

THE WEARABLE EQUIPMENT ADOPTION AND REINFORCEMENT AND INVESTMENT IN TECHNOLOGY ACT

THE ISSUE:

Doctors, patient groups, and consumers support using health saving accounts and flexible spending accounts (HSAs/FSAs) to cover wearable devices that track multiple parameters and have multiple marketed health functions. As health technology evolves, Congress must address the needs of patients and their caregivers by allowing coverage of devices and software that can track multiple parameters, such as heart rate, pulse oximetry, blood glucose, EKG, and activity levels. These measures are directly linked to chronic conditions and diseases such as COPD, heart failure, diabetes, atrial fibrillation, and hearing loss. However, current policy around HSAs/FSAs generally limits coverage for medical devices to **single-use devices**. As a result, current Internal Revenue Service (IRS) policy only recognizes a few wearable devices as eligible: [WHOOP](#) (fitness tracker), [Oura Ring](#) (sleep tracker), and [Aura Strap 2](#) (body composition tracker).

Unfortunately, this case-by-case approach encourages the purchase of **several, separate, covered devices** marketed for **single** functions instead of a **single device** that has multiple functions.

The WEAR IT Act would help address this issue by clarifying that HSA/FSA reimbursement includes certain wearable devices and associated software that track multiple parameters and use physiologic data to diagnose, cure, mitigate, treat, or prevent diseases and conditions for more than a single purpose, up to \$375 per device.

Reps. David Schweikert (R-AZ), Ami Bera (D-CA), Sheila Cherfilus-McCormick (D-FL), and Troy Balderson (R-OH) introduced the WEAR IT Act in November of 2023. Press release [linked here](#) and [bill linked here](#).

WHY IT MATTERS FOR SMALL BUSINESSES

- Individual coverage is costly:**
 While large companies with significant funding like Oura and WHOOP have the money and legal firepower to navigate the difficult IRS process for reimbursement approval, small businesses do not. We need Congress to move this process away from a case-by-case approach to ensure all devices and software that fit the criteria are covered, not just those with enough money to get the IRS's attention.



- **We can't afford innovation at the speed of government:**

In addition to being costly, the current process for approval is inefficient and time-consuming. Small businesses innovate at a rate that would make individual approvals for every device or new software application unsustainable. The WEAR IT Act would **future proof the process**, ensuring that new innovations are covered.

- **We need coverage for software, not just devices:**

So far, the IRS has only allowed for coverage of a few devices and their native apps. Many smaller health tech businesses don't have the manufacturing or marketing capacity to design, build, and market their own devices in competition with big national brands. Instead, many design software that works **on top of** the existing devices. These businesses will lose out on customers for their products if only the device qualifies for reimbursement.



WHAT POLICYMAKERS CAN DO:

We need you to support the WEAR IT Act! Please reach out to us if you are interested in co-sponsoring the WEAR IT Act. We also ask that you consider supporting the bill if it comes to a vote on the floor.

In addition, the IRS uses outdated case law to make these determinations. We need you to put pressure on the agency to ensure that HSAs and FSAs keep up with technological innovation.