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Lobbyists: ObamaCare tax repeal within reach

By Kevin Bogardus - 10/08/13 06:00 AM ET

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Healthcare lobbyists say they're close to winning repeal of the medical device tax in ObamaCare.

Healthcare lobbyists say they're close to winning repeal of the medical device tax in ObamaCare.

Republicans and some Democrats in the House are pushing to eliminate the 2.3 percent excise tax in legislation as Washington has approached year-end talks to get the government running again and lift the debt ceiling.

That has buoyed medical device makers and their allies, who argue momentum is on their side.



"A lot of members are worried about the economy and their districts and their states. These medical device jobs are well-paying jobs. I think that's what is driving this," said Mary Grealy, president of the Healthcare Leadership Council.

The excise tax was among the revenue sources created by ObamaCare to ensure that the healthcare law would not

be scored as adding to the deficit. Budget analysts estimate it would generate about \$30 billion for the government over 10 years.

Medical device companies opposed the tax from the start and redoubled their lobbying efforts in January when the tax took effect.

Now they and their allies are optimistic that repeal could be attached to a continuing resolution (CR), a debt-ceiling bill, or even a year-end omnibus appropriations package.

"We are thrilled that the issue has been able to get more of a public airing so that the public has more of a understanding of the issue," said Katie Orrico,

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director of the Washington office for the American Association of Neurological Surgeons. "There is a good chance this will ride along with that package."

Lobbying powerhouses like the Chamber of Commerce and the National Association of Manufacturers support repealing the tax, as do the medical device giants Covidien and Stryker.

They were among the roughly 1,000 groups that signed onto a Sept. 28 letter urging congressional leaders to make repeal "a top priority."

The medical device trade group, the Advanced Medical Technology Association (AdvaMed), is a repeal proponent as well and has been running ads in Beltway publications urging Congress to do away with the tax.

"We are laser focused on the need to have the device tax repealed," said JC Scott, AdvaMed's senior executive vice president of government affairs. "We feel now is the right time, and we are focused on every avenue to get that accomplished."

Though top Senate Democrats, including Majority Leader Harry Reid (D-Nev.), have pushed back against ending the tax, the industry has some big names in its corner.

Minnesota Democratic Sens. Amy Klobuchar and Al Franken have co-sponsored legislation to end the tax. The device maker Medtronic is headquartered in Minneapolis, while St. Jude Medical is headquartered in St. Paul, Minn.

Sen. Elizabeth Warren (D-Mass.) voted for a nonbinding budget amendment earlier this year that called for the tax's repeal. Boston Scientific's global headquarters is in Natick, Mass.

Warren was one of 79 votes in favor of the repeal amendment — evidence, lobbyists say, that there is more than enough support in the Senate to end the device tax.

Lobbyists argue the tax would eat into the industry's research and development sector and prevent startup firms from getting a foothold in the business.

"They are feeling the pain from this tax. This is a growth industry in the United States, a net exporter, and imposing a tax on it is not going to help," said Dorothy Coleman, NAM's vice president of tax and domestic economic policy.

The industry brings some serious lobbying firepower to the fight.

AdvaMed has spent more than \$1.2 million on lobbying so far this year, according to lobbying disclosure records. It has more than a half dozen firms on its advocacy roster, including Blank Rome Government Relations, DLA Piper and Kountoupes Denham.

Device makers are not the only ones pushing to end the tax, as many in the healthcare field fear it would lead to increased costs.

Orrico noted that neurosurgeons use medical devices to treat strokes, spinal disorders, brain tumors and Parkinson's disease.

"Almost everything we do is connected to medical devices," Orrico said. "Hospitals, at some point, are going to balk if the prices are driven up."

Some supporters say the healthcare law is funded by a variety of taxes on the industries that earn new business from ObamaCare, including medical devices, which would offset the costs of the excise tax.



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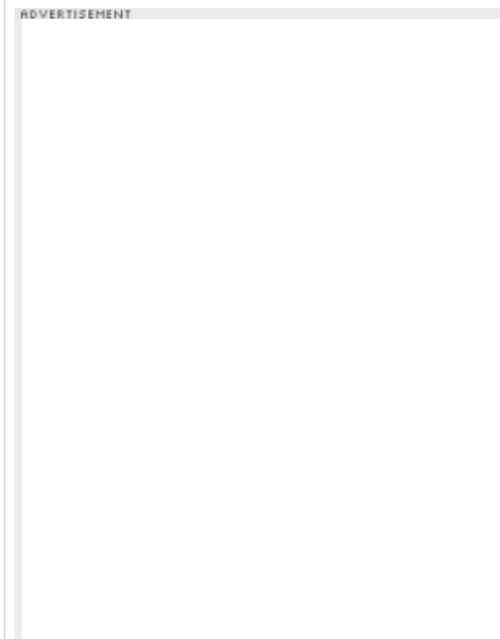
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But Republicans are eager to take down any part of ObamaCare this year, while Democrats say they would only go along with the tax's repeal is if ObamaCare is funded some other way.

One bipartisan group in the House, led by Reps. Charlie Dent (R-Pa.) and Ron Kind (D-Wis.), is discussing repealing the device tax in conjunction with funding the government.

"I think the device tax is bad policy, but we need a way to pay for it, so we are not adding to the deficit," Kind said. "That's why I voted against repeal the other night because there was no pay-for."

Republicans attached a repeal of the tax to one of many spending bills they passed before the government shutdown. Kind was not one of 17 Democrats who voted for that piece of legislation.

Kind's group is discussing a plan that would help pay for the tax's repeal by extending a pension stabilization provision in last year's Senate Transportation bill that would change how much companies give to pensions. The Wisconsin Democrat said he's open to other revenue raisers.

"If people have other ideas, we are open to them, but someone has to initiate the conversation," Kind said.

Lobbyists remain hopeful that the device tax will be repealed before the year is out.

"I'm rather optimistic. It's an issue that has got a lot of traction in a bipartisan way," Grealy said. "It's in the mix."

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