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by WEX Health

We've had a lot to say this year about what's getting in the way of more Americans taking advantage of health savings accounts (HSAs)—and how those of us in the benefits administration industry can remove the hurdles by building health insurance literacy. Now, the latest research conducted by Devenir shows that more folks than ever have caught on, not only to the benefits of HSAs but onto how best to use them to build long-term financial security. To shed light on the state of the HSA, the top 100 HSA providers in the market were surveyed.

Below are the top six findings. Warning: These statistics are highly promising.

1. **There are more than 25 million HSAs open.** The number of HSAs has surpassed 25 million, holding \$53.8 billion in assets. This represented a year-over-year increase of 13 percent for accounts and 19 percent for HSA assets for the period ended Dec. 31, 2018.
2. **Folks are learning that HSA funds can be invested.** A full 19 percent of all HSA assets are now being invested. In 2018, HSA investment assets reached an estimated \$10.2 billion, up 23 percent year-over-year. On average, investment account holders hold a \$14,617 total balance—that's almost nine times larger than a non-investment holder's average account balance.
3. **HSAs are now being funded in greater number, but there's a lag time between fall enrollment and funding in the new year.** Fewer HSAs (16 percent) were unfunded at the end of 2018 compared to 20 percent at the same time in 2017. The researcher notes that: "At the end of 2018, unfunded accounts represented about 16 percent of all accounts, but by the end of January 2019 that number was back down to about 13 percent of all accounts. This data point continues to reaffirm our belief that a significant portion of the non-funded accounts found during the year-end survey are attributed to accounts being opened during the fall enrollment season, but not being funded until early the following year."
4. **HSA contributions have jumped.** HSA holders contributed almost \$33.7 billion to their accounts in 2018, up 22 percent from the year before. We're hopeful this indicates that the tide is turning and that account holders are beginning to see the value of the HSA as a savings tool rather than a spending account.
5. **Employers are contributing more to their employees' HSA accounts.** For accounts receiving an employer contribution in 2018, the average contribution amount rose to \$839 (up from \$604 in 2017). And these contributions are most likely to happen in January: Employers contribute almost 60 percent of their HSA dollars to HSA accounts during the month of January. This past January, 38 percent of HSA accounts received an employer contribution.
6. **We can expect end-of-year HSA numbers to be very strong.** Early numbers for 2019 showed that in January 2019 alone, HSA assets grew by an additional 11 percent while the number of accounts grew by almost 5 percent. HSA providers project that the industry's assets will grow by 16 percent in 2019, while anticipating their own businesses will grow by 23 percent during the same period. Devenir currently projects that the HSA market will approach \$75 billion in assets by the end of 2020, held among roughly 30 million accounts.

