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Senate bill's 'Botax' wrinkles noses in Houston

Written by Todd Ackerman

Thanks to what wags are calling the Botax, the tummy-tuck tariff and the implant imposition, Houstonians who love plastic surgery may find themselves asked to cough up a little more to help pay for health care reform.

The Senate bill under debate in Washington contains a provision that would impose a 5 percent levy on cosmetic procedures not considered medically necessary — the liposuction, nose jobs and hair plugs that weren't caused by disfiguring disease, congenital abnormalities or injury .

“Elective cosmetic surgery is perceived as a luxury good and is therefore an easy target for reformers looking for means of funding health reform,” said Devon Herrick, a health economist at the Dallas-based National Center for Policy Analysis.

Predictably, the proposal is decried by plastic surgeons, many of whose businesses were hit hard by the recession. They say it's onerous and discriminatory, targeting working women and suburban moms more than the rich people the Obama administration promised would bear the brunt of reform.

Supporters ask, if people have to pay tax on anti-wrinkle cream at the drugstore, why should Botox get off so easily?

Beneath such personal pocketbook concerns are bigger issues: Would the tax apply in cases in which the distinction between cosmetic and reconstructive surgery is blurry, already a source of battle between plastic surgeons and insurers? And would the revenue generated be worth the headache?

Nowhere are the issues more apparent than in Houston, considered one of the nation's better plastic surgery markets, partly because the silicone breast implant was invented here in the 1960s. It is currently home to some 160 plastic surgeons, whose advertisements in a host of Houston publications are pulchritudinous testaments to the wonders the knife can produce .

Local pocketbook issue

A number of those doctors said it's hard to assess the impact a plastic surgery tax would have locally, but all predicted it would hurt business.

“Cosmetic surgery shoppers tend to be very price sensitive,” said Dr. Ernest Cronin of Houston, president of the Texas Society of Plastic Surgeons. “Since their insurance won't cover it, many save for years before they can afford a particular procedure. At a time when finances are already tough, a 5 percent hike is no small thing to them.”

The proposal was a surprise recent addition to the health reform bill sponsored by Sen. Harry Reid, D-Nev., initially considered by the finance committee this summer but rejected. To be paid by the customer but collected by the doctor, the tax is projected to raise nearly \$6 billion over 10 years.

What about 'gray areas'?

The bill defines cosmetic surgery as “any procedure which is directed at improving the patient's appearance and does not meaningfully promote the proper function of the body or prevent or treat illness or disease” — the rationale that drives insurance companies to deny coverage.

Such surgery brings in \$12 billion annually, according to the American Society of Plastic Surgeons. There were 12 million procedures in 2008, minimally invasive ones the most popular. Botox accounted for 4.7 million . Breast augmentations, the most popular surgery, accounted for 355,000 .

Because 85 percent to 90 percent of patients are women, plastic surgeons argue the proposed tax is discriminatory, an argument supported by the American Medical Association and the National Organization for Women. Its president told the New York Times that “in a society that punishes women for getting older,” such a tax would further burden them.

What does seem clear is that the women getting cosmetic surgery come from all walks of life. According to ASPS surveys, 40 percent make \$30,000 to \$60,000.

To supporters of the tax, it makes little difference.

“Folks who can afford tummy tucks for Christmas can afford to pay a tax that helps

pay for poor people's health insurance,” said Camille Miller, head of the Texas Health Institute, a nonprofit aimed at improving the health of Texans.

But what of those “gray area” cases? Cronin talks about cleft-lip surgeries in which the initial procedure was to bring the lips together so the patient could speak and eat and a follow-up one to make them as normal looking as possible. Dr. Jeff Friedman of Methodist Hospital, president of the Houston Society of Plastic Surgeons, tells of one patient born without breasts, another without a vagina. None of the patients' insurance plans covered the surgeries in question.

Potential revenue

New Jersey already taxes plastic surgery. Projected to raise \$24 million annually for charity health care when passed in 2004, the 6 percent levy brings in less than half that. The state assembly passed a repeal of the tax in 2006, when it took in only \$7.5 million, but Gov. Jon Corzine vetoed the repeal. In 2007, it brought in \$11 million.

Even if a federal tax were to fare better — patients wouldn't be able to avoid it by going to a neighboring state — it would still be “a drop in the bucket,” said Rice University health economist Vivian Ho, considering the Senate plan's overall price tag is \$850 billion.

“My hunch is the provision ... will get stripped before passage,” said Texas Rep. Garnet Coleman, D-Houston, a member of President Barack Obama's State Legislators for Health Reform. “I think its real point is to shine a light on the hypocrisy behind opposition, how it comes down to pocketbooks, not health care. It's a useful provision if it successfully raises that issue.”