

STATISTICAL BRIEF #298

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Prescription Drug Expenditures in the 10 Largest States, 2007

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Introduction

In 2007, prescription drugs accounted for 20.7 percent of the overall health care expenditures among the U.S. civilian noninstitutionalized population. 61.7 percent of the population had a prescription drug expenditure, and the average annual expense amount for them was \$1,251.

Prescription drug expenditures are distinguished from overall health care expenditures in the distribution by sources of payment. A higher percentage of the prescription drug expenditures was paid out of pocket (27.7 percent for drugs versus 16.2 percent overall) and a lower percentage was paid by private insurance (35.5 percent versus 42.4 percent) in 2007. Prescription drug and overall expenditures were similar regarding the percentage paid by Medicare (24.7 percent versus 24.8 percent) and Medicaid (7.8 percent versus 8.7 percent) in 2007.

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 estimates based on data from the Household Component of the Medical Expenditure Panel Survey (MEPS-HC) on the use, expenditures, and sources of payments for prescription drug expenditures for persons in the U.S. civilian noninstitutionalized population in 2007 for the 10 largest states, and compares the results to the national average in 2007. 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.

Findings

In 2007, 61.7 percent of the U.S. noninstitutionalized civilian population had an expenditure for prescription drugs (figure 1). This was lower in California (50.6 percent) and higher in Ohio (67.6 percent).

Among persons with prescription drug expenses in the U.S. in 2007, the average expenditure per person was \$1,251 (figure 2). This amount was not different in any of the largest 10 states.

Nationally, 35.5 percent of prescription drug expenditures were paid by private insurance in 2007 (figure 3). This was lower in California (28.4 percent), New York (26.2 percent), and Pennsylvania (28.1 percent).

Nationally, 27.7 percent of prescription drug expenditures were paid out of pocket in 2007 (figure 4). This was lower in California (22.9 percent) and higher in Florida (32.6 percent).

Data Source

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

Highlights

- In 2007, prescription drugs represented 20.7 percent of all medical expenditures.
- Compared to the national average, the percentage of persons with a prescription drug expenditure was lower in California and higher in Ohio in 2007.
- Among those with prescription drug expenditures, the average annual amount in 2007 was \$1,251.
- In 2007, the percentage of prescription drug expenditures paid by private insurance was lower than the national average in California, New York, and Pennsylvania.
- The percentage of prescription drug expenditures paid out of pocket was lower in California and higher in Florida in 2007, compared to the national average.

Definitions

Expenditures

Expenditures 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).

Prescription medicine expenditures

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

About MEPS-HC

MEPS-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.

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

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

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

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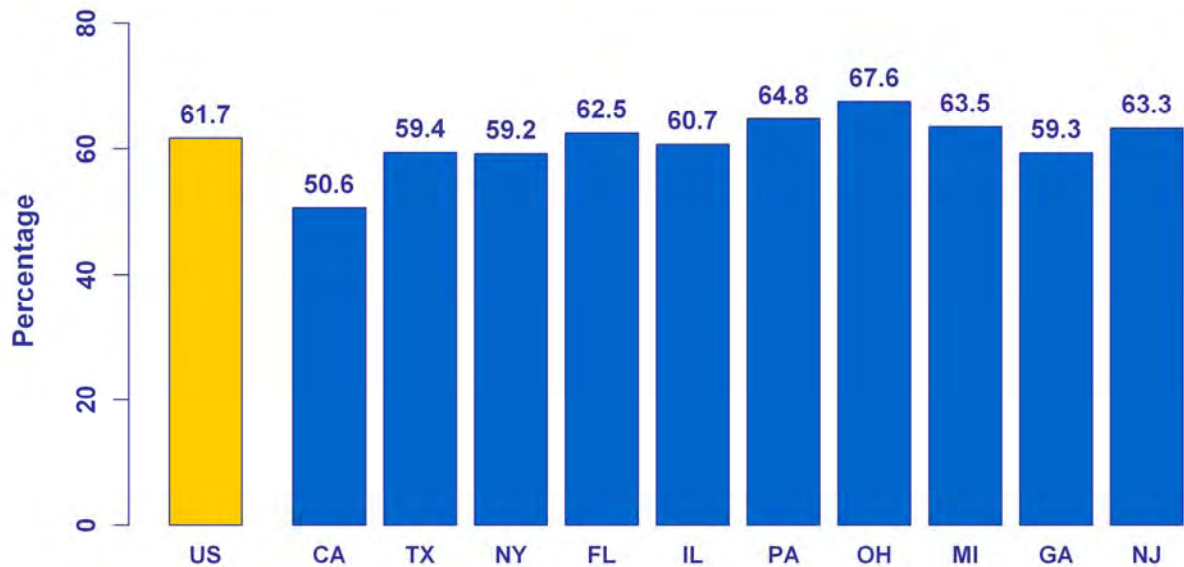
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AHRQ welcomes questions and comments from readers of this publication who are interested in obtaining more information about access, costs, use, financing, and quality of health care in the United States. We also invite you to tell us how you are using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

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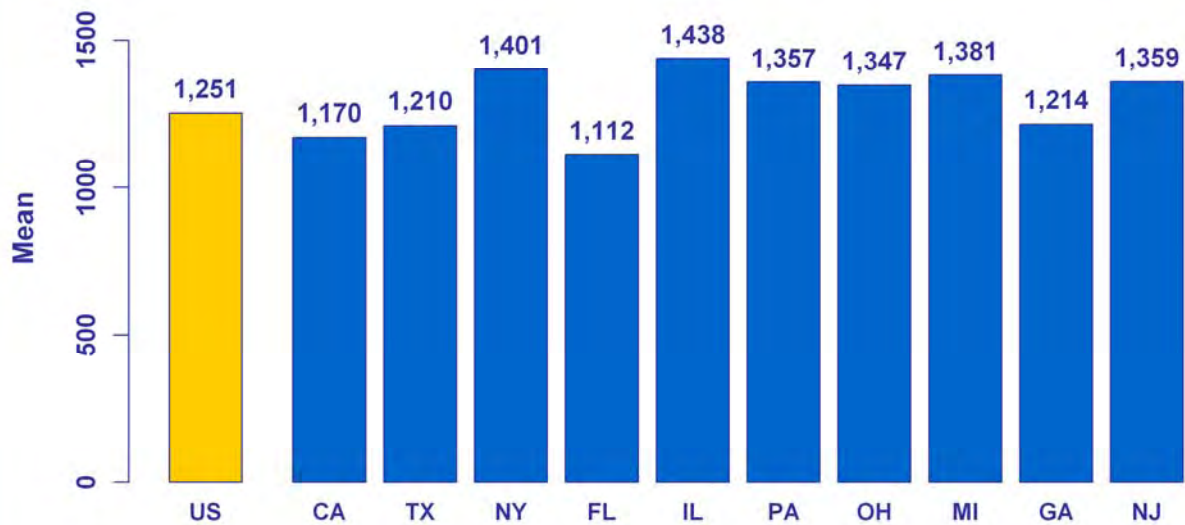
Figure 1. Percentage of persons who had a prescription drug expenditure in 2007, U.S. and 10 largest states



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



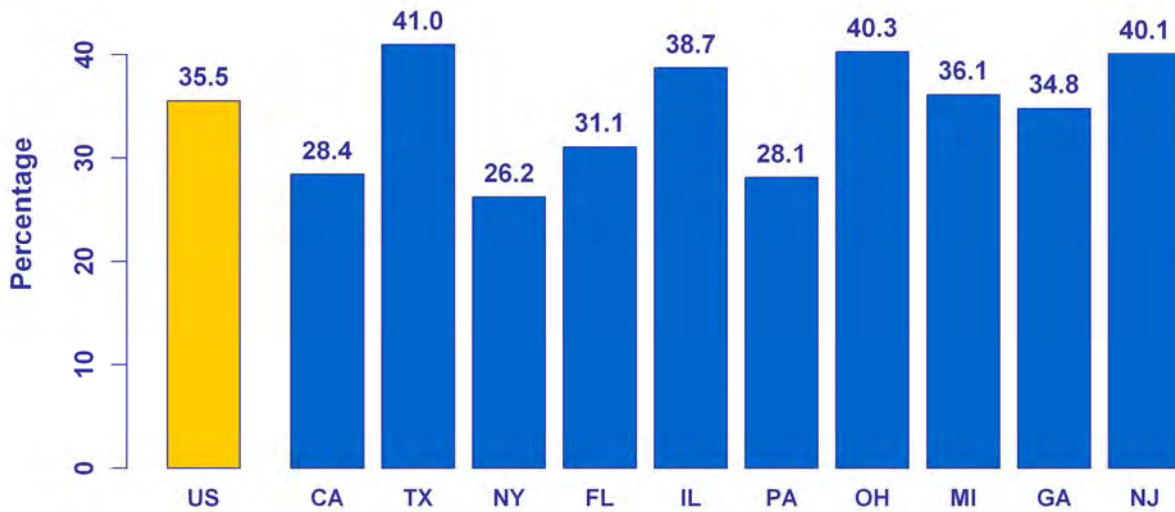
Figure 2. Mean prescription drug expenditure for persons who had an expenditure in 2007, U.S. and 10 largest states



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



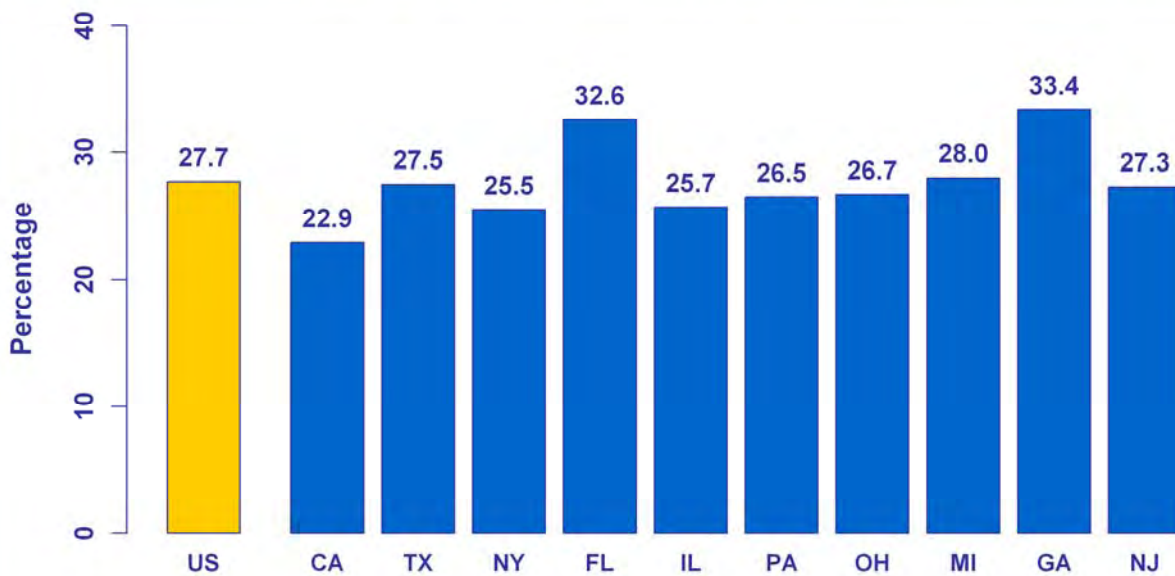
Figure 3. Percentage of prescription drug expenditures paid by private insurance in 2007, U.S. and 10 largest states



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



Figure 4. Percentage of prescription drug expenditures paid out of pocket in 2007, U.S. and 10 largest states



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