CHPA

founded 1881

June 5, 2012

Anderson House Office Bldg.
124 N. Capitol
Lansing, MI 48933

Dear Chairman Gilbert,

On behalf of the Consumer Healthcare Products Association (CHPA), a trade group representing the leading manufacturers and distributors of non-prescription, over-the-counter (OTC) medicines and nutritional supplements, I am writing to commend the concept of HB 5678, which would exempt prescribed OTCs from sales tax, and encourage you to extend the exemption to all OTCs.

While HB 5678 takes a step in the right direction to exempt those OTCs bought with a prescription, the average American household currently spends approximately $185 on non-prescription OTCs per year while the average senior citizen spends $356 yearly.

OTCs provide an increasingly significant healthcare option for millions of Americans. Many workers, who are covered by employer-supported health insurance, now face higher co-payments with fewer benefits, and some providers refuse to cover a prescription drug if a safe, effective OTC is available.

OTCs not only treat the symptoms of common ailments but also help prevent a number of costly chronic conditions through products like smoking cessation programs. Smoking is estimated to cost our nation almost $100 billion dollars in excess medical and indirect costs from disability and lost earnings. Fortunately, safe and effective OTC treatments exist to help smokers quit, but the cost of full treatment can range up to $200-$350, so the savings realized from a sales tax exemption creates a significant incentive to take control of this behavior.

As a result of their important role in maintaining affordable healthcare, 10 states support access to OTCs by exempting them from sales tax. While HB 5678 as currently drafted would help a very small percentage of residents, by extending the exemption to all OTC medicines, the large majority of citizens who regularly buy OTC without a prescription would see significant savings.

Thank you for your careful consideration and for your continued service to the residents of the State of Michigan. I am more than happy to speak to you in greater detail about this issue. Please feel free to contact me at your convenience.

Best Regards,

Chelsea Crucitti
Associate Director, State Government Affairs
ccrucitti@chpa-info.org

Consumer Healthcare Products Association
900 19th Street, NW, Suite 700
Washington, DC 20006
T 202.429.9260 F 202.223.6835
www.chpa-info.org