

Statement of the
American Society of Plastics Surgeons
to the
Joint Finance, Revenue and Bonding Committee
Regarding Governor's Bill 1007
March 7, 2011

The 6,700 members of the American Society of Plastic Surgeons wish to express strong opposition to the cosmetic tax provision within the Governor's budget proposal (Governor's Bill 1007). The problems with this type of tax are far-reaching, and the failure of the New Jersey cosmetic procedures tax has already deterred at least 12 other states from implementing this inappropriate assessment on medical care. We respectfully call to the General Assembly's attention the practical, ethical, and economic consequences of this proposed tax:

Invades Medical Privacy

This ill-defined tax invites Connecticut's Department of Revenue Services into the exam room, threatening the confidentiality of the physician-patient relationship and patient privacy rights. State tax officials may elect to examine a patient's personal medical records, even audit them after the fact, to determine if they can collect the tax on services they have deemed fit their criteria. The implementation and administration of this tax is of utmost concern to us, as it forces physicians to communicate and convince tax authorities of the medical relevance of each elective procedure.

Pursues a Failed Policy

The only state with this tax, New Jersey, has consistently failed to produce even a fraction of the projected revenues. An independent study revealed that for every dollar the state brings in with the tax, \$3.39 is lost! This data is so compelling that it inspired New Jersey Assemblyman Joseph Cryan, the sponsor of the 2004 bill, to lead efforts to repeal the tax via legislative measures in multiple consecutive legislative sessions, including the current one.

Drives Patients out of State

As evidenced in the failed New Jersey tax experiment, patients will understandably seek medical care in the surrounding states that do not tax these procedures. ASPS estimates that \$160 million in cosmetic medical procedures were performed in Connecticut in 2008. Based on the "surgical flight" that New Jersey experienced as a result of its cosmetic surgery tax, it is realistic to expect this figure may drop by more than half. Analysis of the New Jersey experience would realistically suggest that for every dollar the state collects from the cosmetic tax, a loss of \$1.48 in state tax revenue could be expected!

Federal Cosmetic Tax Proposal Abandoned

The U.S. Congress in 2009 considered taxing cosmetic medical procedures as a mechanism to fund health care reform. However, after learning of the failed New Jersey experience, federal lawmakers took this provision off the table entirely.

Taxing Medical Procedures is a Slippery Slope

Today's proposal taxes ill-defined "cosmetic" medical procedures. What's next? Will the state broaden the tax to include elective knee or hip replacement surgery? Post-bariatric surgery reconstruction? Lasik eye correction surgery?

Put simply, medical care should not be used as a tool to fix broken finances.

Thank you for the opportunity to provide comment. If you have any questions, please contact Sarah Adkins Svoboda at 847-228-3392 or ssvoboda@plasticsurgery.org.