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# Health Care Indicators

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

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

### KEY FIRST QUARTER 1997 TRENDS:

- The adult occupancy rate at community hospitals increased 1.0 percent from the first quarter of 1996 to the first quarter of 1997, a change in the pattern of declining occupancy rates observed since 1992.
- Outpatient revenues continued to increase as a share of total patient revenues at community hospitals in the first quarter of 1997. The shift from inpatient to outpatient settings has accelerated in recent years.
- Assets held by the Medicare Hospital Insurance (HI) Trust Fund fell 3.3 percent in the first quarter of 1997, measured from the same period one year earlier. This was the sixth consecutive quarterly decline, measured from the same period of the previous year. The Medicare provisions in the Balanced

Budget Act of 1997 P.L. 105-33) will help slow this decline and postpone the depletion of the trust fund to about 2010—9 years later than estimated prior to the new legislation.

- Despite the relatively strong growth in implied non-supervisory payrolls, the health sector trailed the non-farm private business sector as a whole in the first quarter of 1997.
- Consumer medical care prices, as measured by the Consumer Price Index (CPI), grew slower than consumer prices for all items except medical care in the first quarter of 1997, the first time this has occurred since the second quarter of 1981.
- The slow growth in prices for both hospitals and physicians' services accounts for much of the deceleration in the growth of overall medical prices in the first quarter of 1997.

### 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.

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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 one year earlier. For quarterly information, this calculation permits analysis of data to focus on the direction and magnitude of changes, without interference introduced by seasonal fluctuations. The last four tables in the report show base weights, annual index levels, and annual percent changes in the Input Price Indexes maintained by HCFA. 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**

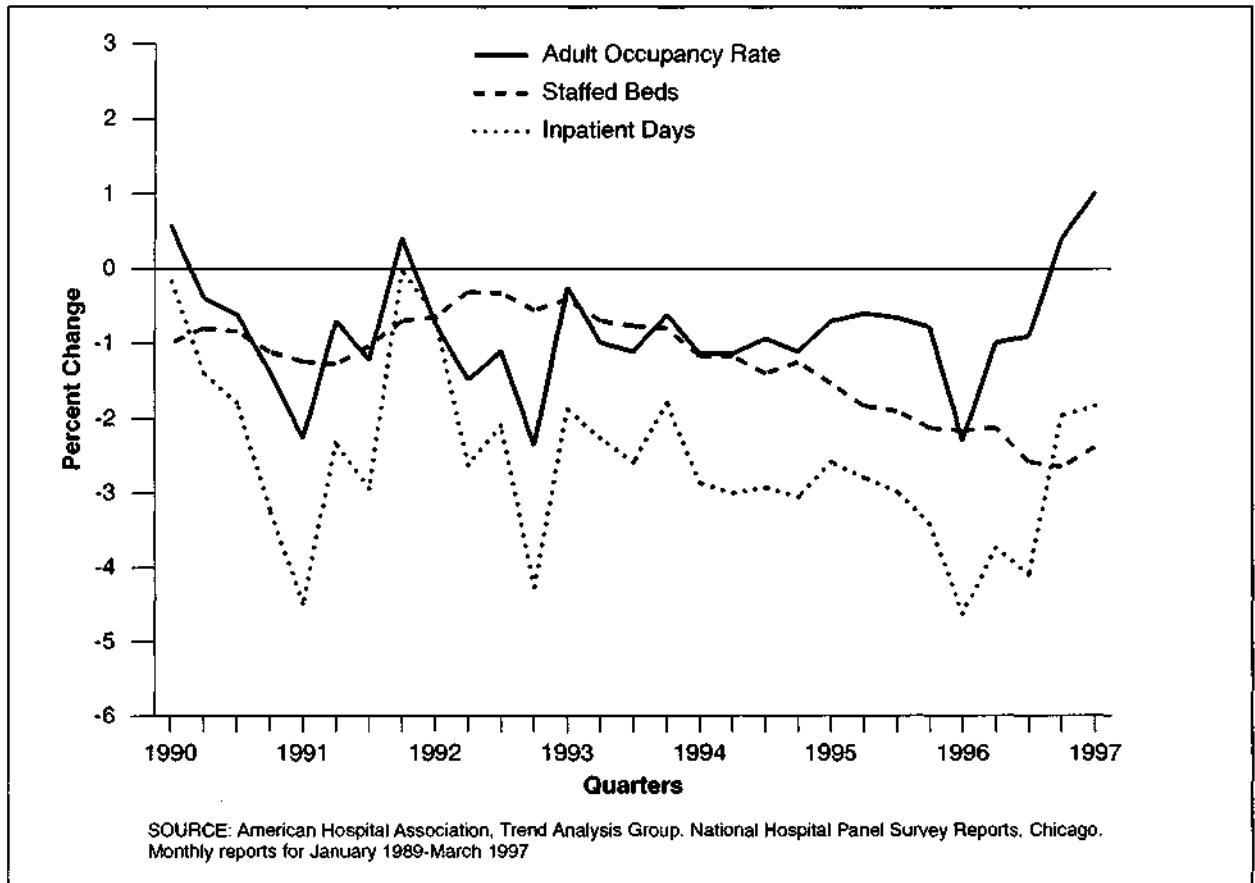
Statistics from the American Hospital Association (AHA) for the first quarter of 1997, presented in Tables 1 and 2, show that many of the trends in community hospital operations noted in 1996 continued in the first quarter of 1997. Statistics on total admissions, inpatient hospital days, and the length of hospital stays show little change in trend as community hospitals entered the new year with gradually declining rates of inpatient utilization. Similarly, rates of increase for outpatient visits and surgical operations were little changed in the first quarter. The AHA statistics on hospital revenues show that inpatient revenues fell in the first quarter of 1997, measured from the same period one year earlier. This was the first time that quarterly inpatient revenues fell from the same peri-

od one year earlier since the AHA began collecting the panel survey data. Outpatient revenues, which represent an increasing share of total patient revenues, grew slightly faster in the first quarter of 1997 than in 1996 as a whole. In general, the gradual decline in inpatient utilization and the corollary increase in outpatient visits evident in the AHA statistics in 1996, continued as community hospitals entered the new year.

The trend in overall community hospital utilization was little changed in the first quarter of 1997. Most measures of inpatient utilization continued to decrease in the first quarter of 1997, but at slightly slower rates than observed in 1996. Total admissions fell 0.1 percent in the first quarter, measured from the same period one year earlier, compared with a decline of 0.4 percent for all of the previous year. Hospital admissions per 1,000 population, essentially the rate at which people are hospitalized, also continued to decline in the first quarter of 1997, falling 1.0 percent from the same period one year earlier. The number of inpatient hospital days fell 1.8 percent in the first quarter of 1997, compared with a decline of 3.6 percent for all of 1996. Finally, the adult length of stay also continued to decline in the first quarter of 1997, falling 1.7 percent from the same period one year earlier. This compares with a decline in the adult length of stay of 3.3 percent for all of 1996. Generally, inpatient utilization continued to decline, albeit at a slightly slower rate.

The moderation in the decline in community hospital utilization is attributable to the change in the utilization patterns for the population age 65 years or older. There has been a slight pickup in hospital utilization for the aged-65-years-or-older cohort, as hospital admissions for this group increased 1.5 percent in the first quarter of 1997, measured from the same period of

**Figure 1**  
**Percent Change from the Same Period of Previous Year in Staffed Beds and Inpatient Days and Change in the Adult Occupancy Rate: 1990-97**

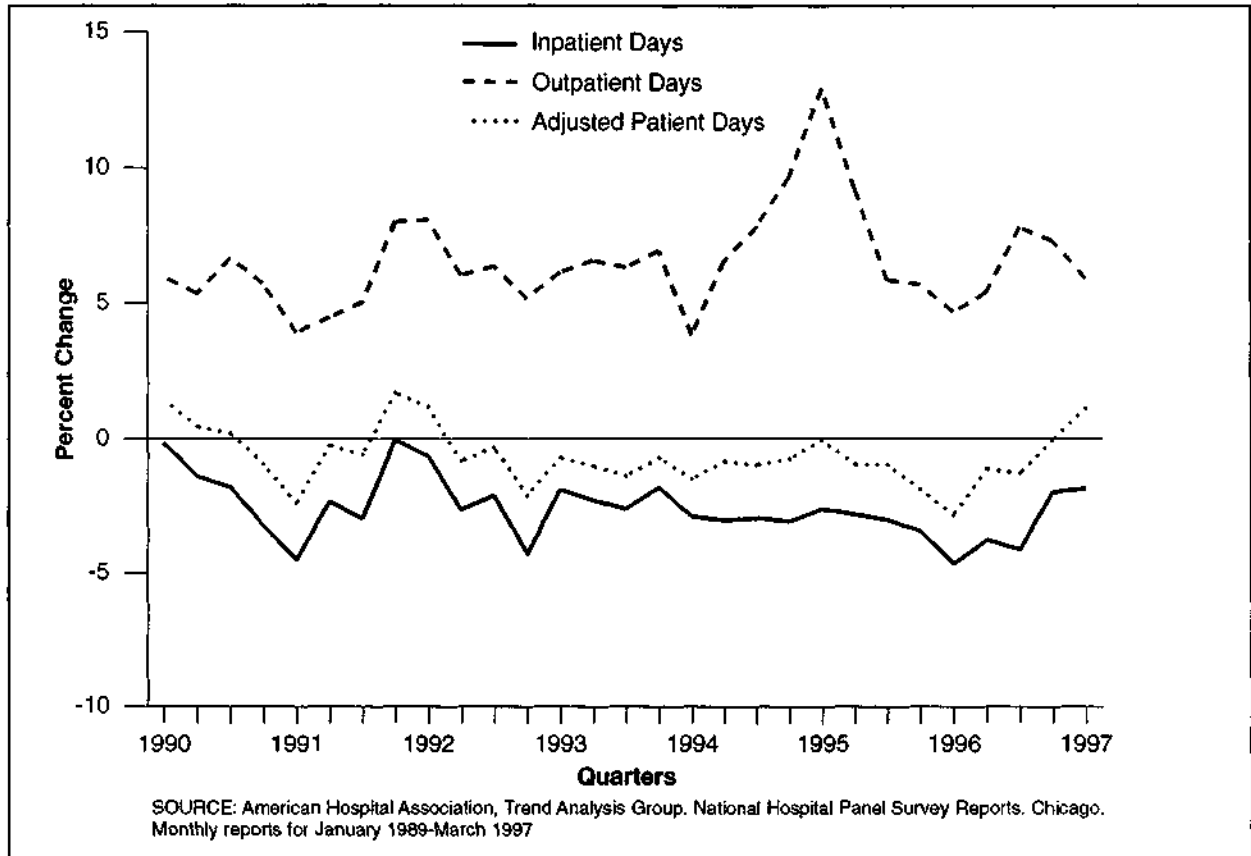


the previous year. Hospital admissions per 1,000 population also picked up for the 65-years-or-older group in the first quarter of 1997, as admissions per 1,000 population increased 0.7 percent. The number of inpatient days and length of hospital stays for the population aged 65 years and older continued to decline in the first quarter of 1997. However the rate of decline in these measures has slowed appreciably. In contrast, the decline in admissions, inpatient days, and length of hospital stays for the population under age 65 continued in the first quarter of 1997 at roughly the same rates observed throughout 1996.

There were two notable breaks from previously established patterns of hospital operations in the first quarter of 1997. The first of these changes in trend can be

seen in the statistics on the adult occupancy rate. This measure, the ratio of the average daily hospital census to the average number of staffed beds, had been declining since the fourth quarter of 1991 (Figure 1). In the first quarter of 1997, the adult occupancy rate increased to 62.3 percent, after 18 quarters of decline. This decline in the occupancy rate persisted from the fourth quarter of 1991 through the third quarter of 1996 despite the efforts of community hospitals to reduce capacity by cutting the number of staffed beds. The first quarter 1997 increase in the occupancy rate is attributable to the deceleration in the decline in inpatient days which can be related to the deceleration in the decline of admissions and in the adult length of stay. Whether the reversal in the adult occupan-

**Figure 2**  
**Percent Change from Same Period of the Previous Year Inpatient Days,  
 Outpatient Visits, and Adjusted Patient Days**



cy rate represents a temporary aberration in the trend of declining occupancy rates or the beginning of a new pattern in inpatient utilization will become evident as data for the remaining quarters of 1997 become available.

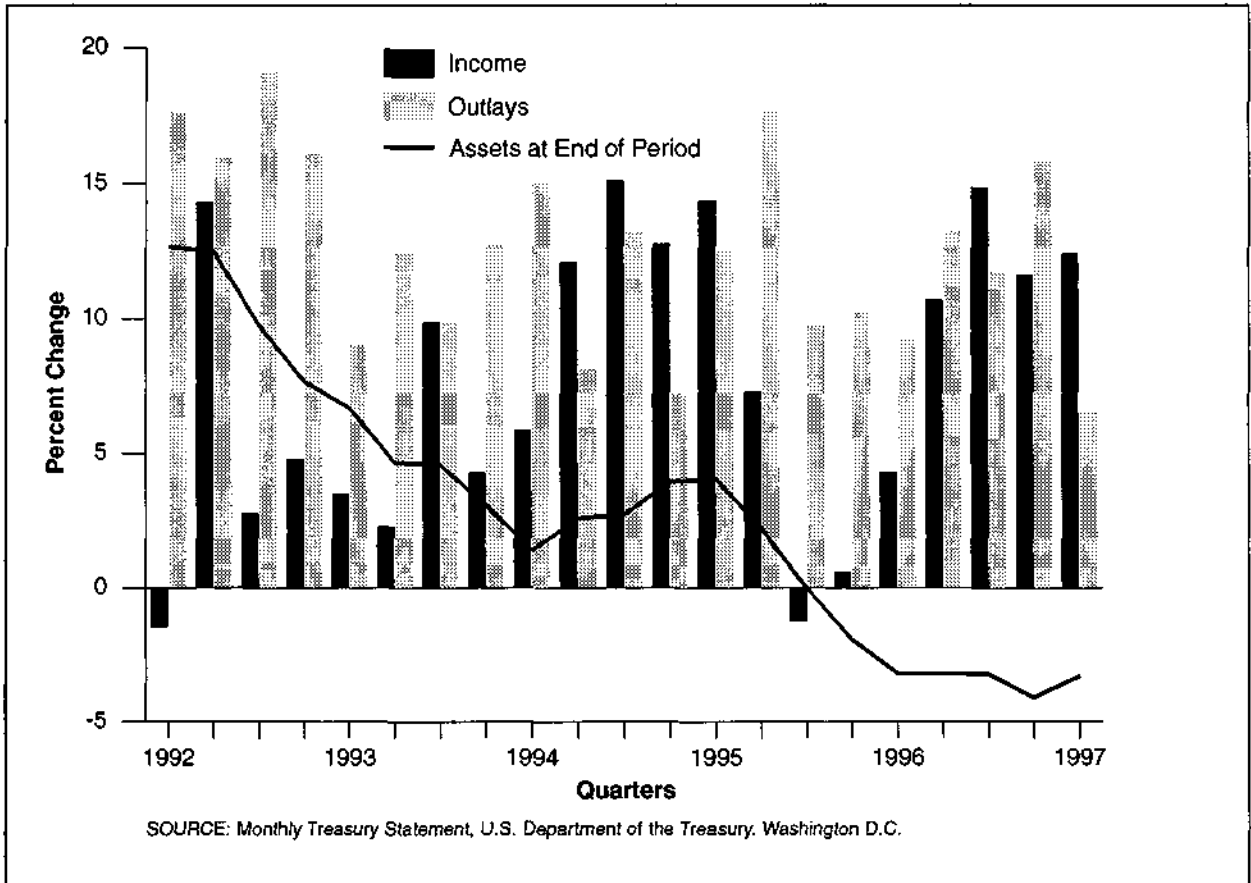
The second break in established pattern is evident in the rate of growth in adjusted patient days, which is an aggregate figure intended to reflect the number of days of inpatient care plus an estimate of the volume of outpatient services, expressed in units equivalent to an inpatient day in terms of the level of effort. Adjusted patient days are derived by multiplying the number of outpatient visits by the ratio of outpatient revenue per visit, to inpatient revenue per inpatient day, and adding the product to the number of inpatient days. In the first quarter of 1997, adjusted patient

days increased 1.2 percent, measured from the same period one year earlier (Figure 2). This increase is in contrast to the decreases posted from the second quarter of 1992 to the fourth quarter of 1996, and highlights the continuing shift from inpatient to outpatient settings.

### **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 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

**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**



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 generally 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 \$50 billion in the first quarter of 1997. This 5.3-percent increase, measured from the same quarter of the previous year, signals a slight deceleration in total Medicare outlays in early 1997. In comparison, total Medicare outlays increased 13.0 percent in the fourth quarter of 1996, and 8.7 percent in the third quarter, both measured over the same period one year earlier.

Outlays for Medicare Part A increased 6.5 percent in the first quarter of 1997, significantly less than the 15.8-percent increase registered in the fourth quarter of 1996. 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, the growth in outlays, or benefits paid, has exceeded the growth in trust fund income in 15 of the last 21 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 first quarter of 1997. The decline in the HI trust-fund assets balance had been expected and was reported in recent annual reports of the Trustees of the HI Trust Fund. The 1997 Trustees Report projects that in calendar year 1997, HI trust fund income will 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 is -\$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 3.1 percent in the first quarter of 1997, measured from the same period one year earlier, after increasing 8.4 percent in the fourth quarter of 1996. 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 standards for the coming year. As a result, price updates for services covered by the physician fee schedule were somewhat constrained for 1997<sup>1</sup>. 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 three quarters of the 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. By comparing the changes in the health sector labor indicators with changes in the aggregate indicators for the private non-farm business sector, we can assess the relative strength of employment and earnings growth in health services.

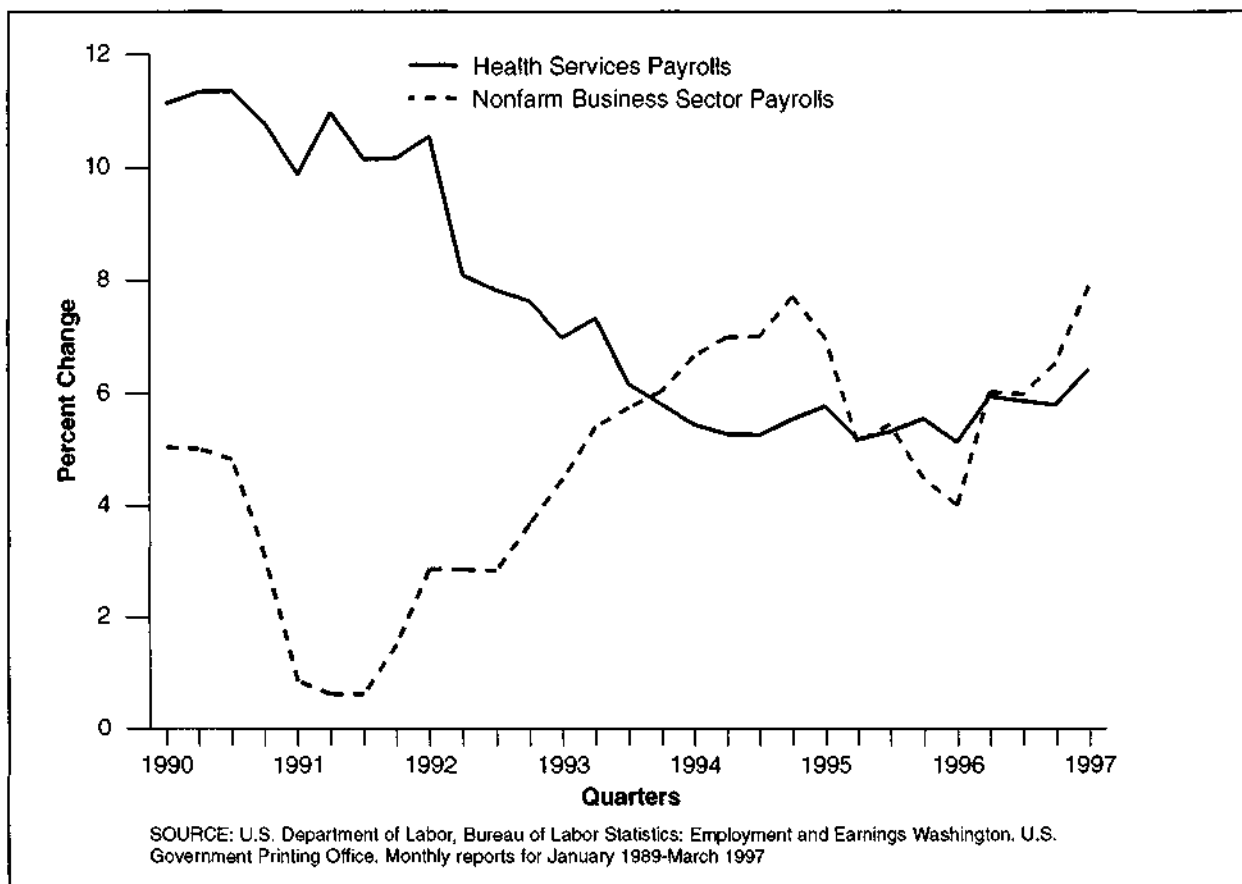
Private sector health care payrolls registered the strongest growth in several years during the first quarter of 1997. Implied non-supervisory payrolls for health services grew 6.4 percent in the first quarter of 1997, measured from the same period of the previous year. This was the strongest growth in implied payrolls since the second quarter of 1993. The acceleration in the growth of implied payrolls was more than accounted for by the acceleration in the growth of average weekly hours, which increased 1.1 percent from the same period of the previous year. Average weekly hours for health sector workers fell throughout 1995 and 1996. The relative strength in this component of payrolls may reflect the tightness in the labor market, as establishments, reluctant or unable to hire new workers, lengthen the work week to increase production.

Despite the relatively strong growth in implied non-supervisory payrolls, the

<sup>1</sup> 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 from the Same Period of the Previous Year in Implied Nonsupervisory Payrolls for the Private Nonfarm Business Sector and the Health Services Sector: 1990-1997



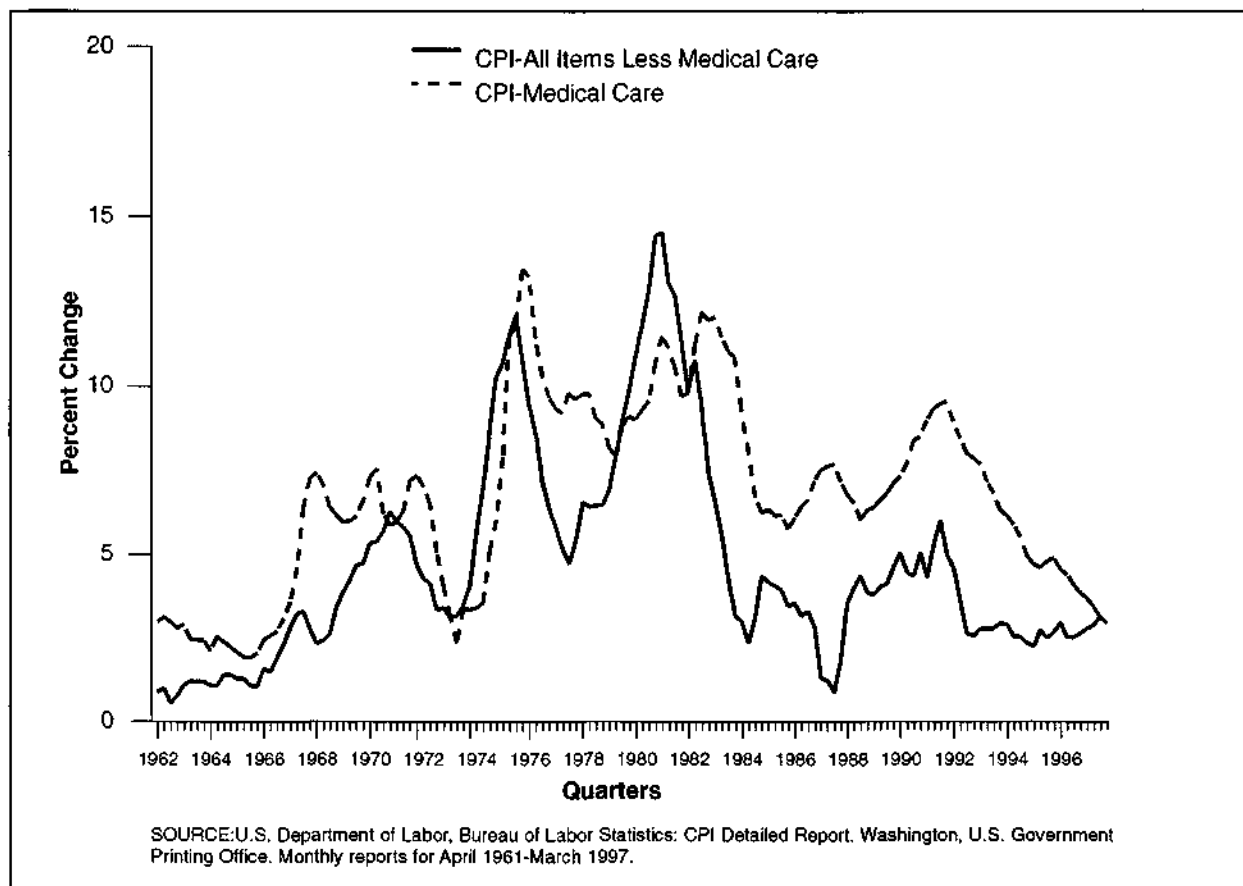
health sector trailed the non-farm private business sector as a whole in the first quarter of 1997. As shown in Figure 4, payroll growth for the private sector outpaced the health sector for the third consecutive quarter. In the first quarter of 1997, all three components of implied non-supervisory payrolls, non-supervisory employment, average weekly hours, and average hourly earnings, grew more rapidly in the private non-farm business sector as a whole than in the health sector. Significantly, average hourly earnings have grown more slowly in the health sector than in the private non-farm business sector in each of the last three quarters. This development parallels the change in the prices measured in the CPI for all urban families (CPI-U) and the prices of medical

services measured in the CPI. Developments in the CPI measures in medical prices are discussed in the following Medical Prices section.

### MEDICAL SECTOR PRICES

The first quarter of 1997 marks the first period since the second quarter of 1981 in which the CPI for medical care grew more slowly than consumer prices for all items except medical care. As shown in Figure 5, the 1980-81 period was marked by the fastest growth in U.S. history since World War II in overall prices, mostly because of surges in energy price growth. Recently, the convergence between medical and overall consumer prices, which began in the first quarter of 1992 when overall prices

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



grew three times faster than medical prices, is the result of slower growth in medical prices. During this period, overall prices have increased between 2.2 and 3.1 percent over the same quarter from the previous year, with average growth of 2.7 percent. Growth in consumer medical prices, on the other hand, has decelerated rapidly, falling from 7.9 percent in the first quarter of 1992 to 2.9 percent in the first quarter of 1997.

A similar trend has also occurred in the Producer Price Index (PPI) data. Growth in the PPI for health services, which has data available only since the first quarter of 1996, has decelerated from 2.5 percent in the first quarter of 1996 to 1.6 percent in the first quarter of 1997. During this same period, growth in the PPI for fin-

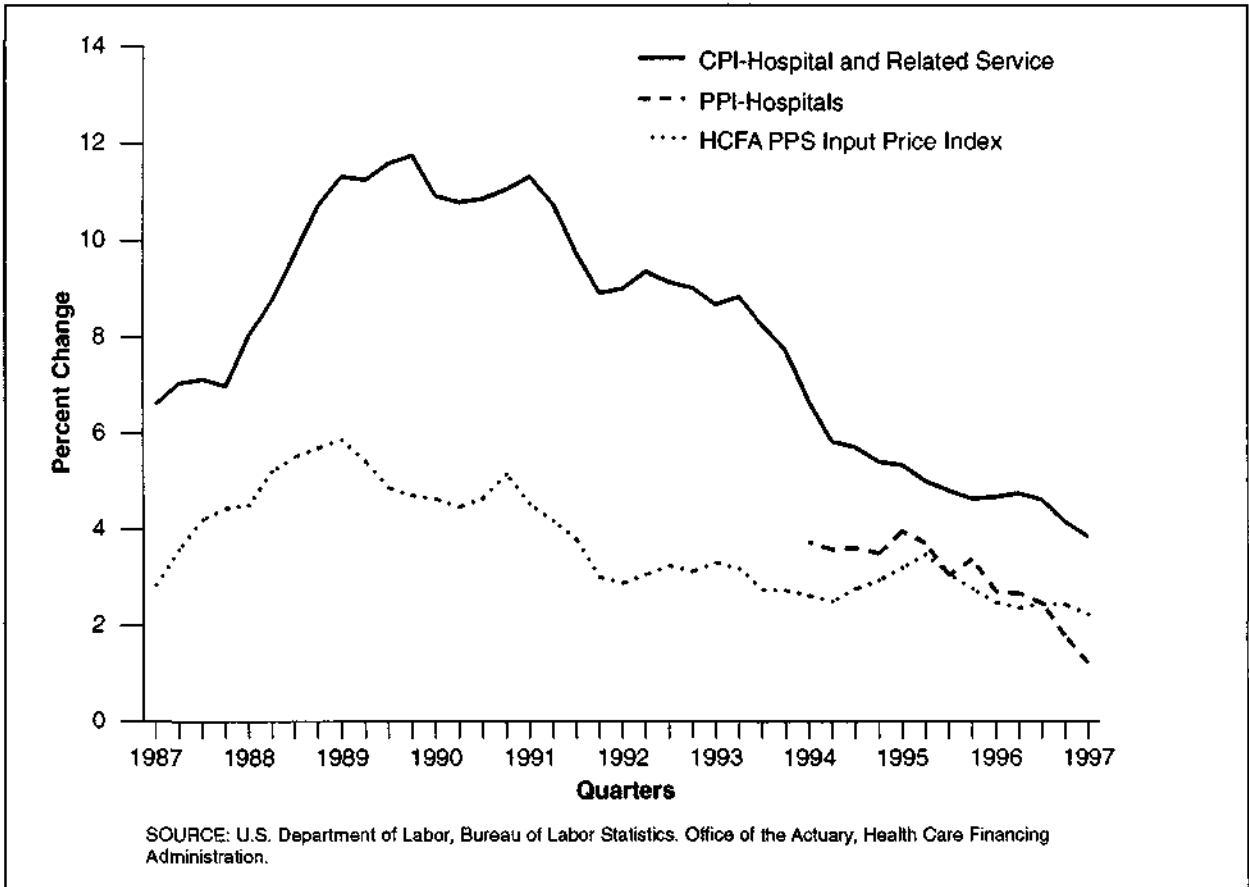
ished consumer goods has increased from 2.3 percent to 2.6 percent. A direct comparison between growth rates in the CPI and the PPI cannot be made because in some instances the CPI measures consumer list price changes for household out-of-pocket expenditures whereas the PPI measures transaction price changes from out-of-pocket, Medicare, Medicaid, and other third-party payers. However, the trends in the growth rates of the two surveys can be compared.

The recent deceleration in medical prices is attributable in large part to slowdowns in price growth for both hospital and physician services, as measured by both the CPI and the PPI. The CPI for hospital and related services grew at 3.8 per-



Figure 6

Percent Change in Hospital Price Indexes From the Same Period of Previous Year: 1987-97



cent between the first quarter of 1996 and the first quarter of 1997, the first time since the series began in 1978 that it has grown below 4.0 percent. In fact, the CPI for hospital and related services has grown at an all-time low rate in each of the last two quarters, as indicated in Figure 6. Because of revisions to the CPI for hospital services that took effect in January 1997, detailed hospital component data will not be available until the first quarter of 1998 when a full year's worth of data is available.<sup>2</sup>

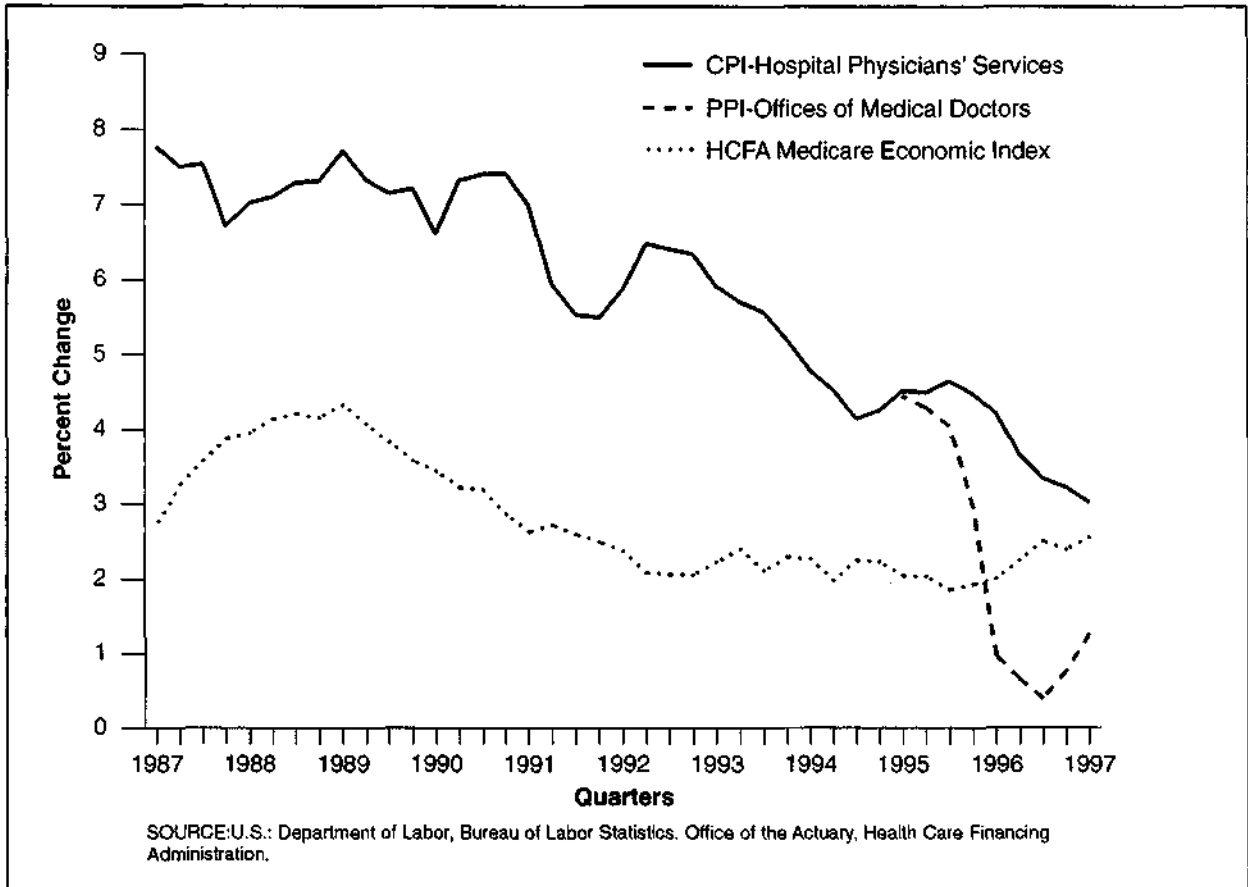
Producer prices for hospitals, however, can provide insight into where the recent slowdown in hospital price growth has occurred. The PPI for hospitals grew just

1.2 percent in the first quarter of 1997, its slowest growth since the series began in December 1992. Both inpatient and outpatient treatment producer prices continued to decelerate in the first quarter of 1997. The deceleration was led in part by declines in the growth rates of prices paid by patients other than Medicare and Medicaid, and slowing Medicare inpatient price growth resulting from a lower Medicare hospital prospective payment system (PPS) update in fiscal year (FY) 1997 than in FY 1996.

As shown in Figure 7, the slower growth in medical prices was also the result of the continued pattern of decelerating growth in physician prices. The CPI for physicians' services grew at 3.0 percent in the first quarter of 1997, its lowest rate of increase

<sup>2</sup>More information on this revision is in the December 1996 Monthly Labor Review "Revision of the CPI Hospital Services Component" by Elaine M. Cardenas.

**Figure 7**  
**Percent Change in Physician Price Indexes From the Same Period of**  
**Previous Year: 1987-97**



since the first quarter of 1973. This trend is similar to the trend in the PPI for non-Medicare treatments in offices and clinics of doctors of medicine, where growth has decelerated from 4.5 percent in the first quarter of 1995 (the first available data point) to 1.6 percent in the first quarter of 1997. Price growth in Medicare treatments in offices and clinics of doctors of medicine accelerated to 1.3 percent in the first quarter of 1997 from 0.8 percent in the fourth quarter of 1996 as a result of higher Medicare Physician Fee Schedule updates for CY 1997 as compared with CY 1996. However, the 1.3-percent growth is consistent with the low growth rate for health services producer prices, which increased 1.6 percent in the first quarter of 1997.

Given the continued deceleration in medical prices, where may medical prices be headed over the next few quarters? Some forecasters have projected price growth to accelerate slightly through 1997. However, many inputs into these services point to a continuation of a slow and steady growth trend. As explained previously in the section on trends in health sector employment and earnings, the growth in payrolls for health services has accelerated from increases in average weekly hours; average hourly earnings growth has remained virtually steady at 3.0 percent during the past 2 years. If much of the pressures from apparently tight labor markets can be absorbed in 1997 by increasing the number of hours worked per week, the lack of upward pressures on hourly wages

could stabilize medical price growth for the rest of 1997. Evidence also suggests steady price growth for Medicare services in the near future. As shown in Table 10, the major inputs into the PPS Hospital input price index, such as wages, benefits, and other expenses, are all showing steady or decelerating price growth. This is also the case with the HCFA skilled nursing facility (SNF) input price index (Table 11), the home health agency (HHA) input price index (Table 12), and the Medicare economic index (MEI) (Table 13), the index used to update physician payments under Medicare. Both the HHA index and MEI, however, have recently shown slight acceleration on wage price growth, a trend to watch through 1997. There also is not much indication that health care commodity prices will accelerate in 1997 as both the CPI and PPI show steady or decelerating growth in drug and medical equipment prices. The combination of these factors suggests that medical price growth may not accelerate for the remainder of 1997.

## **BACKGROUND INFORMATION ON DATA SOURCES AND METHODS**

### **COMMUNITY HOSPITAL STATISTICS**

Since 1963, the American Hospital Association (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, length of stay, 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, 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, 1997; Annual Report of the Board of Trustees of the Federal Supplementary Medical Insurance Trust Funds, 1997).

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 1997 Annual Reports of the Board of Trustees of the HI and SMI Trust Funds (Board of Trustees) 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**

The 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 CPI-U 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, 1997b].)

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 ser-

vice-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**

The 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, including the industry and commodity classifications that are included in the Health Care Indicators. The PPI by industry classification measures price changes received for the industry's output sold outside the industry. PPI changes for an industry are determined by price changes for products primarily made by establishments in that

industry. The industry into which an establishment is classified is determined by those products accounting for the largest share of its total value of shipments. The PPI by commodity classification measures price changes of the end product (end use or material composition). The classification system for PPI commodity groups is unique to the PPI, and is divided into 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; 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 skilled SNF and HHA input price indexes, often referred to as market baskets, were developed to price a consistent set of goods and services over time. Also in the early 1980s, the original Medicare hospital input price index was revised for use in updating payment rates for routine costs of Medicare inpatient services. All of these indexes have played an important role in helping to set Medicare payment percent increases, and in understanding the contribution of input price increases to growing health expenditures.

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

Second, a price proxy is selected to match each expenditure category. Its purpose is to measure the rate of price increases of the goods or services in that category. The price proxy index for each spending category is multiplied by the expenditure weight for the category. The sum of these products (weights multiplied by the price index) over all cost categories yields the composite input price index for any given time 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 sever-

al years. The HCFA-chosen price proxies are forecasted under contract with Data Resources, Inc./McGraw Hill (DRI). Following every calendar year quarter, in March, June, September, and December, DRI updates its macroeconomic forecasts of wages and prices based on updated historical information and revised forecast assumptions. Some of the data in Tables 10 through 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 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.

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**Table 1**  
**Selected Community Hospital Statistics: 1993-97**

Item	Calendar Year				1994	1994	1994	1994
	1993	1994	1995	1996	Q1	Q2	Q3	Q4
<b>Utilization</b>								
<b>All Ages</b>								
Admissions in Thousands	32,652	32,938	33,389	33,268	8,368	8,180	8,154	8,236
Admissions Per 1,000 Population <sup>1</sup>	122	122	122	121	124	121	121	122
Inpatient Days in Thousands	202,078	196,117	190,377	183,495	51,709	48,648	47,657	48,102
Adult Length of Stay in Days	6.2	6.0	5.7	5.5	6.2	5.9	5.8	5.8
<b>65 Years of Age or Over</b>								
Admissions in Thousands	12,209	12,456	12,820	12,870	3,211	3,098	3,022	3,125
Admissions Per 1,000 Population <sup>1</sup>	366	369	375	373	382	367	357	368
Inpatient Days in Thousands	97,042	94,877	91,164	86,431	25,551	23,493	22,631	23,203
Adult Length of Stay in Days	7.9	7.6	7.1	6.7	8.0	7.6	7.5	7.4
<b>Under 65 Years of Age</b>								
Admissions in Thousands	20,443	20,483	20,569	20,398	5,158	5,082	5,132	5,111
Admissions Per 1,000 Population <sup>1</sup>	87	87	86	85	88	86	87	86
Inpatient Days in Thousands	105,036	101,240	99,213	97,064	26,158	25,155	25,027	24,899
Adult Length of Stay in Days	5.1	4.9	4.8	4.8	5.1	5.0	4.9	4.9
Surgical Operations in Thousands	22,710	23,286	23,739	24,165	5,664	5,864	5,840	5,918
Outpatient Visits in Thousands	390,188	417,684	452,558	481,298	98,341	104,079	107,022	108,241
Adjusted Patient Days in Thousands <sup>2</sup>	278,938	276,209	273,638	270,023	71,244	68,776	67,711	68,363
Beds in Thousands	902	891	874	854	895	893	888	886
Adult Occupancy Rate <sup>3</sup>	61.4	60.3	59.7	58.7	64.2	59.8	58.3	59.0
<b>Total Hospital Revenues in Millions<sup>4</sup></b>								
Total Hospital Revenues in Millions	\$295,035	\$309,354	\$324,961	\$338,118	\$76,480	\$76,829	\$77,069	\$78,976
Total Patient Revenues in Millions	280,414	293,285	307,228	318,183	72,702	72,868	73,018	74,697
Inpatient Revenues in Millions	203,167	208,262	213,771	216,242	52,767	51,543	51,393	52,559
Outpatient Revenues in Millions	77,248	85,023	93,457	101,941	19,935	21,325	21,625	22,138
<b>Total Expenses</b>								
<b>Total Hospital Expenses in Millions</b>								
Total Hospital Expenses in Millions	\$278,880	\$292,801	\$308,411	\$320,789	\$71,677	\$72,618	\$73,468	\$75,039
Labor in Millions	149,733	156,826	163,842	168,796	38,420	38,828	39,408	40,170
Non-Labor in Millions	129,147	135,975	144,569	151,993	33,257	33,790	34,059	34,869
<b>Inpatient Expense in Millions<sup>5</sup></b>								
Inpatient Expense in Millions	\$202,035	\$207,897	\$214,570	\$217,994	\$52,023	\$51,366	\$51,709	\$52,800
Amount per Patient Day	1,000	1,060	1,127	1,188	1,006	1,056	1,085	1,098
Amount per Admission	6,188	6,312	6,426	6,553	6,217	6,279	6,341	6,411
<b>Outpatient Expense in Millions<sup>5</sup></b>								
Outpatient Expense in Millions	\$76,845	\$84,903	\$93,841	\$102,796	\$19,654	\$21,252	\$21,758	\$22,239
Amount per Outpatient Visit	197	203	207	214	200	204	203	205

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

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

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

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

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

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

SOURCE: American Hospital Association; Trend Analysis Group; *National Hospital Panel Survey Reports*. Chicago. Monthly reports for January 1993 March 1997.

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

1995	1995	1995	1995	1996	1996	1996	1996	1997
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
8,634	8,281	8,213	8,260	8,511	8,267	8,159	8,331	8,500
127	122	120	121	124	120	119	121	123
50,377	47,296	46,239	46,467	48,051	45,532	44,349	45,563	47,177
5.8	5.7	5.6	5.6	5.6	5.5	5.4	5.5	5.5
3,379	3,187	3,071	3,184	3,324	3,204	3,090	3,252	3,374
397	374	359	371	387	372	358	376	389
24,778	22,823	21,507	22,056	22,972	21,445	20,448	21,566	22,661
7.3	7.2	7.0	6.9	6.9	6.7	6.6	6.6	6.7
5,255	5,094	5,143	5,077	5,187	5,063	5,070	5,078	5,126
89	86	86	85	87	84	84	84	85
25,598	24,472	24,732	24,411	25,078	24,087	23,902	23,997	24,516
4.9	4.8	4.8	4.8	4.8	4.8	4.7	4.7	4.8
6,028	5,965	5,832	5,915	5,948	6,067	6,028	6,102	6,047
111,088	113,699	113,332	114,438	116,335	119,874	122,232	122,857	123,270
71,226	68,146	67,079	67,106	69,232	67,394	66,247	67,087	70,050
881	877	871	867	862	859	849	844	842
63.5	59.3	57.7	58.2	61.2	58.3	56.8	58.7	62.3
\$81,793	\$81,020	\$80,307	\$81,842	\$84,280	\$84,396	\$83,449	\$85,993	\$86,941
77,476	76,557	75,956	77,238	79,710	79,349	78,461	80,664	81,998
54,797	53,133	52,358	53,483	55,322	53,609	52,526	54,784	55,223
22,679	23,424	23,599	23,755	24,387	25,740	25,934	25,880	26,774
\$76,259	\$76,751	\$76,808	\$78,594	\$79,361	\$79,958	\$79,593	\$81,877	\$82,092
40,529	40,768	40,857	41,688	41,873	41,935	41,925	43,063	42,888
35,730	35,983	35,951	36,906	37,488	38,023	37,668	38,814	39,204
\$53,936	\$53,268	\$52,945	\$54,421	\$55,081	\$54,020	\$53,284	\$55,608	\$55,287
1,071	1,126	1,145	1,171	1,146	1,186	1,201	1,220	1,172
6,247	6,432	6,446	6,588	6,472	6,534	6,530	6,675	6,504
\$22,323	\$23,483	\$23,863	\$24,172	\$24,281	\$25,937	\$26,309	\$26,269	\$26,805
201	207	211	211	209	216	215	214	217

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

Item	Calendar Year				1994	1994	1994	1994
	1993	1994	1995	1996	Q1	Q2	Q3	Q4
<b>Utilization</b>								
<b>All Ages</b>								
Admissions in Thousands	0.7	0.9	1.4	-0.4	0.2	1.2	0.9	1.3
Admissions Per 1,000 Population	-0.3	-0.1	0.5	-1.3	-0.7	0.2	-0.1	0.3
Inpatient Days in Thousands	-2.1	-2.9	-2.9	-3.6	-2.9	-3.0	-2.9	-3.0
Adult Length of Stay in Days	-2.8	-3.8	-4.2	-3.3	-3.1	-4.1	-3.8	-4.3
<b>65 Years of Age or Over</b>								
Admissions in Thousands	2.9	2.0	2.9	0.4	2.3	1.8	2.6	1.3
Admissions Per 1,000 Population	1.5	0.8	1.8	-0.6	1.1	0.7	1.5	0.1
Inpatient Days in Thousands	-1.9	-2.2	-3.9	-5.2	-1.1	-3.2	-1.6	-3.1
Adult Length of Stay in Days	-4.7	-4.2	-6.6	-5.6	-3.3	-5.0	-4.1	-4.4
<b>Under 65 Years of Age</b>								
Admissions in Thousands	-0.5	0.2	0.4	-0.8	-1.1	0.7	-0.1	1.3
Admissions Per 1,000 Population	-1.5	-0.7	-0.5	-1.7	-2.0	-0.2	-1.0	0.4
Inpatient Days in Thousands	-2.3	-3.6	-2.0	-2.2	-4.6	-2.8	-4.1	-2.9
Adult Length of Stay in Days	-1.8	-3.8	-2.4	-1.3	-3.5	-3.5	-4.0	-4.2
Surgical Operations in Thousands	1.1	2.5	1.9	1.8	0.3	2.5	2.9	4.5
Outpatient Visits in Thousands	6.5	7.0	8.3	6.4	3.9	6.6	7.9	9.7
Adjusted Patient Days in Thousands	-0.9	-1.0	-0.9	-1.3	-1.5	-0.8	-0.9	-0.7
Beds in Thousands	-0.7	-1.2	-1.8	-2.4	-1.2	-1.2	-1.4	-1.2
Adult Occupancy Rate <sup>1</sup>	-0.7	-1.1	-0.7	-0.9	-1.1	-1.1	-0.9	-1.1
<b>Total Hospital Revenues in Millions</b>								
Total Hospital Revenues in Millions	7.1	4.9	5.0	4.0	4.0	4.9	4.6	6.0
Total Patient Revenues in Millions	7.0	4.6	4.8	3.6	3.7	4.7	4.3	5.6
Inpatient Revenues in Millions	5.7	2.5	2.6	1.2	2.2	2.4	2.2	3.2
Outpatient Revenues in Millions	10.6	10.1	9.9	9.1	7.8	10.7	9.6	12.0
<b>Operating Expenses</b>								
<b>Total in Millions</b>								
Total in Millions	6.9	5.0	5.3	4.0	4.6	4.9	5.0	5.5
Labor in Millions	6.9	4.7	4.5	3.0	4.5	4.2	4.9	5.4
Non-Labor in Millions	6.8	5.3	6.3	5.1	4.8	5.6	5.0	5.7
<b>Inpatient Expense in Millions</b>								
Inpatient Expense in Millions	5.6	2.9	3.2	1.6	3.1	2.6	2.9	3.1
Amount per Patient Day	7.8	6.0	6.3	5.4	6.2	5.7	5.9	6.3
Amount per Admission	4.8	2.0	1.8	2.0	2.9	1.4	2.0	1.8
<b>Outpatient Expense</b>								
Outpatient Expense	10.4	10.5	10.5	9.5	8.7	10.9	10.3	11.9
Amount per Outpatient Visit	3.6	3.2	2.0	3.0	4.7	4.1	2.2	2.0

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

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

SOURCE: American Hospital Association; Trend Analysis Group: *National Hospital Panel Survey Reports*. Chicago. Monthly reports for January 1992- March 1997.

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

1995 Q1	1995 Q2	1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3	1996 Q4	1997 Q1
Percent Change From the Same Period of Previous Year								
3.2	1.2	0.7	0.3	-1.4	-0.2	-0.7	0.9	-0.1
2.2	0.3	-0.2	-0.6	-2.3	-1.1	-1.5	-0.1	-1.0
-2.6	-2.8	-3.0	-3.4	-4.6	-3.7	-4.1	-1.9	-1.8
-5.6	-4.0	-3.7	-3.7	-3.2	-3.6	-3.5	-2.8	-1.7
5.2	2.9	1.6	1.9	-1.6	0.5	0.6	2.2	1.5
4.1	1.7	0.5	0.8	-2.7	-0.5	-0.3	1.2	0.7
-3.0	-2.9	-5.0	-4.9	-7.3	-6.0	-4.9	-2.2	-1.4
-7.8	-5.6	-6.5	-6.7	-5.8	-6.5	-5.5	-4.3	-2.8
1.9	0.2	0.2	-0.7	-1.3	-0.6	-1.4	0.0	-1.2
1.0	-0.6	-0.7	-1.5	-2.2	-1.5	-2.3	-0.9	-2.1
-2.1	-2.7	-1.2	-2.0	-2.0	-1.6	-3.4	-1.7	-2.2
-4.0	-3.0	-1.4	-1.3	-0.7	-1.0	-2.0	-1.7	-1.1
6.4	1.7	-0.1	-0.1	-1.3	2.1	3.4	3.2	1.7
13.0	9.2	5.9	5.7	4.7	5.4	7.9	7.4	6.0
0.0	-0.9	-0.9	-1.8	-2.8	-1.1	-1.2	0.0	1.2
-1.5	-1.8	-1.9	-2.1	-2.1	-2.1	-2.6	-2.6	-2.4
-0.7	-0.6	-0.6	-0.8	-2.3	-1.0	-0.9	0.4	1.0
6.9	5.5	4.2	3.6	3.0	4.2	3.9	5.1	3.2
6.6	5.1	4.0	3.4	2.9	3.6	3.3	4.4	2.9
3.8	3.1	1.9	1.8	1.0	0.9	0.3	2.4	-0.2
13.8	9.8	9.1	7.3	7.5	9.9	9.9	8.9	9.8
6.4	5.7	4.5	4.7	4.1	4.2	3.6	4.2	3.4
5.5	5.0	3.7	3.8	3.3	2.9	2.6	3.3	2.4
7.4	6.5	5.6	5.8	4.9	5.7	4.8	5.2	4.6
3.7	3.7	2.4	3.1	2.1	1.4	0.6	2.2	0.4
6.4	6.7	5.5	6.7	7.1	5.3	4.9	4.2	2.2
0.5	2.4	1.7	2.8	3.6	1.6	1.3	1.3	0.5
13.6	10.5	9.7	8.7	8.8	10.5	10.2	8.7	10.4
0.5	1.1	3.6	2.8	3.9	4.8	2.2	1.2	4.2

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

Indicator	Calendar Year					1993	1993	1993	1993	
	1992	1993	1994	1995	1996	Q1	Q2	Q3	Q4	
<b>Total Medicare Outlays</b>										
In Millions of Dollars	\$135,845	\$152,174	\$164,862	\$184,203	\$202,703	\$36,174	\$37,870	\$38,037	\$40,091	
Hospital Insurance Trust Fund	85,015	94,391	104,545	117,604	132,295	22,134	23,982	23,517	24,758	
Supplementary Medical Insurance Trust Fund	50,830	57,783	60,317	66,599	70,408	14,041	13,888	14,520	15,334	
<b>Hospital Insurance Trust Fund</b>										
Operations:										
In Millions of Dollars										
Income	\$93,836	\$98,187	\$109,570	\$115,027	\$126,968	\$20,833	\$29,581	\$21,327	\$26,446	
Outlays	85,015	94,391	104,545	117,604	132,295	22,134	23,982	23,517	24,758	
Difference	8,821	3,796	5,025	(2,577)	(5,327)	(1,301)	5,599	(2,190)	1,688	
Assets at End of Period <sup>1</sup>	124,022	127,818	132,844	130,267	124,940	122,722	128,320	126,131	127,818	
<b>Supplementary Medical Insurance Trust Fund</b>										
Operations: In Millions of Dollars										
Income	\$57,237	\$57,679	\$55,608	\$60,306	\$85,610	\$10,635	\$15,935	\$14,919	\$16,189	
Outlays	50,830	57,783	60,317	66,599	70,408	14,041	13,888	14,520	15,334	
Difference	6,407	(104)	(4,709)	(6,293)	(5,202)	(3,405)	2,047	399	856	
Assets at End of Period <sup>1</sup>	24,235	24,131	19,422	13,130	28,332	20,830	22,877	23,276	24,131	
			Annual Percent Change					Percent change from the same		
							Period of Previous Year			
<b>Total Medicare Outlays</b>	11.9	12.0	8.3	11.7	10.0	12.7	12.7	10.0	12.7	
Hospital Insurance Trust Fund	17.1	11.0	10.8	12.5	12.5	9.0	12.4	9.9	12.7	
Supplementary Medical Insurance Trust Fund	4.0	13.7	4.4	10.4	5.7	19.1	13.2	10.3	12.7	
<b>Hospital Insurance Trust Fund</b>										
Operations:										
Income	5.6	4.6	11.6	5.0	10.4	3.5	2.3	9.9	4.3	
Outlays	17.1	11.0	10.8	12.5	12.5	9.0	12.4	9.9	12.7	
Assets at End of Period	7.7	3.1	3.9	-1.9	-4.1	6.7	4.6	4.6	3.1	
<b>Supplementary Medical Insurance Trust Fund</b>										
Operations:										
Income	11.7	0.8	-3.6	8.5	42.0	-16.5	17.4	28.5	-16.2	
Outlays	4.0	13.7	4.4	10.4	5.7	19.1	13.2	10.3	12.7	
Assets at End of Period	35.9	-0.4	-19.5	-32.4	115.8	10.9	13.9	25.6	-0.4	

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

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

SOURCES: Monthly Treasury Statement of Receipts and Outlays of the United States Government, Financial Management Service, U.S. Department of the Treasury.

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	1994	1994	1994	1995	1995	1995	1995	1996	1996	1996	1996	1997
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
\$39,133	\$40,509	\$42,761	\$42,459	\$44,352	\$46,725	\$46,559	\$46,566	\$47,456	\$52,009	\$50,599	\$52,639	\$49,988
25,458	25,937	26,618	26,533	28,638	30,513	29,199	29,254	31,288	34,526	32,615	33,866	33,312
13,676	14,572	16,143	15,926	15,714	16,212	17,361	17,312	16,168	17,483	17,984	18,773	16,676
\$22,047	\$33,155	\$24,547	\$29,821	\$25,215	\$35,570	\$24,241	\$30,001	\$26,293	\$39,365	\$27,840	\$33,470	\$29,545
25,458	25,937	26,618	26,533	28,638	30,513	29,199	29,254	31,288	34,526	32,615	33,866	33,312
(3,411)	7,219	(2,071)	3,288	(3,423)	5,057	(4,958)	747	(4,995)	4,839	(4,775)	(396)	(3,767)
124,408	131,626	129,555	132,844	129,420	134,477	129,520	130,267	125,272	130,111	125,336	124,940	121,173
\$13,299	\$14,387	\$13,491	\$14,430	\$16,478	\$17,189	\$10,072	\$16,568	\$26,596	\$19,654	\$19,208	\$20,152	\$19,907
13,676	14,572	16,143	15,926	15,714	16,212	17,361	17,312	16,168	17,483	17,984	18,773	16,676
(377)	(185)	(2,651)	(1,496)	764	977	(7,288)	(745)	10,428	2,171	1,224	1,379	3,231
23,755	23,570	20,919	19,422	20,186	21,163	13,874	13,130	23,558	25,729	26,953	28,332	31,563
Percent Change From the Same Period of Previous Year												
8.2	7.0	12.4	5.9	13.3	15.3	8.9	9.7	7.0	11.3	8.7	13.0	5.3
15.0	8.1	13.2	7.2	12.5	17.6	9.7	10.3	9.3	13.2	11.7	15.8	6.5
-2.6	4.9	11.2	3.9	14.9	11.3	7.5	8.7	2.9	7.8	3.6	8.4	3.1
5.8	12.1	15.1	12.8	14.4	7.3	-1.2	0.6	4.3	10.7	14.8	11.6	12.4
15.0	8.1	13.2	7.2	12.5	17.6	9.7	10.3	9.3	13.2	11.7	15.8	6.5
1.4	2.6	2.7	3.9	4.0	2.2	0.0	-1.9	-3.2	-3.2	-3.2	-4.1	-3.3
25.0	-9.7	-9.6	-10.9	23.9	19.5	-25.3	14.8	61.4	14.3	90.7	21.6	-25.2
-2.6	4.9	11.2	3.9	14.9	11.3	7.5	8.7	2.9	7.8	3.6	8.4	3.1
14.0	3.0	-10.1	-19.5	-15.0	-10.2	-33.7	-32.4	16.7	21.6	94.3	115.8	34.0

Table 4

**Employment, Hours, and Earnings in Private Sector<sup>1</sup> Health Service Establishments, by Selected Type of Establishment: 1993-97**

Type of Establishment	Calendar Year				1994	1994	1994	1994
	1993	1994	1995	1996	Q1	Q2	Q3	Q4
<b>Total Employment (in Thousands)</b>								
Non-Farm Private Sector	91,889	95,036	97,885	100,076	92,095	94,801	96,323	96,925
Health Services	8,756	8,992	9,230	9,469	8,878	8,965	9,042	9,083
Offices and Clinics of Physicians	1,506	1,545	1,609	1,678	1,519	1,536	1,557	1,568
Offices and Clinics of Dentists	556	574	592	609	565	573	576	581
Nursing Homes	1,585	1,649	1,691	1,732	1,626	1,642	1,661	1,666
Private Hospitals	3,779	3,763	3,772	3,814	3,762	3,762	3,769	3,759
Home Health Care Services	469	559	629	665	523	553	571	591
<b>Non-Supervisory Employment (in Thousands)</b>								
Non-Farm Private Sector	74,777	77,607	80,125	81,998	74,880	77,416	78,790	79,343
Health Services	7,770	7,966	8,178	8,396	7,869	7,949	8,007	8,041
Offices and Clinics of Physicians	1,231	1,262	1,314	1,377	1,242	1,256	1,270	1,278
Offices and Clinics of Dentists	487	501	517	534	495	501	503	507
Nursing Homes	1,431	1,487	1,526	1,560	1,465	1,481	1,498	1,502
Private Hospitals	3,464	3,441	3,450	3,491	3,441	3,442	3,444	3,435
Home Health Care Services	435	518	582	615	485	512	528	546
<b>Average Weekly Hours</b>								
Nonfarm Private Sector	34.5	34.7	34.5	34.4	34.3	34.7	34.9	34.8
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	32.4	32.3	32.3	32.6
Offices and Clinics of Dentists	28.3	28.1	28.0	28.1	28.2	28.2	28.0	28.2
Nursing Homes	32.2	32.3	32.5	32.4	32.1	32.2	32.5	32.4
Private Hospitals	34.6	34.7	34.5	34.4	34.7	34.6	34.7	34.6
Home Health Care Services	27.8	28.2	28.6	28.1	28.0	28.2	28.2	28.5
<b>Average Hourly Earnings</b>								
Non-Farm Private Sector	10.83	11.12	11.43	11.81	11.05	11.06	11.10	11.27
Health Services	11.78	12.10	12.45	12.85	12.00	12.02	12.13	12.25
Offices and Clinics of Physicians	11.89	12.26	12.54	13.17	12.16	12.22	12.29	12.36
Offices and Clinics of Dentists	11.44	11.97	12.40	12.88	11.78	11.92	12.01	12.17
Nursing Homes	8.17	8.50	8.77	9.00	8.40	8.44	8.53	8.61
Private Hospitals	13.46	13.83	14.30	14.70	13.70	13.70	13.89	14.04
Home Health Care Services	10.41	10.67	10.91	11.17	10.58	10.62	10.71	10.75
<b>Addenda: Hospital Employment (in Thousands)</b>								
Total	5,100	5,077	5,069	5,082	5,080	5,077	5,083	5,068
Private	3,779	3,763	3,772	3,814	3,762	3,762	3,769	3,759
Federal	234	234	233	231	236	234	234	232
State	414	407	395	377	409	408	406	405
Local	673	673	669	660	673	672	675	672

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

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

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



Table 4—Continued

Employment, Hours, and Earnings in Private Sector<sup>1</sup> Health Service Establishments, by Selected Type of Establishment: 1993-97

1995 Q1	1995 Q2	1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3	1996 Q4	1997 Q1	1997 Q1
95,647	97,838	98,907	99,148	97,534	100,021	101,246	101,505	99,932	102,455
9,119	9,195	9,274	9,334	9,364	9,446	9,509	9,556	9,580	9,660
1,577	1,599	1,621	1,639	1,649	1,672	1,692	1,701	1,713	1,734
584	591	596	599	601	608	612	616	618	622
1,671	1,682	1,701	1,712	1,713	1,726	1,742	1,748	1,746	1,758
3,758	3,768	3,779	3,784	3,794	3,807	3,821	3,833	3,842	3,863
603	620	638	653	654	666	667	675	674	683
78,047	80,090	81,073	81,289	79,667	81,977	83,058	83,291	81,707	84,007
8,075	8,148	8,218	8,272	8,303	8,377	8,431	8,474	8,487	8,563
1,287	1,305	1,325	1,341	1,351	1,372	1,389	1,396	1,404	1,425
510	515	520	523	527	534	536	540	541	545
1,506	1,517	1,535	1,544	1,543	1,555	1,569	1,573	1,571	1,581
3,435	3,446	3,456	3,462	3,471	3,485	3,498	3,510	3,518	3,538
558	575	591	604	605	616	616	624	622	630
34.3	34.4	34.7	34.5	33.9	34.4	34.8	34.6	34.3	34.6
32.8	32.7	32.8	32.7	32.5	32.6	32.8	32.8	32.9	33.0
32.4	32.4	32.5	32.7	32.6	32.8	32.9	33.2	33.2	33.1
28.0	28.0	27.8	28.1	27.9	28.2	28.2	28.4	28.4	28.5
32.3	32.3	32.8	32.6	32.2	32.3	32.7	32.3	32.3	32.2
34.7	34.6	34.5	34.4	34.4	34.3	34.3	34.4	34.6	34.8
28.7	28.7	28.7	28.1	27.7	27.8	28.3	28.3	28.6	28.9
11.35	11.35	11.43	11.59	11.69	11.74	11.81	12.00	12.14	12.17
12.36	12.36	12.46	12.62	12.74	12.78	12.87	13.01	13.12	13.17
12.45	12.45	12.52	12.74	12.95	13.08	13.21	13.43	13.60	13.65
12.25	12.35	12.42	12.60	12.69	12.77	12.92	13.16	13.46	13.57
8.71	8.74	8.79	8.85	8.95	8.95	9.02	9.10	9.20	9.26
14.17	14.16	14.34	14.52	14.62	14.63	14.73	14.81	14.90	14.93
10.84	10.84	10.92	11.03	11.11	11.12	11.21	11.26	11.33	11.27
5,065	5,068	5,076	5,068	5,068	5,076	5,087	5,098	5,104	3,413
3,758	3,768	3,779	3,784	3,794	3,807	3,821	3,833	3,842	3,863
230	232	237	233	234	233	230	227	222	221
404	397	392	389	385	379	374	372	371	370
673	671	668	662	656	657	662	666	669	673

**Table 5**  
**Percent Change in Employment, Hours, and Earnings in Private Sector<sup>1</sup> Health Service Establishments, by Selected Type of Establishment: 1993-97**

Type of Establishment	Calendar Year				1994	1994	1994	1994
	1993	1994	1995	1996	Q1	Q2	Q3	Q4
	Annual Percent Change				Percent Change From the Same Period of Previous Year			
<b>Total Employment (in Thousands)</b>								
Non-Farm Private Sector	2.1	3.4	3.0	2.2	2.9	3.4	3.6	3.8
Health Services	3.1	2.7	2.7	2.6	2.8	2.8	2.7	2.6
Offices and Clinics of Physicians	2.9	2.6	4.1	4.3	2.0	2.2	2.7	3.4
Offices and Clinics of Dentists	2.9	3.1	3.3	2.8	3.1	3.3	3.1	3.1
Nursing Homes	3.4	4.0	2.6	2.4	4.7	4.4	4.0	3.0
Private Hospitals	0.8	-0.4	0.2	1.1	-0.4	-0.5	-0.5	-0.3
Home Health Care Services	17.9	19.3	12.4	5.8	21.0	20.7	18.9	16.9
<b>Non-Supervisory Employment (in Thousands)</b>								
Non-Farm Private Sector	2.5	3.8	3.2	2.3	3.2	3.8	4.0	4.2
Health Services	3.0	2.5	2.7	2.7	2.6	2.6	2.5	2.5
Offices and Clinics of Physicians	2.4	2.5	4.2	4.8	1.9	2.2	2.6	3.4
Offices and Clinics of Dentists	2.8	3.0	3.2	3.3	3.1	3.3	2.8	2.9
Nursing Homes	3.3	3.9	2.6	2.3	4.5	4.2	3.9	3.0
Private Hospitals	0.6	-0.7	0.3	1.2	-0.7	-0.8	-0.8	-0.5
Home Health Care Services	17.9	19.1	12.3	5.8	21.3	20.7	18.4	16.6
<b>Average Weekly Hours</b>								
Non-Farm Private Sector	0.3	0.5	-0.6	-0.1	0.7	0.6	0.3	0.6
Health Services	0.1	0.1	-0.2	-0.3	0.1	0.0	-0.1	0.2
Offices and Clinics of Physicians	0.2	0.5	0.2	1.3	0.7	0.4	0.1	0.9
Offices and Clinics of Dentists	-0.3	-0.5	-0.6	0.6	0.1	-0.7	-0.8	-0.5
Nursing Homes	-0.3	0.3	0.5	-0.3	0.2	0.0	-0.2	1.0
Private Hospitals	0.5	0.2	-0.3	-0.5	0.5	0.2	0.1	-0.1
Home Health Care Services	1.4	1.7	1.2	-1.8	1.7	1.6	1.1	2.4
<b>Average Hourly Earnings</b>								
Non-Farm Private Sector	2.5	2.7	2.8	3.3	2.6	2.5	2.6	2.8
Health Services	3.4	2.7	2.9	3.2	2.7	2.6	2.9	2.8
Offices and Clinics of Physicians	4.2	3.1	2.3	5.0	3.8	3.1	3.2	2.4
Offices and Clinics of Dentists	3.8	4.6	3.6	3.9	4.7	5.0	4.8	4.1
Nursing Homes	4.0	4.0	3.2	2.7	4.2	4.1	4.0	3.6
Private Hospitals	3.3	2.7	3.4	2.8	2.4	2.5	2.9	3.1
Home Health Care Services	4.1	2.5	2.3	2.4	2.6	2.7	2.3	2.3
<b>Addenda: Hospital Employment (in Thousands)</b>								
Total	0.6	-0.5	-0.1	0.3	-0.3	-0.5	-0.6	-0.5
Private	0.8	-0.4	0.2	1.1	-0.4	-0.5	-0.5	-0.3
Federal	-0.4	0.0	-0.2	-1.0	1.7	0.6	-0.8	-1.5
State	-1.2	-1.6	-2.9	-4.5	-1.5	-1.4	-1.9	-1.6
Local	1.3	0.0	-0.6	-1.3	0.5	0.0	-0.4	-0.3

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

NOTES: Data presented here conform to the 1987 Standard Industrial Classification.

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

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics: *Employment and Earnings*. Washington, U.S. Government Printing Office. Monthly reports for January 1992 - March 1997.

**Table 5—Continued**  
**Percent Change in Employment, Hours, and Earnings in Private Sector<sup>1</sup> Health Service Establishments, by Selected Type of Establishment: 1993-97**

1995 Q1	1995 Q2	1995 Q3	1995 Q4	1996 Q1	1996 Q2	1996 Q3	1996 Q4	1997 Q1
Percent Change From the Same Period of Previous Year								
3.9	3.2	2.7	2.3	2.0	2.2	2.4	2.4	2.5
2.7	2.6	2.6	2.8	2.7	2.7	2.5	2.4	2.3
3.8	4.1	4.1	4.5	4.5	4.6	4.4	3.8	3.9
3.3	3.2	3.4	3.1	2.9	2.9	2.7	2.8	2.9
2.8	2.4	2.4	2.8	2.5	2.6	2.4	2.1	2.0
-0.1	0.1	0.3	0.7	0.9	1.0	1.1	1.3	1.3
15.3	12.2	11.7	10.6	8.6	7.4	4.4	3.3	3.1
4.2	3.5	2.9	2.5	2.1	2.4	2.4	2.5	2.6
2.6	2.5	2.6	2.9	2.8	2.8	2.6	2.4	2.2
3.6	3.9	4.3	4.9	5.0	5.1	4.8	4.2	3.9
3.1	2.9	3.4	3.3	3.3	3.5	3.2	3.2	2.7
2.8	2.5	2.5	2.8	2.5	2.5	2.2	1.9	1.8
-0.2	0.1	0.3	0.8	1.1	1.1	1.2	1.4	1.3
15.0	12.1	11.9	10.6	8.6	7.2	4.4	3.3	2.7
0.0	-1.0	-0.5	-0.9	-1.1	0.2	0.1	0.4	1.3
0.1	-0.2	-0.1	-0.4	-0.8	-0.3	-0.1	0.2	1.1
0.2	0.1	0.4	0.1	0.6	1.2	1.4	1.7	1.7
-0.5	-0.9	-0.8	-0.1	-0.6	0.7	1.4	0.8	1.9
0.6	0.3	0.7	0.5	-0.2	0.2	-0.2	-0.9	0.2
-0.1	-0.1	-0.6	-0.5	-0.9	-0.9	-0.5	0.1	0.7
2.6	1.9	1.7	-1.4	-3.4	-3.2	-1.2	0.7	3.2
2.7	2.6	3.0	2.9	3.0	3.4	3.4	3.6	3.9
3.0	2.8	2.7	3.0	3.1	3.4	3.3	3.1	3.0
2.4	1.8	1.9	3.1	4.0	5.1	5.6	5.4	5.0
3.9	3.6	3.4	3.6	3.6	3.4	4.0	4.4	6.1
3.7	3.5	3.0	2.8	2.7	2.4	2.6	2.8	2.8
3.5	3.3	3.3	3.4	3.1	3.3	2.7	2.0	2.0
2.5	2.1	2.0	2.6	2.4	2.6	2.7	2.1	2.0
-0.3	-0.2	-0.1	0.0	0.1	0.2	0.2	0.6	0.7
-0.1	0.1	0.3	0.7	0.9	1.0	1.1	1.3	1.3
-2.2	-0.8	1.5	0.6	1.7	0.1	-3.0	-2.6	-5.0
-1.3	-2.8	-3.5	-4.0	-4.6	-4.4	-4.6	-4.4	-3.7
0.0	-0.2	-0.9	-1.4	-2.6	-2.1	-0.9	0.5	2.0

Table 6

**Percent Change in Implied Non-Supervisory Payrolls, Employment, Average Weekly Hours, and Average Hourly Earnings in Private<sup>1</sup> Health Service Establishments by Selected Type of Establishment: 1993-97.**

Type of Establishment					1994	1994	1994	1994
	1993	1994	1995	1996	Q1	Q2	Q3	Q4
	Annual Percent Change				Percent Change From the Same Period of Previous Year			
<b>Health Services</b>								
Payrolls	6.6	5.4	5.5	5.7	5.5	5.3	5.3	5.6
Employment	3.0	2.5	2.7	2.7	2.6	2.6	2.5	2.5
Average Weekly Hours	0.1	0.1	-0.2	-0.3	0.1	0.0	-0.1	0.2
Average Hourly Earnings	3.4	2.7	2.9	3.2	2.7	2.6	2.9	2.8
<b>Offices and Clinics of Physicians</b>								
Payrolls	6.9	6.3	6.8	11.4	6.5	5.8	5.9	6.9
Employment	2.4	2.5	4.2	4.8	1.9	2.2	2.6	3.4
Average Weekly Hours	0.2	0.5	0.2	1.3	0.7	0.4	0.1	0.9
Average Hourly Earnings	4.2	3.1	2.3	5.0	3.8	3.1	3.2	2.4
<b>Offices and Clinics of Dentists</b>								
Payrolls	6.5	7.3	6.3	8.0	8.1	7.7	6.8	6.6
Employment	2.8	3.0	3.2	3.3	3.1	3.3	2.8	2.9
Average Weekly Hours	-0.3	-0.5	-0.6	0.6	0.1	-0.7	-0.8	-0.5
Average Hourly Earnings	3.8	4.6	3.6	3.9	4.7	5.0	4.8	4.1
<b>Nursing Homes</b>								
Payrolls	7.1	8.3	6.5	4.7	9.1	8.4	7.8	7.8
Employment	3.3	3.9	2.6	2.3	4.5	4.2	3.9	3.0
Average Weekly Hours	-0.3	0.3	0.5	-0.3	0.2	0.0	-0.2	1.0
Average Hourly Earnings	4.0	4.0	3.2	2.7	4.2	4.1	4.0	3.6
<b>Private Hospitals</b>								
Payrolls	4.5	2.2	3.3	3.5	2.2	1.9	2.2	2.5
Employment	0.6	-0.7	0.3	1.2	-0.7	-0.8	-0.8	-0.5
Average Weekly Hours	0.5	0.2	-0.3	-0.5	0.5	0.2	0.1	-0.1
Average Hourly Earnings	3.3	2.7	3.4	2.8	2.4	2.5	2.9	3.1
<b>Home Health Care Services</b>								
Payrolls	24.4	24.1	16.2	6.5	26.5	25.9	22.4	22.1
Employment	17.9	19.1	12.3	5.8	21.3	20.7	18.4	16.6
Average Weekly Hours	1.4	1.7	1.2	-1.8	1.7	1.6	1.1	2.4
Average Hourly Earnings	4.1	2.5	2.3	2.4	2.6	2.7	2.3	2.5
<b>Nonfarm Private Sector</b>								
Payrolls	5.4	7.1	5.5	5.7	6.7	7.0	7.0	7.7
Employment	2.5	3.8	3.2	2.3	3.2	3.8	4.0	4.2
Average Weekly Hours	0.3	0.5	-0.6	-0.1	0.7	0.6	0.3	0.6
Average Hourly Earnings	2.5	2.7	2.8	3.3	2.6	2.5	2.6	2.8

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

NOTES: Data presented here conform to the 1987 Standard Industrial Classification.

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

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics: *Employment and Earnings*. Washington. U.S. Government Printing Office. Monthly reports for January 1992 - March 1997.

**Table 6—Continued**

**Percent Change in Implied Non-Supervisory Payrolls, Employment, Average Weekly Hours, and Average Hourly Earnings in Private<sup>1</sup> Health Service Establishments by Selected Type of Establishment: 1993-97.**

1995	1995	1995	1995	1996	1996	1996	1996	1997
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Percent Change From the Same Period of Previous Year								
5.8	5.2	5.3	5.6	5.1	6.0	5.9	5.8	6.4
2.6	2.5	2.6	2.9	2.8	2.8	2.6	2.4	2.2
0.1	-0.2	-0.1	-0.4	-0.8	-0.3	-0.1	0.2	1.1
3.0	2.8	2.7	3.0	3.1	3.4	3.3	3.1	3.0
6.3	5.9	6.7	8.2	9.8	11.8	12.2	11.7	11.1
3.6	3.9	4.3	4.9	5.0	5.1	4.8	4.2	3.9
0.2	0.1	0.4	0.1	0.6	1.2	1.4	1.7	1.7
2.4	1.8	1.9	3.1	4.0	5.1	5.6	5.4	5.0
6.7	5.6	6.1	6.9	6.3	7.8	8.9	8.7	11.1
3.1	2.9	3.4	3.3	3.3	3.5	3.2	3.2	2.7
-0.5	-0.9	-0.8	-0.1	-0.6	0.7	1.4	0.8	1.9
3.9	3.6	3.4	3.6	3.6	3.4	4.0	4.4	6.1
7.2	6.4	6.3	6.2	5.0	5.2	4.7	3.8	4.9
2.8	2.5	2.5	2.8	2.5	2.5	2.2	1.9	1.8
0.6	0.3	0.7	0.5	-0.2	0.2	-0.2	-0.9	0.2
3.7	3.5	3.0	2.8	2.7	2.4	2.6	2.8	2.8
3.2	3.3	3.0	3.7	3.3	3.6	3.4	3.6	4.0
-0.2	0.1	0.3	0.8	1.1	1.1	1.2	1.4	1.3
-0.1	-0.1	-0.6	-0.5	-0.9	-0.9	-0.5	0.1	0.7
3.5	3.3	3.3	3.4	3.1	3.3	2.7	2.0	2.0
21.0	16.6	16.0	11.9	7.5	6.4	5.9	6.2	8.1
15.0	12.1	11.9	10.6	8.6	7.2	4.4	3.3	2.7
2.6	1.9	1.7	-1.4	-3.4	-3.2	-1.2	0.7	3.2
2.5	2.1	2.0	2.6	2.4	2.6	2.7	2.1	2.0
7.0	5.1	5.4	4.5	4.0	6.0	6.0	6.5	7.9
4.2	3.5	2.9	2.5	2.1	2.4	2.4	2.5	2.6
0.0	-1.0	-0.5	-0.9	-1.1	0.2	0.1	0.4	1.3
2.7	2.6	3.0	2.9	3.0	3.4	3.4	3.6	3.9

**Table 7**  
**Selected National Economic Indicators: 1993-97.**

Indicator	Calendar Year				1994	1994	1994	1994
	1993	1994	1995	1996	Q1	Q2	Q3	Q4
<b>Gross Domestic Product</b>								
Billions of Dollars	6,558	6,947	7,265	7,636	6,794	6,911	6,987	7,096
Billions of 1992 Chain Weighted Dollars	6,390	6,611	6,742	6,928	6,525	6,600	6,630	6,689
Implicit Price Deflator (1992 = 100.0)	102.6	105.1	107.8	110.2	104.1	104.7	105.4	106.1
<b>Personal Income</b>								
Personal Income in Billions	5,519	5,792	6,151	6,495	5,616	5,767	5,838	5,946
Disposable Income in Billions	4,829	5,053	5,356	5,608	4,903	5,016	5,098	5,193
<b>Prices<sup>1</sup></b>								
Consumer Price Index, All Items	144.5	148.2	152.4	156.9	146.7	147.6	148.9	149.6
All Items Less Medical Care	141.2	144.7	148.6	152.8	143.3	144.1	145.4	146.0
Energy	104.2	104.6	105.2	110.1	101.7	103.5	107.8	105.4
Food and Beverages	141.6	144.9	148.9	153.7	143.9	144.1	145.2	146.2
Medical Care	201.4	211.0	220.5	228.2	207.5	209.8	212.2	214.7
Producer Price Index, <sup>2</sup> Finished								
Consumer Goods	123.0	123.3	125.6	129.5	122.4	123.0	123.9	123.7
Energy	78.0	77.0	78.1	83.2	74.4	76.7	80.2	76.9
Food	125.6	126.8	129.0	133.6	127.1	126.5	126.4	127.2
Finished Goods Except Food and Energy	138.5	139.0	141.9	144.3	138.6	138.7	138.7	139.8
	Annual Percent Change				Percent Change From the Same Period of Previous Year			
<b>Gross Domestic Product</b>								
Billions of Dollars	5.0	5.9	4.6	5.1	5.4	6.2	6.3	5.8
Billions of 1992 Chain Weighted Dollars	2.3	3.5	2.0	2.8	3.1	3.8	3.7	3.3
Implicit Price Deflator (1992 = 100.0)	2.6	2.4	2.5	2.3	2.3	2.3	2.5	2.5
<b>Personal Income</b>								
Personal Income in Billions	4.6	4.9	6.2	5.6	4.6	4.8	5.3	5.1
Disposable Income in Billions	4.4	4.6	6.0	4.7	4.2	4.1	5.1	5.1
<b>Prices<sup>1</sup></b>								
Consumer Price Index, All Items	3.0	2.6	2.8	2.9	2.5	2.4	2.9	2.7
All Items Less Medical Care	2.7	2.5	2.7	2.9	2.4	2.2	2.7	2.5
Energy	1.1	0.5	0.6	4.6	-0.9	-1.1	2.3	1.5
Food and Beverages	2.1	2.3	2.8	3.3	2.3	1.9	2.7	2.5
Medical Care	6.0	4.8	4.5	3.5	5.0	4.7	4.6	4.8
Producer Price Index, <sup>2</sup> Finished								
Consumer Goods	1.1	0.2	1.9	3.1	-0.3	-1.0	0.9	1.2
Energy	0.3	-1.2	1.4	6.5	-3.4	-3.5	1.0	1.1
Food	1.9	0.9	1.8	3.5	2.0	0.2	0.8	0.6
Finished Goods Except Food and Energy	0.9	0.3	2.1	1.7	-0.5	-0.8	1.0	1.6

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

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

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

SOURCES: U.S. Department of Commerce, Bureau of Economic Analysis: *Survey of Current Business*. Washington. U.S. Government

Printing Office. Monthly reports for January 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	1995	1995	1995	1996	1996	1996	1996	1997
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
7,169	7,210	7,301	7,382	7,468	7,608	7,676	7,793	7,934
6,704	6,709	6,759	6,797	6,826	6,926	6,944	7,017	7,102
106.9	107.5	108.0	108.6	109.4	109.8	110.5	111.1	111.7
6,053	6,115	6,179	6,256	6,359	6,461	6,542	6,618	6,746
5,287	5,320	5,380	5,436	5,519	5,574	5,645	5,696	5,791
150.9	152.2	152.9	153.6	155.0	156.5	157.4	158.5	159.6
147.1	148.4	149.0	149.7	151.0	152.5	153.3	154.4	155.5
103.7	106.5	107.2	103.5	105.3	112.0	111.9	111.3	112.5
147.9	148.7	149.0	150.0	151.6	152.8	154.3	156.2	157.0
217.6	219.3	221.5	223.4	226.0	227.4	229.1	230.4	232.6
124.5	125.7	125.9	126.4	127.4	129.3	130.2	131.2	130.7
76.7	80.0	79.4	76.4	78.8	84.2	84.7	85.1	84.9
128.3	128.0	129.1	130.7	131.1	132.1	134.9	136.1	134.4
140.8	141.6	141.7	143.7	144.0	144.2	144.0	145.0	145.2
Percent Change From the Same Period of Previous Year								
5.5	4.3	4.5	4.0	4.2	5.5	5.1	5.6	6.2
2.7	1.6	2.0	1.6	1.8	3.2	2.7	3.3	4.0
2.7	2.6	2.5	2.4	2.3	2.2	2.3	2.2	2.1
7.8	6.0	5.8	5.2	5.1	5.7	5.9	5.8	6.1
7.8	6.1	5.5	4.7	4.4	4.8	4.9	4.8	4.9
2.8	3.1	2.6	2.7	2.7	2.8	2.9	3.2	2.9
2.7	3.0	2.5	2.5	2.7	2.8	2.9	3.1	3.0
1.9	2.9	-0.6	-1.8	1.6	5.2	4.4	7.5	6.8
2.7	3.2	2.6	2.6	2.5	2.8	3.6	4.2	3.5
4.9	4.6	4.4	4.1	3.8	3.7	3.4	3.1	2.9
1.7	2.2	1.6	2.2	2.3	2.9	3.4	3.8	2.6
3.0	4.3	-1.0	-0.7	2.8	5.2	6.6	11.5	7.7
1.0	1.2	2.2	2.7	2.2	3.2	4.5	4.1	2.5
1.6	2.0	2.2	2.8	2.3	1.8	1.6	0.9	0.8

**Table 8**  
**Index Levels of Medical Prices: 1993-97**

Indicator	Calendar Year				1994	1994	1994	1994
	1993	1994	1995	1996	Q1	Q2	Q3	Q4
<b>Consumer Price Indexes, All Urban Consumers<sup>1</sup></b>								
Medical Care Services <sup>2</sup>	202.9	213.4	224.2	232.4	209.5	212.0	214.6	217.5
Professional Services	184.7	192.5	201.0	208.3	189.3	191.8	193.5	195.5
Physicians' Services	191.3	199.8	208.8	216.4	196.7	199.2	200.7	202.4
Dental Services	188.1	197.1	206.8	216.5	193.0	196.1	198.3	201.1
Hospital and Related Services <sup>3</sup>	231.9	245.6	257.8	269.5	241.3	243.4	247.2	250.6
Hospital Room	226.4	239.2	251.2	261.0	235.3	237.2	240.9	243.5
Other Inpatient Services (1986=100)	185.7	197.1	206.8	216.9	193.5	195.4	198.2	201.2
Outpatient Services (1986=100)	184.3	195.0	204.6	215.1	191.5	192.9	196.3	199.4
Medical Care Commodities	195.0	200.7	204.5	210.4	198.5	200.1	201.6	202.6
Prescription Drugs	223.0	230.6	235.0	242.9	228.0	230.5	231.0	232.8
Non-Prescription Drugs and Medical Supplies (1986=100)	135.5	138.1	140.5	143.1	136.7	136.8	-	139.4
Internal and Respiratory Over-the-Counter Drugs	163.5	165.9	167.0	170.2	165.2	165.5	166.8	166.4
Non-Prescription Medical Equipment and Supplies	155.9	160.0	166.3	169.1	156.7	156.7	163.1	163.6
<b>Producer Price Indexes<sup>4</sup></b>								
Industry Groupings: <sup>5</sup>								
Health Services (12/94=100)	-	-	102.4	104.6	-	-	-	-
Offices and Clinics of Doctors of Medicine (12/93=100)	-	102.8	106.8	107.6	101.8	102.4	102.9	104.0
Medicare Treatments (12/93=100)	-	104.7	109.6	105.5	104.7	104.7	104.7	104.7
Non-Medicare Treatments (12/93=100)	-	102.3	105.9	107.8	101.0	101.8	102.4	103.8
Hospitals (12/92=100)	102.5	106.2	110.0	112.6	105.0	105.4	106.7	107.7
General Medical and Surgical Hospitals (12/92=100)	102.4	106.0	109.9	112.5	104.8	105.2	106.5	107.5
Inpatient Treatments (12/92=100)	102.5	106.0	109.2	111.8	104.9	105.2	106.4	107.5
Medicare Patients (12/92=100)	100.6	102.6	104.7	108.1	102.3	102.3	102.3	103.6
Medicaid Patients (12/92=100)	102.3	107.1	109.8	112.2	105.3	106.0	108.1	108.9
All Other Patients (12/92=100)	103.5	107.7	111.7	113.7	106.3	106.7	108.4	109.4
Outpatient Treatments (12/92=100)	102.5	106.7	113.3	116.2	105.0	105.8	107.6	108.2
Medicare Patients (12/92=100)	103.7	107.0	111.2	113.1	105.5	106.0	107.5	108.8
Medicaid Patients (12/92=100)	101.6	103.3	106.4	106.1	101.8	101.2	105.1	105.1
All Other Patients (12/92=100)	102.4	106.9	114.2	117.7	105.2	106.2	107.8	108.4
Skilled and Intermediate Care Facilities (12/94=100)	-	-	103.6	110.0	-	-	-	-
Public Payors (12/94=100)	-	-	103.8	110.5	-	-	-	-
Private Payors (12/94=100)	-	-	103.6	109.8	-	-	-	-
Medical Laboratories (6/94=100)	-	-	104.0	105.3	-	-	100.0	99.9
Commodity Groupings:								
Drugs and Pharmaceuticals	200.9	206.0	210.9	214.7	204.6	205.9	206.3	207.0
Ethical (Prescription) Preparations	242.2	250.0	257.0	265.4	248.3	250.1	250.0	251.4
Proprietary (Over-the-Counter) Preparations	180.0	183.2	186.6	185.1	181.4	182.6	184.4	184.5
Medical, Surgical, and Personal Aid Devices	137.8	140.4	141.3	143.1	140.1	140.3	140.6	140.5
Personal Aid Equipment	122.3	130.1	133.7	139.3	127.8	130.8	130.9	130.9
Medical Instruments and Equipment (6/82=100)	126.0	126.7	128.3	130.1	126.4	126.5	126.8	126.9
Surgical Appliances and Supplies (6/83=100)	151.0	155.7	154.8	156.9	155.4	155.7	156.1	155.4
Ophthalmic Goods (12/83=100)	119.0	119.6	122.2	120.3	120.0	119.4	119.4	119.8
Dental Equipment and Supplies (6/85=100)	131.5	135.2	137.5	141.0	134.2	135.0	136.0	135.7

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

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

<sup>3</sup>The 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.

<sup>4</sup>Unless otherwise noted, base year is 1982 = 100. Producer price indexes are classified by industry (price changes received for the industry's output sold outside the industry) and commodity (price changes by similarity of end use or material composition).

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

\*Indicates discontinued series

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 -March 1997;

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



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

1995	1995	1995	1995	1996	1996	1996	1996	1997
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
221.0	223.0	225.4	227.4	230.1	231.5	233.3	234.7	237.0
198.3	200.2	202.0	203.4	205.9	207.5	209.2	210.7	213.2
205.6	208.1	210.1	211.5	214.3	215.8	217.1	218.3	220.8
204.0	205.8	207.8	209.8	212.5	215.1	218.0	220.5	223.4
254.2	255.6	259.1	262.2	266.1	267.7	271.0	273.1	276.3
247.8	249.4	252.6	255.1	257.9	259.0	262.3	264.7	*
204.0	205.2	207.8	210.3	214.3	215.5	218.1	219.6	*
201.5	202.3	205.5	208.9	211.7	213.9	216.5	218.1	*
203.4	203.6	204.6	206.2	208.4	209.9	211.1	212.1	213.8
233.4	233.9	235.4	237.4	240.1	242.3	243.7	245.3	247.6
140.5	140.0	140.4	141.2	142.5	142.9	143.6	143.6	144.5
167.1	166.0	167.4	167.3	169.3	169.5	170.6	171.3	172.4
165.8	166.3	165.2	167.8	168.7	169.3	169.8	168.8	169.7
101.6	101.9	102.5	103.4	104.1	104.4	104.7	105.2	105.8
106.3	106.8	107.1	107.0	107.4	107.5	107.5	107.9	108.7
109.6	109.6	109.6	109.6	105.5	105.5	105.5	105.5	105.8
105.5	106.1	106.1	106.0	107.5	107.7	107.8	108.2	109.2
109.2	109.3	110.0	111.4	112.2	112.3	112.7	113.4	113.5
109.0	109.2	109.9	111.5	112.2	112.2	112.5	113.2	113.4
108.5	108.6	109.1	110.9	111.5	111.6	111.6	112.4	112.5
103.6	103.6	103.6	107.8	107.8	107.8	107.8	109.1	109.1
109.5	109.6	109.3	110.6	111.7	112.5	111.9	112.5	110.7
111.0	111.1	112.0	112.6	113.6	113.4	113.6	114.2	114.8
111.9	112.5	114.0	114.8	115.6	115.8	116.6	117.0	117.4
110.2	111.1	111.8	111.8	112.3	112.5	113.4	114.4	115.3
105.7	105.9	105.8	108.0	107.1	107.1	105.9	104.4	104.8
112.7	113.2	115.1	115.8	116.9	117.1	118.1	118.6	119.0
101.9	102.8	104.2	105.6	108.2	109.5	110.7	111.6	113.3
101.8	102.7	104.4	106.2	108.6	110.1	111.2	112.1	113.7
102.1	103.2	104.2	105.1	108.2	109.1	110.4	111.4	113.3
101.6	103.4	106.0	105.0	105.3	105.2	105.3	105.3	105.8
208.5	210.3	211.2	213.4	213.8	214.6	215.2	215.2	218.1
252.7	255.8	257.6	261.8	262.5	265.1	266.8	267.0	271.0
185.5	186.6	186.6	187.5	188.3	184.5	183.3	184.2	186.1
140.7	140.8	141.5	142.1	143.5	143.4	142.6	142.7	142.9
131.2	131.8	135.1	136.7	136.8	139.8	140.2	140.3	140.3
127.8	128.0	128.8	128.7	130.3	130.1	129.7	130.1	127.8
154.3	154.1	154.5	156.2	157.4	158.1	156.3	155.8	158.5
121.7	121.8	122.9	122.6	122.2	119.7	119.8	119.5	120.4
136.4	137.9	137.1	138.7	140.7	140.7	141.0	141.7	145.9

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

Indicator	Calendar Year				1994	1994	1994	1994
	1993	1994	1995	1996	Q1	Q2	Q3	Q4
<b>Consumer Price Indexes, All Urban Consumers<sup>1</sup></b>	<b>Annual Percent Change</b>				<b>Percent Change From the Same Period of Previous Year</b>			
Medical Care Services <sup>2</sup>	6.5	5.2	5.0	3.7	5.4	5.1	5.0	5.2
Professional Services	5.1	4.3	4.4	3.7	4.3	4.2	4.1	4.5
Physicians' Services	5.6	4.4	4.5	3.6	4.8	4.5	4.2	4.3
Dental Services	5.3	4.8	4.9	4.7	4.4	4.5	4.8	5.4
Hospital and Related Services <sup>3</sup>	8.4	5.9	5.0	4.5	6.7	5.8	5.7	5.4
Hospital Room	8.5	5.7	5.0	3.9	6.6	5.6	5.5	5.0
Other Inpatient Services (1986=100)	7.8	6.1	5.0	4.9	6.8	6.3	5.9	5.7
Outpatient Services (1986=100)	9.3	5.8	4.9	5.1	6.5	5.4	5.7	5.7
Medical Care Commodities	3.7	2.9	1.9	2.9	2.9	3.0	2.8	3.0
Prescription Drugs	3.9	3.4	1.9	3.3	3.0	4.0	3.2	3.4
Non-Prescription Drugs and Medical Supplies (1986=100)	3.3	1.9	1.8	1.9	2.6	0.9	2.0	2.1
Internal and Respiratory Over-the-Counter Drugs	3.3	1.5	0.6	1.9	3.0	1.3	0.8	0.9
Non-Prescription Medical Equipment and Supplies	3.3	2.7	3.9	1.7	1.9	0.1	4.2	4.4
<b>Producer Price Indexes<sup>4</sup></b>								
<b>Industry Groupings:<sup>5</sup></b>								
Health Services (12/94=100)	-	-	-	2.2	-	-	-	-
Offices and Clinics of Doctors of medicine (12/93=100)	-	-	3.9	0.7	-	-	-	-
Medicare Treatments (12/93=100)	-	-	4.7	-3.7	-	-	-	-
Non-Medicare Treatments (12/93=100)	-	-	3.6	1.8	-	-	-	-
Hospitals (12/92=100)	-	3.6	3.5	2.4	3.8	3.6	3.6	3.5
General Medical and Surgical Hospitals (12/92=100)	-	3.5	3.7	2.4	3.5	3.5	3.5	3.4
Inpatient Treatments (12/92=100)	-	3.5	3.1	2.3	3.7	3.6	3.5	3.1
Medicare Patients (12/92=100)	-	2.0	2.0	3.3	2.3	2.3	2.3	1.3
Medicaid Patients (12/92=100)	-	4.6	2.5	2.2	4.3	4.7	5.0	4.5
All Other Patients (12/92=100)	-	4.0	3.7	1.8	4.3	4.1	3.8	3.9
Outpatient Treatments (12/92=100)	-	4.1	6.2	2.6	3.4	3.7	4.4	4.7
Medicare Patients (12/92=100)	-	3.1	4.0	1.7	2.3	2.6	3.0	4.6
Medicaid Patients (12/92=100)	-	1.7	2.9	-0.2	1.1	-0.3	2.7	3.1
All Other Patients (12/92=100)	-	4.4	6.9	3.0	3.8	4.3	4.8	4.8
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	-	-	-	-
<b>Commodity Groupings:</b>								
Drugs and Pharmaceuticals	4.5	2.5	2.4	1.8	3.0	2.6	2.1	2.3
Ethical (Prescription) Preparations	4.5	3.2	2.8	3.3	3.9	3.4	2.7	2.8
Proprietary (Over-the-Counter) Preparations	3.7	1.8	1.8	-0.8	2.2	1.8	1.6	1.6
Medical, Surgical, and Personal Aid Devices	3.0	1.8	0.7	1.3	2.1	1.6	2.0	1.6
Personal Aid Equipment	1.7	6.4	2.7	4.2	4.3	6.7	7.4	7.4
Medical Instruments and Equipment (6/82=100)	2.1	0.5	1.3	1.4	0.8	0.1	0.8	0.6
Surgical Appliances and Supplies (6/83=100)	4.1	3.1	-0.6	1.4	3.6	3.1	3.3	2.4
Ophthalmic Goods (12/83=100)	0.9	0.6	2.2	-1.6	1.4	0.5	0.1	0.3
Dental Equipment and Supplies (6/85=100)	3.8	2.9	1.7	2.5	2.9	2.4	3.0	3.1

\*indicates discontinued series

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

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

<sup>3</sup> The 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.

<sup>4</sup> Unless otherwise noted, base year is 1982 = 100. Producer price indexes are classified by industry (price changes received for the industry's output sold outside the industry) and commodity (price changes by similarity of end use or material composition).

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

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

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

1995	1995	1995	1995	1996	1996	1996	1996	1997
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Percent Change From the Same Period of Previous Year								
5.5	5.2	5.0	4.5	4.1	3.8	3.5	3.2	3.0
4.7	4.4	4.4	4.0	3.8	3.7	3.5	3.6	3.6
4.5	4.5	4.6	4.5	4.2	3.7	3.3	3.2	3.0
5.7	4.9	4.8	4.3	4.2	4.6	4.9	5.1	5.2
5.3	5.0	4.8	4.6	4.7	4.7	4.6	4.2	3.8
5.3	5.1	4.9	4.8	4.1	3.9	3.8	3.8	*
5.5	5.0	4.8	4.5	5.0	5.0	5.0	4.4	*
5.2	4.9	4.7	4.8	5.0	5.7	5.4	4.4	*
2.5	1.7	1.5	1.8	2.4	3.1	3.2	2.9	2.6
2.4	1.5	1.9	2.0	2.9	3.6	3.5	3.3	3.1
2.8	2.3	0.7	1.2	1.5	2.0	2.3	1.7	1.4
1.1	0.3	0.5	0.6	1.3	2.1	1.9	2.4	1.8
5.8	6.1	1.3	2.5	1.7	1.8	2.8	0.6	0.6
-	-	-	-	2.5	2.4	2.1	1.8	1.6
4.5	4.3	4.0	2.9	1.0	0.7	0.4	0.8	1.3
4.7	4.7	4.7	4.7	-3.7	-3.7	-3.7	-3.7	0.3
4.5	4.3	3.6	2.1	1.9	1.5	1.6	2.0	1.6
4.0	3.7	3.1	3.4	2.7	2.7	2.5	1.8	1.2
4.0	3.8	3.2	3.7	2.9	2.8	2.3	1.5	1.1
3.4	3.2	2.5	3.1	2.8	2.8	2.3	1.4	0.8
1.3	1.3	1.3	4.1	4.1	4.1	4.1	1.2	1.2
4.0	3.4	1.1	1.6	2.1	2.6	2.4	1.7	-0.9
4.4	4.2	3.3	3.0	2.3	2.0	1.4	1.4	1.1
6.6	6.3	6.0	6.1	3.3	2.9	2.2	1.9	1.6
4.5	4.8	4.0	2.7	1.9	1.3	1.4	2.3	2.7
3.8	4.6	0.6	2.8	1.3	1.2	0.1	-3.4	-2.1
7.2	6.7	6.8	6.9	3.7	3.4	2.6	2.4	1.8
-	-	-	-	6.1	6.5	6.2	5.7	4.7
-	-	-	-	6.6	7.2	6.5	5.5	4.7
-	-	-	-	5.9	5.8	6.0	6.0	4.7
-	-	5.9	5.1	3.7	1.8	-0.6	0.3	0.5
1.9	2.2	2.4	3.1	2.5	2.0	1.9	0.8	2.0
1.8	2.3	3.0	4.2	3.9	3.6	3.6	2.0	3.2
2.3	2.2	1.2	1.6	1.5	-1.1	-1.8	-1.8	-1.2
0.5	0.4	0.6	1.2	2.0	1.8	0.8	0.4	-0.4
2.6	0.7	3.2	4.4	4.3	6.1	3.8	2.6	2.6
1.1	1.1	1.6	1.4	2.0	1.6	0.8	1.1	-1.9
-0.8	-1.0	-1.0	0.6	2.0	2.6	1.1	-0.3	0.7
1.4	2.1	2.9	2.3	0.4	-1.8	-2.5	-2.5	-1.5
1.6	2.2	0.8	2.2	3.2	2.0	2.8	2.2	3.6

**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 <sup>1</sup>	Price/Wage Variable	Base Year	1995	1995	1995	1996
		Weights FY 92 <sup>2</sup>	Q2	Q3	Q4	Q1
<b>Index Levels:</b>						
Total	-	100.000	109.8	110.4	110.8	111.6
Compensation	-	61.390	110.1	110.8	111.5	112.5
Wages and Salaries	HCFA Occupational Wage Index <sup>4</sup>	50.244	109.3	110.0	110.8	111.9
Employee Benefits	HCFA Occupational Benefits Index <sup>4</sup>	11.146	113.7	114.2	114.6	115.4
Other Professional Fees	ECI-W/S: Professional/Technical (Private)	2.127	110.8	111.6	112.1	113.5
Energy and Utilities <sup>3</sup>	-	2.470	104.1	106.0	101.8	103.9
Professional Liability	-	-	-	-	-	-
Insurance	HCFA-Professional Liability Premium	1.189	98.7	98.3	98.2	98.7
All Other	-	32.825	109.9	110.5	110.6	110.9
Other Products <sup>3</sup>	-	24.033	109.8	110.4	110.3	110.2
Pharmaceuticals	PPI-Prescription Drugs	4.162	112.0	112.7	114.6	114.9
Food: Direct Purchase	PPI-Processed Foods	2.363	102.7	104.4	106.3	106.8
Food: Contract Service	CPI-Food Away From Home	1.096	106.0	106.6	107.2	107.7
Chemicals	PPI-Industrial Chemicals	3.795	120.3	118.8	115.0	114.6
Medical Instruments	PPI-Medical Instruments/Equipment	3.128	104.4	105.0	104.9	106.3
Rubber and Plastics	PPI-Rubber/Plastic Products	4.868	108.5	109.1	108.6	107.8
Paper Products	PPI-Converted Paper and Paperboard	2.062	116.1	119.6	119.9	117.6
Other Services <sup>3</sup>	-	8.792	110.3	110.7	111.3	112.7
Business Services	ECI-W/S: Business Services	3.823	110.8	111.1	111.7	114.0
Computer Services	AHE-Data Processing Services	1.927	112.9	113.2	114.2	115.6
<b>4-Quarter Moving-Average Percent Change:</b>						
Total	-	100.000	3.1	3.2	3.1	3.0
Compensation	-	61.390	2.9	2.7	2.6	2.6
Wages and Salaries	HCFA Occupational Wage Index <sup>4</sup>	50.244	2.8	2.7	2.6	2.7
Employee Benefits	HCFA Occupational Benefits Index <sup>4</sup>	11.146	3.2	2.7	2.4	2.4
Other Professional Fees	ECI-W/S: Professional/Technical (Private)	2.127	2.9	2.6	2.4	2.6
Energy and Utilities <sup>3</sup>	-	2.470	0.3	0.0	-0.2	0.0
Professional Liability	-	-	-	-	-	-
Insurance	HCFA-Professional Liability Premium	1.189	-3.0	-3.3	-3.2	-2.6
All Other	-	32.825	4.0	4.7	4.7	4.1
Other Products <sup>3</sup>	-	24.033	4.4	5.3	5.4	4.5
Pharmaceuticals	PPI-Prescription Drugs	4.162	2.4	2.5	2.8	3.3
Food: Direct Purchase	PPI-Processed Foods	2.363	-0.2	0.1	1.2	2.2
Food: Contract Service	CPI-Food Away From Home	1.096	1.9	2.1	2.3	2.3
Chemicals	PPI-Industrial Chemicals	3.795	13.1	14.7	12.4	7.4
Medical Instruments	PPI-Medical Instruments/Equipment	3.128	0.9	1.1	1.3	1.5
Rubber and Plastics	PPI-Rubber/Plastic Products	4.868	4.3	5.6	5.7	4.4
Paper Products	PPI-Converted Paper and Paperboard	2.062	9.5	13.4	14.9	13.1
Other Services <sup>3</sup>	-	8.792	3.1	3.0	2.9	2.9
Business Services	ECI-W/S: Business Services	3.823	3.1	2.9	2.7	2.9
Computer Services	AHE-Data Processing Services	1.927	3.8	3.6	3.5	3.5

<sup>1</sup>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*.

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

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

<sup>4</sup>The HCFA Occupational Wage and Occupational Benefit indexes are computed as the weighted-average of 10 ECI categories (ECI for Hospital workers and 9 ECI occupational categories) indicated by the column heading is computed by summing the index level for that quarter and the prior 3 quarters and dividing by 4.

**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 Q2	1996 Q3	1996 Q4	1997 Q1	Forecast							
				1997 Q2	1997 Q3	1997 Q4	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1
112.4	113.1	113.5	114.1	114.8	115.7	116.3	117.2	118.0	119.0	119.6	120.6
113.2	114.0	114.5	115.2	116.2	117.3	118.2	119.0	119.8	120.9	121.8	122.8
112.6	113.5	114.0	114.8	115.8	117.0	118.0	118.8	119.6	120.7	121.6	122.6
116.0	116.5	116.7	116.9	117.7	118.6	119.1	120.0	120.7	121.8	122.5	124.0
114.4	115.0	115.4	116.1	117.1	118.5	119.2	120.2	120.8	122.1	122.8	124.1
107.7	110.5	108.3	110.3	109.1	111.3	106.1	105.4	107.4	110.5	106.1	105.6
98.6	98.4	97.9	97.1	96.7	96.5	96.5	96.6	96.6	97.0	97.6	98.6
111.5	111.9	112.4	112.9	113.2	113.5	114.0	115.2	116.0	116.6	117.1	118.2
110.7	111.0	111.0	111.3	111.4	111.5	111.7	112.6	113.3	113.9	114.1	115.0
116.0	116.8	116.9	118.9	120.1	120.7	121.1	123.2	124.7	125.3	125.7	128.0
108.7	111.2	110.8	109.7	111.0	111.3	111.1	112.0	112.6	113.1	112.9	113.9
108.4	109.3	110.3	111.0	111.7	112.8	113.8	115.0	116.2	117.3	118.4	119.7
116.8	116.7	116.9	117.5	116.1	114.9	114.2	115.3	115.6	116.7	116.7	117.7
106.1	105.8	106.1	106.2	106.5	106.6	106.8	107.4	107.8	108.1	108.4	109.1
107.7	108.1	107.7	107.4	107.5	107.8	107.8	107.7	107.7	108.1	107.9	107.7
114.4	112.1	111.8	111.0	109.7	110.5	112.6	114.2	115.5	115.8	116.7	117.6
113.5	114.5	116.1	117.3	118.1	119.0	120.2	122.2	123.2	124.2	125.3	126.9
114.2	115.1	116.5	117.9	118.6	119.3	120.7	122.8	123.7	124.2	125.4	127.6
117.3	119.4	122.1	124.2	125.5	127.2	128.4	130.5	132.6	134.4	135.8	137.4
2.7	2.5	2.4	2.4	2.3	2.3	2.3	2.4	2.6	2.7	2.8	2.9
2.7	2.8	2.8	2.7	2.7	2.6	2.8	3.0	3.1	3.2	3.1	3.1
2.8	2.9	3.0	2.9	2.9	2.9	3.0	3.2	3.3	3.3	3.2	3.2
2.2	2.1	2.0	1.8	1.7	1.6	1.7	2.0	2.3	2.5	2.7	2.9
2.8	3.0	3.1	2.9	2.7	2.6	2.7	3.1	3.3	3.3	3.2	3.1
0.7	2.1	3.9	5.1	4.5	3.6	1.5	-1.1	-1.8	-2.2	-1.7	-0.6
-1.8	-0.9	-0.3	-0.5	-0.9	-1.4	-1.7	-1.5	-1.0	-0.4	0.3	0.9
3.0	2.1	1.6	1.5	1.6	1.6	1.5	1.6	1.8	2.2	2.5	2.6
3.1	1.8	1.0	0.7	0.7	0.7	0.7	0.7	1.0	1.4	1.8	2.0
3.7	3.8	3.3	3.2	3.1	3.1	3.5	3.5	3.6	3.7	3.8	3.8
3.8	5.0	5.0	4.8	3.9	2.3	1.3	1.1	1.0	1.4	1.7	1.6
2.3	2.3	2.5	2.7	2.9	3.1	3.1	3.3	3.5	3.7	3.9	4.0
2.2	-1.0	-1.3	-0.2	0.4	0.5	-0.5	-1.6	-1.5	-0.7	0.4	1.4
1.6	1.4	1.4	0.8	0.5	0.5	0.4	0.7	0.9	1.1	1.3	1.4
2.5	0.7	-0.4	-0.7	-0.6	-0.4	-0.2	0.0	0.1	0.2	0.2	0.2
8.5	2.5	-2.3	-5.0	-5.7	-4.6	-2.7	-0.5	1.8	3.4	4.1	4.2
2.8	3.0	3.4	3.7	4.0	4.1	3.9	3.9	4.0	4.1	4.3	4.2
3.0	3.2	3.6	3.6	3.8	3.8	3.6	3.8	3.9	4.0	4.1	4.0
3.5	4.0	4.9	5.9	6.7	7.0	8.5	5.9	5.6	5.4	5.5	5.6

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. FY is fiscal year. Q designates quarter of year. The 4 quarter moving-average index level for the quarter indicated by the column heading is computed by summing the index level for that quarter and the prior 3 quarters and dividing by 4. The process is repeated to compute the 4-quarter moving-average index level for the same quarter 1 year ago. The average index level for the quarter indicated by the column heading is divided by the average index level of the same quarter 1 year ago and the quotient is subtracted from 1 and multiplied by 100 to determine the 4-quarter moving-average percent change in the index.

SOURCES: Health Care Financing Administration, Office of the Actuary; Data from the Office of National Health Statistics, Division of Health Cost Analysis. Second quarter 1997 forecasts were produced under contract to HCFA by Data Resources, Inc./ McGraw-Hill.

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

Expense Category <sup>1</sup>	Price/Wage Variable	Base Year Weights CY 77 <sup>2</sup>	1995 Q2	1995 Q3	1995 Q4	1996 Q1
<b>Index Levels</b>						
Total	-	100.000	263.9	265.5	267.1	269.6
Compensation	-	70.620	270.0	271.6	273.1	275.5
Wages and Salaries	AHE-Nursing Facilities	63.020	267.2	268.7	270.3	273.0
Employee Benefits	BEA-Supplement to Wages/ Salaries per Worker	7.600	293.4	295.2	296.3	296.5
Fuel and Other Energy	-	4.270	231.9	232.4	231.6	239.9
Fuel Oil and Coal	IPD-Fuel Oil and Coal	1.660	204.2	204.9	201.4	219.5
Electricity	IPD-Electricity	1.210	225.1	227.9	230.0	229.3
Natural Gas	IPD-Natural Gas	0.910	239.4	234.9	233.9	237.7
Water and Sewage Maintenance	CPI(U)-Water and Sewage	0.490	328.4	331.8	333.4	339.6
Food	-	9.740	197.3	199.1	201.6	202.5
Direct Purchase	PPI-Processed Foods	4.930	169.4	171.9	175.4	176.2
Contract Service	CPI(U)-Food and Beverages	4.810	225.8	227.0	228.6	229.6
All Other	-	15.370	287.1	288.9	291.0	293.3
Pharmaceuticals	PPI-Prescription Drugs	1.500	389.2	391.8	398.3	399.4
Supplies	CPI(U)-All Items	3.280	251.1	252.2	253.4	255.7
Health Services	CPI(U)-Physicians' Services	1.210	355.8	359.1	361.5	366.3
Other Business Services	CPI(U)-Services	4.590	298.9	301.2	303.4	305.5
Miscellaneous Costs	CPI(U)-All Items	4.790	251.1	252.2	253.4	255.7
<b>4-Quarter Moving-Average Percent Change</b>						
Total	-	100.000	3.1	3.0	2.9	2.7
Compensation	-	70.620	3.4	3.2	3.0	2.7
Wages and Salaries	AHE-Nursing Facilities	63.020	3.7	3.4	3.1	2.8
Employee Benefits	BEA-Supplement to Wages/ Salaries per Worker	7.600	1.8	1.9	2.2	2.1
Fuel and Other Energy	-	4.270	-0.4	-0.3	-0.3	0.9
Fuel Oil and Coal	IPD-Fuel Oil and Coal	1.660	-1.6	-0.8	-0.6	2.3
Electricity	IPD-Electricity	1.210	0.9	1.6	2.2	2.3
Natural Gas	IPD-Natural Gas	0.910	-3.2	-4.4	-5.1	-4.6
Water and Sewage Maintenance	CPI(U)-Water and Sewage	0.490	4.0	3.5	3.1	3.2
Food	-	9.740	1.5	1.6	2.1	2.5
Direct Purchase	PPI-Processed Foods	4.930	-0.2	0.1	1.2	2.2
Contract Service	CPI(U)-Food and Beverages	4.810	2.9	2.8	2.8	2.7
All Other	-	15.370	3.1	3.1	3.2	3.2
Pharmaceuticals	PPI-Prescription Drugs	1.500	2.4	2.5	2.8	3.3
Supplies	CPI(U)-All Items	3.280	2.9	2.8	2.8	2.8
Health Services	CPI(U)-Physicians' Services	1.210	4.4	4.5	4.5	4.5
Other Business Services	CPI(U)-Services	4.590	3.3	3.3	3.4	3.4
Miscellaneous Costs	CPI(U)-All Items	4.790	2.9	2.8	2.8	2.8

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

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

NOTES: A dash ( - ) in the Price/Wage Variable column denotes a total or subtotal produced by adding 2 or more categories.

AHE represents Average Hourly Earnings, BEA represents Bureau of Economic Analysis, IPD represents Implicit Price Deflator from the Department of Commerce, CPI(U) represents Consumer Price Index for all urban consumers, and PPI represents Producer Price Index. CY is calendar year. Q designates quarter of year. An example of how a percent change is calculated is shown in the Notes at the end of Table 10.

SOURCES: Health Care Financing Administration, Office of the Actuary; Data from the Office of National Health Statistics, Division of Health Cost Analysis. Second quarter 1997 forecasts were produced under contract to HCFA by Data Resources, Inc./McGraw-Hill.

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

1996 Q2	1996 Q3	1996 Q4	1997 Q1	Forecast							
				1997 Q2	1997 Q3	1997 Q4	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1
270.9	272.7	275.3	277.8	279.3	281.4	283.8	287.0	289.1	291.1	293.5	296.9
276.0	277.8	280.2	283.1	284.9	287.5	290.4	294.2	296.4	298.5	301.2	305.1
273.3	275.1	277.7	280.6	282.3	285.0	287.9	291.9	294.1	296.1	298.9	302.7
298.3	299.8	301.5	303.7	306.0	308.0	310.5	313.6	315.4	317.9	320.5	325.2
245.3	243.4	253.4	257.4	249.9	246.5	244.7	244.0	243.9	244.3	244.1	244.9
226.5	219.1	240.8	241.7	223.2	219.3	217.6	215.6	213.7	211.6	209.3	208.7
229.9	232.0	232.2	232.3	232.5	232.3	232.1	231.9	231.7	231.8	231.8	232.1
245.5	249.5	255.5	271.2	267.9	255.0	247.9	245.6	245.6	247.0	248.7	250.2
347.0	342.9	344.8	347.2	349.6	357.8	361.9	367.2	372.9	380.9	383.8	389.2
205.3	208.8	209.9	209.3	211.0	212.3	213.6	214.6	215.6	216.8	218.1	219.4
179.3	183.0	182.5	181.1	182.9	183.3	184.1	184.8	185.6	186.4	187.1	188.0
232.0	235.3	238.0	238.2	239.9	242.1	243.9	245.1	246.4	248.0	249.8	251.6
296.1	298.1	300.0	302.6	304.9	307.1	309.0	311.6	314.6	317.1	319.3	322.3
403.3	405.9	406.2	413.2	417.3	419.6	421.0	428.1	433.4	435.4	436.8	445.0
258.3	259.6	261.5	263.3	265.0	266.9	268.3	269.8	272.3	274.4	276.1	277.8
368.8	371.1	373.2	377.4	380.5	384.5	387.7	391.7	396.0	399.6	403.1	407.7
308.3	311.2	313.6	315.9	318.3	320.6	323.1	326.0	328.9	331.8	334.8	337.9
258.3	259.6	261.5	263.3	265.0	266.9	268.3	269.8	272.3	274.4	276.1	277.8
2.7	2.6	2.7	2.9	3.0	3.1	3.1	3.2	3.3	3.3	3.4	3.4
2.5	2.4	2.4	2.5	2.7	3.0	3.3	3.6	3.8	3.8	3.9	3.8
2.6	2.4	2.5	2.6	2.8	3.1	3.3	3.6	3.9	3.9	4.0	3.9
2.1	1.9	1.6	1.8	2.1	2.4	2.7	2.9	3.0	3.1	3.2	3.3
2.4	3.5	5.9	6.8	5.8	4.9	1.7	-1.5	-2.5	-3.0	-2.2	-0.8
5.1	6.6	11.6	11.8	8.5	6.8	-0.4	-5.6	-6.3	-7.2	-5.7	-3.7
2.3	2.2	1.7	1.5	1.3	0.9	0.6	0.2	-0.1	-0.2	-0.2	-0.1
-2.6	0.3	3.9	8.0	9.7	8.6	5.4	-0.5	-4.8	-6.0	-5.3	-2.4
3.8	3.9	4.1	3.6	2.4	2.7	3.1	4.0	5.4	6.0	6.2	6.3
3.1	3.8	4.0	4.1	3.8	3.0	2.4	2.2	2.0	2.1	2.2	2.2
3.8	5.0	5.0	4.8	3.8	2.2	1.4	1.3	1.1	1.5	1.7	1.6
2.6	2.9	3.3	3.6	3.7	3.5	3.1	2.9	2.7	2.6	2.6	2.6
3.2	3.2	3.1	3.1	3.1	3.1	3.0	3.0	3.1	3.1	3.2	3.3
3.7	3.8	3.3	3.2	3.1	3.1	3.5	3.5	3.6	3.7	3.8	3.8
2.7	2.8	2.9	3.0	2.9	2.9	2.7	2.6	2.7	2.7	2.7	2.9
4.3	3.9	3.6	3.3	3.2	3.3	3.4	3.6	3.8	3.9	3.9	4.0
3.3	3.3	3.3	3.3	3.3	3.2	3.2	3.1	3.2	3.3	3.4	3.5
2.7	2.8	2.9	3.0	2.9	2.9	2.7	2.6	2.7	2.7	2.7	2.9

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 <sup>1</sup>	Price/Wage Variable	Base Year	1995	1995	1995	1996
		Weights FY93 <sup>4</sup>	Q2	Q3	Q4	Q1
<b>Index Levels</b>						
Total	-	100.000	106.2	106.9	107.5	108.4
Compensation <sup>2</sup>	-	77.668	106.1	106.7	107.4	108.2
Wages and Salaries <sup>2</sup>	HHA Occupational Wage Index <sup>5</sup>	64.226	105.8	106.6	107.3	108.2
Employee Benefits <sup>2</sup>	HHA Occupational Benefits Index <sup>5</sup>	13.442	107.1	107.5	107.8	108.4
Operations and Maintenance	CPI(U)-Fuel and Other Utilities	0.832	102.2	103.9	102.5	103.7
Administrative and General <sup>3</sup>	-	9.569	107.1	108.2	108.8	109.7
Telephone	CPI(U)-Telephone Services	0.725	102.5	102.8	103.0	103.5
Paper and Printing	CPI(U)-Household Paper Products	0.529	105.9	109.6	112.4	113.8
Postage	CPI(U)-Postage	0.724	110.3	110.3	110.3	110.3
Other Administrative Costs <sup>3</sup>	CPI(U)-Services	7.591	107.4	108.5	108.9	110.0
Transportation	CPI(U)-Private Transportation	3.405	108.1	107.5	107.5	108.5
Capital-Related	-	3.204	105.9	106.5	107.2	107.7
Insurance	CPI(U)-Household Insurance	0.560	108.3	108.6	108.3	109.0
Fixed Capital	CPI(U)-Owner's Equivalent Rent	1.764	106.9	108.0	109.1	109.9
Movable Capital	PPI-Machinery and Equipment	0.880	102.1	102.2	102.6	102.7
Other Expenses <sup>3</sup>	CPI(U)-All Items Less Food and Energy	5.322	106.5	107.0	107.8	108.7
<b>4-Quarter Moving-Average Percent Change</b>						
Total	-	100.000	2.9	2.8	2.7	2.7
Compensation <sup>2</sup>	-	77.668	2.8	2.7	2.6	2.5
Wages and Salaries <sup>2</sup>	HHA Occupational Wage Index <sup>5</sup>	64.226	2.8	2.7	2.6	2.6
Employee Benefits <sup>2</sup>	HHA Occupational Benefits Index <sup>5</sup>	13.442	2.9	2.5	2.2	2.1
Operations and Maintenance	CPI(U)-Fuel and Other Utilities	0.832	0.4	0.5	0.7	1.1
Administrative and General <sup>3</sup>	-	9.569	3.2	3.5	3.9	3.8
Telephone	CPI(U)-Telephone Services	0.725	1.0	0.8	0.8	0.7
Paper and Printing	CPI(U)-Household Paper Products	0.529	1.9	3.9	6.5	8.6
Postage	CPI(U)-Postage	0.724	5.2	7.7	10.3	7.5
Other Administrative Costs <sup>3</sup>	CPI(U)-Services	7.591	3.3	3.3	3.4	3.4
Transportation	CPI(U)-Private Transportation	3.405	4.8	4.4	3.7	2.9
Capital-Related	-	3.204	2.9	2.8	2.8	2.6
Insurance	CPI(U)-Household Insurance	0.560	4.2	3.9	3.3	2.5
Fixed Capital	CPI(U)-Owner's Equivalent Rent	1.764	3.3	3.4	3.3	3.4
Movable Capital	PPI-Machinery and Equipment	0.880	1.0	1.0	1.2	1.1
Other Expenses <sup>3</sup>	CPI(U)-All Items less Food and Energy	5.322	2.9	2.9	3.0	3.0

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

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

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

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

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

NOTES: A dash ( - ) in the Price/Wage Variable column denotes a total or subtotal produced by adding 2 or more categories. CPI(U) represents Consumer Price Index for all urban consumers. CY is calendar year. Q designates quarter of year. An example of how a percent change is calculated is shown in the Notes at 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. Second quarter 1997 forecasts were produced under contract to HCFA by Data Resources, Inc./McGraw-Hill.



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

1996 Q2	1996 Q3	1996 Q4	1997 Q1	Forecast							
				1997 Q2	1997 Q3	1997 Q4	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1
109.1	109.8	110.5	111.3	112.0	113.0	113.9	114.9	115.7	116.8	117.6	118.6
108.9	109.7	110.4	111.1	112.0	113.0	113.9	114.9	115.5	116.6	117.4	118.5
106.9	109.8	110.5	111.4	112.2	113.3	114.3	115.2	115.9	117.0	117.9	118.9
108.9	109.2	109.6	110.0	110.6	111.5	112.0	113.1	113.4	114.4	115.1	116.7
105.3	107.4	106.9	108.4	109.3	110.9	108.9	110.0	110.8	112.5	110.9	112.3
110.4	111.4	111.8	112.8	113.4	114.3	114.8	116.8	117.6	118.7	119.2	120.4
103.6	104.8	105.3	105.8	106.0	106.1	106.0	106.9	107.8	108.4	108.7	109.8
114.4	113.3	113.8	114.2	113.5	112.9	112.8	113.3	114.1	114.8	115.5	116.1
110.3	110.3	110.3	110.3	110.3	110.3	110.3	122.3	122.3	122.3	122.3	122.3
110.8	112.0	112.5	113.6	114.3	115.6	116.2	117.4	118.3	119.6	120.2	121.5
111.1	110.4	111.3	111.7	112.0	112.0	113.4	113.8	116.5	117.2	118.6	118.7
108.0	108.8	109.4	109.9	110.5	111.8	112.8	113.7	114.5	115.4	116.1	116.9
109.9	111.5	112.3	112.2	113.2	114.5	115.6	116.4	117.5	118.6	119.3	120.1
110.4	111.3	112.2	113.1	113.8	115.3	116.7	117.7	118.6	119.7	120.5	121.5
102.1	102.0	101.9	102.0	102.4	102.8	103.2	103.8	104.3	104.8	105.2	105.8
109.3	109.8	110.6	111.4	112.3	113.2	114.4	115.1	116.2	117.3	118.6	119.5
2.6	2.7	2.7	2.7	2.7	2.8	2.8	3.0	3.1	3.3	3.3	3.3
2.5	2.6	2.7	2.7	2.8	2.8	2.9	3.1	3.2	3.2	3.2	3.2
2.7	2.8	2.9	3.0	3.0	3.1	3.1	3.3	3.3	3.4	3.3	3.2
1.9	1.8	1.7	1.6	1.6	1.7	1.8	2.2	2.4	2.6	2.7	2.8
1.7	2.4	3.1	3.8	4.0	4.0	3.4	2.6	2.0	1.5	1.5	1.7
3.6	3.3	3.0	2.9	2.8	2.7	2.7	2.9	3.1	3.4	3.8	3.6
0.8	1.2	1.5	1.8	2.2	2.0	1.6	1.3	1.2	1.4	1.9	2.3
9.4	7.9	5.6	3.1	1.0	0.1	-0.4	-0.7	-0.4	0.1	1.0	1.8
4.9	2.4	0.0	0.0	0.0	0.0	0.0	2.7	5.4	8.1	10.9	7.9
3.3	3.3	3.2	3.2	3.3	3.2	3.2	3.3	3.3	3.4	3.5	3.5
2.3	2.3	2.8	3.0	2.5	2.2	1.7	1.5	2.3	3.1	3.8	4.4
2.4	2.3	2.2	2.1	2.1	2.3	2.5	2.9	3.2	3.3	3.3	3.2
1.8	1.8	2.3	2.7	3.1	3.1	2.9	3.1	3.3	3.5	3.6	3.4
3.4	3.3	3.2	3.0	3.0	3.1	3.4	3.7	4.0	4.0	3.8	3.6
0.8	0.5	0.0	-0.4	-0.3	-0.1	0.4	1.0	1.4	1.7	1.9	1.9
2.9	2.8	2.7	2.6	2.6	2.7	2.9	3.1	3.3	3.5	3.6	3.7

Table 13

**Quarterly Index Levels and Four-Quarter Moving-Average Percent Change in the HCFA Medicare Economic Index with DRI Forecast Assumptions, by Expense Category: 1995-99**

Expense Category <sup>1</sup>	Price/Wage Variable	Base Year	1995	1995	1995	1996
		Weights CY 89 <sup>2</sup>	Q2	Q3	Q4	Q1
<b>Index Levels</b>						
Total	-	100.000	114.9	115.4	116.3	117.0
Physician Earnings	-	54.155	112.8	113.2	114.4	115.1
Wages and Salaries	AHE-Private <sup>3</sup>	45.342	110.3	110.8	112.1	112.8
Benefits	ECI-Benefits, Private <sup>3</sup>	8.813	125.8	126.0	126.0	126.5
Practice Expenses	-	45.845	117.5	118.0	118.5	119.4
Non-Physician Compensation	-	16.296	116.4	116.9	117.3	118.3
Wages and Salaries	-	13.786	114.5	115.0	115.6	116.7
Professional/Technical	ECI-W/S: Professional/Technical <sup>3</sup>	3.790	115.6	116.2	116.7	118.0
Managers	ECI-W/S: Administrative Managerial <sup>3</sup>	2.620	114.3	114.9	115.6	116.8
Clerical	ECI-W/S: Clerical <sup>3</sup>	5.074	115.0	115.5	116.2	117.2
Craft	ECI-W/S: Craft <sup>3</sup>	0.069	112.0	112.7	112.9	113.6
Services	ECI-W/S: Service Occupations <sup>3</sup>	2.233	111.7	112.2	112.6	113.1
Employee Benefits	ECI-Benefits, Private White Collar <sup>3</sup>	2.510	126.7	127.0	126.8	127.5
Office Expenses	CPI(U)-Housing	10.280	120.2	121.5	121.6	122.9
Medical Materials/Supplies	PPI-Drugs/PPI-Surgical/CPI-Medical Supplies	5.251	128.1	128.2	130.1	130.8
Professional Liability Insurance	HCFA-Professional Liability Premiums	4.780	97.7	97.0	96.7	96.4
Medical Equipment	PPI-Medical Instruments/Equipment	2.348	110.4	111.1	111.0	112.4
Other Professional Expenses	-	6.890	124.0	124.4	125.2	126.2
Automobile	CPI(U)-Private Transportation	1.400	121.5	120.8	120.9	122.0
All Other	CPI(U)-All Items Less Food/Energy	5.490	124.7	125.3	126.3	127.3
<b>4-Quarter Moving-Average Percent Change</b>						
Total	-	100.000	2.1	2.1	2.0	2.0
Physician Earnings	-	54.155	1.8	1.8	1.8	1.9
Wages and salaries	AHE-Private <sup>3</sup>	45.342	1.7	1.8	1.9	2.0
Benefits	ECI-Benefits, Private <sup>3</sup>	8.813	2.3	1.8	1.5	1.2
Practice Expenses	-	45.845	2.5	2.3	2.2	2.1
Non-Physician Compensation	-	16.296	2.2	2.1	2.0	1.9
Wages & Salaries	-	13.786	2.0	1.9	1.9	1.9
Professional/Technical	ECI-W/S: Professional/Technical <sup>3</sup>	3.790	1.8	1.7	1.6	1.8
Managers	ECI-W/S: Administrative/Managerial <sup>3</sup>	2.620	2.2	2.1	2.2	2.2
Clerical	ECI-W/S: Clerical <sup>3</sup>	5.074	2.2	2.1	2.1	2.0
Craft	ECI-W/S: Craft <sup>3</sup>	0.069	2.0	1.9	1.9	2.0
Services	ECI-W/S: Service Occupations <sup>3</sup>	2.233	1.7	1.8	1.6	1.6
Employee Benefits	ECI-Benefits, Private White Collar <sup>3</sup>	2.510	3.0	2.6	2.1	1.7
Office Expenses	CPI(U)-Housing	10.280	2.4	2.4	2.5	2.7
Medical Materials/Supplies	PPI-Drugs/PPI-Surgical/CPI-Medical Supplies	5.251	2.8	2.3	2.1	2.2
Professional Liability Insurance	HCFA-Professional Liability Premiums	4.780	2.9	2.0	0.9	-0.2
Medical Equipment	PPI-Medical Instruments/Equipment	2.348	0.9	1.1	1.3	1.5
Other Professional Expenses	-	6.890	3.3	3.2	3.1	3.0
Automobile	CPI(U)-Private Transportation	1.400	4.8	4.4	3.7	2.9
All Other	CPI(U)-All Items less Food/Energy	5.490	2.9	2.9	3.0	3.0

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

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

<sup>3</sup>Series are adjusted for productivity using 10-year moving average of output per hour for the non-farm business sector.

All series in the compensation portion of the MEI are adjusted for productivity so both economy-wide productivity and physician practice 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. Second quarter 1997 forecasts were produced under contract to HCFA by Data Resources Inc./McGraw-Hill.

**Table 13- Continued**

**Quarterly Index Levels and Four-Quarter Moving-Average Percent Change in the HCFA Medicare Economic Index with DRI Forecast Assumptions, by Expense Category: 1995-99**

1996 Q2	1996 Q3	1996 Q4	1997 Q1	Forecast							
				1997 Q2	1997 Q3	1997 Q4	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1
117.5	118.0	118.9	119.8	120.3	120.9	122.0	122.9	123.5	124.1	125.1	126.0
115.4	115.9	117.3	118.2	118.6	119.0	120.4	121.2	121.5	121.9	123.1	124.0
113.1	113.7	115.3	116.3	116	117.0	118.6	119.4	119.7	120.0	121.4	122.1
127.0	127.4	127.6	128.1	128.6	129.1	129.4	130.5	131.1	131.7	132.1	133.8
120.0	120.6	120.8	121.7	122.4	123.3	123.9	124.8	125.8	126.8	127.5	128.5
118.9	119.8	120.2	121.1	121.9	122.7	123.4	124.3	124.9	125.7	126.3	127.3
117.3	118.2	118.6	119.6	120.4	121.3	122.0	122.9	123.4	124.4	125.0	125.9
118.8	119.3	119.3	120.1	121.0	122.3	123.0	123.7	124.2	125.3	125.8	126.5
117.4	119.2	119.3	120.6	121.5	122.5	123.1	124.0	124.7	125.7	126.3	127.1
117.7	118.6	119.0	120.1	120.9	121.8	122.4	123.4	123.9	124.7	125.3	126.4
114.6	114.9	115.5	115.9	116.8	117.9	118.5	119.1	119.9	120.7	121.1	121.8
113.7	114.5	115.7	116.3	116.7	117.3	118.5	119.4	119.7	120.5	121.4	122.1
127.9	128.7	128.7	129.5	130.2	130.6	130.9	132.0	132.7	133.3	133.7	135.5
123.7	125.1	125.2	126.5	127.3	129.0	129.4	130.5	131.6	133.3	133.6	134.5
131.6	131.5	131.2	132.6	133.9	134.3	134.7	136.2	137.8	138.4	139.0	140.7
95.9	95.2	94.7	94.5	94.6	94.6	94.7	95.0	95.5	96.3	96.9	97.5
112.2	111.9	112.2	112.5	112.8	112.9	113.1	113.8	114.1	114.5	114.9	115.6
127.4	127.7	128.6	129.5	130.3	131.2	132.6	133.4	135.1	136.2	137.8	138.6
124.9	124.1	125.1	125.5	125.9	125.9	127.4	127.9	130.9	131.7	133.3	133.5
128.0	128.6	129.5	130.5	131.5	132.5	133.9	134.8	136.1	137.4	138.9	139.9
2.0	2.1	2.2	2.3	2.3	2.4	2.5	2.5	2.6	2.6	2.6	2.6
2.0	2.1	2.3	2.5	2.6	2.7	2.7	2.6	2.6	2.5	2.4	2.4
2.2	2.4	2.6	2.8	2.9	3.0	3.0	2.9	2.8	2.7	2.5	2.4
1.0	1.0	1.0	1.2	1.2	1.3	1.3	1.5	1.6	1.8	2.0	2.1
2.0	2.1	2.1	2.0	2.0	2.0	2.2	2.4	2.5	2.7	2.8	2.8
2.0	2.1	2.3	2.4	2.4	2.4	2.5	2.6	2.6	2.6	2.5	2.4
2.1	2.3	2.5	2.6	2.6	2.6	2.7	2.7	2.7	2.7	2.6	2.5
2.1	2.4	2.6	2.4	2.2	2.1	2.3	2.6	2.8	2.8	2.6	2.4
2.4	2.8	3.0	3.2	3.4	3.2	3.2	3.0	2.8	2.8	2.7	2.6
2.1	2.3	2.4	2.5	2.6	2.6	2.7	2.7	2.7	2.6	2.5	2.4
2.1	2.1	2.2	2.2	2.0	2.2	2.3	2.5	2.6	2.6	2.5	2.4
1.6	1.6	2.0	2.3	2.6	2.7	2.6	2.5	2.5	2.6	2.6	2.5
1.4	1.3	1.2	1.4	1.5	1.6	1.6	1.7	1.8	1.9	2.0	2.2
2.8	2.9	2.9	2.9	2.9	3.0	3.1	3.1	3.3	3.3	3.3	3.3
2.2	2.6	2.2	1.9	1.6	1.5	2.0	2.3	2.6	2.8	3.0	3.1
-1.1	-1.6	-1.8	-1.9	-1.8	-1.5	-1.0	-0.4	0.2	0.8	1.4	1.9
1.6	1.4	1.4	0.9	0.6	0.6	0.6	0.8	1.0	1.2	1.3	1.4
2.8	2.7	2.7	2.7	2.6	2.6	2.7	2.8	3.1	3.4	3.6	3.8
2.3	2.3	2.8	3.0	2.5	2.2	1.7	1.5	2.3	3.1	3.8	4.4
2.9	2.8	2.7	2.6	2.6	2.7	2.9	3.1	3.3	3.5	3.6	3.7