

STATISTICAL BRIEF #253

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Trends in Health Care Expenditures for Children under Age 18: 2006 versus 1996

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Introduction

This Statistical Brief compares summary statistics on health care expenditures and expenditure distributions by type of service and source of payment for children under age 18 in 2006 relative to children in 1996. The estimates are derived from data collected in the Medical Expenditure Panel Survey Household (MEPS-HC) and Medical Provider Components (MEPS-MPC) on the U.S. civilian noninstitutionalized population. Health care expenses in MEPS represent payments to physicians, hospitals, and other health care providers for services reported by respondents to the MEPS-HC. Estimates for 1996 were adjusted to 2006 dollars based on the GDP Price Index to remove the impact of medical price inflation between 1996 and 2006 on comparisons (http://www.meps.ahrq.gov/mepsweb/about_meps/Price_Index.shtml). All differences between estimates noted in the text are statistically significant at the 0.05 level or better.

Findings

Summary expenditure statistics

The \$98.8 billion in total health care expenses for children in 2006 was about \$23 billion higher than spending in 1996 (adjusted to 2006 dollars) (figure 1). Although a similar proportion of children had some expenses for health care in each year, about 85%, the average annual expense per child with an expense was somewhat higher in 2006 (\$1,560 versus \$1,257 in 1996 after adjusting for inflation).

In 2006, the median annual health care expenditure for children was \$349 (figure 2), with about one-quarter of children having no expenses or expenses under \$102 (25th percentile) and another one-quarter having expenses over \$995 (75th percentile). These quartile levels were at least 40 percent higher than the inflation-adjusted 1996 quartiles.

Expenditures by type of service

The percentages of children with expenses were fairly similar in 1996 and 2006 for most types of services (figure 3). However, the proportion with expenses for prescribed medicines in 2006 was slightly lower than in 1996 while the percentage with expenses for dental care was slightly higher.

Highlights

- Although a similar proportion of children had some medical expenses in 2006 as in 1996, the average annual expense per child with an expense was higher in 2006.
- The proportion of children with expenses for dental care was higher in 2006 than 1996.
- Although the proportion of children with expenses for prescribed medicines was lower in 2006 than 1996, prescription medications accounted for a larger share of total health care expenses for children in 2006 than 1996.
- Hospital inpatient care accounted for about one-third of all health care expenses for children in 1996 but less than one-quarter in 2006.
- The average expense per prescription medicine purchase for children in 2006 was more than three times the inflation-adjusted 1996 average.
- The proportion of children's medical expenses paid by federally sponsored public insurance sources generally rose between 1996 and 2006.

Hospital inpatient care accounted for about one-third of health care expenses for children in 1996 but less than one-quarter in 2006 (figure 4). Conversely, in 2006, prescribed medicines accounted for more than twice the proportion of total expenses than in 1996 (15.4 versus 6.9 percent). In addition, the proportion of children's expenses for ambulatory care in office/hospital settings was slightly higher in 2006 than 1996 (38.3 percent versus 34.5 percent).

Among children under age 18, the average expense for an emergency room visit in 2006 (\$490) and the per diem expense for an inpatient hospital stay (\$1,973) were not significantly different than the corresponding inflation-adjusted 1996 estimates (figure 5). However, the average expense per prescription medicine purchase was substantially higher in 2006—more than three times the 1996 average (\$142 versus \$45 after adjusting for inflation). In addition, the average expense for a physician office visit was about 60 percent higher in 2006 (\$130 versus \$81 in 1996) and a dental visit was about 38 percent more expensive (average of \$233 versus \$169).

Expenditures by source of payment

About half of all expenses for children in 2006 were paid by private insurance while 23.7 percent were paid by Medicaid/SCHIP and 20.5 percent were paid out of pocket (figure 6). This distribution by payer was not significantly different from the distribution for 1996. However, the proportion of children's medical expenses paid by federally sponsored public insurance sources generally rose between 1996 and 2006 (data not shown).

Data Source

The estimates in this Statistical Brief are based upon data from the 2006 Full Year Consolidated (HC-105) and Event Level Data Files (HC-102 A, B, D, E, and G).

Definitions

Expenditures (expenses)

Expenditures include the total direct payments from all sources to hospitals, physicians, other health care providers (including dental care), 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. Estimates for 1996 were adjusted to 2006 dollars based on the GDP Price Index (http://www.meps.ahrq.gov/mepsweb/about_meps/Price_Index.shtml). Health insurance premiums are not included as expenses.

Type of service

- *Office-based:* Includes expenses for visits to both physician and non-physician medical providers seen in office settings.
- *Hospital inpatient:* Includes room and board and all hospital diagnostic and laboratory expenses associated with the basic facility charge, payments for separately billed physician inpatient services, and some emergency room expenses incurred immediately prior to inpatient stays.
- *Hospital outpatient:* Includes expenses for visits to both physicians and other medical providers seen in hospital outpatient departments, including payments for services covered under the basic facility charge and those for separately billed physician services.
- *Emergency room:* Includes payments for services covered under the basic facility charge and those for separately billed physician services, but excludes expenses for emergency room services that are included in a hospital inpatient admission.
- *Prescribed medicines:* Includes expenses for all prescribed medications that were initially purchased or refilled during the year, as well as expenses for diabetic supplies.
- *Dental:* Includes payments for services to any type of dental care provider, including general dentists, dental hygienists, dental technicians, dental surgeons, orthodontists, endodontists, and periodontists.
- *Ambulatory:* Combines office-based, hospital outpatient, and emergency room expense categories described above.
- *Other:* Includes expenses for care in all categories not specified as a separate category, including those for home care and for miscellaneous medical equipment and supplies.

Sources of payment

- *Private insurance*: This category includes payments made by insurance plans covering hospital and medical care (excluding payments from Medicare, Medicaid, and other public sources), Medigap plans, or TRICARE (Armed Forces-related coverage). Payments from plans that provide coverage for a single service only, such as dental or vision coverage, are not included.
- *Medicaid/SCHIP*: Medicaid and SCHIP are means-tested government programs jointly financed by Federal and state funds that provide health care to those who are eligible. Medicaid is designed to provide health coverage to families and individuals who are unable to afford necessary medical care while SCHIP provides coverage to additional low income children not eligible for Medicaid. Eligibility criteria for both programs vary significantly by state.
- *Out of pocket*: This category includes expenses paid by the user or other family member.
- *Other sources*: This category includes payments from Medicare, other miscellaneous Federal sources (Indian Health Service, military treatment facilities, and other care provided by the Federal government); various state and local sources (community and neighborhood clinics, state and local health departments, and state programs other than Medicaid/SCHIP); various unclassified sources (e.g., automobile, homeowner's, or other liability insurance, and other miscellaneous or unknown sources); Medicaid/SCHIP payments reported for persons who were not reported as enrolled in the Medicaid or SCHIP programs at any time during the year; and private insurance payments reported for persons without any reported private health insurance coverage during the year.

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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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 mepspd@ahrq.gov or send a letter to the address below:

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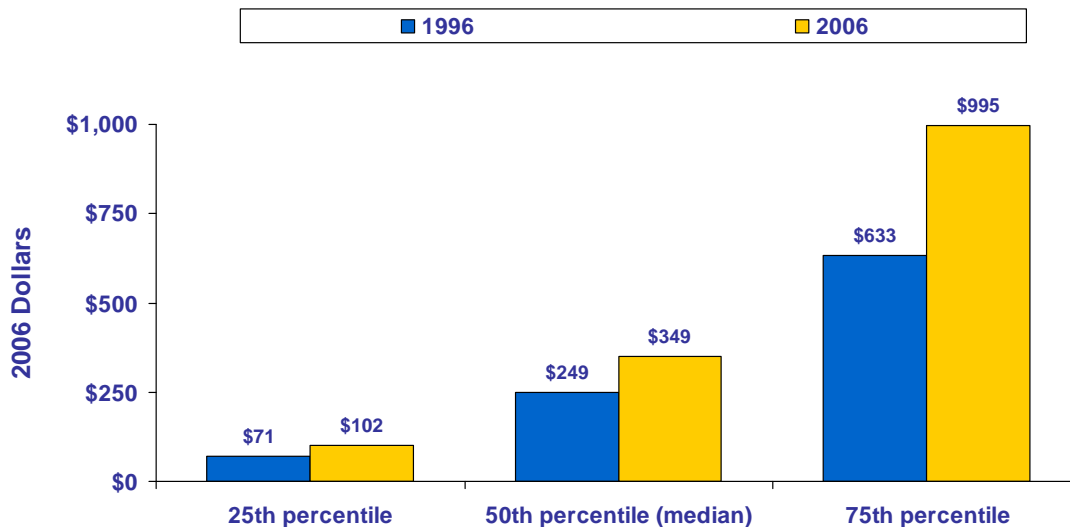
Figure 1. Selected summary expenditure estimates for children under age 18, 1996 (adjusted to 2006 dollars) and 2006

Estimate	1996	2006
Number of persons (millions)	71.5	74.1
Total expenses (billions)	\$76.0	\$98.8
Percentage with expenses	84.6%	85.4%
Average annual expenses (for those with expenses)	\$1,257	\$1,560

Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2006



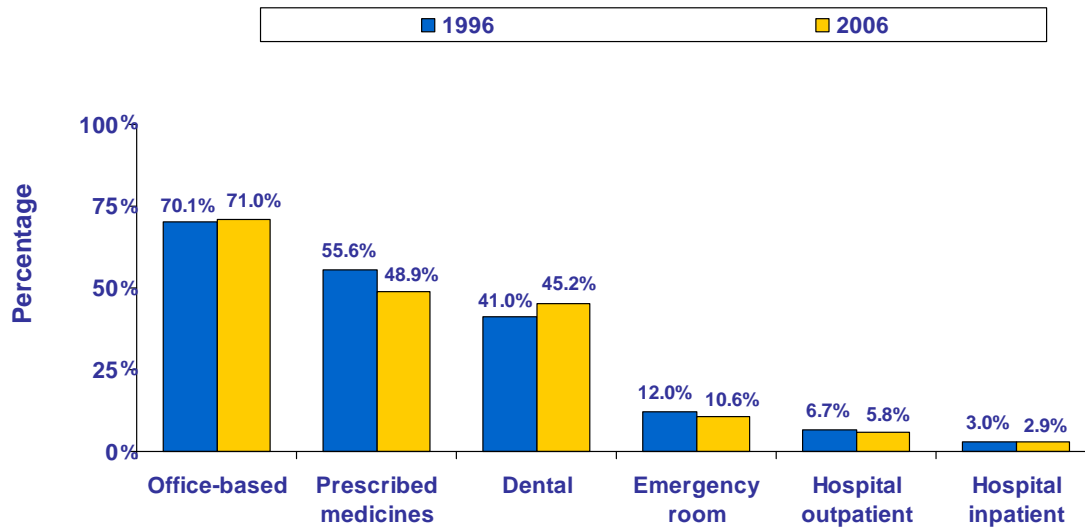
Figure 2. Total health care expenses by quartile for children under age 18, 1996 (adjusted to 2006 dollars) and 2006



Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2006



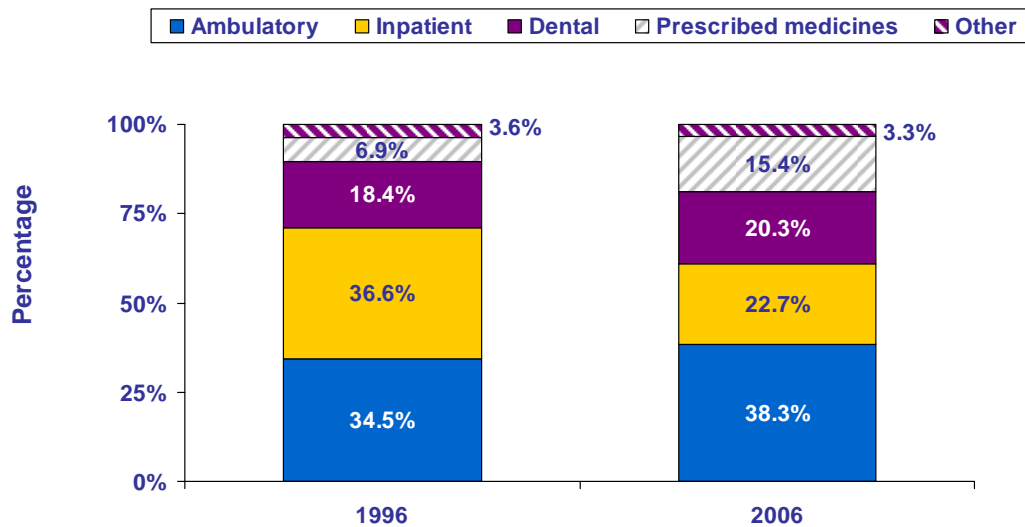
Figure 3. Percentage of children under age 18 with expenses by type of service, 1996 and 2006



Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2006



Figure 4. Distribution of total expenses for children under age 18 by type of service, 1996 and 2006



Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2006



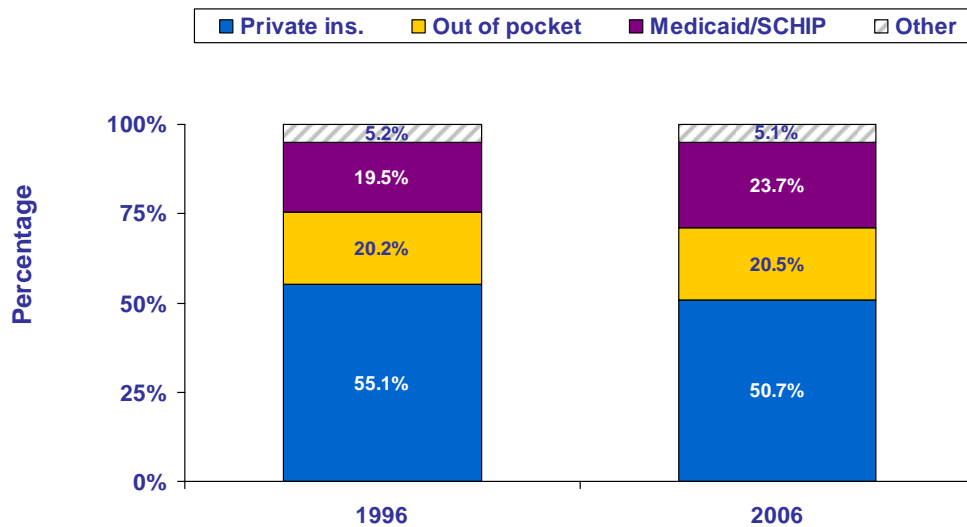
Figure 5. Average expenses per event for selected event types for children under age 18, 1996 (adjusted to 2006 dollars) and 2006

Event Type	1996 (in 2006 dollars)	2006
Office physician visit	\$81	\$130
Inpatient hospital average per diem	\$1,917	\$1,973
Emergency room visit	\$448	\$490
Dental visit	\$169	\$233
Prescription medication purchase	\$45	\$142

Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2006



Figure 6. Distribution of total expenses for children under age 18 by source of payment, 1996 and 2006



Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2006