

116TH CONGRESS
1ST SESSION

H. R. 2163

To amend the Internal Revenue Code of 1986 to allow for tax-advantaged distributions from health savings accounts during family or medical leave, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 9, 2019

Mr. BIGGS (for himself, Mr. MEADOWS, Mr. GAETZ, Mr. GOHMERT, Mr. GOSAR, Mr. WRIGHT, Mrs. LESKO, Mr. NORMAN, Mr. HICE of Georgia, Mr. JOYCE of Pennsylvania, Mr. WALKER, Mr. COLE, Mr. BUCK, and Mr. GROTHMAN) 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 for tax-advantaged distributions from health savings accounts during family or medical leave, 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 “Freedom for Families
5 Act”.

1 **SEC. 2. DISTRIBUTIONS FROM HEALTH SAVINGS ACCOUNTS**
2 **DURING PERIODS OF QUALIFIED CAREGIV-**
3 **ING.**

4 (a) IN GENERAL.—Paragraphs (1) and (2) of section
5 223(f) of the Internal Revenue Code of 1986 are amended
6 to read as follows:

7 “(1) EXCLUSION OF AMOUNTS USED FOR
8 QUALIFIED MEDICAL EXPENSES OR DISTRIBUTED
9 DURING PERIODS OF QUALIFIED CAREGIVING.—Any
10 amount paid or distributed out of a health savings
11 account shall not be includible in gross income if it
12 is—

13 “(A) used exclusively to pay qualified med-
14 ical expenses of any account beneficiary, or

15 “(B) paid or distributed during a period of
16 qualified caregiving.

17 “(2) INCLUSION OF AMOUNTS NEITHER USED
18 FOR QUALIFIED MEDICAL EXPENSES NOR DISTRIB-
19 UTED DURING PERIODS OF QUALIFIED
20 CAREGIVING.—Any amount paid or distributed out
21 of a health savings account shall be included in the
22 gross income of the account beneficiary if it is not
23 described in paragraph (1).”.

24 (b) DEFINITION OF PERIOD OF QUALIFIED
25 CAREGIVING.—Section 223(f) of the Internal Revenue

1 Code of 1986 is amended by adding at the end the
 2 following new subsection:

3 “(9) PERIOD OF QUALIFIED CAREGIVING.—For pur-
 4 poses of this section, the term ‘period of qualified
 5 caregiving’ means any period during which an individual
 6 is on leave or not employed by reason of a situation de-
 7 scribed in subparagraphs (A) through (E) of section
 8 102(a)(1) of the Family and Medical Leave Act of 1993.”.

9 (c) CONFORMING AMENDMENTS.—

10 (1) Section 223(d)(1) of such Code is amended
 11 by inserting “or the expenses incurred during a pe-
 12 riod of qualified caregiving of the account bene-
 13 ficiary”.

14 (2) Section 223(f)(4) of such Code is amended
 15 in the heading by striking “DISTRIBUTIONS NOT
 16 USED FOR QUALIFIED MEDICAL EXPENSES” and in-
 17 serting “CERTAIN DISTRIBUTIONS”.

18 (d) EFFECTIVE DATE.—The amendments made by
 19 this section shall apply with respect to taxable years begin-
 20 ning after the date of the enactment of this Act.

21 **SEC. 3. NO HIGH DEDUCTIBLE HEALTH PLAN REQUIRED**
 22 **FOR HEALTH SAVINGS ACCOUNTS.**

23 (a) IN GENERAL.—Section 223(a) of the Internal
 24 Revenue Code of 1986 is amended by striking “who is an
 25 eligible individual for any month during the taxable year”.

1 (b) CONFORMING AMENDMENTS.—

2 (1) Section 223(b) of such Code is amended by
3 striking paragraphs (7) and (8).

4 (2) Section 223 of such Code is amended by
5 striking subsection (c).

6 (c) INCREASE IN CONTRIBUTION LIMIT FOR HEALTH
7 SAVINGS ACCOUNTS.—

8 (1) IN GENERAL.—Section 223(b)(1) of the In-
9 ternal Revenue Code of 1986 is amended by striking
10 “the sum of the monthly” and all that follows
11 through “eligible individual” and inserting “\$9,000
12 (twice such amount in the case of a joint return)”.

13 (2) CONFORMING AMENDMENTS.—

14 (A) Section 223(b) of such Code is amend-
15 ed by striking paragraphs (2), (3), and (5) and
16 by redesignating paragraphs (4) and (6) as
17 paragraphs (2) and (3), respectively.

18 (B) Section 223(b)(2) of such Code (as re-
19 designated by subparagraph (A)) is amended by
20 striking the last sentence.

21 (C) Section 223(d)(1)(A)(ii) is amended by
22 striking “the sum of” and all that follows
23 through the period at the end and inserting
24 “the dollar amount in effect under subsection
25 (b)(1).”.

1 (D) Section 223(g)(1) of such Code is
2 amended—

3 (i) by striking “Each dollar amount in
4 subsections (b)(2) and (c)(2)(A)” and in-
5 serting “The dollar amount in subsection
6 (b)(1)”;

7 (ii) by striking “thereof” and all that
8 follows through “‘calendar year 2003’.”
9 and inserting “‘calendar year 1997’.”; and

10 (iii) by striking “under subsections
11 (b)(2) and (c)(2)(A)” and inserting “under
12 subsection (b)(1)”.

13 (d) EFFECTIVE DATE.—The amendments made by
14 this section shall apply with respect to months in taxable
15 years beginning after the date of the enactment of this
16 Act.

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