November 13, 2012

The Honorable Harry Reid Majority Leader United States Senate

The Honorable Richard Durbin Assistant Majority Leader United States Senate The Honorable Mitch McConnell Republican Leader United States Senate

The Honorable Jon Kyl Republican Whip 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 and encourage job creation and innovation, we respectfully request that you add the repeal of the medical device excise tax to your list of priorities that should be acted on this year. We continue to believe that implementation of what was to be a \$20 billion excise tax – and is now estimated to collect over \$30 billion in taxes – will adversely impact patient care and innovation, and will substantially increase the costs of health care. The House of Representatives passed repeal legislation by a strong bipartisan vote earlier this year. On behalf of the more than 800 undersigned organizations, associations, companies, patients, providers and venture capital firms representing hundreds of thousands medical technology jobs, we ask that you address the medical device tax before it goes into effect on January 1, 2013.

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

Unfortunately, beginning in 2013, the health care law will impose over \$30 billion in new excise taxes 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 If this tax is not repealed, it will continue to force affected companies to consider cutting manufacturing operations, research and development, and employment levels to recoup the lost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 over \$30 billion excise tax.

Academy of General Dentistry Advanced Medical Technology Association America's Blood Centers American Academy of Facial Plastic & Reconstructive Surgery American Academy of Pediatric Dentistry American Association of Endodontists American Association of Neurological Surgeons American Association of Oral and Maxillofacial Surgeons American Association of Orthodontists American Dental Association American Society of Cataract and Refractive Surgery

American Society of Dentist Anesthesiologists American Medical Systems Arizona BioIndustry Association BayBio BEACON (Biomedical Engineering Alliance & Consortium) BIOCOM BioFlorida BIOforward BioHouston BioOhio California Healthcare Institute (CHI) Colorado Bioscience Association Columbus Chamber of Commerce CONNECT Dental Trade Alliance (DTA) Florida Medical Manufacturers' Consortium, Inc. HealthCare Institute of New Jersey Health Industry Distributors Association (HIDA) ibiliti Illinois Biotechnology Industry Organization—iBIO Indiana Health Industry Forum Indiana Medical Device Manufacturers Council Irvine Chamber of Commerce LifeScience Alley Life Science Tennessee MassBio Massachusetts Medical Device Industry Council MedIC Medical Device Manufacturers Association Medical Imaging & Technology Alliance MichBio National Association of Manufacturers (NAM) National Federation of Independent Business National Venture Capital Association New Jersey Life Sciences Vendors Alliance North Carolina Biosciences Organization **OCTANe** Ohio Chamber of Commerce Ohio Manufacturers' Association **Orange County Business Council Oregon Bioscience Association** Orthodontic Manufacturers Association Pennsylvania Bio Pittsburgh Life Sciences Greenhouse Pittsburgh Technology Council Southeastern Medical Device Association Southern California Biomedical Council (SoCalBio) U.S. Chamber of Commerce Utah Technology Council Virginia Biotechnology Association

Washington Biotechnology & Biomedical Association

3C Spine, Inc. 3D Medical Manufacturing, Inc. 3M Healthcare A.R. Hinkel Company Abaxis Abbey Moor Medical Abiomed, Inc. Acacia Research Corporation AccessClosure Accuitive Medical Ventures Accuray Incorporated Acertara Acoustic Laboratories, LLC Aciont Inc. ActivaTek Inc. Active Implants Actus Medical Acumen Healthcare Solutions, LLC Adept-Med International, Inc. Adhezion Biomedical, LLC Adroit Medical Advanced BioHealing, A Shire Company **Advanced Bionics** Advanced Circulatory Systems, Inc. Advanced Technology Ventures AdvanDx Aerocrine, Inc. Aesculap, Inc. AestheTec, Inc, Aethlon Medical, Inc. AFC Tool Affinity Capital Agamatrix, Inc. Agendia, Inc. Albright Technologies Alcon Labs Aleeva Medical Inc Aleeva Medical Inc. Align Technology, Inc. Allegro Diagnostics Corp. Allergan Allvivo Vascular, Inc. **ALPCO Diagnostics**

Alphatec Spine, Inc. Alta Partners ALung Technologies, Inc. Alverix, Inc. Ambu. Inc. Amedica Analogic Corp Andersen Products Andover Healthcare Angeion Corp Angel Medical Systems AngioDynamics AngioScore Inc. Anulex Technologies, Inc. AOTI Inc. Apnex Medical, Inc. Apollo Endosurgery Applied Research & Photonics, Inc. Aptus Endosystems, Inc Aqueous Biomedical, Inc. AqueSys, Inc. ARC Medical, Inc. Ardiem Medical, Inc. Argenta Advisors ARIBEX, Inc. ArKal Medical, Inc., ARKRAY Arteriocvte ARTHROSURFACE, INCORPORATED Asante Solutions, Inc. Aso LLC Aspen Medical Products Astute Medical AtCor Medical Holdings, Ltd. **ATEK Medical** Ativa Medical ATL Technology Utah Atlas Spine, Inc. Atos Medical Inc. AtriCure, Inc. Atrium Medical Corporation Aurident, Inc. Autonomic Technologies, Inc Auxogyn, Inc. Avacen MOD Corporation Avantis Medical Systems, Inc. Avedro

Avinger Axiom Medical, Inc. AxoGen, Inc. B. Braun Medical, Inc. Balchem Corporation **Banyan Biomarkers** BAROnova. Inc. BaroSense, Inc BÂRRX Medical, Inc. Baxano **Baxter Healthcare BD** Beaver Visitec **Belmont Instrument Corporation** BeneChill, Inc. Benvenue Medical, Inc. Berlin Heart. Inc. Berman Medical BioBDx **BioBDx** BioCardia, Inc. BioCare Systems, Inc. Bioconnect Systems, Inc. BioDerm, Inc. **BioElectronics BioMedical Life Systems** BioMedix bioMerieux, Inc. **Biomerix Corporation** Biomet. Inc. Biomimedica BioMimetic Therapeutics, Inc. **Bionix Development Corporation** Biophan Technologies, Inc. **BIOSAFE.** Inc. Bioscale BioSculpture Technology, Inc. BioSET, Inc. Biotest Laboratories, Inc. **Bioventus LLC** Birchwood Labatories Inc. Boston Healthcare Associates, Inc. **Boston Scientific Corporation Botanical Laboratories Breathe Technologies BridgePoint Medical** BTE Technologies, Inc.

Busse Hospital Disposables C.R. Bard. Inc. Cabochon Aesthetics, Inc. Caldera Medical, Inc. Calypso Medical **Canaan Partners** Cannuflow Inc. Cantel Medical Corp. Cantimer. Inc. Cape Cod, Inc. Carbylan Biosurgery, Inc. Cardia Access Cardiac Dimensions, Inc. **Cardiac Science** CardiacAssist, Inc. Cardinal Detecto Cardinal Health CardioDx, Inc. CardioMEMS, Inc. CardioNexus Corporation Cardiovascular Systems, Inc. **CareFusion Corporation Carmell Therapeutics Corporation** CarrierCOM Carrot Medical Carticept Medical, Inc. Case Medical. Inc. **Catheter Connections** Cayenne Medical CBSA CEA Technologies, Inc. Celleration Cellestis Inc. Center for Medical Device Innovations CeOur **Cerephex** Corporation **Ceretix** Orthapedics **Ceterix Orthopaedics Checkpoint Surgical** CHF Solutions, Inc. **Christcot Medical Company** Cianna medical Circadiance City Hill Ventures, LLC CivaTech Oncology Clarity Medical Systems, Inc. Claro Scientific, LLC

Clarus Medical. LLC Cleveland Medical Devices Inc. Clinical Research Consultants, Inc. CoAlign Innovations, Inc. CoAxia, Inc. Cochlear **Cochlear Americas Coherex Medical COMPASS** International Innovations **Compression Therapy Concepts** Conceptus Concert Medical Congress of Neurological Surgeons ConMed Linvatec Consensus Orthopedics, Inc. ConvaTec Inc. Cook Medical **Corgenix Medical Corporation** Corin USA Limited **Corindus Vascular Robotics** Corinthian Ophthalmic, Inc. Cormatrix Corventis, Inc. Corventis, Inc. Covalent Medical, Inc. Covidien Creatv MicroTech, Inc. **Critical Diagnostics Crux Biomedical** CSA Medical, Inc. Curexo Technology Corporation Curo Medical, Inc. **CV** Ingenuity CVRx Inc. CyberHeart Cyberonics Cynosure CytoMedical Design Group LLC Cytopherx Cytori Therapeutics, Inc. CytoSorbents Corporation D&D Medical, Inc. **D&R** Products dataCon Inc. DataPhysics Research, Inc. DaVinci Biomedical Research Prod., Inc. **De Novo Ventures** DEKA R&D Corp Delcath Systems, Inc. Denterprise International, Inc. **Design Mentor** Devicix DFine. Inc. DG Medical Digirad **Direct Flow Medical** Disposable Instrument Co., Inc. DJO Global, Inc. Domain Associates, L.L.C. Domain Surgical, Inc. Drexler Medical **Dynatronics** E. Benson Hood Laboratories, Inc. eCardio Diagnostics **Echo Therapeutics Edwards Lifesciences EKOS** Corporation Electrical Geodesics, Inc. Electrical Geodesics, Inc. Electromed, Inc. Ellipse Technologies, Inc. **Ellman International Emergent Medical Partners** Emerson Consultants, Inc. Endo Health Solutions, Inc. Endo-Therapeutics, Inc. EndoChoice, Inc. EndOclear, LLC **EndoGastric Solutions** EndoShape, Inc. eNeura Therapeutics **Entellus Medical** EnteroMedics, Inc. **EPIC Research & Diagnostics** Erchonia Corp. Essex Woodlands eVent Medical **Evergreen Medical Technologies** Exactech Experien Group ExploraMed Development, LLC **FAST Diagnostics**

FemCap Inc. Ferris Mfg. Corp. **Figure 8 Surgical** Flexicath, Inc. Flexuspine, Inc. Flight Medical Flocel Inc. Fluidnet Corporation ForSight Labs Fortimedix USA, Inc. Fresenius Medical Care NA Freshmedx FTSI FUJIFILM Medical Systems USA, Inc. Fujirebio Diagnostics, Inc. Galil Medical Galt Medical Gambro GE Healthcare Gen-Probe Incorporated **GENICON** Gentis Inc. GI Dynamics, Inc. Gilero, LLC **Glenveigh Medical** Globe Composite Solutions, Ltd. **Globus** Medical **GluMetrics** Gradient Technologies, LLC Great Lakes NeuroTechnologies Inc. Greatbatch Medical Ground Zero Pharmaceuticals GT Urological, LLC Haemonetics Corp. Halo Healthcare Inc. HALT Medical, Inc. Healthpoint Biotherapeutics HealthpointCapital HeartFlow HeartWare International. Inc. Heidelberg Engineering HEMERUS Hemosphere Hill-Rom HITACHI MEDICAL SYSTEMS AMERICA, INC.

Hospira Inc Hotspur - Cardiac Care Hotspur Technologies, Inc. Hull Associates Hycor Biomedical, Inc. Hydrocision **ICAP** Patent Brokerage Ichor Medical Systems ICONACY Orthopedic Implants, LLC ICU Medical, Inc. IKARIA IlluminOss Medical, Inc. ImaCor **Imalux** Corporation **IMARC** Research ImpediMed Impliant, Inc. ImThera Medical, Inc. InaVein. LLC **Incline Therapeutics** InfoBionic Infraredx, Inc. InfraScan, Inc. InjectiMed, Inc. Innovative Pulmonary Solutions, Inc. Innovative Surgical Designs, Inc. Innovative Trauma Care Inc Innovent Medical Solutions, Ltd. Innovent Medical Solutions, Ltd. Inogen **Insight Medical** inSite Medical Technologies Instratek, Inc. **Insulet** Corporation Insurgical LLC Integra LifeSciences International Franchise Association International Medical Industries, Inc. International Sterilization Laboratory LLC InterValve, Inc. Interventional Autonomics Corporation IntraPace IntriCon IntriMed Technologies **Intrinsic Therapeutics** Intuity Medical, Inc

Ionix Medical, Inc. iRhythm Technologies, Inc. ISTO Technologies, Inc. Ivantis, Inc. **Ivera Medical Corporation** Ivivi Health Sciences LLC iWalk J.H. Garver Consulting, LLC Jabil Jack Saladow & Associates Kalypto Medical KCI Kensey Nash Corporation KFx Medical Corporation Kimberly-Clark Health Care Knee Creations, LLC KRONUS. Inc. Kspine, Inc. LAAx, Inc. Laser Peripherals, LLC LeukoDx Ltd. LFI Medical Life Core Technologies Life Spine, Inc. Life Technologies Lifecore Biomedical, LLC LifeWave Linde Healthcare LipoScience, Inc. LogicMark, LLC Lutonix, Inc. Mack Medical MacuCLEAR, Inc. Magellan Technologies, Inc. Magnolia Medical Technologies, Inc. Maine Standards Company, LLC Mardil Medical, Inc. Masimo Mauna Kea Technologies MB Venture Partners, LLC MBL International Corporation Medafor, Inc. MedDx Capital Advisors Medenovo. LLC Medical Device Consultants, Inc. Medical innovations Intl. inc.

Mediclever Medigroup, Inc. MediStim USA, Inc. MedOne Surgical, Inc. Medrobiotics Corporation MedShape MedTech Mercury Medical Merit Medical Systems, Inc. Metric Medical Devices, Inc. Mettler Electronics Corp. MGC Diagnostics Micardia Corporation Micell Technologies MicroCube Microline Surgical, Inc. MicroTransponder Inc. Midmark Corporation Millar Instruments, Inc. MIM Software Inc. Minerva Medical Minnetronix Mirador Biomedical Miramar Labs Missouri Biotechnology Association MitraGen Mitralign, Inc. Molecular Detection, Inc. Monebo TEchnologies, Inc. Moog Medical Devices Morgenthaler Ventures Morris Innovative Mound Laser & Photonics Center MOXI Enterprises, LLC Moximed MPM Capital MPR Product Development MyoCardioCare, Inc. Myomo, Inc. **MyoScience** nanoMR Nanostim NaviMed Capital Naviscan. Inc. NDH Medical Nelson Laboratories, Inc.

Neocure **Neodyne Biosciences** Neograft Technologies, Inc. Neomend, Inc. NeoMetrics. Inc. NeoTract, Inc. Neovista Inc. Neuro Kinetics, Inc. Neuro Resource Group, Inc. Neuro-Fitness LLC Neuronetics, Inc. NeuroPace NeuroTherm NeuroTronik NeuroVista Corportation NeuroWave Systems Inc. Neuvomedica Ltd. Nevro New Enterprise Associates New Leaf Venture Partners NexDx, Inc. NinePoint Medical **Niveus Medical** Nocimed, LLC Non-Invasive Medical Systems Nonin Medical Norris Capital, Inc. Nova Biomedical NovaSom Novasys Medical NRG NuMED, Inc., NuOrtho Surgical, Inc. NuVasive Nuvimedix LLC NxStage Medical, Inc. NxThera, Inc O.E. Meyer Co. **Obalon Therapeutics OmniGuide Surgical** OmniGuide, Inc. OMNIlife science, Inc. On-X Life Technologies, Inc. OncoHealth **ONSET** Ventures OptiMedica

OptiScan Biomedical, Inc. OraSure Technologies, Inc. **Oraya** Therapeutics Orbital Research Inc. **Orchid Orthopedic Solutions** Orlucent **Ortho Kinematics** OrthoCor Medical OrthoWorx OsteoMed Ottobock U.S. HealthCare Paracor Medical, Inc. Paradigm Spine, LLC Pathfinder Therapeutics, Inc. Pathway Medical Technologoes Patient Pocket, LLC Penn-Century, Inc. Penumbra, Inc. PercSys Percutaneous Systems Philips Electronics North America Phillips Consulting Group, LLC PhotoMed Technologies, Inc. PhotoThera, Inc. **Pioneer Surgical** Pivot Medical Inc. Plasma Technologies, Inc. Plexus Corp. Pluromed. Inc. Portaero Preceptis Medical, Inc. Precise-Pak Inc. Prism VentureWorks Prizm Medical. Inc. Pro2Med Inc. ProMedTek **Prospect Venture Partners** Prospex Medical Proteus Bimedical, Inc. PuriCore QHeart Medical Inc. QualPro Consulting Quasar Bio-Tech Inc. **Quidel** Corporation Quidel Corporation **RBC** Capital Markets

Redpoint Corporation Regenesis Biomedical, Inc. **Regulatory & Quality Solutions LLC Reichert Technologies** Reimbursement Strategies, LLC Relievant Medsystems, Inc. **ResMed** Respicardia, Inc. Respira Therapeutics, Inc. Respiratory Motion, Inc. Respiratory Research, Inc. Respiratory Technologies Inc. **Response Biomedical Corporation** ReVent Medical, Inc. **Reverse Medical ReVision Optics** RhinoSystems, Inc. Rhythmlink International, LLC Rinovum Women's Health, Inc. **RITM** America Robomedica, Inc. RODO Medical, Inc. **RoundTable Healthcare Partners ROX Medical** RxFunction, Inc. Safeguard Scientifics, Inc. Saladax Biomedical, Inc. SandBox Medical LLC Sanofi **Scientific Imaginetics** SDRS LLC Second Sight Medical Products, Inc. Sekisui Diagnostics Sensable Sequent Medical Inc. SI-BONE, Inc. Siemens Healthcare Sight Sciences Inc. SightLine Partners SIGNUS Medical, LLC Silere Medical Technology, Inc Silicon Valley Leadership Group Silver Bullet Therapeutics, Inc. Sirtex Medical Inc **Skyline Ventures** Small Bone Innovations, Inc.

Smart Perfusion, LLC Smith and Nephew, Inc. **Smiths Medical** Soft Tissue Regeneration, Inc. Solta Medical, Inc. Sonitus Medical Inc. Sonoma Orthopedics SonoSite, Inc. Sorin Group USA, Inc. Soteira, Inc. Sotera Wireless SP Surgical SPE Medical **Spectranetics** SpectraScience, Inc SpherIngenics, Inc. **Spinal Kinetics** Spinal Modulation, Inc. Spinal Ventures, LLC SpinalMotion, Inc. Spine Wave, Inc. SpineAlign Medical, Inc. Spineology Inc. Spiracur Inc. Spiration, Inc. SPIWay, LLC Split Rock Partners St. Jude Medical STD Med. Inc. SteriPack USA, Ltd **Steris Corporation** Stimwave Stout Medical Group Strada Consulting Streamline, Inc. Strohl Medical Stryker Sunshine Heart SunShine Medical LLC superDimension, Ltd. Surface Solutions Labs, Inc. SurgeOptix SurModics, Inc. Svelte Medical Systems, Inc. Swan Valley Medical, Incorporated Synapse Biomedical, Inc. Synarc, Inc.

SynCardia Systems, Inc. Synecor, LLC Synergy Life Science Partners Syntermed, Inc. Sysdyne Corporation Tactile Systems Technology, Inc. Tandem Diabetes Targeson, Inc. **Target Discovery** Tarsus Medical Inc. TearScience. Inc. TEI Biosciences Inc. Tenaxis Medical, Inc. **Teratech Corporation** Terumo BCT, Inc. **Terumo Medical** Tethys Bioscience, Inc. Texas Healthcare and Bioscience Institute The Eclipse Group The Foundry The Innovation Factory The Vertical Group Therapeutic Resources, Inc. TheraTogs, Inc. ThermalTherapeutic Systems, Inc. ThermoGenesis Corp. Therox THI, Inc. Thoratec Corporation Three Arch Partners ThreeWire Thubrikar Aortic Valve, Inc. **TIDI Products** Toshiba America Medical Systems, Inc. Tosoh Bioscience Inc. TranS1, Inc. Transcend Medical **Transcorp Spine** TransEnterix, Inc. Transonic Systems, Inc. **Trillium Engineering** TriReme Medical. Inc TriVascular, Inc. Twin Star Medical TYRX. Inc. Ulthera

UltiMed, Inc. Unilife medical solutions Urologix, Inc Uromedica, Inc. Uroplasty, Inc. Urovalve, Inc. USGI Medical, Inc. USHIFU, LLC Valeritas, Inc. Valley Ventures ValveXchange, Inc. Vascular Solutions, Inc. Vector Resources Vector Surgical, LLC Velico Medical, Inc. Velomedix, Inc. Ven-Tel Plastics Corporation VENITI, Inc. Venous Health Ventus Medical, Inc. Veracyte Verax Biomedical Incorporated Versant Ventures VertiFlex[®], Inc. Vertos Medical Inc Vibrynt, Inc. **VIDA** Diagnostics Vidacare Viking Systems, Inc. Virginia Bio VirtualScopics, Inc. Viscogliosi Bros., LLC Vision-Sciences, Inc. VisionCare Ophthalmic Technologies VisionQuest Industries, Inc. Vital Images, Inc. Vital Therapies, Inc. Vital/Med Systems Corporation Vitalcor, Inc. Viveve Volcano Corp. VueTek Scientific, LLC Water Street Healthcare Partners Waters Corporation WaveTec Vision

Welch Allyn Wescor White Pine Medical, Inc. Wilson Sonsini Goodrich & Rosati Woolfson Eye Institute X-Spine Xlumena Yukon Medical Zilico Limited Zimmer, Inc. Zoe Medical, Inc. Zoll Zyga Technologies Zynex