

The Best HSA Providers of 2023

Learn how you could benefit from a health savings account and see our assessment of top providers.

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If you're looking for a way to stretch your healthcare dollars, you might consider a health savings account, or HSA.

Thanks to its flexible withdrawal rates and powerful tax benefits, an HSA can be a powerful tool. It can be used as a healthcare checking account or a long-term investment vehicle, and varying degrees in between. But the slew of HSA providers out there, with differing account features and characteristics, can make it a daunting task to sort through all your options. That's why Morningstar evaluates the top HSA providers that offer retail accounts for those looking to shop around.

Even if you already have access to an HSA provider through your employer, our assessments can help you get the most out of your HSA.

We cover the inner workings of HSAs, address frequently asked questions, and rate HSA providers for different uses. If you decide that an HSA is right for you, or you want to see how your employer-sponsored plan stacks up, consider our list of the best HSA providers for 2023.

What Is an HSA?

An HSA is an account that allows you to spend and invest money for healthcare expenses. An HSA is only available with a high-deductible healthcare plan, and it's subject to annual contribution limits.

While there are rules around who can qualify and how you contribute to and use the money in an HSA, you don't have to worry about using all the funds in the account in any given year. Unspent funds are not forfeited, unlike a flexible spending account, or FSA, and you can keep the same account even if you change employers or leave the workforce.

You can use an HSA like a spending account to help cover current medical expenses, or you can use it as an investment account to help plan for future costs. Either way, HSAs offer a triple tax advantage: Money enters tax-free, grows tax-free, and can be withdrawn tax-free if spent on qualified medical expenses.

People who use their HSA dollars on current healthcare expenses benefit because HSA contributions are excluded from income, Medicare, and Social Security taxes. People who invest and grow their HSA dollars to pay for future medical costs further benefit from the tax-free growth of HSA dollars. Based on the tax merits alone, HSAs are more attractive than other retirement-savings vehicles like IRAs and 401(k)s.

Using your HSA for "qualified medical expenses" is key to getting the full tax advantage of the account. These qualified expenses generally include dental, vision, and prescription costs for you, your spouse, and your dependents. You can see a full list of qualified medical expenses on the IRS website.

People who are younger than 65 are subject to ordinary income taxes plus a 20% tax penalty on withdrawals for nonqualified expenses. Those 65 and older can withdraw funds without the 20% penalty but will still pay income tax if the money is not used for healthcare expenses.

The Best HSAs for Spending

When using an HSA as a spending account to cover current healthcare costs, the best HSAs do the following:

- Offer spending accounts without maintenance fees regardless of account size.
- Pay reasonable interest rates on deposits.
- Eliminate or limit additional fees.
- Offer FDIC insurance on the spending account.

Best HSAs for Spending

Provider	Overall Assessment	Maintenance Fee	Interest Rate	Additional Fees	Score
Fidelity	High	\$	High	\$	5.0
First American Bank	Above Average	\$	Below Average	\$\$\$	4.1
HealthEquity	Above Average	\$	Below Average	\$\$\$	4.1
HSA Bank	Above Average	\$	Low	\$\$	3.8
Lively	Above Average	\$	Low	\$	3.8
Optum	Above Average	\$	Low	\$\$	3.8
UMB	Above Average	\$	Low	\$\$\$	3.8
Associated Bank	Average	\$\$\$	Below Average	\$\$	2.7
Saturna	Below Average	\$\$\$	Low	\$\$	2.4
Bank of America	Below Average	\$\$\$\$	Below Average	\$	2.0

Source: Morningstar, Inc. Assessments as of Aug. 31, 2023.

The Additional Fees scores are listed above for investors' convenience but are not considered in the overall assessments.

The Best HSAs for Investing

When using an HSA as an investment account to cover future healthcare expenses, the best HSAs follow these practices:

- Offer investment strategies in all core asset classes while limiting overlap.
- Provide strong investment strategies that earn Morningstar Medals.
- Charge low fees for active and passive strategies.
- Don't require investors to keep money in spending accounts before investing.

Best HSAs for Investing

Provider	Overall Assessment	Price	Quality of Investments	Investment Threshold	Menu Design	Score
Fidelity	High	\$	Above Average	High	Above Average	4.6
Associated Bank	Above Average	\$\$\$	Above Average	Above Average	High	3.8
HealthEquity	Above Average	\$\$	Above Average	Above Average	Average	3.8
Lively	Average	\$\$\$\$	Above Average	High	High	3.5
UMB	Average	\$\$	Above Average	Average	Below Average	3.4
Bank of America	Average	\$\$\$	Above Average	Average	Average	3.2
HSA Bank	Average	\$\$\$	Above Average	Average	Average	3.2
Optum	Average	\$\$\$\$	Above Average	Above Average	Average	3.1
Saturna	Average	\$\$\$\$\$	Above Average	High	Above Average	3.0
First American Bank	Average	\$\$\$\$	Above Average	Average	Below Average	2.7

Source: Morningstar, Inc. Assessments as of Aug. 31, 2023.

A High assessment for Investment Threshold indicates no investment threshold, while a Low assessment indicates an investment threshold of \$2,000.

HSA Providers

Fidelity

Overall Spending Evaluation: High
 Overall Investing Evaluation: High
 Total Fees (Annual): None
 Interest Rate (Spending): 2.69%

Fees and interest rates assume a \$2,500 spending account and \$14,000 investing account balance. Data as of Aug. 31, 2023.

Pros

- The spending account comes free of charge and pays an exceptional interest rate.
- The investment account is low-cost with no investment threshold.

Cons

- The investment account has some redundancies in its fund lineup.

Fidelity is the only provider to receive the top billing for either the spending or investment account, let alone both.

The Fidelity spending account cemented its place as the industry's top offering by delivering significantly larger returns on cash balances. Fidelity's 2.69% interest rate, regardless of account balance, stands far above rates paid by other providers: The next-highest is First American Bank, with an interest rate that's still less than half of what Fidelity offers (and is only paid on balances of \$100,000 or more). Fidelity has also shunned both maintenance and additional fees since first offering its HSA to individuals in 2018.

The investment offering checks the key boxes, too. Fidelity follows industry best practices by not charging an investment fee—it is the only provider that doesn't levy any expenses outside of the underlying fund fees—and by not requiring an investment threshold. That means participants don't need to retain a balance in the spending account to invest. It offers a sensible menu of funds offered up for investment. It covers all the broad asset classes and mixes in Parnassus Core Equity PRBLX and Calvert International Equity CIESX, which both earn Morningstar Medalist Ratings of Gold, for investors prioritizing sustainability.

The lineup has some redundancies, though, including two active strategies each in the foreign large blend and diversified emerging markets Morningstar Categories. It also includes Fidelity Health Savings FHLSX, which is not covered by Morningstar analysts. Fidelity is one of four providers we cover that offers a brokerage window for those looking for additional investment choices.

HealthEquity

Overall Spending Evaluation: Above Average
 Overall Investing Evaluation: Above Average
 Total Fees (Annual): \$50
 Interest Rate (Spending): 0.10%

Fees and interest rates assume a \$2,500 spending account and \$14,000 investing account balance. Data as of Aug. 31, 2023.

Pros

- There are no maintenance fees for the spending account.
- The investment account comprises cheap strategies and has a relatively small investment threshold.

Cons

- Smaller balances are stuck with meager interest rates.
- The investment menu is a bit heavy on specialty options.

HealthEquity is a solid, low-cost HSA provider.

Like other topnotch spending accounts, HealthEquity does not levy a maintenance fee. It pays interest rates of up to 0.40%—close to the national average for FDIC-insured accounts—but savers at HealthEquity only receive that rate on balances greater than \$10,000, far greater than the \$984 median spending account.

Though its 0.36% charge on investment accounts is higher than the 0.29% average, HealthEquity's lineup of cheap Vanguard strategies more than makes up the difference. The 0.08% average expense ratio of its underlying funds is 21 basis points cheaper than that of the average provider. HealthEquity allows account holders to invest once they hit a \$500 balance.

There is some room for improvement, though. HealthEquity's lineup, while cheap, includes a number of narrowly focused options, some of them volatile.

Associated Bank

Overall Spending Evaluation: Average
Overall Investing Evaluation: Above Average
Total Fees (Annual): \$24
Interest Rate (Spending): 0.15%

Fees and interest rates assume a \$2,500 spending account and \$14,000 investing account balance. Data as of Aug. 31, 2023.

Pros

- A well-rounded investment lineup and relatively small investment threshold highlight the investment account.

Cons

- The spending account interest rate peaks at 0.25%.
- The investment account comes with relatively pricey underlying funds and significant administrative fees.

Associated Bank has some pockets of strength but needs work elsewhere.

Spending account holders must maintain an account balance of \$2,500 or above to have the yearly maintenance fee of \$36 waived. The spending account also pays a relatively modest interest rate.

While a thoughtfully designed investment menu gives the investment account an edge, excessive costs weigh on the account's overall score. It features well-regarded investment managers including American Funds, T. Rowe Price, and Vanguard while giving investors a good balance of passive and active options. It also includes straightforward allocation funds, and the investment threshold of \$500 is lower than most providers covered. Still, the investment account charges hefty maintenance (\$36) and investment (\$24) fees, though it waives the former once spending account assets surpass \$2,500, and its fund lineup is pricey.

First American Bank

Overall Spending Evaluation: Above Average
Overall Investing Evaluation: Average
Total Fees (Annual): \$42
Interest Rate (Spending): 0.25%

Fees and interest rates assume a \$2,500 spending account and \$14,000 investing account balance. Data as of Aug. 31, 2023.

Pros

- There are no maintenance fees, and the spending account has reasonable interest rates.

Cons

- The investment account features a complicated investment menu of overly complex and questionable funds and a \$1,000 investment threshold.

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First American Bank offers a compelling spending account as it shuns maintenance charges. It also offers a decent interest-rate schedule; while it starts at just 0.10%, it does increase to roughly 0.50% for balances over \$5,000.

Its investment account, however, is merely average. First American Bank has a relatively expensive group of funds and levies a 0.30% investment fee. Its subpar investment menu includes the Vanguard Target Retirement series in 10-year increments and strategies in risk-heavy parts of the market like emerging markets and high yield.

It also comprises strategies that are either too specialized or overly complex for the typical HSA investor. For instance, First American offers Virtus Duff & Phelps Water AWTIX and tactical-allocation strategy Pimco All Asset PAAIX. Like HSA Bank, First American requires that savers maintain a \$1,000 spending account balance before investing and offers a brokerage window.

HSA Bank

Overall Spending Evaluation: Above Average
Overall Investing Evaluation: Average
Total Fees (Annual): \$42
Interest Rate (Spending): 0.05%

Fees and interest rates assume a \$2,500 spending account and \$14,000 investing account balance. Data as of Aug. 31, 2023.

Pros

- The spending account comes with no maintenance fees and very few additional fees.

Cons

- A \$1,000 spending account balance is required before using the investing account, which includes redundant offerings in the lineup.
- It pays a decent interest rate, but only with an account balance of at least \$50,000.

HSA Bank's move to eliminate its maintenance fee bolstered its spending account offering in 2021, but the provider's spending account payout has failed to keep pace with steadily rising interest rates. The provider recently paid no more than 0.30% for balances under \$50,000.

Its investment offering rates in the middle of the pack. The price tag remains average despite the elimination of the maintenance fee, as it still levies a 0.30% investment charge, and the average expense ratio of its underlying funds doesn't stand out. The investment menu offers all but the most conservative of Vanguard's four target-risk funds and Vanguard Target Retirement funds at 10-year increments rather than the industry standard of five years.

The menu also has some overlap. There are two strategies in the foreign large-blend category, and the menu inexplicably includes two real estate funds as well. HSA Bank offers a brokerage window, but savers must keep at least \$1,000 in the spending account before investing either way.

Lively

Overall Spending Evaluation: Above Average
 Overall Investing Evaluation: Average
 Total Fees (Annual): \$70
 Interest Rate (Spending): 0.03%

Fees and interest rates assume a \$2,500 spending account and \$14,000 investing account balance. Data as of Aug. 31, 2023.

Pros

- The spending account has no fees, maintenance or otherwise.
- The investment account has no investment threshold and comes with an exceptionally designed investment menu.

Cons

- The spending account offers low interest rates.
- There's a hefty custodial fee on the investment account.

Lively's spending account comes without a maintenance fee or any additional fees, such as account transfer charges. Lively's recently updated interest-rate schedule, however, starts at 0.01% on smaller plan balances and peaks at just 0.10%.

Lively's investment account boasts a compact yet well-rounded investment menu and no investment threshold, meaning investors don't need to retain certain balances in the spending account to invest. Yet, Lively's hefty 0.50% investment charge overwhelms its relatively cheap group of funds and waters down its investment offering.

Optum

Overall Spending Evaluation: Above Average
 Overall Investing Evaluation: Average
 Total Fees (Annual): \$62
 Interest Rate (Spending): 0.01%

Fees and interest rates assume a \$2,500 spending account and \$14,000 investing account balance. Data as of Aug. 31, 2023.

Pros

- No spending account maintenance fee.
- No threshold on the investment account.

Cons

- Its interest rate is stuck at 0.01%.
- Excessive fees weigh on the investment account, and the investment menu has room for improvement.

Optum continues to modestly improve both of its accounts. The spending account's maintenance fee dropped to \$33 annually last year and has now been eliminated. That said, its minuscule 0.01% interest rate limits the attractiveness of the spending account.

On the investment account, Optum got rid of the investment threshold after previously dropping it to \$500 from \$2,000, and the 0.24% average expense ratio of funds offered is also below the group average of 0.29%. There's still room for improvement, though. The middling investment lineup includes three of the four Vanguard target-risk funds and the Schwab Target Index series at 10-year increments, rather than the preferred five-year steps. Its relatively deep menu also has redundancies—with two actively managed strategies apiece in the large-value and global large-stock blend categories—and narrow offerings such as Gold-rated

Vanguard Real Estate Index VGSLX and Neutral-rated Lord Abbett High Yield LHYRX. Optum is the last of the four providers to feature a brokerage window.

UMB

Overall Spending Evaluation: Above Average
 Overall Investing Evaluation: Average
 Total Fees (Annual): \$36
 Interest Rate (Spending): 0.05%

Fees and interest rates assume a \$2,500 spending account and \$14,000 investing account balance. Data as of Aug. 31, 2023.

Pros

- The investment account charges modest fees.

Cons

- The spending account has a subpar interest-rate schedule for smaller plan balances.
- The investment menu is unwieldy.

UMB has improved its HSA offering.

The firm eliminated its \$35 maintenance fee, a growing trend in the industry as six providers covered don't charge one. However, like most providers interest rates are low on modest account balances.

The investment account has seen substantial changes over the past year, both good and bad. The once-exceptional investment menu is now bursting at the seams with 40-plus options, which can be tough to navigate given the large number of specialty options and substantial strategy overlap. It does, however, include both Vanguard's target-risk and Target Retirement series and a solid environmental, social, and governance option in Gold-rated Parnassus Core Equity PRILX.

UMB's investment fees have come down. In addition to dropping the maintenance fee, an infusion of more Vanguard options has dropped the average underlying fund fees to just below the group average. UMB still charges a \$36 investment fee and mandates a \$1,000 investment threshold. In all, it continues to have an average investment offering.

Bank of America

Overall Spending Evaluation: Below Average
 Overall Investing Evaluation: Average
 Total Fees (Annual): \$30
 Interest Rate (Spending): 0.30%

Fees and interest rates assume a \$2,500 spending account and \$14,000 investing account balance. Data as of Aug. 31, 2023.

Pros

- The investment account offers higher-quality strategies.

Cons

- The spending account is one of just two offerings to receive a Below Average overall assessment, owing to its rigid maintenance fee.
- The relatively large fund lineup in the investment account has several narrow offerings.

Bank of America's spending account is one of just two offerings, investment or spending, that received a Below Average assessment. It charges accountholders a yearly maintenance fee of \$30 no matter the account size. And while it provides somewhat higher interest rates on larger balances, the typical accountholder will earn just 0.1% annually.

The investment account is mostly average. Bank of America's relatively large menu includes several redundancies, including four small-cap funds, with two in the small-blend category. The plan also includes Pimco Commodity Real Return Strategy PCRPX, which, while Silver-rated, is too far afield for an HSA. The lack of an investment fee makes the account somewhat attractive, especially for those with larger plan balances, though its investment lineup is one of the pricier menus around.

Saturna

Overall Spending Evaluation: Below Average
 Overall Investing Evaluation: Average
 Total Fees (Annual): \$72
 Interest Rate (Spending): 0.05%

Fees and interest rates assume a \$2,500 spending account and \$14,000 investing account balance. Data as of Aug. 31, 2023.

Pros

- The account has a below-average investment threshold.
- The investment menu is compact but full of higher-quality options.

Cons

- The spending account is one of just two offerings to receive a Below Average overall score because of its maintenance fee.
- It has a relatively pricey fund menu.

New to coverage this year, Saturna's HSA offering holds promise but will need to trim fees to be competitive. Its spending account pays a low interest rate—0.05% to 0.20% for accounts under \$50,000, depending on the balance. It also carries a \$30 maintenance fee that isn't waived until assets reach \$5,000.

The firm's investing account has some appeal. The menu is compact and features strong offerings, and participants can begin investing when their balance reaches a modest \$500. But because active funds predominate, the menu's average expense ratio is one of the highest in the group. There's also a 0.30% investment fee for non-Saturna funds.

HSA FAQs

Who qualifies for an HSA?

HSAs are available to people with HDHPs, or high-deductible healthcare plans (with deductibles of at least \$1,600 for individuals or \$3,200 for families in 2024). Your health insurance plan's out-of-pocket maximum also cannot exceed \$8,050 (or \$16,100 for family coverage).

You also cannot be a dependent on a tax return, enrolled in Medicare, or enrolled in another health insurance plan (unless permitted under other health coverage).

What are the HSA contribution limits?

In 2023, the combined contributions of you and your employer must be at or below \$3,850 for a self-only insurance plan and \$7,750 for a family plan. If you're 55 and older, you can contribute \$1,000 more each year. You can make 2023 contributions until Tax Day, April 15, 2024.

The 2024 HSA contribution limits are higher. The limit is \$4,150 for self-coverage and \$8,300 for family coverage. You can still contribute an extra \$1,000 each year if you're 55 or older.

How is an HSA different than an FSA?

Both HSAs and FSAs offer tax advantages. You can elect for your employer to defer pretax dollars into the account, and you can withdraw these funds tax-free to cover qualified medical expenses. FSAs and HSAs have some key differences, and even if you qualify for both, the IRS only lets you have one given their overlapping tax benefits.

What if my company-provided HSA isn't the best?

Even if it isn't your first pick, don't abandon your company-provided HSA. Take advantage of the option to defer pretax dollars to the account as well as any company match your employer offers. From there you can periodically transfer money out to your HSA of choice. Assuming the money stays within the HSA, you won't have to worry about taxes on the transfers.

How We Evaluated HSA Providers

Our report on the HSA landscape was designed to provide useful information to individuals either enrolled in or considering an HSA. Morningstar evaluates the largest and most popular HSAs available to individuals and also smaller HSAs if their features merit attention. The report does not include HSAs available through employers, as fees in such plans can vary, making comparisons difficult.

Morningstar's analysts evaluated the providers on two use cases: as spending accounts to cover current medical costs, and as investment accounts to save for future medical expenses. Morningstar scored both account types on a 5-point scale (High, Above Average, Average, Below Average, and Low).

Three factors potentially drive the quality of HSA spending accounts: interest rates, maintenance fees, and additional fees. Morningstar evaluated the spending accounts along two dimensions: maintenance fee (70% weighting) and interest rates (30%). Morningstar weighted each category score and summed it to arrive at an overall score, which was then used to rank the providers.

In assessing HSA investment accounts, Morningstar's analysts prioritized low, transparent fees; sound investment

menus that steer clear of questionable asset classes and limit overlapping positions; high-quality investment strategies that earn Morningstar Medals; and no required spending account balance in order to invest. Morningstar scored each investment account on four criteria: price (40% weighting); menu design (20%); quality of investments (20%); and investment threshold (20%). Morningstar weighted and combined each category score to arrive at an

overall score and rank the providers.

In our evaluation of each provider, we assumed a \$2,500 spending account balance and a \$14,000 investment account balance for ease of comparison, and have noted providers whose fees increase or decrease for higher investment amounts.

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