MichBio Challenges White House's Statement on Device Tax Repeal

The Associated Press

(http://www.michbio.org [1])

As the House sets to vote today to repeal the medical device tax,

MichBio(http://ctt.marketwire.com/?release=896496&id=1691134&type=1&url=http%3a%... [2])

takes strong issue with yesterday's statement released by the White

House that threatens to veto any tax repeal legislation.

"We disagree with the President's premise that the device industry

will benefit from the new health care law," said Stephen Rapundalo,

Ph.D., president and CEO of MichBio, and chair of AdvaMed's State

Medical Technology Alliance. "The medical device industry and others

have asked for evidence to substantiate that claim but the White House

has not done so. They make faulty assumptions based on erroneous data.

Indeed, while initial estimates called for $20 billion in taxes, the

latest White House budget estimates it will cost over $30 billion -- a

50% increase! In addition, they don't account for anticipated industry

job losses, expenses associated with managing the tax tracking and

accounting, and lower expected device sales, as others reduce their

healthcare costs through reduced procurement."

The impending 2.3% medical device tax will be a devastating blow to

one of the few U.S. industries that has a net trade surplus and is

responsible for millions of jobs. Over 700 organizations,

associations, companies, patients, providers and venture capital firms, and prominent non-industry groups like the National Association of Manufacturers and the U.S. Chamber of Commerce, have joined to support the bipartisan legislation, H.R. 436, The Protect Medical Innovation Act.

With passage of H.R. 436, as many as 40,000 jobs can be preserved and the device industry can continue to invest in new medical technology innovation that can bring life-saving treatments for Americans, and thereby lower healthcare costs.

"We understand the necessity to preserve affordable healthcare, but going forward with a device tax is not the way to pay for the Affordable Care Act (ACA)," said Dr. Rapundalo. "Eliminating fraud and waste in the healthcare delivery system and ensuring that individuals receive only subsidies that are legally permitted under ACA, alongside eliminating rebate overpayments, is a much better approach than singling out a specific industry sector."

The H.R. 436 contemplates a "pay for." A subsidy recapture offset is designed to protect taxpayers from overpayments of health insurance exchange subsidies. MichBio disagrees with the President's claims that the provision will increase taxes on middle class families. Moreover, any repeal is not a "tax break" for the device industry, but a penalty for innovating and saving lives.

Repealing this tax on innovation will allow America's medical device developers, who employ two million workers nationwide, to invest in

the creation of new high-wage positions and maintain America's global leadership in new medical technology.

"At a critical time for the U.S. economy, the new tax runs counter to our goal of domestic economic growth and the priorities set out by the Administration's National BioEconomy Blueprint, as well as those discussed during numerous White House Business Council meetings with regional leaders," added Dr. Rapundalo. "We urge the White House to stand alongside Congress to end the medical device excise tax."

MichBio is Michigan's statewide, non-profit industry association that represents the medical devices and other bioscience sectors. With well over 200 medical device and equipment-related companies in the state, including some Fortune 500 businesses, the sector is integral to Michigan's economy.

"Our device companies have already taken and are continuing to pursue strategic steps to contend with the impending device tax," stated Rapundalo. "Unfortunately, this has meant job layoffs and downsizing, along with the consideration of moving manufacturing operations off-shore. The medical device tax is a job-killer for Michigan, and the U.S., and will only ensure that this sector of the bio-industry will lose its competitive edge."

MichBio is the trade association committed to driving growth in Michigan's biosciences industry and its many sectors, including ag-biotech, food and nutrition, bio-based technologies and renewable chemicals, industrial and environmental biotech, medical devices and equipment, pharmaceuticals and consumer healthcare, diagnostics and

research products, testing and research services, and clinical

research. MichBio members include biosciences companies, academic and

research institutions, biosciences service providers, and related

organizations. For more information, visit

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