

Opening Statement of the Honorable Fred Upton
Subcommittee on Communications and Technology
Hearing on “Health Information Technologies: Harnessing Wireless Innovation”
March 19, 2013

(As Prepared for Delivery)

Imagine the potential to improve Americans’ wellbeing if we were to bring wireless innovation to health care. Wireless carriers invested \$25.4 billion in capital expenditures from mid-2011 to mid-2012, and that investment was made in a poor fiscal environment. The mobile application business has experienced explosive growth since its inception a half decade ago – responsible for the creation of approximately 500,000 jobs and it is now a projected \$25 billion industry for this year. The 321.7 million connected mobile devices in the United States as of mid-2012 exceeds the number of citizens, as many consumers now use a combination of smartphones, tablets, and laptops. And 60 percent of adults already say they track health data, seven percent using an “app” or other tool on their wireless device. That figure is only going to continue to rise as apps become more and more a part of our daily lives. Helping people take better care of themselves with their mobile devices can make them healthier while at the same time cutting costs.

The question is: how do we harness this innovation? The mobile application economy is characterized by low barriers to entry, quick time to market, inexpensive retail prices, and rapid upgrade cycles. That will not be sustainable, however, if we indiscriminately regulate and tax mobile applications, smartphones, and tablets as if they were artificial hips or pacemakers. Arbitrarily applying the definition of “medical device” and the medical device tax to the wireless world could prove disastrous and grind this innovation cycle to a halt.

We certainly want to ensure patient safety, but the approach we take must be a smart one. My hope today is that our witnesses can shed light on how the medical device definition and tax is being applied to mobile devices and applications and what the impact is. I look forward to their testimony.

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