

110TH CONGRESS
1ST SESSION

H. R. 298

To amend the Internal Revenue Code of 1986 to allow amounts in a health flexible spending arrangement that are unused during a plan year to be carried over to the next plan year.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 2007

Mrs. MCCARTHY of New York 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 amounts in a health flexible spending arrangement that are unused during a plan year to be carried over to the next plan year.

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 “Flexible Spending Ac-
5 counts Growth and Opportunities Act of 2007”.

1 **SEC. 2. DISPOSITION OF UNUSED HEALTH BENEFITS IN**
2 **CAFETERIA PLANS AND FLEXIBLE SPENDING**
3 **ARRANGEMENTS.**

4 (a) IN GENERAL.—Section 125 of the Internal Rev-
5 enue Code of 1986 (relating to cafeteria plans) is amended
6 by redesignating subsections (h) and (i) as subsections (i)
7 and (j), respectively, and by inserting after subsection (g)
8 the following new subsection:

9 “(h) CONTRIBUTIONS OF CERTAIN UNUSED HEALTH
10 BENEFITS.—

11 “(1) IN GENERAL.—For purposes of this title,
12 a plan or other arrangement shall not fail to be
13 treated as a cafeteria plan solely because qualified
14 benefits under such plan include a health flexible
15 spending arrangement under which not more than
16 \$1,000 of unused health benefits may be carried for-
17 ward to the succeeding plan year of such health
18 flexible spending arrangement.

19 “(2) HEALTH FLEXIBLE SPENDING ARRANGE-
20 MENT.—For purposes of this subsection, the term
21 ‘health flexible spending arrangement’ means a flexi-
22 ble spending arrangement (as defined in section
23 106(c)) that is a qualified benefit and only permits
24 reimbursement for expenses for medical care (as de-
25 fined in section 213(d)(1) (without regard to sub-
26 paragraphs (C) and (D) thereof)).

1 “(3) UNUSED HEALTH BENEFITS.—For pur-
2 poses of this subsection, with respect to an em-
3 ployee, the term ‘unused health benefits’ means the
4 excess of—

5 “(A) the maximum amount of reimburse-
6 ment allowable to the employee during a plan
7 year under a health flexible spending arrange-
8 ment, taking into account any election by the
9 employee, over

10 “(B) the actual amount of reimbursement
11 during such year under such arrangement.”.

12 (b) EFFECTIVE DATE.—The amendment made by
13 subsection (a) shall apply to plan years ending after the
14 date of the enactment of this Act.

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