

110TH CONGRESS
2D SESSION

S. 2835

To amend the Internal Revenue Code of 1986 to allow the purchase of health insurance with pre-tax dollars, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 9, 2008

Mr. DEMINT (for himself, Mr. KYL, Mr. BURR, Mr. COBURN, Mr. ISAKSON, Mr. VITTER, Mr. INHOFE, Mr. GRAHAM, Mr. CHAMBLISS, Mrs. HUTCHISON, Mr. CORKER, Mr. MARTINEZ, Mr. CRAIG, and Mr. THUNE) 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 allow the purchase of health insurance with pre-tax dollars, 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. ABOVE-THE-LINE DEDUCTION FOR HEALTH IN-**
4 **SURANCE PREMIUMS.**

5 (a) IN GENERAL.—Section 62(a) of the Internal Rev-
6 enue Code of 1986 (defining adjusted gross income) is
7 amended by inserting after paragraph (21) the following
8 new paragraph:

1 “(22) HEALTH INSURANCE PAYMENTS.—

2 “(A) IN GENERAL.—Any amount allowable
3 as a deduction under section 213 (determined
4 without regard to any income limitation under
5 subsection (a) thereof) by reason of subsection
6 (d)(1)(D) thereof for qualified health insurance.

7 “(B) QUALIFIED HEALTH INSURANCE.—
8 For purposes of this paragraph—

9 “(i) IN GENERAL.—The term ‘quali-
10 fied health insurance’ means insurance
11 which constitutes medical care as defined
12 in section 213(d) without regard to—

13 “(I) paragraph (1)(C) thereof,
14 and

15 “(II) so much of paragraph
16 (1)(D) thereof as relates to qualified
17 long-term care insurance contracts.

18 “(ii) EXCLUSION OF CERTAIN OTHER
19 CONTRACTS.—Such term shall not include
20 insurance if a substantial portion of its
21 benefits are excepted benefits (as defined
22 in section 9832(c)).”.

23 (b) EFFECTIVE DATE.—The amendment made by
24 this section shall apply to taxable years beginning after
25 December 31, 2007.

1 **SEC. 2. USE OF HEALTH SAVINGS ACCOUNTS FOR NON-**
2 **GROUP HIGH DEDUCTIBLE HEALTH PLAN**
3 **PREMIUMS.**

4 (a) **IN GENERAL.**—Section 223(d)(2)(C) of the Inter-
5 nal Revenue Code of 1986 (relating to exceptions) is
6 amended by striking “or” at the end of clause (iii), by
7 striking the period at the end of clause (iv) and inserting
8 “, or”, and by adding at the end the following new clause:

9 “(v) a high deductible health plan,
10 other than a group health plan (as defined
11 in section 5000(b)(1)).”.

12 (b) **EFFECTIVE DATE.**—The amendment made by
13 this section shall apply to taxable years beginning after
14 December 31, 2007.

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