

September 14, 2009

The Honorable Max Baucus, Chairman  
Committee on Finance  
219 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Charles Grassley, Ranking Member  
Committee on Finance  
219 Dirksen Senate Office Building  
Washington, DC 20510

Dear Chairman Baucus and Senator Grassley:

We are writing you today to express our opposition to the proposed tax on medical device and diagnostics products currently being considered by the Senate Finance Committee as part of broader health reform legislation. We are a diverse group of stakeholders who are supportive of efforts to reform our health care system to provide access to quality, affordable health care. However, the proposed medical products tax will ultimately have a negative effect on patients, health care providers, and consumers, as it increases the cost of health care. We ask you to eliminate this proposal from consideration.

Based on the Framework Chairman Baucus released, it is our understanding that the proposed tax would be levied upon all manufacturers of medical device and diagnostics products as defined by the Food Drug and Cosmetic Act. Rather than specifying a tax rate, the proposal would assess all manufacturers at a rate, based upon their U.S. sales, necessary to generate \$4 billion annually beginning in 2010.

Unfortunately, the impact of such a tax would not be limited to only medical device manufacturers. The tax would be assessed against a wide variety of products ranging from a pair of eyeglasses to a toothbrush to a stethoscope to test kits for diseases like HIV and diabetes to an artificial heart valve to advanced diagnostic equipment. Coupled with other proposed cuts under consideration, this tax would result in a double hit to some sectors, such as the imaging industry. The tax would in turn increase costs for consumers, physician practices, hospitals, and patients in the greatest need of medical care.

Health care reform that aims to reduce costs and improve access to care should not result in new costs to patients, including taxing the tens of thousands of products necessary to treat every patient who walks through the doors of a physician's office, hospital, or nursing home not to mention the products they purchase everyday through retailers and keep in their medicine cabinet. If our shared goal is to improve the health care system and reduce costs, taxing all medical device and diagnostics products is not the way to do

it. We urge you to reject the tax on medical devices and look forward to working with you to address our concerns regarding this proposal.

Sincerely,

Advanced Medical Technology Association (AdvaMed)  
American Association for Homecare  
American College of Radiology  
American Medical Women's Association (AMWA)  
American Orthotic & Prosthetic Association  
American Pain Foundation  
Arizona BioIndustry Association  
BayBio  
BEACON (Biomedical Engineering Alliance & Consortium)  
BioForward (Wisconsin's biotechnology association)  
BioOhio  
Brain Injury Association of America  
California Healthcare Institute (CHI)  
Colon Cancer Alliance  
Colorado BioScience Association  
Florida Medical Manufacturers' Consortium, Inc.  
Dental Trade Alliance  
Florida Medical Manufacturers' Consortium  
Health Industry Distributors Association  
HealthCare Institute of New Jersey  
Hypertrophic Cardiomyopathy Association  
Kidney Cancer Association  
LifeScience Alley  
Lung Cancer Alliance  
Massachusetts Medical Device Industry Council (MassMEDIC)  
Medical Device Manufacturers Association (MDMA)  
Medical Imaging and Technology Alliance  
MedTech Association (Upstate New York Bioscience Industry)  
MichBio  
Missouri Biotechnology Association.  
National Association for the Support of Long Term Care (NASL)  
National Association of Convenience Stores  
National Association of Manufacturers  
Pennsylvania Bio  
Retail Industry Leaders Association  
South Jersey Pharmaceutical and Medical Technology Industry Alliance  
Sudden Cardiac Arrest Association  
Texas Healthcare and Bioscience Institute  
The AIDS Institute  
The Vision Council  
US Chamber of Commerce

Us Too International  
Washington Biotechnology & Biomedical Association (WBBA)

CC: Members of the Senate Committee on Finance