

## **The Concentration of Health Care Expenditures in the U.S. and Predictions of Future Spending**

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**Abstract:** Health care expenditures represent more than one-sixth of the U.S. gross domestic product, exhibit a rate of growth that exceeds other sectors of the economy, and constitute one of the largest components of the federal budget and states' budgets. Studies that examine the concentration and persistence of high levels of expenditures over time are essential to help discern the factors most likely to drive health care spending and the characteristics of the individuals who incur them. Estimates of health care expenses for the U.S. population are critical to policymakers and others concerned with access to medical care and the cost and sources of payment for that care. Medical care expenses, however, are highly concentrated among a relatively small proportion of individuals in the community population. Using information from the Household Component of the Medical Expenditure Panel Survey (MEPS-HC), this study provides detailed estimates of the concentration and persistence in the level of health care expenditures in the United States. Attention is given to identifying the characteristics of individuals with the highest levels of medical expenditures, in addition to those factors that are associated with low medical expense profiles. Analyses are included to discern the most salient factors that are serve to predict the likelihood of experiencing high levels of medical expenditures in a subsequent year, in addition to the factors operational in predictions of experiencing low levels of medical expenditures in a subsequent year.

**Key words:** medical expenditures; distributions; predictions.