

## STATISTICAL BRIEF #192

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### Estimates of Health Care Expenditures for the 10 Largest States, 2005

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#### Introduction

The Household Component of the Medical Expenditure Panel Survey (MEPS-HC) is designed to produce estimates of the health care use, expenditures, sources of payment, and insurance coverage among the U.S. civilian noninstitutionalized (community) population. While the MEPS-HC was designed primarily to ensure reliable estimates at the national and regional level for a large variety of population subgroups, the survey design permits estimation with reasonable precision for certain measures in many states.

Many factors can influence health care expenses in a particular state, including the demographic, socioeconomic, and health status characteristics of the population. Further, the prevalence and types of health insurance coverage in a state can impact access to care, the level of expenditures, and the extent to which different sources finance health care services.

This Statistical Brief presents variations from the national average in health care expenses for the 10 most populous states in 2005. The brief examines selected measures for the U.S. community population, including 1) the proportion of the population with selected types of expenses, 2) the average amount of expenses, and 3) the distribution of payments for health care across various sources. The 10 states presented in this brief together comprised just over half of the U.S. community population in 2005 and accounted for a similar share of the nation's health care expenditures.

Only those estimates with statistically significant differences from the national average using a multiple comparison procedure at the 0.05 significance level are noted in the text.

#### Findings

Percentage with health care expenses (table 1):

- In 2005, 84.7 percent of the U.S. community population had some expenses for health care. This proportion was lower in California (78.4 percent) and Texas (79.5 percent).
- 74.1 percent of the U.S. population had expenses for ambulatory care services. The percentage of residents of California and Texas who had ambulatory care services were both lower than the

#### Highlights

- In 2005, 84.7 percent of the U.S. community population had some expenses for health care. The percentage with some expenses varied significantly by state.
- The national average health care expenses per capita and the average among persons with expenses were \$3,456 and \$4,082, respectively. The average expenses in Ohio were higher than the national averages.
- Relative to the U.S. average of 11.2 percent, the proportion of health care expenditures paid by Medicaid was lower in Illinois.
- Medicare paid a lower proportion of aggregate expenses than the U.S. as a whole in California and New Jersey.

national average, 66.9 percent of the residents of California had these expenses while 68.9 percent of Texans had ambulatory care expenses.

- When compared to the U.S. average of 63.1 percent with expenses for prescribed medicines, the residents of California had a lower average of 54.4 percent.
- The overall percentage of the U.S. population with some expenses for dental care was 42.3 percent in 2005. The percentage was lower in Texas where 31.3 percent of the population had dental expenses.
- About 7.5 percent of the U.S. population had expenses associated with hospital inpatient stays in 2005. Relative to the U.S. as a whole, the proportion with inpatient expenses was lower in California (5.5 percent).

Average health care expenses (table 2):

- In 2005, the average expenditure per capita (i.e., per person) in the U.S. community population for health care services was \$3,456. Among the approximately 85 percent of the population with expenses, the average expense per person was \$4,082.
- In Ohio, both average per capita (\$4,198) and per person with expenses (\$4,761) were higher than the corresponding national averages.

Distribution by sources of payment (table 3):

- The proportion of expenses paid by Medicaid in Illinois (6.2 percent) was lower than the U.S. average of 11.2 percent.
- In 2005, Medicare paid for 21.1 percent of all expenditures. In California and New Jersey the percentages were lower than the national average. In these two states the Medicare proportions were 13.8 percent and 12.8 percent respectively.
- In the aggregate, about one-fifth (19.0 percent) of health care expenses for the U. S. community population were paid out-of-pocket.

## Definitions

### *Population*

Estimates presented in this brief are based on expenses for persons who were living in the community for all or part of the year. Persons in the military and those residing in nursing homes or other institutions for the entire year are not included.

### *Expenses*

Expenses include total payments from all sources to hospitals, physicians, other health care providers (including dental care and home health), pharmacies, and providers of other medical equipment for services reported by respondents in the MEPS-HC. Sources include direct payments from individuals, private insurance (including TRICARE), Medicare, Medicaid, and various other sources (including the Veterans Administration, Workers' Compensation, and miscellaneous public sources). The percentage paid by these other miscellaneous sources are not listed in the tables. The sources in the tables do not total 100 percent.

### *Ambulatory care expenses*

This subcategory of expenses encompasses those incurred for visits to office-based medical providers as well as for hospital-based outpatient and emergency services.

### *Prescribed medicine expenses*

This subcategory of expenses includes those for all prescribed medications initially purchased or otherwise obtained during the year, as well as any refills.

### *Dental care expenses*

This subcategory of expenses covers those for any type of dental care provider, including general dentists, dental hygienists, dental technicians, dental surgeons, orthodontists, endodontists, and periodontists.

### *Hospital inpatient stay expenses*

This subcategory of expenses includes room and board and all hospital diagnostic and laboratory expenses associated with the basic facility charge, payments for separately billed physician inpatient services, and emergency room expenses incurred immediately prior to inpatient stays. Expenses for hospital stays with the same admission and discharge dates (i.e., zero night stays) are also included.

## **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 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 (301-427-1656) or visit the MEPS Web site at <http://www.meps.ahrq.gov/>.

## **References**

For a detailed description of the MEPS-HC survey design, sample design, and methods used to minimize sources on nonsampling error, see the following publications:

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 Health Care Policy and Research, 1997. [http://www.meps.ahrq.gov/data\\_files/publications/mr1/mr1.shtml](http://www.meps.ahrq.gov/data_files/publications/mr1/mr1.shtml)

Cohen, S. *Sample Design of the 1996 Medical Expenditure Panel Survey Household Component*. MEPS Methodology Report No. 2. AHCPR Pub. No. 97-0027. Rockville, MD: Agency for Health Care Policy and Research, 1997. [http://www.meps.ahrq.gov/data\\_files/publications/mr2/mr2.shtml](http://www.meps.ahrq.gov/data_files/publications/mr2/mr2.shtml)

Cohen, S. Design Strategies and Innovations in the Medical Expenditure Panel Survey. *Medical Care*, July 2005: 41(7) Supplement: III-5-III-12.

Sommers, J. P. *Producing State Estimates with the Medical Expenditure Panel Survey, Household Component*. Methodology Report No. 16. Rockville, MD: Agency for Healthcare Research and Quality, December 2005. <http://www.meps.ahrq.gov/mr16/mr16.pdf>

## **Suggested Citation**

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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 [mepsd@ahrq.gov](mailto:mepsd@ahrq.gov) or send a letter to the address below:

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**Table 1. Percentage with selected types of health care expenses: United States and 10 largest states, 2005**

Region	Type of Health Care Expense				
	Any Expenses	Ambulatory Care	Prescribed Medicines	Dental Care	Hospital Inpatient Stays
<b>United States</b>	<b>84.7</b>	<b>74.1</b>	<b>63.1</b>	<b>42.3</b>	<b>7.5</b>
<b>State</b>					
California	78.4	66.9	54.4	39.3	5.5
Texas	79.5	68.9	60.0	31.3	6.7
New York	86.9	77.4	60.4	46.5	6.9
Florida	82.8	71.1	62.4	37.9	9.2
Illinois	83.0	74.1	61.1	39.0	7.5
Pennsylvania	88.4	78.2	64.9	47.7	7.8
Ohio	88.2	77.1	69.7	46.6	7.6
Michigan	89.5	78.7	67.8	47.2	8.3
Georgia	80.4	68.9	63.2	33.2	7.1
New Jersey	86.5	75.6	62.6	44.0	7.2

Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2005

**Table 2. Average health care expenses: United States and 10 largest states, 2005**

Region	Population (Millions)	Average Total Expenses (U.S. Dollars)	
		Per Capita	Per Person with Expenses
<b>United States</b>	<b>296.2</b>	<b>3,456</b>	<b>4,082</b>
<b>State</b>			
California	36.2	3,061	3,906
Texas	23.0	2,939	3,697
New York	19.2	3,547	4,080
Florida	18.0	3,612	4,363
Illinois	12.7	3,655	4,402
Pennsylvania	12.4	3,392	3,838
Ohio	11.5	4,198	4,761
Michigan	10.1	3,883	4,354
Georgia	9.1	3,030	3,769
New Jersey	8.8	3,641	4,212

Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2005

**Table 3. Distribution percentage of total health care expenses by source of payment: United States and 10 largest states, 2005**

Region	Sources of Payment			
	Private Insurance	Medicare	Medicaid	Out-of-pocket
<b>United States</b>	<b>41.6</b>	<b>21.1</b>	<b>11.2</b>	<b>18.6</b>
<b>State</b>				
California	37.6	13.8	25.4	16.5
Texas	36.3	24.1	10.3	21.1
New York	44.5	19.2	11.9	16.8
Florida	34.5	26.7	10.5	19.3
Illinois	49.5	17.3	6.2	22.6
Pennsylvania	36.2	26.3	11.1	18.6
Ohio	42.9	25.1	12.4	16.4
Michigan	49.5	24.5	7.2	14.1
Georgia	39.9	17.6	11.3	19.3
New Jersey	54.8	12.8	7.4	18.3

Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2005