For Immediate Release

Contact:

Betsy Jaffe
Director, Marketing and Public Relations
Employee Benefit Research Institute
press-media@ebri.org
202.775.6347

Health Savings Account Balances Show Continued Growth

Washington, D.C. – January 9, 2020 – Average Health Savings Account (HSA) balances increased from $1,990 in 2011 to $2,803 in 2018, according to a new report by the Employee Benefit Research Institute (EBRI).

“Trends in Health Savings Account Balances, Contributions, Distributions, and Investments, 2011–2018: Estimates From the EBRI HSA Database” is a longitudinal study from EBRI’s HSA database, examining trends in account balances, individual and employer contributions, distributions, invested assets, and account-owner demographics. The EBRI HSA Database was developed to analyze the state of and individual behavior in HSAs and contains 9.8 million accounts with total assets of $22.8 billion as of Dec. 31, 2018.

An HSA is a tax-exempt trust or custodial account that an individual can use to pay for health care expenses. Contributions to the account are deductible from taxable income, and distributions for qualified medical expenses from the HSA are not counted as taxable income. Tax-free distributions are also allowed for certain premiums. Any interest or other capital earnings from the account build up tax free as well.

HSAs are a critical component of consumer-driven health plans. The number of employers expected to offer an HSA-eligible health plan either as an option, or as the only health plan option, is expected to continue to increase—and HSA-eligible health plans and HSAs are expected to grow as a vital component of employment-based health coverage. In 2018, enrollment in HSA-eligible health plans was estimated to be between 23 and 36.8 million policyholders and their dependents.

HSA Contributions Climb

Average total contributions — combined individual and employer contributions — increased from $2,348 to $2,919 between 2011 and 2018. However this average was just above the minimum allowable deductible amount for family coverage, and less than one-half the allowable contribution maximum for family coverage.

Withdrawals Outpace Long-Term Investment

Overall, 59 percent of HSA holders withdrew funds. The average annual amount distributed was $1,865 in 2018, implying an average rollover of $1,054. In 2018, only six percent invested their HSA balance in investments other than cash despite the tax-saving possibilities.
Familiarity with HSAs Results in Using the Accounts as Designed

HSAs offer a valuable tax incentive to set aside money on a tax-favored basis for current or future medical expenses. Yet account owners often appear to be using the accounts primarily to cover current expenses, such as deductibles, coinsurance, and copayments, rather than fully taking advantage of the tax preference by contributing the maximum or maintaining HSA balances for retirement health care expenses. However, EBRI’s study finds this behavior changes as account owners become more experienced in managing their accounts, and the size of their accounts grow.

“As individuals become more familiar with HSAs, they are more likely to take advantage of the benefits of the account. Account balances are growing over time, enabling longtime account holders to withdraw larger sums when unexpected major health expenses occur and saving and investing for retirement expenses”, said Paul Fronstin, director of EBRI’s Health Research and Education Program and coauthor of the report. “Plan sponsors that value employee financial wellness can work with administrators and advisors to take a long-term view of HSA account balance growth.”


About EBRI

The Employee Benefit Research Institute is a private, nonpartisan, nonprofit research institute based in Washington, DC, that focuses on health, savings, retirement, and financial security issues. EBRI does not lobby and does not take policy positions. The work of EBRI is made possible by funding from its members and sponsors, who include a broad range of public, private, for-profit and nonprofit organizations. For more information visit www.ebri.org.