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Press Release

Milliman Retiree Health Cost Index: A healthy 65-year-old will spend on average between \$137,000 and \$300,000 on healthcare costs in retirement

SEATTLE – SEPTEMBER 22, 2022 – Milliman, Inc., a premier global consulting and actuarial firm, today released its 2022 Retiree Health Cost Index which projects the total premiums and out of pocket expenses a healthy 65-year-old can expect to spend on medical and prescription drug costs in retirement. The report also looks at cost variations across sex, geography, and the two most common coverage options for Medicare-eligible retirees.

In 2022, we project a healthy 65-year-old man with a Medicare Advantage plus Part D (MAPD) plan will spend \$137,000 in healthcare expenses in his remaining lifetime. The same retiree covered by Original Medicare with Medigap (Plan G) and Part D (standard benefit) is projected to spend \$264,000 on healthcare expenses in his remaining lifetime.

For a woman retiring at age 65, we project she will spend \$158,000 on healthcare expenses over the course of her lifetime if covered by an MAPD plan. That cost increases to \$300,000 with Original Medicare plus Medigap (Plan G) and Part D (standard benefit) coverage. Higher healthcare costs for women are largely the result of longer life expectancy when compared to men.

“There are a wide variety of reasons that healthcare expenses for retirees can differ – geography, coverage type, and age at retirement are just a few of the variables,” says Robert Schmidt, a principal at Milliman and co-author of the Retiree Health Cost Index. “Healthcare costs are an important, and sometimes overlooked, component of overall retirement planning, and it’s important for retirees to understand the options available to them and make the best decisions for both their health and finances.”

The Retiree Health Cost Index includes key differences in coverage between Medigap and Medicare Advantage, along with a look at how healthcare costs might vary based on the state a retiree lives in and when the person retires.

To view the complete Retiree Health Cost Index, go to <https://www.milliman.com/en/insight/retirement-planning-health-cost-index>.

About Milliman

Milliman is among the world’s largest providers of actuarial and related products and services. The firm has consulting practices in healthcare, property & casualty insurance, life insurance and financial services, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe. For further information, visit www.milliman.com.