



# Democrats Taxed Over Medical Devices

## *Democrat Senators Are Up In Arms Over Obama's Medical Device Tax*

### SENATE DEMOCRATS ARE LINING UP TO REQUEST THE DELAY IN THE IMPLEMENTATION OF THE MEDICAL DEVICE TAX

**17 Democrat Senators Have Signed A Letter Urging Senate Majority Leader Harry Reid (D-NV) To Delay The Implementation Of ObamaCare's Medical Device Tax.** "A group of 17 Democratic U.S. Senators and Senators-elect have signed a letter urging for a delay in implementing a tax on the medical device industry that is scheduled to go into effect Jan. 1, said two people familiar with the matter." (Joseph Walker, "Group Of Senate Democrats Seek Delay In Medical Device Tax," *The Wall Street Journal's Washington Wire*, 12/10/12)

- **Senators Richard Durbin (D-IL), Bob Casey (D-PA), Al Franken (D-MN) And Senator-Elect Elizabeth Warren (D-MA) Were Amongst The 17 Democrats That Signed The Letter.** "The letter to Sen. Reid was signed by Senators Richard Durbin of Illinois, Bob Casey of Pennsylvania and Al Franken of Minnesota, as well as Senator-Elect Elizabeth Warren of Massachusetts. Sen. Joseph Lieberman, an independent from Connecticut, also signed the letter, bringing the total to 18." (Joseph Walker, "Group Of Senate Democrats Seek Delay In Medical Device Tax," *The Wall Street Journal's Washington Wire*, 12/10/12)

**In A Separate Letter Addressed To Senate Majority Leader Harry Reid (D-NV), Democrat Senators Amy Klobuchar (D-MN) And Senator Kay Hagan (D-NC) Called For A Delay Of ObamaCare's Medical Device Tax.** "Sens. Amy Klobuchar (D-Minn.) and Kay Hagan (D-N.C.) on Monday sought to delay a new tax on medical devices, which is part of President Obama's signature healthcare law. The senators — both from states where the device industry has a large presence — said a delay should be considered as part of larger negotiations surrounding tax reform and the looming 'fiscal cliff.'" (Sam Baker, "Sens. Klobuchar, Hagan: Delay Medical Device Tax," *The Hill's Health Watch*, 12/10/12)

- **Klobuchar And Hagan's Letter, Pleaded For The Postponement Of The Tax As It Threatens The Increase In Exports, The Promotion Of Small Businesses, And The Growth Of High-Tech Manufacturing Jobs.** "In an environment focused on increasing exports, promoting small businesses, and growing high-tech manufacturing jobs for the future, we must do all we can to ensure that our country maintains its global leadership position in the medical technology industry and keeps good jobs here at home," Klobuchar and Hagan said in a letter to Senate Majority Leader Harry Reid (D-NV)." (Sam Baker, "Sens. Klobuchar, Hagan: Delay Medical Device Tax," *The Hill's Health Watch*, 12/10/12)

### *Senate Majority Leader Harry Reid Is Ignoring Bipartisan Concerns About The Medical*

## ***Device Tax***

**Senate Majority Leader Harry Reid (D-NV) Has Yet To Bring Legislation Halting The Implementation Of The Law Months After The Republican Led House Had Passed Legislation Ending The Tax.** “A repeal bill passed the Republican-controlled U.S. House of Representatives in June, but it has not been voted on by the Democratic-controlled Senate.” (“IRS Finalizes New Tax For Medical Devices In Health Care Law,” [Reuters](#), 12/5/12)

### **THE TAX WILL NEGATIVELY AFFECT JOB CREATORS AND STIFLE THE DEVELOPMENT OF LIFE-SAVING DEVICES**

**ObamaCare’s 2.3 Percent Tax On Medical Devices Will Negatively Affect Businesses.** “Although the fate of the Obama administration’s health reform law is unclear — a U.S. Supreme Court ruling is at least months away — one aspect of the law, a 2.3 percent excise tax on medical devices, is having an immediate dampening effect. Locally, it’s the medical device startups and early-stage businesses that are affected.” (Tom Tobin, “Health Care: The Everywhere Issue,” *The Rochester Democrat And Chronicle*, 9/25/11)

- ***The Columbus Dispatch: ObamaCare’s Medical Device Tax Is Already Having A Negative Impact On The U.S. Economy.*** “A tax on medical devices and equipment tucked into the 2,400-page 2010 Patient Protection and Affordable Care Act illustrates the negative impact the legislation is already having on the U.S. economy. Quite simply, nothing is free.” (Editorial, “The True Cost,” [The Columbus Dispatch](#), 3/26/12)

**At Least Three Firms Have Already Announced Layoffs In Anticipation Of The Tax.** “At least three firms have already announced layoffs in anticipation of the tax, including Michigan-based Stryker Corp, a maker of hip and knee replacements that said it will cut its work force by 5 percent, losing 1,000 jobs.” (N.C. Aizenman, “Medical Device Tax Repeal Bill Gains Some Ground,” [The Washington Post](#), 5/30/12)

**“The Tax Likely Will Have Its Greatest Impact On Small And Mid-Size Companies, Particularly Those Developing New Technologies, [Phillip] Seligman [Of Standard & Poor’s] Wrote.”** (Ben Sutherly, “Medical-Device Makers Fight Tax,” [The Columbus Dispatch](#), 5/15/12)

**The Medical Devices Group: “The Tax Will Stifle Innovation And Cost Thousands Of High-Paying Jobs.”** “The tax will stifle innovation and cost thousands of high-paying jobs. It will increase the effective tax rate for many medical technology companies, thereby reducing financial resources that should be used for R&D, clinical trials and investments in manufacturing. The impact will be especially hard on smaller companies whose innovations are not immediately profitable.” (Medical Devices Group, [Petition To Congress](#), 7/18/11)

### **THE MIDDLE CLASS WILL FACE HIGHER HEALTH CARE COSTS AS THE TAX IS IMPLEMENTED**

**Medical Device Tax Is Just One Of ObamaCare’s Provisions That Will Affect The Middle Class.**

“Other provisions indirectly affecting individuals through possible effects on prices of goods and services include the imposition of an annual fee on manufacturers and importers of branded drugs; the imposition of an excise tax on manufacturers and importers of certain medical devices; repeal of the business deduction for federal subsidies for certain retiree prescription drug plans; the imposition of a fee on insured and self-insured health plans for the Patient Centered Outcomes Research Trust Fund; and the imposition of a 10-percent excise tax on indoor tanning services.” (Joint Committee On Taxation, [Letter To Senator Tom Coburn](#), 3/20/12)

**The Medical Devices Group: The Costs From The Tax Will Be Passed On To Consumers.** “The tax will increase health care costs as confirmed by a report issued in April 2010 by the Office of the Actuary at the Centers for Medicare and Medicaid Services (CMS). In some cases, the 2.3% tax will be passed on to consumers, leading to higher health care costs.” (Medical Devices Group, [Petition To Congress](#), 7/18/11)

- **President/CEO Of The BioFlorida Trade Association Says “The Costs Will Be Passed To The Consumer And Defeat The Purpose Of Health Care Reform.”** “Proponents of the tax say the expanded pool of insured people will increase demand for devices and ultimately help the manufacturers. Russell Allen, president and CEO of the BioFlorida trade association, said the industry universally disagrees. ‘The costs will be passed to the consumer and defeat the purpose of health care reform,’ he said.” (Anthony Clark, “Medical Device Makers Fear New Tax Would Cripple Them,” [The Gainesville Sun](#), 6/03/12)

**Medical Device Manufacturers Will Be Forced To Pass Along The Costs Resulting In Higher Health Care Premiums.** “To the extent they can, device makers will pass this tax on to the hospitals and provider purchasing groups that buy their products, which will ultimately show up in insurance premiums.” (Editorial, “Improvised Explosive Device Tax,” [The Wall Street Journal](#), 5/28/12)