New Research Report Finds Projected Savings Medicare Beneficiaries Need for Health Expenses Increased Again in 2023

- Some Couples Could Need as Much as $413,000 in Savings –

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(Washington, D.C.) – A new research report published today from the Employee Benefit Research Institute (EBRI) finds that savings Medicare beneficiaries could need for health expenses increased again in 2023. In fact, some couples could need as much as $413,000 in savings.

“Health care costs in retirement can be considerable and may not necessarily be a salient issue for workers. To project how much Medicare beneficiaries may need to save to have a reasonable chance of meeting their health care spending requirements in retirement, EBRI built a simulation model allowing for uncertainty due to mortality and rates of return on assets in retirement. This model incorporates recent changes to Medicare Part D enacted by the Inflation Reduction Act of 2022 and tests varying assumptions about Medicare Advantage and Medigap plans that Medicare beneficiaries may purchase,” explained Jake Spiegel, research associate, Health and Wealth Benefits Research, EBRI. “The output of this updated simulation model is the basis of this new report.”

Key findings in the research report include:
• The predicted savings target for Medicare beneficiaries to cover premiums, deductibles, and prescription drugs in retirement rose in 2023, representing a slight increase from the $383,000 savings target last year.
• To have a 90% chance of meeting their health care spending needs in retirement, a man will need to have saved $184,000, and a woman will need to have saved $217,000. Couples enrolled in a Medigap plan with average premiums, meanwhile, will need to have saved $351,000 to have a 90% chance of covering their medical expenditures in retirement.
• Representing an extreme case, a couple with particularly high prescription drug expenditures will need to have saved $413,000 to have a 90% chance of having enough money to cover their health care costs in retirement.
• Although there is significant individual-level variation, enrollees in Medicare Advantage plans generally have lower savings targets. A man enrolled in Medicare Advantage who has median drug expenditures and is an average user of health care services will need to have saved $99,000 to have a 90% chance of meeting his health care spending requirements in retirement. Meanwhile, a woman will need to have saved $116,000 to have a 90% chance of having enough to cover her health care costs in retirement. Couples will need to have saved $189,000 to have a 90% chance of covering their health care expenditures in retirement. Of course, there are tradeoffs to consider; Medicare Advantage plans often have limited networks or may require approval before certain medications or
services are covered.

“The results from EBRI’s projection model indicate that basic health care costs incurred by Medicare beneficiaries are high. While the savings targets tend to be lower for Medicare Advantage enrollees relative to Medigap enrollees, there are important limitations to take into account,” said Spiegel.


The Employee Benefit Research Institute is a non-profit, independent and unbiased resource organization that provides the most authoritative and objective information about critical issues relating to employee benefit programs in the United States. For more information, visit www.ebri.org.

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(MEDIA NOTE: To receive the complete research report, email dresner@ebri.org).