

July 18, 2011

The Honorable Harry Reid
Majority Leader
United States Senate

The Honorable Mitch McConnell
Minority Leader
United States Senate

The Honorable Richard Durbin
Assistant Majority Leader
United States Senate

The Honorable Jon Kyl
Assistant Minority Leader
United States Senate

Dear Majority Leader Reid, Assistant Majority Leader Durbin, Minority Leader McConnell, and Assistant Minority Leader Kyl,

As Congress explores policies to grow the economy, encourage job creation and innovation, we respectfully request that you add the repeal of the recently enacted medical device excise tax to your list of priorities of legislation that should be acted on this year. We believe that implementation of this \$20 billion excise tax will adversely impact patient care and innovation, and will substantially increase the costs of health care. On behalf of the more than 400 undersigned organizations, companies, and venture capital firms representing hundreds of thousands medical technology jobs, we ask that you bring the device repeal legislation to a vote this year.

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 less than 50 employees and 98 percent with less than 500 employees.

Unfortunately, beginning in 2013, the health care law will impose a new \$20 billion excise tax on medical technology companies that will stifle innovation and U.S. competitiveness. Despite the 2013 implementation date, the tax is already having an adverse impact on R&D investment and job creation, jeopardizing the U.S. global leadership position in medical device innovation. If this tax is not repealed, it will continue to force affected companies to consider cutting manufacturing operations, research and development, and employment levels to recoup the lost earnings due to the tax. It will also adversely impact patient access to new and innovative medical technologies.

In short, this tax on innovation should be repealed for the following three important reasons:

- 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.

- 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.
- The tax will not be offset by increased demand for medical devices. In fact, it is important to note that there is no evidence suggesting a device industry "windfall" from healthcare reform. Unlike other industries that may benefit from expanded coverage, the majority of device-intensive medical procedures are performed on patients that are older and already have private insurance or Medicare coverage. Where states have dramatically extended health coverage, such as in Massachusetts where they added 400,000 new covered lives, there is no evidence of a device "windfall."

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 would be considered on the medical device industry. We must do all we can to encourage and promote research, development, investment and innovation. Instead, increased taxes, such as this one on the medical device industry, coupled with the increased regulatory uncertainty the industry also faces, will lead to further job losses, hinder the development of breakthrough treatments and delay patient access to medical technology.

We respectfully request timely action on legislation to repeal this \$20 billion tax.

3C Spine, Inc.
3M Healthcare
Abaxis
Abbey Moor Medical
Abiomed, Inc.
Acacia Research Corporation
AccessClosure
Accuitive Medical Ventures
Acumen Healthcare Solutions, LLC
Adhezion Biomedical, LLC
Adroit Medical
Advanced BioHealing
Advanced Bionics
Advanced Medical Technology Association
Advanced Technology Ventures
AdvanDx
Aerocrine, Inc.
Aesculap, Inc.

Aethlon Medical, Inc.
Align Technology, Inc.
Allegro Diagnostics
Allergan
Allvivo Vascular, Inc.
ALPCO Diagnostics
Alphatec Spine, Inc.
Alta Partners
Ambu
Amedica
American Medical Systems
Analogic Corp
Andersen Products
Angel Medical Systems
AngioDynamics
Anulex Technologies, Inc.
Apnex Medical, Inc.
AqueSys, Inc.
ARC Medical, Inc.
Ardiem Medical, Inc.
Argenta Advisors
ARIBEX, Inc.
Arizona BioIndustry Association
ARKRAY
Asante Solutions, Inc.
Aspen Medical Products
AtCor Medical Holdings, Ltd.
ATEK Medical
Ativa Medical
AtriCure, Inc.
Atrium Medical Corporation
Aurident, Inc.
Auxogyn, Inc.
Avinger
Axiom Medical, Inc.
AxoGen, Inc.
B. Braun Medical, Inc.
BAROnova, Inc.
BaroSense, Inc
BÂRRX Medical, Inc.

Baxano
BayBio
BEACON (Biomedical Engineering Alliance & Consortium)
BeneChill, Inc.
Berman Medical
BioBDx
BioCardia, Inc.
BioCare Systems, Inc.
BIOCOM
Bioconnect Systems, Inc.
BioDerm, Inc.
BioFlorida
BIOforward
BioMedical Life Systems
BioMedix
Biomerix Corporation
Biomet, Inc.
BioOhio
Bioscale
BioSculpture Technology, Inc.
Biotest Laboratories, Inc.
Boston Healthcare Associates, Inc.
Boston Scientific Corporation
Breathe Technologies
BTE Technologies, Inc.
Busse Hospital Disposables
C.R. Bard, Inc.
Cabochon Aesthetics, Inc.
Caldera Medical, Inc.
Calibra Medical, Inc.
California Healthcare Institute (CHI)
Calypso Medical
Canaan Partners
Cannuflow Inc.
Cantimer, Inc.
Carbylan Biosurgery, Inc.
Cardia Access
Cardiac Dimensions, Inc.
Cardiac Science
CardiacAssist, Inc.

Cardinal Detecto
CardioMEMS, Inc.
Cardiovascular Systems, Inc.
CareFusion Corporation
Carticept Medical, Inc.
Catheter Connections
CBSA
CEA Technologies, Inc.
Celleration
Cellestis Inc.
Checkpoint Surgical
CHF Solutions, Inc.
Christcot Medical Company
Clarity Medical Systems, Inc.
Coherex Medical
COMPASS International Innovations
Conceptus
ConvaTec Inc.
Cook Medical
Corinthian Ophthalmic, Inc.
Covalent Medical, Inc.
Covidien
Critical Diagnostics
Crux Biomedical
Curexo Technology Corporation
Curo Medical, Inc.
CVRx Inc.
Cyberonics
Cynosure
Cytori Therapeutics, Inc.
CytoSorbents Corporation
D&D Medical, Inc.
DataPhysics Research, Inc.
DaVinci Biomedical Research Prod., Inc.
De Novo Ventures
Delcath Systems, Inc.
Dental Trade Alliance (DTA)
Design Mentor
DFine, Inc.
Digirad

Direct Flow Medical
Disposable Instrument Co., Inc.
Domain Associates, L.L.C.
Drexler Medical
Dynatronics
Echo Therapeutics
EKOS Corporation
Ellman International
Emergent Medical Partners
Emerson Consultants, Inc.
Endo Pharmaceuticals
Endo-Therapeutics, Inc.
EndoChoice, Inc.
EndoGastric Solutions
eNeura Therapeutics
Entellus Medical
EnteroMedics, Inc.
Erchonia Corp.
Essex Woodlands
eVent Medical
Exactech
Experien Group
ExploraMed Development, LLC
FAST Diagnostics
FemCap Inc.
Ferris Mfg. Corp.
Flexuspine, Inc.
Florida Medical Manufacturing Consortium
ForSight Labs
Fresenius Medical Care NA
Fujirebio Diagnostics, Inc.
Galil Medical
Galt Medical
Gambro
Gen-Probe Incorporated
GENICON
GI Dynamics, Inc.
Globus Medical
GluMetrics
Greatbatch Medical
HALT Medical, Inc.

Healthpoint Biotherapeutics
HealthpointCapital
HeartWare International, Inc.
HEMERUS
Hill-Rom
Hotspur Technologies, Inc.
Hull Associates
ICAP Patent Brokerage
ICONACY Orthopedic Implants, LLC
IKARIA
IlluminOss Medical, Inc.
ImpediMed
Impliant, Inc.
ImThera Medical, Inc.
Indiana Medical Device Manufacturers Council
InfraScan, Inc.
Innovative Surgical Designs, Inc.
Innovent Medical Solutions, Ltd.
Inogen
inSite Medical Technologies
Instratek, Inc.
IntraPace
IntriMed Technologies
Intuity Medical, Inc
iRhythm Technologies, Inc.
Ivantis, Inc.
J.H. Garver Consulting, LLC
Jack Saladow & Associates
Kalypto Medical
KCI
Kensey Nash Corporation
Kimberly-Clark Health Care
KRONUS, Inc.
LAAX, Inc.
LeukoDx Ltd.
LFI Medical
Life Core Technologies
Lifecore Biomedical, LLC
LifeScience Alley
LifeWave

Linde Healthcare
LogicMark, LLC
Lutonix, Inc.
MacuCLEAR, Inc.
Mardil Medical, Inc.
Masimo
Massachusetts Medical Device Industry Council
Medafor, Inc.
MedDx Capital Advisors
Medical Device Consultants, Inc.
Medical Device Manufacturers Association
Medical Imaging & Technology Alliance
Medicis Technologies Corporation
Mediclever
MediStim USA, Inc.
Medrad
Medrobotics Corporation
MedTech
Mercury Medical
Merit Medical Systems, Inc.
MichBio
MicroTransponder Inc.
Midmark Corporation
Minnetronix
Mirador Biomedical
Miramar Labs
Moog Medical Devices
Morgenthaler Ventures
Morris Innovative
Moximed
MPM Capital
MPR Product Development
MyoScience
National Association of Manufacturers (NAM)
National Federation of Independent Business
Naviscan, Inc.
NDH Medical
Nelson Laboratories, Inc.
Neocure
Neomend, Inc.

NeoTract, Inc.
Neovista Inc.
Neuro Resource Group, Inc.
Neuronetics, Inc.
NeuroPace
NeuroVista Corporation
NeuroWave Systems Inc.
Neuvomedica Ltd.
New Enterprise Associates
New Leaf Venture Partners
NinePoint Medical
Non-Invasive Medical Systems
Norris Capital, Inc.
North Carolina Biosciences Organization
Nova Biomedical
Novasys Medical
NuOrtho Surgical, Inc.
Nuvasive
Nuvimedix LLC
NVCA/MedIC
NxStage Medical, Inc.
O.E. Meyer Co.
OMNIlife science, Inc.
ONSET Ventures
OptiMedica
OptiScan Biomedical, Inc.
Orchid Orthopedic Solutions
Ortho Kinematics
Orthodontic Manufacturers Association
OrthoWorx
OsteoMed
Paracor Medical, Inc.
Pathfinder Therapeutics, Inc.
Pathway Medical Technologists
Patient Pocket, LLC
Pennsylvania Bio
Penumbra, Inc.
PercSys
Percutaneous Systems
Phillips Consulting Group, LLC

PhotoMed Technologies, Inc.
Pivot Medical Inc.
Plasma Technologies, Inc.
Plexus Corp.
Portaero
Preceptis
Prism VentureWorks
Prizm Medical, Inc.
Prospect Venture Partners
Proteus Bimedical, Inc.
PuriCore
QualPro Consulting
Quasar Bio-Tech Inc.
Regulatory & Quality Solutions LLC
Reichert Technologies
Reimbursement Strategies, LLC
Relievent Medsystems, Inc.
Respicardia, Inc.
Respiratory Research, Inc.
ReVent Medical, Inc.
ReVision Optics
RhythmLink International, LLC
RITM America
RODO Medical, Inc.
ROX Medical
SandBox Medical LLC
SDRS LLC
Sensible
Sequent Medical Inc.
SightLine Partners
SIGNUS Medical, LLC
Silere Medical Technology, Inc
Sirtex Medical Inc
Skyline Ventures
Small Bone Innovations, Inc.
Smith and Nephew, Inc.
Smiths Medical
Soteira, Inc.
Sotera Wireless
Southeastern Medical Device Association

SpherIngenics, Inc.
Spinal Kinetics
SpinalMotion, Inc.
Spine Wave, Inc.
SpineAlign Medical, Inc.
Spineology Inc.
Spiracur Inc.
Spiration, Inc.
Split Rock Partners
St. Jude Medical
STD Med, Inc.
Stout Medical Group
Strada Consulting
Streamline, Inc.
Stryker
Sunshine Heart
SunShine Medical LLC
superDimension, Ltd.
SurgeOptix
SuturePro Technologies
Svelte Medical Systems, Inc.
Swan Valley Medical, Incorporated
Synapse Biomedical, Inc.
Synecor, LLC
Synergy Life Science Partners
Sysdyne Corporation
Tactile Systems Technology, Inc.
Tarsus Medical Inc.
TearScience, Inc.
Tenaxis Medical, Inc.
The Eclipse Group
The Foundry
The Innovation Factory
The Vertical Group
TheraTogs, Inc.
ThermoGenesis Corp.
Therox
THI, Inc.
Thoratec Corporation
Three Arch Partners

ThreeWire
TIDI Products
TranS1, Inc.
Transcend Medical
TransEnterix, Inc.
Transonic Systems, Inc.
TriVascular, Inc.
Twin Star Medical
TYRX, Inc.
U.S. Chamber of Commerce
UltiMed, Inc.
Unilife medical solutions
Urologix, Inc
Uromedica, Inc.
Uroplasty, Inc.
Urovalve, Inc.
USGI Medical, Inc.
USHIFU, LLC
Utah Technology Council
Valeritas, Inc.
Valley Ventures
ValveXchange, Inc.
Vascular Solutions, Inc.
Vector Resources
Velico Medical, Inc.
Velomedix, Inc.
Ventus Medical, Inc.
Veracyte
Versant Ventures
Vibrynt, Inc.
VIDA Diagnostics
Virginia Biotechnology Association
VirtualScopics, Inc.
Viscogliosi Bros., LLC
VisionCare Ophthalmic Technologies
Vital Therapies, Inc.
Vital/Med Systems Corporation
Vitalcor, Inc.
Volcano Corp.
Washington Biotechnology & Biomedical Association

Waters Corporation

Wescor

White Pine Medical, Inc.

Wilson Sonsini Goodrich & Rosati

Zilico Limited

Zimmer, Inc.

ZOLL

Zynex Medical, Inc.