

Written testimony of Jason Canzano, Board Member of Home Medical Equipment and Services Association of New England and Managing Director of Acelleron, Relative to HB 5109

February 24, 2020

Dear Senator John Fonfara, Representative Jason Rojas, Senator Kevin Witkos, Representative Chris Davis, and all members of the Finance Committee,

My name is Jason Canzano, Board Member of the Home Medical Equipment and Services Association of New England ("HOMES") and Managing Director of Acelleron. HOMES is the New England trade association representing providers of durable/home medical equipment ("HME"). HOMES represents approximately 80 unique HME companies in over 150 locations throughout New England, approximately 20 in Connecticut in multiple locations throughout the state. Acelleron, a HME company with a location in Guilford and 4 employees, provides breastfeeding equipment and other innovative solutions to families, employers, and health care providers. We are one of the leading experts in the mom and baby space because we combine our experience, clinical expertise, product knowledge, and patient data to improve breastfeeding outcomes. We are committed to empowering women and families to achieve success from pregnancy to parenting and the return to work.

Thank you for the opportunity to comment on HB 5109 An act to exempt breastfeeding equipment and supplies from the sales and use taxes. Manual and electric breast pumps as well breastmilk storage containers, storage bags, breast shields, valves and membranes, power adapter/battery pack, flanges, tubing, pump bag, bottle cooler bag, and hands-free bra to pump in, should all be exempt from sales and use taxes in Connecticut.

Connecticut Sales Tax Law

Under current Connecticut law, sales of breast pumps and associated supplies are subject to the sales and use tax. Contextually speaking, most medical equipment and devices that our industry provides in are exempt from sales tax, with breast pumps being one of the anomalies.

Conn. Gen. Stat. 12-412 (4)

Prescription medicine, syringes, and needles.

Conn. Gen. Stat. 12-412 (19)

(A) oxygen, blood or blood plasma when sold for medical use in humans or animals;

(B) artificial devices individually designed, constructed or altered solely for the use of a particular handicapped person so as to become a brace, support, supplement, correction or substitute for the bodily structure, including the extremities of the individual, and repair or replacement parts and repair services rendered to property described in this subparagraph;

(C) artificial limbs, artificial eyes and other equipment worn as a correction or substitute for any functioning portion of the body, custom-made wigs or hairpieces for persons with medically diagnosed total and permanent hair loss as a result of disease or the treatment of disease, artificial hearing aids when designed to be worn on the person of the owner or user, closed circuit television equipment used as a reading aid by persons who are visually impaired and repair or replacement parts and repair services rendered to property described in this subparagraph;

(D) canes, crutches, walkers, wheel chairs and inclined stairway chairlifts for the use of invalids and handicapped persons, and repair or replacement parts and repair services to property described in this subparagraph;

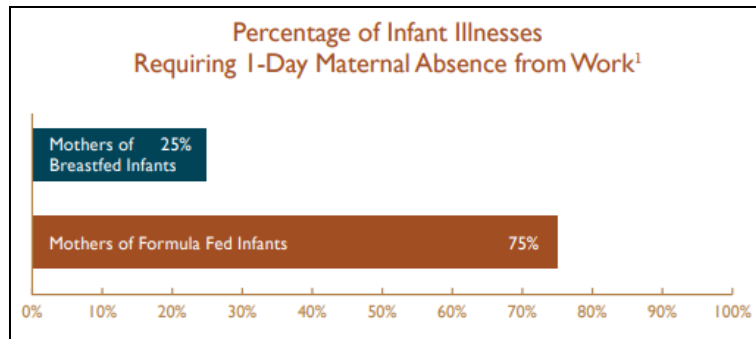
(E) any equipment used in support of or to supply vital life functions, including oxygen supply equipment used for humans or animals, kidney dialysis machines and any other such device used in necessary support of vital life functions, and apnea monitors, and repair or replacement parts and repair services rendered to property described in this subparagraph; and

(F) support hose that is specially designed to aid in the circulation of blood and is purchased by a person who has a medical need for such hose. Repair or replacement parts are exempt whether purchased separately or in conjunction with the item for which they are intended, and whether such parts continue the original function or enhance the functionality of such item.

Other Exempt Items

Additionally, mom and baby products are already exempt from sales tax (i.e. baby formula, diapers, and feminine hygiene products).

How can baby formula be exempt while breast pumps are taxable given all the health benefits of breastmilk over formula. For example, one-day absences to care for sick children occur more than **twice as often for mothers of formula-feeding infants**, according to the U.S. Dept of Health and Human Services - The Business Case for Breastfeeding (*see below*).



Secondarily, there are several states around CT in which breast pumps are exempt from sales and use tax – NJ, NY, NH and MA (with prescription).

Breastfeeding equipment and supplies are necessities that should not be subject to tax.

Breast pumps and supplies are used to express and collect breastmilk for a variety of reasons, including:

- provide vital food to an infant
- relieve pain from engorgement
- when infants are premature and unable to latch
- when infants have severe feeding problems
- when mothers have difficulty establishing or maintaining an adequate milk supply
- when mothers have temporary breastfeeding problems
- when mothers and infants are separated for prolonged periods due to hospitalization
- when they return to work following the birth of their infant

Why is breastfeeding/pumping so important?

- Moms breastfeed! In Connecticut 86.3 percent of mothers attempt to nurse their newborns according to the CDC's 2018 Breastfeeding Report Card.
- *American Academy of Pediatrics* recommends that babies **receive nothing but breast milk during the first six months of life** and continue receiving **breast milk for at least the first year** and beyond.
- Breastfeeding lowers health care costs. **\$13 billion of direct health care costs would be saved** annually if 90% of women were able to breastfeed exclusively for the first six months.¹
- **Babies who are not breastfed** visit the physician more often, spend more days in the hospital, and **require more prescriptions** than breastfed infants.
- One study found that for every 1,000 babies not breastfed, there were 2,033 extra physician visits, **212 extra hospitalization days**, and **609 extra prescriptions** for three illnesses alone – ear, respiratory, and gastrointestinal infections.² *This does not include the risks of numerous other childhood illnesses and infections, or women's diseases such as pre-menopausal breast cancer, which are reduced when a mother breastfeeds.*³

Breastfeeding is an Investment in Health⁴	
Benefits for Infants	Benefits for Mothers
Infants who are breastfed have reduced risks of:	Breastfeeding can help lower a mother's risk of:
- Ear infections	- Weight gain
- Respiratory infections	- Maternal postpartum depression
- Dermatitis	- Cancers (breast, ovarian, endometrial)
- Gastrointestinal disorders	- Type 2 Diabetes
- Asthma	- Osteoporosis
- Obesity	- High blood pressure
- Type 1 and 2 Diabetes	

"Breastfeeding provides unmatched health benefits for babies and mothers. It is the clinical gold standard for infant feeding and nutrition, with breast milk uniquely tailored to meet the health needs of a growing baby. We must do more to create supportive and safe environments for mothers who choose to breastfeed." - Dr. Ruth Petersen, Director of CDC's Division of Nutrition, Physical Activity, and Obesity

References

1. Bartick M, Reinhold A. The burden of suboptimal breastfeeding in the United States: a pediatric cost analysis. *Pediatrics*. 2010; 125(5):e1048-e2015
2. Ball T & Wright A. (1999)
3. U.S. Dept of Health and Human Services, Agency for Healthcare Research and Quality (2007)
4. <https://www.cdc.gov/breastfeeding/about-breastfeeding/why-it-matters.html>

The economics of providing breast pumps through insurance

Since the passing of the Affordable Care Act ("ACA") went into effect, health insurance plans must provide breastfeeding support, counseling, and equipment for the duration of breastfeeding. Therefore, health insurance plans must cover the cost of a breast pump. The problem is that the ACA did not specify the cost and thus the insurance reimbursement has dramatically dropped since the mandate went into effect. Most recently, we saw **Anthem BCBS of CT drop their rate for an electric breast pump by 45%!** Unfortunately, the manufacturers and breast pump providers were not able to change the new rate and now we lose money every time we provide a fully covered breast pump to an Anthem mom. To make matters worse, the inclusion of sales tax simply takes an unwelcoming financial environment and makes it more financially burdensome, while also impacting the health of Connecticut's mothers and babies. To sum this up, we are **paying the sales tax on top of a depressed reimbursement which ultimately impacts the quality and number of pump options for mom.**

When we look specifically at the Connecticut breast pump through insurance market, the state's reimbursement is the lowest of all New England states we provide to.

CT Breast Pump Reimbursement	
Medicaid	\$118.75
Commercial Insurance	\$117.28

New England States Breast Pump Reimbursement	
CT	\$117.87
MA	\$178.63 (no sales tax)
ME	\$156.23
NH	\$149.11 (no sales tax)
VT	\$213.55

In 2018, Acelleron provided approximately 11,600 breast pumps to Connecticut mothers. From a financial perspective, excluding sales tax, the reimbursements and margins are effectively “profitless revenue” and we continue to provide the product as a service to our families, foster goodwill and build brand recognition. If breast pumps continue to be taxable, providing breast pumps in Connecticut would be a loss leader and would require a very different business conversation.

Ultimately, breast pumps covered by insurance have allowed more mothers to breast feed, it has allowed them to do so for a longer duration and ultimately, this will lead to a healthier Connecticut population. Our shared goal is to service the mothers in Connecticut in the appropriate way and a sales tax exemption for breast pumps is crucial for that objective.

All this being said, we urge you to support HB 5109 to reflect a sounder taxation policy that encourages good health and acknowledges the breastfeeding benefits to both mother and child.

Thank you so very much for your time.

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