October 17, 2019

President Donald J. Trump
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20050

Dear President Trump,

Recently, U.S. Treasury Secretary Mnuchin stated that your administration is considering a second tax package in 2020 to build upon the strong economic growth the country has seen as a result of your 2017 tax reform package.

As you consider further reducing the tax burden, I am writing on behalf of the medical technology industry to seek your help as we work with Congress to eliminate once and for all the threat of a tax increase on American patients.

The medical device excise tax is set to return on New Year’s Day 2020—a $20 billion tax increase on the dynamic and growing U.S. medical technology industry that saves and improves countless lives here at home and around the world. The economic effects of this tax increase could be devastating.

When the tax was in effect from 2013 through 2015, the U.S. Department of Commerce determined that nearly 29,000 jobs were lost. But the toll was even greater than that: Some businesses were lost altogether. Research and development saw severe cuts. How many cutting-edge medical innovations were lost to this bad tax policy we can’t possibly know.

And because the medical device tax was levied on gross revenue and not on profit or production levels, even small companies – 80 percent of our industry is comprised of businesses with 50 or fewer employees – with narrow or negative profit margins were forced to write checks to the IRS.

Given your remarkable accomplishments in the private sector, you know a suspended tax is little more than a looming tax. Innovators and entrepreneurs must plan and act as if the tax will ultimately be imposed on them. The highly competitive medical technology industry needs certainty to make multi-year investments in the R&D, hiring, and growth necessary to unleash life-changing innovation.
Economic trends in the industry are moving in the right direction, and this tax puts that risk.

By preventing a tax increase on health care as you and your administration consider decreasing taxes in 2020, this administration would be supporting a simple, commonsense way to incentivize business activity, spur economic development, create jobs, and improve our health care system in one fell swoop.

On behalf of medical device and technology manufacturers across the country, I thank you for your consideration of this request. We hope to have the opportunity to discuss this pressing issue further.

Sincerely,

Scott Whitaker
President and Chief Executive Officer