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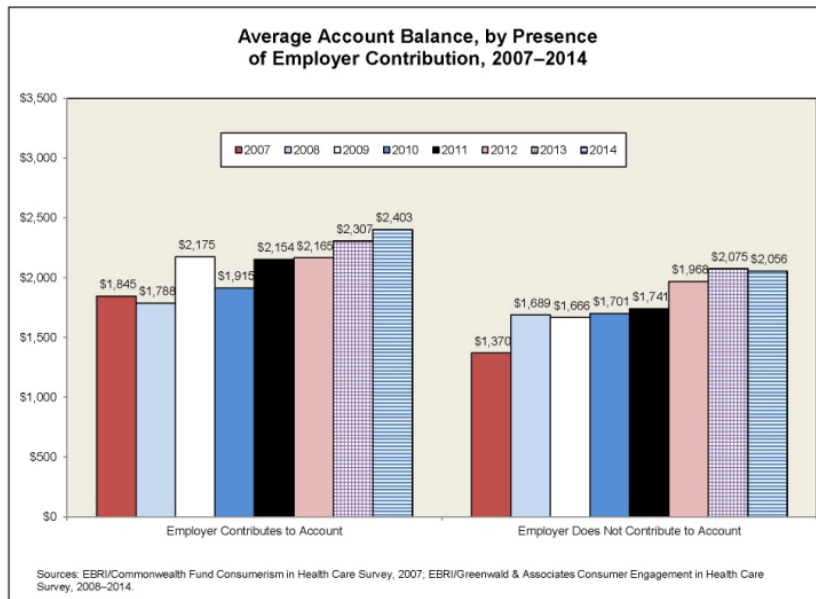
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## New Research from EBRI:

# Employer Contributions Key to Health Accounts

WASHINGTON—A crucial factor in the amount of money in individual health accounts is whether the employer contributes to it—whether a little or a lot, according to new findings by the nonpartisan Employee Benefit Research Institute (EBRI).

The latest analysis by EBRI shows that the overall average account balance in health savings accounts (HSAs) and health reimbursement arrangements (HRAs) was \$2,077 in 2014, up from \$1,356 in 2008.



But accounts with an employer contribution had a higher average balance than those without one: \$2,403 for those in which the employer contributed in 2014, vs. \$2,046 for those where the employer did not. The level of the employer contribution also makes a difference: Workers whose employer kicked in at least \$1,000 a year had an average of \$2,768 in their account, vs. \$2,183 for those who got less than \$1,000 from their employer.

“It will be important to track this trend over time, since account balances are currently low and under current rules must be invested in safe vehicles such as money market funds,” said Paul Fronstin, director of EBRI’s Health Research and Education Program, and co-author of the report. “As these accounts grow and pass the threshold for investing in riskier investments, the opportunities for both capital gains and losses will increase.”

HSAs are tax-exempt trusts or accounts used to pay for health care expenses, which workers can use to save for future health expenses. They were designed to give individuals more control over

funds allocated for health care services and cause them to become more engaged in their health care, thereby using health care services more effectively. HRAs are employer-funded health plans that reimburse workers for qualified medical expenses.

Employers can contribute to both HSAs and HRAs, although only individual workers can contribute to a health savings account. Collectively, these are known as consumer-driven health plans (CDHPs).

The findings come from the 2014 EBRI/Greenwald & Associates Consumer Engagement in Health Care Survey (CEHCS), which reports there were 10.6 million HSA and HRA accounts holding \$22.1 billion in 2014. That's up from only 4.2 million accounts with \$5.7 billion in 2008. As of 2014, they covered about 26 million people representing about 15 percent of the privately insured market.

Among other findings by the CEHCS:

- While the total amount rolled over in HSA and HRA accounts declined last year (\$8.9 billion in 2014, down from \$9.4 billion in 2013), the average rollover amounts increased slightly (from \$1,165 in 2013 to \$1,244 in 2014).
- Rollover amounts increased with the length of time an individual had held an account. In 2014, those who had held an account one to two years rolled over an average of \$982; those who had held an account three to four years rolled over an average of \$1,421; and those who had held an account five or more years rolled over an average of \$1,428. Eleven percent of individuals had held an account for more than a year without a rollover in 2014.
- An increasing number of individuals have held their account for three or more years. One-quarter (27 percent) had held their account for three to four years, up from 19 percent in 2008. Thirteen percent had held their account five or more years, up from 4 percent in 2008.
- Individuals who had held an HRA or HSA for five years or more had \$3,092 in their account. Those who had held an account for less than a year had less than \$1,500 in their account. In general, average account balances have grown over the longer term regardless of how long the account had been open.

The full report, "Health Savings Accounts and Health Reimbursement Arrangements: Assets, Account Balances, and Rollovers, 2006–2014," is published in the January *EBRI Issue Brief*, online at [www.ebri.org](http://www.ebri.org)

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