

Premiums and Out-of-Pocket Costs Before and After Medicare

Health insurance costs are a burden for many older consumers who purchase coverage under the Affordable Care Act (ACA) and do not qualify for government subsidies. Transitioning from individually purchased coverage to Medicare at age 65 can change the equation for many.

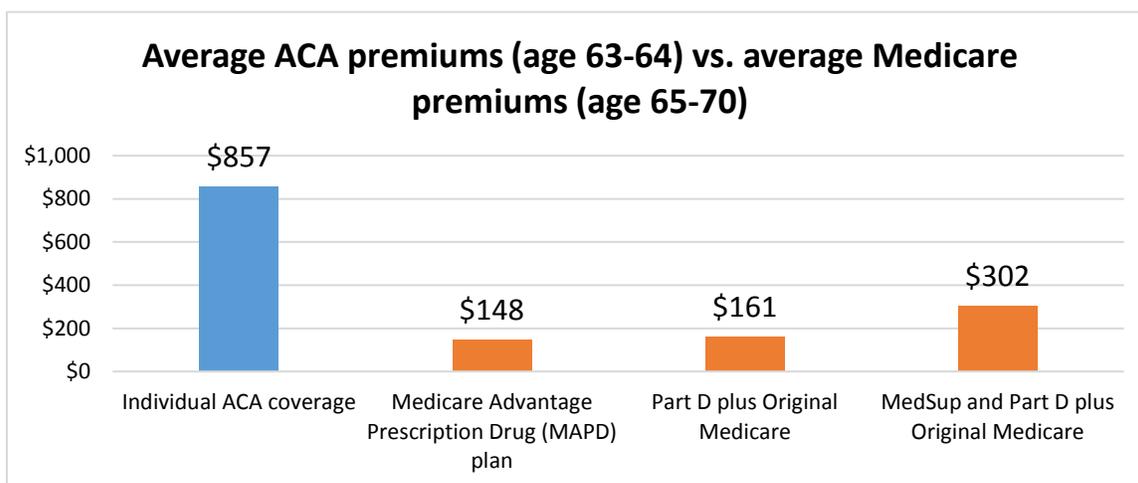
This analysis compares average costs for ACA-compliant health insurance plans selected at eHealth by unsubsidized consumers age 63 and 64 with average costs for Medicare products selected at eHealth by customers age 65 to 70. ACA costs are based on plan selections from November 1, 2017 to June 30, 2018; Medicare costs are based on plan selections from October 15, 2017 to June 25, 2018.

Specifically, average ACA costs are compared to average costs among eHealth's Medicare customers in three coverage scenarios:

- 1) Those who selected a Medicare Advantage Prescription Drug (MAPD) plan
- 2) Those who selected a Part D prescription drug plan
- 3) Those who selected both a Medicare Supplement and Part D plan

Certain costs associated with Original Medicare (Parts A and B) are included.

Key results of eHealth's analysis shows a significant decrease in average premiums when people age into Medicare plans at age 65. The average monthly premium for ACA coverage among individuals age 63 and 64 is \$857 compared to \$148 for Medicare Advantage, \$161 for Original Medicare plus Part D, and \$302 for Original Medicare plus Part D and Medicare Supplement.



eHealth's analysis also compares the average ACA plan annual deductible (\$4,332) and the average out-of-pocket maximum (\$6,696) for consumers at ages 63 and 64 to deductibles and out-of-pocket costs for Medicare plans.

ACA coverage compared to Medicare Advantage Prescription Drug (MAPD) plans

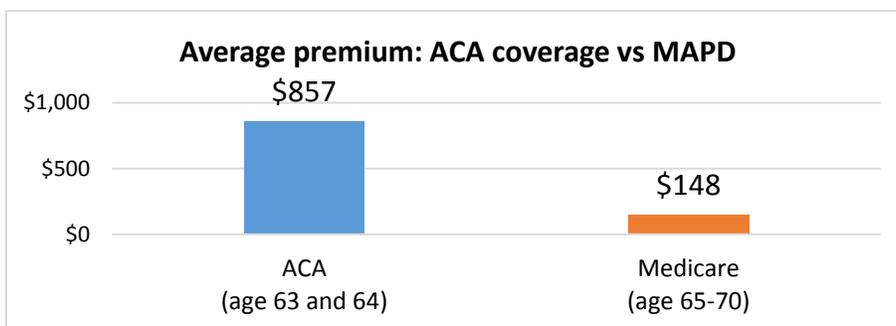
Premiums

The national average monthly premium paid by eHealth customers ages 63 and 64 for ACA-compliant health insurance coverage is \$857

By contrast, the national average estimated monthly premium paid by eHealth customers ages 65 to 70 who selected an MAPD plan is \$148.

The MAPD figure includes the standard Part B premium of \$134 per month and an average MAPD premium of \$14 (the average premium among all Medicare Advantage plans selected by eHealth customers, approximately two-thirds of whom chose plans with no monthly premium.)

In this scenario, people transitioning from ACA coverage to Medicare could see an average decrease in their premium of 83 percent.

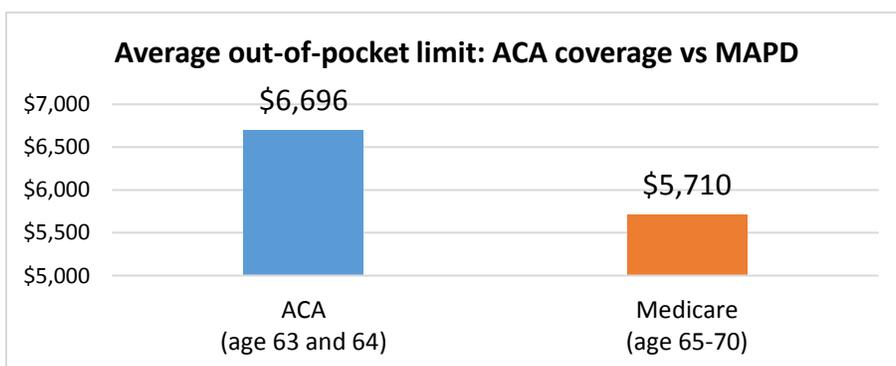


Out-of-pocket Costs

The national average maximum annual out-of-pocket limit for people age 63 and 64 covered under an ACA plan purchased at eHealth is \$6,696.

By contrast, the estimated national average out-of-pocket limit for people between the ages of 65 and 70 who selected an MAPD plan is \$5,710, a decrease of 15 percent compared to ACA coverage.

(Out-of-pocket costs are utilized in this comparison, rather than deductibles, due to the fact that many of the Medicare Advantage plans selected by eHealth customers have no deductible but may still require other forms of out-of-pocket expenditures.)



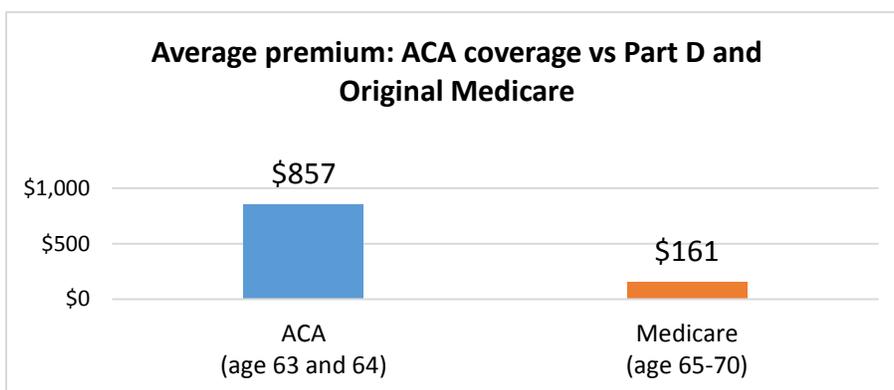
ACA coverage compared to Original Medicare (Parts A and B) paired with a Part D prescription drug plan

Premiums

The national average estimated monthly premium for eHealth customers between the ages of 65 and 70 enrolled in Original Medicare Parts A and B along with a Part D prescription drug plan is \$161.

This figure includes the standard Part B premium of \$134 per month and the average Part D premium of \$27 among eHealth customers.

In this scenario, people transitioning from ACA coverage to Medicare coverage could see an average decrease in their premium of 81 percent.

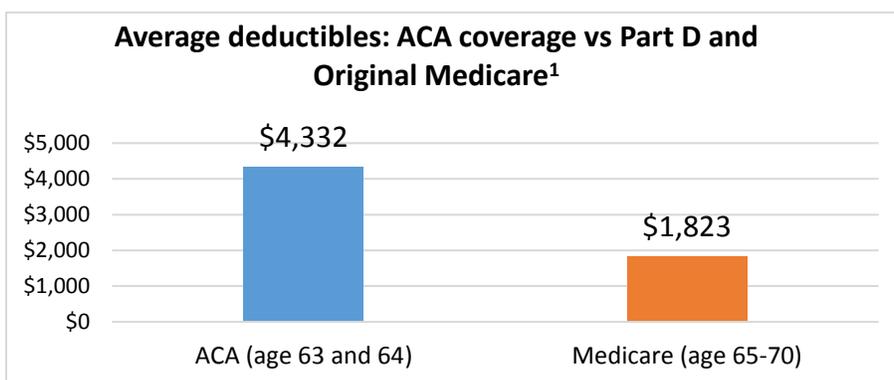


Deductibles

The national average estimated deductible for people age 65 to 70 enrolled in Original Medicare who selected a Part D plan at eHealth is \$1,823, a 58 percent reduction compared to the average deductible for ACA coverage for people age 63 and 64.

The Medicare deductible in this case is calculated based on the Part A deductible of \$1,340 per [benefit period](#), the Part B deductible of \$183 and the average deductible of Part D plans selected by consumers at eHealth, which is \$300.

However, Original Medicare places no limit on the number of benefit periods. In addition, other out-of-pocket expenses beyond the deductible may apply, including cost-sharing of 20% for Part B services.



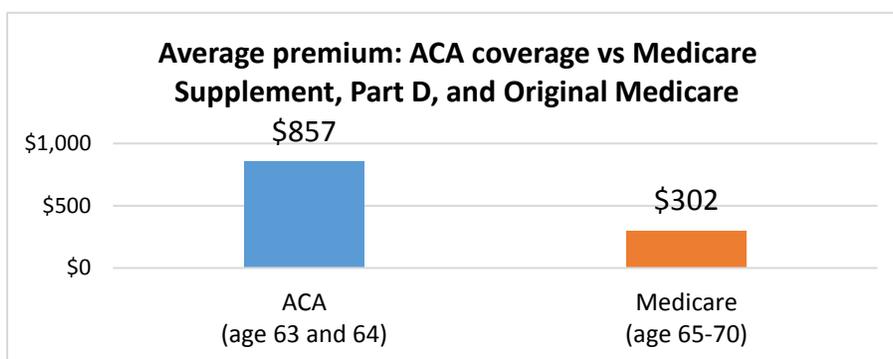
ACA coverage compared to Original Medicare (Parts A and B) plus Medicare Supplement and Medicare Part D coverage

Premiums

The national average estimated monthly premium paid by eHealth customers between the ages of 65 and 70 enrolled in Original Medicare Parts A and B, along with Medicare Supplement and Part D Prescription Drug plans, is \$302.

This figure includes the standard Part B premium of \$134 per month, the average Part D premium of \$27 among eHealth customers, and the average Medicare Supplement premium of \$141 for eHealth customers.

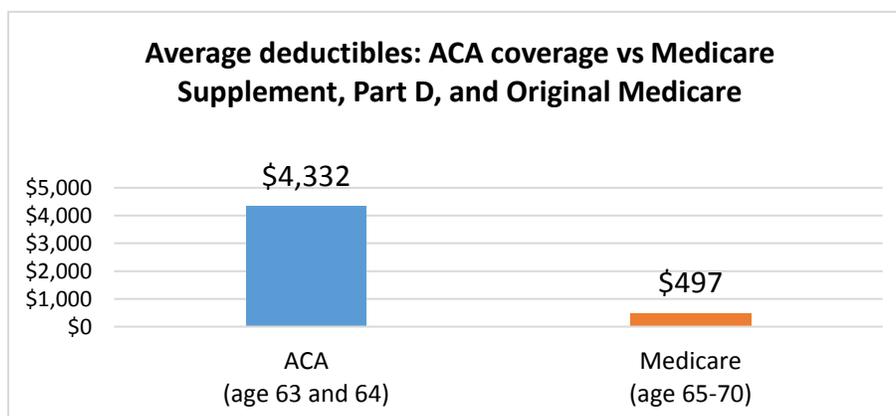
In this scenario, people transitioning from ACA to Medicare coverage could see an average decrease in their premium of 65 percent.



Deductibles

The national average deductible for people between the ages of 65 and 70 enrolled in Original Medicare, a Medicare Supplement and Part D plan, is \$497, which is 89 percent lower than the average cost of deductibles for ACA coverage for people age 64 and 65.

The Medicare deductible in this case is calculated based on the average deductible of Part D plans selected by consumers at eHealth, which is \$300, and the average deductible among Medicare Supplement plans selected at eHealth, which \$197.



Methodology Note

Calculations in this report are based on average premiums and deductibles of ACA-compliant health insurance plans selected at eHealth by consumers age 63 and 64 between November 1, 2017 and June 30, 2018, and on Medicare products selected by eHealth customers age 65 to 70 between October 15, 2017 and June 25, 2018. ACA costs are based on consumers not receiving government subsidies. There may be significant differences in coverage between ACA-compliant health insurance plans and Medicare products. Estimated premiums and deductibles for Original Medicare Parts A and B are derived from [Medicare.gov](#). Some variations in cost for Medicare Parts A and B are possible depending on Medicare beneficiaries' income. Medicare deductibles in some cases considered within the report may apply more than once annually, according to Medicare rules. Comparisons are intended to provide a snapshot of costs only and may not account for all out-of-pocket costs associated with Medicare coverage for some consumers. eHealth's figures are based on costs for Medicare products selected by eHealth customers alone. eHealth does not offer all available Medicare insurance products. The average premiums, deductibles and costs in this analysis are based on national averages and may vary significantly from the actual premiums, deductibles or costs of plans available in any particular area.

Notes:

¹ *Deductibles apply on an annual basis with ACA plans but may apply once per [benefit period](#) under Medicare Part A. Medicare.gov defines a benefit period in the following terms: "A benefit period begins the day you're admitted as an inpatient in a hospital or SNF. The benefit period ends when you haven't gotten any inpatient hospital care (or skilled care in a SNF) for 60 days in a row. If you go into a hospital or a SNF after one benefit period has ended, a new benefit period begins. You must pay the inpatient hospital deductible for each benefit period. There's no limit to the number of benefit periods."*

About eHealth

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