



Support Innovation and Patient Access to Medical Technology REPEAL THE MEDICAL DEVICE TAX

The medical device industry has given patients access to cutting edge, life-saving technologies, which have helped increase life expectancy while reducing the burden of chronic diseases. The medical device tax harms innovation, jobs, economic growth, and delays patient access to medical technology. The tax has been temporarily suspended until the end of the year. Congress must act NOW to permanently repeal it.

The Medical Device Tax

- 2.3% excise tax on the sale of medical devices
- Enacted as part of the Affordable Care Act (ACA)
- In effect in January 2013 and suspended in 2016 and 2017
- 270+ House and Senate legislators have cosponsored legislation to repeal the tax, both Republicans and Democrats

Real Impact of the Suspension of the Tax

Congress passed legislation to suspend the tax in 2016-2017. As a result:

- 70% of companies increased hiring
- 73% said the climate for raising capital and funding improved
- The average R&D budget was increased by 19%
- Employee benefits were augmented

Six Reasons to Repeal the Medical Device Tax

1 It delays patient access to medical technology

Similar excise taxes are levied by the federal government on products such as alcohol and tobacco to discourage their use. Medical devices save and improve lives.

2 It stifles innovation by taking financial resources away from R&D investments

When the tax was in place, 1/3 of companies reduced R&D spending. If the tax is repealed, 85% of companies would increase R&D investments by an average of 14%.

3 It costs jobs

Nearly 29,000 U.S. medical technology industry jobs were lost when the tax was in place. On the other hand, if the tax is repealed, 80% of companies would hire new employees in the U.S.

4 It slows economic growth

The medical device tax on average increases the effective tax rate for companies by 29% and is expected to cost manufacturers \$30 billion over 10 years. When the tax was in place, 3/4 of companies deferred or canceled capital investments and plans to open new facilities.

5 It hurts innovative start-ups

Because it is a tax on revenue, not profit, it is especially burdensome for small companies that are not yet profitable.

6 It is not being offset by increased demand for medical devices

Because the majority of device-intensive medical procedures are performed on patients that are older and already had private insurance or Medicare coverage, there has been no device industry "windfall" from the ACA.