H. R. 4301

To amend the Internal Revenue Code of 1986 to allow individuals with direct primary care service arrangements to remain eligible individuals for purposes of health savings accounts, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 1, 2021

Mr. BLUMENAUER (for himself and Mr. SCHNEIDER) 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 allow individuals with direct primary care service arrangements to remain eligible individuals for purposes of health savings accounts, and for other purposes.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the “Primary Care En-
hancement Act of 2021”.

SEC. 2. TREATMENT OF DIRECT PRIMARY CARE SERVICE ARRANGEMENTS.

(a) In General.—Section 223(e)(1) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

“(D) Treatment of direct primary care service arrangements.—

“(i) In general.—A direct primary care service arrangement shall not be treated as a health plan for purposes of subparagraph (A)(ii).

“(ii) Direct primary care service arrangement.—For purposes of this paragraph—

“(I) In general.—The term ‘direct primary care service arrangement’ means, with respect to any individual, an arrangement under which such individual is provided medical care (as defined in section 213(d)) consisting solely of primary care services provided by primary care practitioners (as defined in section 1833(x)(2)(A) of the Social Security Act, determined without regard to clause (ii) thereof), if the sole com-
pensation for such care is a fixed periodic fee.

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

“(iii) CERTAIN SERVICES SPECIFICALLY EXCLUDED FROM TREATMENT AS PRIMARY CARE SERVICES.—For purposes of this paragraph, the term ‘primary care services’ shall not include—

“(I) procedures that require the use of general anesthesia,

“(II) prescription drugs (other than vaccines), and
“(III) laboratory services not typically administered in an ambulatory primary care setting.

The Secretary, after consultation with the Secretary of Health and Human Services, shall issue regulations or other guidance regarding the application of this clause.”.

(b) DIRECT PRIMARY CARE SERVICE ARRANGEMENT FEES TREATED AS MEDICAL EXPENSES.—Section 223(d)(2)(C) of such Code is amended by striking “or” at the end of clause (iii), by striking the period at the end of clause (iv) and inserting “, or”, and by adding at the end the following new clause:

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

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

(1) by inserting “, (c)(1)(D)(ii)(II),” after “(b)(2),” each place such term appears, and

(2) in subparagraph (B), by inserting “and (iii)” after “clause (ii)” in clause (i), by striking “and” at the end of clause (i), by striking the period at the end of clause (ii) and inserting “, and”, and by inserting after clause (ii) the following new clause:

•HR 4301 IH
“(iii) in the case of the dollar amount in subsection (e)(1)(D)(ii)(II) for taxable years beginning in calendar years after 2022, ‘calendar year 2021’.”.

(d) Reporting of Direct Primary Care Service Arrangement Fees on W–2.—Section 6051(a) of such Code is amended by striking “and” at the end of paragraph (16), by striking the period at the end of paragraph (17) and inserting “, and”, and by inserting after paragraph (17) the following new paragraph:

“(18) in the case of a direct primary care service arrangement (as defined in section 223(c)(1)(D)(ii)) which is provided in connection with employment, the aggregate fees for such arrangement for such employee.”.

(e) Effective Date.—The amendments made by this section shall apply to months beginning after December 31, 2021, in taxable years ending after such date.