

105TH CONGRESS  
1ST SESSION

# H. R. 2465

To make medical savings accounts available in connection with certain health plans under chapter 89 of title 5, United States Code, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 11, 1997

Mr. SALMON introduced the following bill; which was referred to the Committee on Government Reform and Oversight, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To make medical savings accounts available in connection with certain health plans under chapter 89 of title 5, United States Code, and for other purposes.

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. PROVISIONS RELATING TO TITLE 5, UNITED**  
4       **STATES CODE.**

5       (a) ADDITIONAL PLANS.—

6               (1) IN GENERAL.—Section 8903 of title 5,  
7       United States Code, is amended by adding at the  
8       end the following new paragraph:

1           “(5) HIGH DEDUCTIBLE HEALTH PLANS.—One  
 2           or more plans described in paragraph (1), (2), (3),  
 3           or (4), which—

4                   “(A) are high deductible health plans (as  
 5           defined by section 220(c)(2) of the Internal  
 6           Revenue Code of 1986); and

7                   “(B) provide benefits of the types referred  
 8           to by section 8904(a)(5).”.

9           (2) TYPES OF BENEFITS.—Section 8904(a) of  
 10          such title is amended by inserting after paragraph  
 11          (4) the following new paragraph:

12                   “(5) HIGH DEDUCTIBLE HEALTH PLANS.—Ben-  
 13          efits of the types named under paragraph (1) or (2)  
 14          of this subsection or both.”.

15          (3) CONFORMING AMENDMENT.—Section  
 16          8903a(a) of such title is amended by striking “sec-  
 17          tion.” and inserting “section (including plans de-  
 18          scribed by section 8903(5)).”.

19          (b) CONTRIBUTIONS.—

20                 (1) ALLOWING PAYMENT OF FULL AMOUNT OF  
 21          CHARGE FOR HIGH DEDUCTIBLE HEALTH PLAN.—  
 22          Section 8906(b)(2) of title 5, United  
 23          States Code, is amended by inserting “(or 100 per-  
 24          cent of the subscription charge in the case of a high

1 deductible health plan)” after “75 percent of the  
2 subscription charge”.

3 (2) GOVERNMENT CONTRIBUTION TO MEDICAL  
4 SAVINGS ACCOUNTS.—Section 8906 of title 5, Unit-  
5 ed States Code, is amended by adding at the end the  
6 following new subsection:

7 “(j)(1) In the case of an employee or annuitant who  
8 is enrolled in a high deductible health plan, if the maxi-  
9 mum Government contribution (as computed under sub-  
10 section (b)(1)) exceeds the total subscription charge of the  
11 plan in which the employee or annuitant is enrolled, then,  
12 the excess shall be paid into such medical savings account  
13 (of such employee or annuitant) as the employee or annu-  
14 itant may designate.

15 “(2) Contributions under this subsection shall be  
16 made on the same biweekly (or other periodic) basis as  
17 the Government contributions otherwise being made on be-  
18 half of the employee or annuitant involved.

19 “(3) For purposes of carrying out this subsection in  
20 the case of an employee occupying a position on a part-  
21 time career employment basis, the maximum Government  
22 contribution shall be equal to the amount computed with  
23 respect to such employee under subsection (b)(3).

24 “(4) Subsections (f), (g), and (h) shall apply with re-  
25 spect to contributions under this subsection.

1 “(5) A designation under paragraph (1) shall be  
 2 made in such time and manner as the Office by regulation  
 3 requires.

4 “(6) For the purpose of this subsection—

5 “(A) the term ‘medical savings account’ has the  
 6 meaning given such term by section 220(d) of the  
 7 Internal Revenue Code of 1986; and

8 “(B) the term ‘high deductible health plan’  
 9 means a high deductible health plan described by  
 10 section 8903(5).”.

11 (3) DISREGARDING HIGH DEDUCTIBLE HEALTH  
 12 PLANS IN DETERMINING LEVEL OF GOVERNMENT  
 13 CONTRIBUTIONS.—Section 8906(a) of such title is  
 14 amended—

15 (A) in paragraph (1) by striking “plan;”  
 16 and inserting “plan described by section  
 17 8903(1);”;

18 (B) in paragraph (2) by striking “plan;”  
 19 and inserting “plan described by section  
 20 8903(2);”;

21 (C) in paragraph (3) by inserting “de-  
 22 scribed by section 8903(3)” after “plans”; and

23 (D) in paragraph (4) by inserting “de-  
 24 scribed by section 8903(4)” after “plans”.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to contract years beginning after  
3 December 31, 1997.

4 **SEC. 2. PROVISIONS RELATING TO THE INTERNAL REVE-**  
5 **NUE CODE OF 1986.**

6 (a) IN GENERAL.—Section 220 of the Internal Reve-  
7 nue Code of 1986 is amended by adding at the end the  
8 following new subsection:

9 “(k) FEDERAL EMPLOYEES HEALTH BENEFIT  
10 PLAN.—For purposes of this section—

11 “(1) FEDERAL GOVERNMENT.—The Federal  
12 Government shall be treated as a small employer.

13 “(2) LIMITATION ON DEDUCTION IN CASE OF  
14 ANNUITANT, ETC.—Subparagraph (A) of subsection  
15 (b)(4) shall not apply in the case of an individual  
16 who elects coverage under section 8905 or 8905a of  
17 title 5, United States Code, and who is enrolled in  
18 a high deductible health plan under chapter 89 of  
19 such title.

20 “(3) COORDINATION WITH EXCLUSION FOR EM-  
21 PLOYER CONTRIBUTIONS.—The amount allowable  
22 for a taxable year as a deduction under subsection  
23 (a) to an individual described in paragraph (2) of  
24 this subsection shall be reduced (but not below zero)  
25 by the amount which would (but for section 106(b))

1 be includible in such individual's gross income for  
2 such taxable year. The limitation of the preceding  
3 sentence shall be in lieu of the limitation of sub-  
4 section (b)(5).

5 “(4) NUMERICAL LIMITATIONS AND SUNSET.—

6 “(A) Subsection (i) shall not apply to an  
7 individual described in paragraph (2).

8 “(B) Subsection (j) shall be applied with-  
9 out regard to a medical savings account estab-  
10 lished on behalf of an individual described in  
11 paragraph (2).”

12 (b) EFFECTIVE DATE.—The amendment made by  
13 subsection (a) shall apply to taxable years beginning after  
14 December 31, 1997.

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