

Health Savings Accounts (HSAs) can help all Americans

An HSA is an account that lets you set aside money on a tax-advantaged basis to pay for qualified medical expenses, both now and in retirement.

\$157,500

The amount a 65-year-old retiring this year can expect to spend on average in health care and medical expenses throughout retirement according to Fidelity's Health Care Cost Estimate. ¹

More than
2/3
Americans

are under the impression that costs will remain below 25,000.²



HSA participation is associated with less care delayed or forgone for financial reasons.³

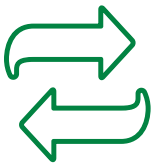


HSAs are available to many Americans and provide numerous benefits

3x

HSAs are triple tax-advantaged.

- Contributions to an HSA are tax-free.
- Earnings are tax-free.
- Withdrawals to pay for qualified medical expenses are tax-free. ⁴



Unspent HSA balances can be invested and carried over year-to-year.

Like retirement accounts, most employers provide a contribution to their employees' HSA, which can be significant even among lower-income employees and those with low account balances.

Income Range	Average Balance	Average Employer Contribution	Average Employee Contribution
< \$20K	\$1,013	\$753	\$553
\$20K - \$30K	\$1,094	\$779	\$563
\$30K - \$50K	\$1,374	\$932	\$719

HSAs continue to grow in popularity across all income levels. Today, about 36 million individuals and families utilize an HSA for medical expenses.⁵ Most HSA dollars are spent in pharmacies, on visits to doctors and on health services.⁶

36M

individuals and families
utilize an HSA



HSA participation can lead to better retirement outcomes



Those with an HSA are less likely to take an early distribution from a retirement account. People who have just \$500 in an HSA are half as likely to take a hardship withdrawal.⁷



Nearly half (47%) of HSA holders feel prepared for their health care retirement expenses, compared to just 27% of people who do not have an HSA.⁸



Fidelity Retirement Savings Assessment found those with an HSA have higher retirement scores.⁹



HSA money can be particularly valuable for the more than 1 in 4 Americans with disabilities¹⁰

HSA money can be used to:



Build a ramp, widen a doorway or add handrails to accommodate a disability.



Cover the cost of acquiring, training, and maintaining a service animal.



Pay for transportation to and from medical appointments, including ambulance services.



Cover tuition payments for a special school for a child with severe learning disabilities.



Fidelity supports HSA expansion to help more Americans reduce the burden of health care expenses now and in the future.

Telehealth for HSA plans should be permanent

The Consolidated Appropriations Act of 2023 extended for two years the HSA safe harbor allowing high deductible health plans (HDHPs) to offer first dollar coverage of telehealth services. There is bipartisan support, and the past few years have **proven that telehealth services are convenient and valuable for millions** of Americans, particularly the more than one in five adults who live with a mental illness.¹¹



Telehealth appointments can be conducted from anywhere and enable video visits with a board-certified physician, accessed in a matter of minutes **for a variety of needs** and almost always **at a cost less than a trip to the doctor's office, walk-in clinic, or emergency room**—on average about \$50. They can be particularly helpful for Americans in rural communities who may not be able to easily access a health care facility.

91%

of people with employer-sponsored insurance who have used telehealth before say they would use it again in the future.¹²

7/10

of insured adults (71%) felt it is important that they are able to access telehealth services under their current health care plan and 89% rated their or their family member's previous telehealth visit(s) as good or excellent.¹³

57%

of those those who used telehealth in the past year say they preferred using it for regular mental health visits.¹⁴

1/5

of insured American adults have personally had a telehealth appointment for their mental health care and nearly two-thirds are willing to receive mental health care virtually through a telehealth system.¹⁴



However, without further legislative action, employers will eventually be required to charge employees more to access telehealth services. This will **create a significant barrier to care**, especially to needed mental health services.

We urge Congress to act to keep Telehealth affordable for working families.

¹ Estimate based on a single person retiring in 2023, 65-years-old, with life expectancies that align with Society of Actuaries' RP-2014 Healthy Annuitant rates projected with Mortality Improvements Scale MP-2020 as of 2022. Actual assets needed may be more or less depending on actual health status, area of residence, and longevity. Estimate is net of taxes. The Fidelity Retiree Health Care Cost Estimate assumes individuals do not have employer-provided retiree health care coverage, but do qualify for the federal government's insurance program, original Medicare. The calculation takes into account Medicare Part B base premiums and cost-sharing provisions (such as deductibles and coinsurance) associated with Medicare Part A and Part B (inpatient and outpatient medical insurance). It also considers Medicare Part D (prescription drug coverage) premiums and out-of-pocket costs, as well as certain services excluded by original Medicare. The estimate does not include other health-related expenses, such as over-the-counter medications, most dental services and long-term care.

² CARAVAN survey was conducted by ENGINE INSIGHTS among a sample of 2,022 adults 18 years of age and older, with a margin of error +/- 2.2%. The online omnibus study is conducted three times a week among a demographically representative U.S. sample of 1,000 adults 18 years of age and older. This survey was live on February 28 – March 4, 2022.

³ Zheng Z, Jemal A, Banegas MP, Han X, Yabroff KR. High-deductible health plans and cancer survivorship: what is the association with access to care and hospital emergency department use? *J Oncol Pract.* 2019;15(11):e957–68.

⁴ With respect to federal taxation only. Contributions, investment earnings, and distributions may or may not be subject to state taxation.

⁵ 2022 Midyear Devenir HSA Research Report

⁶ Fidelity Investments, Building Healthy Futures, September 2020.

⁷ Fidelity Investments, Total Well-Being Research online survey of 9,315 active Fidelity 401(k) and 403(b) participants from across the United States. The survey was conducted by Greenwald and Associates, an independent third-party research firm, on behalf of Fidelity in September 2017.

⁸ Fidelity Investments 2022 Retiree Health Care Cost Estimate

⁹ Fidelity Investments, Retirement Savings Assessment 2023

¹⁰ Centers for Disease Control and Prevention. Disability and Health Data System, May 2023.

Fidelity Brokerage Services LLC, Member NYSE, SIPC 900 Salem Street, Smithfield, RI 02917

¹¹ National Institute of Mental Health, March 2023

¹² PwC Health Research Institute, Medical Cost Trend: Behind the Numbers 2022, June 2021,

¹³ Morning Consult National Tracking Poll, November 1-8, 2021.

¹⁴ J.D. Power, 2022 U.S. Telehealth Satisfaction Study

Fidelity Brokerage Services LLC, Member NYSE, SIPC 900 Salem Street, Smithfield, RI 02917

1082800.2.1

© 2023 FMR LLC. All rights reserved