

AIMBE POSITION STATEMENT

AIMBE OPPOSES PROPOSED DEVICE MANUFACTURERS FEE IN HEALTH CARE REFORM BILL

ISSUE

The American Institute for Medical and Biological Engineering supports the development of biomedical innovations that produce high quality health care for all citizens. It is essential to continue to invest in research and development in one of America's leading industries, the medical device industry, along with the extensive innovation pipelines that feed this innovation, including universities and start-up companies. America's global leadership in medical device innovation is clear. We must maintain that leadership position for the health of all Americans. To accomplish this important goal, we believe that there should be no fee attached to medical device companies in the current health care bill.

RECOMMENDATION

AIMBE, the objective voice of the medical and biological engineering community, representing 50,000 engineers in academia, industry and government supports the need to increase access to health care and lower health care delivery costs. However, AIMBE feels that the proposed medical device manufacturer's tax in the health care reform legislation puts an unfair burden on device manufacturers and would be a barrier to American innovation. AIMBE proposes the removal of all fees / taxes levied on medical device manufacturers for the purpose of freeing up the industry's capital for reinvestment in research and development of future medical technology innovations which will lead to downstream health care cost reductions.

BACKGROUND

- **How do medical devices help to decrease the costs of healthcare today?** Early diagnosis and treatment of diseases are possible thanks to medical devices which offer clinicians images and data analysis not possible before. Additionally, the medical device industry is researching and developing new technologies which will not only save lives, but also save dollars associated with treatment or chronic illness. For example, researchers are developing an implantable artificial kidney aimed at improving management of kidney failure, known as end-stage renal disease (ESRD). Currently, patients with ESRD are likely to pay nearly \$1.1 million in treatment costs to help improve their quality of the remainder of their lives. Researchers believe an implantable artificial kidney will not only add years of life to individuals diagnosed with ESRD, but also cut treatment costs in half, saving the health care industry millions. Other technologies, like an artificial



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pancreas are in development and would cost \$20,000 for the patient, but would save those with diabetes 10 to 20 times the current lifetime health care costs associated with the disease.

- **Medical device manufacturers face cuts in their ability to invest in innovation with increases in taxes and fees.** Whereas the pharmaceutical industry invests nearly \$40 billion annually into research and development, the medical device industry invests approximately \$10 billion annually. This disparity is due to the size of the market share and the profits earned by the two uniquely positioned industries. The proposed fees in this bill would lead to a nearly 20% cut in the industry's ability to reinvest profits into research and development of new technologies. This is a critical loss, considering medical device industry has a very short innovation cycle (approximately three years), highlighting the need for a constant and reliable source of research investment to fill the innovation pipeline.
- **What do American's get for their investment in biomedical research and development?** A Wisconsin Association for Biomedical Research and Education report found that for the federal government's \$62 per citizen investment in bioscience has resulted in benefits returned to each citizen in excess of \$5,600. By reinvesting a portion of this fee into the nation's biomedical research community, Congress would be laying the groundwork for medical innovations leading to prevention, earlier diagnosis, and cures of diseases that are currently costing American's millions of dollars in health care costs. Further, advancements in technologies such as telemedicine, imaging, and devices like the pacemaker and insulin pump are allowing patients to spend less time, and less money, being seen at clinics and hospitals, and more time as a productive member of the American workforce.
- **American's support the need to accelerate investment in research to support health.** A Research!America poll conducted this summer shows that Americans supports investment in research as a part of health care reform. When asked "Considering all aspects of health reform, how much of a priority is it to accelerate our nation's investment in research in improve health?", 28% of respondents called investment in research a "top priority" and another 45% called it a "high priority." When asked "When it comes to rising health care costs, would you say research to improve health is part of the problem or part of the solution?", 71% of those polled called it part of the solution.

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The American Institute for Medical and Biological Engineering (AIMBE) is the authoritative voice for the value of medical and biological engineering to society. It is an organization of leaders in medical and biological engineering consisting of academic, industrial, professional society councils and elected fellows.

