

107TH CONGRESS
1ST SESSION

H. R. 1524

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

IN THE HOUSE OF REPRESENTATIVES

APRIL 4, 2001

Mr. THOMAS (for himself, Mr. LIPINSKI, Mrs. JOHNSON of Connecticut, Mr. PETERSON of Minnesota, Mr. CRANE, Mr. PHELPS, Mr. MCCRERY, Mr. DEUTSCH, Mr. CAMP, Mr. HALL of Texas, Mr. RAMSTAD, Mr. LUCAS of Kentucky, Mr. SAM JOHNSON of Texas, Ms. DUNN, Mr. ENGLISH, Mr. HAYWORTH, Mr. MCINNIS, Mr. LEWIS of Kentucky, Mr. BRADY of Texas, Mr. ARMEY, Mr. DELAY, Mr. MILLER of Florida, Mr. PAUL, Mr. ROGERS of Michigan, Mr. FOSSELLA, Mr. TANCREDO, Mr. SCHAFFER, Mr. WALSH, Mr. REYNOLDS, Mr. COOKSEY, Mr. SESSIONS, Mr. OSE, Ms. HART, and Mrs. KELLY) 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 Archer 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 Availability Act of 2001”.

1 **SEC. 2. EXPANSION OF AVAILABILITY OF ARCHER MEDICAL**
2 **SAVINGS ACCOUNTS.**

3 (a) REPEAL OF LIMITATIONS ON NUMBER OF MED-
4 ICAL 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7 are hereby repealed.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 AMENDMENTS.—

9 (A) Paragraph (1) of section 220(c) of
10 such Code is amended by striking subparagraph
11 (D).

12 (B) Section 138 of such Code is amended
13 by striking subsection (f).

14 (b) AVAILABILITY NOT LIMITED TO ACCOUNTS FOR
15 EMPLOYEES OF SMALL EMPLOYERS AND SELF-EM-
16 PLOYED INDIVIDUALS.—

17 (1) IN GENERAL.—Subparagraph (A) of section
18 220(c)(1) of such Code (relating to eligible indi-
19 vidual) is amended to read as follows:

20 “(A) IN GENERAL.—The term ‘eligible in-
21 dividual’ means, with respect to any month, any
22 individual if—

23 “(i) such individual is covered under a
24 high deductible health plan as of the 1st
25 day of such month, and

1 “(ii) such individual is not, while cov-
2 ered under a high deductible health plan,
3 covered under any health plan—

4 “(I) which is not a high deduct-
5 ible health plan, and

6 “(II) which provides coverage for
7 any benefit which is covered under the
8 high deductible health plan.”.

9 (2) CONFORMING AMENDMENTS.—

10 (A) Section 220(c)(1) of such Code is
11 amended by striking subparagraph (C).

12 (B) Section 220(e) of such Code is amend-
13 ed by striking paragraph (4) (defining small
14 employer) and by redesignating paragraph (5)
15 as paragraph (4).

16 (C) Section 220(b) of such Code is amend-
17 ed by striking paragraph (4) (relating to deduc-
18 tion limited by compensation) and by redesign-
19 ating paragraphs (5), (6), and (7) as para-
20 graphs (4), (5), and (6), respectively.

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

23 (1) IN GENERAL.—Paragraph (2) of section
24 220(b) of such Code is amended to read as follows:

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

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

9 (d) BOTH EMPLOYERS AND EMPLOYEES MAY CON-
10 TRIBUTE TO MEDICAL SAVINGS ACCOUNTS.—Paragraph
11 (4) of section 220(b) of such Code (as redesignated by
12 subsection (b)(2)(C)) is amended to read as follows:

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

20 (e) REDUCTION OF PERMITTED DEDUCTIBLES
21 UNDER HIGH DEDUCTIBLE HEALTH PLANS.—

22 (1) IN GENERAL.—Subparagraph (A) of section
23 220(c)(2) of such Code (defining high deductible
24 health plan) is amended—

1 (A) by striking “\$1,500” in clause (i) and
2 inserting “\$1,000”; and

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

5 (2) CONFORMING AMENDMENT.—Subsection (g)
6 of section 220 of such Code is amended to read as
7 follows:

8 “(g) COST-OF-LIVING ADJUSTMENT.—

9 “(1) IN GENERAL.—In the case of any taxable
10 year beginning in a calendar year after 1998, each
11 dollar amount in subsection (c)(2) shall be increased
12 by an amount equal to—

13 “(A) such dollar amount, multiplied by

14 “(B) the cost-of-living adjustment deter-
15 mined under section 1(f)(3) for the calendar
16 year in which such taxable year begins by sub-
17 stituting ‘calendar year 1997’ for ‘calendar year
18 1992’ in subparagraph (B) thereof.

19 “(2) SPECIAL RULES.—In the case of the
20 \$1,000 amount in subsection (c)(2)(A)(i) and the
21 \$2,000 amount in subsection (c)(2)(A)(ii), para-
22 graph (1)(B) shall be applied by substituting ‘cal-
23 endar year 2000’ for ‘calendar year 1997’.

24 “(3) ROUNDING.—If any increase under para-
25 graph (1) or (2) is not a multiple of \$50, such in-

1 crease shall be rounded to the nearest multiple of
2 \$50.”.

3 (f) PROVIDING INCENTIVES FOR PREFERRED PRO-
4 VIDER ORGANIZATIONS TO OFFER MEDICAL SAVINGS AC-
5 COUNTS.—Clause (ii) of section 220(c)(2)(B) of such Code
6 is amended by striking “preventive care if” and all that
7 follows and inserting “preventive care.”

8 (g) MEDICAL SAVINGS ACCOUNTS MAY BE OFFERED
9 UNDER CAFETERIA PLANS.—Subsection (f) of section
10 125 of such Code is amended by striking “106(b),”.

11 (h) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to taxable years beginning after
13 December 31, 2001.

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