

107TH CONGRESS  
1ST SESSION

# S. 1022

To amend the Internal Revenue Code of 1986 to allow Federal civilian and military retirees to pay health insurance premiums on a pretax basis and to allow a deduction for TRICARE supplemental premiums.

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IN THE SENATE OF THE UNITED STATES

JUNE 12, 2001

Mr. WARNER 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 allow Federal civilian and military retirees to pay health insurance premiums on a pretax basis and to allow a deduction for TRICARE supplemental premiums.

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. PRETAX PAYMENT OF HEALTH INSURANCE**  
4 **PREMIUMS BY FEDERAL CIVILIAN AND MILI-**  
5 **TARY RETIREES.**

6 (a) IN GENERAL.—Subsection (g) of section 125 of  
7 the Internal Revenue Code of 1986 (relating to cafeteria

1 plans) is amended by adding at the end the following new  
 2 paragraph:

3 “(5) HEALTH INSURANCE PREMIUMS OF FED-  
 4 ERAL CIVILIAN AND MILITARY RETIREES.—

5 “(A) FEHBP PREMIUMS.—Nothing in this  
 6 section shall prevent the benefits of this section  
 7 from being allowed to an annuitant, as defined  
 8 in paragraph (3) of section 8901, title 5,  
 9 United States Code, with respect to a choice be-  
 10 tween the annuity or compensation referred to  
 11 such paragraph and benefits under the health  
 12 benefits program established by chapter 89 of  
 13 such title 5.

14 “(B) TRICARE PREMIUMS.—Nothing in  
 15 this section shall prevent the benefits of this  
 16 section from being allowed to an individual re-  
 17 ceiving retired or retainer pay by reason of  
 18 being a member or former member of the uni-  
 19 formed services of the United States with re-  
 20 spect to a choice between such pay and benefits  
 21 under the health benefits program established  
 22 by chapter 55 of title 10, United States Code.”

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

1 **SEC. 2. DEDUCTION FOR TRICARE SUPPLEMENTAL PRE-**  
 2 **MIUMS.**

3 (a) IN GENERAL.—Part VII of subchapter B of chap-  
 4 ter 1 of the Internal Revenue Code of 1986 (relating to  
 5 additional itemized deductions for individuals) is amended  
 6 by redesignating section 223 as section 224 and by insert-  
 7 ing after section 222 the following new section:

8 **“SEC. 223. TRICARE SUPPLEMENTAL PREMIUMS OR EN-**  
 9 **ROLLMENT FEES.**

10 “(a) ALLOWANCE OF DEDUCTION.—In the case of an  
 11 individual, there shall be allowed as a deduction the  
 12 amounts paid during the taxable year by the taxpayer for  
 13 insurance purchased as supplemental coverage to the  
 14 health benefits programs established by chapter 55 of title  
 15 10, United States Code, for the taxpayer and the tax-  
 16 payer’s spouse and dependents.

17 “(b) COORDINATION WITH MEDICAL DEDUCTION.—  
 18 Any amount allowed as a deduction under subsection (a)  
 19 shall not be taken into account in computing the amount  
 20 allowable to the taxpayer as a deduction under section  
 21 213(a).”

22 (b) DEDUCTION ALLOWED WHETHER OR NOT INDIV-  
 23 IDUAL ITEMIZES OTHER DEDUCTIONS.—Subsection (a)  
 24 of section 62 of such Code is amended by inserting after  
 25 paragraph (18) the following new paragraph:

1           “(19) TRICARE SUPPLEMENTAL PREMIUMS OR  
 2           ENROLLMENT FEES.—The deduction allowed by sec-  
 3           tion 223.”

4           (c) CLERICAL AMENDMENT.—The table of sections  
 5           for part VII of subchapter B of chapter 1 of such Code  
 6           is amended by striking the last item and inserting the fol-  
 7           lowing new items:

                  “Sec. 223. TRICARE supplemental premiums or enrollment fees.  
                   “Sec. 224. Cross reference.”

8           (d) EFFECTIVE DATE.—The amendments made by  
 9           this section shall apply to taxable years beginning after  
 10          the date of the enactment of this Act.

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