

March 7, 2017

The Honorable Kevin Brady
Chairman, Committee on Ways & Means
United States House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

The Honorable Greg Walden
Chairman, Committee on Energy & Commerce
United States House of Representatives
2125 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Brady and Chairman Walden,

I write to you today on behalf of the hundreds of innovative companies represented by the Medical Device Manufacturers Association (MDMA). MDMA thanks the House of Representatives for working to strengthen medical technology innovation by removing a major roadblock towards improving patient care. The “American Health Care Act” repeals the medical device tax which will result in greater investments in medical cures, lower healthcare costs and more high-tech manufacturing jobs in communities across the United States. The two year suspension of the medical device excise tax has resulted in a powerful boost in job creation and innovation following the devastation that the device tax caused when it was in place, and it is critical that we permanently end this onerous policy.

MDMA represents nearly 300 medical technology companies, and our mission is to ensure that patients have access to the latest advancements in medical technology, most of which are developed by small, research-driven medical device companies. According to the Department of Commerce, 80 percent of medical device companies have fewer than 50 employees and 98 percent have fewer than 500 employees.

Since the medical device tax was first proposed in 2009, MDMA shared our grave concerns with Congress about the negative impact this policy would have on job creation, R&D and patient care. Our members never agreed to the tax and we have consistently opposed it. Sadly, much of what we predicted came true when the medical device tax was enacted into law. In fact, the latest figures from the U.S. Department of Commerce showed that this dynamic industry lost nearly 29,000 jobs while the device tax was in place.

Fortunately, in an overwhelming bipartisan vote Congress passed a two year suspension of the medical device tax that started in 2016, and the additional resources allowed America’s med tech innovators and entrepreneurs to improve job creation and patient care. MDMA conducted a survey of some of the United States’ most innovative and entrepreneurial medical device innovators to assess how the two-year suspension of the medical device tax impacted their operations. Respondents showed that various steps have been taken, including company-wide raises, increased 401(k) matches, paid leave and much more.

The survey consisted of responses from over 100 medical technology executives, and the top findings included:

- ✓ **70 percent** of companies **increased hiring and created new jobs** as a result of the suspension
- ✓ **73 percent** of pre-revenue companies noted that suspension of the device tax has **improved the climate for raising capital and funding**
- ✓ When asked how much respondents have increased their R&D budget, the **average increase was 19 percent**

Most notably, three out of four innovators said that they would make additional investments in job creation and R&D if the device tax was permanently repealed, as opposed to a temporary suspension. Due in large part to medical technology innovation, between 1980 and 2000, life expectancies increased by 3.2 years, and death rates dropped by 16 percent. At a time where we need more high tech manufacturing and solutions to the challenges facing the health care system, it is critical that we have policies in place that will support innovation, and empower entrepreneurs. Permanently and fully repealing the medical device tax will do just that.

MDMA remains dedicated to working with Congress and the diverse coalition of stakeholders to get a full and permanent repeal of the device tax across the finish line, and we thank you for your leadership on this important policy goal.

Sincerely,



Mark B. Leahey
President & CEO, MDMA

Cc:

The Honorable Paul Ryan, Speaker of the House of Representatives
The Honorable Kevin McCarthy, Majority Leader
The Honorable Steve Scalise, Majority Whip