

107TH CONGRESS  
1ST SESSION

# S. 1067

To amend the Internal Revenue Code of 1986 to expand the availability of Archer medical savings accounts.

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IN THE SENATE OF THE UNITED STATES

JUNE 20, 2001

Mr. GRASSLEY (for himself, Mr. TORRICELLI, and Mr. CRAIG) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to expand the availability of Archer medical savings accounts.

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 Availability Act of 2001”.

6 **SEC. 2. EXPANSION OF AVAILABILITY OF ARCHER MEDICAL**  
7 **SAVINGS ACCOUNTS.**

8 (a) **REPEAL OF LIMITATIONS ON NUMBER OF MED-**  
9 **ICAL SAVINGS ACCOUNTS.—**

1           (1) IN GENERAL.—Subsections (i) and (j) of  
2           section 220 of the Internal Revenue Code of 1986  
3           are hereby repealed.

4           (2) CONFORMING AMENDMENTS.—

5           (A) Paragraph (1) of section 220(c) of  
6           such Code is amended by striking subparagraph  
7           (D).

8           (B) Section 138 of such Code is amended  
9           by striking subsection (f).

10          (b) AVAILABILITY NOT LIMITED TO ACCOUNTS FOR  
11          EMPLOYEES OF SMALL EMPLOYERS AND SELF-EM-  
12          PLOYED INDIVIDUALS.—

13           (1) IN GENERAL.—Subparagraph (A) of section  
14           220(c)(1) of such Code (relating to eligible indi-  
15           vidual) is amended to read as follows:

16           “(A) IN GENERAL.—The term ‘eligible in-  
17           dividual’ means, with respect to any month, any  
18           individual if—

19           “(i) such individual is covered under a  
20           high deductible health plan as of the 1st  
21           day of such month, and

22           “(ii) such individual is not, while cov-  
23           ered under a high deductible health plan,  
24           covered under any health plan—

1                   “(I) which is not a high deduct-  
2                   ible health plan, and

3                   “(II) which provides coverage for  
4                   any benefit which is covered under the  
5                   high deductible health plan.”.

6                   (2) CONFORMING AMENDMENTS.—

7                   (A) Section 220(c)(1) of such Code is  
8                   amended by striking subparagraph (C).

9                   (B) Section 220(c) of such Code is amend-  
10                  ed by striking paragraph (4) (defining small  
11                  employer) and by redesignating paragraph (5)  
12                  as paragraph (4).

13                  (C) Section 220(b) of such Code is amend-  
14                  ed by striking paragraph (4) (relating to deduc-  
15                  tion limited by compensation) and by redesign-  
16                  ating paragraphs (5), (6), and (7) as para-  
17                  graphs (4), (5), and (6), respectively.

18                  (c) INCREASE IN AMOUNT OF DEDUCTION ALLOWED  
19                  FOR CONTRIBUTIONS TO MEDICAL SAVINGS ACCOUNTS.—

20                  (1) IN GENERAL.—Paragraph (2) of section  
21                  220(b) of such Code is amended to read as follows:

22                  “(2) MONTHLY LIMITATION.—The monthly lim-  
23                  itation for any month is the amount equal to  $\frac{1}{12}$  of  
24                  the annual deductible (as of the first day of such

1 month) of the individual’s coverage under the high  
2 deductible health plan.”.

3 (2) CONFORMING AMENDMENT.—Clause (ii) of  
4 section 220(d)(1)(A) of such Code is amended by  
5 striking “75 percent of”.

6 (d) BOTH EMPLOYERS AND EMPLOYEES MAY CON-  
7 TRIBUTE TO MEDICAL SAVINGS ACCOUNTS.—Paragraph  
8 (4) of section 220(b) of such Code (as redesignated by  
9 subsection (b)(2)(C)) is amended to read as follows:

10 “(4) COORDINATION WITH EXCLUSION FOR EM-  
11 PLOYER CONTRIBUTIONS.—The limitation which  
12 would (but for this paragraph) apply under this sub-  
13 section to the taxpayer for any taxable year shall be  
14 reduced (but not below zero) by the amount which  
15 would (but for section 106(b)) be includible in the  
16 taxpayer’s gross income for such taxable year.”.

17 (e) REDUCTION OF PERMITTED DEDUCTIBLES  
18 UNDER HIGH DEDUCTIBLE HEALTH PLANS.—

19 (1) IN GENERAL.—Subparagraph (A) of section  
20 220(c)(2) of such Code (defining high deductible  
21 health plan) is amended—

22 (A) by striking “\$1,500” in clause (i) and  
23 inserting “\$1,000”; and

24 (B) by striking “\$3,000” in clause (ii) and  
25 inserting “\$2,000”.

1           (2) CONFORMING AMENDMENT.—Subsection (g)  
2 of section 220 of such Code is amended to read as  
3 follows:

4           “(g) COST-OF-LIVING ADJUSTMENT.—

5           “(1) IN GENERAL.—In the case of any taxable  
6 year beginning in a calendar year after 1998, each  
7 dollar amount in subsection (c)(2) shall be increased  
8 by an amount equal to—

9           “(A) such dollar amount, multiplied by

10           “(B) the cost-of-living adjustment deter-  
11 mined under section 1(f)(3) for the calendar  
12 year in which such taxable year begins by sub-  
13 stituting ‘calendar year 1997’ for ‘calendar year  
14 1992’ in subparagraph (B) thereof.

15           “(2) SPECIAL RULES.—In the case of the  
16 \$1,000 amount in subsection (c)(2)(A)(i) and the  
17 \$2,000 amount in subsection (c)(2)(A)(ii), para-  
18 graph (1)(B) shall be applied by substituting ‘cal-  
19 endar year 2000’ for ‘calendar year 1997’.

20           “(3) ROUNDING.—If any increase under para-  
21 graph (1) or (2) is not a multiple of \$50, such in-  
22 crease shall be rounded to the nearest multiple of  
23 \$50.”.

24           (f) PROVIDING INCENTIVES FOR PREFERRED PRO-  
25 VIDER ORGANIZATIONS TO OFFER MEDICAL SAVINGS AC-

1 COUNTS.—Clause (ii) of section 220(c)(2)(B) of such Code  
2 is amended by striking “preventive care if” and all that  
3 follows and inserting “preventive care.”

4 (g) MEDICAL SAVINGS ACCOUNTS MAY BE OFFERED  
5 UNDER CAFETERIA PLANS.—Subsection (f) of section  
6 125 of such Code is amended by striking “106(b),”.

7 (h) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply to taxable years beginning after  
9 December 31, 2001.

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