

STATISTICAL BRIEF #493

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National Health Care Expenses Per Person in the U.S. Civilian Noninstitutionalized Population, 2014

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Introduction

The United States spends a larger share of its Gross Domestic Product (GDP) on health care than any other major industrialized country. To address high health care costs in this country, policymakers need to understand how those costs are distributed across types of services, different payers and by selected characteristics of the population. This Statistical Brief presents estimates of the percentage of persons with health care expenses by type of service, and mean and median expense per person with an expense by age and insurance status for the U.S. civilian noninstitutionalized population in 2014.

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 Household Component (MEPS-HC) and payment data collected in both the MEPS-HC and Medical Provider Components (MEPS-MPC). Expense estimates include amounts paid by individuals, private insurance, Medicare, Medicaid, and other payment sources. All differences between estimates discussed in the text are statistically significant at the 0.05 level.

Findings

In 2014, 85.1 percent of the U.S. civilian noninstitutionalized population, about 271.1 million persons (data not shown) had some expenses for health care which includes hospital inpatient, ambulatory services (office-based visits, hospital outpatient care, and emergency room services), prescribed medicines, dental services, and home health care and other medical services and equipment (figure 1).¹ The proportion of people with expenses varied widely by type of service, with large proportions having expenses for ambulatory services (75.9 percent) and prescribed medicines (61.4 percent) and much smaller proportions having expenses for home health care and other medical services (20.4 percent), and hospital inpatient services (6.6 percent). Across all service categories, a larger percentage of persons age 65 and older had expenses compared to persons under age 65 for: hospital inpatient services (16.3 versus 4.9 percent); ambulatory services expenses (93.0 versus 72.9 percent); prescribed medicines (90.5 versus 56.2 percent); dental services (45.9 versus 40.6 percent); and home health care and other medical services and equipment (34.5 versus 17.9 percent).

The mean total expense per person for those with some health care expenses in 2014 was \$5,531 (figure 2). Among specific health care service categories, the mean expense per person who had expenses of that type ranged from \$18,234 for hospital inpatient services to \$696 for dental services. The mean total expenses for persons age 65 and older with some expenses (\$10,890) was more than twice the amount for persons under age 65 (\$4,430). Adults age 65 and older had larger mean expenses in the following service categories compared to persons under age 65: ambulatory services (\$3,859 versus \$2,056); prescribed medicines (\$2,602 versus \$1,561); dental services (\$893 versus \$657); and home health care and other medical services and supplies (\$2,924 versus \$1,025). However, the difference in means between these age groups was not significant for hospital inpatient services.

Median expenses were substantially lower than mean expenses, among health care service categories, because a relatively small proportion of persons account for a large proportion of expenses. The overall median total expense per person with expenses was \$1,372, and ranged across service categories from \$9,823 for hospital inpatient services to less than \$300 for prescribed medicines, dental services, and home health care and other medical services and supplies (\$289, \$270, and \$290, respectively (figure 3)). Median expenses per person with any expense of that type were consistently higher for the elderly across all service categories when compared with persons under age 65.

As shown in figure 4, average annual health care expenses varied by age and type of health insurance coverage. Persons under age 65 with expenses had a mean total expense of \$4,430 and a median total expense of \$1,040, while those 65 years and older had a mean total expense of \$10,890 and a median total expense of \$4,875. Among persons under age 65 with expenses, mean expenses did not vary significantly by insurance category. Among persons age 65 and older with expenses, those with Medicare and other public insurance had the highest mean expense (\$15,538) followed by those with Medicare and private insurance (\$11,172) and those with Medicare only (\$9,221).

Data Source

The estimates in this Statistical Brief are based upon data from the MEPS 2014 Full Year Consolidated Data File (HC-171).

Definitions

Expenditures/Expenses

Expenditures (expenses) include total direct payments from all sources to hospitals, physicians, home health providers (agency and paid independent providers), dental providers, other types of health care providers (e.g., physical therapists, chiropractors, optometrists, etc.) 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.

Highlights

- In 2014, the proportion of persons with expenses varied widely by type of service, with large proportions having expenses for ambulatory services (75.9 percent) and prescribed medicines (61.4 percent) and much smaller proportions having expenses for home health care and other medical equipment (20.4 percent), and hospital inpatient services (6.6 percent).
- Overall, the mean and median expenses among persons with any health care expenses in 2014 (85.1 percent of the population) were \$5,531 and \$1,372, respectively.
- Mean expenses for persons age 65 and older with an expense (\$10,890) were more than twice the amount for persons under age 65 (\$4,430).

¹Of the 14.9 percent of the population with no health care expenses, a very small proportion actually received health services for which no direct payments were made.

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 Advantage (Part C) and persons who had traditional 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.

MEPS expenditure data are derived from both the MEPS-MPC and MEPS-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 in Machlin, S.R. and Dougherty, D.D. *Overview of Methodology for Imputing Missing Expenditure Data in the Medical Expenditure Panel Survey. Methodology Report No. 19.* March 2007. Agency for Healthcare Research and Quality, Rockville, MD. http://www.meps.ahrq.gov/mepsweb/data_files/publications/mr19/mr19.pdf

For more information about MEPS, call the MEPS information coordinator at AHRQ: 301-427-1656 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 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, 2001. http://www.meps.ahrq.gov/mepsweb/data_files/publications/mr1/mr1.pdf

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

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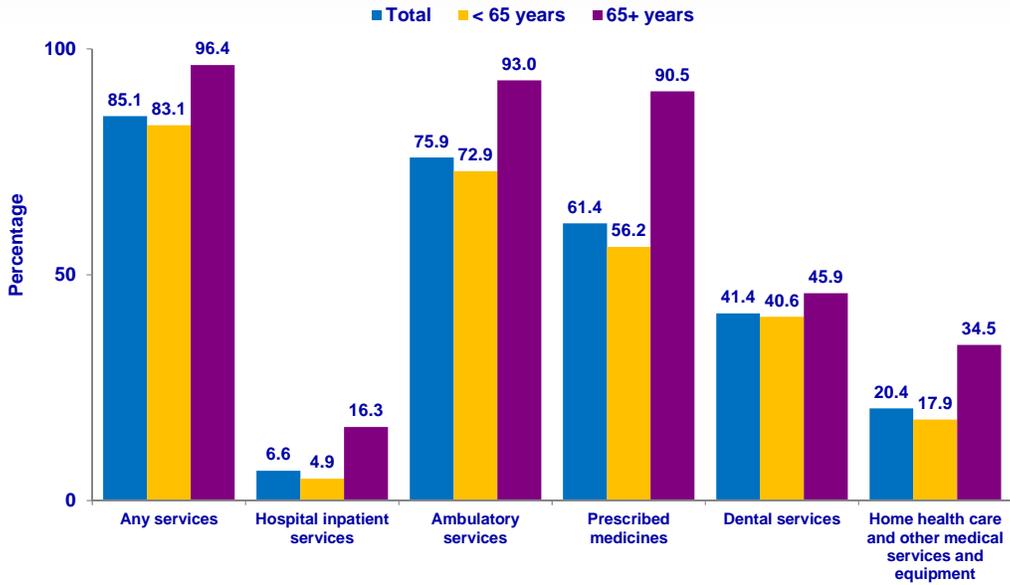
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AHRQ welcomes questions and comments from readers of this publication who are interested in obtaining more information about access, cost, use, financing, and quality of health care in the United States. We also invite you to tell us how you are using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

Joel Cohen, PhD, Director
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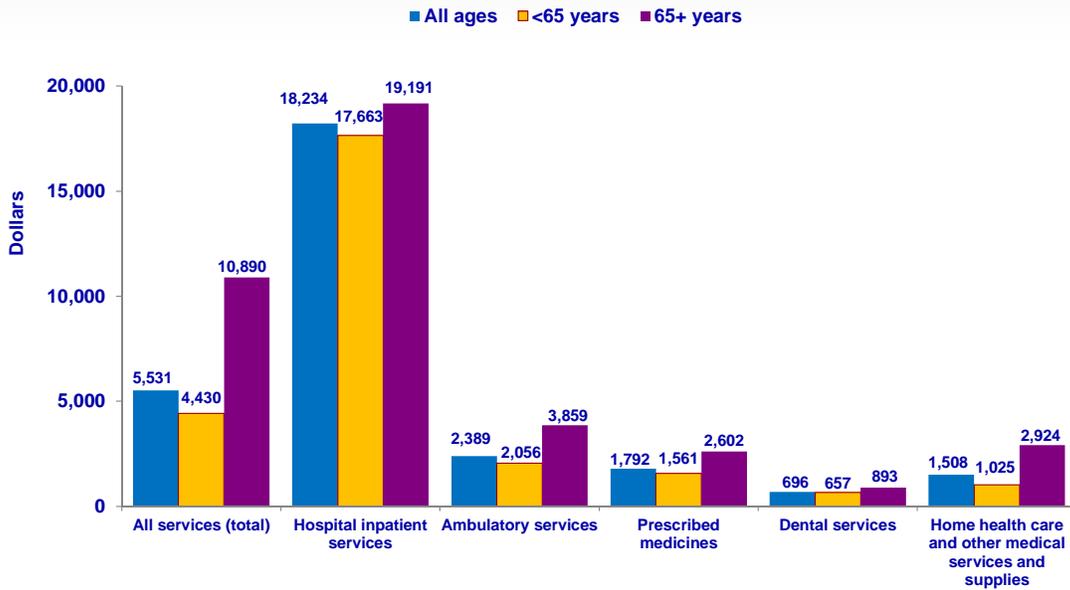
Figure 1. Percentage of persons with health care expenses, by type of service, 2014



Note: Estimates are for the U.S. civilian noninstitutionalized population.
 Source: AHRQ's Center for Financing, Access, and Cost Trends, Household Component of the Medical Expenditure Panel Survey, 2014



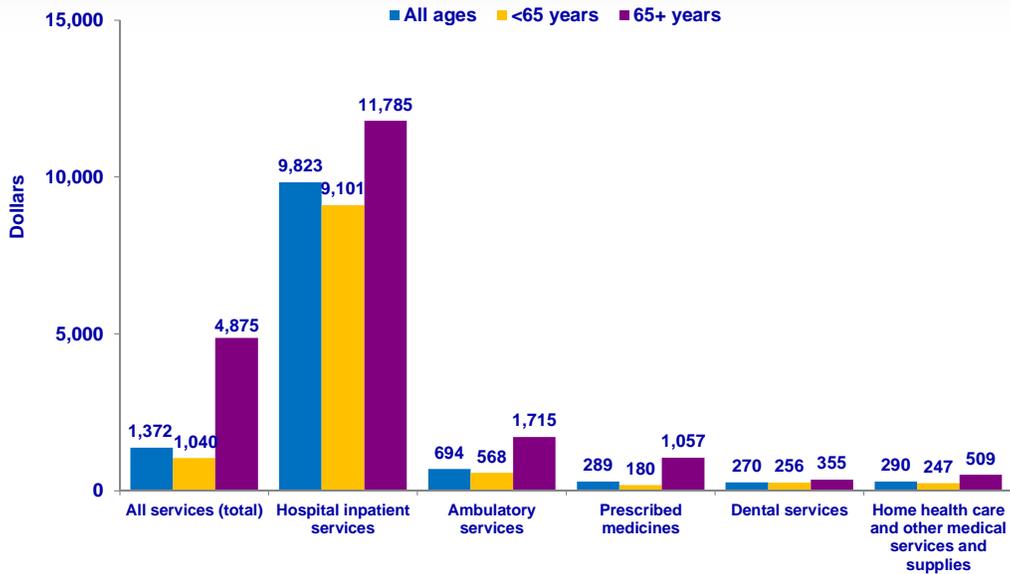
Figure 2. Mean expense per person with health care expenses, by type of service and age, 2014



Note: Estimates are for the U.S. civilian noninstitutionalized population.
 Source: AHRQ's Center for Financing, Access, and Cost Trends, Household Component of the Medical Expenditure Panel Survey, 2014



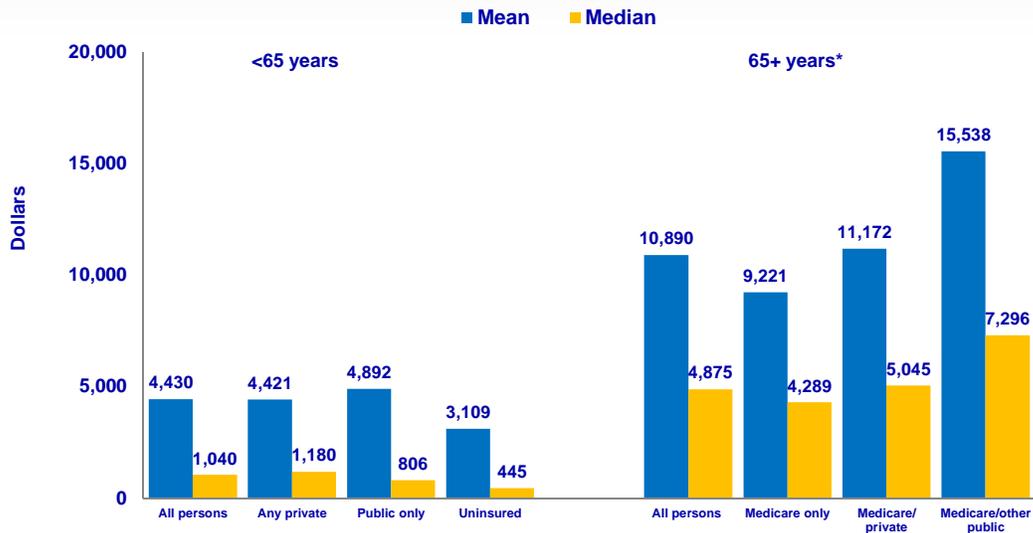
Figure 3. Median expense per person with health care expenses, by type of service and age, 2014



Note: Estimates are for the U.S. civilian noninstitutionalized population.
 Source: AHRQ's Center for Financing, Access, and Cost Trends, Household Component of the Medical Expenditure Panel Survey, 2014



Figure 4. Mean and median expenses for persons with health care expenses, by age and insurance status, 2014



*A negligible number of persons age 65+ without Medicare are excluded from these estimates.
 Note: Estimates are for the U.S. civilian noninstitutionalized population.
 Source: AHRQ's Center for Financing, Access, and Cost Trends, Household Component of the Medical Expenditure Panel Survey, 2014