

115TH CONGRESS
2D SESSION

H. R. 6937

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

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 27, 2018

Mr. BERA (for himself and Ms. KUSTER of New Hampshire) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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.**

4 This Act may be cited as the “Health Savings Mod-
5 ernization Act of 2018”.

1 **SEC. 2. HIGH DEDUCTIBLE PLAN SAFE HARBOR FOR AB-**
2 **SENCE OF DEDUCTIBLE FOR CERTAIN COV-**
3 **ERAGE.**

4 (a) IN GENERAL.—Section 223(c)(2) of the Internal
5 Revenue Code of 1986 is amended by adding at the end
6 the following new subparagraph:

7 “(E) SAFE HARBOR FOR ABSENCE OF DE-
8 DUCTIBLE FOR CERTAIN OTHER CARE.—A plan
9 shall not fail to be treated as a high deductible
10 health plan by reason of failing to have a de-
11 ductible for—

12 “(i) a defined number of visits for
13 outpatient primary care, mental health
14 care, behavioral health care, or urgent
15 care, or

16 “(ii) a generic or preferred prescrip-
17 tion drug formulary.”.

18 (b) EFFECTIVE DATE.—The amendment made by
19 this section shall apply to plan years beginning after the
20 date of the enactment of this Act.

21 **SEC. 3. MEDICAL EXPENSES OF YOUNG ADULT CHILDREN.**

22 (a) IN GENERAL.—The first sentence of section
23 223(d)(2)(A) of the Internal Revenue Code of 1986 is
24 amended by striking “and any dependent” and all that
25 follows through “thereof) of such individual” and inserting
26 “and any child (as defined in section 152(f)(1)) of such

1 individual who as of the end of the taxable year has not
2 attained age 27”.

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

6 **SEC. 4. EXCESS HEALTH INSURANCE COVERAGE CREDIT**
7 **PAYABLE TO HEALTH SAVINGS ACCOUNT.**

8 (a) IN GENERAL.—Chapter 77 of the Internal Rev-
9 enue Code of 1986 is amended by adding at the end the
10 following:

11 **“SEC. 7529. EXCESS HEALTH INSURANCE COVERAGE CRED-**
12 **IT PAYABLE TO HEALTH SAVINGS ACCOUNT.**

13 “(a) IN GENERAL.—At the request of an eligible tax-
14 payer, the Secretary shall make a payment to the trustee
15 of the designated health savings account with respect to
16 such taxpayer in an amount equal to the sum of the ex-
17 cesses (if any) described in subsection (c)(2) with respect
18 to months in the taxable year.

19 “(b) DESIGNATED HEALTH SAVINGS ACCOUNT.—
20 The term ‘designated health savings account’ means a
21 health savings account of an individual described in sub-
22 section (c)(3) which is identified by the eligible taxpayer
23 for purposes of this section.

1 “(c) ELIGIBLE TAXPAYER.—The term ‘eligible tax-
2 payer’ means, with respect to any taxable year, any tax-
3 payer if—

4 “(1) such taxpayer is allowed a credit under
5 section 36B for such taxable year,

6 “(2) the amount described in subparagraph (B)
7 of section 36B(b)(2) exceeds the amount described
8 in subparagraph (A) of such section with respect to
9 such taxpayer applied with respect to any month
10 during such taxable year, and

11 “(3) the taxpayer, the taxpayer’s spouse, or any
12 dependent (as defined in section 152) of the tax-
13 payer were eligible individuals (as defined in section
14 223(c)(1)) for one or more months during such tax-
15 able year.

16 “(d) CONTRIBUTIONS TREATED AS ROLLOVERS,
17 ETC.—

18 “(1) IN GENERAL.—Any amount paid the Sec-
19 retary to a health savings account under this section
20 shall be treated for purposes of this title in the same
21 manner as a rollover contribution described in sec-
22 tion 223(f)(5).

23 “(2) COORDINATION WITH LIMITATION ON
24 ROLLOVERS.—Any amount described in paragraph
25 (1) shall not be taken into account in applying sec-

1 tion 223(f)(5)(B) with respect to any other amount
2 and the limitation of section 223(f)(5)(B) shall not
3 apply with respect to the application of paragraph
4 (1).

5 “(e) FORM AND MANNER OF REQUEST.—The re-
6 quest referred to in subsection (a) shall be made at such
7 time and in such form and manner as the Secretary may
8 provide. To the extent that the Secretary determines fea-
9 sible, such request may identify more than one designated
10 health savings account (and the amount to be paid to each
11 such account) provided that the aggregate of such pay-
12 ments with respect to any taxpayer for any taxable year
13 do not exceed the excess described in subsection (c)(2).

14 “(f) TAXPAYERS WITH SERIOUSLY DELINQUENT
15 TAX DEBT.—In the case of an individual who has a seri-
16 ously delinquent tax debt (as defined in section 7345(b))
17 which has not been fully satisfied—

18 “(1) if such individual is the eligible taxpayer
19 (or, in the case of a joint return, either spouse), the
20 Secretary shall not make any payment under this
21 section with respect to such taxpayer, and

22 “(2) if such individual is the account bene-
23 ficiary (as defined in section 223(d)(3)) of any
24 health savings account, the Secretary shall not make

1 any payment under this section to such health sav-
2 ings account.

3 “(g) ADVANCE PAYMENT.—To the extent that the
4 Secretary determines feasible, payment under this section
5 may be made in advance on a monthly basis under rules
6 similar to the rules under section 1412 of the Patient Pro-
7 tection and Affordable Care Act. The Secretary, in con-
8 sultation with the Secretary of Health and Human Serv-
9 ices, shall issue guidance on Exchanges (established under
10 the Patient Protection and Affordable Care Act) facili-
11 tating the deposit of amounts to designated health savings
12 account under this section.”.

13 (b) CONFORMING AMENDMENTS.—

14 (1) Section 162(l) of such Code is amended by
15 adding at the end the following new paragraph:

16 “(6) COORDINATION WITH HEALTH INSURANCE
17 COVERAGE CREDIT.—The deduction otherwise allow-
18 able to a taxpayer under paragraph (1) for any tax-
19 able year shall be reduced (but not below zero) by
20 the sum of—

21 “(A) the amount of the credit allowable to
22 such taxpayer under section 36B (determined
23 without regard to subsection (f)(1) thereof) for
24 such taxable year, plus

1 “(B) the aggregate payments made with
2 respect to the taxpayer under section 7529 for
3 months during such taxable year.”.

4 (2) Section 1324(b)(2) of title 31, United
5 States Code is amended by striking “or 6431” and
6 inserting “6431, or 7529”.

7 (3) The table of sections for chapter 77 of such
8 Code is amended by adding at the end the following
9 new items:

 “Sec. 7529. Excess Health Insurance Coverage Credit Payable To Health Sav-
 ings Account.”.

10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to months beginning after the date
12 of the enactment of this Act, in taxable years ending after
13 such date.

14 **SEC. 5. ALLOWING ALL INDIVIDUALS PURCHASING HEALTH**
15 **INSURANCE IN THE INDIVIDUAL MARKET**
16 **THE OPTION TO PURCHASE A LOWER PRE-**
17 **MIUM PLAN.**

18 (a) IN GENERAL.—Section 1302(e) of the Patient
19 Protection and Affordable Care Act (42 U.S.C. 18022(e))
20 is amended—

21 (1) in paragraph (1)—

22 (A) by redesignating clauses (i) and (ii) of
23 subparagraph (B) as subparagraphs (A) and

1 (B), respectively, and adjusting the margins ac-
2 cordingly;

3 (B) by striking “plan year if—” and all
4 that follows through “the plan provides—” and
5 inserting “plan year if the plan provides—”;
6 and

7 (C) in subparagraph (A), as so redesign-
8 dated, by striking “clause (ii)” and inserting
9 “subparagraph (B)”;

10 (2) by striking paragraph (2); and

11 (3) by redesignating paragraph (3) as para-
12 graph (2).

13 (b) RISK POOLS.—Section 1312(c)(1) of the Patient
14 Protection and Affordable Care Act (42 U.S.C.
15 18032(c)(1)) is amended by inserting “and including en-
16 rollees in plans described in section 1302(e)” after “Ex-
17 change”.

18 (c) REQUIREMENT TO OFFER ADDITIONAL COV-
19 ERAGE.—Section 2707 of the Public Health Service Act
20 (42 U.S.C. 300gg–6) is amended by adding at the end
21 the following new subsection:

22 “(e) LIMITATION ON CATASTROPHIC PLANS.—A
23 health insurance issuer may not offer a catastrophic plan
24 (as defined in subsection (e) of section 1302 of the Patient
25 Protection and Affordable Care Act) to an individual un-

1 less such issuer also offers health insurance coverage to
2 such individual that provides either the bronze, silver,
3 gold, or platinum level of coverage described in subsection
4 (d) of such section.”.

5 (d) CONFORMING AMENDMENT.—Section
6 1312(d)(3)(C) of the Patient Protection and Affordable
7 Care Act (42 U.S.C. 18032(d)(3)(C)) is amended by strik-
8 ing “, except that in the case of a catastrophic plan de-
9 scribed in section 1302(e), a qualified individual may en-
10 roll in the plan only if the individual is eligible to enroll
11 in the plan under section 1302(e)(2)”.

12 (e) EFFECTIVE DATE.—The amendments made by
13 this section shall apply with respect to plan years begin-
14 ning after the date of the enactment of this Act.

15 **SEC. 6. HIGH DEDUCTIBLE HEALTH PLAN MAXIMUM OUT-**
16 **OF-POCKET LIMITATION.**

17 (a) IN GENERAL.—Section 223(c)(2)(A)(ii) is
18 amended by striking “does not exceed” and all that follows
19 and inserting “does not exceed the amount in effect under
20 section 1302(e) of the Patient Protection and Affordable
21 Care Act”.

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

1 **SEC. 7. MAXIMUM CONTRIBUTION LIMIT TO HSA IN-**
2 **CREASED TO AMOUNT OF OUT-OF-POCKET**
3 **LIMITATION.**

4 (a) **SELF-ONLY COVERAGE.**—Section 223(b)(2)(A)
5 of the Internal Revenue Code of 1986 is amended by strik-
6 ing “\$2,250” and inserting “the amount in effect under
7 subsection (c)(2)(A)(ii) with respect to self-only coverage”.

8 (b) **FAMILY COVERAGE.**—Section 223(b)(2)(B) of
9 such Code is amended by striking “\$4,500” and inserting
10 “the amount in effect under subsection (c)(2)(A)(ii) with
11 respect to self-only coverage”.

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

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