

113TH CONGRESS
2D SESSION

H. R. 5860

To amend the Internal Revenue Code of 1986 to allow small businesses to use pre-tax dollars for assistance to employees purchasing policies in the individual market and except certain health reimbursement arrangements from group health plan requirements, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 11, 2014

Mr. BOUSTANY (for himself and Mr. THOMPSON of California) 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 small businesses to use pre-tax dollars for assistance to employees purchasing policies in the individual market and except certain health reimbursement arrangements from group health plan requirements, 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Small Business
5 Healthcare Relief Act of 2014”.

1 **SEC. 2. PERMITTING SMALL BUSINESSES TO USE PRE-TAX**
2 **DOLLARS FOR ASSISTANCE TO EMPLOYEES**
3 **PURCHASING POLICIES IN INDIVIDUAL MAR-**
4 **KET.**

5 (a) IN GENERAL.—Section 106 of the Internal Rev-
6 enue Code of 1986 is amended by adding at the end the
7 following new subsection:

8 “(e) PRE-TAX DOLLARS FOR QUALIFIED HEALTH
9 PLANS.—

10 “(1) IN GENERAL.—Amounts paid by an eligi-
11 ble small employer on behalf of an employee of the
12 employer for premiums for a qualified health plan
13 (as defined in section 1301 of the Patient Protection
14 and Affordable Care Act)—

15 “(A) which covers the employee, employee’s
16 spouse, or any dependent of the employee, and

17 “(B) which is offered in the individual
18 market within a State,

19 shall be treated as employer-provided coverage for
20 medical expenses under an accident or health plan
21 and shall not be considered a group health plan for
22 purposes of section 9815.

23 “(2) ELIGIBLE SMALL EMPLOYER.—For pur-
24 poses of this subsection and subsection (f), the term
25 ‘eligible small employer’ means an employer who—

1 “(A) is not an applicable large employer
2 (as defined in section 4980H(c)(2)(A)), and

3 “(B) does not offer its employees any
4 group health plan other than an arrangement
5 described in paragraph (1) or subsection (f).

6 “(3) CERTAIN CONTROLLED GROUPS.—All em-
7 ployees who are treated as employed by a single em-
8 ployer under subsection (b), (c), or (m) of section
9 414 shall be treated as employed by a single em-
10 ployer for purposes of this subsection.”.

11 (b) EFFECTIVE DATE.—The amendment made by
12 this section shall apply to taxable years beginning after
13 December 31, 2013.

14 **SEC. 3. STANDALONE HEALTH REIMBURSEMENT ARRANGE-**
15 **MENTS.**

16 (a) IN GENERAL.—Section 106 of the Internal Rev-
17 enue Code is amended Code of 1986 is amended by adding
18 at the end the following new subsection:

19 “(f) QUALIFIED HEALTH REIMBURSEMENT AR-
20 RANGEMENTS.—

21 “(1) IN GENERAL.—Amounts paid by an eligi-
22 ble small employer on behalf of an employee of the
23 employer to a qualified health reimbursement ar-
24 rangement shall be treated as employer-provided
25 coverage for medical expenses under an accident or

1 health plan and shall not be considered a group
2 health plan for purposes of section 9815.

3 “(2) IN GENERAL.—For purposes of this sub-
4 section, the term ‘qualified health reimbursement ar-
5 rangement’ means an arrangement—

6 “(A) under which the employee may be re-
7 imbursed—

8 “(i) for premiums for a qualified
9 health plan (as defined in section 1301 of
10 the Patient Protection and Affordable Care
11 Act) which covers the employee, employee’s
12 spouse, or any dependent of the employee,
13 and is offered in the individual market
14 within a State, and

15 “(ii) for expenses incurred for medical
16 care (as defined in section 213(d)) of the
17 employee, the employee’s spouse, or any
18 such dependent of the employee,

19 “(B) which is provided by an eligible small
20 employer, and

21 “(C) under which contributions by the em-
22 ployer with respect to an employee for the tax-
23 able year are not in excess of the dollar amount
24 in effect under section 125(i) for such taxable

1 year (200 percent of such amount in the case
2 of family coverage).

3 “(3) CERTAIN CONTROLLED GROUPS.—All em-
4 ployees who are treated as employed by a single em-
5 ployer under subsection (b), (c), or, (m) of section
6 414 shall be treated as employed by a single em-
7 ployer for purposes of this subsection.”.

8 (b) EFFECTIVE DATE.—The amendment made by
9 this section shall apply to taxable years beginning after
10 December 31, 2013.

11 **SEC. 4. NO SUBSIDIES ALLOWED WITH RESPECT TO**
12 **HEALTH PLAN ACQUIRED THROUGH PRE-TAX**
13 **DOLLARS FOR QUALIFIED HEALTH PLAN OR**
14 **QUALIFIED HEALTH REIMBURSEMENT AR-**
15 **RANGEMENT.**

16 (a) COORDINATION WITH PREMIUM CREDIT AND RE-
17 DUCED COST-SHARING.—Section 36B(c)(2)(B) of such
18 Code is amended by adding at the end the following new
19 clause:

20 “(iii) PRE-TAX DOLLARS FOR A
21 QUALIFIED HEALTH PLAN AND QUALIFIED
22 HEALTH REIMBURSEMENT ARRANGE-
23 MENTS.—The term ‘coverage month’ shall
24 not include any month during which an in-
25 dividual is covered under a qualified health

1 plan any premiums for which were reim-
 2 bursed under an arrangement described in
 3 section 106(e) (relating to pre-tax dollars
 4 for a qualified health plan), or under a
 5 qualified health reimbursement arrange-
 6 ment (as defined in section 106(f)), during
 7 a calendar year which includes such
 8 month.”.

9 (b) EFFECTIVE DATE.—The amendment made by
 10 this section shall apply to months beginning after Decem-
 11 ber 31, 2013.

12 **SEC. 5. PRE-TAX DOLLARS FOR A QUALIFIED HEALTH PLAN**
 13 **AND QUALIFIED HEALTH REIMBURSEMENT**
 14 **ARRANGEMENTS EXCEPTED FROM GROUP**
 15 **HEALTH PLAN REQUIREMENTS.**

16 (a) IN GENERAL.—Section 9832(c)(1) of such Code
 17 is amended by redesignating subparagraph (H) as sub-
 18 paragraph (J) and by inserting after subparagraph (G)
 19 the following new subparagraphs:

20 “(H) An arrangement described in section
 21 106(e) (relating to pre-tax dollars for a quali-
 22 fied health plan).

23 “(I) Qualified health reimbursement ar-
 24 rangement (as defined in section 106(f)).”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to plan years beginning after De-
3 cember 31, 2013.

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