The Wearable Equipment Adoption and Reinforcement and Investment in Technology (WEAR IT) Act

ACT | The App Association

Millions of Americans use Flexible Spending Accounts or Health Savings Accounts (FSAs and HSAs). These tax-exempt funds are set aside from an employee's paycheck into an account to spend on certain qualified health expenses. Currently, you can spend HSA and FSA funds on items like:

- SPF 30+ sunscreen
- Neck pillows
- Blood pressure cuffs
- Electrocardiogram (EKG) monitors

However, HSAs and FSAs generally do not cover devices, apps, or software platforms that perform more than one function. For example, if a wearable device collects blood glucose data via a sensor and an app, but it is also capable of capturing an EKG reading, amounts spent on the device are not tax-exempt under an FSA or HSA. Multi-function devices and their associated software components are better suited for consumers who want to track more than one health-related variable. If the tax code recognizes the preventive power of sunscreen, it should also recognize the preventive value of monitoring heart rate, stress levels, and blood oxygen.

The WEAR IT Act would modernize the law by covering the following types of devices and associated software apps and platforms:

- Blood glucose monitors that connect to smart devices via an app;
- Sleep trackers;
- Ingestion tracking, for medication adherence; and
- EKG monitors that are part of wearable devices with other functions.

Why support the WEAR IT Act?

Wearables are effective tools to support preventive medicine:

- A 2018 United Healthcare wellness program where consumers have incentives to track their movement, exercise, and related metrics saved $222 per year per person in medical costs.
- Another study conducted by the New York Institute of Technology in 2018 concludes that the use of wearables significantly increases physical activity and reduces both body mass index and blood pressure.

Remote monitoring of chronic conditions reduces costs:

- According to a University of Ottawa Heart Institute study of patients with heart failure, "telehome" monitoring reduced expensive rehospitalizations by 54 percent.
- In a University of Mississippi Medical Center study of 100 diabetes patients, the use of remote monitoring and analysis of patient-generated health data saved $334,184, in a program that could save the state of Mississippi $189 million each year if expanded to 20 percent of the state's diabetic population.
- Perhaps most importantly, improvements in wearable tech are at the point where some devices utilize EKGs that help wearers detect atrial fibrillation (AFib), a condition that can be fatal yet asymptomatic.

We urge Congress to:

Pass legislation to solve this inequity and clarify that consumers can use their FSAs or HSAs to purchase devices and platforms that collect and analyze physiological data. The bill should clarify that expenses eligible for FSAs and HSAs include wearable devices and their associated apps and software platforms that collect, transmit, and analyze physiological data that is clinically valuable.