfully request that the South Carolina Tax Realignment Commission recommend that prescription drugs administered in physician offices be exempt from the state sales and use tax. Thank you for your consideration of this request.

Sincerely,

Charlotte E. Lindler, MD
2009 President, Columbia Medical Society

GREENVILLE COUNTY MEDICAL SOCIETY

1395 SOUTH CHURCH STREET
GREENVILLE, SOUTH CAROLINA 29605
TELEPHONE (864) 370-9083 • FAX (864) 235-5030

November 9, 2009

Mr. Burnet R. Maybank, III, Chair
South Carolina Tax Realignment Commission
1230 Main Street, Suite 700
Columbia, South Carolina 29201

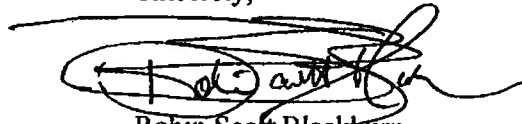
Dear Mr. Maybank:

On behalf of the members of the Greenville County Medical Society and practicing physicians in South Carolina, we know how the sales and use tax on prescription medication administered in physician practices is adversely impacting patient care. Unfortunately, the sales and use tax law has been interpreted by the South Carolina Department of Revenue as applying to most prescription medication purchased by physicians and administered in physician offices.

It is our understanding that no other state has such a law. Therefore, this issue casts a detrimental effect on patient care, only in South Carolina. Additionally, this interpretation impedes the delivery of quality care and diminishes another level of affordable accessibility. It is a known fact that the health care delivery system in South Carolina is below the national standard and is greatly challenged. The current interpretation of the sales and use tax law will be a contributing factor to health care challenges faced by every South Carolinian. Unless prescription medication administered in physician offices is exempted from the sales and use tax law, our patients will face an element of substandard care and be victims of the State in which they live and work.

Your commission has the ability to make a difference in the health care delivery system of South Carolina. We respectfully request that the South Carolina Tax Realignment Commission recommend that prescription drugs administered in physician offices be exempt from the state sales and use tax. Being the State with the lowest cigarette tax in the nation, this is an opportunity to step forward for health care with a tax exemption that will help create a healthier South Carolina.

Sincerely,



Robin Scott Blackburn
Executive Director

H. E. "CHIP" WALPOLE, JR., M.D.
PRESIDENT

K. LEIGH WATSON, M.D.
PRESIDENT ELECT

JOHN F. PAYNE, M.D.
SECRETARY



ROBERT R. MORGAN, JR., M.D.
TREASURER

THOMAS H. MASKELL, M.D.
IMMEDIATE PAST PRESIDENT

ROBIN SCOTT BLACKBURN
EXECUTIVE DIRECTOR

Charleston County

M E D I C A L S O C I E T Y

~ Est. 1952 ~

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Charleston, SC 29403

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Fax: 843.722.2846

www.charlestonmedicalsociety.org

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President

M. Edward Wilson, MD
Vice-President

William J. Hueston, MD
President-Elect

Kent J. Stock, MD
Secretary-Treasurer

Kaye Zook Wallen
Executive Director

November 5, 2009

Mr. Burnet R. Maybank, III, Chair
South Carolina Tax Realignment Commission
1230 Main Street, Suite 700
Columbia, South Carolina 29201

Dear Mr. Maybank:

As President of the Charleston County Medical Society and as a practicing general surgeon in South Carolina, I have seen firsthand how the sales and use tax on prescription medication administered in physician practices is adversely impacting patient care in our state. Unfortunately, the sales and use tax law has been interpreted by the SC Department of Revenue as applying to most prescription medication purchased by physicians and administered in physician offices.

It is my understanding that no other state has such a law. The issue only affects patient care in South Carolina and, therefore, South Carolina patients are not getting access to the care that they need. It is of grave concern that South Carolina residents often do not have access to new and high tech medical treatments because of the sales and use tax. Unless prescription medication administered in physician offices is exempted from the sales and use tax, South Carolina residents will have limited access to life-saving and life-changing existing and new therapies.

In order to improve both patient care and the access of patients to quality care, we respectfully request that the South Carolina Tax Realignment Commission recommend that prescription drugs administered in physician offices be exempt from the state sales and use tax.

Sincerely,

Casey Fitts, MD

R. (Casey) Fitts, MD, President



Mr. Burnet R. Maybank, III
Chair
South Carolina Tax Realignment Commission
1230 Main Street
Suite 700
Columbia, South Carolina 29201

Dear Mr. Maybank:

As a board member and trustee of the Spartanburg County Medical Society and as a practicing family physician in South Carolina, I have seen firsthand how the sales and use tax on prescription medication administered in physician practices is adversely impacting patient care in our state. Unfortunately, the sales and use tax law has been interpreted by the SC Department of Revenue as applying to most prescription medication purchased by physicians and administered in physician offices.

It is my understanding that no other state has such a law. The issue only affects patient care in South Carolina and, therefore, South Carolina patients are not getting access to the care that they need. It is of grave concern that South Carolina residents often do not have access to new and high tech medical treatments because of the sales and use tax. Unless prescription medication administered in physician offices is exempted from the sales and use tax, South Carolina residents will have limited access to life-saving and life-changing existing and new therapies.

In order to improve both patient care and the access of patients to quality care, we respectfully request that the South Carolina Tax Realignment Commission recommend that prescription drugs administered in physician offices be exempt from the state sales and use tax.

Sincerely,

Dr. Larry L. Ware, MD

A handwritten signature in cursive script that reads "L. Ware MD".



Lexington Medical
Association, Inc.

PO Box 11188
Columbia, SC 29211
(803) 798-6207

November 9, 2009

Mr. Burnet R. Maybank, III, Chair
South Carolina Tax Realignment Commission
1230 Main Street Suite 700
Columbia, South Carolina 29201

Dear Mr. Maybank:

As President of the Lexington Medical Association and as a practicing pediatrician in South Carolina, I have seen firsthand how the sales and use tax on prescription medication administered in physician practices is adversely impacting patient care in our state. Unfortunately, the sales and use tax law has been interpreted by the SC Department of Revenue as applying to most prescription medication purchased by physicians and administered in physician offices.

It is my understanding that no other state has such a law. The issue only affects patient care in South Carolina and, therefore, South Carolina patients are not getting access to the care that they need. It is of grave concern that South Carolina residents often do not have access to new and high tech medical treatments because of the sales and use tax. Unless prescription medication administered in physician offices is exempted from the sales and use tax, South Carolina residents will have limited access to life-saving and life-changing existing and new therapies.

In order to improve both patient care and the access of patients to quality care, we respectfully request that the South Carolina Tax Realignment Commission recommend that prescription drugs administered in physician offices be exempt from the state sales and use tax.

Sincerely,

Dwight Reynolds, MD
Dwight Reynolds, M.D.
President, Lexington Medical Association