

115TH CONGRESS
1ST SESSION

H. R. 408

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

IN THE HOUSE OF REPRESENTATIVES

JANUARY 10, 2017

Mr. KING of Iowa (for himself, Mr. CARTER of Georgia, Mr. GOHMERT, Mr. LAMBORN, Mr. WESTERMAN, Mr. WEBSTER of Florida, Mr. MCCLINTOCK, and Mr. STEWART) 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 expand 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.**

4 This Act may be cited as the “American Future
5 Healthcare Act of 2017”.

6 **SEC. 2. REFORM OF HEALTH SAVINGS ACCOUNTS.**

7 (a) REPEAL OF HIGH DEDUCTIBLE HEALTH PLAN
8 REQUIREMENT.—Section 223(a) of the Internal Revenue
9 Code of 1986 is amended to read as follows:

1 “(a) DEDUCTION ALLOWED.—In the case of an indi-
 2 vidual, there shall be allowed as a deduction for a taxable
 3 year an amount equal to the aggregate amount paid in
 4 cash during such taxable year by or on behalf of such indi-
 5 vidual to a health savings account of such individual.”.

6 (b) INCREASE IN DEDUCTIBLE HSA CONTRIBUTION
 7 LIMITATIONS.—Section 223(b)(1) of such Code is amend-
 8 ed by striking “the sum of the monthly” and all that fol-
 9 lows through “eligible individual” and inserting “\$10,000
 10 (\$20,000 in the case of a joint return)”.

11 (c) MEDICARE ELIGIBLE INDIVIDUALS ELIGIBLE TO
 12 CONTRIBUTE TO HSA.—Section 223(b) of such Code is
 13 amended by striking paragraph (7).

14 (d) PURCHASE OF HEALTH INSURANCE.—Section
 15 223(d)(2) of such Code is amended—

16 (1) by striking subparagraphs (B) and (C), and

17 (2) by striking “QUALIFIED MEDICAL EX-
 18 PENSES.—” and all that follows through “The term”
 19 and inserting “QUALIFIED MEDICAL EXPENSES.—
 20 The term”.

21 (e) COST-OF-LIVING ADJUSTMENT FOR CATCHUP
 22 CONTRIBUTIONS.—Section 223(f)(1) of such Code (as re-
 23 designated by subsection (g)(3)) is amended by striking
 24 “Each dollar amount in subsections (b)(2) and (c)(2)(A)”
 25 and inserting “In the case of a taxable year beginning

1 after December 31, 2016, each dollar amount in para-
 2 graphs (1) and (2) of subsection (b)”.

3 (f) COST-OF-LIVING ADJUSTMENT INDEXED TO CPI
 4 MEDICAL CARE COMPONENT.—Section 223(f) (as so re-
 5 designated) is amended by adding at the end the following
 6 new paragraph:

7 “(3) CPI MEDICAL CARE COMPONENT.—

8 “(A) IN GENERAL.—For purposes of para-
 9 graph (1), the cost-of-living adjustment deter-
 10 mined under section 1(f)(3) for the calendar
 11 year shall be determined by substituting ‘CPI
 12 medical care component’ for ‘CPI’.

13 “(B) CPI MEDICAL CARE COMPONENT.—
 14 For purposes of subparagraph (A), the term
 15 ‘CPI medical care component’ means the med-
 16 ical care component for the Consumer Price
 17 Index for All Urban Consumers published by
 18 the Department of Labor.”.

19 (g) CONFORMING AMENDMENTS.—

20 (1) Section 223(b) of such Code is amended by
 21 striking paragraphs (2), (5), and (8) and by redesign-
 22 ating paragraphs (3), (4), and (6) as paragraphs
 23 (2), (3), and (4), respectively.

1 (2) Section 223(b)(3) of such Code (as redesign-
 2 nated by paragraph (1)) is amended by striking the
 3 last sentence.

4 (3) Section 223 of such Code is amended by
 5 striking subsection (c) and redesignating subsections
 6 (d) through (h) as subsections (c) through (g), re-
 7 spectively.

8 (4) Section 223(c)(1)(A) of such Code (as re-
 9 designated by paragraph (3)) is amended—

10 (A) by striking “subsection (f)(5)” and in-
 11 serting “subsection (e)(5)”, and

12 (B) in clause (ii) by striking “the sum
 13 of—” and all that follows and inserting “the
 14 dollar amount in effect under subsection
 15 (b)(1).”.

16 (5) Section 223(f)(1) (as redesignated by para-
 17 graph (3)) is amended by striking “calendar year
 18 2003” and inserting “calendar year 2014”.

19 (6) Section 26(b)(2)(U) of such Code is amend-
 20 ed by striking “section 223(f)(4)” and inserting
 21 “section 223(e)(4)”.

22 (7) Sections 35(g)(3), 220(f)(5)(A),
 23 848(e)(1)(v), 4973(a)(5), and 6051(a)(12) of such
 24 Code are each amended by striking “section 223(d)”
 25 each place it appears and inserting “section 223(c)”.

1 (8) Section 106(d)(1) of such Code is amend-
2 ed—

3 (A) by striking “who is an eligible indi-
4 vidual (as defined in section 223(c)(1))”, and

5 (B) by striking “section 223(d)” and in-
6 serting “section 223(c)”.

7 (9) Section 408(d)(9) of such Code is amend-
8 ed—

9 (A) in subparagraph (A) by striking “who
10 is an eligible individual (as defined in section
11 223(c)) and”, and

12 (B) in subparagraph (C) by striking “com-
13 puted on the basis of the type of coverage under
14 the high deductible health plan covering the in-
15 dividual at the time of the qualified HSA fund-
16 ing distribution”.

17 (10) Section 877A(g)(6) of such Code is
18 amended by striking “223(f)(4)” and inserting
19 “223(e)(4)”.

20 (11) Section 4973(g) of such Code is amend-
21 ed—

22 (A) by striking “section 223(d)” and in-
23 serting “section 223(c)”.

1 (B) in paragraph (2), by striking “section
 2 223(f)(2)” and inserting “section 223(e)(2)”,
 3 and

4 (C) by striking “section 223(f)(3)” and in-
 5 serting “section 223(e)(3)”.

6 (12) Section 4975 of such Code is amended—

7 (A) in subsection (c)(6)—

8 (i) by striking “section 223(d)” and
 9 inserting “section 223(c)”, and

10 (ii) by striking “section 223(e)(2)”
 11 and inserting “section 223(d)(2)”, and

12 (B) in subsection (e)(1)(E), by striking
 13 “section 223(d)” and inserting “section
 14 223(c)”.

15 (13) Section 6693(a)(2)(C) of such Code is
 16 amended by striking “section 223(h)” and inserting
 17 “section 223(g)”.

18 (h) EFFECTIVE DATE.—The amendments made by
 19 this section shall apply to taxable years beginning after
 20 December 31, 2016.

21 **SEC. 3. HSA ROLLOVER TO MEDICARE ADVANTAGE MSA.**

22 (a) IN GENERAL.—Section 138(b)(2) of the Internal
 23 Revenue Code of 1986 is amended by striking “or” at the
 24 end of subparagraph (A), by adding “or” at the end of

1 subparagraph (C), and by adding at the end the following
2 new subparagraph:

3 “(C) an HSA rollover contribution de-
4 scribed in subsection (d)(5),”.

5 (b) HSA ROLLOVER CONTRIBUTION.—Section
6 138(c) of such Code is amended by adding at the end the
7 following new paragraph:

8 “(5) ROLLOVER CONTRIBUTION.—An amount is
9 described in this paragraph as a rollover contribu-
10 tion if it meets the requirement of subparagraphs
11 (A) and (B).

12 “(A) IN GENERAL.—The requirements of
13 this subparagraph are met in the case of an
14 amount paid or distributed from a health sav-
15 ings to the account beneficiary to the extent the
16 amount is received is paid into a Medicare Ad-
17 vantage MSA of such beneficiary not later than
18 the 60th day after the day on which the bene-
19 ficiary receives the payment or distribution.

20 “(B) LIMITATION.—This paragraph shall
21 not apply to any amount described in subpara-
22 graph (A) received by an individual from a
23 health savings account if, at any time during
24 the 1-year period ending on the day of such re-
25 ceipt, such individual received any other amount

1 described in subparagraph (A) from a health
2 savings account which was not includible in the
3 individual's gross income because of the appli-
4 cation of section 223(e)(5)(A).”.

5 (c) CONFORMING AMENDMENT.—Section
6 223(e)(5)(A) of such Code, as amended by section 2, is
7 amended by inserting “or Medicare Advantage MSA”
8 after “into a health savings account”.

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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