Bringing Critical Mass to the Movement to Repeal the Medical Device Excise Tax

Thomas Allen Malm

Strategy Consultant Recommends Different Approach

Strategy consultant and author, Thomas Allen Malm, is proposing a way to shift the burden of the medical device excise tax (MDET) that he says will open a new dialog and solve two problems at once. He understands the optimism of manufacturers and industry associations growing from the number of Representatives in Congress crossing party lines to support the repeal of the 2.3% tax that pro-vides funding for the Patient Protection and Affordable Care Act (PPACA). However, Malm points out that "The President has promised to veto any effort to repeal the tax. Getting the votes to overturn that is unlikely without offering a replacement funding solution." He believes that the momentum exists to take a fresh approach that defies partisanship.

Malm sees an opportunity in how we pay for healthcare for the employed. The Bureau of Labor and Statistics reported in December 2012 that Government employees at the Federal, State and local level are paid a much higher wage (24% more) and that their healthcare benefits are 97.5% greater than the average benefits in the private sector. In Malm’s solution, the civil servant could still have a healthcare benefit that is 82% greater than the average public sector worker and completely offset the MDET. "The benefits given to government workers are out of step with market forces. We could pay for a lot of social programs if we closed that disparity over time." The first step of his campaign is to enlist manufacturers affected most and to systematically tell their story and influence change in this context.

The President articulated his position on MDET saying, “The healthcare bill is going to provide those health-care companies 30 million new customers … [they] can do a little more to help facilitate and make sure people are getting the healthcare they need." However, the PPACA in most critical care scenarios simply deter-mines who will pay for the care that statutory law has guaranteed through emergency rooms since 1986. That explains why many companies believe there is no assurance of new customers. Malm attests that the only things that matter are the hard numbers: imports increased 8.9% in 2011 after PPACA was passed into law. Jobs in the United States have been terminated. It takes two-thirds of the legislature to overturn a veto.

It is politics as much as healthcare, Malm says, so making a change will take a critical mass of voters."Every ‘Nay’ vote cast when the House moved to repeal MDET had one thing in common. The President would re-member those who overruled an Executive veto. That could make it hard to ask him to swing over to a pancake breakfast to kiss a few babies when they start their re-election campaigns

next year." He says motivating the votes needed to overturn a Presidential veto must be attached to bigger issues that affect all Americans, regardless of partisanship or ideology. "I could tell you that I'm losing business over this bill," Malm says. "Or I can ask you if your tax dollars should support a healthcare benefit that is 97.5% better than yours for 3.7 million government workers." He says reeling government benefits back to market conditions will level the playing field in the competition for talent while freeing up the dollars that could support a range of social programs.

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