

September XX, 2019

The Honorable Mitch McConnell
Majority Leader
United States Senate

The Honorable Chuck Schumer
Minority Leader
United States Senate

The Honorable Nancy Pelosi
Speaker of the House
United States House of Representatives

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives

Dear Majority Leader McConnell, Speaker Pelosi, Minority Leader Schumer and Minority Leader McCarthy:

On behalf of the hundreds of innovators, patient groups, physician-inventors, venture capitalists and other stakeholders signed below representing millions of patients and hundreds of thousands of medical technology jobs, we respectfully request that Congress prioritize repeal of the medical device excise tax before it causes any more harm to the innovation ecosystem. While the tax was in place from 2013 through 2015, thousands of good paying jobs were lost, R&D projects were abandoned, and patients were denied new treatments. The Senate and House have both previously passed repeal legislation with strong bipartisan majorities, and now is the time to put an end to this punishing policy before the current suspension expires on December 31, 2019.

As you know, the medical device industry is a unique American success story – both for patients and our economy. The United States is the world leader in manufacturing life-saving and life-enhancing treatments, and the industry is an important engine for economic growth. The industry employs more than 400,000 workers nationwide; generates approximately \$25 billion in payroll; pays out salaries that are 40 percent more than the national average (\$58,000 vs. \$42,000); and invests nearly \$10 billion in research and development (R&D) annually. The industry is fueled by innovative companies, the majority of which are small businesses with 80 percent of companies having fewer than 50 employees and 98 percent with fewer than 500 employees.

Unfortunately, when the medical device tax was in effect, it had an adverse impact on R&D investment and job creation, jeopardizing the U.S. position as a global leader in medical device innovation. US Department of Commerce Census Data shows that the industry lost 29,000 jobs during the three years that the tax was in effect, and recent reports suggest that a reinstatement of the tax could result in an additional loss of 21,000 jobs. If this tax is not fully repealed, it will continue to force companies to make difficult decisions on whether to invest in manufacturing operations, research and development, and other important investments in communities across the United States.

Members of Congress from both parties joined together in late 2015 to suspend the tax from 2016 through 2017 and again in 2018 to delay it through 2019. The suspension of the tax has resulted in improvements to the ecosystem in the short-term, and has enabled companies to reinvest in R&D, make new hires, and provide new benefits to their employees like company-wide raises and increased 401(k) matches. Still, companies are holding off on long-term investments to prepare for the possible reinstatement of the tax at the end of this year. Fortunately, there continues to be overwhelming bipartisan support for full repeal of the medical device tax in Congress.

At a time when the federal government is working to promote investment in U.S. industries of the future, it is inconsistent that a tax of this magnitude is placed on the medical device industry. We must do all we can to encourage and promote research, development, investment and innovation, and we remain dedicated to working with Congress to finally repeal the medical device tax this year. We respectfully request timely action on legislation to put a permanent end to this punitive excise tax.