H. R. _____

To amend the Internal Revenue Code of 1986 to provide that coverage under Medicare is permissible for purposes of contributions to health savings accounts.

IN THE HOUSE OF REPRESENTATIVES

Mr. BERA introduced the following bill; which was referred to the Committee

A BILL

To amend the Internal Revenue Code of 1986 to provide that coverage under Medicare is permissible for purposes of contributions to 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
4 This Act may be cited as the “Health Savings for
5 Seniors Act”.

(Original Signature of Member)
SEC. 2. COVERAGE UNDER MEDICARE PERMISSIBLE FOR
PURPOSES OF CONTRIBUTIONS TO HEALTH SAVINGS ACCOUNTS.

(a) Medicare Made an HSA-Eligible Plan.—

(1) In general.—Subparagraph (A) of section 223(c)(2) of the Internal Revenue Code of 1986 is amended to read as follows:

“(A) In general.—The term ‘HSA-qualified health plan’ means—

“(i) a health plan—

“(I) which has an annual deductible which is not less than—

“(aa) $1,000 for self-only coverage, and

“(bb) twice the dollar amount in item (aa) for family coverage, and

“(II) the sum of the annual deductible and the other annual out-of-pocket expenses required to be paid under the plan (other than for premiums) for covered benefits does not exceed—

“(aa) $5,000 for self-only coverage, and
“(bb) twice the dollar amount in item (aa) for family coverage, and

“(ii) in the case of an individual enrolled under title XVIII of the Social Security Act, coverage under title XVIII of such Act.”.

(2) ELIGIBLE INDIVIDUAL.—Paragraph (1) of section 223(c) of such Code is amended by adding at the end the following:

“(D) SPECIAL RULE FOR INDIVIDUALS ENROLLED IN MEDICARE.—An individual enrolled under title XVIII of the Social Security Act shall not fail to be treated as an eligible individual for any period merely because the individual during such period is covered under a health plan described in subclauses (I) and (II) of subparagraph (A)(ii).”.

(3) EXCLUSION OF MEDICARE PREMIUMS AS QUALIFIED MEDICAL EXPENSE.—Subparagraph (C) of section 223(d)(2) of such Code is amended by inserting “or” at the end of clause (ii), by striking “or” at the end of clause (iii) and inserting a period, and by striking clause (iv).
(4) **REPEAL OF EXCEPTION TO ADDITIONAL TAX AFTER MEDICARE ELIGIBILITY.**—Paragraph (4) of section 223(f) of such Code is amended by striking subparagraph (C).

(5) **ADDITIONAL CONFORMING AMENDMENTS.**—

(A) **IN GENERAL.**—Section 223 of such Code is amended by striking “high deductible health plan” each place it appears in the text and inserting “HSA-qualified health plan”.

(B) **CONFORMING AMENDMENTS.**—

(i) The heading for paragraph (2) of section 223(c) of such Code is amended by striking “HIGH DEDUCTIBLE HEALTH PLAN” and inserting “HSA-QUALIFIED HEALTH PLAN”.

(ii) Section 408(d)(9) of such Code is amended—

(I) by striking “high deductible health plan” each place it appears in the text in subparagraph (C) and inserting “HSA-qualified health plan”; and

(II) by striking “HIGH DEDUCTIBLE HEALTH PLAN” in the heading
of subparagraph (D) and inserting

“HSA-QUALIFIED HEALTH PLAN”.

(iii) Section 106(e) of such Code is
amended—

(I) by striking “HIGH DEDUCT-
IBLE HEALTH PLAN” in the heading
of paragraph (3) and inserting “HSA-
QUALIFIED HEALTH PLAN”; and

(II) by striking “high deductible
health plan” in paragraph (5)(B)(ii)
and inserting “HSA-qualified health
plan”.

(b) REPEAL OF MEDICARE LIMITATION ON DEDUC-
TION FOR CONTRIBUTIONS.—

(1) IN GENERAL.—Subsection (b) of section
223 of such Code is amended by striking paragraph
(7) and redesignating paragraph (8) as paragraph
(7).

(2) CONFORMING AMENDMENT.—Section
26(b)(2)(S) of such Code is amended by striking
“223(b)(8)(B)(i)(II),” and inserting
“223(b)(7)(B)(i)(II),”.

(e) EFFECTIVE DATE.—The amendments made by
this section shall apply to taxable years beginning after
the date of the enactment of this Act.