



January 20, 2010

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
H-232, the Capitol Building
Washington, D.C. 20515-6501

The Honorable Steny H. Hoyer
Majority Leader
U.S. House of Representatives
H-107, the Capitol Building
Washington, D.C. 20515

The Honorable Charles B. Rangel
Chairman, Committee Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515-6348

The Honorable Henry A. Waxman
Chairman, Committee Energy and Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, DC 20515-6115

The Honorable Pete Stark
Chairman, Ways & Means Health Subcommittee
U.S. House of Representatives
1135 Longworth House Office Building
Washington, D.C. 20515-6349

The Honorable Frank Pallone, Jr.
Chairman, Energy & Commerce Health Subcommittee
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, DC 20515-6115

Dear Speaker Pelosi, Majority Leader Hoyer, and Chairmen Rangel, Waxman, Stark, and Pallone:

As the Congress continues its health care reform efforts, we respectfully request that the exemption of certain classes of medical devices from the proposed tax on device manufacturers be maintained in the final package on health care reform.

Although we do not support taxing medical devices, we do appreciate that the House bill limited the size of the tax to \$20 billion over 10 years and exempted devices that are sold through retail. We urge the adoption of one Senate provision, however to exclude Class I medical devices from the tax. While some may argue that the FDA product class is not a perfect delineation, the Senate exemption is a fair approach to address the types of devices within Class I and the patients and providers that rely on them for critical patient care needs.

- Class I devices include products such as tongue depressors, cotton swabs, wound care dressings, medical tape, ostomy pouches, dental fillings and teeth cleaning supplies, orthodontic braces and retainers, and hearing aids.
- If imposed on certain Class I devices, any tax based on sales would likely be passed on directly to patients and could have a significantly negative impact on patient access to quality care. For example, the majority of hearing aid sales (72%) are not paid for by insurance, but are paid for by individuals as an out of pocket expense. Also, whether a patient is part of a dental benefit plan to help defray costs for dental treatments or procedures, or one of the 45% of Americans with no form of dental coverage, the additional tax on dental and orthodontic devices will be passed on to patients. Any tax will drive up costs to these types of patients, regardless of whether they had medical insurance under previous plans or new plans created by the legislation.
- Many Class I devices are low margin products. Any significant tax could be higher than profit margins, which are often 1% or less. Imposing this tax based on sales of such products would be highly regressive when appropriately viewed in the context of relative profitability.

As you continue your efforts to craft a final health care reform package, we urge you to include the Class I medical device tax exemption along with the House retail sales exemption.

Sincerely,

Academy of Doctors of Audiology
Alexander Graham Bell Association for the
Deaf and Hard of Hearing
American Academy of Audiology
American Academy of Otolaryngology –
Head and Neck Surgery
American Speech-Language-Hearing
Association
American Tinnitus Association
Association of State and Territorial Dental
Directors
CareFusion
Coloplast
ConvaTec Inc.
Dental Trade Alliance

Healthcare Distribution Management
Association
Health Industry Distributors Association
Hearing Industries Association
Hearing Loss Association of America
Hill-Rom
International Hearing Society
3M Health Care
National Association for the Support of
Long Term Care
PSS World Medical, Inc
ROHO, Inc.
Smith & Nephew