

118TH CONGRESS  
1ST SESSION

**S.** \_\_\_\_\_

To amend the Internal Revenue Code of 1986 to expand and improve health savings accounts, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

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Mr. CRUZ (for himself, Mr. RISCH, and Mr. BRAUN) introduced the following bill; which was read twice and referred to the Committee on

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**A BILL**

To amend the Internal Revenue Code of 1986 to expand and improve health savings accounts, 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. SHORT TITLE.**

4 This Act may be cited as the “Personalized Care Act  
5 of 2023”.

6 **SEC. 2. HEALTH SAVINGS ACCOUNT ELIGIBILITY.**

7 (a) IN GENERAL.—Paragraph (1) of section 223(c)  
8 of the Internal Revenue Code of 1986 is amended to read  
9 as follows:

1           “(1) ELIGIBLE INDIVIDUAL.—The term ‘eligible  
2 individual’ means, with respect to any month, any  
3 individual if such individual is—

4           “(A) covered under—

5           “(i) a group or individual health plan,

6           “(ii) health insurance coverage, in-  
7 cluding a short term limited duration plan  
8 or medical indemnity plan, or

9           “(iii) a government plan, including  
10 coverage under the Medicare program  
11 under part A or part B of title XVIII of  
12 the Social Security Act, the Medicaid pro-  
13 gram under title XIX of such Act, the  
14 CHIP program under title XXI of such  
15 Act or a qualified CHIP look-alike pro-  
16 gram (as defined in section 2107(g) of  
17 such Act), medical coverage under chapter  
18 55 of title 10, United States Code (includ-  
19 ing coverage under the TRICARE pro-  
20 gram), a health care program under chap-  
21 ter 17 or 18 of title 38, United States  
22 Code, as determined by the Secretary of  
23 Veterans Affairs in coordination with the  
24 Secretary of Health and Human Services  
25 and the Secretary, a medical care program

1 of the Indian Health Service or a tribal or-  
2 ganization, or coverage under chapter 89  
3 of title 5, United States Code, or

4 “(B) a participant in a health care sharing  
5 ministry (as defined in section  
6 5000A(d)(2)(B)(ii) without regard to subclause  
7 (IV) thereof),  
8 as of the 1st day of such month.”.

9 (b) CONFORMING AMENDMENTS.—

10 (1) Subsection (c) of section 223 of such Code  
11 is amended by striking paragraphs (2) and (3) and  
12 by redesignating paragraphs (4) and (5) as para-  
13 graphs (2) and (3), respectively.

14 (2) Paragraphs (2)(A) and (2)(B) of section  
15 223(b) of such Code are each amended by striking  
16 “a high deductible health plan” and inserting “a  
17 health plan, insurance, or ministry described in sub-  
18 section (c)(1)”.

19 (3) Paragraph (8)(A)(ii) of section 223(b) of  
20 such Code is amended by striking “high deductible  
21 health plan” and inserting “health plan, insurance,  
22 or ministry described in subsection (c)(1)”.

23 (4) Section 223(g)(1) of such Code is amend-  
24 ed—

1 (A) by striking “subsections (b)(2) and  
2 (c)(2)(A)” both places it appears and inserting  
3 “subsection (b)(2)”, and

4 (B) by striking “for ‘calendar year 2016’ ”  
5 in subparagraph (B) and all that follows  
6 through “‘calendar year 2003’.” and inserting  
7 “‘calendar year 1997’ for ‘calendar year 2016’  
8 in subparagraph (A)(ii) thereof.”.

9 (5) The heading of subparagraph (B) of section  
10 223(b)(8) of such Code is amended by striking  
11 “HIGH DEDUCTIBLE HEALTH PLAN”.

12 (6) Section 26(b)(2)(S) of such Code is amend-  
13 ed by striking “high deductible health plan”.

14 (7) The heading of paragraph (3) of section  
15 106(e) of such Code is amended by striking “HIGH  
16 DEDUCTIBLE HEALTH PLAN”.

17 (8) Clause (ii) of section 106(e)(5)(B) of such  
18 Code is amended by striking “a high deductible  
19 health plan” and inserting “a health plan”.

20 (9) Paragraph (9) of section 408(d) of such  
21 Code is amended—

22 (A) by striking “the high deductible health  
23 plan covering” in subparagraph (C)(i)(I) and  
24 inserting “health plan, insurance, or ministry  
25 of”,

1 (B) by striking “a high deductible health  
2 plan” the first place it appears in subparagraph  
3 (C)(ii)(II) and inserting “a health plan, insur-  
4 ance, or ministry described in section  
5 223(c)(1)”,

6 (C) by striking “a high deductible health  
7 plan” the second place it appears in subpara-  
8 graph (C)(ii)(II) and inserting “any such plan,  
9 insurance, or ministry”, and

10 (D) by striking “HIGH DEDUCTIBLE  
11 HEALTH PLAN” in the heading of subparagraph  
12 (D).

13 (c) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to taxable years beginning after  
15 December 31, 2023.

16 **SEC. 3. INCREASE IN HSA CONTRIBUTION LIMITS.**

17 (a) IN GENERAL.—Paragraph (2) of section 223(b)  
18 of the Internal Revenue Code of 1986 is amended—

19 (1) by striking “\$2,250” in subparagraph (A)  
20 and inserting “\$10,800”, and

21 (2) by striking “\$4,500” in subparagraph (B)  
22 and inserting “\$29,500”.

23 (b) COST-OF-LIVING ADJUSTMENT.—Paragraph (1)  
24 of section 223(g) of the Internal Revenue Code of 1986,  
25 as amended by section 2, is amended—

1 (1) by striking “Each” and inserting “In the  
2 case of a taxable year beginning after 2024, each”,  
3 and

4 (2) by striking “calendar year 1997” and in-  
5 serting “calendar year 2023”.

6 (c) EFFECTIVE DATE.—The amendments made by  
7 this section shall apply to taxable years beginning after  
8 December 31, 2023.

9 **SEC. 4. PAYMENT OF HEALTH PLAN AND HEALTH INSUR-**  
10 **ANCE PREMIUMS FROM HSA.**

11 (a) IN GENERAL.—Paragraph (2) of section 223(d)  
12 of the Internal Revenue Code of 1986 is amended—

13 (1) by striking subparagraph (B),

14 (2) by redesignating subparagraphs (C) and  
15 (D) as subparagraphs (B) and (C), respectively,

16 (3) by striking “Subparagraph (B) shall not  
17 apply to any expense for coverage under” in sub-  
18 paragraph (B), as so redesignated, and inserting  
19 “Subparagraph (A) shall not apply to any payment  
20 for insurance other than”, and

21 (4) in subparagraph (B), as so redesignated—

22 (A) by striking “or” at the end of clause  
23 (iii),

24 (B) by striking the period at the end of  
25 clause (iv) and inserting “, or”, and

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

3 “(v) a health plan or health insurance  
4 coverage described in subsection  
5 (c)(1)(A).”.

6 (b) EFFECTIVE DATE.—The amendments made by  
7 this section shall apply to taxable years beginning after  
8 December 31, 2023.

9 **SEC. 5. TREATMENT OF MEDICAL CARE SERVICE ARRANGE-**  
10 **MENTS.**

11 (a) INCLUSION AS MEDICAL EXPENSES.—Paragraph  
12 (2) of section 223(d) of the Internal Revenue Code of  
13 1986, as amended by section 4, is further amended by  
14 adding at the end the following new subparagraph:

15 “(D) INCLUSION OF MEDICAL CARE SERV-  
16 ICE ARRANGEMENTS.—The term ‘qualified med-  
17 ical expenses’ shall include—

18 “(i) periodic fees paid to a physician  
19 for a defined set of medical services or for  
20 the right to receive medical services on an  
21 as-needed basis, and

22 “(ii) amounts prepaid for medical  
23 services designed to screen for, diagnose,  
24 cure, mitigate, treat, or prevent disease  
25 and promote wellness.”.

1 (b) ARRANGEMENT NOT TO BE TREATED AS  
2 HEALTH INSURANCE.—Subsection (c) of section 223 of  
3 the Internal Revenue Code of 1986, as amended by section  
4 2(b), is further amended by adding at the end the fol-  
5 lowing new paragraph:

6 “(4) TREATMENT OF MEDICAL CARE SERVICE  
7 ARRANGEMENTS.—An arrangement under which an  
8 individual is provided medical services in exchange  
9 for a fixed periodic fee or payment for such services  
10 shall not be treated as a health plan, insurance, or  
11 arrangement described in paragraph (1).”.

12 (c) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to taxable years beginning after  
14 December 31, 2023.

15 **SEC. 6. PERIODIC PROVIDER FEES TREATED AS MEDICAL**  
16 **CARE.**

17 (a) IN GENERAL.—Section 213(d) of the Internal  
18 Revenue Code of 1986 is amended by adding at the end  
19 the following new paragraph:

20 “(12) PERIODIC PROVIDER FEES.—Periodic  
21 fees paid for a defined set of medical services pro-  
22 vided on an as-needed basis shall be treated as  
23 amounts paid for medical care.”.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2023.

4 **SEC. 7. RESTORING LOWER PENALTY FOR NONQUALIFIED**  
5 **DISTRIBUTIONS.**

6 (a) IN GENERAL.—Section 223(e)(4)(A) of the Inter-  
7 nal Revenue Code of 1986 is amended by striking “20 per-  
8 cent” and inserting “10 percent”.

9 (b) EFFECTIVE DATE.—The amendments made by  
10 this section shall apply to distributions made in taxable  
11 years beginning after December 31, 2023.

12 **SEC. 8. TREATMENT OF HEALTH CARE SHARING MIN-**  
13 **ISTRIES.**

14 (a) INCLUSION AS MEDICAL EXPENSES.—Paragraph  
15 (2) of section 223(d) of the Internal Revenue Code of  
16 1986, as amended by sections 4 and 5, is further amended  
17 by adding at the end the following new subparagraph:

18 “(E) INCLUSION OF HEALTH CARE SHAR-  
19 ING MINISTRIES.—The term ‘qualified medical  
20 expenses’ shall include amounts paid by a mem-  
21 ber of a health care sharing ministry (as de-  
22 fined in section 5000A(d)(2)(B)(ii) without re-  
23 gard to subclause (IV) thereof) for—

24 “(i) the sharing of medical expenses  
25 among members, and

1                   “(ii) administrative fees of the min-  
2                   istry.”.

3           (b) HEALTH CARE SHARING MINISTRY NOT TO BE  
4 TREATED AS HEALTH INSURANCE.—Subsection (c) of  
5 section 223 of the Internal Revenue Code of 1986, as  
6 amended by sections 2 and 5, is further amended by add-  
7 ing at the end the following new paragraph:

8                   “(5) TREATMENT OF HEALTH CARE SHARING  
9           MINISTRIES.—A health care sharing ministry (as de-  
10          fined in section 5000A(d)(2)(B)(ii) without regard  
11          to subclause (IV) thereof) shall not be treated as a  
12          health plan or insurance for purposes of this title.”.

13          (c) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to taxable years beginning after  
15 December 31, 2023.

16 **SEC. 9. HEALTH CARE SHARING MINISTRY FEES TREATED**  
17 **AS MEDICAL CARE.**

18          (a) IN GENERAL.—Section 213(d) of the Internal  
19 Revenue Code of 1986, as amended by section 6, is further  
20 amended by adding at the end the following new para-  
21 graph:

22                   “(13) HEALTH CARE SHARING MINISTRIES.—  
23          Amounts paid for membership in a health care shar-  
24          ing ministry (as defined in section  
25          5000A(d)(2)(B)(ii) without regard to subclause (IV)

1       thereof) shall be treated as amounts paid for medical  
2       care.”.

3       (b) **EFFECTIVE DATE.**—The amendment made by  
4 this section shall apply to taxable years beginning after  
5 December 31, 2023.