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EMERGING TECH RESEARCH

Medtech Tariff Impact Roundup

PitchBook is a Morningstar company providing the most comprehensive, most accurate, and hard-to-find data for professionals doing business in the private markets.

Key takeaways

- **Larger medtech firms will feel less relative impact from tariffs** because they can more easily shift production across countries and implement cost-saving measures. While large firms are better positioned to mitigate tariffs, the aggregate financial effect on these companies is projected to exceed $2 billion, based on the current 10% general tariff rate and higher China-specific tariffs.

- **For medtech startups, tariffs are likely to raise input costs and extend time to profitability**, although heightened uncertainty around tariffs and broader market conditions represent a more significant challenge for emerging firms than tariff rates themselves.

- **Tariffs may prompt global startups to delay US expansion**, and companies with substantial tariff exposure—such as PE-backed Medline Industries—could postpone IPO plans until market conditions stabilize.

- **Tariffs on medical devices—and healthcare products more broadly—are unlikely to generate significant government revenue**, as the largest purchasers of these products in the US are public entities such as Medicare and Medicaid.

- **Although tariff impacts vary by company, the medtech sector is moderately exposed**; more than $60 billion worth of medical devices and components are manufactured overseas and imported to the US annually.[1]

1: "Building Resilience into the Nation's Medical Product Supply Chains," Wallace J. Hopp, Lisa Brown, and Carolyn Shore, National Academies Press, March 3, 2022.

Potential impact

The Trump administration has so far provided few exemptions to the current tariff policy—energy and electronics being notable exceptions. Still, the situation is evolving rapidly, and it's notable that during President Trump's first term, a tariff carve-out for medical devices was established for Chinese imports subject to tariffs. To date, however, medical devices and supplies have not been excluded from new tariffs, and the lack of clarity and predictability presents strategic and operational challenges for both emerging medtech companies and large firms. The lack of a consistent tariff policy creates an unstable environment that could delay additional venture funding and growth equity rounds in the medtech sector. Although there is some speculation that tariffs could eventually be paired with tax incentives or government-backed reshoring support, to date, the focus has remained on country-specific trade deals rather than industry-specific support.

As buyers of pricey medical equipment, health systems are likely to face financial pressure from tariff-related costs. Even well-managed hospital systems operate on very thin margins, typically leaving them little cushion to absorb surging supply costs. Through the first quarter of 2025, average US hospital operating margins held steady in a range of just 0.9% to 1%.[2] And tariffs on raw materials such as steel and aluminum could lead to deferred or downsized capital projects, with a downstream impact on demand for new medical equipment. A recent survey by Black Book Market Research reinforces this outlook: 80% of surveyed professionals expect hospital costs to climb by at least 15% over the next six months as a direct result of rising import prices.[3]

Despite significant short-term headwinds, many medtech firms—ranging from global incumbents to startups—are responding to economic incentives by looking to expand domestic manufacturing capacity. For example, Boston Scientific is boosting production stateside in Minnesota,[4] and Johnson & Johnson, in a high-profile commitment, pledged $55 billion in US investment over four years, including four new manufacturing sites.[5] However, these efforts may be counteracted by the possibility of retaliatory tariffs from foreign governments if the full "Liberation Day" tariffs are enacted after the current 90-day pause. If reciprocal measures take hold, US-based manufacturers may find their exports penalized, undermining the benefits of reshoring.

Medtech's heavy reliance on international supply chains is also a key vulnerability. Diagnostic equipment and consumables are often manufactured overseas, and the sector's regulatory complexity slows the ability to restructure these supply chains. Relocating production can require new regulatory approvals, adding costs and creating friction that may outweigh benefits. Additionally, many wearables and remote monitoring devices are sourced from China, Taiwan, and Malaysia—regions that are likely to be affected by tariffs on electronic components. While larger firms may be able to absorb these costs, early-stage startups often face heightened margin pressure because of their more limited pricing power and smaller scale.

2: "Revenues and Expenses Up, Margins Down for Nation's Hospitals," Healthcare Finance, Jeff Lagasse, May 2, 2025.
3: "Hospital Finance, Supply Leaders Predict 15% Increase in Tariff-Related Costs," Becker's Hospital Review, Paige Twenter, March 27, 2025.
4: "Maple Grove Approves Boston Scientific Expansion Plan," CCX Media, Corey Bork, February 20, 2025.
5: "Johnson & Johnson Increases US Investment to More than $55 Billion Over the Next Four Years," Johnson & Johnson, March 21, 2025.

Impact spotlight: Surgical robotics

The surgical robotics sector is facing pressure from US tariffs. Market leader Intuitive Surgical has revised its 2025 gross profit margin forecast to a range of 65% to 66.5%, down from 69.1% the previous year, and the company expects an estimated 1.7% hit to revenue from tariffs. In addition to dampening margins, tariffs are disrupting Intuitive's fast-growing operations in China and may undermine its leverage with hospitals, potentially eroding its competitive edge in a capital-intensive industry.

Still, despite these headwinds, competition in the surgical robotics space remains active. UK-based CMR Surgical, developer of the Versius Surgical Robotic System, recently raised more than $200 million in funding, as investors appear to be looking past near-term pressures in favor of strong long-term potential. The company plans to continue commercializing Versius globally, including an ongoing push into the US market. As the second-most widely adopted soft tissue surgical robot, Versius is poised for further adoption momentum, even amid trade and economic uncertainty.

Other emerging players, such as Moon Surgical and Noah Medical, are also committed to advancing expansion plans despite the prospect of new tariff-induced costs. French startup Moon Surgical, whose Maestro System was FDA-cleared in June 2024, has been expanding its reach across the US and Europe, while US-based Noah Medical's Galaxy system has seen strong growth in the emerging robotic bronchoscopy navigation space. Still, added costs may force other emerging companies to reassess pricing strategies, delay US market entry, or limit investment in research & development—all of which could slow innovation in a field that relies heavily on regulatory clarity. In a comment provided for this report, Noah Medical's Jian Zhang mentioned, "Changes to international trade policy may impact overall production costs," and the company is "actively evaluating how best to adapt sourcing and production strategies to maintain quality, reliability, and value for [our] customers."[6]

Select startup commentary

KARIUS
clarity at speed®

Headquarters: Redwood City, California

Total VC raised: $409.3M

Karius

Company description: Diagnostic company with a liquid biopsy blood test for infectious diseases, primarily for use in immunocompromised populations. The Karius test offers a way for providers to identify pathogens causing infectious diseases, including bacteria, viruses, fungi, and known parasites.

Tariff impact: "Announced tariffs do not change growth plans, they [will] have minimal, if any, impact on our ability to deliver results to patients."[7]

6: Jian Zhang, CEO at Noah Medical, email interview by Aaron DeGagne, May 2, 2025.
7: Alec Ford, CEO at Karius, email interview by Aaron DeGagne, April 29, 2025.

Alimetry

Headquarters: Auckland, New Zealand

Total VC raised: $31.7M

Alimetry

Company description: Developer of a real-time electrophysiology gastric-mapping device used for gastric disorder diagnosis and treatment.

Tariff impact: "Largely unaffected by tariffs as [Alimetry] decided to conduct consumables manufacturing within the US from day one. We manufacture some hardware components in New Zealand, though the proposed 20% tariff can be absorbed or passed through with relatively modest impact."[8]

Appendix

Select public medtech companies' tariff impacts

Company name	Product focus	2024 sales ($B)	Tariff impact (Q1 company earnings calls)	YTD share price performance[9]
Thermo Fisher (NYS: TMO)	Diagnostics and lab supplies	$42.9	Adjusted operating income impact in 2025 of $375 million	-21.9%
Abbott (NYS: ABT)	Diversified medical devices	$42.0	Estimated impact of "a few hundred million dollars"	18.0%
Danaher (NYS: DHR)	Diversified life sciences	$23.9	Largely offset through adjustments, surcharges, and manufacturing footprint changes	-16.0%
Stryker (NYS: SYK)	Medical and surgical equipment	$22.6	Tariff impact of approximately $200 million in 2025	7.0%
GE HealthCare (NAS: GEHC)	Medical imaging and diagnostics	$19.7	Total tariff impact of about $500 million	-12.2%
Boston Scientific (NYS: BSX)	Diversified medical devices	$16.7	Approximate $200 million impact from tariffs	17.3%
Labcorp (NYS: LH)	Laboratory services	$13.0	Able to offset tariff impacts with expense controls and contractual pricing	7.8%
Baxter (NYS: BAX)	Diversified medical devices	$10.6	Net impact of $60 million to $70 million	5.0%
Intuitive Surgical (NAS: ISRG)	Surgical robotics	$8.3	Impact of 1.7% of revenue—about $180 million	2.3%
Zimmer Biomet (NYS: ZBH)	Orthopedic products	$7.7	Anticipated operating income impact of $60 million to $80 million	-9.9%
Mettler-Toledo (NYS: MTD)	Lab and industrial equipment	$3.9	Incremental global tariff costs of approximately $115 million	-11.2%

Source: PitchBook • Geography: Global • As of May 7, 2025

8: Greg O'Grady, CEO at Alimetry, email interview by Aaron DeGagne, April 30, 2025.
9: As of market close on May 7, 2025.