114TH CONGRESS
2D SESSION

S. 2698

To amend the Internal Revenue Code of 1986 to exclude certain health arrangements from the excise tax on employer-sponsored health coverage.

IN THE SENATE OF THE UNITED STATES

MARCH 16, 2016

Mr. THUNE (for himself and Mr. JOHNSON) 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 exclude certain health arrangements from the excise tax on employer-sponsored health coverage.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Preserving Consumer Health Accounts Act of 2016''.

SEC. 2. EXCLUSION OF CERTAIN HEALTH ARRANGEMENTS FROM EMPLOYER-SPONSORED EXCISE TAX.

(a) IN GENERAL.—Subparagraph (B) of section 4980I(d)(1) of the Internal Revenue Code of 1986 is amended by striking the period at the end of clause (iii) and inserting ‘‘, or’’ and by adding at the end the following new clause:

‘‘(iv) any amounts contributed to an Archer MSA under section 106(b), a health savings account under section 106(d), or a health flexible spending arrangement—

‘‘(I) by an employee, or

‘‘(II) by an employer through salary reduction contributions.’’.

(b) CONFORMING AMENDMENTS.—

(1) Section 4980I(d)(2)(B) of the Internal Revenue Code of 1986 is amended by striking ‘‘shall be equal to the sum of’’ and all that follows and inserting ‘‘shall be equal to the amount determined under subparagraph (A) with respect to any reimbursement under the arrangement in excess of any employer contributions under any salary reduction election under the arrangement.’’.

(2) Section 4980I(d)(2)(C) of such Code is amended by inserting ‘‘(determined without regard to any employer contributions under any salary reduction election under the arrangement)’’ before the period at the end.

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

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