

03.05.2015 | DEFINITIONS

## Health Spending Explorer

The following list is a quick reference to definitions of type-of-expenditure and source-of-fund categories used in the Health Spending Explorer. These and more detailed definitions from the National Health Expenditure Accounts can be found at the following web address:

<http://www.cms.gov/NationalHealthExpendData/downloads/dsm-13.pdf>

### **CHIP (Title XIX and Title XXI):**

The Children's Health Insurance Program (CHIP) is a joint federal/state program that provides health insurance for children in families that do not have health insurance coverage and are not eligible for Medicaid.

### **Dental:**

Covers services provided in establishments operated by a Doctor of Dental Medicine (D.M.D.) or Doctor of Dental Surgery (D.D.S.) or a Doctor of Dental Science (D.D.Sc.).

### **Department of Defense:**

The Department of Defense (DOD) health care program, TRICARE, covers members of the uniformed services, their families and their survivors, as well as retired members and their families. Adjustments are made to remove items outside of the scope of the NHEA including spending levels for Non-DOD beneficiaries.

### **Department of Veterans Affairs:**

The Department of Veterans Affairs (VA) estimates of health expenditures are prepared using unpublished expenditure data supplied by the VA supplemented with data from the budget appendix of the U.S. Government, Monthly Treasury Statements of Receipts and Outlays of the U.S. Government, and VA *Annual Reports and Congressional Submissions*. In addition, administrators of the Civilian Health and Medical Program of the Veterans Administration provide unpublished data on expenditures specific to this program.

### **Durable Medical Equipment:**

Covers "retail" sales of items such as contact lenses, eyeglasses and other ophthalmic products, surgical and orthopedic products, hearing aids, wheelchairs, and medical equipment rentals.

### **Federal Administration:**

This category includes federal general hospital/medical expenditures, Office of Economic Opportunity (OEO), Non-XIX federal, and PCIP (pre-existing conditions insurance plans). To be included, a program must have

provision of care or treatment of disease as its primary focus. Federal general hospital and medical expenditures captures federal health care funds and grants budgeted to various federal agencies. The OEO and Non-XIX federal are both programs that no longer exist. OEO were tracked from 1965 to 1973, and Non-XIX federal payments were tracked from 1960 to 1971. PCIP were created under the Affordable Care Act.

### **General Assistance:**

General assistance (GA) expenditures in the NHEA include two types of programs: General assistance programs that are often modeled after Medicaid, and State Pharmaceutical Assistance Programs that provide low-income and medically needy senior citizens and individuals with disabilities financial assistance for prescription drugs.

General assistance refers to direct payments or payments to vendors to or on behalf of needy persons who do not qualify for federally financed assistance programs. It is provided by state and local government jurisdictions, and is not financed in whole or part by federal funds. General assistance may be administered by the state welfare agency, a local agency, or a local agency under state supervision. Eligibility requirements and payment levels of general assistance programs vary greatly from state to state and often within a state.

### **Health Consumption:**

This category includes all personal health care spending, government administration and the net cost of private health insurance, and public health activities. Premiums for third party payers and programs equal personal health care plus all applicable net cost and administrative costs.

### **Home Health:**

Covers medical care provided in the home by freestanding home health agencies (HHAs). Medical equipment sales or rentals not billed through HHAs and non-medical types of home care (e.g., Meals on Wheels, chore-worker services, friendly visits, or other custodial services) are excluded.

### **Health Insurance:**

This aggregated category includes; private health insurance, Medicare, Medicaid, CHIP, Department of Defense, and Department of Veterans Affairs. These plans provide enrollees and beneficiaries insurance against medical losses and, in some instances, directly provide medical care.

### **Hospitals:**

Covers all services provided by hospitals to patients. These include room and board, ancillary charges, services of resident physicians, inpatient pharmacy, hospital-based nursing home and home health care, and any other services billed by hospitals in the United States. The value of hospital services is measured by total net revenue, which equals gross patient revenues (charges) less contractual adjustments, bad debts, and charity care. It also includes government tax appropriations as well as non-patient and non-operating revenues.

### **Indian Health Services:**

The Indian Health Service (IHS), an agency within the Department of Health and Human Services, is responsible for providing federal health services to American Indians and Alaska Natives. The IHS provides a comprehensive health service delivery system for approximately 1.9 million American Indians and Alaska Natives who belong to 566 federally recognized tribes in 35 states.

### **Investment:**

This category includes non-commercial research as well as purchases of medical structures and equipment. Non-commercial research includes research spending of non-profit institutions and government entities. Research and development expenditures by drug and medical supply and equipment manufacturers are not included. The structures component is defined as the value of new construction (new buildings, additions, alterations, major replacements, mechanical and electric installations, and site preparation) put in place by the medical sector. The equipment component is comprised of the value of new capital equipment (including software) purchased or put in place by the medical sector during the year. For both the structure and equipment components only establishments engaged in providing health care are included, and retail establishments that sell non-durable or durable medical goods are not included.

### **Maternal/Child Health:**

The Maternal and Child Health (MCH) program is a Federal-State partnership program. Passed in the Social Security Act of 1935, the federal government (through Title V) pledged its support for State efforts to improve the health of all mothers and children. States and jurisdictions use Title V funds to design and implement a wide range of maternal and child health programs that meet national and state goals such as reducing infant mortality and the incidence of handicapping conditions among children, increasing the number of immunized children, increasing the number of children in low-income households who receive assessments and follow-up diagnostic and treatment services, providing access to comprehensive prenatal care for women; and facilitating the development of comprehensive, family centered systems of care for children with special health care needs.

### **Medicaid (Title XIX):**

Medicaid is a joint state and federal insurance program that is available only to certain low-income individuals and families who fit into an eligibility group that is recognized by federal and state law.

### **Medicare:**

Medicare is a health insurance program for people age 65 or older, people under the age of 65 with certain disabilities, and people of all ages with end-stage renal disease (ESRD).

### **Net Cost of Health Insurance:**

This category is the difference between premiums earned and benefits incurred and includes administrative costs, additions to reserves, rate credits and dividends, premium taxes, and net underwriting gains or losses.

**Non-Durable Medical Products:**

Covers the “retail” sales of non-prescription drugs and medical sundries.

**Nursing Care:**

Covers nursing and rehabilitative services provided in freestanding nursing home facilities. These services are generally provided for an extended period of time by registered or licensed practical nurses and other staff. Care received in state & local government facilities and nursing facilities operated by the U.S. Department of Veterans Affairs are also included.

**Other Federal Programs:**

This category includes federal general hospital/medical expenditures, Office of Economic Opportunity (O.E.O), Non-XIX federal, and PCIP (pre-existing conditions insurance plans).

To be included in the NHEA, a program must have provision of care or treatment of disease as its primary focus. For this reason, nutrition, sanitation, and anti-pollution programs are excluded. Another example of this is “Meals on Wheels”, which is excluded from the NHEA because it is viewed as a nutrition program rather than a health service program.

Federal general hospital and medical expenditures captures federal health care funds and grants budgeted to various federal agencies.

The Office of Economic Opportunity and Non-XIX Federal are both programs that no longer exist. Expenditures by OEO were tracked from 1965 to 1973, while Non-XIX Federal payments were from 1960 to 1971.

Pre-existing conditions insurance plans were created under the ACA to provide a health coverage option for U.S. citizens and legal residents that have been without health coverage for at least six months, have a pre-existing condition, or have been denied health coverage because of their health condition.

**Other Health and Residential:**

This category includes spending for Medicaid home and community based waivers, care provided in residential care facilities, ambulance services, school health and worksite health care. Generally these programs provide payments for services in non-traditional settings such as community centers, senior citizens centers, schools, and military field stations.

**Other Private Revenues:**

The most common source of other private revenues is philanthropy. Philanthropic support may be direct from individuals or may be obtained through philanthropic fund-raising organizations such as the United Way, or other foundations or corporations. Philanthropic revenues may be spent directly for patient care or may be held in an endowment fund to produce income to cover current expenses. For institutions such as hospitals,

nursing homes and HHAs, other private funds also include income from the operation of gift shops, cafeterias, parking lots, educational programs, and investment income.

**Other Professional Services:**

Covers services provided in establishments operated by health practitioners other than physicians and dentists. These professional services include those provided by private-duty nurses, chiropractors, podiatrists, optometrists, and physical, occupational and speech therapists, among others.

**Other State and Local Programs:**

Other state and local programs include: temporary disability insurance, state and local subsidies to providers, and Non-XIX state and local. In general, all spending by state and local governments that is not reimbursed by the federal government (through benefit payments or grants-in-aid) nor by patients or their agents is treated as state and local expenditures. State and local spending is net of federal reimbursements and grants-in-aid for various programs. As with federal expenditures, payment for employee health insurance by state and local governments is included under PHI expenditures. Temporary disability insurance includes medical care benefits provided to workers as a result of temporary non-occupational disability or short-term sickness. This benefit is currently offered solely in the state of New York. State and local subsidies are payments by the state and local government to hospitals, home health agencies, and other facilities owned by the state. For 1960-1971, this category also included Non-XIX state and local funding.

**Other Third Party Payers and Programs:**

This aggregated category includes; General Assistance, Indian Health Services, Maternal/Child Health, Other Federal Programs, Other Private Revenues, Other State and Local Programs, SAMHSA, School Health, Vocational Rehabilitation, Worker's Compensation, and Worksite Health Care.

**Out-of-Pocket Payments:**

Includes direct spending by consumers for all health care goods and services, including coinsurance, deductibles, and any amounts not covered by insurance. Premiums paid by individuals for private health insurance are not covered here, but are counted as part of Private Health Insurance.

**Physicians and Clinics:**

Covers services provided in establishments operated by Doctors of Medicine (M.D.) and Doctors of Osteopathy (D.O.), outpatient care centers, plus the portion of medical laboratories services that are billed independently by the laboratories. This category also includes services rendered by a doctor of medicine (M.D.) or doctor of osteopathy (D.O.) in hospitals, if the physician bills independently for those services. Clinical services provided in freestanding outpatient clinics operated by the U.S. Department of Veterans' Affairs, the U.S. Coast Guard Academy, the U.S. Department of Defense, and the U.S. Indian Health Service are also included.

**Prescription Drugs:**

Covers the “retail” sales of human-use dosage-form drugs, biological drugs, and diagnostic products that are available only by a prescription.

**Private Health Insurance:**

Includes premiums paid to traditional managed care, self-insured health plans and indemnity plans. This category also includes the net cost of private health insurance which is the difference between health premiums earned and benefits incurred. The net cost consists of insurers’ costs of paying bills, advertising, sales commissions, and other administrative costs; net additions to reserves; rate credits and dividends; premium taxes; and profits or losses.

**Public Health Activity:**

In addition to funding the care of individual citizens, government is involved in organizing and delivering publicly provided health services such as epidemiological surveillance, inoculations, immunization/vaccination services, disease prevention programs, the operation of public health laboratories, and other such functions. In the NHEA, spending for these activities is reported in government public health activity. Funding for health research and government purchases of medical structures and equipment are reported in their respective categories. Government spending for public works, environmental functions (air and water pollution abatement, sanitation and sewage treatment, water supplies, and so on), emergency planning and other such functions are not included.

**SAMHSA:**

Substance Abuse and Mental Health Services Administration (SAMHSA) provides grants or outlays for program areas such as: Substance Abuse Treatment Capacity, Mental Health System Transformation, Strategic Prevention Framework, Co-Occurring Disorders, Seclusion & Restraint (elimination of), Older Adults, and HIV/AIDS & Hepatitis. These funds are used in part to purchase or provide personal health care services.

**School Health:**

School health includes all PHC expenditures for students in primary and secondary public and private schools. This may include school nursing services, hearing and vision tests, as well as more comprehensive clinical services.

**State and Local Administration:**

This category includes temporary disability insurance, state and local subsidies to providers, and Non-XIX state and local. In general, all spending by state and local governments that is not reimbursed by the federal government (through benefit payments or grants-in-aid) nor by patients or their agents is treated as state and local expenditures.

**Total Administration:**

This category includes the administrative costs of health care programs such as Medicare and Medicaid as well as the net cost of private health insurance. This aggregated category includes; State and Local Administration, Federal Administration, and Net Cost of Health Insurance.

**Total CMS Programs (Medicaid, CHIP and Medicare):**

This aggregated category includes; Medicaid, CHIP, and Medicare.

**Vocational Rehabilitation:**

The vocational rehabilitation program provides funds from the federal and state and local government for the rehabilitation of individuals with physical and mental impairments. Only PHC goods and services financed by the program are included in the health accounts.

**Worker's Compensation:**

Workers compensation includes expenditures for medical benefits that are paid for by federal and state and local workers compensation programs. The U.S. Department of Labor, Office of Workers' Compensation Programs administers compensation programs which provide benefits to federal workers or their dependents that are injured at work or acquire an occupational disease. Non-federal workers' compensation programs are financed almost exclusively by employers. Premiums paid are based on industry classification and the occupational classification of their workers.

**Worksite Health Care:**

Worksite health care represents expenditures for PHC directly provided by employers for their employees. This includes services such as those provided at an on-site health unit, such as the administration of flu shots and blood tests, or more extensive medical care such as onsite physician or hospital services.