

## **Department of Labor**

### **US Consumer Expenditure Survey**

*Research using the US Consumer Expenditure Survey data documents the rising share in out-of-pocket expenditures over the past two decades of households at the retirement age. The findings also show the higher costs for retired households.*

#### **Lead Agency:**

U.S. Bureau of Labor Statistics (BLS), Division of Consumer Expenditure Surveys

#### **Agency Mission:**

Providing impartial, timely, and accurate data relevant to the social and economic conditions of our Nation, its workers, and their families.

#### **Principal Investigator:**

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#### **Partner Agencies:**

The U.S. Bureau of the Census collects the Consumer Expenditure Survey data under contract with BLS. All research was done within BLS.

#### **General Description:**

This research project, **out-of-Pocket Care Spending Patterns of Older Americans, as Measured by the Consumer Expenditure Survey**, used data from Consumer Expenditure Surveys, 1985, 1995, and 2005 and examined the out-of-pocket healthcare expenditures of older families in the age-ranges just before and just after the Medicare eligibility age of 65, and analyzed how health care expenditures for these two groups have changed.

Components included in the study were health insurance premiums paid for by the household members, as well as spending for medical services, drugs, and medical supplies.

The research showed that over this 20-year period, there was a greater percent increase in expenditures on health care than in total expenditures. As a share of average total annual

expenditures, health care expenditures rose for both age groups over the two decades. The share of expenditures allocated to health care by the 65-74 year-old group is slightly more than 1.5 times the share allocated by 55-64 year old group in all three time periods.

Future Plans: As this research covered up to 2005, the recent change to the new Medicare prescription drug benefit will warrant further analysis.

***Excellence:*** What makes this project exceptional?

***Significance:*** How is this research relevant to older persons, populations and/or an aging society?

***Effectiveness:*** What is the impact and/or application of this research to older persons?

***Innovativeness:*** Why is this research exciting or newsworthy?

The United States has experienced many changes over the past two decades in the way health care is managed and the way households allocate their spending. Families approaching retirement need to understand these trends to prepare for the future, and retired persons need to be aware of how their spending patterns change. This research measures and documents these changes using the only Federal source of expenditure data linked to detailed household characteristics and demographics. Expenditures on health care have risen faster than overall spending, and retired households spend 50 percent more than do households approaching retirement age.