



Combining the NHEA and MEPS Expenditure Data for Policy Simulation Studies

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Why compare MEPS to NHEA?

- NHEA and MEPS provide the two most comprehensive estimates of health care spending in the U.S.
- Reconciling estimates from both sources serves as an important quality assurance exercise for both.
- This reconciliation supports the development of a “combined” data set
 - MEPS data are adjusted upwards to benchmark with comparable NHEA estimates yielding an “adjusted” MEPS



Adjusted MEPS

- Combining MEPS & NHEA brings the strengths of both data sets together to create greater power
 - Consistency, accuracy of NHEA at aggregate level
 - Person and family level detail of MEPS
- This combination is critical to accurate measurement of costs at national level
- Adjusted MEPS data yields a consistent “baseline” for policy simulation studies



One application: Cost of Disease

- One additional important application when using the adjusted MEPS data is measuring the costs of treating various illnesses
- Comprehensive nature of MEPS allows simultaneous measurement of the costs of treating many important diseases.



NHEA v. MEPS, 2002

- NHEA (\$1.3 trillion)
 - More inclusive population & expenditures
 - Aggregate, facility-based data

- MEPS (\$811 billion)
 - Non-institutionalized, civilian population
 - Detailed data from households & providers
 - Behavioral analysis possible



Adjustments to NHEA

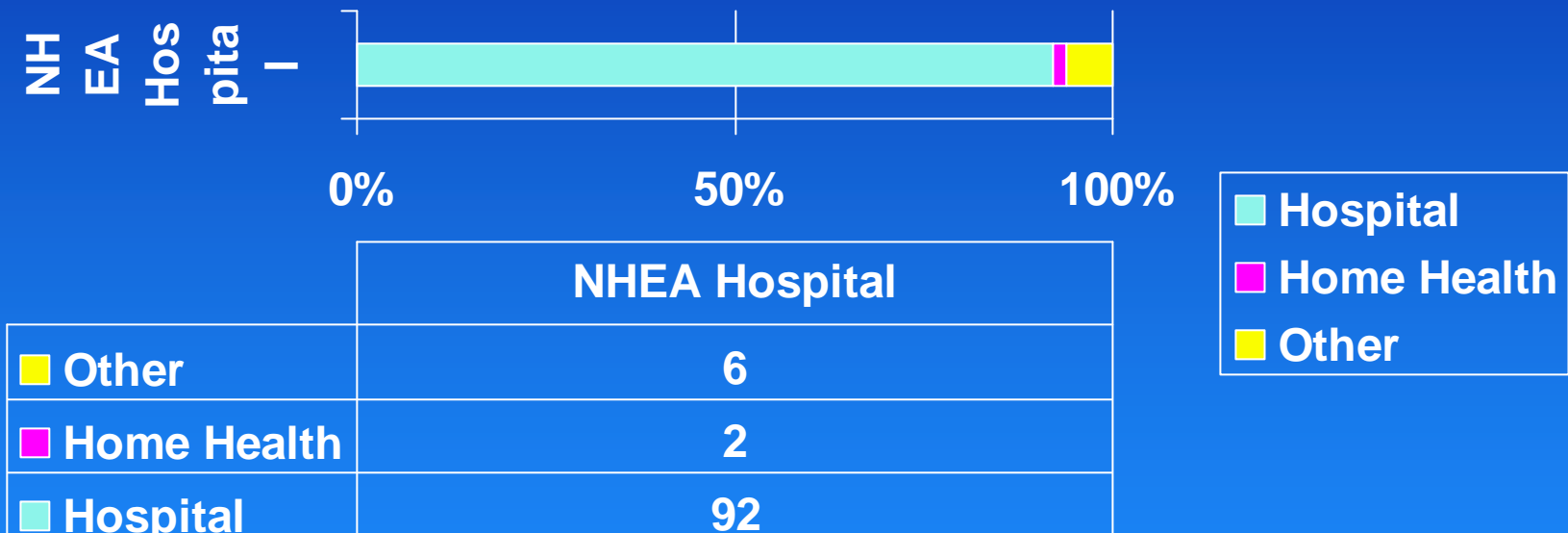
Adjust NHEA to make them consistent with

MEPS concepts:

- Align service and payment categories
- Adjust scope of included population and services
- Adjust for non-patient care revenues

Step 1. Align Service Categories

For example, shift hospital-based services:



Shift NHEA hospital-based home health (\$13 billion), hospital-based nursing home care, etc.



Step 2. Adjust Included Population and Services

Out-of-scope population for MEPS:

- **Active duty military** (\$10 billion)
- **Foreign visitors** (\$1.7 billion)
- **Institutionalized**
 - Long-term care facility expenditures (\$140 billion)
 - Acute care expenditures (\$52 billion)



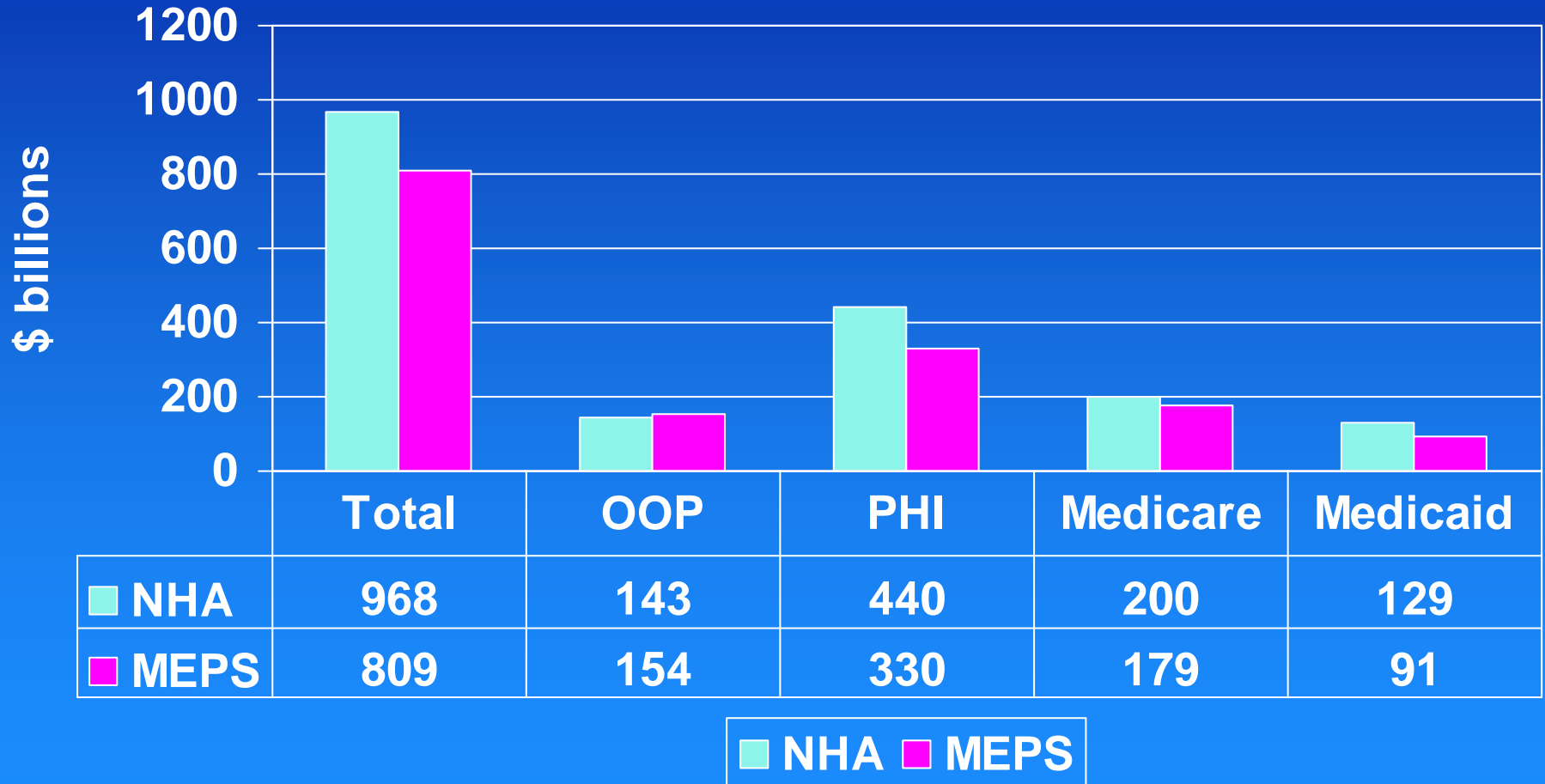
Step 3. Adjust for Sources of Payment

Remove NHEA non-patient care revenues, such as:

- Hospital gift shop
- Hospital parking

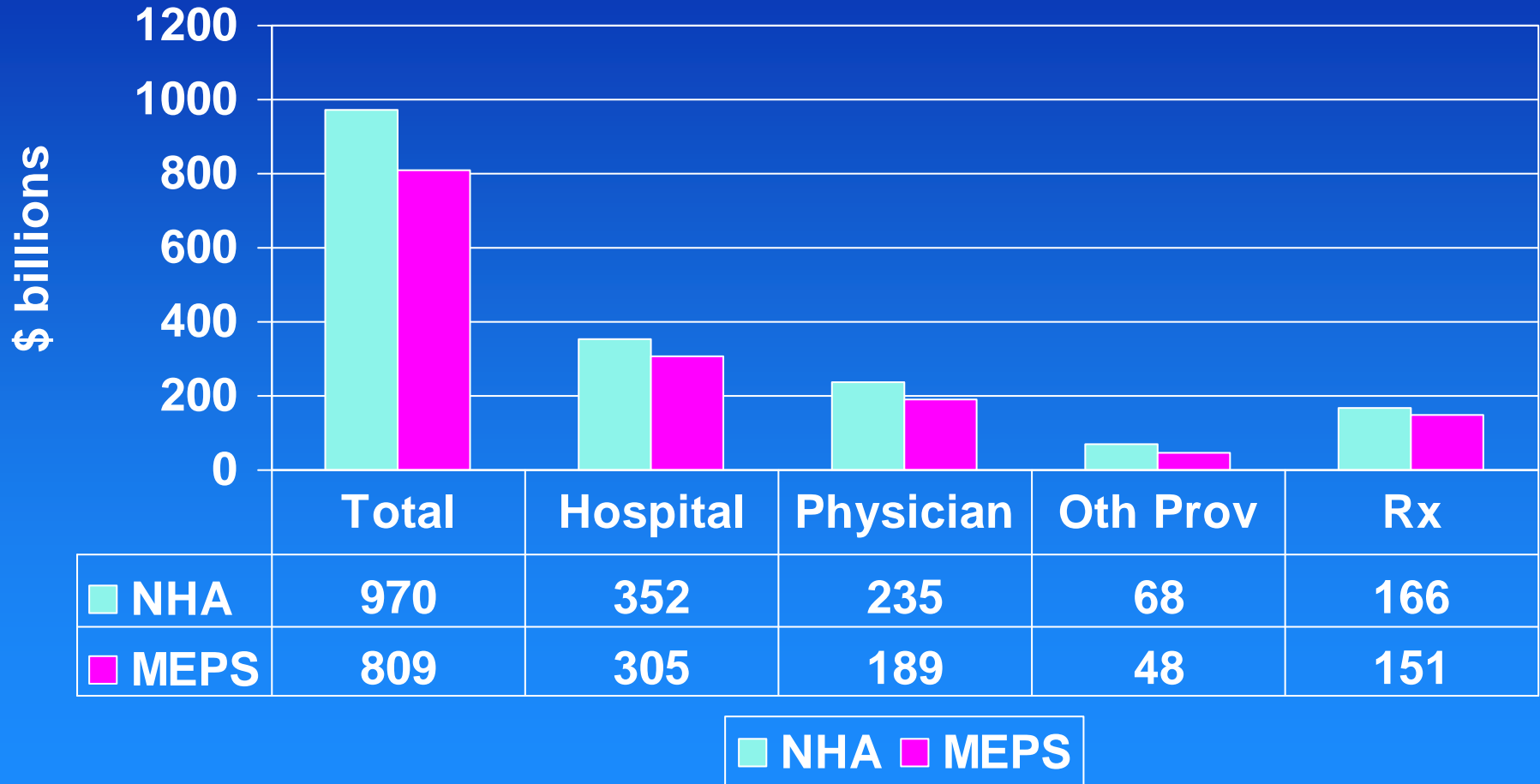


Comparison by Major Sources of Payment, 2002





Comparison by Major Service Categories, 2002





Create “Adjusted” MEPS

- Apply adjustment factors to MEPS that align estimates to NHEA 2002
- For projected MEPS data:
 - Age baseline MEPS population using Census projections
 - Apply NHEA expenditure growth rates



Simulation Studies/Models Using MEPS Data

- Value of coronary heart disease care:
 - Rosen, Cutler, et al (2007)
- Costs of covering the uninsured:
 - Hadley and Holahan (2003)
 - Miller et al (2004)
- Size of tax subsidy:
 - Selden (2006)
- Effects of medical/health savings accounts:
 - Zabinski et al. (1999)
 - Glied and Remler (2005)