

110TH CONGRESS
1ST SESSION

H. R. 4263

To amend the Internal Revenue Code of 1986 to allow a tax credit for charitable contributions to private, nonprofit charities providing health insurance premium assistance and drug co-payment assistance, thereby transitioning uninsured Americans into private insurance and transitioning Medicaid patients into private insurance, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 4, 2007

Mr. MELANCON (for himself and Mr. GERLACH) 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 a tax credit for charitable contributions to private, nonprofit charities providing health insurance premium assistance and drug co-payment assistance, thereby transitioning uninsured Americans into private insurance and transitioning Medicaid patients into private insurance, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Health Insurance Tax
3 Credit Assistance Act of 2007”.

4 **SEC. 2. FINDINGS.**

5 Congress makes the following findings:

6 (1) Health care spending in the United States
7 has grown rapidly to a rate of approximately 10 per-
8 cent a year.

9 (2) According to the Congressional Budget Of-
10 fice, with the cost of health care rising rapidly,
11 spending for Medicare and Medicaid is projected to
12 grow even faster—in the range of 7 percent to 8
13 percent annually.

14 (3) More and more Americans with health in-
15 surance coverage are experiencing increases in out-
16 of-pocket expenses for health care.

17 (4) The rising costs of healthcare is driving
18 more citizens to be uninsured or underinsured. Ac-
19 cording to the Bureau of the Census, Department of
20 Commerce, the number of Americans without health
21 insurance in 2005 increased by 800,000 to
22 46,600,000 from 45,800,000 in 2004.

23 (5) Many of these uninsured, nonelderly adults
24 face chronic conditions.

25 (6) The rising costs of healthcare are com-
26 pounded for Americans who suffer from a chronic

1 disease that requires expensive treatments. Some of
2 these uninsured adults with chronic conditions forgo
3 needed medical care or prescription drugs, due to
4 the prohibitive costs.

5 (7) Many families who have a loved one with an
6 expensive chronic condition often face a difficult di-
7 lemma: if they receive public assistance through
8 State Medicaid programs, they must meet and main-
9 tain a certain income threshold and if they leave
10 public assistance for private insurance, they must
11 then be able to meet higher premiums, co-payments
12 and drug costs.

13 (8) Currently, nonprofit charitable organiza-
14 tions have recognized a need to develop financial as-
15 sistance programs for patients with expensive chron-
16 ic illnesses to access treatment and therapies to lead
17 productive and healthy lives.

18 (9) These patient assistance organizations
19 (PAOs) prevent patients with expensive chronic ill-
20 nesses and conditions from depleting financial re-
21 sources to qualify for public assistance programs by
22 subsidizing health insurance premiums; pharmacy
23 and treatment co-payments; and expense associated
24 with Medicare.

1 (10) The Federal Government should be looking
2 for ways to reduce the costs to public programs like
3 Medicaid at the same time transitioning beneficiaries
4 into the private health market. One way to do this
5 is to create incentives for beneficiaries and their
6 families to enter the workforce, earn a better living
7 and ultimately, participate in the private health in-
8 surance market.

9 (11) A targeted tax credit is one way the Fed-
10 eral Government could encourage citizens to donate
11 to qualified PAOs.

12 (12) The benefits of a tax credit provides the
13 Federal Government with a greater savings than the
14 cost of the tax credits themselves by transitioning
15 patients off public programs such as Medicaid, lift-
16 ing them out of poverty, and enabling them to access
17 health insurance coverage.

18 (13) This tax credit also contributes to PAOs
19 that can cover the “TrOOP” or “doughnut hole” ex-
20 penses that Medicare part D does not cover for dis-
21 abled and senior citizens.

22 (14) This tax credit in the end fosters a tax
23 policy that addresses three major areas of public pol-
24 icy concern—

25 (A) uninsured and underinsured citizens;

1 (B) treatment for Medicare beneficiaries
 2 (“doughnut hole”); and
 3 (C) cost savings for Medicaid.

4 **SEC. 3. CREDIT FOR CHARITABLE CONTRIBUTIONS TO CER-**
 5 **TAIN PRIVATE CHARITIES PROVIDING**
 6 **HEALTH INSURANCE PREMIUM ASSISTANCE**
 7 **AND DRUG COPAYMENT ASSISTANCE TO THE**
 8 **UNINSURED AND UNDERINSURED.**

9 (a) IN GENERAL.—Subpart A of part IV of chapter
 10 1 of the Internal Revenue Code of 1986 (relating to non-
 11 refundable personal credits) is amended by inserting after
 12 section 25D the following new section:

13 **“SEC. 25E. CREDIT FOR CONTRIBUTIONS TO THE CHRON-**
 14 **ICALLY ILL UNINSURED AND UNDER-**
 15 **INSURED.**

16 “(a) IN GENERAL.—In the case of an individual,
 17 there shall be allowed as a credit against the tax imposed
 18 by this chapter for the taxable year an amount equal to
 19 the qualified charitable contributions made by the tax-
 20 payer.

21 “(b) LIMITATION.—The amount allowed as a credit
 22 to the taxpayer under subsection (a) shall not exceed
 23 \$1,000 (\$2,000 in the case of a joint return).

24 “(c) QUALIFIED CHARITABLE CONTRIBUTION.—For
 25 the purposes of this section, the term ‘qualified charitable

1 contribution’ means a charitable contribution (as defined
2 in section 170(c)) made in cash to a qualified charity.

3 “(d) QUALIFIED CHARITY.—For purposes of this sec-
4 tion—

5 “(1) IN GENERAL.—The term ‘qualified charity’
6 means an organization described in section 501(c)(3)
7 and exempt from tax under section 501(a)—

8 “(A) which is certified by the Office of In-
9 spector General of the Department of Health
10 and Human Services as meeting the require-
11 ments of paragraph (2), and

12 “(B) which is organized under the laws of
13 a State at the time the contribution is made
14 and is exempt from income taxation (if any) by
15 such State.

16 “(2) CHARITY MUST WORK TO ASSIST CHRON-
17 ICALLY ILL PATIENTS WITH HEALTH INSURANCE
18 PREMIUM ASSISTANCE AND COPAYMENT ASSIST-
19 ANCE.—An organization meets the requirements of
20 this paragraph only if the predominant activity of
21 such organization is the subsidizing of health insur-
22 ance premiums and pharmacy co-payments of indi-
23 viduals who are uninsured or cannot otherwise af-
24 ford health insurance or drug treatments.

1 “(e) DENIAL OF DOUBLE BENEFIT.—No deduction
2 shall be allowed under any other provision of this chapter
3 for any contribution for which a deduction or credit is al-
4 lowed under subsection (a).

5 “(f) ELECTION TO NOT TAKE CREDIT.—No credit
6 shall be allowed under subsection (a) for any contribution
7 if the taxpayer elects to not have this section apply to such
8 contribution.”.

9 (b) CLERICAL AMENDMENTS.—The table of sections
10 of such subpart is amended by inserting after the item
11 relating to section 25D the following new item:

“Sec. 25E. Credit for contributions to the chronically ill uninsured and under-
insured.”.

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

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