
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 300 Session of
2005

INTRODUCED BY ARMSTRONG, JUBELIRER, BRIGHTBILL, MADIGAN,
RHOADES, SCARNATI, WAUGH, PILEGGI, KASUNIC, WENGER, THOMPSON,
EARLL, WONDERLING, CORMAN, RAFFERTY, KITCHEN, GREENLEAF,
TOMLINSON, PUNT, VANCE, PIPPY, GORDNER, PICCOLA, LEMMOND,
D. WHITE, COSTA, CONTI, M. WHITE, BOSCOLA, ERICKSON, ROBBINS,
ORIE AND O'PAKE, FEBRUARY 15, 2005

REFERRED TO BANKING AND INSURANCE, FEBRUARY 15, 2005

AN ACT

1 Authorizing the establishment and maintenance of health savings
2 accounts; exempting contributions from taxation; and imposing
3 restrictions on health savings accounts.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Short title.

7 This act shall be known and may be cited as the Health
8 Savings Account Act.

9 Section 2. Legislative intent.

10 It is the intent of the General Assembly to extend to health
11 savings accounts established in this Commonwealth pursuant to
12 section 223 of the Internal Revenue Code of 1986 (Public Law 99-
13 514, 26 U.S.C. § 223) exemption from State income tax.

14 Section 3. Treatment of contribution, interest and
15 reimbursements.

16 For a health savings account established in compliance with

1 section 223 of the Internal Revenue Code of 1986 (Public Law 99-
2 514, 26 U.S.C. § 223), the contribution to and interest earned
3 on an account and account funds reimbursed to an account holder
4 for eligible medical expenses are exempt from personal income
5 taxable under Article III of the act of March 4, 1971 (P.L.6,
6 No.2), known as the Tax Reform Code of 1971.

7 Section 4. Mandated benefits.

8 (a) General rule.--A health insurance policy that would
9 qualify as a high deductible health plan under section 223(c)(2)
10 of the Internal Revenue Code of 1986 (Public Law 99-514, 26
11 U.S.C. § 223(c)(2)) shall be subject to any provision of law
12 mandating a minimum health insurance benefit or reimbursement.

13 (b) Construction.--Nothing in this act shall be construed to
14 prohibit or prevent a health insurance policy that would qualify
15 as a high deductible health plan under section 223(c)(2) of the
16 Internal Revenue Code of 1986 from applying deductibles or
17 copayments to benefits offered under these mandated minimum
18 health insurance benefits.

19 (c) Definition.--As used in this section, the term "health
20 insurance policy" means an individual or group health, sickness
21 or accident policy or subscriber contract or certificate issued
22 by an entity subject to any one of the following:

23 (1) The act of May 17, 1921 (P.L.682, No.284), known as
24 The Insurance Company Law of 1921.

25 (2) The act of December 29, 1972 (P.L.1701, No.364),
26 known as the Health Maintenance Organization Act.

27 (3) The act of May 18, 1976 (P.L.123, No.54), known as
28 the Individual Accident and Sickness Insurance Minimum
29 Standards Act.

30 (4) 40 Pa.C.S. Ch. 61 (relating to hospital plan

1 corporations) or 63 (relating to professional health services
2 plan corporations).

3 Section 5. Effective date.

4 This act shall take effect in 60 days.