

106TH CONGRESS
1ST SESSION

S. 657

To amend the Internal Revenue Code of 1986 to expand the availability of medical savings accounts, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 18, 1999

Mr. INHOFE introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to expand the availability of medical savings accounts, and for other purposes.

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 “Medical Savings Ac-
5 count Expansion Act of 1999”.

6 **SEC. 2. REPEAL OF RESTRICTIONS ON TAXPAYERS HAVING**
7 **MEDICAL SAVINGS ACCOUNTS.**

8 (a) REPEAL OF NUMERICAL LIMITATIONS AND TER-
9 MINATION.—

1 (1) IN GENERAL.—Section 220 of the Internal
2 Revenue Code of 1986 (relating to medical savings
3 accounts) is amended by striking subsections (i) and
4 (j).

5 (2) MEDICARE+CHOICE.—Section 138 of such
6 Code (relating to Medicare+Choice MSA) is amend-
7 ed by striking subsection (f).

8 (3) CONFORMING AMENDMENT.—Section
9 220(c)(1) of such Code is amended by striking sub-
10 paragraph (D).

11 (b) REPEAL OF RESTRICTIONS ON INDIVIDUALS
12 WHO HAVE MEDICAL SAVINGS ACCOUNTS.—

13 (1) IN GENERAL.—Section 220(c)(1)(A) of the
14 Internal Revenue Code of 1986 (relating to eligible
15 individual) is amended by inserting “and” at the end
16 of clause (i), by striking “, and” at the end of clause
17 (ii)(II) and inserting a period, and by striking clause
18 (iii).

19 (2) CONFORMING AMENDMENTS.—

20 (A) Section 220(b) of such Code is amend-
21 ed by striking paragraph (4) and by redesignig-
22 nating paragraphs (5), (6), and (7) as para-
23 graphs (4), (5), and (6), respectively.

1 (B) Section 220(c)(1) of such Code, as
2 amended by subsection (a)(3), is amended by
3 striking subparagraph (C).

4 (C) Section 220(e) of such Code is amend-
5 ed by striking paragraph (4) and by redesignig-
6 nating paragraph (5) as paragraph (4).

7 (c) REPEAL OF RESTRICTION ON JOINT EMPLOYER-
8 EMPLOYEE CONTRIBUTIONS.—Section 220(b) of the In-
9 ternal Revenue Code of 1986 (relating to limitations) is
10 amended by striking paragraph (4), as redesignated by
11 subsection (b)(2)(A), and by redesignating paragraphs (5)
12 and (6) (as so redesignated) as paragraphs (4) and (5),
13 respectively.

14 (d) 100 PERCENT FUNDING OF ACCOUNT AL-
15 LOWED.—

16 (1) IN GENERAL.—Section 220(b)(2) of the In-
17 ternal Revenue Code of 1986 (relating to monthly
18 limitation) is amended to read as follows:

19 “(2) MONTHLY LIMITATION.—The monthly lim-
20 itation for any month is the amount equal to $\frac{1}{12}$ of
21 the annual deductible of the high deductible health
22 plan of the individual as of the first of such
23 month.”.

1 (2) CONFORMING AMENDMENT.—Section
 2 220(d)(1)(A) of such Code is amended by striking
 3 “75 percent of”.

4 (e) EFFECTIVE DATES.—

5 (1) IN GENERAL.—Except as provided in para-
 6 graph (2), the amendments made by this section
 7 shall apply to months beginning after the date of en-
 8 actment of this Act.

9 (2) COMPENSATION LIMIT REPEAL.—The
 10 amendments made by subsection (b)(2)(A) shall
 11 apply to taxable years beginning after December 31,
 12 1999.

13 **SEC. 3. REDUCTION IN HIGH DEDUCTIBLE PLAN MINIMUM**
 14 **ANNUAL DEDUCTIBLE.**

15 (a) IN GENERAL.—Section 220(c)(2)(A) of the Inter-
 16 nal Revenue Code of 1986 (relating to high deductible
 17 health plan) is amended—

18 (1) by striking “\$1,500” in clause (i) (relating
 19 to self-only coverage) and inserting “\$1,000”, and

20 (2) by striking “\$3,000” in clause (ii) (relating
 21 to family coverage) and inserting “\$2,000”.

22 (b) EFFECTIVE DATE.—The amendments made by
 23 this section shall take effect on January 1, 2000.

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