

BEACON NEWS

A SUMMER OF POLITICAL ADVOCACY

This summer Terri Wilson, Co-Executive Director, and representatives from a few BEACON member companies, met with members of the Connecticut congressional delegation to discuss repeal of the “federal medical device tax” that is being used as a revenue source for the Affordable Care Act (ACA) which takes effect January 1, 2014. The medical device tax began January 1, 2013 and as of this writing, over \$1B has been collected by the government from medical device companies from all over the country. This new 2.3% tax on gross U.S. sales of medical devices is expected to generate \$30B over ten years. However, recent studies show it will be at the expense of approximately 43,000 American jobs, including many in R&D and innovation at the larger companies. AdvaMed, the national medical device trade association, urged all medical device trade associations across the country, such as BEACON, to use the summer congressional break as a time to bring this issue to their respective congressional delegation and ask them about their position on the repeal legislation. The Connecticut delegation, both Senate and House, are supportive of the whole Affordable Care Act, therefore, currently not supportive of repeal of the tax without another revenue source available to replace it.

How does this tax affect Connecticut? According to a Lewin Group study in 2010, Connecticut is the 19th largest state in medical device employment with approximately 7,600 direct employees. There are over 150 companies in the state doing business in the medical device and diagnostic industry, some are OEMs and/or suppliers, some are innovators and entrepreneurs and others are in R&D and design. A Batelle Study in March 2012 estimated that the impact this medical device tax will have on Connecticut will be the loss of approximately 900 jobs over the first few years of its implementation. Therefore, the Connecticut congressional delegation should pay attention to this issue.



Terri Wilson asking Rep. Larson a question at the Aug. 6 breakfast

Because of its importance, BEACON took advantage of four opportunities in August to have this issue mentioned at various events. At a breakfast meeting on August 6th, sponsored by the MetroHartford Alliance and the New England Council, Representative John Larson (1st-D) spoke about the Affordable Care Act and other topics of the day. Terri Wilson, who explained to the audience what the medical device tax is, asked Congressman Larson if he would talk with U.S. Rep. Erik Paulsen, who is leading the Congressional MedTech Caucus on this issue, when they return from summer recess. Congressman Larson was familiar with the tax and the implications it can have in Connecticut, especially with the many manufacturing suppliers that are in this state, and agreed to speak with Rep. Paulsen upon his return.

While at that breakfast, Wilson met Thomas Maher, Regional Director, Healthcare Leadership Council (HLC), Portsmouth, NH. Maher’s attendance at this event in Hartford was important because part of HLC’s mission nationwide is to monitor and advocate on healthcare policy to make affordable, high-quality care accessible to all Americans. After the breakfast Maher invited Wilson, and BEACON member companies, to join him in discussions with Congressman Elizabeth Esty (5th - D) and Congressman Joe Courtney (2nd- D) later in the month.



Rep. Esty with (L-R) representative of Edwards Lifesciences, Terri Wilson, Veronica Siemiatkaska and Mark Leahy of CT Spring and Stamping and Tom Maher, HLC

On August 22nd, BEACON member company Connecticut Spring & Stamping (CSS), Farmington, CT, a supplier to the medical device industry, joined Wilson and others at a meeting arranged by HLC with Congresswoman Elizabeth Esty at her New Britain, CT office. It was an informative dialogue with her as she shared her concerns about eliminating the tax as the revenue source for the ACA. However, she did remain open to further discussion in Washington on it later in the session.

On August 28th, on behalf of BEACON, Terri Wilson attended a roundtable discussion organized by U.S. Senator Chris Murphy (CT –D) in honor of Start Up Day Across America. His goal was to hear from various groups, state and local agencies, trade associations, and entrepreneurs about how the federal government might better foster innovation. Over thirty people attended. Joining Wilson was BEACON member and entrepreneur Bernie Keppler of NLP International, Westport, CT and Kevin Miller of Loon Medical, Norwich, CT which has several medical device innovations in development. The attendees talked about ideas such as how to improve laws, both state and national, to increase angel and venture capital investing; strengthen the GI bill for returning veterans to get help starting a new business; finding new ways of streamlining the form filing process that entrepreneurs spend a great deal of time doing; and how to get more college and university students to work with companies that have ideas sitting on their shelves but no way to prototype them in to marketable products. Shortly before the discussion ended, Wilson brought up the medical device tax and how it's implementation is causing some large medical device companies to cut back their budgets on innovation of new medical device products and technology which is going to stifle growth of the industry which will ultimately trickle down to the many suppliers in Connecticut. Senator Murphy expressed his concern and said he

understands the issue well, but would like to see another form of revenue to replace it for the ACA to be properly implemented.

On September 3rd, BEACON member company Linemaster Medical (a division of Linemaster Switch Corp), Woodstock, CT, a supplier to the medical device industry, joined Wilson and others at a meeting arranged by HLC with Congressman Joe Courtney (2nd-D) at his Norwich, CT office. There were several topics discussed including repeal of the medical device tax. Rep. Courtney explained his concerns about this revenue stream for the ACA as well as other parts of the law that he feels need to be addressed.



Rep. Courtney with (L-R) representative of Edwards Lifesciences, Terri Wilson, representatives of Boehringer Ingelheim and Medtronic, Joe Carlone, Sr., Joe Carlone, Jr. and Tim Carlone of Linemaster Medical.

It is important for BEACON to participate in this national debate on the medical device tax that will significantly impact the medical device industry. BEACON will continue its role of serving and being the voice of the medical device industry as we go forward.

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MISSION STATEMENT

BEACON (the Biomedical Engineering Alliance & Consortium) is a non-profit 501(c)(6) trade organization comprised of academic and medical institutions, as well as corporations and entrepreneurs dedicated to the development and commercialization of new medical devices and technology.

BEACON 2013 Members

Benefactors: Covidien Surgical Solutions

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