To amend the Internal Revenue Code of 1986 to provide for the carryover of the remaining 2020 balance in health flexible spending arrangements.

IN THE HOUSE OF REPRESENTATIVES

Mr. KILMER introduced the following bill; which was referred to the Committee on ________

A BILL

To amend the Internal Revenue Code of 1986 to provide for the carryover of the remaining 2020 balance in health flexible spending arrangements.

1 Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

2 SECTION 1. CARRYOVER OF REMAINING 2020 BALANCE IN HEALTH FLEXIBLE SPENDING ARRANGEMENTS.

3 (a) IN GENERAL.—Section 125 of the Internal Revenue Code of 1986 is amended by redesignating sub-
sections (k) and (l) as subsections (l) and (m), respectively, and by inserting after subsection (j) the following:

“(k) HEALTH FSA.—For purposes of this title—

“(1) CARRYOVER TO 2021.—Any portion of the balance in the employee’s account under a health flexible spending arrangement remaining at the end of the plan year beginning in 2020 may be carried to the first plan year beginning in 2021.

“(2) TREATMENT OF CARRYOVER AMOUNT.—Of the amount carried to 2021 under paragraph (1)—

“(A) $500 shall not be treated as a contribution to such arrangement for the first plan year beginning in 2021, and

“(B) the amount that exceeds $500 shall be treated as a contribution to such arrangement for the first plan year beginning in 2021.

“(3) TREATMENT AS CAFETERIA PLAN AND HEALTH FSA.—A plan or other arrangement shall not fail to be treated as a cafeteria plan or health flexible spending arrangement (and shall not fail to be treated as an accident or health plan) for a plan year ending in 2020 or 2021 merely because such plan or other arrangement allows all or a portion of the balance in the employee’s account under such ar-
rangement to be used in the first plan year begin-
ning in 2021.”.

(b) EFFECTIVE DATE.—The amendments made by
this section shall apply to years ending after the date of
the enactment of this Act.