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(Original Signature of Member)

112TH CONGRESS
1ST SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to allow health savings accounts for individuals without employer-provided health coverage.

IN THE HOUSE OF REPRESENTATIVES

Mr. BENISHEK introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to allow health savings accounts for individuals without employer-provided health coverage.

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 “Healthy Savings Act
5 of 2011”.

1 **SEC. 2. HEALTH SAVINGS ACCOUNTS FOR INDIVIDUALS**
2 **WITHOUT EMPLOYER-PROVIDED HEALTH**
3 **COVERAGE.**

4 (a) IN GENERAL.—Section 223 of the Internal Rev-
5 enue Code of 1986 is amended by redesignating subsection
6 (h) as subsection (i) and by inserting after subsection (g)
7 the following new subsection:

8 “(h) SPECIAL RULES FOR INDIVIDUALS NOT COV-
9 ERED BY EMPLOYER-PROVIDED INSURANCE.—

10 “(1) IN GENERAL.—For purposes of this sec-
11 tion, the term ‘eligible individual’ shall, with respect
12 to any month, include any individual who is not cov-
13 ered by insurance which is employer-provided cov-
14 erage under an accident or health plan excludable
15 from gross income under section 106. For purposes
16 of the preceding sentence, rules similar to the rules
17 of subsection (c)(1)(B) shall apply.

18 “(2) LIMITATIONS.—

19 “(A) DOLLAR AMOUNTS.—In the case of
20 any month for which an individual is an eligible
21 individual for purposes of this section solely by
22 reason of paragraph (1), the monthly limitation
23 for such month with respect to such individual,
24 in lieu of paragraphs (2) and (3) of subsection
25 (b)), shall—

1 “(i) be $\frac{1}{12}$ of \$15,000 (\$30,000 in
2 the case of a joint return), and

3 “(ii) in the case of an individual who
4 has attained age 55 before the close of the
5 taxable year, be increased by the additional
6 contribution amount specified in subsection
7 (b)(3)(B).

8 “(B) OTHER APPLICABLE LIMITATIONS.—
9 Paragraphs (4) and (7) of subsection (b) shall
10 be applied by treating references therein to ‘this
11 subsection’ as including a reference to para-
12 graphs (1) and (2)(A) of this subsection.

13 “(3) ALLOWABLE QUALIFIED EXPENSES.—Sub-
14 section (d)(2) shall be applied without regard to sub-
15 paragraphs (B) and (C) thereof.”.

16 (b) CONFORMING AMENDMENT.—Section
17 223(d)(1)(A)(ii) of such Code is amended by striking
18 “and” at the end of subclause (I), by striking the period
19 at the end of subclause (II) and inserting “, and”, and
20 by inserting after subclause (II) the following new sub-
21 clause:

22 “(III) to the extent applicable,
23 the dollar amount in effect under sub-
24 section (h)(2)(A).”.

1 (c) CREDIT FOR PAYROLL TAX FOR INDIVIDUAL
2 CONTRIBUTIONS TO HEALTH SAVINGS ACCOUNTS.—

3 (1) IN GENERAL.—Subpart C of part IV of sub-
4 chapter A of chapter 1 of such Code is amended by
5 adding after section 36C the following new section:

6 **“SEC. 36D. INDIVIDUAL CONTRIBUTION TO HEALTH SAV-
7 INGS ACCOUNTS.**

8 “(a) IN GENERAL.—In the case of an individual,
9 there shall be allowed as a credit against the tax imposed
10 by this subtitle for the taxable year an amount equal to
11 the payroll tax credit amount.

12 “(b) PAYROLL TAX CREDIT AMOUNT.—For purposes
13 of this section—

14 “(1) IN GENERAL.—The term ‘payroll tax cred-
15 it amount’ means the amount determined under
16 paragraph (2) or (3), whichever is applicable for the
17 taxable year.

18 “(2) WAGES NOT EXCEEDING CONTRIBUTION
19 AND BENEFIT BASE.—In the case of an individual
20 whose total wages for the taxable year does not ex-
21 ceed the contribution and benefit base, the payroll
22 tax credit amount is the product of—

23 “(A) the lesser of wages or the HSA con-
24 tribution amount, multiplied by

25 “(B) 7.65 percent.

1 “(3) WAGES EXCEEDING CONTRIBUTION AND
2 BENEFIT BASE.—In the case of an individual whose
3 total wages for the taxable year exceeds the con-
4 tribution and benefit base—

5 “(A) if such excess is equal to or greater
6 than the HSA contribution amount, the payroll
7 tax credit amount is the HSA contribution
8 amount multiplied by 1.45 percent, and

9 “(B) if such excess is less than the HSA
10 contribution amount, the payroll tax credit
11 amount is the sum of—

12 “(i) such excess multiplied by 1.45
13 percent, plus

14 “(ii) the HSA contribution amount,
15 after reduction by such excess, multiplied
16 by 7.65 percent.

17 “(4) HSA CONTRIBUTION AMOUNT.—The term
18 ‘HSA contribution amount’ means the amount con-
19 tributed by the individual to a health savings ac-
20 count of such individual for which a deduction is al-
21 lowed for the taxable year under section 223.

22 “(5) CONTRIBUTION AND BENEFIT BASE.—The
23 contribution and benefit base means such base as
24 determined under section 230 of the Social Security

1 Act for the calendar year in which the taxable year
2 ends.

3 “(6) WAGES.—The term ‘wages’ has the mean-
4 ing given such term by section 3121(a), determined
5 without regard to paragraph (1) thereof.

6 “(c) COORDINATION.—The amount allowed as a cred-
7 it under this section shall be in addition to the amount
8 allowed as a deduction under section 223.”

9 (2) CONFORMING AMENDMENTS.—

10 (A) Section 1324(b)(2) of title 31, United
11 States Code, is amended by inserting “36D,”
12 after “36C,”

13 (B) The table of sections for subpart C of
14 part IV of subchapter A of chapter 1 is amend-
15 ed by inserting after the item relating to section
16 36 the following new item:

“Sec. 36D. Individual contribution to health savings accounts.”

17 (d) CONFORMING AMENDMENTS.—

18 (1) Section 106(d)(1) of such Code is amend-
19 ed—

20 (A) by striking “section 223(e)(1)” and in-
21 serting “subsection (e)(1) or (h)(1) of section
22 223”, and

23 (B) by striking “section 223(b)” and in-
24 serting “subsections (b) and (h)(2), as applica-
25 ble, of section 223”.

1 **“SEC. 224. HEALTH INSURANCE COSTS.**

2 “(a) IN GENERAL.—In the case of an individual,
3 there shall be allowed as a deduction an amount equal to
4 the sum of the amount paid during the taxable year for
5 insurance which constitutes medical care for the taxpayer
6 and the taxpayer’s spouse and dependents.

7 “(b) LIMITATION.—The amount allowed as a deduc-
8 tion under subsection (a) for the taxable year shall not
9 exceed \$15,000 (\$30,000 in the case of a joint return).

10 “(c) SPECIAL RULES.—For purposes of this sec-
11 tion—

12 “(1) EMPLOYER CONTRIBUTIONS TO CAFETE-
13 TERIA PLANS, FLEXIBLE SPENDING ARRANGEMENTS,
14 AND MEDICAL SAVINGS ACCOUNTS.—Employer con-
15 tributions to a cafeteria plan, a flexible spending or
16 similar arrangement, a medical savings account, or
17 a health savings account which are excluded from
18 gross income under section 106 shall be treated for
19 purposes of subsection (a) as paid by the employer.

20 “(2) DEDUCTION NOT AVAILABLE FOR PAY-
21 MENT OF ANCILLARY COVERAGE PREMIUMS.—Any
22 amount paid as a premium for insurance which pro-
23 vides for—

24 “(A) coverage for accidents, disability, or a
25 specified illness, or

1 “(B) making payments of a fixed amount
2 per day (or other period) by reason of being
3 hospitalized,
4 shall not be taken into account under subsection (a).

5 “(3) COORDINATION WITH DEDUCTION FOR
6 HEALTH INSURANCE OF SELF-EMPLOYED INDIVID-
7 UALS.—The amount taken into account by the tax-
8 payer in computing the deduction under section
9 162(l) shall not be taken into account under this
10 section.

11 “(4) COORDINATION WITH MEDICAL EXPENSE
12 DEDUCTION.—The amount taken into account by
13 the taxpayer in computing the deduction under this
14 section shall not be taken into account under section
15 213.

16 “(5) COORDINATION WITH MEDICAL AND
17 HEALTH SAVINGS ACCOUNTS.—Amounts distributed
18 from an Archer MSA (as defined in section 220(d))
19 or from a health savings account (as defined in sec-
20 tion 223(d)) shall not be taken into account under
21 subsection (a).

22 “(d) DEFINITIONS.—For purposes of this section—

23 “(1) MEDICAL CARE.—The term ‘medical care’
24 has the meaning given such term by section 213(d)
25 without regard to—

1 “(A) paragraph (1)(C) thereof, and

2 “(B) so much of paragraph (1)(D) thereof
3 as relates to qualified long-term care insurance
4 contracts.

5 “(2) EXCLUSION OF CERTAIN OTHER CON-
6 TRACTS.—The term ‘medical care’ shall not include
7 insurance if a substantial portion of its benefits are
8 excepted benefits (as defined in section 9832(e))
9 other than dental and vision benefits specified in
10 section 9832(c)(2)(A).

11 “(e) REGULATIONS.—The Secretary shall prescribe
12 such regulations as may be appropriate to carry out this
13 section.”.

14 (b) DEDUCTION ALLOWED WHETHER OR NOT TAX-
15 PAYER ITEMIZES OTHER DEDUCTIONS.—Subsection (a)
16 of section 62 of such Code is amended by inserting after
17 paragraph (21) the following new item:

18 “(22) HEALTH INSURANCE COSTS.—The deduc-
19 tion allowed by section 224.”.

20 (c) CLERICAL AMENDMENTS.—The table of sections
21 for part VII of subchapter B of chapter 1 of such Code
22 is amended by striking the last item and inserting the fol-
23 lowing new items:

“Sec. 224. Health insurance costs.

“Sec. 225. Cross reference.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2011.