



Written Testimony by Shannon C. Trotter, DO

to the House Finance Committee

in Opposition to HB 49, Main Operating Budget

Thursday, March 30 2017

My name is Dr. Shannon Trotter and I am a board-certified dermatologist and President of the Ohio Dermatological Association. I currently work at the Ohio State University and am also in private practice with Oakview Dermatology. I am writing in opposition to the proposed tax on cosmetic medical procedures in HB 49 the FY18-19 budget and urge you to remove this provision from the bill.

If passed, this proposal will require state tax officials to understand the nuances of surgical cases where the tax may apply. This could result in their auditing of private and confidential patient medical records and photographs to determine if a procedure is cosmetic or reconstructive. In addition to being a compliance nightmare for the Department of Taxation – violations of federal patient privacy laws, even if inadvertent, are severely punished – it makes tax collectors responsible for evaluations well beyond their capability. The line between what is cosmetic and what is reconstructive is not always bright, and basing a tax on that distinction will demand widespread, complex and risky auditing of individual medical practices.

Although this tax is only intended to apply to cosmetic medical procedures, there are several procedures which are medically necessary that could be subject to this tax. I urge this committee to not go down the path of taxing patients who are trying to get needed medical procedures done. This has the potential to have a very negative impact on my patients and my profession. There is a fear patient may leave Ohio to get medical procedures done in a state who does not have this tax.

I know this committee has already heard about the failed track record for cosmetic surgery taxes, most notably in New Jersey, but I think it is worth repeating. New Jersey projected revenues at \$24 million annually, similar to that in Ohio, but ultimately only raised an average of \$7.6 million, a 70 percent shortfall. Further, an independent economic analysis of the tax from 2005-2008 revealed that for every \$1.00 the state brought in with the tax, \$2.94 was lost. This was a result of patients going across state lines to seek medical care in states which do not have a tax. Because the entire economic value of the cosmetic medical encounter is lost, the impact on the state goes beyond the lost sales tax revenue and also directly hits corporate and personal income tax revenue.

These flaws led to repeal of the New Jersey tax, and they have stopped other state legislatures from advancing proposed cosmetic taxes. I urge you to remove the proposed tax on cosmetic medical procedures from HB 49. Thank you for your consideration of this important issue.