

Regular Session, 2010

HOUSE STUDY REQUEST NO. 4

BY REPRESENTATIVE MILLS

Approved

6-17-10

TAX/TAXATION: Requests the House Committee on Ways and Means and the House Committee on Health and Welfare to study the effects of local sales taxes on prescription drugs administered in an outpatient setting

1 A STUDY REQUEST

2 To the House Committee on Ways and Means and the House Committee on Health and
3 Welfare to jointly study the effects of local sales taxes on prescription drugs
4 administered in an outpatient setting and to report their findings to the House of
5 Representatives prior to January 1, 2011.

6 WHEREAS, the general health of Louisiana residents is important to the viability of
7 the state's workforce and the continued improvement of the state's health rankings; and

8 WHEREAS, access to medicine is vital to the successful treatment of many diseases;
9 and

10 WHEREAS, numerous medication therapies for diseases such as Rheumatoid
11 Arthritis, Crohn's Disease, and cancer have been developed in recent years; and

12 WHEREAS, many of these medications must be administered in a clinical setting by
13 a physician, nurse, or other health care professional; and

14 WHEREAS, these treatments are typically conducted in a physician's office, infusion
15 clinic, or other outpatient facility where patients are not typically kept as bed patients for
16 twenty-four hours or more; and

17 WHEREAS, the physicians and health care facilities keep an inventory of
18 medications for administration to patients; and

19 WHEREAS, the patients are the end users of medications, not the physicians, nurses,
20 or other health care professionals; and

1 WHEREAS, Article VII Section 2.2(B) of the Constitution of Louisiana prohibits the
2 state from assessing a sales and use tax on prescription medications; and

3 WHEREAS, some local taxing authorities currently levy a sales and use tax on
4 prescription medications; and

5 WHEREAS, Louisiana is one of only four states that allow any taxation on
6 prescription drugs; and

7 WHEREAS, the physicians, nurses, and other health care providers in this state must
8 purchase the medications from wholesale distributors; and

9 WHEREAS, national health insurance contracts do not provide for reimbursement
10 of sales and use taxes; and

11 WHEREAS, the sales and use tax burden is borne by the physician's practice and
12 cannot be passed on to the patient, who is the end user; and

13 WHEREAS, no conclusive study has been conducted to determine the fiscal impact
14 of local taxation of prescription drugs administered to patients in a physician's office,
15 infusion clinic, or other outpatient facility where patients are not typically kept as bed
16 patients for twenty-four hours or more.

17 THEREFORE, the House of Representatives of the Legislature of Louisiana requests
18 the House Committee on Ways and Means and the House Committee on Health and Welfare
19 to jointly study the effects of local sales taxes on prescription drugs administered in an
20 outpatient setting and to report their findings to the House of Representatives prior to
21 January 1, 2011.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Mills

HSR No. 4

Requests the House Committee on Ways and Means and the House Committee on Health and Welfare to jointly study the effects of local sales taxes on prescription drugs administered in an outpatient setting and to report their findings to the House of Representatives prior to Jan. 1, 2011.