

## STATISTICAL BRIEF #151

December 2006

### Estimates of Health Care Expenditures for the 10 Largest States, 2004

*John P. Sommers, PhD*

#### 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 (community) 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 2004. The brief examines selected measures for the U.S. community 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 across various sources. The 10 States presented in this brief together comprised just over half of the U.S. community population in 2004 and accounted for a similar share of the nation's health care expenditures.

Only those estimates with statistically significant differences from the national average using a multiple comparison procedure at the 0.05 significance level are noted in the text.

#### Findings

Percentage with health care expenses (from table 1):

- In 2004, about 84.7 percent of the U.S. community population had some expenses for health care. This proportion was lower in California (79.1 percent) and Texas (77.5 percent) but was higher in Michigan (88.2 percent).
- About 73.9 percent of the U.S. population had expenses for ambulatory care services. The percentage of residents of California and Texas who had ambulatory care expenses were both lower

#### Highlights

- In 2004, about 84.7 percent of the U.S. community population had some expenses for health care. The percentage with some expenses varied significantly by State.
- The national average health care expenses per capita and the average among persons with expenses were \$3,284 and \$3,879, respectively. The average expenses in Texas were lower than the national average.
- Relative to the U.S. average of 10.6 percent paid Medicaid, the proportion paid by Medicaid was higher in New York and lower in Illinois.
- Florida residents paid a higher proportion out of pocket of aggregate expenses than the U.S. as a whole.

than the national average: 68.3 percent of residents of California and 66.2 percent of residents of Texas. At the other extreme, 78.6 percent of the residents of Pennsylvania had ambulatory care expenses, approximately five percentage points above the national average.

- When compared to the U. S. average of 62.7 percent with expenses for prescribed medicines, the residents of California, Texas, and Illinois had lower averages of 53.8, 58.2 and 58.4 percent, respectively, while residents in Michigan had a higher rate, 65.9 percent, than the national average.
- The overall percentage of the U.S. population with some expenses for dental care was 42.5 percent in 2004. The percentage was lower in two States: Texas (31.9 percent) and Florida (37.0 percent). Conversely, a significantly higher proportion of Michigan (53.2 percent) residents incurred expenses for dental care.
- About 7.5 percent of the U.S. population had expenses associated with hospital inpatient stays in 2004. Relative to the U.S. as a whole, the proportion with inpatient expenses was lower in California (5.1 percent).

Average health care expenses (from table 2):

- In 2004, the average expenditure per capita (i.e., per person) in the U.S. community population for health care services was \$3,284. Among the approximately 85 percent of the population with expenses, the average expense per person was \$3,879.
- In Texas, both average per capita (\$2,418) and per person with expenses (\$3,120) were lower than the corresponding national averages.

Distribution by sources of payment (from table 3):

- The proportion of expenses paid by Medicaid was different from the U.S. average for two States. In New York, this percentage (20.8 percent) was over twice the national average (10.6 percent). Conversely, Medicaid paid for a notably smaller proportion of expenses in Illinois (5.4 percent).
- In the aggregate, about one-fifth (19.0 percent) of health care expenses for the U. S. community population were paid out of pocket. A larger proportion was paid out of pocket by residents of Florida, who paid 22.9 percent of their health expenses out of pocket.

## Definitions

### *Population*

Estimates presented in this brief are based on expenses for persons who were living in the community for all or part of the year. Persons in the military and those residing in 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 Veterans' Administration, Workers' Compensation, and miscellaneous public sources). The percentage paid by these other miscellaneous sources are not listed in the tables. The sources in the tables do not add 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 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 care expenses*

This subcategory of expenses covers those for any type of dental care provider, including general dentists, dental hygienists, dental technicians, dental surgeons, orthodontists, endodontists, and periodontists.

### *Hospital inpatient stay expenses*

This subcategory of expenses 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 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.

For more information about MEPS, call the MEPS information coordinator at AHRQ (301-427-1656) or visit the MEPS Web site at <http://www.meps.ahrq.gov/>.

## References

For a detailed description of the MEPS 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.

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.

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*. Methodology Report No. 16. Rockville, Md.: Agency for Healthcare Research and Quality, December 2005.

## Suggested Citation

Sommers, J. P. *Estimates of Health Care Expenditures for the 10 Largest States, 2004*. Statistical Brief #151. December 2006. Agency for Healthcare Research and Quality, Rockville, Md. [http://www.meps.ahrq.gov/mepsweb/data\\_files/publications/st151/stat151.pdf](http://www.meps.ahrq.gov/mepsweb/data_files/publications/st151/stat151.pdf)

\* \* \*

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](mailto:mepspd@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

**Table 1. Percentage with selected types of health care expenses: United States and 10 largest States, 2004**

	Type of health care expense				
	Any expenses	Ambulatory care	Prescribed medicines	Dental care	Hospital inpatient stays
<b>United States</b>	<b>84.7</b>	<b>73.9</b>	<b>62.7</b>	<b>42.5</b>	<b>7.5</b>
<b>State</b>					
California	79.1	68.3	53.8	39.1	5.1
Texas	77.5	66.2	58.2	31.9	7.0
New York	84.9	74.3	60.3	44.0	6.7
Florida	84.9	73.1	64.8	37.0	8.5
Illinois	85.9	73.8	58.4	45.7	7.6
Pennsylvania	87.3	78.6	65.3	44.3	10.1
Ohio	86.6	76.2	67.5	46.4	7.9
Michigan	88.2	76.3	65.9	53.2	9.3
Georgia	79.3	67.8	63.5	36.4	9.1
New Jersey	86.9	76.8	64.7	45.4	8.5

Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2004

**Table 2. Average health care expenses: United States and 10 largest States, 2004**

	Population (millions)	Average total expenses	
		Per capita	Per person with expenses
<b>United States</b>	<b>293.3</b>	<b>3284</b>	<b>3879</b>
<b>State</b>			
California	36.1	2819	3562
Texas	22.4	2418	3120
New York	19.3	3128	3683
Florida	17.5	3328	3918
Illinois	12.7	3438	4004
Pennsylvania	12.4	4168	4776
Ohio	11.3	3695	4266
Michigan	10.1	4061	4606
Georgia	8.7	3316	4182
New Jersey	8.9	3586	4125

Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2004

**Table 3. Distribution of total health care expenses by source of payment: United States and 10 largest States, 2004**

	Sources of payment			
	Private insurance	Medicare	Medicaid	Out of pocket
<b>United States</b>	<b>42.8</b>	<b>20.9</b>	<b>10.6</b>	<b>19.0</b>
<b>State</b>				
California	36.2	15.3	22.9	19.5
Texas	37.0	21.4	11.1	22.2
New York	35.2	19.3	20.8	18.3
Florida	35.9	26.4	8.2	22.9
Illinois	50.7	17.3	5.4	18.5
Pennsylvania	49.0	21.0	9.0	14.2
Ohio	52.1	16.9	6.7	17.7
Michigan	54.9	19.7	6.7	14.6
Georgia	41.3	20.9	9.9	18.7
New Jersey	56.7	17.0	6.6	15.9

Source: Center for Financing, Access, and Cost Trends, AHRQ, Household Component of the Medical Expenditure Panel Survey, 2004