

## GUEST OPINION

# Taxing the sick, taxing innovation

*Higher taxes hurt businesses, consumers*

You can't get something for nothing. Yet, the Senators working on health care reform on the finance committee are under the impression that they can when it comes to the medical device industry.

The Senate has proposed making direct and indirect cuts to medical device companies, as well as placing an additional \$4 billion in taxes on the medical device industry for each of the next 10 years, AND they still think these companies will be able to 1) conduct all the research to provide new, innovative technologies that will improve the health of Americans; 2) maintain jobs for individuals working in the medical device sector; 3) lessen the cost of health care for Americans; and 4) keep America competitive in the global marketplace.

The Senators can't have it both ways. It doesn't work. Good companies, such as GE Healthcare and the hundreds of small business suppliers in my home state of Wisconsin, will heavily feel the impact, and so will my state.

In 2007, the medical device sector invested \$9.6 billion in research and development. This additional \$4 billion annual tax is nearly half



Sensenbrenner

that amount – meaning that as a company spends more on added costs and taxes, less money is spent on research.

Without research, there won't be the discovery of new products that better the lives of Americans or the high-paying jobs of the researchers.

In addition to stifling innovation, the added costs and increased taxes hurt the consumer's pocketbook. In our current economy, these additional costs will be passed onto customers – increasing their health care costs, not lowering them. Anyone who purchases medical products such as pacemakers, wheelchairs, blood glucose meters and hearing aids, or a patient whose care includes the use of a CT or MRI machine, mammography or bone density equipment, would feel the pinch of this legislation, essentially creating an unfair tax on sick people.

This legislation also puts us at a disadvantage in the global marketplace. Even if a company decided to keep its facilities here, rather than move them to cheaper

facilities overseas, the added cost to its products would give any foreign competitor offering a cheaper product another leg up – at a time when our economy needs the boost.

The medical industry has already seen massive reductions in Medicare payments under the Deficit Reduction Act. Medicare spending for advanced imaging fell by 19.2 percent from 2006 to 2007. We cannot be encouraging prevention and early disease diagnoses while we reduce access to diagnostic screenings.

Medical device companies already pay their taxes, provide jobs and help their communities. Their innovative devices save lives, reduce suffering, halt a disease from further progression and reduce treatment costs – making the lives of patients and caregivers easier. We shouldn't be singling them out for further financial punishment, as it will be all of us who are punished. I hope the Senate will say no to increased taxes on innovation and the sick.

*(U.S. Rep. F. James Sensenbrenner Jr., R-Menomonee Falls, represents Wisconsin's 5th Congressional District.)*

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