

## STATISTICAL BRIEF #94

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# Changes in Home Health Care Use and Expenditures between 1998/99 and 2002

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### Introduction

The Household Component of the Medical Expenditure Panel Survey (MEPS-HC) provides information on health care use, expenditures, and sources of payment among the U.S. civilian noninstitutionalized population. This Statistical Brief provides an overview of home health care use and expenditures for this population in 1998/99 and 2002. The data for 1998 and 1999 have been combined to increase the precision of estimates for this period. Only differences between estimates for the selected years that are statistically significant at the 0.05 level are discussed in the text.

### Findings

#### *Paid home health care use by age group*

Table 1 contains estimates of the number and percentage of the U.S. civilian noninstitutionalized population, by age group, with home health care expenditures in 1998/99 (pooled 1998 and 1999 calendar year data) and 2002. Home health care use was relatively stable during this period, although the proportion of non-elderly people with home health care expenditures did increase by 0.2 percentage points between 1998/99 and 2002 (from 0.7 percent to 0.9 percent).

#### *Home health care expenditures by payment source*

Table 2 shows total home health care expenditures and payments by source (all in constant 2002 dollars) for the years 1998/99 and 2002. Significant changes were observed for Medicaid and state and local government home health care expenditures, which moved in opposite directions. Medicaid expenditures for home health care increased by 75 percent, from \$8.9 billion in 1998/99 to \$15.6 billion in 2002, while state and local government expenditures fell more than half, from \$6.3 billion in 1998/99 to 2.7 billion in 2002.

#### *Expenditure distributions by payment source*

Table 3 presents the share of home health care expenditures (in constant 2002 dollars) paid by source for non-elderly and elderly people in 1998/99 and 2002. The share paid by Medicaid grew from 30.6 percent in 1998/99 to 44.8 percent in 2002. This growth was

### Highlights

- Between 1998/99 and 2002, individuals under 65 years of age increased their use of paid home health care. The proportion of non-elderly people with home health care expenditures rose from 0.7 percent to 0.9 percent during this period.
- Between 1998/99 and 2002, Medicaid payments increased by 75 percent, while state and local government payments declined by more than 50 percent.
- The Medicaid share of home health care expenditures for the non-elderly rose from 34.2 percent in 1998/99 to 73.4 percent in 2002. In contrast, the state and local government share of home health care expenditures fell for both the non-elderly and the elderly, with the biggest decline seen in the share paid for the non-elderly (falling from 31.4 percent in 1998/99 to 7.7 percent in 2002).

driven by increased Medicaid expenditures for non-elderly users of home health care, with the Medicaid share of their expenditures more than doubling from 34.2 percent in 1998/99 to 73.4 percent in 2002.

In contrast, the state and local government share of home health care expenditures for both the non-elderly and the elderly fell during this period. For non-elderly persons, the state and local government share decreased from 31.4 percent in 1998/99 to 7.7 percent in 2002. State and local government funding of home health care expenses for the elderly population decreased from 15.5 percent in 1998/99 to 7.7 percent in 2002.

## Data Source

The estimates shown in this Statistical Brief are drawn from analyses of the 1998, 1999, and 2002 Full Year Consolidated Data Files (HC-028, HC-038, and HC-070, respectively), which are available on the MEPS Web site ([www.meps.ahrq.gov](http://www.meps.ahrq.gov)).

## Definitions/Methodology

### *Population*

Estimates presented in this brief are 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 in the comparisons.

### *Home health care use*

Persons with expenditures for services from home health care agencies and paid independent providers are counted as receiving home health care during the reported year.

### *Age*

Age is the sampled person's age as of December 31st of the reported year.

### *Expenditures*

Home health care expenditures include all direct payments to providers of the services. Sources of the payments include individuals, private insurance (including TRICARE), Medicare, Medicaid, and other sources such as the Veterans' Administration, Workers' Compensation, and miscellaneous public sources. Expenditures were adjusted to constant 2002 dollars using the overall consumer price index (<http://www.bls.gov/cpi/home.htm#data>).

### *Total private expenditures*

Total private is the sum of out-of-pocket (including family and friends), private insurance, other private, and TRICARE expenditures.

### *Total government expenditures*

Total government is the sum of Medicare, Medicaid, Department of Veteran's Affairs, Indian Health Services, other Federal sources, Worker's compensation, other state and local government, other public sources, and unclassified source funds.

## 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 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.

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.

Cohen, S. Design Strategies and Innovations in the Medical Expenditure Panel Survey. *Medical Care*, July 2003: 41(7) Supplement: III-5–III-12.

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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. Number and percentage of the U.S. civilian noninstitutionalized population with home health care expenditures, by age group, 1998/99 and 2002**

Age group	Paid home health care			
	1998/99		2002	
	Users (in thousands)	Percentage of age group	Users (in thousands)	Percentage of age group
All ages	5,243	1.9	5,992	2.1
Under 65	1,672	0.7	2,229	0.9
65 and over	3,571	10.4	3,763	10.4

Source: Center for Financing, Access, and Cost Trends, Agency for Healthcare Research and Quality, Household Component of the Medical Expenditure Panel Survey, 1998, 1999, and 2002.

**Table 2. Home health care expenditures for the U.S. civilian noninstitutionalized population, by payment source, 1998/99 and 2002**

Source	Expenditures (in millions of 2002 dollars)	
	1998/99	2002
All sources	\$29,135	\$34,817
Total private	5,130	5,507
Total government <sup>a</sup>	24,005	29,309
Medicare	8,485	10,665
Medicaid	8,923	15,612
State and local government	6,324	2,676

<sup>a</sup> Total government is the sum of Medicare, Medicaid, Department of Veteran's Affairs, Indian Health Services, other Federal sources, Worker's compensation, other state and local government, other public sources, and unclassified source funds.

Source: Center for Financing, Access, and Cost Trends, Agency for Healthcare Research and Quality, Household Component of the Medical Expenditure Panel Survey, 1998, 1999, and 2002.

**Table 3. Distribution of home health care expenditures for the U.S. civilian noninstitutionalized population, by age group and payment source, 1998/99 and 2002**

Age group	Source	Percentage share of payments	
		1998/99 <sup>c</sup>	2002
All ages	Total private	17.6	15.8
	Total government <sup>a</sup>	82.4	84.2
	Medicare	29.1	30.6
	Medicaid	30.6	44.8
	State and local	21.7	7.7
Under 65	Total private	20.9	11.3
	Total government <sup>a</sup>	79.0	88.7
	Medicare	12.5	6.5
	Medicaid	34.2	73.4
	State and local	31.4	7.7
65 and over	Total private	15.4	18.6
	Total government <sup>a</sup>	84.6	81.4
	Medicare	39.9	45.7
	Medicaid	28.4	27.1
	State and local	15.5	7.7

<sup>a</sup> Total government is the sum of Medicare, Medicaid, Department of Veteran's Affairs, Indian Health Services, other federal sources, Worker's compensation, other state and local government, other public sources, and unclassified source funds.

Source: Center for Financing, Access, and Cost Trends, Agency for Healthcare Research and Quality, Household Component of the Medical Expenditure Panel Survey, 1998, 1999, and 2002.