

By: Representatives Dedeaux, Howell

To: Insurance

HOUSE BILL NO. 1213
(As Sent to Governor)

1 AN ACT TO AMEND SECTION 71-9-3, MISSISSIPPI CODE OF 1972, TO
2 DEFINE THE TERM "HEALTH SAVINGS ACCOUNT," AND TO PROVIDE THAT THE
3 TERM "MEDICAL SAVINGS ACCOUNT" INCLUDES THE TERM "HEALTH SAVINGS
4 ACCOUNT" FOR PURPOSES OF STATE INCOME TAX DEDUCTIONS; AND FOR
5 RELATED PURPOSES.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

7 **SECTION 1.** Section 71-9-3, Mississippi Code of 1972, is
8 amended as follows:

9 71-9-3. As used in this chapter:

10 (a) "Account administrator" means a state chartered
11 bank, savings and loan association, credit union or trust company
12 authorized to act as a fiduciary and under the supervision of the
13 Department of Banking and Consumer Finance or the Department of
14 Savings Associations, as appropriate; a national bank, national
15 lending association or federal savings and loan association or
16 credit union authorized to act as a fiduciary in this state; an
17 insurer licensed and admitted to do business in this state; a
18 third party administrator licensed by the Mississippi Commissioner
19 of Insurance; or an employer, if the employer has a self-insured
20 health plan meeting federal ERISA requirements.

21 (b) "Account holder" means a resident individual or an
22 employee for whose benefit a medical savings account is
23 established.

24 (c) "Dependent" means the spouse of an account holder
25 or the child of an account holder if the child is:

26 (i) Legally entitled to the provision of proper or
27 necessary subsistence, education, medical care, or other care
28 necessary for his or her health, guidance or well-being and not

29 otherwise emancipated, self-supporting, married or a member of the
30 Armed Forces of the United States; or

31 (ii) Mentally or physically incapacitated to the
32 extent that he or she is not self-sufficient.

33 (d) "Domicile" means a place where an individual has
34 his or her true, fixed and permanent home and principal
35 establishment, to which, whenever absent, he or she intends to
36 return.

37 (e) "Eligible medical expense" means an expense paid by
38 a taxpayer for medical care described in Section 213(d) of the
39 Internal Revenue Code.

40 (f) "Health savings account" means a trust or custodian
41 established in this state pursuant to Section 233 of the Internal
42 Revenue Code of 1986 and rules or guidance thereunder issued by
43 the U.S. Department of the Treasury or Internal Revenue Service.

44 (g) "High deductible health plan" means a health
45 coverage policy, certificate or contract that provides for
46 payments for covered benefits that exceed the higher deductible.

47 (h) "Higher deductible" means a deductible of not less
48 than One Thousand Five Hundred Dollars (\$1,500.00) but not more
49 than Two Thousand Two Hundred Fifty Dollars (\$2,250.00) for
50 individual health coverage, and not less than Three Thousand
51 Dollars (\$3,000.00) but not more than Four Thousand Five Hundred
52 Dollars (\$4,500.00) for health coverage provided to an individual
53 and his or her dependents, in tax year 1994. Beginning after
54 1998, such deductible limits thereafter shall be adjusted annually
55 in fifty-dollar increments for increases in the cost of living, as
56 measured by the medical costs component of the Consumer Price
57 Index.

58 (i) "Medical savings account" means an account
59 established to pay eligible medical expenses of the account holder
60 and his or her dependents and, for purposes of state income tax

61 deductions, includes the term "health savings account" as defined
62 in paragraph (f) of this section.

63 (j) "Medical savings account program" means a program
64 that includes all of the following:

65 (i) The purchase by an employer of a qualified
66 higher deductible health plan for the benefit of an employee and
67 his or her dependents or the purchase by a resident individual of
68 a qualified higher deductible health plan for his or her benefit
69 or for the benefit of his or her dependents, or both;

70 (ii) The payment on behalf of an employee into a
71 medical savings account by his or her employer or payment into a
72 medical savings account by a resident individual on his or her
73 behalf of at least sixty-six and two-thirds percent (66-2/3%) of
74 the premium reduction realized by the purchase of a qualified
75 higher deductible health plan; and

76 (iii) An account administrator to administer the
77 medical savings account and the reimbursement of eligible medical
78 expenses therefrom.

79 (k) "Qualified higher deductible health plan" means an
80 accident and health insurance policy, certificate or contract
81 that:

82 (i) Is purchased by an employer for the benefit of
83 an employee or by a resident individual for his or her benefit;
84 and

85 (ii) Provides for payment of covered expenses that
86 exceed the higher deductible, but shall not exceed the maximum
87 out-of-pocket expenses of Three Thousand Dollars (\$3,000.00) for
88 individual coverage and Five Thousand Five Hundred Dollars
89 (\$5,500.00) for family coverage.

90 (l) "Resident individual" means an individual who has a
91 domicile in this state.

92 **SECTION 2.** This act shall take effect and be in force from
93 and after its passage.