REPEAL THE MEDICAL DEVICE TAX
UNLEASH THE HEALING POWER OF INNOVATION
What is the medical device tax?
The medical device tax is a 2.3 percent excise tax on the cost of medical devices sold to American hospitals and health care providers. It is a tax on everything from ubiquitous instruments such as hospital beds and needles, to advanced machinery like MRIs and robotic surgeons. And considering the tax applies to revenues, not profits, it is extremely punitive to small and start-up medtech innovators.

The tax was instituted to help offset the costs of the Affordable Care Act (ACA), but it was only in effect for three years. Congress, recognizing the tax’s flawed structure and its negative impact on the medical community, suspended the tax in 2016 and again in 2018. Now, Congress must permanently repeal the medical device tax to unleash unbridled innovation in health care.

Why should Congress repeal the medical device tax?
The medical device tax costs jobs, stifles investment, slows shared health progress, and hurts patients and their families.

Jobs: According to the U.S. Department of Commerce, from 2013-2015, while the tax was in effect, approximately 29,000 medtech jobs were lost. Many of these were skilled manufacturing jobs and most were part of the small business landscape, considering more than 80% of medtech companies have 50 employees or fewer. Not to mention, the U.S. medtech industry pays an average of $84,100 per worker – 1.85 times the national average.

Investment: While the medical device tax was in effect, industry research and development spending was cut by 20 percent, on average. Earnings were reduced by an average of about 33 percent. However, a recent survey revealed that 80% of medical technology companies would reinstate previously foregone R&D projects if the medical device tax was fully repealed.

Health progress and patient care: By the end of this year, the tax will have been suspended longer than it was in effect, with no significant impact on the ACA. However, without permanent repeal of the medical device tax, new treatments and cures could be out of reach for patients and families across the country. Medical technology has revolutionized health care, ushering in less-invasive procedures, shorter average hospitalizations, reduced recovery times and lower overall costs. In the past 30 years, medical advancements have helped add over five years to U.S. life expectancy. The medical device tax threatens that evolution.

Please join us in supporting the repeal of the medical device tax so we can usher in a healthier tomorrow.