

108TH CONGRESS  
2D SESSION

# H. R. 3901

To amend the Internal Revenue Code of 1986 to allow a deduction for premiums for high deductible health plans required with respect to health savings accounts.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 4, 2004

Mr. CRANE (for himself, Mr. SAM JOHNSON of Texas, Mr. CANTOR, Mr. RAMSTAD, Mr. HOSTETTLER, Mr. RYAN of Wisconsin, Mr. BRADY of Texas, Ms. DUNN, Mrs. JOHNSON of Connecticut, Mr. HAYWORTH, Mr. MCINNIS, Mr. HERGER, Mr. ENGLISH, Mr. GUTKNECHT, Mr. WILSON of South Carolina, Mr. BALLENGER, Mr. PAUL, Mr. RYUN of Kansas, Mr. GREEN of Wisconsin, Mr. BURGESS, Mr. PETERSON of Pennsylvania, Mrs. BLACKBURN, Mr. CANNON, Ms. HARRIS, Mrs. MUSGRAVE, Mr. BASS, Mr. HUNTER, Mr. KLINE, Mr. BEAUPREZ, Mr. HENSARLING, Mr. BARRETT of South Carolina, Mr. WELDON of Florida, Mrs. MYRICK, Mr. KING of Iowa, Mr. FRANKS of Arizona, Mr. BARTLETT of Maryland, Mr. GINGREY, Mr. ISTOOK, Mr. MILLER of Florida, Mr. PITTS, Mr. FLAKE, Mr. JONES of North Carolina, Mr. GOODE, and Mr. FEENEY) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to allow a deduction for premiums for high deductible health plans required with respect to health savings accounts.

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. DEDUCTION OF PREMIUMS FOR HIGH DEDUCT-**  
2 **IBLE HEALTH PLANS.**

3 (a) IN GENERAL.—Part VII of subchapter B of chap-  
4 ter 1 of the Internal Revenue Code of 1986 (relating to  
5 additional itemized deductions for individuals) is amended  
6 by redesignating section 224 as section 225 and by insert-  
7 ing after section 223 the following new section:

8 **“SEC. 224. PREMIUMS FOR HIGH DEDUCTIBLE HEALTH**  
9 **PLANS.**

10 “(a) DEDUCTION ALLOWED.—In the case of an indi-  
11 vidual, there shall be allowed as a deduction for the tax-  
12 able year the aggregate amount paid by such individual  
13 as premiums under a high deductible health plan with re-  
14 spect to months during such year for which such indi-  
15 vidual is an eligible individual with respect to such health  
16 plan.

17 “(b) DEFINITIONS.—For purposes of this section—

18 “(1) ELIGIBLE INDIVIDUAL.—The term ‘eligible  
19 individual’ has the meaning given such term by sec-  
20 tion 223(c)(1).

21 “(2) HIGH DEDUCTIBLE HEALTH PLAN.—The  
22 term ‘high deductible health plan’ has the meaning  
23 given such term by section 223(c)(2).

24 “(c) SPECIAL RULES.—

25 “(1) DEDUCTION ALLOWABLE FOR ONLY 1  
26 PLAN.—For purposes of this section, in the case of

1 an individual covered by more than 1 high deductible  
2 health plan for any month, the individual may only  
3 take into account amounts paid for 1 of such plans  
4 for such month.

5 “(2) EMPLOYER PROVIDED COVERAGE.—

6 “(A) IN GENERAL.—No deduction shall be  
7 allowed to an individual under subsection (a)  
8 for any amount paid for coverage under a high  
9 deductible health plan for a month if that indi-  
10 vidual participates in any coverage for such  
11 month that is excluded (in whole or in part)  
12 from the gross income of the individual or the  
13 individual’s spouse under section 106.

14 “(B) CAFETERIA PLANS, ETC.—Employer  
15 contributions to a cafeteria plan or a flexible  
16 spending or similar arrangement which are ex-  
17 cluded from gross income under section 106  
18 shall be treated for purposes of this section as  
19 paid by the employer.

20 “(3) CONTRIBUTIONS TO HEALTH SAVINGS AC-  
21 COUNT REQUIRED.—A deduction shall not be al-  
22 lowed under subsection (a) for a taxable year with  
23 respect to such individual if such individual is not al-  
24 lowed a deduction under section 223 for such tax-  
25 able year.

1           “(4) MEDICAL AND HEALTH SAVINGS AC-  
2           COUNTS.—Subsection (a) shall not apply with re-  
3           spect to any amount which is paid or distributed out  
4           of an Archer MSA or a health savings account which  
5           is not included in gross income under section 220(f)  
6           or 223(f), as the case may be.

7           “(5) COORDINATION WITH DEDUCTION FOR  
8           HEALTH INSURANCE OF SELF-EMPLOYED INDIVID-  
9           UALS.—The amount taken into account by the tax-  
10          payer in computing the deduction under section  
11          162(l) shall not be taken into account under this  
12          section.

13          “(6) COORDINATION WITH MEDICAL EXPENSE  
14          DEDUCTION.—The amount taken into account by  
15          the taxpayer in computing the deduction under this  
16          section shall not be taken into account under section  
17          213.”.

18          (b) DEDUCTION ALLOWED WHETHER OR NOT INDI-  
19          VIDUAL ITEMIZES OTHER DEDUCTIONS.—Subsection (a)  
20          of section 62 of such Code is amended by inserting after  
21          paragraph (19) the following new paragraph:

22          “(20) PREMIUMS FOR HIGH DEDUCTIBLE  
23          HEALTH PLANS.—The deduction allowed by section  
24          224.”.

1           (c) CLERICAL AMENDMENT.—The table of sections  
2 for part VII of subchapter B of chapter 1 of such Code  
3 is amended by striking the last item and inserting the fol-  
4 lowing new items:

“Sec. 224. Premiums for high deductible health plans.

“Sec. 225. Cross reference.”.

5           (d) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply to taxable years beginning after  
7 December 31, 2003.

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