

114TH CONGRESS  
1ST SESSION

# H. R. 3006

To amend the Internal Revenue Code of 1986 to improve health savings accounts, and for other purposes.

---

IN THE HOUSE OF REPRESENTATIVES

JULY 9, 2015

Mr. FLEMING 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 improve health savings accounts, 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, ETC.**

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “Helping Save Americans’ Health Care Choices Act of  
6       2015”.

7       (b) TABLE OF SECTIONS.—The table of sections for  
8       this Act is as follows:

Sec. 1. Short title, etc.

Sec. 2. Elimination of requirement that coverage must be under a high deductible health plan.

Sec. 3. Increase the maximum contribution limit to an HSA.

- Sec. 4. Allow both spouses to make catch-up contributions to the same HSA account.
- Sec. 5. HSA funds may be used for health insurance premiums.
- Sec. 6. Increased portability of health savings accounts.
- Sec. 7. Certain physician fees to be treated as medical care.
- Sec. 8. Special rule for certain medical expenses incurred before establishment of account.
- Sec. 9. Medicare recipients made eligible for HSAs.
- Sec. 10. FSA funds may be used for long-term care insurance premiums.
- Sec. 11. Repeal of limitation on deductions making non-prescription drugs non-qualifying distributions from tax-preferred accounts.
- Sec. 12. Repeal of additional tax from distributions from HSAs and MSAs.
- Sec. 13. Repeal of limitation on health flexible spending arrangements under cafeteria plans.

**1 SEC. 2. ELIMINATION OF REQUIREMENT THAT COVERAGE**  
**2 MUST BE UNDER A HIGH DEDUCTIBLE**  
**3 HEALTH PLAN.**

**4 (a) IN GENERAL.**—Section 223(c) of the Internal  
**5 Revenue Code of 1986** is amended by striking paragraphs  
**6 (1) and (2) and inserting the following new paragraphs:**  
**7 “(1) ELIGIBLE INDIVIDUAL.**—The term ‘eligible  
**8 individual’ means, with respect to any month, any**  
**9 individual if such individual is covered under a eligi-**  
**10 ble health plan as of the 1st day of such month.**

**11 “(2) ELIGIBLE HEALTH PLAN.**—The term ‘eli-  
**12 gible health plan’ means any health plan (including**  
**13 membership in a health care sharing ministry as de-**  
**14 fined in section 5000A(d)(2)(B)) other than cov-**  
**15 erage consisting solely of excepted benefits as de-**  
**16 fined in section 9832(c).”.**

**17 (b) CONFORMING AMENDMENTS.**—

**18 (1) IN GENERAL.**—The following sections of the  
**19 Internal Revenue Code of 1986** are each amended by

1 striking “high deductible health plan” each place it  
 2 appears, as the case may be, and inserting “eligible  
 3 health plan”:

4 (A) Section 26(b)(2)(S).

5 (B) Paragraphs (3) and (5)(B)(ii) of sec-  
 6 tion 106(e).

7 (C) Section 223.

8 (D) Section 408(d)(9).

9 (2) SPECIAL RULES.—With respect to the  
 10 amendments made by this section, the matter being  
 11 inserted shall bear the same case, number, font, and  
 12 font size as the matter being replaced.

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

16 **SEC. 3. INCREASE THE MAXIMUM CONTRIBUTION LIMIT TO**  
 17 **AN HSA.**

18 (a) SELF-ONLY COVERAGE.—Section 223(b)(2)(A)  
 19 of the Internal Revenue Code of 1986 is amended by strik-  
 20 ing “\$2,250” and inserting “\$6,450”.

21 (b) FAMILY COVERAGE.—Section 223(b)(2)(B) of  
 22 such Code is amended by striking “\$4,500” and inserting  
 23 “\$12,900”.

24 (c) INFLATION ADJUSTMENT.—Section 223(g)(1) of  
 25 such Code is amended—

1           (1) by striking “subsections (b)(2) and  
 2           (c)(2)(A)” and inserting “subsection (b)(2)”, and  
 3           (2) by amending subparagraph (B) thereof to  
 4           read as follows:

5                   “(B) the cost-of-living adjustment deter-  
 6                   mined under section 1(f)(3) for the calendar  
 7                   year in which the taxable year begins deter-  
 8                   mined by substituting ‘calendar year 2014’ for  
 9                   ‘calendar year 1992’ in subparagraph (B)  
 10                  thereof.”.

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

14      **SEC. 4. ALLOW BOTH SPOUSES TO MAKE CATCH-UP CON-**  
 15                   **TRIBUTIONS TO THE SAME HSA ACCOUNT.**

16          (a) IN GENERAL.—Section 223(b)(3) of the Internal  
 17          Revenue Code of 1986 is amended by adding at the end  
 18          the following new subparagraph:

19                   “(C) SPECIAL RULE WHERE BOTH  
 20                   SPOUSES ARE ELIGIBLE INDIVIDUALS WITH 1  
 21                   ACCOUNT.—If—

22                           “(i) an individual and the individual’s  
 23                           spouse have both attained age 55 before  
 24                           the close of the taxable year, and

1 “(ii) the spouse is not an account ben-  
 2 eficiary of a health savings account as of  
 3 the close of such year,  
 4 the additional contribution amount shall be 200  
 5 percent of the amount otherwise determined  
 6 under subparagraph (B).”.

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

10 **SEC. 5. HSA FUNDS MAY BE USED FOR HEALTH INSURANCE**  
 11 **PREMIUMS.**

12 (a) IN GENERAL.—Section 223(d)(2) of the Internal  
 13 Revenue Code of 1986 is amended by striking subpara-  
 14 graphs (B) and (C).

15 (b) 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. 6. INCREASED PORTABILITY OF HEALTH SAVINGS AC-**  
 19 **COUNTS.**

20 (a) TREATMENT AFTER DEATH OF ACCOUNT BENE-  
 21 FICIARY.—Section 223(f)(8)(A) of the Internal Revenue  
 22 Code of 1986 is amended to read as follows:

23 “(A) TREATMENT IF DESIGNATED BENE-  
 24 FICIARY IS FAMILY MEMBER.—If a surviving  
 25 spouse or lineal descendant of the spouse or the

1 account beneficiary acquires the account bene-  
 2 ficiary's interest in a health savings account by  
 3 reason of being the designated beneficiary of  
 4 such account at the death of the account bene-  
 5 ficiary, such health savings account shall be  
 6 treated as if the designated beneficiary were the  
 7 account beneficiary.”.

8 (b) QUALIFIED MEDICAL EXPENSES.—So much of  
 9 subparagraph (A) of section 223(d)(2) of the Internal  
 10 Revenue Code of 1986 as precedes “Such term” is amend-  
 11 ed to read as follows:

12 “(A) IN GENERAL.—The term ‘qualified  
 13 medical expenses’ means amounts paid for med-  
 14 ical care (as defined in section 213(d)), but only  
 15 to the extent such amounts are not com-  
 16 pensated for by insurance or otherwise.”.

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

20 **SEC. 7. CERTAIN PHYSICIAN FEES TO BE TREATED AS MED-**  
 21 **ICAL CARE.**

22 (a) IN GENERAL.—Section 213(d) of the Internal  
 23 Revenue Code of 1986 is amended by redesignating para-  
 24 graph (4) as paragraph (5) and by inserting after para-  
 25 graph (3) the following new paragraph:

1           “(4) PRE-PAID PHYSICIAN FEES.—The term  
 2           ‘medical care’ shall include amounts paid by patients  
 3           to their primary physician in advance for the right  
 4           to receive medical services on an as-needed basis.”.

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. 8. SPECIAL RULE FOR CERTAIN MEDICAL EXPENSES**  
 9                               **INCURRED BEFORE ESTABLISHMENT OF AC-**  
 10                              **COUNT.**

11           (a) IN GENERAL.—Section 223(d) of the Internal  
 12 Revenue Code of 1986, as amended by the preceding pro-  
 13 visions of this Act, is amended by redesignating paragraph  
 14 (5) as paragraph (6) and by inserting after paragraph (4)  
 15 the following new paragraph:

16           “(5) TREATMENT OF ACCOUNT ESTABLISHED  
 17 BEFORE TAX RETURN DUE FOR TAX YEAR.—For  
 18 purposes of this section, if, before the time pre-  
 19 scribed by law for filing the return of tax for a tax-  
 20 able year (not including extensions thereof), a tax-  
 21 payer—

22                           “(A) establishes a health savings account,

23                           “(B) makes contributions to a health sav-  
 24 ings account on account of such taxable year, or

1                   “(C) makes payments or distributions from  
 2                   a health savings account for such taxable year,  
 3                   the health savings account shall be deemed to be es-  
 4                   tablished on the last day of such taxable year and  
 5                   such contributions and distributions shall be deemed  
 6                   to have been made on account of such taxable year  
 7                   if the taxpayer elects the application of this para-  
 8                   graph for such taxable year.”.

9           (b) CONFORMING AMENDMENT.—Section 223(d)(6)  
 10 of such Code, as redesignated by subsection (a), is amend-  
 11 ed by striking subparagraph (B) and redesignating sub-  
 12 paragraphs (C) through (E) as subparagraphs (B)  
 13 through (D), respectively.

14           (c) EFFECTIVE DATE.—The amendments made by  
 15 this section shall apply with respect to health savings ac-  
 16 counts established, and contributions to and distributions  
 17 from health savings accounts after, the date of the enact-  
 18 ment of this Act.

19 **SEC. 9. MEDICARE RECIPIENTS MADE ELIGIBLE FOR HSAS.**

20           (a) MEDICARE RECIPIENTS MAY CONTRIBUTE TO  
 21 HSAS.—Section 223(b) of the Internal Revenue Code of  
 22 1986 is amended by striking paragraph (7).

23           (b) MEDICARE BENEFICIARIES PARTICIPATING IN  
 24 MEDICARE ADVANTAGE MSA MAY CONTRIBUTE THEIR  
 25 OWN MONEY TO THEIR MSA.—Section 138(b) of such

1 Code is amended by striking paragraph (2) and by redes-  
 2 ignating paragraphs (3) and (4) as paragraphs (2) and  
 3 (3), respectively.

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

7 **SEC. 10. FSA FUNDS MAY BE USED FOR LONG-TERM CARE**  
 8 **INSURANCE PREMIUMS.**

9 (a) IN GENERAL.—Subsection (c) of section 106 of  
 10 the Internal Revenue Code of 1986 is amended by redesign-  
 11 ating paragraph (2) as paragraph (3) and by amending  
 12 so much of such subsection as precedes such paragraph  
 13 (3) to read as follows:

14 “(c) LONG-TERM CARE BENEFITS PROVIDED  
 15 THROUGH FLEXIBLE SPENDING ARRANGEMENTS.—

16 “(1) IN GENERAL.—Gross income of an em-  
 17 ployee shall not include employer-provided coverage  
 18 for qualified long-term care services (as defined in  
 19 section 7702B(c)) to the extent that such coverage  
 20 is provided through a flexible spending or similar ar-  
 21 rangement.

22 “(2) PREMIUMS FOR LONG-TERM CARE.—Quali-  
 23 fied medical expenses for which reimbursement may  
 24 be made by distributions from a flexible spending ar-

1       rangement shall include amounts paid for long-term  
2       care coverage.”.

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

6 **SEC. 11. REPEAL OF LIMITATION ON DEDUCTIONS MAKING**  
7 **NON-PRESCRIPTION DRUGS NON-QUALI-**  
8 **FYING DISTRIBUTIONS FROM TAX-PRE-**  
9 **FERRED ACCOUNTS.**

10       (a) **HSAs.**—Section 223(d)(2)(A) of the Internal  
11 Revenue Code of 1986 is amended by striking the last sen-  
12 tence.

13       (b) **ARCHER MSAs.**—Section 220(d)(2)(A) of such  
14 Code is amended by striking the last sentence.

15       (c) **HEALTH FLEXIBLE SPENDING ARRANGEMENTS**  
16 **AND HEALTH REIMBURSEMENT ARRANGEMENTS.**—Sec-  
17 tion 106 of such Code is amended by striking subsection  
18 (f).

19       (d) **EFFECTIVE DATES.**—

20               (1) **DISTRIBUTIONS FROM SAVINGS AC-**  
21 **COUNTS.**—The amendments made by subsections (a)  
22 and (b) shall apply to amounts paid with respect to  
23 taxable years beginning after the date of the enact-  
24 ment of this Act.

1           (2) REIMBURSEMENTS.—The amendment made  
2       by subsection (c) shall apply to expenses incurred  
3       with respect to taxable years beginning after the  
4       date of the enactment of this Act.

5 **SEC. 12. REPEAL OF ADDITIONAL TAX FROM DISTRIBUTIONS FROM HSAS AND MSAS.**  
6

7       (a) HSAs.—Section 223(f)(4)(A) of the Internal  
8       Revenue Code of 1986 is amended by striking “20 per-  
9       cent” and inserting “10 percent”.

10       (b) ARCHER MSAs.—Section 220(f)(4)(A) of such  
11       Code is amended by striking “20 percent” and inserting  
12       “15 percent”.

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

16 **SEC. 13. REPEAL OF LIMITATION ON HEALTH FLEXIBLE SPENDING ARRANGEMENTS UNDER CAFETERIA PLANS.**  
17  
18

19       (a) IN GENERAL.—Section 125 of the Internal Revenue Code of 1986 is amended—

21           (1) by striking subsection (i), and

22           (2) by redesignating subsections (j), (k), and (l)

23       as subsections (i), (j), and (k), respectively.

1       (b) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 the date of the enactment of this Act.

○