Press Release

Forum Study Examines Economic Impact of Medical Device Tax

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Finds Tax Disproportionately Affects Small Business; Could Lead to Significant Job Loss

Washington, D.C. – The American Action Forum (@AAF) today released a study examining The Economic Impact of the Medical Device Excise Tax (“device tax”) included in the Patient Protection and Affordable Care Act (ACA). Later this week, the House of Representatives is considering legislation to repeal this component of the ACA. The medical device industry is disproportionately comprised of small businesses.

Under current law, beginning in 2013, a 2.3 percent tax will be applied to all medical devices sold in the United States, including both U.S.-made and imported devices. The study finds that if left in place, the device tax will have an unmistakable economic impact on the U.S. medical device industry. Forum research found that the tax is already affecting some medical device manufacturers, and if implemented, could lead to significant job losses, and particularly affect startups and small and mid-sized businesses.

Amongst the key findings:

- The tax would lead to job losses between 14,500 and as many as 47,100.

- The device tax would disproportionately affect small and mid-sized businesses. 81% of American medical device manufacturers small businesses (1-50 employees), and over 91% of medical device manufacturers are small or mid-sized businesses (Under 1,000 employees)

- The device tax is already impacting jobs and economic growth. Venture capital deals for medical device firms are down 50% in 2011 compared to the previous five years.

The complete study, authored by Forum Director of Health Policy Michael Ramlet, Forum Healthcare expert Robert Book, and Forum Research Assistant Han Zhong can be found here.