

## STATISTICAL BRIEF #355

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### **National Health Care Expenses in the U.S. Civilian Noninstitutionalized Population, 2009**

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#### **Introduction**

This Statistical Brief presents estimates of health care expenses by type of service and distributions by payment sources for the U.S. civilian noninstitutionalized population in 2009. Health care expenses, as reported in this Brief, represent payments to hospitals, physicians, and other health care providers based on utilization information collected in the Medical Expenditure Panel Survey (MEPS) Household Component and payment data collected in both the MEPS Household and Medical Provider Components. Expense estimates include amounts paid by individuals, private insurance, Medicare, Medicaid, the Children's Health Insurance Program (CHIP), and other payment sources. All differences between estimates discussed in the text are statistically significant at the 0.05 level.

#### **Findings**

In 2009, there was an estimated total of \$1.26 trillion paid for health care received by the U.S. civilian noninstitutionalized population distributed among various service categories including hospital inpatient and outpatient care, emergency room services, office-based medical provider services, dental services, home health care, prescription medicines, and other medical services and equipment (figure 1). Hospital inpatient expenses for both facility and separately billed physician services accounted for 29.3 percent of total expenses, and 33.7 percent of expenses were attributable to the combination of ambulatory care provided in medical offices and hospital outpatient departments (24.2 and 9.5 percent, respectively). Prescribed medicines accounted for 20.5 percent of health expenses, while other health service categories comprised relatively small percentages of the total, ranging from 1.8 percent for other medical services and equipment to 6.6 percent for dental services.

In 2009, 84.6 percent of the U.S. civilian noninstitutionalized population (about 259.4 million persons, data not shown) had some expenses for hospital inpatient and outpatient care, emergency room services, office-based medical provider services, dental services, home health care, prescribed medicines, and/or other medical services and equipment (figure 2).<sup>1</sup> The proportion of people with expenses varied widely by type of service, with large proportions having expenses for office-based medical provider visits (72.1 percent) and prescribed medicines (62.5 percent) and much smaller proportions having expenses for hospital inpatient services (7.1 percent) and home health care (2.1 percent).

<sup>1</sup>Of the 15.4 percent of the population with no health care expenses, a very small proportion actually received health services for which no direct payments were made.

#### **Highlights**

- Overall, the mean and median expenses of persons with any health care expenses in 2009 (84.6 percent of the population) were \$4,855 and \$1,301, respectively.
- In 2009, hospital inpatient expenses and ambulatory care (office-based visits and hospital outpatient care) each accounted for about one-third of total expenses for the U.S. civilian noninstitutionalized population (29.3 percent and 33.7 percent, respectively), while prescribed medicines accounted for approximately one-fifth (20.5 percent) of total expenses.
- Dental expenses comprised a larger proportion of expenses for children under age 18 (14.4 percent) than adults ages 18-64 (6.9 percent) or persons age 65 and older (3.4 percent) while prescribed medicines accounted for a smaller share of health care expenses for children (12.4 percent) than adults age 18-64 (21.1 percent) or persons age 65 and older (22.2 percent).
- In 2009, private insurance covered 42.6 percent of total expenses; individuals and family members paid 14.6 percent out of pocket, Medicare paid 23.8 percent, and Medicaid/CHIP paid 9.7 percent. While the proportions paid out of pocket did not differ markedly across age groups, shares paid by public and private insurance sources varied considerably by age.
- Mean expenses for persons age 65 and older with an expense (\$10,082) were more than 2.5 times the amount for persons under age 65 (\$3,931). Uninsured persons under age 65 had the lowest mean expenses (\$2,132) while persons age 65 and older with Medicare and other supplemental public insurance had the highest mean expenses (\$14,480).

The mean total expense per person in 2009 was \$4,855 (figure 3) for persons with an expense for any type of health care service. Among specific health care service categories, the mean expense per person with an expense ranged from \$17,089 for hospital inpatient services and \$8,222 for home health care to \$660 for dental services and \$412 for other medical services and equipment. Because a relatively small proportion of persons accounts for a large proportion of expenses, median expenses were substantially lower than mean expenses (figure 4). The overall median total expense for persons with expenses was \$1,301, and ranged across service categories from \$9,152 for hospital inpatient services and \$3,165 for home health care to \$239 for dental services and \$229 for other medical services and equipment.

In 2009 about one-third (33.6 percent) of all expenses were for ambulatory visits (office-based and hospital outpatient) while 29.3 percent was for hospital inpatient stays (figure 5). While expenses for prescribed medicines comprised over one-fifth of total expenses for adults age 18 and older, they accounted for only 12.4 percent of expenses for children under age 18. Dental expenses comprised 6.6 percent of all expenses, but ranged from 3.4 percent for persons age 65 and older to 14.4 percent for children under age 18. Expenses for emergency room care comprised a fairly small share of total expenses in all age groups (4.1 percent), ranging from 2.1 percent for those aged 65 and older to about 5 percent for persons under age 65.

Health care expenses are paid largely by individuals and third-party payers, such as private insurance and public programs. In 2009, private insurance covered 42.6 percent of total expenses; individuals and family members paid 14.6 percent out of pocket, Medicare paid 23.8 percent, and Medicaid/CHIP paid 9.7 percent (figure 6). Private insurance paid for over half of expenses for children (57.3 percent) and those for non-elderly adults (54.8 percent) but only 14.8 percent of expenses for the elderly age 65 and older. Conversely, Medicare paid over half (60.6 percent) for persons age 65 and older versus only 8.3 percent for younger adults. Moreover, Medicaid/CHIP paid about one-fifth of expenses for children under 18 (21.7 percent), which was about twice the proportion for adults ages 18-64 (10.4 percent) and about 5 times that for persons age 65 and older (4.2 percent).

As shown in figure 7, average annual health care expenses varied substantially by age and type of health insurance coverage. People under 65 years of age with an expense had a mean total expense of \$3,931 and a median total expense of \$1,015, while those 65 years and older had a mean total expense of \$10,082 and a median total expense of \$4,542. Mean expenses for people under age 65 with any private insurance (\$4,014) were almost twice that for the uninsured (\$2,132), while mean expenses for people under age 65 with public insurance only (\$4,690) were more than twice that for the uninsured. Among persons age 65 and older with an expense, those with Medicare and other public insurance coverage had the highest mean expense (\$14,480).

## Data Source

The estimates in this Statistical Brief are based upon data from the MEPS HC-129: 2009 Full Year Consolidated Data File.

## Definitions

### *Expenditures*

Expenditures include the total direct payments from all sources to hospitals, physicians, other health care providers (including dental care), and pharmacies for services reported by respondents in the MEPS-HC. Expenditures for hospital-based services include those for both facility and separately billed physician services.

### *Sources of payment*

- *Out of pocket*: This category includes expenses paid by the user or other family member.
- *Private insurance*: This category includes payments made by insurance plans covering hospital and medical care (excluding payments from Medicare, Medicaid, and other public sources). Payments from Medigap plans or TRICARE (Armed Forces-related coverage) are included.
- *Medicare*: Medicare is a federally financed health insurance plan for the elderly, persons receiving Social Security disability payments, and persons with end-stage renal disease. Medicare Part A, which provides hospital insurance, is automatically given to those who are eligible for Social Security. Medicare Part B provides supplementary medical insurance that pays for medical expenses and can be purchased for a monthly premium. Medicare Part D provides coverage for prescribed medicines.
- *Medicaid/CHIP*: Medicaid and CHIP are means-tested government programs jointly financed by federal and state funds that provide health care to those who are eligible. Medicaid is designed to provide health coverage to families and individuals who are unable to afford necessary medical care while CHIP provides coverage to additional low income children not eligible for Medicaid. Eligibility criteria for both programs vary significantly by state.
- *Other sources*: This category includes payments from the Department of Veterans Affairs (except TRICARE); other federal sources (Indian Health Service, military treatment facilities, and other care provided by the Federal Government); various state and local sources (community and neighborhood clinics, state and local health departments, and state programs other than Medicaid/CHIP); Workers' Compensation; various unclassified sources (e.g., automobile, homeowner's, or other liability insurance, and other miscellaneous or unknown sources); Medicaid/CHIP payments reported for persons who were not reported as enrolled in the Medicaid or CHIP programs at any time during the year; and private insurance payments reported for persons without any reported private health insurance coverage during the year.

### *Health insurance status*

Individuals under age 65 were classified in the following three insurance categories, based on household responses to health insurance status questions:

- *Any private health insurance*: Individuals who, at any time during the year, had insurance that provides coverage for hospital and physician care (other than Medicare, Medicaid/CHIP, or other public hospital/physician coverage) were classified as having private insurance. Coverage by TRICARE (Armed Forces-related coverage) was also included as private health insurance. Insurance that provides coverage for a single service only, such as dental or vision coverage, was not included.
- *Public coverage only*: Individuals were considered to have public coverage only if they met both of the following criteria: 1) they were not covered by private insurance at any time during the year, 2) they were covered by any of the following public programs at any point during the year: Medicare, Medicaid/CHIP, or other public hospital/physician coverage.
- *Uninsured*: The uninsured were defined as people not covered by private hospital/physician insurance, Medicare, TRICARE, Medicaid/CHIP, or other public hospital/physician programs at any time during the entire year or period of eligibility for the survey.

Individuals age 65 and older were classified into the following three insurance categories:

- *Medicare and private insurance*: This category includes persons classified as Medicare beneficiaries and covered by Medicare and a supplementary private policy.
- *Medicare and other public insurance*: This category includes persons classified as Medicare beneficiaries who met both of the following criteria: 1) They were not covered by private insurance at any point during the year, 2) They were covered by one of

the following public programs at any point during the year: Medicaid, other public hospital/physician coverage.

- *Medicare only*: This category includes persons classified as Medicare beneficiaries but not classified as Medicare and private insurance or as Medicare and other public insurance. This group includes persons who were enrolled in Medicare HMOs and persons who had Medicare fee-for-service coverage only.

## About MEPS-HC

MEPS-HC is a nationally representative longitudinal survey that collects detailed information on health care utilization and expenditures, health insurance, and health status, as well as a wide variety of social, demographic, and economic characteristics for the U.S. civilian noninstitutionalized population. It is cosponsored by the Agency for Healthcare Research and Quality and the National Center for Health Statistics.

For more information about MEPS, call the MEPS information coordinator at AHRQ (301) 427-1406 or visit the MEPS Web site at <http://www.meps.ahrq.gov/>.

## References

Cohen, J. *Design and Methods of the Medical Expenditure Panel Survey Household Component*. MEPS Methodology Report No. 1. AHCPR Pub. No. 97-0026. Rockville, MD: Agency for Healthcare Policy and Research, 1997. [http://www.meps.ahrq.gov/mepsweb/data\\_files/publications/mr1/mr1.pdf](http://www.meps.ahrq.gov/mepsweb/data_files/publications/mr1/mr1.pdf)

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Ezzati-Rice, T.M., Rohde, F., Greenblatt, J., *Sample Design of the Medical Expenditure Panel Survey Household Component, 1998-2007*. Methodology Report No. 22. March 2008. Agency for Healthcare Research and Quality, Rockville, MD. [http://www.meps.ahrq.gov/mepsweb/data\\_files/publications/mr22/mr22.pdf](http://www.meps.ahrq.gov/mepsweb/data_files/publications/mr22/mr22.pdf)

Sing, M., Banthin, J., Selden, T., et al., Reconciling Medical Expenditure Estimates from the MEPS and NHEA, 2002. *Health Care Financing Review* 28(1):25-40, Fall 2006. Internet Address: <https://www.cms.gov/HealthCareFinancingReview/downloads/O6Fallpg25.pdf> (Accessed January 20, 2012).

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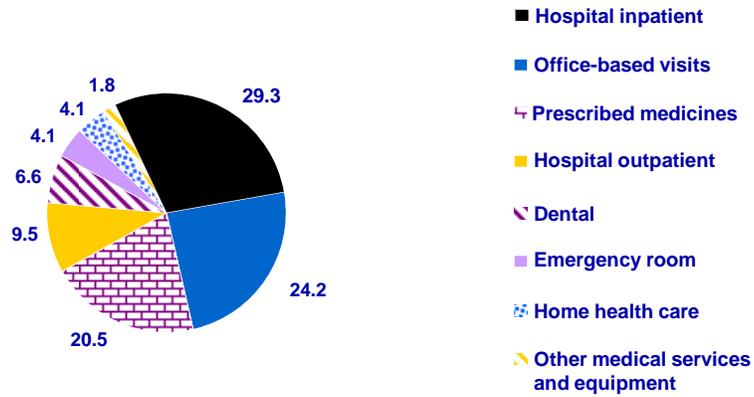
AHRQ welcomes questions and comments from readers of this publication who are interested in obtaining more information about access, cost, use, financing, and quality of health care in the United States. We also invite you to tell us how you are using this Statistical Brief and other MEPS data and tools and to share suggestions on how MEPS products might be enhanced to further meet your needs. Please e-mail us at [MEPSProjectDirector@ahrq.hhs.gov](mailto:MEPSProjectDirector@ahrq.hhs.gov) or send a letter to the address below:

Steven B. Cohen, PhD, Director  
Center for Financing, Access, and Cost Trends  
Agency for Healthcare Research and Quality  
540 Gaither Road  
Rockville, MD 20850



**Figure 1. Percentage distribution of health care spending, by type of service, 2009**

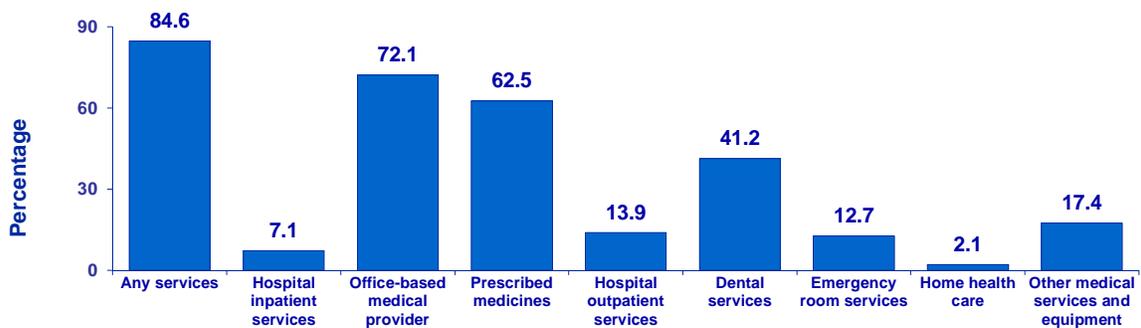
Total expenses = \$1.26 trillion



Note: Estimates are for the U.S. civilian noninstitutionalized population. Percentages may not add to exactly 100.0 due to rounding.  
 Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2009



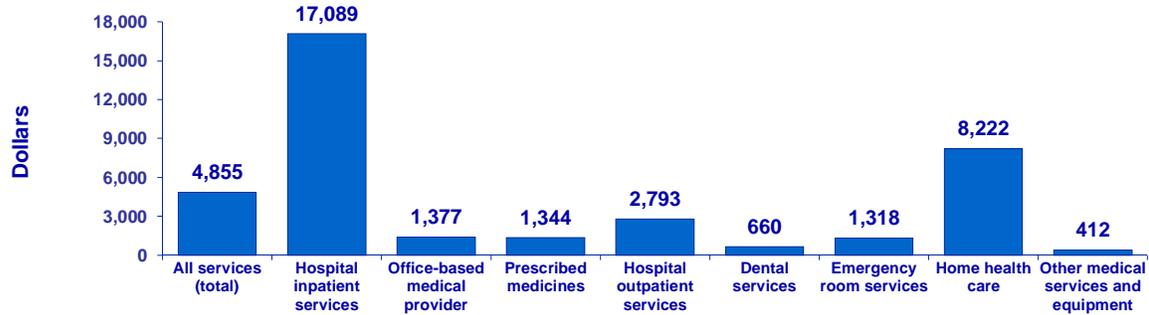
**Figure 2. Percentage of persons with health care expenses, by type of service, 2009**



Note: Estimates are for the U.S. civilian noninstitutionalized population.  
 Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2009



**Figure 3. Mean expense per person with health care expenses, by type of service, 2009**

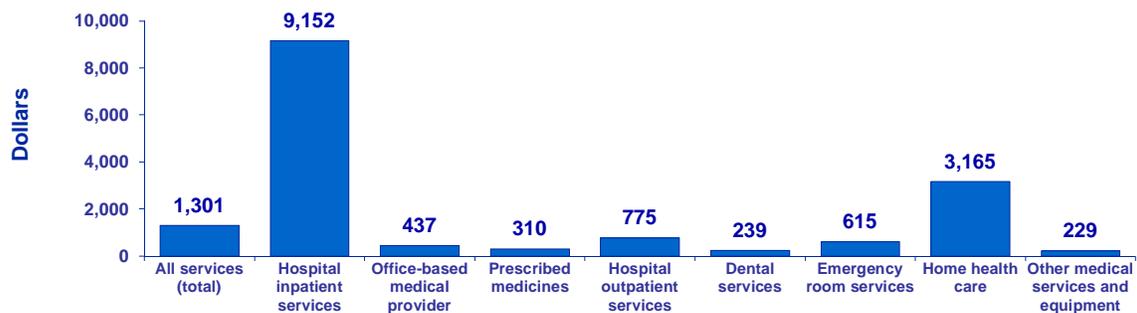


Note: Estimates are for the U.S. civilian noninstitutionalized population.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2009



**Figure 4. Median expense per person with health care expenses, by type of service, 2009**

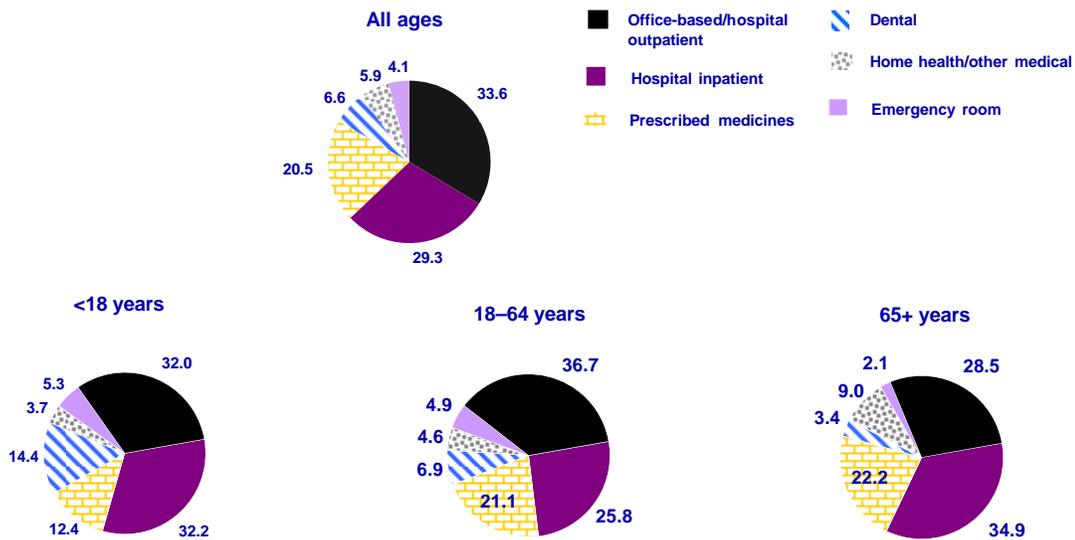


Note: Estimates are for the U.S. civilian noninstitutionalized population.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2009



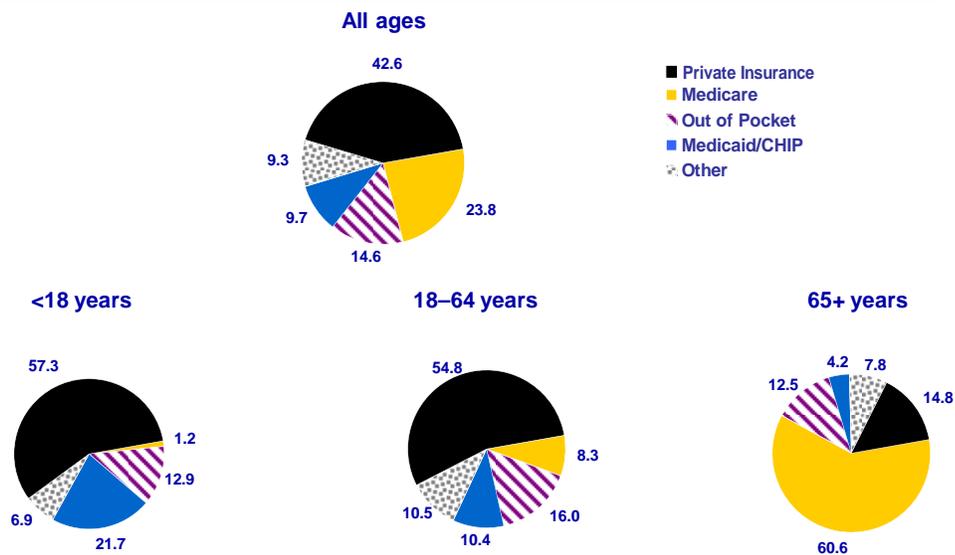
**Figure 5. Percentage distribution of health care spending, by type of service within age groups, 2009**



Note: Estimates are for the U.S. civilian noninstitutionalized population. Percentages may not add to exactly 100.0 due to rounding.  
 Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2009



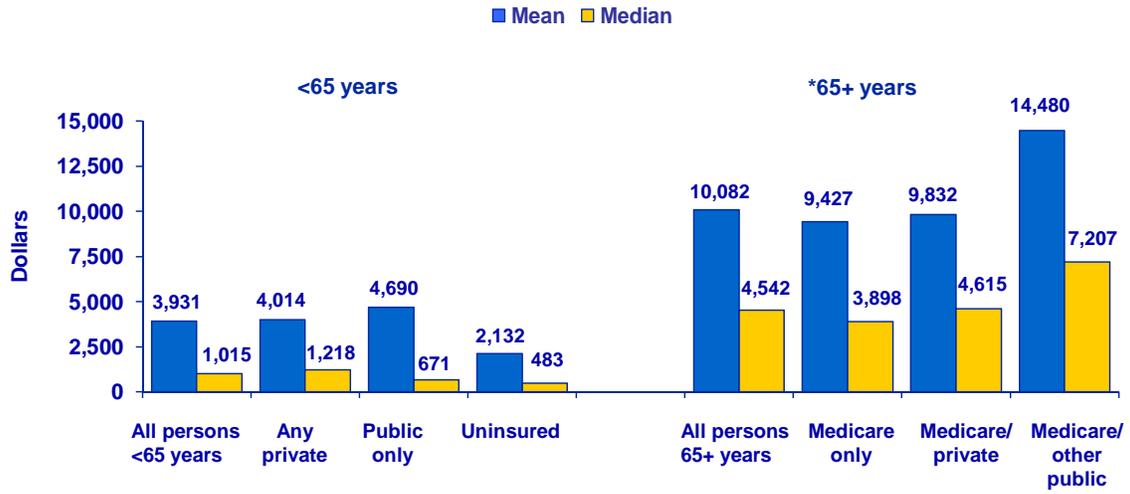
**Figure 6. Percentage distribution of health care spending, by source of payment within age groups, 2009**



Note: Estimates are for the U.S. civilian noninstitutionalized population. Percentages may not add to exactly 100.0 due to rounding.  
 Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2009



**Figure 7. Mean and median expenses for persons with health care expenses, by age and insurance status, 2009**



\*Persons age 65+ without Medicare are not included in this figure.  
 Note: Estimates are for the U.S. civilian noninstitutionalized population.  
 Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2009