

## **MITA Device Tax Suspension Impact Survey 2016 - Updated**

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## Survey Notes

NEMA/Business Information Services conducted a survey of MITA members and received responses from 14 companies, including the largest manufacturers of medical imaging equipment, and representing together in excess of 60 percent of the industry's sales.

Respondents were asked a series of questions about the effects of the two-year suspension of the medical device tax on such business activities as research and development efforts, employment, and investment in operations infrastructure.

For the multiple choice questions, we presented the results using standard frequency charts and tables, and we supplemented those with Bottom Box and Top Box data as well – please see the example below. These measures are a useful tool for interpreting these types of data by combining the responses at each end of the response spectrum, which allows us to see the distribution of the more strongly held opinions.

Answer	%	Count
Extremely likely	30.8%	4
Somewhat likely	38.5%	5
Neither likely nor unlikely	7.7%	1
Somewhat unlikely	0.0%	0
Extremely unlikely	23.1%	3
Total	100%	13

	Count	Top Box	Bottom Box
How likely is it that the suspension of the device tax will lead to hiring	13	69.2%	23.1%

To calculate the Bottom Box score for a given topic, we counted the number of responses falling in the two lowest scores, in the example case “Somewhat unlikely” and “Extremely unlikely,” and calculated them as a percentage of the count of all responses for a given question.

The Top Box score was calculated similarly by using the highest two scores, in this case “Somewhat likely” and “Extremely likely.” We quickly see in this example that most respondents believe it is likely that the device tax suspension will lead to hiring more employees.

**Please describe how you anticipate your company will make use of resources saved because of the device tax suspension. [Verbatim Responses]**

We had been holding back on local (USA) investment, due to the very material hit to our P&L from MDET. Already in 2016 and in 2017, as a result of this relief, we are investing in new business capacity. We are adding resources in our front end sales force across the country, as well as upstream in our innovation and development departments in our key healthcare businesses. We have opened a new software innovation lab in [the United States] as well.

Avoid job cuts; hire new employees; increase r+d

We have increased headcount by [adding] sales reps in our U.S. commercial team to increase sales coverage across the nation to broaden our reach and account coverage. We've also made investments for our [office] move... and increased headcount to support our Digital and IT strategy.

We are able to put resources near term - toward R&D. Since the suspension began [a few] products have successfully cleared FDA and anticipate... more this fiscal year.

As a result of the suspension of the tax, we are anticipating that we will increase the number of US employees. We'll also have a specific focus on increasing R&D that will allow us to invest in the development of new innovative medical device products for the healthcare industry.

Pay operating expenses

As we need to contribute to improve peoples' health in US, we plan to invest resources saved for further development of new technologies.

Lower selling prices of the equipment and service contract so that the cost of a total ownership for customers/users will be lowered.

Invest more into R & D and be able to hire additional well paid employees that includes health insurance.

Our plan is to add resources for product improvements and to research introducing a new Gamma Camera System.

[Our company] will continue to invest in software development for medical information technologies. We are currently developing a solution to enable important diagnostic and clinical information to become part of the patient medical records and to enable healthcare professionals to track the quality and safety of the imaging process.

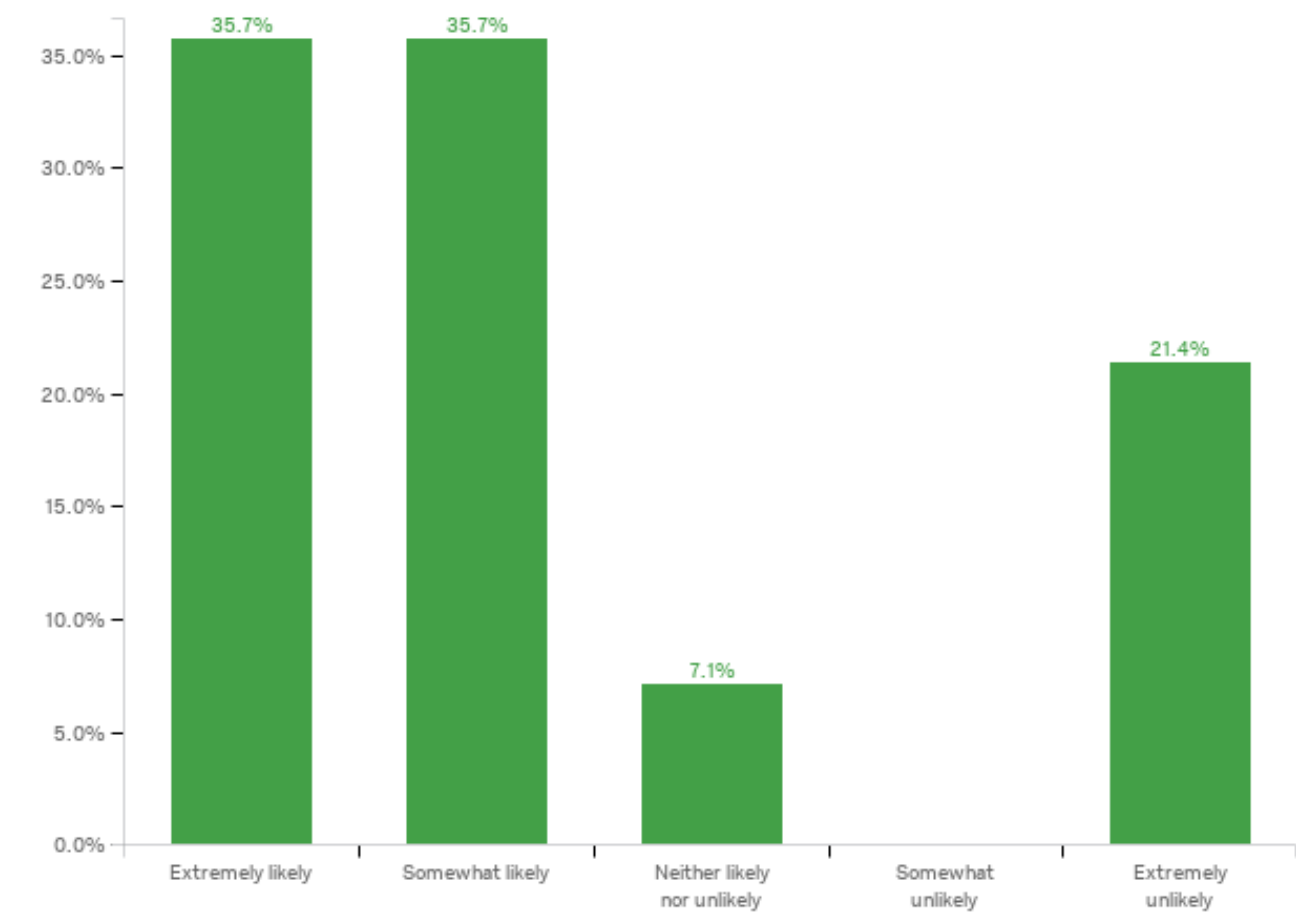
Limited impact as we are primarily a pharmaceutical company.

We are a drug (radiopharmaceutical) company and currently not in the device business so this suspension would not provide us any savings directly. However the installation of new devices due to lower costs might lead to increased access to our products.

Please describe how you anticipate your company will make use of resources saved because of the device tax suspension. [Word Cloud]



How likely is it that the suspension of the device tax will lead to hiring more employees for your company?



Answer	%	Count
Extremely likely	35.7%	5
Somewhat likely	35.7%	5
Neither likely nor unlikely	7.1%	1
Somewhat unlikely	0.0%	0
Extremely unlikely	21.4%	3
Total	100%	14

	Count	Top Box	Bottom Box
How likely is it that the suspension of the device tax will lead to hiring...	14	71.4%	21.4%

How many additional employees would you be likely to hire over the 2-year period of the device tax suspension?

*Additional Employees Likely to Be Hired*

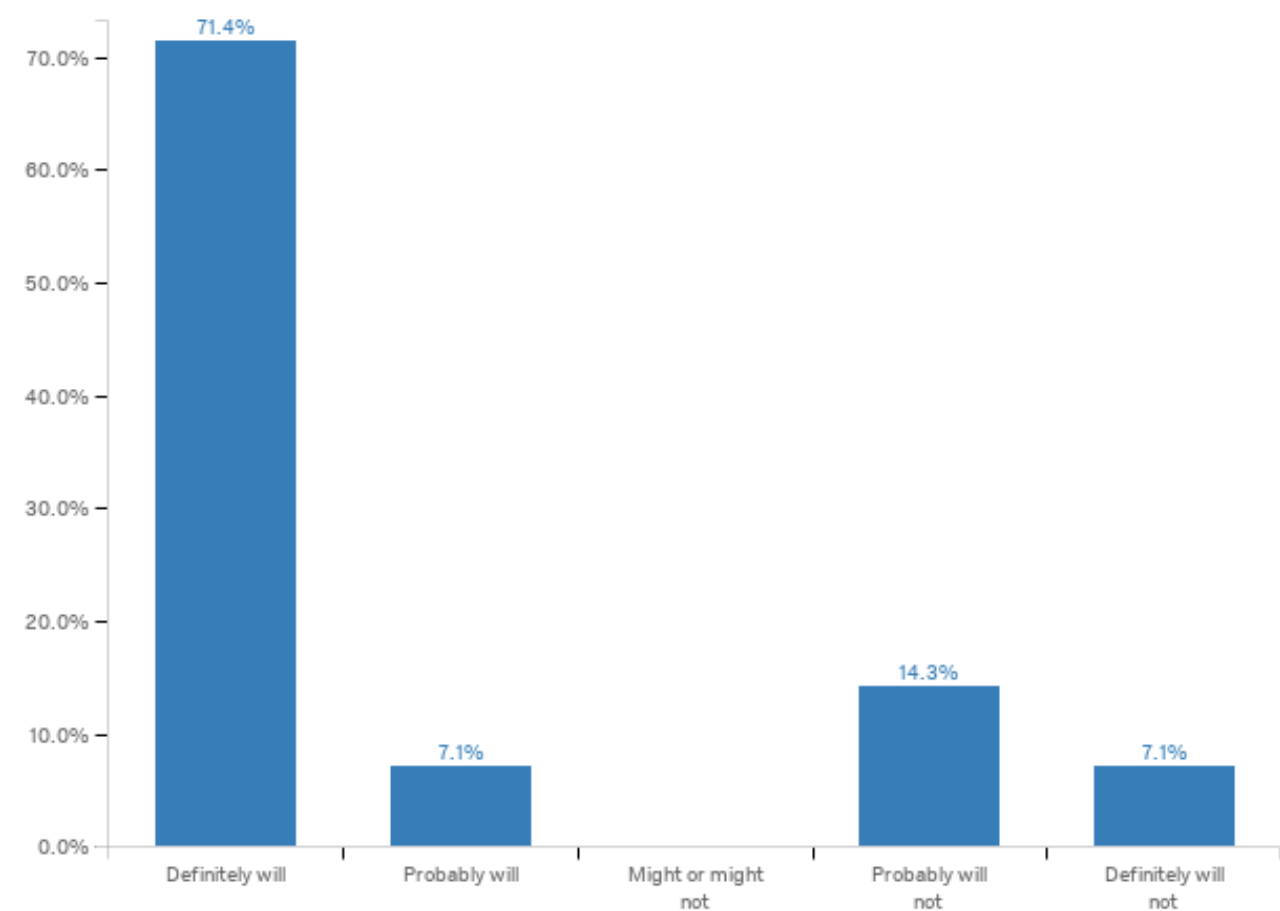
Total	25th %tile	Median	Mean	75th %tile
>1000	4	18	109	225

If your company does hire additional employees as a result of the device tax suspension, approximately what percentage of those employees do you anticipate will be based in the United States?

*Percentage of New Employees Based in the U.S.*

25th %tile	Median	Mean	75th %tile
100%	100%	100%	100%

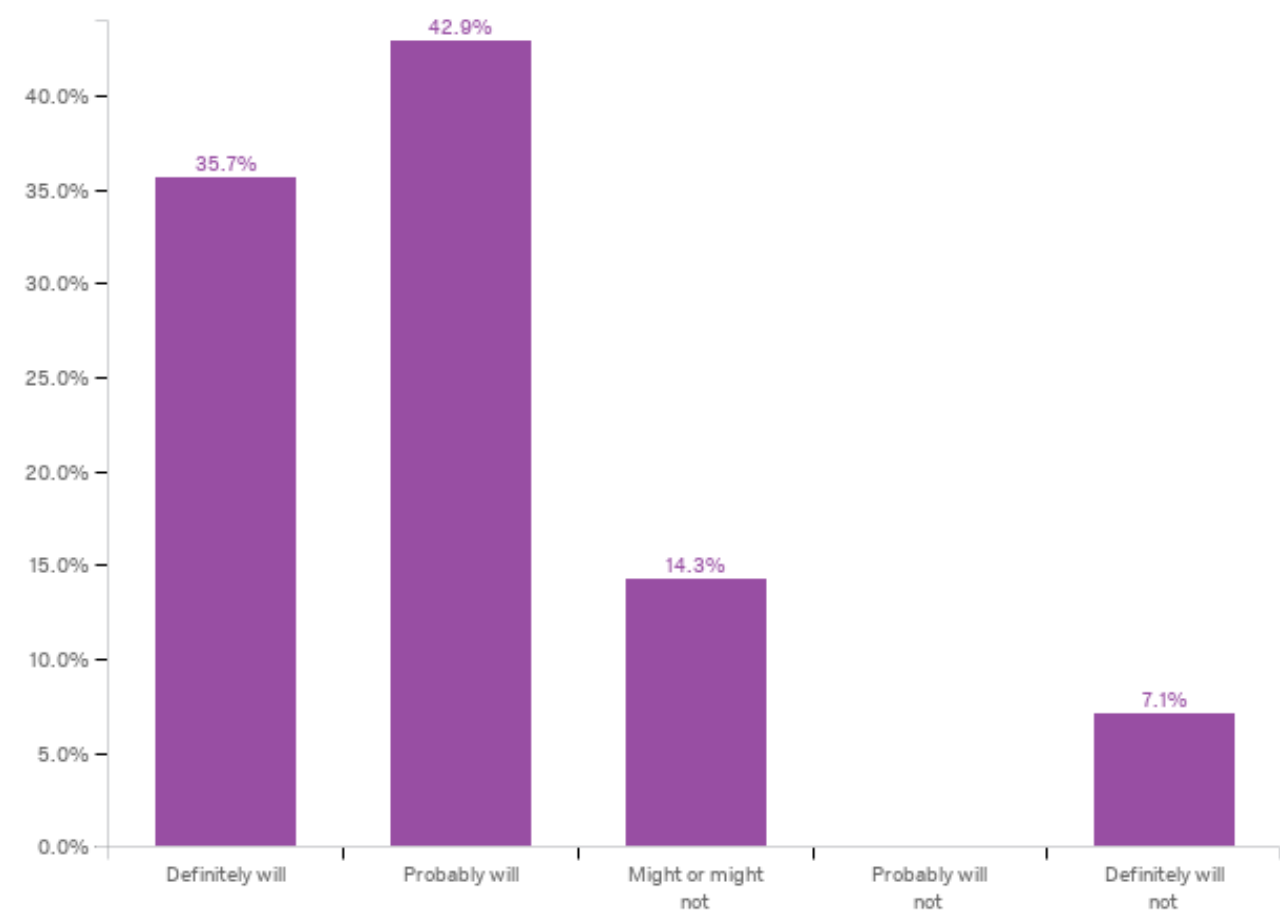
Will the device tax suspension result in your company investing additional resources in research and development projects?



Answer	%	Count
Definitely will	71.4%	10
Probably will	7.1%	1
Might or might not	0.0%	0
Probably will not	14.3%	2
Definitely will not	7.1%	1
Total	100%	14

	Count	Top Box	Bottom Box
Will the device tax suspension result in your company investing additional...	14	78.6%	21.4%

Will the device tax suspension allow your company to expand the number or scope of investigative clinical activities/partnerships with universities or other providers to validate new technologies, products or applications?

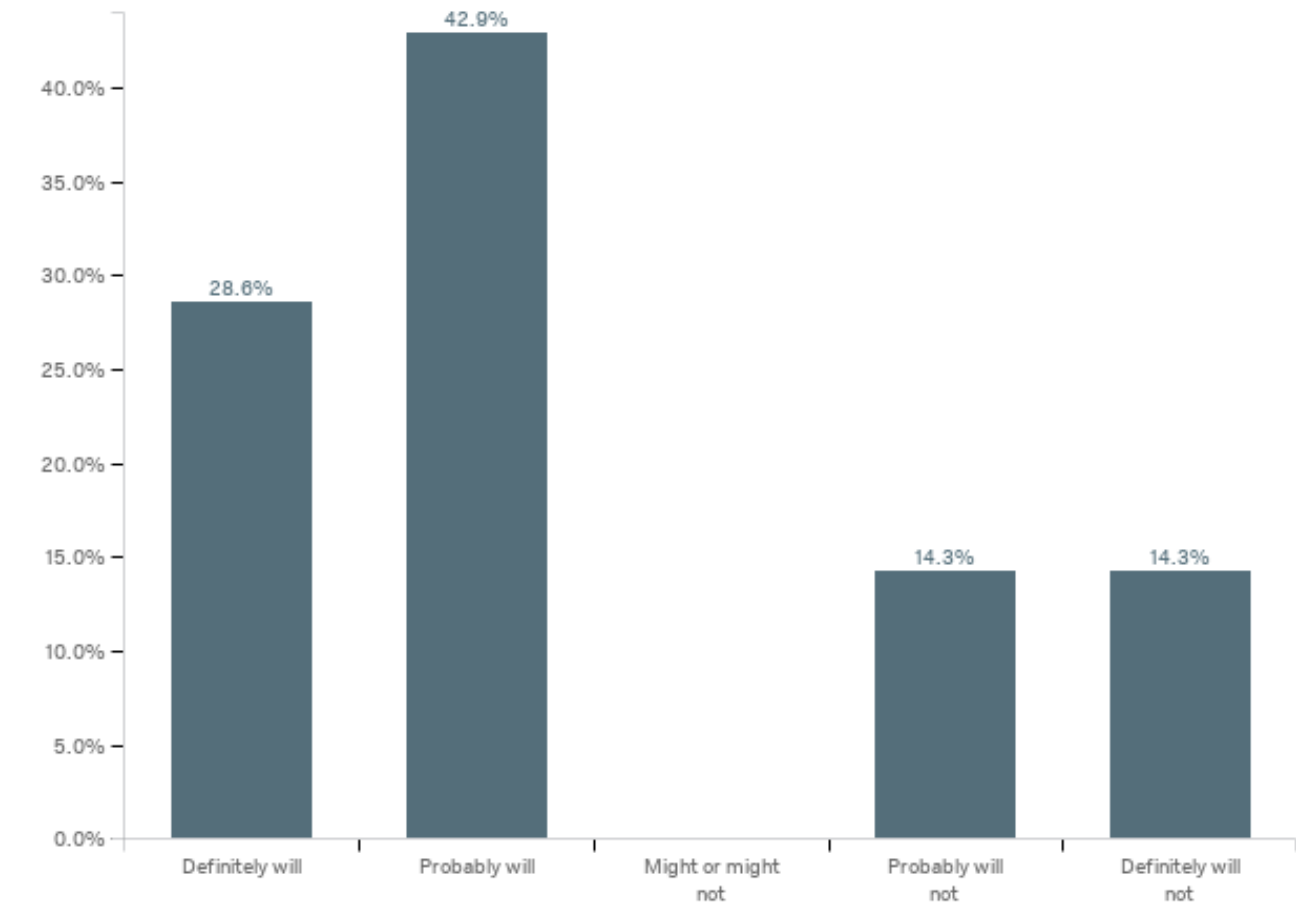


Answer	%	Count
Definitely will	35.7%	5
Probably will	42.9%	6
Might or might not	14.3%	2
Probably will not	0.0%	0
Definitely will not	7.1%	1
Total	100%	14

	Count	Top Box	Bottom Box
Will the device tax suspension allow your company to expand the number or s...	14	78.6%	7.1%



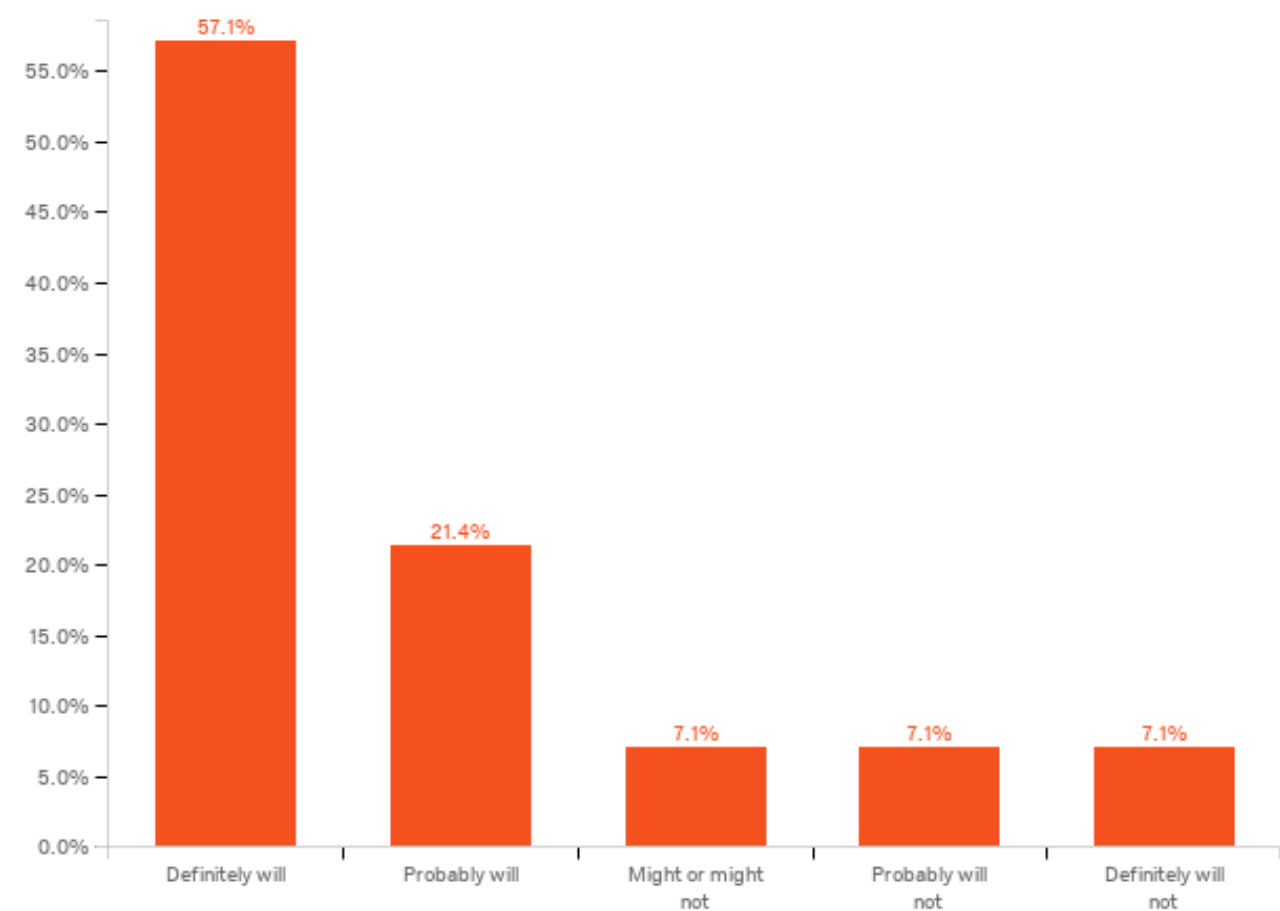
Will the device tax suspension permit your company to invest in new infrastructure to introduce efficiencies in your manufacturing processes to lower the cost of your technologies or products?



Answer	%	Count
Definitely will	28.6%	4
Probably will	42.9%	6
Might or might not	0.0%	0
Probably will not	14.3%	2
Definitely will not	14.3%	2
Total	100%	14

	Count	Top Box	Bottom Box
Will the device tax suspension permit your company to invest in new infrast...	14	71.4%	28.6%

Will the device tax suspension allow your company to accelerate the completion of one or more products currently under development?



Answer	%	Count
Definitely will	57.1%	8
Probably will	21.4%	3
Might or might not	7.1%	1
Probably will not	7.1%	1
Definitely will not	7.1%	1
Total	100%	14

	Count	Top Box	Bottom Box
Will the device tax suspension allow your company to accelerate the complet...	14	78.6%	14.3%

**Following up on the previous question, if you would like to add any detail regarding the suspension of the device tax allowing your company to accelerate the completion of one or more products currently under development, please do so below. [Verbatim Responses]**

We plan increased resources for our Ultrasound business, for our IT related health care businesses, for our hospital consulting branch, as well as our patient monitoring business.

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We have invested in engineering and program development headcount in our imaging equipment business and our Healthcare IT business.

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Our next generation technology will be accelerated with the relief from device tax.

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Four specific programs were in our development process and unfunded and on indefinite hold; they will now be executed in 2016-17.

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As a small company, having more resources to devote to new products is critical to our long term success.

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Our current products were frozen due to lack of funds for improvements. We now plan to make improvements and start a refresh project for our two primary products.

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Our company was able to invest more funds in to the development of a solution that has just begun its initial development phase.

Following up on the previous question, if you would like to add any detail regarding the suspension of the device tax allowing your company to accelerate the completion of one or more products currently under development, please do so below. [Word Cloud]



## **Appendix**

Respondents were presented with the opportunity to share examples of specific actions their companies were able to take because of the device tax suspension.

### **Verbatim Response:**

- We are adding sales people in our USA front end sales force. Specifically driven by this relief. We are adding in the area of Patient Monitoring, Ultrasound, as well as Long-Term Strategic Partnerships with our customers.