

More Individuals Downgrading Insurance Plans Due to Rising Health Care Costs

The most recent Nationwide [Retirement Institute Health Care Costs in Retirement](#) survey found that many Americans are not confident in their ability to pay health care costs as they age. According to the survey, over half of respondents said they'd be unable to pay off an unexpected \$5,000 health care expense, and a similar number worry about their ability to pay for caregiving expenses for their partners or spouses. As a result, many Americans are downgrading their comprehensive health insurance to plans with lower premiums.

“Health care costs in retirement is a point of terror among most adults, but the majority are not sure or can’t even estimate how much their annual health care costs in retirement could be/are in retirement or their total health care costs in all of retirement.”

- *Nationwide Health Care Cost in Retirement survey*

Survey Findings

To combat rising medical prices and high inflation, nearly one-fifth of adults have postponed or delayed health care actions in the past 12 months. Many are choosing health insurance plans with lower premiums to save money, hoping they stay healthy. In fact, three-fifths of survey respondents said they

chose or would choose a health insurance policy with a lower premium but higher deductible, which generally has a lower monthly payment.

The survey also revealed a gap in financial knowledge and planning. Many of the surveyed adults with medical debt couldn't estimate how much debt they had. Additionally, a majority of adults didn't have a written financial plan that included how to pay for health care costs related to their chronic conditions in retirement. Although many adults were banking on remaining healthy to keep costs low in retirement, the survey found that over half of retired individuals regretted not taking better care of themselves to save on health care costs in retirement. Therefore, Nationwide concluded that many adults are underestimating their need for health care specialists in retirement, which could impact their overall health care costs. Medicare-related costs were also a blind spot for U.S. adults, and many respondents lacked the information they needed to make informed decisions about health care.

Employer Takeaways

Planning for retirement can be a major source of stress for employees. Employers who ease the financial worries of their employees may notice improved health, productivity and satisfaction in their workforce. Employers can consider educating employees on creating a holistic financial plan, such as the use of health savings accounts, to account for health care costs in retirement. This can help employees manage their finances and reduce financial stress that could negatively impact workplace performance.

Contact us today for further information.