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## **Does Staying Healthy Reduce Your Lifetime Health Care Costs?**

by Wei Sun, Anthony Webb, and Natalia Zhivan (May 2010)

Medical and long-term care costs represent a substantial uninsured risk for most retired households. A recent brief from the Center for Retirement Research at Boston College reported new findings on average lifetime health care costs at selected ages and on the distribution of those costs. This second *brief* explores the relationship between health care costs and health status. That is, it considers whether current good health is a predictor of low health care costs over one's remaining lifetime. If so, healthy households could set aside less for health care expenditures than the unhealthy, and households that stay healthy could release for general consumption money that they had previously set aside for health care costs.

Our main finding is that although the *current* health care costs of healthy retirees are lower than those of the unhealthy, the healthy actually face higher total health care costs over their remaining lifetime. To illustrate, the expected present value of lifetime health care costs for a couple turning 65 in 2009 in which one or both spouses suffer from a chronic disease is \$220,000, including insurance premiums and the cost of nursing home care, and 5 percent can expect to spend more than \$465,000. The comparable numbers for couples free of chronic disease are substantially higher, at \$260,000 and \$570,000, respectively. The brief explains the data behind this somewhat counterintuitive finding.

Boston College Center for Retirement Research. The entire brief may be viewed at:  
[http://crr.bc.edu/does\\_staying\\_healthy\\_reduce\\_your\\_lifetime\\_health\\_care\\_costs\\_.html](http://crr.bc.edu/does_staying_healthy_reduce_your_lifetime_health_care_costs_.html).