

## Hospital, Employment, and Price Indicators for the Health Care Industry: Third Quarter 1999

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This feature presents highlights from statistics on health care utilization, prices, expenses, employment, and work hours, as well as on national economic activity, with brief analysis of these economic indicators. These statistics provide an early indication of changes occurring in the health care sector and within the general economy. Although most statistics include data for third quarter of 1999, American Hospital Association (AHA) data are through the third quarter of 1998.

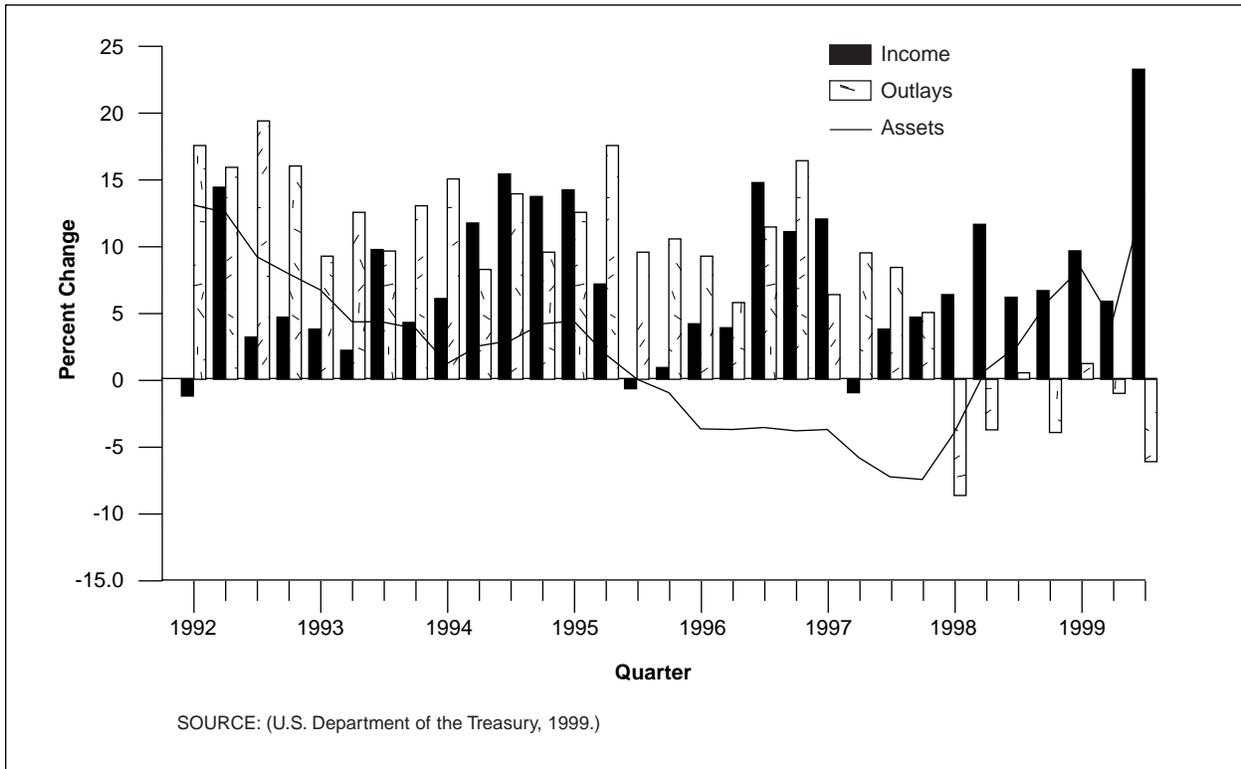
### KEY TRENDS

- Hospital insurance (HI) trust fund assets rose 12.9 percent in the third quarter of 1999 when compared with the same period of the previous year. Estimates in the 1999 Annual Report of the Board of Trustees of the Federal Hospital Insurance trust fund indicate that, given current law and trends, the Medicare Part A trust fund will be exhausted in 2015.
- Employment in home health appears to be nearing a turnaround in the third quarter of 1999. Although the third quarter of 1999 was the seventh quarter of decline, home health's employment drop was only 0.8 percent when compared with the same period of 1998. This decline was significantly smaller than those of the previous 6 quarters. Home health employment and payroll decreases began in early 1998, following public sector actions to control Medicare spending growth and ongoing actions to detect fraud and abuse in this industry.
- Medical care prices continue to outpace overall prices as measured by the implicit price deflator, with the Consumer Price Index (CPI) for medical care about 2 percentage points higher. Meanwhile, growth in the Producer Price Index (PPI) for health services continues to track overall prices more closely than did the CPI.
- Hospital prices as measured by the CPI continue to rise, increasing an average of 4.0 percent over the past 3 quarters, when compared with the prior year. For the third quarter, the CPI for hospital services increased 4.2 percent.
- Nursing home prices continue to decelerate in the third quarter of 1999, a likely reaction to the actions required by the Balanced Budget Act (BBA) to control Medicare spending growth. Average hourly earnings, however, continue to accelerate, indicating either a skill mix shift where firms are utilizing higher skilled and higher paid workers or a tight labor market where firms were unable to find lower paid workers and offered higher wages to compete. Meanwhile, input prices overall, as measured by HCFA's input price index for nursing facilities continued the level trend displayed over several quarters.
- Home health care service prices have started to accelerate after several quarters of deceleration while input prices have

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**Figure 1**  
**Percent Change in Medicare Hospital Insurance Trust Fund, Income, Outlays, and Assets from Same Period of Previous Year: 1992-1999**



remained fairly steady. At the same time, average hourly earnings continue to accelerate to 5.0 percent for the third quarter.

### Medicare Trust Fund Operations

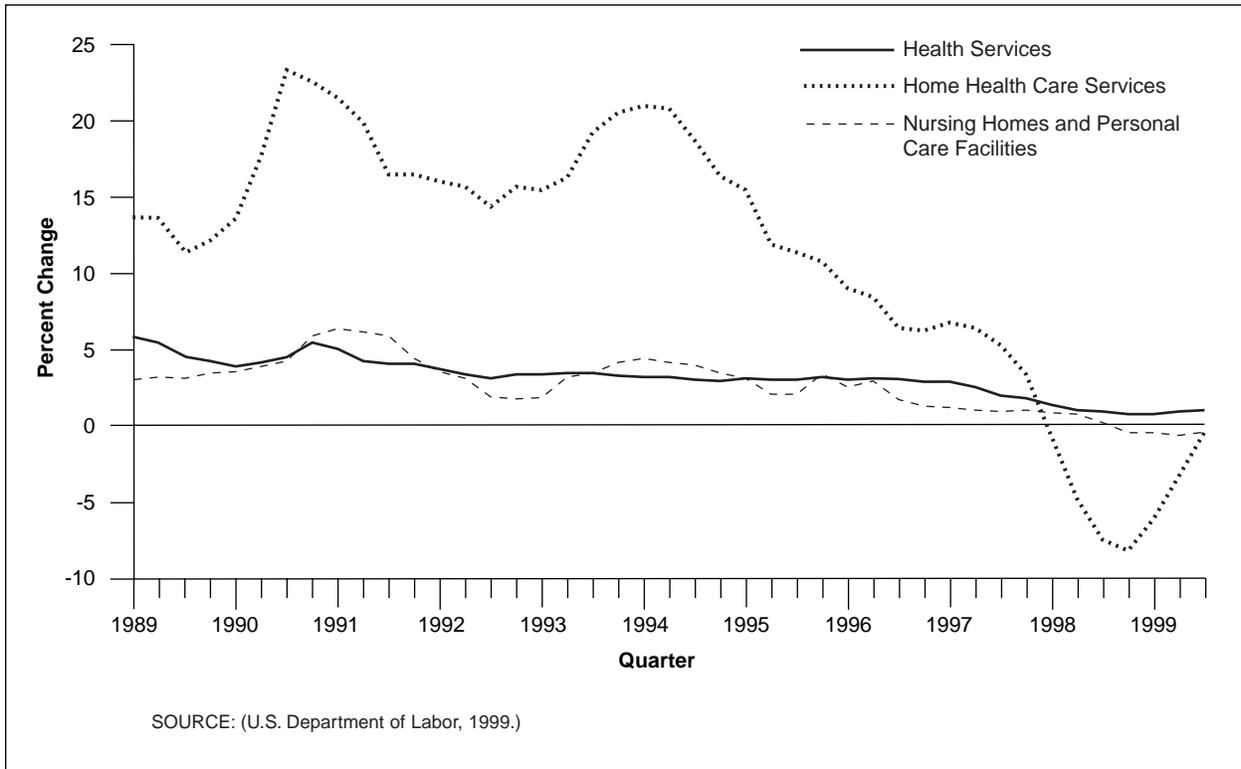
In the third quarter of 1999, Medicare HI (Part A) trust fund assets continued to increase (Figure 1). This sixth consecutive quarterly increase is the result of a strong economy and low unemployment that continued to boost trust fund income while the BBA 1997 and efforts to reduce fraud and abuse continued to constrain outlay growth. In the third quarter, income rose by 23.3 percent while Medicare Part A outlays declined 6.9 percent, resulting in a 12.9-percent gain (or \$85.3 billion increase) in assets when compared with the same quarter in 1998.

The reverse was true for Medicare supplementary medical insurance (SMI or Part B). Outlays rose at a faster pace than income—15.2 percent and 4.4 percent, respectively.

Total Medicare outlays (Part A and Part B combined) rose 0.6 percent in the third quarter of 1999 when compared with the same period of the previous year.

Estimates published in the **1999 Annual Report of the Board of Trustees of the Federal Hospital Insurance Trust Fund** (Board of Trustees of the Federal Hospital Insurance Trust Fund, 1999) indicate that, given current law and trends, the HI Trust Fund will be exhausted in 2015.

**Figure 2**  
**Percent Change in Employment in Various Health Services Industries, from Same Period of Previous Year: 1989-1999**



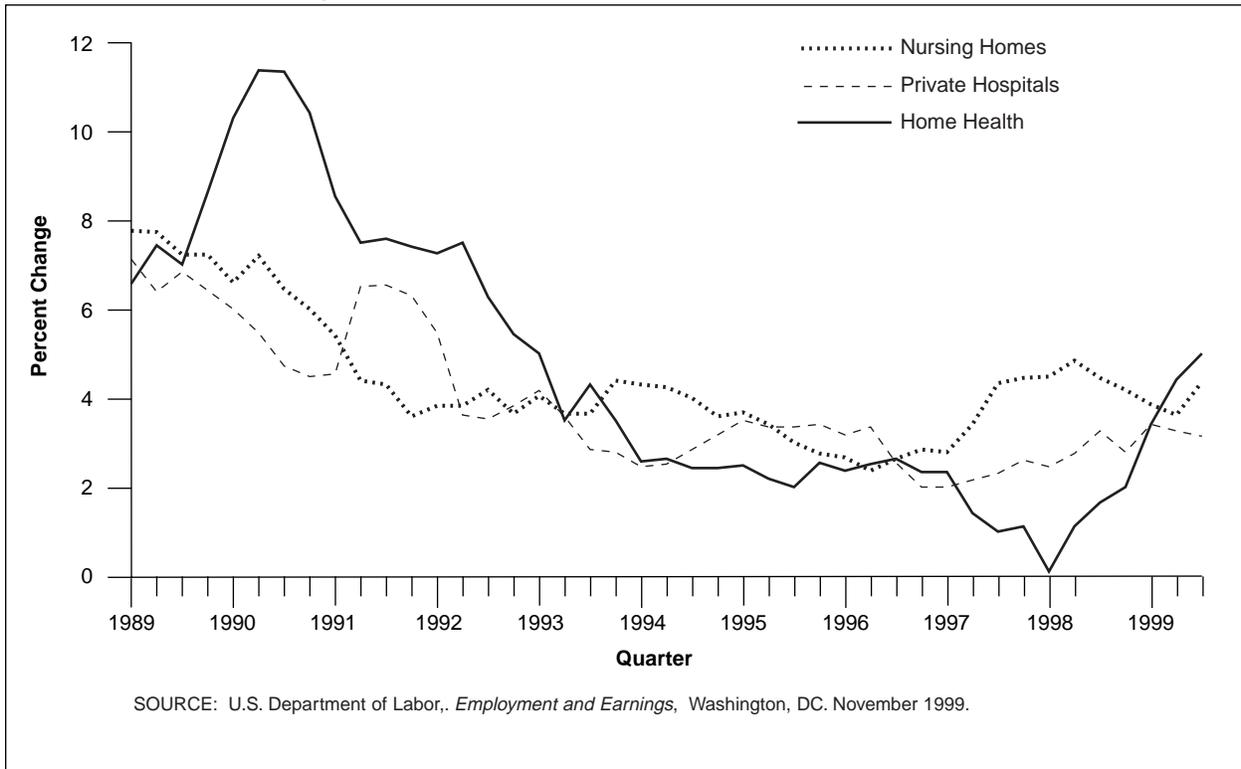
## Health Services Industries

### Employment

Employment in home health care services appears poised for a turnaround. Although the number of employees fell for the seventh consecutive quarter in third quarter of 1999, when compared with the same quarter of the previous year, the rate of decline continued to slow. Employment fell only 0.8 percent, after declines of 8.1, 6.6, and 3.3 percent in the prior three quarters, respectively. Employment in nursing

homes and personal care facilities also declined slightly, experiencing a drop of 0.3 percent. Despite this fourth consecutive quarterly decrease, all drops have been modest (-0.4, -0.6, and -0.6 percent). At the same time, the growth of hospital employment appeared to be slowing (refer to Table 5). Private hospitals' third quarter 1999 growth rate of 0.9 percent was the first increase of less than 1 percent since the first quarter of 1996. However, deceleration of the pace of employment increase has occurred for 4 quarters.

**Figure 3**  
**Percent Change in Average Hourly Earnings in Home Health, Nursing Homes, and Private Hospitals from Same Period of Previous Year: 1989-1999**



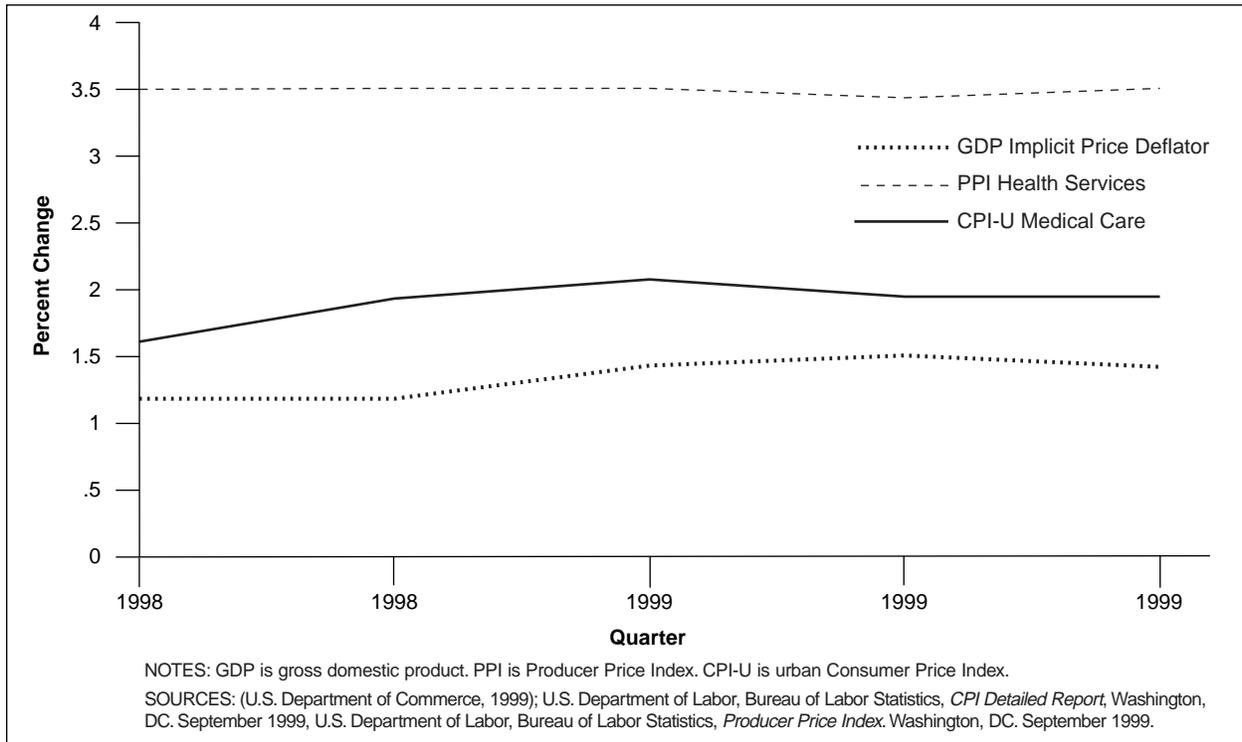
## Health Services Industries

### Average Hourly Earnings

For the sixth consecutive quarter, average hourly earnings (AHE) in the home health industry continued to accelerate, reaching a rate of 5.0 percent in the third quarter of 1999 when compared with the third quarter of 1998. Unlike the Bureau of Labor Statistics (BLS) Employment Cost Index, skill mix is not held constant in the calculation of AHE. Growth in AHE could signal that the skill mix in this industry has changed or that the tight labor market for low-paid workers has forced home health to increase wage rates in order to attract

the workers they need. Similarly, AHE in nursing homes and personal care facilities also accelerated, reaching a growth rate of 4.3 percent. It is possible that nursing homes are substituting higher skilled workers for the low paid workers that have been difficult to hire. The rate of growth of AHE in nursing homes and in home health exceeded that of overall health services, which averaged about 3.5 percent in the past eight quarters. Within health services, only private-sector hospitals showed a deceleration in the growth of AHE. This 2-quarter deceleration occurred during a 4-quarter deceleration of hospital employment growth.

**Figure 4**  
**Percent Change in Medical Care and Overall Prices from the Same Period of the Previous Year:**  
**1998-1999**



### Medical Care Prices

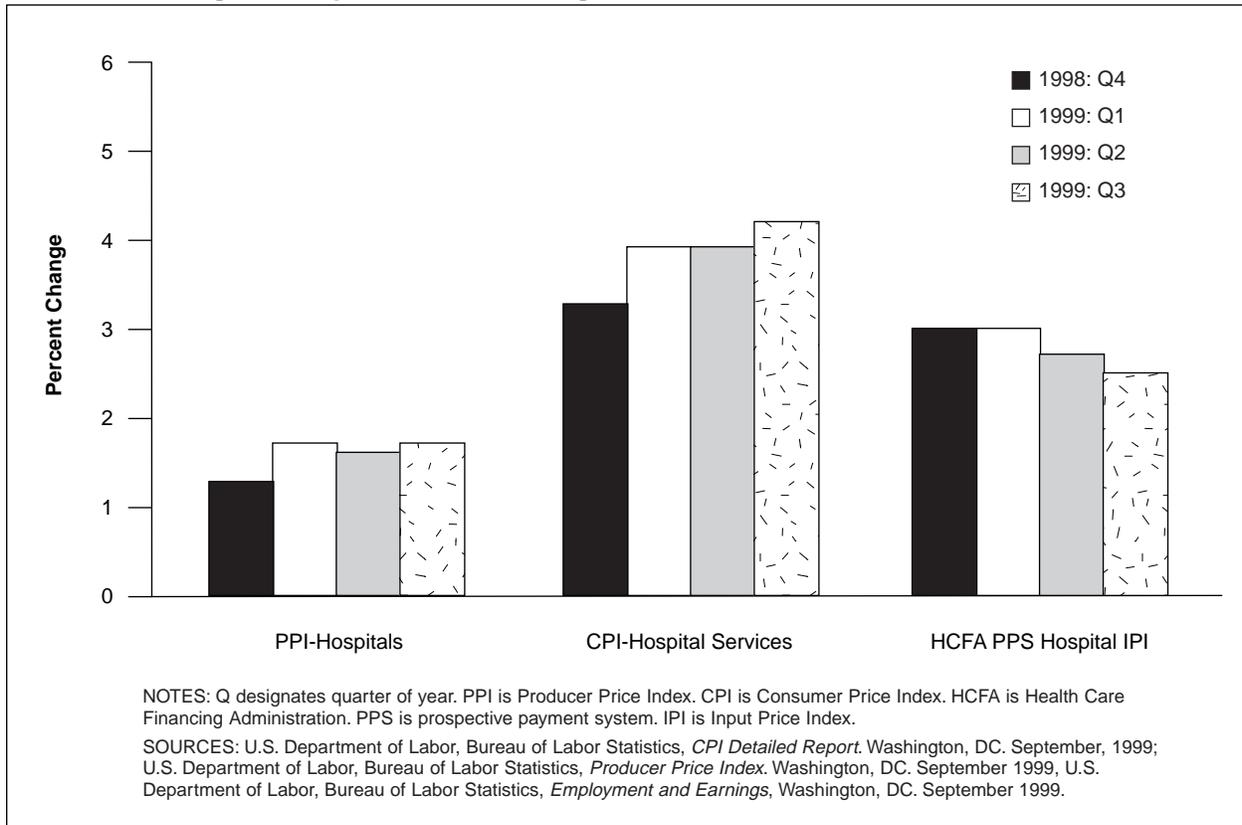
Medical care prices, as measured by the CPI continued unchanged in the third quarter of 1999 as they have for the past 4 quarters. As Figure 4 and Table 7 indicate, annual growth in the CPI for medical services has been about 3.4-3.5 percent over the past 5 quarters. The PPI for health services has grown between 1.6 and 2.1 percent over this same period. Prices in medical services have also continued to outpace overall prices, as measured by the gross domestic product (GDP) implicit price deflator, which has only increased between 1.2 to 1.5 percent for the past 5 quarters. This gap between medical prices and overall prices that has occurred since 1997 has widened in 1998 and 1999, and is in contrast to most of the 1991-1997 period where medical inflation, as measured by the CPI, and overall inflation were converging. This same pattern existed for the

PPI for health services, except that the growth in the PPI is much closer to that in the GDP implicit price deflator.

The difference in growth between the CPI for medical care services and the PPI for health services reflects the definitional and conceptual differences in the two indexes. First, there are substantial differences in what is captured in the two indexes. For example, the PPI includes price changes from public patients, such as Medicare and Medicaid, while the CPI includes only price changes associated with out-of-pocket expenses and private health insurance payments. Also, the PPI includes prices for home health services while the CPI does not, and the CPI includes prices for dental and eye care services that the PPI does not. Second, the PPI captures transaction prices while the CPI in some cases is measuring changes in list (undiscounted) prices.

Figure 5

Percent Change in Hospital Prices and Wages from Same Period of Previous Year: 1998-1999



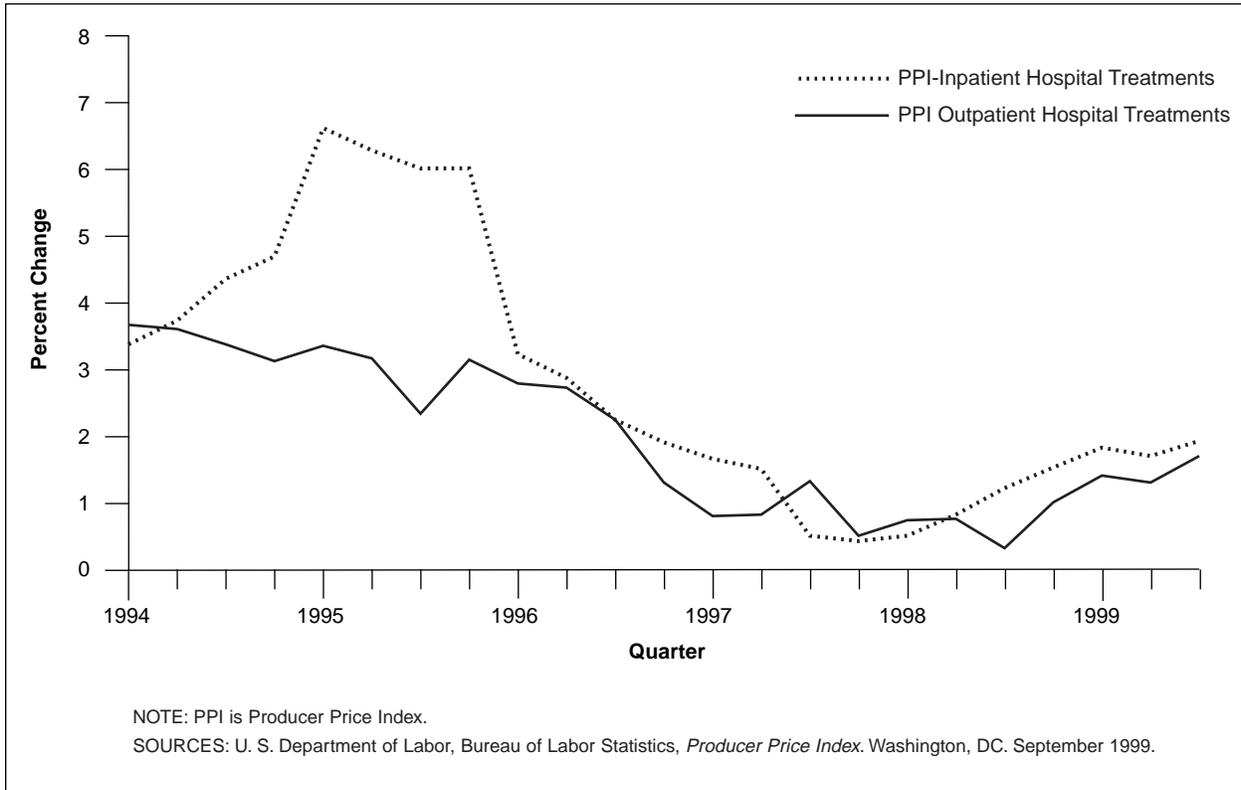
## Hospital Prices

Hospital prices, as measured by the CPI, and shown in Figure 5, have continued their acceleration over the past 3 quarters, increasing an average of 4.0 percent since the fourth quarter of 1998. The main reason for this acceleration is an increase in prices for outpatient services which has increased 5.2 percent since the fourth quarter of 1998. The PPI for hospital prices has only increased 1.7 percent on average, over the same period. The difference in the PPI and CPI measures lies in

differences in what is measured; the PPI picks up Medicare prices, which may be increasing at a slower rate than the out of pocket and private health insurance expenses captured in the CPI.

In contrast to prices, costs, as measured by the HCFA input price index (IPI) for hospitals, have been decelerating, mainly due to a large decline the rate of growth of pharmaceutical prices. Growth in pharmaceutical prices has declined from a rate of 18.7 percent in the fourth quarter of 1998 to 8.3 percent in the third quarter of 1999.

**Figure 6**  
**Percent Change in Hospital Inpatient and Outpatient Producer Prices from Same Period of Previous Year: 1994-1999**

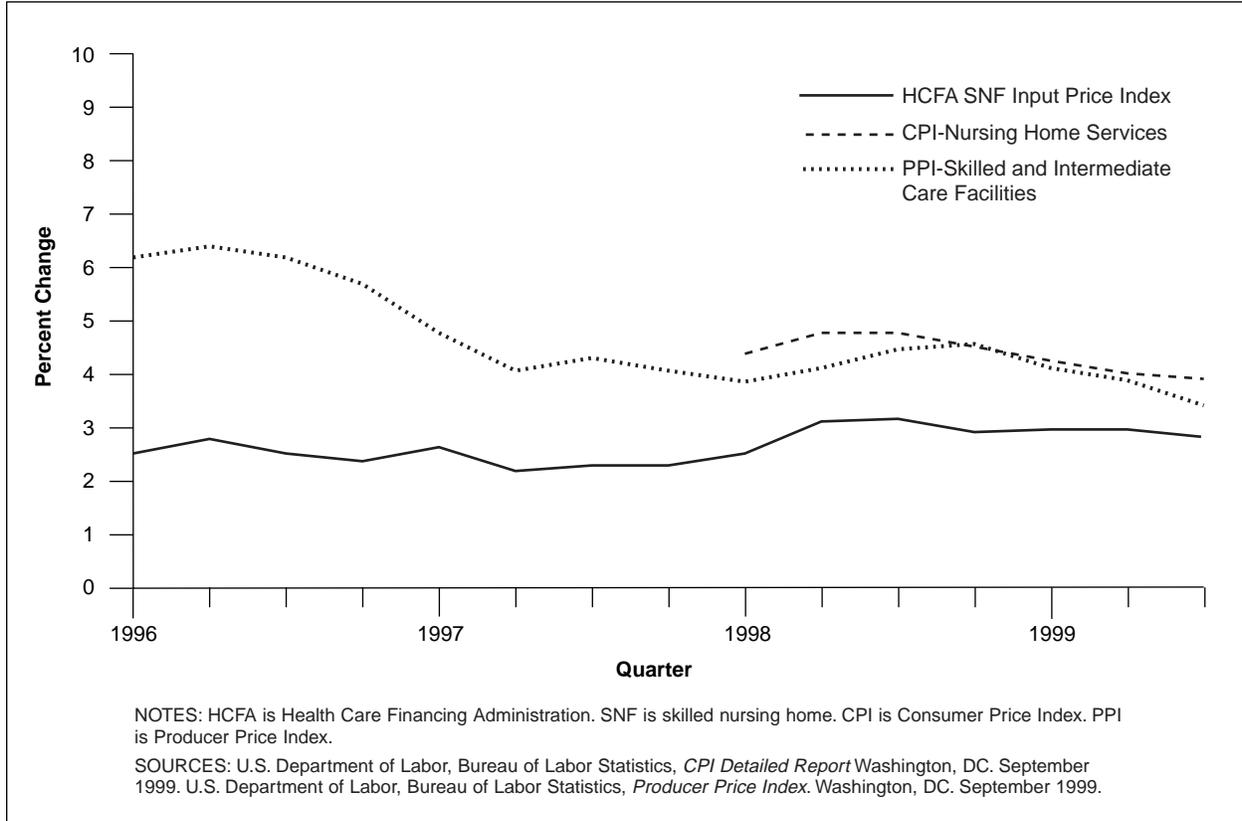


### Hospital Inpatient and Outpatient Producer Prices

Movements in PPI prices are very similar across inpatient and outpatient services in recent years (Figure 6). However, underlying this overall similarity for inpatient and outpatient are very different trends by payor type. For hospital inpatient services, slow growth in Medicare prices (0.4 percent in the third quarter of 1999) has been offset by faster growth in Medicaid prices (1.0 percent in third quarter of 1999) and prices faced by private patients (2.3 percent in third quarter of 1999). This has been the trend since 1997 and can be traced directly to reduced updates in hospital payments under Medicare PPS as mandated by the BBA of 1997.

By comparison, hospital outpatient producer price changes by payor type have exhibited the exact opposite trend since 1997. Medicare price growth (3.8 percent in the third quarter of 1999) for outpatient services has far outpaced price growth for private patients (1.4 percent in the third quarter of 1999). This mostly reflects the different Medicare payment methodologies for hospital inpatient and outpatient services. The inpatient payments are paid prospectively based on an admission diagnosis, while outpatient payments are based on costs. The BBA mandated that Medicare outpatient payments be made on a prospective basis beginning January 1, 1999, although the implementation date has since been delayed.

**Figure 7**  
**Percent Change in Nursing Home Prices from Same Period of Previous Year: 1996-1999**



### Nursing Home Prices

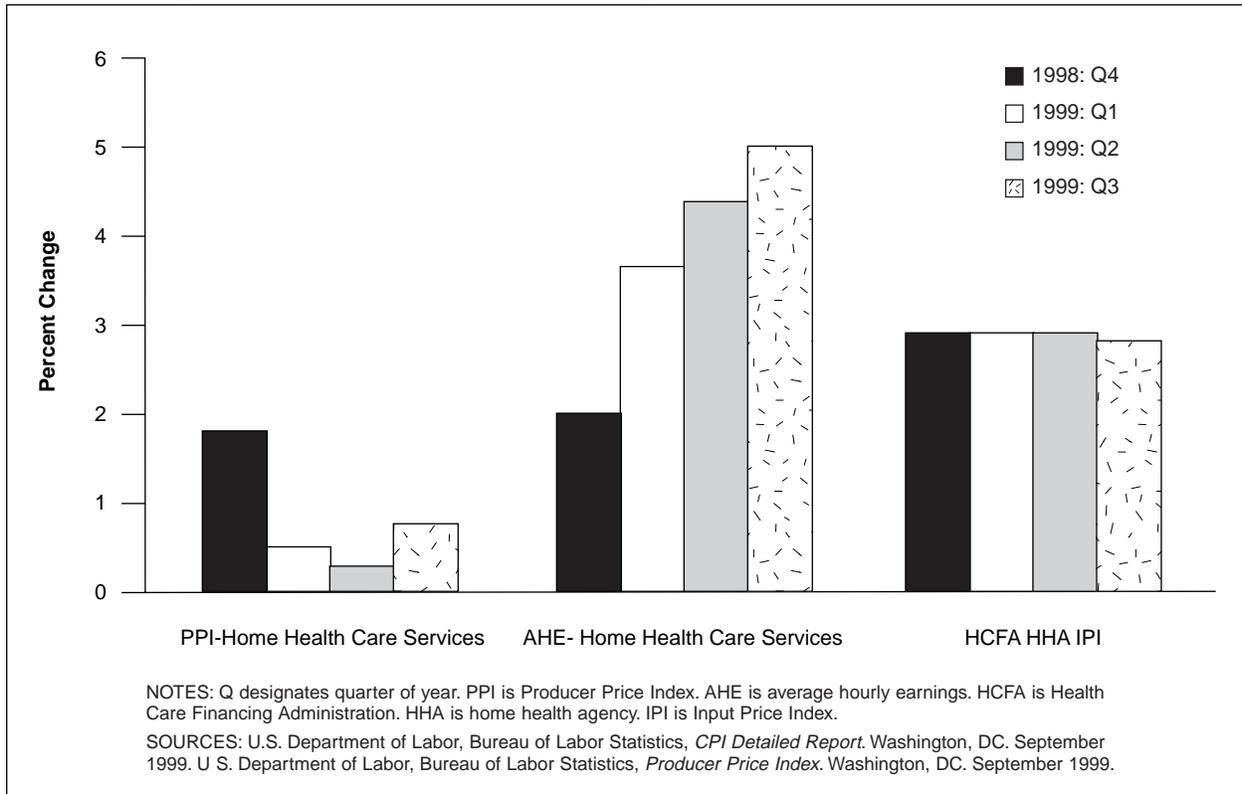
Nursing home price growth, as measured by the CPI and PPI, continued to decelerate in the third quarter of 1999. As shown in Figure 7, the deceleration in growth of nursing home prices has brought these rates more in line with those of the HCFA SNF input price index. The recent deceleration in nursing home prices has coincided with the implementation of the Medicare skilled nursing facility (SNF) PPS in July 1998. In part, this can be evidenced by looking at the HCFA SNF input price index which has remained relatively

flat while prices continue to fall, indicating something other than costs is affecting price.

At the same time, the average hourly earnings figure continues to accelerate, possibly indicating these agencies may be further utilizing higher skilled and higher paid workers. Another explanation might be that nursing homes are facing a tight labor market and need to raise wages to try and attract and keep skilled workers. This is a problem that continues to plague the industry due to the relatively long hours and low pay.

Figure 8

Percent Change in Home Health Care Prices and Wages from Same Period of Previous Year: 1998-1999



## Home Health Prices

Home health care service prices have started to accelerate after a period of deceleration. The PPI for home health agencies accelerated to 0.7 percent for third quarter of 1999, after decelerating for the past 5 quarters. This may be partially in response to the acceleration in average hourly earnings over the past 7 quarters.

The average hourly earnings figure has continued to accelerate, as have employment and hours, in the home health sector, although far below the levels of 1996 and 1997. The latest average hourly earnings figure is increasing at a rate of 5.0 percent for the third quarter of 1999, up from an average of 4.0 percent for the first 2 quarters of 1999. This implies a shift in the skill mix in the industry towards higher paid and higher skilled workers. This may be

signaling a reaction to boost the quality of services as well as anti-fraud initiatives by HCFA. It may also imply a cut in services previously paid for but not technically covered by Medicare that were performed by lower paid aides.

Input prices however, as measured by the HCFA home health input price index, have remained fairly steady, reflecting very little price pressure due to inflation in costs. The reason that the input price index is not accelerating in response to the AHE figure is that the input price index uses a fixed skill mix index—a HCFA developed weighted average of five ECI categories relevant for home health agency workers to measure changes in wages and not the AHE which does not hold skill mix constant. This average ECI for home health workers has actually decelerated over the past 4 quarters.

## BACKGROUND INFORMATION ON DATA SOURCES AND METHODS

### Community Hospital Statistics

From 1963 to September 1998, the AHA, in cooperation with member hospitals, collected data on the operation of community hospitals through its National Hospital Panel Survey. Community hospitals, which comprised more than 83 percent of all hospital facilities in the United States in 1998, 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 sampled approximately one-third of all U.S. community hospitals. The sample was designed to produce estimates of community hospital indicators by bed size and region (American Hospital Association, 1963-1998). In Tables 1 and 2, statistics covering expenses, utilization, beds, and personnel depict trends in the operation of community hospitals annually for 1994 to 1997 and quarterly from 1995 through the third quarter 1998, after which data collection was discontinued.

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 30 percent of all health spending in 1998 (Cowan et al., 1999). The survey also identified important factors influencing expenditure growth patterns, such as changes in the number of beds in operation, number 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, helps pay for inpatient hospital, home health, SNF, and hospice care for the aged and disabled. The HI program is financed primarily by payroll taxes paid by workers and employers. The taxes paid each year are used mainly to pay benefits for current beneficiaries. The SMI program, pays for physician, outpatient hospital, home health, 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. (Board of Trustees of the Federal Hospital Insurance Trust Fund, 1999; Board of Trustees of the Federal Supplementary Medical Insurance Trust Fund, 1999.)

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, 1998); the 1999 Annual Reports of the Board of Trustees of the HI and SMI Trust Funds (Board of Trustees of the Federal Hospital Insurance Trust Fund, 1999; Board of Trustees of the Federal Supplementary Medical Insurance Trust Fund, 1999) 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 BLS collects monthly information on employment for all workers, employment earnings, and work hours for non-supervisory workers in a sample of approximately 305,000 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, 1998a).

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, which includes discouraged workers. 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.

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 and 1998).

## **PRICES**

### **Consumer Price Indexes**

BLS publishes monthly information on changes in prices paid by consumers for a fixed market basket of goods and services. Tables 7, 8, and 9 present information on the all urban CPI-U that measures changes in prices faced by 87 percent of the non-institutionalized U.S. population. The more restrictive wage earner CPI-W 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, 1998b).

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 1982-1984 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 price changes for out-of-pocket expenditures. The CPI for medical care services also includes an indirect measure of price change for health insurance coverage purchased directly by consumers. The composite CPI for medical care weights together product-specific or service-specific CPIs in proportion to household out-of-pocket expenditures for these items. In addition, some medical care sector indexes measure changes in list or charged prices, rather than in prices actually received by providers after discounts are deducted. In several health care areas, received or transaction prices are difficult to capture, although BLS is making advances in this area.

In the NHE, a combination of CPIs for selected medical care items, input price indexes for nursing homes, and the PPI for hospitals are used as measures of inflation for the health industry. The indexes are used to develop a chain weighted price index for personal health care to depict transaction price changes affecting the entire health care industry more accurately than does the overall CPI medical care index (Levit et al., 1999).

## **Producer Price Indexes**

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

with base period weights determined by values of receipts. The base period varies among series.

The PPI consists of indexes in several major classification structures, 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, and the index series for the composite health services industry does not begin until December 1994. However, the PPI for hospitals began in December 1992, providing enough data for a useful time series. The PPI for hospitals is a measure of transaction prices, or net prices received by the producer from out-of-pocket, Medicare, Medicaid, private third-party payer, and other 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 diagnosis-related groups (DRG) groupings for Medicare. While 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 DRG's 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)

updates from the November 2, 1998, **Federal Register**(1998a), and other adjustments. Because of different methodologies, these two Medicare PPIs are not comparable to the national updates computed by HCFA and published in the **Federal Register**

### **Input Price Indexes**

In 1979, HCFA developed the Medicare hospital input price index (hospital market basket) which was designed to measure the pure price changes associated with expenditure changes for hospital services. In the early 1980s, the SNF and home health agency (HHA) input price indexes, often referred to as market baskets, were developed to price a consistent set of goods and services over time. Also in the early 1980s, the original Medicare hospital IPI 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 IPI, 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 increas-

es 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 several years. The HCFA-chosen price proxies are forecasted under contract with Standard and Poor's DRI. Following every calendar year quarter, 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, 11, 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 Hospital, HHA, and PPS SNF payment updates. A description of the current structure of the PPS IPI is in the August 29, 1997 **Federal Register** (1997) and the most recent PPS Hospital update for payment rates was published in the July 30, 1999 **Federal Register** (1999). The latest description of the HHA regulatory input price index was published in the August 11, 1998 **Federal Register** (1998b). The latest description of the SNF input price index was published in the May 12, 1998 **Federal Register** (1998c).

Periodically, the input price indexes are revised to a new base year so that cost weights will reflect changes in the mix of goods and services that are purchased.

Each revision allows for new base weights, a new base year, and changes to certain price variables used for price proxies.

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

## **Medicare Economic Index**

In 1972, Congress mandated the development of the Medicare Economic Index (MEI) to measure the changes in costs of physicians' time and operating expenses. The input price change measured by the MEI is considered in connection with the update factor for the Medicare Part B physician fee schedule under the resource-based relative value scale November 22, 1996 **Federal Register** (1996), 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 (1996 for the MEI), cost categories are identified, and the 1996 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 Standard & Poor's/DRI for HCFA using several different sets of economic assumptions. Standard & Poor's/DRI produces four main forecasts of the MEI: (1) a Presidential budget forecast in December; (2) the Mid-session Review in June, based on assumptions for the Federal budget exercises; (3) the Medicare Trustees Report forecast in February based on assumptions by the Medicare Trustees, and (4) Medicare Premium Promulgation forecast in August based on baseline assumptions by Standard & Poor's/DRI. Standard & Poor's/DRI also produces forecasts of the MEI using their own economic assumptions forecast. The forecasts based

on Standard & Poor's/DRI 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 2, 1998 **Federal Register** (1998a). The MEI data are presented in Table 13 as index levels and 4-quarter moving average percent changes.

## **DATA INQUIRIES**

For inquiries, contact Shannon Hartin at 410-786-7939 or Mary Lee Seifert at 410-786-0030.

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**Table 1**  
**Selected Community Hospital Statistics: 1995-1999<sup>1</sup>**

Item	Calendar Year				1996 Q3	1996 Q4	1997 Q1	1997 Q2
	1995	1996	1997	1998				
<b>Utilization</b>								
<b>All Ages</b>								
Admissions in Thousands	33,389	33,268	33,388	—	8,159	8,331	8,500	8,342
Admissions Per 1,000 Population <sup>2</sup>	122	121	120	—	118	121	123	120
Inpatient Days in Thousands	190,377	183,495	181,313	—	44,349	45,563	47,177	45,177
Adult Length of Stay in Days	5.7	5.5	5.4	—	5.4	5.5	5.5	5.4
<b>65 Years of Age or Over</b>								
Admissions in Thousands	12,820	12,870	13,050	—	3,090	3,252	3,374	3,253
Admissions Per 1,000 Population <sup>2</sup>	375	373	375	—	357	375	389	374
Inpatient Days in Thousands	91,164	86,431	85,315	—	20,448	21,566	22,661	21,179
Adult Length of Stay in Days	7.1	6.7	6.5	—	6.6	6.6	6.7	6.5
<b>Under 65 Years of Age</b>								
Admissions in Thousands	20,569	20,398	20,339	—	5,070	5,078	5,126	5,089
Admissions Per 1,000 Population <sup>2</sup>	86	85	84	—	84	84	85	84
Inpatient Days in Thousands	99,213	97,064	95,999	—	23,902	23,997	24,516	23,999
Adult Length of Stay in Days	4.8	4.8	4.7	—	4.7	4.7	4.8	4.7
Surgical Operations in Thousands	23,739	24,165	24,601	—	6,028	6,102	6,047	6,245
Outpatient Visits in Thousands	452,558	481,298	507,523	—	122,232	122,857	123,270	127,607
Adjusted Patient Days in Thousands <sup>3</sup>	273,638	270,023	275,864	—	66,247	67,087	70,050	68,813
Beds in Thousands	874	854	833	—	849	844	842	832
Adult Occupancy Rate <sup>4</sup>	59.7	58.7	59.6	—	56.8	58.7	62.3	59.7
Total Hospital Revenues in Millions <sup>5</sup>	\$324,961	\$338,118	\$349,329	—	\$83,449	\$85,993	\$86,941	\$87,073
Total Patient Revenues in Millions	307,228	318,183	327,938	—	78,461	80,664	81,998	81,781
Inpatient Revenues in Millions	213,771	216,242	215,558	—	52,526	54,784	55,223	53,692
Outpatient Revenues in Millions	93,457	101,941	112,380	—	25,934	25,880	26,774	28,090
<b>Total Expenses</b>								
Total Hospital Expenses in Millions	\$308,411	\$320,789	\$331,482	—	\$79,593	\$81,877	\$82,092	\$82,694
Labor in Millions	163,842	168,796	173,047	—	41,925	43,063	42,888	42,958
Non-Labor in Millions	144,569	151,993	158,435	—	37,668	38,814	39,204	39,735
Inpatient Expense in Millions <sup>6</sup>	\$214,570	\$217,994	\$217,869	—	\$53,284	\$55,608	\$55,287	\$54,291
Amount per Patient Day	1,127	1,188	1,202	—	1,201	1,220	1,172	1,202
Amount per Admission	6,426	6,553	6,525	—	6,530	6,675	6,504	6,508
Outpatient Expense in Millions <sup>6</sup>	\$93,841	\$102,796	\$113,614	—	\$26,309	\$26,269	\$26,805	\$28,403
Amount per Outpatient Visit	207	214	224	—	215	214	217	223

<sup>1</sup> Collection of American Hospital Association (AHA) data used in this table was discontinued after third quarter third of 1998.

<sup>2</sup> Admissions per 1,000 population is calculated using population estimates prepared by the Social Security Administration.

<sup>3</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>4</sup> The adult occupancy rate is calculated by the National Health Statistics Group. 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>5</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>6</sup> Inpatient expense and outpatient expense are calculated by the National Health Statistics Group. 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 1995 - September 1998.

**Table 1—Continued**  
**Selected Community Hospital Statistics: 1995-1999<sup>1</sup>**

1997 Q3	1997 Q4	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1	1999 Q2	1999 Q3
8,265	8,281	8,640	8,326	8,361	—	—	—	—
119	119	124	119	119	—	—	—	—
44,193	44,766	47,553	44,607	44,545	—	—	—	—
5.3	5.4	5.5	5.4	5.3	—	—	—	—
3,173	3,250	3,479	3,260	3,193	—	—	—	—
364	373	398	373	365	—	—	—	—
20,431	21,044	22,941	20,859	20,295	—	—	—	—
6.4	6.5	6.6	6.4	6.4	—	—	—	—
5,092	5,032	5,162	5,066	5,168	—	—	—	—
84	82	84	83	84	—	—	—	—
23,762	23,722	24,712	23,748	24,251	—	—	—	—
4.7	4.7	4.8	4.7	4.7	—	—	—	—
6,197	6,111	6,200	6,405	6,461	—	—	—	—
128,285	128,361	131,411	135,812	138,222	—	—	—	—
68,258	68,682	72,261	69,196	70,246	—	—	—	—
829	830	829	827	825	—	—	—	—
57.9	58.7	63.8	59.3	58.7	—	—	—	—
\$87,092	\$88,223	\$91,024	\$89,187	\$89,695	—	—	—	—
81,441	82,717	85,391	83,583	84,102	—	—	—	—
52,728	53,914	56,194	53,882	53,331	—	—	—	—
28,713	28,803	29,197	29,701	30,770	—	—	—	—
\$82,835	\$83,862	\$85,251	\$86,155	\$86,169	—	—	—	—
43,326	43,875	44,502	44,576	44,812	—	—	—	—
39,509	39,986	40,749	41,580	41,357	—	—	—	—
\$53,631	\$54,660	\$56,102	\$55,540	\$54,643	—	—	—	—
1,214	1,221	1,180	1,245	1,227	—	—	—	—
6,489	6,600	6,493	6,671	6,535	—	—	—	—
\$29,204	\$29,201	\$29,149	\$30,615	\$31,527	—	—	—	—
228	227	222	225	228	—	—	—	—

**Table 2**  
**Percent Change in Selected Community Hospital Statistics: 1995-1999**

Item	Calendar Year				1996 Q3	1996 Q4	1997 Q1	1997 Q2
	1995	1996	1997	1998				
<b>Utilization</b>								
Annual Percent Change								
<b>All Ages</b>								
Admissions in Thousands	1.4	-0.4	0.4	—	-0.7	0.9	-0.1	0.9
Admissions Per 1,000 Population	0.4	-1.3	-0.6	—	-1.6	-0.1	-1.1	0.0
Inpatient Days in Thousands	-2.9	-3.6	-1.2	—	-4.1	-1.9	-1.8	-0.8
Adult Length of Stay in Days	-4.2	-3.3	-1.5	—	-3.5	-2.8	-1.7	-1.7
<b>65 Years of Age or Over</b>								
Admissions in Thousands	2.9	0.4	1.4	—	0.6	2.2	1.5	1.5
Admissions Per 1,000 Population	1.8	-0.5	0.6	—	-0.3	1.2	0.6	0.7
Inpatient Days in Thousands	-3.9	-5.2	-1.3	—	-4.9	-2.2	-1.4	-1.2
Adult Length of Stay in Days	-6.6	-5.6	-2.7	—	-5.5	-4.3	-2.8	-2.7
<b>Under 65 Years of Age</b>								
Admissions in Thousands	0.4	-0.8	-0.3	—	-1.4	0.0	-1.2	0.5
Admissions Per 1,000 Population	-0.5	-1.7	-1.2	—	-2.3	-0.9	-2.1	-0.4
Inpatient Days in Thousands	-2.0	-2.2	-1.1	—	-3.4	-1.7	-2.2	-0.4
Adult Length of Stay in Days	-2.4	-1.3	-0.8	—	-2.0	-1.7	-1.1	-0.9
Surgical Operations in Thousands	1.9	1.8	1.8	—	3.4	3.2	1.7	2.6
Outpatient Visits in Thousands	8.3	6.4	5.4	—	7.9	7.4	6.0	6.5
Adjusted Patient Days in Thousands	-0.9	-1.3	2.2	—	-1.2	0.0	1.2	2.1
Beds in Thousands	-1.8	-2.4	-2.4	—	-2.6	-2.6	-2.4	-3.1
Adult Occupancy Rate <sup>1</sup>	-0.7	-0.9	0.9	—	-0.9	0.4	1.0	1.4
Total Hospital Revenues in Millions	5.0	4.0	3.3	—	3.9	5.1	3.2	3.2
Total Patient Revenues in Millions	4.8	3.6	3.1	—	3.3	4.4	2.9	3.1
Inpatient Revenues in Millions	2.6	1.2	-0.3	—	0.3	2.4	-0.2	0.2
Outpatient Revenues in Millions	9.9	9.1	10.2	—	9.9	8.9	9.8	9.1
<b>Total Expenses</b>								
Total Hospital Expenses in Millions	5.3	4.0	3.3	—	3.6	4.2	3.4	3.4
Labor in Millions	4.5	3.0	2.5	—	2.6	3.3	2.4	2.4
Non-Labor in Millions	6.3	5.1	4.2	—	4.8	5.2	4.6	4.5
Inpatient Expense in Millions	3.2	1.6	-0.1	—	0.6	2.2	0.4	0.5
Amount per Patient Day	6.3	5.4	1.1	—	4.9	4.2	2.2	1.3
Amount per Admission	1.8	2.0	-0.4	—	1.3	1.3	0.5	-0.4
Outpatient Expense in Millions	10.5	9.5	10.5	—	10.2	8.7	10.4	9.5
Amount per Outpatient Visit	2.0	3.0	4.8	—	2.2	1.2	4.2	2.9

<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 1995-September 1998.

**Table 2—Continued**  
**Percent Change in Selected Community Hospital Statistics: 1995-1999**

1997 Q3	1997 Q4	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1	1999 Q2	1999 Q3
Percent Change from Same Period of Previous Year								
1.3	-0.6	1.6	-0.2	1.2	—	—	—	—
0.4	-1.5	0.7	-1.1	0.3	—	—	—	—
-0.4	-1.7	0.8	-1.3	0.8	—	—	—	—
-1.6	-1.2	-0.8	-1.1	-0.4	—	—	—	—
2.7	-0.1	3.1	0.2	0.7	—	—	—	—
1.9	-0.7	2.5	-0.4	0.1	—	—	—	—
-0.1	-2.4	1.2	-1.5	-0.7	—	—	—	—
-2.7	-2.3	-1.8	-1.7	-1.3	—	—	—	—
0.4	-0.9	0.7	-0.5	1.5	—	—	—	—
-0.5	-1.8	-0.3	-1.4	0.6	—	—	—	—
-0.6	-1.1	0.8	-1.0	2.1	—	—	—	—
-1.0	-0.2	0.1	-0.6	0.6	—	—	—	—
2.8	0.2	2.5	2.6	4.3	—	—	—	—
5.0	4.5	6.6	6.4	7.7	—	—	—	—
3.0	2.4	3.2	0.6	2.9	—	—	—	—
-2.3	-1.7	-1.6	-0.7	-0.6	—	—	—	—
1.1	0.0	1.5	-0.4	0.8	—	—	—	—
4.4	2.6	4.7	2.4	3.0	—	—	—	—
3.8	2.5	4.1	2.2	3.3	—	—	—	—
0.4	-1.6	1.8	0.4	1.1	—	—	—	—
10.7	11.3	9.0	5.7	7.2	—	—	—	—
4.1	2.4	3.8	4.2	4.0	—	—	—	—
3.3	1.9	3.8	3.8	3.4	—	—	—	—
4.9	3.0	3.9	4.6	4.7	—	—	—	—
0.6	-1.7	1.5	2.3	1.9	—	—	—	—
1.0	0.0	0.7	3.6	1.1	—	—	—	—
-0.6	-1.1	-0.2	2.5	0.7	—	—	—	—
11.0	11.2	8.7	7.8	8.0	—	—	—	—
5.8	6.4	2.0	1.3	0.2	—	—	—	—

**Table 3**

**Hospital Insurance (HI) and Supplementary Medical Insurance (SMI) Trust Fund Operations: 1995-1999**

Indicator	Calendar Year				1996	1996	1997	1997
	1995	1996	1997	1998	Q3	Q4	Q1	Q2
	Millions of Dollars							
Total Medicare Outlays	\$184,203	\$200,337	\$213,600	\$213,228	\$50,599	\$52,639	\$50,084	\$53,696
HI Trust Fund	117,604	129,929	139,475	133,671	32,615	33,866	33,407	35,307
SMI Trust Fund	66,599	70,408	74,125	79,557	17,984	18,773	16,677	18,389
<b>HI Trust Fund Operations</b>								
Income	\$115,027	\$124,603	\$130,107	\$140,546	\$27,840	\$33,470	\$29,535	\$36,644
Outlays	117,604	129,929	139,475	133,671	32,615	33,866	33,407	35,307
Difference	(2,577)	(5,325)	(9,368)	6,875	(4,774)	(396)	(3,873)	1,337
Assets at End of Period <sup>1</sup>	130,267	124,942	115,573	122,448	125,338	124,942	121,069	122,406
<b>SMI Trust Fund Operations</b>								
Income	\$60,306	\$85,609	\$81,924	\$87,712	\$19,208	\$20,152	\$19,906	\$20,855
Outlays	66,599	70,408	74,125	79,557	17,984	18,773	16,677	18,389
Difference	(6,293)	15,202	7,799	8,155	1,224	1,378	3,229	2,466
Assets at End of Period <sup>1</sup>	13,130	28,332	36,131	44,286	26,953	28,332	31,561	34,027
	Annual Percent Change							
Total Medicare Outlays	11.7	8.8	6.6	-0.2	8.7	13.0	5.5	8.2
HI Trust Fund	12.5	10.5	7.3	-4.2	11.7	15.8	6.8	9.8
SMI Trust Fund	10.4	5.7	5.3	7.3	3.6	8.4	3.1	5.2
<b>HI Trust Fund Operations</b>								
Income	5.0	8.3	4.4	8.0	14.8	11.6	12.3	-1.0
Outlays	12.5	10.5	7.3	-4.2	11.7	15.8	6.8	9.8
Assets at End of Period	-1.9	-4.1	-7.5	5.9	-3.2	-4.1	-3.4	-5.9
<b>SMI Trust Fund Operations</b>								
Income	8.5	42.0	-4.3	7.1	90.7	21.6	-25.2	6.1
Outlays	10.4	5.7	5.3	7.3	3.6	8.4	3.1	5.2
Assets at End of Period	-32.4	115.8	27.5	22.6	94.3	115.8	34.0	32.2

<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: U.S. Department of the Treasury, 1999; Board of Trustees of the Federal Hospital Insurance Trust Fund, 1999; Board of Trustees of the Federal Supplementary Medical Insurance Trust Fund, 1999.

**Table 3—Continued**

**Hospital Insurance (HI) and Supplementary Medical Insurance (SMI) Trust Fund Operations: 1995-1999**

1997 Q3	1997 Q4	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1	1999 Q2	1999 Q3
Millions of Dollars								
\$53,922	\$55,897	\$50,818	\$53,692	\$53,165	\$55,553	\$48,626	\$53,841	\$53,481
35,208	35,552	30,526	33,942	35,230	33,973	30,834	33,612	32,811
18,714	20,345	20,292	19,750	17,935	21,580	17,792	20,229	20,670
\$28,852	\$35,075	\$31,551	\$41,080	\$30,496	\$37,419	\$34,678	\$43,304	\$37,614
35,208	35,552	30,526	33,942	35,230	33,973	30,834	33,612	32,811
(6,356)	(477)	1,025	7,138	(4,734)	3,446	3,844	3,231	4,803
116,050	115,573	116,598	123,736	119,002	122,448	126,292	129,523	134,326
\$19,893	\$21,270	\$19,803	\$20,998	\$19,884	\$27,027	\$15,389	\$22,098	\$20,764
18,714	20,345	20,292	19,750	17,935	21,580	17,792	20,229	20,670
1,179	925	(489)	1,248	1,949	5,447	(2,403)	1,869	94
35,206	36,131	35,642	36,890	38,839	44,286	41,883	43,752	43,846
Percent Change from the Same Period of Previous Year								
6.6	6.2	1.5	0.0	-1.4	-0.6	-4.3	0.3	0.6
8.0	5.0	-8.6	-3.9	0.1	-4.4	1.0	-1.0	-6.9
4.1	8.4	21.7	7.4	-4.2	6.1	-12.3	2.4	15.2
3.6	4.8	6.8	12.1	5.7	6.7	9.9	5.4	23.3
8.0	5.0	-8.6	-3.9	0.1	-4.4	1.0	-1.0	-6.9
-7.4	-7.5	-3.7	1.1	2.5	5.9	8.3	4.7	12.9
3.6	5.5	-0.5	0.7	0.0	27.1	-22.3	5.2	4.4
4.1	8.4	21.7	7.4	-4.2	6.1	-12.3	2.4	15.2
30.6	27.5	12.9	8.4	10.3	22.6	17.5	18.6	12.9

**Table 4**  
**Employment, Hours, and Earnings in Private<sup>1</sup> Health Service Establishments, by Selected**  
**Type of Establishment: 1995-1999**

Type of Establishment	Calendar Year				1996	1996	1997	1997
	1995	1996	1997	1998	Q3	Q4	Q1	Q2
<b>Total Employment in Thousands</b>								
Non-Farm Private Sector	97,885	100,189	103,133	106,007	101,379	101,769	100,362	103,027
Health Services	9,230	9,478	9,703	9,846	9,521	9,576	9,607	9,684
Offices and Clinics of Physicians	1,609	1,678	1,739	1,803	1,692	1,700	1,712	1,732
Offices and Clinics of Dentists	592	611	629	646	614	619	623	628
Nursing Homes	1,691	1,730	1,756	1,762	1,740	1,745	1,742	1,753
Private Hospitals	3,772	3,812	3,860	3,926	3,818	3,829	3,836	3,852
Home Health Care Services	629	675	710	672	679	694	701	713
<b>Non-Supervisory Employment in Thousands</b>								
Non-Farm Private Sector	80,125	82,092	84,541	86,762	83,167	83,512	82,071	84,505
Health Services	8,178	8,405	8,599	8,724	8,442	8,492	8,512	8,585
Offices and Clinics of Physicians	1,314	1,377	1,428	1,486	1,389	1,396	1,404	1,423
Offices and Clinics of Dentists	517	535	550	563	538	543	545	549
Nursing Homes	1,526	1,559	1,579	1,585	1,567	1,570	1,567	1,576
Private Hospitals	3,450	3,489	3,537	3,598	3,496	3,507	3,513	3,529
Home Health Care Services	582	624	655	618	628	642	646	657
<b>Average Weekly Hours</b>								
Non-Farm Private Sector	34.5	34.4	34.6	34.6	34.8	34.6	34.3	34.6
Health Services	32.8	32.7	33.0	33.1	32.8	32.8	32.9	33.0
Offices and Clinics of Physicians	32.5	32.9	33.2	33.0	32.9	33.2	33.2	33.2
Offices and Clinics of Dentists	28.0	28.2	28.4	28.3	28.2	28.4	28.4	28.6
Nursing Homes	32.5	32.4	32.4	32.6	32.7	32.3	32.3	32.3
Private Hospitals	34.5	34.4	34.9	35.0	34.3	34.4	34.6	34.8
Home Health Care Services	28.6	28.1	28.9	29.0	28.3	28.3	28.6	28.9
<b>Average Hourly Earnings</b>								
Non-Farm Private Sector	11.43	11.81	12.28	12.78	11.82	12.01	12.15	12.18
Health Services	12.45	12.85	13.26	13.73	12.87	13.01	13.13	13.17
Offices and Clinics of Physicians	12.54	13.17	13.79	14.31	13.22	13.44	13.61	13.67
Offices and Clinics of Dentists	12.40	12.88	13.63	14.16	12.92	13.17	13.46	13.58
Nursing Homes	8.77	9.01	9.34	9.77	9.02	9.10	9.20	9.26
Private Hospitals	14.30	14.70	15.03	15.46	14.73	14.81	14.91	14.94
Home Health Care Services	10.91	11.18	11.35	11.49	11.22	11.28	11.36	11.29
<b>Hospital Employment in Thousands</b>								
Total	5,069	5,067	5,077	5,132	5,066	5,065	5,060	5,069
Private	3,772	3,812	3,860	3,926	3,818	3,829	3,836	3,852
Federal	233	232	224	223	231	229	225	224
State	395	376	360	348	372	368	366	362
Local	669	648	632	635	646	640	633	631

<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, DC. Monthly reports for January 1995 - November 1999.

**Table 4—Continued**  
**Employment, Hours, and Earnings in Private<sup>1</sup> Health Service Establishments, by Selected**  
**Type of Establishment: 1995-1999**

1997 Q3	1997 Q4	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1	1999 Q2	1999 Q3
104,261	104,882	103,432	105,972	107,129	107,495	105,879	108,433	109,632
9,739	9,781	9,779	9,831	9,872	9,901	9,896	9,958	10,002
1,747	1,765	1,773	1,792	1,815	1,832	1,840	1,860	1,876
631	634	636	643	649	655	657	666	670
1,764	1,767	1,760	1,763	1,765	1,760	1,750	1,752	1,759
3,870	3,883	3,893	3,917	3,943	3,952	3,952	3,966	3,979
714	714	692	678	660	656	646	656	655
85,556	86,032	84,495	86,762	87,754	88,035	86,418	88,733	89,758
8,632	8,668	8,668	8,713	8,749	8,765	8,762	8,819	8,857
1,435	1,450	1,462	1,478	1,498	1,506	1,513	1,529	1,543
552	553	555	561	565	570	574	582	586
1,586	1,588	1,583	1,586	1,588	1,581	1,572	1,573	1,581
3,547	3,560	3,568	3,590	3,614	3,620	3,621	3,635	3,647
657	657	638	624	608	604	595	604	604
34.9	34.8	34.4	34.5	34.8	34.7	34.2	34.5	34.7
33.1	33.1	33.2	33.0	33.1	33.0	32.9	32.8	32.9
33.1	33.3	33.3	32.9	32.8	32.9	32.7	32.8	32.8
28.2	28.5	28.4	28.2	28.3	28.3	27.9	27.8	27.8
32.7	32.5	32.4	32.4	32.9	32.6	32.2	32.4	32.8
34.9	35.1	35.2	34.9	34.9	34.9	34.9	34.6	34.5
29.0	29.1	29.2	29.0	29.1	28.9	28.8	29.0	29.2
12.27	12.51	12.65	12.70	12.78	12.98	13.11	13.16	13.24
13.29	13.46	13.57	13.65	13.77	13.91	14.05	14.11	14.25
13.83	14.03	14.19	14.26	14.29	14.50	14.62	14.75	14.89
13.62	13.85	13.98	14.08	14.18	14.39	14.53	14.69	14.79
9.40	9.51	9.63	9.71	9.82	9.90	10.01	10.07	10.25
15.05	15.22	15.28	15.36	15.54	15.67	15.82	15.87	16.02
11.33	11.40	11.40	11.41	11.53	11.63	11.81	11.91	12.11
5,085	5,092	5,096	5,121	5,152	5,160	5,164	5,179	5,193
3,870	3,883	3,893	3,917	3,943	3,952	3,952	3,966	3,979
225	224	224	224	224	221	221	220	218
358	354	349	347	348	348	349	348	349
632	631	631	633	637	640	642	646	648

**Table 5**  
**Percent Change in Employment, Hours, and Earnings in Private<sup>1</sup> Health Service Establishments, by Selected Type of Establishment: 1995-1999**

Type of Establishment	Calendar Year				1996	1996	1997	1997
	1995	1996	1997	1998	Q3	Q4	Q1	Q2
Annual Percent Change								
<b>Total Employment in Thousands</b>								
Non-Farm Private Sector	3.0	2.4	2.9	2.8	2.5	2.6	2.9	3.0
Health Services	2.7	2.7	2.4	1.5	2.7	2.6	2.6	2.5
Offices and Clinics of Physicians	4.1	4.3	3.6	3.7	4.4	3.8	3.8	3.6
Offices and Clinics of Dentists	3.3	3.1	3.0	2.7	3.0	3.3	3.6	3.1
Nursing Homes	2.6	2.3	1.5	0.3	2.2	1.9	1.7	1.6
Private Hospitals	0.2	1.0	1.3	1.7	1.0	1.2	1.1	1.2
Home Health Care Services	12.4	7.3	5.3	-5.5	6.4	6.3	7.2	6.3
<b>Non-Supervisory Employment in Thousands</b>								
Non-Farm Private Sector	3.2	2.5	3.0	2.6	2.6	2.7	3.0	3.0
Health Services	2.7	2.8	2.3	1.4	2.7	2.7	2.5	2.4
Offices and Clinics of Physicians	4.2	4.8	3.7	4.1	4.8	4.2	3.9	3.8
Offices and Clinics of Dentists	3.2	3.5	2.7	2.3	3.5	3.7	3.4	2.8
Nursing Homes	2.6	2.2	1.3	0.3	2.1	1.7	1.5	1.4
Private Hospitals	0.3	1.1	1.4	1.7	1.1	1.3	1.2	1.3
Home Health Care Services	12.3	7.3	4.9	-5.5	6.3	6.3	6.8	5.9
<b>Average Weekly Hours</b>								
Non-Farm Private Sector	-0.6	-0.1	0.6	-0.1	0.1	0.4	1.3	0.5
Health Services	-0.2	-0.3	1.1	0.2	-0.1	0.2	1.1	1.2
Offices and Clinics of Physicians	0.2	1.3	1.0	-0.7	1.4	1.7	1.8	1.2
Offices and Clinics of Dentists	-0.6	0.6	1.0	-0.6	1.6	0.8	2.0	1.4
Nursing Homes	0.5	-0.3	0.1	0.5	-0.2	-0.9	0.2	-0.2
Private Hospitals	-0.3	-0.5	1.4	0.3	-0.5	0.1	0.7	1.5
Home Health Care Services	1.2	-1.8	3.1	0.4	-1.2	0.7	3.2	3.8
<b>Average Hourly Earnings</b>								
Non-Farm Private Sector	2.8	3.4	3.9	4.1	3.4	3.7	4.0	3.8
Health Services	2.9	3.2	3.2	3.5	3.3	3.1	3.0	3.1
Offices and Clinics of Physicians	2.3	5.0	4.7	3.8	5.6	5.5	5.1	4.5
Offices and Clinics of Dentists	3.6	3.9	5.8	3.9	4.0	4.5	6.1	6.4
Nursing Homes	3.2	2.7	3.7	4.5	2.7	2.9	2.8	3.4
Private Hospitals	3.4	2.8	2.3	2.9	2.7	2.0	2.0	2.1
Home Health Care Services	2.3	2.5	1.4	1.3	2.7	2.3	2.3	1.4
<b>Hospital Employment in Thousands</b>								
Total	-0.1	0.0	0.2	1.1	-0.2	-0.1	-0.2	0.0
Private	0.2	1.0	1.3	1.7	1.0	1.2	1.1	1.2
Federal	-0.2	-0.6	-3.2	-0.6	-2.6	-1.9	-4.1	-3.7
State	-2.9	-4.9	-4.2	-3.3	-5.2	-5.4	-5.0	-4.4
Local	-0.6	-3.1	-2.5	0.5	-3.3	-3.4	-3.4	-3.1

<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, DC. Monthly reports for January 1995 - November 1999.

**Table 5—Continued**  
**Percent Change in Employment, Hours, and Earnings in Private<sup>1</sup> Health Service**  
**Establishments, by Selected Type of Establishment: 1995-1999**

1997 Q3	1997 Q4	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1	1999 Q2	1999 Q3
Percent Change from the Same Period of Previous Year								
2.8	3.1	3.1	2.9	2.8	2.5	2.4	2.3	2.3
2.3	2.1	1.8	1.5	1.4	1.2	1.2	1.3	1.3
3.3	3.8	3.6	3.5	3.9	3.8	3.8	3.7	3.4
2.8	2.4	2.2	2.5	2.9	3.3	3.3	3.5	3.2
1.4	1.3	1.1	0.6	0.1	-0.4	-0.6	-0.6	-0.3
1.4	1.4	1.5	1.7	1.9	1.8	1.5	1.2	0.9
5.1	2.8	-1.3	-4.9	-7.5	-8.1	-6.6	-3.3	-0.8
2.9	3.0	3.0	2.7	2.6	2.3	2.3	2.3	2.3
2.2	2.1	1.8	1.5	1.4	1.1	1.1	1.2	1.2
3.3	3.8	4.2	3.8	4.4	3.9	3.5	3.5	3.0
2.6	2.0	1.8	2.0	2.4	3.0	3.5	3.8	3.6
1.2	1.1	1.0	0.6	0.1	-0.4	-0.7	-0.8	-0.4
1.5	1.5	1.6	1.7	1.9	1.7	1.5	1.3	0.9
4.7	2.4	-1.4	-5.1	-7.5	-8.1	-6.7	-3.3	-0.7
0.3	0.4	0.3	-0.3	-0.3	-0.3	-0.8	0.0	-0.2
0.9	1.1	1.0	-0.1	0.1	-0.3	-1.1	-0.5	-0.7
0.6	0.2	0.2	-0.8	-1.1	-1.2	-1.7	-0.2	0.2
0.0	0.6	-0.1	-1.4	0.2	-0.9	-1.9	-1.3	-1.7
-0.1	0.6	0.4	0.3	0.8	0.3	-0.7	0.0	-0.5
1.7	1.8	1.6	0.4	-0.1	-0.6	-0.9	-0.8	-1.1
2.5	2.8	2.0	0.3	0.1	-0.8	-1.4	0.2	0.6
3.8	4.1	4.1	4.2	4.2	3.8	3.6	3.7	3.6
3.2	3.5	3.4	3.6	3.6	3.3	3.6	3.4	3.5
4.6	4.4	4.2	4.3	3.4	3.3	3.0	3.5	4.2
5.5	5.2	3.8	3.7	4.1	3.9	3.9	4.3	4.3
4.2	4.5	4.6	4.9	4.5	4.1	3.9	3.6	4.3
2.2	2.7	2.5	2.8	3.2	2.9	3.5	3.3	3.1
1.0	1.1	0.4	1.1	1.7	2.0	3.6	4.4	5.0
0.4	0.5	0.7	1.0	1.3	1.3	1.3	1.1	0.8
1.4	1.4	1.5	1.7	1.9	1.8	1.5	1.2	0.9
-2.6	-2.2	-0.5	0.0	-0.6	-1.3	-1.3	-2.0	-2.6
-3.7	-3.9	-4.5	-4.1	-2.9	-1.6	0.0	0.1	0.3
-2.1	-1.3	-0.4	0.3	0.8	1.4	1.7	2.1	1.7

**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: 1995-1999**

Type of Establishment	Calendar Year				1996	1996	1997	1997
	1995	1996	1997	1998	Q3	Q4	Q1	Q2
	Annual Percent Change							
<b>Health Services</b>								
Payrolls	5.5	5.8	6.7	5.2	6.0	6.1	6.8	6.9
Employment	2.7	2.8	2.3	1.4	2.7	2.7	2.5	2.4
Average Weekly Hours	-0.2	-0.3	1.1	0.2	-0.1	0.2	1.1	1.2
Average Hourly Earnings	2.9	3.2	3.2	3.5	3.3	3.1	3.0	3.1
<b>Offices and Clinics of Physicians</b>								
Payrolls	6.8	11.4	9.6	7.2	12.3	11.8	11.2	9.8
Employment	4.2	4.8	3.7	4.1	4.8	4.2	3.9	3.8
Average Weekly Hours	0.2	1.3	1.0	-0.7	1.4	1.7	1.8	1.2
Average Hourly Earnings	2.3	5.0	4.7	3.8	5.6	5.5	5.1	4.5
<b>Offices and Clinics of Dentists</b>								
Payrolls	6.3	8.2	9.7	5.7	9.3	9.2	12.0	10.9
Employment	3.2	3.5	2.7	2.3	3.5	3.7	3.4	2.8
Average Weekly Hours	-0.6	0.6	1.0	-0.6	1.6	0.8	2.0	1.4
Average Hourly Earnings	3.6	3.9	5.8	3.9	4.0	4.5	6.1	6.4
<b>Nursing Homes</b>								
Payrolls	6.5	4.6	5.3	5.4	4.6	3.6	4.6	4.6
Employment	2.6	2.2	1.3	0.3	2.1	1.7	1.5	1.4
Average Weekly Hours	0.5	-0.3	0.1	0.5	-0.2	-0.9	0.2	-0.2
Average Hourly Earnings	3.2	2.7	3.7	4.5	2.7	2.9	2.8	3.4
<b>Private Hospitals</b>								
Payrolls	3.3	3.4	5.2	5.0	3.4	3.5	3.9	5.0
Employment	0.3	1.1	1.4	1.7	1.1	1.3	1.2	1.3
Average Weekly Hours	-0.3	-0.5	1.4	0.3	-0.5	0.1	0.7	1.5
Average Hourly Earnings	3.4	2.8	2.3	2.9	2.7	2.0	2.0	2.1
<b>Home Health Care Services</b>								
Payrolls	16.2	8.1	9.7	-4.0	7.9	9.5	12.7	11.6
Employment	12.3	7.3	4.9	-5.5	6.3	6.3	6.8	5.9
Average Weekly Hours	1.2	-1.8	3.1	0.4	-1.2	0.7	3.2	3.8
Average Hourly Earnings	2.3	2.5	1.4	1.3	2.7	2.3	2.3	1.4
<b>Non-Farm Private Sector</b>								
Payrolls	5.5	5.8	7.7	6.6	6.2	6.9	8.5	7.4
Employment	3.2	2.5	3.0	2.6	2.6	2.7	3.0	3.0
Average Weekly Hours	-0.6	-0.1	0.6	-0.1	0.1	0.4	1.3	0.5
Average Hourly Earnings	2.8	3.4	3.9	4.1	3.4	3.7	4.0	3.8

<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, DC. Monthly reports for January 1995 - November 1999.

**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: 1995-1999**

1997 Q3	1997 Q4	1997 Q1	1997 Q2	1998 Q3	1998 Q4	1998 Q1	1998 Q2	1999 Q3
Percent Change from the Same Period of Previous Year								
6.5	6.8	6.3	5.1	5.1	4.2	3.5	4.1	4.1
2.2	2.1	1.8	1.5	1.4	1.1	1.1	1.2	1.2
0.9	1.1	1.0	-0.1	0.1	-0.3	-1.1	-0.5	-0.7
3.2	3.5	3.4	3.6	3.6	3.3	3.6	3.4	3.5
8.8	8.6	8.8	7.4	6.7	6.0	4.8	6.9	7.5
3.3	3.8	4.2	3.8	4.4	3.9	3.5	3.5	3.0
0.6	0.2	0.2	-0.8	-1.1	-1.2	-1.7	-0.2	0.2
4.6	4.4	4.2	4.3	3.4	3.3	3.0	3.5	4.2
8.2	7.8	5.6	4.3	6.9	6.1	5.5	6.9	6.3
2.6	2.0	1.8	2.0	2.4	3.0	3.5	3.8	3.6
0.0	0.6	-0.1	-1.4	0.2	-0.9	-1.9	-1.3	-1.7
5.5	5.2	3.8	3.7	4.1	3.9	3.9	4.3	4.3
5.4	6.3	6.1	5.9	5.4	4.0	2.5	2.8	3.4
1.2	1.1	1.0	0.6	0.1	-0.4	-0.7	-0.8	-0.4
-0.1	0.6	0.4	0.3	0.8	0.3	-0.7	0.0	-0.5
4.2	4.5	4.6	4.9	4.5	4.1	3.9	3.6	4.3
5.5	6.2	5.8	5.0	5.1	4.1	4.1	3.8	2.9
1.5	1.5	1.6	1.7	1.9	1.7	1.5	1.3	0.9
1.7	1.8	1.6	0.4	-0.1	-0.6	-0.9	-0.8	-1.1
2.2	2.7	2.5	2.8	3.2	2.9	3.5	3.3	3.1
8.3	6.4	1.0	-3.7	-5.8	-7.0	-4.7	1.2	4.9
4.7	2.4	-1.4	-5.1	-7.5	-8.1	-6.7	-3.3	-0.7
2.5	2.8	2.0	0.3	0.1	-0.8	-1.4	0.2	0.6
1.0	1.1	0.4	1.1	1.7	2.0	3.6	4.4	5.0
7.1	7.7	7.5	6.7	6.5	5.9	5.2	6.0	5.8
2.9	3.0	3.0	2.7	2.6	2.3	2.3	2.3	2.3
0.3	0.4	0.3	-0.3	-0.3	-0.3	-0.8	0.0	-0.2
3.8	4.1	4.1	4.2	4.2	3.8	3.6	3.7	3.6

**Table 7**  
**Selected National Economic Indicators: 1995-1999**

Type of Establishment	Calendar Year				1996	1996	1997	1997
	1995	1996	1997	1998	Q3	Q4	Q1	Q2
<b>Gross Domestic Product</b>								
Billions of Dollars	7,476	7,813	8,301	8,760	7,859	7,981	8,126	8,260
Billions of 1996 Chain-Weighted Dollars	7,537	7,813	8,165	8,516	7,843	7,938	8,033	8,135
Implicit Price Deflator (1996 = 100.0)	99.2	100.0	101.7	102.9	100.2	100.6	101.2	101.5
<b>Personal Income</b>								
Personal Income in Billions	6,201	6,547	6,951	7,359	6,597	6,678	6,808	6,901
Disposable Income in Billions	5,423	5,678	5,983	6,286	5,720	5,780	5,873	5,946
<b>Prices<sup>1</sup></b>								
Consumer Price Index, All Items	152.4	156.9	160.5	163.0	157.4	158.5	159.6	160.2
All Items Less Medical Care	148.6	152.8	156.3	158.6	153.3	154.4	155.5	156.0
Energy	105.2	110.1	111.5	102.9	111.9	111.3	112.5	110.7
Food and Beverages	148.9	153.7	157.7	161.1	154.3	156.2	157.0	157.1
Medical Care	220.5	228.2	234.6	242.1	229.1	230.4	232.6	234.1
<b>Producer Price Index<sup>1</sup> Finished</b>								
Consumer Goods	125.6	129.5	130.2	128.9	130.2	131.2	130.7	129.9
Energy	78.1	83.2	83.4	75.1	84.7	85.1	84.9	82.5
Food	129.0	133.6	134.5	134.3	134.9	136.1	134.4	134.5
Finished Goods Except Food & Energy	141.9	144.3	145.1	147.7	144.0	145.0	145.2	145.0
Annual Percent Change								
<b>Gross Domestic Product</b>								
Billions of Dollars	6.0	4.5	6.2	5.5	5.7	6.0	6.5	6.1
Billions of 1996 Chain-Weighted Dollars	2.7	3.7	4.5	4.3	3.8	4.2	4.7	4.3
Implicit Price Deflator (1996 = 100.0)	3.2	0.8	1.7	1.2	1.8	1.7	1.7	1.8
<b>Personal Income</b>								
Personal Income in Billions	5.3	5.6	6.2	5.9	6.0	5.9	6.3	6.0
Disposable Income in Billions	5.0	4.7	5.4	5.1	5.1	5.0	5.4	5.5
<b>Prices<sup>2</sup></b>								
Consumer Price Index, All Items	2.8	2.9	2.3	1.6	2.9	3.2	2.9	2.3
All Items Less Medical Care	2.7	2.9	2.3	1.4	2.9	3.1	3.0	2.3
Energy	0.6	4.6	1.3	-7.7	4.4	7.5	6.8	-1.1
Food and Beverages	2.8	3.3	2.6	2.1	3.6	4.2	3.5	2.8
Medical Care	4.5	3.5	2.8	3.2	3.4	3.1	2.9	3.0
<b>Producer Price Index<sup>1</sup> Finished</b>								
Consumer Goods	1.9	3.1	0.5	-1.0	3.4	3.8	2.6	0.5
Energy	1.4	6.5	0.2	-9.8	6.6	11.5	7.7	-2.0
Food	1.8	3.5	0.7	-0.2	4.5	4.1	2.5	1.8
Finished Goods Except Food & Energy	2.1	1.7	0.5	1.8	1.6	0.9	0.8	0.6

<sup>1</sup> Formerly called the "Wholesale Price Index."

<sup>2</sup> Base Period = 1982-1984, unless noted.

NOTES: HCFA is Health Care Financing Administration. SNF is skilled nursing home. CPI is Consumer Price Index. PPI is Producer Price Index.

SOURCES: U.S. Department of Labor, Bureau of Labor Statistics, *CPI Detailed Report*, Washington, DC, September 1999. U.S. Department of Labor, Bureau of Labor Statistics, *Producer Price Index*, Washington, DC, September 1999.

**Table 7—Continued**  
**Selected National Economic Indicators: 1995-1999**

1997 Q3	1997 Q4	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1	1999 Q2	1999 Q3
8,365	8,453	8,611	8,684	8,798	8,948	9,073	9,146	9,298
8,215	8,277	8,413	8,457	8,536	8,659	8,738	8,779	8,901
101.8	102.1	102.4	102.7	103.1	103.3	103.8	104.2	104.5
6,994	7,103	7,195	7,296	7,414	7,531	7,630	7,733	7,831
6,015	6,097	6,164	6,238	6,325	6,418	6,505	6,593	6,671
160.8	161.5	161.9	162.8	163.4	164.0	164.6	166.2	167.2
156.7	157.2	157.5	158.4	159.0	159.5	160.1	161.6	162.6
112.6	110.2	103.6	103.8	103.9	100.2	97.9	105.8	111.1
158.0	158.9	160.1	160.5	161.3	162.5	163.8	164.1	164.7
235.1	236.4	239.1	241.4	243.4	244.7	247.5	249.6	251.8
130.2	130.1	128.2	128.8	129.2	129.4	129.4	131.1	133.3
84.2	81.8	75.9	76.1	75.9	72.7	70.9	77.3	83.4
134.5	134.7	133.4	133.7	135.1	135.0	134.8	134.3	135.8
144.4	145.8	146.3	147.3	147.4	149.9	151.2	151.1	151.0
Percent Change from the Same Period of Previous Year								
6.4	5.9	6.0	5.1	5.2	5.9	5.4	5.3	5.7
4.7	4.3	4.7	4.0	3.9	4.6	3.9	3.8	4.3
1.6	1.6	1.2	1.1	1.2	1.2	1.4	1.5	1.4
6.0	6.4	5.7	5.7	6.0	6.0	6.1	6.0	5.6
5.2	5.5	4.9	4.9	5.2	5.3	5.5	5.7	5.5
2.2	1.9	1.5	1.6	1.6	1.5	1.7	2.1	2.3
2.2	1.8	1.3	1.5	1.5	1.4	1.6	2.0	2.3
0.6	-1.0	-8.0	-6.3	-7.7	-9.0	-5.4	1.9	6.9
2.4	1.7	2.0	2.2	2.1	2.3	2.3	2.2	2.1
2.6	2.6	2.8	3.1	3.5	3.5	3.5	3.4	3.5
-0.1	-0.8	-1.9	-0.8	-0.7	-0.5	0.9	1.8	3.1
-0.6	-4.0	-10.6	-7.8	-9.9	-11.0	-6.6	1.7	9.9
-0.3	-1.0	-0.7	-0.6	0.4	0.2	1.1	0.4	0.5
0.3	0.5	0.8	1.6	2.1	2.9	3.4	2.6	2.4

**Table 8**  
**Index Levels of Medical Prices: 1995-1999**

Indicator	Calendar Year				1996 Q3	1996 Q4	1997 Q1
	1995	1996	1997	1998			
<b>Consumer Price Indexes, All Urban Consumers<sup>1</sup></b>							
Medical Care Services <sup>2</sup>	224.2	232.4	239.1	246.8	233.3	234.7	237.0
Professional Services	201.0	208.3	215.4	222.2	209.2	210.7	213.2
Physicians' Services	208.8	216.4	222.9	229.5	217.1	218.3	220.8
Dental Services	206.8	216.5	226.6	236.2	218.0	220.5	223.4
Hospital and Related Services	257.8	269.5	278.4	287.5	271.0	273.1	276.3
Hospital Services (12/96=100)	—	—	101.7	105.0	—	—	101.0
Inpatient Hospital Services (12/96=100)	—	—	101.3	104.0	—	—	100.8
Outpatient Hospital Services (12/86=100)	204.6	215.1	224.9	233.2	216.5	218.1	222.6
Nursing Home Services (12/96=100)	—	—	102.3	107.1	—	—	101.0
Medical Care Commodities	204.5	210.4	215.3	221.8	211.1	212.1	213.8
Prescription Drugs	235.0	242.9	249.3	258.6	243.7	245.3	247.6
Non-Prescription Drugs and Medical Supplies (1986=100)	140.5	143.1	145.4	147.7	143.6	143.6	144.5
Internal and Respiratory Over-the-Counter Drugs	167.0	170.2	173.1	175.4	170.6	171.3	172.4
Non-Prescription Medical Equipment and Supplies	166.3	169.1	171.5	174.9	169.8	168.8	169.7
<b>Producer Price Indexes<sup>3</sup></b>							
<b>Industry Groupings<sup>4</sup></b>							
Health Services (12/94=100)	102.4	104.6	106.1	107.7	104.7	105.2	105.8
Offices and Clinics of Doctors of Medicine (12/93=100)	106.8	107.6	109.0	111.3	107.5	107.9	108.7
Medicare Treatments (12/93=100)	109.6	105.5	105.8	110.5	105.5	105.5	105.8
Non-Medicare Treatments (12/93=100)	105.9	107.8	109.6	111.4	107.8	108.2	109.2
Hospitals (12/92=100)	110.0	112.6	113.6	114.4	112.7	113.4	113.5
General Medical and Surgical Hospitals (12/92=100)	109.9	112.5	113.6	114.6	112.5	113.2	113.4
Inpatient Treatments (12/92=100)	109.2	111.8	112.8	113.6	111.6	112.4	112.5
Medicare Patients (12/92=100)	104.7	108.1	108.8	108.1	107.8	109.1	109.1
Medicaid Patients (12/92=100)	109.8	112.2	110.9	110.2	111.9	112.5	110.7
All Other Patients (12/92=100)	111.7	113.7	115.6	117.8	113.6	114.2	114.8
Outpatient Treatments (12/92=100)	113.3	116.2	117.4	118.6	116.6	117.0	117.4
Medicare Patients (12/92=100)	111.2	113.1	116.1	118.8	113.4	114.4	115.3
Medicaid Patients (12/92=100)	106.4	106.1	105.0	105.9	105.9	104.4	104.8
All Other Patients (12/92=100)	114.2	117.7	118.8	119.8	118.1	118.6	119.0
Skilled and Intermediate Care Facilities (12/94=100)	103.6	110.0	114.7	119.6	110.7	111.6	113.3
Public Payers (12/94=100)	103.8	110.5	115.4	120.4	111.2	112.1	113.7
Private Payers (12/94=100)	103.6	109.8	114.3	119.1	110.4	111.4	113.3
Medical Laboratories (6/94=100)	104.0	105.3	106.1	106.4	105.3	105.3	105.8
Home Health Care Services (12/96=100)	—	—	103.4	106.2	—	—	101.6
Medicare Payers (12/96=100)	—	—	102.2	103.6	—	—	101.5
Non-Medicare Payers (12/96=100)	—	—	100.3	103.0	—	—	100.2
<b>Commodity Groupings</b>							
Drugs and Pharmaceuticals	210.9	214.7	219.1	242.6	215.2	215.2	218.1
Ethical (Prescription) Preparations	257.0	265.4	273.5	322.9	266.8	267.0	271.0
Proprietary (Over-the-Counter) Preparations	186.6	185.1	184.8	184.5	183.3	184.2	186.1
Medical, Surgical, and Personal Aid Devices	141.3	143.1	143.1	143.4	142.6	142.7	142.9
Personal Aid Equipment	133.7	139.3	140.3	143.4	140.2	140.3	140.3
Medical Instruments and Equipment (6/82=100)	128.3	130.1	128.1	126.7	129.7	130.1	127.8
Surgical Appliances and Supplies (6/83=100)	154.8	156.9	158.8	160.6	156.3	155.8	158.5
Ophthalmic Goods (12/83=100)	122.2	120.3	119.8	119.6	119.8	119.5	120.4
Dental Equipment and Supplies (6/85=100)	137.5	141.0	146.6	151.2	141.0	141.7	145.9

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

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

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

<sup>4</sup> Further detail for producer price industry groupings, such as types of physician practices, hospital diagnosis-related groups groupings, etc., are available from the Bureau of Labor Statistics.

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

SOURCES: U.S. Department of Labor, Bureau of Labor Statistics, *CPI Detailed Report* Washington, DC. Monthly reports for January 1995 - November 1999; U.S. Department of Labor, Bureau of Labor Statistics, *Producer Price Index*. Washington, DC. Monthly reports for January 1995 - November 1999.

**Table 8—Continued**  
**Index Levels of Medical Prices: 1995-1999**

1997 Q2	1997 Q3	1997 Q4	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1	1999 Q2	1999 Q3
238.4	239.7	241.2	244.0	245.9	248.0	249.3	252.3	254.0	256.1
215.1	216.2	217.1	219.5	221.8	223.3	224.4	226.7	228.7	230.1
222.8	223.7	224.2	226.6	228.8	230.8	231.7	233.7	235.5	237.0
225.8	227.6	229.6	232.6	235.1	237.3	239.7	243.7	246.4	248.3
277.2	278.8	281.3	284.6	285.7	289.0	290.8	295.7	297.0	300.9
101.3	101.8	102.7	103.9	104.3	105.5	106.2	108.0	108.4	109.9
101.0	101.5	102.1	103.1	103.3	104.4	105.0	106.7	107.0	108.3
223.7	225.4	227.7	230.0	231.6	234.4	236.7	241.1	243.2	247.9
101.8	102.9	103.5	105.5	106.7	107.8	108.2	110.0	111.0	112.1
215.6	215.6	216.1	218.2	221.3	223.1	224.8	226.8	229.7	232.4
249.8	249.6	250.1	253.3	257.6	260.6	263.0	267.2	272.0	275.6
145.4	145.8	146.1	146.5	147.7	148.0	148.6	147.8	148.2	149.3
173.3	173.3	173.4	173.2	175.6	176.4	176.4	174.8	175.9	177.1
171.2	172.2	173.1	175.1	174.5	173.9	176.0	176.5	175.6	177.4
105.9	106.2	106.3	107.1	107.5	107.9	108.3	109.3	109.5	109.9
108.8	109.3	109.2	110.7	111.2	111.5	112.0	113.3	113.5	113.9
105.8	105.8	105.8	110.5	110.5	110.5	110.5	113.2	113.2	113.2
109.4	109.9	109.8	110.6	111.2	111.6	112.2	113.3	113.6	114.0
113.6	113.5	113.5	114.0	114.2	114.4	115.0	115.9	116.0	116.3
113.4	113.8	113.8	114.1	114.4	114.6	115.2	116.0	116.1	116.5
112.5	113.2	113.0	113.3	113.4	113.6	114.1	114.9	115.0	115.4
109.1	109.1	108.0	108.0	108.0	108.0	108.4	108.4	108.4	108.4
110.0	111.4	111.5	110.9	110.6	109.6	109.7	111.0	110.6	110.6
115.1	116.0	116.3	117.0	117.4	118.1	118.8	120.0	120.2	120.8
117.5	117.1	117.5	118.0	118.4	118.6	119.3	120.2	120.5	120.9
115.9	116.7	116.4	117.4	118.3	119.0	120.6	122.9	123.0	123.5
104.9	105.0	105.2	105.2	105.3	105.3	107.8	107.8	108.5	108.5
119.0	118.4	118.9	119.3	119.7	119.9	120.2	120.8	121.1	121.6
113.9	115.5	116.1	117.7	118.6	120.6	121.4	122.6	123.2	124.7
114.4	116.3	117.0	118.4	119.0	121.5	122.6	123.1	123.5	124.9
113.8	114.9	115.4	117.4	118.7	120.0	120.3	122.7	123.5	125.4
106.1	106.2	106.2	106.3	106.5	106.4	106.4	106.3	106.1	106.3
103.4	103.7	104.7	105.7	106.4	106.3	106.6	106.2	106.7	107.0
101.5	102.5	103.1	103.2	103.8	103.2	104.3	103.0	103.6	103.9
100.0	99.9	101.2	102.6	103.1	103.2	103.0	103.0	103.2	103.6
218.2	219.2	221.0	229.8	244.5	247.4	248.7	248.2	250.3	252.9
272.5	273.6	276.8	295.3	328.3	332.9	335.3	330.3	333.2	337.3
183.9	184.3	184.9	184.7	184.3	184.4	184.7	185.2	186.1	186.4
143.2	143.2	143.1	143.3	143.0	143.3	144.0	144.2	144.8	144.7
140.4	139.4	141.1	142.0	143.9	143.9	143.9	146.5	147.5	147.7
128.1	128.6	127.8	127.0	126.4	126.6	126.9	127.0	126.6	125.6
158.9	158.6	159.2	160.7	160.1	160.3	161.3	161.6	162.9	163.7
119.9	119.4	119.5	119.2	119.1	119.6	120.7	120.3	119.6	120.6
146.5	146.8	147.0	148.8	150.8	152.1	153.0	154.8	160.8	160.9

**Table 9**  
**Percent Change in Medical Prices from Same Period a Year Ago: 1995-1999**

Indicator	Calendar Year				1996 Q3	1996 Q4	1997 Q1
	1995	1996	1997	1998			
<b>Consumer Price Indexes, All Urban Consumers<sup>1</sup></b>							
Medical Care Services <sup>2</sup>	5.0	3.7	2.9	3.2	3.5	3.2	3.0
Professional Services	4.4	3.7	3.4	3.2	3.5	3.6	3.6
Physicians' Services	4.5	3.6	3.0	3.0	3.3	3.2	3.0
Dental Services	4.9	4.7	4.7	4.2	4.9	5.1	5.2
Hospital and Related Services	5.0	4.5	3.3	3.3	4.6	4.2	3.8
Hospital Services (12/96=100)	—	—	—	—	—	—	—
Inpatient Hospital Services (12/96=100)	—	—	—	—	—	—	—
Outpatient Hospital Services (12/86=100)	4.9	5.1	4.6	3.7	5.4	4.4	5.2
Nursing Home Services (12/96=100)	—	—	—	—	—	—	—
Medical Care Commodities	1.9	2.9	2.3	3.0	3.2	2.9	2.6
Prescription Drugs	1.9	3.3	2.6	3.8	3.5	3.3	3.1
Non-Prescription Drugs and Medical Supplies (1986=100)	1.8	1.9	1.6	1.6	2.3	1.7	1.4
Internal and Respiratory Over-the-Counter Drugs	0.6	1.9	1.7	1.3	1.9	2.4	1.8
Non-Prescription Medical Equipment and Supplies	3.9	1.7	1.4	2.0	2.8	0.6	0.6
<b>Producer Price Indexes<sup>3</sup></b>							
<b>Industry Groupings<sup>4</sup></b>							
Health Services (12/94=100)	—	2.2	1.4	1.5	2.1	1.8	1.6
Offices and Clinics of Doctors of Medicine (12/93=100)	3.9	0.7	1.3	2.1	0.4	0.8	1.3
Medicare Treatments (12/93=100)	4.7	-3.7	0.3	4.4	-3.7	-3.7	0.3
Non-Medicare Treatments (12/93=100)	3.6	1.8	1.7	1.6	1.6	2.0	1.6
Hospitals (12/92=100)	3.5	2.4	0.8	0.7	2.5	1.8	1.2
General Medical and Surgical Hospitals (12/92=100)	3.7	2.4	1.0	0.8	2.3	1.5	1.1
Inpatient Treatments (12/92=100)	3.1	2.3	0.9	0.7	2.3	1.4	0.8
Medicare Patients (12/92=100)	2.0	3.3	0.6	-0.7	4.1	1.2	1.2
Medicaid Patients (12/92=100)	2.5	2.2	-1.1	-0.7	2.4	1.7	-0.9
All Other Patients (12/92=100)	3.7	1.8	1.7	1.9	1.4	1.4	1.1
Outpatient Treatments (12/92=100)	6.2	2.6	1.0	1.0	2.2	1.9	1.6
Medicare Patients (12/92=100)	4.0	1.7	2.6	2.4	1.4	2.3	2.7
Medicaid Patients (12/92=100)	2.9	-0.2	-1.1	0.9	0.1	-3.4	-2.1
All Other Patients (12/92=100)	6.9	3.0	1.0	0.8	2.6	2.4	1.8
Skilled and Intermediate Care Facilities (12/94=100)	—	6.1	4.3	4.3	6.2	5.7	4.7
Public Payers (12/94=100)	—	6.5	4.4	4.3	6.5	5.5	4.7
Private Payers (12/94=100)	—	5.9	4.1	4.2	6.0	6.0	4.7
Medical Laboratories (6/94=100)	—	1.3	0.8	0.3	-0.6	0.3	0.5
Home Health Care Services (12/96=100)	—	—	—	2.8	—	—	—
Medicare Payers (12/96=100)	—	—	—	1.4	—	—	—
Non-Medicare Payers (12/96=100)	—	—	—	2.7	—	—	—
<b>Commodity Groupings</b>							
Drugs and Pharmaceuticals	2.4	1.8	2.1	10.7	1.9	0.8	2.0
Ethical (Prescription) Preparations	2.8	3.3	3.1	18.1	3.6	2.0	3.2
Proprietary (Over-the-Counter) Preparations	1.8	-0.8	-0.1	-0.1	-1.8	-1.8	-1.2
Medical, Surgical, and Personal Aid Devices	0.7	1.3	0.0	0.2	0.8	0.4	-0.4
Personal Aid Equipment	2.7	4.2	0.7	2.2	3.8	2.6	2.6
Medical Instruments and Equipment (6/82=100)	1.3	1.4	-1.5	-1.1	0.8	1.1	-1.9
Surgical Appliances and Supplies (6/83=100)	-0.6	1.4	1.2	1.1	1.1	-0.3	0.7
Ophthalmic Goods (12/83=100)	2.2	-1.6	-0.4	-0.1	-2.5	-2.5	-1.5
Dental Equipment and Supplies (6/85=100)	1.7	2.5	3.9	3.2	2.8	2.2	3.6

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

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

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

<sup>4</sup> Further detail for producer price industry groupings, such as types of physician practices, hospital diagnosis-related groups groupings, etc., are available from the Bureau of Labor Statistics.

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

SOURCES: U.S. Department of Labor, Bureau of Labor Statistics, *CPI Detailed Report*. Washington, DC. Monthly reports for January 1995 - November 1999; U.S. Department of Labor, Bureau of Labor Statistics, *Producer Price Index*. Washington, DC. Monthly reports for January 1995 - November 1999.

**Table 9—Continued**  
**Percent Change in Medical Prices from Same Period a Year Ago: 1995-1999**

1997 Q2	1997 Q3	1997 Q4	1998 Q1	1998 Q2	1998 Q3	1998 Q4	1999 Q1	1999 Q2	1999 Q3
Percent Change from the Same Period of Previous Year									
3.0	2.7	2.8	2.9	3.1	3.5	3.4	3.4	3.3	3.3
3.7	3.4	3.1	3.0	3.1	3.3	3.3	3.2	3.1	3.1
3.3	3.0	2.7	2.6	2.7	3.2	3.3	3.1	2.9	2.7
4.9	4.4	4.1	4.1	4.1	4.3	4.4	4.8	4.8	4.6
3.5	2.9	3.0	3.0	3.0	3.6	3.4	3.9	4.0	4.1
-	-	-	2.9	3.0	3.6	3.3	3.9	3.9	4.2
-	-	-	2.3	2.3	2.9	2.8	3.5	3.6	3.7
4.6	4.1	4.4	3.3	3.5	4.0	3.9	4.8	5.0	5.8
-	-	-	4.4	4.8	4.8	4.5	4.3	4.0	3.9
2.7	2.1	1.9	2.0	2.6	3.5	4.0	4.0	3.8	4.2
3.1	2.4	1.9	2.3	3.1	4.4	5.2	5.5	5.6	5.8
1.8	1.5	1.7	1.4	1.6	1.5	1.7	0.9	0.3	0.9
2.2	1.6	1.3	0.5	1.3	1.8	1.7	0.9	0.2	0.4
1.1	1.4	2.5	3.2	2.0	1.0	1.7	0.8	0.6	2.0
1.5	1.5	1.0	1.3	1.4	1.6	1.9	2.1	1.9	1.9
1.2	1.6	1.2	1.8	2.1	2.0	2.5	2.3	2.1	2.2
0.3	0.3	0.3	4.4	4.4	4.4	4.4	2.4	2.4	2.4
1.6	2.0	1.5	1.3	1.6	1.5	2.1	2.4	2.2	2.2
1.2	0.8	0.1	0.4	0.5	0.8	1.3	1.7	1.6	1.7
1.1	1.2	0.6	0.7	0.8	0.7	1.2	1.6	1.5	1.7
0.9	1.4	0.5	0.7	0.8	0.4	1.0	1.5	1.4	1.6
1.2	1.2	-1.0	-1.0	-1.0	-1.0	0.4	0.4	0.4	0.4
-2.2	-0.5	-0.9	0.2	0.5	-1.6	-1.6	0.1	0.0	1.0
1.5	2.2	1.9	1.9	2.0	1.8	2.1	2.5	2.4	2.3
1.5	0.5	0.5	0.5	0.8	1.3	1.5	1.8	1.7	1.9
3.0	2.9	1.8	1.9	2.0	2.0	3.5	4.7	4.0	3.8
-2.1	-0.8	0.8	0.4	0.3	0.3	2.5	2.5	3.1	3.0
1.6	0.3	0.3	0.3	0.6	1.3	1.1	1.3	1.2	1.4
4.0	4.3	4.1	3.9	4.1	4.5	4.6	4.2	3.9	3.4
4.0	4.6	4.4	4.2	4.0	4.5	4.7	3.9	3.8	2.8
4.2	4.0	3.6	3.6	4.4	4.4	4.3	4.5	4.0	4.6
0.9	0.9	0.9	0.4	0.3	0.2	0.2	0.0	-0.3	-0.1
-	-	-	4.0	2.9	2.4	1.8	0.5	0.3	0.7
-	-	-	1.6	2.3	0.6	1.1	-0.1	-0.2	0.7
-	-	-	2.5	3.1	3.3	1.7	0.4	0.1	0.4
1.7	1.9	2.7	5.4	12.0	12.8	12.5	8.0	2.4	2.2
2.8	2.5	3.6	8.9	20.5	21.7	21.2	11.9	1.5	1.3
-0.3	0.6	0.4	-0.7	0.2	0.1	-0.1	0.3	1.0	1.0
-0.2	0.4	0.3	0.3	-0.1	0.0	0.6	0.6	1.3	1.0
0.4	-0.6	0.6	1.2	2.5	3.2	2.0	3.1	2.5	2.6
-1.5	-0.9	-1.7	-0.7	-1.4	-1.5	-0.7	0.0	0.2	-0.8
0.5	1.5	2.2	1.4	0.7	1.1	1.3	0.6	1.8	2.1
0.1	-0.3	0.0	-1.0	-0.7	0.2	1.0	1.0	0.4	0.8
4.1	4.1	3.8	2.0	3.0	3.6	4.0	4.0	6.6	5.8

**Table 10**  
**Quarterly Index Levels and Four-Quarter Moving Average Percent Change in the HCFA**  
**Prospective Payment System (PPS) Hospital Input Price Index, by Expense Category: 1997-2001**

Expense Category <sup>1</sup>	Price/Wage Variable	Base Year	1997	1998	1998	1998
		Weights FY 1992 <sup>2</sup>	Q4	Q1	Q2	Q3
<b>Index Levels</b>						
Total	—	100.000	115.9	116.7	117.9	118.8
Compensation	—	61.390	118.1	119.0	119.9	121.2
Wages and Salaries	HCFA Occupational Wage Index <sup>4</sup>	50.244	117.9	118.9	119.8	121.1
Employee Benefits	HCFA Occupational Benefits Index <sup>4</sup>	11.146	119.0	119.5	120.6	121.4
Other Professional Fees	ECI-W/S:Professional/Technical (Private)	2.127	118.9	119.8	120.9	122.2
Energy and Utilities <sup>3</sup>	—	1.542	111.3	109.0	109.8	113.4
Professional Liability Insurance	HCFA-Professional Liability Premium	1.189	96.0	96.1	96.2	96.4
All Other	—	33.752	112.5	113.4	115.1	115.5
Other Products <sup>3</sup>	—	24.825	111.0	112.0	114.0	114.2
Pharmaceuticals	PPI-Prescription Drugs	4.162	121.1	129.2	143.7	145.7
Food:Direct Purchase	PPI-Processed Foods	2.314	109.4	107.7	107.6	108.4
Food:Contract Service	CPI-Food Away From Home	1.072	113.2	113.8	114.5	115.3
Chemicals	PPI-Industrial Chemicals	3.666	115.7	114.0	111.7	110.3
Medical Instruments	PPI-Medical Instruments/Equipment	3.080	104.2	103.6	103.1	103.3
Rubber and Plastics	PPI-Rubber/Plastic Products	4.750	107.3	107.2	106.9	106.6
Paper Products	PPI-Converted Paper and Paperboard	2.078	111.6	113.6	113.3	113.3
Miscellaneous Products	PPI-Finished Goods	2.236	107.3	106.1	106.4	106.6
Other Services <sup>3</sup>	—	8.927	116.6	117.5	118.1	119.1
All Other: Labor Intensive	ECI-Comp:Service Workers	7.277	117.8	118.8	119.4	120.6
<b>Four-Quarter Moving-Average Percent Change:</b>						
Total	—	100.000	2.1	2.3	2.6	2.9
Compensation	—	61.390	2.7	2.9	3.1	3.3
Wages and Salaries	HCFA Occupational Wage Index <sup>4</sup>	50.244	3.0	3.2	3.4	3.5
Employee Benefits	HCFA Occupational Benefits Index <sup>4</sup>	11.146	1.6	1.7	2.0	2.4
Other Professional Fees	ECI-W/S:Professional/Technical (Private)	2.127	2.6	2.8	3.0	3.2
Energy and Utilities <sup>3</sup>	—	1.542	2.0	0.7	0.6	0.3
Professional Liability Insurance	HCFA-Professional Liability Premium	1.189	-1.8	-1.5	-1.0	-0.4
All Other	—	33.752	1.0	1.2	1.8	2.3
Other Products <sup>3</sup>	—	24.825	0.2	0.3	1.1	1.9
Pharmaceuticals	PPI-Prescription Drugs	4.162	3.1	4.5	9.0	13.7
Food:Direct Purchase	PPI-Processed Foods	2.314	0.5	-0.6	-1.6	-1.7
Food:Contract Service	CPI-Food Away From Home	1.072	2.8	2.7	2.6	2.6
Chemicals	PPI-Industrial Chemicals	3.666	-0.2	-1.3	-1.7	-2.8
Medical Instruments	PPI-Medical Instruments/Equipment	3.080	-1.5	-1.2	-1.2	-1.3
Rubber and Plastics	PPI-Rubber/Plastic Products	4.750	-0.5	-0.3	-0.4	-0.4
Paper Products	PPI-Converted Paper and Paperboard	2.078	-3.3	-1.3	0.8	2.3
Miscellaneous Products	PPI-Finished Goods	2.236	0.4	-0.5	-0.8	-0.9
Other Services <sup>3</sup>	—	8.927	3.4	3.6	3.6	3.3
All Other: Labor Intensive	ECI-Comp:Service Workers	7.277	3.8	4.1	4.2	3.8

<sup>1</sup> For data sources used to estimate the input price index relative weights and choice of price proxies, refer to the August 29, 1997 *Federal Register*. For the most recent PPS update for payment rates, see the July 30, 1999 *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 (0.369), Electricity (0.927), and Water and Sewage (0.246). Other Products: Photographic Supplies (0.391), Apparel (0.869), and Machinery and Equipment (0.207). Other Services: Telephone (0.581), Postage (0.272), and Other Non-Labor Intensive (0.796).

<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).

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

SOURCES: Health Care Financing Administration, Office of the Actuary: Data from the National Health Statistics Group. Fourth-quarter 1999 forecasts were produced under contract to HCFA by Standard & Poor's/DRI.

Table 10—Continued

Quarterly Index Levels and Four-Quarter Moving Average Percent Change in the HCFA Prospective Payment System (PPS) Hospital Input Price Index, by Expense Category: 1997-2001

1998 Q4	1999 Q1	1999 Q2	1999 Q3	Forecast							
				1999 Q4	2000 Q1	2000 Q2	2000 Q3	2000 Q4	2001 Q1	2001 Q2	2001 Q3
119.3	119.7	120.5	121.5	122.5	123.5	124.3	125.2	126.0	126.9	127.8	128.8
121.8	122.7	123.7	124.7	125.7	126.8	127.6	128.8	129.9	131.0	131.9	133.0
121.8	122.8	123.7	124.7	125.7	126.8	127.7	128.9	130.0	131.1	132.1	133.1
122.1	122.4	123.6	124.7	125.6	126.7	127.4	128.3	129.4	130.6	131.3	132.5
123.0	123.3	124.3	125.3	126.3	127.4	128.4	129.5	130.6	131.8	132.8	133.9
109.6	108.2	109.0	113.5	112.6	113.2	115.3	120.2	116.8	116.3	118.0	122.9
96.8	97.2	97.6	98.1	98.7	99.4	100.0	100.5	101.1	101.6	102.2	102.9
115.6	115.3	115.8	116.6	117.9	118.6	119.2	119.6	120.1	120.6	121.3	121.9
114.1	113.4	113.7	114.7	116.0	116.6	117.0	117.2	117.5	117.8	118.4	118.8
146.8	144.6	145.8	147.5	149.6	150.1	151.2	152.2	153.6	154.7	156.4	157.5
107.9	107.6	106.6	108.0	108.5	109.2	110.2	110.6	110.6	111.0	111.7	112.1
116.0	116.9	117.4	118.1	118.9	119.9	120.9	122.0	123.2	124.2	125.2	126.2
109.2	107.5	107.2	109.0	111.8	112.6	112.2	111.2	110.3	110.0	110.9	111.3
103.5	103.5	103.2	102.4	102.9	103.1	103.3	103.3	103.5	103.8	103.8	103.8
106.5	106.1	106.3	106.9	107.2	108.1	108.6	108.7	108.7	108.9	109.1	109.3
112.1	111.4	113.3	115.4	117.4	118.3	118.7	119.1	119.7	120.2	120.1	120.3
106.9	106.8	107.8	109.0	110.2	111.0	111.2	111.0	111.2	111.5	111.8	112.0
119.6	120.8	121.6	122.0	123.3	124.2	125.1	126.4	127.3	128.2	129.4	130.3
121.2	122.5	123.5	123.8	125.3	126.3	127.3	128.8	129.8	130.7	132.1	133.1
3.0	3.0	2.7	2.5	2.5	2.6	2.8	3.0	3.1	3.0	2.9	2.8
3.3	3.3	3.2	3.1	3.1	3.1	3.1	3.2	3.3	3.3	3.3	3.3
3.5	3.4	3.4	3.2	3.2	3.2	3.2	3.3	3.3	3.3	3.4	3.4
2.5	2.6	2.6	2.6	2.6	2.9	3.0	3.1	3.1	3.0	3.0	3.1
3.3	3.3	3.2	3.0	2.8	2.9	3.0	3.2	3.4	3.4	3.4	3.4
-0.7	-0.5	-0.8	-0.7	0.4	1.7	3.3	4.8	5.0	4.5	3.7	2.7
0.2	0.6	1.0	1.3	1.6	1.9	2.1	2.3	2.4	2.4	2.4	2.3
2.7	2.7	2.0	1.5	1.3	1.6	2.2	2.6	2.5	2.2	2.0	1.8
2.5	2.6	1.7	1.1	0.8	1.2	1.9	2.4	2.3	1.8	1.4	1.2
18.1	18.7	13.4	8.3	3.9	2.1	2.7	3.2	3.4	3.2	3.1	3.2
-1.8	-1.4	-0.9	-0.7	-0.2	0.2	1.2	1.9	2.3	2.3	1.8	1.6
2.6	2.6	2.6	2.5	2.5	2.5	2.6	2.8	3.1	3.4	3.5	3.5
-4.0	-4.8	-5.0	-4.2	-2.2	0.4	2.6	3.4	2.5	0.7	-0.7	-1.2
-1.1	-0.9	-0.5	-0.3	-0.3	-0.4	-0.4	0.0	0.3	0.5	0.6	0.6
-0.5	-0.8	-0.8	-0.5	-0.1	0.6	1.3	1.6	1.8	1.5	1.0	0.8
2.5	1.4	0.5	0.1	1.1	3.2	4.4	4.7	4.0	2.8	2.0	1.4
-0.9	-0.3	0.2	1.0	1.9	2.7	3.1	3.0	2.4	1.6	0.9	0.7
3.1	2.9	2.8	2.7	2.8	2.8	2.8	3.1	3.1	3.2	3.4	3.3
3.5	3.3	3.1	3.0	3.1	3.1	3.1	3.4	3.5	3.6	3.7	3.5

**Table 11**  
**Quarterly Index Levels and Four-Quarter Moving-Average Percent Change in the HCFA**  
**Skilled Nursing Facility Input Price Index, by Expense Category: 1997-2001**

Expense Category <sup>1</sup>	Price/Wage Variable	Base Year	1997	1998	1998	1998
		Weights CY 1992 <sup>2</sup>	Q4	Q1	Q2	Q3
<b>Index Levels</b>						
Total	—	100.000	117.5	118.4	119.6	120.5
Compensation	—	67.059	119.8	120.9	121.9	122.8
Wages and Salaries	ECI-W/S:Nursing Homes (Private)	54.262	120.6	122.1	123.1	124.3
Employee Benefits	ECI-Ben: Nursing Homes (Private)	12.797	116.6	116.1	117.1	116.6
Nonmedical Professional Fees	ECI-Comp:Professional and Technical Workers (Private)	1.916	118.9	119.8	120.9	122.2
Utilities <sup>3</sup>	—	2.500	110.8	109.1	110.6	114.7
Other Expenses	—	18.747	114.0	115.1	117.2	117.9
Other Products <sup>3</sup>	—	10.964	112.3	113.7	116.9	117.5
Other Services <sup>3</sup>	—	7.783	116.3	117.0	117.6	118.3
Capital-Related Expenses	—	9.777	109.7	109.9	110.4	110.9
Depreciation <sup>3</sup>	—	5.915	117.2	118.1	118.5	119.4
Interest <sup>3</sup>	—	3.189	94.7	93.4	94.0	93.4
Other Capital-Related Expenses	CPI(U)-Residential Rent	0.674	115.5	116.3	117.2	118.3
<b>Four-Quarter Moving-Average Percent Change</b>						
Total	—	100.000	2.4	2.4	2.6	2.8
Compensation	—	67.059	2.7	2.7	2.9	3.0
Wages and Salaries	ECI-W/S: Nursing Homes (Private)	54.262	3.1	3.2	3.4	3.5
Employee Benefits	ECI-Benefits: Nursing Homes (Private)	12.797	1.1	0.9	0.9	0.8
Non-Medical Professional Fees	ECI-Comp:Professional and Technical Workers (Private)	1.916	2.6	2.8	3.0	3.2
Utilities <sup>3</sup>	—	2.500	1.5	0.7	0.7	0.5
Other Expenses	—	18.747	1.7	1.7	2.2	2.8
Other Products <sup>3</sup>	—	10.964	0.7	0.8	1.8	3.0
Other Services <sup>3</sup>	—	7.783	3.0	2.9	2.8	2.6
Capital-Related Expenses	—	9.777	1.3	1.3	1.2	1.1
Depreciation <sup>3</sup>	—	5.915	2.6	2.5	2.5	2.4
Interest <sup>3</sup>	—	3.189	-1.7	-1.9	-2.1	-2.2
Other Capital-Related Expenses	CPI(U)-Residential Rent	0.674	2.9	3.0	3.1	3.2

<sup>1</sup> For data sources used to estimate the input price index relative weights and choice of price proxies, refer to the May 12, 1998 *Federal Register*.

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

<sup>3</sup> Represents a subtotal. Detailed categories not shown are listed below by subtotal, detailed category, and base year weight: Utilities: Electricity (1.626), Fuels nonhighway (0.332), and Water and Sewage (0.542). Other Products: Pharmaceuticals (2.531), Food (3.353), Chemicals (0.720), Rubber and Plastics (1.529), Paper Products (1.005), and Miscellaneous Products (1.826). Other Services: Telephone Services (0.385), Labor-Intensive Services (3.686), and Non-Labor Intensive Services (3.713). Depreciation: Building and Fixed Equipment (4.118) and Movable Equipment (1.797). Interest: Government and Non-Profit SNFs (1.658) and For-Profit SNFs (1.531).

NOTES: A dash (—) in the Price/Wage Variable column denotes a total or subtotal produced by adding 2 or more categories. CY is Calendar Year, Q designates quarter of year. ECI is Employment Cost Index, W/S is Wages and Salaries, Comp is Compensation. CPI(U) is Consumer Price Index for all urban consumers. Comp represents Compensation. CPI(U) is Consumer Price Index for all urban consumers. 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 National Health Statistics Group. Fourth-quarter 1999 forecasts were produced under contract to HCFA by Standard & Poor's/DRI.

**Table 11—Continued**  
**Quarterly Index Levels and Four-Quarter Moving-Average Percent Change in the HCFA**  
**Skilled Nursing Facility Input Price Index, by Expense Category: 1997-2001**

1998 Q4	1999 Q1	1999 Q2	1999 Q3	Forecast								
				1999 Q4	2000 Q1	2000 Q2	2000 Q3	2000 Q4	2001 Q1	2001 Q2	2001 Q3	
120.9	122.0	122.9	123.9	124.7	125.8	126.7	127.5	128.3	129.3	130.3	131.1	
123.5	125.1	126.1	127.1	128.1	129.3	130.3	131.0	132.1	133.3	134.4	135.3	
124.9	126.6	127.6	128.7	129.6	131.0	132.0	132.8	133.8	135.3	136.3	137.3	
117.6	118.9	120.0	120.4	121.5	122.0	123.1	123.5	125.0	125.2	126.2	126.7	
123.0	123.3	124.3	125.3	126.3	127.4	128.4	129.5	130.6	131.8	132.8	133.9	
110.1	108.7	110.1	114.5	113.2	113.9	116.5	121.9	117.8	117.6	119.8	125.2	
118.1	118.0	118.6	119.6	120.9	121.6	122.4	123.0	123.6	124.2	125.1	125.8	
117.5	116.8	117.2	118.6	119.9	120.6	121.3	121.6	122.1	122.6	123.3	123.9	
118.8	119.6	120.6	121.1	122.2	123.1	123.9	125.0	125.8	126.6	127.6	128.4	
110.9	111.1	111.6	112.0	112.1	112.2	112.8	113.2	113.3	113.4	113.9	114.2	
119.9	120.7	121.1	121.9	122.4	123.2	123.5	124.3	124.8	125.5	125.8	126.6	
92.5	91.3	92.1	91.6	90.7	89.5	90.3	89.7	89.0	87.9	88.5	87.8	
119.4	120.3	121.0	122.0	123.4	124.4	125.4	126.5	127.6	128.2	129.0	129.0	
2.9	3.0	2.9	2.8	2.9	3.0	3.1	3.1	3.0	2.9	2.8	2.8	
3.1	3.2	3.3	3.4	3.5	3.5	3.5	3.4	3.2	3.2	3.1	3.2	
3.6	3.7	3.7	3.6	3.7	3.6	3.6	3.5	3.4	3.3	3.2	3.3	
0.7	1.1	1.6	2.3	2.9	2.9	2.9	2.8	2.7	2.7	2.6	2.6	
3.3	3.3	3.2	3.0	2.8	2.9	3.0	3.2	3.4	3.4	3.4	3.4	
-0.2	-0.1	-0.4	-0.4	0.4	1.7	3.2	5.0	5.3	4.9	4.2	3.2	
3.3	3.4	2.8	2.2	1.9	2.1	2.5	2.9	2.8	2.6	2.4	2.2	
4.0	4.2	3.1	2.1	1.5	1.6	2.4	2.8	2.8	2.4	1.9	1.7	
2.5	2.4	2.3	2.3	2.5	2.7	2.7	2.9	2.9	2.9	3.0	2.9	
1.1	1.1	1.1	1.1	1.1	1.1	1.0	1.0	1.0	1.0	1.0	1.0	
2.4	2.3	2.2	2.2	2.1	2.1	2.1	2.0	2.0	1.9	1.9	1.9	
-2.3	-2.2	-2.2	-2.1	-2.0	-2.0	-2.0	-2.0	-2.0	-1.9	-1.9	-2.0	
3.2	3.3	3.3	3.3	3.1	3.0	3.0	3.1	3.3	3.4	3.4	3.4	

**Table 12**

**Quarterly Index Levels and Four-Quarter Moving-Average Percent Change of the HCFA Home Health Agency (HHA) Input Price Index using DRI Assumptions, by Expense Category: 1997-2001**

Expense Category <sup>1</sup>	Price/Wage Variable	Base Year	1997	1998	1998	1998
		Weights FY 1993 <sup>4</sup>	Q4	Q1	Q2	Q3
<b>Index Levels</b>						
Total	—	100.000	113.9	114.6	115.4	116.4
Compensation <sup>2</sup>	—	77.668	114.2	115.1	115.9	117.1
Wages and Salaries <sup>2</sup>	HHA Occupational Wage Index <sup>5</sup>	64.226	114.6	115.5	116.4	117.6
Employee Benefits <sup>2</sup>	HHA Occupational Benefits Index <sup>5</sup>	13.442	112.3	112.9	113.7	114.4
Operations and Maintenance	CPI(U)-Fuel and Other Utilities	0.832	108.4	106.0	106.8	108.4
Administrative and General <sup>3</sup>	—	9.569	114.5	115.2	116.0	116.8
Telephone	CPI(U)-Telephone Services	0.725	105.7	105.8	106.7	106.6
Paper and Printing	CPI(U)-Household Paper Products	0.529	114.6	115.6	116.6	116.7
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	115.7	116.6	117.4	118.4
Transportation	CPI(U)-Private Transportation	3.405	110.7	109.1	108.8	108.3
Capital-Related	—	3.204	111.5	112.0	112.3	112.8
Insurance	CPI(U)-Household Insurance	0.560	114.8	115.1	114.5	114.0
Fixed Capital	CPI(U)-Owner's Equivalent Rent	1.764	115.6	116.4	117.3	118.4
Movable Capital	PPI-Machinery and Equipment	0.880	101.3	101.2	100.9	100.7
Other Expenses <sup>3</sup>	CPI(U)-All Items less Food and Energy	5.322	113.1	113.9	114.6	115.1
<b>Four-Quarter Moving-Average Percent Change</b>						
Total	—	100.000	2.9	2.9	3.0	3.0
Compensation <sup>2</sup>	—	77.668	3.1	3.3	3.4	3.5
Wages and Salaries <sup>2</sup>	HHA Occupational Wage Index <sup>5</sup>	64.226	3.3	3.5	3.6	3.7
Employee Benefits <sup>2</sup>	HHA Occupational Benefits Index <sup>5</sup>	13.442	2.0	2.2	2.4	2.6
Operations and Maintenance	CPI(U)-Fuel and Other Utilities	0.832	2.5	0.9	0.0	-0.7
Administrative and General <sup>3</sup>	—	9.569	2.6	2.4	2.3	2.3
Telephone	CPI(U)-Telephone Services	0.725	1.5	0.9	0.4	0.4
Paper and Printing	CPI(U)-Household Paper Products	0.529	0.5	0.7	1.2	1.5
Postage	CPI(U)-Postage	0.724	0.0	0.0	0.0	0.0
Other Administrative Costs <sup>3</sup>	CPI(U)-Services	7.591	3.0	2.9	2.8	2.8
Transportation	CPI(U)-Private Transportation	3.405	0.7	-0.6	-1.1	-1.8
Capital-Related	—	3.204	2.0	2.0	2.0	1.9
Insurance	CPI(U)-Household Insurance	0.560	2.6	2.6	2.2	1.5
Fixed Capital	CPI(U)-Owner's Equivalent Rent	1.764	2.9	3.0	3.1	3.2
Movable Capital	PPI-Machinery and Equipment	0.880	-0.5	-0.5	-0.7	-0.7
Other Expenses <sup>3</sup>	CPI(U)-All Items less Food and Energy	5.322	2.4	2.3	2.2	2.3

<sup>1</sup> For data sources used to estimate the input price index relative weights and choice of price proxies, refer to 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. FY is fiscal year, Q designates quarter of year. HHA is home health agency, CPI(U) is Consumer Price Index for all urban consumers. PPI is Producer Price Index. An example of how a percent change is calculated is shown in the Notes for Table 10.

SOURCES: Health Care Financing Administration, Office of the Actuary: Data from the National Health Statistics Group. Fourth-quarter 1999 forecasts were produced under contract to HCFA by Standard & Poor's/DRI.

Table 12—Continued

Quarterly Index Levels and Four-Quarter Moving-Average Percent Change of the HCFA Home Health Agency (HHA) Input Price Index using DRI Assumptions, by Expense Category: 1997-2001

1998 Q4	1999 Q1	1999 Q2	1999 Q3	Forecast								
				1999 Q4	2000 Q1	2000 Q2	2000 Q3	2000 Q4	2001 Q1	2001 Q2	2001 Q3	
117.0	117.9	118.8	119.6	120.6	121.6	122.5	123.6	124.6	125.6	126.6	127.5	
117.7	118.7	119.7	120.4	121.5	122.6	123.4	124.7	125.7	126.7	127.7	128.8	
118.3	119.4	120.3	121.1	122.2	123.2	124.1	125.5	126.5	127.5	128.5	129.5	
114.9	115.5	116.5	117.4	118.4	119.4	120.2	121.0	122.1	123.1	123.9	125.1	
105.2	104.6	105.8	109.3	109.7	110.4	111.8	113.7	113.1	113.1	114.3	116.1	
117.0	117.9	118.5	119.4	119.9	121.0	121.9	123.0	123.7	125.0	125.8	126.8	
106.4	106.1	105.4	105.3	105.6	106.2	106.5	106.6	106.7	107.1	107.3	107.5	
117.3	117.4	117.7	118.1	118.4	119.7	120.7	121.4	122.1	122.3	122.5	122.8	
110.3	113.6	113.6	113.6	113.6	113.6	113.6	113.6	113.6	117.7	117.7	117.7	
118.7	119.5	120.3	121.4	122.0	123.2	124.3	125.6	126.4	127.6	128.5	129.8	
108.5	107.4	110.3	111.7	114.0	114.5	115.0	114.3	115.5	115.8	117.0	117.2	
113.4	113.8	114.3	114.9	115.6	116.4	117.2	118.0	118.8	119.6	120.4	121.2	
114.6	114.8	116.0	117.4	118.1	119.0	119.8	120.8	121.3	121.9	122.6	123.8	
119.4	120.1	120.7	121.4	122.5	123.6	124.7	126.0	127.2	128.5	129.6	130.7	
100.6	100.7	100.4	100.3	100.3	100.4	100.3	100.3	100.3	100.5	100.5	100.6	
115.7	116.4	117.0	117.4	118.3	119.1	119.6	120.3	121.1	122.0	122.6	123.2	
2.9	2.9	2.9	2.8	2.9	3.0	3.0	3.2	3.2	3.2	3.3	3.2	
3.4	3.3	3.2	3.1	3.1	3.1	3.1	3.3	3.3	3.4	3.5	3.4	
3.6	3.5	3.4	3.2	3.2	3.2	3.1	3.3	3.4	3.4	3.5	3.4	
2.6	2.5	2.4	2.4	2.6	2.9	3.1	3.2	3.2	3.1	3.1	3.2	
-1.8	-1.6	-1.6	-1.1	0.7	2.4	4.1	4.9	4.5	3.8	2.9	2.5	
2.3	2.3	2.3	2.2	2.3	2.3	2.5	2.7	2.9	3.1	3.2	3.2	
0.5	0.6	0.2	-0.4	-0.7	-0.8	-0.2	0.4	0.9	1.0	1.0	0.9	
1.9	2.0	1.7	1.5	1.2	1.2	1.7	2.1	2.6	2.7	2.4	2.0	
0.0	0.7	1.5	2.2	3.0	2.2	1.5	0.7	0.0	0.9	1.8	2.7	
2.7	2.6	2.6	2.5	2.6	2.7	2.9	3.2	3.4	3.5	3.5	3.5	
-2.2	-2.0	-1.1	0.2	2.0	4.1	4.8	4.5	3.6	2.2	1.6	1.7	
1.8	1.7	1.7	1.7	1.8	2.0	2.2	2.3	2.6	2.7	2.7	2.8	
0.9	0.1	0.1	1.0	1.7	2.7	3.2	3.2	3.2	2.9	2.6	2.5	
3.2	3.2	3.1	3.0	2.8	2.7	2.9	3.1	3.5	3.7	3.9	3.9	
-0.8	-0.7	-0.7	-0.5	-0.5	-0.4	-0.3	-0.2	-0.1	0.0	0.1	0.2	
2.3	2.3	2.3	2.2	2.1	2.2	2.2	2.3	2.3	2.4	2.4	2.4	

**Table 13**  
**Quarterly Index Levels and Four-Quarter Moving-Average Percent Change in the**  
**HCFA Medicare Economic Index (MEI) with DRI Forecast Assumptions,**  
**by Expense Category: 1997-2001**

Expense Category <sup>1</sup>	Price/Wage Variable	Base Year	1997	1998	1998	1998
		Weights CY 1996 <sup>2</sup>	Q4	Q1	Q2	Q3
<b>Index Levels</b>						
Total	—	100.000	102.8	103.5	103.8	104.3
Physician Earnings	—	54.460	103.2	103.7	103.7	103.9
Wages and salaries	AHE-Private <sup>3</sup>	44.197	103.7	104.4	104.4	104.6
Benefits	ECl-Benefits, Private <sup>3</sup>	10.263	100.8	101.0	101.3	101.5
Practice Expenses	—	45.540	102.3	103.2	103.8	104.5
Non-Physician Compensation	—	16.812	102.2	102.8	103.4	104.0
Wages and Salaries	—	12.424	102.8	102.8	103.6	104.4
Professional/Technical	ECl-W/S:Professional/Technical <sup>3</sup>	5.662	102.3	102.7	103.2	103.9
Managers	ECl-W/S:Administrative./Managerial <sup>3</sup>	2.410	104.1	105.2	105.4	106.6
Clerical	ECl-W/S:Clerical <sup>3</sup>	3.830	102.5	103.2	103.8	104.3
Services	ECl-W/S:Service Occupations <sup>3</sup>	0.522	103.7	104.1	104.4	105.0
Employee Benefits	ECl-Benefits, Private White Collar <sup>3</sup>	4.388	101.1	101.6	101.8	102.1
Office Expenses	CPI(U)-Housing	11.581	103.2	103.9	104.7	105.6
Medical Materials/Supplies	PPI-Drugs/PPI-Surgical/CPI-Medical Supplies	4.516	102.7	105.7	109.6	110.1
Professional Liability Insurance	HCFA-Professional Liability Premiums	3.152	100.9	100.9	100.9	102.3
Medical Equipment	PPI-Medical Instruments/Equipment	1.878	98.3	97.7	97.2	97.4
Other Professional Expenses	—	7.601	102.6	102.6	103.9	103.9
Automobile	CPI(U)-Private Transportation	1.300	100.3	98.8	98.6	98.2
All Other	CPI(U)-All Items less Food/Energy	6.301	103.1	103.9	104.5	105.0
<b>Four-Quarter Moving-Average Percent Change</b>						
Total	—	100.000	1.9	1.9	2.1	2.2
Physician Earnings	—	54.460	2.0	2.0	2.1	2.2
Wages and salaries	AHE-Private <sup>3</sup>	44.197	2.4	2.4	2.4	2.5
Benefits	ECl-Benefits, Private <sup>3</sup>	10.263	0.5	0.6	0.7	0.8
Practice Expenses	—	45.540	1.7	1.8	2.0	2.2
Non-Physician Compensation	—	16.812	1.5	1.5	1.8	2.1
Wages and Salaries	—	12.424	1.8	1.8	2.0	2.2
Professional/Technical	ECl-W/S: Professional/Technical <sup>3</sup>	5.662	1.5	1.8	1.9	2.0
Managers	ECl-W/S:Administrative./Managerial <sup>3</sup>	2.410	2.7	2.9	3.1	3.5
Clerical	ECl-W/S: Clerical <sup>3</sup>	3.830	1.9	1.9	2.0	2.0
Services	ECl-W/S: Service Occupations <sup>3</sup>	0.522	2.5	2.7	2.7	2.4
Employee Benefits	ECl-Benefits, Private White Collar <sup>3</sup>	4.388	0.7	0.8	0.9	1.2
Office Expenses	CPI(U)-Housing	11.581	2.6	2.4	2.3	2.3
Medical Materials/Supplies	PPI-Drugs/PPI-Surgical/CPI-Medical Supplies	4.516	1.9	2.7	4.2	5.8
Professional Liability Insurance	HCFA-Professional Liability Premiums	3.152	0.6	0.7	0.7	0.9
Medical Equipment	PPI-Medical Instruments/Equipment	1.878	-1.5	-1.2	-1.2	-1.3
Other Professional Expenses	—	7.601	2.3	2.0	1.6	1.3
Automobile	CPI(U)-Private Transportation	1.300	0.7	-0.6	-1.1	-1.8
All Other	CPI(U)-All Items less Food/Energy	6.301	2.4	2.3	2.2	2.3

<sup>1</sup> For data sources used to estimate the index relative weights and choice of price proxies, refer to the November 2, 1998, *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 economywide productivity and physician practice productivity are not included in the update.

NOTES: A dash (—) in the Price/Wage Variable column denotes a total or subtotal produced by adding 2 or more categories. CY is calendar year, Q designates quarter of year, AHE is average hourly earnings. ECI is Employment Cost Index. W/S is Wages and Salaries, CPI(U) is Consumer Price Index for all urban consumers. PPI is Producer Price Index. 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 National Health Statistics Group. Fourth-quarter 1999 forecasts were produced under contract to HCFA by Standard & Poor's/DRI.

**Table 13—Continued**  
**Quarterly Index Levels and Four-Quarter Moving-Average Percent Change in the**  
**HCFA Medicare Economic Index (MEI) with DRI Forecast Assumptions,**  
**by Expense Category: 1997-2001**

1998 Q4	1999 Q1	1999 Q2	1999 Q3	Forecast								
				1999 Q4	2000 Q1	2000 Q2	2000 Q3	2000 Q4	2001 Q1	2001 Q2	2001 Q3	
104.9	105.4	105.7	106.0	106.8	107.3	107.6	108.0	108.6	109.2	109.5	109.8	
104.8	105.4	105.4	105.6	106.5	106.8	106.8	107.2	107.9	108.3	108.3	108.5	
105.7	106.3	106.2	106.4	107.3	107.8	107.8	108.2	109.0	109.3	109.3	109.4	
101.5	101.4	102.0	102.4	102.7	103.1	103.2	103.4	103.6	104.2	104.4	104.7	
104.9	105.4	106.0	106.5	107.1	107.8	108.2	108.9	109.3	110.2	110.6	111.3	
104.0	104.0	104.6	105.2	105.2	105.8	106.4	107.0	107.0	107.6	108.2	108.2	
104.4	105.2	105.2	106.0	106.0	106.8	106.8	107.6	107.6	108.4	108.4	109.2	
104.2	104.5	104.8	104.9	105.2	105.7	106.0	106.5	106.8	107.2	107.5	107.9	
105.9	106.4	107.7	108.8	109.1	109.6	110.1	110.3	110.9	111.7	112.2	112.6	
104.5	105.2	105.4	105.9	106.2	106.9	107.2	107.7	108.0	108.5	108.8	109.1	
105.2	105.8	106.2	105.8	106.5	106.9	107.2	108.2	108.4	108.5	109.1	109.3	
102.2	102.1	102.6	103.2	103.5	104.0	104.1	104.3	104.5	105.2	105.4	105.7	
105.6	106.2	106.9	108.0	108.4	109.5	110.4	111.6	111.9	113.1	113.9	115.1	
111.1	110.6	111.4	111.9	113.0	113.4	114.0	114.4	115.2	116.0	116.7	117.0	
103.6	106.7	106.7	107.3	108.0	108.7	109.4	110.1	110.7	111.4	112.1	112.7	
97.6	97.6	97.4	96.8	97.3	97.4	97.6	97.6	97.8	98.1	98.1	98.1	
103.9	105.3	105.3	106.6	106.6	107.9	107.9	109.2	109.2	110.5	110.5	111.8	
98.3	97.4	100.0	101.3	103.4	103.8	104.2	103.6	104.7	104.9	106.1	106.2	
105.6	106.1	106.7	107.1	107.9	108.6	109.1	109.7	110.4	111.3	111.8	112.4	
2.2	2.1	2.0	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.7	
2.0	1.9	1.7	1.6	1.6	1.5	1.5	1.5	1.4	1.4	1.4	1.3	
2.3	2.2	2.0	1.8	1.7	1.6	1.5	1.5	1.5	1.5	1.5	1.4	
0.8	0.7	0.7	0.7	0.8	1.1	1.2	1.2	1.2	1.0	1.0	1.1	
2.4	2.4	2.3	2.2	2.1	2.1	2.1	2.2	2.2	2.2	2.2	2.2	
2.0	1.9	1.6	1.3	1.1	1.3	1.4	1.6	1.7	1.7	1.7	1.5	
2.0	2.2	2.0	1.7	1.7	1.5	1.5	1.5	1.5	1.5	1.5	1.5	
2.0	1.9	1.8	1.5	1.3	1.1	1.1	1.2	1.4	1.4	1.5	1.4	
3.0	2.5	2.2	1.8	2.1	2.5	2.5	2.4	2.1	1.8	1.8	1.9	
2.0	2.0	1.9	1.8	1.7	1.6	1.6	1.7	1.7	1.6	1.6	1.5	
2.1	1.8	1.7	1.4	1.4	1.2	1.0	1.4	1.5	1.6	1.8	1.5	
1.2	1.0	0.9	0.8	0.9	1.2	1.4	1.4	1.3	1.2	1.1	1.2	
2.3	2.3	2.3	2.2	2.3	2.5	2.8	3.1	3.2	3.3	3.3	3.2	
7.1	7.1	5.5	3.9	2.4	1.9	2.1	2.2	2.3	2.2	2.2	2.2	
1.3	2.5	3.9	4.8	5.2	4.2	3.4	2.8	2.4	2.5	2.5	2.5	
-1.1	-0.9	-0.5	-0.3	-0.2	-0.2	-0.3	0.1	0.3	0.6	0.6	0.6	
1.3	1.6	1.6	1.9	2.2	2.2	2.5	2.5	2.5	2.5	2.5	2.4	
-2.2	-2.0	-1.1	0.2	2.0	4.1	4.8	4.5	3.6	2.2	1.6	1.7	
2.3	2.3	2.3	2.2	2.1	2.2	2.2	2.3	2.3	2.4	2.4	2.4	