

109TH CONGRESS
1ST SESSION

H. R. 994

To amend the Internal Revenue Code of 1986 to allow Federal civilian and military retirees to pay health insurance premiums on a pretax basis and to allow a deduction for TRICARE supplemental premiums.

IN THE HOUSE OF REPRESENTATIVES

MARCH 1, 2005

Mr. TOM DAVIS of Virginia (for himself, Mr. PORTER, Mr. WAXMAN, Mr. DAVIS of Illinois, Mr. MORAN of Virginia, Mr. HOYER, Mr. VAN HOLLEN, Mr. WOLF, Ms. NORTON, Mrs. JO ANN DAVIS of Virginia, Mr. COBLE, Mr. KOLBE, and Mr. WYNN) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Government Reform and Armed Services, 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

A BILL

To amend the Internal Revenue Code of 1986 to allow Federal civilian and military retirees to pay health insurance premiums on a pretax basis and to allow a deduction for TRICARE supplemental premiums.

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

1 **SECTION 1. PRETAX PAYMENT OF HEALTH INSURANCE**
2 **PREMIUMS BY FEDERAL CIVILIAN AND MILI-**
3 **TARY RETIREES.**

4 (a) IN GENERAL.—Subsection (g) of section 125 of
5 the Internal Revenue Code of 1986 (relating to cafeteria
6 plans) is amended by adding at the end the following new
7 paragraph:

8 “(5) HEALTH INSURANCE PREMIUMS OF FED-
9 ERAL CIVILIAN AND MILITARY RETIREES.—

10 “(A) FEHBP PREMIUMS.—Nothing in this
11 section shall prevent the benefits of this section
12 from being allowed to an annuitant, as defined
13 in paragraph (3) of section 8901 of title 5,
14 United States Code, with respect to a choice be-
15 tween the annuity or compensation referred to
16 in such paragraph and benefits under the
17 health benefits program established by chapter
18 89 of such title 5.

19 “(B) TRICARE PREMIUMS.—Nothing in
20 this section shall prevent the benefits of this
21 section from being allowed to an individual re-
22 ceiving retired or retainer pay by reason of
23 being a member or former member of the uni-
24 formed services of the United States with re-
25 spect to a choice between such pay and benefits

1 under the health benefits programs established
2 by chapter 55 of title 10, United States Code.”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 this section shall apply to taxable years beginning after
5 the date of the enactment of this Act.

6 **SEC. 2. DEDUCTION FOR TRICARE SUPPLEMENTAL PRE-**
7 **MIUMS.**

8 (a) IN GENERAL.—Part VII of subchapter B of chap-
9 ter 1 of the Internal Revenue Code of 1986 (relating to
10 additional itemized deductions for individuals) is amended
11 by redesignating section 224 as section 225 and by insert-
12 ing after section 223 the following new section:

13 **“SEC. 224. TRICARE SUPPLEMENTAL PREMIUMS OR EN-**
14 **ROLLMENT FEES.**

15 “(a) ALLOWANCE OF DEDUCTION.—In the case of an
16 individual, there shall be allowed as a deduction the
17 amounts paid during the taxable year by the taxpayer for
18 insurance purchased as supplemental coverage to the
19 health benefits programs established by chapter 55 of title
20 10, United States Code, for the taxpayer and the tax-
21 payer’s spouse and dependents.

22 “(b) COORDINATION WITH MEDICAL DEDUCTION.—
23 Any amount allowed as a deduction under subsection (a)
24 shall not be taken into account in computing the amount

1 allowable to the taxpayer as a deduction under section
2 213(a).”.

3 (b) DEDUCTION ALLOWED WHETHER OR NOT INDIVIDUAL
4 ITEMIZES OTHER DEDUCTIONS.—Subsection (a)
5 of section 62 of such Code is amended by inserting before
6 the last sentence at the end the following new paragraph:

7 “(21) TRICARE SUPPLEMENTAL PREMIUMS
8 OR ENROLLMENT FEES.—The deduction allowed by
9 section 224.”.

10 (c) CLERICAL AMENDMENT.—The table of sections
11 for part VII of subchapter B of chapter 1 of such Code
12 is amended by striking the last item and inserting the following
13 new items:

“Sec. 224. TRICARE supplemental premiums or enrollment fees.
“Sec. 225. Cross reference.”.

14 (d) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to taxable years beginning after
16 the date of the enactment of this Act.

17 **SEC. 3. IMPLEMENTATION.**

18 (a) FEHBP PREMIUM CONVERSION OPTION FOR
19 FEDERAL CIVILIAN RETIREES.—The Director of the Office
20 of Personnel Management shall take such actions as
21 the Director considers necessary so that the option made
22 possible by section 125(g)(5)(A) of the Internal Revenue
23 Code of 1986 shall be offered beginning with the first open
24 enrollment period afforded under chapter 89 of title 5,

1 United States Code, which begins not less than 90 days
2 after the date of the enactment of this Act.

3 (b) TRICARE PREMIUM CONVERSION OPTION FOR
4 MILITARY RETIREES.—The Secretary of Defense, after
5 consulting with the other administering Secretaries (as
6 specified in section 1073 of title 10, United States Code),
7 shall take such actions as the Secretary considers nec-
8 essary so that the option made possible by section
9 125(g)(5)(B) of the Internal Revenue Code of 1986 shall
10 be offered beginning with the first open enrollment period
11 afforded under health benefits programs established under
12 chapter 55 of such title which begins not less than 90 days
13 after the date of the enactment of this Act.

○