

116TH CONGRESS
1ST SESSION

H. R. 4651

To amend the Internal Revenue Code of 1986 to expand health savings accounts, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 11, 2019

Mr. KING of Iowa 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 expand health savings accounts, 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 “American Future
5 Healthcare Act of 2019”.

6 **SEC. 2. REFORM OF HEALTH SAVINGS ACCOUNTS.**

7 (a) **REPEAL OF HIGH DEDUCTIBLE HEALTH PLAN**
8 **REQUIREMENT.**—Section 223(a) of the Internal Revenue
9 Code of 1986 is amended to read as follows:

1 “(a) DEDUCTION ALLOWED.—In the case of an indi-
2 vidual, there shall be allowed as a deduction for a taxable
3 year an amount equal to the aggregate amount paid in
4 cash during such taxable year by or on behalf of such indi-
5 vidual to a health savings account of such individual.”.

6 (b) INCREASE IN DEDUCTIBLE HSA CONTRIBUTION
7 LIMITATIONS.—Section 223(b)(1) of such Code is amend-
8 ed by striking “the sum of the monthly” and all that fol-
9 lows through “eligible individual” and inserting “\$10,000
10 (\$20,000 in the case of a joint return)”.

11 (c) MEDICARE ELIGIBLE INDIVIDUALS ELIGIBLE TO
12 CONTRIBUTE TO HSA.—Section 223(b) of such Code is
13 amended by striking paragraph (7).

14 (d) PURCHASE OF HEALTH INSURANCE.—Section
15 223(d)(2) of such Code is amended—

16 (1) by striking subparagraphs (B) and (C), and

17 (2) by striking “QUALIFIED MEDICAL EX-
18 PENSES.—” and all that follows through “The term”
19 and inserting “QUALIFIED MEDICAL EXPENSES.—
20 The term”.

21 (e) COST-OF-LIVING ADJUSTMENT FOR CATCHUP
22 CONTRIBUTIONS.—Section 223(f)(1) of such Code (as re-
23 designated by subsection (g)(3)) is amended by striking
24 “Each dollar amount in subsections (b)(2) and (c)(2)(A)”
25 and inserting “In the case of a taxable year beginning

1 after December 31, 2019, each dollar amount in para-
2 graphs (1) and (2) of subsection (b)”.

3 (f) COST-OF-LIVING ADJUSTMENT INDEXED TO CPI
4 MEDICAL CARE COMPONENT.—Section 223(f) (as so re-
5 designated) is amended by adding at the end the following
6 new paragraph:

7 “(3) CPI MEDICAL CARE COMPONENT.—

8 “(A) IN GENERAL.—For purposes of para-
9 graph (1), the cost-of-living adjustment deter-
10 mined under section 1(f)(3) for the calendar
11 year shall be determined by substituting ‘CPI
12 medical care component’ for ‘CPI’.

13 “(B) CPI MEDICAL CARE COMPONENT.—
14 For purposes of subparagraph (A), the term
15 ‘CPI medical care component’ means the med-
16 ical care component for the Consumer Price
17 Index for All Urban Consumers published by
18 the Department of Labor.”.

19 (g) CONFORMING AMENDMENTS.—

20 (1) Section 223(b) of such Code is amended by
21 striking paragraphs (2), (5), and (8) and by redesi-
22 gnating paragraphs (3), (4), and (6) as paragraphs
23 (2), (3), and (4), respectively.

1 (2) Section 223(b)(3) of such Code (as redesignig-
2 nated by paragraph (1)) is amended by striking the
3 last sentence.

4 (3) Section 223 of such Code is amended by
5 striking subsection (c) and redesignating subsections
6 (d) through (h) as subsections (c) through (g), re-
7 spectively.

8 (4) Section 223(c)(1)(A) of such Code (as re-
9 designated by paragraph (3)) is amended—

10 (A) by striking “subsection (f)(5)” and in-
11 serting “subsection (e)(5)”; and

12 (B) in clause (ii) by striking “the sum of—
13 ” and all that follows and inserting “the dollar
14 amount in effect under subsection (b)(1).”.

15 (5) Section 223(f)(1) (as redesignated by para-
16 graph (3)) is amended by striking “calendar year
17 2003” and inserting “calendar year 2014”.

18 (6) Section 26(b)(2)(U) of such Code is amend-
19 ed by striking “section 223(f)(4)” and inserting
20 “section 223(e)(4)”.

21 (7) Sections 35(g)(3), 220(f)(5)(A),
22 848(e)(1)(v), 4973(a)(5), and 6051(a)(12) of such
23 Code are each amended by striking “section 223(d)”
24 each place it appears and inserting “section 223(c)”.

1 (8) Section 106(d)(1) of such Code is amend-
2 ed—

3 (A) by striking “who is an eligible indi-
4 vidual (as defined in section 223(c)(1))”; and

5 (B) by striking “section 223(d)” and in-
6 serting “section 223(c)”.

7 (9) Section 408(d)(9) of such Code is amend-
8 ed—

9 (A) in subparagraph (A) by striking “who
10 is an eligible individual (as defined in section
11 223(c)) and”; and

12 (B) in subparagraph (C) by striking “com-
13 puted on the basis of the type of coverage under
14 the high deductible health plan covering the in-
15 dividual at the time of the qualified HSA fund-
16 ing distribution”.

17 (10) Section 877A(g)(6) of such Code is
18 amended by striking “223(f)(4)” and inserting
19 “223(e)(4)”.

20 (11) Section 4973(g) of such Code is amend-
21 ed—

22 (A) by striking “section 223(d)” and in-
23 serting “section 223(c)”;

1 (B) in paragraph (2), by striking “section
2 223(f)(2)” and inserting “section 223(e)(2”;
3 and

4 (C) by striking “section 223(f)(3)” and in-
5 serting “section 223(e)(3)”.

6 (12) Section 4975 of such Code is amended—

7 (A) in subsection (c)(6)—

8 (i) by striking “section 223(d)” and
9 inserting “section 223(c)”;

10 (ii) by striking “section 223(e)(2)”
11 and inserting “section 223(d)(2)”;

12 (B) in subsection (e)(1)(E), by striking
13 “section 223(d)” and inserting “section
14 223(c)”.

15 (13) Section 6693(a)(2)(C) of such Code is
16 amended by striking “section 223(h)” and inserting
17 “section 223(g)”.

18 (h) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 December 31, 2018.

21 **SEC. 3. HSA ROLLOVER TO MEDICARE ADVANTAGE MSA.**

22 (a) IN GENERAL.—Section 138(b)(2) of the Internal
23 Revenue Code of 1986 is amended by striking “or” at the
24 end of subparagraph (A), by adding “or” at the end of

1 subparagraph (C), and by adding at the end the following
2 new subparagraph:

3 “(C) an HSA rollover contribution de-
4 scribed in subsection (d)(5),”.

5 (b) HSA ROLLOVER CONTRIBUTION.—Section
6 138(e) of such Code is amended by adding at the end the
7 following new paragraph:

8 “(5) ROLLOVER CONTRIBUTION.—An amount is
9 described in this paragraph as a rollover contribu-
10 tion if it meets the requirement of subparagraphs
11 (A) and (B).

12 “(A) IN GENERAL.—The requirements of
13 this subparagraph are met in the case of an
14 amount paid or distributed from a health sav-
15 ings to the account beneficiary to the extent the
16 amount is received is paid into a Medicare Ad-
17 vantage MSA of such beneficiary not later than
18 the 60th day after the day on which the bene-
19 ficiary receives the payment or distribution.

20 “(B) LIMITATION.—This paragraph shall
21 not apply to any amount described in subpara-
22 graph (A) received by an individual from a
23 health savings account if, at any time during
24 the 1-year period ending on the day of such re-
25 ceipt, such individual received any other amount

1 described in subparagraph (A) from a health
2 savings account which was not includible in the
3 individual's gross income because of the appli-
4 cation of section 223(e)(5)(A).”.

5 (c) CONFORMING AMENDMENT.—Section
6 223(e)(5)(A) of such Code, as amended by section 2, is
7 amended by inserting “or Medicare Advantage MSA”
8 after “into a health savings account”.

9 (d) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 2018.

12 **SEC. 4. TREATMENT OF DIRECT PRIMARY CARE SERVICE**
13 **ARRANGEMENT FEES AS MEDICAL EXPENSE.**

14 (a) IN GENERAL.—Section 223(c)(2)(C) of the Inter-
15 nal Revenue Code of 1986, as amended by the preceding
16 provisions of this Act, is amended by striking “or” at the
17 end of clause (iii), by striking the period at the end of
18 clause (iv) and inserting “, or”, and by adding at the end
19 the following new clause:

20 “(v) any direct primary care service arrangement.”.

21 (b) DIRECT PRIMARY CARE SERVICE ARRANGE-
22 MENT.—Section 223(c) of such Code, as amended by the
23 preceding provisions of this Act, is amended by redesignig-
24 nating paragraph (4) as paragraph (5) and by inserting
25 after paragraph (3) the following new paragraph:

1 “(4) DIRECT PRIMARY CARE SERVICE AR-
2 RANGEMENT.—For purposes of this paragraph—

3 “(A) IN GENERAL.—The term ‘direct pri-
4 mary care service arrangement’ means, with re-
5 spect to any individual, an arrangement under
6 which such individual is provided medical care
7 (as defined in section 213(d)) consisting solely
8 of primary care services (as defined in section
9 1833(x)(2)(B) of the Social Security Act) pro-
10 vided by primary care practitioners (as defined
11 in section 1833(x)(2)(A) of the Social Security
12 Act, determined without regard to clause (ii)
13 thereof), if the sole compensation for such care
14 is a fixed periodic fee.

15 “(B) LIMITATION.—With respect to any
16 individual for any month, such term shall not
17 include any arrangement if the aggregate fees
18 for all direct primary care service arrangements
19 (determined without regard to this subclause)
20 with respect to such individual for such month
21 exceed \$150 (twice such dollar amount in the
22 case of an individual with any direct primary
23 care service arrangement (as so determined)
24 that covers more than one individual).

1 “(C) CERTAIN SERVICES SPECIFICALLY
2 EXCLUDED FROM TREATMENT AS PRIMARY
3 CARE SERVICES.—For purposes of this para-
4 graph, the term ‘primary care services’ shall not
5 include—

6 “(i) procedures that require the use of
7 general anesthesia,

8 “(ii) prescription drugs (other than
9 vaccines), and

10 “(iii) laboratory services not typically
11 administered in an ambulatory primary
12 care setting.

13 The Secretary, after consultation with the Sec-
14 retary of Health and Human Services, shall
15 issue regulations or other guidance regarding
16 the application of this subparagraph.”.

17 (c) INFLATION ADJUSTMENT.—Section 223(g)(1) of
18 such Code is amended—

19 (1) by striking “and (c)(2)(A)” and inserting “,
20 (c)(2)(A), and (c)(4)(B)”, and

21 (2) in subparagraph (B), by striking “clause
22 (ii)” and inserting “clauses (ii) and (iii)” in clause
23 (i), by striking “and” at the end of clause (i), by
24 striking the period at the end of clause (ii) and in-

1 serting “, and”, and by inserting after clause (ii) the
2 following new clause:

3 “(iii) in the case of the dollar amount
4 in subsection (e)(4)(B) for taxable years
5 beginning in calendar years after 2019,
6 ‘calendar year 2018’.”.

7 (d) REPORTING OF DIRECT PRIMARY CARE SERVICE
8 ARRANGEMENT FEES ON W-2.—Section 6051(a) of such
9 Code is amended by striking “and” at the end of para-
10 graph (16), by striking the period at the end of paragraph
11 (17) and inserting “, and”, and by inserting after para-
12 graph (17) the following new paragraph:

13 “(18) in the case of a direct primary care serv-
14 ice arrangement (as defined in section 223(e)(4))
15 which is provided in connection with employment,
16 the aggregate fees for such arrangement for such
17 employee.”.

18 (e) EFFECTIVE DATE.—The amendments made by
19 this subsection shall apply to months beginning after De-
20 cember 31, 2018, in taxable years ending after such date.

1 **SEC. 5. ALLOWING CERTAIN INDIVIDUALS WITH ALTER-**
2 **NATIVE HEALTH COVERAGE TO CHOOSE TO**
3 **OPT OUT OF THE MEDICARE PART A BEN-**
4 **EFIT.**

5 (a) **IN GENERAL.**—Any individual described in sub-
6 section (c) who is otherwise entitled to benefits under part
7 A of title XVIII of the Social Security Act may elect (in
8 such form and manner as may be specified by the Commis-
9 sioner of Social Security, in consultation with the Sec-
10 retary of Health and Human Services) to opt out of such
11 entitlement. Notwithstanding any other provision of law,
12 in the case of an individual who makes such an election,
13 such individual—

14 (1) may (in such form and manner as may be
15 specified by the Commissioner, in consultation with
16 the Secretary) subsequently choose to end such elec-
17 tion and opt back into such entitlement (in accord-
18 ance with a process determined by the Commis-
19 sioner, in consultation with the Secretary) without,
20 subject to subsection (b), being subject to any pen-
21 alty;

22 (2) shall not be required to opt out of benefits
23 under title II of such Act as a condition for making
24 such election; and

1 (3) shall not be required to repay any amount
2 paid under such part A for items and services fur-
3 nished prior to making such election.

4 (b) NOTIFICATION OF TERMINATION OF QUALIFYING
5 ALTERNATIVE HEALTH COVERAGE REQUIRED.—

6 (1) NOTIFICATION.—In the case of an indi-
7 vidual who makes an election under subsection (a)
8 and whose enrollment in qualifying alternative
9 health coverage is subsequently terminated, such in-
10 dividual shall notify the Secretary of Health and
11 Human Services of such termination not later than
12 60 days after the date of such termination.

13 (2) LATE ENROLLMENT PENALTY.—If an indi-
14 vidual required to notify the Secretary under para-
15 graph (1) fails to provide such notification within
16 the period specified under such paragraph and sub-
17 sequently chooses to end the election made by such
18 individual under subsection (a) and opt back into
19 benefits under part A of title XVIII of the Social Se-
20 curity Act, such individual shall be subject to a late
21 enrollment penalty (as determined by the Secretary)
22 in a manner and amount similar to an individual en-
23 rolled under such part A pursuant to section 1818
24 of such Act (42 U.S.C. 1395i–2).

25 (c) INDIVIDUAL DESCRIBED.—

1 (1) IN GENERAL.—For purposes of this section,
2 an individual described in this subsection is an indi-
3 vidual who demonstrates (in accordance with a proc-
4 ess determined by the Commissioner, in consultation
5 with the Secretary) that the individual is enrolled
6 under qualifying alternative health coverage.

7 (2) QUALIFYING ALTERNATIVE HEALTH COV-
8 ERAGE.—For purposes of this section, the term
9 “qualifying alternative health coverage” includes a
10 group health plan or health insurance coverage of-
11 fered in the group or individual market (as such
12 terms are defined in section 2791 of the Public
13 Health Service Act (42 U.S.C. 300gg–91), or other
14 health coverage specified by the Commissioner, in
15 consultation with the Secretary, that provides at
16 least benefits comparable to benefits provided under
17 part A of title XVIII of the Social Security Act.

○