

Statistical Brief #27

National Health Care Expenses in the U.S. Community Population, 2000

By: Gary L. Olin, Ph.D.

Introduction

This Statistical Brief contains data on health care expenses of the U.S. civilian non-institutionalized (community) population in calendar year 2000. Health care expenses in this brief represent payments to hospitals, physicians, and other health care providers for services reported by respondents in the Household Component of the Medical Expenditure Panel Survey (MEPS). These expenses are defined as direct payments by individuals, private insurance, Medicare, Medicaid, and other payment sources. All differences discussed in this Statistical Brief are statistically significant at the 0.05 level.

Briefly Stated

- Health care expenses of the community population reached \$627.8 billion in 2000, with over a third of the expenses related to hospital inpatient services (approximately 37% of the total).
- Overall, the mean and median expenses of persons with expenses (approximately 84% of the community population) were \$2,700 and \$721, respectively, in 2000.
- Approximately 32% of the expenses were for ambulatory medical care, i.e., services by office-based medical providers, hospital outpatient departments, and emergency rooms. However, emergency room expenses (about 3% of total expenses) were relatively small compared to other ambulatory care expenses.
- Prescription medicine purchases accounted for about 16% of community population spending on health care, and the mean expense among those with expenses was \$594.
- Private medical insurance—the largest third-party payer—covered about 41% of total payments. Medicare and Medicaid—the primary public programs—combined paid about 31% of the total.

Findings

In 2000, the U.S. community population had total expenses of \$627.8 billion, consisting of payments for hospital inpatient and outpatient care, emergency room services, office- and clinic-based medical provider services, dental services, home health care, prescription medicines, and other medical services and equipment (Figure 1). Among the 83.5% of the population with an expense, the median and mean expenses were \$721 and

\$2,700, respectively. A small proportion of the 16.5% of the population who did not have health care expenses during 2000 received health services for which no expenses were incurred.

Hospital inpatient stays—facility charges and expenses for physician services incurred during a hospital stay—accounted for 36.7% of the total expenses of the community population, while another 20.1% of the total was for office-based medical provider services (Figure 2). The mean expense among those with expenses ranged from \$10,917 for hospital inpatient services to \$260 for other medical equipment and services (Figure 3), and the proportion of people with expenses varied widely by type of service (Figure 4).

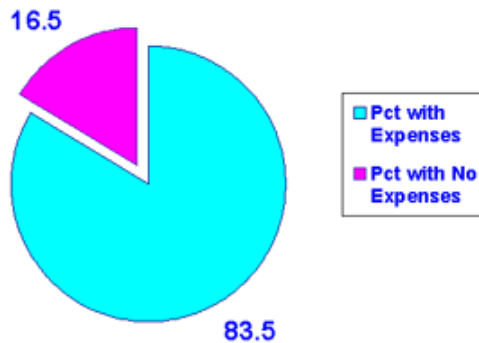
Health care expenses are paid by individuals and third-party payers such as private insurance and public programs. In 2000, private insurance covered 40.5% of the total expenses, individuals and family members paid 19.4%; and Medicare and Medicaid combined paid approximately 31% (Figure 5).

As shown in Figures 6 and 7, health care expenses were not uniformly distributed across the community population. At one extreme, uninsured people under age 65 were relatively low users of health care—those with expenses had a mean expense of \$1,500. At the other extreme, people age 65 and older on Medicare and other public insurance were heavy users—those with expenses had a mean expense of \$8,324.

About MEPS

The estimates in this Statistical Brief are based on data from the 2000 MEPS household Component (MEPS-HC). MEPS 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 non-institutionalized population. More information about MEPS can be found at the MEPS Web site at <http://www.meps.ahrq.gov/>.

Figure 1: Health Care Expenses of the U.S. Community Population, 2000



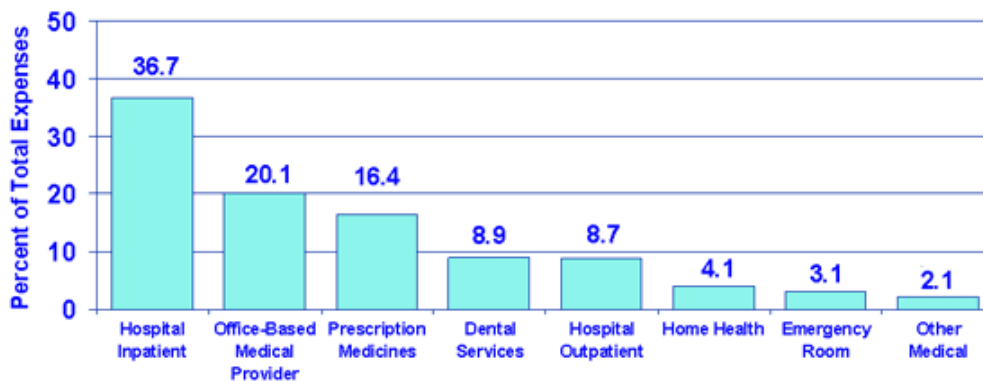
Total Community Expenses = \$627.8 billion
 Median Expense for Persons with Expenses = \$721
 Mean Expense for Persons with Expenses = \$2,700



Source: Center for Financing, Access and Cost Trends, AHRQ, Medical Expenditure Panel Survey—Household Component, 2000.



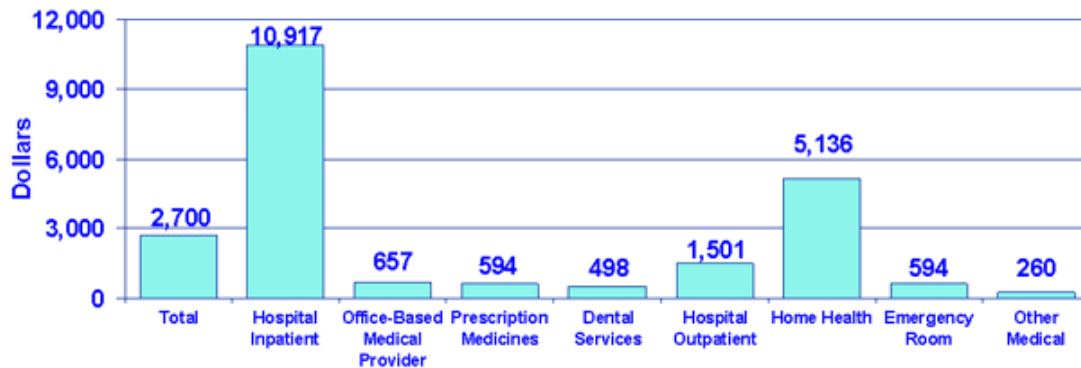
Figure 2: Distribution of Health Care Spending in the U.S. Community Population, by Type of Service, 2000



Source: Center for Financing, Access and Cost Trends, AHRQ, Medical Expenditure Panel Survey—Household Component, 2000.



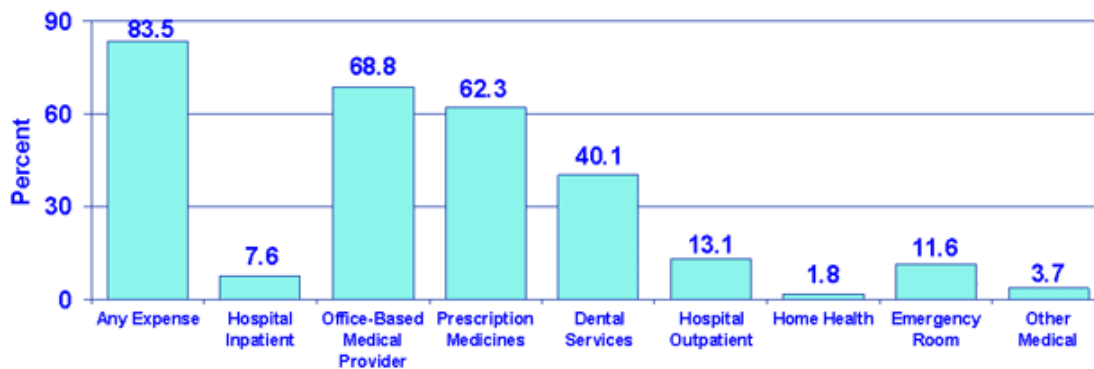
Figure 3: Mean Expense per Person with an Expense in the U.S. Community Population, by Type of Service, 2000



Source: Center for Financing, Access and Cost Trends, AHRQ, Medical Expenditure Panel Survey—Household Component, 2000.



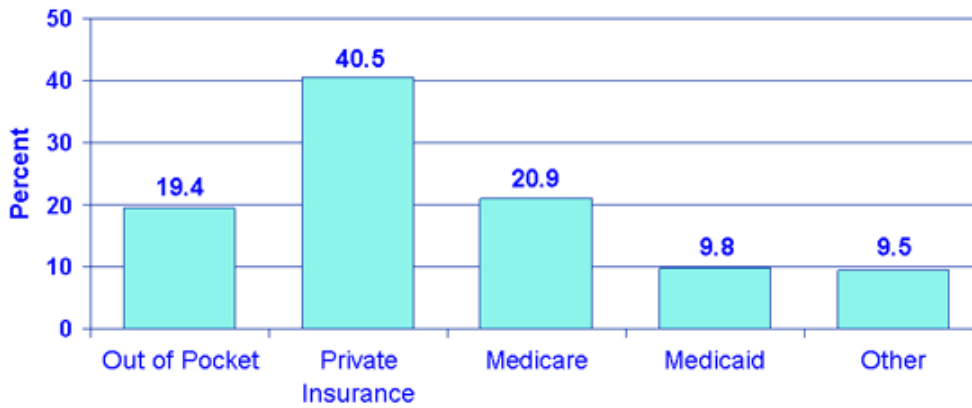
Figure 4: Proportion of the U.S. Community Population with an Expense, by Type of Service, 2000



Source: Center for Financing, Access and Cost Trends, AHRQ, Medical Expenditure Panel Survey—Household Component, 2000.



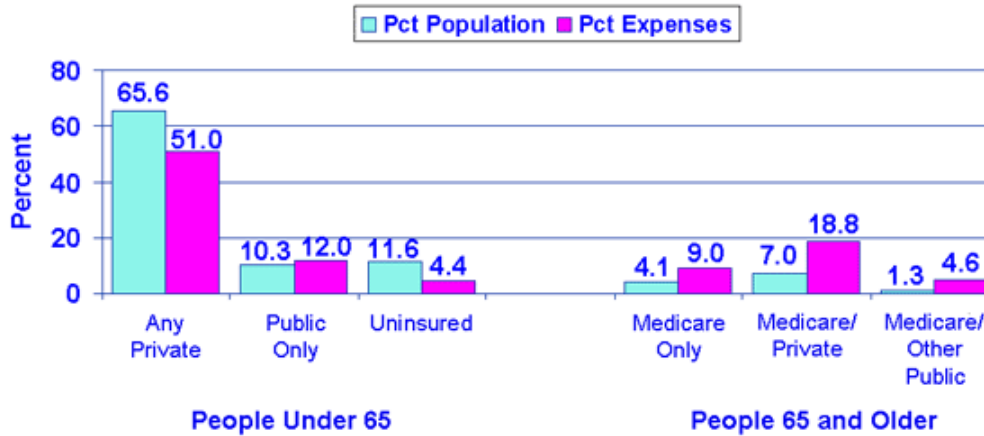
Figure 5: Distribution of Payments by Source for the U.S. Community Population, 2000



Source: Center for Financing, Access and Cost Trends, AHRQ, Medical Expenditure Panel Survey—Household Component, 2000.



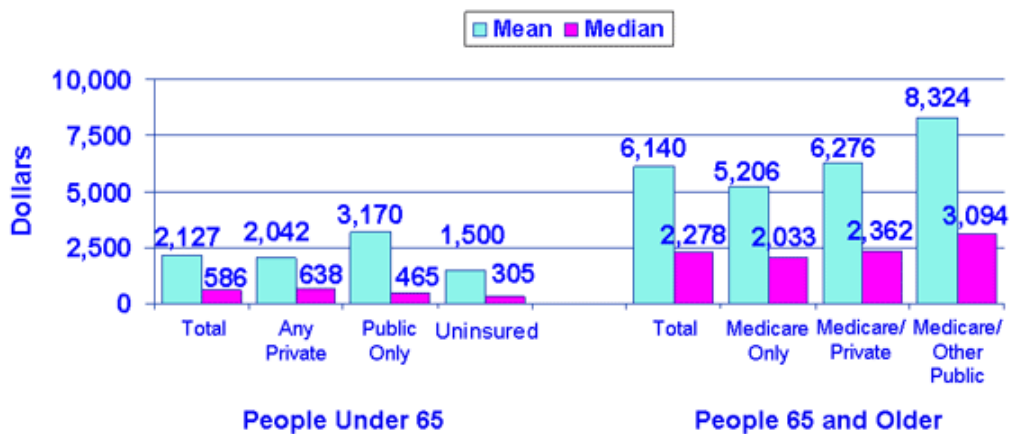
Figure 6: Health Care Expenses Relative to Percent of Population, by Insurance Status, 2000



Source: Center for Financing, Access and Cost Trends, AHRQ, Medical Expenditure Panel Survey—Household Component, 2000.



Figure 7: Mean and Median Expenses of Persons with Expenses in the U.S. Community Population, by Insurance Status, 2000



Source: Center for Financing, Access and Cost Trends, AHRQ, Medical Expenditure Panel Survey—Household Component, 2000.

