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The average healthy 65-year-old couple retiring this year is projected to spend \$288,400 in today's dollars on lifetime [Medicare](#) Parts B, D and supplemental insurance (Plan F) premiums, according to a new HealthView Services report.

By HealthView's analysis, when dental, hearing, vision and all other out-of-pocket expenses are included, that couple's total retirement health care bill rises to \$377,412. All calculations are based on assumptions that men and women have life expectancies of 87 and 89, respectively.

HealthView Services' new 2016 Retirement Health Care Costs Data Report, released Wednesday, provides detailed projections of health care expenses in retirement. And what the report finds is that [health care costs](#) for retirees – driven by health care inflation, age, and increased cost shifting – are continuing an upward trajectory.

This is especially troubling considering that only 12 percent of working Americans have taken any steps toward addressing medical expenses in retirement, and more than half admitted to knowing virtually nothing about costs related to Medicare, according to a survey of more than 4,000 individuals by The Empower Institute and Brightwork Partners.

“Few Americans have taken steps toward addressing medical expenses in retirement, and most [do not understand Medicare costs](#),” said Ron Mastrogiovanni, founder and CEO of HealthView Services, in a statement. “Our data shows the significant impact of rising health care costs and the importance of planning for them.”

Here are five shocking facts from HealthView's report that many Americans may not know:

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1. Health care costs will eat up a most or all of retirees' Social Security income.

For retirees counting on Social Security income, HealthView analyzes what portion of benefits will be required to cover projected lifetime medical expenses.

According to HealthView, a 66-year-old couple retiring this year will need 57 percent of their [Social Security](#) to cover total health care costs. A 55-year-old couple retiring in 10 years will require 88 percent, and a 45-year-old couple, 116 percent. These calculations are based on Social Security Trustees' projections of a 3.1 percent cost of living adjustment (COLA) in 2017 and 2.7 percent thereafter.

“What has not changed is that many Americans will still see a significant portion of their Social Security income consumed by health care costs; for some, medical expenses could eventually exceed their benefits,” Mastrogiovanni said in a statement.

Two major developments from this past year affected HealthView's previous projections. Last year, HealthView predicted health care costs would eat up 67 percent of lifetime Social Security benefits.

The first assumes that individuals will no longer have access to the restricted filing strategy. This [change](#) is a net-negative and means that a greater portion of Social Security will be required to cover health care costs.

The second development increased the expectation that Social Security COLAs will rise from the previous projection of 2 percent to close to 3 percent going forward. This is a net-positive, since retirees will receive higher benefits than prior estimates.

“The sobering reality looking forward is that Social Security COLAs will not be enough to offset rising health care inflation,” according to the report.

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2. A key cost driver is health care inflation in retirement.

According to HealthView, overall retirement health care costs are projected to have increased by 7.3 percent between 2015 and 2016, driven in part by a 16.1 percent increase in Medicare Part B premiums over the same period.

Over the next 20 years, HealthView projects a more modest average annual [inflation](#) rate of 5.1 percent for retirement health care expenses. This is consistent with forecasts from the Centers for Medicare and Medicaid, which expects at least eight years of health care inflation between 5 percent and 7 percent.

[<http://www.producersweb.com/r/pwebmc/d/contentFocus/?pclD=e0148ae7ba1bd447125f12ff8490c497&pn=3>]



3. Women can expect to pay more for retirement health care.

In its report, HealthView examines the cost disparity between genders, driven by a greater average [life expectancy](#) for women.

“Life-expectancy differences between genders range between two and four years (depending upon current age),” the report states. “Longer life expectancies, coupled with the effects of a compounding inflation rate, mean that women will, on average, spend more than males on retirement health care.”

According to HealthView, a healthy 30-year-old woman who lives to age 91 is projected to spend \$118,632 more in total health care costs than a healthy male of the same age who lives to age 87.

This difference is directly related to the compounding effects of [inflation](#) in the final four years of life, HealthView says.

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4. Healthy Americans can also expect to pay significantly more for retirement medical services.

While annual costs may be lower for a healthy individual, HealthView says that person's total lifetime costs will actually be higher than someone who suffers from a chronic health condition because they often live longer.

A healthy man or woman can expect to pay almost twice as much for lifetime health care in retirement than someone who is diabetic, according to HealthView.

By HealthViews's analysis, a healthy 55-year-old woman with a life expectancy of 89 can expect to pay \$255,859 more than someone with type 2 diabetes and a life expectancy of 80.

Based on a 10-year difference in life expectancy, the cost variance between a diabetic and healthy man, both 55, will be \$251,850.

"The length of a person's life may be the single most determining factor in projecting total health care costs; therefore, expected [longevity](#), which is largely based on individual health conditions, must be factored into all retirement plans," the report states.

[<http://www.producersweb.com/r/pwebmc/d/contentFocus/?pcID=e0148ae7ba1bd447125f12ff8490c497&pn=5>]



5. Retirees can face much higher expenses depending on where they choose to live.

As HealthView points out, state of residency plays an important role in the variable cost of [Medicare Part D](#) (prescription drug coverage) and supplemental insurance premiums.

Prescription drug and supplemental insurance policies are regulated by states, which approve carriers, policies that can be sold and associated pricing.

For example: HealthView reveals a 49 percent difference in supplemental premiums between Hawaii and Massachusetts.

“While the cost of a supplemental policy may not be the deciding factor in this person’s retirement destination, knowing that she may require an extra \$57,000 for a supplemental plan in Massachusetts may change her savings strategies,” the report states.

According to HealthView, it is important to use state data, rather than national averages, when planning for retirement at an individual level.

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