AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 5445
OFFERED BY MR. BRADY OF TEXAS

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

This Act may be cited as the “Health Care Security Act of 2016”.

2 SEC. 2. ALLOW BOTH SPOUSES TO MAKE CATCH-UP CONTRIBU-
3 TIONS 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
(A)(iii) and shall not be subject to division be-
tween the spouses.”.

(b) Effective Date.—The amendment made by
this section shall apply to taxable years beginning after
December 31, 2016.

SEC. 3. SPECIAL RULE FOR CERTAIN MEDICAL EXPENSES
INCURRED BEFORE ESTABLISHMENT OF
HEALTH SAVINGS ACCOUNT.

(a) In General.—Section 223(d)(2) of the Internal
Revenue Code of 1986 is amended by adding at the end
the following new subparagraph:

“(D) Treatment of certain medical
expenses incurred before establishment
of account.—If a health savings account is
established during the 60-day period beginning
on the date that coverage of the account bene-
ficiary under a high deductible health plan be-
gins, 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, 2016.
SEC. 4. MAXIMUM CONTRIBUTION LIMIT TO HEALTH SAVINGS ACCOUNT INCREASED TO AMOUNT OF DEDUCTIBLE AND OUT-OF-POCKET LIMITATION.

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

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

(c) CONFORMING AMENDMENT.—Section 223(g)(1) of such Code is amended by striking “subsections (b)(2) and” and inserting “subsection”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2016.