

## STATISTICAL BRIEF #262

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### Prescription Drug Expenditures in the 10 Largest States for Persons under Age 65, 2006

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#### Introduction

Prescription drugs account for a large portion of health care expenditures. In 2006, expenditures for prescription drugs among the entire U.S. civilian noninstitutionalized population accounted for 21.6 percent of total health care expenditures. In 1996, prescription drug expenditures accounted for only 11.9 percent of total health care expenditures.

While prescription drug expenditures are a significant portion of total health care expenditures, the percentage of individuals that have them, as well as the average expenditure amount and the proportion paid by each source can vary considerably across states.

Using data from the Household Component of the Medical Expenditure Panel Survey (MEPS-HC), this Statistical Brief presents estimates of prescription drug expenditures for persons under age 65 in the 10 largest states for the year 2006 and compares these to the national average. The focus is on persons under age 65 to limit the effect of age differences between the state populations on their prescription drug use differences. Only those estimates with statistically significant differences from the national average using a multiple comparison procedure at the .05 level are noted in the text.

#### Findings

In 2006, 58.4 percent of all persons aged less than 65 years had an expenditure for prescription drugs (figure 1). The percentage of persons in California (51.5 percent) was lower than the national average, and the percentage of persons in Illinois (64.7 percent), Pennsylvania (67.1 percent), Ohio (70.2 percent), Michigan (65.0 percent), and New Jersey (65.8 percent) were all higher.

Among persons under age 65 with a prescription drug expenditure in 2006, the average expenditure amount in the U.S. was \$982 (figure 2). That average amount was significantly higher in New York (\$1,412), Ohio (\$1,338), and Georgia (\$1,201).

Nationally in 2006, the percentage of prescription drug expenditures among persons under age 65 paid by private insurance among this population was 44.9 percent (figure 3). The percentage paid by private

#### Highlights

- Compared to the national average, the percentage of persons under age 65 with a prescription drug expenditure was lower in California and higher in Illinois, Pennsylvania, Ohio, Michigan, and New Jersey in 2006.
- The average expenditure per person under age 65 with a prescription drug expenditure was higher than the national average in Georgia, Ohio, and New York.
- Compared to the national average, among persons under age 65 the percentage of prescription drug expenditures paid by private insurance was lower in California and Florida and higher in Michigan.
- The percentage of prescription drug expenditures paid out of pocket by persons under age 65 was higher in Georgia and Florida compared to the national average.
- The percentage of prescription drug expenditures paid by Medicaid in 2006 among persons under age 65 was 10.2 percent. It ranged from 5.7 percent in Texas to 16.9 percent in California.

insurance was lower in California (29.6 percent) and Florida (37.6 percent), and it was higher in Michigan (51.3 percent).

The percentage of prescription drug expenditures among persons under age 65 paid out of pocket in the U.S. in 2006 was 34.7 percent (figure 4). This share of the total expenditures was higher in Florida (41.4 percent) and Georgia (40.6 percent).

Nationally, the percentage of prescription drug expenditures among persons under age 65 paid by Medicaid was 10.2 percent in 2006 (Figure 5). It was higher in California (16.9 percent) and lower in Texas (5.7 percent) and Michigan (6.8 percent).

## Data Source

The estimates shown in this Statistical Brief are drawn from analyses conducted by the MEPS staff from the following public use file, MEPS HC-105: 2006 Full Year Consolidated Data File, November 2008.

## Definitions

### *Expenditures*

Expenditures 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 Department of Veterans Affairs, Workers' Compensation, and miscellaneous public sources).

### *Prescription medicine expenditures*

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

## 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

For a detailed description of the MEPS-HC survey design, sample design, and methods used to minimize sources of 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/mepsweb/data\\_files/publications/mr1/mr1.shtml](http://www.meps.ahrq.gov/mepsweb/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/mepsweb/data\\_files/publications/mr2/mr2.shtml](http://www.meps.ahrq.gov/mepsweb/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*. Agency for Healthcare Research and Quality Working Paper No. 05011, March 2005.

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)

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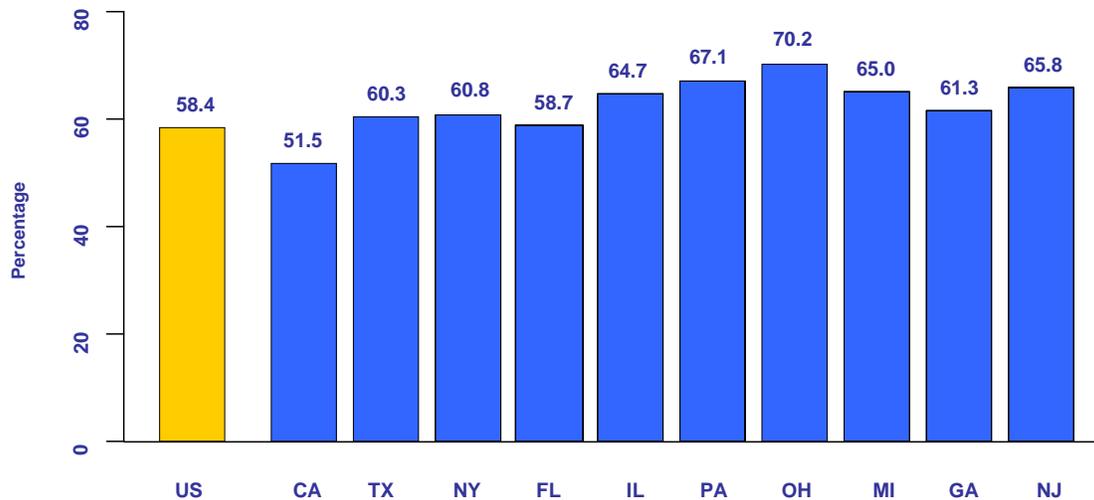
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AHRQ welcomes questions and comments from readers of this publication who are interested in obtaining more information about access, costs, use, financing, and quality of health care in the United States. We also invite you to tell us how you are using 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 [mepsdpd@ahrq.gov](mailto:mepsdpd@ahrq.gov) or send a letter to the address below:

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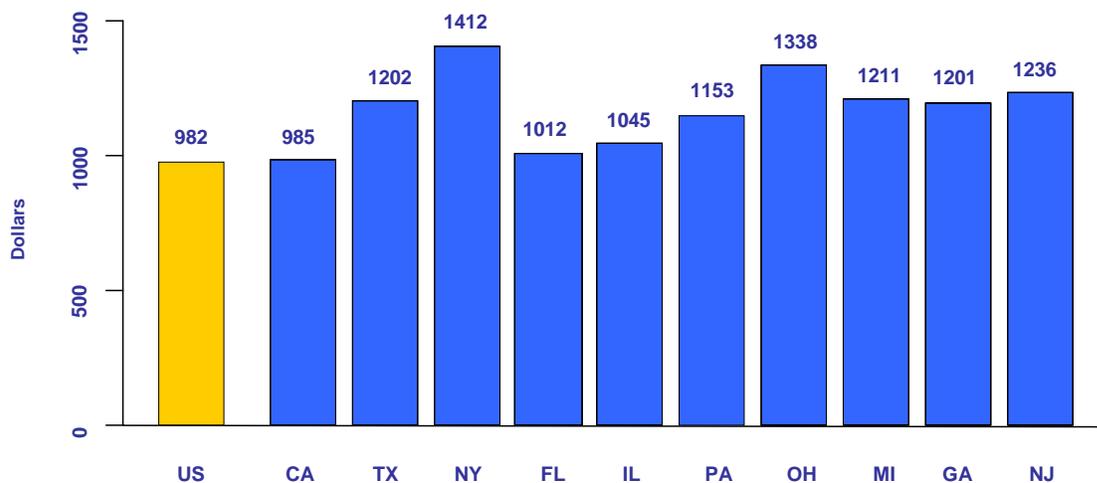
**Figure 1. Percentage of persons under age 65 who had a prescription drug expenditure in U.S. and 10 largest states, 2006**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2006



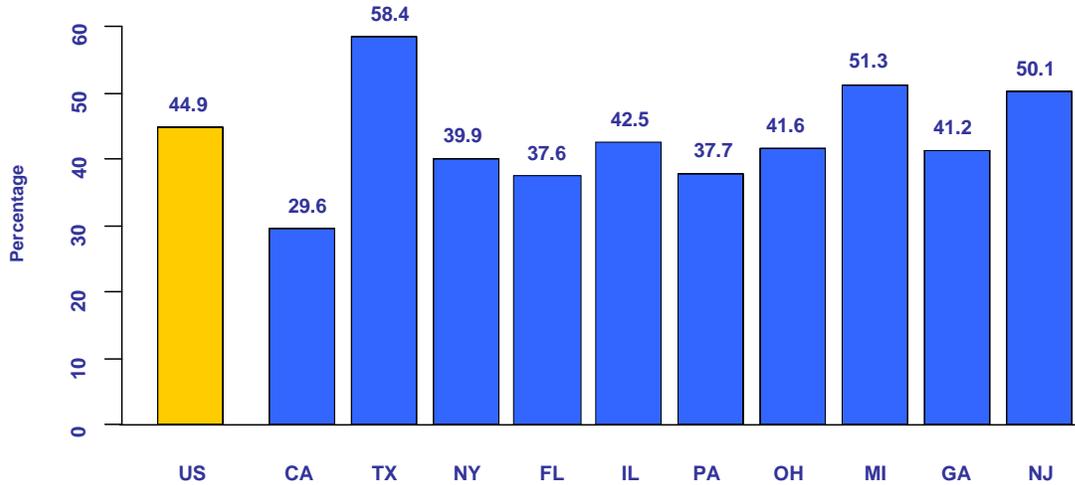
**Figure 2. Average prescription drug expenditures for persons under age 65 who had an expenditure in U.S. and 10 largest states, 2006**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2006



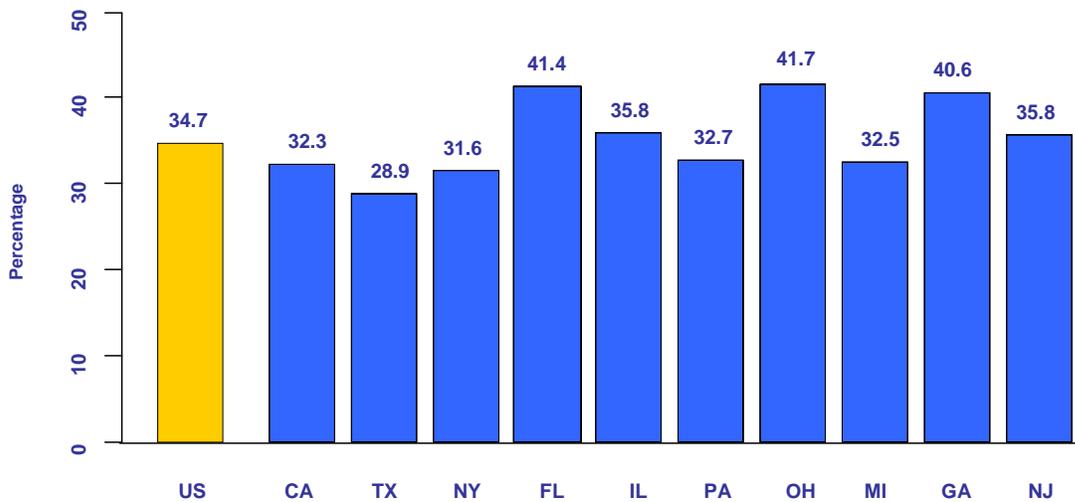
**Figure 3. Percentage of prescription drug expenditures paid by private insurance for persons under age 65 in U.S. and 10 largest states, 2006**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2006



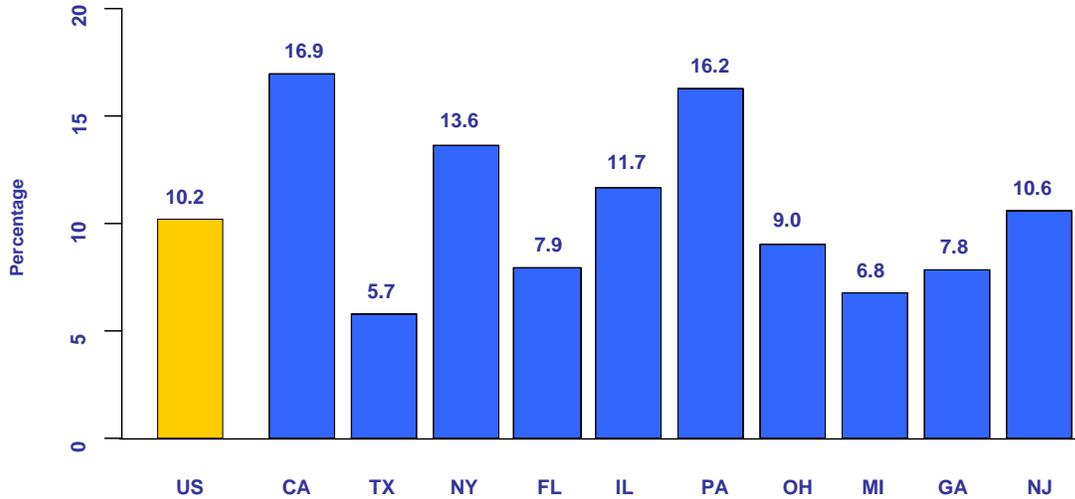
**Figure 4. Percentage of prescription drug expenditures paid out of pocket for persons under age 65 in U.S. and 10 largest states, 2006**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2006



**Figure 5. Percentage of prescription drug expenditures paid by Medicaid for persons under age 65 in U.S. and 10 largest states, 2006**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2006