

COMMITTEE PRINT

Budget Reconciliation Legislative Recommendations Relating to Repeal and Replace of Health-Related Tax Policy

1 **Subtitle _____—Repeal and Replace**
2 **of Health-Related Tax Policy**

3 **SEC. __01. RECAPTURE EXCESS ADVANCE PAYMENTS OF**
4 **PREMIUM TAX CREDITS.**

5 Subparagraph (B) of section 36B(f)(2) of the Inter-
6 nal Revenue Code of 1986 is amended by adding at the
7 end the following new clause:

8 “(iii) NONAPPLICABILITY OF LIMITA-
9 TION.—This subparagraph shall not apply
10 to taxable years beginning after December
11 31, 2017, and before January 1, 2020.”

12 **SEC. __02. ADDITIONAL MODIFICATIONS TO PREMIUM TAX**
13 **CREDIT.**

14 (a) MODIFICATION OF DEFINITION OF QUALIFIED
15 HEALTH PLAN.—

16 (1) IN GENERAL.—Section 36B(e)(3)(A) of the
17 Internal Revenue Code of 1986 is amended—

18 (A) by inserting “(determined without re-
19 gard to subparagraphs (A), (C)(ii), and (C)(iv)
20 of paragraph (1) thereof and without regard to
21 whether the plan is offered on an Exchange)”

1 after “1301(a) of the Patient Protection and
2 Affordable Care Act”, and

3 (B) by striking “shall not include” and all
4 that follows and inserting “shall not include any
5 health plan that—

6 “(i) is a grandfathered health plan or
7 a grandmothers health plan, or

8 “(ii) includes coverage for abortions
9 (other than any abortion necessary to save
10 the life of the mother or any abortion with
11 respect to a pregnancy that is the result of
12 an act of rape or incest).”.

13 (2) DEFINITION OF GRANDMOTHERED HEALTH
14 PLAN.—Section 36B(c)(3) of such Code is amended
15 by adding at the end the following new subpara-
16 graph:

17 “(C) GRANDMOTHERED HEALTH PLAN.—

18 “(i) IN GENERAL.—The term
19 ‘grandmothered health plan’ means health
20 insurance coverage which is offered in the
21 individual health insurance market as of
22 January 1, 2013, and is permitted to be
23 offered in such market after January 1,
24 2014, as a result of CCIIO guidance.

1 “(ii) CCIIO GUIDANCE DEFINED.—
2 The term ‘CCIIO guidance’ means the let-
3 ter issued by the Centers for Medicare &
4 Medicaid Services on November 14, 2013,
5 to the State Insurance Commissioners out-
6 lining a transitional policy for non-grand-
7 fathered coverage in the individual health
8 insurance market, as subsequently ex-
9 tended and modified (including by a com-
10 munication entitled ‘Insurance Standards
11 Bulletin Series—INFORMATION—Ex-
12 tension of Transitional Policy through Cal-
13 endar Year 2017’ issued on February 29,
14 2016, by the Director of the Center for
15 Consumer Information & Insurance Over-
16 sight of such Centers).

17 “(iii) INDIVIDUAL HEALTH INSUR-
18 ANCE MARKET.—The term ‘individual
19 health insurance market’ means the mar-
20 ket for health insurance coverage (as de-
21 fined in section 9832(b)) offered to individ-
22 uals other than in connection with a group
23 health plan (within the meaning of section
24 5000(b)(1)).”.

1 (3) CONFORMING AMENDMENT RELATED TO
2 ABORTION COVERAGE.—Section 36B(c)(3) of such
3 Code, as amended by paragraph (2), is amended by
4 adding at the end the following new subparagraph:

5 “(D) CERTAIN RULES RELATED TO ABOR-
6 TION.—

7 “(i) OPTION TO PURCHASE SEPARATE
8 COVERAGE OR PLAN.—Nothing in subpara-
9 graph (A) shall be construed as prohibiting
10 any individual from purchasing separate
11 coverage for abortions described in such
12 subparagraph, or a health plan that in-
13 cludes such abortions, so long as no credit
14 is allowed under this section with respect
15 to the premiums for such coverage or plan.

16 “(ii) OPTION TO OFFER COVERAGE OR
17 PLAN.—Nothing in subparagraph (A) shall
18 restrict any health insurance issuer offer-
19 ing a health plan from offering separate
20 coverage for abortions described in such
21 subparagraph, or a plan that includes such
22 abortions, so long as premiums for such
23 separate coverage or plan are not paid for
24 with any amount attributable to the credit
25 allowed under this section (or the amount

1 of any advance payment of the credit
2 under section 1412 of the Patient Protec-
3 tion and Affordable Care Act).

4 “(iii) OTHER TREATMENTS.—The
5 treatment of any infection, injury, disease,
6 or disorder that has been caused by or ex-
7 acerbated by the performance of an abor-
8 tion shall not be treated as an abortion for
9 purposes of subparagraph (A).”.

10 (4) CONFORMING AMENDMENTS RELATED TO
11 OFF-EXCHANGE COVERAGE.—

12 (A) ADVANCE PAYMENT NOT APPLICA-
13 BLE.—Section 1412 of the Patient Protection
14 and Affordable Care Act is amended by adding
15 at the end the following new subsection:

16 “(f) EXCLUSION OF OFF-EXCHANGE COVERAGE.—
17 Advance payments under this section (and advance deter-
18 minations under section 1411) shall not be made with re-
19 spect to any health plan which is not enrolled in through
20 an Exchange.”.

21 (B) REPORTING.—Section 6055(b) of the
22 Internal Revenue Code of 1986 is amended by
23 adding at the end the following new paragraph:

24 “(3) INFORMATION RELATING TO OFF-EX-
25 CHANGE PREMIUM CREDIT ELIGIBLE COVERAGE.—If

1 minimum essential coverage provided to an indi-
2 vidual under subsection (a) consists of a qualified
3 health plan (as defined in section 36B(c)(3)) which
4 is not enrolled in through an Exchange established
5 under title I of the Patient Protection and Afford-
6 able Care Act, a return described in this subsection
7 shall include—

8 “(A) a statement that such plan is a quali-
9 fied health plan (as defined in section
10 36B(c)(3)),

11 “(B) the premiums paid with respect to
12 such coverage,

13 “(C) the months during which such cov-
14 erage is provided to the individual,

15 “(D) the adjusted monthly premium for
16 the applicable second lowest cost silver plan (as
17 defined in section 36B(b)(3)) for each such
18 month with respect to such individual, and

19 “(E) such other information as the Sec-
20 retary may prescribe.

21 This paragraph shall not apply with respect to cov-
22 erage provided for any month beginning after De-
23 cember 31, 2019.”.

24 (C) OTHER CONFORMING AMENDMENTS.—

1 (i) Section 36B(b)(2)(A) is amended
2 by striking “and which were enrolled” and
3 all that follows and inserting “, or”.

4 (ii) Section 36B(b)(3)(B)(i) is amend-
5 ed by striking “the same Exchange” and
6 all that follows and inserting “the Ex-
7 change through which such taxpayer is
8 permitted to obtain coverage, and”.

9 (b) MODIFICATION OF APPLICABLE PERCENTAGE.—
10 Section 36B(b)(3)(A) of such Code is amended to read
11 as follows:

12 “(A) APPLICABLE PERCENTAGE.—

13 “(i) IN GENERAL.—The applicable
14 percentage for any taxable year shall be
15 the percentage such that the applicable
16 percentage for any taxpayer whose house-
17 hold income is within an income tier speci-
18 fied in the following table shall increase, on
19 a sliding scale in a linear manner, from the
20 initial percentage to the final percentage
21 specified in such table for such income tier
22 with respect to a taxpayer of the age in-
23 volved:

“In the case of household income (expressed as a percent of the poverty line) within the following income tier:	Up to Age 29		Age 30-39		Age 40-49		Age 50-59		Over Age 59	
	Initial %	Final %	Initial %	Final %	Initial %	Final %	Initial %	Final %	Initial %	Final %
Up to 133%	2	2	2	2	2	2	2	2	2	2
133%-150%	3	4	3	4	3	4	3	4	3	4
150%-200%	4	4.3	4	5.3	4	6.3	4	7.3	4	8.3
200%-250%	4.3	4.3	5.3	5.9	6.3	8.05	7.3	9	8.3	10
250%-300%	4.3	4.3	5.9	5.9	8.05	8.35	9	10.5	10	11.5
300%-400%	4.3	4.3	5.9	5.9	8.35	8.35	10.5	10.5	11.5	11.5

1 “(ii) AGE DETERMINATIONS.—

2 “(I) IN GENERAL.—For purposes
3 of clause (i), the age of the taxpayer
4 taken into account under clause (i)
5 with respect to any taxable year is the
6 age attained by such taxpayer before
7 the close of such taxable year.

8 “(II) JOINT RETURNS.—In the
9 case of a joint return, the age of the
10 older spouse shall be taken into ac-
11 count under clause (i).

12 “(iii) INDEXING.—In the case of any
13 taxable year beginning in calendar year
14 2019, the initial and final percentages con-
15 tained in clause (i) shall be adjusted to re-
16 flect—

17 “(I) the excess (if any) of the
18 rate of premium growth for the period
19 beginning with calendar year 2013
20 and ending with calendar year 2018,

1 over the rate of income growth for
2 such period, and

3 “(II) in addition to any adjust-
4 ment under subclause (I), the excess
5 (if any) of the rate of premium
6 growth for calendar year 2018, over
7 the rate of growth in the consumer
8 price index for calendar year 2018.

9 “(iv) FAILSAFE.—Clause (iii)(II) shall
10 apply for only if the aggregate amount of
11 premium tax credits under this section and
12 cost-sharing reductions under section 1402
13 of the Patient Protection and Affordable
14 Care Act for calendar year 2018 exceeds
15 an amount equal to 0.504 percent of the
16 gross domestic product for such calendar
17 year.”.

18 (b) EFFECTIVE DATE.—

19 (1) IN GENERAL.—Except as otherwise pro-
20 vided in this subsection, the amendments made by
21 this section shall apply to taxable years beginning
22 after December 31, 2017.

23 (2) ADVANCE PAYMENT NOT APPLICABLE TO
24 OFF-EXCHANGE COVERAGE.—The amendment made

1 by subsection (a)(4)(A) shall take effect on January
2 1, 2018.

3 (3) REPORTING.—The amendment made by
4 subsection (a)(4)(B) shall apply to coverage provided
5 for months beginning after December 31, 2017.

6 (4) MODIFICATION OF APPLICABLE PERCENT-
7 AGE.—The amendment made by subsection (b) shall
8 apply to taxable years beginning after December 31,
9 2018.

10 **SEC. 03. PREMIUM TAX CREDIT.**

11 (a) REPEAL OF PREMIUM TAX CREDIT.—Section
12 36B of the Internal Revenue Code of 1986 is amended
13 by adding at the end the following new subsection:

14 “(h) TERMINATION.—No credit shall be allowed
15 under this section with respect to any coverage month
16 which begins after December 31, 2019.”.

17 (b) REPEAL OF ADVANCE PAYMENT OF, AND ELIGI-
18 BILITY DETERMINATION FOR, PREMIUM TAX CREDIT.—
19 Section 1412 of the Patient Protection and Affordable
20 Care Act is amended by adding at the end the following
21 new subsection:

22 “(f) TERMINATION WITH RESPECT TO PREMIUM
23 TAX CREDIT.—Effective January 1, 2020, no provision of
24 this section or section 1411 shall apply to the credit al-
25 lowed under section 36B of the Internal Revenue Code of

1 1986 (or to the advance payment of, or determination of
2 eligibility for, such credit or payment).”.

3 (c) EFFECTIVE DATES.—

4 (1) PREMIUM TAX CREDIT.—The amendment
5 made by subsection (a) shall apply to months begin-
6 ning after December 31, 2019, in taxable years end-
7 ing after such date.

8 (2) ELIGIBILITY DETERMINATIONS.—The
9 amendment made by subsection (b) shall take effect
10 on January 1, 2020.

11 **SEC. 04. SMALL BUSINESS TAX CREDIT.**

12 (a) IN GENERAL.—Section 45R of the Internal Rev-
13 enue Code of 1986 is amended by adding at the end the
14 following new subsection:

15 “(j) SHALL NOT APPLY.—This section shall not
16 apply with respect to amounts paid or incurred in taxable
17 years beginning after December 31, 2019.”.

18 (b) DISALLOWANCE OF SMALL EMPLOYER HEALTH
19 INSURANCE EXPENSE CREDIT FOR PLAN WHICH IN-
20 CLUDES COVERAGE FOR ABORTION.—Subsection (h) of
21 section 45R of the Internal Revenue Code of 1986 is
22 amended—

23 (1) by striking “Any term” and inserting the
24 following:

25 “(1) IN GENERAL.—Any term”; and

1 (2) by adding at the end the following new
2 paragraph:

3 “(2) EXCLUSION OF HEALTH PLANS INCLUDING
4 COVERAGE FOR ABORTION.—

5 “(A) IN GENERAL.—The term ‘qualified
6 health plan’ does not include any health plan
7 that includes coverage for abortions (other than
8 any abortion necessary to save the life of the
9 mother or any abortion with respect to a preg-
10 nancy that is the result of an act of rape or in-
11 cest) .

12 “(B) CERTAIN RULES RELATED TO ABOR-
13 TION.—

14 “(i) OPTION TO PURCHASE SEPARATE
15 COVERAGE OR PLAN.—Nothing in subpara-
16 graph (A) shall be construed as prohibiting
17 any employer from purchasing for its em-
18 ployees separate coverage for abortions de-
19 scribed in such subparagraph, or a health
20 plan that includes such abortions, so long
21 as no credit is allowed under this section
22 with respect to the employer contributions
23 for such coverage or plan.

24 “(ii) OPTION TO OFFER COVERAGE OR
25 PLAN.—Nothing in subparagraph (A) shall

1 restrict any health insurance issuer offer-
2 ing a health plan from offering separate
3 coverage for abortions described in such
4 subparagraph, or a plan that includes such
5 abortions, so long as such separate cov-
6 erage or plan is not paid for with any em-
7 ployer contribution eligible for the credit
8 allowed under this section.

9 “(iii) OTHER TREATMENTS.—The
10 treatment of any infection, injury, disease,
11 or disorder that has been caused by or ex-
12 acerbated by the performance of an abor-
13 tion shall not be treated as an abortion for
14 purposes of subparagraph (A).”

15 (c) EFFECTIVE DATES.—

16 (1) IN GENERAL.—The amendment made by
17 subsection (a) shall apply to taxable years beginning
18 after December 31, 2019.

19 (2) DISALLOWANCE OF SMALL EMPLOYER
20 HEALTH INSURANCE EXPENSE CREDIT FOR PLAN
21 WHICH INCLUDES COVERAGE FOR ABORTION.—The
22 amendments made by subsection (b) shall apply to
23 taxable years beginning after December 31, 2017.

1 **SEC. __05. INDIVIDUAL MANDATE.**

2 (a) IN GENERAL.—Section 5000A(c) of the Internal
3 Revenue Code of 1986 is amended—

4 (1) in paragraph (2)(B)(iii), by striking “2.5
5 percent” and inserting “Zero percent”, and

6 (2) in paragraph (3)—

7 (A) by striking “\$695” in subparagraph

8 (A) and inserting “\$0”, and

9 (B) by striking subparagraph (D).

10 (b) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to months beginning after Decem-
12 ber 31, 2015.

13 **SEC. __06. EMPLOYER MANDATE.**

14 (a) IN GENERAL.—

15 (1) Paragraph (1) of section 4980H(c) of the
16 Internal Revenue Code of 1986 is amended by in-
17 serting “(\$0 in the case of months beginning after
18 December 31, 2015)” after “\$2,000”.

19 (2) Paragraph (1) of section 4980H(b) of the
20 Internal Revenue Code of 1986 is amended by in-
21 serting “(\$0 in the case of months beginning after
22 December 31, 2015)” after “\$3,000”.

23 (b) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to months beginning after Decem-
25 ber 31, 2015.

1 **SEC. __07. REPEAL OF THE TAX ON EMPLOYEE HEALTH IN-**
2 **SURANCE PREMIUMS AND HEALTH PLAN**
3 **BENEFITS.**

4 Section 4980I of the Internal Revenue Code of 1986
5 is amended by adding at the end the following new sub-
6 section:

7 “(h) SHALL NOT APPLY.—No tax shall be imposed
8 under this section with respect to any taxable period be-
9 ginning after December 31, 2019, and before January 1,
10 2025.”.

11 **SEC. __08. REPEAL OF TAX ON OVER-THE-COUNTER MEDI-**
12 **CATIONS.**

13 (a) HSAs.—Subparagraph (A) of section 223(d)(2)
14 of the Internal Revenue Code of 1986 is amended by strik-
15 ing “Such term” and all that follows through the period.

16 (b) ARCHER MSAs.—Subparagraph (A) of section
17 220(d)(2) of the Internal Revenue Code of 1986 is amend-
18 ed by striking “Such term” and all that follows through
19 the period.

20 (c) HEALTH FLEXIBLE SPENDING ARRANGEMENTS
21 AND HEALTH REIMBURSEMENT ARRANGEMENTS.—Sec-
22 tion 106 of the Internal Revenue Code of 1986 is amended
23 by striking subsection (f) and by redesignating subsection
24 (g) as subsection (f).

25 (d) EFFECTIVE DATES.—

1 (1) DISTRIBUTIONS FROM SAVINGS AC-
2 COUNTS.—The amendments made by subsections (a)
3 and (b) shall apply to amounts paid with respect to
4 taxable years beginning after December 31, 2017.

5 (2) REIMBURSEMENTS.—The amendment made
6 by subsection (c) shall apply to expenses incurred
7 with respect to taxable years beginning after Decem-
8 ber 31, 2017.

9 **SEC. __09. REPEAL OF INCREASE OF TAX ON HEALTH SAV-**
10 **INGS ACCOUNTS.**

11 (a) HSAs.—Section 223(f)(4)(A) of the Internal
12 Revenue Code of 1986 is amended by striking “20 per-
13 cent” and inserting “10 percent”.

14 (b) ARCHER MSAs.—Section 220(f)(4)(A) of the In-
15 ternal Revenue Code of 1986 is amended by striking “20
16 percent” and inserting “15 percent”.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to distributions made after Decem-
19 ber 31, 2017.

20 **SEC. __10. REPEAL OF LIMITATIONS ON CONTRIBUTIONS**
21 **TO FLEXIBLE SPENDING ACCOUNTS.**

22 (a) IN GENERAL.—Section 125 of the Internal Rev-
23 enue Code of 1986 is amended by striking subsection (i).

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to taxable years beginning after
3 December 31, 2017.

4 **SEC. __11. REPEAL OF MEDICAL DEVICE EXCISE TAX.**

5 Section 4191 of the Internal Revenue Code of 1986
6 is amended by adding at the end the following new sub-
7 section:

8 “(d) APPLICABILITY.—The tax imposed under sub-
9 section (a) shall not apply to sales after December 31,
10 2017.”.

11 **SEC. __12. REPEAL OF ELIMINATION OF DEDUCTION FOR**
12 **EXPENSES ALLOCABLE TO MEDICARE PART D**
13 **SUBSIDY.**

14 (a) IN GENERAL.—Section 139A of the Internal Rev-
15 enue Code of 1986 is amended by adding at the end the
16 following new sentence: “This section shall not be taken
17 into account for purposes of determining whether any de-
18 duction is allowable with respect to any cost taken into
19 account in determining such payment.”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 this section shall apply to taxable years beginning after
22 December 31, 2017.

1 **SEC. __13. REPEAL OF INCREASE IN INCOME THRESHOLD**
2 **FOR DETERMINING MEDICAL CARE DEDUC-**
3 **TION.**

4 (a) IN GENERAL.—Subsection (a) of section 213 of
5 the Internal Revenue Code of 1986 is amended by striking
6 “10 percent” and inserting “7.5 percent”.

7 (b) EXTENSION OF SPECIAL RULE.—Subsection (f)
8 of section 213 of such Code is amended—

9 (1) by striking “2017” and inserting “2018”,
10 and

11 (2) by striking “AND 2016” and inserting
12 “2016, AND 2017”.

13 (c) EFFECTIVE DATE.—

14 (1) IN GENERAL.—The amendment made by
15 subsection (a) shall apply to taxable years beginning
16 after December 31, 2017.

17 (2) EXTENSION OF SPECIAL RULE.—The
18 amendments made by subsection (b) shall apply to
19 taxable years beginning after December 31, 2016.

20 **SEC. __14. REPEAL OF MEDICARE TAX INCREASE.**

21 (a) IN GENERAL.—Subsection (b) of section 3101 of
22 the Internal Revenue Code of 1986 is amended to read
23 as follows:

24 “(b) HOSPITAL INSURANCE.—In addition to the tax
25 imposed by the preceding subsection, there is hereby im-
26 posed on the income of every individual a tax equal to 1.45

1 percent of the wages (as defined in section 3121(a)) re-
2 ceived by such individual with respect to employment (as
3 defined in section 3121(b)).”

4 (b) SECA.—Subsection (b) of section 1401 of the In-
5 ternal Revenue Code of 1986 is amended to read as fol-
6 lows:

7 “(b) HOSPITAL INSURANCE.—In addition to the tax
8 imposed by the preceding subsection, there shall be im-
9 posed for each taxable year, on the self-employment in-
10 come of every individual, a tax equal to 2.9 percent of the
11 amount of the self-employment income for such taxable
12 year.”

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall apply with respect to remuneration re-
15 ceived after, and taxable years beginning after, December
16 31, 2017.

17 **SEC. 15. REFUNDABLE TAX CREDIT FOR HEALTH INSUR-**
18 **ANCE COVERAGE.**

19 (a) IN GENERAL.—Subpart C of part IV of sub-
20 chapter A of chapter 1 of the Internal Revenue Code of
21 1986 is amended by inserting after section 36B the fol-
22 lowing new section:

23 **“SEC. 36C. HEALTH INSURANCE COVERAGE.**

24 “(a) IN GENERAL.—In the case of an individual,
25 there shall be allowed as a credit against the tax imposed

1 by this subtitle for the taxable year the sum of the month-
2 ly credit amounts with respect to such taxpayer for cal-
3 endar months during such taxable year.

4 “(b) MONTHLY CREDIT AMOUNTS.—

5 “(1) IN GENERAL.—The monthly credit amount
6 with respect to any taxpayer for any calendar month
7 is the lesser of—

8 “(A) the sum of the monthly limitation
9 amounts determined under subsection (c) with
10 respect to the taxpayer and the taxpayer’s
11 qualifying family members for such month, or

12 “(B) the amount paid for eligible health
13 insurance for the taxpayer and the taxpayer’s
14 qualifying family members for such month.

15 “(2) ELIGIBLE COVERAGE MONTH REQUIRE-
16 MENT.—No amount shall be taken into account
17 under subparagraph (A) or (B) of paragraph (1)
18 with respect to any individual for any month unless
19 such month is an eligible coverage month with re-
20 spect to such individual.

21 “(c) MONTHLY LIMITATION AMOUNTS.—

22 “(1) IN GENERAL.—The monthly limitation
23 amount with respect to any individual for any eligi-
24 ble coverage month during any taxable year is $\frac{1}{12}$
25 of—

1 “(A) \$2,000 in the case of an individual
2 who has not attained age 30 as of the begin-
3 ning of such taxable year,

4 “(B) \$2,500 in the case of an individual
5 who has attained age 30 but who has not at-
6 tained age 40 as of such time,

7 “(C) \$3,000 in the case of an individual
8 who has attained age 40 but who has not at-
9 tained age 50 as of such time,

10 “(D) \$3,500 in the case of an individual
11 who has attained age 50 but who has not at-
12 tained age 60 as of such time, and

13 “(E) \$4,000 in the case of an individual
14 who has attained age 60 as of such time.

15 “(2) LIMITATION BASED ON MODIFIED AD-
16 JUSTED GROSS INCOME.—

17 “(A) IN GENERAL.—The amount otherwise
18 determined under subsection (b)(1)(A) (without
19 regard to this subparagraph but after any other
20 adjustment of such amount under this section)
21 for the taxable year shall be reduced (but not
22 below zero) by 10 percent of the excess (if any)
23 of—

24 “(i) the taxpayer’s modified adjusted
25 gross income for such taxable year, over

1 “(ii) \$75,000 (twice such amount in
2 the case of a joint return).

3 “(B) MODIFIED ADJUSTED GROSS IN-
4 COME.—For purposes of this paragraph, the
5 term ‘modified adjusted gross income’ means
6 adjusted gross income increased by—

7 “(i) any amount excluded from gross
8 income under section 911,

9 “(ii) any amount of interest received
10 or accrued by the taxpayer during the tax-
11 able year which is exempt from tax, and

12 “(iii) an amount equal to the portion
13 of the taxpayer’s social security benefits
14 (as defined in section 86(d)) which is not
15 included in gross income under section 86
16 for the taxable year.

17 “(3) OTHER LIMITATIONS.—

18 “(A) AGGREGATE DOLLAR LIMITATION.—
19 The sum of the monthly limitation amounts
20 taken into account under this section with re-
21 spect to any taxpayer for any taxable year shall
22 not exceed \$14,000.

23 “(B) MAXIMUM NUMBER OF INDIVIDUALS
24 TAKEN INTO ACCOUNT.—With respect to any
25 taxpayer for any month, monthly limitation

1 amounts shall be taken into account under this
2 section only with respect to the 5 oldest individ-
3 uals with respect to whom monthly limitation
4 amounts could (without regard to this subpara-
5 graph) otherwise be so taken into account.

6 “(d) ELIGIBLE COVERAGE MONTH.—For purposes of
7 this section, the term ‘eligible coverage month’ means,
8 with respect to any individual, any month if, as of the first
9 day of such month, the individual—

10 “(1) is covered by eligible health insurance,

11 “(2) is not eligible for other specified coverage,

12 “(3) is either—

13 “(A) a citizen or national of the United
14 States, or

15 “(B) a qualified alien (within the meaning
16 of section 431 of the Personal Responsibility
17 and Work Opportunity Reconciliation Act of
18 1996 (8 U.S.C. 1641)), and

19 “(4) is not incarcerated, other than incarcer-
20 ation pending the disposition of charges.

21 “(e) QUALIFYING FAMILY MEMBER.—For purposes
22 of this section, the term ‘qualifying family member’
23 means—

24 “(1) in the case of a joint return, the taxpayer’s
25 spouse,

1 “(2) any dependent of the taxpayer, and

2 “(3) with respect to any eligible coverage
3 month, any child (as defined in section 152(f)(1)) of
4 the taxpayer who as of the end of the taxable year
5 has not attained age 27 if such child is covered for
6 such month under eligible health insurance which
7 also covers the taxpayer (in the case of a joint re-
8 turn, either spouse).

9 “(f) ELIGIBLE HEALTH INSURANCE.—For purposes
10 of this section—

11 “(1) IN GENERAL.—The term ‘eligible health
12 insurance’ means any health insurance coverage (as
13 defined in section 9832(b)) if—

14 “(A) such coverage is either—

15 “(i) offered in the individual health
16 insurance market within a State, or

17 “(ii) is unsubsidized COBRA continu-
18 ation coverage,

19 “(B) such coverage is not a grandfathered
20 health plan (as defined in section 1251 of the
21 Patient Protection and Affordable Care Act) or
22 a grandmothers health plan,

23 “(C) substantially all of such coverage is
24 not of excepted benefits described in section
25 9832(c),

1 “(D) such coverage does not include cov-
2 erage for abortions (other than any abortion
3 necessary to save the life of the mother or any
4 abortion with respect to a pregnancy that is the
5 result of an act of rape or incest), and

6 “(E) the State in which such insurance is
7 offered certifies that such coverage meets the
8 requirements of this paragraph.

9 “(2) RULES RELATED TO STATE CERTIFI-
10 CATION.—

11 “(A) CERTIFICATION MADE AVAILABLE TO
12 PUBLIC.—A certification shall not be taken into
13 account under paragraph (1)(E) unless such
14 certification is made available to the public and
15 meets such other requirements as the Secretary
16 may provide.

17 “(B) SPECIAL RULE FOR UNSUBSIDIZED
18 COBRA CONTINUATION COVERAGE.—In the case
19 of unsubsidized COBRA continuation cov-
20 erage—

21 “(i) paragraph (1)(E) shall be applied
22 by substituting ‘the plan administrator (as
23 defined in section 414(g)) of the health
24 plan’ for ‘the State in which such insur-
25 ance is offered’, and

1 “(ii) the requirements of subpara-
2 graph (A) shall be treated as satisfied if
3 the certification meets such requirements
4 as the Secretary may provide.

5 “(3) GRANDMOTHERED HEALTH PLAN.—

6 “(A) IN GENERAL.—The term
7 ‘grandmothered health plan’ means health in-
8 surance coverage which is offered in the indi-
9 vidual health insurance market as of January 1,
10 2013, and is permitted to be offered in such
11 market after January 1, 2014, as a result of
12 CCIIO guidance.

13 “(B) CCIIO GUIDANCE DEFINED.—The
14 term ‘CCIIO guidance’ means the letter issued
15 by the Centers for Medicare & Medicaid Serv-
16 ices on November 14, 2013, to the State Insur-
17 ance Commissioners outlining a transitional pol-
18 icy for non-grandfathered coverage in the indi-
19 vidual health insurance market, as subsequently
20 extended and modified (including by a commu-
21 nication entitled ‘Insurance Standards Bulletin
22 Series—INFORMATION—Extension of Tran-
23 sitional Policy through Calendar Year 2017’
24 issued on February 29, 2016, by the Director

1 of the Center for Consumer Information & In-
2 surance Oversight of such Centers).

3 “(4) INDIVIDUAL HEALTH INSURANCE MAR-
4 KET.—The term ‘individual health insurance mar-
5 ket’ means the market for health insurance coverage
6 (as defined in section 9832(b)) offered to individuals
7 other than in connection with a group health plan
8 (within the meaning of section 5000(b)(1)).

9 “(g) OTHER SPECIFIED COVERAGE.—For purposes
10 of this section—

11 “(1) IN GENERAL.—The term ‘other specified
12 coverage’ means any of the following:

13 “(A) Coverage under a group health plan
14 (within the meaning of section 5000(b)(1))
15 other than—

16 “(i) coverage under a plan substan-
17 tially all of the coverage of which is of ex-
18 cepted benefits described in section
19 9832(c), and

20 “(ii) COBRA continuation coverage.

21 “(B) Coverage under the Medicare pro-
22 gram under part A of title XVIII of the Social
23 Security Act.

1 “(C) Coverage under the Medicaid pro-
2 gram under title XIX of the Social Security
3 Act.

4 “(D) Coverage under the CHIP program
5 under title XXI of the Social Security Act.

6 “(E) Medical coverage under chapter 55 of
7 title 10, United States Code, including coverage
8 under the TRICARE program.

9 “(F) Coverage under a health care pro-
10 gram under chapter 17 or 18 of title 38, United
11 States Code, as determined by the Secretary of
12 Veterans Affairs, in coordination with the Sec-
13 retary of Health and Human Services and the
14 Secretary of the Treasury.

15 “(G) Coverage under a health plan under
16 section 2504(e) of title 22, United States Code
17 (relating to Peace Corps volunteers).

18 “(H) Coverage under the Nonappropriated
19 Fund Health Benefits Program of the Depart-
20 ment of Defense, established under section 349
21 of the National Defense Authorization Act for
22 Fiscal Year 1995 (Public Law 103–337; 10
23 U.S.C. 1587 note).

24 “(2) SPECIAL RULE WITH RESPECT TO VET-
25 ERANS HEALTH PROGRAMS.—In the case of other

1 specified coverage described in paragraph (1)(F), an
2 individual shall not be treated as eligible for such
3 coverage unless such individual is enrolled in such
4 coverage.

5 “(h) UNSUBSIDIZED COBRA CONTINUATION COV-
6 ERAGE.—For purposes of this section—

7 “(1) IN GENERAL.—The term ‘unsubsidized
8 COBRA continuation coverage’ means COBRA con-
9 tinuation coverage no portion of the premiums for
10 which are subsidized by the employer.

11 “(2) COBRA CONTINUATION COVERAGE.—The
12 term ‘COBRA continuation coverage’ means con-
13 tinuation coverage provided pursuant to part 6 of
14 subtitle B of title I of the Employee Retirement In-
15 come Security Act of 1974 (other than under section
16 609), title XXII of the Public Health Service Act,
17 section 4980B of the Internal Revenue Code of 1986
18 (other than subsection (f)(1) of such section insofar
19 as it relates to pediatric vaccines), or section 8905a
20 of title 5, United States Code, or under a State pro-
21 gram that provides comparable continuation cov-
22 erage. Such term shall not include coverage under a
23 health flexible spending arrangement.

24 “(i) SPECIAL RULES.—

1 “(1) MARRIED COUPLES MUST FILE JOINT RE-
2 TURN.—If the taxpayer is married (within the mean-
3 ing of section 7703) at the close of the taxable year,
4 no credit shall be allowed under this section to such
5 taxpayer unless such taxpayer and the taxpayer’s
6 spouse file a joint return for such taxable year.

7 “(2) DENIAL OF CREDIT TO DEPENDENTS.—

8 “(A) IN GENERAL.—No credit shall be al-
9 lowed under this section to any individual who
10 is a dependent with respect to another taxpayer
11 for a taxable year beginning in the calendar
12 year in which such individual’s taxable year be-
13 gins.

14 “(B) COORDINATION WITH RULE FOR
15 OLDER CHILDREN.—In the case of any indi-
16 vidual who is a qualifying family member de-
17 scribed in subsection (e)(3) with respect to an-
18 other taxpayer for any month, in determining
19 the amount of any credit allowable to such indi-
20 vidual under this section for any taxable year of
21 such individual which includes such month, the
22 monthly limitation amount with respect to such
23 individual for such month shall be zero and no
24 amount paid for eligible health insurance with

1 respect to such individual for such month shall
2 be taken into account.

3 “(3) COORDINATION WITH MEDICAL EXPENSE
4 DEDUCTION.—Amounts described in subsection
5 (b)(1)(B) with respect to any month shall not be
6 taken into account in determining the deduction al-
7 lowed under section 213 except to the extent that
8 such amounts exceed the amount described in sub-
9 section (b)(1)(A) with respect to such month.

10 “(4) INSURANCE WHICH COVERS OTHER INDI-
11 VIDUALS.—For purposes of this section, rules simi-
12 lar to the rules of section 213(d)(6) shall apply with
13 respect to any contract for eligible health insurance
14 under which amounts are payable for coverage of an
15 individual other than the taxpayer and the tax-
16 payer’s qualifying family members.

17 “(5) COORDINATION WITH ADVANCE PAYMENTS
18 OF CREDIT.—With respect to any taxable year—

19 “(A) the amount which would (but for this
20 subsection) be allowed as a credit to the tax-
21 payer under subsection (a) shall be reduced
22 (but not below zero) by the aggregate amount
23 paid on behalf of such taxpayer under section
24 7529 for months beginning in such taxable
25 year, and

1 “(B) the tax imposed by section 1 for such
2 taxable year shall be increased by the excess (if
3 any) of—

4 “(i) the aggregate amount paid on be-
5 half of such taxpayer under section 7529
6 for months beginning in such taxable year,
7 over

8 “(ii) the amount which would (but for
9 this subsection) be allowed as a credit to
10 the taxpayer under subsection (a).

11 “(6) SPECIAL RULES FOR QUALIFIED SMALL
12 EMPLOYER HEALTH REIMBURSEMENT ARRANGE-
13 MENTS.—

14 “(A) IN GENERAL.—If the taxpayer or any
15 qualifying family member of the taxpayer is
16 provided a qualified small employer health reim-
17 bursement arrangement for any eligible cov-
18 erage month, the sum determined under sub-
19 section (b)(1)(A) with respect to the taxpayer
20 for such month shall be reduced (but not below
21 zero) by $\frac{1}{12}$ of the permitted benefit (as de-
22 fined in section 9831(d)(3)(C)) under such ar-
23 rangement.

24 “(B) QUALIFIED SMALL EMPLOYER
25 HEALTH REIMBURSEMENT ARRANGEMENT.—

1 For purposes of this paragraph, the term
2 ‘qualified small employer health reimbursement
3 arrangement’ has the meaning given such term
4 by section 9831(d)(2).

5 “(C) COVERAGE FOR LESS THAN ENTIRE
6 YEAR.—In the case of an employee who is pro-
7 vided a qualified small employer health reim-
8 bursement arrangement for less than an entire
9 year, subparagraph (A) shall be applied by sub-
10 stituting ‘the number of months during the year
11 for which such arrangement was provided’ for
12 ‘12’.

13 “(7) CERTAIN RULES RELATED TO ABOR-
14 TION.—

15 “(A) OPTION TO PURCHASE SEPARATE
16 COVERAGE OR PLAN.—Nothing in subsection
17 (f)(1)(D) shall be construed as prohibiting any
18 individual from purchasing separate coverage
19 for abortions described in such subparagraph,
20 or a health plan that includes such abortions, so
21 long as no credit is allowed under this section
22 with respect to the premiums for such coverage
23 or plan.

24 “(B) OPTION TO OFFER COVERAGE OR
25 PLAN.—Nothing in subsection (f)(1)(D) shall

1 restrict any health insurance issuer offering a
2 health plan from offering separate coverage for
3 abortions described in such clause, or a plan
4 that includes such abortions, so long as pre-
5 miums for such separate coverage or plan are
6 not paid for with any amount attributable to
7 the credit allowed under this section.

8 “(C) OTHER TREATMENTS.—The treat-
9 ment of any infection, injury, disease, or dis-
10 order that has been caused by or exacerbated
11 by the performance of an abortion shall not be
12 treated as an abortion for purposes of sub-
13 section (f)(1)(D).

14 “(8) INFLATION ADJUSTMENT.—

15 “(A) IN GENERAL.—In the case of any
16 taxable year beginning in a calendar year after
17 2020, each dollar amount in subsection (c)(1),
18 the \$75,000 amount in subsection (c)(2)(A)(ii),
19 and the dollar amount in subsection (c)(3)(A),
20 shall be increased by an amount equal to—

21 “(i) such dollar amount, multiplied by

22 “(ii) the cost-of-living adjustment de-
23 termined under section 1(f)(3) for the cal-
24 endar year in which the taxable year be-
25 gins, determined—

1 “(I) by substituting ‘calendar
2 year 2019’ for ‘calendar year 1992’ in
3 subparagraph (B) thereof, and

4 “(II) by substituting for the CPI
5 referred to section 1(f)(3)(A) the
6 amount that such CPI would have
7 been if the annual percentage increase
8 in CPI with respect to each year after
9 2019 had been one percentage point
10 greater.

11 “(B) TERMS RELATED TO CPI.—

12 “(i) ANNUAL PERCENTAGE IN-
13 CREASE.—For purposes of subparagraph
14 (A)(ii)(II), the term ‘annual percentage in-
15 crease’ means the percentage (if any) by
16 which CPI for any year exceeds CPI for
17 the prior year.

18 “(ii) OTHER TERMS.—Terms used in
19 this paragraph which are also used in sec-
20 tion 1(f)(3) shall have the same meanings
21 as when used in such section.

22 “(C) ROUNDING.—Any increase deter-
23 mined under subparagraph (A) shall be rounded
24 to the nearest multiple of \$50.

1 “(9) REGULATIONS.—The Secretary may pre-
2 scribe such regulations and other guidance as may
3 be necessary or appropriate to carry out this section,
4 section 6050W, and section 7529.”.

5 (b) ADVANCE PAYMENT OF CREDIT; EXCESS
6 HEALTH INSURANCE COVERAGE CREDIT PAYABLE TO
7 HEALTH SAVINGS ACCOUNT.—Chapter 77 of such Code
8 is amended by adding at the end the following:

9 **“SEC. 7529. ADVANCE PAYMENT OF HEALTH INSURANCE**
10 **COVERAGE CREDIT.**

11 “(a) GENERAL RULE.—Not later than January 1,
12 2020, the Secretary, in consultation with the Secretary of
13 Health and Human Services, the Secretary of Homeland
14 Security, and the Commissioner of Social Security, shall
15 establish a program (hereafter in this section referred to
16 as the ‘advance payment program’) for making payments
17 to providers of eligible health insurance on behalf of tax-
18 payers eligible for the credit under section 36C.

19 “(b) LIMITATION.—The aggregate payments made
20 under this section with respect to any taxpayer, deter-
21 mined as of any time during any calendar year, shall not
22 exceed the monthly credit amounts determined with re-
23 spect to such taxpayer under section 36C for months dur-
24 ing such calendar year which have ended as of such time.

25 “(c) ADMINISTRATION.—

1 “(1) IN GENERAL.—The advance payment pro-
2 gram shall, to the greatest extent practicable, use
3 the methods and procedures used to administer the
4 programs created under sections 1411 and 1412 of
5 the Patient Protection and Affordable Care Act (de-
6 termined without regard to section 1412(f) of such
7 Act) and each entity that is authorized to take any
8 actions under the programs created under such sec-
9 tions (as so determined) shall, at the request of the
10 Secretary, take such actions to the extent necessary
11 to carry out this section.

12 “(2) APPLICATION TO OFF-EXCHANGE COV-
13 ERAGE.—Except as otherwise provided by the Sec-
14 retary, for purposes of applying this subsection in
15 the case of eligible health insurance which is not en-
16 rolled in through an Exchange established under
17 title I of the Patient Protection and Affordable Care
18 Act, the sections referred to in paragraph (1) shall
19 be applied by treating references in such sections to
20 an Exchange as references to the provider of such
21 eligible health insurance (or, as the Secretary deter-
22 mines appropriate, to the licensed agent or broker
23 with respect to such insurance), except that the Sec-
24 retary of Health and Human Services shall carry out
25 the responsibilities of the Exchange under section

1 1411(e)(4) of the Patient Protection and Affordable
2 Care Act (determined without regard to section
3 1412(f) of such Act) in the case of such insurance.

4 “(3) DOCUMENTATION REGARDING OTHER
5 SPECIFIED COVERAGE.—

6 “(A) IN GENERAL.—The advance payment
7 program shall provide that any individual ap-
8 plying to have payments made on their behalf
9 under such program shall, if such individual (or
10 any qualifying family member of such individual
11 taken into account in determining the amount
12 of the credit allowable under section 36C) is
13 employed, submit a written statement from
14 each employer of such individual or such quali-
15 fying family member stating whether such indi-
16 vidual or qualifying family member (as the case
17 may be) is eligible for other specified coverage
18 in connection with such employment.

19 “(B) ISSUANCE OF STATEMENTS.—An em-
20 ployer shall, at the request of any employee,
21 provide the statement under subparagraph (A)
22 at such time, and in such form and manner, as
23 the Secretary may provide.

24 “(d) DEFINITIONS.—For purposes of this section,
25 terms used in this section which are also used in section

1 36C shall have the same meaning as when used in section
2 36C.

3 **“SEC. 7530. EXCESS HEALTH INSURANCE COVERAGE CRED-
4 IT PAYABLE TO HEALTH SAVINGS ACCOUNT.**

5 “(a) IN GENERAL.—At the request of an eligible tax-
6 payer, the Secretary shall make a payment to the trustee
7 of the designated health savings account with respect to
8 such taxpayer in an amount equal to the sum of the ex-
9 cesses (if any) described in subsection (c)(2) with respect
10 to months in the taxable year.

11 “(b) DESIGNATED HEALTH SAVINGS ACCOUNT.—
12 The term ‘designated health savings account’ means a
13 health savings account of an individual described in sub-
14 section (c)(3) which is identified by the eligible taxpayer
15 for purposes of this section.

16 “(c) ELIGIBLE TAXPAYER.—The term ‘eligible tax-
17 payer’ means, with respect to any taxable year, any tax-
18 payer if—

19 “(1) such taxpayer is allowed a credit under
20 section 36C for such taxable year,

21 “(2) the amount described in subparagraph (A)
22 of section 36C(b)(1) exceeds the amount described
23 in subparagraph (B) of such section with respect to
24 such taxpayer applied with respect to any month
25 during such taxable year, and

1 “(3) the taxpayer or one or more of the tax-
2 payer’s qualifying family members (as defined in
3 section 36C(e)) were eligible individuals (as defined
4 in section 223(c)(1)) for one or more months during
5 such taxable year.

6 “(d) CONTRIBUTIONS TREATED AS ROLLOVERS,
7 ETC.—

8 “(1) IN GENERAL.—Any amount paid the Sec-
9 retary to a health savings account under this section
10 shall be treated for purposes of this title in the same
11 manner as a rollover contribution described in sec-
12 tion 223(f)(5).

13 “(2) COORDINATION WITH LIMITATION ON
14 ROLLOVERS.—Any amount described in paragraph
15 (1) shall not be taken into account in applying sec-
16 tion 223(f)(5)(B) with respect to any other amount
17 and the limitation of section 223(f)(5)(B) shall not
18 apply with respect to the application of paragraph
19 (1).

20 “(e) FORM AND MANNER OF REQUEST.—The re-
21 quest referred to in subsection (a) shall be made at such
22 time and in such form and manner as the Secretary may
23 provide. To the extent that the Secretary determines fea-
24 sible, such request may identify more than one designated
25 health savings account (and the amount to be paid to each

1 such account) provided that the aggregate of such pay-
2 ments with respect to any taxpayer for any taxable year
3 do not exceed the excess described in subsection (c)(2).

4 “(f) TAXPAYERS WITH SERIOUSLY DELINQUENT
5 TAX DEBT.—In the case of an individual who has a seri-
6 ously delinquent tax debt (as defined in section 7345(b))
7 which has not been fully satisfied—

8 “(1) if such individual is the eligible taxpayer
9 (or, in the case of a joint return, either spouse), the
10 Secretary shall not make any payment under this
11 section with respect to such taxpayer, and

12 “(2) if such individual is the account bene-
13 ficiary (as defined in section 223(d)(3)) of any
14 health savings account, the Secretary shall not make
15 any payment under this section to such health sav-
16 ings account.

17 “(g) ADVANCE PAYMENT.—To the extent that the
18 Secretary determines feasible, payment under this section
19 may be made in advance on a monthly basis under rules
20 similar to the rules of sections 7529 and 36C(i)(5)(B).”.

21 (c) INFORMATION REPORTING.—

22 (1) REPORTING BY HEALTH INSURANCE PRO-
23 VIDERS.—Subpart B of part III of subchapter A of
24 chapter 61 of such Code is amended by adding at
25 the end the following new sections:

1 **“SEC. 6050X. RETURNS BY HEALTH INSURANCE PROVIDERS**
2 **RELATING TO HEALTH INSURANCE COV-**
3 **ERAGE CREDIT.**

4 “(a) REQUIREMENT OF REPORTING.—Every person
5 who provides eligible health insurance for any month of
6 any calendar year with respect to any individual shall, at
7 such time as the Secretary may prescribe, make the return
8 described in subsection (b) with respect to each such indi-
9 vidual. With respect to any individual with respect to
10 whom payments under section 7529 are made by the Sec-
11 retary, the reporting under subsection (b) shall be made
12 on a monthly basis.

13 “(b) FORM AND MANNER OF RETURNS.—A return
14 is described in this subsection if such return—

15 “(1) is in such form as the Secretary may pre-
16 scribe, and

17 “(2) contains, with respect to each policy of eli-
18 gible health insurance—

19 “(A) the name, address, and TIN of each
20 individual covered under such policy,

21 “(B) the premiums paid with respect to
22 such policy,

23 “(C) the amount of advance payments
24 made on behalf of the individual under section
25 7529,

1 “(D) the months during which such health
2 insurance is provided to the individual,

3 “(E) whether such policy constitutes a
4 high deductible health plan (as defined in sec-
5 tion 223(c)(2)), and

6 “(F) such other information as the Sec-
7 retary may prescribe.

8 “(c) STATEMENTS TO BE FURNISHED TO INDIVID-
9 UALS WITH RESPECT TO WHOM INFORMATION IS RE-
10 QUIRED.—Every person required to make a return under
11 subsection (a) shall furnish to each individual whose name
12 is required to be set forth in such return a written state-
13 ment showing—

14 “(1) the name and address of the person re-
15 quired to make such return and the phone number
16 of the information contact for such person, and

17 “(2) the information required to be shown on
18 the return with respect to such individual.

19 The written statement required under the preceding sen-
20 tence shall be furnished on or before January 31 of the
21 year following the calendar year to which such statement
22 relates.

23 “(d) DEFINITIONS.—For purposes of this section,
24 terms used in this section which are also used in section

1 36C shall have the same meaning as when used in section
2 36C.”.

3 (2) REPORTING BY EMPLOYERS.—Section
4 6051(a) of such Code is amended by striking “and”
5 at the end of paragraph (14), by striking the period
6 at the end of paragraph (15) and inserting “, and”,
7 and by inserting after paragraph (15) the following
8 new paragraph:

9 “(16) each month with respect to which the em-
10 ployee is eligible for other specified coverage (as de-
11 fined in section 36C(g)) in connection with employ-
12 ment with the employer.”.

13 (3) ASSESSABLE PENALTIES.—

14 (A) Section 6724(d)(1)(B) of such Code is
15 amended by striking “or” at the end of clause
16 (xxiv), by inserting “or” at the end of clause
17 (xxv), and by inserting after clause (xxv) the
18 following new clause:

19 “(xxvi) section 6050X (relating to re-
20 turns relating to health insurance coverage
21 credit),”.

22 (B) Section 6724(d)(2) of such Code is
23 amended by striking “or” at the end of sub-
24 paragraph (HH), by striking the period at the
25 end of subparagraph (II) and inserting a

1 comma, and by adding after subparagraph (II)
2 the following new subparagraphs:

3 “(JJ) section 6050X (relating to returns
4 relating to health insurance coverage credit), or

5 “(KK) section 7529(c)(3) (relating to doc-
6 umentation regarding other specified cov-
7 erage).”.

8 (d) DISCLOSURES.—Paragraph (21) of section
9 6103(l) of the Internal Revenue Code of 1986 is amend-
10 ed—

11 (1) in subparagraph (A)—

12 (A) by striking “any premium tax credit
13 under section 36B or any cost-sharing reduc-
14 tion under section 1402 of the Patient Protec-
15 tion and Affordable Care Act or” and inserting
16 “any credit under section 36C”,

17 (B) by striking “, a State’s children’s
18 health insurance program under title XXI of
19 the Social Security Act, or a basic health pro-
20 gram under section 1331 of Patient Protection
21 and Affordable Care Act” and inserting “or a
22 State’s children’s health insurance program
23 under title XXI of the Social Security Act”,

1 (C) by striking “(as defined in section
2 36B)” in clause (iv) and inserting “(as defined
3 in section 36C(c)(2)(B))”, and

4 (D) by striking “or reduction” in clause
5 (v),
6 (2) in subparagraph (B)—

7 (A) by striking “may disclose to an Ex-
8 change” and inserting “may disclose—

9 “(i) to an Exchange”, and

10 (B) by striking the period at the end and
11 inserting “, and”, and

12 (C) by adding at the end the following new
13 clause:

14 “(ii) in the case of any credit under
15 section 36C with respect to any health in-
16 surance, the amount of such credit (or the
17 amount of any advance payment of such
18 credit) to the provider of such insurance
19 (or, as the Secretary determines appro-
20 priate, the licensed agent or broker with
21 respect to such insurance).”, and

22 (3) in subparagraph (C)(i), by striking “amount
23 of, any credit or reduction” and inserting “amount
24 of any credit”.

1 (e) INCREASED PENALTY ON ERRONEOUS CLAIMS OF
2 CREDIT.—Section 6676(a) of such Code is amended by
3 inserting “(25 percent in the case of a claim for refund
4 or credit relating to the health insurance coverage credit
5 under section 36C)”.

6 (f) CONFORMING AMENDMENTS.—

7 (1) Section 35(g) of such Code is amended by
8 adding at the end the following new paragraph:

9 “(14) COORDINATION WITH HEALTH INSUR-
10 ANCE COVERAGE CREDIT.—

11 “(A) IN GENERAL.—An eligible coverage
12 month to which the election under paragraph
13 (11) applies shall not be treated as an eligible
14 coverage month (as defined in section 36C(d))
15 for purposes of section 36C with respect to the
16 taxpayer or any of the taxpayer’s qualifying
17 family members (as defined in section 36C(e)).

18 “(B) COORDINATION WITH ADVANCE PAY-
19 MENTS OF HEALTH INSURANCE COVERAGE
20 CREDIT.—In the case of a taxpayer who makes
21 the election under paragraph (11) with respect
22 to any eligible coverage month in a taxable year
23 or on behalf of whom any advance payment is
24 made under section 7527 with respect to any
25 month in such taxable year—

1 “(i) the tax imposed by this chapter
2 for the taxable year shall be increased by
3 the excess, if any, of—

4 “(I) the sum of any advance pay-
5 ments made on behalf of the taxpayer
6 under sections 7527 and 7529 for
7 months during such taxable year, over

8 “(II) the sum of the credits al-
9 lowed under this section (determined
10 without regard to paragraph (1)) and
11 section 36C (determined without re-
12 gard to subsection (i)(5)(A) thereof)
13 for such taxable year, and

14 “(ii) section 36C(i)(5)(B) shall not
15 apply with respect to such taxpayer for
16 such taxable year.”.

17 (2) Section 162(l) of such Code is amended by
18 adding at the end the following new paragraph:

19 “(6) COORDINATION WITH HEALTH INSURANCE
20 COVERAGE CREDIT.—The deduction otherwise allow-
21 able to a taxpayer under paragraph (1) for any tax-
22 able year shall be reduced (but not below zero) by
23 the sum of—

24 “(A) the amount of the credit allowable to
25 such taxpayer under section 36C (determined

1 without regard to subsection (i)(5)(A) thereof
2 for such taxable year, plus

3 “(B) the aggregate payments made with
4 respect to the taxpayer under section 7530 for
5 months during such taxable year.”.

6 (3) Section 1324(b)(2) of title 31, United
7 States Code is amended—

8 (A) by inserting “36C,” after “36B,” and

9 (B) by striking “or 6431” and inserting
10 “6431, or 7530”.

11 (4) The table of sections for subpart C of part
12 IV of subchapter A of chapter 1 of the Internal Rev-
13 enue Code of 1986 is amended by inserting after the
14 item relating to section 36B the following new item:

“Sec. 36C. Health insurance coverage.”.

15 (5) The table of sections for subpart B of part
16 III of subchapter A of chapter 61 of such Code is
17 amended by adding at the end the following new
18 item:

“Sec. 6050X. Returns relating to health insurance coverage credit.”.

19 (6) The table of sections for chapter 77 of such
20 Code is amended by adding at the end the following
21 new items:

“Sec. 7529. Advance payment of health insurance coverage credit.

“Sec. 7530. Excess health insurance coverage credit payable to health savings
account.”.

1 (g) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to months beginning after Decem-
3 ber 31, 2019, in taxable years ending after such date.

4 **SEC. 16. MAXIMUM CONTRIBUTION LIMIT TO HEALTH**
5 **SAVINGS ACCOUNT INCREASED TO AMOUNT**
6 **OF DEDUCTIBLE AND OUT-OF-POCKET LIMI-**
7 **TATION.**

8 (a) SELF-ONLY COVERAGE.—Section 223(b)(2)(A)
9 of the Internal Revenue Code of 1986 is amended by strik-
10 ing “\$2,250” and inserting “the amount in effect under
11 subsection (c)(2)(A)(ii)(I)”.

12 (b) FAMILY COVERAGE.—Section 223(b)(2)(B) of
13 such Code is amended by striking “\$4,500” and inserting
14 “the amount in effect under subsection (c)(2)(A)(ii)(II)”.

15 (c) CONFORMING AMENDMENTS.—Section 223(g)(1)
16 of such Code is amended—

17 (1) by striking “subsections (b)(2) and” both
18 places it appears and inserting “subsection”, and

19 (2) in subparagraph (B), by striking “deter-
20 mined by” and all that follows through “‘calendar
21 year 2003’.” and inserting “determined by sub-
22 stituting ‘calendar year 2003’ for ‘calendar year
23 1992’ in subparagraph (B) thereof .”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2017.

4 **SEC. 17. ALLOW BOTH SPOUSES TO MAKE CATCH-UP CON-**
5 **TRIBUTIONS TO THE SAME HEALTH SAVINGS**
6 **ACCOUNT.**

7 (a) IN GENERAL.—Section 223(b)(5) of the Internal
8 Revenue Code of 1986 is amended to read as follows:

9 “(5) SPECIAL RULE FOR MARRIED INDIVIDUALS
10 WITH FAMILY COVERAGE.—

11 “(A) IN GENERAL.—In the case of individ-
12 uals who are married to each other, if both
13 spouses are eligible individuals and either
14 spouse has family coverage under a high de-
15 ductible health plan as of the first day of any
16 month—

17 “(i) the limitation under paragraph
18 (1) shall be applied by not taking into ac-
19 count any other high deductible health
20 plan coverage of either spouse (and if such
21 spouses both have family coverage under
22 separate high deductible health plans, only
23 one such coverage shall be taken into ac-
24 count),

1 “(ii) such limitation (after application
2 of clause (i)) shall be reduced by the ag-
3 gregate amount paid to Archer MSAs of
4 such spouses for the taxable year, and

5 “(iii) such limitation (after application
6 of clauses (i) and (ii)) shall be divided
7 equally between such spouses unless they
8 agree on a different division.

9 “(B) TREATMENT OF ADDITIONAL CON-
10 TRIBUTION AMOUNTS.—If both spouses referred
11 to in subparagraph (A) have attained age 55
12 before the close of the taxable year, the limita-
13 tion referred to in subparagraph (A)(iii) which
14 is subject to division between the spouses shall
15 include the additional contribution amounts de-
16 termined under paragraph (3) for both spouses.
17 In any other case, any additional contribution
18 amount determined under paragraph (3) shall
19 not be taken into account under subparagraph
20 (A)(iii) and shall not be subject to division be-
21 tween the spouses.”.

22 (b) EFFECTIVE DATE.—The amendment made by
23 this section shall apply to taxable years beginning after
24 December 31, 2017.

1 **SEC. 18. SPECIAL RULE FOR CERTAIN MEDICAL EX-**
2 **PENSES INCURRED BEFORE ESTABLISHMENT**
3 **OF HEALTH SAVINGS ACCOUNT.**

4 (a) **IN GENERAL.**—Section 223(d)(2) of the Internal
5 Revenue Code of 1986 is amended by adding at the end
6 the following new subparagraph:

7 “(D) **TREATMENT OF CERTAIN MEDICAL**
8 **EXPENSES INCURRED BEFORE ESTABLISHMENT**
9 **OF ACCOUNT.**—If a health savings account is
10 established during the 60-day period beginning
11 on the date that coverage of the account bene-
12 ficiary under a high deductible health plan be-
13 gins, then, solely for purposes of determining
14 whether an amount paid is used for a qualified
15 medical expense, such account shall be treated
16 as having been established on the date that
17 such coverage begins.”.

18 (b) **EFFECTIVE DATE.**—The amendment made by
19 this subsection shall apply with respect to coverage begin-
20 ning after December 31, 2017.

