

111TH CONGRESS  
1ST SESSION

# H. R. 879

To amend the Internal Revenue Code of 1986 to allow individuals a refundable credit against income tax for the purchase of private health insurance.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 4, 2009

Ms. GRANGER introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to allow individuals a refundable credit against income tax for the purchase of private health insurance.

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 “Affordable Health Care  
5 Expansion Act of 2009”.

6 **SEC. 2. REFUNDABLE CREDIT FOR HEALTH INSURANCE**  
7 **COVERAGE.**

8 (a) IN GENERAL.—Subpart C of part IV of sub-  
9 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 (relating to refundable credits) is amended by insert-  
 2 ing after section 36 the following new section:

3 **“SEC. 36A. HEALTH INSURANCE COSTS.**

4       “(a) IN GENERAL.—In the case of an individual,  
 5 there shall be allowed as a credit against the tax imposed  
 6 by this chapter an amount equal to the amount paid dur-  
 7 ing the taxable year for qualified health insurance for the  
 8 taxpayer, his spouse, and dependents.

9       “(b) LIMITATIONS.—

10           “(1) IN GENERAL.—The amount allowed as a  
 11 credit under subsection (a) to the taxpayer for the  
 12 taxable year shall not exceed the sum of the monthly  
 13 limitations for coverage months during such taxable  
 14 year for each individual referred to in subsection (a)  
 15 for whom the taxpayer paid during the taxable year  
 16 any amount for coverage under qualified health in-  
 17 surance.

18           “(2) PHASEOUT OF AMOUNT.—

19           “(A) REDUCTION BASED ON ADJUSTED  
 20 GROSS INCOME.—The amount determined under  
 21 paragraph (1) for any taxable year shall be re-  
 22 duced (but not below zero) by the amount de-  
 23 termined under subparagraph (B).

24           “(B) AMOUNT OF REDUCTION.—The  
 25 amount determined under this subparagraph

1 with respect to any amount determined under  
2 paragraph (1) shall be the amount which bears  
3 the same ratio to such amount determined  
4 under paragraph (1) as—

5 “(i) the excess of—

6 “(I) the taxpayer’s adjusted  
7 gross income for such taxable year,  
8 over

9 “(II) the applicable dollar  
10 amount, bears to

11 “(ii) \$10,000.

12 The rules of subparagraphs (B) and (C) of sec-  
13 tion 219(g)(2) shall apply to any reduction  
14 under this subparagraph.

15 “(C) DEFINITIONS.—For purposes of this  
16 paragraph—

17 “(i) adjusted gross income shall be de-  
18 termined in the same manner as under sec-  
19 tion 408A(c)(3)(C)(i), and

20 “(ii) the applicable dollar amount is—

21 “(I) in the case of a taxpayer fil-  
22 ing a joint return, \$105,000,

23 “(II) in the case of any other  
24 taxpayer (other than a married indi-

1                   vidual filing a separate return),  
2                   \$65,000, and

3                   “(III) in the case of a married  
4                   individual filing a separate return,  
5                   zero.

6                   “(3) MONTHLY LIMITATION.—

7                   “(A) IN GENERAL.—The monthly limita-  
8                   tion for an individual for each coverage month  
9                   of such individual during the taxable year is the  
10                  amount equal to  $\frac{1}{12}$ th of—

11                  “(i) the base amount, plus

12                  “(ii) 50 percent of the amount paid in  
13                  excess of the base amount.

14                  “(B) BASE AMOUNT.—For purposes of this  
15                  paragraph, the base amount is—

16                  “(i) \$1,000 if such individual is the  
17                  taxpayer,

18                  “(ii) \$1,000 if—

19                          “(I) such individual is the spouse  
20                          of the taxpayer,

21                          “(II) the taxpayer and such  
22                          spouse are married as of the first day  
23                          of such month, and

24                          “(III) the taxpayer files a joint  
25                          return for the taxable year, and

1 “(iii) \$500 if such individual is an in-  
2 dividual for whom a deduction under sec-  
3 tion 151(c) is allowable to the taxpayer for  
4 such taxable year.

5 “(4) HEALTH INSURANCE COVERAGE REQUIRED  
6 FOR ALL FAMILY MEMBERS.—

7 “(A) IN GENERAL.—The coverage month  
8 limitation for a month shall be zero unless, on  
9 the first day of the such month, the taxpayer,  
10 the spouse of the taxpayer, and each qualifying  
11 child of the taxpayer as of such day is covered  
12 by qualified health insurance.

13 “(B) QUALIFYING CHILD.—For purposes  
14 of subparagraph (A), the term ‘qualifying  
15 child’, with respect to the taxpayer, has the  
16 meaning given such term by section 152(c), de-  
17 termined without regard to section 152(e), but  
18 not if such child—

19 “(i) is married at the close of the tax-  
20 payer’s taxable year, and

21 “(ii) is not a dependent of such indi-  
22 vidual by reason of section 152(b)(2) or  
23 152(b)(3), or both.

24 “(5) COVERAGE MONTH.—For purposes of this  
25 subsection—

“(A) IN GENERAL.—The term ‘coverage month’ means, with respect to an individual, any month if—

“(i) as of the first day of such month such individual is covered by qualified health insurance, and

“(ii) the premium for coverage under such insurance for such month is paid by the taxpayer.

“(B) EMPLOYER-SUBSIDIZED COVERAGE.—

“(i) IN GENERAL.—Such term shall not include any month for which such individual participates in any subsidized health plan (within the meaning of section 162(l)(2)) maintained by any employer of the taxpayer or of the spouse of the taxpayer.

“(ii) PREMIUMS TO NONSUBSIDIZED PLANS.—If an employer of the taxpayer or the spouse of the taxpayer maintains a health plan which is not a subsidized health plan (as so defined) and which constitutes qualified health insurance, employee contributions to the plan shall be

1           treated as amounts paid for qualified  
2           health insurance.

3           “(C) CAFETERIA PLAN AND FLEXIBLE  
4           SPENDING ACCOUNT BENEFICIARIES.—Such  
5           term shall not include any month during a tax-  
6           able year if any amount is not includible in the  
7           gross income of the taxpayer for such year  
8           under section 106 with respect to—

9                   “(i) a benefit chosen under a cafeteria  
10                  plan (as defined in section 125(d)), or

11                  “(ii) a benefit provided under a flexi-  
12                  ble spending or similar arrangement.

13           “(D) MEDICARE AND MEDICAID.—Such  
14           term shall not include any month with respect  
15           to an individual if, as of the first day of such  
16           month, such individual—

17                   “(i) is entitled to any benefits under  
18                  title XVIII of the Social Security Act, or

19                   “(ii) is a participant in the program  
20                  under title XIX or XXI of such Act.

21           “(E) CERTAIN OTHER COVERAGE.—Such  
22           term shall not include any month during a tax-  
23           able year with respect to an individual if, at any  
24           time during such year, any benefit is provided  
25           to such individual under—

1 “(i) chapter 89 of title 5, United  
2 States Code,

3 “(ii) chapter 55 of title 10, United  
4 States Code,

5 “(iii) chapter 17 of title 38, United  
6 States Code, or

7 “(iv) any medical care program under  
8 the Indian Health Care Improvement Act.

9 “(F) PRISONERS.—Such term shall not in-  
10 clude any month with respect to an individual  
11 if, as of the first day of such month, such indi-  
12 vidual is imprisoned under Federal, State, or  
13 local authority.

14 “(G) INSUFFICIENT PRESENCE IN UNITED  
15 STATES.—Such term shall not include any  
16 month during a taxable year with respect to an  
17 individual if such individual is present in the  
18 United States on fewer than 183 days during  
19 such year (determined in accordance with sec-  
20 tion 7701(b)(7)).

21 “(6) COORDINATION WITH DEDUCTION FOR  
22 HEALTH INSURANCE COSTS OF SELF-EMPLOYED IN-  
23 DIVIDUALS.—In the case of a taxpayer who is eligi-  
24 ble to deduct any amount under section 162(l) for  
25 the taxable year, this section shall apply only if the



1 taxpayer elects not to claim any amount as a deduc-  
 2 tion under such section for such year.

3 “(c) REDUCED CREDIT FOR PARTICIPANTS IN  
 4 HEALTH PLANS OF EMPLOYERS.—In the case of any indi-  
 5 vidual who participates in a subsidized health plan (within  
 6 the meaning of section 162(l)(2)) maintained by any em-  
 7 ployer of the taxpayer or of the spouse of the taxpayer  
 8 (not including a cafeteria plan (as defined in section  
 9 125(d))), there shall be allowed to the taxpayer one-quar-  
 10 ter of the credit that would be allowed to the taxpayer  
 11 under subsection (a) (determined without regard to the  
 12 participation in the health plan) if the monthly limitation  
 13 were determined without the addition of the amount de-  
 14 scribed in subsection (b)(3)(A)(ii).

15 “(d) QUALIFIED HEALTH INSURANCE.—For pur-  
 16 poses of this section—

17 “(1) IN GENERAL.—The term ‘qualified health  
 18 insurance’ means insurance which constitutes med-  
 19 ical care as defined in section 213(d) without regard  
 20 to—

21 “(A) paragraph (1)(C) thereof, and

22 “(B) so much of paragraph (1)(D) thereof  
 23 as relates to qualified long-term care insurance  
 24 contracts.

1           “(2) EXCLUSION OF CERTAIN OTHER CON-  
 2           TRACTS.—Such term shall not include insurance if a  
 3           substantial portion of its benefits are excepted bene-  
 4           fits (as defined in section 9832(c)).

5           “(e) MEDICAL AND HEALTH SAVINGS ACCOUNT  
 6           CONTRIBUTIONS.—

7           “(1) IN GENERAL.—If a deduction would (but  
 8           for paragraph (2)) be allowed under section 220 or  
 9           223 to the taxpayer for a payment for the taxable  
 10          year to the medical or health savings account of an  
 11          individual, subsection (a) shall be applied by treating  
 12          such payment as a payment for qualified health in-  
 13          surance for such individual.

14          “(2) DENIAL OF DOUBLE BENEFIT.—No deduc-  
 15          tion shall be allowed under section 220 or 223 for  
 16          that portion of the payments otherwise allowable as  
 17          a deduction under section 220 or 223 (as the case  
 18          may be) for the taxable year which is equal to the  
 19          amount of credit allowed for such taxable year by  
 20          reason of this subsection.

21          “(f) SPECIAL RULES.—

22          “(1) COORDINATION WITH MEDICAL EXPENSE  
 23          DEDUCTION.—The amount which would (but for this  
 24          paragraph) be taken into account by the taxpayer  
 25          under section 213 for the taxable year shall be re-

1       duced by the credit (if any) allowed by this section  
2       to the taxpayer for such year.

3               “(2) DENIAL OF CREDIT TO DEPENDENTS.—No  
4       credit shall be allowed under this section to any indi-  
5       vidual with respect to whom a deduction under sec-  
6       tion 151 is allowable to another taxpayer for a tax-  
7       able year beginning in the calendar year in which  
8       such individual’s taxable year begins.

9               “(3) DENIAL OF DOUBLE BENEFIT.—No credit  
10      shall be allowed under subsection (a) if the credit  
11      under section 35 is allowed and no credit shall be al-  
12      lowed under 35 if a credit is allowed under this sec-  
13      tion.

14              “(4) ELECTION NOT TO CLAIM CREDIT.—This  
15      section shall not apply to a taxpayer for any taxable  
16      year if such taxpayer elects to have this section not  
17      apply for such taxable year.

18              “(5) INFLATION ADJUSTMENT.—In the case of  
19      any taxable year beginning in a calendar year after  
20      2009, each dollar amount contained in subsection  
21      (b)(3)(B) shall be increased by an amount equal  
22      to—

23                      “(A) such dollar amount, multiplied by

24                      “(B) the cost-of-living adjustment deter-  
25                      mined under section 1(f)(3) for the calendar

1           year in which the taxable year begins, deter-  
 2           mined by substituting ‘calendar year 2008’ for  
 3           ‘calendar year 1992’ in subparagraph (B)  
 4           thereof.

5           Any increase determined under the preceding sen-  
 6           tence shall be rounded to the nearest multiple of \$50  
 7           (\$25 in the case of the dollar amount in subsection  
 8           (b)(3)(B)(iii)).”.

9           (b) INFORMATION REPORTING.—

10           (1) IN GENERAL.—Subpart B of part III of  
 11           subchapter A of chapter 61 of such Code (relating  
 12           to information concerning transactions with other  
 13           persons) is amended by inserting after section  
 14           6050W the following new section:

15           **“SEC. 6050X. RETURNS RELATING TO PAYMENTS FOR**  
 16                                   **QUALIFIED HEALTH INSURANCE.**

17           “(a) IN GENERAL.—Any person who, in connection  
 18           with a trade or business conducted by such person, re-  
 19           ceives payments during any calendar year from any indi-  
 20           vidual for coverage of such individual or any other indi-  
 21           vidual under creditable health insurance, shall make the  
 22           return described in subsection (b) (at such time as the  
 23           Secretary may by regulations prescribe) with respect to  
 24           each individual from whom such payments were received.

1       “(b) FORM AND MANNER OF RETURNS.—A return  
2 is described in this subsection if such return—

3               “(1) is in such form as the Secretary may pre-  
4 scribe, and

5               “(2) contains—

6                       “(A) the name, address, and TIN of the  
7 individual from whom payments described in  
8 subsection (a) were received,

9                       “(B) the name, address, and TIN of each  
10 individual who was provided by such person  
11 with coverage under creditable health insurance  
12 by reason of such payments and the period of  
13 such coverage, and

14                      “(C) such other information as the Sec-  
15 retary may reasonably prescribe.

16       “(c) CREDITABLE HEALTH INSURANCE.—For pur-  
17 poses of this section, the term ‘creditable health insurance’  
18 means qualified health insurance (as defined in section  
19 36A(d)) other than—

20               “(1) insurance under a subsidized group health  
21 plan maintained by an employer, or

22               “(2) to the extent provided in regulations pre-  
23 scribed by the Secretary, any other insurance cov-  
24 ering an individual if no credit is allowable under  
25 section 36A with respect to such coverage.

1       “(d) STATEMENTS TO BE FURNISHED TO INDIVID-  
2       UALS WITH RESPECT TO WHOM INFORMATION IS RE-  
3       QUIRED.—Every person required to make a return under  
4       subsection (a) shall furnish to each individual whose name  
5       is required under subsection (b)(2)(A) to be set forth in  
6       such return a written statement showing—

7               “(1) the aggregate amount of payments de-  
8       scribed in subsection (a) received by the person re-  
9       quired to make such return from the individual to  
10      whom the statement is required to be furnished, and

11              “(2) the information required under subsection  
12      (b)(2)(B) with respect to such payments.

13      The written statement required under the preceding sen-  
14      tence shall be furnished on or before January 31 of the  
15      year following the calendar year for which the return  
16      under subsection (a) is required to be made.

17      “(e) RETURNS WHICH WOULD BE REQUIRED TO BE  
18      MADE BY 2 OR MORE PERSONS.—Except to the extent  
19      provided in regulations prescribed by the Secretary, in the  
20      case of any amount received by any person on behalf of  
21      another person, only the person first receiving such  
22      amount shall be required to make the return under sub-  
23      section (a).”.

24              (2) ASSESSABLE PENALTIES.—

(A) Subparagraph (B) of section 6724(d)(1) of such Code (relating to definitions) is amended by striking “or” at the end of clauses (xxii), by striking “and” at the end of clause (xxiii) and inserting “or”, and by adding at the end the following new clause:

“(xxiv) section 6050X (relating to returns relating to payments for qualified health insurance), and”.

(B) Paragraph (2) of section 6724(d) of such Code is amended by striking “or” at the end of subparagraph (EE), by striking the period at the end of subparagraph (FF) and inserting “, or”, and by inserting after subparagraph (FF) the following new subparagraph:

“(GG) section 6050X(d) (relating to returns relating to payments for qualified health insurance).”.

(3) CLERICAL AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61 of such Code is amended by inserting after the item relating to section 6050W the following new item:

“Sec. 6050X. Returns relating to payments for qualified health insurance.”.

(c) CONFORMING AMENDMENTS.—

1           (1) Paragraph (2) of section 1324(b) of title  
 2           31, United States Code, is amended by inserting  
 3           “36A,” after “36,”.

4           (2) The table of sections for subpart C of part  
 5           IV of subchapter A of chapter 1 of such Code is  
 6           amended by inserting after the item relating to sec-  
 7           tion 36 the following new item:

“Sec. 36A. Health insurance costs.”.

8           (d) EFFECTIVE DATE.—The amendments made by  
 9           this section shall apply to taxable years beginning after  
 10          December 31, 2008.

11   **SEC. 3. ADVANCE PAYMENT OF CREDIT FOR PURCHASERS**  
 12                           **OF QUALIFIED HEALTH INSURANCE.**

13          (a) IN GENERAL.—Chapter 77 of the Internal Rev-  
 14          enue Code of 1986 (relating to miscellaneous provisions)  
 15          is amended by adding at the end the following new section:

16   **“SEC. 7529. ADVANCE PAYMENT OF HEALTH INSURANCE**  
 17                           **CREDIT FOR PURCHASERS OF QUALIFIED**  
 18                           **HEALTH INSURANCE.**

19          “(a) GENERAL RULE.—In the case of an eligible indi-  
 20          vidual, the Secretary shall make payments to the provider  
 21          of such individual’s qualified health insurance equal to  
 22          such individual’s qualified health insurance credit advance  
 23          amount with respect to such provider.



1       “(b) ELIGIBLE INDIVIDUAL.—For purposes of this  
2 section, the term ‘eligible individual’ means any indi-  
3 vidual—

4               “(1) who purchases qualified health insurance  
5 (as defined in section 36A(d)), and

6               “(2) for whom a qualified health insurance  
7 credit eligibility certificate is in effect.

8       “(c) QUALIFIED HEALTH INSURANCE CREDIT ELIGI-  
9 BILITY CERTIFICATE.—For purposes of this section, a  
10 qualified health insurance credit eligibility certificate is a  
11 statement furnished by an individual to the Secretary  
12 which—

13               “(1) certifies that the individual will be eligible  
14 to receive the credit provided by section 36A for the  
15 taxable year,

16               “(2) estimates the amount of such credit for  
17 such taxable year, and

18               “(3) provides such other information as the  
19 Secretary may require for purposes of this section.

20       “(d) QUALIFIED HEALTH INSURANCE CREDIT AD-  
21 VANCE AMOUNT.—For purposes of this section, the term  
22 ‘qualified health insurance credit advance amount’ means,  
23 with respect to any provider of qualified health insurance,  
24 the Secretary’s estimate of the amount of credit allowable  
25 under section 36A to the individual for the taxable year

1 which is attributable to the insurance provided to the indi-  
2 vidual by such provider.

3 “(e) REGULATIONS.—The Secretary shall prescribe  
4 such regulations as may be necessary to carry out the pur-  
5 poses of this section.”.

6 (b) CLERICAL AMENDMENT.—The table of sections  
7 for chapter 77 of such Code is amended by adding at the  
8 end the following new item:

“Sec. 7529. Advance payment of health insurance credit for purchasers of  
qualified health insurance.”.

9 (c) EFFECTIVE DATE.—The amendments made by  
10 this section shall take effect on the date of the enactment  
11 of this Act.

○