

104TH CONGRESS
1ST SESSION

H. R. 2341

To amend chapter 89 of title 5, United States Code, to permit Federal employees and annuitants to elect to receive contributions into medical savings accounts under the Federal Employees Health Benefits Program (FEHBP).

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 14, 1995

Mr. SALMON (for himself, Mr. BAKER of California, Mr. BALLENGER, Mr. BARTLETT of Maryland, Mr. BARTON of Texas, Mr. BRYANT of Tennessee, Mr. CHRISTENSEN, Mr. CHRYSLER, Mrs. CUBIN, Mr. DAVIS, Mr. DOOLITTLE, Mr. DORNAN, Mr. ENGLISH of Pennsylvania, Mr. ENSIGN, Mr. FORBES, Mr. FOX of Pennsylvania, Mr. GRAHAM, Mr. HASTERT, Mr. HAYWORTH, Mr. HILLEARY, Mr. HOSTETTLER, Mr. INGLIS of South Carolina, Mrs. KELLY, Mr. METCALF, Mr. ROHRBACHER, Mr. SHADEGG, Mr. STUMP, and Mr. WELLER) introduced the following bill; which was referred to the Committee on Government Reform and Oversight

A BILL

To amend chapter 89 of title 5, United States Code, to permit Federal employees and annuitants to elect to receive contributions into medical savings accounts under the Federal Employees Health Benefits Program (FEHBP).

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “FEHBP-Medical Sav-
3 ings Account Promotion Act of 1995”.

4 **SEC. 2. PERMITTING CONTRIBUTION TOWARDS MEDICAL**
5 **SAVINGS ACCOUNT THROUGH FEDERAL EM-**
6 **PLOYEES HEALTH BENEFITS PROGRAM**
7 **(FEHBP).**

8 (a) GOVERNMENT CONTRIBUTION TO MEDICAL SAV-
9 INGS ACCOUNT.—

10 (1) IN GENERAL.—Section 8906 of title 5,
11 United States Code, is amended by adding at the
12 end the following new subsection:

13 “(j)(1) In the case of an employee or annuitant who
14 is enrolled in a catastrophic plan described by section
15 8903(5), there shall be a Government contribution under
16 this subsection to a medical savings account established
17 or maintained for the benefit of the individual. The con-
18 tribution under this subsection shall be in addition to the
19 Government contribution under subsection (b).

20 “(2) The amount of the Government contribution
21 under this subsection with respect to an individual is equal
22 to the amount by which—

23 “(A) the maximum contribution allowed under
24 subsection (b)(1) with respect to any employee or
25 annuitant, exceeds

1 “(B) the amount of the Government contribu-
2 tion actually made with respect to the individual
3 under subsection (b) for coverage under the cata-
4 strophic plan.

5 “(3) The Government contributions under this sub-
6 section shall be paid into a medical savings account (des-
7 ignated by the individual involved) in a manner that is
8 specified by the Office and consistent with the timing of
9 contributions under subsection (b).

10 “(4) Subsections (f) and (g) shall apply to contribu-
11 tions under this section in the same manner as they apply
12 to contributions under subsection (b).

13 “(5) For the purpose of this subsection, the term
14 ‘medical savings account’ has the meaning given such term
15 by section 220(d) of the Internal Revenue Code of 1986
16 (as inserted by section 2(a) of the Family Medical Savings
17 and Investment Act of 1995 (H.R. 1818)).”.

18 (2) ALLOWING PAYMENT OF FULL AMOUNT OF
19 CHARGE FOR CATASTROPHIC PLAN.—Section
20 8906(b)(2) of such title is amended by inserting “(or
21 100 percent of the subscription charge in the case
22 of a catastrophic plan)” after “75 percent of the
23 subscription charge”.

24 (b) OFFERING OF CATASTROPHIC PLANS.—

1 (1) IN GENERAL.—Section 8903 of such title is
2 amended by adding at the end the following new
3 paragraph:

4 “(5) CATASTROPHIC PLANS.—One or more
5 plans described in paragraph (1), (2), or (3), but
6 which provide benefits of the types referred to by
7 paragraph (5) of section 8904(a), instead of the
8 types referred to in paragraphs (1), (2), and (3) of
9 such section.”.

10 (2) TYPES OF BENEFITS.—Section 8904(a) of
11 such title is amended by inserting after paragraph
12 (4) the following new paragraph:

13 “(5) CATASTROPHIC PLANS.—Benefits of the
14 types named under paragraph (1) or (2) of this sub-
15 section or both, to the extent expenses covered by
16 the plan exceed \$3,000.”.

17 (3) DISREGARDING CATASTROPHIC PLANS IN
18 DETERMINING LEVEL OF GOVERNMENT CONTRIBU-
19 TIONS.—Section 8906(a)(3) of such title is amended
20 by inserting “described by section 8903(3)” after
21 “plans”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to contract terms beginning on or
24 after January 1, 1997.

1 (d) MEDICAL SAVINGS ACCOUNT.—For purposes of
2 this section:

3 (1) MEDICAL SAVINGS ACCOUNT.—The term
4 “medical savings account” means a trust created or
5 organized in the United States exclusively for the
6 purpose of paying the qualified medical expenses of
7 the account holder, but only if the written governing
8 instrument creating the trust meets the following re-
9 quirements:

10 (A) Except in the case of a rollover con-
11 tribution described in subsection (f)(3), no con-
12 tribution will be accepted unless it is in cash.

13 (B) The trustee is a bank (as defined in
14 section 408(n)), an insurance (as defined in
15 section 816), or another person who dem-
16 onstrates to the satisfaction of the Secretary
17 that the manner in which such person will ad-
18 minister the trust will be consistent with the re-
19 quirements of this section.

20 (C) No part of the trust assets will be in-
21 vested in life insurance contracts.

22 (D) The assets of the trust will not be
23 commingled with other property except in a
24 common trust fund or common investment
25 fund.

1 (E) The interest of an individual in the
2 balance in his account is nonforfeitable.

3 (2) QUALIFIED MEDICAL EXPENSES.—

4 (A) IN GENERAL.—The term “qualified
5 medical expenses” means, with respect to an ac-
6 count holder, amounts paid by such holder—

7 (i) for medical care (as defined in sec-
8 tion 213(d)) for such individual, the spouse
9 of such individual, and any dependent (as
10 defined in section 152) of such individual,
11 but only to the extent such amounts are
12 not compensated for by insurance or other-
13 wise, or

14 (ii) for long-term care insurance for
15 such individual, spouse, or dependent.

16 (B) HEALTH PLAN COVERAGE MAY NOT BE
17 PURCHASED FROM ACCOUNT.—

18 (i) IN GENERAL.—Such term shall not
19 include any amount paid for coverage
20 under a health plan unless such plan is a
21 catastrophic health plan.

22 (ii) EXCEPTION.—Clause (i) shall not
23 apply to any amount paid for long-term
24 care insurance.

1 (3) ACCOUNT HOLDER.—The term “account
2 holder” means the individual on whose behalf the
3 medical savings account was established.

4 (4) CERTAIN RULES TO APPLY.—Rules similar
5 to the following rules shall apply for purposes of this
6 section:

7 (A) Section 219(d)(2) (relating to no de-
8 duction for rollovers).

9 (B) Section 219(f)(3) (relating to time
10 when contributions deemed made).

11 (C) Except as provided in section 106(b),
12 section 219(f)(5) (relating to employer pay-
13 ments).

14 (D) Section 408(h) (relating to custodial
15 accounts).

○