Medtronic News

Medtronic Chairman and CEO Bill Hawkins Provides Statement on U.S. Senate's Revised Medical Device Industry Fee Proposal

Company Applauds Leadership of Sens. Dianne Feinstein and Barbara Boxer, Governor Arnold Schwarzenegger, Representative Anna Eshoo and the California Congressional Delegation

MINNEAPOLIS, Nov 19, 2009 (BUSINESS WIRE) -- Medtronic, Inc. (NYSE: MDT), chairman and CEO Bill Hawkins today issued the following statement regarding the U.S. Senate's revised proposal regarding a medical device industry fee released yesterday. This new proposal amends the Senate Finance Committee's earlier proposed $40 billion fee on the medical device industry.

Sens. Dianne Feinstein and Barbara Boxer were instrumental in reducing the size of the proposal in the Senate. Their efforts will serve to protect innovation and jobs while advancing meaningful healthcare reform.

Bill Hawkins' statement follows:

Strong Supporter of National Healthcare Reform

"Our healthcare system is in need of reform and Medtronic is and has been a strong supporter of reforms aimed at expanding access to affordable health insurance for millions of uninsured Americans, reducing costs and achieving greater efficiencies in the healthcare system, better managing chronic disease and improving our nation's medical liability system. These goals are consistent with and support Medtronic's 60-year Mission of providing our therapies to people around the world who need them in order to extend, enhance and save their lives. We committed early on to try and make healthcare reform a reality, and we have lived up to our commitment."

We Are Making Important Contributions to Reform

"Financing healthcare reform is a challenge, and Medtronic and our industry will contribute in myriad meaningful ways. Direct savings will be garnered from imaging, diagnostics and durable medical equipment providers, in addition to indirect savings to be achieved. For example, the $155 billion in cuts agreed to by hospitals might in part be achieved through concessions and agreements with our industry. That reality alone is estimated to cost our industry more than $15 billion over the next 10 years. Secondly, we have worked hard with members of both Houses to construct meaningful Comparative Effectiveness, Value-Based Purchasing and Physician Payment Disclosure provisions that will also provide savings to the healthcare system. We are proud of that work and believe it will result in value for patients and physicians. In total, these initiatives will exceed $20 billion in contributions from our industry.

"The Senate Finance Committee originally proposed a $40 billion manufacturer's fee assessed over the next ten years, which would have brought our total industry contribution to more than $60 billion. The adverse impacts of such an "innovation tax" are real and directly affect our ability to carry on vital research and development activity, provide jobs, and to remain globally competitive.

"In real terms, the proposed $40 billion manufacturer's fee would have meant nearly $300 million of additional annual costs to Medtronic's business alone. With this additional burden, the United States would become the most expensive country in the world to develop and produce medical technology."

Promising Senate and House Proposals

"Both the House and Senate have now proposed medical device taxes or fees totaling approximately $20 billion over 10 years -

half of the original Senate proposal of $40 billion. A tax on medical device manufacturers could have untold adverse implications for innovation and jobs, and yet we accept the notion of shared responsibility in meeting the challenge of expanding access to affordable, quality health insurance for all Americans.

"We are encouraged by the progress in this area reflected in the new Senate proposal as well as the House healthcare reform bill passed earlier this month. The Senate and House proposals have substantive differences in how and when these taxes or fees would be applied to the industry, and we look forward to continued constructive work with members of both houses and the Obama Administration to craft a final proposal that meets the important tests of transparency, predictability, simplicity in administration and fundamental fairness.

"While we are encouraged by this progress, we should not lose sight that this approach will come with a cost to our healthcare system. This tax, though reduced, will invariably impact our investment decisions on new therapy development, jobs and global competitiveness. Most importantly, this can serve to diminish patient access to new, live-saving medical technologies. While we will work our level best to minimize these impacts, they are real, and they should not be overlooked."

Tremendous Leadership

"I have been gratified by the support and tremendous leadership on this issue by Sens. Dianne Feinstein and Barbara Boxer, Governor Arnold Schwarzenegger, Rep. Anna Eshoo, and other members of the California Congressional delegation. Sens. Feinstein and Boxer worked tirelessly with their colleagues in the Senate to advance healthcare reform and minimize the negative effects such a tax could have on the medical device industry. On behalf of our employees in California and around the world, we offer our appreciation for their leadership on this issue.

"We are also thankful to our industry colleagues, California Healthcare Institute (CHI), and the Advanced Medical Technology Association (AdvaMed) for their collective work on this issue.

"The medical technology industry has driven almost unimaginable improvements in health care - extending life and improving the quality of care for millions of people here and around the world. We have long believed that medical technology is an integral solution to the problems that afflict our healthcare system. We thrive on the spirit of competition and innovation in America. We are proud to support healthcare reform and the new access it will bring for millions of people who have been uninsured until now."

About Medtronic

Medtronic, Inc. (www.medtronic.com), headquartered in Minneapolis, is the global leader in medical technology - alleviating pain, restoring health, and extending life for millions of people around the world.

SOURCE: Medtronic, Inc.

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