

Expansion of HSA Eligibility Under OBBA Act to Improve Marketplace Coverage, Affordability, and Access

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Executive Summary

Prior to the One Big Beautiful Bill Act (OBBA), only some High-Deductible Health Plans (HDHPs) were considered Health Savings Account (HSA) eligible. Catastrophic health plans were not defined as HDHPs and were therefore, not HSA eligible. In 2025 only 2% of HealthCare.gov Marketplace enrollees selected HSA-eligible plans—a sharp decline from 7% in 2020 (Centers for Medicare & Medicaid Services 2025a). Effective January 1, 2026, the OBBA reclassifies Bronze and Catastrophic ACA Marketplace plans as qualifying HDHPs, enabling millions more enrollees to open and contribute to HSAs without having to change insurance plans (Andrews, 2025). Approximately 30% of Marketplace enrollees selected Bronze plans during the 2025 OEP—an estimated 7.27 million people (Centers for Medicare & Medicaid Services 2025b). Catastrophic enrollment, while much smaller (54,000) because of highly restrictive enrollment criteria, adds to this total, making an additional 7.3 million Americans eligible for HSAs at current enrollment levels.

On September 3, 2025, the Centers for Medicare and Medicaid Services (CMS) announced changes to catastrophic enrollment processes that will further expand the number of Americans eligible for HSAs. Previously, catastrophic plans were restricted to those under 30 years old or individuals who qualify for a hardship exemption. CMS has expanded eligibility for those over 30 to qualify for catastrophic plans through the Obamacare law's hardship enrollment pathway. These expansions in catastrophic eligibility will likely increase enrollment by several million more. We estimate the additional enrollment of 3 million in catastrophic plans coupled with the expansion of HSA eligibility for bronze and catastrophic plans, will increase the number of Americans eligible for an HSA to 10 million.



Key Facts & Scope of Change

1. Current HSA Enrollment Landscape
 - a. Only 2% of HealthCare.gov enrollees selected HSA-eligible plans in 2025.
 - b. HSA-eligible plans remain rare in exchanges, largely limited under current HDHP criteria's incompatibility with Obamacare benefit design mandates.
2. HSA Eligibility Expansion Under OBBB
 - a. Effective January 1, 2026, Bronze and Catastrophic plans will automatically qualify as HDHPs, enabling eligible enrollees to open HSAs.
 - b. Direct primary care (DPC) memberships¹ will no longer disqualify individuals from HSA eligibility; DPC fees will be qualified medical expenses.
 - c. Taken together, an individual could find it attractive to use their HSA to pair a DPC membership with a catastrophic health plan to provide access to primary care at an affordable price with financial protection in case of a serious and unforeseen medical event.
3. Estimated Scale of New Eligibility
 - a. Bronze plans: 7.27 million; Current catastrophic plans: 54,000
 - b. CMS's recently announced Catastrophic eligibility expansion could add several million more HSA-eligible individuals.

Policy Implications of HSA Eligibility Expansion

1. Improved Financial Security & Flexibility - HSAs offer triple tax advantages and greater control over health spending.
2. Broader Enrollment & Engagement - Expands access to HSA benefits beyond employer-based insurance. In 2024, 50% of employees had access to an HSA (BLS, 2025). The OBBB HSA eligibility expansion will level the playing field for people who previously had less options to purchase insurance with HSAs through Obamacare.
3. Consumer Savings - Coupled with the President's price transparency initiatives, increased consumer control over health spending will increase patients' ability to choose the health plans

¹ Direct primary care (DPC) is a healthcare payment model where patients pay their primary care physician directly for a set of services, bypassing traditional health insurance.



they want and need and result in lower health care costs. (ST Parente, 2023)

4. Subsidy Savings & Affordability Benefits – HSA contributions reduce modified adjusted gross income (MAGI), potentially lowering the premium tax credit repayment and easing the risk of “subsidy cliffs.”

Estimating Newly HSA-Eligible Populations

Below we outline the approach used to estimate the number of Marketplace enrollees who will become newly eligible for Health Savings Accounts (HSAs) under the One Big Beautiful Bill Act (OBBA) provisions expanding HSA eligibility to Bronze and Catastrophic plans, as well as under CMS’s forthcoming expansion of Catastrophic plan eligibility.

Data Sources

1. State-level Marketplace plan selection counts from the CMS Marketplace 2025 Open Enrollment Period Report: National Snapshot (January 2025a).
2. 2025 National Bronze and Catastrophic enrollment totals from CMS data:
 - a. Bronze: ~7.27 million ($\approx 30\%$ of all Marketplace plan selections)
 - b. Catastrophic: ~54,000 ($\approx 0.22\%$)
 - c. Total Bronze + Catastrophic: ~7.3 million
3. Total Marketplace selections: 24.166 million.

Estimation Method

- Step 1 — Baseline Bronze and Catastrophic Counts
Shares of national enrollment were applied to state totals to estimate counts by plan type, summed as the subtotal newly HSA-eligible.
- Step 2 — CMS Catastrophic Expansion Scenario
Baseline scenario: +3.0 million additionally eligible allocated by state enrollment share.
- Step 3 — Sensitivity Analysis
Low (+2.0M) and high (+4.0M) scenarios calculated.

Several limitations exist. We allocate expansion proportional to Marketplace enrollment only. And off-Marketplace enrollment not included – which could make this a lower bound estimate.



Conclusion

The OBBB's expansion of HSA eligibility to include Bronze and Catastrophic Marketplace plans represents a transformative policy shift, poised to unlock HSA access for approximately 7.25 million previously ineligible individuals. After accounting for catastrophic eligibility expansions, we estimate a total of ten million Americans will be enrolled in plans newly-eligible for an HSA. This reform enhances financial tools for consumers, supports health care affordability, and strengthens the resilience of the individual market as subsidy enhancements phase down.



References

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Appendix - Estimated New HSA-Eligible Population by State (2025 OEP)

State	2025				Reforms Fully Phased-In	
	Total Plan Selections	Bronze Enrollees	Catastrophic Enrollees	Subtotal Newly HSA-Eligible	Adtl. Est. Catastrophic Enrollment	Total Est. Newly HSA-Eligible
TOTAL:	24,166,491	7,271,550	54,109	7,325,659	3,000,002	10,325,661
Alabama	477,838	125,894	1,997	127,891	59,318	187,209
Alaska	28,736	11,180	-	11,180	3,567	14,747
Arizona	423,025	154,730	235	154,965	52,514	207,479
Arkansas	166,639	43,535	-	43,535	20,686	64,221
California	1,902,566	458,044	13,272	471,316	236,182	707,498
Colorado	271,444	101,635	1,992	103,627	33,697	137,324
Connecticut	147,072	37,242	1,502	38,744	18,257	57,001
Delaware	52,931	16,084	177	16,261	6,571	22,832
DC	14,058	4,572	360	4,932	1,745	6,677
Florida	4,735,415	1,405,338	2,816	1,408,154	587,849	1,996,003
Georgia	1,519,153	368,379	1,180	369,559	188,586	558,145
Hawaii	24,606	7,126	233	7,359	3,055	10,414
Idaho	117,373	57,929	361	58,290	14,571	72,861
Illinois	465,985	162,978	519	163,497	57,847	221,344
Indiana	359,240	117,002	-	117,002	44,596	161,598
Iowa	136,833	50,102	84	50,186	16,986	67,172
Kansas	200,046	68,216	141	68,357	24,833	93,190
Kentucky	97,374	30,152	464	30,616	12,088	42,704
Louisiana	292,994	126,279	-	126,279	36,372	162,651
Maine	63,139	30,038	667	30,705	7,838	38,543
Maryland	247,243	58,637	2,328	60,965	30,692	91,657
Massachusetts	368,382	28,666	432	29,098	45,731	74,829
Michigan	531,083	215,839	1,657	217,496	65,928	283,424
Minnesota	151,513	72,245	3,646	75,891	18,809	94,700
Mississippi	338,159	63,935	-	63,935	41,979	105,914
Missouri	417,000	149,585	797	150,382	51,766	202,148
Montana	77,221	44,727	296	45,023	9,586	54,609
Nebraska	136,684	73,539	39	73,578	16,968	90,546
Nevada	106,412	36,511	297	36,808	13,210	50,018
New Hampshire	70,337	25,045	355	25,400	8,732	34,132
New Jersey	484,540	78,119	1,052	79,171	60,150	139,321
New Mexico	70,371	2,393	-	2,393	8,736	11,129
New York	216,677	109,884	2,610	112,494	26,898	139,392



North Carolina	975,110	443,124	106	443,230	121,049	564,279
North Dakota	42,901	17,376	373	17,749	5,326	23,075
Ohio	583,443	253,307	2,580	255,887	72,428	328,315
Oklahoma	307,989	130,096	261	130,357	38,233	168,590
Oregon	139,688	67,613	-	67,613	17,341	84,954
Pennsylvania	496,661	113,793	1,128	114,921	61,655	176,576
Rhode Island	43,514	8,839	-	8,839	5,402	14,241
South Carolina	631,948	325,021	2,522	327,543	78,449	405,992
South Dakota	54,721	28,417	290	28,707	6,793	35,500
Tennessee	642,867	231,103	424	231,527	79,805	311,332
Texas	3,966,226	704,783	2,973	707,756	492,363	1,200,119
Utah	421,890	158,714	-	158,714	52,373	211,087
Vermont	32,800	10,347	108	10,455	4,072	14,527
Virginia	379,082	147,875	1,707	149,582	47,059	196,641
Washington	308,227	102,929	579	103,508	38,263	141,771
West Virginia	67,113	26,372	79	26,451	8,331	34,782
Wisconsin	313,579	155,749	1,470	157,219	38,927	196,146
Wyoming	46,643	10,512	-	10,512	5,790	16,302