

# Curbing the Costs of Health Care

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Health care expenses are a major concern for people of all ages, from recent college graduates to those nearing retirement. While it's impossible to predict how much health care will cost in the future, there are a number of strategies that may help reduce the financial burden, whether you're close to retirement or just starting out.

## Planning for Retirement

Unfortunately, retirement has become synonymous with steep health care costs. To help minimize your expenses and make things easier on yourself, here are some tips to consider as you approach retirement:

**Review your current benefits.** As you begin looking into health insurance options, it's important to have all the information regarding your current policy at the ready. Coverage, deductibles, and benefits change regularly, so be sure you're up to speed on the details of your plan. Knowing where you stand today will give you a head start in planning for retirement and may help you trim costs.

**Research supplemental insurance.** Medicare is the primary source of health care coverage for Americans age 65 and older. Most retirees qualify for basic Medicare hospital insurance (Part A), which is free. It's important to note that Medicare medical insurance (Part B), which covers doctors' services, outpatient hospital care, and other day-to-day medical needs, requires a monthly premium. Although it can be time consuming to review all the options, purchasing private insurance to supplement basic Medicare may help offset expensive premiums. To compare coverage in your state and find insurers that offer the best value, visit [www.medicare.gov](http://www.medicare.gov).

**Assess your employer's benefits.** Some retired employees receive coverage from their employers instead of through Medicare. Employer-provided retirement benefits are becoming less common, however, so be sure to find out whether your company offers such a plan and if you are eligible.

**Look into your options if you're retiring early.** Since Medicare isn't available until you reach age 65, consider other possibilities, such as:

- Joining your spouse's health care plan
- Paying to continue your current employer coverage for a specified time under COBRA
- Purchasing your own personal medical insurance policy
- Using Veterans Administration benefits (if you are a veteran)

**Consider other ways to save.** Here are a few more ideas for covering health care costs in retirement:

- **Health savings accounts (HSAs)**, which may be offered by your employer's health care plan, allow you to set aside pretax funds to pay for medical care. Contributions are tax deductible and can be withdrawn tax free for health care costs. HSAs are portable, allowing you to take them with you if you change jobs, and they can be used for current health care or saved for future use; funds don't need to be used within a year.
- **Voluntary employees' beneficiary association (VEBA)** plans may be available to school employees, state agency workers, and union members. With a VEBA plan, your employer contributes money to a trust on your behalf, which you can use to pay for current or future medical expenses.
- **Working part-time** is also an option. Many retirees continue working a reduced schedule to keep their health insurance benefits.

## Saving Tips for Everyone

No matter where you are in life, the commonsense strategies below may help you save money on health care costs.

**Choose the right provider.** Should you go to the emergency room if you break your arm? Most would say yes, but an urgent care facility may offer the same treatment for \$1,000 less. Determining when you need to visit your primary care physician, a specialist, an urgent care provider, or a full-service hospital can play a big role in reducing costs.

**Cut out unnecessary tests.** Under current rules, certain preventive tests will be free if you use an in-network provider. Imaging tests such as MRIs, X-rays, and ultrasounds may still put a dent in your wallet, however. Keep in mind that, in many cases, these procedures aren't necessary to treat simple aches and pains. If you or a family member suspects a more serious condition that may require one of these tests, visit [www.healthcarebluebook.com](http://www.healthcarebluebook.com) to compare prices.

**Buy generic drugs.** Most insurance plans have different copayment tiers for various brands of the same drug, including generic, preferred, and nonpreferred (the most expensive). Buying generic-brand drugs may be one of the easiest and most effective ways to cut back on your health care spending. A great resource for researching lower-priced pharmaceuticals is [www.goodrx.com](http://www.goodrx.com), where you can compare drug prices and find the best deals near you.

### **Refining Your Health Care Strategy**

It's never too early (or too late) to review your personal health care plan. There are many ways to create a cost-effective strategy, and given the ever-changing health care landscape, it's wise to be aware of what you can do to reduce your risk and protect your savings.

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