

CHAMBER OF COMMERCE  
OF THE  
UNITED STATES OF AMERICA

R. BRUCE JOSTEN  
EXECUTIVE VICE PRESIDENT  
GOVERNMENT AFFAIRS

1615 H STREET, N.W.  
WASHINGTON, D.C. 20062-2000  
202/463-5310

June 1, 2015

The Honorable Erik Paulsen  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Ron Kind  
U.S. House of Representatives  
Washington, DC 20515

Dear Representatives Paulsen and Kind:

The U.S. Chamber of Commerce, the world's largest business federation representing the interests of more than three million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations, and dedicated to promoting, protecting, and defending America's free enterprise system, strongly supports H.R. 160, the "Protect Medical Innovation Act of 2015." This critical bill would repeal the onerous excise tax on medical device manufacturers enacted as part of the Affordable Care Act (ACA) – now estimated to cost over \$30 billion in new taxes.

Imposed on medical device manufacturers whether or not they make a profit, this new 2.3 percent tax on the sale of virtually all medical devices leads to increased health care costs, undercutting one of the primary goals of health care reform. According to a recent survey by the Advanced Medical Technology Association (AdvaMed), two-thirds of the companies surveyed reported that they have had to "slow or halt U.S. job creation as a result of the tax."<sup>1</sup> Similarly, a recent survey by the Medical Device Manufacturers Association (MDMA) of 100 industry executives found that 72 percent "slowed or halted job creation" to pay for the tax, and 85 percent would hire more workers if the tax were repealed.<sup>2</sup>

Further, by driving up the cost of medical technology, the tax undermines America's global leadership position in product innovation, clinical research, and patient care. The AdvaMed survey found that 53 percent of respondents have reduced research and development as a result of the tax. Additionally, 75 percent said they have deferred or cancelled capital investments and plans to open new facilities, reduced investment in start-up companies, found it more difficult to raise capital, and reduced or deferred increases in employee compensation.<sup>3</sup> If not repealed, this tax will continue to weaken the industry's ability to create and maintain well-paying jobs in the United States and hinder the development of breakthrough treatments.

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<sup>1</sup> AdvaMed, Impact of the Medical Device Tax: A Status Report from AdvaMed (Jan. 2015), *available at* <http://advamed.org/res.download/835>.

<sup>2</sup> MDMA, MDMA Survey Shows Repealing the Medical Device Tax Would Create Jobs, Increase R&D (Jan. 28, 2015), *available at* <https://medicaldevices.site-ym.com/news/213268/MDMA-Survey-Shows-Repealing-the-Medical-Device-Tax-Would-Create-Jobs-Increase-RD.htm>.

<sup>3</sup> AdvaMed, *supra* note 1.

As the destructive effects of the medical device tax continue to hit employers, employees, and the U.S. economy at large, the Chamber urges swift bipartisan and bicameral action to repeal this tax before further damage is done. The Chamber thanks you for your leadership on H.R. 160 and looks forward to working with you and your colleagues to repeal this burdensome tax on the medical technology industry.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Bruce Josten". The signature is fluid and cursive, with the first name "R." being the most prominent.

R. Bruce Josten

cc: Members of the Committee on Ways and Means