

117TH CONGRESS
1ST SESSION

H. R. 725

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

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 2, 2021

Mr. ROY (for himself, Mr. BIGGS, Mr. BANKS, Mr. MURPHY of North Carolina, Mr. BUDD, Mr. GREEN of Tennessee, Mr. ROUZER, Mr. HARRIS, Mr. HICE of Georgia, Mr. BISHOP of North Carolina, Mr. LAMBORN, Mr. KELLER, Mr. GAETZ, Mr. MEUSER, Mr. CURTIS, Ms. VAN DUYNE, Mr. GIBBS, Mr. SESSIONS, and Mr. TIFFANY) 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 and improve 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 “Personalized Care Act
5 of 2021”.

1 **SEC. 2. HEALTH SAVINGS ACCOUNT ELIGIBILITY.**

2 (a) IN GENERAL.—Paragraph (1) of section 223(c)
3 of the Internal Revenue Code of 1986 is amended to read
4 as follows:

5 “(1) ELIGIBLE INDIVIDUAL.—The term ‘eligible
6 individual’ means, with respect to any month, any
7 individual if such individual is—

8 “(A) covered under—

9 “(i) a group or individual health plan,

10 “(ii) health insurance coverage, in-
11 cluding a short term limited duration plan
12 or medical indemnity plan, or

13 “(iii) a government plan, including
14 coverage under the Medicare program
15 under part A or part B of title XVIII of
16 the Social Security Act, the Medicaid pro-
17 gram under title XIX of such Act, the
18 CHIP program under title XXI of such
19 Act or a qualified CHIP look-alike pro-
20 gram (as defined in section 2107(g) of
21 such Act), medical coverage under chapter
22 55 of title 10, United States Code (includ-
23 ing coverage under the TRICARE pro-
24 gram), a health care program under chap-
25 ter 17 or 18 of title 38, United States
26 Code, as determined by the Secretary of

1 Veterans Affairs in coordination with the
2 Secretary of Health and Human Services
3 and the Secretary, a medical care program
4 of the Indian Health Service or a tribal or-
5 ganization, or coverage under chapter 89
6 of title 5, United States Code, or

7 “(B) a participant in a health care sharing
8 ministry (as defined in section
9 5000A(d)(2)(B)(ii)),
10 as of the 1st day of such month.”.

11 (b) CONFORMING AMENDMENTS.—

12 (1) Subsection (c) of section 223 of such Code
13 is amended by striking paragraphs (2) and (3) and
14 by redesignating paragraphs (4) and (5) as para-
15 graphs (2) and (3), respectively.

16 (2) Paragraphs (2)(A) and (2)(B) of section
17 223(b) of such Code are each amended by striking
18 “a high deductible health plan” and inserting “a
19 health plan, insurance, or ministry described in sub-
20 section (c)(1)”.

21 (3) Paragraph (8)(A)(ii) of section 223(b) of
22 such Code is amended by striking “high deductible
23 health plan” and inserting “health plan, insurance,
24 or ministry described in subsection (c)(1)”.

1 (4) Section 223(g)(1) of such Code is amend-
2 ed—

3 (A) by striking “subsections (b)(2) and
4 (c)(2)(A)” both places it appears and inserting
5 “subsection (b)(2)”, and

6 (B) by striking “for ‘calendar year 2016’ ”
7 in subparagraph (B) and all that follows
8 through “‘calendar year 2003.’” and inserting
9 “‘calendar year 1997’ for ‘calendar year 2016’ ”
10 in subparagraph (A)(ii) thereof.”.

11 (5) The heading of subparagraph (B) of section
12 223(b)(8) of such Code is amended by striking
13 “HIGH DEDUCTIBLE HEALTH PLAN”.

14 (6) Section 26(b)(2)(S) of such Code is amend-
15 ed by striking “high deductible health plan”.

16 (7) The heading of paragraph (3) of section
17 106(e) of such Code is amended by striking “HIGH
18 DEDUCTIBLE HEALTH PLAN”.

19 (8) Clause (ii) of section 106(e)(5)(B) of such
20 Code is amended by striking “a high deductible
21 health plan” and inserting “a health plan”.

22 (9) Paragraph (9) of section 408(d) of such
23 Code is amended—

24 (A) by striking “the high deductible health
25 plan covering” in subparagraph (C)(i)(I) and

1 inserting “health plan, insurance, or ministry
2 of”,

3 (B) by striking “a high deductible health
4 plan” the first place it appears in subparagraph
5 (C)(ii)(II) and inserting “a health plan, insur-
6 ance, or ministry described in section
7 223(c)(1)”,

8 (C) by striking “a high deductible health
9 plan” the second place it appears in subpara-
10 graph (C)(ii)(II) and inserting “any such plan,
11 insurance, or ministry”, and

12 (D) by striking “HIGH DEDUCTIBLE
13 HEALTH PLAN” in the heading of subparagraph
14 (D).

15 (c) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to taxable years beginning after
17 December 31, 2020.

18 **SEC. 3. INCREASE IN HSA CONTRIBUTION LIMITS.**

19 (a) IN GENERAL.—Paragraph (2) of section 223(b)
20 of the Internal Revenue Code of 1986 is amended—

21 (1) by striking “\$2,250” in subparagraph (A)
22 and inserting “\$10,800”, and

23 (2) by striking “\$4,500” in subparagraph (B)
24 and inserting “\$29,500”.

1 (b) COST-OF-LIVING ADJUSTMENT.—Paragraph (1)
2 of section 223(g) of the Internal Revenue Code of 1986,
3 as amended by section 2, is amended—

4 (1) by striking “Each” and inserting “In the
5 case of a taxable year beginning after 2021, each”,
6 and

7 (2) by striking “calendar year 1997” and in-
8 serting “calendar year 2020”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 2020.

12 **SEC. 4. PAYMENT OF HEALTH PLAN AND HEALTH INSUR-**
13 **ANCE PREMIUMS FROM HSA.**

14 (a) IN GENERAL.—Paragraph (2) of section 223(d)
15 of the Internal Revenue Code of 1986 is amended—

16 (1) by striking subparagraph (B),

17 (2) by redesignating subparagraphs (C) and
18 (D) as subparagraphs (B) and (C), respectively,

19 (3) by striking “Subparagraph (B) shall not
20 apply to any expense for coverage under” in sub-
21 paragraph (B), as so redesignated, and inserting
22 “Subparagraph (A) shall not apply to any payment
23 for insurance other than”, and

24 (4) in subparagraph (B), as so redesignated—

1 (A) by striking “or” at the end of clause
2 (iii),

3 (B) by striking the period at the end of
4 clause (iv) and inserting “, or”, and

5 (C) by adding at the end the following new
6 clause:

7 “(v) a health plan or health insurance
8 coverage described in subsection
9 (c)(1)(A).”.

10 (b) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to taxable years beginning after
12 December 31, 2020.

13 **SEC. 5. TREATMENT OF MEDICAL CARE SERVICE ARRANGE-**
14 **MENTS.**

15 (a) INCLUSION AS MEDICAL EXPENSES.—Paragraph
16 (2) of section 223(d) of the Internal Revenue Code of
17 1986, as amended by section 4, is further amended by
18 adding at the end the following new subparagraph:

19 “(D) INCLUSION OF MEDICAL CARE SERV-
20 ICE ARRANGEMENTS.—The term ‘qualified med-
21 ical expenses’ shall include—

22 “(i) periodic fees paid to a physician
23 for a defined set of medical services or for
24 the right to receive medical services on an
25 as-needed basis, and

1 “(ii) amounts prepaid for medical
2 services designed to screen for, diagnose,
3 cure, mitigate, treat, or prevent disease
4 and promote wellness.”.

5 (b) **ARRANGEMENT NOT TO BE TREATED AS**
6 **HEALTH INSURANCE.**—Subsection (c) of section 223 of
7 the Internal Revenue Code of 1986, as amended by section
8 2(b), is further amended by adding at the end the fol-
9 lowing new paragraph:

10 “(4) **TREATMENT OF MEDICAL CARE SERVICE**
11 **ARRANGEMENTS.**—An arrangement under which an
12 individual is provided medical services in exchange
13 for a fixed periodic fee or payment for such services
14 shall not be treated as a health plan, insurance, or
15 arrangement described in paragraph (1).”.

16 (c) **EFFECTIVE DATE.**—The amendments made by
17 this section shall apply to taxable years beginning after
18 December 31, 2020.

19 **SEC. 6. PERIODIC PROVIDER FEES TREATED AS MEDICAL**
20 **CARE.**

21 (a) **IN GENERAL.**—Section 213(d) of the Internal
22 Revenue Code of 1986 is amended by adding at the end
23 the following new paragraph:

24 “(12) **PERIODIC PROVIDER FEES.**—Periodic
25 fees paid for a defined set of medical services pro-

1 vided on an as-needed basis shall be treated as
2 amounts paid for medical care.”.

3 (b) **EFFECTIVE DATE.**—The amendment made by
4 this section shall apply to taxable years beginning after
5 December 31, 2020.

6 **SEC. 7. RESTORING LOWER PENALTY FOR NONQUALIFIED**
7 **DISTRIBUTIONS.**

8 (a) **IN GENERAL.**—Section 223(e)(4)(A) of the Inter-
9 nal Revenue Code of 1986 is amended by striking “20 per-
10 cent” and inserting “10 percent”.

11 (b) **EFFECTIVE DATE.**—The amendments made by
12 this section shall apply to distributions made in taxable
13 years beginning after December 31, 2020.

14 **SEC. 8. TREATMENT OF HEALTH CARE SHARING MIN-**
15 **ISTRIES.**

16 (a) **INCLUSION AS MEDICAL EXPENSES.**—Paragraph
17 (2) of section 223(d) of the Internal Revenue Code of
18 1986, as amended by sections 4 and 5, is further amended
19 by adding at the end the following new subparagraph:

20 “(E) **INCLUSION OF HEALTH CARE SHAR-**
21 **ING MINISTRIES.**—The term ‘qualified medical
22 expenses’ shall include amounts paid by a mem-
23 ber of a health care sharing ministry (as de-
24 fined in section 5000A(d)(2)(B)(ii)) for—

1 “(i) the sharing of medical expenses
2 among members, and

3 “(ii) administrative fees of the min-
4 istry.”.

5 (b) HEALTH CARE SHARING MINISTRY NOT TO BE
6 TREATED AS HEALTH INSURANCE.—Subsection (c) of
7 section 223 of the Internal Revenue Code of 1986, as
8 amended by sections 2 and 5, is further amended by add-
9 ing at the end the following new paragraph:

10 “(5) TREATMENT OF HEALTH CARE SHARING
11 MINISTRIES.—A health care sharing ministry (as de-
12 fined in section 5000A(d)(2)(B)(ii)) shall not be
13 treated as a health plan or insurance for purposes
14 of this title.”.

15 (c) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to taxable years beginning after
17 December 31, 2020.

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