A BILL

To amend the Internal Revenue Code of 1986 to repeal the excise tax on high cost employer-sponsored 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 “Middle Class Health

5 Benefits Tax Repeal Act of 2019”.
SEC. 2. REPEAL OF EXCISE TAX ON HIGH COST EMPLOYER-SPONSORED HEALTH COVERAGE.

(a) IN GENERAL.—Chapter 43 of the Internal Revenue Code of 1986 is amended by striking section 4980I.

(b) CONFORMING AMENDMENTS.—

(1) Section 6051 of such Code is amended—

(A) in paragraph (14) of subsection (a), by striking “section 4980I(d)(1)” and inserting “subsection (g)”, and

(B) by adding at the end the following:

“(g) APPLICABLE EMPLOYER-SPONSORED COVERAGE.—For purposes of subsection (a)(14)—

“(1) IN GENERAL.—The term ‘applicable employer-sponsored coverage’ means, with respect to any employee, coverage under any group health plan made available to the employee by an employer which is excludable from the employee’s gross income under section 106, or would be so excludable if it were employer-provided coverage (within the meaning of such section 106).

“(2) EXCEPTIONS.—The term ‘applicable employer-sponsored coverage’ shall not include—

“(A) any coverage (whether through insurance or otherwise) described in section 9832(c)(1) (other than subparagraph (G) thereof) or for long-term care, or
“(B) any coverage under a separate policy, certificate, or contract of insurance which provides benefits substantially all of which are for treatment of the mouth (including any organ or structure within the mouth) or for treatment of the eye, or

“(C) any coverage described in section 9832(c)(3) the payment for which is not excludable from gross income and for which a deduction under section 162(l) is not allowable.

“(3) Coverage includes employee paid portion.—Coverage shall be treated as applicable employer-sponsored coverage without regard to whether the employer or employee pays for the coverage.

“(4) Governmental plans included.—Applicable employer-sponsored coverage shall include coverage under any group health plan established and maintained primarily for its civilian employees by the Government of the United States, by the government of any State or political subdivision thereof, or by any agency or instrumentality of any such government.

“(5) Cost of coverage.—
“(A) HEALTH FSAS.—In the case of applicable employer-sponsored coverage consisting of coverage under a flexible spending arrangement (as defined in section 106(c)(2)), the cost of the coverage shall be equal to the amount determined under rules similar to the rules of section 4980B(f)(4) with respect to any reimbursement under the arrangement reduced by the contributions described in subsection (a)(14)(B).

“(B) ARCHER MSAS AND HSAS.—In the case of applicable employer-sponsored coverage consisting of coverage under an arrangement under which the employer makes contributions described in subsection (b) or (d) of section 106, the cost of the coverage shall be equal to the amount of employer contributions under the arrangement.

“(C) ALLOCATION ON A MONTHLY BASIS.—If cost is determined on other than a monthly basis, the cost shall be allocated to months in a taxable period on such basis as the Secretary may prescribe.”.

(2) Section 9831(d)(1) of such Code is amended by striking “except as provided in section 4980I(f)(4) and”.
(3) The table of sections for chapter 43 of such Code is amended by striking the item relating to section 4980I.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2019.