

105 Organizations Oppose Repeal or Delay of the Medical Devices Excise Tax

October 15, 2013

Dear Member of Congress:

We write to strongly oppose repealing or delaying the medical devices excise tax, which was enacted to help pay for the extension of health insurance to 25 million Americans.

This is a modest, 2.3 percent tax that is being assessed on medical devices such as coronary stents, irradiation equipment, imaging machines, cardiac devices, and orthopedic implants. It will raise \$29 billion over 10 years from [a U.S. industry that had nearly \\$130 billion in sales in 2011 and that will reap significant benefits from health reform](#). The health insurance coverage of Americans should not be put at risk for the sake of one very profitable industry's bottom line.

The arguments the medical devices industry has raised against the tax have been discredited by numerous independent analyses, including by [Bloomberg.com](#), the [Center on Budget and Policy Priorities](#), and [Consumers Union](#).

- **There is no evidence the excise tax will cost jobs.** The industry-financed study that claimed 43,000 jobs will be lost was found by a Bloomberg Government analysis to “conflict with economic research, overstate companies’ incentives to move jobs offshore, and ignore the positive effect of new demand created by the [health reform] law.”
- **The tax creates no incentives to move jobs offshore.** That’s because it covers all devices sold in the United States, whether from domestic or foreign manufacturers. And, it will not hurt the industry’s overseas marketing because it exempts items produced for export.
- **Consumers will not pay more, health care costs will not rise, devices demand will not fall.** First, the tax does not apply to many medical devices that consumers purchase at retail, such as eyeglasses, contact lenses, hearing aids and wheelchairs. Second, spending on medical devices subject to the excise tax represents less than 1 percent of total personal health expenditures. Even if the manufacturers pass on the cost to consumers, it would have almost no effect on the cost of health insurance. Finally, the health care market is not very price sensitive – demand falls a small fraction when prices rise. A 10 percent price increase results in just a 2 percent drop in demand, according to [Mathematica Policy Research](#). So the effect of a 2.3 percent excise tax might be as little as half a percent drop in demand. That’s before counting millions of newly insured customers, many of whom will use medical devices.
- **The excise tax largely affects the largest and most profitable firms.** Thirty medical device makers accounted for 85 percent of U.S. company sales of \$127.5 billion in 2011, according to an [Ernst and Young analysis](#) (p. 22). Assuming all of this revenue was subject to the excise

tax, the companies would pay 85 percent of the tax. These companies' revenues were \$108.1 billion with a profit of \$14.3 billion, or a very healthy 13.2 percent of sales.

- **Medical devices were not singled out for special adverse treatment.** Every industry with a stake in health care – from hospitals to drug makers to insurance companies – has helped to fund the ACA. They have done so because they all – including the medical devices industry – stand to gain economically from the increase in the ranks of the insured.
- **Repealing the medical devices excise tax will encourage other industries to try to undo their contributions to the ACA.** For instance, the insurance industry is seeking the repeal of an annual fee that funds coverage expansion.

Repeal of the medical devices excise tax would be one more example of corporate tax avoidance that hurts regular Americans and lets profitable corporations avoid paying their fair share of taxes. The American people don't need another big corporate tax break and the uninsured don't need another impediment put in their way to get the peace of mind provided by health coverage under the ACA. Therefore, we urge you to oppose any efforts to repeal or delay the medical devices excise tax.

Sincerely,

American Federation of Government Employees
AFL-CIO

American Federation of State, County and Municipal Employees

AIDS United

Alliance for a Just Society

Alliance for Retired Americans

Americans for Democratic Action

Americans for Tax Fairness

Association for Gerontology & Human Development in Historically Black Colleges & Universities

Campaign for America's Future

Campaign for Community Change

Center for Effective Government

Citizens for Tax Justice

Coalition on Human Needs

Community Action Partnership

Communications Workers of America

Community Organizations in Action

Every Child Matters Education Fund

Families USA

Health Care for America NOW

Leadership Conference on Civil and Human Rights

Main Street Alliance

MomsRising

Medicare Rights Center
MoveOn.org Civic Action
National Advocacy Center of the Sisters of the Good Shepard
National Center for Law and Economic Justice
National Committee to Preserve Social Security and Medicare
National Council of La Raza
National Disability Rights Network
National Immigration Law Center
National Nurses United
National Organization for Women
National Partnership for Women & Families
National People's Action
National Physician's Alliance
National Priorities Project
National Women's Health Network
National Women's Law Center
Progressive States Network
Public Health Institute
Racial and Ethnic Health Disparities Coalition
Responsible Wealth
Service Employees International Union
Steelworkers Organization of Active Retirees
The Arc
United Auto Workers
United Steelworkers
USAction
Working America

STATE ORGANIZATIONS

Arizona	Arizona Institute of Peace, Education and Research
Arkansas	OMNI Center for Peace, Justice & Ecology
California	California Partnership
California	Defeat Diabetes Foundation
California	Greenlining
California	Health Access California
Colorado	Colorado Center on Law and Policy
Colorado	Colorado Progressive Coalition
Colorado	NorthWest Colorado Center for Independence
Colorado	SEIU Colorado
Colorado	THRIVE!: The PLWH/A Initiative of CO
Connecticut	Connecticut Citizen Action Group
Delaware	Delaware Americans for Democratic Action

Delaware	Delaware NOW
Florida	Community Business Association
Florida	Organize Now
Georgia	MoveOn Gwinnett
Georgia	MoveOn.org (Atlanta Council)
Hawaii	West Hawaii Democratic Party
Illinois	Citizen Action of Illinois
Indiana	Northern Indiana Americans for Democratic Action
Indiana	OPEIU 494 Retiree Chapter
Iowa	Sisters of the Presentation
Kentucky	Sisters of Mercy
Maine	Maine People's Alliance
Maryland	Sheet Metal Workers Local 100
Massachusetts	Health Care for All
Michigan	Coalition of Labor Union Women, Detroit Chapter
Michigan	Michigan Citizen Action
Michigan	Michigan Disability Rights Coalition
Michigan	United Cerebral Palsy of Metro
Missouri	Ascension Health
Missouri	Grass Roots Organizing
Missouri	Missouri ProVote
Nevada	Progressive Leadership Alliance of Nevada
New York	Citizen Action of New York
New York	Institute for the Puerto Rican/Hispanic Elderly
New York	Metro Justice
New York	Metro New York Health Care for All
New York	Senior Legislative Action Committee Sullivan County
New York	WFP/CANY Southern Tier
North Carolina	Action NC
Ohio	ProgressOhio
Oregon	Oregon Action
Pennsylvania	Just Harvest
Pennsylvania	Keystone Progress
Pennsylvania	Pennsylvania Health Access Network
Virginia	A & K Enterprise
Virginia	Rock Spring Church
Virginia	Virginia Organizing
Washington	Social Justice Ministry
Washington	Washington Community Action Network
West Virginia	West Virginia Citizen Action Group
Wisconsin	Citizen Action of Wisconsin
Wisconsin	Wisconsin Disability Rights Center