

106TH CONGRESS
1ST SESSION

H. R. 614

To amend the Internal Revenue Code of 1986 to expand the availability
of medical savings accounts.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 8, 1999

Mr. ARCHER (for himself, Mr. LIPINSKI, Mr. THOMAS, Mr. CRANE, Mr. HALL of Texas, Mr. COOKSEY, Mr. GOSS, Mr. ARMEY, Mr. ROYCE, Mr. PETERSON of Pennsylvania, Mr. BRADY of Texas, Mr. MCCOLLUM, Mr. PORTMAN, Mr. HILLEARY, Mr. HOSTETTLER, Mr. BONILLA, Mr. TANCREDO, Mr. STUMP, Mr. LARGENT, Mr. CUNNINGHAM, Mr. YOUNG of Alaska, Mr. KOLBE, Mrs. MYRICK, Mr. RAMSTAD, Mr. COBURN, Mr. BURTON of Indiana, Mr. ENGLISH, Mr. MCCRERY, Mr. HAYWORTH, and Mr. SHADEGG) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to expand
the availability of medical 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 “Medical Savings Ac-
5 count Effectiveness Act of 1999”.

1 **SEC. 2. EXPANSION OF AVAILABILITY OF MEDICAL SAV-**
2 **INGS ACCOUNTS.**

3 (a) REPEAL OF LIMITATIONS ON NUMBER OF MEDI-
4 CAL SAVINGS ACCOUNTS.—

5 (1) IN GENERAL.—Subsections (i) and (j) of
6 section 220 of the Internal Revenue Code of 1986
7 are hereby repealed.

8 (2) CONFORMING AMENDMENT.—Paragraph (1)
9 of section 220(c) of such Code is amended by strik-
10 ing subparagraph (D).

11 (b) ALL EMPLOYERS MAY OFFER MEDICAL SAVINGS
12 ACCOUNTS.—

13 (1) IN GENERAL.—Subclause (I) of section
14 220(c)(1)(A)(iii) of such Code (defining eligible indi-
15 vidual) is amended by striking “and such employer
16 is a small employer”.

17 (2) CONFORMING AMENDMENTS.—

18 (A) Paragraph (1) of section 220(c) of
19 such Code is amended by striking subparagraph
20 (C).

21 (B) Subsection (c) of section 220 of such
22 Code is amended by striking paragraph (4) and
23 by redesignating paragraph (5) as paragraph
24 (4).

25 (c) INCREASE IN AMOUNT OF DEDUCTION ALLOWED
26 FOR CONTRIBUTIONS TO MEDICAL SAVINGS ACCOUNTS.—

1 (1) IN GENERAL.—Paragraph (2) of section
2 220(b) of such Code is amended to read as follows:

3 “(2) MONTHLY LIMITATION.—The monthly lim-
4 itation for any month is the amount equal to $\frac{1}{12}$ of
5 the annual deductible (as of the first day of such
6 month) of the individual’s coverage under the high
7 deductible health plan.”.

8 (2) CONFORMING AMENDMENT.—Clause (ii) of
9 section 220(d)(1)(A) of such Code is amended by
10 striking “75 percent of”.

11 (d) BOTH EMPLOYERS AND EMPLOYEES MAY CON-
12 TRIBUTE TO MEDICAL SAVINGS ACCOUNTS.—Paragraph
13 (5) of section 220(b) of such Code is amended to read
14 as follows:

15 “(5) COORDINATION WITH EXCLUSION FOR EM-
16 PLOYER CONTRIBUTIONS.—The limitation which
17 would (but for this paragraph) apply under this sub-
18 section to the taxpayer for any taxable year shall be
19 reduced (but not below zero) by the amount which
20 would (but for section 106(b)) be includible in the
21 taxpayer’s gross income for such taxable year.”.

22 (e) REDUCTION OF PERMITTED DEDUCTIBLES
23 UNDER HIGH DEDUCTIBLE HEALTH PLANS.—

1 (1) IN GENERAL.—Subparagraph (A) of section
2 220(c)(2) of such Code (defining high deductible
3 health plan) is amended—

4 (A) by striking “\$1,500” and inserting
5 “\$1,000”, and

6 (B) by striking “\$3,000” in clause (ii) and
7 inserting “\$2,000”.

8 (2) CONFORMING AMENDMENT.—Subsection (g)
9 of section 220 of such Code is amended—

10 (A) by striking “1998” and inserting
11 “1999”; and

12 (B) by striking “1997” and inserting
13 “1998”.

14 (f) MEDICAL SAVINGS ACCOUNTS MAY BE OFFERED
15 UNDER CAFETERIA PLANS.—Subsection (f) of section
16 125 of such Code is amended by striking “106(b),”.

17 (g) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to taxable years ending after the
19 date of the enactment of this Act.

○