



January 15, 2015

The Honorable Mitch McConnell
Majority Leader
United States Senate
S-230 The Capitol
Washington, DC 20510

The Honorable Harry Reid
Minority Leader
United States Senate
S-221 The Capitol
Washington, DC 20510

The Honorable John Boehner
Speaker
United States House of Representatives
H-232 The Capitol
Washington, DC 20515

The Honorable Nancy Pelosi
Minority Leader
United States House of Representatives
H-204 The Capitol
Washington, DC 20515

Dear Majority Leader McConnell, Speaker Boehner, Minority Leader Reid, and Minority Leader Pelosi:

Biocom represents the Southern California life science industry and leads advocacy efforts to positively influence the region's life science community in the development and delivery of innovative products. Biocom and its medical device member companies, dedicated to developing life-enhancing and life-saving technologies for patients in need, **are opposed to the medical device excise tax and urge you to take timely action to repeal it.**

Over the past decades, the American medical device industry has given patients access to cutting edge, life-saving technologies, from insulin pumps and heart valves to pacemakers and artificial limbs. Such products have helped increase life expectancy while reducing the burden of chronic diseases, which represent more than 70 percent of health care costs. Today, over 8,000 medical device manufacturers in the United States invest nearly \$10 billion in research and development (R&D) annually, and employ more than 420,000 Americans. In California, the medical device industry generates \$50 billion in economic activity annually and supports over 80,000 jobs.

As you know, the tax, which took effect in January 2013, is expected to cost medical device manufacturers \$30 billion over the next 10 years. Similar excise taxes are levied by the federal government on products such as alcohol and tobacco to discourage their use. In addition, the tax is assessed on revenue and, therefore, is particularly burdensome for innovative start-up companies, which are not yet profitable. Contrary to some assertions, the tax is not being offset by increased demand for medical devices as a result of health care reform because the majority of device-intensive medical procedures are performed on patients that are older and already had private insurance or Medicare coverage.

Since its implementation, the medical device tax has effectively stifled R&D investments and medical innovation, hampered economic growth and job creation, eroded U.S. global competitiveness and leadership, and jeopardized patient access to breakthrough devices and therapies. According to an industry survey¹, 14,000 industry jobs have been lost in the tax's first year, along with the forgone hiring of 19,000, resulting in a total direct industry employment impact of approximately 33,000 jobs. In addition, companies have had to reduce R&D investments and/or relocate or expand manufacturing outside of the U.S, as the result of the tax.

A repeal of the device tax has broad bipartisan support in both the House and the Senate. In the 113th Congress, the Senate voted overwhelmingly (79-20) to include the repeal of the tax in its budget, and the House passed the Protect Medical Innovation Act, legislation to repeal the tax, on two different occasions. On the first day of the 114th Congress, Representatives Erik Paulsen of Minnesota and Ron Kind of Wisconsin reintroduced the bill, H.R. 160, with 254 cosponsors.

Given the importance of this issue to the medical device community and the negative impact on medical innovation and the U.S. economy, we respectfully urge you to bring legislation repealing the medical device excise tax to a vote early in the 114th Congress. We appreciate your consideration of our views and stand ready to work with you to ensure that patients continue to have access to the most innovative technologies in the world.

Thank you for your consideration of our request.

ACON Laboratories, Inc.
Carlsbad

Cure Care, Inc.
San Marcos

AltheaDx, Inc.
San Diego

Dexcom, Inc.
San Diego

Astute Medical, Inc.
San Diego

Emerge Diagnostics, Inc.
San Diego

Biocept, Inc.
San Diego

Fallbrook Engineering, Inc.
Escondido

bioTheranostics, Inc.
San Diego

GenWay Biotech, Inc.
San Diego

CareFusion Corporation
San Diego

Ichor Medical Systems, Inc.
San Diego

CRISI Medical Systems, Inc.
San Diego

Interventional Spine, Inc.
Irvine

¹ Impact of the Medical Device Excise Tax – A Status Report from AdvaMed

Nanomedical Diagnostics, Inc.
San Diego

Sequenom, Inc.
San diego

NuVasive, Inc.
San Diego

Targeson, Inc.
San Diego

Organovo Holdings, Inc.
San Diego

Thermo Fisher Scientific, Inc.
Carlsbad

Qualigen, Inc.
Carlsbad

TherOx, Inc.
Irvine

ReVision Optics, Inc.
Lake Forest

Uptake Medical Corporation
Tustin