



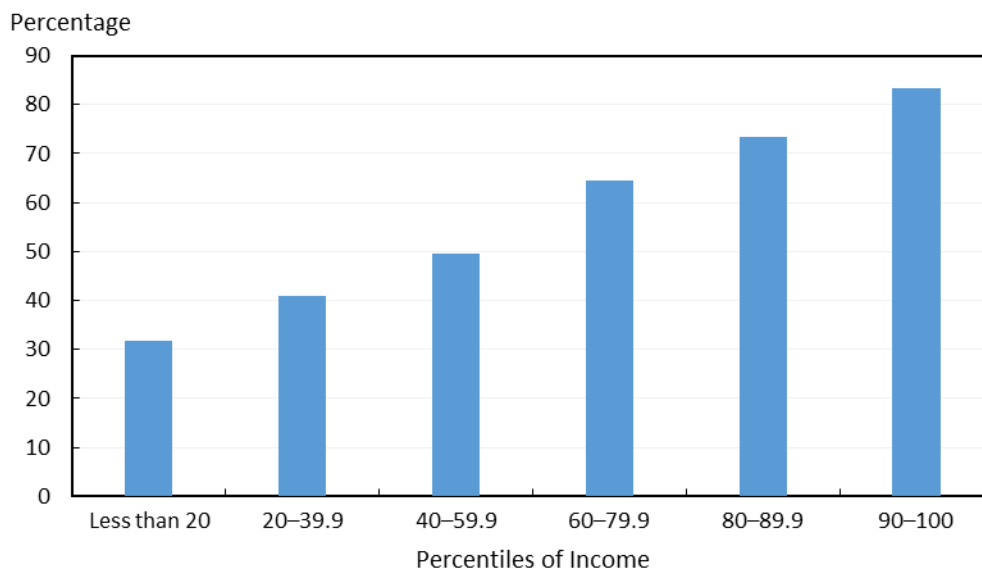
Health Savings Accounts Are Not the Answer

The Republican plan would cause 24 million Americans to lose their health insurance, cut Medicaid by nearly \$900 billion and take away key financial support from working Americans to give tax cuts to wealthy corporate executives.ⁱ Republicans would gut Medicaid and take away tax credits from working Americans, but claim that Americans could compensate by simply saving more in health savings accounts (HSAs).ⁱⁱ

HSAs provide tax incentives for Americans to put aside money to cover future health care costs. But benefiting from an HSA requires an individual to be able to save in the first place. The principal beneficiaries are wealthy Americans who save at much higher rates and who are able to max out tax-free HSA contributions by saving a small percentage of their incomes. A family making \$214,000 a year would only have to save 6 percent of their income to max out their HSA, while a family making \$44,000 a year would have to save 30 percent. For most Americans, HSAs would do little to help them afford the health care they need.

American families are already struggling to make ends meet: telling them to make more sacrifices is not the solution. Only 53 percent of American families save at all – and families who are wealthier are more likely to be able to save. Less than half of low- and middle-income families are able to save, and in the poorest families fewer than one in three are able to save.ⁱⁱⁱ At a time when the typical family only has \$5,000 saved for retirement,^{iv} adding another burden to American families' finances is unrealistic and unhelpful.

Percentage of Families Who Managed to Save Some Amount



Survey of Consumer Finances 2013.

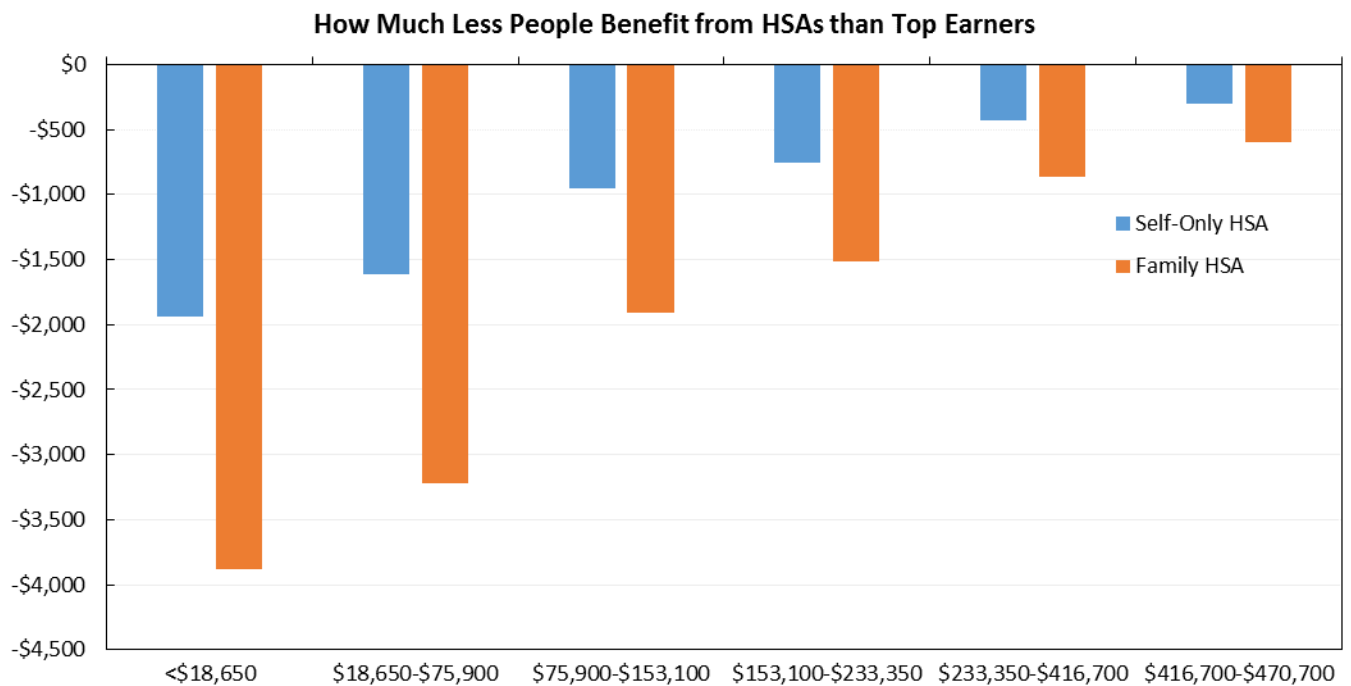
Costs of HSAs to Families

Making families rely on HSAs means that families have to save hundreds of dollars a month to cover medical expenses, as shown in the table below. A family preparing to have a child would need to save \$900 a month for an entire year in order to pay for the cost of having the baby. Families would also have to save for medical expenses they could not have anticipated – such as the onset of cancer. An individual facing a bout with cancer would need to save \$508 a month.^v

Amount have to save each month a year for:	Individual	Family
Childbirth	\$507.67	\$900.67
Initial Breast Cancer Treatment	\$507.67	\$1,032.75
One Month Humira	\$222.42	\$222.42
Appendectomy	\$507.67	\$1,032.75
One Month Truvada	\$108.42	\$108.42
Yearly Cost of Type 1 Diabetes	\$213.75	\$213.75
Yearly Cost of Mental Illness	\$148.25	\$148.25
Yearly Cost of Heart Condition	\$316.17	\$316.17

Who Benefits from HSAs?

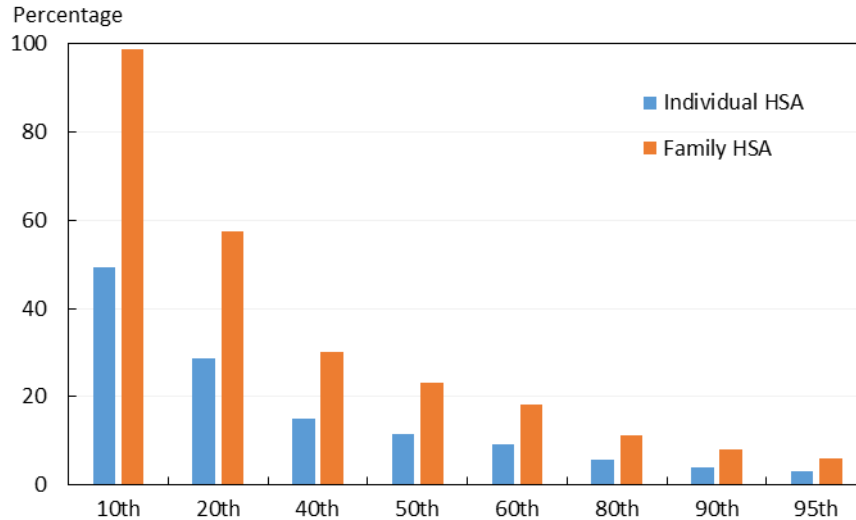
The savings from HSAs flow disproportionately to top income earners. Not only do higher income earners have more money to save, the tax deductions are more valuable for earners at higher tax brackets. For example, if an individual with a 39.6 percent marginal tax rate puts \$100 in an HSA, he would save \$39.60, whereas if an individual with a 10 percent marginal tax rate puts \$100 in an HSA, he would save only \$10. Under the Republican plan, even if the lowest earning families managed to save the full HSA amount, they would still get almost \$4,000 less than the richest families.



Joint Economic Committee Calculations. Income thresholds reflect the tax brackets for households "married filing jointly."

Of course, the lowest earning families are highly unlikely to save the full HSA amount. A family making \$13,259 (10th percentile) a year would have to save almost 100 percent of their income to max out their HSA. The typical family making \$56,516 a year would have to save almost a quarter of their income. In contrast, a family at the 95th percentile with income of \$214,462 would have to save only 6 percent of their income.

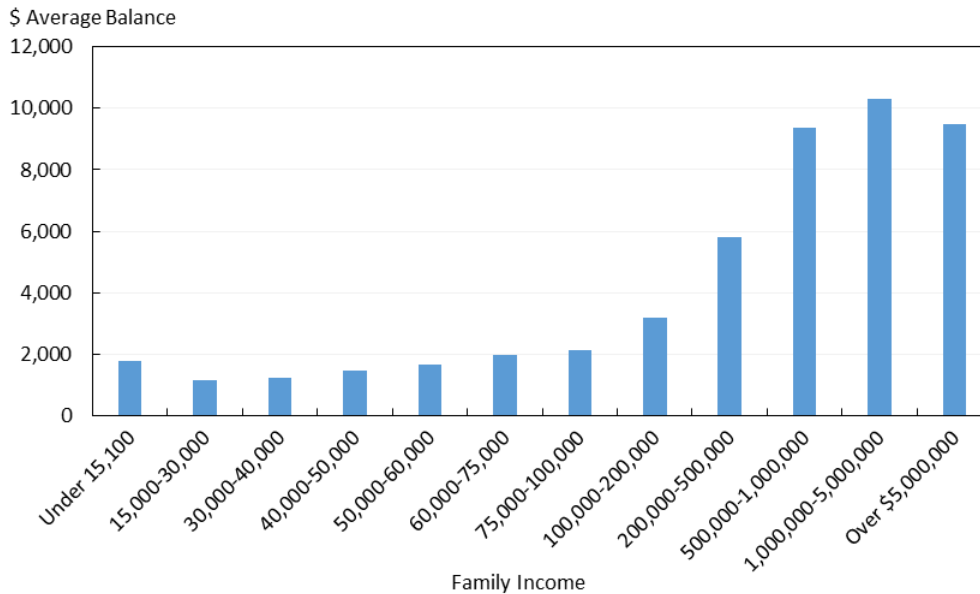
Share of Income Needed to Max Out HSA



Joint Economic Committee calculations based on the 2016 ASEC. Percentiles reflect the income distribution.

Data from the Treasury Department shows that richer families are able to save much more in their HSAs.

Average HSA Balance by Income Level



Joint Economic Committee Democratic Staff calculations based on data from Office of Tax Analysis, U.S. Department of the Treasury. Average HSA balance for families that have HSAs. Income level is adjusted gross income. All numbers as of 2014.

HSA's do not help American families afford the healthcare they need. Really, they allow Republicans to claim they provide families freedom of choice, while providing another way for the wealthiest among us to pay less.

Share of Income Typical Household Would Need
to Max Out HSA

	Individual	Family	Median Household Income
Alabama	14.7	29.4	\$44,509
Alaska	8.7	17.4	\$75,112
Arizona	12.5	25.1	\$52,248
Arkansas	15.3	30.6	\$42,798
California	10.3	20.6	\$63,636
Colorado	9.8	19.7	\$66,596
Connecticut	9.0	18.0	\$72,889
Delaware	11.3	22.7	\$57,756
D.C.	9.3	18.7	\$70,071
Florida	13.4	26.8	\$48,825
Georgia	12.9	25.8	\$50,768
Hawaii	10.2	20.3	\$64,514
Idaho	12.7	25.4	\$51,624
Illinois	10.8	21.7	\$60,413
Indiana	12.6	25.2	\$51,983
Iowa	10.8	21.5	\$60,855
Kansas	11.9	23.9	\$54,865
Kentucky	15.5	30.9	\$42,387
Louisiana	14.3	28.5	\$45,922
Maine	12.9	25.8	\$50,756
Maryland	8.9	17.8	\$73,594
Massachusetts	9.7	19.3	\$67,861
Michigan	12.1	24.2	\$54,203
Minnesota	9.5	19.1	\$68,730
Mississippi	16.4	32.7	\$40,037
Missouri	11.1	22.1	\$59,196
Montana	12.7	25.5	\$51,395
Nebraska	10.8	21.7	\$60,474
Nevada	12.6	25.2	\$52,008
New Hampshire	8.7	17.3	\$75,675
New Jersey	9.6	19.2	\$68,357
New Mexico	14.5	29.0	\$45,119
New York	11.3	22.6	\$58,005
North Carolina	12.9	25.8	\$50,797
North Dakota	11.4	22.8	\$57,415
Ohio	12.3	24.6	\$53,301
Oklahoma	13.9	27.8	\$47,077
Oregon	10.8	21.5	\$60,834
Pennsylvania	10.8	21.7	\$60,389
Rhode Island	11.8	23.5	\$55,701
South Carolina	14.1	28.3	\$46,360
South Dakota	11.9	23.8	\$55,065
Tennessee	13.8	27.7	\$47,330
Texas	11.6	23.2	\$56,473
Utah	9.9	19.8	\$66,258
Vermont	11.0	22.0	\$59,494
Virginia	10.7	21.3	\$61,486
Washington	9.7	19.5	\$67,243
West Virginia	15.3	30.6	\$42,824
Wisconsin	11.8	23.6	\$55,425
Wyoming	10.8	21.5	\$60,925

ⁱ Congressional Budget Office. “American Health Care Act: Cost Estimate.” March 13, 2017.

<https://www.cbo.gov/sites/default/files/115th-congress-2017-2018/costestimate/americanhealthcareact.pdf>

ⁱⁱ Ways and Means Republicans. “Ways and Means Republicans Take Historic Action to Repeal Obamacare & Ensure More Americans Have Access to Affordable Care.” March 9, 2017. <https://waysandmeans.house.gov/ways-means-republicans-take-historic-action-repeal-obamacare-ensure-americans-access-affordable-care/>

ⁱⁱⁱ Joint Economic Committee Calculations from the Survey of Consumer Finances. Only forty-seven percent of families in the bottom four income quintiles saved in 2013, and only 32 percent of families in the bottom income quintile.

^{iv} Morrissey, Monique. The State Of American Retirement: How 401(K)S Have Failed Most American Workers. Economic Policy Institute. March, 2016. <http://www.epi.org/publication/retirement-in-america/#charts>

^v Joint Economic Committee Calculations assuming the deductibles from a [bronze](#) plan, given that CBO projects actuarial values of plans will fall. Numbers may differ for individuals and families because they face different deductibles. If a cost falls between \$6,092 and \$12,393 (the individual and family deductible respectively), individuals and families will face different costs. Childbirth, colonoscopy, Humira, appendectomy, and Truvada costs from [here](#); costs of Type 1 diabetes, mental illness, and a heart condition [here](#); cancer [here](#); and broken arm [here](#).

^{vi} Numbers in table are Joint Economic Committee Calculations based on the 2016 ASEC.