

At a Glance | May 30, 2019

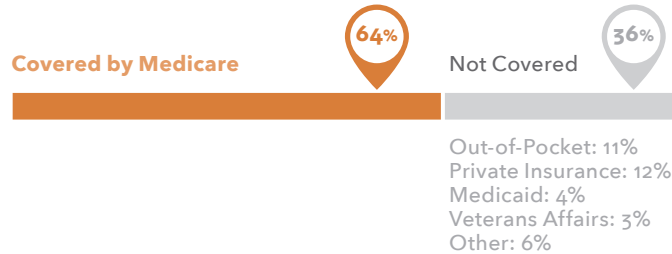
Changes in Savings Needed to Cover Health Expenses in Retirement

HEALTH CARE PAYMENT SOURCES

Medicare generally covers only about two-thirds of the cost of health care services for Medicare beneficiaries ages 65 and older.

Payment Sources for Health Care Expenses Among Medicare Beneficiaries¹

2016

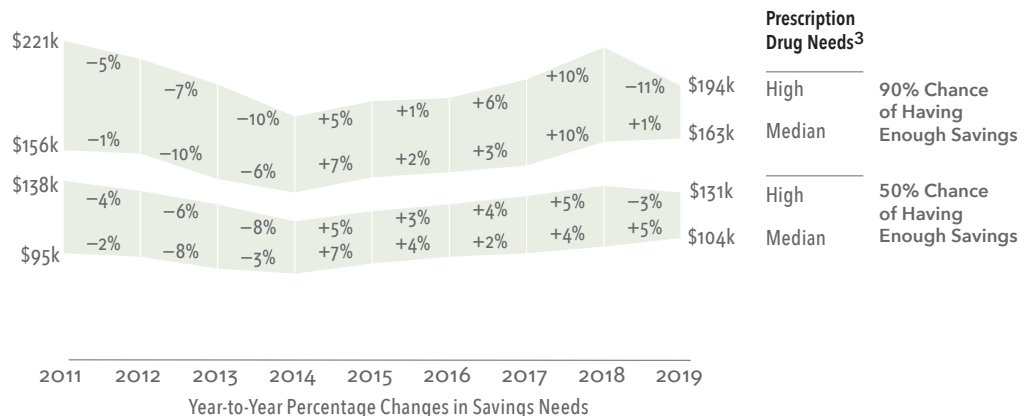


PREDICTED SAVINGS TARGETS

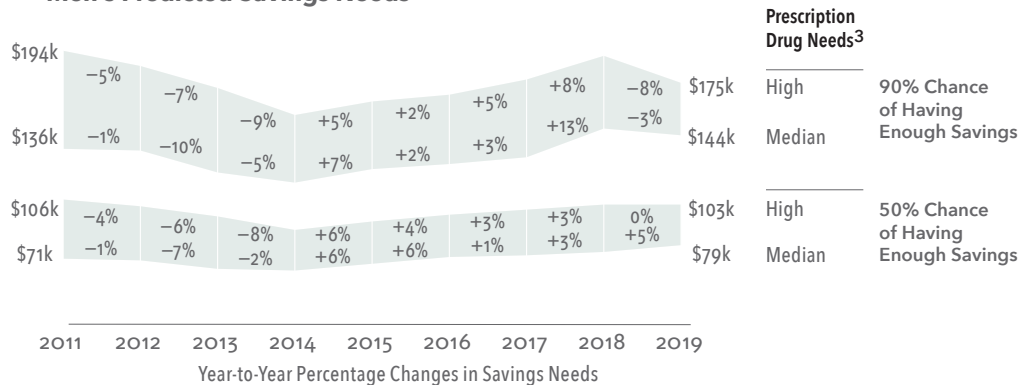
Between 2018 and 2019, the savings needed to fund insurance premiums and drug expenses have risen 5 percent for some cohorts and have fallen 11 percent for others. The main reason for the predicted annual decrease in needed savings for some is related to the adjustment that is made each year to re-establish the baseline for out-of-pocket spending associated with prescription drug use.

Savings Needed in 2011 and 2019 for Premiums and Out-of-Pocket Drug Expenses in Retirement²

Women's Predicted Savings Needs



Men's Predicted Savings Needs



Source: Paul Fronstin and Jack VanDerhei. "Savings Medicare Beneficiaries Need for Health Expenses in 2019: Some Couples Could Need as Much as \$363,000," *EBRI Issue Brief*, no. 481 (Employee Benefit Research Institute, May 16, 2019).

1. EBRI estimates from the 2016 Medical Expenditure Panel Survey. **2.** Author simulations based on assumptions described in *EBRI Issue Brief* no. 481. **3.** Prescription drug needs were evaluated at a "high" level such that retirees were at the 90th percentile of prescription drug expenses throughout retirement, and they were evaluated at the median level.