

109TH CONGRESS
2D SESSION

S. 2379

To amend the Internal Revenue Code of 1986 to allow a deduction for health and long-term care insurance costs of individuals not participating in employer-subsidized health plans.

IN THE SENATE OF THE UNITED STATES

MARCH 7, 2006

Mr. BURR introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to allow a deduction for health and long-term care insurance costs of individuals not participating in employer-subsidized health plans.

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. DEDUCTION FOR HEALTH AND LONG-TERM**
4 **CARE INSURANCE COSTS OF INDIVIDUALS**
5 **NOT PARTICIPATING IN EMPLOYER-SUB-**
6 **SIDIZED HEALTH PLANS.**

7 (a) IN GENERAL.—Part VII of subchapter B of chap-
8 ter 1 of the Internal Revenue Code of 1986 is amended

1 by redesignating section 224 as section 225 and by insert-
 2 ing after section 223 the following new section:

3 **“SEC. 224. HEALTH AND LONG-TERM CARE INSURANCE**
 4 **COSTS.**

5 “(a) IN GENERAL.—In the case of an individual,
 6 there shall be allowed as a deduction an amount equal to
 7 the amount paid during the taxable year for insurance
 8 which constitutes medical care for the taxpayer and the
 9 taxpayer’s spouse and dependents.

10 “(b) LIMITATION BASED ON OTHER COVERAGE.—

11 “(1) COVERAGE UNDER CERTAIN SUBSIDIZED
 12 EMPLOYER PLANS.—

13 “(A) IN GENERAL.—Subsection (a) shall
 14 not apply to any taxpayer for any calendar
 15 month for which the taxpayer participates in
 16 any health plan maintained by any employer of
 17 the taxpayer or of the spouse of the taxpayer if
 18 any of the cost of coverage under such plan (de-
 19 termined under section 4980B and without re-
 20 gard to payments made with respect to any cov-
 21 erage described in subsection (d)) is paid or in-
 22 curred by the employer.

23 “(B) EMPLOYER CONTRIBUTIONS TO CAF-
 24 ETERIA PLANS, FLEXIBLE SPENDING ARRANGE-
 25 MENTS, ARCHER MSAS, AND HEALTH SAVINGS

1 ACCOUNTS.—Employer contributions to a cafe-
 2 teria plan, a flexible spending or similar ar-
 3 rangement, an Archer MSA, or a health savings
 4 account which are excluded from gross income
 5 under section 106 shall be treated for purposes
 6 of subparagraph (A) as paid by the employer.

7 “(C) AGGREGATION OF PLANS OF EM-
 8 PLOYER.—A health plan which is not otherwise
 9 described in subparagraph (A) shall be treated
 10 as described in such subparagraph if such plan
 11 would be so described if all health plans of per-
 12 sons treated as a single employer under sub-
 13 section (b), (c), (m), or (o) of section 414 were
 14 treated as one health plan.

15 “(D) SEPARATE APPLICATION TO HEALTH
 16 INSURANCE AND LONG-TERM CARE INSUR-
 17 ANCE.—Subparagraphs (A) and (C) shall be
 18 applied separately with respect to—

19 “(i) plans which include primarily cov-
 20 erage for qualified long-term care services
 21 or are qualified long-term care insurance
 22 contracts, and

23 “(ii) plans which do not include such
 24 coverage and are not such contracts.

1 “(2) COVERAGE UNDER CERTAIN FEDERAL
2 PROGRAMS.—

3 “(A) IN GENERAL.—Subsection (a) shall
4 not apply to any amount paid for any coverage
5 for an individual for any calendar month if, as
6 of the first day of such month, the individual is
7 covered under any medical care program de-
8 scribed in—

9 “(i) title XVIII, XIX, or XXI of the
10 Social Security Act,

11 “(ii) chapter 55 of title 10, United
12 States Code,

13 “(iii) chapter 17 of title 38, United
14 States Code,

15 “(iv) chapter 89 of title 5, United
16 States Code, or

17 “(v) the Indian Health Care Improve-
18 ment Act.

19 “(B) EXCEPTIONS.—

20 “(i) QUALIFIED LONG-TERM CARE.—
21 Subparagraph (A) shall not apply to
22 amounts paid for coverage under a quali-
23 fied long-term care insurance contract.

24 “(ii) CONTINUATION COVERAGE OF
25 FEHBP.—Subparagraph (A)(iv) shall not

1 apply to coverage which is comparable to
2 continuation coverage under section
3 4980B.

4 “(c) LONG-TERM CARE DEDUCTION LIMITED TO
5 QUALIFIED LONG-TERM CARE INSURANCE CON-
6 TRACTS.—In the case of a qualified long-term care insur-
7 ance contract, only eligible long-term care premiums (as
8 defined in section 213(d)(10)) may be taken into account
9 under subsection (a).

10 “(d) DEDUCTION NOT AVAILABLE FOR PAYMENT OF
11 ANCILLARY COVERAGE PREMIUMS.—Any amount paid as
12 a premium for insurance which provides for—

13 “(1) coverage for accidents, disability, dental
14 care, vision care, or a specified illness, or

15 “(2) making payments of a fixed amount per
16 day (or other period) by reason of being hospitalized,
17 shall not be taken into account under subsection (a).

18 “(e) SPECIAL RULES.—

19 “(1) COORDINATION WITH DEDUCTION FOR
20 HEALTH INSURANCE COSTS OF SELF-EMPLOYED IN-
21 DIVIDUALS.—The amount taken into account by the
22 taxpayer in computing the deduction under section
23 162(l) shall not be taken into account under this
24 section.

1 “(2) COORDINATION WITH MEDICAL EXPENSE
 2 DEDUCTION.—The amount taken into account by
 3 the taxpayer in computing the deduction under this
 4 section shall not be taken into account under section
 5 213.

6 “(f) REGULATIONS.—The Secretary shall prescribe
 7 such regulations as may be appropriate to carry out this
 8 section, including regulations requiring employers to re-
 9 port to their employees and the Secretary such informa-
 10 tion as the Secretary determines to be appropriate.”.

11 (b) DEDUCTION ALLOWED WHETHER OR NOT TAX-
 12 PAYER ITEMIZES OTHER DEDUCTIONS.—Subsection (a)
 13 of section 62 of the Internal Revenue Code of 1986 is
 14 amended by inserting before the last sentence the fol-
 15 lowing new item:

16 “(21) HEALTH AND LONG-TERM CARE INSUR-
 17 ANCE COSTS.—The deduction allowed by section
 18 224.”.

19 (c) CONFORMING AMENDMENTS.—

20 (1) Sections 86(b)(2), 135(c)(4), 137(b)(3), and
 21 219(g)(3) of the Internal Revenue Code of 1986 are
 22 each amended by inserting “224,” after “222,”.

23 (2) Section 221(b)(2)(C) of such Code is
 24 amended by inserting “224,” before “911”.

1 (3) Section 469(i)(3)(F) of such Code is
 2 amended by striking “and 222” and inserting “,
 3 222, and 224”.

4 (4) The table of sections for part VII of sub-
 5 chapter B of chapter 1 of such Code is amended by
 6 striking the last item and inserting the following
 7 new items:

“Sec. 224. Health and long-term care insurance costs.

“Sec. 225. Cross reference.”.

8 (d) EFFECTIVE DATE.—The amendments made by
 9 this section shall apply to taxable years beginning after
 10 December 31, 2006.

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