



March 11, 2010

Dear Congressman Ellsworth,

On behalf of the more than 60 manufacturing and related business members of the Indiana Medical Device Manufacturer Council (IMDMC), I am writing to seek your support on an issue related to the \$20 billion medical device tax. As you know, the medical device industry is vitally important to Indiana's economy, providing high-quality and high-paying jobs for approximately 18,500 employees. While other industries in Indiana have shrunk, the device industry has created 4,500 jobs throughout the state since 2001.

Now, the Joint Committee on Taxation (JCT) is stating that a 2.9% tax rate is necessary to generate \$20 billion from the medical device industry through fiscal year 2019 to help pay for the expansion of health insurance coverage. This is an increase of nearly 20% over the 2.5% rate in the bill that passed in the House. We believe this rate is too high and could generate far in excess of \$20 billion. Additional unanticipated financial liability would be an unnecessary and unjustifiable burden on the medical device industry, including our sizeable one here in Indiana, and could result in steep cutbacks in manufacturing operations, research and development, and employment.

IMDMC members, therefore, respectfully request that you contact House leadership and express opposition to this increased rate. In addition, because we believe both the original rate and this new, significantly higher rate will collect much more than \$20 billion, we believe there should be a 'guardrail' provision in the legislation. Such a provision would ensure that the federal government collects no more than \$20 billion.

We ask you to keep in mind the critical importance of this issue to Indiana's medical device industry, as you consider how to cast another vote on health care reform in the coming days or weeks.

Thank you for your consideration of this request. Please contact us with questions or if you need additional information.

Sincerely,

Danelle Miller, President
Indiana Medical Device Manufacturers Council

IMDMC Board Member Companies

*Anson Group, Baker & Daniels, Bayer Diabetes Care, Biomet Inc., Cook Inc., DePuy Orthopaedics,
Eli Lilly and Company, Hill Rom, Inc., Johnson & Johnson Inc., Medtronic Inc., Roche Diagnostics Corp., Zimmer Inc.*

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