

109TH CONGRESS
1ST SESSION

H. R. 4511

To amend the Internal Revenue Code of 1986 to allow the use of flexible spending and health reimbursement arrangements in combination with health savings accounts, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 13, 2005

Mr. CANTOR (for himself and Mr. BURGESS) 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 allow the use of flexible spending and health reimbursement arrangements in combination with health savings accounts, 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. SHORT TITLE.**

4 This Act may be cited as the “Flex Health Savings
5 Accounts Act of 2005”.

1 **SEC. 2. HEALTH REIMBURSEMENT ARRANGEMENTS AND**
 2 **SPENDING ARRANGEMENTS IN COMBINATION**
 3 **WITH HEALTH SAVINGS ACCOUNTS.**

4 (a) IN GENERAL.—Subparagraph (B) of section
 5 223(c)(1) of the Internal Revenue Code of 1986 (relating
 6 to certain coverage disregarded) is amended by striking
 7 “and” at the end of clause (i), by striking the period at
 8 the end of clause (ii) and inserting “, and”, and by insert-
 9 ing after clause (ii) the following new clause:

10 “(iii) coverage under a flexible spend-
 11 ing arrangement or a health reimburse-
 12 ment arrangement, or both, which meets
 13 the requirements of paragraph (6).”.

14 (b) COMBINATION HEALTH REIMBURSEMENT, SAV-
 15 INGS, AND SPENDING ARRANGEMENTS.—Subsection (c) of
 16 section 223 of such Code (relating to definitions and spe-
 17 cial rules) is amended by adding at the end the following
 18 new paragraph:

19 “(6) COMBINED LIMIT FOR CONTRIBUTIONS OR
 20 CREDITS TO HEALTH REIMBURSEMENT, ARRANGE-
 21 MENTS AND SPENDING ARRANGEMENTS.—

22 “(A) IN GENERAL.—In the case of cov-
 23 erage under a flexible spending arrangement or
 24 a health reimbursement arrangement, or both,
 25 such coverage meets the requirements of this
 26 paragraph if the amount determined under sub-

1 paragraph (B) for a taxable year does not ex-
2 ceed the amounts specified under paragraph
3 (2)(A)(ii), reduced by the maximum amount
4 available under subsection (b)(2)(A) or (B),
5 whichever are applicable.

6 “(B) AMOUNT.—For purposes of subpara-
7 graph (A), the amount determined under this
8 subparagraph for a taxable year is the sum
9 of—

10 “(i) the salary reduction amount elect-
11 ed by the individual and, if applicable, the
12 employer contribution or credit allocated to
13 the individual for the taxable year under
14 the flexible spending arrangement (as de-
15 fined in section 106(c)(2)), plus

16 “(ii) the amounts that the individual
17 is permitted, under the terms of the plan,
18 to receive in reimbursements for the tax-
19 able year under the health reimbursement
20 arrangement.

21 “(C) EXCEPTIONS FOR DISREGARDED COV-
22 ERAGE.—For purposes of subparagraph (A)—

23 “(i) CERTAIN FLEXIBLE SPENDING
24 ARRANGEMENTS.—Any flexible spending
25 arrangement salary reduction amounts or

1 employer contributions or credits that are
 2 restricted by the employer to use for cov-
 3 erage described in paragraph (1)(B) shall
 4 not be taken into account under subpara-
 5 graph (B).

6 “(ii) CERTAIN HEALTH REIMBURSE-
 7 MENT ARRANGEMENTS.—Any reimburse-
 8 ments from a health reimbursement ar-
 9 rangement for coverage described in para-
 10 graph (1)(B) shall not be taken into ac-
 11 count under subparagraph (B).”.

12 (c) EFFECTIVE DATE.—The amendments made by
 13 this section shall apply to taxable years beginning after
 14 December 31, 2005.

15 **SEC. 3. INCREASE IN MONTHLY LIMITATIONS FOR CON-**
 16 **TRIBUTIONS TO HEALTH SAVINGS AC-**
 17 **COUNTS.**

18 (a) IN GENERAL.—Paragraph (2) of section 223(b)
 19 of the Internal Revenue Code of 1986 (relating to monthly
 20 limitation) is amended to read as follows:

21 “(2) MONTHLY LIMITATION.—The monthly lim-
 22 itation for any month is $\frac{1}{12}$ of—

23 “(A) in the case of an eligible individual
 24 who has self-only coverage under a high deduct-

1 ible health plan as of the first day of such
2 month, \$2,250, and

3 “(B) in the case of an eligible individual
4 who has family coverage under a high deduct-
5 ible health plan as of the first day of such
6 month, \$4,500.”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 subsection (a) shall apply to taxable years beginning after
9 December 31, 2005.

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