

Tariffs should spare vital US medtech industry



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President Donald Trump's goal to correct longstanding trade imbalances and bring more manufacturing back to America is a worthy one, supported by the vast majority of the country.

His decision to pause reciprocal tariffs (except for China's) until July as he negotiates with countries to achieve this balance was a wise one. We appreciate the flexibility he is showing with tariff policy and support the recent announcement that certain consumer products like smartphones and computers will be protected.

Here is why the medical technology industry, upon which every American depends for everything from routine to lifesaving health care, deserves the same sort of flexibility when it comes to tariffs:

America is the global leader of the medical device and technology industry. We lead the world in innovation, research and development, and manufacturing. We fill every hospital and clinic in America and around the world with U.S.-driven medical innovations — from the heart valve to the MRI, from the pediatric monitor to the pacemaker. With the advent of artificial intelligence, which is already showing significant promise in early diagnosis, we are entering a new era of medtech discovery. Broad-based tariffs could unwind much of that success and even stop progress in its tracks.

To keep the U.S. medtech industry on its leadership path, we need to protect medtech from the unintended consequences tariffs could have.

Medtech is an economic powerhouse for America. Our companies are primarily U.S.-based, with a presence in all 50 states and the majority of our manufacturing happening domestically. Medtech supports 3 million U.S. jobs, directly and indirectly, and pays 37% higher than the median American job.

With 95% of medtech R&D occurring here, we are ensuring that the United States remains the global leader in medical innovation.

In addition to U.S.-based R&D, medtech companies invest in manufacturing here, especially since the repeal of the medical device tax President Trump pushed for and signed into law in 2019. At least 10 U.S. expansions of medtech operations have been announced this year alone. We expect this trend to continue — if medtech sees much-needed flexibility with respect to these tariffs.

The attractiveness of this country for such investment is due to decades of policies at every level of government supporting innovation. Tariffs, on the other hand, would draw down resources that instead could have been spent on a new manufacturing plant or technology development.

Tariff costs on U.S. medical device production could also inadvertently provide an unfair advantage to rising global competitors. Retaliatory tariffs, which China has implemented and other countries have threatened, could result in a policy environment that disadvantages export-competitive U.S. companies and gives advantage to foreign competitors, including China. Such policies would be harmful to the U.S. medtech industry and our health care system more broadly. U.S. companies will always win if market conditions — from taxes to regulations to tariffs — are fair and low across the board.

In addition, medtech is unique from many industries in its high level of regulation. Companies cannot easily relocate a manufacturing operation or source components without FDA approval, which can take years.

Reimbursement by Medicare, Medicaid, private insurers and hospital systems are largely fixed in two-to-three-year cycles, locking in manufacturers' specific price points and hospital-specific reimbursement.

Because of this, in many cases, medtech companies cannot simply pass along cost increases to patients and providers — as if that in itself would be a positive outcome of tariffs. Instead, many medtech companies will bear the full impact of tariff costs, for example, by cutting jobs and/or reducing R&D.

Not to mention that approximately 80% of medtech companies are small businesses and startups. They often make only one product as they get underway. Increased product costs could drive them out of business.

And who loses from a diminished U.S. medtech industry?

First and foremost, patients, meaning all of us, who have been or will be sick at some point. Patients could face delays in surgery if surgical tools become more expensive for already-struggling hospitals. Heart-valve implantation or a knee replacement might take longer. Patients could suffer setbacks in diabetes care if their continuous glucose monitors become less affordable. Medtech is critical to making America healthy again.

Longer term, patients could miss out on the next greatest innovation, such as an AI-enabled tool to diagnose breast cancer or prostate cancer earlier, with greater accuracy than ever before. The FDA has approved more than 1,000 AI-enabled medical technologies, with more in the pipeline every day. That transformative progress could stall.

Second: the U.S. health care system. While in some industries costs can be passed along to consumers, the reality is, any increased costs to medical technology products will be borne by taxpayer-funded health programs like Medicare, Medicaid and the Department of Veterans Affairs.

Given the challenges we have with federal spending, now is not the time to add costs to taxpayer-funded health programs.

Third, there is a clear humanitarian imperative for medtech's protection from the tariff discussion entirely. We all want to live healthy, pain-free lives for as long as possible. But that is not the case for far too many. So, we should avoid any policy that would increase the financial burden of patients, never mind the increased costs to Medicare, Medicaid and the V.A. This is precisely why medical technologies have traditionally been exempt from tariffs among America's key trading partners for decades.

This humanitarian principle, as well as the primacy of the United States in medtech innovation and the restoration of American health, are at stake. Taking tariffs on medtech off the table would eliminate that risk.

We agree with the president's ultimate goal of lowering and eliminating tariffs everywhere. As the administration continues country-by-country negotiations, we urge at the very least that all parties agree to a reciprocal "zero for zero" tariff policy in which each country agrees to zero tariffs on all lifesaving and life-enhancing medtech.

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