

MDMA Survey on Implications of the Medical Device Tax

The medical device industry is responsible for more than **400,000 American jobs** -- and is indirectly responsible for almost **2 million jobs** that supply and support this highly-skilled workforce. In fact, the medical device industry is one of the *only net-trade exporters* in the United States, with a **trade surplus of \$5.4 billion** in 2007.

MDMA conducted a survey of its members and senior executives of medical device manufacturers from across the United States. The survey includes nearly ***200 responses*** from senior executives at some of the United States' most influential and dynamic medical device companies.

MAJOR TAKEAWAYS

- ✓ **57 percent** of respondents work at companies that are not yet profitable.
- ✓ When asked “**If the 2.3% medical device tax on total U.S. sales take effect in 2013, which of the following would your company do to address the impact of the tax?**”, **64 percent** said that they would reduce or immediately halt job-creation.
- ✓ In addition, **60 percent** of respondents stated that they would reduce research and development to pay for the tax.
- ✓ **36 percent** of respondents noted that they would have to relocate manufacturing outside of the United States to absorb the device tax.

Many proponents of the device tax noted that the healthcare legislation will lead to 32 million additional people with health insurance. We asked respondents “**Do you expect [additional patients] to provide more additional revenue for your company than you would owe under the device tax?**”

- ✓ **90 percent** rejected the notion that there would be a “windfall” due to an increased patient population

The medical device tax will have an immediate and debilitating impact on an innovative industry that currently is the global leader. In fact, MDMA has member companies who, despite continuing growth and job-creation, would **OWE more than \$1 million in taxes than they make in profit.**