



December 22, 2017

The Honorable Kevin Brady
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Brady:

Thank you for the Committee's dedication to providing relief from the Affordable Care Act's (ACA) taxes and mandates. The Healthcare Leadership Council (HLC) welcomes the opportunity to share its thoughts with you on this important issue.

HLC is a coalition of chief executives from all disciplines within American healthcare. It is the exclusive forum for the nation's healthcare leaders to jointly develop policies, plans, and programs to achieve their vision of a 21st century healthcare system that makes affordable, high-quality care accessible to all Americans. Members of HLC – hospitals, academic health centers, health plans, pharmaceutical companies, medical device manufacturers, laboratories, biotech firms, health product distributors, pharmacies, post-acute care providers, and information technology companies – advocate for measures to increase the quality and efficiency of healthcare through a patient-centered approach.

Like you, HLC believes that the ACA's taxes raise premiums, harm job creation, deter medical innovation, and inhibit economic growth. It is for those reasons that we are proud to support H.R. 4617, which would provide relief from the medical device tax, H.R. 4618, which would provide relief from the tax on over-the counter medications, and H.R. 4619, which would provide relief from the Health Insurance Tax (HIT) for healthcare plans regulated by Puerto Rico.

The medical device tax impedes America's leadership in healthcare. Because companies faced with the tax are likely to cut their research and development budgets, the tax deters advances in healthcare that could improve and save patients' lives. Additionally, the tax limits economic growth and job creation by taxing revenue rather than income. This subjects the medical device industry to one of the highest corporate tax rates in the world. For large, established companies the tax equals tens of millions of dollars that could be used to expand their operations and create new jobs. The tax

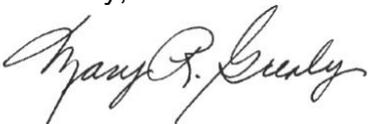
also deters the establishment and growth of start-up companies. As a result, up to 25,000 jobs in the medical technology sector could be lost by 2021.

HLC also supports delaying or repealing the HIT for all plans. This tax will impact more than 100 million Americans, including individuals on the health insurance exchanges, small business owners, large employers, seniors covered by the Medicare Advantage and Part D prescription drug programs, Medicaid managed care beneficiaries, and stand-alone dental and vision plan enrollees. However, HLC is concerned that it is too late to delay the HIT in 2018, as plans have already had to set their premium rates for that year. H.R. 4620, which would delay the HIT in 2018 only for plans that provide beneficiaries with a premium rebate, will lead to an unequal playing field and additional costs for the plans and, ultimately, the consumer.

We applaud the Committee's work on repealing another ACA mandate: the Independent Payment Advisory Board (IPAB). The ACA requires that IPAB achieve scoreable savings – sufficient to reach statutory budget targets – within a one-year timeframe. Given this requirement, the board will most likely focus on short-term savings in the form of payment cuts to healthcare providers. Those cuts will undermine access to care for vulnerable Medicare beneficiaries, including seniors and individuals with disabilities. HLC thanks the Committee for passing H.R. 849, which would repeal IPAB, and asks that this bill be included in any “must pass” legislative vehicles being considered by Congress in the new year.

Thank you again for your work on the ACA's taxes and mandates. HLC looks forward to continuing to collaborate with the Committee on our shared priorities. Should you have any questions, please do not hesitate to contact Debbie Witchey at (202) 449-3435.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary R. Grealy". The signature is fluid and cursive, written in a professional style.

Mary R. Grealy
President