

115TH CONGRESS  
1ST SESSION

# S. 1967

To amend the Internal Revenue Code of 1986 to provide additional exemptions to the individual mandate, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

OCTOBER 17, 2017

Mr. COTTON (for himself and Mr. TOOMEY) introduced the following bill;  
which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to provide additional exemptions to the individual mandate, 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 “Mandate Relief Act  
5 of 2017”.

6 **SEC. 2. MODIFICATIONS TO EXEMPTION TO REQUIREMENT**  
7 **TO MAINTAIN HEALTH COVERAGE.**

8 (a) EXEMPTION FOR INDIVIDUALS WITH A HOUSE-  
9 HOLD INCOME LESS THAN THE NATIONAL MEDIAN AND  
10 FOR INDIVIDUALS WITH EXCESSIVE PREMIUM IN-

1 CREASES.—Section 5000A(e) of the Internal Revenue  
2 Code of 1986 is amended by striking paragraphs (1) and  
3 (2) and inserting the following:

4           “(1) INDIVIDUALS WITH HOUSEHOLD INCOMES  
5           BELOW THE NATIONAL MEDIAN.—Any applicable in-  
6           dividual for any month if the applicable individual  
7           has a household income for the taxable year which  
8           is less than the national median household income  
9           for the most recent calendar year.

10           “(2) INDIVIDUALS WITH EXCESSIVE PREMIUM  
11           INCREASES.—Any applicable individual for any  
12           month during a calendar year if such applicable indi-  
13           vidual resides in a State in which either—

14                   “(A) the average premium for self-only  
15                   coverage for the second lowest cost silver plan  
16                   within the State for such calendar year is more  
17                   than 10 percent greater than the average pre-  
18                   mium for self-only coverage for the second low-  
19                   est cost silver plan within the State for the pre-  
20                   ceding calendar year, or

21                   “(B) the average premium for family cov-  
22                   erage for the second lowest cost silver plan  
23                   within the State for such calendar year is more  
24                   than 10 percent greater than the average pre-  
25                   mium for family coverage for the second lowest

1 cost silver plan within the State for the pre-  
2 ceding calendar year.”.

3 (b) ADDITIONAL EXEMPTIONS.—Section 5000A(e) of  
4 the Internal Revenue Code of 1986 is amended by adding  
5 at the end the following new paragraph:

6 “(6) INDIVIDUALS IN AREAS WITH FEWER  
7 THAN 2 ISSUERS OFFERING PLANS ON AN EX-  
8 CHANGE.—

9 “(A) IN GENERAL.—Any applicable indi-  
10 vidual for any period during a calendar year if  
11 there are fewer than 2 health insurance issuers  
12 offering qualified health plans on an Exchange  
13 for such period in the county in which the ap-  
14 plicable individual resides.

15 “(B) AGGREGATION RULES.—For purposes  
16 of subparagraph (A), all health insurance  
17 issuers treated as a single employer under sub-  
18 section (a) or (b) of section 52, or subsection  
19 (m) or (o) of section 414, shall be treated as a  
20 single health insurance issuer.”.

21 (c) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to months beginning after the date  
23 of the enactment of this Act.

1 **SEC. 3. REPEAL OF DISTRIBUTIONS FOR MEDICINE QUALI-**  
2 **FIED ONLY IF FOR PRESCRIBED DRUG OR IN-**  
3 **SULIN.**

4 (a) HSAs.—Subparagraph (A) of section 223(d)(2)  
5 of the Internal Revenue Code of 1986 is amended by strik-  
6 ing the last sentence.

7 (b) ARCHER MSAs.—Subparagraph (A) of section  
8 220(d)(2) of the Internal Revenue Code of 1986 is amend-  
9 ed by striking the last sentence.

10 (c) HEALTH FLEXIBLE SPENDING ARRANGEMENTS  
11 AND HEALTH REIMBURSEMENT ARRANGEMENTS.—Sec-  
12 tion 106 of the Internal Revenue Code of 1986 is amended  
13 by striking subsection (f).

14 (d) EFFECTIVE DATES.—

15 (1) DISTRIBUTIONS FROM SAVINGS AC-  
16 COUNTS.—The amendments made by subsections (a)  
17 and (b) shall apply to amounts paid with respect to  
18 taxable years beginning after December 31, 2016.

19 (2) REIMBURSEMENTS.—The amendment made  
20 by subsection (c) shall apply to expenses incurred  
21 with respect to taxable years beginning after Decem-  
22 ber 31, 2017.

1 **SEC. 4. REPEAL OF LIMITATION ON HEALTH FLEXIBLE**  
2 **SPENDING ARRANGEMENTS UNDER CAFE-**  
3 **TERIA PLANS.**

4 (a) **IN GENERAL.**—Section 125 of the Internal Rev-  
5 enue Code of 1986 is amended—

6 (1) by striking subsection (i); and

7 (2) by redesignating subsections (j), (k), and (l)  
8 as subsections (i), (j), and (k), respectively.

9 (b) **EFFECTIVE DATE.**—The amendments made by  
10 this section shall apply to taxable years beginning after  
11 December 31, 2017.

12 **SEC. 5. REPEAL OF TAX ON HEALTH SAVINGS ACCOUNTS.**

13 (a) **HSAs.**—Section 223(f)(4)(A) of the Internal  
14 Revenue Code of 1986 is amended by striking “20 per-  
15 cent” and inserting “10 percent”.

16 (b) **ARCHER MSAs.**—Section 220(f)(4)(A) of the In-  
17 ternal Revenue Code of 1986 is amended by striking “20  
18 percent” and inserting “15 percent”.

19 (c) **EFFECTIVE DATE.**—The amendments made by  
20 this section shall apply to distributions made after Decem-  
21 ber 31, 2017.

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