

NEWS RELEASE

## Morningstar Releases Eighth Annual Study on Advancements and Opportunities in Health Savings Account Industry

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Assessments of the leading providers highlight continued progress and identify areas for significant improvement

CHICAGO--(BUSINESS WIRE)-- **Morningstar, Inc.** (Nasdaq: MORN), a leading provider of independent investment insights, today published its eighth annual landscape study on health savings accounts (HSAs) available to individuals. The study assesses the current state of the HSA industry and releases Morningstar's assessment of 11 of the top HSA providers on two different use cases: 1) as investment accounts to save for future medical expenses and 2) as spending accounts to cover current medical costs.

Overall, the study found meaningful improvements in HSA features, such as lower fees and better investment options. However, Morningstar highlights substantial room for growth in the industry, with just four providers receiving an Above Average or better rating on both evaluated use cases.

"Efforts by providers to enhance HSA offerings have proven beneficial for investors," said Greg Carlson, senior manager research analyst. "Nonetheless, transparency issues, including hidden costs, continue to pose challenges for investors as they navigate their healthcare finances. Our study underscores the progress made while highlighting the hurdles that need to be addressed for HSAs to achieve their full potential."

Highlights from the study include:

- Total assets in HSAs soared to \$123 billion in 2023, maintaining their strong growth trajectory. This growth is driven by the increased prevalence of high-deductible health plans (HDHPs) since HSAs were introduced.

- Fidelity continues to lead among providers, earning a High assessment for both its spending account and savings account features. Notably, it offers an interest rate of 2.69% on all balances, far surpassing other providers, none of which offer more than 1% on any balance level.
- HSA contribution limits are set to rise in 2025, bolstering their already outstanding tax advantages, which are superior to 401(k)s, IRAs, and 529 plans. Proposed legislation would also allow individuals to contribute to an HSA even if their spouse uses a flexible spending account (FSA) and enable certain fund rollovers from FSAs into HSAs.
- Providers and regulators could improve participant awareness and simplify processes to increase engagement in HSA features. For instance, unlike retirement plans, automatic enrollment in HSAs is not permitted by the government. Furthermore, many providers impose minimum account balance requirements before participants can invest.
- From 2019 to 2022, several acquisitions among key players in the space led to significant consolidation among HSA providers. Recently, the pace of such deals has slowed, marking a noteworthy shift in the industry landscape.
- Providers' investment menus are strong, as evidenced by the Morningstar Medalist Rating. At least 89% of each lineup consists of funds with Gold, Silver, or Bronze ratings.

The overall assessment of each HSA provider is listed below.

HSA Provider	Overall Assessment as Investing Account	Overall Assessment as Spending Account
Associated Bank	Average	Average
Bank of America	Average	Below Average
Fidelity	High	High
First American Bank	Average	Above Average
HealthEquity	Above Average	Above Average
HSA Bank*	Above Average	Above Average
Lively	Average	Above Average
NueSynergy	Above Average	Average
Optum	Average	Below Average
Saturna	Above Average	Above Average
UMB	Average	Above Average

\*HSA Bank is Morningstar, Inc.'s HSA plan provider.

This year's study included one new addition: NueSynergy, a business service provider that is expanding the reach of its HSA offerings to a national level. Morningstar does not assess HSAs offered by employers, as details can vary depending on relationships and headcount.

**Click here** to read the HSA Landscape Report, which includes complete assessments for the 11 providers and methodology. An article on **Morningstar.com** summarizing the report's findings is available **here**.

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