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[H.R. 160, Protect Medical Innovation Act of 2015](#)

FLOOR SITUATION

On Wednesday, June 17, 2015, the House will consider [H.R. 160](#), *the Protect Medical Innovation Act of 2015*, under a [closed rule](#). H.R. 160 was introduced on January 6, 2015, by Rep. Erik Paulsen (R-MN) and was referred to the Committee on Ways and Means, which ordered the bill reported, as amended, by a vote of 25 to 14 on June 2, 2015.

SUMMARY

H.R. 160, as amended, strikes subchapter E of Chapter 32 of the Internal Revenue Code to repeal the 2.3 percent excise tax on the sale of medical devices imposed by the Patient Protection and Affordable Care Act. The repeal applies to sales in calendar quarters beginning after the date of enactment.

BACKGROUND

The Patient Protection and Affordable Care Act ([Public Law 111-148](#)) imposes a tax equal to 2.3 percent of the sale price on the sale of any taxable medical device by the manufacturer, producer, or importer of such device. A taxable medical device is any device, as defined in section 201(h) of the Federal Food, Drug, and Cosmetic Act, that is intended for humans. The law includes a “retail exemption” to exclude from the tax products such as eyeglasses, contact lenses, hearing aids, or other devices that the Secretary of Health and Human Services determines are generally purchased by the general public at retail for individual use.¹

According to a 2014 industry [survey](#), the “tax resulted in employment reductions of 14,000 industry workers in 2013 and years prior to implementation of the tax, with approximately an additional 4,500 jobs lost in 2014. Furthermore, the industry will forgo hiring of nearly 20,500 employees over the next five years. Considering both jobs lost and jobs not created, the tax will result in 39,000 fewer industry jobs.”² The survey further found that “applying this ratio to jobs lost or forgone suggests that the

¹ Joint Committee on Taxation, *Description of H.R. 160, the “Protect Medical Innovation Act of 2015,”* ([JCX-87-15](#)), at 2. May 29, 2015.

² See AdvaMed Study—“[Impact of the Medical Device Excise Tax](#),” at 2. January 28, 2015.

impact of the tax on indirect employment could be as much as 156,000 jobs, for a total job loss due to the tax of 195,000 jobs.”³ Three-quarters of survey respondents also indicated that that had taken one or more of the following actions in response to the tax: deferred or cancelled capital investments; deferred or cancelled plans to open new facilities; reduced investment in start-up companies; found it more difficult to raise capital (among start-up companies); reduced or deferred increases in employee compensation.⁴

COST

The Joint Committee on Taxation (JCT) [estimates](#) that enacting H.R. 160, as amended, would reduce revenue by about \$24.4 billion over the 2015 to 2025 period.

STAFF CONTACT

For questions or further information please contact [Jerry White](#) with the House Republican Policy Committee by email or at 5-0190.

³ Id.

⁴ Id.