

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

TO <i>Singleton</i>	DATE <i>5-21-07</i>
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DIRECTOR'S USE ONLY		ACTION REQUESTED	
1. LOG NUMBER <i>000729</i>	<input type="checkbox"/> I Prepare reply for the Director's signature DATE DUE _____		
2. DATE SIGNED BY DIRECTOR <i>cc: Bowling, Giese</i> <i>closed w/2107 letter</i> <i>attached,</i>		<input checked="" type="checkbox"/> Prepare reply for appropriate signature DATE DUE <i>5-30-07</i>	
		<input type="checkbox"/> FOIA DATE DUE _____	
		<input type="checkbox"/> Necessary Action	

APPROVALS (Only when prepared for director's signature)	APPROVE	* DISAPPROVE (Note reason for disapproval and return to preparer.)	COMMENT
1.			
2.			
3.			
4.			

05/18/2007 02:40 8437231052

CAROLINA NEUROLOGICA

CAROLINA NEUROLOGICAL CLINIC, L.L.P.

125 Doughty Street, Suite 460 • Charleston, SC 29403 • (843) 723-0202 • Fax (843) 723-1054

JAMES L. BUNGARTNER, M.D.
THOMAS H. DUKES, III, M.D.

CHARLES S. JERVEY, M.D.
THOMAS R. STOUT, M.D.

*Let's
C. S. Jervy
(B-2)*

May 15, 2007

Susan,

*Do you want
the right?*

Ms. Susan Bowling, Director
SC Dept of Health and Human Services
Fax 803-255-8235

RE: INJECTABLE DRUGS SALES TAX

Dear Ms. Bowling:

I am writing about what I feel has a significant negative impact on the care of patients in the State of South Carolina. Currently South Carolina imposes a sales tax on injectable drugs administered by a physician. It may cause the physician to incur a cost to him that he is unable to pass on and therefore may affect his willingness to embark on such treatment. For example, Medicare may reimburse a physician at a rate below the cost to the physician. When that cost along with the imposed South Carolina sales tax add up, that is a significant cost to the physician that cannot be passed on, by law, to the patient. Rather than the physician subsidizing the cost of the medication to the patient he may elect not to provide the treatment at all. In this case the patients are not able to self administer the medication and therefore they may not be able to obtain needed treatment. This seems to be not only an unfair tax but also an unwise tax. I think it has a negative impact on health care in this state. I understand the need for raising revenue for the state, however, I don't think this is the proper way to go about that. I think it would be in the best interest of the citizens of South Carolina if this particular tax were revoked. I will be glad to talk with you about this in greater length if desired. Please feel free to contact me and I appreciate your consideration in this matter.

Sincerely,

Charles S. Jervy
Charles S. Jervy, M.D.

RECEIVED

CSJ/sf

MAY 21 2007

Department of Health & Human Services
OFFICE OF THE DIRECTOR

05/18/2007 04:26PM

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TO: _____

FROM: CAROLINA NEUROLOGICA

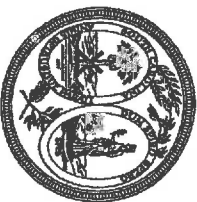
FAX: 8437231052

TEL: 8437230202

COMMENT: 8437231052

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State of South Carolina
Department of Health and Human Services

Mark Sanford
Governor

Susan B. Bowling
Acting Director

June 28, 2007

Dr. Charles S. Jervey
Carolina Neurological Clinic, L.L.P.
125 Doughty St., Suite 460
Charleston, SC 29403

Re: Injectable Drugs Sales Tax

Dear Dr. Jervey:

Your May 15, 2007 letter to Ms. Bowling was directed to this Office for a response. Thank you for your inquiry on this subject, and I apologize for the delay in responding. As I am sure you know from your Medicaid Provider Manual, Medicaid pays a fixed rate for the "J codes" and other codes under which injectable drugs are billed. See pages 4-1 through 4-3 and the corresponding codes in the Fee Schedule in your Provider Manual. Currently, our Medicaid State Plan (our agreement with the federal government) says that our fees for physician-administered drugs will not exceed the Medicare rate, and of course, the agency must operate within the budget appropriated each year by the General Assembly.

While we understand your suggestion to revoke the sales tax on physician-administered drugs, exemptions to the sales tax are set at the pleasure of the General Assembly and interpreted and administered by the Department of Revenue. For your information, I have enclosed the 2006 version of the SC Code section that sets forth the exemptions. As an example, I have also enclosed a copy of a specific piece of this year's legislation, which adds certain sales of durable medical equipment to the list of exemptions.

I hope this information is useful. We do appreciate your concern, and the services you and your group provide Medicaid beneficiaries are highly valued. Please contact me if I may answer any questions about this letter. My direct is (803) 898-2791.

Sincerely,
Richard G. Hepfer
Richard G. Hepfer
Deputy General Counsel

Enclosure

Office of General Counsel
P. O. Box 8206 Columbia South Carolina 29202-8206
(803) 898-2795 Fax (803) 255-8210