CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 23, 2018

H.R. 6312
Personal Health Investment Today Act

As reported by the House Committee on Ways and Means on July 19, 2018

H.R. 6312 would amend the Internal Revenue Code to allow qualified sports and fitness expenses to be treated as medical care expenses, enabling those expenses to be reimbursed from Health Savings Accounts (HSAs), Archer Medical Savings Accounts, health Flexible Spending Arrangements (FSAs), and Health Reimbursement Arrangements.

Subject to certain limits, contributions made by an individual to those accounts are deductible for income tax purposes and those made by an employer, including through cafeteria plans, are excludible for both income and payroll tax purposes. Under current law, qualified medical expenses include expenses related to diagnosis, treatment, and prevention of diseases and certain long-term care expenses. Fitness-related expenses such as gym memberships, fitness programs, and safety equipment currently do not qualify as medical expenses. Under H.R. 6312, amounts up to $500 of sports and fitness expenses and up to $250 of safety equipment for any taxpayer in any taxable year would be treated as qualified medical care expenses.

The staff of the Joint Committee on Taxation (JCT) estimates that enacting H.R. 6312 would reduce revenues by $3.5 billion over the 2019-2028 period. The change in revenues includes a reduction of about $1 billion over the 2019-2028 period that would result from changes in off-budget revenues (from Social Security payroll taxes). CBO estimates that enacting H.R. 6312 would not affect direct spending.

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting revenues or direct spending. The net changes in revenues and direct spending that are subject to those pay-as-you-go procedures are shown in the following table. Only on-budget changes to revenues and direct spending are subject to pay-as-you-go procedures.

CBO and JCT estimate that enacting H.R. 6312 would increase on-budget deficits by more than $5 billion in at least one of the four 10-year periods beginning in 2029. CBO estimates that enacting the bill would not increase net direct spending in any of the four consecutive 10-year periods beginning in 2029.

JCT has determined that the bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Cecilia Pastrone. The estimate was reviewed by John McClelland, Assistant Director, Tax Analysis Division.

CBO Estimate of Pay-As-You-Go Effects for bill H.R. 6312, as reported by the House Committee on Ways and Means on July 19, 2018.

	By Fiscal Year, in Millions of Dollars												
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
NET INCREASE OR DECREASE (-) IN THE ON-BUDGET DEFICIT													
Statutory Pay-As-You-Go Effects	0	134	237	246	249	253	256	260	275	295	302	1,118	2,507
Memorandum:[a]													
Change in On-Budget Revenues	0	-134	-237	-246	-249	-253	-256	-260	-275	-295	-302	-1,118	-2,507
Change in Off-Budget Revenues[b]	0	-92	-98	-99	-101	-102	-104	-105	-107	-108	-110	-493	-1,026

Source: Staff of the Joint Committee on Taxation.

Note: Components do not add to totals due to rounding.

a. A negative sign for revenues indicates a reduction in revenues.
b. Off-budget revenues result from changes in Social Security payroll tax receipts.