

110TH CONGRESS
1ST SESSION

H. R. 3947

To amend the Internal Revenue Code of 1986 to provide for a carryforward of unused benefits in health flexible spending arrangements.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 23, 2007

Mr. LARSON of Connecticut (for himself, Mr. CAMP of Michigan, Mrs. MCCARTHY of New York, Mr. BURTON of Indiana, Mr. ENGLISH of Pennsylvania, Mr. FRANKS of Arizona, Mr. LEWIS of Kentucky, Mr. PAUL, Mr. RAMSTAD, Mr. SESTAK, and Mr. SOUDER) 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 for a carryforward of unused benefits in health flexible spending arrangements.

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. CARRYFORWARD OF UNUSED BENEFITS IN**
4 **HEALTH FLEXIBLE SPENDING ARRANGE-**
5 **MENTS.**

6 (a) IN GENERAL.—Section 125 of the Internal Rev-
7 enue Code of 1986 (relating to cafeteria plans) is amended
8 by redesignating subsections (h) and (i) as subsections (i)

1 and (j), respectively, and by inserting after subsection (g)
2 the following:

3 “(h) CARRYFORWARD OF CERTAIN UNUSED HEALTH
4 BENEFITS.—

5 “(1) IN GENERAL.—For purposes of this title,
6 a plan or other arrangement shall not fail to be
7 treated as a cafeteria plan solely because qualified
8 benefits under such plan include a health flexible
9 spending arrangement under which not more than
10 \$500 of unused health benefits may be carried for-
11 ward to the succeeding plan year of such health
12 flexible spending arrangement.

13 “(2) HEALTH FLEXIBLE SPENDING ARRANGE-
14 MENT.—For purposes of this subsection, the term
15 ‘health flexible spending arrangement’ means a flexi-
16 ble spending arrangement (as defined in section
17 106(c)) that is a qualified benefit and only permits
18 reimbursement for expenses for medical care (as de-
19 fined in section 213(d)(1), without regard to sub-
20 paragraphs (C) and (D) thereof).

21 “(3) UNUSED HEALTH BENEFITS.—For pur-
22 poses of this subsection, with respect to an em-
23 ployee, the term ‘unused health benefits’ means the
24 excess of—

1 “(A) the maximum amount of reimburse-
2 ment allowable to the employee for a plan year
3 under a health flexible spending arrangement,
4 over

5 “(B) the actual amount of reimbursement
6 for such year under such arrangement.

7 “(4) TERMINATION.—Paragraph (1) shall not
8 apply to plan years beginning after December 31,
9 2009.”.

10 (b) EFFECTIVE DATE.—The amendments made by
11 subsection (a) shall apply to taxable years beginning after
12 December 31, 2006.

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