

STATISTICAL BRIEF #255

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Trends in Health Care Expenditures for Adults Ages 45–64: 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 adults ages 45–64 in 2006 relative to the same age group 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 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 \$370 billion in total health care expenses for adults ages 45–64 in 2006 was \$183 billion higher than inflation-adjusted expenses for 1996 (figure 1). About 90 percent of adults ages 45–64 in each year had some expenses but the average annual expense per person with an expense was markedly higher in 2006 (\$5,455 versus \$3,849 in 1996 after adjusting for inflation).

In 2006, the median annual health care expenditure for adults ages 45–64 was \$1,627 (figure 2), with about one-quarter having no expenses or expenses under \$385 (25th percentile) and one-quarter having expenses over \$4,552 (75th percentile). These quartile levels were all substantially higher than in 1996 (after adjusting for medical price inflation from 1996 to 2006).

Expenditures by type of service

The proportions of persons ages 45–64 with expenses were similar in 1996 and 2006 for most service categories (figure 3). Among persons ages 45–64, the portion of total expenses accounted for by inpatient care substantially declined between 1996 and 2006 (35.7 versus 25.7 percent) while the portion for prescription medication purchases increased significantly (from 14.8 to 25.4 percent) (figure 4).

On all selected event types, average expenses per event increased significantly from 1996 to 2006, for adults ages 45–64. The average expenditures per prescription medicine purchase nearly doubled from 1996 to 2006 (increase from \$103 to \$199) and the average expense for an office visit to a physician was

Highlights

- Although a similar proportion of adults ages 45–64 had some medical expenses in 2006 as in 1996, the average annual expense among those with an expense was higher in 2006.
- Prescribed medicines comprised a substantially higher proportion of total expenses for adults ages 45–64 while hospital inpatient care comprised a markedly lower share in 2006 than in 1996.
- Average expenses per event increased significantly from 1996 to 2006 for adults ages 45–64 in all service categories.
- The distribution of total expenditures by source of payment did not change significantly for adults between 1996 and 2006.

over 60 percent higher in 2006 (\$207 versus \$128 in 1996) (figure 5). The average expenses for a dental visit, emergency room visit, and inpatient hospital average per diem by a person aged 45–64 were also significantly higher in 2006 than the corresponding inflation-adjusted averages for 1996.

Expenditures by source of payment

In 2006, 56.3 percent of expenses for persons ages 45–64 were paid by private insurance, 20.5 percent were paid out of pocket, and most of the remaining expenses were paid by Medicaid or Medicare. This distribution by source of payment did not differ significantly from that for 1996 (figure 6).

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-102A, B, D, E, and G).

Definitions

Expenditures (expenses)

Expenditures include payments from all sources to hospitals, physicians, dental providers, pharmacies, and other health care providers for services reported in the MEPS Household Component of the survey, but does not include health insurance premiums. 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.
- *Home Health*: Includes expenses for home care provided by agencies and independent providers.
- *Other*: Includes expenses for care in all categories not specified as a separate category including those for miscellaneous medical equipment and supplies.

Sources of payment

- *Out of pocket*: This category includes expenses paid by the user or other family member.
- *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.
- *Medicare*: Medicare is a federally financed health insurance plan for the elderly, persons receiving Social Security disability payments, and most persons with end-stage renal disease. Medicare Part A, which provides hospital insurance, is automatically given to those who are

eligible for Social Security. Medicare Part B provides supplementary medical insurance that pays for medical expenses and can be purchased for a monthly premium.

- *Other sources:* This category includes payments from Medicaid/SCHIP, 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 mepsd@ahrq.gov or send a letter to the address below:

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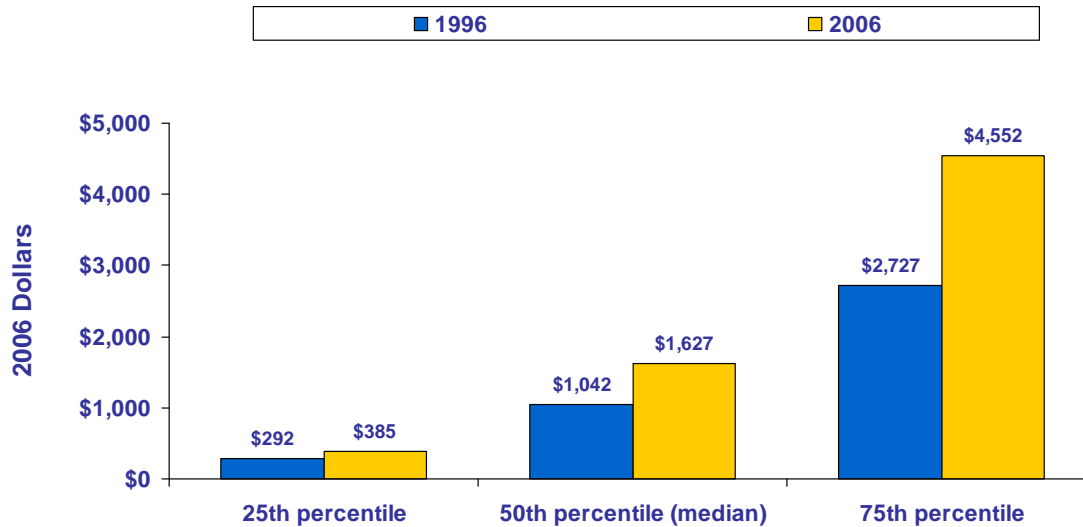
Figure 1. Selected summary expenditure estimates for adults ages 45–64, 1996 (adjusted to 2006 dollars) and 2006

Estimate	1996	2006
Number of persons (millions)	54.2	76.1
Total expenses (billions)	\$186.8	\$370.1
Percent with expenses	89.5%	89.2%
Average annual expenses (for those with expenses)	\$3,849	\$5,455

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



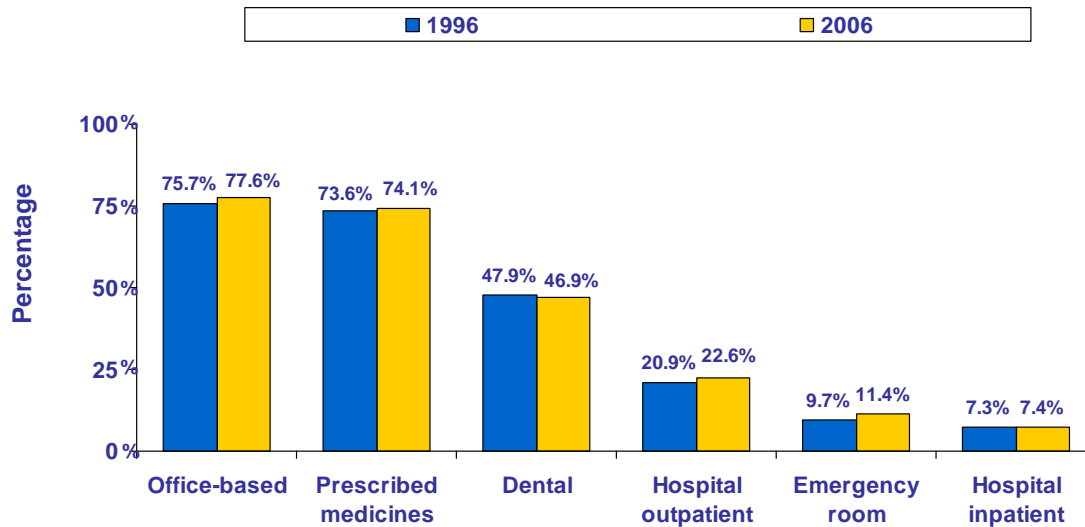
Figure 2. Total health care expenses by quartile for adults ages 45–64, 1996 (adjusted to 2006 dollars) and 2006



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



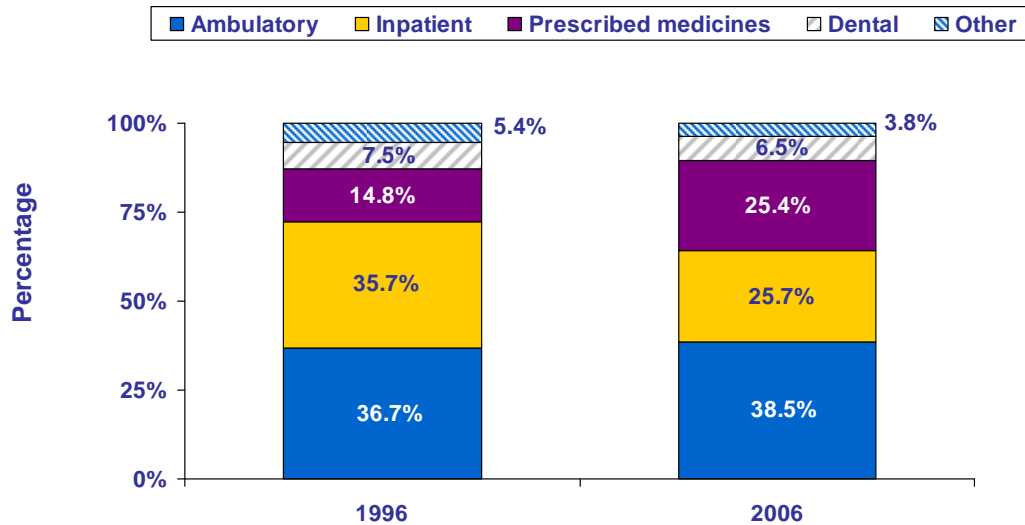
Figure 3. Percentage of adults ages 45–64 with expenses by type of service, 1996 and 2006



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 adults ages 45–64 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



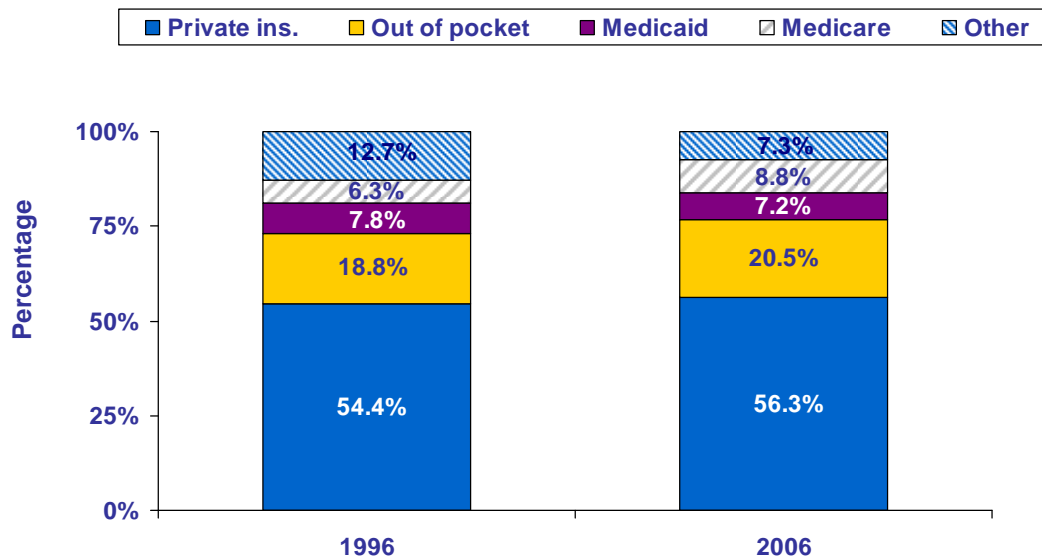
Figure 5. Average expenses per event for selected event types for adults ages 45–64, 1996 (adjusted to 2006 dollars) and 2006

Type of visit	1996 (in 2006 dollars)	2006
Office physician visit	\$128	\$207
Inpatient hospital average per diem	\$3,005	\$3,491
Emergency room visit	\$563	\$947
Dental visit	\$195	\$265
Prescription medication purchase	\$103	\$199

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 adults ages 45–64 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