

## STATISTICAL BRIEF #243

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### **Healthcare Expenses for Chronic Conditions among Non-Elderly Adults: Variations by Insurance Coverage, 2005–06 (Average Annual Estimates)**

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#### **Introduction**

While care for chronic conditions accounts for a large majority of healthcare expenses for the elderly, care for chronic conditions also accounts for a substantial amount of medical spending for non-elderly adults (Machlin et al., 2008). This Statistical Brief presents estimates on medical expenditures and their variations by insurance coverage for chronic conditions among non-elderly adults. Chronic conditions are defined as those expected to last at least one year and result in limitations of self-care, independent living, and social interactions or the need for ongoing medical intervention (Perrin et al. 1993; Hwang et al. 2001).

The estimates in this report are based on data from the Medical Expenditure Panel Survey (MEPS) for adults ages 18–64 in the U.S. civilian noninstitutionalized population. Health care expenses in MEPS represent payments to hospitals, physicians, and other health care providers for services reported by respondents to the MEPS Household Component (MEPS-HC). These payments include direct payments by individuals, private insurance, Medicare, Medicaid, and other payment sources. Expenses for dental care and medical equipment and supplies are not included because these services are not linked to specific conditions in the survey. Expenditures for medical events reported in MEPS as associated with at least one chronic condition (regardless of other conditions treated) were classified as chronic.

Data for two years were combined (2005–06) to improve the statistical precision of the estimates. The average annual estimates for the 2005–06 period are expressed in 2006 dollars with 2005 data inflated based on the Personal Health Care Price Index ([http://www.meps.ahrq.gov/mepsweb/about\\_meps/Price\\_Index.shtml](http://www.meps.ahrq.gov/mepsweb/about_meps/Price_Index.shtml)). Persons were classified into three insurance categories (private (73.6%), public only (9.1%), and uninsured (17.3%)) as described in the Definitions section below. All differences between estimates described in the text are statistically significant at the 0.05 level or better.

#### **Highlights**

- In 2005–06, nearly two-thirds of non-elderly adults with public insurance only and over half of those with private insurance had one or more chronic conditions. In contrast, only about one-third of the uninsured had a chronic condition.
- Non-elderly adults with public insurance only had a higher proportion of medical expenses for chronic conditions than those with private insurance or no insurance coverage.
- Among those with two or more chronic conditions, average per-person expenses for treatment of the conditions was highest for those with public insurance and lowest for the uninsured.
- Uninsured non-elderly adults with two or more chronic conditions paid an annual average of nearly \$400 more out-of-pocket for treatment of those conditions than their counterparts with private or public only insurance coverage.
- Regardless of insurance coverage, the average expense for treatment of acute conditions was substantially higher for non-elderly adults with chronic conditions than for non-elderly adults with no chronic conditions.

## Findings

In 2005–06, nearly two-thirds of non-elderly adults with public insurance only (63.7 percent) and over half of those with private insurance (56.6 percent) had one or more chronic conditions reported versus only about one-third of the uninsured (table 1). Adults ages 18–64 with public insurance only were much more likely to be reported in fair or poor health (34.1 percent) than those with private insurance (7.6 percent) or no insurance coverage (12.6 percent). The uninsured were less likely to be near-elderly (ages 55–64) than persons with private or public insurance only coverage.

**Table 1. Selected characteristics of persons 18–64 by insurance coverage, 2005–06**

	Insurance Category			
	Total (100.0%)	Private (73.6%)	Public only (9.1%)	Uninsured (17.3%)
<b>Characteristic</b>				
Percentage with 1+ chronic conditions	53.7	56.6	63.7	35.7
Percentage ages 55–64 (near-elderly)	17.4	18.7	17.3	12.2
Percentage in fair or poor health	10.9	7.6	34.1	12.6

Only 16.7 percent of uninsured adults had two or more chronic conditions as compared to 31.8 percent of those with private insurance and 45.1 percent of those with public insurance only. Conversely, almost two-thirds of the uninsured had no reported chronic condition as compared to 43.4 percent of those with private insurance and 36.3 percent of those with public insurance (figure 1).

Over half of the medical expenditures (56.8 percent) for those with public insurance only were for chronic conditions as compared to 45.5 percent of expenses for those with private insurance and 46.6 percent for the uninsured (figure 2).

Among persons ages 18–64 with two or more chronic conditions, the average expense for treatment of chronic conditions was highest for those with public insurance (\$6,455) and lowest for the uninsured (\$1,987) (figure 3). Differences across insurance categories were smaller for those with only one chronic condition, ranging from an average total expense of \$543 for the uninsured to \$1,231 for those with public coverage only.

Average annual out-of-pocket expenditures for chronic conditions were \$700 for non-elderly adults with two or more conditions versus \$231 for those with only one condition (figure 4). Uninsured non-elderly adults with two or more chronic conditions paid substantially more out of pocket for care on average (\$1,040) than their counterparts with private or public insurance only coverage (\$657 and \$708, respectively).

The average expense for treatment of acute conditions among non-elderly adults with one or more chronic conditions was \$2,070 versus only \$901 for non-elderly adults with no chronic conditions (figure 5). This pattern of substantially higher expenses for acute conditions among those with chronic conditions was consistent regardless of insurance coverage.

## Data Source

The estimates in this Statistical Brief are based on data from the 2005 and 2006 Full-Year Consolidated Data File (HC-097 and HC-105 respectively) and 2005 and 2006 Event Level Files that can be linked to condition data (HC-094A and HC-094D–H in 2005 and HC-102A and HC-102D–H in 2006). The definition of chronic conditions (see below) is based on 5-digit ICD-9-CM codes which are not available on public use files but can be accessed in the AHRQ Data Center.

## Definitions

### *Age*

Most sample persons were classified according to their age on December 31 of the year they participated in the survey. However, age for a small proportion of persons was based on the date earlier in the year when they were last considered to be in-scope for the survey (e.g., before death, entering the military, or moving to an institution).

### *Insurance Coverage*

Persons were classified into three insurance categories as follows:

- 1) *Private*: Person had any private insurance coverage (including TRICARE) any time during year
- 2) *Public Only*: Person had only public insurance coverage for all or part of year
- 3) *Uninsured*: Person was uninsured all of year

### *Expenditures*

Expenditures are defined as payments from all sources for hospital inpatient care, ambulatory care provided in offices and hospital outpatient departments, care provided in emergency departments, home health care, as well as prescribed medicine purchases reported by respondents in the MEPS-HC. Sources include direct payments from individuals, private insurance, Medicare, Medicaid, Workers' Compensation, and miscellaneous other sources. Dental care and other medical equipment and supplies are excluded (comprising 9.4 percent of total MEPS expenditures of \$1.03 trillion in 2006) as they cannot be linked to specific conditions in the survey. Expenditure data for 2005 were adjusted with the Personal Health Care Price Index to 2006 dollars published by the Office of the Actuary, Centers for Medicare & Medicaid Services ([http://www.meps.ahrq.gov/mepsweb/about\\_meps/Price\\_Index.shtml](http://www.meps.ahrq.gov/mepsweb/about_meps/Price_Index.shtml)).

### *Chronic Condition Expenditures*

Conditions were classified as chronic or not chronic based on the AHRQ Healthcare Utilization Project Chronic Condition Indicator (see <http://www.hcup-us.ahrq.gov/toolssoftware/chronic/chronic.jsp#overview> for details). Expenditures for medical events associated with at least one chronic condition were included in the chronic category (regardless of other conditions treated) while expenses for events associated only with conditions not considered to be chronic were classified as acute.

## About MEPS-HC and MEPS-MPC

The MEPS Household Component (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.

The MEPS Medical Provider Component (MPC) collects information on dates of visit, diagnoses and procedures, and charges and payments from a sample of medical providers who provided care to persons in the survey. The MPC data collected are generally used as the primary source of MEPS expenditure data and are also used to impute expenditure information not reported by household respondents.

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

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### Suggested Citation

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[http://www.meps.ahrq.gov/mepsweb/data\\_files/publications/st243/stat243.pdf](http://www.meps.ahrq.gov/mepsweb/data_files/publications/st243/stat243.pdf)

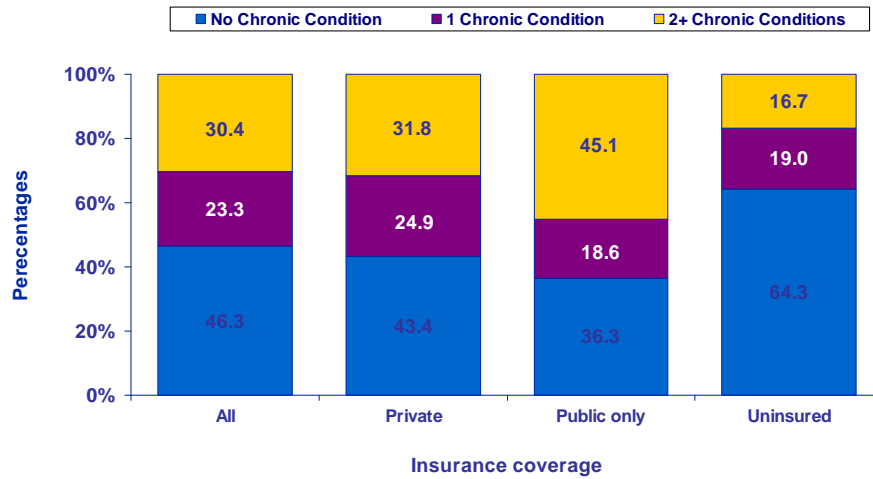
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AHRQ welcomes questions and comments from readers of this publication who are interested in obtaining more information about access, cost, use, financing, and quality of health care in the United States. We also invite you to tell us how you are using 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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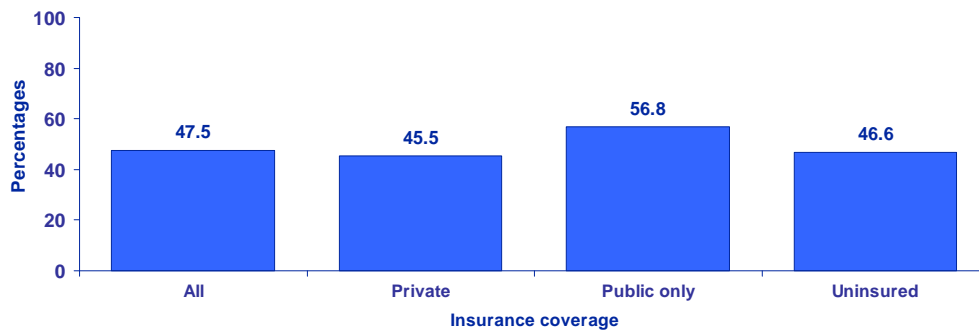
**Figure 1. Distributions of adults ages 18–64 according to number of chronic conditions, by insurance coverage, 2005–2006**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey 2005–06



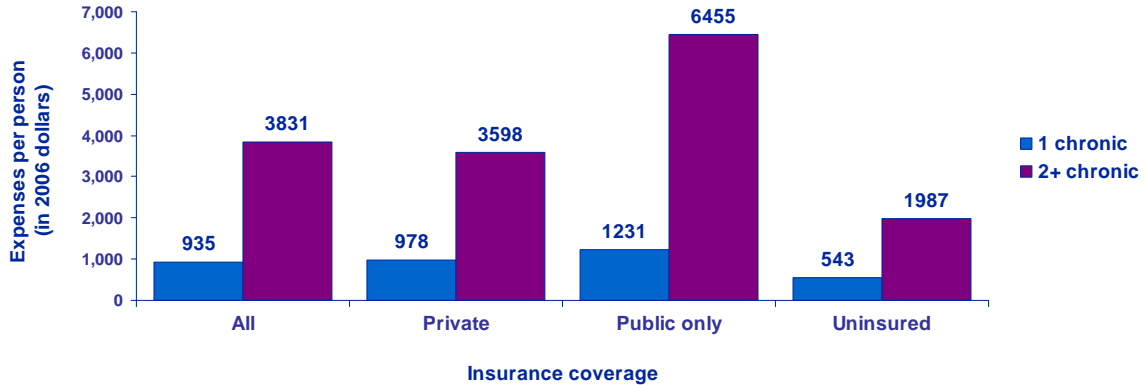
**Figure 2. Chronic condition expenditures as a percentage of total expenses for adults ages 18–64, by insurance coverage, 2005–2006**



Note: Estimates do not include expenses for dental care and other medical equipment and services.  
 Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey 2005–06



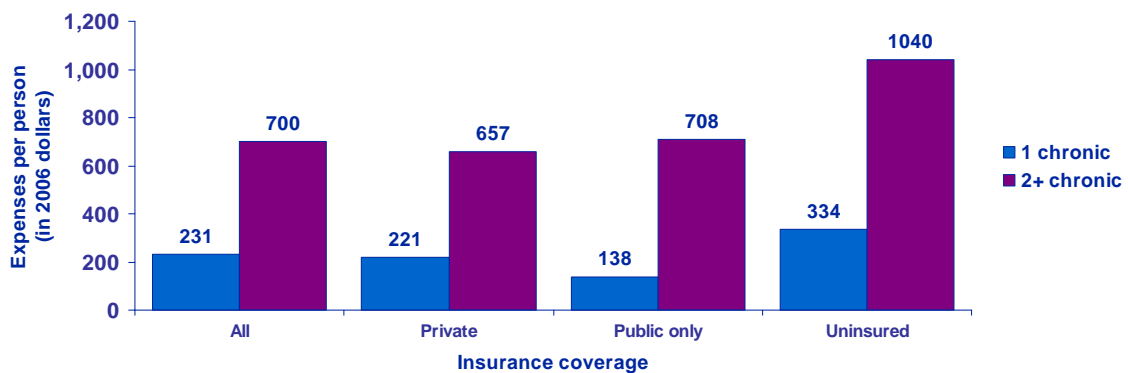
**Figure 3. Average annual expenditures for treatment of chronic conditions, by number of conditions and insurance coverage, adults ages 18–64, 2005–2006**



Note: Estimates do not include expenses for dental care and other medical equipment and services.  
 Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey 2005–06



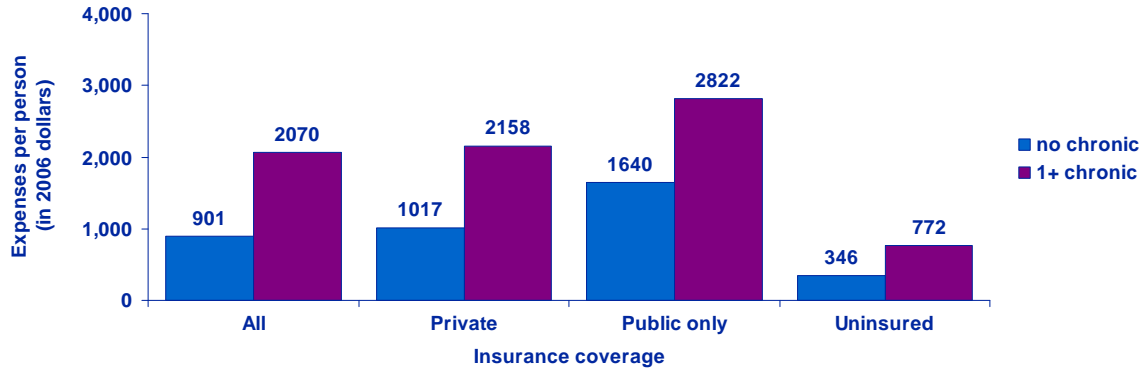
**Figure 4. Average annual out-of-pocket expenditures for treatment of chronic conditions, by number of conditions and insurance coverage, adults ages 18–64, 2005–2006**



Note: Estimates do not include expenses for dental care and other medical equipment and services.  
 Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey 2005–06



**Figure 5. Average annual expenditures for treatment of acute conditions, by chronic condition status and insurance coverage, adults ages 18–64, 2005–2006**



Note: Estimates do not include expenses for dental care and other medical equipment and services.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey 2005–06