

STATISTICAL BRIEF #352

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Estimates of Health Care Expenditures for the 10 Largest States, 2008

Frederick Rohde, MA

Introduction

In 2008, 84.4 percent of the U.S. noninstitutionalized civilian population had health care expenses, and among those with expenses, the mean expenditure was \$4,470.

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 them.

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. noninstitutionalized civilian 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 does permit design-based estimates for certain measures to be made at the state level for some of the largest states (by population size). Though unbiased, these state-level estimates tend to have much larger sampling variances associated with them compared to the national estimates because the sample sizes of respondents and the number of counties sampled are necessarily smaller at the state level.

This Statistical Brief presents health care estimates for the 10 most populous states in 2008. In total, these 10 states account for roughly half of the U.S. population as well as half of the total health care expenditures in 2008. The Brief examines selected spending measures for the population, including 1) the percentage with selected types of expenses, 2) the mean expenditure, and 3) the distribution of payments for health care expenses across various sources.

The state estimates are compared to the U.S. estimate, and only those estimates which are statistically different from the U.S. estimate at the .05 level of significance are noted in the text. Due to the difference in their sampling errors, an estimate in one state which is closer to the U.S. estimate may be significantly different while an estimate in another state which is further from the U.S. estimate may not be significantly different.

Findings

Figure 1 shows the percentage of the U.S. noninstitutionalized civilian population with health care expenses in 2008 by type of service. The percentage with expenses of any type was lower in California (78.7 percent) and Texas (78.2 percent), compared to the entire U.S. (84.4 percent). The percentage with ambulatory care expenses was lower in these same states (67.6 percent in California, 67.8 percent in Texas versus 74.3 percent nationally) and higher in Michigan (78.9 percent). The percentage with prescription drug expenses was lower in California (50.9 percent versus 62.3 percent nationally), Texas (57.2 percent), and New York (57.8 percent); and it was higher in Pennsylvania (64.8 percent) Ohio (67.2 percent), and Michigan (67.6 percent). The percentage with dental care expenses was lower in Texas (30.4 percent versus 41.2 percent nationally),

Highlights

- In 2008, compared to the nation as a whole, the percentage of the population with any health care expenses was lower in California and Texas.
- California and Ohio had lower average health care expenses compared to the U.S.
- The percentage of health care expenses paid by private insurance was higher than the national estimate in Illinois, and it was lower in New York and Florida. Alternatively, the percentage paid out of pocket was higher in Florida.

Florida (34.2 percent) and Georgia (30.2 percent); and it was higher in Michigan (48.2 percent). Finally, the percentage with inpatient care expenses was lower in California (4.8 percent versus 7.2 percent nationally) and Texas (6.1 percent).

Figure 2 shows two estimates of the average health care expenses in 2008—the mean among all persons and the mean among persons with expenses. The mean per person was lower in California (\$2,881 versus \$3,773 nationally); and the mean per person with expenses was lower in both California (\$3,660 versus \$4,470 nationally) and Ohio (\$3,658).

Figure 3 shows the distribution of health care expenses by source of payment in 2008. The percentage paid by private insurance was higher in Illinois (58.3 percent versus 41.9 percent nationally), and lower in New York (33.3 percent) and Florida (34.7 percent). The percentage paid by Medicare was higher in Florida (28.9 percent versus 23.7 percent nationally), and lower in Texas (15.7 percent) and Illinois (15.9 percent). The percentage paid by Medicaid was higher in New York (21.9 percent versus 10.2 percent nationally) and lower in Florida (6.3 percent). Finally, the percentage paid out of pocket was higher in Florida (21.2 percent versus 16.7 percent nationally).

Data Source

The estimates shown in this Statistical Brief are drawn from analyses conducted by the MEPS staff from the following public use files: MEPS HC-121: 2008 Full Year Consolidated Files, November 2010.

Definitions

Population

Estimates in this Brief are based on expenses for persons who were living in the U.S. noninstitutionalized civilian population for all or part of 2008. Persons in the military, those in prison, 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 Department of Veterans Affairs, Workers' Compensation, and miscellaneous public sources). The percentages paid by these other sources are not reported in table 3; therefore, this table does not total to 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 room 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 expenses

This subcategory of expenditures includes expenses for any type of dental care.

Hospital inpatient stay expenses

This subcategory 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.

PSUs

Primary sampling units (PSUs) are the geographic areas of the country where the sample of households that participate in the MEPS is ultimately selected each year. Though a new set of households is selected into the MEPS each year, the set of PSUs from which they are selected remains fixed over roughly a 10-year period.

Sampling variance

The sampling variance of an estimate measures the uncertainty about the estimate due to the sampling. All sample estimates have uncertainty associated with them because they

are based on the data collected from only a sample (a subset) of the population. The estimates would most likely be different if the data had come from a different sample of the [same] population. The sampling variance measures how different those estimates are likely to be. Estimates with high variances have high uncertainty (low precision), and those with low variances have low uncertainty (high precision).

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. noninstitutionalized civilian population. It is cosponsored by the Agency for Healthcare Research and Quality and the National Center for Health Statistics.

MEPS expenditure data are derived from both the Medical Provider Component (MPC) and Household Component (HC). MPC data are generally used for hospital-based events (e.g., inpatient stays, emergency room visits, and outpatient department visits), prescribed medicine purchases, and home health agency care. Office-based physician care estimates use a mix of HC and MPC data while estimates for non-physician office visits, dental and vision services, other medical equipment and services, and independent provider home health care services are based on HC provided data. Details on the estimation process can be found at http://www.meps.ahrq.gov/mepsweb/data_files/publications/mr19/mr19.pdf

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. AHCPH 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.pdf

Cohen, S. *Sample Design of the 1996 Medical Expenditure Panel Survey Household Component*. MEPS Methodology Report No. 2. AHCPH 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.pdf

Cohen, S. Design Strategies and Innovations in the Medical Expenditure Panel Survey. *Medical Care*, July 2003: 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

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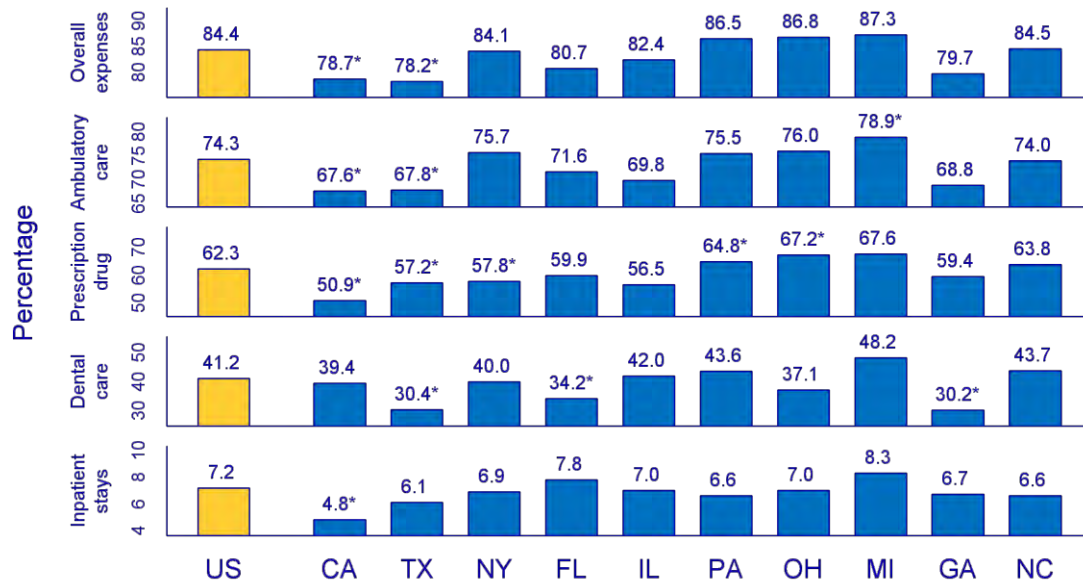
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AHRQ welcomes questions and comments from readers of this publication who are interested in obtaining more information about access, costs, use, financing, and quality of health care in the United States. We also invite you to tell us how you are using

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 email us at 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

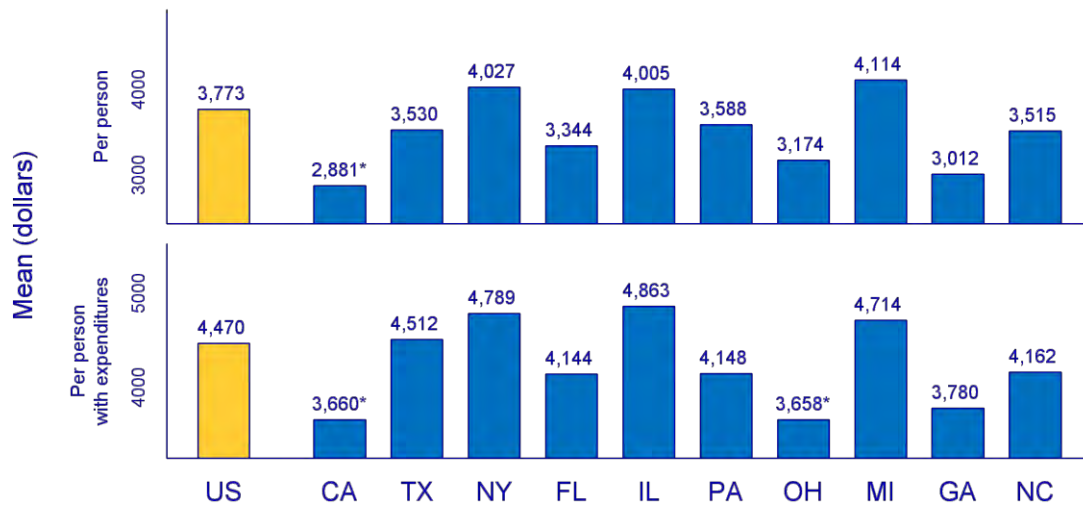
Figure 1. Percentage of the population with selected expenditures in 2008, U.S. and 10 largest states



*The difference between the state estimate and the US estimate is statistically significant ($p < .05$)

Source: Center for Finance, Access, and Cost Trends, Household Component of the Medical Expenditure Panel Survey, 2008

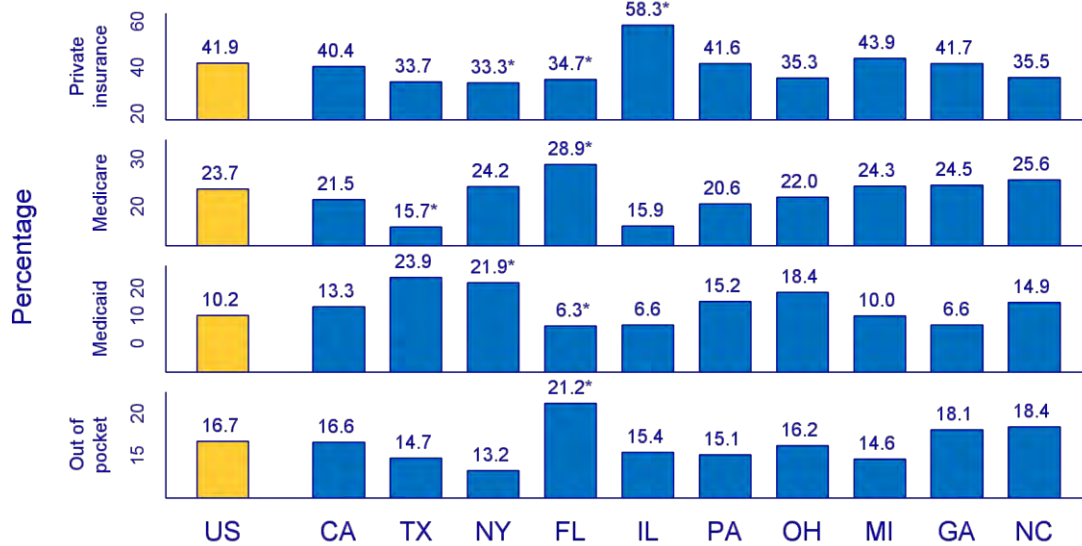
Figure 2. Mean health care expenditures in 2008, U.S. and 10 largest states



*The difference between the state estimate and the US estimate is statistically significant ($p < .05$)

Source: Center for Finance, Access, and Cost Trends, Household Component of the Medical Expenditure Panel Survey, 2008

Figure 3. Percentage of health care expenditures by source of payment in 2008, U.S. and 10 largest states



*The difference between the state estimate and the US estimate is statistically significant ($p < .05$)

Source: Center for Finance, Access, and Cost Trends, Household Component of the Medical Expenditure Panel Survey, 2008