

119TH CONGRESS
1ST SESSION

H. R. 2667

To amend the Internal Revenue Code of 1986 to allow distributions from a health flexible spending arrangement or health reimbursement arrangement directly to a health savings account in connection with establishing coverage under a high deductible health plan.

IN THE HOUSE OF REPRESENTATIVES

APRIL 7, 2025

Mr. BEAN of Florida (for himself, Mr. PANETTA, and Mr. CRENSHAW) 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 distributions from a health flexible spending arrangement or health reimbursement arrangement directly to a health savings account in connection with establishing coverage under a high deductible health plan.

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 “Flexible Savings Ar-
5 rangements for a Healthy Robust America Act”.

1 **SEC. 2. FSA AND HRA TERMINATIONS OR CONVERSIONS TO**
2 **FUND HSAs.**

3 (a) IN GENERAL.—Section 106(e)(2) of the Internal
4 Revenue Code of 1986 is amended to read as follows:

5 “(2) QUALIFIED HSA DISTRIBUTION.—For pur-
6 poses of this subsection—

7 “(A) IN GENERAL.—The term ‘qualified
8 HSA distribution’ means, with respect to any
9 employee, a distribution from a health flexible
10 spending arrangement or health reimbursement
11 arrangement of such employee directly to a
12 health savings account of such employee if—

13 “(i) such distribution is made in con-
14 nection with such employee establishing
15 coverage under a high deductible health
16 plan (as defined in section 223(c)(2)) after
17 a significant period of not having such cov-
18 erage, and

19 “(ii) such arrangement is described in
20 section 223(c)(1)(B)(iii) with respect to
21 the portion of the plan year after such dis-
22 tribution is made.

23 “(B) DOLLAR LIMITATION.—The aggre-
24 gate amount of distributions from health flexi-
25 ble spending arrangements and health reim-
26 bursement arrangements of any employee which

1 may be treated as qualified HSA distributions
2 in connection with an establishment of coverage
3 described in subparagraph (A)(i) shall not ex-
4 ceed the dollar amount in effect under section
5 125(i)(1) (twice such amount in the case of cov-
6 erage which is described in section
7 223(b)(2)(B)).”.

8 (b) PARTIAL REDUCTION OF LIMITATION ON DE-
9 DUCTIBLE HSA CONTRIBUTIONS.—Section 223(b)(4) of
10 such Code is amended by striking “and” at the end of
11 subparagraph (B), by striking the period at the end of
12 subparagraph (C) and inserting “, and”, and by inserting
13 after subparagraph (C) the following new subparagraph:

14 “(D) so much of any qualified HSA dis-
15 tribution (as defined in section 106(e)(2)) made
16 to a health savings account of such individual
17 during the taxable year as does not exceed the
18 aggregate increases in the balance of the ar-
19 rangement from which such distribution is
20 made which occur during the portion of the
21 plan year which precedes such distribution
22 (other than any balance carried over to such
23 plan year and determined without regard to any
24 decrease in such balance during such portion of
25 the plan year).”.

1 (c) CONVERSION TO HSA-COMPATIBLE ARRANGE-
 2 MENT FOR REMAINDER OF PLAN YEAR.—Section
 3 223(c)(1)(B)(iii) of such Code is amended to read as fol-
 4 lows:

5 “(iii) coverage under a health flexible
 6 spending arrangement or health reimburse-
 7 ment arrangement for the portion of the
 8 plan year after a qualified HSA distribu-
 9 tion (as defined in section 106(e)(2) deter-
 10 mined without regard to subparagraph
 11 (A)(ii) thereof) is made, if the terms of
 12 such arrangement which apply for such
 13 portion of the plan year are such that, if
 14 such terms applied for the entire plan
 15 year, then such arrangement would not be
 16 taken into account under subparagraph
 17 (A)(ii) of this paragraph for such plan
 18 year.”.

19 (d) INCLUSION OF QUALIFIED HSA DISTRIBUTIONS
 20 ON W-2.—

21 (1) IN GENERAL.—Section 6051(a) of such
 22 Code is amended by striking “and” at the end of
 23 paragraph (16), by striking the period at the end of
 24 paragraph (17) and inserting “, and”, and by insert-

1 ing after paragraph (17) the following new para-
2 graph:

3 “(18) the amount of any qualified HSA dis-
4 tribution (as defined in section 106(e)(2)) with re-
5 spect to such employee.”.

6 (2) CONFORMING AMENDMENT.—Section
7 6051(a)(12) of such Code is amended by inserting
8 “(other than any qualified HSA distribution, as de-
9 fined in section 106(e)(2))” before the comma at the
10 end.

11 (e) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to distributions made after Decem-
13 ber 31, 2025, in taxable years ending after such date.

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