

October 2, 2026

The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510

RE: Request for Information on Major Reforms to Health Coverage in America

Dear Senator Wyden,

Thank you for the opportunity to respond to the Senate Finance Committee's Request for Information regarding policies to improve access, quality, and affordability of health coverage for Americans. The American Bankers Association's Health Savings Account Council (HSA Council) includes financial institutions and other organizations that support the millions of Americans who use Health Savings Accounts (HSAs) to save and pay for health care expenses. Collectively, the HSA Council represents approximately ninety percent of all the Health Savings Accounts (HSAs) in the United States.

While we recognize that HSAs are not a complete solution to the nation's health-care affordability challenges, we believe HSAs should be considered an important part of the Committee's examination of how to make health coverage more affordable and give Americans greater control over their health-care dollars.

We also recognize that HSA participation and account balances vary by income, and that individuals with greater financial resources are generally better positioned to make larger contributions and accumulate larger balances. At the same time, however, the characterization of HSAs as primarily a benefit for the "healthy and wealthy" does not adequately reflect the scale, demographics, or actual use of these accounts.

HSAs Have Become a Mainstream Health Benefit in America

HSAs are no longer a niche financial product used by a small population of affluent Americans. The latest HSA demographic research from Devenir and the HSA Council estimates that there were **41.7 million HSAs covering approximately 62 million Americans at the end of 2025**. The same research found that **62 percent of HSA accounts were held by individuals living in ZIP codes with median household**

incomes below \$100,000. Although median household income is different from the individual accountholder's income, it nevertheless provides important evidence that HSA participation extends well beyond the highest-income communities.

HSAs also span a broad range of ages. Approximately 42 percent of HSA accounts were held by individuals ages 30–44, while individuals age 55 and older collectively held nearly \$75 billion in HSA assets. Thus, HSAs serve both working-age Americans paying current medical expenses and older Americans preparing for health-care costs later in life. This breadth is consistent with the broader employer health-benefits market.

According to the Kaiser Family Foundation's 2025 Employer Health Benefits Survey, 31 percent of firms offering health benefits offered an HSA-qualified high-deductible health plan, and 29 percent of covered workers were enrolled in an HSA-qualified plan. Among large employers, 56 percent offered an HSA-qualified plan. These numbers demonstrate that HSA-qualified coverage has become a mainstream employer-sponsored benefit rather than a niche product targeted at a small group of affluent employees.

At the same time, the vast majority of employers offer their employees a choice of health insurance plans other than HSA plans. According to Mercer's 2025 National Survey of Employer Sponsored Health Plans, 95% of all employers offered such a choice at their largest worksite.

HSAs Are Used to Pay Current Medical Expenses — Not Simply to Accumulate Wealth

Another important consideration is how Americans actually use their HSAs. If HSAs were primarily vehicles for wealthy, healthy individuals to accumulate tax-advantaged investment assets, one would expect a substantial proportion of accounts to accumulate assets without being used for current medical expenses. The available evidence shows otherwise.

The Employee Benefit Research Institute's (EBRI) analysis of its HSA Database found that 56 percent of HSA accounts had a distribution during 2024, with an average distribution of approximately \$1,870. At the same time, most actively contributing accountholders contributed more than they withdrew during the year.

This is an important distinction. HSAs serve two purposes simultaneously:

1. They provide a short to intermediate term savings vehicle for paying current medical expenses; and
2. They allow Americans to retain unused funds long-term for future medical expenses and retirement health-care costs.

The fact that an HSA can perform both functions is one of its principal advantages. In reality, the vast majority – approximately 90% - of HSA accounts are used exclusively for spending and saving, rather than being invested for the long term. In this way, HSAs resemble emergency savings accounts. Thus, the available evidence does not support treating the HSA population primarily as affluent investors seeking another tax-advantaged investment vehicle. Most HSA accountholders continue to hold their funds in cash and use their accounts principally in connection with health-care expenses with any non-qualified expenditures subject to significant penalties and taxation

Employer-Sponsored HSAs Are Particularly Important to Understanding HSA Adoption

HSAs are also different from many savings arrangements because they are closely integrated with employer-sponsored health insurance. The Government Accountability Office (GAO) recently examined HSA providers and found that eight of nine selected providers focused their marketing primarily on employers. According to Devenir, 90% of all contributions to HSAs are to accounts associated with an employer plan.

GAO also noted that approximately 84 percent of people with private health coverage in 2023 received coverage through employer-sponsored plans. This matters because it demonstrates that HSA adoption is not simply a phenomenon of affluent individuals independently seeking tax advantages.

The growth of HSAs reflects the decisions of millions of employers as well as millions of individual consumers. Employers choose HSA-qualified health plans as part of their employee-benefit strategies, and employees then choose among the health plans made available to them.

Employer Contributions Make HSAs a Health-Care Benefit, Not Merely a Tax Benefit

Employer contributions are another important feature that should be considered in evaluating the role of HSAs. The Kaiser Family Foundation (KFF) reports that over 85% of covered workers enrolled in HSA-qualified plans received a contribution from their employer to their HSA in 2025. The average employer HSA contribution was approximately \$806 for single coverage and \$1,523 for family coverage.

An employer contribution has a fundamentally different economic effect from a tax deduction that is available only when an employee has sufficient disposable income to make a contribution. When an employer deposits \$500, \$1,000, or \$1,500 into an employee's HSA, the employee receives that money regardless of whether the employee would otherwise have been able to make a comparable contribution. Moreover, these employer contributions are a progressive benefit when viewed relative to the employee's income.

This is one reason HSA policy should not be evaluated solely by examining the tax benefits available to individuals who make large personal contributions. Employer contributions are an important mechanism through which HSA-qualified coverage can provide additional resources for health-care expenses to employees across the income spectrum.

The Evidence Supports a More Nuanced View of the "Healthy and Wealthy" Argument

The HSA Council does not suggest that all Americans benefit equally from HSAs. Research does show meaningful differences in HSA contributions and balances by income. Individuals with greater financial resources generally have greater capacity to contribute to their accounts and accumulate assets. Those differences should be recognized rather than dismissed. But broad adoption and unequal utilization are not contradictory propositions.

The relevant policy question is not whether every HSA accountholder receives exactly the same financial benefit. Few employer benefits meet that standard. The more useful questions are:

- How many Americans have access to HSAs?
- How many actually use them to pay health-care expenses?
- How much do employers contribute?
- Are employees receiving adequate information to use their accounts effectively?
- Are fees reasonable and transparent?
- Can individuals retain their accounts when they change employers?
- Can HSA funds be used efficiently for current and future health-care expenses?

- Can HSA-qualified plans be designed to provide meaningful protection while preserving incentives for consumers to make informed health-care decisions?

Viewed through these questions, the evidence demonstrates that HSAs have broad reach while still having opportunities for improvement.

The Policy Objective Should Be Making HSAs More Useful — Not Less Available

The HSA Council believes the Committee should consider policies that strengthen the value and accessibility of HSAs rather than policies that inadvertently discourage employers from offering HSA-qualified coverage. Several practical improvements could make HSAs more useful to Americans across income levels, such as:

1. Encourage meaningful employer HSA contributions

Employers should be encouraged to make contributions that help employees manage the deductibles and other cost-sharing requirements associated with HSA-qualified plans. Current employer contributions demonstrate that many employers already use the HSA as an integral component of their health-benefit strategy.

2. Improve HSA education and decision support

Many employees do not fully understand how an HSA works, including the distinction between an HSA and a Flexible Spending Arrangement (FSA) or Health Reimbursement Arrangement (HRA), the ability to carry balances forward, investment opportunities, eligible expenses, or the consequences of changing employers. Employers and HSA providers should be encouraged to provide clear, standardized educational materials without creating unnecessary regulatory barriers.

Bronze plans are now HSA-eligible. Prior to 2026, it is estimated that 98% of these plans were not compatible with an HSA for technical reasons. This represents a dramatic expansion of HSA access, yet this benefit is obscured on virtually all public ACA marketplaces. Healthcare.gov should be required to post clear information that informs consumers shopping for insurance which plans are HSA eligible, with a link to a list of HSA providers, and state-operated marketplaces should be encouraged or required to do the same.

3. Make the economic value of HSA-qualified plans easier to understand

Consumers should not be encouraged to compare health plans solely by comparing premiums. A meaningful comparison should consider premiums,

expected out-of-pocket expenses, employer HSA contributions, and applicable tax savings. Providing consumers with tools to compare these components would make health-plan selection more understandable and could help employees determine whether an HSA-qualified plan is appropriate for their circumstances.

4. Encourage better integration of HSA and health-plan information

Consumers would benefit from being able to see their deductible, out-of-pocket spending, HSA balance, employer contributions, claims, and eligible expenses in an integrated digital environment. Greater integration could make the HSA easier to use without fundamentally changing the underlying tax structure.

5. Promote price and quality transparency

An HSA gives consumers a financial stake in the cost of health care, but consumers need usable information to act on that incentive. Price-transparency tools should therefore provide actionable information before care is received, including estimated patient responsibility, provider prices, and meaningful quality information where available.

6. Preserve portability

One of the defining advantages of an HSA is that the account belongs to the individual rather than the employer. Policies should preserve and strengthen that portability so that workers can retain their accumulated health-care savings when they change jobs, retire, or move between different types of coverage.

7. Enhance flexibility in HSA-qualified health insurance plan design

HSA qualified plans are permitted to provide pre-deductible coverage of fourteen categories of products and services related to treatment of chronic conditions. This is sound healthcare policy – lowering economic barriers for people to get the care they need for these conditions avoids much higher costs down the road. Continuous consideration should be given to expanding these safe harbors to other similarly appropriate categories of care.

8. Expand access to HSA-qualified coverage where appropriate

The Committee should consider expanding HSAs to be paired with all types of comprehensive health coverage, not just plans that meet all the technical

requirements of “HSA-qualified” plans. Many plans today have equally high (or higher) deductibles than are required for HSA-qualified plans but fail to be “HSA-qualified” for other technical reasons. Consumers don’t understand why they cannot participate in HSA when their apparent risk for out-of-pocket expenses is the same (i.e., their health plan’s actuarial value is identical or substantially similar).

9. Preserve HSA eligibility for working seniors

The Committee should also consider addressing the changing demographics in the U.S., especially the fact that many people are working longer, past age 65, and want to continue contributing to their HSAs but are often discriminated against compared to their younger work colleagues because of Medicare’s coverage rules. Legislation pending before the Committee (S. 2810) would go a long way to resolving these challenges.

HSAs Can Serve Both Immediate and Long-Term Health-Care Needs

One of the most significant characteristics of an HSA is that it bridges the divide between health insurance and personal savings. Traditional health insurance generally protects against unexpected medical expenses. An HSA allows an individual to accumulate assets that can be used to pay those expenses.

Unused funds do not disappear at the end of the year. They remain available for future medical expenses and can continue accumulating over time. This is particularly important as Americans face substantial health-care expenses during retirement. EBRI’s longitudinal research shows that HSA accountholders who have held their accounts longer are more likely to contribute, maintain higher balances, and invest at least some portion of their HSA assets. Thus, HSAs can function as:

- a mechanism for paying current medical expenses;
- an emergency reserve for unexpected health-care costs;
- a savings vehicle for future medical expenses; and
- a source of funds for qualified health-care expenses in retirement.

That combination is unusual within the U.S. tax code and represents an important policy innovation.

Recommendations for the Committee

Based on the evidence above, the HSA Council respectfully recommends that the Committee consider the following principles as it develops health-coverage legislation:

1. Recognize HSAs as a mainstream component of American health coverage, serving approximately 62 million Americans.
2. Avoid characterizing HSA users categorically as "healthy and wealthy." The available evidence demonstrates broad adoption and substantial use of HSAs for current medical expenses, while also demonstrating differences in contribution levels and balances by income.
3. Encourage meaningful employer contributions to employees' HSAs.
4. Maintain the portability of HSA assets when individuals change employers or health plans.
5. Expand consumer education concerning how HSAs operate and how they can be used to manage current and future medical expenses.
6. Improve consumers' ability to compare the total economic value of health plans, rather than relying solely on premiums.
7. Promote actionable health-care price and quality information that allows consumers to make informed decisions before receiving care.
8. Encourage integration of HSA, claims, and health-plan information so consumers can more easily understand their financial position.
9. Avoid policies that unnecessarily discourage employers from offering HSA-qualified plans.
10. Continue evaluating HSA policy using actual utilization data, including distributions, employer contributions, balances, and investment behavior, rather than assumptions about who uses HSAs.
11. Examine opportunities to make HSA-qualified coverage more useful to lower- and moderate-income workers, particularly through employer contributions and improved consumer support, rather than assuming that eliminating or weakening HSAs would improve health-care affordability.
12. Expand access to HSAs for all Americans that have comprehensive health coverage, especially working seniors that desire to delay their enrollment in Medicare.

Conclusion

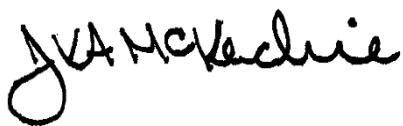
America's health-care system faces significant challenges involving affordability, access, consumer understanding, and the cost of coverage. HSAs cannot solve all of those problems. But the evidence does not support treating HSAs as a niche program serving only healthy, affluent Americans.

Employers are major drivers of HSA adoption, and employer contributions provide additional health-care resources to millions of workers. At the same time, the evidence also shows that HSA contributions and balances vary by income. That fact should inform policies designed to improve the effectiveness and accessibility of HSAs, but it does not by itself establish that HSAs are inherently limited to wealthy Americans.

The appropriate policy response is therefore to build on what works: expand access, encourage employer contributions, improve consumer education, strengthen transparency, preserve portability, and make HSA-qualified coverage easier for Americans to understand and use.

The HSA industry appreciates the Committee's consideration of these comments and welcomes the opportunity to provide additional data, research, and technical assistance as the Committee evaluates policies affecting health coverage and health-care affordability.

Respectfully submitted,

A handwritten signature in black ink, reading "J. Kevin A. McKechnie". The signature is written in a cursive, flowing style with a large initial "J" and "K".

J. Kevin A. McKechnie
Executive Director & Founder, ABA HSA Council