

107TH CONGRESS
1ST SESSION

H. R. 1181

To amend the Internal Revenue Code of 1986 to provide incentives for private health coverage for the previously uninsured, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 22, 2001

Mrs. JOHNSON of Connecticut (for herself, Mr. LOBIONDO, Mr. ROGERS of Michigan, Mr. TANCREDO, Mr. MCHUGH, Mr. OTTER, Mr. MCINNIS, Mrs. MINK of Hawaii, and Mr. PAUL) 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 incentives for private health coverage for the previously uninsured, 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 Insurance Af-
5 fordability and Equity Act of 2001”.

6 **SEC. 2. CREDIT FOR HEALTH INSURANCE COSTS OF PRE-**
7 **VIOUSLY UNINSURED INDIVIDUALS.**

8 (a) IN GENERAL.—Subpart A of part IV of sub-
9 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 (relating to nonrefundable personal credits) is
2 amended by inserting after section 25A the following new
3 section:

4 **“SEC. 25B. HEALTH INSURANCE COSTS OF PREVIOUSLY UN-**
5 **INSURED INDIVIDUALS.**

6 “(a) IN GENERAL.—In the case of an individual,
7 there shall be allowed as a credit against the tax imposed
8 by this chapter for the taxable year an amount equal to
9 the amount paid during the taxable year for coverage for
10 the taxpayer, his spouse, and dependents under qualified
11 health insurance.

12 “(b) LIMITATIONS.—

13 “(1) IN GENERAL.—The amount allowed as a
14 credit under subsection (a) to the taxpayer for the
15 taxable year shall not exceed the sum of the monthly
16 limitations for eligible coverage months during such
17 taxable year for each individual referred to in sub-
18 section (a).

19 “(2) MONTHLY LIMITATION.—

20 “(A) IN GENERAL.—The monthly limita-
21 tion for an individual for each eligible coverage
22 month of such individual during the taxable
23 year is the amount equal to $\frac{1}{12}$ of \$1,500.

1 “(B) LIMITATION TO 2 INDIVIDUALS.—Not
2 more than 2 individuals may be taken into ac-
3 count by the taxpayer under this subsection.

4 “(C) SPECIAL RULE FOR MARRIED INDI-
5 VIDUALS.—In the case of an individual—

6 “(i) who is married (within the mean-
7 ing of section 7703) as of the close of the
8 taxable year but does not file a joint return
9 for such year, and

10 “(ii) who does not live apart from
11 such individual’s spouse at all times during
12 the taxable year,

13 only such individual may be taken into account
14 under this subsection.

15 “(3) ELIGIBLE COVERAGE MONTH.—For pur-
16 poses of this subsection, the term ‘eligible coverage
17 month’ means, with respect to an individual, any
18 month if—

19 “(A) as of the first day of such month
20 such individual is covered by qualified health in-
21 surance the premium for which was paid by the
22 taxpayer, and

23 “(B) there was at least a 12-month period
24 beginning after December 31, 2001, and ending

1 before such month throughout which the
2 individual—

3 “(i) was not covered by qualified
4 health insurance, and

5 “(ii) was not eligible to participate in
6 any employer-provided group health plan.

7 “(c) LIMITATION BASED ON ADJUSTED GROSS IN-
8 COME.—

9 “(1) IN GENERAL.—The aggregate amount
10 which would (but for this subsection) be allowed as
11 a credit under this section shall be reduced (but not
12 below zero) by the amount determined under para-
13 graph (2).

14 “(2) AMOUNT OF REDUCTION.—

15 “(A) IN GENERAL.—The amount deter-
16 mined under this paragraph shall be the
17 amount which bears the same ratio to such ag-
18 gregate amount as—

19 “(i) the excess of—

20 “(I) the taxpayer’s modified ad-
21 justed gross income for such taxable
22 year, over

23 “(II) the applicable dollar
24 amount, bears to

25 “(ii) \$10,000.

1 “(B) MODIFIED ADJUSTED GROSS IN-
2 COME.—For purposes of this paragraph, the
3 term ‘modified adjusted gross income’ means
4 adjusted gross income increased by any amount
5 excluded from gross income under section 911,
6 931, or 933.

7 “(C) ROUNDING.—Any amount determined
8 under subparagraph (A) which is not a multiple
9 of \$10 shall be rounded to the next lowest \$10.

10 “(3) APPLICABLE DOLLAR AMOUNT.—For pur-
11 poses of paragraph (2), the term ‘applicable dollar
12 amount’ means—

13 “(A) \$60,000 in the case of a taxpayer
14 whose qualified health insurance coverage cov-
15 ers more than 1 individual referred to in sub-
16 section (a), and

17 “(B) \$30,000—

18 “(i) in any case not described in sub-
19 paragraph (A), and

20 “(ii) in the case of a married indi-
21 vidual filing a separate return.

22 For purposes of this paragraph, marital status shall
23 be determined under section 7703.

24 “(d) QUALIFIED HEALTH INSURANCE.—For pur-
25 poses of this section—

1 “(1) IN GENERAL.—The term ‘qualified health
2 insurance’ means insurance which constitutes med-
3 ical care; except that such term shall not include any
4 insurance if substantially all of its coverage is of ex-
5 cepted benefits described in section 9832(c).

6 “(2) CREDIT NOT ALLOWABLE FOR CERTAIN
7 SUBSIDIZED COVERAGE.—Except for purposes of
8 subsection (b)(3)(B), the term ‘qualified health in-
9 surance’ shall not include any coverage less than 50
10 percent of the cost of which is borne by the tax-
11 payer.

12 “(e) DENIAL OF CREDIT FOR AMOUNTS PAID UNDER
13 CERTAIN GOVERNMENT-PROVIDED PROGRAMS.—

14 “(1) IN GENERAL.—No credit shall be allowed
15 under this section for amounts paid under—

16 “(A) title XVIII, XIX, or XXI of the So-
17 cial Security Act,

18 “(B) chapter 55 of title 10, United States
19 Code,

20 “(C) chapter 17 of title 38, United States
21 Code, or

22 “(D) the Indian Health Care Improvement
23 Act.

24 “(2) COVERAGE UNDER PROGRAM INCLUDED IN
25 DETERMINING ELIGIBILITY.—Coverage under any of

1 the provisions referred to in paragraph (1) shall be
2 treated as coverage under qualified health insurance
3 for purposes of subsection (b)(3)(B).

4 “(g) SPECIAL RULES.—

5 “(1) COORDINATION WITH OTHER DEDUC-
6 TIONS.—No credit shall be allowed under this sec-
7 tion for the taxable year if any amount paid for
8 qualified health insurance is taken into account in
9 determining any deduction allowed for such year
10 under sections 162(l), 213, or 222.

11 “(2) DENIAL OF CREDIT TO DEPENDENTS.—No
12 credit shall be allowed under this section to any indi-
13 vidual with respect to whom a deduction under sec-
14 tion 151 is allowable to another taxpayer for a tax-
15 able year beginning in the calendar year in which
16 such individual’s taxable year begins.

17 “(3) INFLATION ADJUSTMENT.—

18 “(A) IN GENERAL.—In the case of a tax-
19 able year beginning after 2002, the dollar
20 amount in subsection (b)(2)(A) and each dollar
21 amount in subsection (c)(3) shall be increased
22 by an amount equal to—

23 “(i) such dollar amount, multiplied by

24 “(ii) the cost-of-living adjustment de-
25 termined under section 1(f)(3) for the cal-

1 **“SEC. 222. COSTS OF QUALIFIED HEALTH INSURANCE.**

2 “(a) IN GENERAL.—In the case of an individual,
3 there shall be allowed as a deduction an amount equal to
4 the amount paid during the taxable year for coverage for
5 the taxpayer, his spouse, and dependents under qualified
6 health insurance (as defined in section 25B(d)).

7 “(b) SPECIAL RULES.—

8 “(1) COORDINATION WITH MEDICAL DEDUC-
9 TION, ETC.—Any amount paid by a taxpayer for in-
10 surance to which subsection (a) applies shall not be
11 taken into account in computing the amount allow-
12 able to the taxpayer as a deduction under section
13 162(l) or 213(a).

14 “(2) DEDUCTION NOT ALLOWED FOR SELF-EM-
15 PLOYMENT TAX PURPOSES.—The deduction allow-
16 able by reason of this section shall not be taken into
17 account in determining an individual’s net earnings
18 from self-employment (within the meaning of section
19 1402(a)) for purposes of chapter 2.”

20 “(b) CONFORMING AMENDMENTS.—

21 “(1) Subsection (a) of section 62 of such Code
22 is amended by inserting after paragraph (17) the
23 following new item:

24 “(18) COSTS OF QUALIFIED HEALTH INSUR-
25 ANCE.—The deduction allowed by section 222.”

1 (3) The table of sections for part VII of sub-
2 chapter B of chapter 1 of such Code is amended by
3 striking the last item and inserting the following
4 new items:

 “Sec. 222. Costs of qualified health insurance.
 “Sec. 223. Cross reference.”

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to taxable years beginning after
7 December 31, 2001.

○