

112TH CONGRESS  
1ST SESSION

# H. R. 636

To repeal PPACA and the health care-related provisions in the Health Care and Education Reconciliation Act of 2010, and to amend the Internal Revenue Code of 1986 to allow individuals a refundable credit against income tax for the purchase of private health insurance, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 10, 2011

Ms. GRANGER introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on Ways and Means, Education and the Workforce, House Administration, Appropriations, Natural Resources, the Judiciary, and Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To repeal PPACA and the health care-related provisions in the Health Care and Education Reconciliation Act of 2010, and to amend the Internal Revenue Code of 1986 to allow individuals a refundable credit against income tax for the purchase of private health insurance, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Affordable Health Care  
3 Expansion Act of 2011”.

4 **SEC. 2. REPEAL OF PPACA AND HEALTH CARE-RELATED**  
5 **PROVISIONS IN THE HEALTH CARE AND EDU-**  
6 **CATION RECONCILIATION ACT OF 2010.**

7 (a) PPACA.—Effective as of the enactment of Public  
8 Law 111–148, such Act is repealed, and the provisions  
9 of law amended or repealed by such Act are restored or  
10 revived as if such Act had not been enacted.

11 (b) HEALTH CARE-RELATED PROVISIONS IN THE  
12 HEALTH CARE AND EDUCATION RECONCILIATION ACT OF  
13 2010.—Effective as of the enactment of the Health Care  
14 and Education Reconciliation Act of 2010 (Public Law  
15 111–152), title I and subtitle B of title II of such Act  
16 are repealed, and the provisions of law amended or re-  
17 pealed by such title or subtitle, respectively, are restored  
18 or revived as if such title and subtitle had not been en-  
19 acted.

20 **SEC. 3. REFUNDABLE CREDIT FOR HEALTH INSURANCE**  
21 **COVERAGE.**

22 (a) IN GENERAL.—Subpart C of part IV of sub-  
23 chapter A of chapter 1 of the Internal Revenue Code of  
24 1986, as restored and revived under section 2 of this Act,  
25 is amended by inserting after section 36A the following  
26 new section:

1 **“SEC. 36B. HEALTH INSURANCE COSTS.**

2       “(a) IN GENERAL.—In the case of an individual,  
3 there shall be allowed as a credit against the tax imposed  
4 by this chapter an amount equal to the amount paid dur-  
5 ing the taxable year for qualified health insurance for the  
6 taxpayer, his spouse, and dependents.

7       “(b) LIMITATIONS.—

8               “(1) IN GENERAL.—The amount allowed as a  
9 credit under subsection (a) to the taxpayer for the  
10 taxable year shall not exceed the sum of the monthly  
11 limitations for coverage months during such taxable  
12 year for each individual referred to in subsection (a)  
13 for whom the taxpayer paid during the taxable year  
14 any amount for coverage under qualified health in-  
15 surance.

16               “(2) PHASEOUT OF AMOUNT.—

17                       “(A) REDUCTION BASED ON ADJUSTED  
18 GROSS INCOME.—The amount determined under  
19 paragraph (1) for any taxable year shall be re-  
20 duced (but not below zero) by the amount de-  
21 termined under subparagraph (B).

22                       “(B) AMOUNT OF REDUCTION.—The  
23 amount determined under this subparagraph  
24 with respect to any amount determined under  
25 paragraph (1) shall be the amount which bears

1 the same ratio to such amount determined  
2 under paragraph (1) as—

3 “(i) the excess of—

4 “(I) the taxpayer’s adjusted  
5 gross income for such taxable year,  
6 over

7 “(II) the applicable dollar  
8 amount, bears to

9 “(ii) \$10,000.

10 The rules of subparagraphs (B) and (C) of sec-  
11 tion 219(g)(2) shall apply to any reduction  
12 under this subparagraph.

13 “(C) DEFINITIONS.—For purposes of this  
14 paragraph—

15 “(i) adjusted gross income shall be de-  
16 termined in the same manner as under sec-  
17 tion 408A(c)(3)(C)(i), and

18 “(ii) the applicable dollar amount is—

19 “(I) in the case of a taxpayer fil-  
20 ing a joint return, \$105,000,

21 “(II) in the case of any other  
22 taxpayer (other than a married indi-  
23 vidual filing a separate return),  
24 \$65,000, and

1                   “(III) in the case of a married  
2                   individual filing a separate return,  
3                   zero.

4                   “(3) MONTHLY LIMITATION.—

5                   “(A) IN GENERAL.—The monthly limita-  
6                   tion for an individual for each coverage month  
7                   of such individual during the taxable year is the  
8                   amount equal to  $\frac{1}{12}$ th of—

9                   “(i) the base amount, plus

10                   “(ii) 50 percent of the amount paid in  
11                   excess of the base amount.

12                   “(B) BASE AMOUNT.—For purposes of this  
13                   paragraph, the base amount is—

14                   “(i) \$1,000 if such individual is the  
15                   taxpayer,

16                   “(ii) \$1,000 if—

17                   “(I) such individual is the spouse  
18                   of the taxpayer,

19                   “(II) the taxpayer and such  
20                   spouse are married as of the first day  
21                   of such month, and

22                   “(III) the taxpayer files a joint  
23                   return for the taxable year, and

24                   “(iii) \$500 if such individual is an in-  
25                   dividual for whom a deduction under sec-

1           tion 151(c) is allowable to the taxpayer for  
2           such taxable year.

3           “(4) HEALTH INSURANCE COVERAGE REQUIRED  
4           FOR ALL FAMILY MEMBERS.—

5           “(A) IN GENERAL.—The coverage month  
6           limitation for a month shall be zero unless, on  
7           the first day of the such month, the taxpayer,  
8           the spouse of the taxpayer, and each qualifying  
9           child of the taxpayer as of such day is covered  
10          by qualified health insurance.

11          “(B) QUALIFYING CHILD.—For purposes  
12          of subparagraph (A), the term ‘qualifying  
13          child’, with respect to the taxpayer, has the  
14          meaning given such term by section 152(c), de-  
15          termined without regard to section 152(e), but  
16          not if such child—

17                  “(i) is married at the close of the tax-  
18                  payer’s taxable year, and

19                  “(ii) is not a dependent of such indi-  
20                  vidual by reason of section 152(b)(2) or  
21                  152(b)(3), or both.

22          “(5) COVERAGE MONTH.—For purposes of this  
23          subsection—

1           “(A) IN GENERAL.—The term ‘coverage  
2 month’ means, with respect to an individual,  
3 any month if—

4           “(i) as of the first day of such month  
5 such individual is covered by qualified  
6 health insurance, and

7           “(ii) the premium for coverage under  
8 such insurance for such month is paid by  
9 the taxpayer.

10          “(B)     EMPLOYER-SUBSIDIZED     COV-  
11 ERAGE.—

12          “(i) IN GENERAL.—Such term shall  
13 not include any month for which such indi-  
14 vidual participates in any subsidized health  
15 plan (within the meaning of section  
16 162(l)(2)) maintained by any employer of  
17 the taxpayer or of the spouse of the tax-  
18 payer.

19          “(ii) PREMIUMS TO NONSUBSIDIZED  
20 PLANS.—If an employer of the taxpayer or  
21 the spouse of the taxpayer maintains a  
22 health plan which is not a subsidized  
23 health plan (as so defined) and which con-  
24 stitutes qualified health insurance, em-  
25 ployee contributions to the plan shall be

1 treated as amounts paid for qualified  
2 health insurance.

3 “(C) CAFETERIA PLAN AND FLEXIBLE  
4 SPENDING ACCOUNT BENEFICIARIES.—Such  
5 term shall not include any month during a tax-  
6 able year if any amount is not includible in the  
7 gross income of the taxpayer for such year  
8 under section 106 with respect to—

9 “(i) a benefit chosen under a cafeteria  
10 plan (as defined in section 125(d)), or

11 “(ii) a benefit provided under a flexi-  
12 ble spending or similar arrangement.

13 “(D) MEDICARE AND MEDICAID.—Such  
14 term shall not include any month with respect  
15 to an individual if, as of the first day of such  
16 month, such individual—

17 “(i) is entitled to any benefits under  
18 title XVIII of the Social Security Act, or

19 “(ii) is a participant in the program  
20 under title XIX or XXI of such Act.

21 “(E) CERTAIN OTHER COVERAGE.—Such  
22 term shall not include any month during a tax-  
23 able year with respect to an individual if, at any  
24 time during such year, any benefit is provided  
25 to such individual under—



1                   “(i) chapter 89 of title 5, United  
2                   States Code,

3                   “(ii) chapter 55 of title 10, United  
4                   States Code,

5                   “(iii) chapter 17 of title 38, United  
6                   States Code, or

7                   “(iv) any medical care program under  
8                   the Indian Health Care Improvement Act.

9                   “(F) PRISONERS.—Such term shall not in-  
10                  clude any month with respect to an individual  
11                  if, as of the first day of such month, such indi-  
12                  vidual is imprisoned under Federal, State, or  
13                  local authority.

14                  “(G) INSUFFICIENT PRESENCE IN UNITED  
15                  STATES.—Such term shall not include any  
16                  month during a taxable year with respect to an  
17                  individual if such individual is present in the  
18                  United States on fewer than 183 days during  
19                  such year (determined in accordance with sec-  
20                  tion 7701(b)(7)).

21                  “(6) COORDINATION WITH DEDUCTION FOR  
22                  HEALTH INSURANCE COSTS OF SELF-EMPLOYED IN-  
23                  DIVIDUALS.—In the case of a taxpayer who is eligi-  
24                  ble to deduct any amount under section 162(l) for  
25                  the taxable year, this section shall apply only if the

1 taxpayer elects not to claim any amount as a deduc-  
2 tion under such section for such year.

3 “(c) REDUCED CREDIT FOR PARTICIPANTS IN  
4 HEALTH PLANS OF EMPLOYERS.—In the case of any indi-  
5 vidual who participates in a subsidized health plan (within  
6 the meaning of section 162(l)(2)) maintained by any em-  
7 ployer of the taxpayer or of the spouse of the taxpayer  
8 (not including a cafeteria plan (as defined in section  
9 125(d))), there shall be allowed to the taxpayer one-quar-  
10 ter of the credit that would be allowed to the taxpayer  
11 under subsection (a) (determined without regard to the  
12 participation in the health plan) if the monthly limitation  
13 were determined without the addition of the amount de-  
14 scribed in subsection (b)(3)(A)(ii).

15 “(d) QUALIFIED HEALTH INSURANCE.—For pur-  
16 poses of this section—

17 “(1) IN GENERAL.—The term ‘qualified health  
18 insurance’ means insurance which constitutes med-  
19 ical care as defined in section 213(d) without regard  
20 to—

21 “(A) paragraph (1)(C) thereof, and

22 “(B) so much of paragraph (1)(D) thereof  
23 as relates to qualified long-term care insurance  
24 contracts.

1           “(2) EXCLUSION OF CERTAIN OTHER CON-  
2           TRACTS.—Such term shall not include insurance if a  
3           substantial portion of its benefits are excepted bene-  
4           fits (as defined in section 9832(c)).

5           “(e) MEDICAL AND HEALTH SAVINGS ACCOUNT  
6           CONTRIBUTIONS.—

7           “(1) IN GENERAL.—If a deduction would (but  
8           for paragraph (2)) be allowed under section 220 or  
9           223 to the taxpayer for a payment for the taxable  
10          year to the medical or health savings account of an  
11          individual, subsection (a) shall be applied by treating  
12          such payment as a payment for qualified health in-  
13          surance for such individual.

14          “(2) DENIAL OF DOUBLE BENEFIT.—No deduc-  
15          tion shall be allowed under section 220 or 223 for  
16          that portion of the payments otherwise allowable as  
17          a deduction under section 220 or 223 (as the case  
18          may be) for the taxable year which is equal to the  
19          amount of credit allowed for such taxable year by  
20          reason of this subsection.

21          “(f) SPECIAL RULES.—

22          “(1) COORDINATION WITH MEDICAL EXPENSE  
23          DEDUCTION.—The amount which would (but for this  
24          paragraph) be taken into account by the taxpayer  
25          under section 213 for the taxable year shall be re-

1       duced by the credit (if any) allowed by this section  
2       to the taxpayer for such year.

3           “(2) DENIAL OF CREDIT TO DEPENDENTS.—No  
4       credit shall be allowed under this section to any indi-  
5       vidual with respect to whom a deduction under sec-  
6       tion 151 is allowable to another taxpayer for a tax-  
7       able year beginning in the calendar year in which  
8       such individual’s taxable year begins.

9           “(3) DENIAL OF DOUBLE BENEFIT.—No credit  
10      shall be allowed under subsection (a) if the credit  
11      under section 35 is allowed and no credit shall be al-  
12      lowed under 35 if a credit is allowed under this sec-  
13      tion.

14          “(4) ELECTION NOT TO CLAIM CREDIT.—This  
15      section shall not apply to a taxpayer for any taxable  
16      year if such taxpayer elects to have this section not  
17      apply for such taxable year.

18          “(5) INFLATION ADJUSTMENT.—In the case of  
19      any taxable year beginning in a calendar year after  
20      2011, each dollar amount contained in subsection  
21      (b)(3)(B) shall be increased by an amount equal  
22      to—

23                  “(A) such dollar amount, multiplied by

24                  “(B) the cost-of-living adjustment deter-  
25      mined under section 1(f)(3) for the calendar

1 year in which the taxable year begins, deter-  
2 mined by substituting ‘calendar year 2010’ for  
3 ‘calendar year 1992’ in subparagraph (B)  
4 thereof.

5 Any increase determined under the preceding sen-  
6 tence shall be rounded to the nearest multiple of \$50  
7 (\$25 in the case of the dollar amount in subsection  
8 (b)(3)(B)(iii)).”.

9 (b) INFORMATION REPORTING.—

10 (1) IN GENERAL.—Subpart B of part III of  
11 subchapter A of chapter 61 of such Code is amended  
12 by inserting after section 6050W the following new  
13 section:

14 **“SEC. 6050X. RETURNS RELATING TO PAYMENTS FOR**  
15 **QUALIFIED HEALTH INSURANCE.**

16 “(a) IN GENERAL.—Any person who, in connection  
17 with a trade or business conducted by such person, re-  
18 ceives payments during any calendar year from any indi-  
19 vidual for coverage of such individual or any other indi-  
20 vidual under creditable health insurance, shall make the  
21 return described in subsection (b) (at such time as the  
22 Secretary may by regulations prescribe) with respect to  
23 each individual from whom such payments were received.

24 “(b) FORM AND MANNER OF RETURNS.—A return  
25 is described in this subsection if such return—

1           “(1) is in such form as the Secretary may pre-  
2       scribe, and

3           “(2) contains—

4                 “(A) the name, address, and TIN of the  
5       individual from whom payments described in  
6       subsection (a) were received,

7                 “(B) the name, address, and TIN of each  
8       individual who was provided by such person  
9       with coverage under creditable health insurance  
10      by reason of such payments and the period of  
11      such coverage, and

12                “(C) such other information as the Sec-  
13      retary may reasonably prescribe.

14           “(c) CREDITABLE HEALTH INSURANCE.—For pur-  
15      poses of this section, the term ‘creditable health insurance’  
16      means qualified health insurance (as defined in section  
17      36B(d)) other than—

18                “(1) insurance under a subsidized group health  
19      plan maintained by an employer, or

20                “(2) to the extent provided in regulations pre-  
21      scribed by the Secretary, any other insurance cov-  
22      ering an individual if no credit is allowable under  
23      section 36B with respect to such coverage.

24           “(d) STATEMENTS TO BE FURNISHED TO INDIVID-  
25      UALS WITH RESPECT TO WHOM INFORMATION IS RE-

1 QUIRED.—Every person required to make a return under  
2 subsection (a) shall furnish to each individual whose name  
3 is required under subsection (b)(2)(A) to be set forth in  
4 such return a written statement showing—

5           “(1) the aggregate amount of payments de-  
6           scribed in subsection (a) received by the person re-  
7           quired to make such return from the individual to  
8           whom the statement is required to be furnished, and

9           “(2) the information required under subsection  
10          (b)(2)(B) with respect to such payments.

11 The written statement required under the preceding sen-  
12 tence shall be furnished on or before January 31 of the  
13 year following the calendar year for which the return  
14 under subsection (a) is required to be made.

15           “(e) RETURNS WHICH WOULD BE REQUIRED TO BE  
16 MADE BY 2 OR MORE PERSONS.—Except to the extent  
17 provided in regulations prescribed by the Secretary, in the  
18 case of any amount received by any person on behalf of  
19 another person, only the person first receiving such  
20 amount shall be required to make the return under sub-  
21 section (a).”.

22           (2) ASSESSABLE PENALTIES.—

23                   (A) Subparagraph (B) of section  
24                   6724(d)(1) of such Code, as restored and re-  
25                   vived under section 2 of this Act, is amended by

1 striking “or” at the end of clause (xxii), by  
2 striking “and” at the end of clause (xxiii) and  
3 inserting “or”, and by adding at the end the  
4 following new clause:

5 “(xxiv) section 6050X (relating to re-  
6 turns relating to payments for qualified  
7 health insurance), and”.

8 (B) Paragraph (2) of section 6724(d) of  
9 such Code, as restored and revived under sec-  
10 tion 2 of this Act, is amended by striking “or”  
11 at the end of subparagraph (EE), by striking  
12 the period at the end of subparagraph (FF)  
13 and inserting “, or”, and by inserting after sub-  
14 paragraph (FF) the following new subpara-  
15 graph:

16 “(GG) section 6050X(d) (relating to re-  
17 turns relating to payments for qualified health  
18 insurance).”.

19 (3) CLERICAL AMENDMENT.—The table of sec-  
20 tions for subpart B of part III of subchapter A of  
21 chapter 61 of such Code is amended by inserting  
22 after the item relating to section 6050W the fol-  
23 lowing new item:

“Sec. 6050X. Returns relating to payments for qualified health insurance.”.

24 (c) CONFORMING AMENDMENTS.—



1 (1) Paragraph (2) of section 1324(b) of title  
2 31, United States Code, as restored and revived  
3 under section 2 of this Act, is amended by inserting  
4 “36B,” after “36A.”

5 (2) The table of sections for subpart C of part  
6 IV of subchapter A of chapter 1 of such Code, as  
7 restored and revived under section 2 of this Act, is  
8 amended by inserting after the item relating to sec-  
9 tion 36A the following new item:

“Sec. 36B. Health insurance costs.”.

10 (d) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to taxable years beginning after  
12 December 31, 2010.

13 **SEC. 4. ADVANCE PAYMENT OF CREDIT FOR PURCHASERS**  
14 **OF QUALIFIED HEALTH INSURANCE.**

15 (a) IN GENERAL.—Chapter 77 of the Internal Rev-  
16 enue Code of 1986 (relating to miscellaneous provisions)  
17 is amended by adding at the end the following new section:

18 **“SEC. 7529. ADVANCE PAYMENT OF HEALTH INSURANCE**  
19 **CREDIT FOR PURCHASERS OF QUALIFIED**  
20 **HEALTH INSURANCE.**

21 “(a) GENERAL RULE.—In the case of an eligible indi-  
22 vidual, the Secretary shall make payments to the provider  
23 of such individual’s qualified health insurance equal to  
24 such individual’s qualified health insurance credit advance  
25 amount with respect to such provider.

1 “(b) ELIGIBLE INDIVIDUAL.—For purposes of this  
2 section, the term ‘eligible individual’ means any indi-  
3 vidual—

4 “(1) who purchases qualified health insurance  
5 (as defined in section 36B(d)), and

6 “(2) for whom a qualified health insurance  
7 credit eligibility certificate is in effect.

8 “(c) QUALIFIED HEALTH INSURANCE CREDIT ELIGI-  
9 BILITY CERTIFICATE.—For purposes of this section, a  
10 qualified health insurance credit eligibility certificate is a  
11 statement furnished by an individual to the Secretary  
12 which—

13 “(1) certifies that the individual will be eligible  
14 to receive the credit provided by section 36B for the  
15 taxable year,

16 “(2) estimates the amount of such credit for  
17 such taxable year, and

18 “(3) provides such other information as the  
19 Secretary may require for purposes of this section.

20 “(d) QUALIFIED HEALTH INSURANCE CREDIT AD-  
21 VANCE AMOUNT.—For purposes of this section, the term  
22 ‘qualified health insurance credit advance amount’ means,  
23 with respect to any provider of qualified health insurance,  
24 the Secretary’s estimate of the amount of credit allowable  
25 under section 36B to the individual for the taxable year

1 which is attributable to the insurance provided to the indi-  
2 vidual by such provider.

3       “(e) REGULATIONS.—The Secretary shall prescribe  
4 such regulations as may be necessary to carry out the pur-  
5 poses of this section.”.

6       (b) CLERICAL AMENDMENT.—The table of sections  
7 for chapter 77 of such Code is amended by adding at the  
8 end the following new item:

“Sec. 7529. Advance payment of health insurance credit for purchasers of  
qualified health insurance.”.

9       (c) EFFECTIVE DATE.—The amendments made by  
10 this section shall take effect on the date of the enactment  
11 of this Act.

○