

Medical Expenditure Panel Survey

May 2000

Number 12

Per Capita Health Care Expenses, 1996

Estimates for the U.S. Civilian Noninstitutionalized Population

Introduction

The Medical Expenditure Panel Survey (MEPS) is the Nation's primary source of detailed, nationally representative data on medical care spending and sources of payment for the U.S. civilian noninstitutionalized (community) population. MEPS provides researchers and policymakers with data on how much is paid for various types of health care services and who pays for them. This *Highlights* presents data on the proportion of people with expenses, as well as average and median expenses per person, by type of service. Detailed information of this sort has not been available since data from the 1987 National Medical Expenditure Survey (NMES) were released in the early 1990s.

Definitions

Expenses in MEPS are defined as the sum of direct payments for care provided during the year, including out-of-pocket payments and payments by private insurance, Medicare, Medicaid, and other sources. MEPS and the Health Care Financing Administration's National Health Accounts (NHA) have substantial differences in methodologies and objectives. In particular, the NHA are based on a composite of data from multiple sources at the aggregate national level and are used primarily to track aggregate medical expenditures in the U.S. economy. In contrast, MEPS collects survey data on individuals that can be used to estimate direct payments made for medical care and services purchased by the civilian noninstitutionalized population. Data from the survey are widely used for behavioral and socioeconomic analyses

Briefly Stated

- In 1996, 86 percent of the U.S. community population had medical expenses. Nearly three-quarters of the population had ambulatory care expenses, and nearly two-thirds had expenses for prescribed medicines.
- The average expense per person with any medical expense was about \$2,400. However, half of all people with medical expenses had expenses of less than \$559 (the median value).
- Only small proportions of the population had expenses for inpatient hospital and home health services, but these health services had the highest average annual expenses.

of the relationship between individual characteristics and health care spending.

National health care expenditure estimates from MEPS are lower than those estimated by the NHA for several reasons. First, the NHA are more expansive in the scope of included expenditures, including, for example, expenditures for over-the-counter drugs, nursing home care, program administration, Government public health activities, and construction, as well as some hospital and physician revenues not associated with patient care. Second, the NHA include health care expenditures for individuals who are not members of the civilian noninstitutionalized population, such as individuals in the military and those residing in nursing homes, assisted living facilities, and prisons. Researchers at the Agency for Healthcare Research and Quality (AHRQ) and the Health Care Financing Administration estimate that adjustments for differences in the scope of included expenditures and population reduce the NHA's national estimate to \$606 billion (versus the corresponding MEPS national estimate of \$554 billion). For the most part, the remaining difference is likely to reflect some combination of (a) irreconcilable definition and measurement differences between NHA and MEPS and (b) statistical uncertainty associated with sampling error (in both MEPS and the NHA).

Expenses are grouped into six broad *types of service*: hospital inpatient, ambulatory, prescribed medicines, dental, home health, and other medical. Ambulatory services include office-based care as well as visits to hospital outpatient departments and emergency rooms. The "other medical" category includes glasses, ambulance services, orthopedic items, hearing devices, prostheses, bathroom aids, medical equipment, disposable supplies, and other miscellaneous items or services.

Findings

In 1996, 86 percent of the U.S. community population had some medical expenses (Figure 1). Nearly three-quarters had ambulatory care expenses,

and nearly two-thirds had expenses for prescribed medicines. Overall, about 4 in 10 people had medical expenses for dental care and about 2 in 10 had expenses for other medical services. Only 7 percent had expenses for inpatient hospital care and 2 percent for home health services.

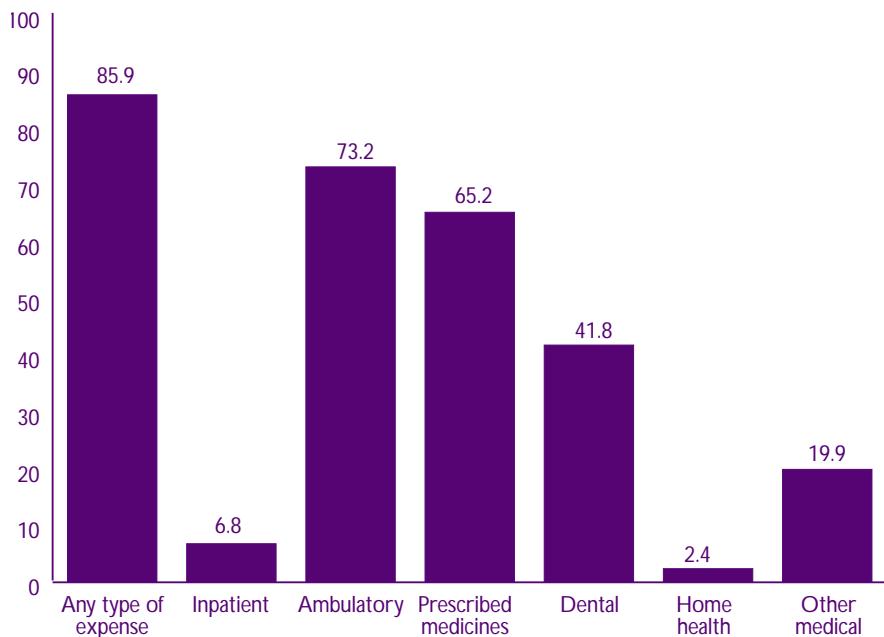
The average total expense (including both out-of-pocket and third-party payments) among people with any medical expenses in 1996 was about \$2,400 (Figure 2). However, half of all people with medical expenses had expenses of less than \$559 (the median value). This large discrepancy between the average and median values occurs because a small proportion of people incurred a disproportionately large share of medical expenses. Median expenses were substantially smaller than average expenses across all categories of type of service.

Only small proportions of the population had expenses for inpatient hospital and home health services, but these health services had the highest average annual expenses—\$11,492 and \$5,191, respectively (Figure 2). The average expenses for ambulatory services were \$920. Although average expenses for ambulatory services were substantially lower than expenses for inpatient hospital or home health services, they were more than twice as high as for the remaining service categories (dental, prescription medicines, and other medical services).

About MEPS

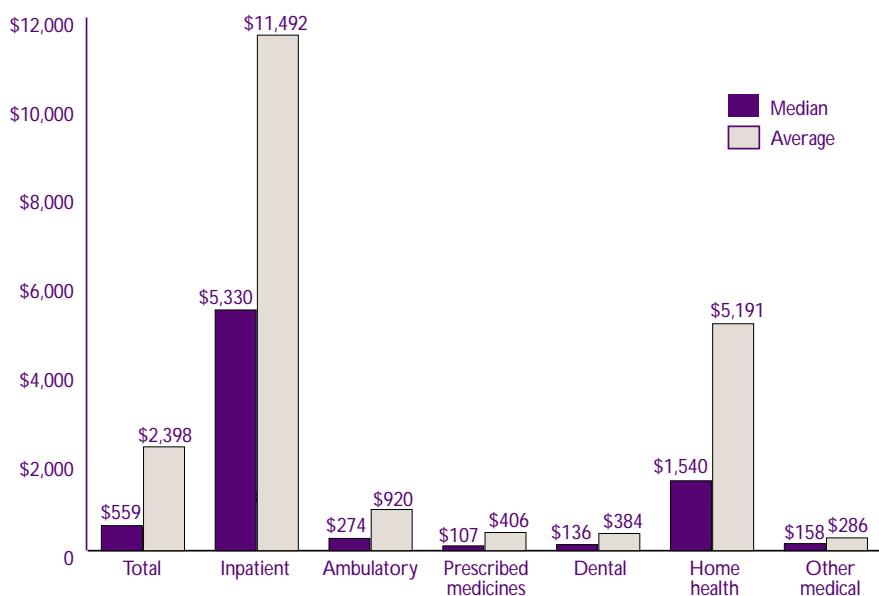
MEPS collects nationally representative data on health care use, expenses, sources of payment, and insurance coverage for the U.S. civilian noninstitutionalized population. It is co-sponsored by AHRQ and the National Center for Health Statistics (NCHS). This *Highlights* summarizes data concerning health care expenses in the United States during 1996, as derived from the MEPS Household Component, Rounds 1-3. For more information about MEPS, see the sources listed on the back page.

Figure 1. Percent of population with health expense, by type of service: 1996



Most people had expenses for ambulatory care and prescribed medicines, while relatively few had expenses for inpatient hospital stays or home health care.

Figure 2. Median and average expense per person with expense, by type of service: 1996



Although only small proportions of people had expenses for hospital inpatient and home health services, average and median expenses were by far the highest for those types of services.

DATA SOURCE:
1996 Medical
Expenditure Panel
Survey Household
Component.

Per Capita Health Care Expenses, 1996

For more information about MEPS, call the MEPS information coordinator at AHRQ (301-594-1406) or visit the MEPS Web site at:

<http://www.meps.ahrq.gov/>

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. Rockville (MD): Agency for Health Care Policy and Research; 1997. MEPS Methodology Report No. 1. AHCPR Pub. No. 97-0026.

Cohen S. Sample design of the 1996 Medical Expenditure Panel Survey Household Component. Rockville (MD): Agency for Health Care Policy and Research; 1997. MEPS Methodology Report No. 2. AHCPR Pub. No. 97-0027.

Machlin S, Taylor A. Design, methods, and field results of the 1996 Medical Expenditure Panel Survey Medical Provider Component. Rockville (MD): Agency for Healthcare Research and Quality; 2000. MEPS Methodology Report No. 9. AHRQ Pub. No. 00-0028.

The estimates in this *Highlights* are based on the MEPS Expenditure File (HC-011), which is available on the MEPS Web site. More detailed information on national medical expenses will be published in:

Cohen JW, Machlin SR, Zuvekas SH, et al. Health care expenses in the United States, 1996. MEPS Research Findings. Forthcoming.

MEPS publications are available from the AHRQ Clearinghouse (800-358-9295) and on the MEPS Web site.



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Look for the MEPS Web site at:
<http://www.ahrq.gov/>