

119TH CONGRESS
2D SESSION

S. 4353

To amend the Internal Revenue Code of 1986 to expand eligibility for health savings accounts.

IN THE SENATE OF THE UNITED STATES

APRIL 21, 2026

Mr. MARSHALL introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to expand eligibility for health savings accounts.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Health Savings Ac-
5 count Expansion Act”.

6 **SEC. 2. HEALTH SAVINGS ACCOUNT ELIGIBILITY.**

7 (a) IN GENERAL.—Subparagraph (A) of section
8 223(c)(1) of the Internal Revenue Code of 1986 is amend-
9 ed—

(3) by redesignating subclauses (I) and (II) of
 clause (ii) as items (aa) and (bb), respectively, and
 by moving such items 2 ems to the right,

10 (5) by striking “such individual” in subclause
11 (II), as so redesignated,

14 “(I) is covered”,

(8) by adding at the end the following new
clause:

“(I) is covered under a govern-
ment plan, including coverage under
the Medicare program under part A,
part B, or part C of title XVIII of the
Social Security Act, the Medicaid pro-
gram under title XIX of such Act, the

1 CHIP program under title XXI of
 2 such Act or a qualified CHIP look-
 3 alike program (as defined in section
 4 2107(g) of such Act), or coverage
 5 under chapter 89 of title 5, United
 6 States Code, or

7 “(II) is a participant in a health
 8 care sharing ministry (as defined in
 9 section 5000A(d)(2)(B)(ii) without re-
 10 gard to subclause (IV) thereof).”.

11 (b) CONFORMING AMENDMENTS.—

12 (1) Section 223(c)(1)(B) of the Internal Rev-
 13 enue Code of 1986 is amended by striking “(A)(ii)”
 14 and inserting “(A)(i)(II)”.

15 (2) Section 223(c)(1)(E)(i) of such Code is
 16 amended by striking “(A)(ii)” and inserting
 17 “(A)(i)(II)”.

18 (c) EFFECTIVE DATE.—The amendments made by
 19 this section shall apply to taxable years beginning after
 20 December 31, 2026.

21 **SEC. 3. HIGH DEDUCTIBLE HEALTH PLAN REQUIREMENTS.**

22 (a) IN GENERAL.—Paragraph (2) of section 223(c)
 23 of the Internal Revenue Code of 1986 is amended—

24 (1) by striking clause (ii),

1 (2) by striking “a health plan—” and all that
 2 follows through “which has an annual deductible”
 3 and inserting “a health plan which has an annual
 4 deductible”, and

5 (3) by redesignating subclauses (I) and (II) as
 6 clauses (i) and (ii), respectively, and by moving such
 7 clauses 2 ems to the left.

8 (b) CONFORMING AMENDMENTS.—

9 (1) Paragraph (2) of section 223(c) of the In-
 10 ternal Revenue Code of 1986 is amended by striking
 11 subparagraphs (B) and (D) and by redesignating
 12 subparagraphs (C), (E), (F), (G), and (H) as sub-
 13 paragraphs (B), (C), (D), (E), and (F), respectively.

14 (2) Subparagraph (D) of section 223(c)(2) of
 15 such Code, as so redesignated, is amended by strik-
 16 ing “paragraph (2)(A)(i)” and inserting “subpara-
 17 graph (A)”.

18 (c) EFFECTIVE DATE.—The amendments made by
 19 this section shall apply to taxable years beginning after
 20 December 31, 2026.

21 **SEC. 4. PAYMENT OF HEALTH PLAN AND HEALTH INSUR-**
 22 **ANCE PREMIUMS FROM HSA.**

23 (a) IN GENERAL.—Paragraph (2) of section 223(d)
 24 of the Internal Revenue Code of 1986 is amended—

25 (1) by striking subparagraph (B),

1 (2) by redesignating subparagraphs (C) and
2 (D) as subparagraphs (B) and (C), respectively,

3 (3) by striking “Subparagraph (B) shall not
4 apply to any expense” in subparagraph (B), as so
5 redesignated, and inserting “Subparagraph (A) shall
6 not apply to any payment for insurance other than”,
7 and

8 (4) in subparagraph (B), as so redesignated—

9 (A) by striking “or” at the end of clause
10 (iv),

11 (B) by striking the period at the end of
12 clause (v) and inserting “, or”, and

13 (C) by adding at the end the following new
14 clause:

15 “(vi) a health plan or health insurance
16 coverage described in subsection
17 (c)(1)(A).”.

18 (b) INCLUSION OF MEDICAL CARE SERVICE AR-
19 RANGEMENTS AS MEDICAL EXPENSES.—Paragraph (2) of
20 section 223(d) of the Internal Revenue Code of 1986, as
21 amended by subsection (a), is further amended by adding
22 at the end the following new subparagraph:

23 “(D) INCLUSION OF MEDICAL CARE SERV-
24 ICE ARRANGEMENTS.—The term ‘qualified med-
25 ical expenses’ shall include—

1 “(i) periodic fees paid to a physician
 2 for a defined set of medical services or for
 3 the right to receive medical services on an
 4 as-needed basis, and

5 “(ii) amounts prepaid for medical
 6 services designed to screen for, diagnose,
 7 cure, mitigate, treat, or prevent disease
 8 and promote wellness.”.

9 (c) EFFECTIVE DATE.—The amendments made by
 10 this section shall apply to taxable years beginning after
 11 December 31, 2026.

12 **SEC. 5. TREATMENT OF HEALTH CARE SHARING MIN-**
 13 **ISTRIES.**

14 (a) IN GENERAL.—Subsection (c) of section 223 of
 15 the Internal Revenue Code of 1986 is amended by adding
 16 at the end the following new paragraph:

17 “(6) TREATMENT OF HEALTH CARE SHARING
 18 MINISTRIES.—A health care sharing ministry (as de-
 19 fined in section 5000A(d)(2)(B)(ii) without regard
 20 to subclause (IV) thereof) shall not be treated as a
 21 health plan or insurance for purposes of this title.”.

22 (b) EFFECTIVE DATE.—The amendments made by
 23 this section shall apply to taxable years beginning after
 24 December 31, 2026.

1 **SEC. 6. HEALTH CARE SHARING MINISTRY EXPENSES**
 2 **TREATED AS MEDICAL CARE.**

3 (a) IN GENERAL.—Section 213(d) of the Internal
 4 Revenue Code of 1986 is amended by adding at the end
 5 the following new paragraph:

6 “(12) HEALTH CARE SHARING MINISTRIES.—
 7 Amounts paid for the following expenses with re-
 8 spect to a health care sharing ministry (as defined
 9 in section 5000A(d)(2)(B)(ii) without regard to sub-
 10 clause (IV) thereof) shall be treated as amounts paid
 11 for medical care:

12 “(A) Membership fees for such health care
 13 sharing ministry.

14 “(B) The sharing of medical expenses
 15 among members.

16 “(C) Administrative fees of the ministry.”.

17 (b) EFFECTIVE DATE.—The amendment made by
 18 this section shall apply to taxable years beginning after
 19 December 31, 2026.

20 **SEC. 7. ELIGIBILITY FOR OVER THE COUNTER DRUGS.**

21 (a) HSAs.—

22 (1) IN GENERAL.—Subparagraph (A) of section
 23 223(d)(2) of the Internal Revenue Code of 1986 is
 24 amended by adding at the end the following: “Such
 25 term shall include an amount paid for medicine or
 26 a drug only if such medicine or drug is a prescribed

1 drug (determined without regard to whether such
 2 drug is available without a prescription) or is insu-
 3 lin.”.

4 (2) CONFORMING AMENDMENT.—Paragraph (2)
 5 of section 223(d) of such Code is amended by strik-
 6 ing subparagraph (C) and by redesignating subpara-
 7 graphs (D) and (E) as subparagraphs (C) and (D),
 8 respectively.

9 (b) ARCHER MSAS.—Section 220(d)(2)(A) of the In-
 10 ternal Revenue Code of 1986 is amended by adding at the
 11 end the following: “Such term shall include an amount
 12 paid for medicine or a drug only if such medicine or drug
 13 is a prescribed drug (determined without regard to wheth-
 14 er such drug is available without a prescription) or is insu-
 15 lin.”.

16 (c) EFFECTIVE DATE.—The amendments made by
 17 this section shall apply to taxable years beginning after
 18 December 31, 2026.

○