

## STATISTICAL BRIEF #500

February 2017

### Out-of-Pocket Health Care Expenses for Medical Services, by Insurance Coverage, 2000-2014

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#### Introduction

Out-of-pocket medical expenses are important to study because of their effect on financial burden and potential impact on access to and use of health care. The level of annual out-of-pocket expenses is affected by several factors, including whether a person is insured, the type of insurance, health status, frequency of health care use, and types of medical services received. In addition, changes in the health insurance market and in public programs affect trends in out-of-pocket payments. Since the early 2000s, deductibles and copayments have increased, high-deductible plans have become more frequent, use of generic drugs has increased, and Medicare Part D legislation and the Affordable Care Act have taken effect.

This Statistical Brief presents data from the Household Component of the Medical Expenditure Panel Survey (MEPS-HC) to examine levels of out-of-pocket payments made by individuals and families for the U.S. civilian noninstitutionalized population, focusing on those with expenses for health care during 2000 to 2014.<sup>1</sup> The estimates exclude spending on health insurance premiums. Three estimates are examined: the percentage of persons with an out-of-pocket payment among those who had an expense; the out-of-pocket payment as a percentage of a person's expenses; and the average amount paid out of pocket per person. Estimates are shown separately for the non-elderly and elderly populations and by type of insurance coverage because levels of out-of-pocket payments vary substantially according to these characteristics. All dollar amounts for 2000 to 2013 are inflated to 2014 dollars. All differences between estimates discussed in the text are statistically significant at the 0.05 level or better.

#### Findings

##### *The percentage of persons with an out-of-pocket payment among those who had an expense*

Not everyone who has an expense for medical care necessarily makes a payment out of pocket. During the period 2000 through 2014, the percentage of persons with an expense who had an out-of-pocket payment varied by age and insurance coverage. Among the non-elderly who were uninsured or privately insured, the percentage with an out-of-pocket payment decreased from 95.6 percent to 91.5 and 90.9 percent of persons with an expense, respectively (figure 1). Among the non-elderly with an expense and public insurance only, the percentage with an out-of-pocket payment was substantially lower, and decreased from 67.9 percent in 2000 to 52.2 percent in 2014.

Among the elderly population with an expense and covered by Medicare and private insurance (figure 2), the percentage with an out-of-pocket payment remained between 97 percent and 99 percent from 2000 to 2014. The percentage of the Medicare-only population with an out-of-pocket payment was at similar levels but decreased from 99.1 percent to 97.4 percent. The percentage with an out-of-pocket payment among those covered by Medicare and other public insurance was generally lower, ranging between about 94 percent and 98 percent.

##### *The out-of-pocket payment as a percentage of a person's expenses*

One measure of the level of out-of-pocket payments is to express it as the percentage of a person's total expenses. (This estimate is calculated by generating the percentage paid out of pocket of total expenses for each person, then averaging this percentage across people). Estimates from the MEPS-HC show that the average percentage of a person's annual expenses paid out of pocket among the non-elderly population with any expense is highest for the uninsured, lowest for those with public insurance only, and generally decreased during 2000 through 2014 across all insurance categories (figure 3). For the uninsured non-elderly, the average percentage paid out of pocket during 2000 to 2014 decreased from 75.2 percent to 61.0 percent; for those covered by any private insurance, the average percentage decreased from 34.8 percent to 27.7 percent; and for those covered by public insurance only, from 17.1 percent to 8.5 percent.

Similarly, among the elderly population with an expense, the average percentage paid out of pocket decreased for all insurance categories, primarily beginning in 2006, the same year Medicare Part D legislation went into effect, making prescription drug coverage available to everyone with Medicare (figure 4). Elderly persons covered only by Medicare had a percentage of annual expenses paid out of pocket of 44.1 percent in 2000, decreasing to 22.9 percent in 2014. The population covered by Medicare and private insurance paid a lower proportion out of pocket than the Medicare-only population during 2000 through 2005; the average percentage then decreased from 30.9 percent in 2005 to 22.3 percent in 2014. Among the elderly, those covered by Medicare and other public insurance paid the lowest proportion out of pocket every year from 2000 to 2014, decreasing to 8.3 percent at the end of the period.

##### *The average amount of expenses paid out of pocket per person*

An average of \$1,106 was paid out of pocket for non-elderly uninsured persons who had expenses in 2005, decreasing to \$752 in 2014, an amount not statistically different from 2000 (\$832). The average out-of-pocket payment for the non-elderly with any private insurance decreased from \$843 in 2006 to \$656 in 2014, but remained above the 2000 level (\$592). For the non-elderly with public insurance only, the average out-of-pocket payment decreased from \$525 in 2005 to \$236 in 2014, lower even than 2000 (\$445).

For the elderly, the average out-of-pocket payment for those covered only by Medicare decreased from \$2,438 in 2005 to \$1,231 in 2014, lower than the 2000 level (\$1,586). For elderly covered by Medicare and private insurance, the average out-of-pocket payment decreased from \$2,005 in

#### Highlights

- Among the U.S. civilian noninstitutionalized population with an expense, the percentage of persons with any out-of-pocket payment for medical care decreased between 2000 and 2014.
- The average percentage of expenses paid out of pocket also decreased between 2000 and 2014 for all categories of insurance coverage examined.
- The average annual out-of-pocket payment decreased or remained unchanged compared to 2000 for all categories of insurance coverage examined except for persons under age 65 with any private insurance, whose average annual out-of-pocket payment increased from \$592 in 2000 to \$656 in 2014.
- Among categories of insurance coverage examined, the most substantial change in the average annual out-of-pocket payment occurred for the elderly with Medicare and other public coverage, decreasing from \$1,253 in 2000 to \$427 in 2014.

<sup>1</sup>Although most people have expenses for health care, among some groups the percentage with expenses is substantially lower. Among people under age 65 in 2014, the percentage with medical expenses was substantially lower among the uninsured (51.8 percent) than among those with public (85.6 percent) or private (87.7 percent) insurance coverage. Among people age 65 and older, between 95 and 98 percent had expenses.

2003 to \$1,438 in 2014, a level not statistically different from 2000 (\$1,497). Those covered by Medicare and other public insurance had out-of-pocket payments averaging \$1,318 in 2003, decreasing to \$427 in 2014, substantially lower than the 2000 level (\$1,253), and in all years since 2001 a lower average than those covered by Medicare only or by Medicare and private insurance.

## Data Source

The estimates shown in this Statistical Brief are drawn from analyses conducted by the MEPS staff from the following public use files: 2000–2014 Full Year Consolidated Data files HC-050, HC-060, HC-070, HC-079, HC-089, HC-097, HC-105, HC-113, HC-121, HC-129, HC-138, HC-147, HC-155, HC-163, and HC-171.

## Definitions

### *Out-of-pocket expenses*

MEPS total expenses include payments from all sources (including insurance and other miscellaneous third-party sources) to hospitals, physicians, other health care providers (including dental care), and pharmacies for services reported by respondents in the MEPS-HC. Out-of-pocket expenses comprise the payments made by individuals and families for services received during the year. These expenses exclude insurance premiums. The percentage paid out of pocket was calculated by generating the percentage of total expenses for each person, then averaging this percentage across people.

### *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, 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, or other public hospital/physician coverage.
- Uninsured: The uninsured were defined as people not covered by private hospital/physician insurance, Medicare, TRICARE, Medicaid, 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, based on household responses to health insurance status questions:

- Medicare and private insurance: This category includes people classified as Medicare beneficiaries and covered by Medicare and a supplementary private policy.
- Medicare and other public insurance: This category includes people 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 people classified as Medicare beneficiaries but not classified as Medicare and private insurance or as Medicare and other public insurance. This group includes people who were enrolled in Medicare HMOs and people who had 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.

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 Healthcare Policy and Research, 1997.  
[http://www.meps.ahrq.gov/mepsweb/data\\_files/publications/mr1/mr1.pdf](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. 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.pdf](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.

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).

Sing, M., Banthin, J., Selden, T., et al.: *Reconciling Medical Expenditure Estimates from the MEPS and NHEA, 2002*. Health Care Financing Review 28(1):25–40, Fall 2006. Internet Address: <https://www.cms.gov/HealthCareFinancingReview/downloads/O6Fallpg25.pdf>.

## Suggested Citation

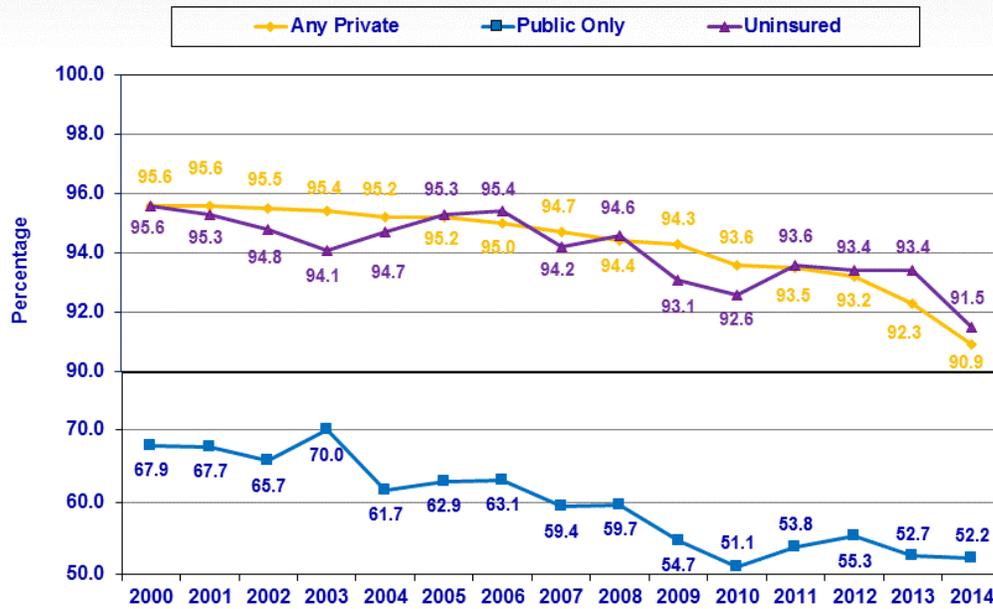
Roemer, M. I., *Out-of-Pocket Health Care Expenses by Insurance Coverage, 2000–2014*. Statistical Brief #500. February 2017. Agency for Healthcare Research and Quality. Rockville, MD. [https://meps.ahrq.gov/data\\_files/publications/st500/stat500.pdf](https://meps.ahrq.gov/data_files/publications/st500/stat500.pdf)

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](mailto:MEPSProjectDirector@ahrq.hhs.gov) or send a letter to the address below:

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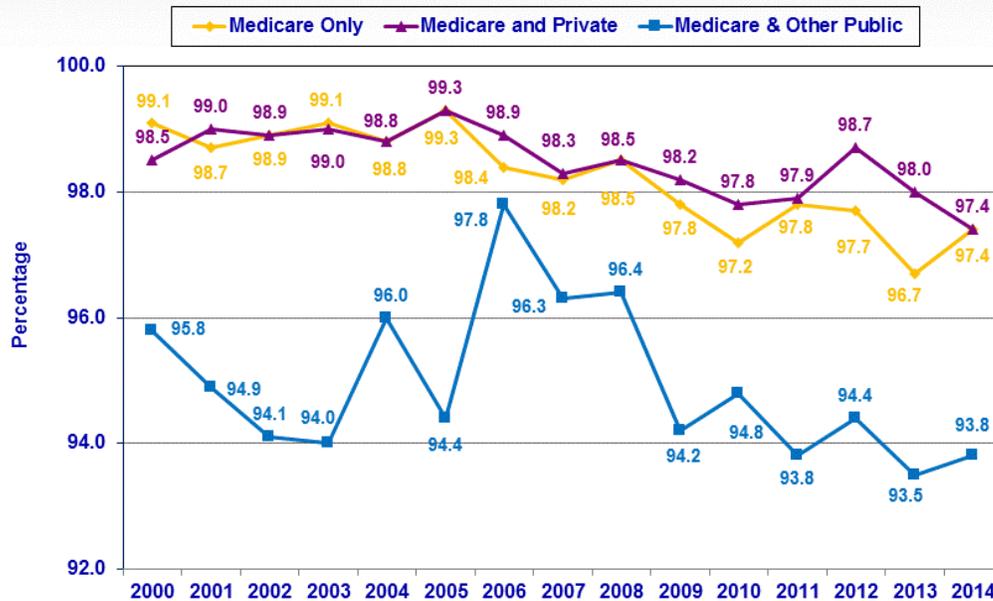
**Figure 1. Percentage of non-elderly persons (under age 65) with any out-of-pocket payment, among those with any expense, by insurance status, 2000-2014**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2000-2014 Full Year Files



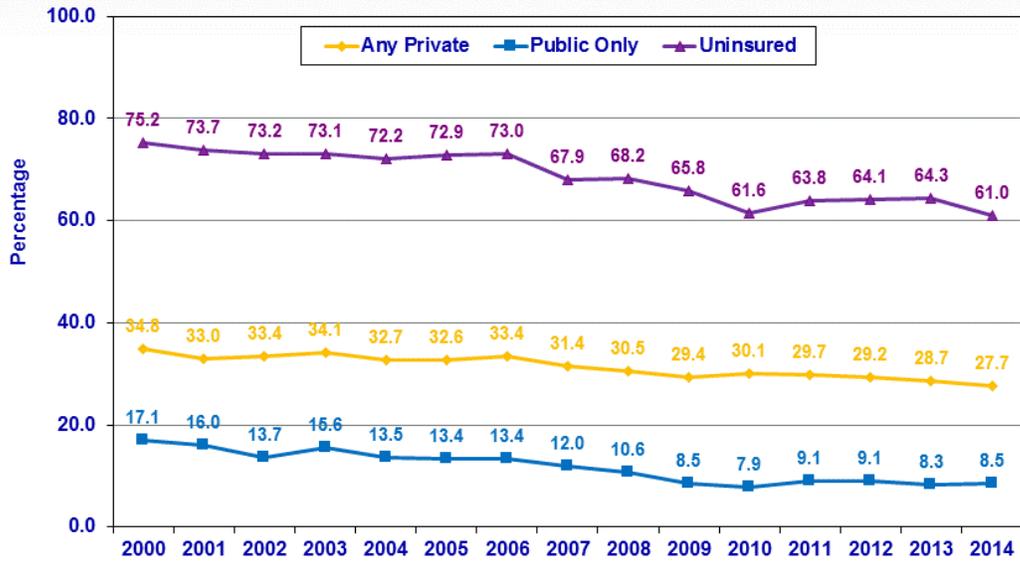
**Figure 2. Percentage of elderly persons (age 65+) with any out-of-pocket payment, among those with any expense, by insurance status, 2000-2014**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2000-2014 Full Year Files



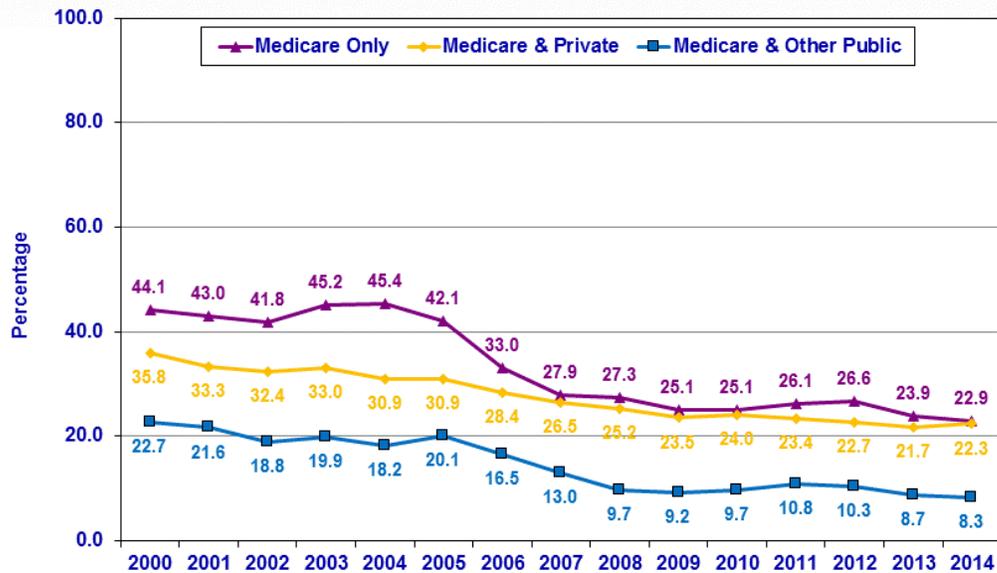
Figure 3. Average percentage of annual expenses paid out of pocket for non-elderly (under age 65), by insurance status, 2000-2014\*



\*Among those with any medical expense.  
Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2000-2014 Full Year Files



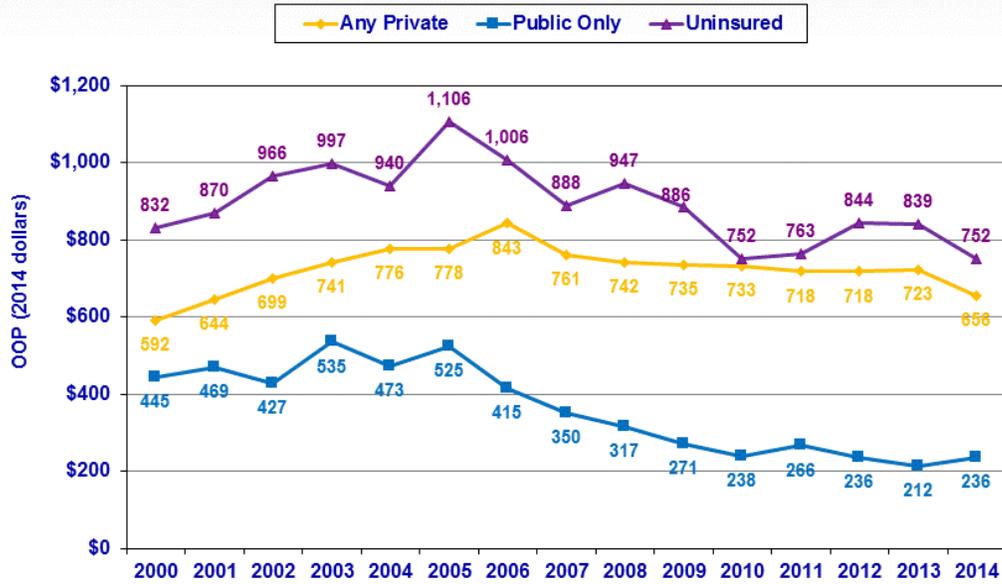
Figure 4. Average percentage of expenses paid out of pocket for elderly (age 65+), by insurance status, 2000-2014\*



\*Among those with any medical expense.  
Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2000-2014 Full Year Files



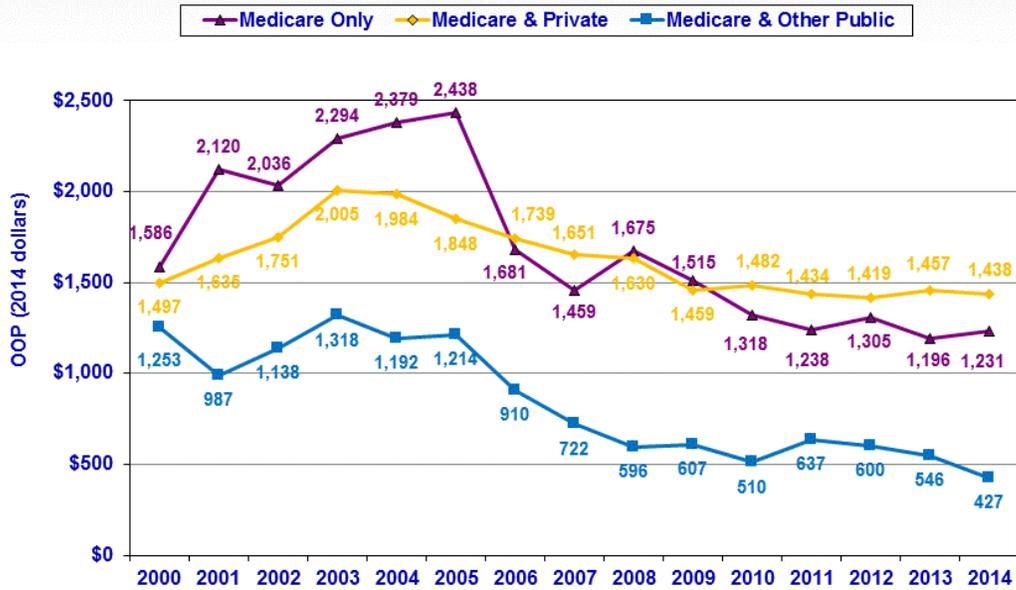
**Figure 5. Average annual out-of-pocket payments for non-elderly (under age 65), by insurance status, 2000-2014\***



\*Among those with any medical expense.  
Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2000-2014 Full Year Files



**Figure 6. Average annual out-of-pocket payments for elderly (age 65+), by insurance status, 2000-2014\***



\*Among those with any medical expense.  
Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2000-2014 Full Year Files