

REVISED

STATEMENT OF PURPOSE

RS31134 / H0523

This legislation would provide that Health Care Sharing Ministry (HCSM) expenses are eligible medical expenses for Medical Savings Accounts (MSA). In Idaho, MSAs enable Idahoans to receive tax deduction benefits for up to \$10,000 of health related expenses paid out of their Medical Savings Account. Under current Idaho law, citizens can only use their MSA for eligible medical, vision, and dental expenses (as defined by the Internal Revenue Code), along with health insurance and supplemental Medicare premiums and long-term care expenses. Due to the fact that HCSMs are not insurance companies and are not as well known, the tax code does not explicitly address their status. Currently, Idaho HCSM members are unable to utilize an MSA for HCSM expenses that serve a similar purpose to insurance premiums. Members of HCSMs financially assist fellow members with large medical expenses rendering a result usually provided by health insurance. However, their costs do not have tax parity with health insurance premiums. Like health insurance policyholders, members of HCSMs make payments that go toward assisting fellow members with medical expenses. Share fees paid to HCSMs are also not tax deductible, even though HCSMs are nonprofit organizations, due to the possibility of those funds being used on the member's own health expenses.

FISCAL NOTE

There are an estimated 7,500 Idaho households participating in a Health Care Sharing Ministry arrangement, with an average share fee amount of \$500 per month would be an estimated \$45,000,000 annually, at the tax rate of 5.8%, would be \$2.6 million not collected in tax revenue by the state since this would now be tax deductible. This is an estimate based on all of these households taking advantage of the MSA tax deduction benefits. This legislation would save the average Idahoan utilizing a HCSM arrangement \$350 per year in taxes.

Contact:

Representative Jordan Redman
(208) 332-1000

DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).