

Repeal the Medical Device Tax!

Join more than 235 Members as a cosponsor of the bipartisan
Protect Medical Innovation Act

Dear Colleague:

On January 1, 2013, the Affordable Care Act's \$30 billion medical device tax took effect. Members don't have to agree on the merits of health care reform to find common ground in the need to promote American innovation and protect American manufacturing and R&D jobs. The medical device tax stifles innovation, costs high-paying jobs, and threatens patients' access to life-saving and life-improving products. It's time to repeal this harmful tax:

- **JOBS:** There are over 8,000 medical device firms in the United States, and they employ over 400,000 people. Several companies including Cook, Welch Allyn, Stryker, St. Jude's, Zimmer, Hill Rom, and Boston Scientific have announced plans to curtail U.S. expansion or lay off U.S. workers because of the tax. A recent study showed the tax has cost more than 33,000 jobs.
- **TAXES REVENUE, NOT PROFIT:** The tax is not based on earnings and applies whether or not a device company is profitable. The federal government levies similar excise taxes on products such as alcohol and tobacco to discourage their use. Should we really be using the same type of tax on ultrasound machines, pacemakers, insulin pumps, heart valves, artificial hips, X-ray machines, and ventilators?
- **UNMANAGEABLE TAX INCREASE:** Because of this tax, medical device companies will now face one of the highest tax rates for any industry in the world. It is especially harmful to innovative start-up companies that typically lose money in their early years while still investing heavily into R&D and other startup costs. Approximately 80% of device companies have fewer than 50 employees and many produce only one or two types of devices.
- **HARMS INNOVATION:** Innovation will be limited due to the squeeze the tax puts on R&D budgets. Innovation is the key to providing cutting edge, life-saving technology to patients. The medical device industry is an American manufacturing success story. The U.S. is a net exporter of medical devices, but our lead has shrunk dramatically in the last decade.

There is overwhelming bipartisan support for repealing this harmful tax. It has already cost 33,000 jobs and could cost thousands more. Please join in cosponsoring this bill to protect American innovation and jobs. To become a cosponsor of this bill or to get more information, please contact Matt Gallivan with Rep. Paulsen at Matt.Gallivan@mail.house.gov or Elizabeth Stower with Rep. Kind at Elizabeth.Stower@mail.house.gov.

Sincerely,



Erik Paulsen
Member of Congress



Ron Kind
Member of Congress