Minn. Democrats in bind over medical device tax

The Associated Press

Democrats in Minnesota's congressional delegation are in a bind over a bill by Republican U.S. Rep. Erik Paulsen to eliminate a tax on medical devices like those made by Medtronic and other Minnesota companies.

The 2.3 percent tax on devices such as pacemakers and stents provides a vital $29 billion over the next decade for the federal health-care plan backed by President Barack Obama. Democrats justify the tax on the grounds that the health care law expands insurance coverage to 30 million people who were previously uninsured, and with all those new patients, the industry is likely to see demand for its products expand.

But Paulsen said the tax endangers 35,000 jobs in Minnesota and thousands more elsewhere. His bill to repeal it has 240 co-sponsors, including 11 Democrats, and it's expected to get a vote later this week.

"A lot of Democrats, they're fearful to acknowledge that the new health care law has a lot of imperfections, and privately they'll tell you there's a lot of problems with it," Paulsen told Minnesota Public Radio (http://bit.ly/LrmQHW).

Democratic U.S. Sens. Amy Klobuchar and Al Franken support repealing the tax.

"I realize that cutting the tax would mean less money for the health care bill," Klobuchar said at a medical industry event last week. She said the medical device tax was added to the health care plan at the last minute.

But that's not quite what happened back when Congress hammered out the plan, said Paul Van de Water, a fellow at the liberal-leaning Center for Budget and Policy Priorities.

"The industry was negotiating for a form of the tax which they thought was better, and they in fact got one," Van de Water said. He said the industry now wants a better deal: no tax at all.

Democratic Rep. Tim Walz said he's sensitive to the industry's opposition, but he considers the tax a key funding mechanism for the health care plan.

"My concern on this is, OK, so you repeal this, but no one has health care — who's going to buy the devices?" Walz said. "How are you going to make any money if no one has health care or can afford them? It doesn't make any sense."

Democratic Rep. Betty McCollum opposed the tax before the bill passed, but now wants to know how Republicans will pay for the $29 billion cost of repealing it. She said she would support repealing the tax if Republicans offer an offsetting budget

cut she could support.

Late last week, House Republican leaders proposed to pay for the tax cut by trimming some subsidies designed to make health insurance affordable for middle- and low-income residents.

Staffers for the House Ways and Means Committee, which first examined the plan in April as a potential budget-saving measure, testified that it could result in 350,000 fewer people gaining insurance under the federal health law. But Republicans argue that the measure does nothing more than make sure people don't get benefits to which they're not entitled.

It remains to be seen how the new GOP plan will be received in the Democratic-controlled House. Spokepeople for Klobuchar and Franken said they hadn't seen draft language but were reviewing the plan over the weekend.

Klobuchar spokesman Linden Zakula told the Star Tribune (http://bit.ly/LZXsrL) that the senator "will look at any and all proposals to get this done."

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