

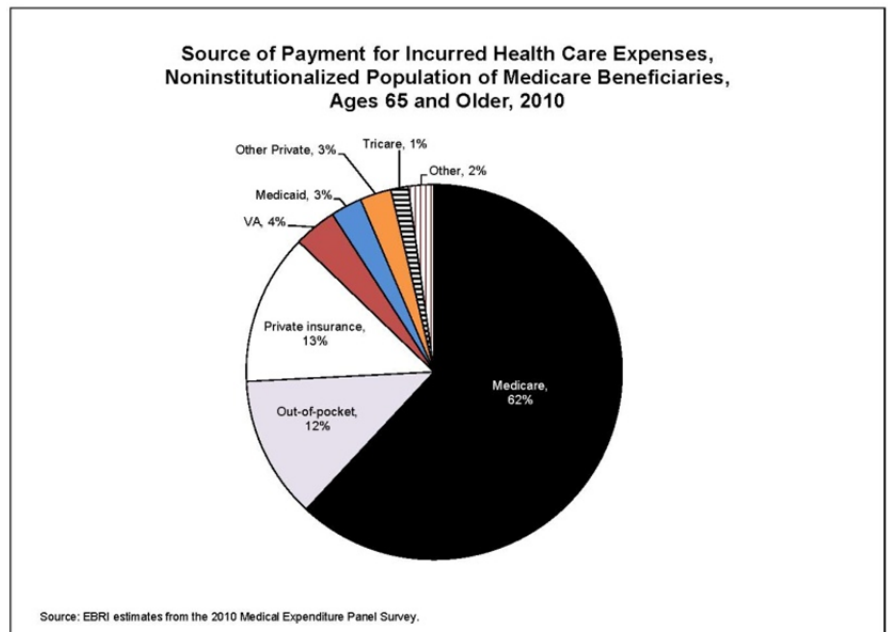
How Much Does Medicare Cover?

Medicare, the federal health care insurance program for the elderly and disabled, was never designed to cover health care expenses in full when it was established in 1965.

A new analysis by the nonpartisan Employee Benefit Research Institute (EBRI) notes that in 2010, Medicare covered 62 percent of the cost of health care services for Medicare beneficiaries age 65 and older, while out-of-pocket spending accounted for 12 percent, and private insurance covered 13 percent.

The report also noted that individuals can expect to pay a greater share of their costs out-of-pocket in the future because of the combination of the financial condition of the Medicare program and cutbacks to employment-based retiree health programs.

However, the EBRI analysis did find that the savings targets required to cover needed health care expenses in retirement declined between 6 percent and 11 percent between 2012 and 2013 for a person or couple age 65. Those targets did not include long-term care costs.



More information about these trends and savings targets can be found in EBRI's October Notes article, "Amount of Savings Needed for Health Expenses for People Eligible for Medicare: More Rare Good News" at bit.ly/1bWKGwY

The Employee Benefit Research Institute is a private, nonpartisan, nonprofit research institute based in Washington, DC, that focuses on health, savings, retirement, and economic security issues. EBRI does not lobby and does not take policy positions. The work of EBRI is made possible by funding from its members and sponsors, which includes a broad range of public, private, for-profit and nonprofit organizations. For more information go to www.ebri.org or www.asec.org

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