

## 116 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

American Federation of Teachers

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

Faith in Public Life

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 Mine Workers of America  
United Steelworkers  
USAction  
Working America

## **STATE ORGANIZATIONS**

|            |  |
|------------|--|
| Arizona    | Arizona Institute of Peace, Education and Research |
| Arkansas   | Arkansas Community Organizations                   |
| Arkansas   | OMNI Center for Peace, Justice & Ecology           |
| California | California Partnership                             |
| California | Defeat Diabetes Foundation                         |
| California | Greenlining  |
| California | Health Access California                           |
| Colorado   | Bell Policy Center                                 |
| 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  |
| Delaware       | SEIU 32BJ   |
| 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                                    |
| Louisiana      | A Community Voice - Louisiana                       |
| Maine          | Maine People's Alliance                             |
| Maryland       | Sheet Metal Workers Local 100                       |
| Massachusetts  | Budget for All Coalition                            |
| 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                                    |
| Minnesota      | Take Action Minnesota                               |
| 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       | New York State Alliance for Retired Americans       |
| New York       | Senior Legislative Action Committee Sullivan County |
| New York       | WFP/CANY Southern Tier                              |
| North Carolina | Action NC   |
| North Carolina | North Carolina Budget and Tax Center                |
| 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  |