

119TH CONGRESS
1ST SESSION

H. R. 955

To amend the Internal Revenue Code of 1986 to reform health provisions,
and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 4, 2025

Mr. MOORE of Utah (for himself, Mr. PANETTA, Mr. FITZPATRICK, Mr. SCHNEIDER, Mr. SMITH of Nebraska, Mr. RUIZ, Mr. VALADAO, Mrs. DINGELL, Mr. MOOLENAAR, and Mr. DAVIS of North Carolina) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to reform
health provisions, 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Health Out-of-Pocket
5 Expense Act of 2025” or the “HOPE Act of 2025”.

6 **SEC. 2. HOPE ACCOUNTS.**

7 (a) ACCOUNTS ESTABLISHED.—

8 (1) IN GENERAL.—Part VIII of subchapter F
9 of chapter 1 of the Internal Revenue Code of 1986

1 is amended by adding at the end the following new
2 section:

3 **“SEC. 530A. HOPE ACCOUNTS.**

4 “(a) IN GENERAL.—A HOPE Account shall be ex-
5 empt from taxation under this subtitle. Notwithstanding
6 the preceding sentence, the Hope Account shall be subject
7 to the taxes imposed by section 511 (relating to the impo-
8 sition of tax on unrelated business income of charitable
9 organizations).

10 “(b) DEFINITIONS AND SPECIAL RULES.—For pur-
11 poses of this section—

12 “(1) HOPE ACCOUNT.—The term ‘HOPE Ac-
13 count’ means a trust created or organized in the
14 United States as a HOPE Account exclusively for
15 the purpose of paying the qualified medical expenses
16 of the account beneficiary, but only if the written
17 governing instrument creating the trust meets the
18 following requirements:

19 “(A) Except in the case of a rollover con-
20 tribution described in subsection (d)(4) of this
21 section, no contribution will be accepted—

22 “(i) unless it is in cash, or

23 “(ii) to the extent such contribution,
24 when added to previous contributions to

1 the trust for the calendar year, exceeds the
2 contribution limitations in subsection (c).

3 “(B) The trustee is a bank (as defined in
4 section 408(n)), an insurance company (as de-
5 fined in section 816), or another person who
6 demonstrates to the satisfaction of the Sec-
7 retary that the manner in which such person
8 will administer the trust will be consistent with
9 the requirements of this section.

10 “(C) No part of the trust assets will be in-
11 vested in life insurance contracts.

12 “(D) The assets of the trust will not be
13 commingled with other property except in a
14 common trust fund or common investment
15 fund.

16 “(E) The interest of an individual in the
17 balance in the individual’s account is nonforfeit-
18 able.

19 “(F) No more than reasonable fees are
20 paid in connection with the administration of
21 the account.

22 “(G) The trust includes procedures for the
23 trustee to reasonably assure that distributions
24 are limited to payment or reimbursement for
25 qualified medical expenses incurred after the es-

1 establishment of the trust. Procedures shall be
2 considered reasonable that meet the substan-
3 tiation requirements contained in Proposed
4 Treasury Regulation section 1.125–6 (as in ef-
5 fect on January 1, 2025) or under any super-
6 seding guidance prescribed by the Secretary.

7 “(H) The trust follows all reporting re-
8 quirements as may be prescribed by the Sec-
9 retary with respect to distributions that are not
10 substantiated as qualified medical expenses pur-
11 suant to this section.

12 “(I) The trust follows any other guidance
13 with respect to HOPE Accounts prescribed by
14 the Secretary.

15 “(J) Except as provided in subsection
16 (d)(2)(B), amounts held by the trust may not
17 be distributable other than exclusively to pay
18 the qualified medical expenses of the account
19 beneficiary, spouse or dependents.

20 “(K) The trust reports all contributions on
21 Form 5498–A, or such other form as is re-
22 quired by the Secretary. The trust annually
23 must also—

24 “(i) request each account owner to
25 provide the trust with the amount if any,

1 the account owner contributed to an FSA
2 for the year, and

3 “(ii) report such amount on Form
4 5498–A or such other form as is required
5 by the Secretary.

6 “(2) ELIGIBLE INDIVIDUAL.—

7 “(A) IN GENERAL.—The term ‘eligible in-
8 dividual’ means, with respect to any month, any
9 individual if for such month such individual
10 meets the requirements of subparagraphs (B)
11 and (C).

12 “(B) COVERAGE REQUIREMENT.—An indi-
13 vidual meets the requirements of this subpara-
14 graph for a month if such individual is covered
15 under one of the following types of coverage as
16 of the 1st day of such month:

17 “(i) Minimum essential coverage (as
18 defined in section 5000A(f)).

19 “(ii) With respect to members of fed-
20 erally recognized American Indian and
21 Alaska Native Tribes and their descend-
22 ants, the Indian Health Service.

23 “(C) OTHER COVERAGE.—

24 “(i) IN GENERAL.—An individual
25 meets the requirements of this subpara-

1 graph for a month if during such month
2 no amounts are contributed by or on be-
3 half of the individual to any of the fol-
4 lowing accounts of such individual:

5 “(I) A health flexible spending
6 arrangement.

7 “(II) A health savings account
8 (as defined in section 223(d)).

9 “(III) A health reimbursement
10 arrangement which is treated as em-
11 ployer-provided coverage under an ac-
12 cident or health plan for purposes of
13 section 106.

14 “(IV) An Archer MSA (as de-
15 fined in section 220(d)).

16 “(ii) EXCEPTION FOR CERTAIN DIS-
17 REGARDED COVERAGE.—Clause (i) shall
18 not apply in the case of an account de-
19 scribed therein if for the month such ac-
20 count constitutes coverage described in sec-
21 tion 223(c)(1)(B).

22 “(3) QUALIFIED MEDICAL EXPENSES.—The
23 term ‘qualified medical expenses’ has the meaning
24 given such term in section 223(d)(2).

1 “(4) ACCOUNT BENEFICIARY.—The term ‘ac-
2 count beneficiary’ means the individual on whose be-
3 half the HOPE Account was established.

4 “(5) ACCOUNT TERMINATIONS.—Rules similar
5 to the rules of paragraphs (2) and (4) of section
6 408(e) shall apply to HOPE Accounts, and any
7 amount treated as distributed under such rules shall
8 be treated as not used to pay qualified medical ex-
9 penses.

10 “(6) CERTAIN RULES TO APPLY.—Rules similar
11 to the following rules shall apply for purposes of this
12 section:

13 “(A) Section 219(f)(3) (relating to time
14 when contributions deemed made).

15 “(B) Except as provided in section 106(h),
16 section 219(f)(5) (relating to employer pay-
17 ments).

18 “(C) Section 408(g) (relating to commu-
19 nity property laws).

20 “(D) Section 408(h) (relating to custodial
21 accounts).

22 “(E) Section 223(f)(7) (relating to trans-
23 fer of account incident of divorce).

24 “(F) Section 223(f)(8) (relating to treat-
25 ment after death of account beneficiary).

1 “(c) CONTRIBUTION LIMITATIONS.—

2 “(1) IN GENERAL.—The aggregate amount of
3 contributions from all sources to all HOPE Accounts
4 maintained for the benefit of an eligible individual
5 for any taxable year shall not exceed the sum of the
6 monthly limitations for months during such taxable
7 year that the individual is an eligible individual.

8 “(2) MONTHLY LIMITATION.—The monthly lim-
9 itation for any month is $\frac{1}{12}$ of—

10 “(A) in the case of an eligible individual
11 who has self-only coverage, or an eligible indi-
12 vidual that is married filing separately or mar-
13 ried filing jointly that has family coverage,
14 \$4,000, or

15 “(B) in the case of an eligible individual
16 who has family coverage and is head of house-
17 hold, \$8,000.

18 “(3) LIMITATION ON THIRD PARTY CONTRIBU-
19 TIONS.—A trust shall not be treated as a Hope Ac-
20 count under this section unless the aggregate of con-
21 tributions on behalf of the individual from all em-
22 ployers of the individual and from any Medicaid pro-
23 gram established and administered by a State or
24 subdivision thereof, if approved by the Secretary of
25 Health and Human Services under Section 1115 of

1 the Social Security Act or Section 1332 of the Pa-
2 tient Protection and Affordable Care Act, will not be
3 accepted in excess of 50 percent of the limit with re-
4 spect to such individual.

5 “(4) NO DEDUCTION.—No deduction shall be
6 allowed for a contribution made by an eligible indi-
7 vidual to a HOPE Account maintained for the ben-
8 efit of such individual for any taxable year.

9 “(5) EXCLUSION FROM GROSS INCOME LIM-
10 ITED.—Any contribution under paragraph (c)(3) to
11 the HOPE account of an individual whose adjusted
12 gross income for the prior taxable year does not ex-
13 ceed \$100,000 (\$200,000 in the case of a married
14 individual filing a joint return) shall be excluded
15 from the individual’s adjusted gross income.

16 “(6) COORDINATION WITH OTHER CONTRIBU-
17 TIONS.—The limitation which would (but for this
18 paragraph) apply under this subsection to an indi-
19 vidual for any taxable year shall be reduced (but not
20 below zero) by the sum of—

21 “(A) the aggregate amount determined
22 with respect to the individual for the taxable
23 year under section 223(b)(4),

24 “(B) the aggregate amount contributed by
25 the individual to health savings accounts of the

1 individual for such taxable year and not taken
2 into account under subparagraph (A),

3 “(C) the aggregate amount contributed to
4 a HOPE Account of such individual by the in-
5 dividual’s employer, and

6 “(D) the aggregate amount contributed to
7 a HOPE Account of such individual for such
8 taxable year by a program established and ad-
9 ministered by a State or subdivision thereof
10 with respect to converted cost-sharing reduction
11 payments.

12 “(7) COST-OF-LIVING ADJUSTMENT.—In the
13 case of any taxable year beginning in a calendar
14 year after 2026, each dollar amount in paragraph
15 (2) shall be increased by an amount equal to—

16 “(A) such dollar amount, multiplied by

17 “(B) the cost-of-living adjustment deter-
18 mined under section 1(f)(3) for the calendar
19 year in which such taxable year begins deter-
20 mined—

21 “(i) by substituting ‘calendar year
22 2025’ for ‘calendar year 2016’ in subpara-
23 graph (A)(ii) thereof, and

24 “(ii) by substituting ‘March 31’ for
25 ‘August 31’ in section 1(f)(4).

1 The Secretary shall publish the adjusted
2 amounts under paragraph (2) for taxable years
3 beginning in any calendar year no later than
4 June 1 of the preceding calendar year. If any
5 increase under this paragraph is not a multiple
6 of \$50, such increase shall be rounded to the
7 nearest multiple of \$50.

8 “(d) TAX TREATMENT OF DISTRIBUTIONS.—

9 “(1) AMOUNTS USED FOR QUALIFIED MEDICAL
10 EXPENSES.—Any amount paid or distributed out of
11 a HOPE Account which is used exclusively to pay
12 qualified medical expenses of any account beneficiary
13 shall not be includible in gross income.

14 “(2) DISTRIBUTION AND TAXATION OF
15 AMOUNTS NOT USED FOR QUALIFIED MEDICAL EX-
16 PENSES.—

17 “(A) IN GENERAL.—Except as provided in
18 subparagraph (B), no amount may be paid or
19 distributed out of a HOPE Account which is
20 not used exclusively to pay the qualified medical
21 expenses of the account beneficiary.

22 “(B) EXCEPTION FOR CERTAIN DISTRIBUTIONS.—An amount may be paid or distributed
23 out of a HOPE Account which is not used ex-
24 clusively to pay the qualified medical expenses
25

1 of the account beneficiary if such distribution is
2 reported to the Secretary pursuant to such reg-
3 ulations or other guidance the Secretary may
4 prescribe, and the distribution is—

5 “(i) made to an account beneficiary
6 (or to the estate of the account bene-
7 ficiary) on or after the death of the indi-
8 vidual, or

9 “(ii) attributable to the account bene-
10 ficiary being disabled (within the meaning
11 of section 72(m)(7)).

12 “(C) TAXATION OF DISTRIBUTIONS NOT
13 USED FOR QUALIFIED MEDICAL EXPENSES.—

14 “(i) IN GENERAL.—Any amount paid
15 or distributed out of a HOPE Account
16 which is not used exclusively to pay quali-
17 fied medical expenses of any account bene-
18 ficiary shall be includible in gross income,
19 except to the extent such distribution is al-
20 locable to amounts described in subpara-
21 graph (D)(iii).

22 “(ii) ADDITIONAL TAX.—The tax im-
23 posed by this chapter on the account bene-
24 ficiary for any taxable year in which there
25 is a payment or distribution from a HOPE

1 Account of such beneficiary which is in-
2 cludible in gross income under clause (i)
3 shall be increased by 30 percent of the
4 amount which is so includible.

5 “(D) ORDERING OF DISTRIBUTIONS.—Any
6 distributions out of a HOPE Account pursuant
7 to subparagraph (B) shall be treated as made
8 from amounts to the extent that the amount of
9 such distribution, when added to all previous
10 distributions from the HOPE Account, does not
11 exceed the aggregate of such amount, and from
12 such amounts pursuant to the following order-
13 ing rules:

14 “(i) from earnings, if any, on such
15 amounts described in clauses (ii) and (iii),

16 “(ii) from contributions described in
17 subsection (c)(3),

18 “(iii) from contributions by an eligible
19 individual to the HOPE Account, and

20 “(iv) from rollover contributions to
21 the HOPE Account from another HOPE
22 Account allocable to contributions by an el-
23 igible individual to such other HOPE Ac-
24 count, on a first-in, first-out basis.

1 “(3) EXCESS CONTRIBUTIONS RETURNED BE-
2 FORE DUE DATE OF RETURN.—

3 “(A) IN GENERAL.—If any excess con-
4 tribution is contributed for a taxable year to
5 any HOPE Account of an individual, paragraph
6 (2) shall not apply to distributions from the
7 HOPE Accounts of such individual (to the ex-
8 tent such distributions do not exceed the aggre-
9 gate excess contributions to all such accounts of
10 such individual for such year) if—

11 “(i) such distribution is received by
12 the individual on or before the last day
13 prescribed by law (including extensions of
14 time) for filing such individual’s return for
15 such taxable year, and

16 “(ii) such distribution is accompanied
17 by the amount of net income attributable
18 to such excess contribution.

19 Any net income described in clause (ii) shall be
20 included in the gross income of the individual
21 for the taxable year in which it is received.

22 “(B) EXCESS CONTRIBUTION.—For pur-
23 poses of subparagraph (A), the term ‘excess
24 contribution’ means any contribution (other
25 than a rollover contribution described in para-

1 graph (4)) which is neither excludable from
2 gross income under section 106(h) nor allow-
3 able under this section.

4 “(4) ROLLOVER CONTRIBUTION.—An amount is
5 described in this paragraph as a rollover contribu-
6 tion if it meets the requirements of subparagraphs
7 (A) and (B).

8 “(A) IN GENERAL.—Paragraph (2) shall
9 not apply to any amount paid or distributed
10 from a HOPE Account to the account bene-
11 ficiary to the extent the amount received is paid
12 into a HOPE Account for the benefit of such
13 beneficiary, the beneficiary’s spouse or the
14 beneficiary’s dependent not later than the 60th
15 day after the day on which the beneficiary re-
16 ceives the payment or distribution.

17 “(B) LIMITATION.—This paragraph shall
18 not apply to any amount described in subpara-
19 graph (A) received by an individual from a
20 HOPE Account if, at any time during the 1-
21 year period ending on the day of such receipt,
22 such individual received any other amount de-
23 scribed in subparagraph (A) from a HOPE Ac-
24 count which was not includible in the individ-

1 ual’s gross income because of the application of
2 this paragraph.

3 “(C) DEPENDENT.—The term dependent
4 means any individual with respect to whom a
5 deduction under section 151 is allowed to an-
6 other taxpayer for a taxable year beginning in
7 the calendar year in which such individual’s
8 taxable year begins.

9 “(5) COORDINATION WITH MEDICAL EXPENSE
10 DEDUCTION.—For purposes of determining the
11 amount of the deduction under section 213, any pay-
12 ment or distribution out of a HOPE Account for
13 qualified medical expenses shall not be treated as an
14 expense paid for medical care.

15 “(e) REPORTS.—The Secretary shall require the
16 trustee of a HOPE Account to make such reports regard-
17 ing such account to the Secretary and to the account bene-
18 ficiary with respect to contributions, distributions, the re-
19 turn of excess contributions, and such other matters as
20 the Secretary determines appropriate. The trustee shall in-
21 clude in each such report an accounting of the amount
22 contributed by the account beneficiary, and may, if nec-
23 essary to determine such amount, request such informa-
24 tion from the account beneficiary.”.

1 (2) CLERICAL AMENDMENT.—The table of sec-
2 tions for part VIII of subchapter F of chapter 1 of
3 such Code is amended by adding at the end the fol-
4 lowing new item:

“Sec. 530A. HOPE Accounts.”.

5 (b) EXCESS CONTRIBUTIONS.—

6 (1) IN GENERAL.—Section 4973(a) of such
7 Code is amended by striking “or” at the end of
8 paragraph (5), by striking the period at the end of
9 paragraph (6) and inserting “, and”, and by insert-
10 ing after paragraph (6) (as so amended) the fol-
11 lowing new paragraph:

12 “(7) A HOPE Account (as defined in section
13 530A(b)).”.

14 (2) EXCESS CONTRIBUTIONS DEFINED.—Sec-
15 tion 4973 of such Code is amended by adding at the
16 end the following new subsection:

17 “(i) EXCESS CONTRIBUTIONS TO HOPE AC-
18 COUNT.—

19 “(1) IN GENERAL.—For purposes of this sec-
20 tion, in the case of HOPE Accounts (within the
21 meaning of section 530A(b)), the term “excess con-
22 tributions” means the sum of—

23 “(A) The aggregate amount contributed
24 for the taxable year to the accounts (other than
25 a rollover contribution described in section

1 530A(d)(4)) which exceeds the contributions
2 limits under section 530A(c), and

3 “(B) the amount determined under this
4 subsection for the preceding taxable year, re-
5 duced by the sum of—

6 “(i) the distributions out of the ac-
7 counts which were included in gross in-
8 come under section 530A(d)(2)(C), and

9 “(ii) the excess (if any) of—

10 “(I) the maximum amount of al-
11 lowable contributions under 530A(c)
12 for the taxable year, over

13 “(II) the amount contributed to
14 the accounts for the taxable year.

15 “(2) RETURNED EXCESS CONTRIBUTIONS.—For
16 purposes of this subsection, any contribution which
17 is distributed out of the HOPE Account in a dis-
18 tribution to which section 530A(d)(2)(C) applies
19 shall be treated as an amount not contributed.”.

20 (c) EMPLOYER CONTRIBUTIONS.—

21 (1) IN GENERAL.—Section 106 of such Code is
22 amended by adding at the end the following new
23 subsection:

24 “(h) CONTRIBUTIONS TO HOPE ACCOUNTS.—

1 “(1) IN GENERAL.—In the case of an employee
2 who is an eligible individual, amounts contributed by
3 such employee’s employer to any HOPE account (as
4 defined in section 530A(b)) of such employee shall
5 be treated as employer-provided coverage for medical
6 expenses under an accident or health plan to the ex-
7 tent such amounts do not exceed the limitations ap-
8 plicable to such individual for such taxable year
9 under section 530A(c) (determined without regard to
10 this subsection).

11 “(2) LIMITATION.—Paragraph (1) shall not
12 apply in the case of a taxpayer whose adjusted gross
13 income for the taxable year exceeds \$100,000
14 (\$200,000 in the case of a joint return).

15 “(3) SPECIAL RULES.—Rules similar to the
16 rules of paragraphs (2), (3), (4), and (5) of sub-
17 section (b) shall apply for purposes of this sub-
18 section.

19 “(4) CROSS REFERENCE.—For penalty on fail-
20 ure by employer to make comparable contributions
21 to the health savings accounts of comparable em-
22 ployees, see section 4980G.”.

23 (2) INFORMATION REPORTING FOR EMPLOY-
24 EES.—Section 6051(a) is amended by striking
25 “and” at the end of paragraph (16), by striking the

1 period at the end of paragraph (17) and inserting “,
2 and”, and by inserting after paragraph (17) (as so
3 amended) the following new paragraph:

4 “(18) the amount contributed to any HOPE
5 Account (as defined in section 530A(b)) of such em-
6 ployee.”.

7 (3) CONFORMING AMENDMENT RELATING TO
8 CAFETERIA PLANS.—Section 125(f)(1) of such Code
9 is amended by inserting “106(h),” after “106(b),”.
10 (d) FAILURE OF EMPLOYER TO MAKE COMPARABLE
11 HOPE ACCOUNT CONTRIBUTIONS.—

12 (1) IN GENERAL.—Section 4980G(a) of such
13 Code is amended by inserting “or HOPE Account”
14 after “health savings account”.

15 (2) CONFORMING AMENDMENTS.—

16 (A) Section 4980G(c) of such Code is
17 amended by striking “and health savings ac-
18 counts” and inserting “, health savings ac-
19 counts, or HOPE Accounts”.

20 (B) Section 4980G(d) of such Code is
21 amended by inserting “or HOPE Account”
22 after “health savings account”.

23 (C) The heading for section 4980G of such
24 Code is amended by inserting “**OR HOPE AC-**

1 **COUNT**” after “**HEALTH SAVINGS AC-**
2 **COUNT**”.

3 (D) The table of sections for chapter 43 of
4 such Code is amended by striking the item re-
5 lating to section 4980G and inserting the fol-
6 lowing new item:

 “Sec. 4980G. Failure of employer to make comparable health savings account
 or HOPE Account contributions.”.

7 (e) **APPLICATION OF PROHIBITED TRANSACTION**
8 **RULES.—**

9 (1) **IN GENERAL.—**Section 4975(e)(1) of such
10 Code is amended by striking “or” at the end of sub-
11 paragraph (F), by redesignating subparagraph (G)
12 as subparagraph (H), and by inserting after sub-
13 paragraph (F), as so amended, the following new
14 subparagraph:

15 “(G) a HOPE Account described in section
16 530A(b), or”.

17 (f) **FAILURE TO REPORT.—**Section 6693(a)(2) of
18 such Code is amended by striking “and” at the end of
19 subparagraph (E), by striking the period at the end of
20 subparagraph (F) and inserting “, and”, and by inserting
21 after subparagraph (F) (as so amended) the following new
22 subparagraph:

23 “(G) Section 530A(e) (relating to HOPE
24 Accounts).”.

1 (g) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2025.

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