

STATISTICAL BRIEF #351

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Prescription Drug Expenditures in the 10 Largest States, 2008

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Introduction

Prescription drugs accounted for 21.5 percent of health care expenditures among the U.S. civilian noninstitutionalized population in 2008. More than 60 percent of the population had prescription drug expenditures, and among persons with prescription drug expenditures, the mean expenditure was about \$1,300.

Many factors can influence prescription drug 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 prescription drugs, the level of their expenditures, and the extent to which different sources finance them.

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 does permit design-based estimates for certain measures, such as those regarding prescription drug expenditures, to be made at the state level for some of the largest states (by population size). Though unbiased, these state-level estimates tend to have much larger sampling variances associated with them compared to the national estimates because the sample sizes of respondents and the number of counties sampled are necessarily smaller at the state level.

This Statistical Brief presents estimates based on data from the MEPS-HC on the use, expenditures, and sources of payment for prescription drug expenditures for persons in the U.S. civilian population in 2008 for the 10 largest states. In total, these 10 states account for roughly half of the U.S. population as well as half of the total health care expenditures in 2008. The Brief examines selected spending measures for the population, including 1) the percentage with prescription drug expenditures, 2) the mean expenditure among persons with prescription drug expenditures, 3) the percentage of prescription drug expenditures paid by private insurance, and 4) the percentage paid out of pocket.

The state estimates are compared to the U.S. estimate, and only those estimates which are statistically different from the U.S. estimate at the .05 level of significance are noted in the text. Due to the difference in their sampling errors, an estimate in one state which is closer to the U.S. estimate may be significantly different while an estimate in another state which is further from the U.S. estimate may not be significantly different.

Highlights

- In 2008, the percentage of the population with prescription drug expenses was higher than the national average in Ohio and Pennsylvania and lower in California, Texas, and New York.
- Among persons with prescription drug expenditures, the mean expenditure was lower than the national average in California.
- Compared to the nation, the percentage of prescription drug expenditures paid by private insurance was higher in Illinois and lower in New York and Florida.
- The percentage of prescription drug expenses paid out of pocket was higher than the national average in Florida.

Findings

In 2008, 62.3 percent of the U.S. civilian noninstitutionalized population had prescription drug expenditures (figure 1). This percentage was higher in Pennsylvania (64.8 percent) and Ohio (67.2 percent); and it was lower in California (50.9 percent), Texas (57.2 percent), and New York (57.8 percent).

Among persons with prescription drug expenses in 2008, the mean expense amount nationally was \$1,305 (figure 2). The mean was lower than the national average in California (\$1,104).

Nationally, 39.0 percent of prescription drug expenditures in 2008 were paid by private insurance (figure 3). The percentage paid by private insurance was higher than the national average in Illinois (59.0 percent), and lower than the national average in New York (29.5 percent) and Florida (32.3 percent).

In 2008, 26.1 percent of prescription drug expenditures were paid out of pocket nationally (figure 4). The percentage paid out of pocket was higher than the national average in Florida (30.8 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-121: 2008 Full Year Consolidated Data File, November 2010.

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.

PSUs

Primary sampling units (PSUs) are the geographic areas of the country where the sample of households that participate in the MEPS is ultimately selected each year. Though a new set of households is selected into the MEPS each year, the set of PSUs from which they are selected remains fixed over roughly a 10-year period.

Sampling variance

The sampling variance of an estimate measures the uncertainty about the estimate due to the sampling. All sample estimates have uncertainty associated with them because they are based on the data collected from only a sample (a subset) of the population.

The estimates would most likely be different if the data had come from a different sample of the [same] population. The sampling variance measures how different those estimates are likely to be. Estimates with high variances have high uncertainty (low precision), and those with low variances have low uncertainty (high precision).

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 civilian noninstitutionalized population. It is cosponsored by the Agency for Healthcare Research and Quality and the National Center for Health Statistics.

MEPS expenditure data are derived from both the Medical Provider Component (MPC) and Household Component (HC). MPC data are generally used for hospital-based events (e.g., inpatient stays, emergency room visits, and outpatient department visits),

prescribed medicine purchases, and home health agency care. Office-based physician care estimates use a mix of HC and MPC data while estimates for non-physician office visits, dental and vision services, other medical equipment and services, and independent provider home health care services are based on HC provided data. Details on the estimation process can be found at http://www.meps.ahrq.gov/mepsweb/data_files/publications/mr19/mr19.shtml

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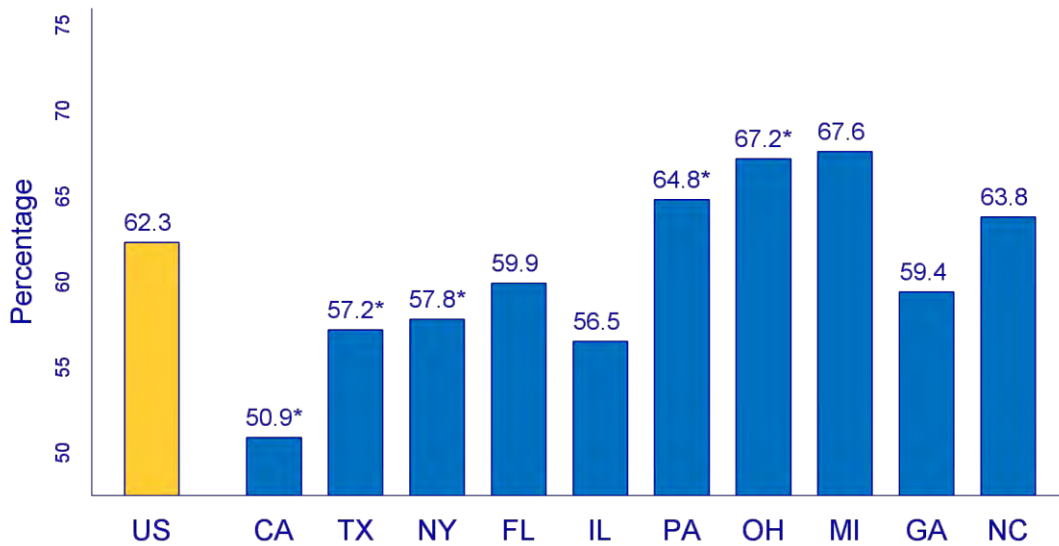
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AHRQ welcomes questions and comments from readers of this publication who are interested in obtaining more information about access, costs, use, financing, and quality of health care in the United States. We also invite you to tell us how you are using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

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Figure 1. Percentage of the population with prescription drug expenditures in 2008, U.S. and 10 largest states

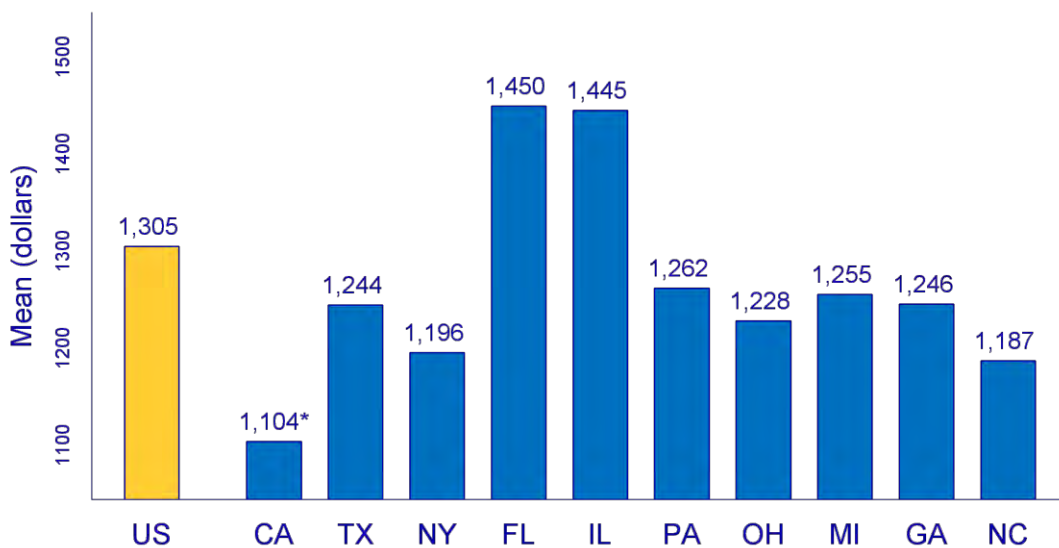


*The difference between the state estimate and the US estimate is statistically significant ($p < .05$)

Source: Center for Finance, Access, and Cost Trends, Household Component of the Medical Expenditure Panel Survey, 2008



Figure 2. Mean expenditure among persons with prescription drug expenditures in 2008, U.S. and 10 largest states

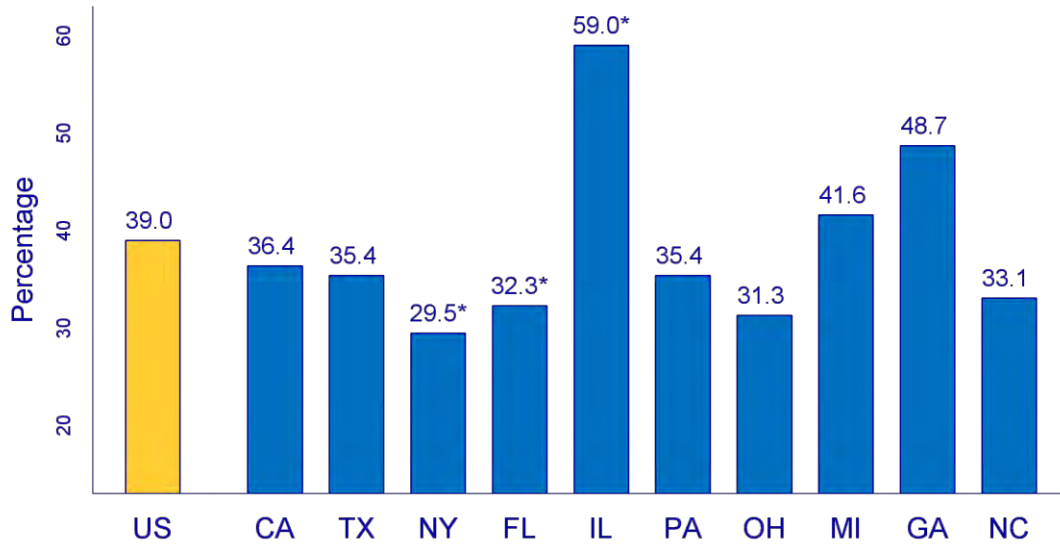


*The difference between the state estimate and the US estimate is statistically significant ($p < .05$)

Source: Center for Finance, Access, and Cost Trends, Household Component of the Medical Expenditure Panel Survey, 2008



Figure 3. Percentage of prescription drug expenditures paid by private insurance in 2008, U.S. and 10 largest states

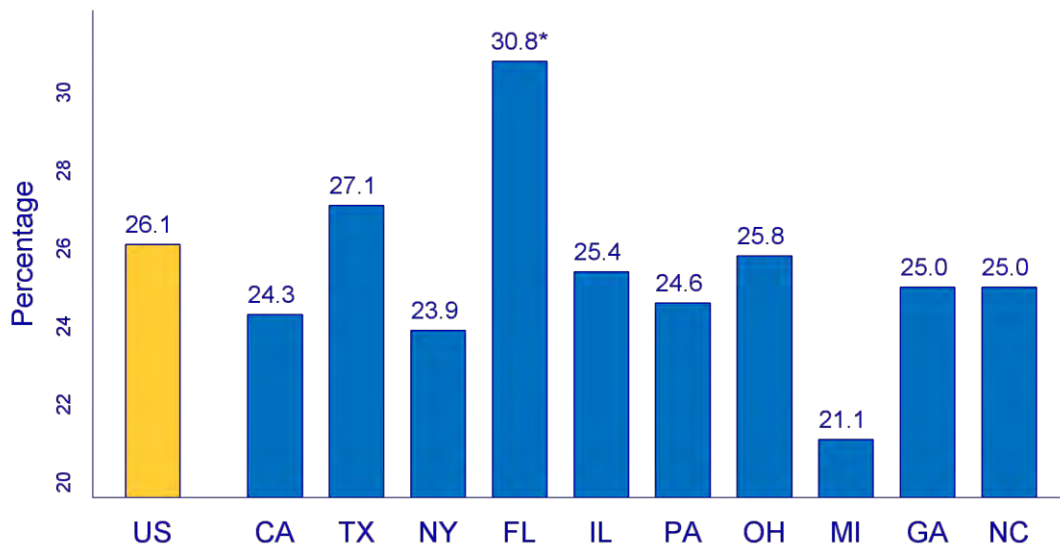


*The difference between the state estimate and the US estimate is statistically significant ($p < .05$)

Source: Center for Finance, Access, and Cost Trends, Household Component of the Medical Expenditure Panel Survey, 2008



Figure 4. Percentage of prescription drug expenditures paid out of pocket in 2008, U.S. and 10 largest states



*The difference between the state estimate and the US estimate is statistically significant ($p < .05$)

Source: Center for Finance, Access, and Cost Trends, Household Component of the Medical Expenditure Panel Survey, 2008