
Health Care Indicators

Hospital, Employment, and Price Indicators for the Health Care Industry: Second Quarter 1997

Arthur L. Sensenig, Stephen K. Heffler, and Carolyn S. Donham

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 SECOND QUARTER 1997 TRENDS:

- The adult occupancy rate at community hospitals increased in the second quarter of 1997, measured from the same period 1 year earlier. This increase, the third consecutive quarterly increase in the adult occupancy rate, measured from the same period 1 year earlier, may signal a bottoming out of the trend in declining occupancy rates prevalent throughout the 1990s.
- American Hospital Association (AHA) statistics on hospital length of stay (LOS), stratified by age group, suggest that the trend in the LOS for the population 65 years of age or older may be converging with the trend for the population under age 65.
- Implied nonsupervisory payrolls for the private sector health services industry grew 6.7 percent in the second quarter

of 1997, measured from the same period of the previous year, the strongest growth in several years.

- Overall and medical prices, as measured by the Consumer Price Index (CPI), continued to grow slowly in the second quarter of 1997.
- Health sector wages continued to grow moderately in the second quarter of 1997, a sign that medical price growth may not accelerate in the near future.

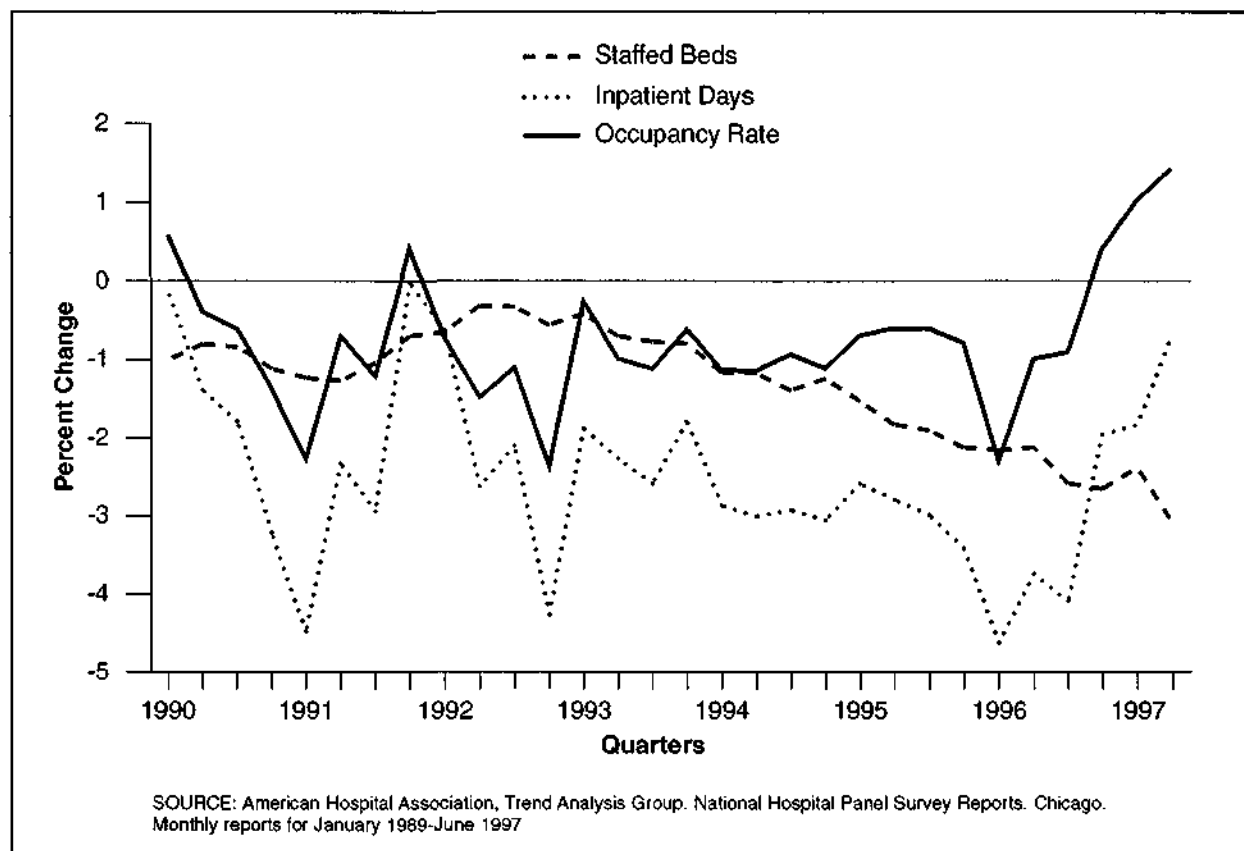
INTRODUCTION

This article presents statistics on health care utilization, 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 (CY) 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 on the direction and magnitude of changes, without interference

The authors are with the Office of the Actuary, Health Care Financing Administration (HCFA). The opinions expressed are those of the authors and do not necessarily reflect those of HCFA.

Figure 1
Percent Change in Staffed Beds, Inpatient Days, and the Change in Community Hospital Occupancy Rate From the Same Period 1 Year Earlier: 1990-97



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. 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.

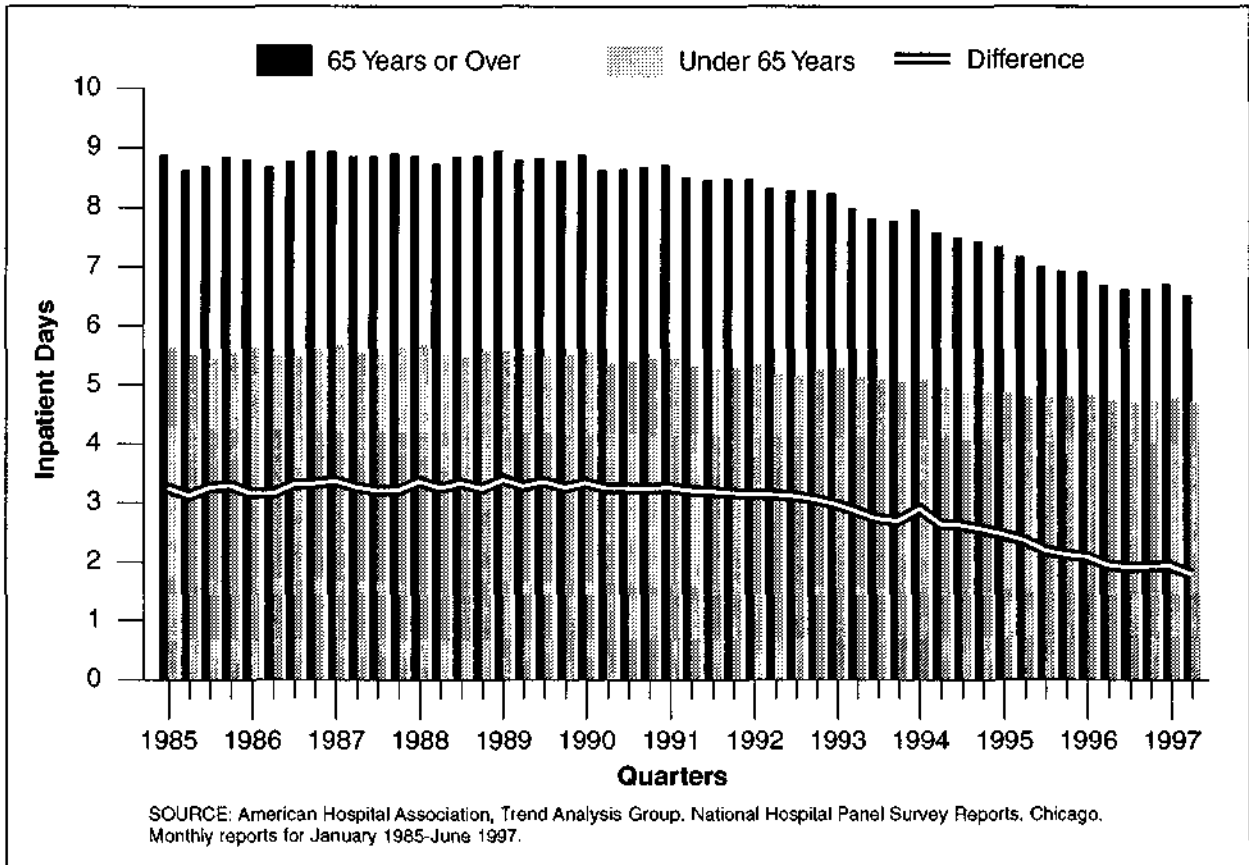
COMMUNITY HOSPITAL STATISTICS

Statistics from the AHA presented in Tables 1 and 2, show that recent trends in community hospital revenue and expendi-

ture growth were little changed in the second quarter of 1997. However, there is some evidence that decline in inpatient utilization may be bottoming out. Additionally, AHA statistics on inpatient utilization by age group suggest that differences in patterns of hospital utilization between patients 65 years of age or older and those under age 65 may be narrowing.

In the past four quarters the decline in the number of inpatient days has slowed, suggesting that community hospitals may be seeing the end of declines in inpatient utilization. This deceleration in the decline of inpatient days is shown in Figure 1. The adult occupancy rate, also shown in Figure 1, is determined by dividing hospitals' adult census by the number of staffed hospital beds. Community hospitals have been cutting the number of staffed beds since

Figure 2
Hospital Length of Stay (LOS) for Patients 65 Years of Age or Over,
Patients Under 65 Years of Age, and the Difference: 1985-97

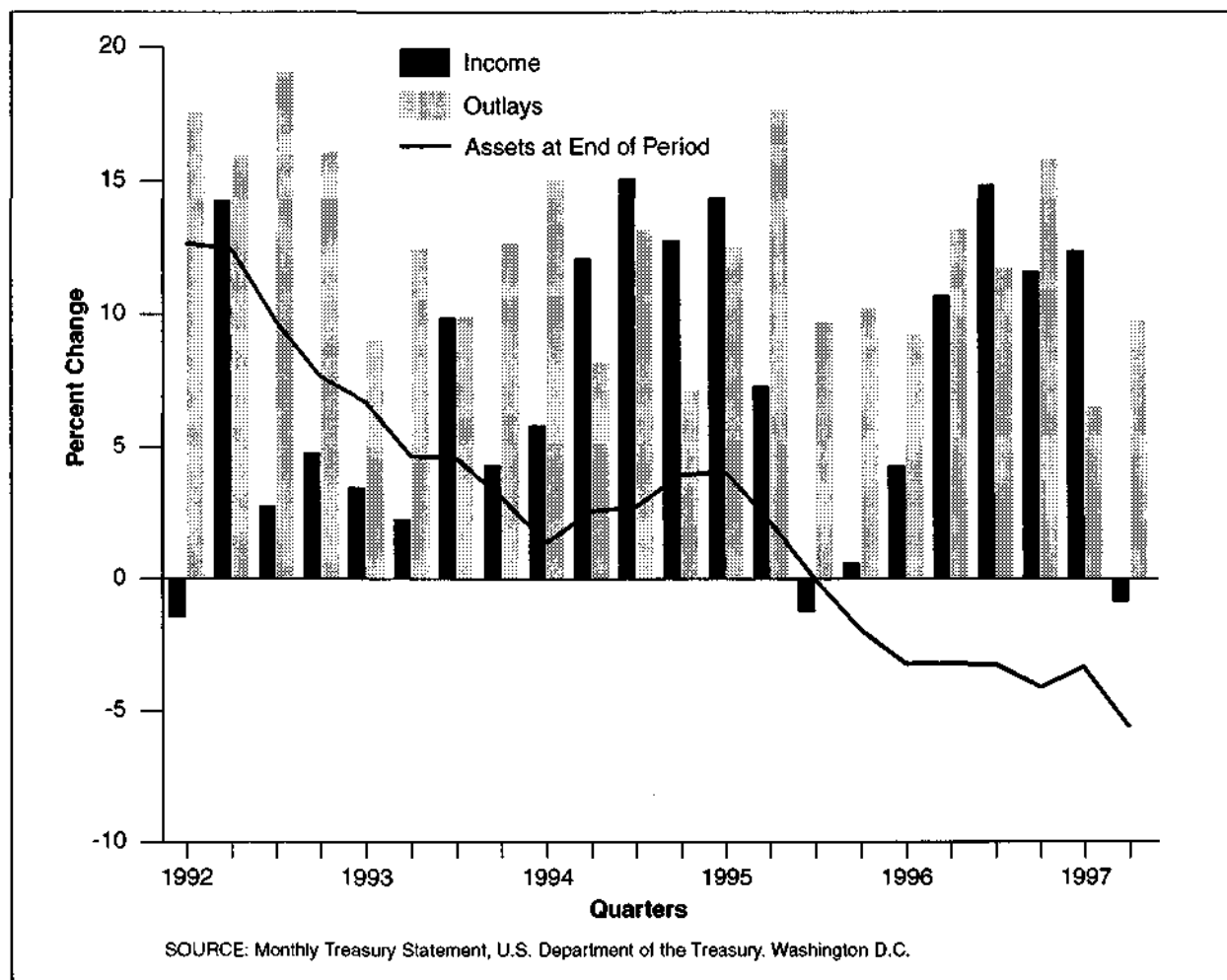


1983, and in recent quarters the decline in the number of staffed beds has accelerated. Despite the cuts in staffed beds the adult occupancy rate at community hospitals continued to fall throughout the 1990s. Measured from the same quarter of the previous year, the adult occupancy rate fell in all but two quarters during the period from 1990 to the third quarter of 1996. The relationship between the change in inpatient days and the change in staffed beds is also shown in Figure 1. As shown in the graph, the hospital occupancy increases in periods when the decline in the number of staffed beds exceeds the decline in the number of inpatient days. By the second quarter of 1997, decline in the number of staffed beds had accelerated markedly, whereas the drop in the number of inpa-

tient days was decelerating. The result is that the adult occupancy rate at community hospitals increased in each of the last three quarters, as measured from the same period of the previous year.

The AHA statistics on hospital admissions, inpatient days, and hospital LOS stratified by age group, provide an indication that differences in the hospital utilization patterns between age groups may be narrowing. Specifically, the LOS patterns for the 65-years-or-older age group, effectively the Medicare population, are becoming more like LOS patterns for those under age 65 (Tables 1 and 2, and Figure 2). The difference or gap in the hospital LOS between the aged 65-years-or-older group and the under-65-years age group was approximately 3 full days from 1985 to

Figure 3
Percent Change From the Same Period of Previous Year in Medicare Hospital Insurance (Part A) Trust Fund Income, Outlays, and Assets: 1992-97



1993. The gap has narrowed considerably since 1993, and by the second quarter of 1997 the gap in the hospital LOS fell to 1.8 days. LOS patterns are converging as older patients spend fewer days in the hospital during an average stay.

MEDICARE TRUST FUNDS INCOME AND OUTLAYS

Health Care Indicators includes statistics on the income and outlays of the Medicare trust funds in Table 3. Quarterly levels of the outlays and income of the Hospital Insurance (HI) and Supplementary Medical Insurance (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 that are made early when the first day is on a weekend or legal holiday, and seasonal variation in health care utilization and costs. The sources of variation in income flows gener-

ally result from the timing of payments made to the trust funds. The timing of payroll tax withholding, settlements on self-employment taxes, and premium, interest, and general revenue payments to the funds are the primary sources of this variation.

Total Medicare outlays, the sum of Part A and Part B, were \$53.7 billion in the second quarter of 1997. This 8.2-percent increase, measured from the same quarter of the previous year, signals a slight acceleration in total Medicare outlays in the second quarter of 1997. In comparison, total Medicare outlays increased 5.5 percent in the first quarter of 1997, and 13.0 percent in the fourth quarter of 1996, measured over the same period 1 year earlier.

Outlays for Medicare Part A increased 9.8 percent in the second quarter of 1997, slightly higher than the 6.8-percent increase registered in the first quarter. Figure 3 depicts the quarterly changes in the income and outlays of the Medicare HI Trust Fund, as well as the percent change in the assets held by the fund at the end of each quarter. Generally speaking, the growth in outlays, or benefits paid, has exceeded the growth in trust-fund income in 16 of the last 22 quarters. The quarterly percent change in HI trust fund assets held, measured from the same period in the previous year, reflects the declining asset balance beginning in the third quarter of 1995 and continuing through the second quarter of 1997. The decline in the HI trust fund assets balance had been expected, and reported in recent annual reports of the Trustees of the HI Trust Fund. The 1997 Trustees Report projected that in CY 1997, HI trust fund income would increase 2.2 percent, with an increase in outlays of 7.9 percent. The projected change in the HI trust asset balance for CY 1997 was \$12.8 billion, a decrease of 10 percent. Estimates based on the law in effect prior to the Balanced Budget Act of 1997 (P.L.

105-33) and using the intermediate assumptions detailed in the 1997 Trustees Report, indicated that the HI trust fund would be depleted in 2001. Recent estimates of the impact of Balanced Budget Act show that depletion of the HI trust fund is now expected to occur in 2010.

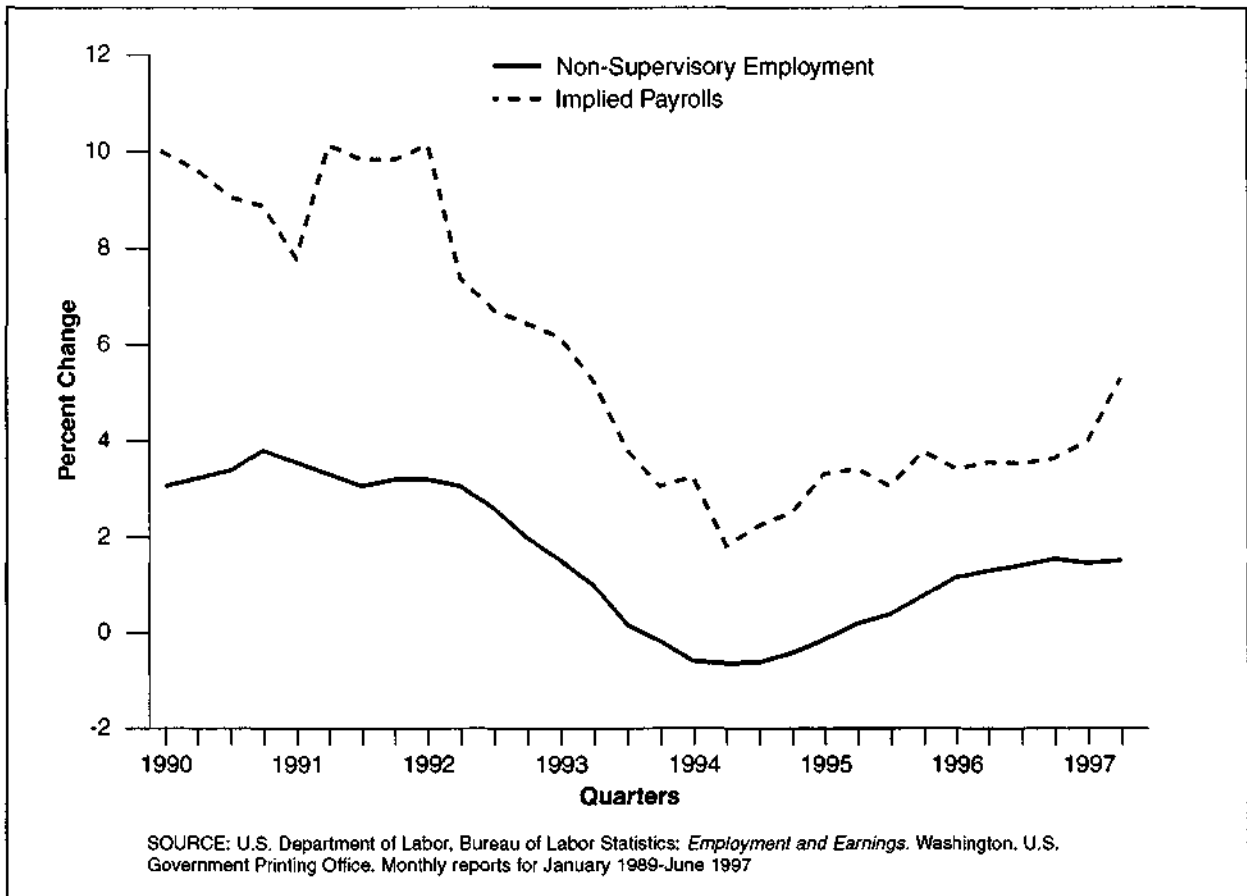
Outlays for Part B increased 5.2 percent in the first quarter of 1997, measured from the same period 1 year earlier, after increasing 3.1 percent in the first quarter. Medicare volume performance standards (MVPS) were incorporated into the physician fee schedule in 1992. These standards, designed to control growth in Medicare physician and other professional services, use performance in preceding years to set payment rates for the coming year. As a result, fee updates for services covered by the physician fee schedule were somewhat constrained for 1997¹. Although the volume of services, as well as outlays for Part B benefits not covered by the physician fee schedule, will also affect Part B outlays for the rest of 1997, the price constraints imposed by the MVPS should act as a brake on Part B outlays for the remaining two quarters of the calendar year.

TRENDS IN HEALTH SECTOR EMPLOYMENT AND EARNINGS

The health sector labor force indicators consist of employment, non-supervisory employment, average weekly hours, average hourly earnings, and implied non-supervisory payrolls (the product of non-supervisory employment, average weekly hours, and average hourly earnings). These statistics are presented in Tables 4, 5, and 6, and Figure 4. By comparing the changes in the health sector labor indicators with changes in the aggregate indicators for the private non-farm business sector,

¹ The fee updates for 1997 were 1.9 percent, 2.5 percent, and -0.8 percent for surgery, primary care, and other services, respectively.

Figure 4
Percent Change in Private Sector Hospital Workers Employment and Implied Payrolls
From the Same Period of Previous Year: 1989-97



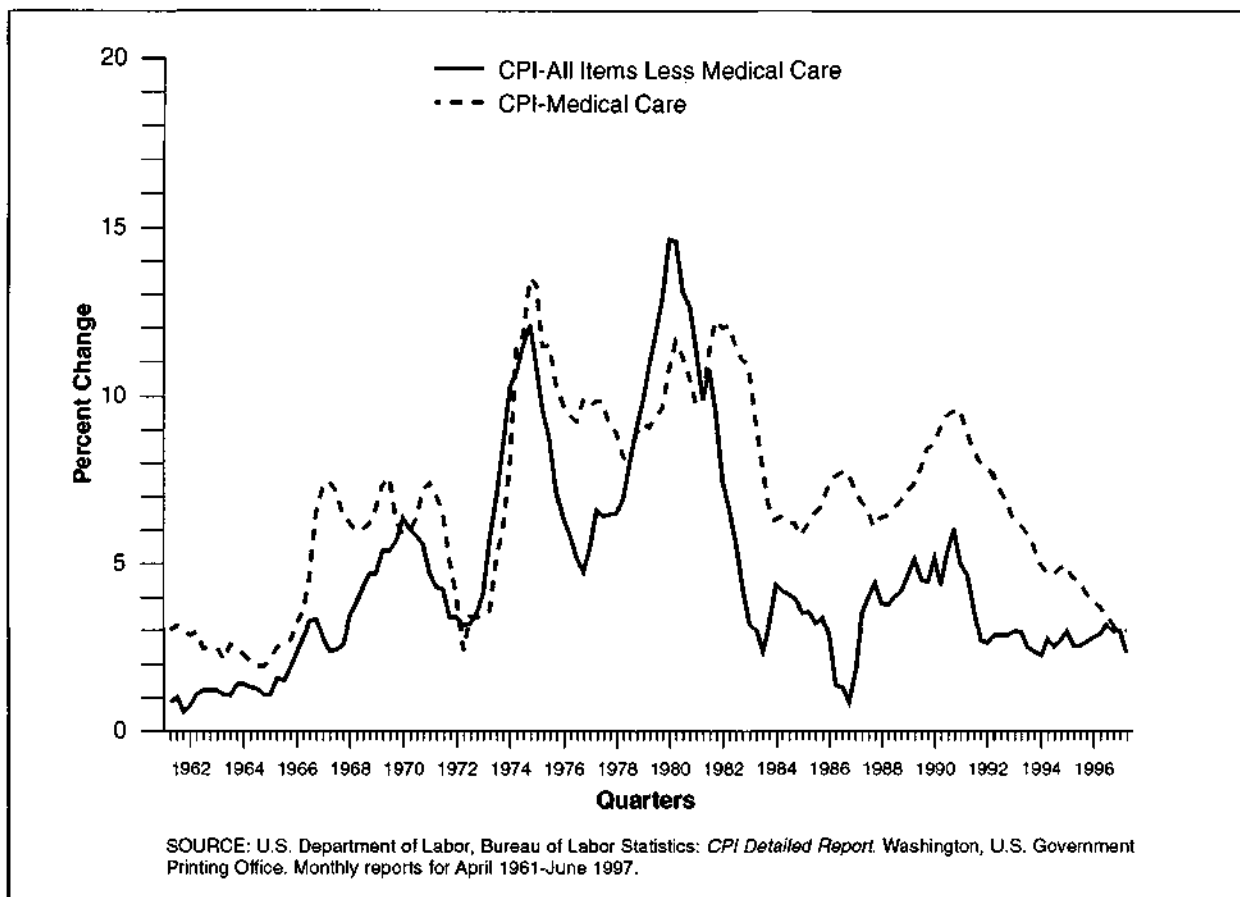
we can assess the relative strength of employment and earnings growth in health services.

Private sector health care payrolls registered the strongest growth in several years during the first half of 1997. Implied non-supervisory payrolls for health services grew 6.7 percent in the second quarter of 1997, measured from the same period of the previous year. This followed an increase of 6.4 percent in the first quarter. This was the strongest growth in implied payrolls since 1993. The acceleration in the growth of the private health sectors' implied payrolls in the second quarter was driven by the acceleration in private hospitals implied payrolls, as all other health sector industries' payroll growth decelerated in the second quarter. Growth in

implied non-supervisory payrolls for the private sector as a whole also decelerated slightly in the second quarter, and are now growing at nearly the same rate as health sector payrolls.

As previously discussed, the AHA statistics on community hospitals suggest that the long decline in inpatient hospital utilization has shown signs of abating in recent quarters. The labor force indicators for private hospitals also provide some evidence of a moderate rebound in that industry. Growth in private sector hospital employment and implied payrolls accelerated in the second quarter of 1997. The 5.2-percent increase in implied payrolls, measured from the same quarter 1 year earlier, was the fastest rate of growth for private

Figure 5
Percent Change in Consumer Price Indexes (CPI) From the Same
Period of Previous Year: 1961-97



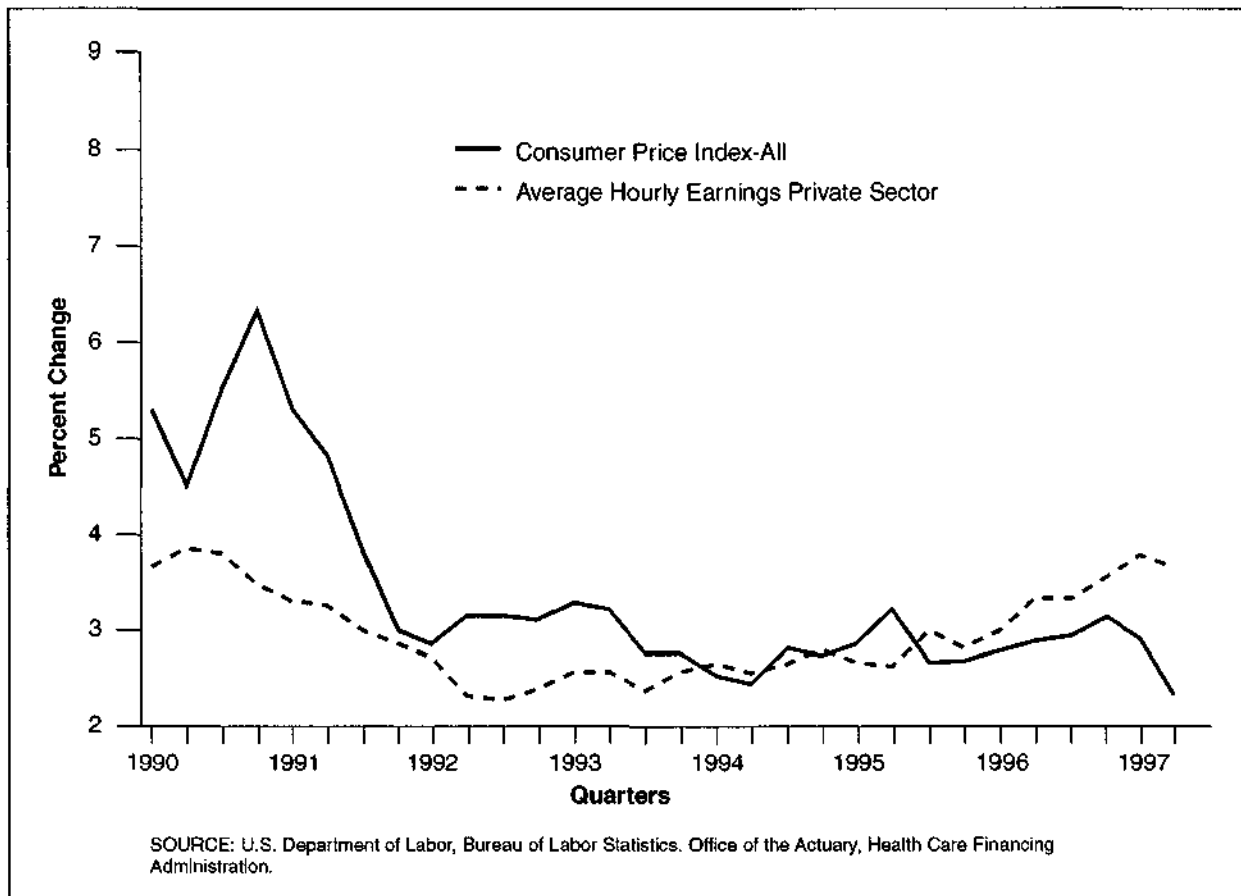
sector hospitals' implied payrolls registered since the second quarter of 1993. Moreover, for private sector hospitals, all three components of implied payrolls (non-supervisory employment, average weekly hours, and average hourly earnings) accelerated in the second quarter of 1997. The increase in average weekly hours for private sector hospitals was particularly notable, since increasing hours worked signals an increase in output. The growth in the average weekly hours of private sector hospital workers was 1.5 percent, measured from the same period of the previous year, the largest increase on record since 1982. The average work week in private sector hospitals was 34.8 hours in the second quarter of 1997, the highest level since

the third quarter of 1992. If the trends exhibited in the first half of 1997 continue through the remainder of the year, private sector hospitals labor force indicators would register the strongest growth since 1992.

MEDICAL SECTOR PRICES

Because of a decline in energy prices in the second quarter of 1997, the CPI for all items less medical care grew slower than the CPI for medical care. This reversed the trend of the past two quarters where medical prices and overall prices grew at similar rates. However, as shown in Figure 5, medical prices continued to grow at the slowest pace since the early 1970s, increas-

Figure 6
Percent Change in Private Sector Price and Earnings Indexes From the Same Period of Previous Year: 1990-97

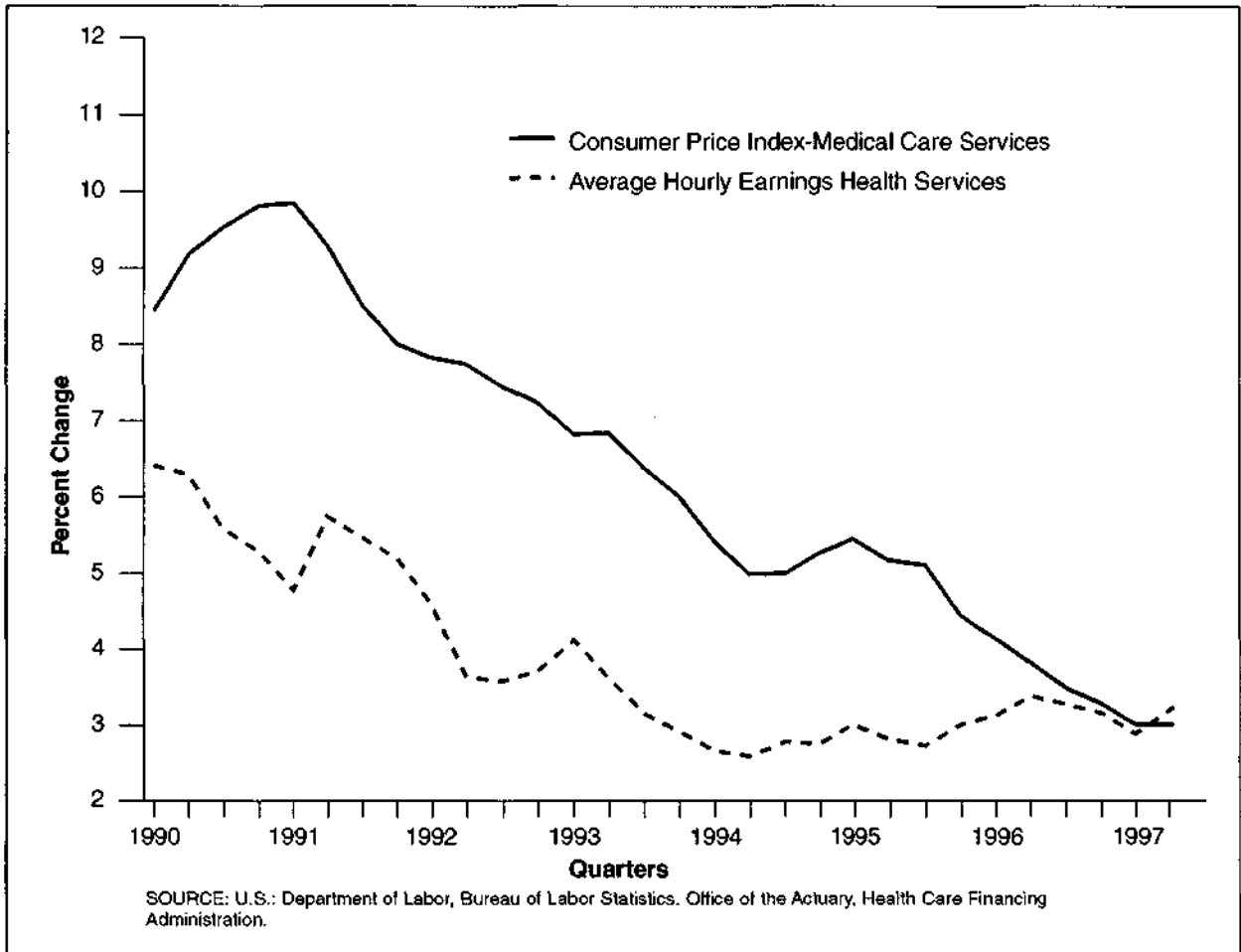


ing just 3.0 percent in the second quarter of 1997. Similar trends are also apparent in the Producer Price Indexes (PPI) for finished consumer goods and health services. Growth in the PPI for finished consumer goods had outpaced growth in the PPI for health services each quarter between the first quarter of 1996 and the first quarter of 1997. The PPI for health services continued to grow slowly in the second quarter of 1997, increasing just 1.6 percent. However, price declines in energy producer prices in the second quarter of 1997 caused finished consumer goods producer prices to grow just 0.4 percent. The continued slow growth in both medical consumer and producer prices has been in part because of slow growth in both hospi-

tal and physician prices, as reported in previous Health Care Indicator articles.

By patient group, producer prices faced by patients in public programs are increasing as slowly as or more slowly than most prices faced by private-payor patients. The PPI for offices and clinics of doctors of medicine for Medicare treatments increased just 0.3 percent between the second quarter of 1996 and second quarter of 1997. During this period, the growth in the non-Medicare treatments PPI for doctors was 1.6 percent. A similar pattern is noticeable in hospital settings. For inpatient hospital treatments, the PPI for Medicare patients grew just 1.2 percent in the second quarter of 1997 and the PPI for Medicaid patients declined 1.5 percent. In compari-

Figure 7
Percent Change in Health Sector Price and Earnings Indexes From the
Same Period of Previous Year: 1987-97



son the PPI for all other inpatient hospital treatments grew 1.6 percent. For outpatient hospital treatments, the PPI for Medicare patients grew 2.8 percent in the second quarter of 1997, as compared with a decline of 2.2 percent for Medicaid patients and an increase of 1.7 percent for all other patients. The PPI for public payors in skilled and intermediate care facilities also grew slower than the PPI for private payors. This pattern in most health care settings points to slower price growth in 1997 for patients in public programs compared with patients in most private programs.

At the halfway point of 1997, many questions exist about where health care prices

are headed during the next few quarters. A good indication of trends in health care prices can be determined by looking at the trends in the costs of labor inputs used to provide health care services. Because labor represents the most substantial input into providing health services (between 55.2-77.7 percent according to the HCFA input price indexes), changes in the labor costs of providing these services affect changes in the prices faced by consumers of these services. As shown in Figures 6 and 7, the trends in the private sector and health sector have been different during the past few quarters. Growth in private sector average hourly earnings (AHE) has increased from 3.0 percent in the first

quarter of 1996 to 3.7 percent in the second quarter of 1997. During this period growth in the CPI for all items has declined slightly from 2.7 percent to 2.3 percent, mostly because of sharp declines in energy prices in the second quarter of 1997. This recent divergence is in contrast to the past trend of the two series growing similarly. The recent acceleration in private sector AHE is a result of tight labor markets as shown by the low levels of unemployment and moderate increases in hours worked.

This labor market analysis shows a similar trend in prices for health services but a different trend in AHE. Growth in the CPI for medical care services has decelerated from 4.1 percent in the first quarter of 1997 to 3.0 percent in the second quarter of 1997. AHE for health services, on the other hand, has grown steadily around 3.1 percent during this period. This analysis has two important implications for medical care prices in the near future. First, growth in the medical care services CPI has decelerated recently because of other factors besides slowing costs of labor inputs. Perhaps two of the main reasons medical prices have decelerated are the revision to the methodology for calculating hospital consumer prices and the continued market penetration by managed care. Second, growth in AHE in the health services sector is not accelerating in the same manner as in the private sector, as much of the increased demand has been handled through increased work hours. For health services, average weekly hours increased 1.2 percent in the second quarter of 1997 after declining each of the past 2 years. The implication for medical care services prices is that labor costs do not show the signs of accelerating in the near future that would cause price growth to accelerate. These two

implications point to medical care services prices continuing to grow at a constant or slower rate for the remainder of 1997.

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 1996, 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, utilization, beds, and personnel depict trends in the operation of community hospitals annually for 1988-96 and quarterly for 1994 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 one segment of NHE accounted for 35 percent of all health spending in 1995 (Levit et al., 1997). The survey also identifies important factors influencing expenditure growth patterns, such as changes in

the number of beds in operation, numbers of admissions, LOS, use of outpatient facilities, and number of surgeries.

MEDICARE TRUST FUND OPERATIONS

Separate trust funds finance the operations of the two parts of the Medicare program. 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 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, 1998; Annual Report of the Board of Trustees of the Federal Supplementary Medical Insurance Trust Funds, 1998).

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, 1997). The trust fund operating statistics are presented in Table 8: Trust Fund Impact on Budget Results and Investment Holding. The 1998 Annual Reports of the Board of Trustees of the HI

and SMI Trust Funds contain a detailed accounting of all financial operations for the prior fiscal year. The reports 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

The Bureau of Labor Statistics (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, 1997a).

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 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, 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 approximately 32 percent of the non-institutionalized population [U.S. Department of Labor, 1997].)

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, 1995).

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. The 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, such as the industry and commodity classifications that are 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 fifteen 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 did 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 HCFA Common Procedure Coding System (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 home health agency (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 deter-

mined. 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 CY 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 29, 1997, *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 Medicare Economic Index (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 both 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 4 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 DRI/McGraw-Hill 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 presented in Table 13 as index levels and 4-quarter moving average percent changes.

REFERENCES

1997 Annual Report of the Board of Trustees of the Federal Hospital Insurance Trust Fund: Communication from The Board of Trustees, Federal Hospital Insurance Trust Fund. Washington D.C. April 24, 1997.

1997 Annual Report of the Board of Trustees of the Federal Supplementary Medical Insurance Trust Fund: Communication from The Board of Trustees, Federal Supplementary Medical Insurance Trust Fund. Washington D.C. April 24, 1997.

American Hospital Association: *National Hospital Panel Survey*. Unpublished. Chicago. 1963-97.

American Hospital Association: *Hospital Statistics*, 1995-96 Edition. Chicago. 1996.

Federal Register. Medicare Program; Changes to the Inpatient Hospital Prospective Payment Systems and Fiscal Year 1998 Rates; Final Rule. Vol. 62, No. 168, 45993. Office of the Federal Register, National Archives and Records Administration. Washington. U.S. Government Printing Office, August 29, 1997.

Federal Register. Medicare Program; Schedules of Limits of Home Health Agency Cost per Visit for Cost Reporting Periods Beginning on or After July 1, 1996. Vol. 61, No. 127, 34347-34350. Office of the Federal Register, National Archives and Records Administration. Washington. U.S. Government Printing Office, July 1, 1996.

Federal Register. Medicare Program; Schedule of Limits for Skilled Nursing Facility Inpatient Routine Service Costs. Vol. 59, No.4, 762-767. Office of the Federal Register, National Archives and Records Administration. Washington. U.S. Government Printing Office, June 6, 1994.

Federal Register. Medicare Program; Schedules of Limits of Skilled Nursing Facility Inpatient Routine Service Costs; Final rule. Vol. 57, No. 129, 46177-48187. Office of the Federal Register, National Archives and Records Administration. Washington. U.S. Government Printing Office, October 7, 1992.

Federal Register. Medicare Program; Revision of the Medicare Economic Index; Final rule. Vol. 57, No. 228, 55896-56230. Office of the Federal Register, National Archives and Records Administration. Washington. U.S. Government Printing Office, November 25, 1992.

Federal Register. Medicare Program; Revisions to Payment Policies and Five-Year Review of and Adjustments to the Relative Value Units, Final, and Physician Fee Schedule Update for Calendar Year 1997 and Physician Volume Performance Standard Rates of Increase for Federal Fiscal Year 1997; Notice. Vol. 61, No. 227, 59717-59724. Office of the Federal Register, National Archives and Records Administration. Washington. U.S. Government Printing Office, November 22, 1996.

Levit, K.R., Lazenby, H.C., Braden, B.R., et al.: National Health Expenditures, 1996. *Health Care Financing Review* 19(1). Fall 1997.

U.S. Department of Commerce: Improved Estimates of the National Income and Product Accounts for 1959-1995: Results of the Comprehensive Revision. Survey of Current Business. Vol. 76, No.1 / 2 Bureau of Economic Analysis. Washington. U.S. Government Printing Office, January/February 1996.

U.S. Department of Commerce: National Income and Product Accounts. Survey of Current Business. Vol. 77, No. 6. Bureau of Economic Analysis. Washington. U.S. Government Printing Office, June 1997.

U.S. Department of Labor: Establishment Data. Employment and Earnings. Vol. 44, No. 6. Bureau of Labor Statistics. Washington. U.S. Government Printing Office, June 1997.

U.S. Department of Labor: Notes on Current Labor Statistics: Price Data. Monthly Labor Review. Vol. 120, No. 3. Bureau of Labor Statistics. Washington. U.S. Government Printing Office, June 1997.

U.S. Department of the Treasury: Monthly Treasury Statement of Receipts and Outlays of the United States Government. Monthly Reports, January 1991-June 1997. Financial Management Service. Washington. U.S. Government Printing Office, July 1997.

For inquiries concerning market basket data, contact Stephen K. Heffler at (410) 786-1211. E-Mail: SHeffler@hcfa.gov. For all other inquiries, contact Carolyn S. Donham at (410) 786-7947. E-Mail: CDonham@hcfa.gov.

Reprint requests: Carolyn S. Donham, Health Care Financing Administration, Room N3-02-02, 7500 Security Boulevard, Baltimore, Maryland 21207-1850.

Table 1
Selected Community Hospital Statistics: 1993-97

Item	Calendar Year				1994	1994	1994	1995
	1993	1994	1995	1996	Q2	Q3	Q4	Q1
Utilization								
All Ages								
Admissions in Thousands	32,652	32,938	33,389	33,268	8,160	8,154	8,236	8,634
Admissions Per 1,000 Population ¹	122	122	122	121	121	121	122	127
Inpatient Days in Thousands	202,078	196,117	190,377	183,495	48,648	47,657	48,102	50,377
Adult Length of Stay in Days	6.2	6.0	5.7	5.5	5.9	5.8	5.8	5.8
65 Years of Age or Over								
Admissions in Thousands	12,209	12,456	12,820	12,870	3,098	3,022	3,125	3,379
Admissions Per 1,000 Population ¹	366	369	375	373	367	357	368	397
Inpatient Days in Thousands	97,042	94,877	91,164	86,431	23,493	22,631	23,203	24,778
Adult Length of Stay in Days	7.9	7.6	7.1	6.7	7.6	7.5	7.4	7.3
Under 65 Years of Age								
Admissions in Thousands	20,443	20,483	20,569	20,398	5,082	5,132	5,111	5,255
Admissions Per 1,000 Population ¹	87	87	86	85	86	87	86	88
Inpatient Days in Thousands	105,036	101,240	99,213	97,064	25,155	25,027	24,899	25,598
Adult Length of Stay in Days	5.1	4.9	4.8	4.8	5.0	4.9	4.9	4.9
Surgical Operations in Thousands	22,710	23,286	23,739	24,165	5,864	5,840	5,918	6,028
Outpatient Visits in Thousands	390,188	417,684	452,558	481,298	104,079	107,022	108,241	111,088
Adjusted Patient Days in Thousands ²	278,938	276,209	273,636	270,023	68,776	67,711	68,363	71,226
Beds in Thousands	902	891	874	854	893	888	886	881
Adult Occupancy Rate ³	61.4	60.3	59.7	58.7	59.8	58.3	59.0	63.5
Total Hospital Revenues in Millions⁴								
Total Hospital Revenues in Millions	\$295,035	\$309,354	\$324,961	\$338,118	\$76,829	\$77,069	\$78,976	\$81,793
Total Patient Revenues in Millions	280,414	293,285	307,228	318,183	72,868	73,018	74,697	77,476
Inpatient Revenues in Millions	203,167	208,262	213,771	216,242	51,543	51,393	52,559	54,797
Outpatient Revenues in Millions	77,248	85,023	93,457	101,941	21,325	21,625	22,138	22,679
Total Expenses								
Total Hospital Expenses in Millions								
Total Hospital Expenses in Millions	\$278,880	\$292,801	\$308,411	\$320,789	\$72,618	\$73,468	\$75,039	\$76,259
Labor in Millions	149,733	156,826	163,842	168,796	38,828	39,408	40,170	40,529
Non-Labor in Millions	129,147	135,975	144,569	151,993	33,790	34,059	34,869	35,730
Inpatient Expense in Millions⁵								
Inpatient Expense in Millions	\$202,035	\$207,897	\$214,570	\$217,994	\$51,366	\$51,709	\$52,800	\$53,936
Amount per Patient Day	1,000	1,060	1,127	1,188	\$51,366	\$51,709	\$52,800	1,071
Amount per Admission	6,188	6,312	6,426	6,553	6,279	6,341	6,411	6,247
Outpatient Expense in Millions⁵								
Outpatient Expense in Millions	\$76,845	\$84,903	\$93,841	\$102,796	\$21,252	\$21,758	\$22,239	\$22,323
Amount per Outpatient Visit	197	203	207	214	204	203	205	201

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

²Adjusted 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.

³The 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.

⁴Total 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.

⁵Inpatient 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 1993 - June 1997.

Table 1—Continued
Selected Community Hospital Statistics: 1993-97

1995 Q2	1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3	1996 Q4	1997 Q1	1997 Q2
8,281	8,213	8,260	8,511	8,267	8,159	8,331	8,500	8,342
122	120	121	124	120	119	121	123	120
47,296	46,239	46,467	48,051	45,532	44,349	45,563	47,177	45,177
5.7	5.6	5.6	5.6	5.5	5.4	5.5	5.5	5.4
3,187	3,071	3,184	3,324	3,204	3,090	3,252	3,374	3,253
374	359	371	387	372	358	376	389	375
22,823	21,507	22,056	22,972	21,445	20,448	21,566	22,661	21,178
7.2	7.0	6.9	6.9	6.7	6.6	6.6	6.7	6.5
5,094	5,143	5,077	5,187	5,063	5,070	5,078	5,126	5,089
86	86	85	87	84	84	84	85	84
24,472	24,732	24,411	25,078	24,087	23,902	23,997	24,516	23,999
4.8	4.8	4.8	4.8	4.8	4.7	4.7	4.8	4.7
5,965	5,832	5,915	5,948	6,087	6,028	6,102	6,047	6,245
113,699	113,332	114,438	116,335	119,874	122,232	122,857	123,270	127,607
68,146	67,079	67,106	69,232	67,394	66,247	67,087	70,050	68,813
877	871	867	862	859	849	844	842	832
59.3	57.7	58.2	61.2	58.3	56.8	58.7	62.3	59.7
\$81,020	\$80,307	\$81,842	\$84,280	\$84,396	\$83,449	\$85,993	\$86,941	\$87,073
76,557	75,956	77,238	79,710	79,349	78,461	80,664	81,998	81,781
53,133	52,358	53,483	55,322	53,609	52,526	54,784	55,223	53,692
23,424	23,599	23,755	24,387	25,740	25,934	25,880	26,774	28,090
\$76,751	\$76,808	\$78,594	\$79,361	\$79,958	\$79,593	\$81,877	\$82,092	\$82,694
40,768	40,857	41,688	41,873	41,935	41,925	43,063	42,888	42,958
35,983	35,951	36,906	37,488	38,023	37,668	38,814	39,204	39,735
\$53,268	\$52,945	\$54,421	\$55,081	\$54,020	\$53,284	\$55,608	\$55,287	\$54,291
1,126	1,145	1,171	1,146	1,186	1,201	1,220	1,172	1,202
6,432	6,446	6,588	6,472	6,534	6,530	6,675	6,504	6,508
\$23,483	\$23,863	\$24,172	\$24,281	\$25,937	\$26,309	\$26,269	\$26,805	\$28,403
207	211	211	209	216	215	214	217	223

Table 2
Percent Change in Selected Community Hospital Statistics: 1993-97

Item	Calendar Year				1994	1994	1994	1995
	1993	1994	1995	1996	Q2	Q3	Q4	Q1
Utilization								
All Ages								
Admissions in Thousands	0.7	0.9	1.4	-0.4	1.2	0.9	1.3	3.2
Admissions Per 1,000 Population	-0.3	-0.1	0.5	-1.3	0.2	-0.1	0.3	2.2
Inpatient Days in Thousands	-2.1	-2.9	-2.9	-3.6	-3.0	-2.9	-3.0	-2.6
Adult Length of Stay in Days	-2.8	-3.8	-4.2	-3.3	-4.1	-3.8	-4.3	-5.6
65 Years of Age or Over								
Admissions in Thousands	2.9	2.0	2.9	0.4	1.8	2.6	1.3	5.2
Admissions Per 1,000 Population	1.5	0.8	1.8	-0.6	0.7	1.5	0.1	4.1
Inpatient Days in Thousands	-1.9	-2.2	-3.9	-5.2	-3.2	-1.6	-3.1	-3.0
Adult Length of Stay in Days	-4.7	-4.2	-6.6	-5.6	-5.0	-4.1	-4.4	-7.8
Under 65 Years of Age								
Admissions in Thousands	-0.5	0.2	0.4	-0.8	0.7	-0.1	1.3	1.9
Admissions Per 1,000 Population	-1.5	-0.7	-0.5	-1.7	-0.2	-1.0	0.4	1.0
Inpatient Days in Thousands	-2.3	-3.6	-2.0	-2.2	-2.8	-4.1	-2.9	-2.1
Adult Length of Stay in Days	-1.8	-3.8	-2.4	-1.3	-3.5	-4.0	-4.2	-4.0
Surgical Operations in Thousands	1.1	2.5	1.9	1.8	2.5	2.9	4.5	6.4
Outpatient Visits in Thousands	6.5	7.0	8.3	6.4	6.6	7.9	9.7	13.0
Adjusted Patient Days in Thousands	-0.9	-1.0	-0.9	-1.3	-0.8	-0.9	-0.7	0.0
Beds in Thousands	-0.7	-1.2	-1.8	-2.4	-1.2	-1.4	-1.2	-1.5
Adult Occupancy Rate ¹	-0.7	-1.1	-0.7	-0.9	-1.1	-0.9	-1.1	-0.7
Total Hospital Revenues in Millions								
Total Hospital Revenues in Millions	7.1	4.9	5.0	4.0	4.9	4.6	6.0	6.9
Total Patient Revenues in Millions	7.0	4.6	4.8	3.6	4.7	4.3	5.6	6.6
Inpatient Revenues in Millions	5.7	2.5	2.6	1.2	2.4	2.2	3.2	3.8
Outpatient Revenues in Millions	10.6	10.1	9.9	9.1	10.7	9.6	12.0	13.8
Operating Expenses								
Total in Millions								
Total in Millions	6.9	5.0	5.3	4.0	4.9	5.0	5.5	6.4
Labor in Millions	6.9	4.7	4.5	3.0	4.2	4.9	5.4	5.5
Non-Labor in Millions	6.8	5.3	6.3	5.1	5.6	5.0	5.7	7.4
Inpatient Expense in Millions								
Inpatient Expense in Millions	5.6	2.9	3.2	1.6	2.6	2.9	3.1	3.7
Amount per Patient Day	7.8	6.0	6.3	5.4	5.7	5.9	6.3	6.4
Amount per Admission	4.8	2.0	1.8	2.0	1.4	2.0	1.8	0.5
Outpatient Expense								
Outpatient Expense	10.4	10.5	10.5	9.5	10.9	10.3	11.9	13.6
Amount per Outpatient Visit	3.6	3.2	2.0	3.0	4.1	2.2	2.0	0.5

¹Change 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 - March 1997.

Table 2—Continued
Percent Change in Selected Community Hospital Statistics: 1993-97

1995 Q2	1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3	1996 Q4	1997 Q1	1997 Q2
Percent Change From the Same Period of Previous Year								
1.2	0.7	0.3	-1.4	-0.2	-0.7	0.9	-0.1	0.9
0.3	-0.2	-0.6	-2.3	-1.1	-1.5	-0.1	-1.0	0.0
-2.8	-3.0	-3.4	-4.6	-3.7	-4.1	-1.9	-1.8	-0.8
-4.0	-3.7	-3.7	-3.2	-3.6	-3.5	-2.8	-1.7	-1.7
2.9	1.6	1.9	-1.6	0.5	0.6	2.2	1.5	1.5
1.7	0.5	0.8	-2.7	-0.5	-0.3	1.2	0.7	0.7
-2.9	-5.0	-4.9	-7.3	-6.0	-4.9	-2.2	-1.4	-1.2
-5.6	-6.5	-6.7	-5.8	-6.5	-5.5	-4.3	-2.8	-2.7
0.2	0.2	-0.7	-1.3	-0.6	-1.4	0.0	-1.2	0.5
-0.6	-0.7	-1.5	-2.2	-1.5	-2.3	-0.9	-2.1	-0.4
-2.7	-1.2	-2.0	-2.0	-1.6	-3.4	-1.7	-2.2	-0.4
-3.0	-1.4	-1.3	-0.7	-1.0	-2.0	-1.7	-1.1	-0.9
1.7	-0.1	-0.1	-1.3	2.1	3.4	3.2	1.7	2.6
9.2	5.9	5.7	4.7	5.4	7.9	7.4	6.0	6.5
-0.9	-0.9	-1.8	-2.8	-1.1	-1.2	0.0	1.2	2.1
-1.8	-1.9	-2.1	-2.1	-2.1	-2.6	-2.6	-2.4	-3.1
-0.6	-0.6	-0.8	-2.3	-1.0	-0.9	0.4	1.0	1.4
5.5	4.2	3.6	3.0	4.2	3.9	5.1	3.2	3.2
5.1	4.0	3.4	2.9	3.6	3.3	4.4	2.9	3.1
3.1	1.9	1.8	1.0	0.9	0.3	2.4	-0.2	0.2
9.8	9.1	7.3	7.5	9.9	9.9	8.9	9.8	9.1
5.7	4.5	4.7	4.1	4.2	3.6	4.2	3.4	3.4
5.0	3.7	3.8	3.3	2.9	2.6	3.3	2.4	2.4
6.5	5.6	5.8	4.9	5.7	4.8	5.2	4.6	4.5
3.7	2.4	3.1	2.1	1.4	0.6	2.2	0.4	0.5
6.7	5.5	6.7	7.1	5.3	4.9	4.2	2.2	1.3
2.4	1.7	2.8	3.6	1.6	1.3	1.3	0.5	-0.4
10.5	9.7	8.7	8.8	10.5	10.2	8.7	10.4	9.5
1.1	3.6	2.8	3.9	4.8	2.2	1.2	4.2	2.9

Table 3
Hospital Insurance and Supplementary Medical Insurance Trust Fund Operations: 1993-97

Indicator	Calendar Year				1993 Q3	1993 Q4	1994 Q1	1994 Q2	1994 Q3
	1993	1994	1995	1996					
Total Medicare Outlays									
In Millions of Dollars	\$152,174	\$164,862	\$184,203	\$202,703	\$38,037	\$40,091	\$39,133	\$40,509	\$42,761
Hospital Insurance Trust Fund	94,391	104,545	117,604	132,295	23,517	24,758	25,458	25,937	26,618
Supplementary Medical Insurance Trust Fund	57,783	60,317	66,599	70,408	14,520	15,334	13,676	14,572	16,143
Hospital Insurance Trust Fund Operations: In Millions of Dollars									
Income	\$98,187	\$109,570	\$115,027	\$126,968	\$21,327	\$26,446	\$22,047	\$33,155	\$24,547
Outlays	94,391	104,545	117,604	132,295	23,517	24,758	25,458	25,937	26,618
Difference	3,796	5,025	(2,577)	(5,327)	(2,190)	1,688	(3,411)	7,219	(2,071)
Assets at End of Period ¹	127,818	132,844	130,267	124,940	126,131	127,818	124,408	131,626	129,555
Supplementary Medical Insurance Trust Fund Operations: In Millions of Dollars									
Income	\$57,679	\$55,608	\$60,306	\$85,610	\$14,919	\$16,189	\$13,299	\$14,387	\$13,491
Outlays	57,783	60,317	66,599	70,408	14,520	15,334	13,676	14,572	16,143
Difference	(104)	(4,709)	(6,293)	15,202	399	856	(377)	(185)	(2,651)
Assets at End of Period ¹	24,131	19,422	13,130	28,332	23,276	24,131	23,755	23,570	20,919
	Annual Percent Change				Percent Change from the Same Period of Previous Year				
Total Medicare Outlays	12.0	8.3	11.7	10.0	10.0	12.7	8.2	7.0	12.4
Hospital Insurance Trust Fund	11.0	10.8	12.5	12.5	9.9	12.7	15.0	8.1	13.2
Supplementary Medical Insurance Trust Fund	13.7	4.4	10.4	5.7	10.3	12.7	-2.6	4.9	11.2
Hospital Insurance Trust Fund Operations									
Income	4.6	11.6	5.0	10.4	9.9	4.3	5.8	12.1	15.1
Outlays	11.0	10.8	12.5	12.5	9.9	12.7	15.0	8.1	13.2
Assets at End of Period	3.1	3.9	-1.9	-4.1	4.6	3.1	1.4	2.6	2.7
Supplementary Medical Insurance Trust Fund Operations									
Income	0.8	-3.6	8.5	42.0	28.5	-16.2	25.0	-9.7	-9.6
Outlays	13.7	4.4	10.4	5.7	10.3	12.7	-2.6	4.9	11.2
Assets at End of Period	-0.4	-19.5	-32.4	115.8	25.6	-0.4	14.0	3.0	-10.1

¹As 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. 1997 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: 1993-97

1994 Q4	1995 Q1	1995 Q2	1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3	1996 Q4	1997 Q1	1997 Q2
\$42,459	\$44,352	\$46,725	\$46,559	\$46,566	\$47,456	\$52,009	\$50,599	\$52,639	\$49,988	\$53,605
26,533	28,638	30,513	29,199	29,254	31,288	34,526	32,615	33,866	33,312	35,216
15,926	15,714	16,212	17,361	17,312	16,168	17,483	17,984	18,773	16,676	18,389
\$29,821	\$25,215	\$35,570	\$24,241	\$30,001	\$26,293	\$39,365	\$27,840	\$33,470	\$29,545	\$36,634
26,533	28,638	30,513	29,199	29,254	31,288	34,526	32,615	33,866	33,312	35,216
3,288	(3,423)	5,057	(4,958)	747	(4,995)	4,839	(4,775)	(396)	(3,767)	1418
132,844	129,420	134,477	129,520	130,267	125,272	130,111	125,336	124,940	121,173	122,591
\$14,430	\$16,478	\$17,189	\$10,072	\$16,568	\$26,596	\$19,654	\$19,208	\$20,152	\$19,907	\$20,855
15,926	15,714	16,212	17,361	17,312	16,168	17,483	17,984	18,773	16,676	18,389
(1,496)	764	977	(7,288)	(745)	10,428	2,171	1,224	1,379	3,231	2,466
19,422	20,186	21,163	13,874	13,130	23,558	25,729	26,953	28,332	31,563	34,029
Percent Change From the Same Period of Previous Year										
5.9	13.3	15.3	8.9	9.7	7.0	11.3	8.7	13.0	5.3	3.1
7.2	12.5	17.6	9.7	10.3	9.3	13.2	11.7	15.8	6.5	2.0
3.9	14.9	11.3	7.5	8.7	2.9	7.8	3.6	8.4	3.1	5.2
12.8	14.4	7.3	-1.2	0.6	4.3	10.7	14.8	11.6	12.4	-6.9
7.2	12.5	17.6	9.7	10.3	9.3	13.2	11.7	15.8	6.5	2.0
3.9	4.0	2.2	0.0	-1.9	-3.2	-3.2	-3.2	-4.1	-3.3	-5.8
-10.9	23.9	19.5	-25.3	14.8	61.4	14.3	90.7	21.6	-25.2	6.1
3.9	14.9	11.3	7.5	8.7	2.9	7.8	3.6	8.4	3.1	5.2
-19.5	-15.0	-10.2	-33.7	-32.4	16.7	21.6	94.3	115.8	34.0	32.3

Table 4
Employment, Hours, and Earnings in Private Sector¹ Health Service Establishments,
by Selected Type of Establishment: 1993-97

Type of Establishment	Calendar Year				1994 Q2	1994 Q3	1994 Q4	1995 Q1
	1993	1994	1995	1996				
Total Employment (in Thousands)								
Non-Farm Private Sector	91,872	95,036	97,885	100,076	94,801	96,323	96,925	95,647
Health Services	8,756	8,992	9,230	9,469	8,965	9,042	9,083	9,119
Offices and Clinics of Physicians	1,506	1,545	1,609	1,678	1,536	1,557	1,568	1,577
Offices and Clinics of Dentists	556	574	592	609	573	576	581	584
Nursing Homes	1,585	1,649	1,691	1,732	1,642	1,661	1,666	1,671
Private Hospitals	3,779	3,763	3,772	3,814	3,762	3,769	3,759	3,758
Home Health Care Services	469	559	629	665	553	571	591	603
Non-Supervisory Employment (in Thousands)								
Non-Farm Private Sector	74,761	77,607	80,125	81,998	77,416	78,790	79,343	78,047
Health Services	7,770	7,966	8,178	8,396	7,949	8,007	8,041	8,075
Offices and Clinics of Physicians	1,231	1,262	1,314	1,377	1,256	1,270	1,278	1,287
Offices and Clinics of Dentists	487	501	517	534	501	503	507	510
Nursing Homes	1,431	1,487	1,526	1,560	1,481	1,498	1,502	1,506
Private Hospitals	3,464	3,441	3,450	3,491	3,442	3,444	3,435	3,435
Home Health Care Services	435	518	582	615	512	528	546	558
Average Weekly Hours								
Non-Farm Private Sector	34.5	34.7	34.5	34.4	34.7	34.9	34.8	34.3
Health Services	32.8	32.8	32.8	32.7	32.8	32.8	32.8	32.8
Offices and Clinics of Physicians	32.2	32.4	32.5	32.9	32.3	32.3	32.6	32.4
Offices and Clinics of Dentists	28.3	28.1	28.0	28.1	28.2	28.0	28.2	28.0
Nursing Homes	32.2	32.3	32.5	32.4	32.2	32.5	32.4	32.3
Private Hospitals	34.6	34.7	34.5	34.4	34.6	34.7	34.6	34.7
Home Health Care Services	27.8	28.2	28.6	28.1	28.2	28.2	28.5	28.7
Average Hourly Earnings								
Non-Farm Private Sector	10.83	11.12	11.43	11.81	11.06	11.10	11.27	11.35
Health Services	11.78	12.10	12.45	12.85	12.02	12.13	12.25	12.36
Offices and Clinics of Physicians	11.89	12.26	12.54	13.17	12.22	12.29	12.36	12.45
Offices and Clinics of Dentists	11.44	11.97	12.40	12.88	11.92	12.01	12.17	12.25
Nursing Homes	8.17	8.50	8.77	9.00	8.44	8.53	8.61	8.71
Private Hospitals	13.46	13.83	14.30	14.70	13.70	13.89	14.04	14.17
Home Health Care Services	10.41	10.67	10.91	11.17	10.62	10.71	10.75	10.84
Addenda: Hospital Employment (in Thousands)								
Total	5,100	5,077	5,069	5,082	5,077	5,083	5,068	5,065
Private	3,779	3,763	3,772	3,814	3,762	3,769	3,759	3,758
Federal	234	234	233	231	234	234	232	230
State	414	407	395	377	408	406	405	404
Local	673	673	669	660	672	675	672	673

¹Excludes 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 1993 - June 1997.

Table 4—Continued
Employment, Hours, and Earnings in Private Sector¹ Health Service Establishments,
by Selected Type of Establishment: 1993-97

1995 Q2	1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3	1996 Q4	1997 Q1	1997 Q2
97,838	98,907	99,148	97,534	100,021	101,246	101,505	99,932	102,455
9,195	9,274	9,334	9,364	9,446	9,509	9,556	9,580	9,660
1,599	1,621	1,639	1,649	1,672	1,692	1,701	1,713	1,734
591	596	599	601	608	612	616	618	622
1,682	1,701	1,712	1,713	1,726	1,742	1,748	1,746	1,758
3,768	3,779	3,784	3,794	3,807	3,821	3,833	3,842	3,863
620	638	653	654	666	667	675	674	683
80,090	81,073	81,289	79,667	81,977	83,058	83,291	81,707	84,007
8,148	8,218	8,272	8,303	8,377	8,431	8,474	8,487	8,563
1,305	1,325	1,341	1,351	1,372	1,389	1,396	1,404	1,425
515	520	523	527	534	536	540	541	545
1,517	1,535	1,544	1,543	1,555	1,569	1,573	1,571	1,581
3,446	3,456	3,462	3,471	3,485	3,498	3,510	3,518	3,538
575	591	604	605	616	616	624	622	630
34.4	34.7	34.5	33.9	34.4	34.8	34.6	34.3	34.6
32.7	32.8	32.7	32.5	32.6	32.8	32.8	32.9	33.0
32.4	32.5	32.7	32.6	32.8	32.9	33.2	33.2	33.1
28.0	27.8	28.1	27.9	28.2	28.2	28.4	28.4	28.5
32.3	32.8	32.6	32.2	32.3	32.7	32.3	32.3	32.2
34.6	34.5	34.4	34.4	34.3	34.3	34.4	34.6	34.8
28.7	28.7	28.1	27.7	27.8	28.3	28.3	28.6	28.9
11.35	11.43	11.59	11.69	11.74	11.81	12.00	12.14	12.17
12.36	12.46	12.62	12.74	12.78	12.87	13.01	13.12	13.17
12.45	12.52	12.74	12.95	13.08	13.21	13.43	13.60	13.65
12.35	12.42	12.60	12.69	12.77	12.92	13.16	13.46	13.57
8.74	8.79	8.85	8.95	8.95	9.02	9.10	9.20	9.26
14.16	14.34	14.52	14.62	14.63	14.73	14.81	14.90	14.93
10.84	10.92	11.03	11.11	11.12	11.21	11.26	11.33	11.27
5,068	5,076	5,068	5,068	5,076	5,087	5,098	5,104	5,128
3,768	3,779	3,784	3,794	3,807	3,821	3,833	3,842	3,863
232	237	233	234	233	230	227	222	221
397	392	389	385	379	374	372	371	370
671	668	662	656	657	662	666	669	673

Table 5
Percent Change in Employment, Hours, and Earnings in Private Sector¹ Health Service Establishments, by Selected Type of Establishment: 1993-97

Type of Establishment	Calendar Year				1994 Q2	1994 Q3	1994 Q4	1995 Q1
	1993	1994	1995	1996				
	Annual Percent Change				Percent Change From the Same Period of Previous Year			
Total Employment (in Thousands)								
Non-Farm Private Sector	2.1	3.4	3.0	2.2	3.4	3.6	3.8	3.9
Health Services	3.1	2.7	2.7	2.6	2.8	2.7	2.6	2.7
Offices and Clinics of Physicians	2.9	2.6	4.1	4.3	2.2	2.7	3.4	3.8
Offices and Clinics of Dentists	2.9	3.1	3.3	2.8	3.3	3.1	3.1	3.3
Nursing Homes	3.4	4.0	2.6	2.4	4.4	4.0	3.0	2.8
Private Hospitals	0.8	-0.4	0.2	1.1	-0.5	-0.5	-0.3	-0.1
Home Health Care Services	17.9	19.3	12.4	5.8	20.7	18.9	16.9	15.3
Non-Supervisory Employment (in Thousands)								
Non-Farm Private Sector	2.5	3.8	3.2	2.3	3.8	4.0	4.2	4.2
Health Services	3.0	2.5	2.7	2.7	2.6	2.5	2.5	2.6
Offices and Clinics of Physicians	2.4	2.5	4.2	4.8	2.2	2.6	3.4	3.6
Offices and Clinics of Dentists	2.8	3.0	3.2	3.3	3.3	2.8	2.9	3.1
Nursing Homes	3.3	3.9	2.6	2.3	4.2	3.9	3.0	2.8
Private Hospitals	0.6	-0.7	0.3	1.2	-0.8	-0.8	-0.5	-0.2
Home Health Care Services	17.9	19.1	12.3	5.8	20.7	18.4	16.6	15.0
Average Weekly Hours								
Non-Farm Private Sector	0.3	0.5	-0.6	-0.1	0.6	0.3	0.6	0.0
Health Services	0.1	0.1	-0.2	-0.3	0.0	-0.1	0.2	0.1
Offices and Clinics of Physicians	0.2	0.5	0.2	1.3	0.4	0.1	0.9	0.2
Offices and Clinics of Dentists	-0.3	-0.5	-0.6	0.6	-0.7	-0.8	-0.5	-0.5
Nursing Homes	-0.3	0.3	0.5	-0.3	0.0	-0.2	1.0	0.6
Private Hospitals	0.5	0.2	-0.3	-0.5	0.2	0.1	-0.1	-0.1
Home Health Care Services	1.4	1.7	1.2	1.7	1.6	1.1	2.4	2.6
Average Hourly Earnings								
Non-Farm Private Sector	2.5	2.7	2.8	3.3	2.5	2.6	2.8	2.7
Health Services	3.4	2.7	2.9	3.2	2.6	2.9	2.8	3.0
Offices and Clinics of Physicians	4.2	3.1	2.3	5.0	3.1	3.2	2.4	2.4
Offices and Clinics of Dentists	3.8	4.6	3.6	3.9	5.0	4.8	4.1	3.9
Nursing Homes	4.0	4.0	3.2	2.7	4.1	4.0	3.6	3.7
Private Hospitals	3.3	2.7	3.4	2.8	2.5	2.9	3.1	3.5
Home Health Care Services	4.1	2.5	2.3	2.6	2.7	2.3	2.3	2.5
Addenda: Hospital Employment (in Thousands)								
Total	0.6	-0.5	-0.1	0.3	-0.5	-0.6	-0.5	-0.3
Private	0.8	-0.4	0.2	1.1	-0.5	-0.5	-0.3	-0.1
Federal	-0.4	0.0	-0.2	-1.0	0.6	-0.8	-1.5	-2.2
State	-1.2	-1.6	-2.9	-4.5	-1.4	-1.9	-1.6	-1.3
Local	1.3	0.0	-0.6	-1.3	0.0	-0.4	-0.3	0.0

¹Excludes 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 - June 1997.

Table 5—Continued

Percent Change in Employment, Hours, and Earnings in Private Sector¹ Health Service Establishments, by Selected Type of Establishment: 1993-97

1995 Q2	1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3	1996 Q4	1997 Q1	1997 Q2
Percent Change From the Same Period of Previous Year								
3.2	2.7	2.3	2.0	2.2	2.4	2.4	2.5	2.4
2.6	2.6	2.8	2.7	2.7	2.5	2.4	2.3	2.3
4.1	4.1	4.5	4.5	4.6	4.4	3.8	3.9	3.7
3.2	3.4	3.1	2.9	2.9	2.7	2.8	2.9	2.4
2.4	2.4	2.8	2.5	2.6	2.4	2.1	2.0	1.9
0.1	0.3	0.7	0.9	1.0	1.1	1.3	1.3	1.5
12.2	11.7	10.6	8.6	7.4	4.4	3.3	3.1	2.6
3.5	2.9	2.5	2.1	2.4	2.4	2.5	2.6	2.5
2.5	2.6	2.9	2.8	2.8	2.6	2.4	2.2	2.2
3.9	4.3	4.9	5.0	5.1	4.8	4.2	3.9	3.8
2.9	3.4	3.3	3.3	3.5	3.2	3.2	2.7	2.1
2.5	2.5	2.8	2.5	2.5	2.2	1.9	1.8	1.7
0.1	0.3	0.8	1.1	1.1	1.2	1.4	1.3	1.5
12.1	11.9	10.6	8.6	7.2	4.4	3.3	2.7	2.3
-1.0	-0.5	-0.9	-1.1	0.2	0.1	0.4	1.3	0.5
-0.2	-0.1	-0.4	-0.8	-0.3	-0.1	0.2	1.1	1.2
0.1	0.4	0.1	0.6	1.2	1.4	1.7	1.7	1.1
-0.9	-0.8	-0.1	-0.6	0.7	1.4	0.8	1.9	1.2
0.3	0.7	0.5	-0.2	0.2	-0.2	-0.9	0.2	-0.3
-0.1	-0.6	-0.5	-0.9	-0.9	-0.5	0.1	0.7	1.5
1.9	1.7	-1.4	-3.4	-3.2	-1.2	0.7	3.2	3.8
2.6	3.0	2.9	3.0	3.4	3.4	3.6	3.9	3.7
2.8	2.7	3.0	3.1	3.4	3.3	3.1	3.0	3.1
1.8	1.9	3.1	4.0	5.1	5.6	5.4	5.0	4.4
3.6	3.4	3.6	3.6	3.4	4.0	4.4	6.1	6.3
3.5	3.0	2.8	2.7	2.4	2.6	2.8	2.8	3.4
3.3	3.3	3.4	3.1	3.3	2.7	2.0	2.0	1.3
2.1	2.0	2.6	2.4	2.6	2.7	2.1	2.0	1.3
-0.2	-0.1	0.0	0.1	0.2	0.2	0.6	0.7	1.0
0.1	0.3	0.7	0.9	1.0	1.1	1.3	1.3	1.5
-0.8	1.5	0.6	1.7	0.1	-3.0	-2.6	-5.0	-4.8
-2.8	-3.5	-4.0	-4.6	-4.4	-4.6	-4.4	-3.7	-2.4
-0.2	-0.9	-1.4	-2.6	-2.1	-0.9	0.5	2.0	2.4

Table 6

Percent Change in Implied Non-Supervisory Payrolls, Employment, Average Weekly Hours, and Average Hourly Earnings in Private¹ Health Service Establishments, by Selected Type of Establishment: 1993-97

Type of Establishment	Calendar Year				1994 Q2	1994 Q3	1994 Q4	1995 Q1
	1993	1994	1995	1996				
	Annual Percent Change				Annual	Percent Change From the Same Period of Previous Year		
Health Services								
Payrolls	6.6	5.4	5.5	5.7	5.3	5.3	5.6	5.8
Employment	3.0	2.5	2.7	2.7	2.6	2.5	2.5	2.6
Average Weekly Hours	0.1	0.1	-0.2	-0.3	0.0	-0.1	0.2	0.1
Average Hourly Earnings	3.4	2.7	2.9	3.2	2.6	2.9	2.8	3.0
Offices and Clinics of Physicians								
Payrolls	6.9	6.3	6.8	11.4	5.8	5.9	6.9	6.3
Employment	2.4	2.5	4.2	4.8	2.2	2.6	3.4	3.6
Average Weekly Hours	0.2	0.5	0.2	1.3	0.4	0.1	0.9	0.2
Average Hourly Earnings	4.2	3.1	2.3	5.0	3.1	3.2	2.4	2.4
Offices and Clinics of Dentists								
Payrolls	6.5	7.3	6.3	8.0	7.7	6.8	6.6	6.7
Employment	2.8	3.0	3.2	3.3	3.3	2.8	2.9	3.1
Average Weekly Hours	-0.3	-0.5	-0.6	0.6	-0.7	-0.8	-0.5	-0.5
Average Hourly Earnings	3.8	4.6	3.6	3.9	5.0	4.8	4.1	3.9
Nursing Homes								
Payrolls	7.1	8.3	6.5	4.7	8.4	7.8	7.8	7.2
Employment	3.3	3.9	2.6	2.3	4.2	3.9	3.0	2.8
Average Weekly Hours	-0.3	0.3	0.5	-0.3	0.0	-0.2	1.0	0.6
Average Hourly Earnings	4.0	4.0	3.2	2.7	4.1	4.0	3.6	3.7
Private Hospitals								
Payrolls	4.5	2.2	3.3	3.5	1.9	2.2	2.5	3.2
Employment	0.6	-0.7	0.3	1.2	-0.8	-0.8	-0.5	-0.2
Average Weekly Hours	0.5	0.2	-0.3	-0.5	0.2	0.1	-0.1	-0.1
Average Hourly Earnings	3.3	2.7	3.4	2.8	2.5	2.9	3.1	3.5
Home Health Care Services								
Payrolls	24.4	24.1	16.2	6.5	25.9	22.4	22.1	21.0
Employment	17.9	19.1	12.3	5.8	20.7	18.4	16.6	15.0
Average Weekly Hours	1.4	1.7	1.2	-1.8	1.6	1.1	2.4	2.6
Average Hourly Earnings	4.1	2.5	2.3	2.4	2.7	2.3	2.3	2.5
Non-Farm Private Sector								
Payrolls	5.4	7.1	5.5	5.7	7.0	7.0	7.7	7.0
Employment	2.5	3.8	3.2	2.3	3.8	4.0	4.2	4.2
Average Weekly Hours	0.3	0.5	-0.6	-0.1	0.6	0.3	0.6	0.0
Average Hourly Earnings	2.5	2.7	2.8	3.3	2.5	2.6	2.8	2.7

¹Excludes 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 - June 1997.

Table 6—Continued

Percent Change in Implied Non-Supervisory Payrolls, Employment, Average Weekly Hours, and Average Hourly Earnings in Private¹ Health Service Establishments, by Selected Type of Establishment: 1993-97

1995 Q2	1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3	1996 Q4	1997 Q1	1997 Q2
Percent Change From the Same Period of Previous Year								
5.2	5.3	5.6	5.1	6.0	5.9	5.8	6.4	6.7
2.5	2.6	2.9	2.8	2.8	2.6	2.4	2.2	2.2
-0.2	-0.1	-0.4	-0.8	-0.3	-0.1	0.2	1.1	1.2
2.8	2.7	3.0	3.1	3.4	3.3	3.1	3.0	3.1
5.9	6.7	8.2	9.8	11.8	12.2	11.7	11.1	9.6
3.9	4.3	4.9	5.0	5.1	4.8	4.2	3.9	3.8
0.1	0.4	0.1	0.6	1.2	1.4	1.7	1.7	1.1
1.8	1.9	3.1	4.0	5.1	5.6	5.4	5.0	4.4
5.6	6.1	6.9	6.3	7.8	8.9	8.7	11.1	9.8
2.9	3.4	3.3	3.3	3.5	3.2	3.2	2.7	2.1
-0.9	-0.8	-0.1	-0.6	0.7	1.4	0.8	1.9	1.2
3.6	3.4	3.6	3.6	3.4	4.0	4.4	6.1	6.3
6.4	6.3	6.2	5.0	5.2	4.7	3.8	4.9	4.8
2.5	2.5	2.8	2.5	2.5	2.2	1.9	1.8	1.7
0.3	0.7	0.5	-0.2	0.2	-0.2	-0.9	0.2	-0.3
3.5	3.0	2.8	2.7	2.4	2.6	2.8	2.8	3.4
3.3	3.0	3.7	3.3	3.6	3.4	3.6	4.0	5.2
0.1	0.3	0.8	1.1	1.1	1.2	1.4	1.3	1.5
-0.1	-0.6	-0.5	-0.9	-0.9	-0.5	0.1	0.7	1.5
3.3	3.3	3.4	3.1	3.3	2.7	2.0	2.0	2.1
16.6	16.0	11.9	7.5	6.4	5.9	6.2	8.1	7.7
12.1	11.9	10.6	8.6	7.2	4.4	3.3	2.7	2.9
1.9	1.7	-1.4	-3.4	-3.2	-1.2	0.7	3.2	3.8
2.1	2.0	2.6	2.4	2.6	2.7	2.1	2.0	1.3
5.1	5.4	4.5	4.0	6.0	6.0	6.5	7.9	6.8
3.5	2.9	2.5	2.1	2.4	2.4	2.5	2.6	2.5
-1.0	-0.5	-0.9	-1.1	0.2	0.1	0.4	1.3	0.5
2.8	3.0	2.9	3.0	3.4	3.4	3.6	3.9	3.7

Table 7
Selected National Economic Indicators: 1993-97

Indicator	Calendar Year				1994 Q3	1994 Q4	1995 Q1	1995 Q2
	1993	1994	1995	1996				
Gross Domestic Product								
Billions of Dollars	6,558	6,947	7,265	7,636	6,987	7,096	7,169	7,210
Billions of 1992 Chain Weighted Dollars	6,390	6,611	6,742	6,928	6,630	6,689	6,704	6,709
Implicit Price Deflator (1992 = 100.0)	102.6	105.1	107.8	110.2	105.4	106.1	106.9	107.5
Personal Income								
Personal Income in Billions	5,519	5,792	6,151	6,495	5,838	5,946	6,053	6,115
Disposable Income in Billions	4,829	5,053	5,356	5,608	5,098	5,193	5,287	5,320
Prices¹								
Consumer Price Index, All Items	144.5	148.2	152.4	156.9	148.9	149.6	150.9	152.2
All Items Less Medical Care	141.2	144.7	148.6	152.8	145.4	146.0	147.1	148.4
Energy	104.2	104.6	105.2	110.1	107.8	105.4	103.7	106.5
Food and Beverages	141.6	144.9	148.9	153.7	145.2	146.2	147.9	148.7
Medical Care	201.4	211.0	220.5	228.2	212.2	214.7	217.6	219.3
Producer Price Index, ² Finished								
Consumer Goods	123.0	123.3	125.6	129.5	123.9	123.7	124.5	125.7
Energy	78.0	77.0	78.1	83.2	80.2	76.9	76.7	80.0
Food	125.6	126.8	129.0	133.6	126.4	127.2	128.3	128.0
Finished Goods Except Food and Energy	138.5	139.0	141.9	144.3	138.7	139.8	140.8	141.6
	Annual Percent Change				Percent Change From the Same Period of Previous Year			
Gross Domestic Product								
Billions of Dollars	5.0	5.9	4.6	5.1	6.3	5.8	5.5	4.3
Billions of 1992 Chain Weighted Dollars	2.3	3.5	2.0	2.8	3.7	3.3	2.7	1.6
Implicit Price Deflator (1992 = 100.0)	2.6	2.4	2.5	2.3	2.5	2.5	2.7	2.6
Personal Income								
Personal Income in Billions	4.6	4.9	6.2	5.6	5.3	5.1	7.8	6.0
Disposable Income in Billions	4.4	4.6	6.0	4.7	5.1	5.1	7.8	6.1
Prices¹								
Consumer Price Index, All Items	3.0	2.6	2.8	2.9	2.9	2.7	2.8	3.1
All Items Less Medical Care	2.7	2.5	2.7	2.9	2.7	2.5	2.7	3.0
Energy	1.1	0.5	0.6	4.6	2.3	1.5	1.9	2.9
Food and Beverages	2.1	2.3	2.8	3.3	2.7	2.5	2.7	3.2
Medical Care	6.0	4.8	4.5	3.5	4.6	4.8	4.9	4.6
Producer Price Index, ² Finished								
Consumer Goods	1.1	0.2	1.9	3.1	0.9	1.2	1.7	2.2
Energy	0.3	-1.2	1.4	6.5	1.0	1.1	3.0	4.3
Food	1.9	0.9	1.8	3.5	0.8	0.6	1.0	1.2
Finished Goods Except Food and Energy	0.9	0.3	2.1	1.7	1.0	1.6	1.6	2.0

¹Base Period = 1982-84, unless noted.

²Formerly 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 1993 - March 1997; U.S. Department of Labor, Bureau of Labor Statistics: *Employment and Earnings*. Washington. U.S. Government Printing Office. Monthly reports for January 1993 - March 1997.

Table 7—Continued
Selected National Economic Indicators: 1993-97

1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3	1996 Q4	1997 Q1	1997 Q2
7,301	7,382	7,468	7,608	7,676	7,793	7,934	8,034
6,759	6,797	6,826	6,926	6,944	7,017	7,102	7,160
108.0	108.6	109.4	109.8	110.5	111.1	111.7	112.1
6,179	6,256	6,359	6,461	6,542	6,618	6,746	6,829
5,380	5,436	5,519	5,574	5,645	5,696	5,791	5,850
152.9	153.6	155.0	156.5	157.4	158.5	159.6	160.2
149.0	149.7	151.0	152.5	153.3	154.4	155.5	156.0
107.2	103.5	105.3	112.0	111.9	111.3	112.5	110.7
149.0	150.0	151.6	152.8	154.3	156.2	157.0	157.1
221.5	223.4	226.0	227.4	229.1	230.4	232.6	234.1
125.9	126.4	127.4	129.3	130.2	131.2	130.7	129.9
79.4	76.4	78.8	84.2	84.7	85.1	84.9	82.5
129.1	130.7	131.1	132.1	134.9	136.1	134.4	134.5
141.7	143.7	144.0	144.2	144.0	145.0	145.2	145.0
Percent Change From the Same Period of Previous Year							
4.5	4.0	4.2	5.5	5.1	5.6	6.2	5.6
2.0	1.6	1.8	3.2	2.7	3.3	4.0	3.4
2.5	2.4	2.3	2.2	2.3	2.2	2.1	2.2
5.8	5.2	5.1	5.7	5.9	5.8	6.1	5.7
5.5	4.7	4.4	4.8	4.9	4.8	4.9	5.0
2.6	2.7	2.7	2.8	2.9	3.2	2.9	2.3
2.5	2.5	2.7	2.8	2.9	3.1	3.0	2.3
-0.6	-1.8	1.6	5.2	4.4	7.5	6.8	-1.1
2.6	2.6	2.5	2.8	3.6	4.2	3.5	2.8
4.4	4.1	3.8	3.7	3.4	3.1	2.9	3.0
1.6	2.2	2.3	2.9	3.4	3.8	2.6	0.5
-1.0	-0.7	2.8	5.2	6.6	11.5	7.7	-2.0
2.2	2.7	2.2	3.2	4.5	4.1	2.5	1.8
2.2	2.8	2.3	1.8	1.6	0.9	0.8	0.6

Table 8
Index Levels of Medical Prices: 1993-97

Indicator	Calendar Year				1994 Q2	1994 Q3	1994 Q4	1995 Q1
	1993	1994	1995	1996				
Consumer Price Indexes, All Urban Consumers¹								
Medical Care Services ²	202.9	213.4	224.2	232.4	212.0	214.6	217.5	221.0
Professional Services	184.7	192.5	201.0	208.3	191.8	193.5	195.5	198.3
Physicians' Services	191.3	199.8	208.8	216.4	199.2	200.7	202.4	205.6
Dental Services	188.1	197.1	206.8	216.5	196.1	198.3	201.1	204.0
Hospital and Related Services ³	231.9	245.6	257.8	269.5	243.4	247.2	250.6	254.2
Hospital Room	226.4	239.2	251.2	261.0	237.2	240.9	243.5	247.8
Other Inpatient Services (1986=100)	185.7	197.1	206.8	216.9	195.4	198.2	201.2	204.0
Outpatient Services (1986=100)	184.3	195.0	204.6	215.1	192.9	196.3	199.4	201.5
Medical Care Commodities	195.0	200.7	204.5	210.4	200.1	201.6	202.6	203.4
Prescription Drugs	223.0	230.6	235.0	242.9	230.5	231.0	232.8	233.4
Non-Prescription Drugs and Medical Supplies (1986=100)	135.5	138.1	140.5	143.1	136.8	139.4	139.4	140.5
Internal and Respiratory Over-the-Counter Drugs	163.5	165.9	167.0	170.2	165.5	166.6	166.4	167.1
Non-Prescription Medical Equipment and Supplies	155.9	160.0	166.3	169.1	156.7	163.1	163.6	165.8
Producer Price Indexes⁴								
Industry Groupings: ⁵								
Health Services (12/94=100)	—	—	102.4	104.6	—	—	—	101.6
Offices and Clinics of Doctors of Medicine (12/93=100)	—	102.8	106.8	107.6	101.8	102.9	104.0	106.3
Medicare Treatments (12/93=100)	—	104.7	109.6	105.5	104.7	104.7	104.7	109.6
Non-Medicare Treatments (12/93=100)	—	102.3	105.9	107.8	101.8	102.4	103.8	105.5
Hospitals (12/92=100)	102.5	106.2	110.0	112.6	105.4	106.7	107.7	109.2
General Medical and Surgical Hospitals (12/92=100)	102.4	106.0	109.9	112.5	105.2	106.5	107.5	109.0
Inpatient Treatments (12/92=100)	102.5	106.0	109.2	111.8	105.2	106.4	107.5	108.5
Medicare Patients (12/92=100)	100.6	102.6	104.7	108.1	102.3	102.3	103.6	103.6
Medicaid Patients (12/92=100)	102.3	107.1	109.8	112.2	106.0	108.1	108.9	109.5
All Other Patients (12/92=100)	103.5	107.7	111.7	113.7	108.7	108.4	109.4	111.0
Outpatient Treatments (12/92=100)	102.5	106.7	113.3	116.2	105.8	107.6	108.2	111.9
Medicare Patients (12/92=100)	103.7	107.0	111.2	113.1	106.0	107.5	108.8	110.2
Medicaid Patients (12/92=100)	101.6	103.3	106.4	108.1	101.2	105.1	105.1	105.7
All Other Patients (12/92=100)	102.4	106.9	114.2	117.7	106.2	107.8	108.4	112.7
Skilled and Intermediate Care Facilities (12/94=100)	—	—	103.6	110.0	—	—	—	101.9
Public Payors (12/94=100)	—	—	103.8	110.5	—	—	—	101.8
Private Payors (12/94=100)	—	—	103.6	109.8	—	—	—	102.1
Medical Laboratories (6/94=100)	—	—	104.0	105.3	—	100.0	99.9	101.6
Commodity Groupings:								
Drugs and Pharmaceuticals	200.9	206.0	210.9	214.7	205.9	206.3	207.0	208.5
Ethical (Prescription) Preparations	242.2	250.0	257.0	265.4	250.1	250.0	251.4	252.7
Proprietary (Over-the-Counter) Preparations	180.0	183.2	186.6	185.1	182.6	184.4	184.5	185.5
Medical, Surgical, and Personal Aid Devices	137.8	140.4	141.3	143.1	140.3	140.6	140.5	140.7
Personal Aid Equipment	122.3	130.1	133.7	139.3	130.8	130.9	130.9	131.2
Medical Instruments and Equipment (6/82=100)	126.0	126.7	128.3	130.1	126.5	126.8	126.9	127.8
Surgical Appliances and Supplies (6/83=100)	151.0	155.7	154.8	156.9	155.7	156.1	155.4	154.3
Ophthalmic Goods (12/83=100)	119.0	119.6	122.2	120.3	119.4	119.4	119.8	121.7
Dental Equipment and Supplies (6/85=100)	131.5	135.2	137.5	141.0	135.0	136.0	135.7	136.4

¹Unless otherwise noted, base year is 1982-84 = 100.

²Includes the net cost of private health insurance, not shown separately.

³The hospital services component of the CPI was revised effective January 1997. Hospital Room, Other Inpatient Services, and Outpatient Services are no longer shown as separate strata of the Hospital Services Index.

⁴Unless 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).

⁵Further detail for Producer Price Industry groupings, such as types of physician practices, hospital DRG groupings, etc., are available from BLS.

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 1993 - June 1997; U.S. Department of Labor, Bureau of Labor Statistics: *Producer Price Indexes*. Washington, U.S. Government Printing Office. Monthly reports for January 1993 - June 1997.

Table 8—Continued
Index Levels of Medical Prices: 1993-97

1995 Q2	1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3	1996 Q4	1997 Q1	1997 Q2
223.0	225.4	227.4	230.1	231.5	233.3	234.7	237.0	238.4
200.2	202.0	203.4	205.9	207.5	209.2	210.7	213.2	215.1
208.1	210.1	211.5	214.3	215.8	217.1	218.3	220.8	222.8
205.8	207.8	209.8	212.5	215.1	218.0	220.5	223.4	225.8
255.6	259.1	262.2	266.1	267.7	271.0	273.1	276.3	277.2
249.4	252.6	255.1	257.9	259.0	262.3	264.7	—	—
205.2	207.8	210.3	214.3	215.5	218.1	219.6	—	—
202.3	205.5	208.9	211.7	213.9	216.5	218.1	—	—
203.6	204.6	206.2	208.4	209.9	211.1	212.1	213.8	215.6
233.9	235.4	237.4	240.1	242.3	243.7	245.3	247.6	249.8
140.0	140.4	141.2	142.5	142.9	143.6	143.6	144.5	145.4
166.0	167.4	167.3	169.3	169.5	170.6	171.3	172.4	173.3
166.3	165.2	167.8	168.7	169.3	169.8	168.8	169.7	171.2
101.9	102.5	103.4	104.1	104.4	104.7	105.2	105.8	105.9
106.8	107.1	107.0	107.4	107.5	107.5	107.9	108.7	108.8
109.6	109.6	109.6	105.5	105.5	105.5	105.5	105.8	105.8
106.1	106.1	106.0	107.5	107.7	107.8	108.2	109.2	109.4
109.3	110.0	111.4	112.2	112.3	112.7	113.4	113.5	113.6
109.2	109.9	111.5	112.2	112.2	112.5	113.2	113.4	113.4
108.6	109.1	110.9	111.5	111.6	111.6	112.4	112.5	112.5
103.6	103.6	107.8	107.8	107.8	107.8	109.1	109.1	109.1
109.6	109.3	110.6	111.7	112.5	111.9	112.5	110.7	110.0
111.1	112.0	112.6	113.6	113.4	113.6	114.2	114.8	115.1
112.5	114.0	114.8	115.6	115.8	116.6	117.0	117.4	117.5
111.1	111.8	111.8	112.3	112.5	113.4	114.4	115.3	115.9
105.9	105.8	108.0	107.1	107.1	105.9	104.4	104.8	104.9
113.2	115.1	115.8	116.9	117.1	118.1	118.6	119.0	119.0
102.8	104.2	105.6	108.2	109.5	110.7	111.6	113.3	113.9
102.7	104.4	106.2	108.6	110.1	111.2	112.1	113.7	114.4
103.2	104.2	105.1	108.2	109.1	110.4	111.4	113.3	113.8
103.4	106.0	105.0	105.3	105.2	105.3	105.3	105.8	106.1
210.3	211.2	213.4	213.8	214.6	215.2	215.2	218.1	218.2
255.8	257.6	261.8	262.5	265.1	266.8	267.0	271.0	272.5
186.6	186.6	187.5	188.3	184.5	183.3	184.2	186.1	183.9
140.8	141.5	142.1	143.5	143.4	142.6	142.7	142.9	143.2
131.8	135.1	136.7	136.8	139.8	140.2	140.3	140.3	140.4
128.0	128.8	128.7	130.3	130.1	129.7	130.1	127.8	128.1
154.1	154.5	156.2	157.4	158.1	156.3	155.8	158.5	158.9
121.8	122.9	122.6	122.2	119.7	119.8	119.5	120.4	119.9
137.9	137.1	138.7	140.7	140.7	141.0	141.7	145.9	146.5

Table 9
Percent Change in Medical Prices From the Same Period 1 Year Ago: 1993-97

Indicator	Calendar Year				1994 Q2	1994 Q3	1994 Q4	1995 Q1
	1993	1994	1995	1996				
Consumer Price Indexes, All Urban Consumers¹	Annual Percent Change Period of Previous Year				Percent Change From the Same			
Medical Care Services ²	6.5	5.2	5.0	3.7	5.1	5.0	5.2	5.5
Professional Services	5.1	4.3	4.4	3.7	4.2	4.1	4.5	4.7
Physicians' Services	5.6	4.4	4.5	3.6	4.5	4.2	4.3	4.5
Dental Services	5.3	4.8	4.9	4.7	4.5	4.8	5.4	5.7
Hospital and Related Services ³	8.4	5.9	5.0	4.5	5.8	5.7	5.4	5.3
Hospital Room	8.5	5.7	5.0	3.9	5.6	5.5	5.0	5.3
Other Inpatient Services (1986=100)	7.8	6.1	5.0	4.9	6.3	5.9	5.7	5.5
Outpatient Services (1986=100)	9.3	5.8	4.9	5.1	5.4	5.7	5.7	5.2
Medical Care Commodities	3.7	2.9	1.9	2.9	3.0	2.8	3.0	2.5
Prescription Drugs	3.9	3.4	1.9	3.3	4.0	3.2	3.4	2.4
Non-Prescription Drugs and Medical Supplies (1986=100)	3.3	1.9	1.8	1.9	0.9	2.0	2.1	2.8
Internal and Respiratory Over-the-Counter Drugs	3.3	1.5	0.6	1.9	1.3	0.8	0.9	1.1
Non-Prescription Medical Equipment and Supplies	3.3	2.7	3.9	1.7	0.1	4.2	4.4	5.8
Producer Price Indexes⁴								
Industry Groupings:⁵								
Health Services (12/94=100)	—	—	—	2.2	—	—	—	—
Offices and Clinics of Doctors of Medicine (12/93=100)	—	—	3.9	0.7	—	—	—	4.5
Medicare Treatments (12/93=100)	—	—	4.7	-3.7	—	—	—	4.7
Non-Medicare Treatments (12/93=100)	—	—	3.6	1.8	—	—	—	4.5
Hospitals (12/92=100)	—	3.6	3.5	2.4	3.6	3.6	3.5	4.0
General Medical and Surgical Hospitals (12/92=100)	—	3.5	3.7	2.4	3.5	3.5	3.4	4.0
Inpatient Treatments (12/92=100)	—	3.5	3.1	2.3	3.6	3.5	3.1	3.4
Medicare Patients (12/92=100)	—	2.0	2.0	3.3	2.3	2.3	1.3	1.3
Medicaid Patients (12/92=100)	—	4.6	2.5	2.2	4.7	5.0	4.5	4.0
All Other Patients (12/92=100)	—	4.0	3.7	1.8	4.1	3.8	3.9	4.4
Outpatient Treatments (12/92=100)	—	4.1	6.2	2.6	3.7	4.4	4.7	6.6
Medicare Patients (12/92=100)	—	3.1	4.0	1.7	2.6	3.0	4.6	4.5
Medicaid Patients (12/92=100)	—	1.7	2.9	-0.2	-0.3	2.7	3.1	3.8
All Other Patients (12/92=100)	—	4.4	6.9	3.0	4.3	4.8	4.8	7.2
Skilled and Intermediate Care Facilities (12/94=100)	—	—	—	6.1	—	—	—	—
Public Payors (12/94=100)	—	—	—	6.5	—	—	—	—
Private Payors (12/94=100)	—	—	—	5.9	—	—	—	—
Medical Laboratories (6/94=100)	—	—	—	1.3	—	—	—	—
Commodity Groupings:								
Drugs and Pharmaceuticals	4.5	2.5	2.4	1.8	2.6	2.1	2.3	1.9
Ethical (Prescription) Preparations	4.5	3.2	2.8	3.3	3.4	2.7	2.8	1.8
Proprietary (Over-the-Counter) Preparations	3.7	1.8	1.8	-0.8	1.8	1.6	1.6	2.3
Medical, Surgical, and Personal Aid Devices	3.0	1.8	0.7	1.3	1.6	2.0	1.6	0.5
Personal Aid Equipment	1.7	6.4	2.7	4.2	6.7	7.4	7.4	2.6
Medical Instruments and Equipment (6/82=100)	2.1	0.5	1.3	1.4	0.1	0.8	0.6	1.1
Surgical Appliances and Supplies (6/83=100)	4.1	3.1	-0.6	1.4	3.1	3.3	2.4	-0.8
Ophthalmic Goods (12/83=100)	0.9	0.6	2.2	-1.6	0.5	0.1	0.3	1.4
Dental Equipment and Supplies (6/85=100)	3.8	2.9	1.7	2.5	2.4	3.0	3.1	1.6

¹Unless otherwise noted, base year is 1982-84 = 100.

²Includes the net cost of private health insurance, not shown separately.

³The hospital services component of the CPI was revised effective January 1997. Hospital Room, Other Inpatient Services, and Outpatient Services are no longer shown as separate strata of the Hospital Services Index.

⁴Unless 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).

⁵Further detail for Producer Price Industry groupings, such as types of physician practices, hospital DRG groupings, etc., are available from the Bureau of Labor Statistics.

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-June 1997; U.S. Department of Labor, Bureau of Labor Statistics: *Producer Price Indexes*. Washington. U.S. Government Printing Office. Monthly reports for January 1992-June 1997.

Table 9—Continued
Percent Change in Medical Prices From the Same Period 1 Year Ago: 1993-97

1995 Q2	1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3	1996 Q4	1997 Q1	1997 Q2
Percent Change From the Same Period of Previous Year								
5.2	5.0	4.5	4.1	3.8	3.5	3.2	3.0	3.0
4.4	4.4	4.0	3.8	3.7	3.5	3.6	3.6	3.7
4.5	4.6	4.5	4.2	3.7	3.3	3.2	3.0	3.3
4.9	4.8	4.3	4.2	4.6	4.9	5.1	5.2	4.9
5.0	4.8	4.6	4.7	4.7	4.6	4.2	3.8	3.5
5.1	4.9	4.8	4.1	3.9	3.8	3.8	—	—
5.0	4.8	4.5	5.0	5.0	5.0	4.4	—	—
4.9	4.7	4.8	5.0	5.7	5.4	4.4	—	—
1.7	1.5	1.8	2.4	3.1	3.2	2.9	2.6	2.7
1.5	1.9	2.0	2.9	3.6	3.5	3.3	3.1	3.1
2.3	0.7	1.2	1.5	2.0	2.3	1.7	1.4	1.8
0.3	0.5	0.6	1.3	2.1	1.9	2.4	1.8	2.2
6.1	1.3	2.5	1.7	1.8	2.8	0.6	0.6	1.1
—	—	—	2.5	2.4	2.1	1.8	1.6	1.5
4.3	4.0	2.9	1.0	0.7	0.4	0.8	1.3	1.2
4.7	4.7	4.7	-3.7	-3.7	-3.7	-3.7	0.3	0.3
4.3	3.6	2.1	1.9	1.5	1.6	2.0	1.6	1.6
3.7	3.1	3.4	2.7	2.7	2.5	1.8	1.2	1.2
3.8	3.2	3.7	2.9	2.8	2.3	1.5	1.1	1.1
3.2	2.5	3.1	2.8	2.8	2.3	1.4	0.8	0.9
1.3	1.3	4.1	4.1	4.1	4.1	1.2	1.2	1.2
3.4	1.1	1.6	2.1	2.6	2.4	1.7	-0.9	-2.2
4.2	3.3	3.0	2.3	2.0	1.4	1.4	1.1	1.5
6.3	6.0	6.1	3.3	2.9	2.2	1.9	1.6	1.5
4.8	4.0	2.7	1.9	1.3	1.4	2.3	2.7	3.0
4.6	0.6	2.8	1.3	1.2	0.1	-3.4	-2.1	-2.1
6.7	6.8	6.9	3.7	3.4	2.6	2.4	1.8	1.6
—	—	—	6.1	6.5	6.2	5.7	4.7	4.0
—	—	—	6.6	7.2	6.5	5.5	4.7	4.0
—	—	—	5.9	5.8	6.0	6.0	4.7	4.2
—	5.9	5.1	3.7	1.8	-0.6	0.3	0.5	0.9
2.2	2.4	3.1	2.5	2.0	1.9	0.8	2.0	1.7
2.3	3.0	4.2	3.9	3.6	3.6	2.0	3.2	2.8
2.2	1.2	1.6	1.5	-1.1	-1.8	-1.8	-1.2	-0.3
0.4	0.6	1.2	2.0	1.8	0.8	0.4	-0.4	-0.2
0.7	3.2	4.4	4.3	6.1	3.8	2.6	2.6	0.4
1.1	1.6	1.4	2.0	1.6	0.8	1.1	-1.9	-1.5
-1.0	-1.0	0.6	2.0	2.6	1.1	-0.3	0.7	0.5
2.1	2.9	2.3	0.4	-1.8	-2.5	-2.5	-1.5	0.1
2.2	0.8	2.2	3.2	2.0	2.8	2.2	3.6	4.1

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: 1995-99

Expense Category ¹	Price/Wage Variable	Base Year	1995	1995	1996	1996
		Weights FY 92 ²	Q3	Q4	Q1	Q2
Index Levels:						
Total	—	100.000	110.3	110.7	111.4	112.1
Compensation	—	61.390	110.8	111.5	112.5	113.2
Wages and Salaries	HCFA Occupational Wage Index ⁴	50.244	110.0	110.8	111.9	112.6
Employee Benefits	HCFA Occupational Benefits Index ⁴	11.146	114.2	114.6	115.4	116.0
Other Professional Fees	ECI-W/S: Professional/Technical (Private)	2.127	111.6	112.1	113.5	114.4
Energy and Utilities ³	—	1.542	109.5	105.3	106.4	108.7
Professional Liability	—	—	—	—	—	—
Insurance	HCFA-Professional Liability Premium	1.189	98.2	98.2	98.7	98.6
All Other	—	33.752	109.9	109.9	110.0	110.6
Other Products ³	—	24.825	110.1	110.1	110.0	110.6
Pharmaceuticals	PPI-Prescription Drugs	4.162	112.7	114.6	114.9	116.0
Food: Direct Purchase	PPI-Processed Foods	2.314	104.4	106.3	106.8	108.7
Food: Contract Service	CPI-Food Away From Home	1.072	106.6	107.2	107.7	108.4
Chemicals	PPI-Industrial Chemicals	3.666	118.8	115.0	114.6	116.8
Medical Instruments	PPI-Medical Instruments/Equipment	3.080	105.0	104.9	106.3	106.1
Rubber and Plastics	PPI-Rubber/Plastic Products	4.750	109.1	108.6	107.8	107.7
Paper Products	PPI-Converted Paper and Paperboard	2.078	119.6	119.9	117.6	114.4
Miscellaneous Products	PPI-Finished Goods	2.236	104.4	105.0	105.6	106.9
Other Services ³	—	8.927	109.1	109.5	110.0	110.7
All other: Labor Intensive	ECI-Comp: Service Workers	7.277	109.5	109.9	110.4	111.0
4-Quarter Moving-Average Percent Change:						
Total	—	100.000	3.2	3.1	2.9	2.6
Compensation	—	61.390	2.7	2.6	2.6	2.7
Wages and Salaries	HCFA Occupational Wage Index ⁴	50.244	2.7	2.6	2.7	2.8
Employee Benefits	HCFA Occupational Benefits Index ⁴	11.146	2.7	2.4	2.4	2.2
Other Professional Fees	ECI-W/S: Professional/Technical (Private)	2.127	2.6	2.4	2.6	2.8
Energy and Utilities ³	—	1.542	0.3	0.2	0.3	0.8
Professional Liability	—	—	—	—	—	—
Insurance	HCFA-Professional Liability Premium	1.189	-3.3	-3.2	-2.6	-1.8
All Other	—	33.752	4.5	4.5	3.8	2.8
Other Products ³	—	24.825	5.1	5.2	4.4	3.1
Pharmaceuticals	PPI-Prescription Drugs	4.162	2.5	2.8	3.3	3.7
Food: Direct Purchase	PPI-Processed Foods	2.314	0.1	1.2	2.2	3.8
Food: Contract Service	CPI-Food Away From Home	1.072	2.1	2.3	2.3	2.3
Chemicals	PPI-Industrial Chemicals	3.666	14.7	12.4	7.4	2.2
Medical Instruments	PPI-Medical Instruments/Equipment	3.080	1.1	1.3	1.5	1.6
Rubber and Plastics	PPI-Rubber/Plastic Products	4.750	5.6	5.7	4.4	2.5
Paper Products	PPI-Converted Paper and Paperboard	2.078	13.4	14.9	13.1	8.5
Miscellaneous Products	PPI-Finished Goods	2.236	1.7	1.9	2.0	2.1
Other Services ³	—	8.927	2.6	2.4	2.2	2.1
All other: Labor Intensive	ECI-Comp: Service Workers	7.277	2.5	2.2	2.1	2.0

¹ For data sources used to estimate the input price index relative weights and choice of price proxies, see the August 29, 1997 *Federal Register*. For the most recent PPS update for payment rates, see the August 29, 1997 *Federal Register*.

² Category weights may not sum to total or subtotals because of detail not included.

³ 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 (0.369), Electricity (0.927), and Water and Sewage (0.246). *Other Products*: Photographic Supplies (0.391), Apparel (0.869), and Machinery and Equipment (0.207). *Other Services*: Telephone (0.581), Postage (0.272), and Other Non-Labor Intensive (0.796).

⁴ 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: 1995-99

1996 Q3	1996 Q4	1997 Q1	1997 Q2	Forecast							
				1997 Q3	1997 Q4	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1	1999 Q2
112.8	113.1	113.7	114.2	115.1	115.7	116.5	117.1	118.2	118.8	119.7	120.4
114.0	114.5	115.3	116.1	117.0	117.9	118.8	119.4	120.5	121.4	122.4	123.1
113.5	114.0	114.8	115.7	116.7	117.7	118.5	119.2	120.3	121.2	122.1	122.8
116.5	116.7	117.1	117.6	118.4	118.9	119.9	120.4	121.7	122.4	123.9	124.5
115.0	115.4	116.1	117.3	118.2	118.9	119.9	120.5	121.8	122.6	123.7	124.4
112.2	108.7	110.7	109.3	114.1	110.0	110.0	111.2	115.4	111.0	110.9	112.5
98.4	97.9	97.1	96.7	96.5	96.5	96.7	96.7	97.0	97.5	98.1	98.5
111.0	111.3	111.4	111.6	112.0	112.4	113.2	113.7	114.5	114.9	115.7	116.3
111.8	111.8	110.7	110.7	111.0	111.2	111.8	112.2	112.9	113.2	113.9	114.6
116.8	116.9	118.6	119.7	120.4	120.8	123.0	124.1	125.0	125.6	128.0	129.5
111.2	110.7	109.5	111.5	110.0	109.8	110.6	111.2	111.7	111.4	112.2	112.9
109.3	110.3	111.0	111.6	112.6	113.4	114.6	115.7	116.6	117.5	118.8	119.9
116.7	116.6	116.8	115.6	116.6	115.6	115.0	114.4	116.3	116.5	116.7	117.2
105.8	106.1	104.3	105.0	105.3	105.9	105.6	106.3	106.7	107.1	106.8	107.3
108.1	107.7	107.2	107.3	107.3	107.2	107.1	107.3	107.6	107.3	107.2	107.5
112.1	111.8	111.1	108.9	109.1	111.2	113.0	114.4	114.9	116.0	116.9	118.0
107.3	108.1	107.8	107.2	106.9	107.6	108.1	108.5	108.7	109.2	109.6	110.1
111.4	112.5	113.3	114.1	114.8	115.9	117.3	117.8	118.7	119.6	120.8	121.1
111.7	113.0	113.8	114.8	115.5	116.8	118.0	118.4	119.3	120.4	121.7	121.9
2.4	2.3	2.2	2.1	2.0	2.0	2.2	2.3	2.5	2.6	2.7	2.7
2.8	2.8	2.7	2.6	2.6	2.6	2.8	2.9	3.0	3.0	3.0	3.1
2.9	3.0	2.9	2.9	2.8	2.9	3.0	3.1	3.1	3.1	3.0	3.0
2.1	2.0	1.8	1.7	1.6	1.6	1.8	2.0	2.3	2.6	2.9	3.1
3.0	3.1	2.9	2.7	2.6	2.7	2.9	3.0	3.1	3.0	3.0	3.1
1.4	2.2	3.0	2.6	2.4	1.9	0.7	1.0	0.9	0.8	1.2	1.0
-0.9	-0.3	-0.5	-0.9	-1.4	-1.7	-1.4	-0.9	-0.3	0.3	0.8	1.2
1.9	1.3	1.2	1.1	1.1	1.0	1.1	1.4	1.7	2.0	2.1	2.2
1.8	1.1	0.7	0.5	0.4	0.3	0.4	0.7	1.1	1.5	1.7	1.9
3.7	3.8	3.3	3.1	3.0	2.9	3.2	3.3	3.5	3.6	3.8	3.9
5.0	5.0	4.7	3.7	1.8	0.6	0.2	-0.1	0.6	1.1	1.3	1.5
2.3	2.5	2.7	2.9	3.0	3.0	3.0	3.2	3.3	3.5	3.6	3.6
-1.0	-1.3	-0.4	0.1	0.6	0.0	-0.9	-0.9	-0.9	-0.5	0.2	1.1
1.4	1.4	0.4	-0.3	-0.6	-0.9	-0.1	0.5	0.9	1.2	1.2	1.1
0.7	-0.4	-0.8	-0.7	-0.6	-0.5	-0.4	-0.3	-0.1	0.1	0.1	0.2
2.5	-2.3	-5.0	-5.9	-5.0	-3.5	-1.6	0.9	2.9	4.1	4.5	4.0
2.4	2.6	2.6	2.0	1.2	0.4	-0.1	0.1	0.7	1.1	1.4	1.5
2.0	2.1	2.4	2.7	3.0	3.1	3.2	3.2	3.3	3.3	3.2	3.1
1.9	2.2	2.5	2.9	3.2	3.3	3.5	3.4	3.4	3.3	3.2	3.1

NOTES: A dash (—) in the Price/Wage Variable column denotes a total or subtotal produced by adding 2 or more categories. ECI 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. Comp is Compensation. 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 a 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 a 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. Third quarter 1997 forecasts were produced under contract to HCFA by Standard & Poor's DRI.

Table 11
Quarterly Index Levels and Four-Quarter Moving-Average Percent Change in the
Skilled Nursing Facility Input Price Index, by Expense Category: 1995-99

Expense Category ¹	Price/Wage Variable	Base Year	1995	1995	1996	1996
		Weights CY 77 ²	Q3	Q4	Q1	Q2
Index Levels						
Total	—	100.000	265.1	266.8	269.5	270.7
Compensation	—	70.620	271.0	272.7	275.4	275.7
Wages and Salaries	AHE-Nursing Facilities	63.020	268.9	270.8	273.8	274.0
Employee Benefits	BEA-Supplement to Wages/ Salaries per Worker	7.600	288.2	288.0	288.3	289.9
Fuel and Other Energy	—	4.270	232.4	231.6	239.9	245.2
Fuel Oil and Coal	IPD-Fuel Oil and Coal	1.660	204.9	201.4	219.0	226.3
Electricity	IPD-Electricity	1.210	227.9	230.0	229.5	230.1
Natural Gas	IPD-Natural Gas	0.910	234.9	233.9	238.3	245.1
Water and Sewage						
Maintenance	CPI(U)-Water and Sewage	0.490	331.8	333.4	339.6	347.0
Food	—	9.740	199.1	201.6	202.5	205.3
Direct Purchase	PPI-Processed Foods	4.930	171.9	175.4	176.2	179.3
Contract Service	CPI(U)-Food and Beverages	4.810	227.0	228.6	229.6	232.0
All Other	—	15.370	288.9	291.0	293.3	296.1
Pharmaceuticals	PPI-Prescription Drugs	1.500	391.8	398.3	399.4	403.3
Supplies	CPI(U)-All Items	3.280	252.2	253.4	255.7	258.3
Health Services	CPI(U)-Physicians' Services	1.210	359.1	361.5	366.3	368.8
Other Business Services	CPI(U)-Services	4.590	301.2	303.4	305.5	308.3
Miscellaneous Costs	CPI(U)-All Items	4.790	252.2	253.4	255.7	258.3
4-Quarter Moving-Average Percent Change						
Total	—	100.000	2.8	2.7	2.6	2.6
Compensation	—	70.620	3.0	2.8	2.6	2.4
Wages and Salaries	AHE-Nursing Facilities	63.020	3.5	3.2	3.0	2.7
Employee Benefits	BEA-Supplement to Wages/ Salaries per Worker	7.600	-0.3	-0.7	-0.6	-0.2
Fuel and Other Energy	—	4.270	-0.3	-0.3	0.9	2.4
Fuel Oil and Coal	IPD-Fuel Oil and Coal	1.660	-0.8	-0.6	2.3	5.1
Electricity	IPD-Electricity	1.210	1.6	2.2	2.3	2.3
Natural Gas	IPD-Natural Gas	0.910	-4.4	-5.1	-4.5	-2.6
Water and Sewage						
Maintenance	CPI(U)-Water and Sewage	0.490	3.5	3.1	3.2	3.8
Food	—	9.740	1.6	2.1	2.5	3.1
Direct Purchase	PPI-Processed Foods	4.930	0.1	1.2	2.2	3.8
Contract Service	CPI(U)-Food and Beverages	4.810	2.8	2.8	2.7	2.6
All Other	—	15.370	3.1	3.2	3.2	3.2
Pharmaceuticals	PPI-Prescription Drugs	1.500	2.5	2.8	3.3	3.7
Supplies	CPI(U)-All Items	3.280	2.8	2.8	2.8	2.7
Health Services	CPI(U)-Physicians' Services	1.210	4.5	4.5	4.5	4.3
Other Business Services	CPI(U)-Services	4.590	3.3	3.4	3.4	3.3
Miscellaneous Costs	CPI(U)-All Items	4.790	2.8	2.8	2.8	2.7

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

²Category 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. Third quarter 1997 forecasts were produced under contract to HCFA by Standard & Poor's DRI.

Table 11—Continued
Quarterly Index Levels and Four-Quarter Moving-Average Percent Change in the
Skilled Nursing Facility Input Price Index, by Expense Category: 1995-99

1996 Q3	1996 Q4	1997 Q1	1997 Q2	Forecast							
				1997 Q3	1997 Q4	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1	1999 Q2
272.5	275.0	277.6	278.8	280.3	283.2	286.3	287.9	290.0	292.4	295.8	297.7
277.5	279.9	282.8	284.5	286.5	289.8	293.5	295.1	297.5	300.3	304.3	306.1
276.0	278.5	281.6	283.3	285.4	288.9	292.7	294.3	296.6	299.4	303.4	305.2
290.4	291.1	293.4	294.2	295.5	297.8	300.2	302.3	304.9	307.4	311.4	313.7
243.7	253.9	257.8	248.4	245.4	247.2	247.6	246.6	246.7	246.5	247.0	247.6
220.1	241.9	242.6	226.5	223.0	225.7	224.6	221.9	220.6	218.9	217.9	217.0
231.6	231.6	231.7	233.1	232.8	233.0	232.8	231.8	230.6	230.3	230.3	230.8
249.6	256.4	272.0	254.3	244.3	245.6	246.6	246.1	247.1	248.6	250.1	251.6
342.9	344.8	347.2	349.1	354.3	357.6	363.6	367.7	374.0	376.4	381.2	385.6
208.8	209.8	209.2	210.2	210.4	211.5	212.4	213.3	214.4	215.4	216.5	217.8
183.0	182.4	180.8	182.3	181.4	182.2	182.8	183.5	184.2	184.8	185.5	186.3
235.3	238.0	238.2	238.8	240.1	241.6	242.7	243.9	245.3	246.8	248.3	250.0
298.1	300.0	302.5	304.4	306.3	308.2	310.8	313.4	315.8	317.8	320.6	323.6
405.9	406.2	412.3	416.1	418.7	419.8	427.5	431.3	434.4	436.5	445.1	450.1
259.6	261.5	263.3	264.3	265.8	267.3	268.6	270.9	272.8	274.2	275.6	278.0
371.1	373.2	377.4	380.9	383.9	387.1	392.1	396.5	400.0	403.5	408.7	413.4
311.2	313.6	315.9	318.1	320.2	322.8	325.3	327.9	330.5	333.0	335.8	338.6
259.6	261.5	263.3	264.3	265.8	267.3	268.6	270.9	272.8	274.2	275.6	278.0
2.6	2.8	2.9	3.0	3.0	3.0	3.0	3.1	3.2	3.3	3.3	3.4
2.4	2.4	2.5	2.7	2.9	3.2	3.4	3.6	3.7	3.7	3.7	3.7
2.6	2.7	2.7	2.9	3.1	3.3	3.6	3.7	3.9	3.9	3.8	3.7
0.2	0.6	1.1	1.3	1.5	1.8	2.0	2.3	2.6	2.9	3.2	3.5
3.6	6.0	6.9	5.8	4.7	1.6	-1.2	-1.7	-1.7	-1.1	-0.2	0.1
6.7	11.8	12.2	9.3	7.8	1.2	-3.3	-3.8	-4.4	-3.5	-2.3	-2.3
2.2	1.6	1.4	1.2	0.9	0.8	0.7	0.3	-0.1	-0.5	-0.9	-0.9
0.3	4.0	8.1	8.4	6.2	2.7	-3.2	-4.8	-4.1	-2.7	0.1	1.5
3.9	4.1	3.6	2.4	2.4	2.5	3.1	4.3	4.8	5.2	5.2	5.1
3.8	4.0	4.1	3.6	2.6	1.8	1.4	1.1	1.4	1.7	1.8	1.9
5.0	5.0	4.7	3.7	1.8	0.8	0.4	0.2	0.8	1.2	1.3	1.5
2.9	3.3	3.6	3.6	3.2	2.5	2.1	1.9	1.9	2.1	2.2	2.3
3.2	3.1	3.1	3.1	2.9	2.9	2.8	2.8	2.9	3.0	3.1	3.2
3.8	3.3	3.1	3.0	2.9	3.2	3.3	3.5	3.6	3.8	3.9	4.1
2.8	2.9	3.0	2.9	2.7	2.5	2.2	2.3	2.3	2.4	2.6	2.6
3.9	3.6	3.3	3.2	3.2	3.4	3.6	3.8	4.0	4.1	4.2	4.2
3.3	3.3	3.3	3.3	3.2	3.1	3.0	3.0	3.1	3.1	3.2	3.2
2.8	2.9	3.0	2.9	2.7	2.5	2.2	2.3	2.3	2.4	2.6	2.6

Table 12
Quarterly Index Levels and Four-Quarter Moving-Average Percent Change of the
Home Health Agency (HHA) Input Price Index, by Expense Category: 1995-99

Expense Category ¹	Price/Wage Variable	Base Year				
		Weights FY93 ⁴	1995 Q3	1995 Q4	1996 Q1	1996 Q2
Index Levels						
Total	—	100.000	106.9	107.5	108.4	109.1
Compensation ²	—	77.668	106.7	107.4	108.2	108.9
Wages and Salaries ²	HHA Occupational Wage Index ⁵	64.226	106.6	107.3	108.2	108.9
Employee Benefits ²	HHA Occupational Benefits Index ⁵	13.442	107.5	107.8	108.4	108.9
Operations and Maintenance	CPI(U)-Fuel and Other Utilities	0.832	103.9	102.5	103.7	105.3
Administrative and General ³	—	9.569	108.2	108.8	109.7	110.4
Telephone	CPI(U)-Telephone Services	0.725	102.8	103.0	103.5	103.6
Paper and Printing	CPI(U)-Household Paper Products	0.529	109.6	112.4	113.8	114.4
Postage	CPI(U)-Postage	0.724	110.3	110.3	110.3	110.3
Other Administrative	—	—	—	—	—	—
Costs ³	CPI(U)-Services	7.591	108.5	108.9	110.0	110.8
Transportation	CPI(U)-Private Transportation	3.405	107.5	107.5	108.5	111.1
Capital-Related	—	3.204	106.5	107.2	107.7	108.0
Insurance	CPI(U)-Household Insurance	0.560	108.6	108.3	109.0	109.9
Fixed Capital	CPI(U)-Owner's Equivalent Rent	1.764	108.0	109.1	109.9	110.4
Movable Capital	PPI-Machinery and Equipment	0.880	102.2	102.6	102.7	102.1
Other Expenses ³	CPI(U)-All Items Less Food and Energy	5.322	107.0	107.8	108.7	109.3
4-Quarter Moving-Average Percent Change						
Total	—	100.000	2.8	2.7	2.7	2.6
Compensation ²	—	77.668	2.7	2.6	2.5	2.5
Wages and Salaries ²	HHA Occupational Wage Index ⁵	64.226	2.7	2.6	2.6	2.7
Employee Benefits ²	HHA Occupational Benefits Index ⁵	13.442	2.5	2.2	2.1	1.9
Operations and Maintenance	CPI(U)-Fuel and Other Utilities	0.832	0.5	0.7	1.1	1.7
Administrative and General ³	—	9.569	3.5	3.9	3.8	3.6
Telephone	CPI(U)-Telephone Services	0.725	0.8	0.8	0.7	0.8
Paper and Printing	CPI(U)-Household Paper Products	0.529	3.9	6.5	8.6	9.4
Postage	CPI(U)-Postage	0.724	7.7	10.3	7.5	4.9
Other Administrative	—	—	—	—	—	—
Costs ³	CPI(U)-Services	7.591	3.3	3.4	3.4	3.3
Transportation	CPI(U)-Private Transportation	3.405	4.4	3.7	2.9	2.3
Capital-Related	—	3.204	2.8	2.8	2.6	2.4
Insurance	CPI(U)-Household Insurance	0.560	3.9	3.3	2.5	1.8
Fixed Capital	CPI(U)-Owner's Equivalent Rent	1.764	3.4	3.3	3.4	3.4
Movable Capital	PPI-Machinery and Equipment	0.880	1.0	1.2	1.1	0.8
Other Expenses ³	CPI(U)-All Items less Food and Energy	5.322	2.9	3.0	3.0	2.9

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

²Includes allocated Contract Services' Labor.

³Includes allocated Contract Services' Non-Labor.

⁴Category weights may not sum to total because of rounding.

⁵The 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 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. Third quarter 1997 forecasts were produced under contract to HCFA by Standard & Poor's DRI.

Table 12—Continued

Quarterly Index Levels and Four-Quarter Moving-Average Percent Change in the Home Health Agency (HHA) Input Price Index, by Expense Category: 1995-99

1996 Q3	1996 Q4	1997 Q1	1997 Q2	Forecast							
				1997 Q3	1997 Q4	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1	1999 Q2
109.8	110.5	111.3	112.0	112.8	113.7	114.7	115.4	116.4	117.3	118.3	119.0
109.7	110.4	111.1	112.0	112.9	113.8	114.8	115.3	116.3	117.3	118.3	118.8
109.8	110.5	111.4	112.2	113.2	114.2	115.1	115.7	116.7	117.7	118.6	119.2
109.2	109.6	110.1	110.7	111.4	112.0	113.1	113.5	114.6	115.3	116.8	117.2
107.4	106.9	108.4	107.8	109.8	107.8	109.1	109.9	111.6	110.0	111.3	112.2
111.4	111.8	112.8	113.3	114.3	114.6	116.6	117.2	118.4	118.8	120.0	120.7
104.8	105.3	105.8	106.2	106.8	106.4	107.1	107.9	108.4	108.7	109.9	110.9
113.3	113.8	114.2	114.4	113.1	112.3	112.8	113.4	114.2	114.9	115.6	116.1
110.3	110.3	110.3	110.3	110.3	110.3	122.3	122.3	122.3	122.3	122.3	122.3
112.0	112.5	113.6	114.2	115.5	116.0	117.2	117.9	119.2	119.8	121.1	121.7
110.4	111.3	111.7	111.1	110.8	111.9	112.2	114.9	115.5	116.8	116.9	119.5
108.8	109.4	109.9	110.6	111.4	112.4	113.1	113.8	115.1	115.9	116.6	117.5
111.5	112.3	112.2	113.1	114.2	115.3	116.2	117.3	118.4	119.2	120.1	121.1
111.3	112.2	113.1	114.2	115.2	116.5	117.1	117.9	119.6	120.7	121.3	122.3
102.0	101.9	102.0	101.8	102.1	102.4	103.1	103.5	104.0	104.4	105.0	105.4
109.8	110.6	111.4	112.1	112.7	113.7	114.4	115.4	116.4	117.7	118.5	119.6
2.7	2.7	2.7	2.7	2.7	2.8	2.9	3.0	3.1	3.1	3.1	3.1
2.6	2.7	2.7	2.8	2.8	2.9	3.0	3.1	3.1	3.1	3.0	3.1
2.8	2.9	3.0	3.0	3.0	3.1	3.2	3.2	3.2	3.2	3.1	3.1
1.8	1.7	1.6	1.6	1.7	1.9	2.2	2.3	2.6	2.7	2.9	3.1
2.4	3.1	3.8	3.6	3.3	2.5	1.5	1.4	1.3	1.6	1.9	1.9
3.3	3.0	2.9	2.8	2.7	2.6	2.8	3.0	3.2	3.5	3.4	3.3
1.2	1.5	1.8	2.2	2.2	1.9	1.7	1.5	1.4	1.7	2.0	2.3
7.9	5.6	3.1	1.2	0.3	-0.3	-0.7	-0.9	-0.6	0.3	1.2	2.0
2.4	0.0	0.0	0.0	0.0	0.0	2.7	5.4	8.1	10.9	7.9	5.2
3.3	3.2	3.2	3.2	3.2	3.1	3.1	3.2	3.2	3.2	3.2	3.3
2.3	2.8	3.0	2.3	1.7	0.9	0.3	1.2	2.2	3.1	4.0	4.2
2.3	2.2	2.1	2.1	2.2	2.4	2.6	2.8	3.0	3.1	3.1	3.2
1.8	2.3	2.7	3.0	3.0	2.7	2.9	3.1	3.4	3.6	3.5	3.4
3.3	3.2	3.0	3.1	3.2	3.4	3.5	3.5	3.6	3.6	3.6	3.7
0.5	0.0	-0.4	-0.5	-0.4	-0.1	0.3	0.8	1.3	1.6	1.8	1.9
2.8	2.7	2.6	2.6	2.6	2.6	2.7	2.8	3.0	3.1	3.3	3.5

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: 1995-99

Expense Category ¹	Price/Wage Variable	Base Year	1995	1995	1996	1996
		Weights CY 89 ²	Q3	Q4	Q1	Q2
Index Levels						
Total	—	100.000	115.7	116.5	117.3	117.8
Physician Earnings	—	54.155	113.2	114.3	114.9	115.2
Wages and Salaries	AHE-Private ³	45.342	110.7	112.0	112.7	113.0
Benefits	ECI-Benefits, Private ³	8.813	126.0	126.0	126.4	126.9
Practice Expenses	—	45.845	118.7	119.2	120.1	120.7
Non-Physician Compensation	—	16.296	116.8	117.3	118.3	118.8
Wages and Salaries	—	13.786	115.0	115.6	116.6	117.2
Professional/Technical	ECI-W/S: Professional/Technical ³	3.790	116.1	116.6	118.0	118.7
Managers	ECI-W/S: Administrative/Managerial ³	2.620	114.9	115.6	116.8	117.4
Clerical	ECI-W/S: Clerical ³	5.074	115.5	116.2	117.1	117.6
Craft	ECI-W/S: Craft ³	0.069	112.7	112.8	113.6	114.6
Services	ECI-W/S: Service Occupations ³	2.233	112.2	112.5	113.1	113.6
Employee Benefits	ECI-Benefits, Private White Collar ³	2.510	126.9	126.7	127.4	127.8
Office Expenses	CPI(U)-Housing	10.280	121.5	121.6	122.9	123.7
Medical Materials/Supplies	PPI-Drugs/PPI-Surgical/CPI-Medical Supplies	5.251	128.2	130.1	130.8	131.6
Professional Liability Insurance	HCFA-Professional Liability Premiums	4.780	103.8	104.0	103.9	103.4
Medical Equipment	PPI-Medical Instruments/Equipment	2.348	111.1	111.0	112.4	112.2
Other Professional Expenses	—	6.890	124.4	125.2	126.2	127.4
Automobile	CPI(U)-Private Transportation	1.400	120.8	120.9	122.0	124.9
All Other	CPI(U)-All Items Less Food/Energy	5.490	125.3	126.3	127.3	128.0
4-Quarter Moving-Average Percent Change						
Total	—	100.000	1.9	1.9	2.0	2.1
Physician Earnings	—	54.155	1.8	1.8	1.8	2.0
Wages and salaries	AHE-Private ³	45.342	1.8	1.9	2.0	2.2
Benefits	ECI-Benefits, Private ³	8.813	1.9	1.5	1.2	1.0
Practice Expenses	—	45.845	2.0	2.1	2.1	2.2
Non-Physician Compensation	—	16.296	2.1	2.0	1.9	2.0
Wages & Salaries	—	13.786	2.0	1.9	2.0	2.1
Professional/Technical	ECI-W/S: Professional/Technical ³	3.790	1.7	1.7	1.8	2.1
Managers	ECI-W/S: Administrative/Managerial ³	2.620	2.2	2.2	2.2	2.4
Clerical	ECI-W/S: Clerical ³	5.074	2.1	2.1	2.1	2.1
Craft	ECI-W/S: Craft ³	0.069	1.9	1.9	2.0	2.1
Services	ECI-W/S: Service Occupations ³	2.233	1.8	1.7	1.6	1.6
Employee Benefits	ECI-Benefits, Private White Collar ³	2.510	2.6	2.2	1.8	1.4
Office Expenses	CPI(U)-Housing	10.280	2.4	2.5	2.7	2.8
Medical Materials/Supplies	PPI-Drugs/PPI-Surgical/CPI-Medical Supplies	5.251	2.3	2.1	2.2	2.2
Professional Liability Insurance	HCFA-Professional Liability Premiums	4.780	-0.8	-0.2	0.5	0.9
Medical Equipment	PPI-Medical Instruments/Equipment	2.348	1.1	1.3	1.5	1.6
Other Professional Expenses	—	6.890	3.2	3.1	3.0	2.8
Automobile	CPI(U)-Private Transportation	1.400	4.4	3.7	2.9	2.3
All Other	CPI(U)-All Items less Food/Energy	5.490	2.9	3.0	3.0	2.9

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

²Category weights may not sum to total because of rounding.

³Series 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 and 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. Third quarter 1997 forecasts were produced under contract to HCFA by Standard & Poor's DRI.

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: 1995-99

1996 Q3	1996 Q4	1997 Q1	1997 Q2	Forecast							
				1997 Q3	1997 Q4	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1	1999 Q2
118.3	119.1	120.0	120.3	120.8	121.8	122.7	123.3	123.9	124.9	125.8	126.3
115.8	117.1	118.1	118.2	118.4	119.7	120.5	120.8	121.2	122.4	123.2	123.4
113.5	115.1	116.2	116.2	116.4	118.0	118.7	118.9	119.2	120.6	121.3	121.4
127.3	127.5	128.0	128.4	128.6	129.0	130.0	130.6	131.3	131.7	133.3	134.0
121.2	121.4	122.3	122.9	123.7	124.3	125.3	126.2	127.2	127.8	128.8	129.7
119.7	120.1	121.0	121.7	122.5	123.2	124.0	124.5	125.3	126.0	127.0	127.4
118.1	118.5	119.4	120.3	121.1	121.9	122.7	123.1	124.0	124.7	125.5	125.9
119.2	119.2	120.0	121.0	121.8	122.4	123.1	123.5	124.6	125.1	125.8	126.2
119.1	119.2	120.5	121.3	122.2	123.0	123.8	124.3	125.4	126.1	127.0	127.5
118.5	118.9	119.9	120.7	121.6	122.3	123.3	123.7	124.4	125.1	126.1	126.5
114.8	115.4	115.8	117.0	117.8	118.3	118.9	119.7	120.6	121.0	121.8	122.5
114.4	115.6	116.2	116.9	117.4	118.7	119.5	119.7	120.4	121.4	122.2	122.1
128.6	128.6	129.3	129.7	130.1	130.4	131.5	132.2	132.8	133.3	135.0	135.7
125.1	125.2	126.5	127.0	128.4	128.7	130.1	131.2	132.6	132.9	133.9	135.0
131.5	131.2	132.8	133.6	134.3	134.2	136.0	137.1	137.8	138.0	140.0	141.4
102.1	101.6	101.7	102.2	103.0	103.5	104.2	105.1	106.3	107.2	108.0	108.7
111.9	112.2	110.3	110.4	110.7	111.3	111.0	111.7	112.2	112.5	112.2	112.8
127.7	128.6	129.5	130.0	130.4	131.7	132.4	133.9	135.0	136.5	137.2	138.8
124.1	125.1	125.5	124.9	124.5	125.8	126.2	129.1	129.8	131.2	131.3	134.3
128.6	129.5	130.5	131.3	131.9	133.2	134.0	135.2	136.3	137.8	138.7	140.0
2.2	2.2	2.3	2.2	2.2	2.2	2.2	2.3	2.4	2.4	2.5	2.5
2.1	2.2	2.5	2.5	2.5	2.5	2.3	2.2	2.2	2.2	2.3	2.3
2.3	2.5	2.7	2.8	2.8	2.7	2.5	2.4	2.3	2.3	2.3	2.3
1.0	1.0	1.1	1.2	1.2	1.1	1.2	1.4	1.6	1.9	2.1	2.3
2.3	2.2	2.0	1.9	1.9	2.0	2.2	2.4	2.6	2.7	2.8	2.8
2.1	2.2	2.3	2.4	2.3	2.4	2.5	2.4	2.4	2.4	2.3	2.3
2.3	2.4	2.5	2.6	2.5	2.6	2.7	2.6	2.6	2.4	2.3	2.3
2.4	2.5	2.3	2.1	2.0	2.1	2.4	2.4	2.4	2.3	2.2	2.2
2.8	3.0	3.2	3.3	3.1	3.1	2.9	2.7	2.7	2.6	2.6	2.6
2.3	2.3	2.4	2.5	2.5	2.6	2.7	2.7	2.6	2.5	2.3	2.3
2.1	2.2	2.1	2.1	2.3	2.3	2.5	2.5	2.5	2.4	2.3	2.3
1.6	2.0	2.3	2.6	2.8	2.8	2.8	2.6	2.6	2.5	2.3	2.2
1.2	1.2	1.3	1.4	1.4	1.4	1.4	1.6	1.8	2.0	2.2	2.4
2.9	2.9	2.9	2.9	2.8	2.8	2.7	2.9	3.1	3.2	3.2	3.1
2.6	2.2	1.9	1.6	1.5	1.9	2.1	2.3	2.5	2.6	2.7	2.9
0.3	-0.5	-1.4	-1.8	-1.2	-0.2	1.0	2.0	2.6	3.1	3.4	3.5
1.4	1.4	0.4	-0.4	-0.9	-1.4	-0.7	0.0	0.6	1.1	1.2	1.1
2.7	2.7	2.7	2.5	2.4	2.3	2.2	2.5	2.8	3.1	3.5	3.6
2.3	2.8	3.0	2.3	1.7	0.9	0.3	1.2	2.2	3.1	4.0	4.2
2.8	2.7	2.6	2.6	2.6	2.6	2.7	2.8	3.0	3.1	3.3	3.5