

106TH CONGRESS
2D SESSION

H. R. 4472

To amend the Internal Revenue Code of 1986 to allow a deduction for amounts paid for health insurance and prescription drug costs of individuals.

IN THE HOUSE OF REPRESENTATIVES

MAY 16, 2000

Mr. STEARNS (for himself and Mr. HOSTETTLER) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow a deduction for amounts paid for health insurance and prescription drug costs of individuals.

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. DEDUCTION FOR HEALTH INSURANCE AND**
4 **PRESCRIPTION DRUG COSTS OF INDIVID-**
5 **UALS.**

6 (a) IN GENERAL.—Part VII of subchapter B of chap-
7 ter 1 of the Internal Revenue Code of 1986 is amended
8 by redesignating section 222 as section 223 and by insert-
9 ing after section 221 the following new section:

1 **“SEC. 222. HEALTH INSURANCE AND PRESCRIPTION DRUG**
2 **COSTS.**

3 “(a) IN GENERAL.—In the case of an individual,
4 there shall be allowed as a deduction an amount equal to
5 the sum of the amount paid during the taxable year for—

6 “(1) insurance which constitutes medical care
7 for the taxpayer and the taxpayer’s spouse and de-
8 pendants, plus

9 “(2) unreimbursed prescription drug expenses
10 paid by the taxpayer for the taxpayer and the
11 taxpayer’s spouse and dependents.

12 “(b) LIMITATIONS AND SPECIAL RULES.—

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

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

25 “(A) coverage for accidents, disability, den-
26 tal care, vision care, or a 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 AND PRESCRIPTION DRUG
7 COSTS OF SELF-EMPLOYED INDIVIDUALS.—The
8 amount taken into account by the taxpayer in com-
9 puting the deduction under section 162(l) shall not
10 be taken into account under this 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 “(c) DEFINITIONS.—For purposes of this section—

17 “(1) MEDICAL CARE.—

18 “(A) IN GENERAL.—The term ‘medical
19 care’ has the meaning given such term by sec-
20 tion 213(d) without regard to—

21 “(i) paragraph (1)(C) thereof, and

22 “(ii) so much of paragraph (1)(D)
23 thereof as relates to qualified long-term
24 care insurance contracts.

1 “(B) EXCLUSION OF CERTAIN OTHER CON-
2 TRACTS.—The term ‘medical care’ shall not in-
3 clude insurance if a substantial portion of its
4 benefits are excepted benefits (as defined in sec-
5 tion 9832(c)).

6 “(2) UNREIMBURSED PRESCRIPTION DRUG EX-
7 PENSES.—The term ‘unreimbursed prescription drug
8 expenses’ means amounts paid or incurred for a pre-
9 scribed drug (as defined by section 213(d)(3)) the
10 cost of which to the taxpayer is not reimbursed by
11 insurance or otherwise.

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

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

19 “(18) HEALTH INSURANCE AND PRESCRIPTION
20 DRUG COSTS.—The deduction allowed by section
21 222.”.

22 (c) CONFORMING AND CLERICAL AMENDMENTS.—

23 (1) The heading for section 162(l) of such Code
24 is amended by inserting “AND PRESCRIPTION
25 DRUG” after “INSURANCE”.

1 (2) The table of sections for part VII of sub-
2 chapter B of chapter 1 of such Code is amended by
3 striking the last item and inserting the following
4 new items:

 “Sec. 222. Health insurance and prescription drug costs.
 “Sec. 223. Cross reference.”.

5 (d) **EFFECTIVE DATE.**—The amendments made by
6 this section shall apply to taxable years beginning after
7 December 31, 2000.

8 **SEC. 2. DEDUCTION FOR 100 PERCENT OF HEALTH INSUR-**
9 **ANCE AND PRESCRIPTION DRUG COSTS OF**
10 **SELF-EMPLOYED INDIVIDUALS.**

11 (a) **IN GENERAL.**—Paragraph (1) of section 162(l)
12 of the Internal Revenue Code of 1986 (relating to general
13 rule for allowance of deduction for health insurance costs
14 of self-employed individuals) is amended to read as fol-
15 lows:

16 “(1) **ALLOWANCE OF DEDUCTION.**—In the case
17 of an individual who is an employee within the
18 meaning of section 401(c)(1), there shall be allowed
19 as a deduction under this section an amount equal
20 to the sum of—

21 “(A) 100 percent of the amount paid dur-
22 ing the taxable year for insurance which con-
23 stitutes medical care for the taxpayer and the
24 taxpayer’s spouse and dependents, plus

1 “(B) unreimbursed prescription drug ex-
2 penses (within the meaning of section
3 222(c)(2)) paid during the taxable year by the
4 taxpayer for the taxpayer and the taxpayer’s
5 spouse and dependents.”.

6 (b) CLARIFICATION OF LIMITATIONS ON OTHER COV-
7 ERAGE.—The first sentence of section 162(l)(2)(B) of
8 such Code is amended to read as follows: “Paragraph (1)
9 shall not apply to any taxpayer for any calendar month
10 for which the taxpayer participates in any subsidized
11 health plan maintained by any employer (other than an
12 employer described in section 401(c)(4)) of the taxpayer
13 or the spouse of the taxpayer.”.

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to taxable years beginning after
16 December 31, 2000.

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