

A BILL

To amend title XVIII of the Social Security Act to establish Medicare Health 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 “Medicare Health Sav
5 ings Accounts Act of 2007”.

6 SEC. 2. ESTABLISHMENT OF MEDICARE HEALTH SAVINGS
7 ACCOUNTS.

8 (a) ESTABLISHMENT.—

9 (1) IN GENERAL.—Title XVIII of the Social Se
10 curity Act (42 U.S.C. 1395 et seq.) is amended—

11 (A) by redesignating part E as part F; and

12 (B) by inserting after part D the following

13 new part:

14 “PART E—MEDICARE HEALTH SAVINGS ACCOUNTS

15 “ENTITLEMENT TO ELECT TO RECEIVE BENEFITS UNDER

16 MEDICARE HEALTH SAVINGS ACCOUNTS

17 “SEC. 1860E–1. (a) IN GENERAL.—The Secretary

18 shall establish procedures under which each eligible bene

19 ficiary (as defined in subsection (b)) shall be entitled to

20 elect to receive benefits under a Medicare Health Savings

21 Account under this part instead of benefits under parts

22 A, or B.

23 “(b) ELIGIBLE BENEFICIARY DESCRIBED.—An eligi

24 ble beneficiary described in this subsection is an individual

25 who—

26 “(1) is entitled to benefits under part A or en

27 rolled under part B;

28 “(2) has a health savings account (as defined in

29 subsection (d) of section 223 of the Internal Rev

30 enue Code of 1986), or certifies that they will use

31 funds provided under this part to establish such an

32 account; and

33 “(3) is enrolled under a high deductible health

34 plan (as defined in subsection (c)(2) of such section,

35 except that section 223(c)(2)(A)(ii)(I) of such Code

1 shall be applied by substituting ‘the amount in effect
2 under clause (i)(I)’ for ‘\$5,000’).

3 “(c) BENEFITS TO BE AVAILABLE IN 2008.—The
4 Secretary shall establish the procedures under subsection
5 (a) in a manner such that Medicare Health Savings Ac
6 counts are available for years beginning on or after Janu
7 ary 1, 2010.

8 “(d) PRESERVATION OF ORIGINAL MEDICARE FEE
9 FOR-SERVICE BENEFITS.—Nothing in this part shall be
10 construed to limit the right of an individual who is entitled
11 to benefits under part A or enrolled under part B to re
12 ceive benefits under such part (or under part C or part D) if
13 an election to receive benefits under Medicare Health Sav
14 ings Accounts under this part is not in effect with respect
15 to such individual.

16 “(e) RULE OF CONSTRUCTION.—Nothing in this part
17 shall be construed as preventing an individual from depos
18 iting personal funds (subject to the contribution limita
19 tions under section 223 of the Internal Revenue Code of
20 1986) into a Medicare Health Savings Account.

21 “MEDICARE HEALTH SAVINGS ACCOUNTS PROGRAM
22 “SEC. 1860E–2. (a) IN GENERAL.—The Secretary
23 shall establish a program to be known as the Medicare
24 Health Savings Accounts program (in this part referred
25 to as the ‘Medicare HSA program’).

26 “(b) AMOUNT PROVIDED TO ENROLLEES.—

27 “(1) AMOUNT.—The Secretary shall establish
28 procedures to ensure that, for each plan year an in
29 dividual is enrolled in the Medicare HSA program,
30 the Secretary shall provide to such individual an
31 amount that is equal to 95 percent of the annual
32 MA capitation rate (as calculated under section
33 1853(c)(1)) with respect to that individual for the
34 Medicare Fee for Service payment area the individual is
35 in.

36 “(2) PERMISSIBLE USE OF AMOUNT.—The Sec
37 retary shall establish procedures to ensure that the
33 amount provided under paragraph (1) is used only
34 for the following purposes:

35 “(A) As a contribution into a health sav

1 ings account established by such individual, as
2 described in paragraph (2) of section 1860E–
3 1(b).

4 “(B) For payment of premiums for enroll19
ment of such individual under a high deductible
5 health plan described in paragraph (3) of such
6 section.

7 “(3) NOTIFICATION OF AMOUNT PROVIDED.—

8 The Secretary shall ensure that, not later than the
9 date that is 90 days before the date on which pay
10 ment of the amount provided under paragraph (1)
11 is made to an individual enrolled in the Medicare
12 HSA program, such individual receives notification
13 of such amount. Such information shall be made
14 available on the website of the Centers for Medicare
15 & Medicaid Services (based on the age and geo
16 graphic location of the beneficiary) and through 1–
17 800–MEDICARE.

18 “(4) PAYMENT.—Payment of the amount pro
19 vided under paragraph (1) shall be made from the
20 Federal Hospital Insurance Trust Fund and the
21 Federal Supplementary Medical Insurance Trust
22 Fund (including the Medicare Prescription Drug Ac
23 count within such Trust Fund) in such proportion
24 as the Secretary determines appropriate.

25 “(5) RECOVERY OF AMOUNT PROVIDED IN CASE
26 OF TERMINATION.—

27 “(A) IN GENERAL.—In the case of a termi
28 nation of an election to receive benefits under
29 this part as of a month before the end of a plan
30 year, the Secretary shall provide for a proce
31 dure for the recovery of amounts provided at
32 tributable to the remaining months in such
33 year.

34 “(B) PENALTY.—

35 “(i) IN GENERAL.—In addition to the
36 amount recovered under subparagraph (A),
37 if the Secretary determines there was
38 fraud involved in such termination, the
39 Secretary may apply a civil money penalty

1 of not more than 25 percent of the amount
2 recovered.

3 “(ii) CIVIL MONEY PENALTY.—The
4 provisions of section 1128A (other than
5 subsections (a) and (b)) shall apply to a
6 civil money penalty under this subpara
7 graph in the same manner as they apply to
8 a civil money penalty or proceeding under
9 section 1128A(a).

10 “(c) PAYMENT FOR ITEMS AND SERVICES.—The Sec
11 retary shall establish procedures under which providers of
12 services and suppliers (as defined in sections 1861(u) and
13 1861(d), respectively) are required to accept as payment
14 for items and services provided to an individual enrolled
15 in the Medicare HSA program under this part the amount
16 that would otherwise be paid under the original Medicare
17 fee-for-service program under parts A and B.

18 “ELECTION OF BENEFITS UNDER MEDICARE HSA
19 PROGRAM; TERMINATION OF ELECTION

20 “SEC. 1860E–3. The Secretary shall establish proce
21 dures for the election of benefits, and the termination of
22 such election, as appropriate, under the Medicare HSA
23 program.”.

24 (2) CONFORMING REFERENCES TO PREVIOUS
25 PART E.—Any reference in law (in effect before the
26 date of the enactment of this Act) to part E of title
27 XVIII of the Social Security Act is deemed a ref
28 erence to part F of such title (as in effect after such
29 date).

30 (b) AMENDMENT OF INTERNAL REVENUE CODE OF
31 1986.—

32 (1) IN GENERAL.—Paragraph (7) of section
33 223(b) of the Internal Revenue Code of 1986 (relat
34 ing to medicare eligible individuals) is amended to
35 read as follows:

36 “(7) MEDICARE ELIGIBLE INDIVIDUALS.—The
37 limitation under this subsection for any month with
38 respect to an individual shall be zero for any month
39 such individual is entitled to benefits under part A,
40 B, or D of title XVIII of the Social Security Act.”.

1 (2) EFFECTIVE DATE.—The amendment made
2 by this subsection shall apply to taxable years begin
3 ning on or after January 1, 2008.

4 (c) SUNSET OF MSA PROVISIONS.—Section
5 1851(a)(2)(B) of the Social Security Act (42 U.S.C.
6 1395w–21(a)(2)(B)) is amended—

7 (1) by striking “MSA.— An MSA plan,” and
8 inserting the following: “MSA.—

9 “(i) Subject to clause (ii), an MSA
10 plan,”; and

11 (2) by inserting after clause (i), as added by
12 paragraph (1), the following new clause:

13 “(ii) Beginning on January 1, 2010,
14 the plan described in clause (i) shall not be
15 available as a Medicare Fee for Service plan
16 under this part.”.