The Affordable Care Act imposed a new tax on medical devices in the United States beginning in 2013. At a critical time for the U.S. economy, the medical device tax harms global competitiveness. It also stunts medical innovation in one of the only American manufacturing sectors that is a net exporter.

According to an industry study, the nearly $30 billion tax on medical devices could result in the loss of up to 43,000 American jobs unless repealed.

In June, a repeal bill in the House of Representatives passed with a bipartisan vote of 270-146. Thirty-seven Democrats voted in favor of repeal. A companion bill has been introduced in the Senate. Repealing the tax will allow America’s medical device developers, who support two million jobs nationwide, to invest in innovation – creating jobs and maintaining America’s global leadership in new, lifesaving medical technology.

Please find enclosed the following materials to help you become more familiar with the medical device tax and its implications:

- Media Kit
- Talking Points
- Research Studies
- Letter to House Leadership

If you have any additional questions or for more information, please contact Leah Kegler, Vice President of Government Affairs, at 202-434-7209 or lkegler@advamed.org.
The tax on medical devices begins in 2013. If the tax is fully absorbed by the companies, it would raise the effective corporate tax rate for medical technology companies by nearly 50 percent to one of the highest in the world. It will harm patients and workers, likely result in the loss of tens of thousands of American jobs, reduce American competitiveness and innovation, and prevent patients from receiving the life-saving medical devices and care they need.

The economic effects of the medical device tax will cost jobs in every state, especially those that employ large numbers of people in medical technology. Wages for medical technology jobs are higher than the national average and total more than $3.5 billion. The tax will cost medical technology manufacturers nearly $30 billion. It must be repealed.

Medical technology innovation, including imaging, genetic mapping and new tools to fight chronic disease, are key to providing cutting edge, life-saving technology to patients. This new 2.3 percent tax hampers innovation and slows medical advancement at a time when our population is aging.

The tax is especially damaging to innovative start-up companies, because the tax is assessed on revenue, regardless of profit. Start-ups tend to suffer losses in their early years when they are pouring money into research and development, and trying to move a product to market.

Further, America stands to lose its global leadership in the development of medical technology. The tax harms economic growth in one of the only American manufacturing sectors that is a net exporter, exporting $5.4 billion more than it imports. But the U.S.’s lead has shrunk dramatically in the last decade. In 2008, the industry delivered $135.9 billion worth of innovative products to patients worldwide, and the U.S. accounts for 40 percent of the global medical technology market. The new tax threatens America’s competitive advantage worldwide. The tax hurts jobs. Repealing it will not hurt health care reform.

Many members of Congress are concerned about the medical device tax’s implications. Five bills seeking the repeal of the medical device tax have already been introduced. One bill, introduced by Minnesota Representative Erik Paulsen, passed in the House of Representatives with bipartisan support in June. A companion bill has also been introduced in the Senate by Utah Senator Orrin Hatch.

The New Medical Device Tax

The Affordable Care Act imposed a new tax on medical device sales in the United States beginning in 2013. The tax will harm U.S. global competitiveness and stunt medical innovation. The tax is estimated to total nearly $30 billion.

The new medical device tax applies to most products except items to be sold primarily to individuals at retail locations for personal use.

Unless repealed, a nearly $30 billion tax on medical devices could result in the loss of up to 43,000 American jobs.

For more information, please contact Wanda Moebius, Vice President, Policy Communications, 202-434-7240, or wmoebius@advamed.org
Why is there going to be a nearly $30 billion tax on medical devices?
In order to generate nearly $30 billion for the Affordable Care Act, medical technology companies will have to pay a 2.3 percent tax on U.S. sales beginning in 2013, regardless of whether a company generates a profit or a loss. The new tax is estimated to result in the loss of up to 43,000 American jobs, according to a recent industry study.

Who is paying for the tax?
The new tax will be paid by all medical technology and device companies whether they are making or losing money. The tax will be especially harmful to newer companies who tend to suffer losses in the early years of operation because of their investments in research and development on innovative, new products.

Will my healthcare costs go up?
The medical technology industry is highly competitive and costs for medical devices have risen less than overall medical inflation for the past two decades. The direct impact on consumers is not yet clear, but it is also important to note that an extremely wide range of medical devices are subject to the tax. The IRS has yet to release final rules on how the tax will be assessed.

What is a medical device?
Medical devices include a diverse mix of products ranging from bandages and wheelchairs to technologically sophisticated, complex implantable pacemakers and hip replacements. They also include high-tech medical equipment, products used for advanced diagnostic tests, CT scanners, MRIs, and laser surgery tools.

How do I know if an item is considered a medical device?
The IRS has yet to issue final rules for what will be subject to the tax. As it is generally understood, products sold to individuals at retail locations for personal use that are valued at $100 or less, are exempt from the tax.

Is there an alternative to the medical device tax?
The industry has the support of many members of Congress who recognize the harmful consequences to the economy and on innovation. As a result, Congress is currently exploring other means of financing the Affordable Care Act.

Will the tax force companies to cut workforces?
It already has. Stryker Corp., based in Michigan, has announced it is being forced to cut about 1,000 jobs because of the tax. As part of this cut, Gaymar Industries, an Orchard Park, NY-based company, which was bought by Stryker in 2010, will close by the end of 2012, eliminating 160 jobs. Furthermore, Cook Group, the nation’s largest family-owned medical device business, already had to cancel its plans to build one new factory a year in the U.S. The plant the company opened last year in Canton, Ill., cost about as much as one year’s worth of taxes under the new device tax. It is expected that more companies will have to announce cost-cutting measures.

What will happen to the development of new medical technology?
Innovative medical research and the discovery and development of new medical devices will likely be slowed, leading to a lag in the ability to bring about new device-based treatments and diagnostic techniques to patients who need them the most.

For more information, please contact Wanda Moebius, Vice President, Policy Communications, 202-434-7240, or wmoebius@advamed.org

AdvaMed member companies produce the medical devices, diagnostic products and health information systems that are transforming health care through earlier disease detection, less invasive procedures and more effective treatments. AdvaMed members range from the largest to the smallest medical technology innovators and companies.

For more information, visit http://www.advamed.org.
Taxing American Innovation
A nearly $30 billion tax on medical devices that begins in 2013 will harm U.S. global competitiveness, stunt medical innovation and result in the loss of up to 43,000 American jobs.

We must repeal the new medical device tax because:

- **ECONOMIC GROWTH** is crucial for continued job creation in the United States;
- **INNOVATION** is central to America’s future economic growth and to delivering new life-saving medical devices to patient;
- **GLOBAL COMPETITIVENESS** keeps jobs in America.

The ECONOMIC effects of the medical device tax will cost jobs in every state, especially those that employ large numbers of people in medical technology.

- Up to 43,000 U.S. jobs will be at risk after the tax goes into effect.
- Wages for medical technology jobs are higher than the national average and total more than $3.5 billion.
- The tax hurts jobs, repealing it will not hurt health care reform.
- Medical technology companies continue to support key elements of health care reform.

INNOVATION is the key to providing cutting edge, life-saving technology to patients.

- Between 1980 and 2000, new diagnostic and treatment tools increased life expectancy by more than 3 years.
- The new tax hampers innovation and slows medical advancement at a time when our population is aging.
- Innovation can help reduce the burden of chronic diseases, which represent more than 70 percent of health care costs.
- The tax is assessed on revenue, regardless of profit, so it especially threatens innovative start-up companies. Start-ups tend to suffer losses in their early years when they are pouring money into R&D.

America stands to lose its GLOBAL LEADERSHIP in the development of medical technology.

- The U.S. is a net exporter in medical devices, exporting $5.4 billion more than it imports. But our lead has shrunk dramatically in the last decade.
- U.S. tax rates are higher than competitor nations, and the R&D tax credit is less generous.
There have been a number of recent studies that outline the negative effects the device tax would have on jobs in the medical technology industry and the U.S economy overall. The implementation of this tax would hurt U.S. competitiveness and do nothing to support patient access to life-saving technologies. Key findings from these reports are summarized below.

“Employment Effects of the New Excise Tax on the Medical Device Industry”

Diana Furchtgott-Roth, a senior fellow at the Hudson Institute, found that if implemented, the medical device tax could result in the loss of tens of thousands of jobs, almost double the industry’s total taxes, raise the effective tax rate to among the highest in the world, and harm U.S. competiveness. The study identified the following conclusions as a result of the implementation of the device tax:

- U.S. industry employment and employment compensation could decline. Based on reasonable assumptions, the study estimates the loss of up to 43,000 jobs in the medical device industry;
- The economic effects of the tax likely would be seen in every state, especially harming states that employ large numbers in the medical device industry;
- Innovation could be stifled, as the new tax must be paid by companies regardless of net income; and
- The cost of medical devices would increase for health care providers and consumers. (09/07/11)

“The Economic Impact of the U.S. Advanced Medical Technology Industry”

This Battelle study demonstrates that the advanced medical technology industry has large-scale positive effects on the U.S. economy. According to the study, the industry “is among the signature industries for the U.S. and stands among a select group of ideal industries,” generating large numbers of jobs; making significant contributions to the U.S.’s economic output; being R&D driven, innovative and technologically sophisticated; and producing a product in demand across the globe.

- A significant negative change to the industry’s operating environment stemming from changes in the business environment, such as a new tax or other changes, could cost tens of thousands of jobs, lead to large personal income losses and significantly reduce output for the American economy.
- The study models different scenarios, or “economic events,” whereby the industry’s operating environment is affected. An example of such an event includes the new $20 billion tax on medical device sales in the U.S. beginning in 2013.
- The study estimates that an economic event resulting in a $3 billion decline in the industry’s direct output would cause the loss of nearly 39,000 advanced medical technology industry jobs and the loss of more than $8 billion in economic output.
- According to congressional estimators (Joint Tax Committee), the medical device tax will result in a loss of revenue of at least $20 billion for the medical device industry over the next seven years. (03/26/12)
Benjamin Zycher, Pacific Research Institute

PRI senior fellow Benjamin Zycher concludes in his report, “Obamacare’s Tax on Medical Devices: Cuts R&D by $2 Billion a Year,” that the device tax should be repealed due to the inevitable reduction in research and development funding that will result from its implementation.

- Incentives to invest in the R&D of new medical technologies are driven by perceived returns, so the excise tax can be predicted to reduce such investment.
- A baseline estimate of the adverse investment effect is about 10 percent a year through 2020, or approximately $2 billion each year. (05/12)

“The Job-Killing Medical Device Tax” - National Center for Policy Analysis

The NCPA’s device tax issue brief analyzes a number of studies, reports and white papers to show why Congress should repeal the medical device tax. It shows that the implementation of the tax would reduce the number of well-playing manufacturing jobs while making a relatively small impact on overall tax revenue.

- The tax is applicable to all medical technology firms regardless of profits, so firms with thin-to-no profit margins are likely to suffer the most.
- Some firms have already begun layoffs in preparation for the implementation of the device tax.
- The tax could increase the cost of health care, as providers, hospitals and patients are likely to bear most of the increased cost associated with the tax. (02/12)

“Taking Action for America: A CEO Plan for Jobs and Economic Growth”

The Business Roundtable, an association of CEOs of leading U.S. companies, wrote this report to identify the challenges American companies face in recovering from the economic downturn and to outline a plan that will increase business investment, economic growth and American competitiveness. Under its section on pending regulations that threaten investment, jobs and growth, the report specifically calls out the medical device tax as one that is unnecessary and should be eliminated. The report calls for the following steps to maintain American leadership:

- Sound fiscal policies – Achieve a balanced budget to stabilize and reduce federal debt relative to the economy’s overall size.
- Smarter regulations – Work toward a more focused regulatory process, promote early engagement with industry and allow the public to track progress for increased transparency.
- Competitive taxation – Adopt a more competitive corporate tax rate, as well as a tax system that puts the U.S. on a level playing field with the rest of the world. (03/07/12)


This Heritage blog post, “Side Effects: Obamacare Tax Will Kill Jobs, Strangle Medical Device Industry,” examines the detrimental effects of the medical device tax, including a

NOTE: The reports are hyperlinked.
decrease in jobs and stunted innovation. It also describes challenges manufacturers will face in supplying medical devices at an affordable price. The post cites the National Center for Policy Analysis, AdvaMed President and CEO Stephen Ubl and Sen. Orrin Hatch (R-Utah). (02/14/12)
“State Economic Impact of the Medical Technology Industry”
By The Lewin Group

Key findings:

- In 2008, the medical technology industry:
  - Employed 422,778 workers;
  - Generated $24.6 billion in payroll;
  - Paid salaries of 40% more than the national average ($58,000 vs. $42,000); and
  - Sold $135.9 billion worth of products.

- “Multiplier” effect of medical technology industry on economies of individual states: on average, within each state:
  - Each medical technology job generates an additional 1.5 jobs;
  - Each medical technology payroll dollar generates an additional $0.90 in payroll; and
  - Each dollar of medical technology sales generates an additional $0.90 in sales.

Longer-term growth:

- From 2005 to 2008:
  - Total medical technology jobs increased 12.5% (375,961 to 422,778)
  - Total medical technology payroll increased 11.4% ($22.1 billion to $24.6 billion)
  - Total U.S. product sales increased 11.6% ($121.8 billion to $135.9 billion)

Medical technology industry withstood the recession better than overall U.S. manufacturing:

- From 2007 to 2008:
  - Total U.S. manufacturing employment decreased by 4.8%
  - Medical technology employment decreased only 1.1%
  - Total U.S. manufacturing payroll decreased 1.4%
  - Medical technology payroll decreased only 0.7%
  - Total U.S. product sales increased 2.8%
  - Medical technology sales increased 3.0%
### Exhibit 9: Average Employee Earnings and MTI Average Employee Earnings by State, 2007

<table>
<thead>
<tr>
<th>State</th>
<th>Average Earnings</th>
<th>MTI Average Earnings</th>
<th>Percent Premium</th>
<th>State</th>
<th>Average Earnings</th>
<th>MTI Average Earnings</th>
<th>Percent Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>$ 41,680</td>
<td>$ 58,188</td>
<td>39.6%</td>
<td>Missouri</td>
<td>37,141</td>
<td>42,804</td>
<td>15.2%</td>
</tr>
<tr>
<td>Alabama</td>
<td>33,818</td>
<td>38,016</td>
<td>12.4%</td>
<td>Montana</td>
<td>30,091</td>
<td>37,610</td>
<td>25.0%</td>
</tr>
<tr>
<td>Alaska</td>
<td>46,605</td>
<td>39,937</td>
<td>-14.3%</td>
<td>Nebraska</td>
<td>34,214</td>
<td>43,528</td>
<td>27.2%</td>
</tr>
<tr>
<td>Arizona</td>
<td>37,768</td>
<td>58,908</td>
<td>56.0%</td>
<td>New Hampshire</td>
<td>39,760</td>
<td>52,153</td>
<td>31.2%</td>
</tr>
<tr>
<td>Arkansas</td>
<td>32,332</td>
<td>34,481</td>
<td>6.6%</td>
<td>New Jersey</td>
<td>50,295</td>
<td>69,051</td>
<td>37.3%</td>
</tr>
<tr>
<td>California</td>
<td>47,481</td>
<td>62,547</td>
<td>31.7%</td>
<td>New Mexico</td>
<td>34,086</td>
<td>36,829</td>
<td>8.0%</td>
</tr>
<tr>
<td>Colorado</td>
<td>42,295</td>
<td>57,990</td>
<td>37.1%</td>
<td>New York</td>
<td>56,983</td>
<td>46,507</td>
<td>-18.4%</td>
</tr>
<tr>
<td>Connecticut</td>
<td>52,922</td>
<td>51,666</td>
<td>-2.4%</td>
<td>North Carolina</td>
<td>36,793</td>
<td>50,638</td>
<td>37.6%</td>
</tr>
<tr>
<td>DC</td>
<td>63,369</td>
<td>55,723</td>
<td>-12.1%</td>
<td>North Dakota</td>
<td>31,112</td>
<td>31,118</td>
<td>0.0%</td>
</tr>
<tr>
<td>Delaware</td>
<td>46,951</td>
<td>51,152</td>
<td>8.9%</td>
<td>Ohio</td>
<td>37,848</td>
<td>42,689</td>
<td>12.8%</td>
</tr>
<tr>
<td>Florida</td>
<td>36,029</td>
<td>53,287</td>
<td>47.9%</td>
<td>Oklahoma</td>
<td>34,107</td>
<td>39,143</td>
<td>14.8%</td>
</tr>
<tr>
<td>Georgia</td>
<td>38,953</td>
<td>46,089</td>
<td>18.3%</td>
<td>Oregon</td>
<td>37,923</td>
<td>48,984</td>
<td>29.2%</td>
</tr>
<tr>
<td>Hawaii</td>
<td>35,268</td>
<td>35,629</td>
<td>1.0%</td>
<td>Pennsylvania</td>
<td>40,041</td>
<td>50,213</td>
<td>25.4%</td>
</tr>
<tr>
<td>Idaho</td>
<td>32,216</td>
<td>31,373</td>
<td>-2.6%</td>
<td>Rhode Island</td>
<td>38,464</td>
<td>42,778</td>
<td>11.2%</td>
</tr>
<tr>
<td>Illinois</td>
<td>45,061</td>
<td>49,842</td>
<td>10.6%</td>
<td>South Carolina</td>
<td>32,683</td>
<td>40,739</td>
<td>24.7%</td>
</tr>
<tr>
<td>Indiana</td>
<td>35,800</td>
<td>50,714</td>
<td>41.7%</td>
<td>South Dakota</td>
<td>30,726</td>
<td>55,723</td>
<td>81.4%</td>
</tr>
<tr>
<td>Iowa</td>
<td>33,310</td>
<td>38,756</td>
<td>16.4%</td>
<td>Tennessee</td>
<td>36,391</td>
<td>51,271</td>
<td>40.9%</td>
</tr>
<tr>
<td>Kansas</td>
<td>35,945</td>
<td>38,934</td>
<td>8.3%</td>
<td>Texas</td>
<td>41,260</td>
<td>48,234</td>
<td>16.9%</td>
</tr>
<tr>
<td>Kentucky</td>
<td>33,801</td>
<td>37,391</td>
<td>10.6%</td>
<td>Utah</td>
<td>35,119</td>
<td>50,403</td>
<td>43.5%</td>
</tr>
<tr>
<td>Louisiana</td>
<td>35,956</td>
<td>33,482</td>
<td>-6.9%</td>
<td>Utah</td>
<td>35,119</td>
<td>50,403</td>
<td>43.5%</td>
</tr>
<tr>
<td>Maine</td>
<td>33,842</td>
<td>42,379</td>
<td>25.2%</td>
<td>Vermont</td>
<td>32,906</td>
<td>37,528</td>
<td>14.0%</td>
</tr>
<tr>
<td>Maryland</td>
<td>44,421</td>
<td>58,843</td>
<td>32.5%</td>
<td>Virginia</td>
<td>42,639</td>
<td>42,081</td>
<td>-1.3%</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>51,151</td>
<td>66,787</td>
<td>30.6%</td>
<td>Washington</td>
<td>44,893</td>
<td>60,346</td>
<td>34.4%</td>
</tr>
<tr>
<td>Michigan</td>
<td>40,935</td>
<td>50,022</td>
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<td>West Virginia</td>
<td>31,081</td>
<td>39,567</td>
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</tr>
<tr>
<td>Minnesota</td>
<td>42,428</td>
<td>63,567</td>
<td>49.8%</td>
<td>Wisconsin</td>
<td>37,293</td>
<td>62,383</td>
<td>67.3%</td>
</tr>
<tr>
<td>Mississippi</td>
<td>30,353</td>
<td>45,384</td>
<td>49.5%</td>
<td>Wyoming</td>
<td>37,855</td>
<td>55,723</td>
<td>47.2%</td>
</tr>
</tbody>
</table>

13 Data shown is the average annual earnings per employee of MTI establishments relative to the average annual earnings of all private establishments in each state (as reported in the 2007 County Business Patterns Survey).
### Appendix B: Change in Employment by State, 2005 to 2007

<table>
<thead>
<tr>
<th>State</th>
<th>Employment 2005</th>
<th>Employment 2007</th>
<th>% Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sum of States</td>
<td>357,670</td>
<td>430,673</td>
<td>20.4%</td>
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<tr>
<td>Alabama</td>
<td>2,328</td>
<td>2,287</td>
<td>-1.8%</td>
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<tr>
<td>Alaska</td>
<td>43</td>
<td>147</td>
<td>242.0%</td>
</tr>
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<td>Arizona</td>
<td>4,506</td>
<td>7,168</td>
<td>59.1%</td>
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<tr>
<td>Arkansas</td>
<td>2,236</td>
<td>2,610</td>
<td>16.7%</td>
</tr>
<tr>
<td>California</td>
<td>72,485</td>
<td>83,999</td>
<td>15.9%</td>
</tr>
<tr>
<td>Colorado</td>
<td>7,969</td>
<td>9,169</td>
<td>15.0%</td>
</tr>
<tr>
<td>Connecticut</td>
<td>7,638</td>
<td>7,576</td>
<td>-0.8%</td>
</tr>
<tr>
<td>Delaware</td>
<td>3,067</td>
<td>3,136</td>
<td>2.2%</td>
</tr>
<tr>
<td>District of Columbia</td>
<td>34</td>
<td>60</td>
<td>73.7%</td>
</tr>
<tr>
<td>Florida</td>
<td>19,949</td>
<td>21,668</td>
<td>8.6%</td>
</tr>
<tr>
<td>Georgia</td>
<td>6,801</td>
<td>6,741</td>
<td>-0.9%</td>
</tr>
<tr>
<td>Hawaii</td>
<td>76</td>
<td>320</td>
<td>320.9%</td>
</tr>
<tr>
<td>Idaho</td>
<td>451</td>
<td>735</td>
<td>62.9%</td>
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<td>9,967</td>
<td>11,919</td>
<td>19.6%</td>
</tr>
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<td>Indiana</td>
<td>15,548</td>
<td>19,950</td>
<td>28.3%</td>
</tr>
<tr>
<td>Iowa</td>
<td>1,107</td>
<td>1,953</td>
<td>76.3%</td>
</tr>
<tr>
<td>Kansas</td>
<td>1,254</td>
<td>2,466</td>
<td>96.6%</td>
</tr>
<tr>
<td>Kentucky</td>
<td>1,516</td>
<td>2,007</td>
<td>32.4%</td>
</tr>
<tr>
<td>Louisiana</td>
<td>372</td>
<td>798</td>
<td>114.5%</td>
</tr>
<tr>
<td>Maine</td>
<td>2,048</td>
<td>1,724</td>
<td>-15.8%</td>
</tr>
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<td>Maryland</td>
<td>3,867</td>
<td>4,900</td>
<td>26.7%</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>21,847</td>
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<td>9.4%</td>
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<td>6,089</td>
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<td>53.6%</td>
</tr>
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<td>Minnesota</td>
<td>18,571</td>
<td>26,862</td>
<td>44.6%</td>
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<tr>
<td>Mississippi</td>
<td>771</td>
<td>921</td>
<td>19.4%</td>
</tr>
<tr>
<td>Missouri</td>
<td>4,043</td>
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<td>41.0%</td>
</tr>
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<td>Montana</td>
<td>266</td>
<td>400</td>
<td>50.4%</td>
</tr>
<tr>
<td>Nebraska</td>
<td>4,651</td>
<td>4,784</td>
<td>2.8%</td>
</tr>
<tr>
<td>Nevada</td>
<td>295</td>
<td>1,097</td>
<td>272.4%</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>3,298</td>
<td>3,795</td>
<td>15.1%</td>
</tr>
<tr>
<td>New Jersey</td>
<td>17,953</td>
<td>20,496</td>
<td>14.2%</td>
</tr>
<tr>
<td>New Mexico</td>
<td>989</td>
<td>1,152</td>
<td>16.5%</td>
</tr>
<tr>
<td>New York</td>
<td>16,607</td>
<td>19,645</td>
<td>18.3%</td>
</tr>
<tr>
<td>North Carolina</td>
<td>7,804</td>
<td>8,407</td>
<td>7.7%</td>
</tr>
<tr>
<td>North Dakota</td>
<td>108</td>
<td>211</td>
<td>94.9%</td>
</tr>
<tr>
<td>Ohio</td>
<td>12,820</td>
<td>12,383</td>
<td>-3.4%</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>983</td>
<td>1,430</td>
<td>45.4%</td>
</tr>
<tr>
<td>Oregon</td>
<td>3,927</td>
<td>4,746</td>
<td>20.9%</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>17,482</td>
<td>22,233</td>
<td>27.2%</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>1,358</td>
<td>1,933</td>
<td>42.3%</td>
</tr>
<tr>
<td>South Carolina</td>
<td>3,702</td>
<td>4,281</td>
<td>15.6%</td>
</tr>
<tr>
<td>South Dakota</td>
<td>1,767</td>
<td>1,064</td>
<td>-39.8%</td>
</tr>
<tr>
<td>Tennessee</td>
<td>5,820</td>
<td>8,349</td>
<td>43.4%</td>
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<tr>
<td>Texas</td>
<td>14,253</td>
<td>16,560</td>
<td>16.2%</td>
</tr>
<tr>
<td>Utah</td>
<td>8,894</td>
<td>10,272</td>
<td>15.5%</td>
</tr>
<tr>
<td>Vermont</td>
<td>199</td>
<td>397</td>
<td>99.5%</td>
</tr>
<tr>
<td>Virginia</td>
<td>2,934</td>
<td>4,700</td>
<td>60.2%</td>
</tr>
<tr>
<td>Washington</td>
<td>7,131</td>
<td>8,718</td>
<td>22.3%</td>
</tr>
<tr>
<td>West Virginia</td>
<td>806</td>
<td>1,104</td>
<td>36.9%</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>8,805</td>
<td>14,381</td>
<td>63.3%</td>
</tr>
<tr>
<td>Wyoming</td>
<td>236</td>
<td>69</td>
<td>-70.7%</td>
</tr>
</tbody>
</table>

The comparison years are those presented in the 2007 and current (2010) economic analyses performed by the Lewin Group.
June 6, 2012

The Honorable John Boehner  
Speaker of the House  
U.S. House of Representatives

The Honorable Nancy Pelosi  
Minority Leader  
U.S. House of Representatives

The Honorable Eric Cantor  
Majority Leader  
U.S. House of Representatives

The Honorable Steny Hoyer  
Minority Whip  
U.S. House of Representatives

The Honorable Kevin McCarthy  
Majority Whip  
U.S. House of Representatives

The Honorable James Clyburn  
Assistant Minority Leader  
U.S. House of Representatives

Dear Speaker Boehner, Majority Leader Cantor, Majority Whip McCarthy, Minority Leader Pelosi, Minority Whip Hoyer and Assistant Minority Leader Clyburn:

As Congress explores policies to grow the economy, encourage job creation and innovation, we respectfully request that you add the repeal of the medical device excise tax to your list of priorities of legislation that should be acted on this year. We continue to believe that implementation of what was to be a $20 billion excise tax – and is now estimated to collect over $30 billion in taxes – will adversely impact patient care and innovation, and will substantially increase the costs of health care. On behalf of the more than 700 undersigned organizations, associations, companies, patients, providers and venture capital firms representing hundreds of thousands medical technology jobs, we ask that you bring the device repeal legislation, which has the support of more than 239 Members, to a vote.

As you know, the medical device industry is a unique American success story – both for patients and our economy. The United States is the world leader in manufacturing life-saving and life-enhancing treatments, and the industry is an important engine for economic growth. The industry employs more than 400,000 workers nationwide; generates approximately $25 billion in payroll; pays out salaries that are 40 percent more than the national average ($58,000 vs. $42,000); and invests nearly $10 billion in research and development (R&D) annually. The industry is fueled by innovative companies, the majority of which are small businesses with 80 percent of companies having less than 50 employees and 98 percent with less than 500 employees.

Unfortunately, beginning in 2013, the health care law will impose over $30 billion in new excise taxes on medical technology companies that will stifle innovation and U.S. competitiveness. Despite the 2013 implementation date, the tax is already having an adverse impact on R&D investment and job creation, jeopardizing the U.S. global leadership position in medical device innovation. If this tax is not repealed, it will continue to force affected companies to consider cutting manufacturing operations, research and development, and employment levels to recoup the lost earnings due to the tax. It will also adversely impact patient access to new and innovative medical technologies.
In short, this tax on innovation should be repealed for the following three important reasons:

- The tax will stifle innovation and cost thousands of high-paying jobs. It will increase the effective tax rate for many medical technology companies, thereby reducing financial resources that should be used for R&D, clinical trials and investments in manufacturing. The impact will be especially hard on smaller companies whose innovations are not immediately profitable.

- The tax will increase health care costs as confirmed by a report issued in April 2010 by the Office of the Actuary at the Centers for Medicare and Medicaid Services (CMS). In some cases, the 2.3% tax will be passed on to consumers, leading to higher health care costs.

- The tax will not be offset by increased demand for medical devices. In fact, it is important to note that there is no evidence suggesting a device industry "windfall" from healthcare reform. Unlike other industries that may benefit from expanded coverage, the majority of device-intensive medical procedures are performed on patients that are older and already have private insurance or Medicare coverage. Where states have dramatically extended health coverage, such as in Massachusetts where they added 400,000 new covered lives, there is no evidence of a device “windfall.”

At a time when the federal government is working to promote investment in U.S. industries of the future, it is inconsistent that a tax of this magnitude would be considered on the medical device industry. We must do all we can to encourage and promote research, development, investment and innovation. Instead, increased taxes, such as this one on the medical device industry, coupled with the increased regulatory uncertainty the industry also faces, will lead to further job losses, hinder the development of breakthrough treatments and delay patient access to medical technology.

We respectfully request timely action on legislation to repeal this over $30 billion excise tax.

Academy of General Dentistry
Advanced Medical Technology Association
America’s Blood Centers
American Academy of Facial Plastic & Reconstructive Surgery
American Academy of Pediatric Dentistry
American Association of Endodontists
American Association of Neurological Surgeons
American Association of Oral and Maxillofacial Surgeons
American Association of Orthodontists
American Dental Association
American Society of Cataract and Refractive Surgery
American Society of Dentist
Anesthesiologists
American Medical Systems
Arizona BioIndustry Association
BayBio
BEACON (Biomedical Engineering Alliance & Consortium)
BIOCOM
BioFlorida
BIOForward
BioHouston
BioOhio
California Healthcare Institute (CHI)
Colorado Bioscience Association
Columbus Chamber of Commerce
CONNECT
Dental Trade Alliance (DTA)
Florida Medical Manufacturers’ Consortium, Inc.
HealthCare Institute of New Jersey
Health Industry Distributors Association (HIDA)
Illinois Biotechnology Industry Organization—iBIO
Indiana Health Industry Forum
Indiana Medical Device Manufacturers Council
Irvine Chamber of Commerce
Life Science Tennessee
MassBio
Massachusetts Medical Device Industry Council
MedIC
Medical Device Manufacturers Association

Medical Imaging & Technology Alliance
MichBio
National Association of Manufacturers (NAM)
National Federation of Independent Business
National Venture Capital Association
New Jersey Life Sciences Vendors Alliance
North Carolina Biosciences Organization
OCTANe
Ohio Chamber of Commerce
Ohio Manufacturers' Association
Orange County Business Council
Oregon Bioscience Association
Orthodontic Manufacturers Association
Pennsylvania Bio
Pittsburgh Life Sciences Greenhouse
Pittsburgh Technology Council
Southeastern Medical Device Association
Southern California Biomedical Council (SoCalBio)
U.S. Chamber of Commerce
Utah Technology Council
Virginia Biotechnology Association
Washington Biotechnology & Biomedical Association

3C Spine, Inc.
3M Healthcare
Abaxis
Abbey Moor Medical
Abiomed, Inc.
Acacia Research Corporation
AccessClosure
Accuitive Medical Ventures
Accuray Incorporated
ActivaTek Inc.
Active Implants
Acumen Healthcare Solutions, LLC
Adept-Med International, Inc.
Adhezion Biomedical, LLC
Adroit Medical
Advanced BioHealing, A Shire Company
Advanced Bionics
Advanced Circulatory Systems, Inc.
Advanced Technology Ventures

AdvanDx
Aerocrine, Inc.
Aesculap, Inc.
AestheTec, Inc.
Aethlon Medical, Inc.
AFC Tool
Affinity Capital
Albright Technologies
Alcon Labs
Aleeva Medical Inc.
Allegro Diagnostics Corp.
Align Technology, Inc.
Allegro Diagnostics
Allergan
Allvivo Vascular, Inc.
ALPCO Diagnostics
Alphatec Spine, Inc.
Alta Partners
ALung Technologies, Inc.
Ambu, Inc.
Amedica
Analogic Corp
Andersen Products
Angel Medical Systems
Angeion Corp
AngioDynamics
AngioScore Inc.
Anulex Technologies, Inc.
AOTI Inc.
Apnex Medical, Inc.
Apollo Endosurgery
Applied Research & Photonics, Inc.
Aqueous Biomedical, Inc.
AqueSys, Inc.
ARC Medical, Inc.
Ardiem Medical, Inc.
Argenta Advisors
ARIBEX, Inc.
ARKRAY
Arteriocyte
ARTHROSURFACE, INCORPORATED
Asante Solutions, Inc.
Aso LLC
Aspen Medical Products
Astute Medical
AtCor Medical Holdings, Ltd.
ATEK Medical
Avedro
Ativa Medical
Atlas Spine, Inc.
AtriCure, Inc.
Atrium Medical Corporation
Aurident, Inc.
Autonomic Technologies, Inc
Auxogyn, Inc.
Avinger
Axiom Medical, Inc.
AxoGen, Inc.
B. Braun Medical, Inc.
Banyan Biomarkers
BAROnova, Inc.
BaroSense, Inc
BÂRRX Medical, Inc.
Baxano
Beaver Visitec
Belmont Instrument Corporation
BeneChill, Inc.
Benvenue Medical, Inc.
Berman Medical
BioBDx
BioCardia, Inc.
BioCare Systems, Inc.
Bioconnect Systems, Inc.
BioDerm, Inc.
BioElectronics
BioMedical Life Systems
BioMedix.
Biomimedica
bioMerieux, Inc.
BioMimetic Therapeutics, Inc.
Biomerix Corporation
Biomet, Inc.
Biophan Technologies, Inc.
BIOSAFE, Inc.
Bioscale
BioSculpture Technology, Inc.
BioSET, Inc.
Biotest Laboratories, Inc.
Birchwood Laboratories Inc.
Boston Healthcare Associates, Inc.
Boston Scientific Corporation
Botanical Laboratories
Breathe Technologies
BridgePoint Medical
BTE Technologies, Inc.
Busse Hospital Disposables
C.R. Bard, Inc.
Cablocho Aesthetics, Inc.
Caldera Medical, Inc.
Calibra Medical, Inc.
Cape Cod, Inc.
Calypso Medical
Canaan Partners
Cannuflow Inc.
Cantel Medical Corp.
Cantimer, Inc.
Carbylan Biosurgery, Inc.
Cardia Access
Cardiac Dimensions, Inc.
Cardiac Science
CardiacAssist, Inc.
Cardinal Detecto
Cardinal Health
CardioNexus Corporation
CardioMEMS, Inc.
Cardiovascular Systems, Inc.
CareFusion Corporation
CarrierCOM
Carrot Medical
Carticept Medical, Inc.
Case Medical, Inc.
Catheter Connections
Cayenne Medical
CBSA
CEA Technologies, Inc.
Celleration
Cellestis Inc.
CeQur
Checkpoint Surgical
CHF Solutions, Inc.
Christcot Medical Company
Cianna medical
Circadiance
City Hill Ventures, LLC
Clarity Medical Systems, Inc.
Claro Scientific, LLC
Clarus Medical, LLC
Cleveland Medical Devices Inc.
Clinical Research Consultants, Inc.
CoAxia, Inc.
Cochlear
Coherex Medical
COMPASS International Innovations
Compression Therapy Concepts
Conceptus
Concert Medical
Congress of Neurological Surgeons
ConMed Linvatec
ConvaTec Inc.
Cook Medical
Corgenix Medical Corporation
Cormatrix
Corindus Vascular Robotics
Corinthian Ophthalmic, Inc.
Corventis, Inc.
Covalent Medical, Inc.
Corventis, Inc.
Covidien
Creatv MicroTech, Inc.
Critical Diagnostics
Crux Biomedical
Curexo Technology Corporation
Curo Medical, Inc.
CV Ingenuity
CVRx Inc.
CyberHeart
Cyberonics
Cynosure
CytoMedical Design Group LLC
Cytopherx
Cytori Therapeutics, Inc.
CytoSorbents Corporation
D&D Medical, Inc.
D&R Products
dataCon Inc.
DataPhysics Research, Inc.
DaVinci Biomedical Research Prod., Inc.
De Novo Ventures
Denterprise International, Inc.
Delcath Systems, Inc.
Design Mentor
Devicix
DFine, Inc.
DGN Medical
Digirad
Direct Flow Medical
Disposable Instrument Co., Inc.
Domain Associates, L.L.C.
Drexler Medical
Dynatronics
E. Benson Hood Laboratories, Inc.
eCardio Diagnostics
Echo Therapeutics
Edwards Lifesciences
EKOS Corporation
Ellipse Technologies, Inc.
Ellman International
Emergent Medical Partners
Emerson Consultants, Inc.
Endo Health Solutions, Inc.
Endo-Therapeutics, Inc.
EndoChoice, Inc.
EndoGastric Solutions
EndoShape, Inc.
eNeura Therapeutics
Entellus Medical
Enteromedics, Inc.
EPIC Research & Diagnostics
Erchonia Corp.
Essex Woodlands
eVent Medical
Evergreen Medical Technologies
Exactech
Experien Group
ExploraMed Development, LLC
FAST Diagnostics
FTSI
FemCap Inc.
Ferris Mfg. Corp.
Figure 8 Surgical
Flexicaith, Inc.
Flexuspine, Inc.
FloCel Inc.
ForSight Labs
Fortimedix USA, Inc.
Fresenius Medical Care NA
Freshmedx
FUJIFILM Medical Systems USA, Inc.
Fujirebio Diagnostics, Inc.
Galil Medical
Galt Medical
Gambro
GE Healthcare
Gen-Probe Incorporated
GENICON
Gentis Inc.
GI Dynamics, Inc.
Globe Composite Solutions, Ltd.
Globus Medical
GluMetrics
Greatbatch Medical
Great Lakes NeuroTechnologies Inc.
Ground Zero Pharmaceuticals
GT Urological, LLC
Haemonetics Corp.
HALT Medical, Inc.
Healthpoint Biotherapeutics
HealthpointCapital
HeartFlow
HeartWare International, Inc.
Heidelberg Engineering
HEMERUS
Hemosphere
Hill-Rom
HITACHI MEDICAL SYSTEMS AMERICA, INC.
Hospira Inc
Hotspur Technologies, Inc.
Hull Associates
Hycoor Biomedical, Inc.
Hydrocision
ICAP Patent Brokerage
Ichor Medical Systems
ICONACY Orthopedic Implants, LLC
IKARIA
IlluminOss Medical, Inc.
ImaCor
Imalux Corporation
IMARC Research
ImpediMed
Impliant, Inc.
ImThera Medical, Inc.
InaVein, LLC
Incline Therapeutics
InfoBionic
Infaredx, Inc.
InfraScan, Inc.
InjectiMed, Inc.
Innovative Pulmonary Solutions, Inc.
Innovative Surgical Designs, Inc.
Innovative Trauma Care Inc
Innovent Medical Solutions, Ltd.
Insulet Corporation
International Franchise Association
International Medical Industries, Inc.
Innovent Medical Solutions, Ltd.
Inogen
Insight Medical
InSite Medical Technologies
Instratek, Inc.
Insurgical LLC
International Sterilization Laboratory LLC
InterValve, Inc.
Interventional Autonomics Corporation
IntraPace
IntriCon
Intrinsic Therapeutics
Intuities Medical, Inc
Ionix Medical, Inc.
iRhythm Technologies, Inc.
ISTO Technologies, Inc.
Ivantis, Inc.
Ivera Medical Corporation
Ivivi Health Sciences LLC
J.H. Garver Consulting, LLC
Jabil
Jack Saladow & Associates
Kalypto Medical
KCI
Kensey Nash Corporation
KFx Medical Corporation
Kimberly-Clark Corporation
KRONUS, Inc.
Kspine, Inc.
LAAx, Inc.
Laser Peripherals, LLC
LeukoDx Ltd.
LFI Medical
Life Core Technologies
Lifecore Biomedical, LLC
LifeScience Alley
LifeWave
Life Technologies
Linde Healthcare
LipoScience, Inc.
LogicMark, LLC
Lutonix, Inc.
Mack Medical
MacuCLEAR, Inc.
Magellan Technologies, Inc.
Magnolia Medical Technologies, Inc.
Mardil Medical, Inc.
Masimo
MBL International Corporation
MB Venture Partners, LLC
Medafor, Inc.
Medenovo, LLC
Medigroup, Inc.
MedDx Capital Advisors
Medical Device Consultants, Inc.
Medical innovations Intl. inc.
Mediclever
MediStim USA, Inc.
MedOne Surgical, Inc.
Medrobiotics Corporation
MedShape
MedTech
Mercury Medical
Merit Medical Systems, Inc.
Metric Medical Devices, Inc.
Micardia Corporation
Micell Technologies
Microline Surgical, Inc.
MicroTransponder Inc.
Midmark Corporation
Millar Instruments, Inc.
MIM Software Inc.
Minerva Medical
Minnetronix
Mirador Biomedical
Miramar Labs
Molecular Detection, Inc.
Monebo TEchnologies, Inc.
Moog Medical Devices
Morgenthaler Ventures
Morris Innovative
Mound Laser & Photonics Center
Moximed
MPM Capital
MPR Product Development
MyoCardioCare, Inc.
Myomo, Inc.
MyoScience
nanoMR
Nanostim
NaviMed Capital
Naviscan, Inc.
NDH Medical
Nelson Laboratories, Inc.
Neocure
Neodyne Biosciences
Neomend, Inc.
NeoMetrics, Inc.
NeoTract, Inc.
Neovista Inc.
Neuro-Fitness LLC
Rhythmlink International, LLC
Rinovum Women’s Health, Inc.
RITM America
Robomedica, Inc.
RODO Medical, Inc.
RoundTable Healthcare Partners
ROX Medical
RxFunction, Inc.
Saladax Biomedical, Inc.
Sanofi
SandBox Medical LLC
Scientific Imaginetics
SDRS LLC
Second Sight Medical Products, Inc.
Sensible
Sequent Medical Inc.
SI-BONE, Inc.
Siemens Healthcare
Sight Sciences Inc.
SightLine Partners
SIGNUS Medical, LLC
Silere Medical Technology, Inc
Silicon Valley Leadership Group
Silver Bullet Therapeutics, Inc.
Sirtex Medical Inc
Skyline Ventures
Small Bone Innovations, Inc.
Smart Perfusion, LLC
Smith and Nephew, Inc.
Smiths Medical
Soft Tissue Regeneration, Inc.
Solace Therapeutics
Solta Medical, Inc.
Sonoma Orthopedics
SonoSite, Inc.
Soteira, Inc.
Sotera Wireless
SP Surgical
SPE Medical
Spectranetics
SpectraScience, Inc
SpherIngenics, Inc.
Spinal Kinetics
SpinalMotion, Inc.
Spinal Modulation, Inc.
Spine Wave, Inc.
SpineAlign Medical, Inc.
Spinal Ventures, LLC
Spineology Inc.
Spiracur Inc.
Spiration, Inc.
SPIWay, LLC
Split Rock Partners
St. Jude Medical
STD Med, Inc.
SteriPack USA, Ltd
Steris Corporation
Stimwave
Stout Medical Group
Strada Consulting
Streamline, Inc.
Strohl Medical
Stryker
Sunshine Heart
SunShine Medical LLC
superDimension, Ltd.
Surface Solutions Labs, Inc.
SurgeOptix
SurModics, Inc.
SuturePro Technologies
Svelte Medical Systems, Inc.
Swan Valley Medical, Incorporated
Synapse Biomedical, Inc.
Synarc, Inc.
Synecor, LLC
Synergy Life Science Partners
Sysdyne Corporation
Tactile Systems Technology, Inc.
Tandem Diabetes
Target Discovery
Targeson, Inc.
Tarsus Medical Inc.
TearScience, Inc.
TEI Biosciences Inc.
Tenaxis Medical, Inc.
Teratech Corporation
Tethys Bioscience, Inc.
The Eclipse Group
The Foundry
The Innovation Factory
The Vertical Group
TheraTogs, Inc.