

Klobuchar, Franken Call for Repeal of Medical Device Tax to Be Included in Comprehensive Tax Reform

In a letter to Senators Max Baucus and Orrin Hatch, the Chair and Ranking Member of the Senate Finance Committee, Klobuchar and Franken urged the members to include a repeal of the medical device tax in any comprehensive tax reform effort

Monday, July 8, 2013

Today, U.S. Senators Amy Klobuchar and Al Franken called for the repeal of the medical device tax to be included in comprehensive tax reform. In a letter to Senators Max Baucus (D-MT) and Orrin Hatch (R-UT), the Chairman and Ranking Member of the Senate Finance Committee, Klobuchar and Franken urged the senators to include a repeal of the tax in any comprehensive tax reform effort. Klobuchar and Hatch introduced bipartisan legislation to repeal the medical device tax, and Franken cosponsored the legislation. The senators' effort comes as Senator Baucus and House Ways and Means Committee Chairman Dave Camp (R-MI) begin their tax reform listening tour with stops in Minnesota.

"This tax jeopardizes the small and large companies that produce the world's highest quality medical technologies, the high-quality jobs that these businesses have created, as well as the lives of the patients who depend on these products," the senators said in the letter. **"We respectfully request that you use your authority as the Chairman and Ranking Member of the Senate Finance Committee to include a full repeal of the medical device tax in any comprehensive tax reform effort."**

Currently, medical device companies are required to pay a 2.3 percent excise tax hike that will raise nearly \$30 billion in revenue over 10 years, hindering industry innovation, job creation and the overall delivery of quality patient care. The tax, which took effect in January, is expected to cost device manufacturers roughly \$194 million per month, putting 43,000 American jobs at risk, according to the Advanced Medical Technology Association (AdvaMed).

As a co-chair of the bipartisan Medical Technology Caucus, Senator Klobuchar has consistently fought for Minnesota medical device companies and has been a leader in the effort to reduce or repeal the medical device tax. In addition to her legislation with Hatch to repeal the tax, Klobuchar also led the effort at the end of last year to delay the implementation of the device tax, and successfully secured 17 other Democratic Senators to join her in a letter to Senate Majority Leader Reid urging delay. During the health care reform debate Klobuchar fought to cut the tax in half, resulting in a \$20 billion reduction in the tax and a one year delay in the implementation.

Sen. Franken has been fighting against the medical device tax since it was first proposed. During the debate over the health reform law, he fought to have the tax stripped from the bill, and ultimately succeeded in getting it cut in half in the final legislation. Before the tax went into effect, he pressed Senate Majority Leader Harry Reid to delay implementation of the tax. Last year, he facilitated a meeting between FDA Commissioner Margaret Hamburg in Minnesota and medical device companies to discuss challenges to the industry, including the device tax.

The full text of the letter is below:

Dear Chairman Baucus and Ranking Member Hatch:

We are writing to thank you for continuing the discussion on tax reform and for conducting outreach to local businesses and corporations. As you will be visiting one of our country's most innovative manufacturers headquartered in Minnesota, as part of your ongoing outreach we would like to take this opportunity to underscore the importance of our biomedical industry, as well as to patients across the country and around the world. We anticipate that your upcoming visit will demonstrate the importance of this industry to our state and national economy, and we respectfully request that you use your authority as the Chairman and Ranking Member of the Senate Finance Committee to include a full repeal of the medical device tax in any comprehensive tax reform effort.

Congress created this tax, and it falls to Congress to fully repeal it. As you know, we have been against a medical device excise tax since it was first proposed. We continue to believe that the burden of this tax will cause lasting harm to our nation's biomedical innovation if we do not act quickly, and ensuring the continued growth of important American industries seems to us to be one critical goal of any comprehensive tax reform. This tax jeopardizes the small and large companies that produce the world's highest quality medical technologies, the high-quality jobs that these businesses have created, as well as the lives of the patients who depend on these products. We hope to continue working with you to repeal this tax in a fiscally responsible way.

Thank you for your careful consideration. We look forward to working with you on this critical issue that will affect patients, innovators and our nation's economic growth.

Sincerely,

