

*Don
Gave*

Kurt

Semi individual

**Talking Points for Sec. Brown/Gartenn/ Searing
on Special Treatment Materials (STM) Medical Devices Issue**

*Feeling free
abandon*

Background: this issue revolves around how the Ministry of Health and Welfare sets reimbursement rates for high-tech medical equipment, and is an essential factor in the the profitability of U.S. medical equipment companies in Japan. Potential sales in the hundreds of millions of dollars are affected. U.S. companies want the time and opportunity to negotiate with the Ministry on these rates. The Ministry was planning to unilaterally introduce reimbursement schedules on April 1.

- Thanks to your/Secretary Brown's letter and Embassy follow up, we have the makings of a deal that we believe will satisfy the industry and may even exceed their best-case expectation. Marge Searing's office has the details.
- You can count on my direct involvement to seal this deal. I hope to meet with Minister of Health and Welfare Ouchi Tuesday or Wednesday next week to seal this. The Ministry will then respond to you by letter with specific language which the Embassy is working out right now.
- My concern is that pumped up press attention to this issue at the Health Industry Industry Association (HIMA) Conference could undermine my personal efforts to seal the deal we're putting in place. It would help me if, in connection with your letter at the conference, USDOC officials limited their comments to expressing cautious optimism. (note: Secretary Brown will address this group, on Sunday)

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4/94

*Trade
Medical Devices*



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