

Helping Employers Make HSAs More Effective

The Value of Seeding and Matching

Health Savings Accounts offer significant tax advantages and long-term value, yet many employees hesitate to contribute. In most cases, it's not due to a lack of understanding but concerns about affordability, timing, and cash flow. Employees worry that high deductibles and out-of-pocket costs will hit before their HSA balances have built up, or that gradual contributions won't leave enough money to cover medical expenses early in the year.

Employer contributions help remove that barrier. When employers seed HSAs or match employee contributions, employees start the year with money in their account or an incentive to contribute, which can boost participation and engagement.

Even modest employer contributions can make a significant difference in participation and engagement. They help employees get started and show that the plan is a meaningful benefit. This creates an opportunity to strengthen the plan's impact from the very start of the year.

26% of all HSA dollars come from **employers**, averaging **$679** per contributing account.

60% of all HSA dollars come from **employees**, averaging **$1,404** per contributing account.

12% of all HSA dollars come from **individual accounts** outside of employer programs, averaging **$2,194** per contributing account.

The remaining contributions came from IRA rollovers & other sources.

2025 Midyear Devenir HSA Research Report: Average Contribution per Funded Account

Understanding HSA Seeding and Matching

Employers can support employee HSAs in several ways. Two of the most common approaches are seeding and matching. Both approaches help employees get started and increase the likelihood that they actively use the HSA.

Seeding

The employer contributes a set amount to the employee's HSA, often at the beginning of the plan year. This gives employees immediate funds to help cover healthcare expenses.

Matching

The employer matches employee contributions up to a certain amount, similar to a retirement plan match. This encourages employees to contribute regularly and build balances faster.

Why Employers Use HSA Contribution Strategies?

Employer contributions do more than fund healthcare accounts. They also influence behavior, perception, and outcomes across the workforce.

Boost adoption and engagement

Employees are far more likely to open and actively use HSAs when they start with funds already in the account or receive a matching incentive. This turns a passive offering into a meaningful, actionable benefit that delivers value to both employees and the organization.

Enhance employee satisfaction

Contributions demonstrate that the employer is invested in employee financial wellbeing. This tangible support strengthens trust, builds loyalty, and makes employees feel valued, especially in a competitive labor market.

Encourage smarter healthcare spending

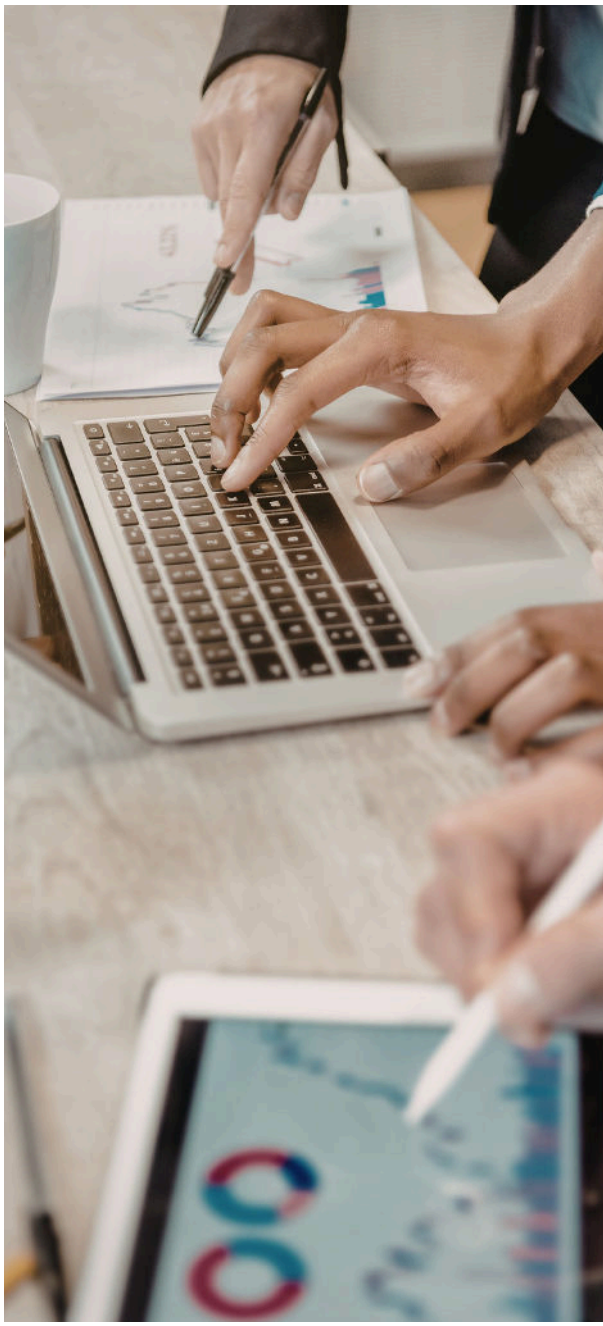
With funds in their HSA, employees feel confident making healthcare decisions early in the year. Matching programs reward active participation and promote cost-conscious behavior, helping employers manage overall plan costs.

Strengthen recruitment and retention

Competitive benefits help employers stand out. Ongoing contributions—like matching—encourage employees to stay longer, while a funded HSA signals that the company invests in both current and future employee financial health.

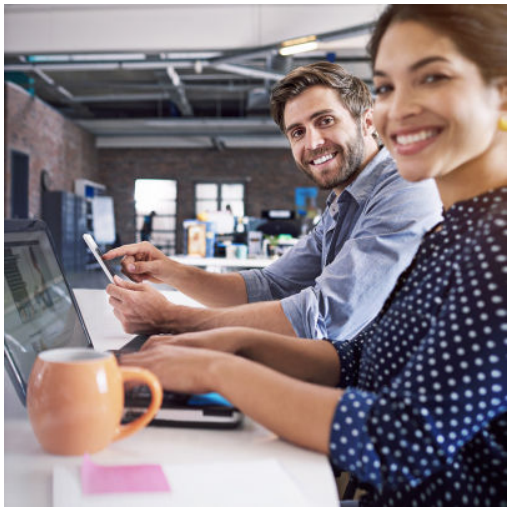
Maximize financial impact

Employer contributions are tax-deductible and exempt from payroll taxes. When combined with higher adoption and engagement, this makes the HSA program both a cost-efficient and impactful component of the benefits strategy.



The Employee Impact

Employer contributions can change how employees interact with their healthcare and their benefits, both immediately and over the long term.



Immediate financial support

Seeded funds give employees the ability to cover early-year medical expenses without worrying about cash flow. This reduces anxiety around high deductibles and out-of-pocket costs, making employees more confident in using their high-deductible health plan as intended.

Motivation to save

Matching contributions incentivize employees to contribute regularly. Even small matches can change behavior, helping employees build a habit of saving and increasing the overall balance of their HSA.

Triple tax advantage

HSA contributions, growth, and qualified withdrawals are tax-free. Employer contributions allow employees to maximize this advantage without reducing their take-home pay, increasing both immediate and long-term financial benefit.

Improved financial security

With a funded HSA, employees are better prepared for unexpected medical costs. This cushion reduces financial stress and can improve productivity, focus, and overall wellbeing.

Encourages long-term planning

HSAs are not just short-term tools. They can also serve as a healthcare savings vehicle for retirement. Employer contributions help employees accumulate balances early, giving them more flexibility and confidence in planning for future healthcare expenses.

HSA Participation Often Increases When Employers Contribute

Strategy	Average Participation Rate	Considerations
No Employer Contribution	**40%**	65% of employers fall here
Seed Contributions Only	**51%**	Most common; equitable across income levels
Matched Contributions Only	**51%**	Favors higher earners and drives higher employee contributions
Seeded and Matched Contributions	**55%**	Best overall participation and 24% higher account balances

HealthEquity Employer Contribution Study, 2024.

How to Introduce This Strategy to Employers

Many employers value HSAs but aren't sure how to drive participation. You can turn this into an opportunity to guide them strategically.

Start with the Right Questions

- How are employees engaging with the HSA today?
- Are employees concerned about covering deductibles early in the year?

Share Insights and Context

- Explain how employer contributions influence behavior.
- Highlight flexibility and how even modest contributions make a difference.

Offer Concrete Options

- Flat seed contributions at the start of the year.
- Tiered contributions based on coverage level.
- Matching contributions based on employee deposits.
- Wellness-based contributions tied to screenings or programs.

Use Examples

- A company with 1,500 employees introduced a $300 seed contribution and a 50% match on employee contributions up to $1,000. Participation increased by nearly 20%, and the match encouraged employees to keep contributing throughout the year, resulting in higher account balances.

Unlocking the Full Value of HSAs

HSAs deliver the most value when employees actively use them, and employer contributions can make that participation easier and more meaningful. Seeded or matched accounts help employees cover expenses at the start of the plan year, build savings habits, and feel confident managing healthcare costs.

At the same time, employers gain stronger engagement, a more effective benefits program, and a visible way to demonstrate investment in their workforce. By taking a strategic approach to contributions, you help employees see the benefit, employers see the return, and the plan achieve its full potential.

Guide Clients Through HSA Contribution Strategies

Step 1: Identify Opportunities

- Look for signs of low engagement.
- Note gaps between participation and overall plan potential.

Step 2: Highlight Benefits

- Frame contributions as a way to increase participation and improve employee satisfaction.
- Connect contributions to tangible outcomes like cost-conscious healthcare decisions.

Step 3: Customize Options

- Suggest seeding, matching, tiered, or wellness-based contributions based on plan size, budget, and workforce needs.
- Focus on practical flexibility rather than dollar amounts alone.

Step 4: Measure Impact

- Track participation and employee behavior before and after implementation.
- Use small pilot programs to show measurable results before scaling.