Report: Return of Medical Device Excise Tax Would Cripple Innovation

Minneapolis, MN – The medical device excise tax, which has been suspended since 2016, will return in 2020 baring action from Congress between now and the end of the year. To ascertain the real impact of the tax, the Medical Alley Association took a survey of its members that will be affected by the tax’s return to find out what steps they will be taking to mitigate its impact. Though the ways the tax will impact businesses fall in line with expectations, the near unanimity of the results was quite surprising:

83% of respondents will be decreasing R&D spending if the medical device tax is reinstated, which ultimately harms patients as they are forced to wait longer for new innovations to reach their bedside, and 67% of respondents indicated they will be delaying or forgoing planned hiring. An additional 47% said they would suspend plans to physically expand their business.

Briefed on the results of the survey, the Medical Alley Association President and CEO, Shaye Mandle, said: “These results confirm what we’ve heard in private meetings: the medical device tax actively chills innovation and disproportionately hurts small businesses. There is bipartisan support for repealing the tax and we urge Congress to act before the end of the year.”

The Medical Alley Association is grateful for the leadership Minnesota politicians have shown on this issue, particularly Gov. Tim Walz, Rep. Dean Phillips, Rep. Tom Emmer, Rep. Angie Craig, Rep. Pete Stauber, Rep. Collin Peterson, Rep. Jim Hagedorn, Sen. Amy Klobuchar, and Sen. Tina Smith. Minnesota would be disproportionately affected by the return of the tax given the number of small- and medium-sized manufacturers that have chosen the state as their home because of the Medical Alley community. Since the tax is levied on revenues rather than profits, these businesses would bear the brunt of its impact, as many of them are still working on getting their flagship device to market.

There is broad, bipartisan support for removing the tax and strong reasons for congress to do so. Congress must act decisively to support innovation in healthcare and remove the medical device excise tax before it further drives up the cost of healthcare.

About the Medical Alley Association

Founded in 1984, the Medical Alley Association supports and advances the global leadership of Medical Alley’s healthcare industry and its connectivity around the world. MAA delivers the collective influence, intelligence and interactions that support Medical Alley. - [www.medicalalley.org](http://www.medicalalley.org)