



Contact: Robert Schmidt  
Milliman, Inc.  
Tel: 1 208 342 3487  
Email: Robert.Schmidt@milliman.com

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**Press Release**

## **Milliman Retiree Health Cost Index: A healthy 65-year-old retiree needs to save between \$90,000 and \$203,000 for healthcare costs if they retire in 2023**

SEATTLE – MAY 1, 2023 – Milliman, Inc., a premier global consulting and actuarial firm, today released its 2023 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.

In 2023, a healthy 65-year-old retiree with Medicare Advantage plus Part D (MAPD) needs to save slightly less for healthcare costs compared to 2022, largely due to premium decreases across Medicare Part B and MAPD plans. This is despite a 3.4% increase in savings needed as a result of recent high inflation driving up the expected short-term healthcare cost trend.

We project a healthy 65-year-old male retiree with an MAPD plan will spend \$134,000 for healthcare in his remaining lifetime (equating to \$90,000 of savings in today's dollars), down from \$137,000 in 2022. A 65-year-old female retiree with the same coverage will spend approximately \$155,000 on healthcare expenses over the course of her lifetime (\$100,000 in savings today), down from \$158,000 in 2022.

For retirees covered by Original Medicare with Medigap (Plan G) and Part D (standard benefit), projected savings needed for healthcare costs increased by about 4.5% between 2022 and 2023. Increases in Medigap and Part D premiums and out-of-pocket expenses were largely offset by the lower Medicare Part B costs. The main driver of the increased savings needed is due to the higher expected short-term healthcare cost trend.

The same healthy 65-year-old male retiree covered by Original Medicare with Medigap (Plan G) and Part D (standard benefit) is projected to spend \$277,000 on healthcare expenses in his remaining lifetime (equating to \$185,000 of savings today), up from \$264,000 in 2022. A female retiree with the same coverage will spend approximately \$315,000 on healthcare in retirement (\$203,000 of savings today), up from \$300,000 in 2022. Higher healthcare costs for women are largely the result of longer life expectancy when compared to men.

“Our study found that inflation is likely to drive up healthcare expenses for retirees over the next several years, more so than any other factor,” said Robert Schmidt, a principal at Milliman and



co-author of the Retiree Health Cost Index. “When retirement planning, it’s important to understand the different plan options available and how they impact coverage and cost, so you can make the best decision for your health as well as your 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/retireehealthcosts>.

#### **About Milliman**

Milliman is among the world's largest providers of actuarial, risk management, and technology solutions. Our consulting and advanced analytics capabilities encompass 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. Visit us at [milliman.com](http://milliman.com).

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