

Quick Definitions for National Health Expenditure Accounts (NHEA) Categories

The following list is a quick reference to definitions of some of the type-of-expenditure and source-of-fund categories used in the NHEA. More detailed definitions can be found at the following web address: [National Health Expenditure Accounts: Methodology Paper, 2024 \(cms.gov\)](https://www.cms.gov/Medicare/Health-Expenditures-and-Financial-Information/National-Health-Expenditure-Accounts/Methodology-Paper)

Hospital Care:

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. Hospitals fall into NAICS 622 – Hospitals.

Physician and Clinical Services:

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. The establishments included in Physician and Clinical Services are classified in NAICS 6211-Offices of Physicians, NAICS 6214-Outpatient Care Centers, and a portion of NAICS 6215-Medical and Diagnostic Laboratories.

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. These establishments are classified in NAICS-6213 Offices of Other Health Practitioners.

Dental Services:

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.). These establishments are classified as NAICS 6212 Offices of Dentists.

Other Health, Residential, and Personal Care:

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. The residential establishments are classified as facilities for the intellectually disabled (NAICS 62321), and mental health and substance abuse facilities (NAICS 62322). The ambulance establishments are classified as Ambulance services (NAICS 62191).

Home Health Care:

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. These freestanding HHAs are establishments that fall into NAICS 6216-Home Health Care Services.

Nursing Care Facilities and Continuing Care Retirement Communities:

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. These establishments are classified in NAICS 6231-Nursing Care Facilities and NAICS 623311-Continuing Care Retirement Communities with on-site nursing care facilities.

Prescription Drugs:

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

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.

Other Non-Durable Medical Products:

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

Population:

The population used in the NHEA tables is defined as the U.S. Census resident population plus the net undercount.

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.

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.

Private Health Insurance:

Includes premiums paid to traditional managed care, self-insured health plans and indemnity plans. This category also includes non-medical insurance expenditures which is the difference between health premiums earned and benefits incurred. Non-medical insurance expenditures consist 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.