

While Account Balances Rise, New Health Savings Account Research Report Finds One-Third of Accountholders Withdrew More Than They Contributed

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For more information: Ron Dresner
dresner@ebri.org

(Washington, D.C.) – A new research report, “Health Savings Account Balances, Contributions, Distributions, and Other Vital Statistics, 2023: Evidence From the EBRI HSA Database,” published today by the Employee Benefit Research Institute, found health savings account (HSA) balances rising while one-third of accountholders were withdrawing more money than they contributed. Research also uncovered that few accountholders contributed the statutory maximum in 2023 or took advantage of the ability to invest assets in HSAs.

The research report is based upon the unique EBRI HSA Database, which contains information on over 14.5 million accountholders. “Health savings account (HSA)-eligible health plans are an important part of the health benefits landscape. Yet, there is little empirical research about how HSAs are used by workers,” said Jake Spiegel, report co-author, senior research associate, Health and Wealth, EBRI. “Such analyses can not only inform strategies for plan sponsors wishing to help workers better utilize their HSAs, but also help HSA providers better position their offerings, as well as help policymakers craft sound policy.”

Key findings in the new research report include:

- Health savings account balances continued to increase over the course of the year, despite higher spending on health care. Out-of-pocket patient spending on health care increased in 2023, rising 7.5% over 2022. Still, average end-of-year HSA balances were higher than average beginning-of-year balances.
- Accounts that received an employer contribution reflected higher total contributions and were more likely to invest. In all, 43% of accountholders received an employer contribution.
- Most accountholders took a distribution in 2023. More than half of the HSAs in EBRI’s database had a distribution in 2023, and the average distribution was \$1,801.
- Relatively few HSAs are invested. One of the largest advantages HSAs offer is the ability to invest assets within the account and that investments grow on a tax-free basis. However, the report’s analysis reveals that only 15% of accountholders invested their HSAs in assets other than cash.

- Age and tenure play a major role in HSA utilization. Consistent with previous findings, accountholder age and tenure are closely related to average balances, contributions and distributions, as well as the propensity to invest. On average, older accountholders contributed more to their HSAs, had higher balances, more frequently took distributions and had a higher likelihood of investing at least some portion of their HSA in assets other than cash.

“Our analysis finds evidence that accounts with employer contributions tended to have higher total contributions and more frequently contained investments other than cash. This evidence suggests that employers can play a crucial role in fostering employee engagement with their HSAs. One clear avenue is for employers to contribute to an employee’s HSA on their behalf,” said Paul Fronstin, Ph.D., report co-author and director, Health Benefits Research, EBRI. “Providing an employer contribution to an HSA will not automatically turn that accountholder into an investor who uses their HSA as a long-term savings vehicle instead of a short-term spending vehicle. Indeed, accountholders with employer contributions still take larger distributions than their counterparts who did not receive an employer contribution. However, it is clear that plan sponsors and administrators play a critical role in helping accountholders take a longer-term view of HSAs and the role they can play in their financial wellness.”

The EBRI HSA Database is a representative repository of information about individual HSAs. The database is unique because it includes information provided by a variety of account recordkeepers representing the characteristics and activity of a broad range of HSA owners. As of Dec. 31, 2023, the EBRI HSA Database includes 14.5 million health savings accounts representing \$48.4 billion in assets.

To view a summary of the report, “Health Savings Account Balances, Contributions, Distributions, and Other Vital Statistics, 2023: Evidence From the EBRI HSA Database,” visit <https://www.ebri.org/publications/research-publications/issue-briefs/content/health-savings-account-balances--contributions--distributions--and-other-vital-statistics--2023--evidence-from-the-ebri-hsa-database>.

The Employee Benefit Research Institute is a non-profit, independent and unbiased research organization that provides the most authoritative and objective information about critical issues relating to employee benefit programs in the United States. The organization also coordinates activities for the Center for Research on Health Benefits Innovation, Financial Wellbeing Research Center and Retirement Security Research Center and produces a variety of leading industry surveys during the year. For more information, visit www.ebri.org.

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(MEDIA NOTE: Email Ron Dresner at dresner@ebri.org to receive the complete research report).