HealthView SERVICES

2026 Retirement Healthcare Costs Data Report

February 2026

Introduction

Healthcare expenses consistently rank among the top retirement concerns for Americans across all generations. This worry is compounded by ongoing medical cost inflation, which continues to rise at approximately twice the rate of the Consumer Price Index (CPI).

A key challenge in addressing this issue is developing personalized projections for retirement healthcare expenses based on the many factors that influence costs. Generic averages are insufficient for crafting a plan to accurately project (and ultimately fund) future healthcare needs.

Fortunately, actuarial data allows individuals to tailor projections within the broad range of potential cost outcomes. By accounting for factors such as health status, coverage, and state of residence, individuals can prepare for retirement healthcare expenses with greater confidence.

The purpose of this Data Report is to highlight legislative changes that affect retirement healthcare costs, establish an understanding of key coverage categories, examine the impact of healthcare cost inflation and other critical variables, and illustrate how these factors interact in a brief case study. Unless otherwise noted, all data and projections are provided by HealthView Services and are shown in future value.

Note To The Reader

On January 27, 2026, the Centers for Medicare & Medicaid Services (CMS) released 2027 payment proposals affecting Medicare Part D and Medicare Advantage insurers. This included a plan to increase payments to insurers by 0.09%, well below analyst expectations of around 5%. News outlets, including The Wall Street Journal, reported that should this take effect, insurers may pull back offerings, reduce benefits, or include more restrictions within their offered plans. While the ultimate impact on Medicare recipients remains to be seen (and at the time of this writing, the proposal is just that, a proposal), HealthView Services will continue to monitor potential ramifications on retirement healthcare costs, and update its data, services, and content as needed.

I. Recent Legislation Impacting Costs

Ongoing updates to Medicare policy help the program evolve with time. While it remains structurally similar to its original form in 1965, occasional legislation brings change upon enrollees and may impact their costs.

Inflation Reduction Act

The Inflation Reduction Act of 2022 enabled the negotiation of pricing for certain medications and set penalties for drug makers who raise prices higher than inflation thresholds. As they roll out gradually, the long-term impact they will have on costs remains to be seen.

But perhaps most notably from a Medicare perspective, the Act set an annual out-of-pocket (OOP) maximum on prescription drug spending of $2,000 for people on traditional Medicare or Medicare Advantage. (The previous "catastrophic coverage" limit was $7,050.) Additionally, it shifted a majority of the responsibility for covering excess costs onto plan providers.

The intent of the legislation was to aid retirees who spend beyond these new limits on prescription drugs. For these individuals – likely with chronic health conditions – this may be financially helpful. **But as the ripple effect of the new rules leads to increased premiums, the Act has resulted in higher overall costs for the remainder who do not benefit from a lower OOP maximum.**

Applicably, Medicare Part D premiums have increased – often substantially – since the law was passed, and fewer plans are being offered as insurers eliminate more standalone drug coverage options, even for enrollees who have been on those plans for years[1]. In plans across many states, 2026 premiums will be over 50% higher than they were in 2022, when the Act was signed into law.

Medicare Part D is evolving. Premiums are rising, coverage is falling, and plans are disappearing. Still, evaluating available options and picking a plan that works for each individual is a viable path forward for those approaching retirement age and Medicare eligibility.

2026 Medicare Changes

Aside from new legislation, Medicare updates its "base" numbers annually. Typically, costs increase to account for inflation, and 2026 is no exception. The Medicare Part B premium – which covers some medical costs associated with doctor visits and tests – grew by nearly 10% which is significantly higher than key inflation metrics. The latest 12-month Consumer Price Index (CPI) changes for major categories like Food (3.1%), Energy, (2.8%), and all other items (3.0%) fall drastically short of the Medicare increase[1]. Other important Medicare figures for 2026[2] are detailed in Figure A.

Figure A: Key Medicare Changes, 2025 to 2026

Subject	2025 Amount	2026 Amount	Change
Monthly Part B Premium	$185.00	$202.90	+9.7%
Annual Part A Deductible	$1,676	$1,736	+3.8%
Annual Part B Deductible	$257	$283	+10.1%
Monthly Part D Base Premium	$36.78	$38.99	+6.0%
MAGI Limit Before Surcharges Occur (Single)	$103,000	$109,000	+5.8%
MAGI Limit Before Surcharges Occur (Married)	$206,000	$218,000	+5.8%

II. Retirement Health Insurance Breakdown

Unlike group health insurance that most Americans receive while employed, Medicare coverage has separate components from which retirees can select.

Medicare Part A

Provided by: Medicare (federal government)

What it costs: No-cost for 99% of retirees

How it's paid: For the 1% not covered, monthly premiums to Medicare (either $311 or $565 in 2026)

What it covers: Hospitalization, limited nursing home and rehab

Do income-based surcharges apply? No.

What you need to know: Workers pay into Part A via FICA tax deduction. Anyone who contributed qualifying amounts for 10 years (or was married to someone who did) receives Part A at no cost in retirement. This is one component of Original Medicare and covers inpatient medical expenses.

Medicare Part B

Provided by: Medicare (federal government)

What it costs: $202.90 per month in 2026

How it's paid: By default, deducted from Social Security benefits (otherwise paid to Medicare)

What it covers: Most medical costs associated with doctor visits and tests

Do income-based surcharges apply? Yes, IRMAA may increase costs based on MAGI.

What you need to know: Another component of Original Medicare, Part B addresses outpatient care, preventative screenings, and other services. There is an annual deductible, after which Medicare typically pays 80% of the approved cost for covered services. Some preventive support is included at no cost to the recipient.

Medicare Part D

Provided by: Private insurance companies

What it costs: Varies by state and plan selected

How it's paid: Monthly premium to insurance company

What it covers: Prescription drugs

Do income-based surcharges apply? Yes, IRMAA may increase costs based on MAGI.

What you need to know: While overseen by Medicare, Part D drug plans are administered by private insurance companies. Premiums are based on state or region, as residents select from a menu of plans that range in coverage cost. Beneficiaries can change plans each year during Open Enrollment.

Medigap (Supplemental Insurance)

Provided by: Private insurance companies

What it costs: Varies based on state, plan selected

How it's paid: Monthly premium to insurance company

What it covers: Medical costs not funded by Original Medicare

Do income-based surcharges apply? No

What you need to know: Medigap is meant to fill in the gaps from Original Medicare, helping reduce out-of-pocket costs like deductibles, copays and coinsurance (most notably, the 20% Part B coinsurance gap). Like Part D, Medigap plans are determined by the federal government, but are provided by private insurance companies, and premiums vary by state and plan selected. Recipients must have Original Medicare before signing up for a Medigap plan.

Medicare Advantage

Provided by: Private insurance companies

What it costs: Varies based on state/metro region, and plan selected

How it's paid: Monthly premium to insurance company

What it covers: Equivalent to Original Medicare, often includes prescription drugs as well

Do income-based surcharges apply? Yes, IRMAA may increase costs based on MAGI in retirement, applicable to the cost of Part B and Part D equivalents (surcharges paid to Medicare, not insurance company)

What you need to know: Medicare Advantage is an alternative to Original Medicare for recipients who prefer to have coverage from a private insurance company rather than the government, likely because of additional benefits included. All plan options include inpatient and outpatient coverage, and most (but not all) include prescription drugs. Medicare Advantage cannot be combined with Original Medicare or supplemental insurance. Premiums vary by state/metro region and plan selected.

III. Cost Factors

An individual's lifetime retirement healthcare costs can vary dramatically based on a range of factors. Simply put, averages do not suffice when it comes to healthcare planning. Context and data are provided below for several significant factors.

Inflation

The long-standing pattern of healthcare expenses climbing at around twice the pace of CPI[1] is expected to persist. These rising costs stem from several drivers, with one of the most significant being healthcare's low-price elasticity. Ultimately, people seek medical care regardless of the cost, because they depend on it.

Still, not every healthcare expense grows at the same rate. Various premium types and specific categories of care will increase at different rates over the next ten years, as reflected in the table below. For this reason, using a single inflation rate for all healthcare components is not realistic.

Figure B: Average Long-Term Inflation Rate, by Healthcare Cost Category

Premium Type	Inflation Rate	Out-of-Pocket Cost	Inflation Rate
Medicare Part B	**7.0%**	Hospitalization	**1.4%**
Medicare Part D	**4.8%**	Doctors & Tests	**6.9%**
Medigap (Supplemental Insurance)	4.4% inflation 3.5% age-rating **8.0% total impact**	Prescription Drugs	**4.1%**
Dental Insurance	**4.5%**	Dental	**4.5%**

- The Centers for Medicare and Medicaid Services (CMS) have projected intermediate Part B premium amounts through 2034, though they are not binding. The 7.0% figure for Part B above reflects long-term expected average annual increase to that premium.
- As detailed within Figure B, in addition to inflation, Medigap (supplemental insurance) prices may also increase (in most states) through the age-rating policy, which applies higher premiums to individuals based on their current age. The average rate is 3.5% annually. When combined with traditional inflation, total impact reaches 8.0%.
- Out-of-pocket category inflation projections are based on Traditional Medicare and Medigap. Rates for those on Medicare Advantage may differ.
- Other out-of-pocket categories (vision, hearing aids/services) average 3.0%.

The values listed in Figure B are national averages, and their weighting within an individual's cost will be based on their unique circumstances, including health status, coverage selected, and state of residence.

No individual inflation rate can broadly be applied to all retirement healthcare projections, but for reference, a 65-year-old couple retiring in 2026, with average health and national average costs, are projected to see an **average annual increase of 5.8% throughout their retirement.**

Note that this "experienced inflation" rate is based on three combined factors:

- Healthcare cost inflation.
- Medigap's age-rating policy, as referenced above.
- Increased utilization with age – the higher likelihood of requiring medical services (and thus, greater out-of-pocket costs) as one ages.

Longevity

It may not be surprising that a person's general health strongly influences how much they'll spend on medical care. Someone without chronic health conditions, with only a few doctor visits each year, will usually pay less out-of-pocket than an individual managing a chronic condition that requires frequent appointments and ongoing medication. Conditions such as type 2 diabetes can drive higher personal expenses through hospitalizations, doctor visits, prescriptions, and related costs.

A 70-year-old diabetic Ohio man on Medicare Parts B and D will spend $3,121 more out-of-pocket in 2026 on hospitalization, doctor visits, tests, and prescription drugs than his healthy counterpart. Notably, 93% of Americans age 65 and older have at least one condition, and 79% live with multiple[1].

Still, people without chronic issues – even those in excellent health – aren't guaranteed low expenses. In fact, the healthier someone is, the more they may ultimately spend *lifetime* on healthcare in retirement. While their annual costs may be lower, total cumulative spending can be greater because they tend to live longer, resulting in more years paying for care (and more inflation on their costs).

Using these meaningful indicators can help financial professionals confirm that a client is accurately projecting future healthcare needs based on longevity:

- **Current age:** Younger individuals have slightly higher overall life expectancy.
- **Sex at birth:** Females generally live two to four years longer than males, when all else is equal.
- **Health and lifestyle:** Chronic conditions and tobacco usage can greatly affect longevity (as well as quality of life).

Even one individual health factor can affect life expectancy by a decade or longer. A healthy 65-year-old male has a life expectancy of 88, but average longevity for a person of that age and sex with type 2 diabetes is 77, an eleven year difference.

Retirement Age

Medicare eligibility begins at age 65. This may pose a challenge for those who relinquish employer-sponsored coverage prior to that age by retiring (which may be a significant portion of the population, as the average retirement age is 62[1]). In most cases, unless they can be added to a spouse's group plan, an early retiree will have to fund the entirety of their health insurance costs (without any employer subsidization) until age 65. The cost to do so – likely through the ACA Marketplace, COBRA, or private insurance plans – is typically significant.

Figure C: 2026 Costs for Individual Medical HMO Premium in Select States

Location	Annual Premium
Arkansas	$12,221
Hawaii	$12,439
Louisiana	$14,113
Connecticut	$17,470
California	$19,936
Oregon	$21,974

Particularly for those who require an extended period of self-insuring, pre-65 retirement can present a sharp increase in medical expenditures that must be planned for.

Retirement State

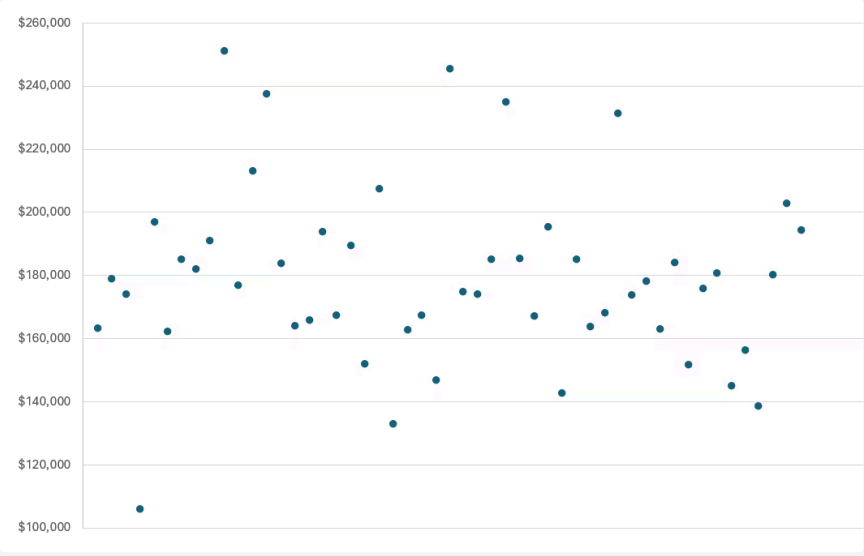
Pre-65 insurance premiums are far from the only element of healthcare expenses that vary based on state of residence. In fact, with the exception of Medicare Part B premiums – which are federally priced at $202.90/month in 2026 – nearly all components are priced by location.

Medicare Part D, Medigap (supplemental insurance) premiums and Medicare Advantage premiums are (as detailed in Section II.) offered by private health insurance companies who operate in specific states. Typically, multiple plans are sold by multiple firms, and the monthly premium is specific to the plan selected. (Dental insurance operates in the same fashion.)

Additionally, out-of-pocket spending on hospitalization, doctor visits, tests, prescription drugs, hearing, vision and dental varies by state as well.

All told, the span of potential costs by state of residence is broad. For example, a healthy 65-year-old female is projected to spend anywhere between $106,025 and $250,993 for Medigap (supplemental insurance) premiums throughout her lifetime, simply based on state of residence in retirement – a difference of 137%.

Figure D: Lifetime Medigap Plan G Premiums by Retirement State, 65-Year-Old Healthy Female



Retirement Income

An individual or couple's income is another factor that can affect retirement healthcare costs. Medicare's Income-Related Monthly Adjustment Amount (IRMAA) policy determines how much recipients pay for Medicare Parts B and D. In effect, the higher a retiree's income, the greater their premiums for Medicare coverage. IRMAA is based on an individual's or couple's modified adjusted gross income (MAGI), which includes many, but not all, common types of retirement income. Notably, some or all income from sources such as non-qualified annuities, life insurance, Roth IRAs, and health savings accounts may *not* contribute to MAGI totals, and could help mitigate the impact of IRMAA.

Figure E: 2026 IRMAA Brackets[1]

Income Bracket	Individuals	Couples	Monthly Part B Surcharge	Monthly Part D Surcharge
1st	<$109,000	<$218,000	--	--
2nd	$109,001-$137,000	$218,001-$274,000	$81.20	$14.50
3rd	$137,001-$171,000	$274,001-$342,000	$202.90	$37.50
4th	$171,001-$205,000	$342,001-$410,000	$324.60	$60.40
5th	$205,001-$500,000	$410,001-$750,000	$446.30	$83.30
6th	$500,001+	$750,001+	$487.00	$91.00

Projected surcharges for a healthy 65-year-old male could range from $55,000 (2nd bracket) to $332,000 (6th bracket) over a 24-year retirement.

IV. Case Study

Married spouses Peter and Lorraine both turn 65 in 2026 and elect to mark this milestone with their respective retirements. Each partner deals with a chronic health condition – Peter has high cholesterol, while Lorraine suffers from type 2 diabetes. This sets their actuarial life expectancies to 85 (Peter) and 82 (Lorraine). They plan to spend their retirement in Missouri, a higher cost state when it comes to retirement healthcare expenses.

With a combined annual MAGI of $200,000 (for now), they are in the lowest IRMAA bracket and do not anticipate any income-based surcharges.

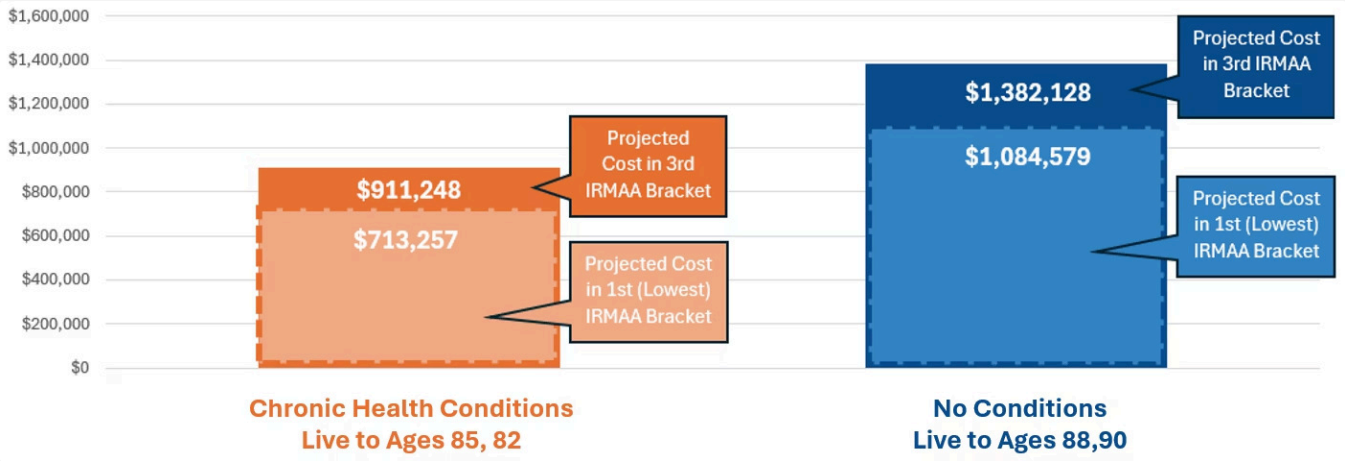
Including Medicare Parts B and D, Medigap Plan G, and dental insurance premiums – as well as out-of-pocket spending on hospitalization, doctor visits, tests, prescription drugs, hearing, vision and dental needs – their projected future value costs total **$713,257**.

Had they instead found themselves in the third IRMAA bracket (annual MAGI between $274,001 and $242,000), their costs would rise to **$911,248**.

As described in Section III., those with better health – and applicably, longer life expectancies – may face higher lifetime costs due to more years of care required. Such is the case for this hypothetical couple. If Peter and Lorraine were in fact healthy with no chronic conditions (living to 88 and 90, respectively), their future costs would add up to **$1,084,579**.

In the third IRMAA bracket (and with good health), expenses grow to **$1,382,128**.

Figure F: Total Retirement Healthcare Cost Projection, Hypothetical 65-Year-Old Couple in Missouri, by Health & Income



It is important to note that the case detailed above shows a significant range of potential costs, but only accounts for limited variables – health status, longevity and income. The inclusion of other key factors (like retirement age and state) would only broaden this range.

V. Conclusion

Despite the fact that the case above shows costs anywhere from over $700,000 to just under $1.4 million over one couple's retirement, this report is not intended to provoke fear, anxiety, or a sense of inevitability. Instead, its purpose is to inform and empower financial professionals with the insights and tools needed to guide clients through one of the most significant (and often underestimated) components of retirement planning. By clearly identifying potential funding needs and helping clients anticipate medical expenses during their post-working years, advisors can replace uncertainty with clarity and confidence. Armed with credible, actuarial-based data, professionals can develop realistic, actionable strategies that directly address one of the leading concerns facing retirees today.

The gradual evolution of Medicare, persistently high healthcare cost inflation, and substantial long-term cost projections understandably reinforce the concerns of the average American. However, metrics drawn from HealthView Services demonstrate that when individuals are presented with personalized and transparent healthcare cost data, they are far more likely to take proactive steps. Whether through strategic investment adjustments, the use of insurance solutions, increased retirement plan contributions, or other targeted methods to earmark future income specifically for healthcare needs, meaningful action often follows awareness. The critical first step is bringing these expenses out of the abstract and into focus, then illustrating how a customized, well-structured financial strategy can effectively prepare clients to manage and fund healthcare costs throughout retirement with greater confidence and control.

About HealthView Services

HealthView Services is a leading producer of healthcare cost-projection and related retirement planning data, software and APIs. Our suite of services – which includes Medicare premiums and out-of-pocket expenditures, long-term care expenses, Social Security optimization strategies, and longevity planning — aligns with the firm’s principal objective: to help Americans prepare for key retirement challenges. HealthView has also emerged as a thought leader in this evolving domain and produced substantial educational content on a range of key topics.

HealthView annually evaluates 530 million data points taken directly from medical claims. Cost analyses are not based on conjecture or estimation, but empirical evidence, which ensures the most comprehensive and precise calculations possible. HealthView’s solutions are utilized by top financial institutions, and metrics of success across the industry - including a 20% increase in retirement plan deferrals, and over $100 million in annual product sales attributed to our solutions, among others - validate the firm's aim of improving Americans' preparedness for these leading areas of retirement concern.

Citations

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