American Cancer Society
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November 8, 2017

The Honorable Paul Ryan
Speaker
U. S. House of Representatives
Washington, D.C. 20515

The Honorable Nancy Pelosi,
Democratic Leader
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Kevin Brady
Chairman
Committee on Ways & Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Richard Neal
Ranking Member
Committee on Ways & Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Speaker Ryan, Leader Pelosi, Chairman Brady, and Representative Neal:

The American Cancer Society Cancer Action Network (ACS CAN) is the nonprofit, nonpartisan advocacy affiliate of the American Cancer Society. On behalf of more than 15 million cancer patients and survivors, I am writing to share our concerns about specific provisions of HR 1, the Tax Cuts and Jobs Act. These provisions could result in higher taxes for Americans who have experienced cancer and could discourage innovation by companies developing new therapies for cancer. Specifically, we are opposed to Section 1308 repealing the medical expense deduction, Section 3401 repealing the credit for clinical testing expenses for certain drugs for rare diseases or conditions (commonly called the Orphan Drug Tax Credit (ODTC)), and we have serious concerns about the negative impact increasing the standard deduction could have on charitable giving throughout the United States.

We are opposed to repeal of the medical expense deduction, which could raise taxes for many of the nearly 9 million taxpayers who currently take the deduction, including cancer patients and their families who often face substantial out-of-pocket medical expenses for their treatment. It stands to reason that beneficiaries of the medical expense deduction are individuals with serious and expensive illnesses, but it’s also important to note that a majority of these individuals are not wealthy. According to 2014 Internal Revenue Service data, half of those who claim the deduction have income of $50,000 or less and nearly three-quarters have income of $75,000 or less.

Cancer is one of the most expensive diseases to treat. Patients routinely face substantial out-of-pocket costs with deductibles and coinsurance, and they often must go out-of-network to specialized facilities or require expensive specialty drugs. A 2016 study in *Health Affairs* reported a survey of cancer survivors aged 18-64 in which approximately one-third went into debt as a result of their treatment, and of those, 55 percent incurred bills of $10,000 or more. On its face, ending the medical deduction seems gratuitous and would add to a financial toll for many families who already face serious medical problems.

We also oppose repeal of the Orphan Drug Tax Credit because it could have a significant negative impact on innovative cancer drug development. While cancer is generally thought to be a common disease, it has hundreds of variations and the corresponding therapies can be quite different, even for patients with the same disease, depending on their own genetic make-up. As a result, cancer drug development has become highly specialized. The majority of cancer drugs now qualify for orphan status at some point in their lifecycle. Between 2009 and 2017, 74 new therapeutic cancer drugs were approved, and 48 received orphan status for the initial indication. A 2015 joint patient-industry report evaluating the potential effect of eliminating the ODTC concluded that the long-term effect would be to decrease orphan drug development by one third.

Finally, we are concerned about the unintended negative charitable giving consequence of the approximate doubling of the standard deduction proposed in Section 1002 of the bill. A study by the Indiana University Lilly Family School of Philanthropy concluded that charitable giving would decline by about $13 billion annually, largely because of the move to double the standard deduction. Millions of taxpayers would lose the tax-savings incentive to give to charity. This would directly harm communities all over the country that rely on and benefit from charities that provide social and medical services that may not otherwise be available. We are mindful that Section 1306 would raise the cap from 50 percent to 60 percent of adjusted gross income for cash contributions that could be claimed by the small percent of filers who would continue to itemize, but that would not incentivize in any way non-itemizing taxpayers to give to charity.

Going forward, we would very much like to work with you as you as the tax reform debate continues, and we very much appreciate your consideration of our views.

Sincerelv.

Christopher W. Hansen
President