

The Taxman Cometh

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As if we did not already pay enough taxes. Following the lead of New Jersey, several state legislatures are considering establishing a tax on cosmetic procedures. This new form of tax was first signed into law in New Jersey in June 2004 by former Governor Jim McGreevey.¹ It imposes a 6% tax on “certain cosmetic medical procedures that are directed at improving the patient’s appearance and that do not promote the proper function of the body or prevent or treat illness or disease.” Among the procedures subject to the tax are breast augmentation, facelift, botulinum toxin injection, hair transplant, dermabrasion and chemical peel, laser hair removal, and cosmetic dentistry. This represented the first time that a tax had ever been placed on a surgical procedure in this country.¹

States now considering similar taxes include New York, Illinois, Tennessee, and Washington. In some of the states, the proposed tax will be used to fund healthcare-related purposes.² In New Jersey, the revenues will fund medical care for the indigent. In Washington, the money would fund children’s healthcare services; while in Illinois, potential revenue would fund a \$15 million stem cell research project.²

Despite the potential positive uses for this tax money, most physicians involved are not too pleased. The New York County Medical Society Web site raises the following points³:

1. A tax on cosmetic surgery discriminates against working women.
2. The tax is medically and ethically ambiguous. The proposed tax on people who undergo cosmetic surgery procedures is medically and ethically ambiguous. The line between cosmetic and reconstructive is often unclear. Consider the following kinds of surgical procedures that could be taxed under this bill:
 - Breast reduction surgery
 - Surgery to remove excess flesh after potentially life-saving gastric bypass surgery
 - Surgery to correct sagging and deflated breast tissue resulting from breastfeeding multiple children

- Surgeries, following reconstructive surgery, to improve the appearance of accident victims
 - Laser treatment of leg veins
 - Dentistry to correct problems resulting from poor childhood dental hygiene
3. A tax on cosmetic surgery is an unreliable risky revenue source.
 4. This tax would set a dangerous precedent, putting state agency bureaucrats in the role of medical professional.
 5. A new tax on cosmetic services imposes unfair burdens on physicians, as small business people.
 6. It is wrong to tax medical services of any kind.

The American Academy of Dermatology Association (AADA) opposes legislation that taxes cosmetic procedures as an unfair burden on dermatologists and their patients.² Academy staff members travel to states considering such legislation to testify against it. As new bills related to the taxation of cosmetic services continue to be filed, the AADA has stated that it will monitor them and work to prevent their passage.²

What can you do? Get involved at the local level. First, determine what, if any, legislation is being considered in your state. Then work to stop it—sign petitions, lobby local politicians, and work closely with local and national organizations. Tell your local government that you like some of the proposed healthcare initiatives but to get the money from a source other than us and our patients.

REFERENCES

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