

116TH CONGRESS
2D SESSION

H. R. 7008

To amend the Internal Revenue Code of 1986 to provide flexibility for families with health flexible spending arrangements and dependent care flexible spending arrangements, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 22, 2020

Mr. WENSTRUP (for himself, Mrs. AXNE, and Mr. KELLY of Pennsylvania) 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 provide flexibility for families with health flexible spending arrangements and dependent care flexible spending arrangements, 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 “Family Savings Flexi-
5 bility Act”.

1 **SEC. 2. INCREASE IN CARRYOVER FOR HEALTH FLEXIBLE**
2 **SPENDING ARRANGEMENTS.**

3 (a) IN GENERAL.—A plan or other arrangement that
4 otherwise satisfies all of the applicable requirements of
5 sections 106 and 125 of the Internal Revenue Code of
6 1986 (including any rules or regulations thereunder) shall
7 not fail to be treated as a cafeteria plan or health flexible
8 spending arrangement merely because such plan or ar-
9 rangement permits participants to carry over an amount
10 not in excess of \$2,750 of unused benefits or contributions
11 remaining in a health flexible spending arrangement from
12 the plan year ending in 2020 to the plan year ending in
13 2021.

14 (b) DEFINITIONS.—Any term used in this section
15 which is also used in section 106 or 125 of the Internal
16 Revenue Code of 1986 or the rules or regulations there
17 under shall have the same meaning as when used in such
18 section or rules or regulations.

19 **SEC. 3. CARRYOVER FOR DEPENDENT CARE FLEXIBLE**
20 **SPENDING ARRANGEMENTS.**

21 (a) IN GENERAL.—A plan or other arrangement that
22 otherwise satisfies all applicable requirements of sections
23 106, 125, and 129 of the Internal Revenue Code of 1986
24 (including any rules or regulations thereunder) shall not
25 fail to be treated as a cafeteria plan or dependent care
26 flexible spending arrangement merely because such plan

1 or arrangement permits participants to carry over (under
 2 rules similar to the rules applicable to health flexible
 3 spending arrangements) an amount, not in excess of the
 4 amount in effect under section 129(a)(2)(A) of such Code,
 5 of unused benefits or contributions remaining in a depend-
 6 ent care flexible spending arrangement from the plan year
 7 ending in 2020 to the plan year ending in 2021.

8 (b) DEFINITIONS.—Any term used in this section
 9 which is also used in section 106, 125, or 129 of the Inter-
 10 nal Revenue Code of 1986 or the rules or regulations
 11 thereunder shall have the same meaning as when used in
 12 such section or rules or regulations.

13 **SEC. 4. MAXIMUM CONTRIBUTION LIMIT TO HEALTH SAV-**
 14 **INGS ACCOUNT INCREASED TO AMOUNT OF**
 15 **DEDUCTIBLE AND OUT-OF-POCKET LIMITA-**
 16 **TION.**

17 (a) SELF-ONLY COVERAGE.—Section 223(b)(2)(A)
 18 of the Internal Revenue Code of 1986 is amended by strik-
 19 ing “\$2,250” and inserting “the amount in effect under
 20 subsection (c)(2)(A)(ii)(I)”.

21 (b) FAMILY COVERAGE.—Section 223(b)(2)(B) of
 22 such Code is amended by striking “\$4,500” and inserting
 23 “the amount in effect under subsection (c)(2)(A)(ii)(II)”.

1 (c) CONFORMING AMENDMENT.—Section 223(g)(1)
 2 of such Code is amended by striking “subsections (b)(2)
 3 and” both places it appears and inserting “subsection”.

4 (d) EFFECTIVE DATE.—The amendments made by
 5 this section shall apply to taxable years beginning after
 6 December 31, 2019.

7 **SEC. 5. INCREASE IN EXCLUSION FOR EMPLOYER-PRO-**
 8 **VIDED DEPENDENT CARE ASSISTANCE.**

9 (a) IN GENERAL.—Section 129(a)(2) of the Internal
 10 Revenue Code of 1986 is amended by adding at the end
 11 the following new subparagraph:

12 “(D) SPECIAL RULE FOR 2020.—In the
 13 case of any taxable year beginning during 2020,
 14 subparagraph (A) shall be applied by sub-
 15 stituting ‘\$10,000 (half such dollar amount’ for
 16 ‘\$5,000 (\$2,500’.”.

17 (b) EFFECTIVE DATE.—The amendment made by
 18 this section shall apply to taxable years beginning after
 19 December 31, 2019.

20 (c) RETROACTIVE PLAN AMENDMENTS.—A plan or
 21 other arrangement that otherwise satisfies all applicable
 22 requirements of sections 106, 125, and 129 of the Internal
 23 Revenue Code of 1986 (including any rules or regulations
 24 thereunder) shall not fail to be treated as a cafeteria plan
 25 or dependent care flexible spending arrangement merely

1 because such plan or arrangement is amended pursuant
2 to a provision under this section and such amendment is
3 retroactive, if—

4 (1) such amendment is adopted no later than
5 the last day of the plan year in which the amend-
6 ment is effective, and

7 (2) the plan or arrangement is operated con-
8 sistent with the terms of such amendment during
9 the period beginning on the effective date of the
10 amendment and ending on the date the amendment
11 is adopted.

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