

## STATISTICAL BRIEF #164

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### Expenses for Hospital Inpatient Stays, 2004

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#### Introduction

Though only a relatively small proportion of the population has an inpatient stay in a given year, expenditures for hospitalization account for nearly one-third of all medical expenses. This Statistical Brief presents data from the Household Component of the Medical Expenditure Panel Survey (MEPS-HC) on payments for hospital inpatient stays among persons in the U.S. civilian noninstitutionalized population in 2004. Descriptive data on aggregate expenses, payment sources, variations by age and gender, as well as information on expenses per stay and per diem, are presented. All differences between estimates noted in the text are statistically significant at the 0.05 level or better.

#### Findings

##### *Sources of payment*

In 2004, hospital inpatient stays accounted for nearly one-third of total health care expenses for the U.S. civilian noninstitutionalized population (figure 1). Private insurance (43.7 percent) and Medicare (38.8 percent) paid for the overwhelming majority of hospital inpatient expenses. Out-of-pocket payments by individuals and families comprised only 2.2 percent of payments for hospital inpatient care.

##### *Variations in likelihood of expenses*

Overall, 7.5 percent of the civilian noninstitutionalized population (about 22.1 million persons) had expenses for an inpatient hospital stay in 2004 (figure 2). This percentage increased substantially with age for both males and females, ranging from only 2.5 percent for children under 18 to about one-fifth of persons age 65 and over. Females age 18–44 were substantially more likely to have inpatient expenses than their male counterparts (10.0 versus 2.6 percent). A large portion of this differential is attributable to hospitalizations for childbirth.

##### *Expenses per stay*

In 2004, the average total payment from all sources (private insurance, Medicare, Medicaid, out-of-pocket payments, and other miscellaneous sources) for a hospital inpatient stay was \$10,030 (figure 3). However, there was substantial variation across stays in hospital inpatient expenses. For example, expenses for about 10 percent of stays were less than \$1,348 (10th percentile) while, at the other extreme, expenses for the top 10 percent of stays were greater than \$20,857 (90th percentile). The highest expenditure visits had a disproportionate impact on the average. Consequently, the median expense for a hospital stay of \$5,863 was substantially lower than the mean expense (\$10,030).

#### Highlights

- In 2004, expenses for hospital inpatient stays accounted for nearly one-third of all health care expenses for the U.S. civilian noninstitutionalized population. These expenses were paid primarily by private insurance plans and Medicare.
- The average expenditure for a hospital stay in 2004 was \$10,030 while the median per stay expenditure was \$5,863.
- While total expenses for a hospital stay increased with length of stay, the average per diem generally decreased as the length of stay increased.
- On average, hospital stays involving surgery were nearly twice as expensive as other stays.

### *Per diem expenses*

Overall, the average expense per night for a hospitalization in 2004 was about \$3,000 while the median per diem was about \$1,800 (figure 4). While total expenses for a hospital stay increased with length of stay, the average per diem generally decreased as the length of stay increased. For example, the average per diem expense was \$5,180 for one night stays (about 23 percent of stays) versus \$1,723 for stays of five nights or longer (about 31 percent of stays). Similarly, the median per diem expense decreased from \$3,145 for one night stays to \$1,153 for stays of five nights or longer.

### *Stays involving surgery*

Hospital stays during which a surgical procedure was performed (about one-third of inpatient discharges in 2004) tended to be more expensive than other hospitalizations (figure 5). In 2004, the average expense per stay was \$14,729 for those involving surgery—nearly twice as high as the average for other hospital stays (\$7,678). Similarly, the average expense per diem was more than twice as large for stays involving surgery (\$5,059) than those without surgery (\$1,954).

## **Data Source**

The estimates in this Statistical Brief are based upon data from the MEPS 2004 Full Year Consolidated File (HC-089) and Hospital Inpatient Stays File (HC-085D).

## **Definitions/Methodology**

### *Expenses (also referred to as expenditures or payments)*

Payments from all sources for hospital inpatient stays reported by respondents in the MEPS-HC. Sources include direct payments from individuals, private insurance, Medicare, Medicaid, Workers' Compensation, and miscellaneous other sources. Expenditures include those for both facility and separately billed physicians' services and expenses for emergency room services that immediately preceded a hospital stay are typically included. A negligible proportion of inpatient stays had no expenses associated with the stay (i.e., no payments made).

### *Per diem*

Per diem expenses were computed for each stay by dividing the total expenses for the stay by the number of nights in the hospital. The number of nights was considered to be one for the small proportion of stays with identical admission and discharge dates reported (i.e., zero night stays).

## **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.

## Suggested Citation

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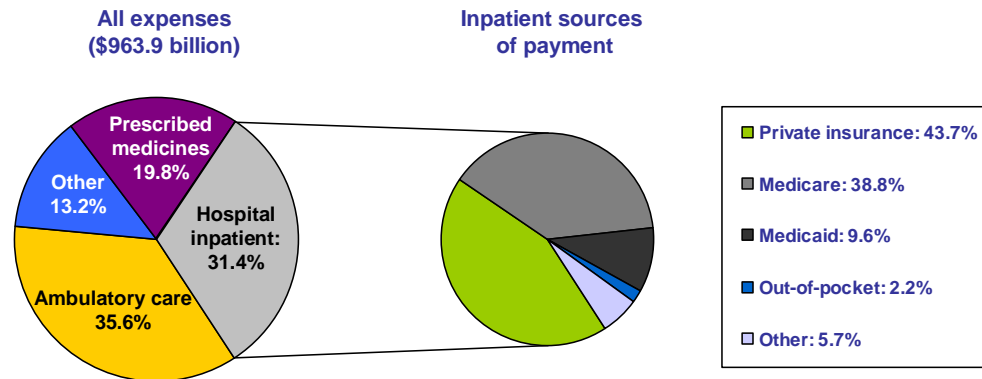
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AHRQ welcomes questions and comments from readers of this publication who are interested in obtaining more information about access, cost, use, financing, and quality of health care in the United States. We also invite you to tell us how you are using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

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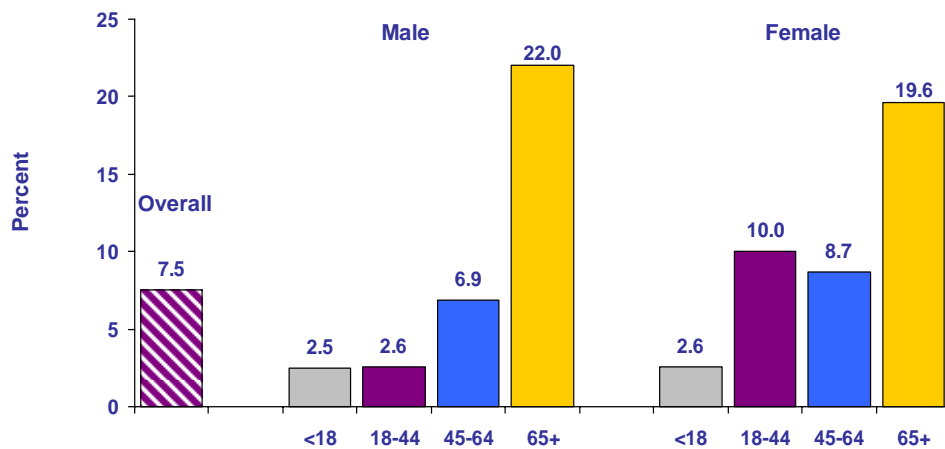
**Figure 1. Payments for hospital inpatient stays, 2004**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2004



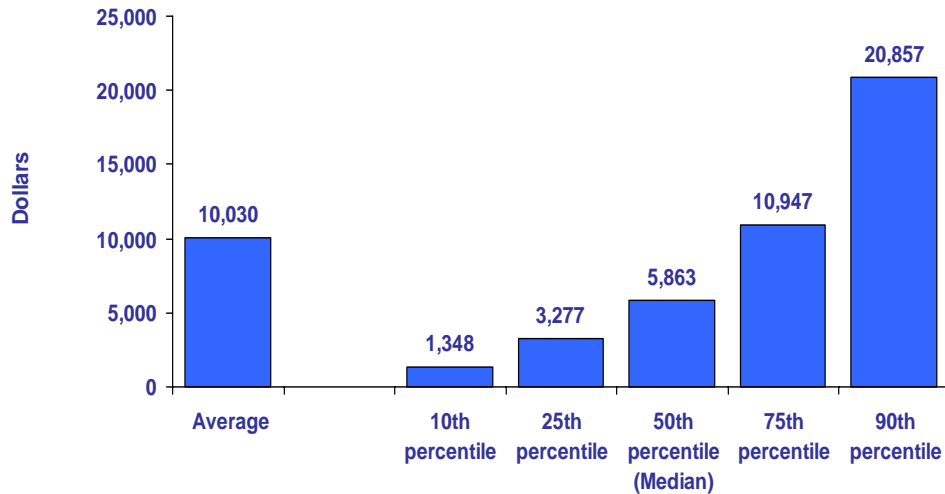
**Figure 2. Percentage of persons with inpatient expenses, by age and gender, 2004**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2004



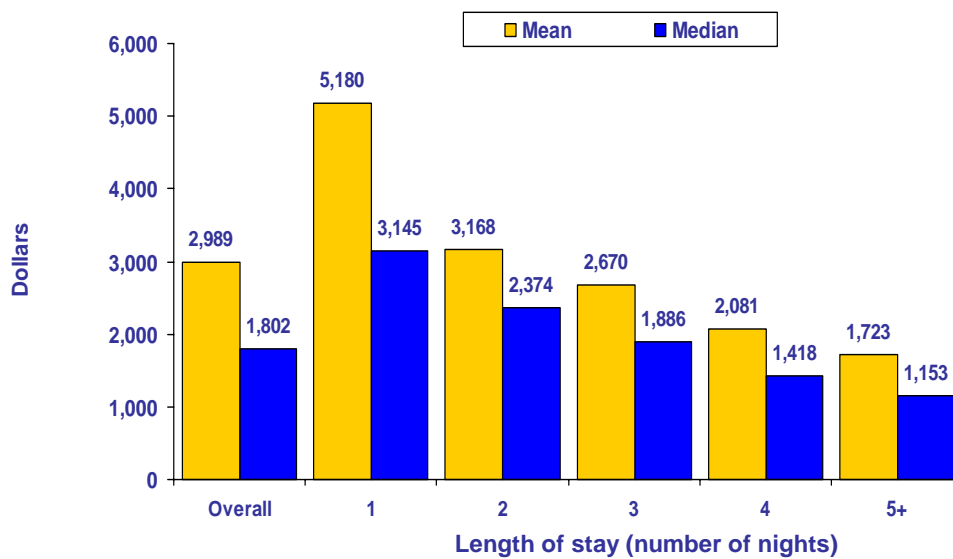
**Figure 3. Distribution of inpatient expenses per stay, 2004**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2004



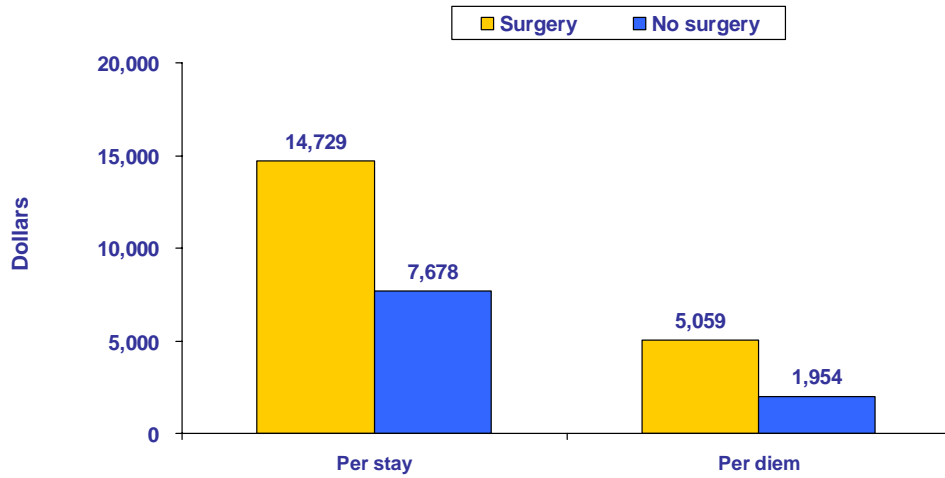
**Figure 4. Inpatient expenses per diem, by length of stay, 2004**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2004



**Figure 5. Average inpatient expenses for stays with and without surgery, 2004**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2004