

119TH CONGRESS  
2D SESSION

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

To amend the Internal Revenue Code of 1986 to expand eligibility for health savings accounts.

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IN THE SENATE OF THE UNITED STATES

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Mr. MARSHALL 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 eligibility for 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 “Health Savings Ac-  
5 count Expansion Act”.

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

7 (a) IN GENERAL.—Subparagraph (A) of section  
8 223(c)(1) of the Internal Revenue Code of 1986 is amend-  
9 ed—



1 CHIP program under title XXI of  
2 such Act or a qualified CHIP look-  
3 alike program (as defined in section  
4 2107(g) of such Act), or coverage  
5 under chapter 89 of title 5, United  
6 States Code, or

7 “(II) is a participant in a health  
8 care sharing ministry (as defined in  
9 section 5000A(d)(2)(B)(ii) without re-  
10 gard to subclause (IV) thereof).”.

11 (b) CONFORMING AMENDMENTS.—

12 (1) Section 223(c)(1)(B) of the Internal Rev-  
13 enue Code of 1986 is amended by striking “(A)(ii)”  
14 and inserting “(A)(i)(II)”.

15 (2) Section 223(c)(1)(E)(i) of such Code is  
16 amended by striking “(A)(ii)” and inserting  
17 “(A)(i)(II)”.

18 (c) EFFECTIVE DATE.—The amendments made by  
19 this section shall apply to taxable years beginning after  
20 December 31, 2026.

21 **SEC. 3. HIGH DEDUCTIBLE HEALTH PLAN REQUIREMENTS.**

22 (a) IN GENERAL.—Paragraph (2) of section 223(c)  
23 of the Internal Revenue Code of 1986 is amended—

24 (1) by striking clause (ii),

1           (2) by striking “a health plan—” and all that  
2 follows through “which has an annual deductible”  
3 and inserting “a health plan which has an annual  
4 deductible”, and

5           (3) by redesignating subclauses (I) and (II) as  
6 clauses (i) and (ii), respectively, and by moving such  
7 clauses 2 ems to the left.

8 (b) CONFORMING AMENDMENTS.—

9           (1) Paragraph (2) of section 223(c) of the In-  
10 ternal Revenue Code of 1986 is amended by striking  
11 subparagraphs (B) and (D) and by redesignating  
12 subparagraphs (C), (E), (F), (G), and (H) as sub-  
13 paragraphs (B), (C), (D), (E), and (F), respectively.

14           (2) Subparagraph (D) of section 223(c)(2) of  
15 such Code, as so redesignated, is amended by strik-  
16 ing “paragraph (2)(A)(i)” and inserting “subpara-  
17 graph (A)”.

18 (c) EFFECTIVE DATE.—The amendments made by  
19 this section shall apply to taxable years beginning after  
20 December 31, 2026.

21 **SEC. 4. PAYMENT OF HEALTH PLAN AND HEALTH INSUR-**  
22 **ANCE PREMIUMS FROM HSA.**

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

25           (1) by striking subparagraph (B),

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

3           (3) by striking “Subparagraph (B) shall not  
4           apply to any expense” in subparagraph (B), as so  
5           redesignated, and inserting “Subparagraph (A) shall  
6           not apply to any payment for insurance other than”,  
7           and

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

9                   (A) by striking “or” at the end of clause  
10           (iv),

11                   (B) by striking the period at the end of  
12           clause (v) and inserting “, or”, and

13                   (C) by adding at the end the following new  
14           clause:

15                           “(vi) a health plan or health insurance  
16                   coverage described in subsection  
17                   (c)(1)(A).”.

18           (b) INCLUSION OF MEDICAL CARE SERVICE AR-  
19 RANGEMENTS AS MEDICAL EXPENSES.—Paragraph (2) of  
20 section 223(d) of the Internal Revenue Code of 1986, as  
21 amended by subsection (a), is further amended by adding  
22 at the end the following new subparagraph:

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

1 “(i) periodic fees paid to a physician  
2 for a defined set of medical services or for  
3 the right to receive medical services on an  
4 as-needed basis, and

5 “(ii) amounts prepaid for medical  
6 services designed to screen for, diagnose,  
7 cure, mitigate, treat, or prevent disease  
8 and promote wellness.”.

9 (c) EFFECTIVE DATE.—The amendments made by  
10 this section shall apply to taxable years beginning after  
11 December 31, 2026.

12 **SEC. 5. TREATMENT OF HEALTH CARE SHARING MIN-**  
13 **ISTRIES.**

14 (a) IN GENERAL.—Subsection (c) of section 223 of  
15 the Internal Revenue Code of 1986 is amended by adding  
16 at the end the following new paragraph:

17 “(6) TREATMENT OF HEALTH CARE SHARING  
18 MINISTRIES.—A health care sharing ministry (as de-  
19 fined in section 5000A(d)(2)(B)(ii) without regard  
20 to subclause (IV) thereof) shall not be treated as a  
21 health plan or insurance for purposes of this title.”.

22 (b) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply to taxable years beginning after  
24 December 31, 2026.

1 **SEC. 6. HEALTH CARE SHARING MINISTRY EXPENSES**  
2 **TREATED AS MEDICAL CARE.**

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

6 “(12) HEALTH CARE SHARING MINISTRIES.—  
7 Amounts paid for the following expenses with re-  
8 spect to a health care sharing ministry (as defined  
9 in section 5000A(d)(2)(B)(ii) without regard to sub-  
10 clause (IV) thereof) shall be treated as amounts paid  
11 for medical care:

12 “(A) Membership fees for such health care  
13 sharing ministry.

14 “(B) The sharing of medical expenses  
15 among members.

16 “(C) Administrative fees of the ministry.”.

17 (b) EFFECTIVE DATE.—The amendment made by  
18 this section shall apply to taxable years beginning after  
19 December 31, 2026.

20 **SEC. 7. ELIGIBILITY FOR OVER THE COUNTER DRUGS.**

21 (a) HSAs.—

22 (1) IN GENERAL.—Subparagraph (A) of section  
23 223(d)(2) of the Internal Revenue Code of 1986 is  
24 amended by adding at the end the following: “Such  
25 term shall include an amount paid for medicine or  
26 a drug only if such medicine or drug is a prescribed

1 drug (determined without regard to whether such  
2 drug is available without a prescription) or is insu-  
3 lin.”.

4 (2) CONFORMING AMENDMENT.—Paragraph (2)  
5 of section 223(d) of such Code is amended by strik-  
6 ing subparagraph (C) and by redesignating subpara-  
7 graphs (D) and (E) as subparagraphs (C) and (D),  
8 respectively.

9 (b) ARCHER MSAS.—Section 220(d)(2)(A) of the In-  
10 ternal Revenue Code of 1986 is amended by adding at the  
11 end the following: “Such term shall include an amount  
12 paid for medicine or a drug only if such medicine or drug  
13 is a prescribed drug (determined without regard to wheth-  
14 er such drug is available without a prescription) or is insu-  
15 lin.”.

16 (c) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply to taxable years beginning after  
18 December 31, 2026.