

# **Economic Impact of Tariffs on Healthcare Costs in Urology**

**VANDERBILT** HEALTH

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### BACKGROUND / CONTEXT

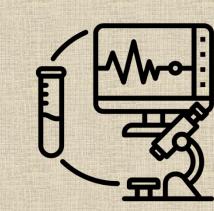
- In April 2025, the US announced 10% universal tariffs plus higher country-specific tariffs.
- Urology, and surgical care more broadly, relies heavily on global supply chains.
- Healthcare systems, payers, and patients are exposed to rising costs and shortages.
- For the last 25 years, medical inflation (121.3%) has outpaced inflation for all goods and services (86.1%). although medical equipment inflation rose 0.8% during the past year
- However...
  - New tariffs are expected to affect nearly 75% of US-marketed medical devices that are manufactured abroad
  - ~69% of available US-marketed devices are only available from ex-US sources
  - ~13% of the non-US-manufactured devices are imported from China, and a tariff of 55% on Chinese-manufactured products

### **OBJECTIVES**

- To evaluate how tariffs on medical devices and drugs affect urology practice and patient care
- To highlight reimbursement mismatches that may worsen cost burdens
- To identify policy levers for advocacy at the state and federal level.

#### **KEY FINDINGS AND IMPACTS**

### **Tariffs on Medical** Devices



- Nearly three-quarters of devices used in US urology are imported.
- Chinese-manufactured devices face tariffs up to 55%
- Likely impacted commonly used devices include ureteral stents, Foley catheters, and prosthetics that will lead to higher costs, possible shortages, and decreased access to care if cost exceeds reimbursement

### Tariffs on Medications



- Many drugs undergo multi-country production; Europe is central to quality control and quality assurance prior to US
- New 15% blanket tariff on imports from Europe introduced will impact brand-name and generic drugs
- Risks: higher costs, decreased generic access, exacerbation of drug shortages

## Reimbursement Lag & Inflation



- Inpatient prospective payment system (IPPS) and outpatient prospective payment system (OPPS) rates are updated annually → lag behind sudden tariffdriven increases
- Providers may face squeezed margins unless mid-cycle adjustments occur.
- Medical inflation already outpaces general inflation (121% vs. 86% since January 2000)

### **BROADER IMPLICATIONS**

- Global supply chains remain vulnerable to shocks (tariffs, customs delays, pandemic disruptions).
- Costs may shift downstream: higher insurance premiums, more outof-pocket spending.
- Risk of patients deferring needed devices/implants → worsened quality-of-life outcomes.

### POLICY & ADVOCACY RECOMMENDATIONS

- Encourage mid-cycle Medicare reimbursement adjustments for tariff shocks
- Incentivize domestic manufacturing without compromising innovation
- Build redundancy in supply chains to prevent shortages
- Ensure tariff policies undergo health impact analysis before enactment
- Mobilize professional societies to convey consequences to legislators

### **KEY TAKEAWAYS & CALL TO ACTION**

- Tariffs may seem like macroeconomic policy, but they have real, immediate consequences for urological care on the individual patient care level.
- Addressing these macroeconomic policies proactively is crucial to ensuring sustainable, equitable and high-quality urological care worldwide.
- Urologists must amplify these concerns in policy discussions to safeguard patients and healthcare systems.

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