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# Health Care Indicators

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## Hospital, Employment, and Price Indicators for the Health Care Industry: Third Quarter 1996

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*This regular feature of the journal includes a discussion of recent trends in health care spending, employment, and prices. The statistics presented in this article are valuable in their own right and for understanding the relationship between the health care sector and the overall economy. In addition, they allow us to anticipate the direction and magnitude of health care cost changes prior to the availability of more comprehensive data.*

### KEY THIRD QUARTER 1996 TRENDS

- Hospital admissions and the number of inpatient hospital days both fell in the third quarter, indicating the trend toward decreased inpatient hospital use is continuing.
- The decline in the number of staffed hospital beds accelerated in 1996, particularly in the third quarter, while hospital occupancy rates continue to fall. Hospitals continue to shed excess capacity too slowly to avert the ongoing slide in occupancy rates.
- Outlays from the Medicare trust funds grew less rapidly in the fiscal year ending in September 1996 than in the preceding fiscal year. However, the assets in the Hospital Insurance (HI) trust fund fell in fiscal year 1996 for the second straight year.

- Medical price growth, as measured by the Consumer Price Index (CPI), continued to decelerate in the third quarter of 1996, converging near overall price growth.
- Growth in the CPI for physicians' services and growth in the Producer Price Index (PPI) for offices of doctors of medicine have decelerated rapidly since 1995.
- Inpatient hospital consumer and producer price growth continued to decelerate in the third quarter of 1996, the result of slower price growth for private payers.

### INTRODUCTION

This article presents statistics on health care use, prices, expenses, employment, and work hours, as well as on national economic activity. These statistics provide an early indication of changes occurring in the health care sector and within the general economy. We rely on indicators such as these to anticipate and predict changes in health care sector expenditures for the most recent year. Other indicators help to identify specific reasons (e.g., increases in price inflation or declines in utilization) for health care expenditure change.

The first nine of the accompanying tables report selected quarterly statistics and the calendar year aggregations of quarterly information for the past 4 years. Unless specifically noted, changes in quarterly statistics are shown from the same period 1 year earlier. For quarterly information, this calculation permits analysis of data to focus

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on the direction and magnitude of changes, without interference introduced by seasonal fluctuations. The last four tables in the report show base weights, annual index levels, and annual percent changes in the Input Price Indexes maintained by HCFA. Beginning with this issue of the *Review*, the Prospective Payment System (PPS) Hospital Input Price Index has been rebased from fiscal year (FY) 1987 to FY 1992, and the Home Health Agency (HHA) Input Price Index has been rebased from calendar year (CY) 1976 to CY 1993. The annual percent changes and the four-quarter moving average percent changes for input prices are calculated using the same procedure, namely averaging the four quarters ending with the fourth calendar quarter of the current year and dividing by the average of the four calendar quarters of the preceding year.

## COMMUNITY HOSPITAL STATISTICS

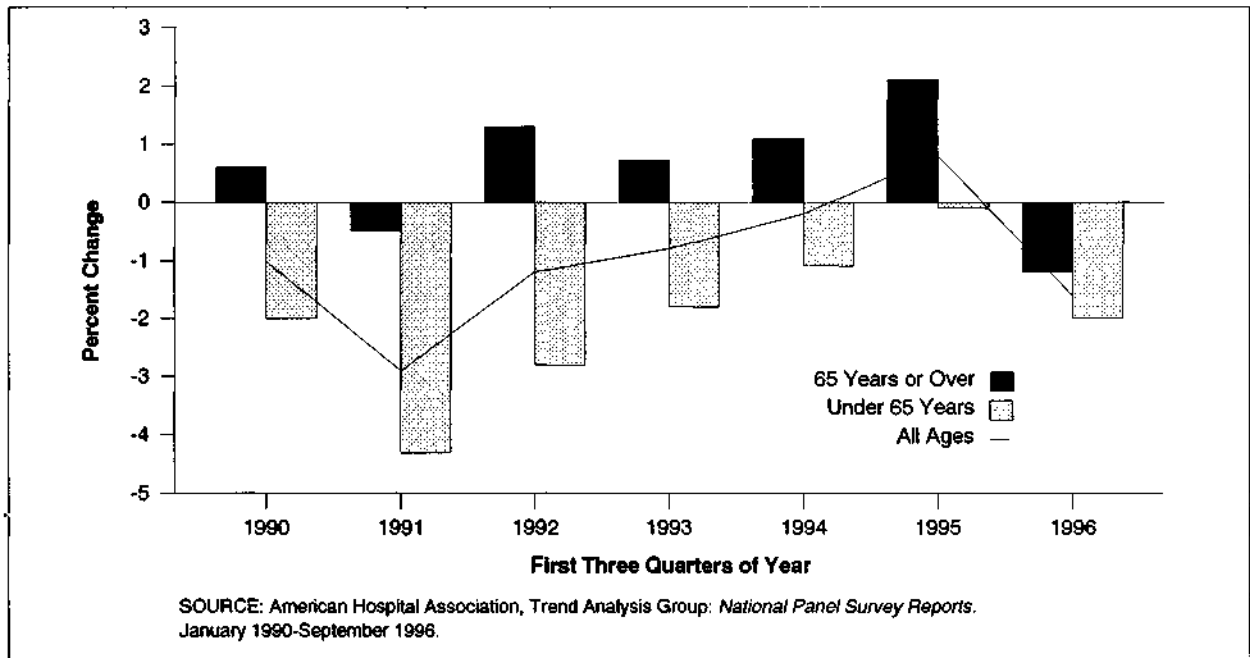
Statistics on community hospital operations from the American Hospital Association (AHA) for the third quarter of 1996 show that declining hospital use is putting increasing pressure on community hospitals' inpatient revenues. Declining admissions and shortened hospital stays in the third quarter contributed to lower occupancy rates, despite a marked acceleration in the ongoing drop in the number of staffed beds. No evidence has emerged of an acceleration in spending for hospital care through the third quarter of 1996. AHA panel survey data through the third quarter of 1996 show a deceleration in hospital revenue growth attributable to the "current environment, which has been characterized by significant increases in managed care enrollment and continued pressure to reduce costs" (American Hospital Association, 1997).

Hospital admissions have declined in each of the first three quarters of 1996, measured from the same period in the previous year. This decline in each of the first three quarters of 1996 follows a period of increasing admissions that began in the third quarter of 1993. The recent decline in total admissions has been driven by the decline in admissions for the population under 65 years of age. Hospital admissions for this age cohort have been declining since the fourth quarter of 1995.

Hospital admissions per 1,000 population, another statistic presented in Tables 1 and 2, in effect represents the rate at which patients are hospitalized. A decline in these time series shows not only that admissions have decreased, but that the rate at which patients are being hospitalized has declined. The trend in hospital admissions per 1,000 population for the cohort 65 years of age or over has changed during the first three quarters of 1996. As shown in Figure 1, admissions per 1,000 population for this age group declined for the first three quarters of 1996, compared with the first three quarters of the previous year, the first such decline since 1991.

The AHA data for the third quarter of 1996 show that the length of adult hospital stays continues to fall, with the decline driven by declines in length of stay for the population 65 years of age or over. The overall length of stay fell to 5.4 days in the third quarter of 1996. The length of stay for the population 65 years of age or over fell to 6.6 days, whereas the length of stay for those under 65 years of age was 4.7 days. Figure 2 shows that recent declines in the length of stay have been driven by the 65-years-or-over age cohort, while length of stay for those under 65 years of age has been remarkably stable, falling only 0.2 day from the third quarter of 1994 to the third

**Figure 1**  
**Hospital Admissions per 1,000 Population For All Ages,  
 Population 65 Years of Age or Over, and Population Under 65 Years of Age: 1990-96**



quarter of 1996.<sup>1</sup> In contrast, the length of stay for the population aged 65 years or over has fallen nearly a day, from 7.5 days to 6.6 days, during the same time period. The evidence suggests that recent quality-of-care initiatives that have led to mandated stays for certain procedures may be creating a floor under the length of stay for the population under 65 years of age. For example, 28 States and the Federal Government have started legislation to mandate insurance coverage for increased hospital stays for new mothers and their babies; the Centers for Disease Control reports that the length of postpartum hospital stays increased by 12 hours in New Jersey since that State enacted legislation in 1995 (Reuters Health Line, 1996). Moreover, in their 1997 legislative sessions,

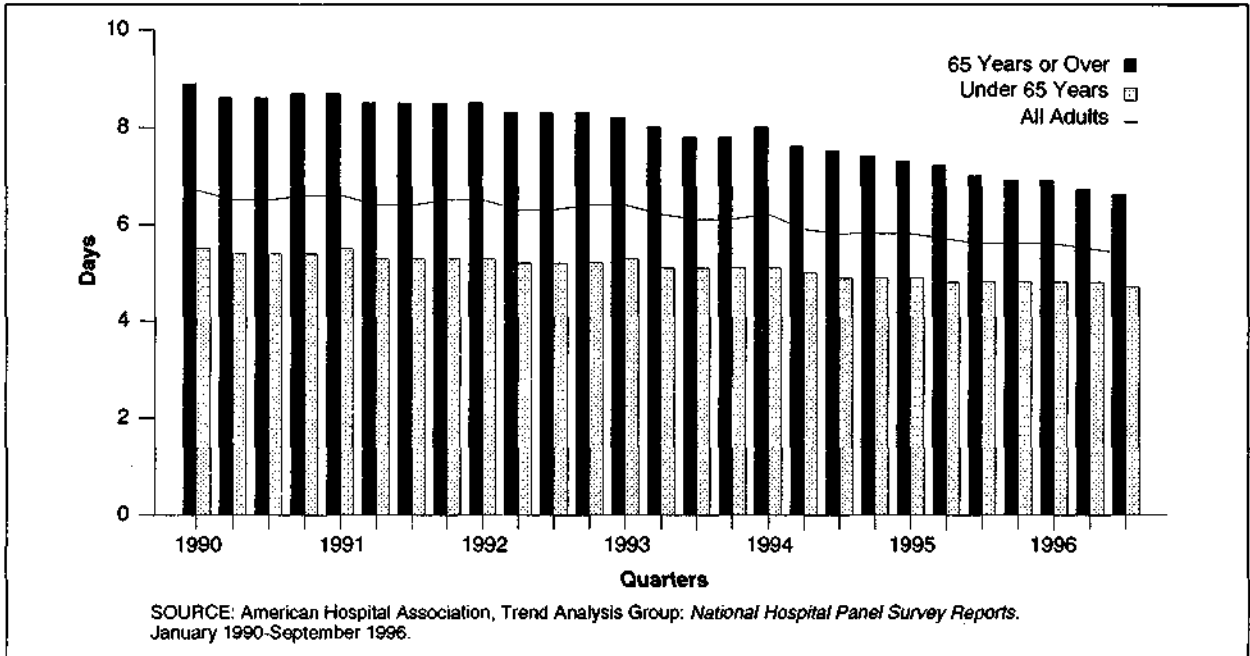
27 States will debate legislation calling for minimum 48-hour stays for women undergoing mastectomies (Reuters Medical News, 1997).

The number of staffed hospital beds decreased 2.6 percent in the third quarter of 1996, measured from the same period 1 year earlier. This represents an acceleration of the decline in the number of beds. Despite the accelerating decline in the number of beds, the hospital occupancy rate continues to fall. Hospitals are not shedding excess capacity fast enough to match the decline in inpatient days. Figure 3 shows the hospital occupancy rate, the percent change in the number of staffed beds, and the percent change in inpatient hospital days for the first three quarters of each year since 1987.

As a result of the continuing decline in hospital use, hospital revenues grew at record low rates in the first three quarters of 1996. Total patient revenue grew only 3.3 percent in the first three quarters,

<sup>1</sup>The May 2, 1996, issue of the *American Health Line* features a *Wall Street Journal* report on a new study by Baltimore-based HClA Inc., that suggests "hospitals' long crusade to improve productivity by shortening patient stays may have finally reached its limit." HClA's findings are based on a review of roughly 25 percent of the 33 million annual hospital admissions.

**Figure 2**  
**Average Hospital Length of Stay Among All Adults, Persons 65 Years of Age or Over, and**  
**Persons Under 65 Years of Age: 1990-96**



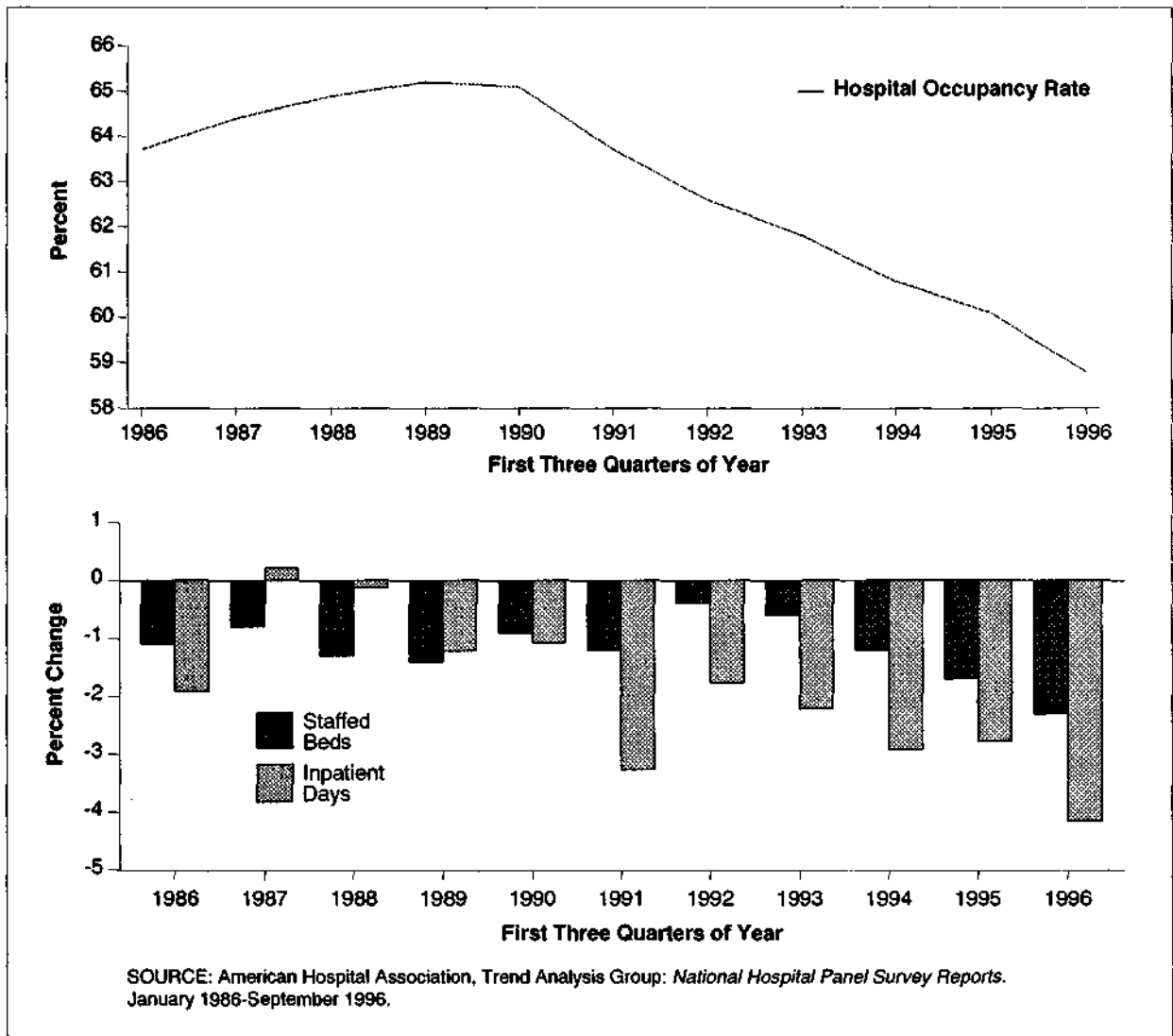
down from the 5.2-percent growth rate in the first three quarters of 1995. Inpatient revenue barely grew at all in the third quarter, up just 0.3 percent from the same period of the previous year. During the first three quarters of 1996, inpatient revenue grew only 0.7 percent, down from 2.9-percent growth in the first three quarters of 1995. Outpatient revenue, not as severely affected by the slowdown in use, grew 9.1 percent in the first three quarters of 1996, compared with 10.8 percent in the first three quarters of 1995.

### **MEDICARE TRUST FUNDS INCOME AND OUTLAYS**

Health Care Indicators now include statistics on the income and outlays of the Medicare trust funds statistics in Table 3. More information on the sources of these statistics is included in the Background section—Medicare Trust Funds Operations.

Separate trust funds finance the operations of the two Medicare programs. The HI program, or Medicare Part A, helps pay for inpatient hospital, home health, skilled nursing facility (SNF), and hospice care for the aged and disabled. The HI program is financed primarily by payroll taxes paid by workers and employers. The taxes paid each year are used mainly to pay benefits for current beneficiaries. The Supplementary Medical Insurance (SMI) program, or Medicare Part B, pays for physician, outpatient hospital, and other services for the aged and disabled. The SMI program is financed primarily by transfers from the general fund of the U.S. Treasury and by monthly premiums paid by beneficiaries. For both Medicare programs, income not currently needed to pay benefits and related expenses is held in the HI and SMI trust funds and invested in U.S. Treasury securities (*Annual Report of the Board of Trustees of the Federal Hospital Insurance Trust Fund, 1996; Annual*

**Figure 3**  
**Hospital Occupancy Rates and Percent Change in Staffed Beds**  
**and Inpatient Days: 1986-96**



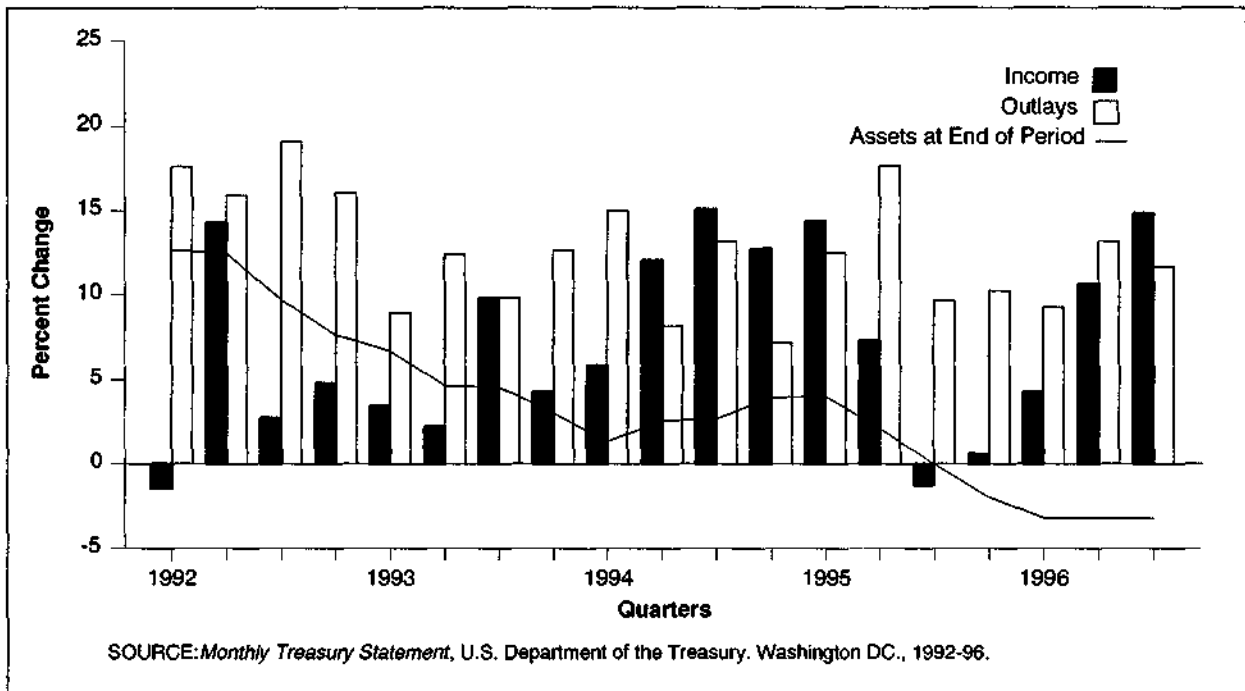
*Report of the Board of Trustees of the Federal Supplementary Medical Insurance Trust Funds, 1996).*

Quarterly levels of the outlays and income of the HI and SMI trust funds fluctuate from quarter to quarter for many reasons. The variability in the quarterly trust fund data may be even greater than the quarterly variability in the other health care indicators discussed in this article (essentially price and utilization series) because of the effects of the timing of

payments into and from the trust funds. The primary sources of variation in the level of outlays are the number of business days in a quarter, the timing of payments, usually made the first of a month but which are made early when the first day is on a weekend or legal holiday, and seasonal variation in health care use and costs. The sources of variation in income flows generally result from the timing of payments made to the trust funds. The timing of payroll tax withholding; settlements on self-

Figure 4

Percent Change From the Same Period of Previous Year in Medicare Hospital Insurance (Part A) Trust Fund Income, Outlays, and Assets: 1992-96



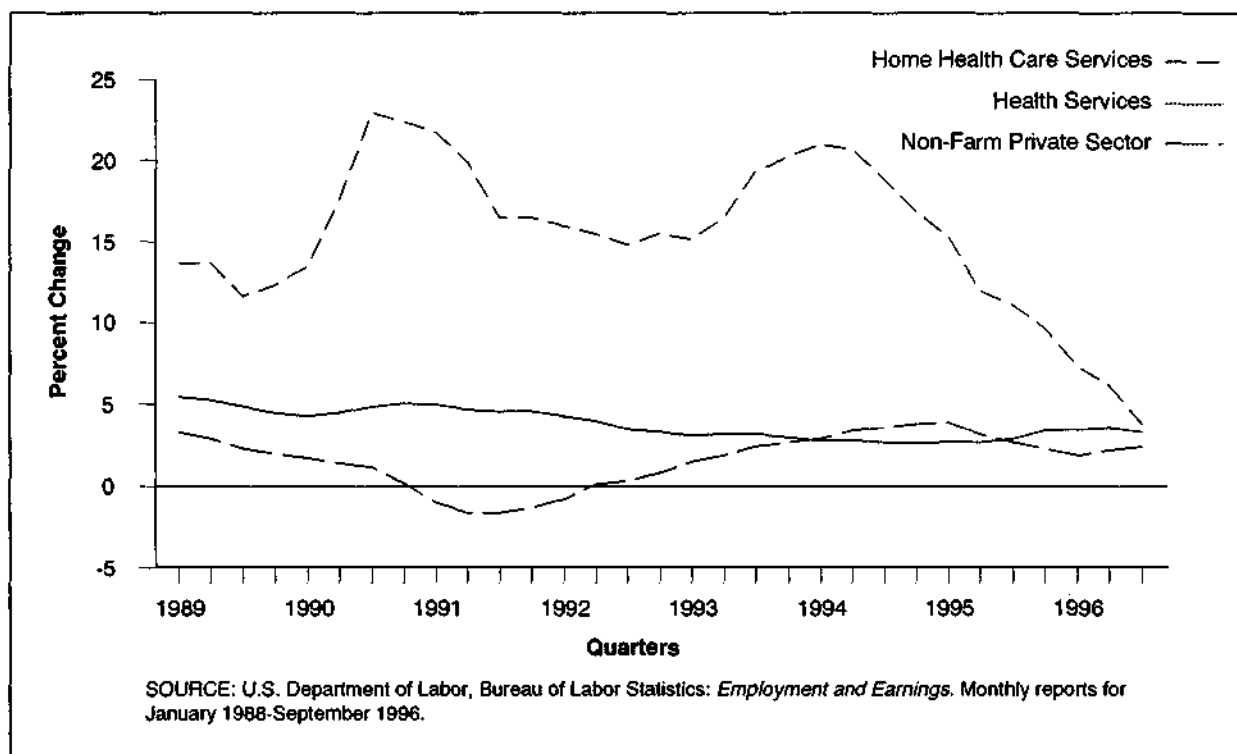
employment taxes; and premium, interest, and general revenue payments to the funds are the primary sources of this variation.

The growth in total Medicare outlays decelerated slightly through the third quarter of 1996. Total Medicare outlays, the sum of Part A and Part B outlays, were \$50.6 billion in the third quarter of 1996, an 8.7-percent increase from the same quarter of the previous year. For Federal Fiscal Year (FFY) 1996, which ended September 30, 1996, total Medicare outlays were \$196.6 billion, an increase of 9.2 percent over FFY 1995. This is a deceleration from the 10.8-percent growth registered in FFY 1995, when total Medicare outlays were \$180.1 billion.

The deceleration in total Medicare outlays in FFY 1996 was driven in large part by the marked deceleration in Part B outlays. Outlays for Part B increased just 5.7 percent in FFY 1996, after increasing 9.2 percent in FFY 1995. The key factor in the deceleration of Part B outlays is the

Medicare volume performance standards (MVPS) which were incorporated into the physician fee schedule in 1992. These standards, designed to control growth in Medicare physician and other professional services, imposed a penalty for overshooting 1994 growth targets that took effect in the first quarter of CY 1996 (Levit et al., 1996). As a result, price increases for services covered by the physician fee schedule, which accounted for most of the Part B outlay growth in 1995, will be severely limited in 1996. Although the volume of services, as well as outlays for Part B benefits not covered by the physician fee schedule, affected Part B outlays in FFY 1996, the price constraints imposed by the MVPS acted to slow Part B outlays in the remaining three quarters of the fiscal year. The growth Part A outlays decelerated only slightly in FFY 1996. The growth rate in Part A outlays for FFY 1996 was 11.1 percent compared with 11.8 percent in FFY 1995.

**Figure 5**  
**Percent Change From Same Period of Previous Year in**  
**Employment in the Non-Farm Private Sector,**  
**Private Sector Health Services, and Home Health Care Services: 1989-96**



The growth of outlays from the HI trust fund was 11.7 percent in the third quarter of 1996, compared with the same period 1 year earlier. The quarterly changes in HI trust fund income and outlays are shown in Figure 4. This chart depicts the quarterly changes in the income and outlays of the HI trust fund, as well as the percent change in the assets held by the fund at the end of each quarter. The growth in outlays, or benefits paid, has exceeded the growth in trust fund income in 13 of the last 19 quarters. The quarterly percent change in HI trust fund assets held, measured from the same period in the previous year, reflects the decline in the asset balance beginning in the third quarter of 1995 and continuing through the third quarter of 1996. The decline in the HI trust fund assets balance in FFY 1996 had been expected, and was reported in the 1996 Trustees Report.

### TRENDS IN HEALTH SECTOR EMPLOYMENT AND EARNINGS

The first three quarters of 1996 were marked by moderate growth in employment in both the health sector and in the private non-farm business sector. As shown in Tables 4 and 5, employment in private sector health services grew 3.3 percent in the third quarter of 1996, measured from the same period 1 year earlier, a slight deceleration from the 3.6-percent increase recorded in the second quarter of 1996. The fastest growing components of private sector health services were the Offices and Clinics of Physicians and the Offices and Clinics of Dentists, and private hospitals remained the slowest growing component. The most significant change in health services employment was in home health services. As shown in Figure 5, home health

services is no longer the fastest growing segment of private sector health services. By the third quarter of 1996, employment in home health services increased only 3.8 percent from the same period of the previous year. This rate of increase is only one-third the growth rate measured in the third quarter of 1995 (11.1 percent), and one-fifth of the growth rate recorded in the third quarter of 1994 (18.9 percent). Employment growth in home health care services has been decelerating since the second quarter of 1994, when Medicare home health care cost limits were frozen.<sup>2</sup>

There is little evidence of accelerating labor cost pressures in the Bureau of Labor Statistics (BLS) data on private sector health services average hourly earnings for the third quarter of 1996. Average hourly earnings for workers in private sector health services establishments increased 3.2 percent in the third quarter of 1996, measured from the same period one year earlier. This growth rate was unchanged from the second quarter, and represents only a slight acceleration from the annual growth rate of 2.9 percent recorded in 1995. Average hourly earnings for the private sector as a whole outgrew the health sector in each of the first three quarters of 1996, providing further evidence that health sector labor cost pressures are less than those in the rest of the economy. The two fastest growing segments of health services in terms of average hourly earnings are the same sectors, Offices and Clinics of Physicians and Dentists, where employment grew most rapidly in the third quarter of 1996. Average hourly earnings in the other

components of private sector health services (nursing homes, private hospitals, and home health care services) grew less than average hourly earnings in the private non-farm business sector at large.

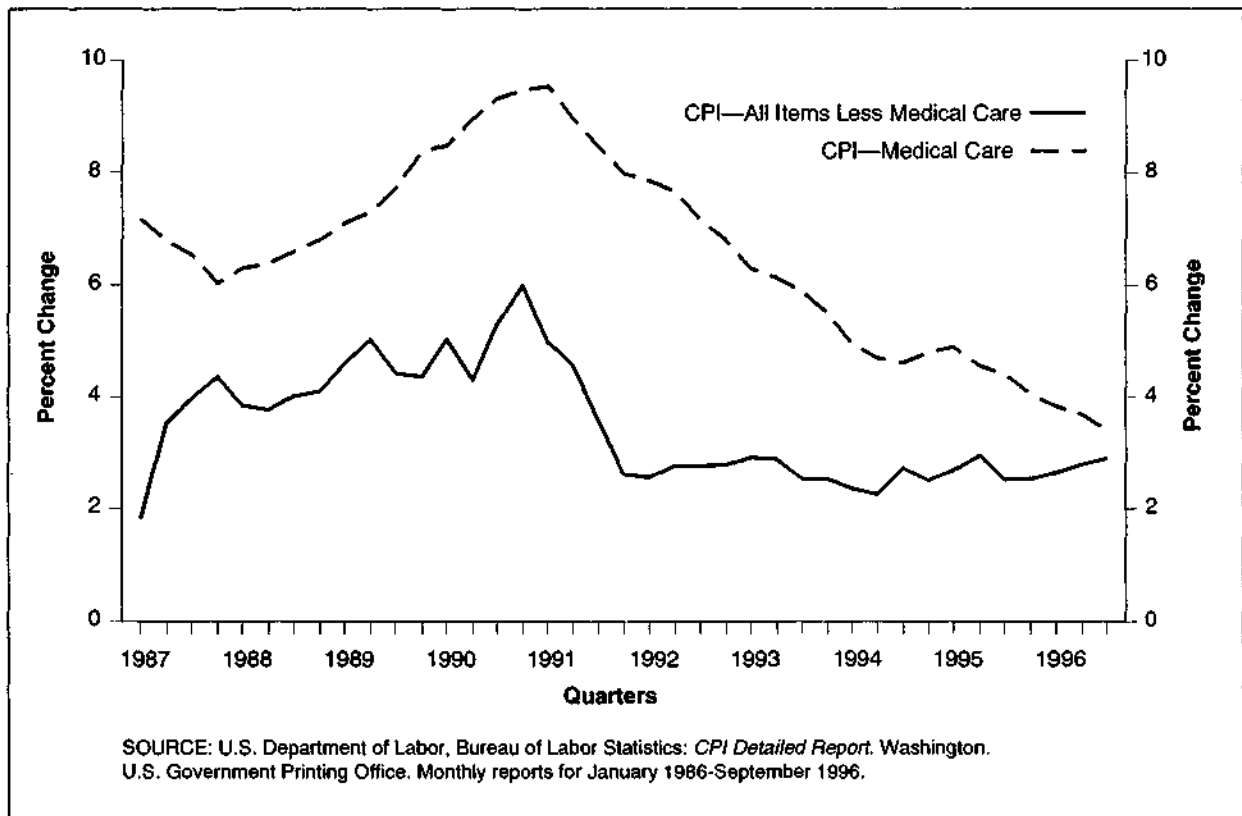
## MEDICAL SECTOR PRICES

Medical price growth continued to decelerate in the third quarter of 1996, a trend that began in 1992 but has become more apparent since the first quarter of 1995. This decelerating growth is most evident in the CPI for medical care. The percent change in the CPI for medical care decelerated from 4.9 percent in the first quarter of 1995 to 3.4 percent in the third quarter of 1996. During this same period, the percent change in the CPI for all items less medical care was virtually constant at 2.9 percent, resulting in a 0.5-percentage point differential in the third quarter of 1996. As shown in Figure 6, the CPI for medical care is converging with the CPI for all items less medical care. The difference between overall price growth and medical care price growth in the third quarter 1996 is the smallest since the third quarter of 1981, and well below the average differential of 3.7 percentage points between 1985-94. As with most of the declining indicators for hospital use and revenue, the deceleration in the growth rate of the medical care CPI can be viewed as a result of the increased penetration by managed care in the health care market. Although the PPI for health services is a relatively new index, having been introduced in December 1994, there has been a recent downward trend in its growth rate as well. Producer price growth for health services decelerated from 2.5 percent in the first quarter of 1996 to 2.1 percent in the third quarter of 1996. For both medical consumer and producer prices these recent downward trends have been caused

<sup>2</sup>The Omnibus Budget Reconciliation Act of 1993 (Public Law 103-66) was enacted on August 10, 1993. Medicare home health care cost limits were affected by provisions mandating that per visit cost limits would not be updated or adjusted for cost-reporting periods beginning on or after July 1, 1994, and before July 1996. In addition, the adjustment for administrative and general cost of hospital-based home health agencies was eliminated for cost periods beginning after FY 1993.



**Figure 6**  
**Percent Change in Consumer Price Indexes**  
**From the Same Period of Previous Year: 1987-96**

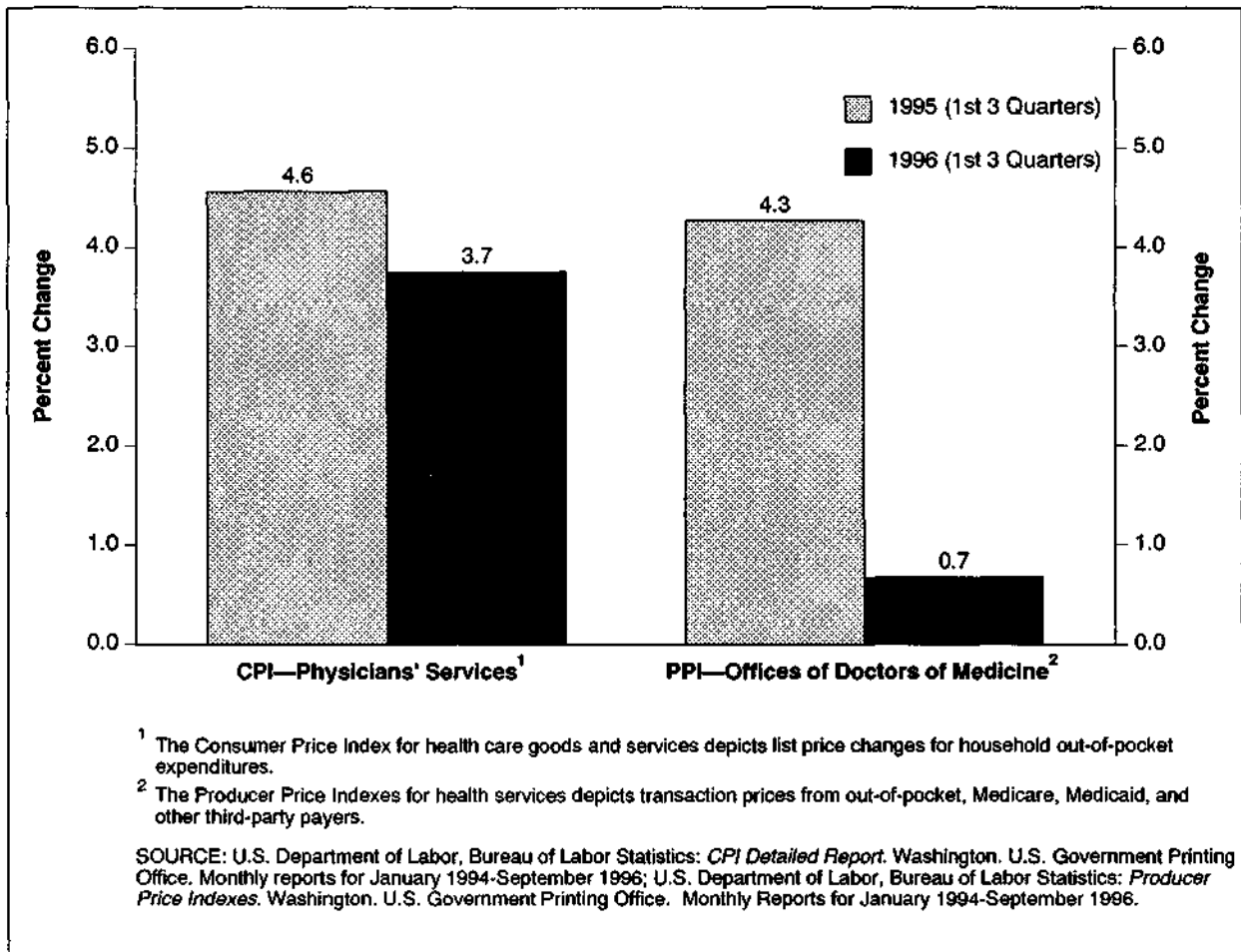


in part by decelerating growth in physician and inpatient hospital prices. As is always the case with the CPI and the PPI, differences in scope and methodologies of the two surveys precludes any direct comparison between the two indexes (more explanation is included in the Background section). However, directional trends in growth rates for each index can be analyzed in relation to the other.

For 1996 year-to-date, growth in physician consumer and producer prices decelerated from the same period of 1995. As indicated in Figure 7, the CPI for physicians' services decelerated from 4.6-percent growth for the first three quarters of 1995 to 3.7-percent growth for the first three quarters of 1996. The CPI for physicians' services measures only list price changes for household, out-of-pocket expenditures for physicians' services. On the other hand,

the PPI for offices of doctors of medicine measures transaction prices from all payers, including out-of-pocket, Medicare, Medicaid, and other third-party payers. Similar to the trend in the CPI for physicians' services, growth in the PPI for offices of doctors of medicine decelerated from 4.3-percent growth for the first three quarters of 1995 to 0.7-percent growth for the first three quarters of 1996. The larger magnitude deceleration for the PPI is partly from the inclusion of other payers besides out-of-pocket, especially Medicare treatments. As measured by the PPI, Medicare treatments in offices of doctors of medicine are based on a combination of a geographic area sample of payments under the HCFA Common Procedure Coding System (HCPCS), fee schedule updates published annually in the *Federal Register*, and other adjustments. Although the methodology is

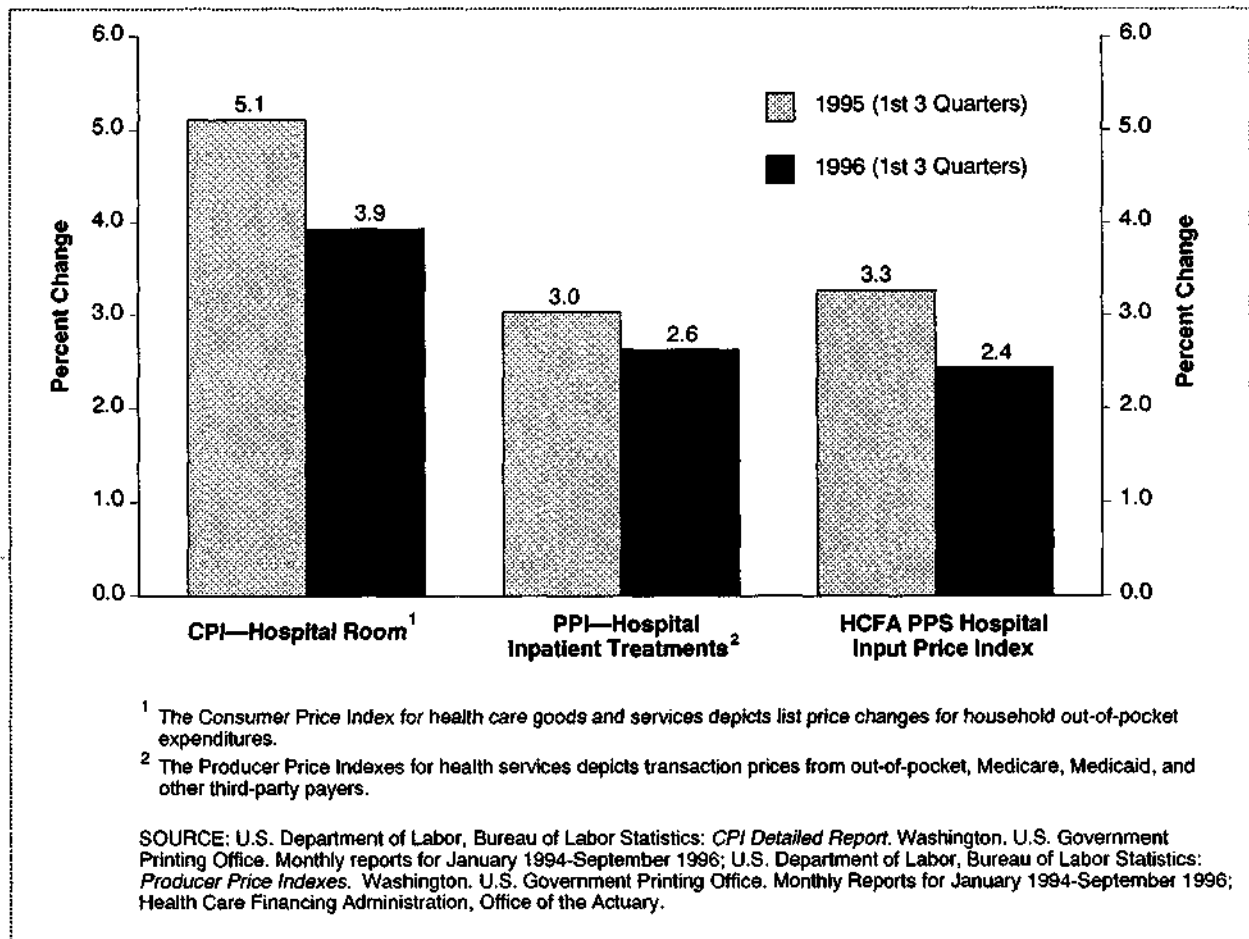
**Figure 7**  
**Percent Change in Selected Physician Price Indexes**  
**for the First Three Quarters of Year From Same Period of Previous Year: 1995-96**



not the same as the HCFA update published in the *Federal Register*, the PPI for Medicare treatments in offices of doctors of medicine is based on these updates. The CY 1996 HCFA update was based on the Medicare Economic Index (MEI) (Table 13), performance adjustments, and other adjustments. For year-to-date 1996, the PPI for Medicare treatments in offices of doctors of medicine decreased by 3.7 percent (Table 9). Based on recent updates published in the November 22, 1996, *Federal Register*, the 1997 growth rate for the PPI for Medicare treatments in offices of doctors of medicine is likely to accelerate from the 3.7-percent decline in 1996.

Another contributor to decelerating health care price growth is slower increases in hospital inpatient prices. Growth in both the CPI and the PPI has slowed for this sector, as shown in Figure 8. The CPI for hospital rooms decelerated from a growth rate of 5.1 percent for the first three quarters of 1995 to a growth rate of 3.9 percent for the first three quarters of 1996. A less drastic deceleration also occurred in the CPI for other inpatient services, which declined from 5.1-percent growth to 5.0-percent for this same period. Producer price growth followed a similar trend to consumer price growth for hospital inpatient services. Year-to-date, the PPI for

**Figure 8**  
**Percent Change in Selected Hospital Price Indexes**  
**for First Three Quarters of Year From Same Period of Previous Year: 1995-96**



hospital inpatient treatments grew 2.6 percent in 1996 as compared with 3.0 percent in 1995. This deceleration was caused mostly by decelerating growth in prices faced by patients other than Medicare and Medicaid patients. Unlike the CPI, however, the PPI for outpatient treatments also decelerated, contributing to the decline in the growth rates for overall hospital producer prices. Though the producer price growth for Medicare patients accelerated between 1995-96, the HCFA PPS hospital input price index, which is used with other adjustments to update Medicare payments to hospitals under the PPS, grew less quickly in the

first three quarters of 1996 (2.4 percent) as compared with 1995 (3.3 percent). The PPI for hospital inpatient Medicare treatments can differ from the HCFA update published annually in the *Federal Register* because the PPI is based on a national sample of diagnosis-related groups (DRGs) in hospitals, DRG relative weights from the PPS final rules published in the *Federal Register*, and other adjustments. Again the recent decelerating trend in hospital price growth is consistent with the decline in many of the major hospital indicators as a result of managed care penetration as well as over-capacity.

## BACKGROUND INFORMATION ON DATA SOURCES AND METHODS

### Community Hospital Statistics

Since 1963, the AHA, in cooperation with member hospitals, has been collecting data on the operation of community hospitals through its National Hospital Panel Survey. Community hospitals, which comprised more than 80 percent of all hospital facilities in the United States in 1995, include all non-Federal, short-term general, and other special hospitals open to the public. They exclude hospital units of institutions; psychiatric facilities; tuberculosis, other respiratory, and chronic disease hospitals; institutions for the mentally retarded; and alcohol and chemical dependency hospitals.

The survey samples approximately one-third of all U.S. community hospitals. The sample is designed to produce estimates of community hospital indicators by bed size and region (American Hospital Association, 1963-96). In Tables 1 and 2, statistics covering expenses, use, beds, and personnel depict trends in the operation of community hospitals annually for 1987-95 and quarterly for 1993 forward.

For purposes of national health expenditures (NHE), survey statistics on revenues are analyzed in estimating the growth in the largest component of health care costs—community hospital expenditures. This segment of NHE accounted for 35 percent of all health spending in 1995 (Levit et al., 1996). The survey also identifies factors influencing expenditure growth, such as changes in the number of beds in operation, numbers of admissions, length of stay, use of outpatient facilities, and number of surgeries.

### Medicare Trust Fund Operations

Data on the financial operations of the Medicare trust funds, the HI trust fund,

and the SMI trust fund are available from two sources. The monthly statistics on trust fund operations are published in the *Monthly Treasury Statement of Receipts and Outlays of the United States Government* (U.S. Department of the Treasury, 1996). The trust fund operating statistics are presented in Table 8, entitled "Trust Fund Impact on Budget Results and Investment Holding." The 1996 Annual Reports of the Board of Trustees of the HI and SMI Trust Funds (*Annual Report of the Board of Trustees of the Federal Hospital Insurance Trust Fund*, 1996; *Annual Report of the Board of Trustees of the Federal Supplementary Medical Insurance Trust Funds*, 1996) contain a detailed accounting of all financial operations for the prior fiscal year. They also contain actuarial analysis of the expected operations of the trust funds in future years and analysis of the actuarial status of the funds.

### Private Health Sector: Employment, Hours, and Earnings

BLS collects monthly information on employment for all workers, and employment, earnings, and work hours for non-supervisory workers in a sample of approximately 340,000 establishments. Data are collected through cooperative agreements with State agencies that also use this information to create State and local area statistics. The survey is designed to collect industry-specific information on wage and salary jobs in non-agricultural industries. It excludes statistics on self-employed persons and on those employed in the military (U.S. Department of Labor, 1996a).

Employment in this survey is defined as number of jobs. Persons holding multiple jobs would be counted multiple times. Approximately 5 percent of the population hold more than one job at any one time. (Other surveys that are household-based,

such as the Current Population Survey [CPS], also record employment. In the CPS, however, each person's employment status is counted only once, as either employed, unemployed, or not in the labor force.) Once each year, monthly establishment-based employment statistics are adjusted to benchmarks created from annual establishment census information, resulting in revisions to previously published employment estimates. Tables 4, 5, and 6 present statistics on employment, non-supervisory employment, average weekly hours, and average hourly earnings for the private non-farm business sector and industries in health services.

### **National Economic Indicators**

National economic indicators provide a context for understanding health-specific indicators and how change in the health sector relates to change in the economy as a whole. Table 7 presents national indicators of output and inflation.

Gross domestic product (GDP) measures the output of the U.S. economy as the market value of goods and services produced within the geographic boundaries of the United States by U.S. or foreign citizens or companies. Constant dollar or real GDP removes the effects of price changes from the valuation of goods and services produced, so that the growth of real GDP reflects changes in the physical quantity of the output of the economy. In the most recent comprehensive revision of the National Income and Product Accounts, the method for removing the effects of price changes was altered. The GDP estimates are now deflated using chain-weighted price indexes. This method replaces the previous fixed-weighted method of deflating the GDP estimates (U.S. Department of Commerce, January/February 1996).

## **PRICES**

### **Consumer Price Indexes**

BLS publishes monthly information on changes in prices paid by consumers for a fixed market basket of goods and services. Tables 7, 8, and 9 present information on the all urban CPI that measures changes in prices faced by 80 percent of the non-institutionalized population in the United States. (The more restrictive wage-earner CPI gauges prices faced by wage earners and clerical workers. These workers account for 32 percent of the non-institutionalized population [U.S. Department of Labor, 1996b].)

The index reflects changes in prices charged for the same quality and quantity of goods or services purchased in the base period. For most items, the base period of 1982-84 is used to define the share of consumer expenditures purchasing specific services and products. Those shares or weights remain constant in all years, even though consumption patterns of the household may change over time. This type of index is called a fixed weight or Laspeyres index.

CPIs for health care goods and services depict list price changes for out-of-pocket expenditures. The CPI for medical care services also includes an indirect measure of price change for health insurance coverage purchased directly by consumers. The composite CPI for medical care weights together product-specific or service-specific CPIs in proportion to household out-of-pocket expenditures for these items. In addition, some medical care sector indexes measure changes in list or charged prices, rather than in prices actually received by providers after discounts are deducted. In several health care areas, received or transaction prices are difficult to capture, although BLS is making advances in this area.

In the NHE, a combination of CPIs for selected medical care items, input price indexes for nursing homes, and the PPI for hospitals are used as measures of inflation for the health industry. The indexes are used to develop a chain-weighted price index for personal health care to depict price changes affecting the entire health care industry more accurately than does the overall CPI medical care index (Levit et. al, 1996).

### **Producer Price Indexes**

BLS produces monthly information on average changes in selling prices received by domestic producers for their output. These prices are presented in Tables 7, 8, and 9 as the PPI. This index is designed to measure transaction prices, and is different from the CPI, which in some cases measures list or full charge prices. The PPI is a fixed-weight or Laspeyres index, with base-period weights determined by values of receipts. The base period varies among series.

The PPI consists of indexes in several major classification structures, including the industry and commodity classifications that are included in the Health Care Indicators. The PPI by industry classification measures price changes received for the industry's output sold outside the industry. PPI changes for an industry are determined by price changes for products primarily made by establishments in that industry. The industry into which an establishment is classified is determined by those products accounting for the largest share of its total value of shipments. The PPI by commodity classification measures price changes of the end product (end use or material composition). The classification system for PPI commodity groups is unique to the PPI, and is divided into 15 major commodity groupings.

Although PPIs for medical commodities have existed for many years, PPIs for health service industries are relatively new. Most index series began in 1994, and the index series for the composite health services industry does not begin until December 1994. However, the PPI for hospitals began in December 1992, providing enough data for a useful time series. The PPI for hospitals is a measure of transaction prices, or net prices received by the producer from out-of-pocket, Medicare, Medicaid, and private third-party payor sources. The PPI for hospitals should not be compared with the CPI for hospital and related services. Although other PPI and CPI series are somewhat comparable (for example, the PPI—Offices and Clinics of Doctors of Medicine and the CPI—Physicians' Services), the PPI and CPI for hospitals have important differences in survey scope and methodology. The PPI for hospitals measures price changes for the entire treatment path, measures net transaction price, includes Medicare and Medicaid, samples both urban and rural hospitals, and reflects total hospital revenue from all sources in its index weights. On the other hand, the CPI for hospitals measures price changes for a discrete sample of hospital services singly, measures published charges, excludes Medicare and Medicaid, samples only urban hospitals, and reflects only consumer out-of-pocket expenses and household health insurance premium payments in its index weights. These differences make a direct comparison between the PPI and CPI hospital services indexes inappropriate.

The PPI for the health services industry is available by detailed industry groupings. For example, general medical and surgical hospitals consist of inpatient and outpatient treatments, which in turn consist of

Medicare, Medicaid, and all other patients. These patient categories consist of more detail, such as DRG groupings for Medicare. Although most of the data used to measure PPI price changes for health services are collected through a sample, there are specific instances where data are collected from both a sample and from price changes in Federal regulation. This is the case for Medicare hospital inpatient services and Medicare offices and clinics of doctors of medicine. The producer price changes in Medicare hospital inpatient services are computed from a combination of a national sample of DRGs in hospitals, DRG relative weights from the PPS final rules published in the current and historical year, and other adjustments. The producer price changes in Medicare offices of doctors of medicine are computed from a combination of a geographic area sample of payments under the HCPCS, HCPCS updates from the November 22, 1996, *Federal Register*, and other adjustments. Because of different methodologies, these two Medicare PPIs are not comparable with the national updates computed by HCFA and published in the *Federal Register*.

### Input Price Indexes

In 1979, HCFA developed the Medicare hospital input price index (hospital market basket) which was designed to measure the pure price changes associated with expenditure changes for hospital services. In the early 1980s, the SNF and HHA input price indexes, often referred to as market baskets, were developed to price a consistent set of goods and services over time. Also in the early 1980s, the original Medicare hospital input price index was revised for use in updating payment rates for routine costs of Medicare inpatient services. All of these indexes have played an important role in helping to set Medicare

payment percent increases, and in understanding the contribution of input price increases to growing health expenditures.

The input price indexes, or market baskets, are Laspeyres or fixed-weight indexes that are constructed in two steps. First, a base period is selected. For example, for the PPS hospital input price index, the base period is 1992. Cost categories, such as food, fuel, and labor, are identified and their 1992 expenditure amounts determined. The proportion or share of total expenditures included in specific spending categories is calculated. These proportions are called cost or expenditure weights. There are 26 expenditure categories in the 1992-based PPS hospital input price index.

Second, a price proxy is selected to match each expenditure category. Its purpose is to measure the rate of price increases of the goods or services in that category. The price proxy index for each spending category is multiplied by the expenditure weight for the category. The sum of these products (weights multiplied by the price index) over all cost categories yields the composite input price index for any given period, usually a fiscal year or a calendar year. The percent change in the input price index is an estimate of price change over time for a fixed quantity of goods and services purchased by a provider.

The input price indexes are estimated on a historical basis and forecasted out several years. The HCFA-chosen price proxies are forecasted under contract with Data Resources, Inc./McGraw Hill (DRI). Following every calendar year quarter, in March, June, September, and December, DRI updates its macroeconomic forecasts of wages and prices based on updated historical information and revised forecast assumptions. Some of the data in Tables 10-12 are forecasted and are expected to change as more recent historical data

become available and subsequent quarterly forecasts are revised. The methodology and price proxy definitions used in the input price indexes are described in the *Federal Register* notices that accompany the revisions of the PPS, HHA, and SNF cost limits. A description of the current structure of the PPS input price index and the most recent PPS update for payment rates was published in the August 30, 1996, *Federal Register*. The latest HHA regulatory input price index was published in the July 1, 1996, *Federal Register*, and the latest SNF input price index was published in the October 7, 1992, *Federal Register* (also see the June 6, 1994, *Federal Register*).

Periodically, the input price indexes are revised to a new base year so that cost weights will reflect changes in the mix of goods and services that are purchased. Each revision allows for new base weights, a new base year, and changes to certain price variables used for price proxies.

Each input price index is presented in a table with both an index level and a 4-quarter moving-average percent change. The hospital input price index for PPS is in Table 10, the SNF input price index is in Table 11, and the HHA input price index is in Table 12.

### **Medicare Economic Index**

In 1972, Congress mandated the development of the MEI to measure the changes in costs of physicians' time and operating expenses. The input price change measured by the MEI is considered in connection with the update factor for the Medicare Part B physician fee schedule under the Resource-Based Relative Value Scale (RBRVS, November 22, 1996, *Federal Register*), or is used as an advisory indicator by Congress in updating the fee schedule. The MEI is a fixed-weighted sum of annual price changes for

various inputs needed to produce physicians' services with an offset for productivity increases. Like a traditional Laspeyres index, the MEI is constructed in two steps. First, a base period is selected (1989 for the MEI), cost categories are identified, and the 1989 expenditure shares by cost category are determined. Second, price proxies are selected to match each relative expenditure category. These proxies are weighted by the category weight determined from expenditure amounts, and summed to produce the composite MEI. Unlike a traditional Laspeyres index, the compensation portion of the MEI is adjusted for productivity so economy-wide productivity and physician practice productivity are not both included in the update, resulting in a double counting of productivity.

Forecasts of the MEI are made periodically throughout the fiscal year by DRI/McGraw-Hill for HCFA using several different sets of economic assumptions. DRI/McGraw-Hill produces four main forecasts of the MEI: a Presidential budget forecast in December and the mid-session review in June based on assumptions for the Federal budget exercises, the Medicare Trustees Report forecast in February based on assumptions by the Medicare Trustees, and the Medicare Premium Promulgation forecast in August based on baseline assumptions by DRI/McGraw-Hill. DRI/McGraw-Hill also produces forecasts of the MEI using their own economic assumptions forecast. The forecasts based on these assumptions are presented in Health Care Indicators. Much of the forecasted data changes as more recent historical data becomes available and the assumptions change.

The methodology, weights, and price proxy definitions used in the MEI are described in the November 25, 1992, *Federal Register*. The MEI data are present-



ed in Table 13 as index levels and 4-quarter moving average percent changes.

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**Table 1**  
**Selected Community Hospital Statistics: 1992-96**

Item	Calendar Year				1993	1993	1994
	1992	1993	1994	1995	Q3	Q4	Q1
<b>Use</b>							
<b>All Ages</b>							
Admissions in Thousands	32,411	32,652	32,938	33,389	8,083	8,133	8,368
Admissions Per 1,000 Population <sup>1</sup>	121	121	121	122	120	120	123
Inpatient Days in Thousands	206,440	202,078	196,117	190,377	49,089	49,611	51,709
Adult Length of Stay in Days	6.4	6.2	6.0	5.7	6.1	6.1	6.2
<b>65 Years of Age or Over</b>							
Admissions in Thousands	11,860	12,209	12,456	12,820	2,944	3,085	3,211
Admissions per 1,000 Population <sup>1</sup>	360	366	369	375	352	368	382
Inpatient Days in Thousands	98,920	97,042	94,877	91,164	22,990	23,956	25,551
Adult Length of Stay in Days	8.3	7.9	7.6	7.1	7.8	7.8	8.0
<b>Under 65 Years of Age</b>							
Admissions in Thousands	20,551	20,443	20,483	20,569	5,139	5,047	5,158
Admissions per 1,000 Population <sup>1</sup>	88	87	86	85	87	85	87
Inpatient Days in Thousands	107,520	105,036	101,240	99,213	26,099	25,655	26,158
Adult Length of Stay in Days	5.2	5.1	4.9	4.8	5.1	5.1	5.1
Surgical Operations in Thousands	22,463	22,710	23,286	23,739	5,677	5,665	5,664
Outpatient Visits in Thousands	366,243	390,188	417,684	452,555	99,212	98,662	98,341
Adjusted Patient Days in Thousands <sup>2</sup>	281,525	278,938	276,209	273,638	68,351	68,860	71,244
Beds in Thousands	908	902	891	874	901	897	895
Adult Occupancy Rate <sup>3</sup>	62.1	61.4	60.3	59.7	59.2	60.1	64.2
Total Hospital Revenues in Millions <sup>4</sup>	\$275,430	\$295,035	\$309,354	\$324,961	\$73,697	\$74,536	\$76,480
Total Patient Revenues in Millions	262,034	280,414	293,285	307,228	69,985	70,709	72,702
Inpatient Revenues in Millions	192,163	203,167	208,262	213,771	50,262	50,943	52,767
Outpatient Revenues in Millions	69,870	77,248	85,023	93,457	19,723	19,766	19,935
<b>Total Expenses</b>							
Total Hospital Expenses in Millions	\$260,994	\$278,880	\$292,801	\$308,411	\$70,002	\$71,106	\$71,677
Labor in Millions	140,112	149,733	156,826	163,842	37,578	38,123	38,420
Non-Labor in Millions	120,882	129,147	135,975	144,569	32,424	32,983	33,257
Inpatient Expense in Millions <sup>5</sup>	\$191,385	\$202,035	\$207,897	\$214,570	\$50,274	\$51,229	\$52,023
Amount per Patient Day	927	1,000	1,060	1,127	1,024	1,033	1,006
Amount per Admission	5,905	6,188	6,312	6,426	6,220	6,299	6,217
Outpatient Expense in Millions <sup>5</sup>	\$69,609	\$76,845	\$84,903	\$93,841	\$19,728	\$19,877	\$19,654
Amount per Outpatient Visit	190	197	203	207	199	201	200

<sup>1</sup> Admissions per 1,000 population is calculated using population estimates prepared by the Social Security Administration.

<sup>2</sup> Adjusted patient days is an aggregate figure reflecting the number of days of inpatient care, plus an estimate of the volume of outpatient services, expressed in units equivalent to an inpatient day in terms of level of effort. It is derived by multiplying the number of outpatient visits by the ratio of outpatient revenue per outpatient visit to inpatient revenue per inpatient day, and adding the product to the number of inpatient days.

<sup>3</sup> The adult occupancy rate is calculated by the Office of National Health Statistics. The AHA does not publish this statistic. Adult occupancy rate is the ratio of average daily census to average number of beds maintained during the reporting period.

<sup>4</sup> Total hospital revenue is the sum of total patient revenue and all other operating revenue. Total patient revenue is the sum of inpatient revenue and outpatient revenue.

<sup>5</sup> Inpatient Expense and Outpatient Expense are calculated by the Office of National Health Statistics. These statistics are calculated by applying the ratio of inpatient or outpatient revenue to total patient revenue multiplied by total hospital expenses.

NOTES: Q designates quarter of year. Quarterly data are not seasonally adjusted.

SOURCE: American Hospital Association, Trend Analysis Group: *National Hospital Panel Survey Reports*. Chicago. Monthly reports for January 1992 -September 1996.

**Table 1—Continued**  
**Selected Community Hospital Statistics: 1992-96**

1994 Q2	1994 Q3	1994 Q4	1995 Q1	1995 Q2	1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3
8,180	8,154	8,236	8,634	8,281	8,213	8,260	8,511	8,267	8,159
120	120	121	126	121	119	120	123	119	118
48,648	47,657	48,102	50,377	47,296	46,239	46,467	48,051	45,532	44,349
5.9	5.8	5.8	5.8	5.7	5.6	5.6	5.6	5.5	5.4
3,098	3,022	3,125	3,379	3,187	3,071	3,184	3,324	3,204	3,090
367	357	368	397	374	359	371	387	372	358
23,493	22,631	23,203	24,778	22,823	21,507	22,056	22,972	21,445	20,448
7.6	7.5	7.4	7.3	7.2	7.0	6.9	6.9	6.7	6.6
5,082	5,132	5,111	5,255	5,094	5,143	5,077	5,187	5,063	5,070
85	86	85	88	85	85	84	86	84	83
25,155	25,027	24,899	25,598	24,472	24,732	24,411	25,078	24,087	23,902
5.0	4.9	4.9	4.9	4.8	4.8	4.8	4.8	4.8	4.7
5,864	5,840	5,918	6,028	5,965	5,832	5,915	5,948	6,087	6,028
104,079	107,022	108,241	111,088	113,699	113,332	114,438	116,335	119,874	122,232
68,776	67,711	68,363	71,226	68,146	67,079	67,106	69,232	67,394	66,247
893	888	886	881	877	871	867	862	859	849
59.8	58.3	59.0	63.5	59.3	57.7	58.2	61.2	58.3	56.8
\$76,829	\$77,069	\$78,976	\$81,793	\$81,020	\$80,307	\$81,842	\$84,280	\$84,396	\$83,449
72,968	73,018	74,697	77,476	76,557	75,956	77,238	79,710	79,349	78,461
51,543	51,393	52,559	54,797	53,133	52,358	53,483	55,322	53,609	52,526
21,325	21,625	22,138	22,679	23,424	23,599	23,755	24,387	25,740	25,934
\$72,618	\$73,468	\$75,039	\$76,259	\$76,751	\$76,808	\$78,594	\$79,361	\$79,958	\$79,593
38,828	39,408	40,170	40,529	40,768	40,857	41,688	41,873	41,935	41,925
33,790	34,059	34,869	35,730	35,983	35,951	36,906	37,488	38,023	37,668
\$51,366	\$51,709	\$52,800	\$53,936	\$53,268	\$52,945	\$54,421	\$55,081	\$54,020	\$53,284
1,056	1,085	1,098	1,071	1,126	1,145	1,171	1,146	1,186	1,201
6,279	6,341	6,411	6,247	6,432	6,446	6,588	6,472	6,534	6,530
\$21,252	\$21,758	\$22,239	\$22,323	\$23,483	\$23,863	\$24,172	\$24,281	\$25,937	\$26,309
204	203	205	201	207	211	211	209	216	215

**Table 2**  
**Percent Change in Selected Community Hospital Statistics: 1992-96**

Item	Calendar Year				1993	1993	1994
	1992	1993	1994	1995	Q3	Q4	Q1
<b>Use</b>	<b>Annual Percent Change</b>				<b>Percent Change From the Same Period of Previous Year</b>		
Admissions in Thousands	-0.8	0.7	0.9	1.4	1.0	2.3	0.2
Admissions per 1,000 Population	-1.8	-0.2	-0.1	0.4	0.0	1.4	-0.7
Inpatient Days in Thousands	-2.4	-2.1	-2.9	-2.9	-2.6	-1.8	-2.9
Adult Length of Stay in Days	-1.6	-2.8	-3.8	-4.2	-3.5	-4.0	-3.1
<b>65 Years of Age or Over</b>							
Admissions in Thousands	1.7	2.9	2.0	2.9	2.2	5.2	2.3
Admissions per 1,000 Population	0.2	1.5	0.8	1.8	0.8	3.9	1.1
Inpatient Days in Thousands	-0.6	-1.9	-2.2	-3.9	-3.7	-1.3	-1.1
Adult Length of Stay in Days	-2.2	-4.7	-4.2	-6.6	-5.8	-6.3	-3.3
<b>Under 65 Years of Age</b>							
Admissions in Thousands	-2.2	-0.5	0.2	0.4	0.3	0.7	-1.1
Admissions per 1,000 Population	-3.1	-1.4	-0.7	-0.5	-0.6	-0.3	-1.9
Inpatient Days in Thousands	-4.0	-2.3	-3.6	-2.0	-1.6	-2.2	-4.6
Adult Length of Stay in Days	-1.9	-1.8	-3.8	-2.4	-1.8	-2.8	-3.5
Surgical Operations in Thousands	2.2	1.1	2.5	1.9	0.8	1.5	0.3
Outpatient Visits in Thousands	6.4	6.5	7.0	8.3	6.4	7.0	3.9
Adjusted Patient Days in Thousands	-0.5	-0.9	-1.0	-0.9	-1.3	-0.7	-1.5
Beds in Thousands	-0.5	-0.7	-1.2	-1.8	-0.8	-0.8	-1.2
Adult Occupancy Rate <sup>1</sup>	-1.4	-0.7	-1.1	-0.7	-1.1	-0.6	-1.1
<b>Total Hospital Revenues in Millions</b>	9.4	7.1	4.9	5.0	6.7	6.6	4.0
Total Patient Revenues in Millions	9.4	7.0	4.6	4.8	6.6	6.3	3.7
Inpatient Revenues in Millions	7.3	5.7	2.5	2.6	5.3	5.2	2.2
Outpatient Revenues in Millions	15.6	10.6	10.1	9.9	10.1	9.5	7.8
<b>Operating Expenses</b>							
Total in Millions	9.4	6.9	5.0	5.3	6.3	6.3	4.6
Labor in Millions	8.9	6.9	4.7	4.5	6.2	5.7	4.5
Non-Labor in Millions	10.0	6.8	5.3	6.3	6.5	7.0	4.8
<b>Inpatient Expense in Millions</b>	7.3	5.6	2.9	3.2	5.0	5.1	3.1
Amount per Patient Day	9.9	7.8	6.0	6.3	7.8	7.0	6.2
Amount per Admission	8.1	4.8	2.0	1.8	4.0	2.7	2.9
<b>Outpatient Expense</b>	15.6	10.4	10.5	10.5	9.9	9.4	8.7
Amount per Outpatient Visit	8.6	3.6	3.2	2.0	3.3	2.3	4.7

<sup>1</sup> Change in rate, rather than percent change.

NOTES: Q designates quarter of year. Quarterly data are not seasonally adjusted.

SOURCE: American Hospital Association, Trend Analysis Group: *National Hospital Panel Survey Reports*. Chicago. Monthly reports for January 1992- September 1996.

**Table 2—Continued**  
**Percent Change in Selected Community Hospital Statistics: 1992-96**

1994 Q2	1994 Q3	1994 Q4	1995 Q1	1995 Q2	1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3
Percent Change From the Same Period of Previous Year									
1.2	0.9	1.3	3.2	1.2	0.7	0.3	-1.4	-0.2	-0.7
0.2	-0.1	0.3	2.2	0.3	-0.2	-0.6	-2.3	-1.1	-1.5
-3.0	-2.9	-3.0	-2.6	-2.8	-3.0	-3.4	-4.6	-3.7	-4.1
-4.1	-3.8	-4.3	-5.6	-4.0	-3.7	-3.7	-3.2	-3.6	-3.5
1.8	2.6	1.3	5.2	2.9	1.6	1.9	-1.6	0.5	0.6
0.6	1.4	0.1	4.0	1.7	0.5	0.8	-2.7	-0.5	-0.3
-3.2	-1.6	-3.1	-3.0	-2.9	-5.0	-4.9	-7.3	-6.0	-4.9
-5.0	-4.1	-4.4	-7.8	-5.6	-6.5	-6.7	-5.8	-6.5	-5.5
0.7	-0.1	1.3	1.9	0.2	0.2	-0.7	-1.3	-0.6	-1.4
-0.2	-1.0	0.3	1.0	-0.7	-0.7	-1.6	-2.2	-1.5	-2.3
-2.8	-4.1	-2.9	-2.1	-2.7	-1.2	-2.0	-2.0	-1.6	-3.4
-3.5	-4.0	-4.2	-4.0	-3.0	-1.4	-1.3	-0.7	-1.0	-2.0
2.5	2.9	4.5	6.4	1.7	-0.1	-0.1	-1.3	2.1	3.4
6.6	7.9	9.7	13.0	9.2	5.9	5.7	4.7	5.4	7.9
-0.8	-0.9	-0.7	0.0	-0.9	-0.9	-1.8	-2.8	-1.1	-1.2
-1.2	-1.4	-1.2	-1.5	-1.8	-1.9	-2.1	-2.1	-2.1	-2.6
-1.1	-0.9	-1.1	-0.7	-0.6	-0.6	-0.8	-2.3	-1.0	-0.9
4.9	4.6	6.0	6.9	5.5	4.2	3.6	3.0	4.2	3.9
4.7	4.3	5.6	6.6	5.1	4.0	3.4	2.9	3.6	3.3
2.4	2.2	3.2	3.8	3.1	1.9	1.8	1.0	0.9	0.3
10.7	9.6	12.0	13.8	9.8	9.1	7.3	7.5	9.9	9.9
4.9	5.0	5.5	6.4	5.7	4.5	4.7	4.1	4.2	3.6
4.2	4.9	5.4	5.5	5.0	3.7	3.8	3.3	2.9	2.6
5.6	5.0	5.7	7.4	6.5	5.6	5.8	4.9	5.7	4.8
2.6	2.9	3.1	3.7	3.7	2.4	3.1	2.1	1.4	0.6
5.7	5.9	6.3	6.4	6.7	5.5	6.7	7.1	5.3	4.9
1.4	2.0	1.8	0.5	2.4	1.7	2.8	3.6	1.6	1.3
10.9	10.3	11.9	13.6	10.5	9.7	8.7	8.8	10.5	10.2
4.1	2.2	2.0	0.5	1.1	3.6	2.8	3.9	4.8	2.2

**Table 3**  
**Hospital Insurance and Supplementary Medical Insurance Trust Fund Operations: 1992-96**

Indicator	Calendar Year				1992	1992	1992	1992	1993	1993
	1992	1993	1994	1995	Q1	Q2	Q3	Q4	Q1	Q2
<b>Total Medicare Outlays</b>										
In Millions of Dollars	\$135,845	\$152,174	\$164,862	\$184,203	\$32,103	\$33,594	\$34,567	\$35,580	\$36,174	\$37,870
Hospital Insurance Trust Fund	85,015	94,391	104,545	117,604	20,311	21,328	21,405	21,971	22,134	23,982
Supplementary Medical Insurance Trust Fund	50,830	57,783	60,317	66,599	11,792	12,266	13,163	13,609	14,041	13,888
<b>Hospital Insurance Trust Fund Operations: In Millions of Dollars</b>										
Income	93,836	\$98,187	\$109,570	\$115,027	\$20,134	\$28,927	\$19,415	\$25,360	\$20,833	\$29,581
Outlays	85,015	94,391	104,545	117,604	20,311	21,328	21,405	21,971	22,134	23,982
Difference	8,821	3,796	5,025	(2,577)	(177)	7,598	(1,990)	3,389	(1,301)	5,599
Assets at End of Period <sup>1</sup>	124,022	127,818	132,844	130,267	115,024	122,623	120,633	124,022	122,722	128,320
<b>Supplementary Medical Insurance Trust Fund Operations: In Millions of Dollars</b>										
Income	57,237	\$57,679	\$55,608	\$60,306	\$12,742	\$13,574	\$11,611	\$19,309	\$10,635	\$15,935
Outlays	50,830	57,783	60,317	66,599	11,792	12,266	13,163	13,609	14,041	13,888
Difference	6,407	(104)	4,709	(6,293)	950	1,309	(1,552)	5,700	(3,405)	2,047
Assets at End of Period <sup>1</sup>	24,235	24,131	19,422	13,130	18,778	20,087	18,535	24,235	20,830	22,877
	Annual Percent Change				Percent Change From the Same Period of Previous Year					
<b>Total Medicare Outlays</b>	11.9	12.0	8.3	11.7	14.8	9.8	12.0	11.2	12.7	12.7
<b>Hospital Insurance Trust Fund</b>	17.1	11.0	10.8	12.5	17.6	15.9	19.1	16.1	9.0	12.4
<b>Supplementary Medical Insurance Trust Fund</b>	4.0	13.7	4.4	10.4	10.2	0.5	2.0	4.1	19.1	13.2
<b>Hospital Insurance Trust Fund Operations</b>										
Income	5.6	4.6	11.6	5.0	-1.5	14.3	2.8	4.8	3.5	2.3
Outlays	17.1	11.0	10.8	12.5	17.6	15.9	19.1	16.1	9.0	12.4
Assets at End of Period	7.7	3.1	3.9	-1.9	12.7	12.5	9.7	7.7	6.7	4.6
<b>Supplementary Medical Insurance Trust Fund Operations</b>										
Income	11.7	0.8	-3.6	8.5	4.9	3.5	8.2	26.9	-16.5	17.4
Outlays	4.0	13.7	4.4	10.4	10.2	0.5	2.0	4.1	19.1	13.2
Assets at End of Period	35.9	-0.4	-19.5	-32.4	10.9	12.6	18.3	35.9	10.9	13.9

<sup>1</sup> As shown in the Monthly Treasury Statement. Excludes undisbursed balance.

NOTES: Q designates quarter of year. Quarterly data are not seasonally adjusted.

SOURCES: Monthly Treasury Statement of Receipts and Outlays of the United States Government. Financial Management Service, U.S. Department of the Treasury. 1996 Annual Reports of the Board of Trustees of the HI and SMI Trust Funds. Office of the Actuary, Health Care Financing Administration.

**Table 3—Continued**  
**Hospital Insurance and Supplementary Medical Insurance Trust Fund Operations: 1992-96**

1993 Q3	1993 Q4	1994 Q1	1994 Q2	1994 Q3	1994 Q4	1995 Q1	1995 Q2	1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3
\$38,037	\$40,091	\$39,133	\$40,509	\$42,761	\$42,459	\$44,352	\$46,725	\$46,559	\$46,566	\$47,456	\$52,009	\$50,599
23,517	24,758	25,458	25,937	26,618	26,533	28,638	30,513	29,199	29,254	31,288	34,526	32,615
14,520	15,334	13,676	14,572	16,143	15,926	15,714	16,212	17,361	17,312	16,168	17,483	17,984
\$21,327	\$26,446	\$22,047	\$33,155	\$24,547	\$29,821	\$25,215	\$35,570	\$24,241	\$30,001	\$26,293	\$39,365	\$27,840
23,517	24,758	25,458	25,937	26,618	26,533	28,638	30,513	29,199	29,254	31,288	34,526	32,615
(2,190)	1,688	(3,411)	7,219	(2,071)	3,288	(3,423)	5,057	(4,958)	747	(4,995)	4,839	(4,775)
126,131	127,818	124,408	131,626	129,555	132,844	129,420	134,477	129,520	130,267	125,272	130,111	125,336
\$14,919	\$16,189	\$13,299	\$14,387	\$13,491	\$14,430	\$16,478	\$17,189	\$10,072	\$16,568	\$26,596	\$19,654	\$19,208
14,520	15,334	13,676	14,572	16,143	15,926	15,714	16,212	17,361	17,312	16,168	17,483	17,984
399	856	(377)	(185)	(2,651)	(1,496)	764	977	(7,288)	(745)	10,428	2,171	1,224
23,276	24,131	23,755	23,570	20,919	19,422	20,166	21,163	13,874	13,130	23,558	25,729	26,953
Percent Change From the Same Period of Previous Year												
10.0	12.7	8.2	7.0	12.4	5.9	13.3	15.3	8.9	9.7	7.0	11.3	8.7
9.9	12.7	15.0	8.1	13.2	7.2	12.5	17.6	9.7	10.3	9.3	13.2	11.7
10.3	12.7	-2.6	4.9	11.2	3.9	14.9	11.3	7.5	8.7	2.9	7.8	3.6
9.9	4.3	5.8	12.1	15.1	12.8	14.4	7.3	-1.2	0.6	4.3	10.7	14.8
9.9	12.7	15.0	8.1	13.2	7.2	12.5	17.6	9.7	10.3	9.3	13.2	11.7
4.6	3.1	1.4	2.6	2.7	3.9	4.0	2.2	0.0	-1.9	-3.2	-3.2	-3.2
28.5	-16.2	25.0	-9.7	-9.6	-10.9	23.9	19.5	-25.3	14.8	61.4	14.3	90.7
10.3	12.7	-2.6	4.9	11.2	3.9	14.9	11.3	7.5	8.7	2.9	7.8	3.6
25.6	-0.4	14.0	3.0	-10.1	-19.5	-15.0	-10.2	-33.7	-32.4	16.7	21.6	94.3

**Table 4**  
**Employment, Hours, and Earnings in Private Sector<sup>1</sup> Health Service Establishments,**  
**by Selected Type of Establishment: 1992-96**

Item	Calendar Year				1993	1993	1994
	1992	1993	1994	1995	Q3	Q4	Q1
<b>Total Employment (in Thousands)</b>							
Non-Farm Private Sector	89,959	91,889	95,044	97,892	92,970	93,402	92,096
Health Services	8,490	8,756	8,992	9,257	8,808	8,854	8,878
Offices and Clinics of Physicians	1,463	1,506	1,545	1,606	1,516	1,516	1,519
Offices and Clinics of Dentists	541	556	574	597	559	563	565
Nursing Homes	1,533	1,585	1,649	1,693	1,597	1,618	1,626
Private Hospitals	3,750	3,779	3,763	3,784	3,788	3,771	3,762
Home Health Care Services	398	469	559	626	481	505	523
<b>Non-Supervisory Employment (in Thousands)</b>							
Non-Farm Private Sector	72,930	74,777	77,610	80,123	75,777	76,175	74,878
Health Services	7,546	7,770	7,966	8,200	7,815	7,847	7,869
Offices and Clinics of Physicians	1,202	1,231	1,261	1,311	1,238	1,236	1,242
Offices and Clinics of Dentists	473	487	501	521	489	493	495
Nursing Homes	1,385	1,431	1,487	1,527	1,442	1,459	1,465
Private Hospitals	3,442	3,464	3,441	3,460	3,471	3,452	3,441
Home Health Care Services	369	435	518	579	446	469	485
<b>Average Weekly Hours</b>							
Non-Farm Private Sector	34.4	34.5	34.7	34.5	34.8	34.6	34.3
Health Services	32.8	32.8	32.8	32.8	32.9	32.8	32.8
Offices and Clinics of Physicians	32.2	32.2	32.4	32.5	32.3	32.3	32.4
Offices and Clinics of Dentists	28.4	28.3	28.1	28.0	28.2	28.3	28.2
Nursing Homes	32.3	32.2	32.3	32.5	32.6	32.1	32.1
Private Hospitals	34.4	34.6	34.7	34.5	34.7	34.6	34.7
Home Health Care Services	27.4	27.8	28.2	28.6	27.9	27.9	28.0
<b>Average Hourly Earnings</b>							
Non-Farm Private Sector	10.57	10.83	11.12	11.44	10.82	10.96	11.05
Health Services	11.39	11.78	12.10	12.45	11.80	11.92	12.00
Offices and Clinics of Physicians	11.42	11.89	12.26	12.52	11.91	12.07	12.16
Offices and Clinics of Dentists	11.02	11.44	11.97	12.40	11.46	11.68	11.78
Nursing Homes	7.86	8.17	8.50	8.76	8.20	8.31	8.40
Private Hospitals	13.03	13.46	13.83	14.30	13.49	13.61	13.70
Home Health Care Services	10.00	10.41	10.67	10.91	10.47	10.50	10.58
<b>Addenda: Hospital Employment (in Thousands)</b>							
Total	5,068	5,100	5,077	5,092	5,114	5,091	5,080
Private	3,750	3,779	3,763	3,784	3,788	3,771	3,762
Federal	235	234	234	232	235	235	236
State	419	414	407	397	414	412	409
Local	665	673	673	679	677	674	673

<sup>1</sup> Excludes hospitals, clinics, and other health-related establishments run by all governments.

NOTES: Data presented here conform to the 1987 Standard Industrial Classification. Q designates quarter of year. Quarterly data are not seasonally adjusted.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics: *Employment and Earnings*. Washington, U.S. Government Printing Office. Monthly reports for January 1992- September 1996.



**Table 4—Continued**  
**Employment, Hours, and Earnings in Private Sector<sup>1</sup> Health Service Establishments,**  
**by Selected Type of Establishment: 1992-96**

1994 Q2	1994 Q3	1994 Q4	1995 Q1	1995 Q2	1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3
94,811	96,347	96,923	95,646	97,853	98,928	99,142	97,489	100,024	101,303
8,965	9,042	9,083	9,119	9,209	9,309	9,389	9,441	9,540	9,614
1,536	1,557	1,568	1,577	1,597	1,617	1,632	1,639	1,665	1,687
573	576	581	584	593	602	609	614	622	628
1,642	1,661	1,666	1,671	1,683	1,704	1,715	1,717	1,735	1,754
3,762	3,769	3,759	3,758	3,774	3,794	3,809	3,828	3,846	3,860
553	571	591	603	619	635	648	647	658	659
77,420	78,806	79,337	78,043	80,097	81,082	81,272	79,615	81,962	83,094
7,949	8,007	8,041	8,075	8,159	8,247	8,319	8,366	8,455	8,519
1,253	1,270	1,278	1,287	1,303	1,320	1,333	1,340	1,363	1,382
501	503	507	510	518	525	532	539	546	551
1,481	1,498	1,502	1,506	1,518	1,537	1,547	1,546	1,562	1,578
3,442	3,444	3,435	3,435	3,452	3,470	3,484	3,503	3,520	3,534
512	528	546	558	573	588	599	599	608	609
34.7	34.9	34.8	34.3	34.4	34.7	34.5	33.9	34.4	34.8
32.8	32.8	32.8	32.8	32.7	32.8	32.7	32.5	32.5	32.7
32.3	32.3	32.6	32.4	32.4	32.5	32.7	32.6	32.7	32.8
28.2	28.0	28.2	28.0	28.0	27.8	28.1	27.9	28.1	28.1
32.2	32.5	32.4	32.3	32.3	32.8	32.5	32.2	32.3	32.6
34.6	34.7	34.6	34.7	34.6	34.5	34.4	34.4	34.3	34.3
28.2	28.2	28.5	28.7	28.7	28.7	28.1	27.7	27.8	28.3
11.06	11.10	11.27	11.35	11.36	11.44	11.60	11.70	11.75	11.82
12.02	12.13	12.25	12.36	12.36	12.46	12.61	12.73	12.76	12.85
12.22	12.29	12.36	12.45	12.43	12.49	12.70	12.88	13.01	13.14
11.92	12.01	12.17	12.25	12.35	12.41	12.60	12.68	12.76	12.91
8.44	8.53	8.61	8.71	8.73	8.78	8.83	8.92	8.93	8.99
13.70	13.89	14.04	14.17	14.16	14.34	14.52	14.62	14.62	14.73
10.62	10.71	10.75	10.84	10.84	10.92	11.03	11.11	11.12	11.21
5,077	5,083	5,068	5,065	5,080	5,106	5,116	5,133	5,149	5,160
3,762	3,769	3,759	3,758	3,774	3,794	3,809	3,828	3,846	3,860
234	234	232	230	232	235	231	231	229	226
408	406	405	404	398	394	393	390	385	380
672	675	672	673	677	681	683	685	689	694

**Table 5**  
**Percent Change in Employment, Hours, and Earnings in Private Sector<sup>1</sup> Health Service Establishments, by Selected Type of Establishment: 1992-96**

Item	Calendar Year				1993 Q3	1993 Q4	1994 Q1
	1992	1993	1994	1995			
<b>Total Employment (in Thousands)</b>		<b>Annual Percent Change</b>			<b>Percent Change From the Same Period of Previous Year</b>		
Non-Farm Private Sector	0.1	2.1	3.4	3.0	2.4	2.7	2.9
Health Services	3.8	3.1	2.7	2.9	3.2	3.0	2.8
Offices and Clinics of Physicians	4.2	2.9	2.6	3.9	2.9	2.2	2.0
Offices and Clinics of Dentists	2.5	2.9	3.1	4.1	2.8	3.1	3.1
Nursing Homes	2.7	3.4	4.0	2.7	3.7	4.5	4.7
Private Hospitals	2.6	0.8	-0.4	0.6	0.6	0.0	-0.4
Home Health Care Services	15.5	17.9	19.3	11.9	19.3	20.3	21.0
<b>Non-Supervisory Employment (in Thousands)</b>							
Non-Farm Private Sector	0.4	2.5	3.8	3.2	2.7	3.1	3.2
Health Services	3.7	3.0	2.5	2.9	3.0	2.8	2.6
Offices and Clinics of Physicians	4.0	2.4	2.5	4.0	2.4	1.6	1.9
Offices and Clinics of Dentists	2.1	2.8	3.0	4.0	2.8	2.9	3.1
Nursing Homes	2.8	3.3	3.9	2.7	3.6	4.3	4.5
Private Hospitals	2.7	0.6	-0.7	0.6	0.4	-0.3	-0.7
Home Health Care Services	15.6	17.9	19.1	11.9	19.3	20.4	21.3
<b>Average Weekly Hours</b>							
Non-Farm Private Sector	0.2	0.3	0.5	-0.6	0.6	0.4	0.7
Health Services	0.7	0.1	0.1	-0.2	0.0	0.0	0.1
Offices and Clinics of Physicians	0.8	0.2	0.5	0.2	0.2	0.3	0.7
Offices and Clinics of Dentists	0.2	-0.3	-0.5	-0.6	-0.2	-0.2	0.1
Nursing Homes	0.5	-0.3	0.3	0.5	-0.3	-0.7	0.2
Private Hospitals	0.6	0.5	0.2	-0.3	0.5	0.5	0.5
Home Health Care Services	4.8	1.4	1.7	1.2	1.2	1.0	1.7
<b>Average Hourly Earnings</b>							
Non-Farm Private Sector	2.4	2.5	2.7	2.8	2.3	2.5	2.6
Health Services	3.9	3.4	2.7	2.9	3.1	3.0	2.7
Offices and Clinics of Physicians	2.5	4.2	3.1	2.1	3.8	3.6	3.8
Offices and Clinics of Dentists	3.8	3.8	4.6	3.6	4.2	4.3	4.7
Nursing Homes	3.9	4.0	4.0	3.1	3.6	4.4	4.2
Private Hospitals	4.2	3.3	2.7	3.4	2.9	2.8	2.4
Home Health Care Services	6.6	4.1	2.5	2.3	4.2	3.5	2.6
<b>Addenda: Hospital Employment (in Thousands)</b>							
Total	2.2	0.6	-0.5	0.3	0.5	0.0	-0.3
Private	2.6	0.8	-0.4	0.6	0.6	0.0	-0.4
Federal	0.5	-0.4	0.0	-0.7	0.4	1.0	1.7
State	0.5	-1.2	-1.6	-2.5	-1.1	-1.3	-1.5
Local	1.8	1.3	0.0	0.8	1.3	0.7	0.5

<sup>1</sup> Excludes hospitals, clinics, and other health-related establishments run by all governments.

NOTES: Data presented here conform to the 1987 Standard Industrial Classification. Q designates quarter of year. Quarterly data are not seasonally adjusted.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics: *Employment and Earnings*. Washington. U.S. Government Printing Office. Monthly reports for January 1992- September 1996.

**Table 5—Continued**  
**Percent Change in Employment, Hours, and Earnings in Private Sector<sup>1</sup> Health Service Establishments, by Selected Type of Establishment: 1992-96**

1994 Q2	1994 Q3	1994 Q4	1995 Q1	1995 Q2	1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3
Percent Change From the Same Period of Previous Year									
3.4	3.6	3.8	3.9	3.2	2.7	2.3	1.9	2.2	2.4
2.8	2.7	2.6	2.7	2.7	2.9	3.4	3.5	3.6	3.3
2.2	2.7	3.4	3.8	4.0	3.8	4.1	3.9	4.3	4.3
3.3	3.1	3.1	3.3	3.6	4.5	4.8	5.2	4.8	4.4
4.4	4.0	3.0	2.8	2.5	2.6	3.0	2.8	3.1	2.9
-0.5	-0.5	-0.3	-0.1	0.3	0.7	1.3	1.8	1.9	1.7
20.7	18.9	16.9	15.3	12.0	11.1	9.7	7.3	6.2	3.8
3.8	4.0	4.2	4.2	3.5	2.9	2.4	2.0	2.3	2.5
2.6	2.5	2.5	2.6	2.6	3.0	3.5	3.6	3.6	3.3
1.9	2.6	3.4	3.6	4.0	3.9	4.3	4.2	4.6	4.7
3.3	2.8	2.9	3.1	3.3	4.5	5.0	5.6	5.6	4.9
4.2	3.9	3.0	2.8	2.5	2.6	3.0	2.7	2.9	2.7
-0.8	-0.8	-0.5	-0.2	0.3	0.8	1.4	2.0	2.0	1.8
20.7	18.4	16.6	15.0	11.9	11.3	9.7	7.3	6.1	3.7
0.6	0.3	0.6	0.0	-1.0	-0.5	-0.8	-1.1	0.2	0.1
0.0	-0.1	0.2	0.1	-0.2	-0.1	-0.4	-0.8	-0.5	-0.2
0.4	0.1	0.9	0.2	0.1	0.4	0.1	0.4	1.0	1.1
-0.7	-0.8	-0.5	-0.5	-0.9	-0.8	-0.2	-0.6	0.6	1.3
0.0	-0.2	1.0	0.6	0.3	0.7	0.4	-0.3	0.0	-0.4
0.2	0.1	-0.1	-0.1	-0.1	-0.6	-0.5	-0.9	-0.9	-0.5
1.6	1.1	2.4	2.6	1.9	1.7	-1.4	-3.4	-3.2	-1.2
2.5	2.6	2.8	2.7	2.7	3.0	3.0	3.1	3.4	3.4
2.6	2.9	2.8	3.0	2.8	2.7	3.0	3.0	3.2	3.2
3.1	3.2	2.4	2.4	1.7	1.7	2.7	3.4	4.6	5.2
5.0	4.8	4.1	3.9	3.6	3.4	3.6	3.5	3.3	4.0
4.1	4.0	3.6	3.7	3.4	2.9	2.6	2.4	2.3	2.4
2.5	2.9	3.1	3.5	3.3	3.3	3.4	3.1	3.3	2.7
2.7	2.3	2.3	2.5	2.1	2.0	2.6	2.4	2.6	2.7
-0.5	-0.6	-0.5	-0.3	0.0	0.4	0.9	1.3	1.4	1.1
-0.5	-0.5	-0.3	-0.1	0.3	0.7	1.3	1.8	1.9	1.7
0.6	-0.8	-1.5	-2.2	-1.1	0.8	-0.5	0.2	-1.3	-4.0
-1.4	-1.9	-1.6	-1.3	-2.6	-2.9	-3.0	-3.3	-3.2	-3.7
0.0	-0.4	-0.3	0.0	0.6	1.0	1.7	1.7	1.9	1.9

**Table 6**  
**Percent Change in Implied Non-Supervisory Payrolls, Employment, Average Weekly Hours,**  
**and Average Hourly Earnings in Private<sup>1</sup> Health Service Establishments**  
**by Selected Type of Establishment: 1992-96.**

Type of Establishment	Calendar Year				1993	1993	1994
	1992	1993	1994	1995	Q3	Q4	Q1
	Annual Percent Change				Percent Change From the Same Period of Previous Year		
<b>Health Services</b>							
Payrolls	8.5	6.6	5.4	5.7	6.2	5.8	5.5
Employment	3.7	3.0	2.5	2.9	3.0	2.8	2.6
Average Weekly Hours	0.7	0.1	0.1	-0.2	0.0	0.0	0.1
Average Hourly Earnings	3.9	3.4	2.7	2.9	3.1	3.0	2.7
<b>Offices and Clinics of Physicians</b>							
Payrolls	7.5	6.9	6.2	6.4	6.5	5.6	6.5
Employment	4.0	2.4	2.5	4.0	2.4	1.6	1.9
Average Weekly Hours	0.8	0.2	0.5	0.2	0.2	0.3	0.7
Average Hourly Earnings	2.5	4.2	3.1	2.1	3.8	3.6	3.8
<b>Offices and Clinics of Dentists</b>							
Payrolls	6.1	6.5	7.3	7.1	6.9	7.1	8.1
Employment	2.1	2.8	3.0	4.0	2.8	2.9	3.1
Average Weekly Hours	0.2	-0.3	-0.5	-0.6	-0.2	-0.2	0.1
Average Hourly Earnings	3.8	3.8	4.6	3.6	4.2	4.3	4.7
<b>Nursing Homes</b>							
Payrolls	7.4	7.1	8.3	6.5	7.2	8.2	9.1
Employment	2.8	3.3	3.9	2.7	3.6	4.3	4.5
Average Weekly Hours	0.5	-0.3	0.3	0.5	-0.3	-0.7	0.2
Average Hourly Earnings	3.9	4.0	4.0	3.1	3.8	4.4	4.2
<b>Private Hospitals</b>							
Payrolls	7.6	4.5	2.2	3.6	3.8	3.0	2.2
Employment	2.7	0.6	-0.7	0.6	0.4	-0.3	-0.7
Average Weekly Hours	0.6	0.5	0.2	-0.3	0.5	0.5	0.5
Average Hourly Earnings	4.2	3.3	2.7	3.4	2.9	2.8	2.4
<b>Home Health Care Services</b>							
Payrolls	29.1	24.4	24.1	15.7	25.9	25.8	26.5
Employment	15.6	17.9	19.1	11.9	19.3	20.4	21.3
Average Weekly Hours	4.8	1.4	1.7	1.2	1.2	1.0	1.7
Average Hourly Earnings	6.6	4.1	2.5	2.3	4.2	3.5	2.6
<b>Non-Farm Private Sector</b>							
Payrolls	3.1	5.4	7.1	5.6	5.8	6.0	6.7
Employment	0.4	2.5	3.8	3.2	2.7	3.1	3.2
Average Weekly Hours	0.2	0.3	0.5	-0.6	0.6	0.4	0.7
Average Hourly Earnings	2.4	2.5	2.7	2.8	2.3	2.5	2.6

<sup>1</sup> Excludes hospitals, clinics, and other health-related establishments run by all governments.

NOTES: Data presented here conform to the 1987 Standard Industrial Classification. Q designates quarter of year. Quarterly data are not seasonally adjusted.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics: *Employment and Earnings*. Washington. U.S. Government Printing Office. Monthly reports for January 1992- September 1996.

**Table 6—Continued**  
**Percent Change in Implied Non-Supervisory Payrolls, Employment, Average Weekly Hours,**  
**and Average Hourly Earnings in Private<sup>1</sup> Health Service Establishments**  
**by Selected Type of Establishment: 1992-96.**

1994 Q2	1994 Q3	1994 Q4	1995 Q1	1995 Q2	1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3
Percent Change From the Same Period of Previous Year									
5.3	5.3	5.6	5.8	5.3	5.7	6.1	5.9	6.4	6.4
2.6	2.5	2.5	2.6	2.6	3.0	3.5	3.6	3.6	3.3
0.0	-0.1	0.2	0.1	-0.2	-0.1	-0.4	-0.8	-0.5	-0.2
2.6	2.9	2.8	3.0	2.8	2.7	3.0	3.0	3.2	3.2
5.5	5.9	6.9	6.3	5.9	6.1	7.2	8.2	10.6	11.4
1.9	2.6	3.4	3.6	4.0	3.9	4.3	4.2	4.6	4.7
0.4	0.1	0.9	0.2	0.1	0.4	0.1	0.4	1.0	1.1
3.1	3.2	2.4	2.4	1.7	1.7	2.7	3.4	4.6	5.2
7.7	6.8	6.6	6.7	6.1	7.1	8.5	8.7	9.8	10.5
3.3	2.8	2.9	3.1	3.3	4.5	5.0	5.6	5.6	4.9
-0.7	-0.8	-0.5	-0.5	-0.9	-0.8	-0.2	-0.6	0.6	1.3
5.0	4.8	4.1	3.9	3.6	3.4	3.6	3.5	3.3	4.0
8.4	7.8	7.8	7.2	6.3	6.3	6.1	4.8	5.3	4.7
4.2	3.9	3.0	2.8	2.5	2.6	3.0	2.7	2.9	2.7
0.0	-0.2	1.0	0.6	0.3	0.7	0.4	-0.3	0.0	-0.4
4.1	4.0	3.6	3.7	3.4	2.9	2.6	2.4	2.3	2.4
1.9	2.2	2.5	3.2	3.5	3.5	4.4	4.2	4.4	4.1
-0.8	-0.8	-0.5	-0.2	0.3	0.8	1.4	2.0	2.0	1.8
0.2	0.1	-0.1	-0.1	-0.1	-0.6	-0.5	-0.9	-0.9	-0.5
2.5	2.9	3.1	3.5	3.3	3.3	3.4	3.1	3.3	2.7
25.9	22.4	22.1	21.0	16.3	15.4	11.0	6.2	5.3	5.2
20.7	18.4	16.6	15.0	11.9	11.3	9.7	7.3	6.1	3.7
1.6	1.1	2.4	2.6	1.9	1.7	-1.4	-3.4	-3.2	-1.2
2.7	2.3	2.3	2.5	2.1	2.0	2.6	2.4	2.6	2.7
7.0	7.0	7.7	7.0	5.2	5.5	4.7	4.0	6.0	6.1
3.8	4.0	4.2	4.2	3.5	2.9	2.4	2.0	2.3	2.5
0.6	0.3	0.6	0.0	-1.0	-0.5	-0.8	-1.1	0.2	0.1
2.5	2.6	2.8	2.7	2.7	3.0	3.0	3.1	3.4	3.4

**Table 7**  
**Selected National Economic Indicators: 1992-96**

Item	Calendar Year				1993	1993	1994
	1992	1993	1994	1995	Q3	Q4	Q1
<b>Gross Domestic Product</b>							
Billions of Dollars	6,244	6,553	6,936	7,254	6,574	6,689	6,776
Billions of 1992 Chain Weighted Dollars	6,244	6,386	6,609	6,743	6,393	6,469	6,509
Implicit Price Deflator (1992 = 100.0)	100.0	102.6	104.9	107.6	102.8	103.4	104.1
<b>Personal Income</b>							
Personal Income in Billions	5,264	5,480	5,753	6,115	5,502	5,611	5,562
Disposable Income in Billions	4,614	4,790	5,022	5,321	4,805	4,897	4,857
<b>Prices<sup>1</sup></b>							
Consumer Price Index, All Items	140.3	144.5	148.2	152.4	144.8	145.8	146.7
All Items Less Medical Care	137.5	141.2	144.7	148.6	141.5	142.4	143.3
Energy	103.0	104.2	104.6	105.2	105.4	103.8	101.7
Food and Beverages	138.7	141.6	144.9	148.9	141.5	142.7	143.9
Medical Care	190.1	201.4	211.0	220.5	202.8	204.8	207.5
<b>Producer Price Index,<sup>2</sup> Finished</b>							
Consumer Goods	121.7	123.0	123.3	125.6	122.8	122.3	122.4
Energy	77.8	78.0	77.0	78.1	79.4	76.1	74.4
Food	123.3	125.6	126.8	129.0	125.4	126.4	127.1
Finished Goods Except Food and Energy	137.3	138.5	139.0	141.9	137.3	137.6	138.6
		Annual Percent Change			Percent Change From the Same Period of Previous Year		
<b>Gross Domestic Product</b>							
Billions of Dollars	5.5	4.9	5.8	4.6	4.8	4.8	5.2
Billions of 1992 Chain Weighted Dollars	2.7	2.3	3.5	2.0	2.1	2.2	2.9
Implicit Price Deflator (1992 = 100.0)	2.7	2.6	2.3	2.5	2.7	2.5	2.2
<b>Personal Income</b>							
Personal Income in Billions	6.0	4.1	5.0	6.3	4.5	3.6	4.0
Disposable Income in Billions	6.2	3.8	4.8	6.0	4.1	3.3	3.6
<b>Prices<sup>1</sup></b>							
Consumer Price Index, All Items	3.0	3.0	2.6	2.8	2.7	2.7	2.5
All Items Less Medical Care	2.7	2.7	2.5	2.7	2.5	2.5	2.4
Energy	0.5	1.1	0.5	0.6	-0.3	-0.4	-0.9
Food and Beverages	1.4	2.1	2.3	2.8	2.0	2.5	2.3
Medical Care	7.4	6.0	4.8	4.5	5.9	5.5	5.0
<b>Producer Price Index,<sup>2</sup> Finished</b>							
Consumer Goods	1.0	1.1	0.2	1.9	0.4	-0.2	-0.3
Energy	-0.4	0.3	-1.2	1.4	-1.3	-2.8	-3.4
Food	-0.7	1.9	0.9	1.8	1.8	2.1	2.0
Finished Goods Except Food and Energy	2.7	0.9	0.3	2.1	0.3	-0.5	-0.5

<sup>1</sup> Base Period = 1982-84, unless noted.

<sup>2</sup> Formerly called the Wholesale Price Index.

NOTES: Q designates quarter of year. Unlike Tables 1-5 quarterly data on GDP, personal income, and disposable personal income, are seasonally adjusted at annual rates.

SOURCES: U.S. Department of Commerce, Bureau of Economic Analysis: *Survey of Current Business*. Washington. U.S. Government Printing Office. Monthly reports for January 1992-September 1996; U.S. Department of Labor, Bureau of Labor Statistics: *Employment and Earnings*. Washington. U.S. Government Printing Office. Monthly reports for January 1992-September 1996.

**Table 7—Continued**  
**Selected National Economic Indicators: 1992-96**

1994 Q2	1994 Q3	1994 Q4	1995 Q1	1995 Q2	1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3
6,891	6,993	7,083	7,150	7,205	7,310	7,351	7,427	7,545	7,616
6,588	6,645	6,694	6,701	6,714	6,776	6,781	6,814	6,893	6,928
104.6	105.2	105.8	106.7	107.3	107.9	108.4	109.0	109.5	109.9
5,739	5,808	5,903	6,005	6,074	6,147	6,235	6,309	6,412	6,501
4,998	5,077	5,155	5,235	5,273	5,349	5,427	5,484	5,542	5,629
147.6	148.9	149.6	150.9	152.2	152.9	153.6	155.0	156.5	157.4
144.1	145.4	146.0	147.1	148.4	149.0	149.7	151.0	152.5	153.3
103.5	107.8	105.4	103.7	106.5	107.2	103.5	105.3	112.0	111.9
144.1	145.2	146.2	147.9	148.7	149.0	150.0	151.6	152.8	154.3
209.8	212.2	214.7	217.6	219.3	221.5	223.4	226.0	227.4	229.1
123.0	123.9	123.7	124.5	125.7	125.9	126.4	127.4	129.3	130.2
76.7	80.2	76.9	76.7	80.0	79.4	76.4	78.8	84.2	84.7
126.5	126.4	127.2	128.3	128.0	129.1	130.7	131.1	132.1	134.9
138.7	138.7	139.8	140.8	141.6	141.7	143.7	144.0	144.2	144.0
Percent Change From the Same Period of Previous Year									
5.9	6.4	5.9	5.5	4.6	4.5	3.8	3.9	4.7	4.2
3.6	3.9	3.5	3.0	1.9	2.0	1.3	1.7	2.7	2.2
2.2	2.3	2.3	2.5	2.6	2.5	2.4	2.1	2.0	1.9
5.1	5.6	5.2	7.9	5.8	5.8	5.6	5.1	5.6	5.8
4.7	5.7	5.3	7.8	5.5	5.3	5.3	4.8	5.1	5.2
2.4	2.9	2.7	2.8	3.1	2.6	2.7	2.7	2.8	2.9
2.2	2.7	2.5	2.7	3.0	2.5	2.5	2.7	2.8	2.9
-1.1	2.3	1.5	1.9	2.9	-0.6	-1.8	1.6	5.2	4.4
1.9	2.7	2.5	2.7	3.2	2.6	2.6	2.5	2.8	3.6
4.7	4.6	4.8	4.9	4.6	4.4	4.1	3.8	3.7	3.4
-1.0	0.9	1.2	1.7	2.2	1.6	2.2	2.3	2.9	3.4
-3.5	1.0	1.1	3.0	4.3	-1.0	-0.7	2.8	5.2	6.6
0.2	0.8	0.6	1.0	1.2	2.2	2.7	2.2	3.2	4.5
-0.8	1.0	1.6	1.6	2.0	2.2	2.8	2.3	1.8	1.6

**Table 8**  
**Index Levels of Medical Prices: 1992-96**

Item	Calendar Year				1993	1993	1994
	1992	1993	1994	1995	Q3	Q4	Q1
<b>Consumer Price Indexes, All Urban Consumers<sup>1</sup></b>							
Medical Care Services <sup>2</sup>	190.5	202.9	213.4	224.2	204.4	206.7	209.5
Professional Services	175.8	184.7	192.5	201.0	185.9	187.1	189.3
Physicians' Services	181.2	191.3	199.8	208.8	192.7	194.2	196.7
Dental Services	178.7	188.1	197.1	206.8	189.2	190.8	193.0
Hospital and Related Services	214.0	231.9	245.6	257.8	233.8	237.7	241.3
Hospital Room	208.7	226.4	239.2	251.2	228.2	232.0	235.3
Other Inpatient Services (1986=100)	172.3	185.7	197.1	206.8	187.2	190.4	193.5
Outpatient Services (1986=100)	168.7	184.3	195.0	204.6	185.6	188.7	191.5
Medical Care Commodities	188.1	195.0	200.7	204.5	196.0	196.7	198.5
Prescription Drugs	214.7	223.0	230.6	235.0	223.9	225.2	228.0
Non-Prescription Drugs and Medical Supplies (1986=100)	131.2	135.5	138.1	140.5	136.7	136.5	136.7
Internal and Respiratory Over-the-Counter Drugs	158.2	163.5	165.9	167.0	165.3	164.9	165.2
Non-Prescription Medical Equipment and Supplies	150.9	155.9	160.0	166.3	156.5	156.7	156.7
<b>Producer Price Indexes<sup>3</sup></b>							
Industry Groupings: <sup>4</sup>							
Health Services (12/94=100)	—	—	—	102.4	—	—	—
Offices and Clinics of Doctors of Medicine (12/93=100)	—	—	102.8	106.8	—	—	101.8
Medicare Treatments (12/93=100)	—	—	104.7	109.6	—	—	104.7
Non-Medicare Treatments (12/93=100)	—	—	102.3	105.9	—	—	101.0
Hospitals (12/92=100)	—	102.5	106.2	110.0	103.0	104.0	105.0
General Medical and Surgical Hospitals (12/92=100)	—	102.4	106.0	109.9	102.9	103.9	104.8
Inpatient Treatments (12/92=100)	—	102.5	106.0	109.2	102.9	104.2	104.9
Medicare Patients (12/92=100)	—	100.6	102.6	104.7	100.0	102.3	102.3
Medicaid Patients (12/92=100)	—	102.3	107.1	109.8	103.0	104.3	105.3
All Other Patients (12/92=100)	—	103.5	107.7	111.7	104.5	105.3	106.3
Outpatient Treatments (12/92=100)	—	102.5	106.7	113.3	103.0	103.4	105.0
Medicare Patients (12/92=100)	—	103.7	107.0	111.2	104.4	104.1	105.5
Medicaid Patients (12/92=100)	—	101.6	103.3	106.4	102.4	101.9	101.8
All Other Patients (12/92=100)	—	102.4	106.9	114.2	102.8	103.4	105.2
Skilled and Intermediate Care Facilities (12/94=100)	—	—	—	103.6	—	—	—
Public Payors (12/94=100)	—	—	—	103.8	—	—	—
Private Payors (12/94=100)	—	—	—	103.6	—	—	—
Medical Laboratories (6/94=100)	—	—	—	104.0	—	—	—
Commodity Groupings:							
Drugs and Pharmaceuticals	192.2	200.9	206.0	210.9	202.0	202.4	204.6
Ethical (Prescription) Preparations	231.7	242.2	250.0	257.0	243.5	244.5	248.3
Proprietary (Over-the-Counter) Preparations	173.6	180.0	183.2	186.6	181.6	181.6	181.4
Medical, Surgical, and Personal Aid Devices	133.9	137.8	140.4	141.3	137.8	138.3	140.1
Personal Aid Equipment	120.2	122.3	130.1	133.7	121.9	121.9	127.8
Medical Instruments and Equipment (6/82=100)	123.4	126.0	126.7	128.3	125.8	126.2	126.4
Surgical Appliances and Supplies (6/83=100)	145.0	151.0	155.7	154.8	151.1	151.7	155.4
Ophthalmic Goods (12/83=100)	118.0	119.0	119.6	122.2	119.3	119.4	120.0
Dental Equipment and Supplies (6/85=100)	126.6	131.5	135.2	137.5	132.0	131.6	134.2

<sup>1</sup> Unless otherwise noted, base year is 1982-84 = 100

<sup>2</sup> Includes the net cost of private health insurance, not shown separately.

<sup>3</sup> Unless otherwise noted, base year is 1982 = 100. Producer price indexes are classified by industry (price changes received for the industry's output sold outside the industry) and commodity (price changes by similarity of end use or material composition).

<sup>4</sup> Further detail for Producer Price Industry groupings, such as types of physician practices, hospital DRG groupings, etc., are available from the Bureau of Labor Statistics.



**Table 8—Continued**  
**Index Levels of Medical Prices: 1992-96**

1994 Q2	1994 Q3	1994 Q4	1995 Q1	1995 Q2	1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3
212.0	214.6	217.5	221.0	223.0	225.4	227.4	230.1	231.5	233.3
191.8	193.5	195.5	198.3	200.2	202.0	203.4	205.9	207.5	209.2
199.2	200.7	202.4	205.6	208.1	210.1	211.5	214.3	215.8	217.1
196.1	198.3	201.1	204.0	205.8	207.8	209.8	212.5	215.1	218.0
243.4	247.2	250.6	254.2	255.6	259.1	262.2	266.1	267.7	271.0
237.2	240.9	243.5	247.8	249.4	252.6	255.1	257.9	259.0	262.3
195.4	198.2	201.2	204.0	205.2	207.8	210.3	214.3	215.5	218.1
192.9	196.3	199.4	201.5	202.3	205.5	208.9	211.7	213.9	216.5
200.1	201.6	202.6	203.4	203.6	204.6	206.2	208.4	209.9	211.1
230.5	231.0	232.8	233.4	233.9	235.4	237.4	240.1	242.3	243.7
136.8	139.4	139.4	140.5	140.0	140.4	141.2	142.5	142.9	143.6
165.5	166.6	166.4	167.1	166.0	167.4	167.3	169.3	169.5	170.6
156.7	163.1	163.6	165.8	166.3	165.2	167.8	168.7	169.3	169.8
—	—	—	101.6	101.9	102.5	103.4	104.1	104.4	104.7
102.4	102.9	104.0	106.3	106.8	107.1	107.0	107.4	107.5	107.5
104.7	104.7	104.7	109.6	109.6	109.6	109.6	105.5	105.5	105.5
101.8	102.4	103.8	105.5	106.1	106.1	106.0	107.5	107.7	107.8
105.4	106.7	107.7	109.2	109.3	110.0	111.4	112.2	112.3	112.7
105.2	106.5	107.5	109.0	109.2	109.9	111.5	112.2	112.2	112.5
105.2	106.4	107.5	108.5	108.6	109.1	110.9	111.5	111.6	111.6
102.3	102.3	103.6	103.6	103.6	103.6	107.8	107.8	107.8	107.8
106.0	108.1	108.9	109.5	109.6	109.3	110.6	111.7	112.5	111.9
106.7	108.4	109.4	111.0	111.1	112.0	112.6	113.6	113.4	113.6
105.8	107.6	108.2	111.9	112.5	114.0	114.8	115.6	115.8	116.6
106.0	107.5	108.8	110.2	111.1	111.8	111.8	112.3	112.5	113.4
101.2	105.1	105.1	105.7	105.9	105.8	108.0	107.1	107.1	105.9
106.2	107.8	108.4	112.7	113.2	115.1	115.8	116.9	117.1	118.1
—	—	—	101.9	102.8	104.2	105.6	108.2	109.5	110.7
—	—	—	101.8	102.7	104.4	106.2	108.6	110.1	111.2
—	—	—	102.1	103.2	104.2	105.1	108.2	109.1	110.4
—	100.0	99.9	101.6	103.4	106.0	105.0	105.3	105.2	105.3
205.9	206.3	207.0	208.5	210.3	211.2	213.4	213.8	214.6	215.2
250.1	250.0	251.4	252.7	255.8	257.6	261.8	262.5	265.1	266.8
182.6	184.4	184.5	185.5	186.6	186.6	187.5	188.3	184.5	183.3
140.3	140.6	140.5	140.7	140.8	141.5	142.1	143.5	143.4	142.6
130.8	130.9	130.9	131.2	131.8	135.1	136.7	136.8	139.8	140.2
126.5	126.8	126.9	127.8	128.0	128.8	128.7	130.3	130.1	129.7
155.7	156.1	155.4	154.3	154.1	154.5	156.2	157.4	158.1	156.3
119.4	119.4	119.8	121.7	121.8	122.9	122.6	122.2	119.7	119.8
135.0	136.0	135.7	136.4	137.9	137.1	138.7	140.7	140.7	141.0

NOTES: Q designates quarter of year. Quarterly data are not seasonally adjusted.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics: *CPI Detailed Report*. Washington, U.S. Government Printing Office. Monthly reports for January 1992-September 1996. U.S. Department of Labor, Bureau of Labor Statistics: *Producer Price Indexes*. Washington, U.S. Government Printing Office. Monthly reports for January 1992-September 1996.

**Table 9**  
**Percent Change in Medical Prices From Same Period of Previous Year : 1992-96**

Item	Calendar Year				1993	1993	1994
	1992	1993	1994	1995	Q3	Q4	Q1
<b>Consumer Price Indexes, All Urban Consumers<sup>1</sup></b>	<b>Annual Percent Change</b>				<b>Percent Change From the Same Period of Previous Year</b>		
Medical Care Services <sup>2</sup>	7.6	6.5	5.2	5.0	6.4	6.0	5.4
Professional Services	6.1	5.1	4.3	4.4	5.0	4.5	4.3
Physicians' Services	6.3	5.6	4.4	4.5	5.6	5.2	4.8
Dental Services	6.7	5.3	4.8	4.9	4.9	4.5	4.4
Hospital and Related Services	9.1	8.4	5.9	5.0	8.3	7.8	6.7
Hospital Room	8.8	8.5	5.7	5.0	8.4	7.8	6.6
Other Inpatient Services (1986=100)	9.1	7.8	6.1	5.0	7.6	7.6	6.8
Outpatient Services (1986=100)	10.0	9.3	5.8	4.9	9.1	8.0	6.5
Medical Care Commodities	6.4	3.7	2.9	1.9	3.7	3.3	2.9
Prescription Drugs	7.6	3.9	3.4	1.9	3.8	3.3	3.0
Non-Prescription Drugs and Medical Supplies (1986=100)	3.9	3.3	1.9	1.8	3.4	3.3	2.6
Internal and Respiratory Over-the-Counter Drugs	3.8	3.3	1.5	0.6	3.4	3.5	3.0
Non-Prescription Medical Equipment and Supplies	4.1	3.3	2.7	3.9	3.5	3.1	1.9
<b>Producer Price Indexes<sup>3</sup></b>							
<b>Industry Groupings:<sup>4</sup></b>							
Health Services (12/94=100)	—	—	—	—	—	—	—
Offices and Clinics of Doctors of Medicine (12/93=100)	—	—	—	3.9	—	—	—
Medicare Treatments (12/93=100)	—	—	—	4.7	—	—	—
Non-Medicare Treatments (12/93=100)	—	—	—	3.6	—	—	—
Hospitals (12/92=100)	—	—	3.6	3.5	—	—	3.8
General Medical and Surgical Hospitals (12/92=100)	—	—	3.5	3.7	—	—	3.5
Inpatient Treatments (12/92=100)	—	—	3.5	3.1	—	—	3.7
Medicare Patients (12/92=100)	—	—	2.0	2.0	—	—	2.3
Medicaid Patients (12/92=100)	—	—	4.6	2.5	—	—	4.3
All Other Patients (12/92=100)	—	—	4.0	3.7	—	—	4.3
Outpatient Treatments (12/92=100)	—	—	4.1	6.2	—	—	3.4
Medicare Patients (12/92=100)	—	—	3.1	4.0	—	—	2.3
Medicaid Patients (12/92=100)	—	—	1.7	2.9	—	—	1.1
All Other Patients (12/92=100)	—	—	4.4	6.9	—	—	3.8
Skilled and Intermediate Care Facilities (12/94=100)	—	—	—	—	—	—	—
Public Payors (12/94=100)	—	—	—	—	—	—	—
Private Payors (12/94=100)	—	—	—	—	—	—	—
Medical Laboratories (6/94=100)	—	—	—	—	—	—	—
<b>Commodity Groupings:</b>							
Drugs and Pharmaceuticals	5.3	4.5	2.5	2.4	4.4	3.7	3.0
Ethical (Prescription) Preparations	6.5	4.5	3.2	2.8	4.4	3.8	3.9
Proprietary (Over-the-Counter) Preparations	5.0	3.7	1.8	1.8	3.7	2.8	2.2
Medical, Surgical, and Personal Aid Devices	2.7	3.0	1.8	0.7	2.8	2.6	2.1
Personal Aid Equipment	2.6	1.7	6.4	2.7	1.3	1.2	4.3
Medical Instruments and Equipment (6/82=100)	2.2	2.1	0.5	1.3	1.9	1.9	0.8
Surgical Appliances and Supplies (6/83=100)	3.1	4.1	3.1	-0.6	4.1	3.7	3.6
Ophthalmic Goods (12/83=100)	1.7	0.9	0.6	2.2	0.8	1.4	1.4
Dental Equipment and Supplies (6/85=100)	4.5	3.8	2.9	1.7	4.1	2.9	2.9

<sup>1</sup> Unless otherwise noted, base year is 1982-84 = 100

<sup>2</sup> Includes the net cost of private health insurance, not shown separately.

<sup>3</sup> Unless otherwise noted, base year is 1982 = 100. Producer price indexes are classified by industry (price changes received for the industry's output sold outside the industry) and commodity (price changes by similarity of end use or material composition).

<sup>4</sup> Further detail for Producer Price Industry groupings, such as types of physician practices, hospital DRG groupings, etc., are available from the Bureau of Labor Statistics.

**Table 9—Continued**  
**Percent Change in Medical Prices From Same Period of Previous Year : 1992-96**

1994 Q2	1994 Q3	1994 Q4	1995 Q1	1995 Q2	1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3
Percent Change From the Same Period of Previous Year									
5.1	5.0	5.2	5.5	5.2	5.0	4.5	4.1	3.8	3.5
4.2	4.1	4.5	4.7	4.4	4.4	4.0	3.8	3.7	3.5
4.5	4.2	4.3	4.5	4.5	4.6	4.5	4.2	3.7	3.3
4.5	4.8	5.4	5.7	4.9	4.8	4.3	4.2	4.6	4.9
5.8	5.7	5.4	5.3	5.0	4.8	4.6	4.7	4.7	4.6
5.6	5.5	5.0	5.3	5.1	4.9	4.8	4.1	3.9	3.8
6.3	5.9	5.7	5.5	5.0	4.8	4.5	5.0	5.0	5.0
5.4	5.7	5.7	5.2	4.9	4.7	4.8	5.0	5.7	5.4
3.0	2.8	3.0	2.5	1.7	1.5	1.8	2.4	3.1	3.2
4.0	3.2	3.4	2.4	1.5	1.9	2.0	2.9	3.6	3.5
0.9	2.0	2.1	2.8	2.3	0.7	1.2	1.5	2.0	2.3
1.3	0.8	0.9	1.1	0.3	0.5	0.6	1.3	2.1	1.9
0.1	4.2	4.4	5.8	6.1	1.3	2.5	1.7	1.8	2.8
—	—	—	—	—	—	—	2.5	2.4	2.1
—	—	—	4.5	4.3	4.0	2.9	1.0	0.7	0.4
—	—	—	4.7	4.7	4.7	4.7	-3.7	-3.7	-3.7
—	—	—	4.5	4.3	3.6	2.1	1.9	1.5	1.6
3.6	3.6	3.5	4.0	3.7	3.1	3.4	2.7	2.7	2.5
3.5	3.5	3.4	4.0	3.8	3.2	3.7	2.9	2.8	2.3
3.6	3.5	3.1	3.4	3.2	2.5	3.1	2.8	2.8	2.3
2.3	2.3	1.3	1.3	1.3	1.3	4.1	4.1	4.1	4.1
4.7	5.0	4.5	4.0	3.4	1.1	1.6	2.1	2.6	2.4
4.1	3.8	3.9	4.4	4.2	3.3	3.0	2.3	2.0	1.4
3.7	4.4	4.7	6.6	6.3	6.0	6.1	3.3	2.9	2.2
2.6	3.0	4.6	4.5	4.8	4.0	2.7	1.9	1.3	1.4
-0.3	2.7	3.1	3.8	4.6	0.6	2.8	1.3	1.2	0.1
4.3	4.8	4.8	7.2	6.7	6.8	6.9	3.7	3.4	2.6
—	—	—	—	—	—	—	6.1	6.5	6.2
—	—	—	—	—	—	—	6.6	7.2	6.5
—	—	—	—	—	—	—	5.9	5.8	6.0
—	—	—	—	—	5.9	5.1	3.7	1.8	-0.6
2.6	2.1	2.3	1.9	2.2	2.4	3.1	2.5	2.0	1.9
3.4	2.7	2.8	1.8	2.3	3.0	4.2	3.9	3.6	3.6
1.8	1.6	1.6	2.3	2.2	1.2	1.6	1.5	-1.1	-1.8
1.6	2.0	1.6	0.5	0.4	0.6	1.2	2.0	1.8	0.8
6.7	7.4	7.4	2.6	0.7	3.2	4.4	4.3	6.1	3.8
0.1	0.8	0.6	1.1	1.1	1.6	1.4	2.0	1.6	0.8
3.1	3.3	2.4	-0.8	-1.0	-1.0	0.6	2.0	2.6	1.1
0.5	0.1	0.3	1.4	2.1	2.9	2.3	0.4	-1.8	-2.5
2.4	3.0	3.1	1.6	2.2	0.8	2.2	3.2	2.0	2.8

NOTES: Q designates quarter of year. Quarterly data are not seasonally adjusted.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics: *CPI Detailed Report*. Washington, U.S. Government Printing Office. Monthly reports for January 1992-September 1996. U.S. Department of Labor, Bureau of Labor Statistics: *Producer Price Indexes*. Washington, U.S. Government Printing Office. Monthly reports for January 1992-September 1996.

**Table 10**  
**Quarterly Index Levels and Four-Quarter Moving Average Percent Change in the**  
**Prospective Payment System (PPS) Hospital Input Price Index, by Expense Category: 1994-98**

Expense Category <sup>1</sup>	Price/Wage Variable	Base Year Weights FY 92 <sup>2</sup>	1994	1995	1995	1995
			Q4	Q1	Q2	Q3
<b>Index Levels</b>						
Total	—	100.000	107.8	108.9	109.8	110.4
Compensation	—	61.390	108.7	109.5	110.1	110.8
Wages and Salaries	HCFA Occupational Wage Index <sup>4</sup>	50.244	108.0	108.7	109.3	110.0
Employee Benefits	HCFA Occupational Benefits Index <sup>4</sup>	11.146	112.0	112.8	113.7	114.2
Other Professional Fees	ECI—W/S: Professional/Technical (Private)	2.127	109.4	110.2	110.8	111.6
Energy and Utilities <sup>3</sup>	—	2.470	102.7	102.5	104.1	106.0
Professional Liability Insurance	HCFA—Professional Liability Premium	1.189	100.9	99.5	98.7	98.3
All Other	—	32.825	106.7	108.6	109.9	110.5
Other Products <sup>3</sup>	—	24.033	106.1	108.2	109.8	110.4
Pharmaceuticals	PPI—Prescription Drugs	4.162	110.0	110.6	112.0	112.7
Food: Direct Purchase	PPI—Processed Foods	2.363	102.1	103.1	102.7	104.4
Food: Contract Service	CPI—Food Away From Home	1.096	104.7	105.4	106.0	106.6
Chemicals	PPI—Industrial Chemicals	3.795	111.9	116.7	120.3	118.8
Medical Instruments	PPI—Medical Instruments/Equipment	3.128	103.5	104.3	104.4	105.0
Rubber and Plastics	PPI—Rubber/Plastic Products	4.868	104.7	106.9	108.5	109.1
Paper Products	PPI—Converted Paper and Paperboard	2.062	105.8	111.2	116.1	119.6
Other Services <sup>3</sup>	—	8.792	108.3	109.6	110.3	110.7
Business Services	ECI—W/S: Business Services	3.823	108.8	110.1	110.8	111.1
Computer Services	AHE—Data Processing Services	1.927	110.7	111.8	112.9	113.2
<b>4-Quarter Moving-Average Percent Change</b>						
Total	—	100.000	2.7	2.9	3.1	3.2
Compensation	—	61.390	3.1	3.0	2.9	2.7
Wages and Salaries	HCFA Occupational Wage Index <sup>4</sup>	50.244	2.9	2.9	2.8	2.7
Employee Benefits	HCFA Occupational Benefits Index <sup>4</sup>	11.146	4.0	3.4	3.2	2.7
Other Professional Fees	ECI—W/S: Professional/Technical (Private)	2.127	3.3	3.1	2.9	2.6
Energy and Utilities <sup>3</sup>	—	2.470	0.6	0.2	0.3	0.0
Professional Liability Insurance	HCFA—Professional Liability Premium	1.189	-1.8	-2.5	-3.0	-3.3
All Other	—	32.825	2.3	3.1	4.0	4.7
Other Products <sup>3</sup>	—	24.033	1.9	3.0	4.4	5.3
Pharmaceuticals	PPI—Prescription Drugs	4.162	3.2	2.7	2.4	2.5
Food: Direct Purchase	PPI—Processed Foods	2.363	1.2	0.4	-0.2	0.1
Food: Contract Service	CPI—Food Away From Home	1.096	1.7	1.8	1.9	2.1
Chemicals	PPI—Industrial Chemicals	3.795	3.5	8.2	13.1	14.7
Medical Instruments	PPI—Medical Instruments/Equipment	3.128	0.5	0.6	0.9	1.1
Rubber and Plastics	PPI—Rubber/Plastic Products	4.868	1.4	2.7	4.3	5.6
Paper Products	PPI—Converted Paper and Paperboard	2.062	2.2	5.4	9.5	13.4
Other Services <sup>3</sup>	—	8.792	3.4	3.2	3.1	3.0
Business Services	ECI—W/S: Business Services	3.823	3.9	3.5	3.1	2.9
Computer Services	AHE—Data Processing Services	1.927	4.3	3.7	3.8	3.6

<sup>1</sup> For data sources used to estimate the input price index relative weights and choice of price proxies, see the August 30, 1996, *Federal Register*.

<sup>2</sup> Category weights may not sum to total or subtotals because of detail not included.

<sup>3</sup> Represents a subtotal. Detailed categories not shown are listed below by subtotal, detailed category, and base year weight: Energy and Utilities: Fuel Oil, Coal, and Other Fuel (0.345), Electricity (1.349), Natural Gas (0.670), and Water and Sewage (0.106). Other Products: Photographic Supplies (0.399), Apparel (0.875), Machinery and Equipment (0.211), and Miscellaneous Products (1.074). Other Services: Transportation and Shipping (0.188), Telephone (0.531), Postage (0.272), Other—Labor Intensive (1.707), and Other—Non-Labor Intensive (0.344).

<sup>4</sup> The HCFA Occupational Wage and Occupational Benefit Indexes are computed as the weighted-average of 10 ECI categories ECI for Hospital workers and 9 ECI occupational categories).

**Table 10—Continued**  
**Quarterly Index Levels and Four-Quarter Moving Average Percent Change in the**  
**Prospective Payment System (PPS) Hospital Input Price Index, by Expense Category: 1994-98**

1995 Q4	1996 Q1	1996 Q2	1996 Q3	Forecast								
				1996 Q4	1997 Q1	1997 Q2	1997 Q3	1997 Q4	1998 Q1	1998 Q2	1998 Q3	
110.8	111.6	112.4	113.1	113.6	114.5	115.1	116.1	116.8	117.7	118.3	119.4	
111.5	112.5	113.2	114.0	114.9	115.9	116.7	117.9	118.8	119.8	120.4	121.7	
110.8	111.9	112.6	113.5	114.3	115.3	116.1	117.3	118.3	119.2	119.8	121.1	
114.6	115.4	116.0	116.5	117.4	118.7	119.2	120.5	121.1	122.5	123.0	124.4	
112.1	113.5	114.4	115.0	115.8	116.9	117.7	119.1	119.8	120.8	121.5	122.9	
101.8	103.9	107.7	110.0	107.2	106.9	107.6	108.3	106.5	106.4	107.5	108.9	
98.2	98.7	98.6	98.4	97.9	97.1	96.7	96.5	96.5	96.6	96.6	97.0	
110.6	110.9	111.5	111.9	112.2	112.9	113.3	113.7	114.2	115.1	115.7	116.3	
110.3	110.2	110.7	110.9	111.0	111.4	111.7	112.0	112.3	112.8	113.4	113.9	
114.6	114.9	116.0	116.6	117.4	117.7	118.4	119.0	120.0	120.2	121.6	122.4	
106.3	106.8	108.7	111.2	110.9	111.6	111.8	111.7	110.9	111.6	112.2	112.7	
107.2	107.7	108.4	109.3	109.9	111.2	112.5	113.6	114.6	115.9	117.0	118.0	
115.0	114.6	116.8	116.3	116.4	116.4	115.7	116.0	116.2	116.6	116.9	117.5	
104.9	106.3	106.1	105.9	105.8	106.8	107.5	107.4	107.8	108.7	109.0	109.0	
108.6	107.8	107.7	108.0	107.9	107.9	108.1	108.4	108.3	108.1	108.4	108.9	
119.9	117.6	114.4	112.2	111.7	112.3	112.8	112.6	113.7	115.1	116.3	116.6	
111.3	112.7	113.5	114.5	115.5	116.9	117.6	118.5	119.6	121.3	122.1	122.9	
111.7	114.0	114.2	115.1	116.2	118.2	118.9	119.7	120.9	122.6	123.3	124.0	
114.2	115.6	117.3	119.3	120.6	121.8	122.8	124.2	125.3	126.6	128.0	129.2	
3.1	3.0	2.7	2.5	2.5	2.5	2.5	2.6	2.6	2.7	2.7	2.8	
2.6	2.6	2.7	2.8	2.9	3.0	3.0	3.1	3.2	3.3	3.3	3.3	
2.6	2.7	2.8	2.9	3.1	3.1	3.1	3.2	3.3	3.3	3.4	3.3	
2.4	2.4	2.2	2.1	2.2	2.4	2.6	2.9	3.1	3.1	3.2	3.2	
2.4	2.6	2.8	3.0	3.2	3.2	3.1	3.2	3.2	3.3	3.4	3.3	
-0.2	0.0	0.7	2.0	3.5	3.8	2.9	1.6	0.2	-0.7	-0.7	-0.1	
-3.2	-2.6	-1.8	-0.9	-0.3	-0.5	-0.9	-1.4	-1.7	-1.5	-1.0	-0.4	
4.7	4.1	3.0	2.1	1.6	1.5	1.6	1.7	1.7	1.8	1.9	2.0	
5.4	4.5	3.1	1.8	1.0	0.8	0.8	0.9	1.0	1.1	1.2	1.4	
2.8	3.3	3.7	3.8	3.3	3.0	2.6	2.3	2.2	2.1	2.3	2.5	
1.2	2.2	3.8	5.0	5.0	5.3	4.5	3.0	1.9	0.8	0.2	0.3	
2.3	2.3	2.3	2.3	2.4	2.7	3.0	3.4	3.8	4.1	4.1	4.1	
12.4	7.4	2.2	-1.1	-1.4	-0.6	-0.1	0.4	0.0	-0.3	0.2	0.6	
1.3	1.5	1.6	1.4	1.3	0.9	0.8	1.0	1.3	1.6	1.7	1.7	
5.7	4.4	2.5	0.6	-0.4	-0.6	-0.3	0.0	0.3	0.3	0.3	0.3	
14.9	13.1	8.5	2.5	-2.3	-4.8	-4.8	-3.2	-1.0	0.8	2.0	2.8	
2.9	2.9	2.8	3.0	3.2	3.4	3.7	3.7	3.6	3.6	3.6	3.7	
2.7	2.9	3.0	3.2	3.6	3.6	3.8	3.9	3.9	4.0	3.8	3.7	
3.5	3.5	3.5	4.0	4.6	5.1	5.3	4.9	4.5	4.2	4.0	4.0	

NOTES: A dash ( — ) in the Price/Wage Variable column denotes a total or subtotal produced by adding 2 or more categories. EC1 represents Employment Cost Index, PPI represents Producer Price Index, and AHE represents Average Hourly Earnings. HCFA is Health Care Financing Administration. W/S is wages and salaries. FY is fiscal year. Q designates quarter of year. The 4-quarter moving-average percent change for the quarter indicated by the column heading is the rate of change in the average index level for 4 quarters ending in that quarter over the same period of the previous year. The 4-quarter moving-average index level for the quarter indicated by the column heading is computed by summing the index level for that quarter and the prior 3 quarters and dividing by 4. The process is repeated to compute the 4-quarter moving-average index level for the same quarter 1 year ago. The average index level for the quarter indicated by the column heading is divided by the average index level of the same quarter 1 year ago, and the quotient is subtracted from 1 and multiplied by 100 to determine the 4-quarter moving-average percent change in the index.

SOURCES: Health Care Financing Administration, Office of the Actuary; Data from the Office of National Health Statistics, Division of Health Cost Analysis. Fourth-quarter 1996 forecasts were produced under contract to HCFA by Data Resources, Inc./McGraw-Hill.

**Table 11**  
**Quarterly Index Levels and Four-Quarter Moving-Average Percent Change in the**  
**Skilled Nursing Facility Input Price Index, by Expense Category: 1994-98**

Expense Category <sup>1</sup>	Price/Wage Variable	Base Year	1994	1995	1995	1995
		Weights CY 77 <sup>2</sup>	Q4	Q1	Q2	Q3
<b>Index Levels</b>						
Total	—	100.000	260.2	262.9	263.9	265.5
Compensation	—	70.620	266.2	269.3	270.0	271.6
Wages and Salaries	AHE—Nursing Facilities	63.020	263.5	266.6	267.2	268.7
Employee Benefits	BEA—Supplement to Wages/Salaries per Worker	7.600	288.5	291.9	293.4	295.2
Fuel and Other Energy	—	4.270	231.8	231.4	231.9	232.4
Fuel Oil and Coal	IPD—Fuel Oil and Coal	1.660	202.3	201.4	204.2	204.9
Electricity	IPD—Electricity	1.210	223.7	224.9	225.1	227.9
Natural Gas	IPD—Natural Gas	0.910	246.4	243.3	239.4	234.9
Water and Sewerage	—	—	—	—	—	—
Maintenance	CPI(U)—Water and Sewage	0.490	324.2	326.8	328.4	331.8
Food	—	9.740	195.4	196.4	197.2	199.4
Direct Purchase	PPI—Processed Foods	4.930	168.7	169.5	169.2	172.4
Contract Service	CPI(U)—Food and Beverages	4.810	222.8	223.9	225.8	227.0
All Other	—	15.370	281.8	284.3	287.1	288.9
Pharmaceuticals	PPI—Prescription Drugs	1.500	382.5	384.5	389.2	391.8
Supplies	CPI(U)—All Items	3.280	246.9	248.9	251.1	252.2
Health Services	CPI(U)—Physicians' Services	1.210	346.0	351.5	355.8	359.1
Other Business Services	CPI(U)—Services	4.590	293.2	295.9	298.9	301.2
Miscellaneous Costs	CPI(U)—All Items	4.790	246.9	248.9	251.1	252.2
<b>4-Quarter Moving-Average Percent Change</b>						
Total	—	100.000	3.4	3.2	3.1	3.0
Compensation	—	70.620	3.8	3.6	3.4	3.2
Wages and Salaries	AHE—Nursing Facilities	63.020	4.0	3.8	3.7	3.4
Employee Benefits	BEA—Supplement to Wages/Salaries per Worker	7.600	2.2	1.9	1.8	1.9
Fuel and Other Energy	—	4.270	0.7	-0.1	-0.4	-0.3
Fuel Oil and Coal	IPD—Fuel Oil and Coal	1.660	-1.5	-2.0	-1.6	-0.8
Electricity	IPD—Electricity	1.210	0.1	0.3	0.9	1.6
Natural Gas	IPD—Natural Gas	0.910	1.9	-0.9	-3.2	-4.4
Water and Sewerage	—	—	—	—	—	—
Maintenance	CPI(U)—Water and Sewage	0.490	5.0	4.6	4.0	3.5
Food	—	9.740	1.9	1.6	1.5	1.6
Direct Purchase	PPI—Processed Foods	4.930	1.2	0.4	-0.2	0.1
Contract Service	CPI(U)—Food and Beverages	4.810	2.4	2.6	2.9	2.8
All Other	—	15.370	3.1	3.0	3.1	3.1
Pharmaceuticals	PPI—Prescription Drugs	1.500	3.2	2.7	2.4	2.5
Supplies	CPI(U)—All Items	3.280	2.6	2.7	2.9	2.8
Health Services	CPI(U)—Physicians' Services	1.210	4.4	4.4	4.4	4.5
Other Business Services	CPI(U)—Services	4.590	3.3	3.2	3.3	3.3
Miscellaneous Costs	CPI(U)—All Items	4.790	2.6	2.7	2.9	2.8

<sup>1</sup> For data sources used to estimate the input price index relative weights and choice of price proxies, see the October 7, 1992, *Federal Register*.

<sup>2</sup> Category weights may not sum to total because of rounding.

NOTES: A dash (—) in the Price/Wage Variable column denotes a total or subtotal produced by adding 2 or more categories. AHE represents Average Hourly Earnings, BEA represents Bureau of Economic Analysis, IPD represents Implicit Price Deflator from the Department of Commerce, CPI(U) represents Consumer Price Index for all urban consumers, and PPI represents Producer Price Index. CY is calendar year. Q designates quarter of year. An example of how a percent change is calculated is shown in the notes at the end of Table 10.

SOURCES: Health Care Financing Administration, Office of the Actuary: Data from the Office of National Health Statistics, Division of Health Cost Analysis. Fourth quarter 1996 forecasts were produced under contract to HCFA by Data Resources, Inc./McGraw-Hill.

**Table 11—Continued**  
**Quarterly Index Levels and Four-Quarter Moving-Average Percent Change in the**  
**Skilled Nursing Facility Input Price Index, by Expense Category: 1994-98**

1995 Q4	1996 Q1	1996 Q2	1996 Q3	Forecast							
				1996 Q4	1997 Q1	1997 Q2	1997 Q3	1997 Q4	1997 Q1	1998 Q2	1998 Q3
267.2	269.6	270.9	272.7	276.0	280.0	280.6	282.3	285.6	289.7	290.6	292.8
273.1	275.5	276.0	277.7	281.4	286.4	286.6	288.6	292.9	297.9	298.4	300.7
270.3	273.0	273.3	275.0	278.9	283.9	284.0	285.8	290.3	295.5	295.8	298.1
296.3	296.5	298.3	300.0	302.1	306.5	308.5	311.2	314.1	317.9	320.1	322.6
231.6	239.9	245.3	243.5	247.0	247.0	245.5	243.2	242.3	243.1	244.2	245.5
201.4	219.5	226.4	219.1	225.8	222.8	217.5	210.6	208.3	208.3	208.5	208.6
230.0	229.3	229.9	232.1	234.1	233.3	231.9	231.1	230.4	230.9	231.3	231.5
233.9	237.7	245.5	249.5	250.0	253.6	255.6	254.6	253.4	253.4	254.7	256.5
333.4	339.6	347.0	342.9	345.1	350.7	355.4	362.8	366.6	372.0	377.5	384.9
201.8	202.2	205.2	209.2	211.0	212.4	213.4	214.1	214.7	215.5	216.6	217.8
175.7	175.5	179.0	183.7	184.3	184.7	184.8	184.6	184.3	184.8	185.6	186.3
228.6	229.6	232.0	235.3	238.4	240.8	242.6	244.4	245.8	247.1	248.4	250.0
291.0	293.3	296.1	298.0	300.3	302.6	305.1	307.3	309.4	311.6	314.6	317.1
398.3	399.4	403.3	405.4	408.1	409.1	411.7	413.7	417.1	417.7	422.8	425.3
253.4	255.7	258.3	259.6	261.6	263.3	265.6	267.4	268.9	270.5	273.0	275.2
361.5	366.3	368.8	371.1	373.5	378.9	382.5	385.4	388.0	393.9	397.6	401.1
303.4	305.5	308.3	311.2	314.0	316.8	319.4	322.0	324.7	327.6	330.5	333.3
253.4	255.7	258.3	259.6	261.6	263.3	265.6	267.4	268.9	270.5	273.0	275.2
2.9	2.7	2.7	2.6	2.8	3.1	3.4	3.6	3.6	3.5	3.5	3.6
3.0	2.7	2.5	2.4	2.5	2.9	3.3	3.7	3.9	4.0	4.0	4.1
3.1	2.8	2.6	2.4	2.6	3.0	3.4	3.8	4.0	4.0	4.1	4.2
2.2	2.1	2.1	1.9	1.7	2.1	2.6	3.1	3.6	3.7	3.8	3.8
-0.3	0.9	2.4	3.5	5.2	5.0	3.6	2.3	0.3	-0.9	-1.0	-0.8
-0.6	2.3	5.1	6.6	9.7	7.7	3.9	1.2	-3.5	-5.5	-5.6	-4.9
2.2	2.3	2.3	2.2	1.9	1.9	1.6	1.0	0.2	-0.5	-0.8	-0.7
-5.1	-4.6	-2.6	0.3	3.3	5.6	6.0	4.9	3.5	1.8	0.7	0.4
3.1	3.2	3.8	3.9	4.1	3.9	3.1	3.8	4.4	5.1	6.1	6.2
2.1	2.5	3.1	3.8	4.1	4.7	4.6	4.0	3.3	2.4	1.8	1.6
1.2	2.3	3.8	5.0	5.2	5.6	5.0	3.4	2.2	0.9	0.2	0.3
2.8	2.7	2.6	2.9	3.3	3.9	4.4	4.4	4.1	3.5	3.0	2.6
3.2	3.2	3.2	3.2	3.2	3.2	3.1	3.1	3.1	3.0	3.1	3.1
2.8	3.3	3.7	3.8	3.3	3.0	2.6	2.3	2.2	2.1	2.3	2.5
2.8	2.8	2.7	2.8	2.9	3.0	3.0	3.0	2.9	2.8	2.8	2.8
4.5	4.5	4.3	3.9	3.6	3.4	3.4	3.6	3.7	3.8	3.9	4.0
3.4	3.4	3.3	3.3	3.3	3.4	3.5	3.6	3.5	3.5	3.4	3.5
2.8	2.8	2.7	2.8	2.9	3.0	3.0	3.0	2.9	2.8	2.8	2.8

**Table 12**  
**Quarterly Index Levels and Four-Quarter Moving-Average Percent Change of the**  
**Home Health Agency (HHA) by Expense Category: 1994-98**

Expense Category <sup>1</sup>	Price/Wage Variable	Base Year	1994	1995	1995	1995
		Weights FY93 <sup>4</sup>	Q4	Q1	Q2	Q3
<b>Index Levels</b>						
Total	—	100.000	104.8	105.6	106.2	106.9
Compensation <sup>2</sup>	—	77.668	104.9	105.5	106.1	106.7
Wages and Salaries <sup>2</sup>	HHA Occupational Wage Index <sup>5</sup>	64.226	104.7	105.3	105.8	106.6
Employee Benefits <sup>2</sup>	HHA Occupational Benefits Index <sup>5</sup>	13.442	105.7	106.4	107.1	107.5
Operations and Maintenance	CPI(U)—Fuel and Other Utilities	0.832	101.3	101.7	102.2	103.9
Administrative and General <sup>3</sup>	—	9.569	104.4	106.4	107.1	108.2
Telephone	CPI(U)—Telephone Services	0.725	102.0	102.8	102.5	102.8
Paper and Printing	CPI(U)—Household Paper Products	0.529	101.7	103.4	105.9	109.6
Postage	CPI(U)—Postage	0.724	100.0	110.3	110.3	110.3
Other Administrative Costs <sup>3</sup>	CPI(U)—Services	7.591	105.3	106.5	107.4	108.5
Transportation	CPI(U)—Private Transportation	3.405	105.9	106.4	108.1	107.5
Capital-Related	—	3.204	104.5	105.2	105.9	106.5
Insurance	CPI(U)—Household Insurance	0.560	106.5	107.5	108.3	108.6
Fixed Capital	CPI(U)—Owner's Equivalent Rent	1.764	105.5	106.2	106.9	108.0
Movable Capital	PPI—Machinery and Equipment	0.880	101.2	101.8	102.1	102.2
Other Expenses <sup>3</sup>	CPI(U)—All Items less Food and Energy	5.322	104.6	105.7	106.5	107.0
<b>4-Quarter Moving-Average Percent Change</b>						
Total	—	100.000	2.9	2.9	2.9	2.8
Compensation <sup>2</sup>	—	77.668	3.0	2.9	2.8	2.7
Wages and Salaries <sup>2</sup>	HHA Occupational Wage Index <sup>5</sup>	64.226	2.8	2.8	2.8	2.7
Employee Benefits <sup>2</sup>	HHA Occupational Benefits Index <sup>5</sup>	13.442	3.7	3.2	2.9	2.5
Operations and Maintenance	CPI(U)—Fuel and Other Utilities	0.832	1.2	0.7	0.4	0.5
Administrative and General <sup>3</sup>	—	9.569	2.8	2.9	3.2	3.5
Telephone	CPI(U)—Telephone Services	0.725	1.6	1.4	1.0	0.8
Paper and Printing	CPI(U)—Household Paper Products	0.529	0.9	0.9	1.9	3.9
Postage	CPI(U)—Postage	0.724	0.0	2.6	5.2	7.7
Other Administrative Costs <sup>3</sup>	CPI(U)—Services	7.591	3.3	3.2	3.3	3.3
Transportation	CPI(U)—Private Transportation	3.405	3.0	3.9	4.8	4.4
Capital-Related	—	3.204	2.7	2.8	2.9	2.8
Insurance	CPI(U)—Household Insurance	0.560	3.7	4.0	4.2	3.9
Fixed Capital	CPI(U)—Owner's Equivalent Rent	1.764	3.3	3.3	3.3	3.4
Movable Capital	PPI—Machinery and Equipment	0.880	0.9	1.0	1.0	1.0
Other Expenses <sup>3</sup>	CPI(U)—All Items less Food and Energy	5.322	2.9	2.9	2.9	2.9

<sup>1</sup> For data sources used to estimate the input price index relative weights and choice of price proxies, see the July 1, 1996, *Federal Register*.

<sup>2</sup> Includes allocated Contract Services' Labor.

<sup>3</sup> Includes allocated Contract Services' Non-Labor.

<sup>4</sup> Category weights may not sum to total because of rounding.

<sup>5</sup> The HHA Occupational Wage and Occupational Benefit Indexes are computed as weighted-averages of 5 ECI categories (ECI for Civilian Hospital Workers and 4 ECI occupational categories).

NOTES: A dash (—) in the Price/Wage Variable column denotes a total or subtotal produced by adding 2 or more categories. CPI(U) represents Consumer Price Index for all urban consumers. CY is calendar year. Q designates quarter of year. An example of how a percent change is calculated is shown in the Notes at the end of Table 10.

SOURCES: Health Care Financing Administration, Office of the Actuary; Data from the Office of National Health Statistics Division of Health Cost Analysis. Fourth-quarter 1996 forecasts were produced under contract to HCFA by Data Resources, Inc./McGraw-Hill.



**Table 12—Continued**  
**Quarterly Index Levels and Four-Quarter Moving-Average Percent Change of the**  
**Home Health Agency (HHA) by Expense Category: 1994-98**

1995 Q4	1996 Q1	1996 Q2	1996 Q3	Forecast				1998 Q1	1998 Q2	1998 Q3	
				1996 Q4	1997 Q1	1997 Q2	1997 Q3				
107.5	108.4	109.1	109.8	110.6	111.6	112.3	113.4	114.3	115.4	116.0	117.1
107.4	108.2	108.9	109.7	110.5	111.6	112.2	113.3	114.3	115.3	115.7	116.9
107.3	108.2	108.9	109.8	110.6	111.6	112.3	113.4	114.4	115.3	115.8	117.0
107.8	108.4	108.9	109.2	110.1	111.3	111.7	112.9	113.6	115.0	115.2	116.4
102.5	103.7	105.3	107.4	106.7	108.4	109.0	110.6	108.8	109.9	110.7	112.3
108.8	109.7	110.4	111.4	111.9	112.8	113.5	114.4	115.4	117.4	118.1	119.1
103.0	103.5	103.6	104.8	105.1	105.8	106.3	106.7	106.8	108.0	108.8	109.4
112.4	113.8	114.4	113.3	112.8	113.4	113.9	113.7	114.9	116.3	117.5	117.8
110.3	110.3	110.3	110.3	110.3	110.3	110.3	110.3	110.3	122.3	122.3	122.3
108.9	110.0	110.8	112.0	112.6	113.7	114.5	115.5	116.7	117.9	118.7	119.8
107.5	108.5	111.1	110.4	110.9	110.7	113.0	113.0	114.2	114.8	117.8	118.6
107.2	107.7	108.0	108.8	109.5	110.0	110.9	112.2	113.1	113.9	114.7	115.7
108.3	109.0	109.9	111.5	112.1	112.7	113.9	115.1	115.8	116.5	117.3	118.4
109.1	109.9	110.4	111.3	112.4	112.8	114.1	115.8	116.9	117.9	118.8	120.0
102.6	102.7	102.1	102.1	102.1	102.5	102.8	103.3	103.7	104.3	104.8	105.3
107.8	108.7	109.3	109.8	110.7	111.3	112.3	113.3	114.6	115.5	116.6	117.6
2.7	2.7	2.6	2.7	2.8	2.8	2.9	3.0	3.1	3.2	3.3	3.4
2.6	2.5	2.5	2.6	2.7	2.9	3.0	3.1	3.2	3.3	3.3	3.3
2.6	2.6	2.7	2.8	2.9	3.1	3.1	3.2	3.2	3.3	3.3	3.3
2.2	2.1	1.9	1.8	1.8	2.0	2.3	2.7	3.0	3.1	3.2	3.2
0.7	1.1	1.7	2.4	3.1	3.7	3.9	3.8	3.2	2.5	2.0	1.6
3.9	3.8	3.6	3.3	3.0	2.9	2.9	2.8	2.9	3.2	3.5	3.8
0.8	0.7	0.8	1.2	1.4	1.8	2.2	2.2	2.1	2.0	2.0	2.1
6.5	8.6	9.4	7.9	5.3	2.7	0.7	0.0	0.4	1.1	2.0	2.8
10.3	7.5	4.9	2.4	0.0	0.0	0.0	0.0	0.0	2.7	5.4	8.1
3.4	3.4	3.3	3.3	3.3	3.3	3.3	3.3	3.4	3.4	3.5	3.7
3.7	2.9	2.3	2.3	2.7	2.7	2.4	2.3	2.3	2.7	3.3	4.0
2.8	2.6	2.4	2.3	2.2	2.1	2.3	2.5	2.8	3.2	3.3	3.3
3.3	2.5	1.8	1.8	2.2	2.8	3.3	3.4	3.4	3.4	3.2	3.2
3.3	3.4	3.4	3.3	3.2	3.0	3.0	3.2	3.5	3.9	4.2	4.1
1.2	1.1	0.8	0.5	0.0	-0.2	0.0	0.3	0.8	1.3	1.6	1.8
3.0	3.0	2.9	2.8	2.7	2.6	2.6	2.8	3.0	3.3	3.6	3.7

**Table 13**  
**Quarterly Index Levels and Four-Quarter Moving-Average Percent Change in the HCFA Medicare Economic Index with DRI Forecast Assumptions, by Expense Category: 1994-98**

Expense Category <sup>1</sup>	Price/Wage Variable	Base Year	1994	1995	1995	1995
		Weights FY89 <sup>2</sup>	Q4	Q1	Q2	Q3
<b>Index Levels</b>						
Total	—	100.000	114.0	114.7	114.9	115.4
Physician Earnings	—	54.155	112.2	112.8	112.8	113.2
Wages and Salaries	AHE—Private <sup>3</sup>	45.342	109.8	110.3	110.2	110.7
Benefits	ECI—Benefits, Private <sup>3</sup>	8.813	124.4	125.5	125.8	125.9
Practice Expenses	—	45.845	116.1	116.9	117.4	117.9
Non-Physician Compensation	—	16.296	115.2	116.0	116.3	116.8
Wages and Salaries	—	13.786	113.4	114.1	114.5	115.0
Professional/Technical	ECI—W/S: Professional/Technical <sup>3</sup>	3.790	114.8	115.1	115.5	116.1
Managers	ECI—W/S: Administrative/Managerial <sup>3</sup>	2.620	112.9	114.0	114.3	114.9
Clerical	ECI—W/S: Clerical <sup>3</sup>	5.074	113.8	114.7	115.0	115.5
Craft	ECI—W/S: Craft <sup>3</sup>	0.069	110.6	111.1	111.9	112.7
Services	ECI—W/S: Service Occupations <sup>3</sup>	2.233	111.1	111.4	111.7	112.2
Employee Benefits	ECI—Benefits, Private White Collar <sup>3</sup>	2.510	124.7	126.2	126.6	126.9
Office Expenses	CPI(U)—Housing	10.280	118.3	119.4	120.2	121.5
Medical Materials/Supplies	PPI—Drugs/PPI—Surgical/CPI— Medical Supplies	5.251	126.9	127.5	128.1	128.2
Professional Liability Insurance	HCFA—Professional Liability Premiums	4.780	97.7	97.9	97.7	96.8
Medical Equipment	PPI—Medical Instruments/Equipment	2.348	109.5	110.3	110.4	111.1
Other Professional Expenses	—	6.890	121.8	122.9	124.0	124.4
Automobile	CPI(U)—Private Transportation	1.400	119.1	119.6	121.5	120.8
All Other	CPI(U)—All Items less Food/Energy	5.490	122.5	123.7	124.7	125.3
<b>4-Quarter Moving-Average Percent Change</b>						
Total	—	100.000	2.2	2.1	2.1	2.0
Physician Earnings	—	54.155	1.9	1.8	1.8	1.8
Wages and Salaries	AHE—Private <sup>3</sup>	45.342	1.7	1.7	1.7	1.8
Benefits	ECI—Benefits, Private <sup>3</sup>	8.813	3.0	2.6	2.3	1.8
Practice Expenses	—	45.845	2.5	2.5	2.5	2.3
Non-Physician Compensation	—	16.296	2.2	2.2	2.2	2.0
Wages and Salaries	—	13.786	2.0	2.0	2.0	1.9
Professional/Technical	ECI—W/S: Professional/Technical <sup>3</sup>	3.790	1.9	1.8	1.8	1.7
Managers	ECI—W/S: Administrative/Managerial <sup>3</sup>	2.620	2.0	2.2	2.2	2.1
Clerical	ECI—W/S: Clerical <sup>3</sup>	5.074	2.2	2.2	2.2	2.0
Craft	ECI—W/S: Craft <sup>3</sup>	0.069	1.9	1.9	1.9	1.8
Services	ECI—W/S: Service Occupations <sup>3</sup>	2.233	1.6	1.6	1.7	1.8
Employee Benefits	ECI—Benefits, Private White Collar <sup>3</sup>	2.510	3.6	3.3	3.0	2.6
Office Expenses	CPI(U)—Housing	10.280	2.5	2.4	2.4	2.4
Medical Materials/Supplies	PPI—Drugs/PPI—Surgical/CPI— Medical Supplies	5.251	3.0	2.8	2.8	2.3
Professional Liability Insurance	HCFA—Professional Liability Premiums	4.780	3.6	3.3	2.9	1.9
Medical Equipment	PPI—Medical Instruments/Equipment	2.348	0.5	0.6	0.9	1.1
Other Professional Expenses	—	6.890	2.9	3.1	3.3	3.2
Automobile	CPI(U)—Private Transportation	1.400	3.0	3.9	4.8	4.4
All Other	CPI(U)—All Items less Food/Energy	5.490	2.9	2.9	2.9	2.9

<sup>1</sup> For data sources used to estimate the index relative weights and choice of price proxies, see the November 25, 1992, *Federal Register*.

<sup>2</sup> Category weights may not sum to total because of rounding.

<sup>3</sup> Series are adjusted for productivity using 10-year moving average of output per hour for the non-farm business sector. All series in the compensation portion of the MEI are adjusted for productivity so both economy-wide productivity and physician practice productivity are not included in the update.

NOTES: A dash (—) in the Price/Wage Variable column denotes a total or subtotal produced by adding 2 or more categories. Q designates quarter of year. AHE represents Average Hourly Earnings, ECI represents Employment Cost Index, CPI(U) represents Consumer Price Index for all urban consumers, and PPI represents Producer Price Index. An example of how a percent change is calculated is shown in the notes at end of Table 10.

SOURCES: Health Care Financing Administration, Office of the Actuary; Data from the Office of National Health Statistics Division of Health Cost Analysis. Fourth-quarter 1996 forecasts were produced under contract to HCFA by Data Resources, Inc./McGraw-Hill.

Table 13—Continued

Quarterly Index Levels and Four-Quarter Moving-Average Percent Change in the HCFA Medicare Economic Index with DRI Forecast Assumptions, by Expense Category: 1994-98

1995 Q4	1996 Q1	1996 Q2	1996 Q3	Forecast							
				1996 Q4	1997 Q1	1997 Q2	1997 Q3	1997 Q4	1998 Q1	1998 Q2	1998 Q3
116.2	117.0	117.4	118.0	118.9	119.6	120.2	120.8	121.9	122.7	123.2	123.9
114.3	115.0	115.3	115.8	117.0	117.7	117.9	118.3	119.6	120.3	120.5	120.9
112.0	112.8	113.0	113.6	114.9	115.6	115.8	116.1	117.6	118.2	118.3	118.7
125.9	126.4	126.9	127.3	127.8	128.7	129.2	129.7	130.1	131.4	132.0	132.7
118.4	119.3	120.0	120.7	121.1	121.9	122.9	123.8	124.5	125.4	126.4	127.4
117.3	118.2	118.8	119.7	120.3	121.1	121.7	122.6	123.2	124.2	124.6	125.5
115.5	116.6	117.2	118.1	118.6	119.5	120.1	121.0	121.7	122.6	123.0	124.0
116.6	117.9	118.6	119.2	119.8	120.6	121.3	122.5	123.0	123.7	124.1	125.3
115.5	116.7	117.3	119.1	119.1	119.9	120.8	121.7	122.4	123.2	123.7	124.6
116.2	117.1	117.6	118.5	119.2	120.3	120.7	121.6	122.2	123.3	123.9	124.9
112.8	113.5	114.5	114.8	115.2	116.1	116.9	117.6	117.9	118.7	119.4	120.2
112.5	113.0	113.6	114.4	115.1	115.8	116.0	116.8	117.9	118.4	118.4	119.2
126.7	127.4	127.8	128.6	129.1	129.9	130.6	131.1	131.5	132.8	133.5	134.2
121.6	122.9	123.7	125.1	125.5	126.9	128.1	129.9	130.3	131.5	132.6	134.2
130.1	130.8	131.6	132.1	132.3	133.0	134.5	134.8	135.7	136.3	138.0	138.4
96.6	96.4	96.3	96.0	95.8	96.0	96.3	96.8	97.1	97.6	98.3	99.1
111.0	112.4	112.2	111.9	111.8	112.9	113.6	113.5	114.0	114.9	115.2	115.1
125.2	126.2	127.4	127.7	128.6	129.2	130.6	131.6	133.0	134.0	135.7	136.9
120.9	122.0	124.9	124.1	124.6	124.4	127.0	127.0	128.4	129.0	132.4	133.3
126.3	127.3	128.0	128.6	129.7	130.4	131.5	132.7	134.2	135.2	136.6	137.8
2.0	1.9	2.0	2.1	2.2	2.3	2.3	2.3	2.4	2.4	2.5	2.5
1.8	1.8	2.0	2.1	2.2	2.3	2.3	2.3	2.3	2.2	2.2	2.2
1.9	2.0	2.2	2.3	2.5	2.6	2.5	2.4	2.4	2.3	2.3	2.3
1.5	1.2	1.0	1.0	1.0	1.3	1.5	1.8	1.8	1.9	2.0	2.1
2.1	2.1	2.0	2.1	2.2	2.2	2.3	2.4	2.5	2.7	2.8	2.8
1.9	1.9	1.9	2.1	2.3	2.4	2.5	2.5	2.4	2.5	2.4	2.4
1.9	1.9	2.0	2.3	2.5	2.6	2.6	2.6	2.5	2.5	2.5	2.5
1.6	1.8	2.1	2.3	2.6	2.6	2.5	2.5	2.5	2.6	2.6	2.5
2.2	2.2	2.3	2.8	3.0	3.0	3.1	2.7	2.7	2.7	2.5	2.6
2.1	2.0	2.1	2.2	2.4	2.6	2.7	2.7	2.6	2.6	2.6	2.6
1.9	2.0	2.1	2.1	2.1	2.2	2.1	2.2	2.3	2.3	2.3	2.2
1.6	1.6	1.5	1.6	1.8	2.1	2.2	2.3	2.3	2.2	2.2	2.2
2.1	1.7	1.4	1.2	1.3	1.6	1.9	2.0	2.0	2.0	2.0	2.1
2.5	2.7	2.8	2.9	3.0	3.1	3.2	3.5	3.6	3.7	3.7	3.6
2.1	2.2	2.2	2.7	2.5	2.3	2.1	1.9	2.1	2.3	2.4	2.6
0.8	-0.3	-1.1	-1.3	-1.2	-0.9	-0.5	-0.1	0.4	1.0	1.5	1.9
1.3	1.5	1.6	1.4	1.2	0.8	0.7	0.9	1.2	1.6	1.7	1.7
3.1	3.0	2.8	2.7	2.7	2.6	2.6	2.7	2.8	3.2	3.5	3.8
3.7	2.9	2.3	2.3	2.7	2.7	2.4	2.3	2.3	2.7	3.3	4.0
3.0	3.0	2.9	2.8	2.7	2.6	2.6	2.8	3.0	3.3	3.6	3.7