

111TH CONGRESS
1ST SESSION

H. R. 1203

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

FEBRUARY 25, 2009

Mr. VAN HOLLEN (for himself, Mr. WOLF, Mr. CONNOLLY of Virginia, Mr. HOYER, Mr. GRIJALVA, Mr. HOLT, Mr. PLATTS, Mr. MORAN of Virginia, Mr. LYNCH, Mr. KILDEE, Ms. KILPATRICK of Michigan, Mr. HASTINGS of Florida, Mr. SARBANES, Mr. RUPPERSBERGER, Ms. NORTON, Mr. YARMUTH, and Mr. DAVIS of Illinois) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Oversight and 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. SHORT TITLE.**

2 This Act may be cited as the “Federal and Military
3 Retiree Health Care Equity Act”.

4 **SEC. 2. PRETAX PAYMENT OF HEALTH INSURANCE PRE-**
5 **MIUMS BY FEDERAL CIVILIAN AND MILITARY**
6 **RETIREES.**

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

11 “(5) HEALTH INSURANCE PREMIUMS OF FED-
12 ERAL CIVILIAN AND MILITARY RETIREEES.—

13 “(A) FEHBP PREMIUMS.—Nothing in this
14 section shall prevent the benefits of this section
15 from being allowed to an annuitant, as defined
16 in paragraph (3) of section 8901 of title 5,
17 United States Code, with respect to a choice be-
18 tween the annuity or compensation referred to
19 in such paragraph and benefits under the
20 health benefits program established by chapter
21 89 of such title 5.

22 “(B) TRICARE PREMIUMS.—Nothing in
23 this section shall prevent the benefits of this
24 section from being allowed to an individual re-
25 ceiving retired or retainer pay by reason of
26 being a member or former member of the uni-

1 formed services of the United States with re-
2 spect to a choice between such pay and benefits
3 under the health benefits programs established
4 by chapter 55 of title 10, United States Code.”.

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

8 **SEC. 3. DEDUCTION FOR TRICARE SUPPLEMENTAL PRE-**
9 **MIUMS.**

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

15 **“SEC. 224. TRICARE SUPPLEMENTAL PREMIUMS OR EN-**
16 **ROLLMENT FEES.**

17 “(a) ALLOWANCE OF DEDUCTION.—In the case of an
18 individual, there shall be allowed as a deduction the
19 amounts paid during the taxable year by the taxpayer for
20 insurance purchased as supplemental coverage to the
21 health benefits programs established by chapter 55 of title
22 10, United States Code, for the taxpayer and the tax-
23 payer’s spouse and dependents.

24 “(b) COORDINATION WITH MEDICAL DEDUCTION.—
25 Any amount allowed as a deduction under subsection (a)

1 shall not be taken into account in computing the amount
 2 allowable to the taxpayer as a deduction under section
 3 213(a).”.

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

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

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

“Sec. 224. TRICARE supplemental premiums or enrollment fees.

“Sec. 225. Cross reference.”.

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

18 **SEC. 4. IMPLEMENTATION.**

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

1 enrollment period afforded under chapter 89 of title 5,
2 United States Code, which begins not less than 90 days
3 after the date of the enactment of this Act.

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

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