

114TH CONGRESS
2D SESSION

S. 3242

To amend the Internal Revenue Code of 1986 to provide the opportunity
for responsible health savings to all American families.

IN THE SENATE OF THE UNITED STATES

JULY 14, 2016

Ms. AYOTTE introduced the following bill; which was read twice and referred
to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide
the opportunity for responsible health savings to all
American families.

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 “Responsible Additions
5 and Increases to Sustain Employee Health Benefits Act
6 of 2016”.

7 **SEC. 2. EXPANDABLE HEALTH FLEXIBLE SPENDING AR-**
8 **RANGEMENTS.**

9 (a) EXPANSION OF ANNUAL MAXIMUM.—

1 (1) IN GENERAL.—Paragraph (1) of section
2 125(i) of the Internal Revenue Code of 1986 is
3 amended—

4 (A) by striking “\$2,500” and inserting
5 “\$5,000, with an additional \$500 per each ad-
6 ditional employee dependent above two depend-
7 ents”, and

8 (B) by inserting at the end the following:
9 “An additional employee dependent may not be
10 taken into account under the preceding sen-
11 tence for any taxable year if such additional
12 employee dependent has been taken into ac-
13 count by another person under such sentence
14 for such taxable year.”.

15 (2) ADJUSTMENT FOR INFLATION.—Paragraph
16 (2) of section 125(i) of the Internal Revenue Code
17 of 1986 is amended—

18 (A) by striking “December 31, 2013” and
19 inserting “December 31, 2017”,

20 (B) by striking “the dollar amount” and
21 inserting “each of the dollar amounts”, and

22 (C) in subparagraph (B), by striking “cal-
23 endar year 2012” and inserting “calendar year
24 2016”.

1 (b) CARRYFORWARD OF UNUSED BENEFITS.—Sec-
 2 tion 125(i) of the Internal Revenue Code of 1986 is
 3 amended by adding at the end the following new para-
 4 graph:

5 “(3) CARRYFORWARD OF UNUSED BENEFITS.—

6 “(A) IN GENERAL.—A plan or arrange-
 7 ment may permit a participant in a health flexi-
 8 ble spending arrangement to elect to carry for-
 9 ward any aggregate unused balances in the par-
 10 ticipant’s accounts under such arrangement as
 11 of the close of any year to the succeeding year.
 12 Such carryforward shall be treated as having
 13 occurred within 30 days of the close of the year.

14 “(B) LIMITATION.—The amount which a
 15 participant may elect to carry forward under
 16 subparagraph (A) from any year shall be any
 17 aggregate unused balances in the participant’s
 18 account at the close of any year.

19 “(C) EXCLUSION FROM GROSS INCOME.—
 20 No amount shall be included in gross income
 21 under this chapter by reason of any
 22 carryforward under this paragraph.

23 “(D) COORDINATION LIMITS.—The max-
 24 imum amount which may be contributed to a
 25 health flexible spending arrangement for any

1 year to which an unused amount is carried
2 under this paragraph shall not be reduced by
3 such unused amount.”.

4 (c) CONFORMING AMENDMENT.—Section 125(i) of
5 the Internal Revenue Code of 1986 is amended by striking
6 “LIMITATION ON FLEXIBLE SPENDING ARRANGEMENTS”
7 in the heading and inserting “SPECIAL RULES FOR
8 HEALTH FLEXIBLE SPENDING ARRANGEMENTS”.

9 (d) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 2016.

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