

107TH CONGRESS
2^D SESSION

H. R. 4801

To amend the Internal Revenue Code of 1986 to provide a 100 percent deduction for the health insurance costs of individuals.

IN THE HOUSE OF REPRESENTATIVES

MAY 22, 2002

Mr. CHABOT introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide a 100 percent deduction for the health insurance costs of individuals.

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 “ Health Insurance Af-
5 fordability Act of 2002”.

6 **SEC. 2. DEDUCTION FOR QUALIFIED HEALTH INSURANCE**
7 **COSTS OF EMPLOYEES AND SELF-EMPLOYED**
8 **INDIVIDUALS.**

9 (a) IN GENERAL.—Part VII of subchapter B of chap-
10 ter 1 of the Internal Revenue Code of 1986 (relating to

1 additional itemized deductions) is amended by redesignig-
2 nating section 223 as section 224 and by inserting after
3 section 222 the following new section:

4 **“SEC. 223. COSTS OF QUALIFIED HEALTH INSURANCE.**

5 “(a) IN GENERAL.—In the case of an individual,
6 there shall be allowed as a deduction an amount equal to
7 the amount paid during the taxable year for coverage for
8 the taxpayer, his spouse, and dependents under qualified
9 health insurance.

10 “(b) QUALIFIED HEALTH INSURANCE.—For pur-
11 poses of this section, the term ‘qualified health insurance’
12 means insurance which constitutes medical care; except
13 that such term shall not include any insurance if substan-
14 tially all of its coverage is of excepted benefits described
15 in section 9832(c).

16 “(c) SPECIAL RULES.—

17 “(1) COORDINATION WITH MEDICAL DEDUC-
18 TION, ETC.—Any amount paid by a taxpayer for in-
19 surance to which subsection (a) applies shall not be
20 taken into account in computing the amount allow-
21 able to the taxpayer as a deduction under section
22 162(l) or 213(a).

23 “(2) DEDUCTION NOT ALLOWED FOR SELF-EM-
24 PLOYMENT TAX PURPOSES.—The deduction allow-
25 able by reason of this section shall not be taken into

1 account in determining an individual's net earnings
2 from self-employment (within the meaning of section
3 1402(a)) for purposes of chapter 2.”.

4 (b) DEDUCTION FOR HEALTH INSURANCE COSTS OF
5 SELF-EMPLOYED INDIVIDUALS INCREASED.—

6 (1) IN GENERAL.—Section 162(l)(1) of such
7 Code (relating to special rules for health insurance
8 costs of self-employed individuals) is amended to
9 read as follows:

10 “(1) ALLOWANCE OF DEDUCTION.—In the case
11 of an individual who is an employee within the
12 meaning of section 401(c)(1), there shall be allowed
13 as a deduction under this section an amount equal
14 to the amount paid during the taxable year for in-
15 surance which constitutes medical care for the tax-
16 payer, the taxpayer's spouse, and dependents.”.

17 (2) CLARIFICATION OF LIMITATIONS ON OTHER
18 COVERAGE.—The first sentence of section
19 162(l)(2)(B) (relating to other coverage) is amended
20 to read as follows: “Paragraph (1) shall not apply
21 to any taxpayer for any calendar month for which
22 the taxpayer participates in any subsidized health
23 plan maintained by any employer (other than an em-
24 ployer described in section 401(c)(4)) of the tax-
25 payer or the spouse of the taxpayer.

1 (c) DEDUCTION ALLOWED IN COMPUTING ADJUSTED
2 GROSS INCOME.—Subsection (a) of section 62 of such
3 Code is amended by inserting after paragraph (18) the
4 following new paragraph:

5 “(19) COSTS OF QUALIFIED HEALTH INSUR-
6 ANCE.—The deduction allowed by section 223.”.

7 (d) CLERICAL AMENDMENT.—The table of sections
8 for part VII of subchapter B of chapter 1 of such Code
9 is amended by striking the last item and inserting the fol-
10 lowing new items:

 “Sec. 223. Costs of qualified health insurance.

 “Sec. 224. Cross reference.”

11 (e) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to taxable years beginning after
13 December 31, 2002.

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