

No. 1996-179

## AN ACT

HB 1468

Exempting medical care savings accounts from State personal income tax; and providing for mandated benefits.

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

Section 1. Short title.

This act shall be known and may be cited as the Medical Care Savings Account Act.

Section 2. Legislative intent.

It is the intent of the General Assembly to extend to medical care savings accounts established in this Commonwealth pursuant to the Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191, 110 Stat. 1936) exemption from State income tax.

Section 3. Treatment of contribution, interest and reimbursements.

For a medical care savings account established in compliance with the Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191, 110 Stat. 1936), the contribution to and interest earned on an account and account funds reimbursed to an account holder for eligible medical expenses are exempt from personal income taxable under Article III of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

Section 4. Mandated benefits.

High deductible plans shall be subject to any provision of law requiring a minimum health insurance benefit or reimbursement. However, nothing shall prohibit or prevent the application of deductibles or copayments for these minimum benefits by the insurer issuing the high deductible plan.

Section 5. Effective date.

This act shall take effect January 1, 1997.

APPROVED—The 19th day of December, A.D. 1996.

THOMAS J. RIDGE