

**AMENDMENT**  
**OFFERED BY MR. SCHOCK OF ILLINOIS**

In subtitle A of title V of division A, add at the end the following new part:

1     **PART 5—TAX INCENTIVES FOR MAINTAINING**  
2             **HEALTH INSURANCE COVERAGE**  
3     **SEC. 546. REFUNDABLE TAX CREDIT FOR HEALTH INSUR-**  
4             **ANCE COSTS OF LOW-INCOME INDIVIDUALS.**

5         (a) IN GENERAL.—Subpart C of part IV of sub-  
6 chapter A of chapter 1 of the Internal Revenue Code of  
7 1986 (relating to refundable credits) is amended by insert-  
8 ing after section 36A the following new section:

9     **“SEC. 36B. HEALTH INSURANCE COSTS OF LOW-INCOME IN-**  
10             **DIVIDUALS.**

11         “(a) IN GENERAL.—In the case of an individual,  
12 there shall be allowed as a credit against the tax imposed  
13 by subtitle A the aggregate amount paid by the taxpayer  
14 for coverage of the taxpayer and the taxpayer’s qualifying  
15 family members under qualified health insurance for eligi-  
16 ble coverage months beginning in the taxable year.

17         “(b) LIMITATIONS.—

1           “(1) IN GENERAL.—The amount allowable as a  
2 credit under subsection (a) for the taxable year shall  
3 not exceed the lesser of—

4           “(A) the sum of the monthly limitations  
5 for months during such taxable year that the  
6 taxpayer or the taxpayer’s qualifying family  
7 members is an eligible individual, and

8           “(B) the aggregate premiums paid by the  
9 taxpayer for the taxable year for coverage de-  
10 scribed in subsection (a).

11           “(2) MONTHLY LIMITATION.—The monthly lim-  
12 itation for any month is the credit percentage of  $\frac{1}{12}$   
13 of the sum of—

14           “(A) \$2,000 for coverage of the taxpayer  
15 (\$4,000 in the case of a joint return for cov-  
16 erage of the taxpayer and the taxpayer’s  
17 spouse), and

18           “(B) \$500 for coverage of each dependent  
19 of the taxpayer.

20           “(3) CREDIT PERCENTAGE.—

21           “(A) IN GENERAL.—For purposes of this  
22 section, the term ‘credit percentage’ means 100  
23 percent reduced by 1 percentage point for each  
24 \$1,000 (or fraction thereof) by which the tax-

1 payer's adjusted gross income for the taxable  
2 year exceeds the threshold amount.

3 “(B) THRESHOLD AMOUNT.—For purposes  
4 of this paragraph, the term ‘threshold amount’  
5 means, with respect to any taxpayer for any  
6 taxable year, 200 percent of the Federal pov-  
7 erty guideline (as determined by the Secretary  
8 of Health and Human Service for the taxable  
9 year) applicable to the taxpayer.

10 “(4) ONLY 2 DEPENDENTS TAKEN INTO AC-  
11 COUNT.—Not more than 2 dependents of the tax-  
12 payer may be taken into account under paragraphs  
13 (2)(C) and (3)(B).

14 “(5) INFLATION ADJUSTMENT.—In the case of  
15 any taxable year beginning in a calendar year after  
16 2009, each dollar amount contained in paragraph  
17 (2) shall be increased by an amount equal to—

18 “(A) such dollar amount, multiplied by

19 “(B) the cost-of-living adjustment deter-  
20 mined under section 1(f)(3) for the calendar  
21 year in which the taxable year begins, deter-  
22 mined by substituting ‘calendar year 2008’ for  
23 ‘calendar year 1992’ in subparagraph (B)  
24 thereof.

1 Any increase determined under the preceding sen-  
2 tence shall be rounded to the nearest multiple of  
3 \$50.

4 “(c) ELIGIBLE COVERAGE MONTH.—For purposes of  
5 this section, the term ‘eligible coverage month’ means,  
6 with respect to any individual, any month if, as of the first  
7 day of such month, the individual—

8 “(1) is covered by qualified health insurance,

9 “(2) does not have other specified coverage, and

10 “(3) is not imprisoned under Federal, State, or  
11 local authority.

12 “(d) QUALIFYING FAMILY MEMBER.—For purposes  
13 of this section, the term ‘qualifying family member’  
14 means—

15 “(1) in the case of a joint return, the taxpayer’s  
16 spouse, and

17 “(2) any dependent of the taxpayer.

18 “(e) QUALIFIED HEALTH INSURANCE.—For pur-  
19 poses of this section, the term ‘qualified health insurance’  
20 means health insurance coverage (other than excepted  
21 benefits as defined in section 9832(c)) which constitutes  
22 medical care.

23 “(f) OTHER SPECIFIED COVERAGE.—For purposes of  
24 this section, an individual has other specified coverage for  
25 any month if, as of the first day of such month—

1           “(1) COVERAGE UNDER MEDICARE, MEDICAID,  
2 OR SCHIP.—Such individual—

3           “(A) is entitled to benefits under part A of  
4 title XVIII of the Social Security Act or is en-  
5 rolled under part B of such title, or

6           “(B) is enrolled in the program under title  
7 XIX or XXI of such Act (other than under sec-  
8 tion 1928 of such Act).

9           “(2) CERTAIN OTHER COVERAGE.—Such indi-  
10 vidual—

11           “(A) is enrolled in a health benefits plan  
12 under chapter 89 of title 5, United States Code,

13           “(B) is entitled to receive benefits under  
14 chapter 55 of title 10, United States Code,

15           “(C) is entitled to receive benefits under  
16 chapter 17 of title 38, United States Code, or

17           “(D) is enrolled in a group health plan  
18 (within the meaning of section 5000(b)(1))  
19 which is subsidized by the employer.

20           “(g) SPECIAL RULES.—

21           “(1) COORDINATION WITH OTHER DEDUC-  
22 TIONS.—Amounts taken into account under sub-  
23 section (a) shall not be taken into account in deter-  
24 mining—

1           “(A) any deduction allowed under section  
2           162(l), 213, or 224, or

3           “(B) any credit allowed under section 35.

4           “(2) MEDICAL AND HEALTH SAVINGS AC-  
5           COUNTS.—Amounts distributed from an Archer  
6           MSA (as defined in section 220(d)) or from a health  
7           savings account (as defined in section 223(d)) shall  
8           not be taken into account under subsection (a).

9           “(3) DENIAL OF CREDIT TO DEPENDENTS AND  
10           NONPERMANENT RESIDENT ALIEN INDIVIDUALS.—  
11           No credit shall be allowed under this section to any  
12           individual who is—

13           “(A) not a citizen or lawful permanent  
14           resident of the United States for the calendar  
15           year in which the taxable year begins, or

16           “(B) a dependent with respect to another  
17           taxpayer for a taxable year beginning in the  
18           calendar year in which such individual’s taxable  
19           year begins.

20           “(4) INSURANCE WHICH COVERS OTHER INDI-  
21           VIDUALS.—For purposes of this section, rules simi-  
22           lar to the rules of section 213(d)(6) shall apply with  
23           respect to any contract for qualified health insurance  
24           under which amounts are payable for coverage of an

1 individual other than the taxpayer and qualifying  
2 family members.

3 “(5) TREATMENT OF PAYMENTS.—For pur-  
4 poses of this section, payments made by the tax-  
5 payer for eligible coverage months shall be treated  
6 as having been made by the taxpayer on the first  
7 day of the month for which such payment was made.

8 “(6) REGULATIONS.—The Secretary may pre-  
9 scribe such regulations and other guidance as may  
10 be necessary or appropriate to carry out this sec-  
11 tion.”.

12 (b) CONFORMING AMENDMENTS.—

13 (1) Paragraph (2) of section 1324(b) of title  
14 31, United States Code, is amended by inserting  
15 “36B,” after “36A.”.

16 (2) The table of sections for subpart C of part  
17 IV of subchapter A of chapter 1 of the Internal Rev-  
18 enue Code of 1986 is amended by inserting after the  
19 item relating to section 36A the following new item:

“Sec. 36B. Health insurance costs of low-income individuals.”.

20 (c) EFFECTIVE DATE.—The amendments made by  
21 this section shall apply to taxable years beginning after  
22 December 31, 2009.

1 **SEC. 547. DEDUCTION FOR QUALIFIED HEALTH INSURANCE**

2 **COSTS OF INDIVIDUALS.**

3 (a) **IN GENERAL.**—Part VII of subchapter B of chap-  
4 ter 1 of the Internal Revenue Code of 1986 (relating to  
5 additional itemized deductions) is amended by redesi-  
6 gnating section 224 as section 225 and by inserting after  
7 section 223 the following new section:

8 **“SEC. 224. COSTS OF QUALIFIED HEALTH INSURANCE.**

9 “(a) **IN GENERAL.**—In the case of an individual,  
10 there shall be allowed as a deduction an amount equal to  
11 the amount paid during the taxable year for coverage for  
12 the taxpayer, his spouse, and dependents under qualified  
13 health insurance.

14 “(b) **LIMITATION.**—In the case of any taxpayer for  
15 any taxable year, the deduction under subsection (a) shall  
16 not exceed an amount that would cause the taxpayer’s  
17 Federal income tax liability to be reduced by more than  
18 the average value of the national health exclusion for em-  
19 ployer sponsored insurance as determined by calculating  
20 the value of the exclusion for each household followed by  
21 calculating the average of those values.

22 “(c) **QUALIFIED HEALTH INSURANCE.**—For pur-  
23 poses of this section, the term ‘qualified health insurance’  
24 has the meaning given such term by section 36B(e).

25 “(d) **SPECIAL RULES.**—

1           “(1) COORDINATION WITH MEDICAL DEDUC-  
2           TION, ETC.—Any amount paid by a taxpayer for in-  
3           surance to which subsection (a) applies shall not be  
4           taken into account in computing the amount allow-  
5           able to the taxpayer as a deduction under section  
6           162(l) or 213(a). Any amount taken into account in  
7           determining the credit allowed under section 35 or  
8           36B shall not be taken into account for purposes of  
9           this section.

10           “(2) DEDUCTION NOT ALLOWED FOR SELF-EM-  
11           PLOYMENT TAX PURPOSES.—The deduction allow-  
12           able by reason of this section shall not be taken into  
13           account in determining an individual’s net earnings  
14           from self-employment (within the meaning of section  
15           1402(a)) for purposes of chapter 2.”.

16           (b) DEDUCTION ALLOWED IN COMPUTING AD-  
17 JUSTED GROSS INCOME.—Subsection (a) of section 62 of  
18 such Code is amended by inserting before the last sentence  
19 the following new paragraph:

20           “(22) COSTS OF QUALIFIED HEALTH INSUR-  
21           ANCE.—The deduction allowed by section 224.”.

22           (c) CLERICAL AMENDMENT.—The table of sections  
23 for part VII of subchapter B of chapter 1 of such Code  
24 is amended by redesignating the item relating to section

1 224 as an item relating to section 225 and inserting before  
2 such item the following new item:

“Sec. 224. Costs of qualified health insurance.”.

3 (d) **EFFECTIVE DATE.**—The amendments made by  
4 this section shall apply to taxable years beginning after  
5 December 31, 2009.

6 **SEC. 548. REVENUE OFFSETS FOR HEALTH INSURANCE**  
7 **CREDIT AND DEDUCTION.**

8 (a) **RECISSION OF RECOVERY AND REINVESTMENT**  
9 **APPROPRIATIONS.**—Effective on the date of the enact-  
10 ment of this Act, the unobligated balance of the discre-  
11 tionary appropriations made available by division A of the  
12 American Recovery and Reinvestment Act of 2009 (Public  
13 Law 111-5) is hereby rescinded.

14 (b) **REPAYMENT OF TARP ASSISTANCE.**—Any  
15 amount received by the Secretary of the Treasury as re-  
16 payment of financial assistance provided pursuant to the  
17 Emergency Economic Stabilization Act of 2008 which is  
18 not otherwise subject to section 106(d) of such Act (12  
19 U.S.C. 5216) shall be transferred to the general fund of  
20 the Treasury for reduction of the public debt.

In subtitle A of title VII of division B, strike section  
1701 (relating to eligibility for individuals with income  
below 150 percent of the Federal poverty level).

