

DTA Urges Repeal of Medical Device Tax

Position

The Dental Trade Alliance opposes the medical device excise tax and believes it would add unnecessary cost to oral health care in the United States. DTA is thankful Congress has repeatedly delayed this burdensome tax on medical and dental device innovation, but respectfully urges Congress to continue working to achieve its full repeal.

The DTA urges Congress to support the Protect Medical Innovation Act of 2019 (S.692/H.R.2207), introduced in the Senate by Senator Pat Toomey (R-PA) and Senator Amy Klobuchar (D-MN), and in the House by Rep. Ron Kind (D-WI).

Background

The Dental Trade Alliance is a trade association representing distributors, manufacturers and laboratories that manufacture and supply products and services to oral health professionals. Sales in the industry total almost \$7 billion dollars. The total number of employees is over 39,000.

While we are a small portion of the total expenditure for health, the importance of oral health cannot be denied as more and more studies show a link between oral health and overall health. Research shows that diabetes increases your risk of oral disease, inflammation and infection which can make diabetes more difficult to control. Cardiovascular disease has been linked to oral health and gum disease has been linked to premature birth.

The 2.3% medical device tax imposed by the Affordable Care Act (ACA; P.L. 111-148) in 2010 was one of a number of additional revenue-raising provisions to finance health reform. This tax, which was to take effect in January 2013, was projected to collect approximately \$38 billion of excise tax revenues over the next 10 years. Given that this tax applies to revenues, not profits, it is extremely punitive to medical and dental technology innovators.

Since the inception of the medical device tax, there has been growing bipartisan support to end this tax on innovation and it has been suspended multiple times by Congress. In 2018, the House passed a bill to repeal the tax, but the Senate failed to act. If Congress does not act this year, the medical device will be reinstated in 2020. Perhaps most concerning, the short-term suspensions limit the ability of companies to make longer term investments in new technologies and treatments without the certainty of a full repeal.

The Dental Trade Alliance (DTA) is an association of companies that provide dental equipment, supplies, materials and services to dentists and other oral care professionals. Our member companies are distributors, dental laboratories and manufacturers, located in the United States, Canada and Mexico. By providing the best equipment, materials and services to dentists and oral care professionals, we are partners in improving the oral health of everyone.

Please contact Patrick Cooney at 202-347-0034 x101 or patrick@federalgrp.com if you have questions about this brief or other health policy matters.