**Health Savings Accounts(HSAs) in the US banking system**

* Health savings accounts (HSAs) are tax-advantaged accounts that allow individuals enrolled in high-deductible health plans (HDHPs) to save and pay for qualified medical expenses.
* Research shows that HSA enrollment has generally increased since the mid-2000s, though the rate of growth has fluctuated in recent years.
* However, a national survey found that approximately 1 in 3 adults enrolled in HDHPs did not have an HSA.
* Among those with an HSA, most had not contributed money to it in the last year.
* Lower education and health insurance literacy were associated with not making HSA contributions.
* These findings suggest that many US adults enrolled in HDHPs are not fully utilizing HSAs to save for health care expenses.
* Targeted interventions could help increase HSA uptake and contributions, which may improve retirement income adequacy, especially for female, Black/African American, and Hispanic American households.

**HSA Enrollment and Utilization**

HSA enrollment has generally increased since the mid-2000s, though the rate of growth has fluctuated in recent years.

**According to a 2020 survey by the Kaiser Family Foundation:**

* 30% of covered workers were enrolled in an HDHP with an HAS
* However, about 1 in 3 adults enrolled in HDHPs did not have an HAS

Among those with an HSA, most had not contributed money to it in the last year

Factors associated with not making HSA contributions include lower education and health insurance literacy

**Statistical Data on HSAs**

* In 2021, there were over 32 million HSA accounts with over $98 billion in assets, according to the Employee Benefit Research Institute (EBRI)
* The average HSA account balance was $3,076 in 2021, up from $2,853 in 2020
* Older account holders tend to have higher average balances - $4,119 for those aged 55-64 compared to $1,953 for those under 25
* Utilization of HSAs varies by demographic factors:
  + 44% of HSA account holders were female in 2021
  + 68% of HSA account holders were white, 10% were Black/African American, and 13% were Hispanic

**Implications and Opportunities**

* Many US adults enrolled in HDHPs are not fully utilizing HSAs, which could impact their ability to save for healthcare expenses and retirement
* Targeted interventions to increase HSA awareness, education, and contributions may be beneficial, especially for underserved populations
* Improving HSA utilization could help improve retirement income adequacy, particularly for female, Black/African American, and Hispanic American households

**Eligibility requirements for opening an HAS**

* They must be covered by a high-deductible health plan (HDHP) that meets the IRS requirements. For 2024, the HDHP must have a deductible of at least $1,500 for self-only coverage or $3,000 for family coverage.
* They cannot have any other health coverage that is not an HDHP, with some exceptions like dental, vision, disability, and certain other limited coverage.
* They cannot be enrolled in Medicare.
* They cannot be claimed as a dependent on someone else's tax return.
* They must have a valid Social Security number.

**IRS requirements for HDHPs in 2024**

* Minimum deductible of $1,600 for self-only HDHP coverage (up from $1,500 in 2023)
* Minimum deductible of $3,200 for family HDHP coverage (up from $3,000 in 2023)
* Maximum out-of-pocket expense limit of $8,050 for self-only HDHP coverage (up from $7,500 in 2023)
* Maximum out-of-pocket expense limit of $16,100 for family HDHP coverage (up from $15,000 in 2023)

**Inference**

Health Savings Accounts (HSAs) allow HDHP enrollees to save for medical expenses, but many aren't using them:

* HSA enrollment has grown, but 1 in 3 HDHP enrollees lack an HAS
* Most HSA holders haven't contributed recently
* Lower education and health literacy are linked to not contributing

**HSA utilization varies:**

* 32M+ HSAs held $98B+ in 2021
* Older account holders have higher balances
* Women and minorities are underrepresented

**Eligibility requires an HDHP meeting IRS criteria:**

* 2024 HDHP deductible: $1,600+ self, $3,200+ family
* Out-of-pocket max: $8,050 self, $16,100 family

Increasing HSA awareness and education, especially for underserved groups, could help more people benefit from these tax-advantaged accounts for healthcare and retirement savings.