



Health Tax Accounts:

The big
Republican
giveaway to banks
and big insurance

A Senate Finance
Committee Minority Staff
Report

November 2025

Health Tax Accounts: The Big Republican Giveaway to Banks and Big insurance

Executive Summary

- Rather than enact a straightforward, common-sense extension of the Affordable Care Act (ACA) enhanced premium tax credits to lower skyrocketing premiums next year, Republicans are pushing a new tax scheme that upends the law's core protections.
- Donald Trump has made his views clear: the only health care plan he will support is one "WITH NOTHING GOING TO THE BIG, FAT, RICH INSURANCE COMPANIES, WHO HAVE MADE TRILLIONS, AND RIPPED OFF AMERICA LONG ENOUGH."¹ Unfortunately, this Republican scheme would do just that.
- This gambit would funnel funds necessary for health insurance to the nation's largest banks and insurance companies through tax-preferred accounts (like Health Savings Accounts (HSAs)), while raising premiums and decreasing payouts, **endangering Americans' ability to afford essential health care.**
- Financial institutions reap huge profits from the fees they charge consumers for administering these accounts, much of which they frequently pass along to the insurance companies they partner with, or even own outright.
- Optum, owned by UnitedHealth Group, is one of the largest administrators of HSAs in the country, **overseeing one in five** of the approximately 40 million active HSA accounts.² The notion that this Republican scheme redirects taxpayer dollars away from insurance giants like UnitedHealth Group simply does not hold up to the facts.
- Slashing federal support for health insurance would burden Americans with medical bills they cannot afford to pay. Republicans' gambit will terminate access to essential health care for American families; force Americans to process and dispute claims with health care providers on their own; cause premiums, deductibles, and other out-of-pocket health care costs to skyrocket; and collapse risk pools, sending the ACA Marketplaces into a death spiral, undermining protections for people with pre-existing conditions.
- While these tax-preferred accounts can sometimes be useful tools to supplement traditional coverage, particularly as part of a benefits package offered by a large employer, Republicans' attempts to use them as an excuse to gut health insurance will harm hard-working Americans while fattening the bottom lines of insurance companies and financial institutions.

¹ <https://x.com/trumpwarroom/status/1990767180783497341?s=46&t=IqZzw74QHJnhkTM37cfGdQ>

² <https://www.devenir.com/research/2025-midyear-devenir-hsa-research-report/>

<https://www.optum.com/en/business/employers/financial-solutions/health-savings-accounts.html/1000>

Health Tax Accounts: The Big Republican Giveaway to Banks and Big insurance

In recent weeks, Republicans voiced support for tax-preferred accounts as an alternative to extending the Affordable Care Act (ACA) enhanced premium tax credits (ePTCs), as part of their ongoing effort to undermine and ultimately repeal the protections instituted by the ACA that make health care affordable, including for people with pre-existing conditions. Republicans are calling to expand some version of Health Savings Accounts (HSAs)—and/or similar Flexible Spending Accounts (FSAs) and Health Reimbursement Accounts (HRAs)—rather than extend middle-class ePTCs. Republicans have provided no detail or clarity on these plans, arguing that, unlike premium assistance, these accounts would provide money directly to consumers, rather than to insurance companies.^{3,4} Donald Trump came out in support of this ill-defined concept.⁵

While Republicans' ideas about these tax-preferred accounts are underdeveloped, it is clear that Republicans want to slash federal support for health insurance and replace it with a giveaway to the largest insurers and banks that will be woefully insufficient to cover most people's basic health expenses. This scheme threatens millions of Americans' access to affordable health insurance, increases premiums for everyone who buys their own coverage on the ACA Marketplaces, undermines access to coverage that protects people during medical emergencies, and returns America to a time before the ACA, when people with pre-existing conditions could not access affordable, comprehensive health coverage.

No matter how Republicans design their plan, their promise to take money out of the hands of big insurance companies and put it in the hands of patients will go unfulfilled, because the very arrangements they tout are administered by large financial institutions and the same big insurance companies. Republicans' latest scheme would allow financial institutions to reap massive profits from the administrative fees they accumulate while managing these accounts, much or all of which they frequently pass back to big insurers; in some cases, these financial institutions partner with the insurance companies, while in others the insurance companies *own the very banks* running these accounts. Under the Republicans' gambit, insurance companies would continue to enrich themselves on the backs of taxpayers and patients.

Background on HSAs and Similar Policies

Originally called 'medical spending accounts' when they were conceived of by conservative think tanks in the 1980s and 1990s, Health Savings Accounts (HSAs) assumed their modern form and name in 2003, as part of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003.⁶ Available to those with High Deductible Health Plans, HSAs can be opened individually or through an employer, and can receive contributions from either.

³ <https://www.politico.com/news/2025/11/10/obamacare-aca-subsidies-extension-shutdown-00646147>

⁴ <https://www.foxnews.com/politics/rick-scott-calls-democrats-heartless-he-pitches-new-obamacare-fix>

⁵ <https://truthsocial.com/@realDonaldTrump/posts/115514453574326959>

⁶ <https://www.washingtonpost.com/news/fact-checker/wp/2015/03/25/did-santorum-invent-health-savings-accounts/>

Health Tax Accounts: The Big Republican Giveaway to Banks and Big insurance

Importantly, HSAs are triple tax-advantaged: contributions (\$4,300 annually for self-coverage)⁷ are not taxed when they enter the account, while they grow while inside it, or when they are withdrawn for qualified health expenses.^{8, 9} Qualified health expenses include most medical care costs, but generally cannot be used to cover the cost of health insurance premiums.¹⁰

A variety of entities act as trustees for HSAs, primarily large financial institutions, such as HealthEquity, Fidelity, and OptumBank, which UnitedHealth Group owns. These entities profit by charging administrative fees to manage and invest these accounts. Depending on the HSA and one's employer, these fees are paid by the account's owner, their employer, or both, which results in significant profit for these institutions, coming at the expense of patients who could otherwise use these resources to pay for health care.¹¹

Because most Americans do not have excess funds to deposit into these accounts, HSAs are disproportionately used by, and benefit, the wealthy. Households with incomes over \$1 million were several times more likely to report individual contributions into HSAs than those with incomes below \$50,000 in 2021.^{12, 13} According to estimates from the non-partisan Joint Committee on Taxation, nearly half of the deductible value HSAs provided in tax year 2023 went to households with incomes over \$200,000, while only 4% went to those with incomes below \$50,000.¹⁴ Given that these accounts are also frequently unused—the majority of accounts have balances less than \$500, and 20% have no money in them at all—analysts have accused them of functioning primarily as tax shelters for the elite that fail to provide meaningful financial freedom for most Americans.^{15, 16, 17}

HSAs are related to, but somewhat distinct from, the two other primary forms of tax-advantaged medical savings accounts available in the US: Flexible Savings Accounts (FSAs) and Health Reimbursement Arrangements (HRAs). Unlike HSAs, FSAs and HRAs are offered solely through one's employer, cannot be carried between jobs, and are not tied to having a

⁷ <https://www.fidelity.com/learning-center/smart-money/hsa-contribution-limits>

⁸ <https://www.morganstanley.com/articles/health-savings-account-retirement-tax-advantages>

⁹ If HSAs are withdrawn for a purpose other than paying a qualified health expense, they are subject to the federal income tax, as well as, if withdrawer is under 65, an additional 20% penalty.

¹⁰ <https://www.healthequity.com/hsa-qme>

¹¹ https://files.consumerfinance.gov/f/documents/cfpb_health-savings-account-issue-spotlight_2024-04.pdf

¹² <https://www.cbpp.org/blog/expanding-health-savings-accounts-would-do-little-to-improve-access-to-affordable-health-care>

¹³ <https://www.cbpp.org/blog/five-reasons-lawmakers-should-reject-expansions-of-health-savings-accounts>

¹⁴ Id.

¹⁵ <https://journalofethics.ama-assn.org/article/hsas-great-tax-shelter-wealthy-healthy-people-little-help-uninsured-and-erinsured-and-people-medical/2005-07>

¹⁶ <https://chir.georgetown.edu/health-savings-accounts-robin-hood-in-reverse/>

¹⁷ Even some conservative think tank analysts have come out against this idea: <https://www.americanactionforum.org/daily-dish/trumpcare/>

Health Tax Accounts: The Big Republican Giveaway to Banks and Big insurance

high-deductible health plan.¹⁸ HRAs are funded entirely by one's employer, and can be used for premiums. FSAs can receive individual and employer contributions, can only be used for qualified medical expenses (not premiums), and the money in them must typically be spent by the end of each year.¹⁹ Like HSAs, FSAs and HRAs can sometimes be useful tools for consumers, but provide vastly insufficient funds to be a viable replacement for health insurance. Similar to HSAs, these accounts benefit insurers by allowing them to collect revenue from third-party administrators they often own or partner with and incentivize the use of high deductible health plans that require insurers to pay out less to cover Americans' care.

Republicans' Tax Scheme Would Send Money for Health Care to Big Banks and Insurers

Importantly, it is not yet clear what version of these arrangements Republicans are endorsing, because they have yet to propose legislation or put a concept on paper. Regardless of what direction they take, Republicans frequently characterize their support for gutting traditional health insurance in order to expand access to HSAs, FSAs, and HRAs as a way to avoid giving money to insurers while maximizing Americans' financial freedom and flexibility. **In reality, these policies would do exactly the opposite.**

In addition to making health insurance more expensive for everyone who relies on it, expanding HSAs and similar accounts at the expense of traditional insurance provides a massive boon to major financial institutions and large for-profit insurers. The same corporate institutions and special interests that Republicans claim to dislike receive significant profits for administering HSAs, some or all of which they often pass on to insurers that either own or partner with them—the same big insurers that Republicans claim to oppose giving federal funding to. OptumBank, for example, one of the largest providers of HSAs in the country, is owned by the largest health insurer in America, UnitedHealth Group.^{20, 21, 22} The numerous fees OptumBank charges, including a \$20 Outbound Transfer Fee, a several-dollar monthly account maintenance fee, and a \$2.50 ATM Transaction fee, flow directly out of consumers' and patients' pockets and into the coffers of the nation's largest health insurer.²³ Even a fraction of these revenues adds up to massive profits.

In contrast, the ACA requires that insurance companies **pay** to sell their insurance plans to working Americans. In order to sell qualified health plans on ACA Marketplaces, health insurers must pay user fees to State and Federal Marketplaces. Under the Republican scheme, big

¹⁸<https://www.healthaffairs.org/content/forefront/pointless-proliferation-tax-preferred-health-spending-arrangements-part-1-lands-cape>

¹⁹ Id.

²⁰ https://files.consumerfinance.gov/f/documents/cfpb_health-savings-account-issue-spotlight_2024-04.pdf

²¹ <https://hsastore.com/learning-center/articles/learn-hsa-fees-taxes>

²² <https://www.economicliberties.us/data-tools/unitedhealth-group-abuse-tracker/>

²³ https://files.consumerfinance.gov/f/documents/cfpb_health-savings-account-issue-spotlight_2024-04.pdf

Health Tax Accounts: The Big Republican Giveaway to Banks and Big insurance

insurance companies would not need to pay these fees, and in fact would be the ones charging the fees to patients and taxpayers.

While some big insurance companies own HSA providers directly, others partner with large financial institutions to operate similar arrangements. Centene, for example, partners with Fidelity; Anthem partners with Bank of America; Cigna partners with HSA Bank (part of Webster Bank); Kaiser Permanente partners with Bell Bank; and HealthEquity's financial disclosures state that its "business model is based on...work[ing] with Network Partners and Clients to reach consumers," meaning that it relies on relationships with insurers to advertise its services.^{24, 25, 26, 27, 28, 29} Likewise, the HSA provider now known as Inspira Financial was, until 2022, owned by Aetna, and known as PayFlex, and the terms of its sale dictate that "PayFlex will remain Aetna's preferred provider of HSAs."³⁰ **The common theme across these arrangements is massive profits for financial institutions and big insurance companies.**

The specific financial terms of these relationships are tangled and concealed, likely intentionally, but it is evident that some insurers receive financial rewards for promoting HSAs and specific HSA providers. Several members of Cambia Health Solutions, Regence, Asuris, and BridgeSpan, have stated that they "receive[] an administrative fee for each HealthEquity integrated HSA," which "allows for a high level of support and integration between" these "health plans and HealthEquity's health savings accounts."^{31, 32, 33} Similarly, a previous version of Cigna's HSA enrollment package states that it "receives a payment from Chase based on the assets in the HSA Cash Accounts."³⁴ Chase Bank partnered with Cigna to administer HSAs until Chase sold these assets to HSA Bank.³⁵ Further, HealthEquity's financial documents refer to "service expenses" involving "managing Client and Network Partner relationships."^{36, 37} While further investigation is necessary to more fully uncover the extent of the profits generated from these financial relationships, it is evident that the money HSA junk fees sap from Americans'

²⁴ https://files.consumerfinance.gov/f/documents/cfpb_health-savings-account-issue-spotlight_2024-04.pdf

²⁵ <https://www.fidelity.com/go/hsa/ambetter>

²⁶ <https://pmarketresearch.com/it/health-savings-account-hsa-provider-market/>

²⁷ <https://healthy.kaiserpermanente.org/maryland-virginia-washington-dc/pages/hsa-overview>

²⁸ <https://hsabank.bynder.com/m/2b645457acdceal8/original/-Cigna-ALG-HSA-with-HSA-Bank.pdf>

²⁹ In 2008, HSA Bank also announced a partnership with HCSC, another of the largest health insurers in the US. <https://investors.websterbank.com/News--Events/news-releases/news-details/2008/HSA-Bank-Announces-Relationship-With-HCSC-06-25-2008/default.aspx>

³⁰ <https://www.businesswire.com/news/home/20220405005360/en/Millennium-Trust-to-Acquire-PayFlex-from-CVS-Health>

³¹ <https://www.regence.com/member/understanding-health-insurance/all-about-hsas>,

³² <https://www.asuris.com/provider/claims-payment/payment/remittance-advice>

³³ <https://www.bridgespanhealth.com/provider/claims-payment/payment>

³⁴ <https://benefithelp.com/wp-content/uploads/2021/08/HSDEMO-HSA-Enrollment-Package.pdf>

³⁵ <https://investors.websterbank.com/News--Events/news-releases/news-details/2015/Webster-Financial-Completes-Acquisition-of-Health-Savings-Account-Business-from-JPMorgan-Chase-01-13-2015/default.aspx#:~:text=WATERBURY%2C%20Conn.%20%2C%20Jan.,subsidiary%20of%20JPMorgan%20Chase%20&%20Co.>

³⁶ <https://www.sec.gov/Archives/edgar/data/1428336/000142833624000016/hqy-20240131.htm>

³⁷ <https://ir.healthequity.com/static-files/71ee145a-6c37-445b-bde2-964056a1af99>

Health Tax Accounts: The Big Republican Giveaway to Banks and Big insurance

accounts is a massive source of revenue for major financial institutions and insurers, all of which come at the expense of patients using these dollars for health care.

The same phenomenon appears to exist within HRAs and FSAs. Three of the largest Third-Party Administrators (TPAs) in the United States—the entities that typically administer HRAs and FSAs for employees—are owned by the largest health insurers. UMR is a subsidiary of UnitedHealth, Meritain Health is a subsidiary of Aetna, and Allegiance is a subsidiary of Cigna.³⁸ A 2021 analysis of UnitedHealth, Cigna, and Aetna’s TPA financial disclosures suggested that they made over \$20 billion combined in 2020 from TPA services.^{39, 40}

Republicans’ HSA Proposals Are Not a Viable Alternative to Health Insurance

Even for younger Americans in relatively good health, the high and rapidly rising costs of medical care in America make health tax accounts woefully inadequate as a replacement for health insurance. Getting tonsils removed can cost an average of over \$8,000; an appendectomy nearly \$10,000; and the health costs of pregnancy, childbirth, and post-partum care average over \$20,000 (not to mention the average of \$16,500 necessary for a child’s first two years of health care).^{41, 42, 43} More often than not, these costs vastly exceed the funds that most Americans who buy their own insurance on the ACA Marketplace can afford, since 85 percent of enrollees receiving premium tax credit dollars make under \$50,000 for an individual, or \$100,000 for a family of four. Republicans’ tax account scheme would not come close to reaching the high threshold typically required for meaningful coverage. Republicans’ attempt to wish away the fact that medical care, by and large, exceeds what one individual can pay—the core reason health insurance is necessary—will do nothing for the millions of Americans who would be forced to confront this reality under their tax gambit. But it would enrich some of the largest financial institutions and insurance companies in the country, at the expense of those same Americans.

Replacing health insurance with expansions of HSAs or similar accounts will massively boost insurer profits in part because it will allow these companies to process many fewer claims. It will be the patients who will be responsible for this work, forcing individuals to become their own medical billing administrators for expenses paid through their account, at a time when they should be focused on receiving medical care and recovering from whatever generated their medical expenses in the first place. Forcing patients to keep track of and dispute charges with health care providers (including dealing with duplicative fees and overcharges) will impose a

³⁸ <https://www.recruiterslineup.com/best-third-party-administrator-companies/>

³⁹ <https://tradeoffs.org/2021/09/23/inside-big-health-insurers-side-hustle/>

⁴⁰ <https://www.askallegiance.com/>

⁴¹ <https://cost.sidecarhealth.com/ts/tonsil-and-adenoid-removal-cost-by-state>

⁴² <https://cost.sidecarhealth.com/ts/appendix-removal-cost-by-state>

⁴³ <https://www.healthsystemtracker.org/brief/health-costs-associated-with-pregnancy-childbirth-and-postpartum-care/>

Health Tax Accounts: The Big Republican Giveaway to Banks and Big insurance

massive, unmanageable administrative burden onto families that will further deter and deny Americans' access to quality care.

Expanding HSAs, HRAs, FSAs, or similar such accounts at the expense of traditional insurance will also cause premiums to skyrocket for those who still wish to purchase comprehensive coverage, because funneling healthier younger individuals into health tax accounts will leave older, sicker people to make up a larger share of the insured population, straining risk pools and causing insurers to offer fewer quality health insurance options. If Republicans succeed in making it harder to afford traditional insurance and encourage people to instead pay for care through direct-spending accounts, more and more Americans will forgo coverage altogether, forcing those who remain to pay unsustainably high premiums or become uninsured altogether.

Conclusion

The health insurance industry in the United States already fails to meet Americans' needs. Premiums and deductibles are too high; coverage rules are overly complex; benefits are sparse; and the system is rigged: big corporations profit at patients' expense. **Reforms are urgently needed, but the solution is not to upend Americans' ability to purchase affordable coverage and reroute the money to big banks and big insurance companies.**

In the coming weeks, Republicans may put their concepts of a plan on paper for the American people to see and evaluate. Rather than working with Democrats to meaningfully take on insurers and drive down costs, Republicans are opting for a vague and deceptive scheme that would fatten the profit margins of the nation's largest financial institutions and health insurers while gutting Americans' health care. Such proposals are unserious and harmful, and must not become law.