

## STATISTICAL BRIEF #297

November 2010

### **Estimates of Health Care Expenditures for the 10 Largest States, 2007**

*Frederick Rohde, MA*

#### **Introduction**

The Household Component of the Medical Expenditure Panel Survey (MEPS-HC) is designed to produce estimates of the health care use, expenditures, sources of payment, and insurance coverage among the U.S. civilian noninstitutionalized population. While the MEPS-HC was designed primarily to ensure reliable estimates at the national and regional level for a large variety of population subgroups, the survey design permits estimation with reasonable precision for certain measures in many states.

Many factors can influence health care expenses in a particular state, including the demographic, socioeconomic, and health status characteristics of the population. Further, the prevalence and types of health insurance coverage in a state can impact access to care, the level of expenditures, and the extent to which different sources finance health care services.

This Statistical Brief presents variations from the national average in health care expenses for the 10 most populous states in 2007. The Brief examines selected spending measures for the U.S. population, including 1) the proportion of the population with selected types of expenses, 2) the average amount of expenses, and 3) the distribution of payments for health care expenses across various sources. The 10 states presented in this Brief together comprised just over half of the U.S. population in 2007 and accounted for a similar share of the nation's health care expenses.

Only those estimates with statistically significant differences from the national average using a multiple comparison procedure at the .05 significance level are noted in the text.

#### **Highlights**

- In 2007, 84.9 percent of the U.S. noninstitutionalized civilian population had expenses for health care. This percentage varied among these ten states and was generally lower in the sunbelt states and higher in the Midwest.
- The national average health care expenses per person and the average among persons with an expense were \$3,737 and \$4,404, respectively in 2007. Georgia had a lower average expense per person and New York had a lower average among those with expenses.
- The percentage of health care expenses paid by private insurance or paid by Medicaid was similar to the national average in these 10 states in 2007.
- Compared to the nation, New Jersey was lower in percentage of health care expenses paid by Medicare and Michigan was lower in the percentage paid out of pocket in 2007.

## Findings

Percentages with health care expenses (figure 1):

- In 2007, 84.9 percent of the U.S. civilian noninstitutionalized population had some expenses for health care. This proportion was lower in California (78.4 percent), Texas (78.6 percent), and Florida (80.8 percent); and it was higher in Pennsylvania (87.0 percent), Ohio (89.1 percent), and Michigan (87.9 percent).
- 73.6 percent had an expense for ambulatory service care in 2007. This was lower in California (66.6 percent), and Texas (67.6 percent); it was higher in New York (76.5 percent), Ohio (77.4 percent), Michigan (77.2 percent), and New Jersey (78.7 percent).
- Overall, 61.7 percent had an expense for prescribed medicines. This was lower in California (50.6 percent) and higher in Ohio (67.6 percent).
- 42.4 percent of the U.S. civilian noninstitutionalized population had a dental care expense. This was lower in California (39.1 percent), Texas (30.8 percent), Florida (34.1 percent), and Georgia (34.5 percent); it was higher in Michigan (54.2 percent).
- Nationally, 7.4 percent of the population had an expense for an inpatient stay. This was lower in California (5.4 percent), New York (5.7 percent), and Georgia (5.7 percent); it was higher in Florida (10.0 percent) and Michigan (9.4 percent).

Average health care expenses (figure 2):

- In 2007, the average per capita expenditure amount in the U.S. was \$3,737. Among those with an expense, the average amount was \$4,404.
- The average expenditure amount was lower in Georgia (\$2,904); and the average amount among those with an expenditure was lower in New York (\$3,758).

Distribution by source of payment (figure 3):

- Nationally, 42.4 percent of total health care expenditures in 2007 were paid by private insurance. The amount paid by private insurance was similar in these ten states.
- In 2007, 24.8 percent of health care expenditures were paid by Medicare. This was lower in New Jersey (14.6 percent).
- 8.7 percent of expenses were paid by Medicaid in 2007. The percentage was not significantly different in any of these ten states.
- 16.2 percent of total expenses were paid out of pocket in 2007. This was lower in Michigan (14.0 percent).

## Data Source

The estimates shown in this Statistical Brief are drawn from analyses conducted by the MEPS staff from the following public use files: MEPS HC-113: 2007 Full Year Consolidated Data File, November 2009.

## Definitions

### *Population*

Estimates in this Brief are based on expenses for persons who were living in the U.S. noninstitutionalized civilian population for all or part of 2007. Persons in the military, those in prison, nursing homes, or other institutions for the entire year are not included.

### *Expenses*

Expenses include total payments from all sources to hospitals, physicians, other health care providers (including dental care and home health), pharmacies, and providers of other medical equipment for services reported by respondents in the MEPS-HC. Sources include direct payments from individuals, private insurance (including TRICARE), Medicare, Medicaid, and various other sources (including the Department of Veterans Affairs, Workers' Compensation, and miscellaneous public sources). The percentages paid by these other sources are not reported in table 3; therefore, this table does not total to 100 percent.

### *Ambulatory care expenses*

This subcategory of expenses encompasses those incurred for visits to office-based medical providers as well as for hospital-based outpatient and emergency room services.

### *Prescribed medicine expenses*

This subcategory of expenses includes those for all prescribed medications initially purchased or otherwise obtained during the year, as well as any refills.

### *Dental expenses*

This subcategory of expenditures includes expenses for any type of dental care.

### *Hospital inpatient stay expenses*

This subcategory 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 emergency room expenses incurred immediately prior to inpatient stays. Expenses for hospital stays with the same admission and discharge dates (i.e., zero-night stays) are also included.

## About MEPS-HC

MEPS-HC is a nationally representative longitudinal survey that collects detailed information on healthcare 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 Health Care 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.

Sommers, J.P. *Producing State Estimates with the Medical Expenditure Panel Survey-Household Component*. Agency for Healthcare Research and Quality Working Paper No. 05011, March 2005.

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)

## Suggested Citation

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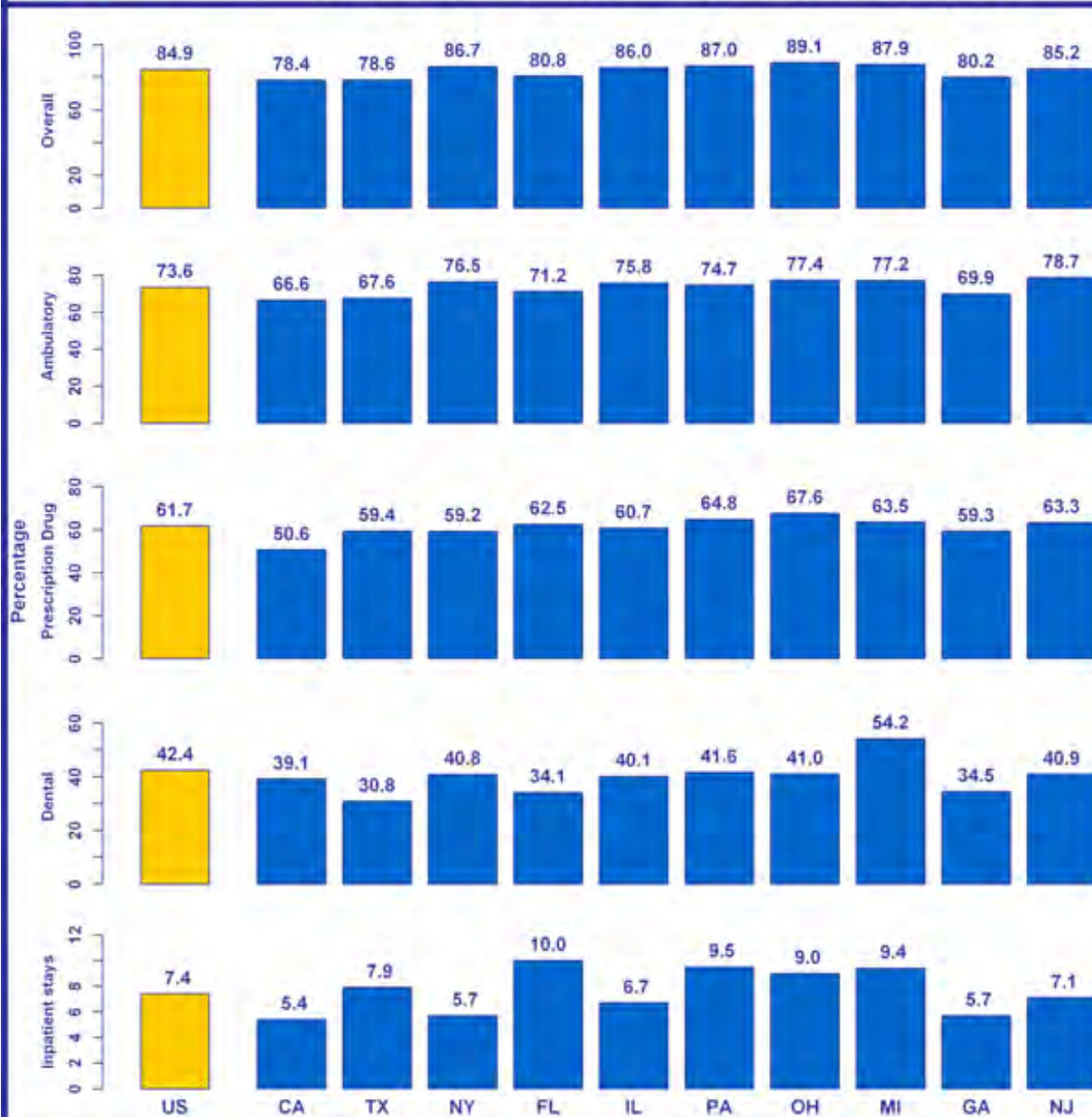
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AHRQ welcomes questions and comments from readers of this publication who are interested in obtaining more information about access, costs, use, financing, and quality of healthcare in the United States. We also invite you to tell us how you are using 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 [mepsdpd@ahrq.gov](mailto:mepsdpd@ahrq.gov) or send a letter to the address below:

Steven B. Cohen, PhD, Director  
Center for Financing, Access, and Cost Trends  
Agency for Healthcare Research and Quality  
540 Gaither Road  
Rockville, MD 20850



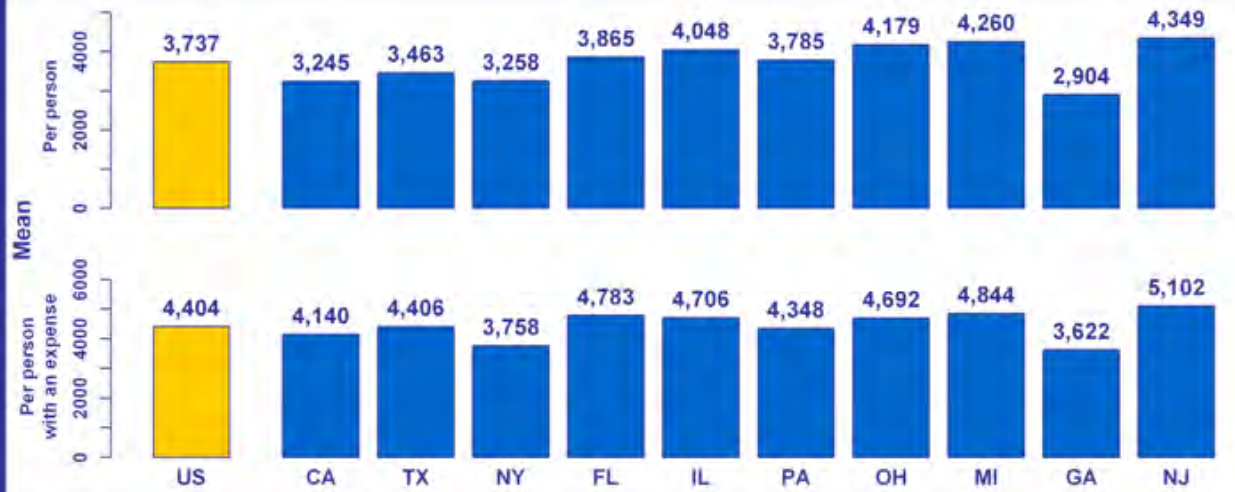
**Figure 1. Percentage of persons with selected expenses in U.S. and 10 largest states, 2007**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2007



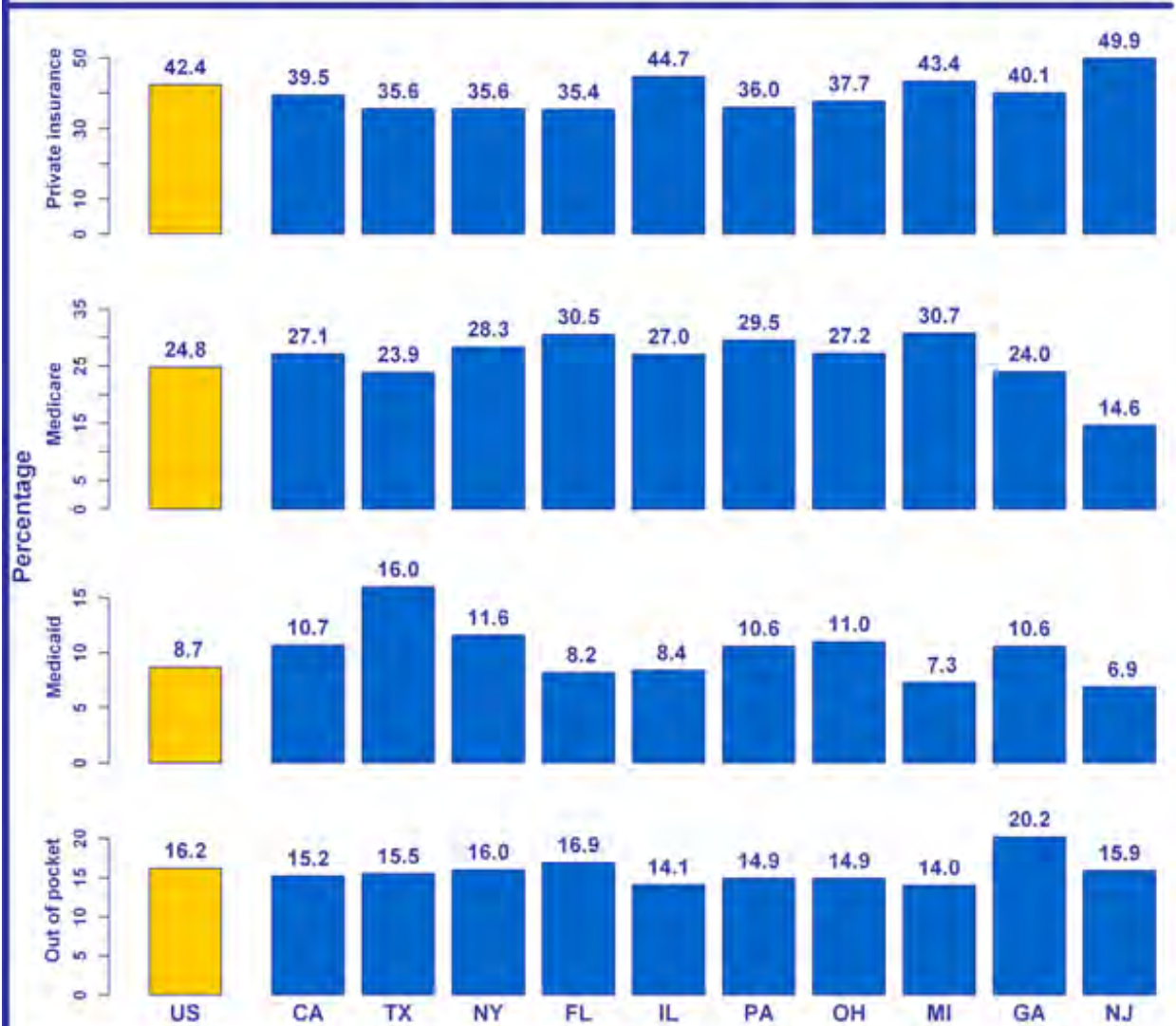
**Figure 2. Mean health care expenses  
U.S. and 10 largest states, 2007**



Source: Center for Financing, Access, and Cost Trends, AHRQ. Household Component of the Medical Expenditure Panel Survey, 2007



**Figure 3. Percentage of health care expenses by source of payment, U.S. and 10 largest states, 2007**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2007.