

**Statement of the California Healthcare Institute (CHI)
Submitted to the
House Committee on Ways & Means
Subcommittee on Oversight**

**Hearing on
Tax-Related Provisions in the President's Health Care Law**

March 5, 2013

CHI - California Healthcare Institute, the statewide public policy organization representing California's leading biomedical innovators -- over 275 research universities and private, non-profit institutes, venture capital firms, and medical device, diagnostic, biotechnology and pharmaceutical companies -- appreciates the opportunity to present its views on the medical device excise tax contained within the Patient Protection and Affordable Care Act (PPACA) as part of this important hearing.

Since it was first proposed, CHI has voiced concern over the medical device excise tax. With an ecosystem already under significant pressure -- venture capital funding to early stage technologies is down, regulatory uncertainties are leading groundbreaking "made in America" devices to launch overseas years before here in the U.S., and coverage and payment pathways are becoming more demanding, cumbersome and expensive -- the device tax provides a case study in shortsighted policy decision-making. At a time when we should be doing everything we can to *encourage* investment, innovation and job creation, the medical device excise tax instead discourages and threatens important research and development, and is already putting jobs in California and across the country at risk.

Given the size and scope of the medical technology sector's presence in California, the 2.3 percent, \$30 billion tax has a disproportionate impact on our state. California is home to more than 1,200 medical technology companies — more than any other state in the nation — and the nearly 72,000 medical device jobs in California represent roughly 17 percent of the total U.S. medical technology workforce. Vibrant medical technology clusters exist in and around San Diego, San Francisco/Silicon Valley, Orange County and Sacramento, as well as the Los Angeles, Ventura/Santa Barbara, and Riverside/San Bernardino regions.

CHI appreciates the attention the Committee is bringing to this important issue and is encouraged by bipartisan, bicameral efforts to repeal the device tax, including H.R. 523 (The Protect Medical Innovation Act), which has been referred to the Committee with over 200 co-sponsors. We would be pleased to provide additional information on the damaging impact of the tax in our state. Thank you again for the opportunity to present our views.

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