

119TH CONGRESS
1ST SESSION

H. R. 548

To amend the Internal Revenue Code of 1986 to modernize health savings accounts.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 16, 2025

Ms. VAN DUYNE (for herself, Mr. CRENSHAW, and Mr. MEUSER) 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 modernize health savings accounts.

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 “HSA Modernization
5 Act”.

1 **SEC. 2. INDIVIDUALS WITHOUT SERVICE-CONNECTED DIS-**
 2 **ABILITY AND ELIGIBLE FOR CERTAIN VET-**
 3 **ERANS BENEFITS PERMITTED TO CON-**
 4 **TRIBUTE TO HEALTH SAVINGS ACCOUNTS.**

5 (a) IN GENERAL.—Section 223(c)(1)(C) of the Inter-
 6 nal Revenue Code of 1986 is amended by striking “for
 7 a service-connected disability (within the meaning of sec-
 8 tion 101(16) of title 38, United States Code)”.

9 (b) EFFECTIVE DATE.—The amendment made by
 10 this section shall apply to taxable years beginning after
 11 December 31, 2025.

12 **SEC. 3. INDIVIDUALS ENTITLED TO PART A OF MEDICARE**
 13 **BY REASON OF AGE ALLOWED TO CON-**
 14 **TRIBUTE TO HEALTH SAVINGS ACCOUNTS.**

15 (a) IN GENERAL.—Section 223(c)(1)(B) of the Inter-
 16 nal Revenue Code of 1986 is amended by striking “and”
 17 at the end of clause (ii), by striking the period at the end
 18 of clause (iii) and inserting “, and”, and by adding at the
 19 end the following new clause:

20 “(iv) entitlement to hospital insurance
 21 benefits under part A of title XVIII of the
 22 Social Security Act by reason of section
 23 226(a) of such Act.”.

24 (b) TREATMENT OF HEALTH INSURANCE PUR-
 25 CHASED FROM ACCOUNT.—Section 223(d)(2)(C)(iv) of
 26 such Code is amended by inserting “and who is not an

1 eligible individual” after “who has attained the age speci-
 2 fied in section 1811 of the Social Security Act”.

3 (c) COORDINATION WITH PENALTY ON DISTRIBUTIONS NOT USED FOR QUALIFIED MEDICAL EXPENSES.—Section 223(f)(4)(C) of such Code is amended
 4 by striking “Subparagraph (A)” and inserting “Except in
 5 the case of an eligible individual, subparagraph (A)”

6 (d) CONFORMING AMENDMENT.—Section 223(b)(7)
 7 of such Code is amended by inserting “(other than an enti-
 8 tlement to benefits described in subsection (c)(1)(B)(iv))”
 9 after “Social Security Act”.

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

13 **SEC. 4. INDIVIDUALS ELIGIBLE FOR INDIAN HEALTH SERV-**
 14 **ICE ASSISTANCE NOT DISQUALIFIED FROM**
 15 **HEALTH SAVINGS ACCOUNTS.**

16 (a) IN GENERAL.—Section 223(c)(1) of the Internal
 17 Revenue Code of 1986 is amended by adding at the end
 18 the following new subparagraph:

19 “(E) SPECIAL RULE FOR INDIVIDUALS EL-
 20 IGIBLE FOR ASSISTANCE UNDER INDIAN
 21 HEALTH SERVICE PROGRAMS.—For purposes of
 22 subparagraph (A)(ii), an individual shall not be
 23 treated as covered under a health plan de-
 24

1 scribed in such subparagraph merely because
 2 the individual receives hospital care or medical
 3 services under a medical care program of the
 4 Indian Health Service or of a tribal organiza-
 5 tion.”.

6 (b) EFFECTIVE DATE.—The amendment made by
 7 this section shall apply to taxable years beginning after
 8 December 31, 2025.

9 **SEC. 5. ALLOWANCE OF BRONZE AND CATASTROPHIC**
 10 **PLANS IN CONNECTION WITH HEALTH SAV-**
 11 **INGS ACCOUNTS.**

12 (a) IN GENERAL.—Section 223(c)(2) of the Internal
 13 Revenue Code of 1986 is amended by adding at the end
 14 the following new subparagraph:

15 “(H) BRONZE AND CATASTROPHIC PLANS
 16 TREATED AS HIGH DEDUCTIBLE HEALTH
 17 PLANS.—The term ‘high deductible health plan’
 18 shall include any plan described in subsection
 19 (d)(1)(A) or (e) of section 1302 of the Patient
 20 Protection and Affordable Care Act.”.

21 (b) EFFECTIVE DATE.—The amendment made by
 22 this section shall apply to months beginning after Decem-
 23 ber 31, 2025, in taxable years ending after such date.

1 **SEC. 6. SAFE HARBOR FOR ABSENCE OF DEDUCTIBLE FOR**
2 **MENTAL HEALTH SERVICES.**

3 (a) IN GENERAL.—Section 223(c)(2) of the Internal
4 Revenue Code of 1986, as amended by this Act, is amend-
5 ed by adding at the end the following new subparagraph:

6 “(I) SAFE HARBOR FOR ABSENCE OF DE-
7 DUCTIBLE FOR MENTAL HEALTH SERVICES.—A
8 plan shall not fail to be treated as a high de-
9 ductible health plan by reason of failing to have
10 a deductible for not more than the first \$500
11 of any mental health benefits (as defined in sec-
12 tion 9812(e)(4)) specified by the plan for pur-
13 poses of this subparagraph.”.

14 (b) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to plan years beginning after De-
16 cember 31, 2025.

17 **SEC. 7. SPECIAL RULE FOR CERTAIN MEDICAL EXPENSES**
18 **INCURRED BEFORE ESTABLISHMENT OF**
19 **HEALTH SAVINGS ACCOUNT.**

20 (a) IN GENERAL.—Section 223(d)(2) of the Internal
21 Revenue Code of 1986 is amended by adding at the end
22 the following new subparagraph:

23 “(E) TREATMENT OF CERTAIN MEDICAL
24 EXPENSES INCURRED BEFORE ESTABLISHMENT
25 OF ACCOUNT.—If a health savings account is
26 established during the 60-day period beginning

on the date that coverage of the account beneficiary under a high deductible health plan begins, then, solely for purposes of determining whether an amount paid is used for a qualified medical expense, such account shall be treated as having been established on the date that such coverage begins.”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply with respect to coverage beginning after December 31, 2025.

SEC. 8. ALLOW BOTH SPOUSES TO MAKE CATCH-UP CONTRIBUTIONS TO THE SAME HEALTH SAVINGS ACCOUNT.

(a) **IN GENERAL.**—Section 223(b)(5) of the Internal Revenue Code of 1986 is amended to read as follows:

“(5) **SPECIAL RULE FOR MARRIED INDIVIDUALS WITH FAMILY COVERAGE.**—

“(A) **IN GENERAL.**—In the case of individuals who are married to each other, if both spouses are eligible individuals and either spouse has family coverage under a high deductible health plan as of the first day of any month—

“(i) the limitation under paragraph (1) shall be applied by not taking into ac-

count any other high deductible health plan coverage of either spouse (and if such spouses both have family coverage under separate high deductible health plans, only one such coverage shall be taken into account),

“(ii) such limitation (after application of clause (i)) shall be reduced by the aggregate amount paid to Archer MSAs of such spouses for the taxable year, and

“(iii) such limitation (after application of clauses (i) and (ii)) shall be divided equally between such spouses unless they agree on a different division.

“(B) TREATMENT OF ADDITIONAL CONTRIBUTION AMOUNTS.—If both spouses referred to in subparagraph (A) have attained age 55 before the close of the taxable year, the limitation referred to in subparagraph (A)(iii) which is subject to division between the spouses shall include the additional contribution amounts determined under paragraph (3) for both spouses. In any other case, any additional contribution amount determined under paragraph (3) shall not be taken into account under subparagraph

1 (A)(iii) and shall not be subject to division be-
 2 tween the spouses.”.

3 (b) EFFECTIVE DATE.—The amendments made by
 4 this section shall apply to taxable years beginning after
 5 December 31, 2025.

6 **SEC. 9. MAXIMUM CONTRIBUTION LIMIT TO HEALTH SAV-**
 7 **INGS ACCOUNT INCREASED TO AMOUNT OF**
 8 **DEDUCTIBLE AND OUT-OF-POCKET LIMITA-**
 9 **TION.**

10 (a) SELF-ONLY COVERAGE.—Section 223(b)(2)(A)
 11 of the Internal Revenue Code of 1986 is amended by strik-
 12 ing “\$2,250” and inserting “the amount in effect under
 13 subsection (c)(2)(A)(ii)(I)”.

14 (b) FAMILY COVERAGE.—Section 223(b)(2)(B) of
 15 such Code is amended by striking “\$4,500” and inserting
 16 “the amount in effect under subsection (c)(2)(A)(ii)(II)”.

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

19 (1) by striking “subsections (b)(2) and” both
 20 places it appears and inserting “subsection”, and

21 (2) in subparagraph (B), by striking “deter-
 22 mined by” and all that follows through “‘calendar
 23 year 2003’.” and inserting “determined by sub-
 24 stituting ‘calendar year 2003’ for ‘calendar year
 25 2016’ in subparagraph (A)(ii) thereof.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2025.

4 **SEC. 10. CLARIFICATION OF TREATMENT OF DISTRIBUTIONS FROM HEALTH SAVINGS ACCOUNT**
5 **FOR LONG-TERM CARE SERVICES.**
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7 (a) IN GENERAL.—Section 223(d)(2)(A) of the Internal Revenue Code of 1986 is amended by inserting before
8 the last sentence the following: “Such term includes
9 amounts paid for qualified long-term care services (as defined in section 7702B(e)).”.

12 (b) EFFECTIVE DATE.—The amendment made by
13 this section shall apply to amounts paid after the date of
14 the enactment of this Act.

15 (c) NO INFERENCE.—Nothing contained in this section or the amendment made thereby shall be construed
16 to create any inference with respect to any amounts paid
17 on or before such date.
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