



# TaxNewsFlash

## United States

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### Legislative update: House passes health-related tax bills

The U.S. House of Representatives on July 25, 2018, passed two health related tax bills—H.R. 6311 and H.R. 6199. These bills include provisions from 10 bills reported earlier this month by the House Ways and Means Committee.

#### H.R. 6311

H.R. 6311 passed by a vote of 242 to 176, with 12 Democrats voting in favor of the bill. The Joint Committee on Taxation (JCT) estimated that the bill would cost approximately \$48.9 billion over 10 years.

H.R. 6311 was reported earlier this month by Ways and Means, but reflects modifications made by [Rules Committee Print 115-83](#) [PDF 111 KB]. It includes provisions from several other previously reported bills (H.R. 6313, H.R. 6306, H.R. 6309, and H.R. 6314), as well as provisions based on H.R. 5963 as introduced.

As passed by the House, H.R. 6311 includes provisions relating to:

- Modifying the definition of “qualified health plan” for purposes of the health insurance premium tax credit and allowing individuals purchasing health insurance in the individual market to purchase a lower premium “copper” plan
- Allowing balances in flexible spending accounts (FSAs) to be carried forward each year **with certain limits**
- Increasing the contributions limits for health savings accounts (HSAs), permitting both eligible spouses to deposit catch-up contributions into the same account, and creating a grace period for certain medical expenses incurred before the establishment of an HSA

- Allowing working individuals entitled to Medicare Part A by reason of being over age 65 years to contribute to HSAs when covered by an HSA-eligible high deductible health plans (HDHP)
- Allowing catastrophic and bronze plans in the individual and small group markets to qualify for HSA contributions
- Delaying the reimposition of the annual fee on health insurance providers until after calendar year 2021

Read a Ways and Means [summary](#) [PDF 135 KB] of H.R. 6311, as approved by the House.

Read a revenue estimate of H.R. 6199, as prepared by the JCT: [JCX-66-18](#)

## **H.R. 6199**

H.R. 6199 passed by a vote of 277 to 142, with 46 Democrats voting in favor of the bill. The JCT estimated that the bill would cost approximately \$19.9 billion over 10 years.

H.R. 6199 also was reported by Ways and Means earlier this month, but reflects modifications made by [Rules Committee Print 115-82](#) [PDF 73 KB]. It includes provisions from several previously reported bills (H.R. 6301, H.R. 6305, H.R. 6312, and H.R. 6317).

The House-passed bill includes provisions relating to:

- Allowing tax-favored health accounts to be used to purchase certain over-the-counter medical products and feminine care products
- Providing HDHP with “first dollar coverage” flexibility
- Clarifying that certain employment related services (such as on-site clinics) are not treated as disqualifying coverage for purposes of health savings accounts (HSAs)
- Allowing an eligible individual to make HSA contributions if a spouse has an FSA, provided that FSA does not also reimburse for expenses of the spouse with the HSA
- Providing FSA and health reimbursement account (HRA) terminations or conversions to fund HSAs
- Allowing HSA-eligible individuals that participate in a direct primary care (DPC) arrangement not to lose their HSA-eligibility merely because of their participation in a DPC and to allow DPC provider fees to be paid for out of HSAs
- Adding qualified sports and fitness expenses to the definition of qualified medical expenses in Code section 213

Read a Ways and Means [summary](#) [PDF 135 KB] of H.R. 6199 (as passed by the House).

Read a revenue estimate of H.R. 6133 as prepared by the JCT: [JCX-67-18](#)

## Background

Read about prior coverage of the bills incorporated into H.R. 6199 and H.R. 6311, including, including the Ways and Means markup and JCT descriptions of the bills in [TaxNewsFlash](#)

Note that the House has not yet considered one of the bills reported during the earlier Ways and Means markup—H.R. 4616. That bill would provide for a temporary moratorium on the employer mandate and would delay the implementation of the excise tax on high cost employer-sponsored health coverage.

## What's next?

The Senate has not scheduled action on the bills.

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