

Health Care Indicators

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Contained in this regular feature of the journal is a section on each of the following four topics: community hospital statistics; employment, hours, and earnings in the private health sector; health care prices; and national economic indicators.

Community hospital statistics

Community hospital admissions reported by the American Hospital Association dropped 1.9 percent between the first quarter of 1988 and that of 1989.

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The number of inpatient days also fell 1.9 percent during this period. Hospital capacity (measured by the number of beds available) decreased 1.2 percent, the adult occupancy rate was 68.0 percent in the quarter ending March, up slightly from the rate 1 year ago. The number of surgical operations (both inpatient and outpatient) increased 1.3 percent during this period. The growth in outpatient visits continued to slow, increasing only 3.4 percentage points above the level in the first quarter of 1988.

Operating expenses of community hospitals reached \$47 billion for the first calendar quarter of 1989, up 9.7 percent from the same period a year ago (Table 1). This change was 2 percentage points lower than the increase between the first quarter of 1987 and 1988 (Table 2). Inpatient expenses, which exclude the costs of operating outpatient facilities, were 7.9 percent higher in the first quarter 1989 than they had been 1 year earlier. Both expenses per patient day and expenses per admission rose 9.9 percent.

Table 1
Selected community hospital statistics: 1986-89

Item	Calendar year			1986 Q1	1987 Q1	1988 Q1	1988 Q2	1988 Q3	1988 Q4	1989 Q1
	1986	1987	1988							
Operating expenses										
Total in millions	\$146,032	\$161,322	\$177,770	\$35,532	\$38,614	\$43,141	\$43,791	\$45,011	\$45,828	\$47,312
Labor in millions	80,169	87,533	96,415	19,485	20,934	23,277	23,622	24,511	25,006	25,563
Nonlabor in millions	65,862	73,790	81,355	16,046	17,680	19,864	20,169	20,500	20,822	21,749
Inpatient expense in millions	119,286	129,824	140,482	29,394	31,477	34,572	34,544	35,318	36,042	37,286
Amount per patient day	535.15	581.02	631.91	509.24	548.11	593.03	628.67	646.42	662.13	651.82
Amount per admission	3,526.59	3,859.87	4,193.94	3,394.10	3,681.50	3,988.80	4,138.90	4,242.70	4,417.50	4,383.50
Utilization										
Admissions in thousands	33,825	33,634	33,496	8,660	8,550	8,667	8,346	8,324	8,159	8,506
Inpatient days in thousands	222,904	223,441	222,313	57,720	57,429	58,297	54,947	54,635	54,433	57,204
Adult length of stay in days	6.6	6.6	6.6	6.7	6.7	6.7	6.6	6.6	6.7	6.7
Surgical operations in thousands	20,443	21,038	21,252	5,000	5,172	5,310	5,415	5,359	5,169	5,380
Outpatient visits in thousands	263,631	278,917	296,111	62,495	66,297	72,353	74,963	75,830	72,964	74,837
Beds in thousands	963	954	942	968	959	946	946	942	936	935
Adult occupancy rate ¹	63.4	64.1	64.5	66.2	66.5	67.7	63.9	63.1	63.2	68.0
Full-time equivalent (FTE) personnel										
Total in thousands	3,055	3,077	3,112	3,056	3,068	3,094	3,105	3,119	3,128	3,136
Number per bed	3.2	3.2	3.3	3.2	3.2	3.3	3.3	3.3	3.3	3.4
Adjusted patient days per FTE ²	89	90	90	23	23	24	22	22	22	23
Adjusted patient days in thousands	272,881	277,654	281,322	69,773	70,449	72,747	69,656	69,632	69,212	72,585

¹Adult occupancy rate is the ratio of average daily census to the average number of beds maintained during the reporting period.

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

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

SOURCE: American Hospital Association: *National Hospital Panel Survey Reports*. Chicago. Monthly reports for Jan. 1986-Mar. 1989.

Table 2
Percent change in selected community hospital statistics: 1986-89

Item	Calendar year			1986 Q1	1987 Q1	1988 Q1	1988 Q2	1988 Q3	1988 Q4	1989 Q1
	1986	1987	1988							
Operating expenses	Annual percent change			Percent change from the same period of previous year						
Total	8.9	10.5	10.2	10.0	8.7	11.7	9.6	9.8	9.7	9.7
Labor	7.3	9.2	10.1	8.0	7.4	11.2	9.3	9.8	10.4	9.8
Nonlabor	11.0	12.0	10.3	12.5	10.2	12.4	10.1	9.9	8.8	9.5
Inpatient expense	7.1	8.8	8.2	7.8	7.1	9.8	7.7	7.9	7.5	7.9
Amount per patient day	8.6	8.6	8.8	11.2	7.6	8.2	8.8	8.9	9.3	9.9
Amount per admission	9.3	9.5	8.7	10.8	8.5	8.3	8.6	8.9	9.0	9.9
Utilization										
Admissions	-2.1	-0.6	-0.4	-2.8	-1.3	1.4	-0.8	-0.9	-1.3	-1.9
Inpatient days	-1.4	0.2	-0.5	-3.1	-0.5	1.5	-1.0	-0.9	-1.7	-1.9
Adult length of stay	0.6	0.8	-0.1	-0.3	0.8	0.1	-0.2	0.0	-0.4	0.0
Surgical operations	2.2	2.9	1.0	1.8	3.4	2.7	1.2	0.8	-0.6	1.3
Outpatient visits	8.3	5.8	6.2	9.1	6.1	9.1	6.3	5.6	3.8	3.4
Beds										
Adult occupancy rate ¹	-1.2	-0.9	-1.3	-0.9	-1.0	-1.4	-1.2	-1.3	-1.3	-1.2
	-0.2	0.7	0.3	-1.5	0.3	1.2	0.2	0.2	-0.3	0.3
Full-time equivalent (FTE) personnel										
Total	0.3	0.7	1.1	0.4	0.4	0.9	1.0	1.2	1.4	1.3
Number per bed	1.5	1.6	2.4	1.3	1.4	2.3	2.2	2.5	2.7	2.5
Adjusted patient days per FTE	0.0	1.0	0.2	-1.4	0.6	2.4	-0.2	-0.4	-1.1	-1.5
Adjusted patient days	0.3	1.7	1.3	-1.1	1.0	3.3	0.8	0.9	0.3	-0.2

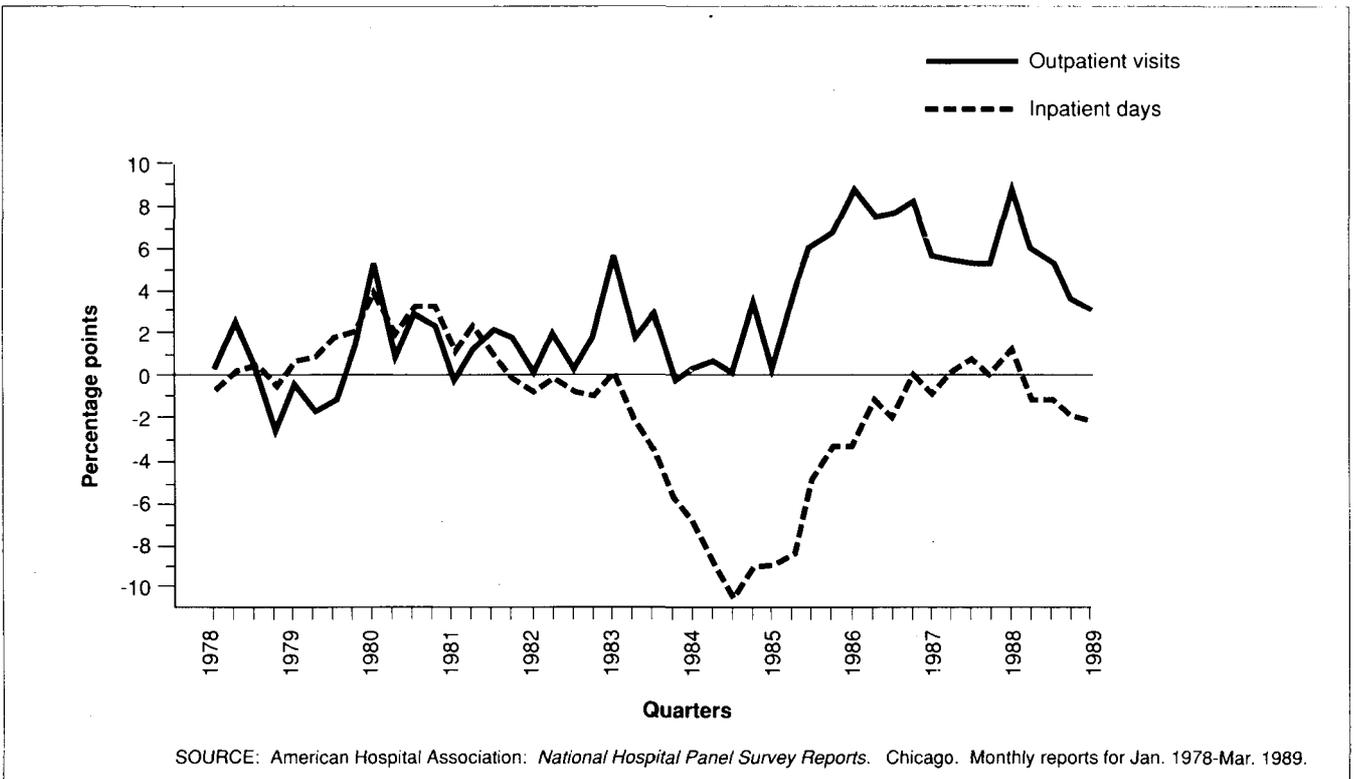
¹Change in rate, rather than percent change.

NOTE: Q designates quarter of year.

SOURCE: American Hospital Association: *National Hospital Panel Survey Reports*. Chicago. Monthly reports for Jan. 1986-Mar. 1989.

Figure 1

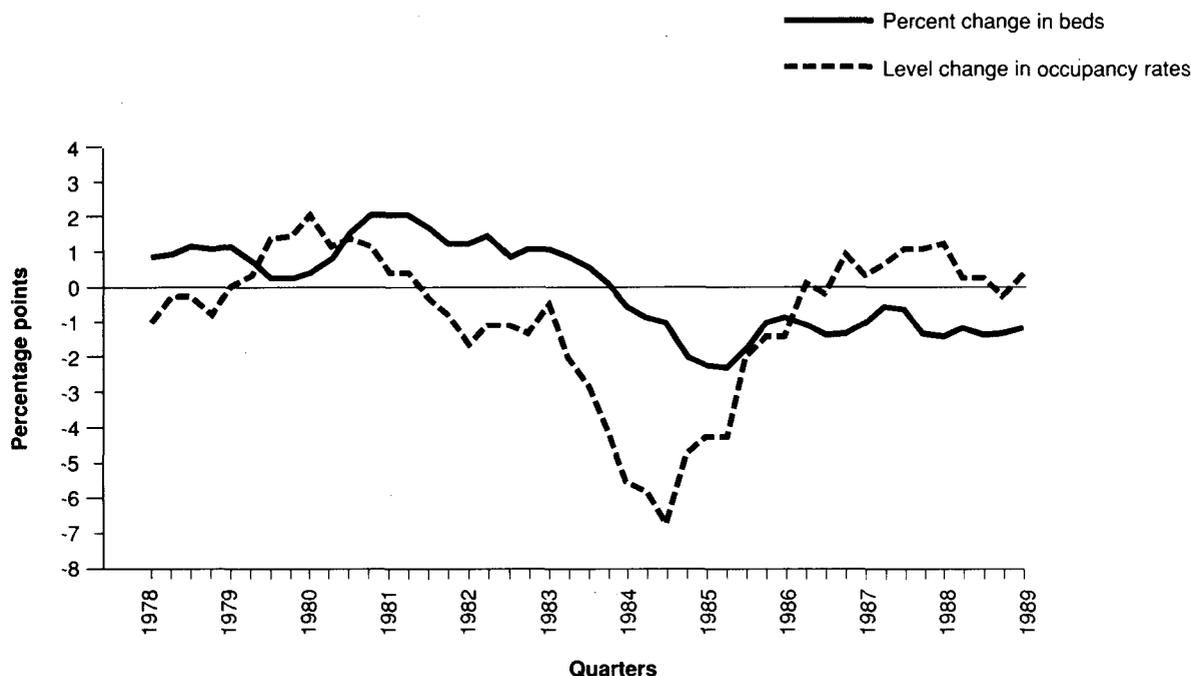
Percent change in inpatient days and outpatient visits from the same period of previous year: 1978-89



SOURCE: American Hospital Association: *National Hospital Panel Survey Reports*. Chicago. Monthly reports for Jan. 1978-Mar. 1989.

Figure 2

Change in beds and occupancy rates from the same period of previous year: 1978-89



SOURCE: American Hospital Association: *National Hospital Panel Survey Reports*. Chicago. Monthly reports for Jan. 1978-Mar. 1989.

Average full-time equivalent (FTE) employment in community hospitals increased 1.3 percent between the first quarter of 1988 and the first quarter of 1989. FTE employees per bed grew 2.5 percent over the same period.

The change in inpatient days and outpatient visits for 1978-89 is shown in Figure 1. The change in beds and occupancy rate for the same period is shown in Figure 2.

Private health sector: Employment, hours, and earnings

The growth rates of employment in the private health care industry¹ continued to exceed those of "all industries" (the nongovernment nonfarm economy), reflecting the relative insulation of the health sector from the business cycle. Employment in the private health care industry averaged 7.5 million persons in the calendar quarter ending March 1989, 6.4 percent higher than calendar quarter ending March 1988 (Tables 3 and 4). Growth in total employment since the same quarter of 1988 has remained fairly stable over the past 15 months at 3.4 to 3.6 percent (Table 4).

¹The "private health industry" is defined by the 1972 Standard Industrial Classification (SIC 80), and excludes establishments controlled by Federal, State, or local government.

Between the first calendar quarters of 1988 and 1989 the average weekly hours for the private health industry, dentist offices, and all industries were unchanged. The hours for physician offices showed a 0.3-percent increase and for hospitals showed a drop of 0.3 percent for the same period. Average weekly hours in nursing and personal care facilities increased 0.6 percent (Table 4).

Within the private health industry, employment and earnings experience varied by type of establishment. Nonsupervisory work hours (employment multiplied by average weekly hours) increased 8.6 percent between the first quarter of 1988 and that of 1989 for the office of physicians, compared to 3.4 percent in all industries.

Average hourly earnings for the 6.6 million full- and part-time nonsupervisory workers in the private health industry increased 6.7 percent in the first calendar quarter, compared with an increase of 4.1 percent in all industries.

Nonsupervisory payrolls (work hours multiplied by average hourly earnings) grew between 10.6 percent (in offices of dentists) and 14.4 percent (in offices of physicians and surgeons), averaging 13.6 percent for the sector. In contrast, payrolls in all private nonagricultural establishments were up 7.5 percent. Physician offices' payroll grew almost twice as fast as all industry payrolls in the first quarter of 1989 to lead the health sector in payroll growth (Table 5).

Table 3
Employment, hours, and earnings in private health service establishments,
by selected type of establishment: 1986-89

Type of establishment and measure	Calendar year			1986	1987	1988	1988	1988	1988	1989
	1986	1987	1988	Q1	Q1	Q1	Q2	Q3	Q4	Q1
Health services (SIC 80)										
Total employment in thousands	6,535.7	6,827.8	7,227.7	6,423.9	6,688.3	7,040.4	7,163.4	7,299.3	7,407.7	7,494.5
Nonsupervisory workers:										
Employment in thousands	5,810.2	6,052.1	6,349.2	5,710.4	5,947.1	6,197.7	6,296.1	6,409.8	6,493.4	6,602.8
Average weekly hours	32.4	32.4	32.4	32.5	32.3	32.4	32.3	32.5	32.3	32.4
Average hourly earnings	\$8.35	\$8.69	\$9.22	\$8.26	\$8.56	\$9.02	\$9.13	\$9.28	\$9.46	\$9.62
Offices of physicians and surgeons (SIC 801)										
Total employment in thousands	988.2	1,048.8	1,138.4	971.0	1,017.1	1,100.6	1,126.0	1,151.5	1,175.3	1,191.6
Nonsupervisory workers:										
Employment in thousands	817.1	857.9	911.5	802.7	837.7	885.8	903.6	920.2	936.3	959.3
Average weekly hours	30.9	30.9	31.2	30.9	30.9	31.2	31.1	31.2	31.3	31.3
Average hourly earnings	\$8.18	\$8.42	\$8.82	\$8.16	\$8.34	\$8.69	\$8.75	\$8.83	\$8.99	\$9.15
Offices of dentists (SIC 802)										
Total employment in thousands	457.6	470.6	491.4	450.1	463.8	480.5	488.1	495.7	501.2	505.9
Nonsupervisory workers:										
Employment in thousands	403.8	414.1	426.8	398.2	409.6	420.1	425.4	429.7	432.1	437.5
Average weekly hours	28.0	28.3	28.4	28.3	28.1	28.5	28.3	28.3	28.6	28.5
Average hourly earnings	\$8.26	\$8.49	\$8.91	\$8.22	\$8.44	\$8.76	\$8.86	\$8.93	\$9.08	\$9.30
Nursing and personal care facilities (SIC 805)										
Total employment in thousands	1,246.7	1,287.8	1,326.8	1,220.9	1,271.7	1,304.9	1,317.7	1,338.5	1,345.9	1,355.4
Nonsupervisory workers:										
Employment in thousands	1,126.3	1,161.2	1,190.6	1,102.9	1,149.1	1,170.8	1,181.9	1,201.8	1,207.9	1,221.5
Average weekly hours	31.4	31.6	31.6	31.4	31.3	31.4	31.5	31.8	31.6	31.6
Average hourly earnings	\$5.80	\$6.00	\$6.35	\$5.78	\$5.91	\$6.21	\$6.27	\$6.41	\$6.51	\$6.63
Private hospitals (SIC 806)										
Total employment in thousands	3,038.0	3,153.9	3,335.6	3,007.4	3,090.4	3,258.5	3,311.8	3,366.7	3,405.3	3,436.4
Nonsupervisory workers:										
Employment in thousands	2,768.2	2,866.9	3,015.3	2,740.8	2,818.0	2,946.2	2,992.3	3,044.6	3,078.1	3,121.3
Average weekly hours	34.3	34.1	34.0	34.4	34.1	34.0	33.9	34.1	33.8	33.9
Average hourly earnings	\$9.36	\$9.84	\$10.51	\$9.22	\$9.65	\$10.24	\$10.40	\$10.59	\$10.80	\$10.96
All private nonagricultural establishments										
Total employment in thousands	82,832	85,190	88,212	80,920	82,744	85,687	88,006	89,322	89,832	88,632
Nonsupervisory workers:										
Employment in thousands	67,018	68,976	71,412	65,275	66,796	69,194	71,259	72,385	72,812	71,550
Average weekly hours	34.7	34.8	34.7	34.6	34.5	34.4	34.7	35.0	34.8	34.4
Average hourly earnings	\$8.76	\$8.98	\$9.29	\$8.73	\$8.91	\$9.18	\$9.24	\$9.29	\$9.46	\$9.55
Employment in thousands										
All hospitals	3,285.4	3,404.3	3,585.0	3,257.5	3,335.7	3,509.6	3,560.7	3,616.1	3,653.7	3,685.7
Private hospitals (SIC 806)	3,038.0	3,153.9	3,335.6	3,007.4	3,090.4	3,258.5	3,311.8	3,366.7	3,405.3	3,436.4
Federal hospitals	246.3	249.4	248.4	249.1	244.3	250.1	247.8	248.3	247.3	248.2
State hospitals	438.1	438.7	446.0	439.6	435.4	442.7	445.9	447.7	447.7	448.0
Local hospitals	601.3	606.4	622.5	600.3	601.9	613.0	620.1	627.1	629.8	636.2

NOTES: Standard Industrial Classification (SIC) codes for 1972 are used. Q designates quarter of year. Quarterly data are not seasonally adjusted.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics: *Employment and Earnings*. Washington. U.S. Government Printing Office. Monthly reports for Jan. 1986-Mar. 1989.

Table 4

Percent change in employment, hours, and earnings in private health service establishments, by selected type of establishment: 1986-89

Type of establishment and measure	Calendar year			1986 Q1	1987 Q1	1988 Q1	1988 Q2	1988 Q3	1988 Q4	1989 Q1
	1986	1987	1988							
Health services (SIC 80)	Annual percent change			Percent change from same period of previous year						
Total employment	3.8	4.5	5.9	3.3	4.1	5.3	5.7	5.9	6.5	6.4
Nonsupervisory workers:										
Employment	3.6	4.2	4.9	3.1	4.1	4.2	4.6	5.0	5.7	6.5
Average weekly hours	-0.2	-0.1	0.0	0.3	-0.6	0.3	0.0	-0.3	0.0	0.0
Average hourly earnings	3.6	4.2	6.1	3.8	3.6	5.4	6.1	6.3	6.6	6.7
Offices of physicians and surgeons (SIC 801)										
Total employment	4.5	6.1	8.5	4.5	4.7	8.2	8.6	8.5	8.9	8.3
Nonsupervisory workers:										
Employment	4.2	5.0	6.2	4.2	4.4	5.7	6.1	6.2	6.9	8.3
Average weekly hours	1.1	-0.2	1.1	1.0	0.0	1.0	1.3	1.0	1.3	0.3
Average hourly earnings	4.1	2.9	4.7	4.8	2.2	4.2	5.2	4.4	4.9	5.3
Offices of dentists (SIC 802)										
Total employment	4.2	2.9	4.4	4.2	3.0	3.6	4.0	4.7	5.3	5.3
Nonsupervisory workers:										
Employment	3.2	2.5	3.1	3.0	2.9	2.6	3.1	3.2	3.4	4.1
Average weekly hours	-1.8	0.9	0.5	-1.0	-0.7	1.4	0.7	0.0	0.0	0.0
Average hourly earnings	4.9	2.8	4.9	7.0	2.7	3.8	4.9	5.4	5.5	6.2
Nursing and personal care facilities (SIC 805)										
Total employment	4.0	3.3	3.0	3.8	4.2	2.6	2.7	3.1	3.7	3.9
Nonsupervisory workers:										
Employment	3.8	3.1	2.5	3.6	4.2	1.9	2.1	2.7	3.5	4.3
Average weekly hours	0.7	0.5	0.1	1.6	-0.3	0.3	0.3	-0.6	0.3	0.6
Average hourly earnings	3.4	3.5	5.8	4.3	2.2	5.0	5.3	6.1	6.7	6.9
Private hospitals (SIC 806)										
Total employment	1.4	3.8	5.8	0.5	2.8	5.4	5.9	5.8	5.9	5.5
Nonsupervisory workers:										
Employment	1.3	3.6	5.2	0.4	2.8	4.5	5.1	5.3	5.7	5.9
Average weekly hours	-0.1	-0.4	-0.5	0.6	-0.9	-0.3	-0.6	-0.6	-0.6	-0.3
Average hourly earnings	4.0	5.1	6.8	3.8	4.7	6.1	6.9	7.0	7.1	7.0
All private nonagricultural establishments										
Total employment	2.1	2.8	3.5	2.4	2.3	3.6	3.6	3.6	3.4	3.4
Nonsupervisory workers:										
Employment	2.2	2.9	3.5	2.5	2.3	3.6	3.6	3.6	3.4	3.4
Average weekly hours	-0.5	0.1	-0.1	0.0	-0.3	-0.3	-0.3	0.0	0.0	0.0
Average hourly earnings	2.3	2.5	3.5	2.8	2.0	3.0	3.6	3.7	3.8	4.1
Employment										
All hospitals	1.2	3.6	5.3	0.6	2.4	5.2	5.4	5.2	5.4	5.0
Private hospitals (SIC 806)	1.4	3.8	5.8	0.5	2.8	5.4	5.9	5.8	5.9	5.5
Federal hospitals	-0.7	1.2	-0.4	1.5	-1.9	2.4	-0.9	-1.8	-1.2	-0.8
State hospitals	-2.3	0.1	1.7	-3.2	-1.0	1.7	1.8	1.6	1.7	1.2
Local hospitals	-1.1	0.9	2.6	-1.7	0.3	1.8	2.6	2.9	3.2	3.8

NOTES: Standard Industrial Classification (SIC) codes for 1972 are used. Q designates quarter of year.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics: *Employment and Earnings*. Washington. U.S. Government Printing Office. Monthly reports for Jan. 1986-Mar. 1989.

The change in total employment for 1978-89 is shown in Figure 3. The change in nonsupervisory average hourly earnings for the same period is shown in Figure 4.

Health care prices

Medical care consumers

Prices paid by consumers of medical care in the first calendar quarter of 1989, as measured by the

Consumer Price Index (CPI) for all urban consumers, were 7.1 percent higher than in the first quarter of 1988 (Tables 6 and 7). The growth in the medical care component of the CPI was 2.3 percentage points higher than the increase in the index for all items.

Of the items in the medical care "market basket" priced by the CPI, prices for medical care services and commodities grew at the same rate, 7.2 percent between the first quarter 1988 and first quarter 1989. Inflation was faster for hospital and related services than it was for professional services (Tables 6 and 7).

Table 5

Percent change in implied nonsupervisory payrolls and work hours in private health service establishments, by selected type of establishment: 1986-89

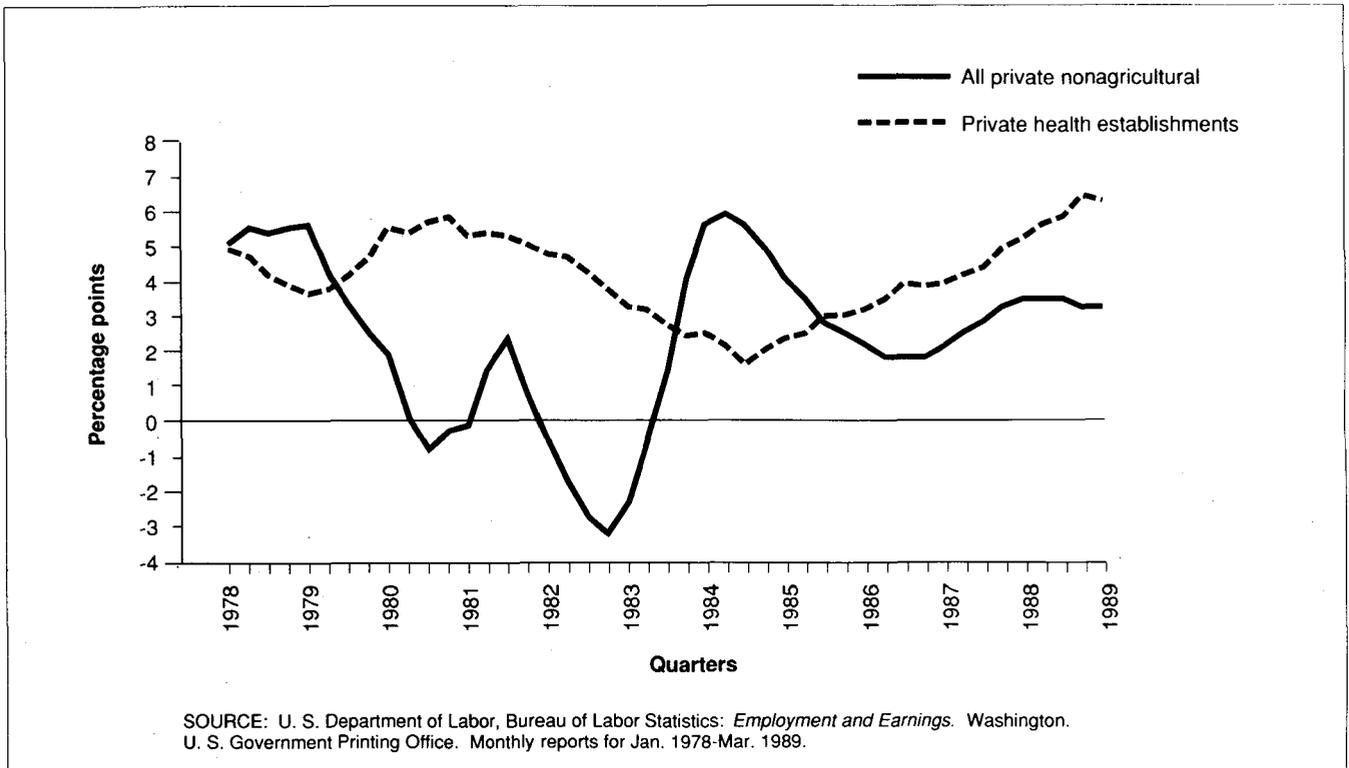
Type of establishment	Calendar year			1986 Q1	1987 Q1	1988 Q1	1988 Q2	1988 Q3	1988 Q4	1989 Q1
	1986	1987	1988							
Private health service establishments (SIC 80)	Annual percent change			Percent change from same period of previous year						
Payrolls	7.0	8.5	11.3	7.5	7.2	10.0	11.1	11.4	12.7	13.6
Work hours	3.4	4.1	4.9	3.5	3.5	4.5	4.6	4.7	5.7	6.5
Offices of physicians and surgeons (SIC 801)										
Payrolls	9.6	7.9	12.6	10.6	6.4	11.5	13.3	11.9	13.5	14.4
Work hours	5.3	4.7	7.4	5.3	4.4	6.8	7.5	7.3	8.2	8.6
Offices of dentists (SIC 802)										
Payrolls	6.2	6.4	8.5	8.9	4.9	7.9	8.6	8.7	9.0	10.6
Work hours	1.3	3.5	3.6	1.9	2.1	4.0	3.8	3.2	3.4	4.1
Nursing and personal care facilities (SIC 805)										
Payrolls	8.1	7.2	8.6	9.8	6.4	7.3	8.1	8.3	10.7	12.2
Work hours	4.6	3.6	2.6	5.3	3.9	2.2	2.4	2.0	3.8	5.0
Private hospitals (SIC 806)										
Payrolls	5.1	8.6	11.8	4.7	6.7	11.0	11.6	12.1	12.4	12.8
Work hours	1.2	3.2	4.6	1.0	1.9	4.2	4.5	4.7	5.1	5.6
All private nonagricultural establishments										
Payrolls	4.0	5.5	7.1	5.3	4.1	6.5	7.2	7.4	7.3	7.5
Work hours	1.7	3.1	3.4	2.5	2.0	3.3	3.3	3.6	3.4	3.4

NOTES: Standard Industrial Classification (SIC) codes for 1972 are given. Q designates quarter of year.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics: *Employment and Earnings*. Washington. U.S. Government Printing Office. Monthly reports for Jan. 1986-Mar. 1989.

Figure 3

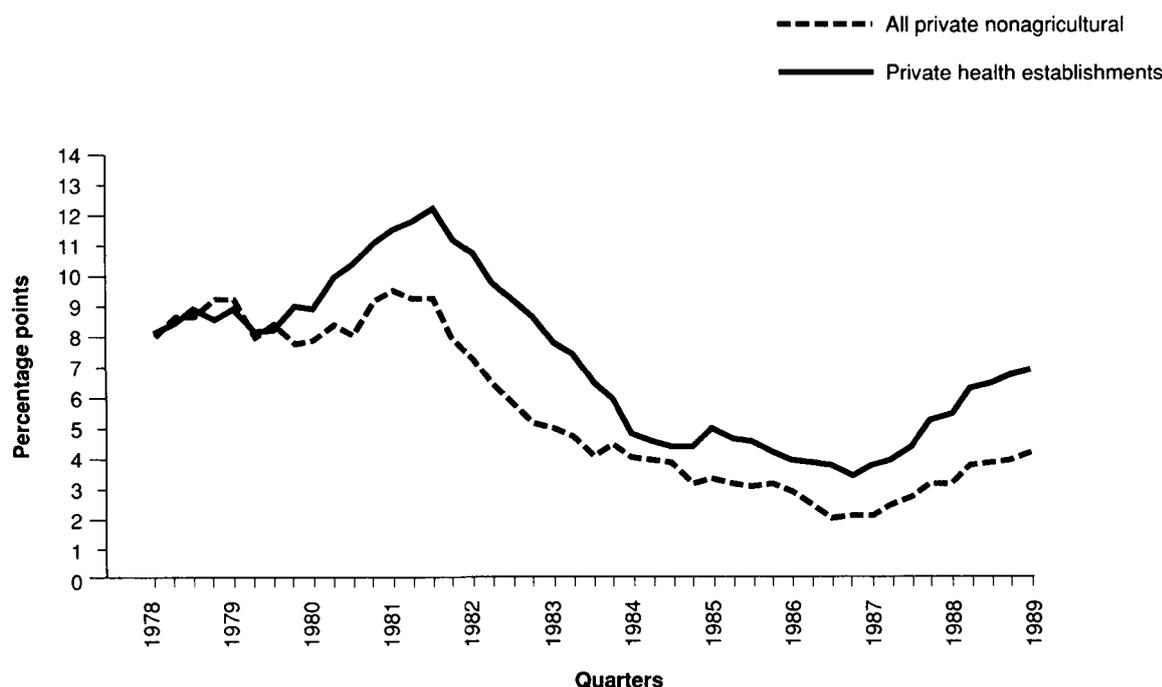
Percent change for total employment from the same period of previous year: 1978-89



SOURCE: U.S. Department of Labor, Bureau of Labor Statistics: *Employment and Earnings*. Washington. U.S. Government Printing Office. Monthly reports for Jan. 1978-Mar. 1989.

Figure 4

Percent change for nonsupervisory average hourly earnings from same period previous year: 1978-89



SOURCE: U. S. Department of Labor, Bureau of Labor Statistics: *Employment and Earnings*. Washington. U. S. Government Printing Office. Monthly reports for Jan. 1978-Mar. 1989.

Table 6
Selected items of the Consumer Price Index for all urban consumers: 1986-89

Item	Calendar year			1986 Q1	1987 Q1	1988 Q1	1988 Q2	1988 Q3	1988 Q4	1989 Q1
	1986	1987	1988							
All items	109.6	113.6	118.3	109.2	111.6	116.1	117.5	119.1	120.3	121.7
All items less medical care	108.8	112.6	117.0	108.6	110.6	114.9	116.3	117.9	119.0	120.2
Apparel and upkeep	105.9	110.6	115.4	104.6	107.2	111.6	116.0	114.4	119.5	116.6
Energy	88.2	88.6	89.2	96.5	85.1	87.0	89.0	91.9	89.2	89.4
Food and beverages	109.1	113.5	118.2	107.7	112.4	115.8	117.1	119.4	120.4	122.7
Housing: shelter	115.8	121.2	127.1	113.6	119.0	125.1	126.2	128.0	129.1	130.4
Medical care	122.0	130.1	138.6	118.8	127.4	135.4	137.5	139.9	141.8	145.0
Medical care services ¹	121.9	130.0	138.3	118.7	127.3	135.2	137.2	139.6	141.4	144.8
Professional services	120.8	128.8	137.5	118.0	125.7	134.4	136.6	138.8	140.3	143.4
Physicians' services	121.5	130.4	139.8	118.2	127.3	136.3	138.7	141.3	142.9	146.8
Dental services	120.6	128.8	137.5	118.1	125.2	134.5	136.6	138.6	140.5	143.0
Hospital and related services	123.1	131.6	143.9	120.6	128.5	138.9	141.5	145.7	149.7	154.6
Hospital room	122.3	131.1	143.3	119.9	128.2	138.1	141.1	145.4	148.4	152.8
Other inpatient services ²	NA	103.9	114.0	NA	101.2	109.6	111.7	115.2	119.3	123.9
Outpatient services ²	NA	103.3	112.5	NA	101.1	109.3	110.9	113.5	116.4	119.9
Medical care commodities	122.7	130.9	139.9	119.9	127.5	136.2	138.8	141.2	143.6	146.0
Prescription drugs	130.4	140.8	152.0	126.3	136.7	147.7	150.7	153.4	156.3	159.4
Nonprescription drugs and medical supplies ²	NA	103.1	108.1	NA	101.0	105.6	107.5	109.1	110.5	111.7
Internal and respiratory over-the-counter drugs	117.7	123.9	130.8	116.1	121.1	127.6	129.8	131.9	133.8	135.4
Nonprescription medical equipment and supplies	115.0	119.6	123.9	113.0	117.5	121.0	123.4	124.9	126.3	127.6

¹December 1986 = 100.

²Includes private health insurance (not shown separately).

NOTES: 1982-84 = 100.0 unless noted. Q designates quarter of year. Quarterly data not seasonally adjusted. NA designates not available.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics: *CPI Detailed Report*. Washington. U.S. Government Printing Office. Monthly reports for Jan. 1986-Mar. 1989.

Table 7

Percent change in selected items of the Consumer Price Index for all urban consumers: 1986-89

Item	Calendar year			1986 Q1	1987 Q1	1988 Q1	1988 Q2	1988 Q3	1988 Q4	1989 Q1
	1986	1987	1988							
	Annual percent change			Percent change from the same period of previous year						
All items	1.9	3.7	4.1	3.1	2.2	4.0	3.9	4.1	4.3	4.8
All items less medical care	1.6	3.4	3.9	2.8	1.8	3.9	3.8	4.0	4.1	4.6
Apparel and upkeep	0.8	4.4	4.3	1.4	2.5	4.2	4.8	4.0	4.4	4.5
Energy	-13.2	0.4	0.8	-2.2	-11.8	2.2	0.9	-0.2	0.1	2.8
Food and beverages	3.3	4.1	4.1	2.3	4.4	3.1	3.4	4.9	5.2	5.9
Housing: shelter	5.5	4.7	4.8	6.0	4.8	5.1	4.7	4.9	4.6	4.3
Medical care	7.5	6.6	6.5	7.2	7.2	6.3	6.4	6.6	6.8	7.1
Medical care services	7.7	6.6	6.5	7.3	7.3	6.2	6.3	6.6	6.8	7.2
Professional services	6.4	6.6	6.7	6.2	6.5	6.9	6.7	6.7	6.7	6.7
Physicians' services	7.2	7.4	7.2	6.8	7.8	7.0	7.1	7.3	7.3	7.7
Dental services	5.6	6.7	6.8	5.4	6.0	7.5	6.7	6.5	6.6	6.3
Hospital and related services	6.0	6.9	9.3	5.4	6.6	8.0	8.8	9.7	10.7	11.3
Hospital room	6.0	7.2	9.2	5.3	7.0	7.7	8.8	10.0	10.3	10.6
Other inpatient services ¹	NA	NA	9.7	NA	NA	8.3	8.7	9.8	11.9	13.0
Outpatient services ¹	NA	NA	8.9	NA	NA	8.1	8.8	9.1	9.5	9.7
Medical care commodities	6.6	6.7	6.9	6.9	6.4	6.8	6.9	6.8	7.0	7.2
Prescription drugs	8.6	8.0	7.9	8.8	8.3	8.0	7.9	7.9	7.8	7.9
Nonprescription drugs and medical supplies ¹	NA	NA	4.9	NA	NA	4.5	4.8	4.8	5.3	5.8
Internal and respiratory over-the-counter drugs	4.9	5.3	5.5	5.8	4.4	5.3	5.6	5.4	5.8	6.1
Nonprescription medical equipment and supplies	4.9	4.0	3.6	4.9	4.0	2.9	3.5	3.6	4.5	5.5

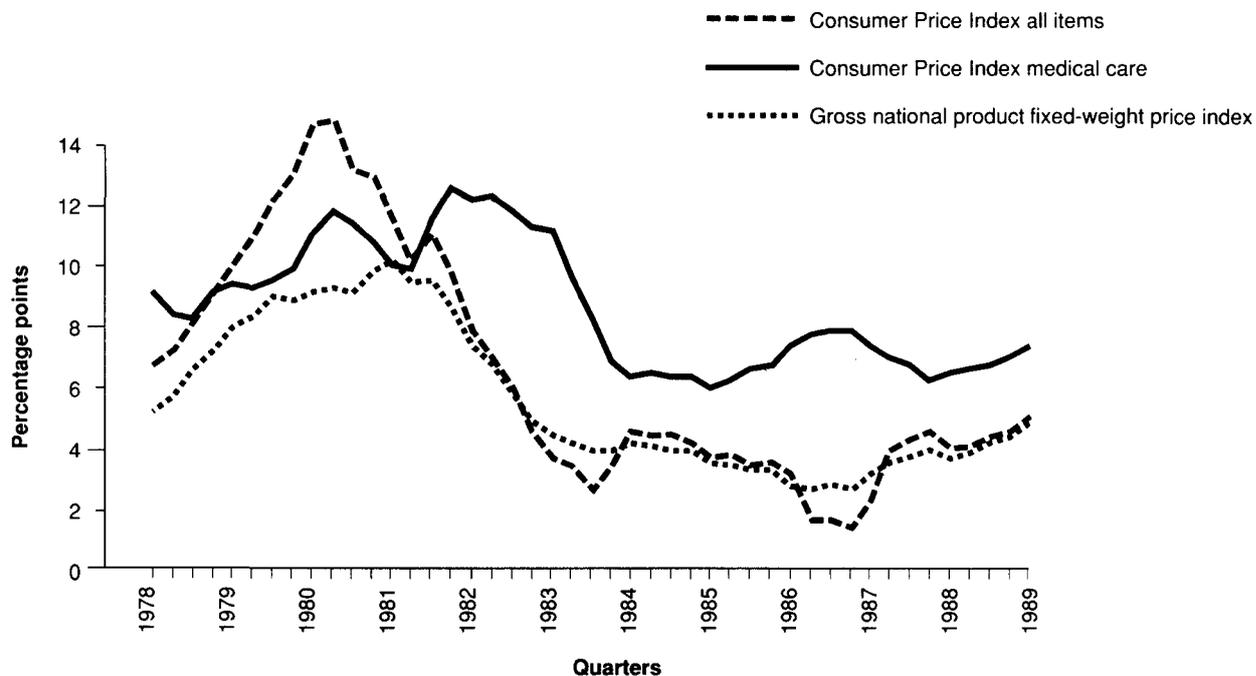
¹Includes private health insurance (not shown separately).

NOTES: Q designates quarter of year. NA designates not available.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics: *CPI Detailed Report*. Washington. U.S. Government Printing Office. Monthly reports for Jan. 1986-Mar. 1989.

Figure 5

Percent change in measures of price inflation from the same period of previous year: 1978-89



SOURCE: U.S. Department of Labor, Bureau of Labor Statistics: *CPI Detailed Report*. Washington. U.S. Government Printing Office. Monthly reports for Jan. 1978-Mar. 1989; U.S. Department of Commerce, Bureau of Economic Analysis: *Survey of Current Business*. Washington. U.S. Government Printing Office. Monthly reports for Jan. 1978-Mar. 1989.

Hospital-related prices rose 11.3 percent between the first quarter of 1988 and the first quarter of 1989, while prices for professional services grew 6.7 percent. Prescription drug price growth changed little over the past 15 months, increasing 7.9 percent. Price inflation for nonprescription drugs was slower than that for prescription drugs, up 5.8 percent.

Prices for all items in the CPI were up 4.8 percent in the first quarter of 1989. Price inflation for food and beverages accelerated to 5.9 percent for the first quarter of 1989 compared with 3.1 percent for the first calendar quarter of 1988. Housing and shelter price growth slowed to 4.3 percent for the first quarter of 1989, down from 5.1 percent in 1988 quarter one (Table 7). The percent change in measures of price inflation is shown in Figure 5.

Health care providers

Background on input price indexes

In 1979, the Health Care Financing Administration (HCFA) developed the hospital input price index. This input price index is designed to measure the contribution of input prices to increases in expenditures for hospital services. The nursing home and home health agency input price indexes were developed in the early 1980's. These indexes are often referred to as "market baskets" because they price a consistent set of goods and services over time. Since their creation, they have played an important role in setting payment levels and understanding the contribution of input price increases to growing health expenditures.

The input price indexes or "market baskets," are Laspeyres or fixed-weight indexes constructed in two steps. First, a base period is selected. For example, for the prospective payment system (PPS) hospital market basket, the base period is 1982. Next, a set of cost categories such as food, fuel, and labor are identified and their 1982 expenditure level determined. The proportion or share of total expenditures accounted for by specific spending categories is calculated. These proportions are called cost or expenditure weights. There are 28 expenditure categories in the 1982-based hospital regulation market basket. In the next step, a price proxy is selected to match each expenditure category. The purpose of the price proxy is to measure the rate of increase of the goods or services in that expenditure category. The price proxy index for each spending category is multiplied by the expenditure weight for that category. The sum of these products (weights multiplied by the price index) over all cost categories yields the input price index for any given time period, usually a fiscal year or a calendar year. The percentage change in the market basket is an estimate of price change over time for a fixed quantity of goods and services purchased by a provider.

The market baskets are estimated on a historical basis and forecasted out several years. The forecasted

price proxies are based on work done under contract with Data Resources, Inc. (DRI). Each quarter, 1 month after the end of a calendar quarter, DRI updates its macroeconomic forecasts of wages and prices. DRI bases its new forecasts on updated historical information and revised forecast assumptions. New forecasts and estimates are done in February, May, August, and November. Most of the data in Tables 8 through 13 are forecasted and all are expected to change as more recent historical data become available and subsequent quarterly forecasts are received.

The methodology and price proxy definitions used in the market basket are described in the *Federal Register* notices that accompany the annual revisions of the PPS, home health agency (HHA), and skilled nursing facility (SNF) cost limits. A description of the current PPS input price index was published September 3, 1986 (*Federal Register*, 1986). The latest HHA regulatory market basket was published July 7, 1987 (*Federal Register*, 1987a) and the latest SNF market basket was published October 2, 1987 (*Federal Register*, 1987b).

Current data

The data are shown in all tables by quarter for the years 1988 through 1991. Each market basket is presented in two tables: the first is a percent-change table, and the second provides the actual index numbers from which the percentages were computed. The hospital market basket for PPS is in Tables 8 and 9. The SNF market basket is in Tables 10 and 11. The HHA market basket is in Tables 12 and 13.

National economic indicators

In this section, we discuss national indicators of output, employment, and inflation to put health-related economic trends into perspective. The change in national economic indicators for 1978-89 is shown in Figure 6.

Output and income

The gross national product (GNP), the most widely used measure of the Nation's output, was \$5.1 trillion during the first calendar quarter of 1989 (seasonally adjusted at annual rates), up 8.3 percent from the same period of 1988 (Tables 14 and 15).

Personal income during the first calendar quarter of 1989 was 9.1 percent higher than in the same quarter of 1988, and disposable personal income (personal income net of taxes) rose 9.5 percent during the same period. The proportion of disposable personal income that was saved rather than spent increased to 5.7 percent, 1.3 percentage points higher than in the first calendar quarter of 1988.

Table 8

**Quarterly percent change in the prospective payment system hospital input price index,
by expense category: 1988-91**

Expense category ¹	Base year weights 1982 ²	1988 Q1	1988 Q2	1988 Q3	1988 Q4	1989 Q1	1989 Q2	1989 Q3	1989 Q4
Total	100.000	4.2	4.4	4.7	5.0	5.5	5.8	6.0	6.1
Wages and salaries	55.774	4.2	4.4	4.7	4.8	5.2	5.4	5.5	5.7
Employee benefits	9.785	2.3	2.8	3.3	3.8	3.6	3.5	3.5	3.6
Other professional fees	0.759	4.2	4.4	4.6	4.5	4.8	4.8	5.0	5.5
Energy and utilities	3.159	3.0	3.2	0.5	-1.5	-0.2	1.4	3.0	5.4
Fuel oil, coal, and other fuel	1.150	15.7	13.1	3.2	-5.2	-4.1	-2.9	0.7	5.7
Electricity	1.084	-1.5	-1.0	-0.3	0.8	2.0	2.9	2.1	2.8
Natural gas	0.473	-7.5	-4.1	-4.3	-2.8	-0.2	3.1	7.9	10.4
Motor gasoline	0.417	14.9	12.6	4.3	-2.4	-1.1	1.8	5.4	10.2
Water and sewerage maintenance	0.035	5.4	5.3	5.3	5.5	5.7	6.2	6.3	6.6
Malpractice insurance	0.657	17.3	18.0	20.3	24.2	26.5	27.2	26.4	24.1
All other	29.866	4.6	4.8	5.4	6.0	6.8	7.6	7.8	7.7
Other products	21.133	4.3	4.5	4.9	5.3	6.1	6.7	7.0	7.0
Pharmaceuticals	4.096	8.8	8.3	8.0	7.9	8.3	9.0	9.9	10.4
Food	3.558	3.1	2.9	3.6	4.3	5.1	5.8	5.8	5.7
Direct purchase	2.265	2.6	2.3	3.3	4.5	5.6	6.6	6.4	6.1
Contract service	1.294	3.8	3.8	3.9	4.0	4.3	4.5	4.7	5.1
Chemicals and cleaning products	3.127	7.3	8.2	10.0	11.8	14.1	15.9	15.4	13.9
Surgical and medical instruments	2.372	1.6	1.3	1.4	1.7	2.3	3.2	3.6	3.6
Photographic supplies	2.265	1.6	1.7	1.7	2.4	4.0	5.5	6.6	6.6
Rubber and plastics	2.157	2.6	4.2	5.6	6.2	6.1	5.7	5.2	4.9
Paper products	1.186	4.4	5.9	7.6	8.9	9.8	9.7	8.9	7.9
Apparel	1.078	1.1	1.6	2.4	3.0	2.6	2.2	1.9	1.9
Minor machinery and equipment	0.755	1.6	1.8	2.2	2.6	2.9	3.4	3.9	4.4
Miscellaneous products	0.539	2.6	2.4	2.3	2.5	3.4	4.4	5.2	5.7
Other services	8.733	3.4	3.6	3.7	3.9	4.4	4.8	5.1	5.2
Business services	3.019	4.3	4.7	4.7	4.6	4.5	4.6	4.7	4.8
Computer and data processing	1.401	5.1	5.3	5.1	4.8	5.4	6.0	6.8	7.2
Transportation and shipping	1.078	4.6	4.6	4.0	3.1	3.2	3.8	4.5	5.2
Telephone	0.755	-0.9	-0.7	-0.6	-0.4	-0.1	0.2	1.4	2.4
Blood services	0.539	0.6	-2.0	-2.4	1.3	4.8	8.6	9.5	7.8
Postage	0.324	0.0	3.4	6.8	10.1	13.5	9.8	6.3	3.1
Other—labor intensive	0.970	2.7	2.6	2.9	3.4	4.2	4.8	5.0	5.0
Other—nonlabor intensive	0.647	4.1	4.1	4.1	4.1	4.3	4.6	4.9	5.0

See footnotes at end of table.

Employment, unemployment, and earnings

During the first calendar quarter of 1989, the unemployment rate for all workers was 5.2 percent, five-tenths of a percent lower than during the first calendar quarter of 1988. Total employment (supervisory and nonsupervisory) rose 3.4 percent. For nonsupervisory workers, average hourly earnings increased by 4.1 percent while average weekly hours remained unchanged during this period.

Prices

Both the GNP fixed-weight price index, the most comprehensive measure of price inflation, and the

GNP implicit price deflator (which reflects changes in the composition of output as well as price inflation), rose 4.9 percent between the first quarter of 1988 and 1989. During the same period, the CPI for all items and all urban consumers showed an increase of 4.8 percent (Tables 14 and 15).

The Producer Price Index for finished consumer goods, considered to reflect some of the pressure underlying inflation of consumer commodity prices, grew 5.5 percent between the first quarter of 1988 and the first quarter of 1989.

Table 8—Continued
Quarterly percent change in the prospective payment system hospital input price index,
by expense category: 1988-91

Expense category ¹	Base year	1990				1991			
	weights 1982 ²	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total	100.000	6.1	6.0	6.0	5.9	5.8	5.7	5.7	5.7
Wages and salaries	55.774	5.7	5.8	5.9	5.9	5.9	5.8	5.7	5.7
Employee benefits	9.785	4.3	4.8	5.3	5.5	5.3	5.3	5.3	5.5
Other professional fees	0.759	5.8	6.2	6.3	6.3	6.1	5.9	5.9	5.8
Energy and utilities	3.159	5.5	5.2	5.4	4.7	4.5	4.7	4.7	4.8
Fuel oil, coal, and other fuel	1.150	5.4	5.2	5.0	4.2	4.5	5.1	5.3	5.4
Electricity	1.084	3.1	3.1	4.2	3.8	3.4	3.3	3.4	3.5
Natural gas	0.473	9.9	8.8	7.4	6.3	6.6	7.1	7.3	7.6
Motor gasoline	0.417	11.5	9.9	8.6	6.7	5.4	5.4	5.1	4.6
Water and sewerage maintenance	0.035	7.0	7.3	7.6	7.8	7.8	7.8	7.8	7.8
Malpractice insurance	0.657	22.3	20.7	19.4	18.4	17.7	17.2	17.0	17.0
All other	29.866	7.1	6.4	5.8	5.4	5.2	5.0	4.8	4.8
Other products	21.133	6.5	6.0	5.6	5.2	5.1	5.0	5.0	5.0
Pharmaceuticals	4.096	10.2	10.0	9.2	8.5	8.1	7.5	7.0	6.7
Food	3.558	5.2	4.7	4.4	4.1	4.0	4.0	4.1	4.2
Direct purchase	2.265	5.1	4.2	3.6	3.3	3.2	3.3	3.6	3.7
Contract service	1.294	5.4	5.5	5.6	5.4	5.2	5.0	4.9	4.9
Chemicals and cleaning products	3.127	11.2	8.4	6.7	5.7	5.4	5.1	4.6	4.5
Surgical and medical instruments	2.372	3.4	3.0	2.8	2.8	2.8	3.0	3.2	3.4
Photographic supplies	2.265	5.3	4.1	3.2	2.7	2.7	2.7	2.8	2.9
Rubber and plastics	2.157	4.9	4.9	4.9	4.8	4.6	4.5	4.4	4.5
Paper products	1.186	6.9	6.0	5.7	5.5	5.4	5.4	5.2	5.1
Apparel	1.078	2.4	2.9	3.2	3.3	3.2	3.1	3.1	3.3
Minor machinery and equipment	0.755	4.6	4.5	4.4	4.2	4.2	4.4	4.6	4.8
Miscellaneous products	0.539	5.5	5.1	4.8	4.5	4.4	4.5	4.5	4.6
Other services	8.733	5.1	5.0	4.9	4.9	4.9	5.1	5.3	5.5
Business services	3.019	4.7	4.7	4.8	4.8	4.9	4.9	5.0	5.0
Computer and data processing	1.401	7.2	7.0	6.7	6.8	6.9	6.9	7.0	7.1
Transportation and shipping	1.078	5.6	5.5	5.3	5.0	4.8	4.8	5.0	5.4
Telephone	0.755	3.1	3.6	3.6	3.5	3.6	3.8	4.2	4.8
Blood services	0.539	6.5	4.5	3.2	2.7	2.2	2.3	2.6	3.3
Postage	0.324	0.0	0.0	0.0	0.0	0.7	3.7	6.7	9.7
Other—labor intensive	0.970	5.0	5.1	5.3	5.5	5.6	5.6	5.3	5.3
Other—nonlabor intensive	0.647	5.1	4.9	4.8	4.7	4.6	4.6	4.7	4.9

¹For the data sources used to estimate the market basket relative weights and choice of price proxies, see *Federal Register*, Vol. 51, No. 170, 31582-31587, Sept. 3, 1986.

²Category weights may not sum to total due to rounding.

NOTES: Data for 1988 are partially historic and partially forecasted. Data for 1989, 1990, and 1991 are forecasted. Q designates quarter of year. Quarterly data shown are four-quarter moving averages.

SOURCE: Health Care Financing Administration, Office of the Actuary: Data from the Office of National Cost Estimates, Division of Statistical Analysis.

Table 9
Quarterly index levels of the prospective payment system hospital input price index,
by expense category: 1988-91

Expense category ¹	Base year	1988	1988	1988	1988	1989	1989	1989	1989
	weights 1982 ²	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total	100.000	125.7	127.4	129.4	131.0	133.6	135.3	137.3	139.0
Wages and salaries	55.774	129.9	131.4	133.4	134.9	137.3	138.7	140.9	142.7
Employee benefits	9.785	122.0	122.6	123.5	124.4	125.6	126.8	128.0	129.8
Other professional fees	0.759	130.3	131.9	134.0	134.7	136.9	138.3	141.4	143.3
Energy and utilities	3.159	77.0	79.4	81.3	78.4	80.8	83.6	84.5	84.4
Fuel oil, coal, and other fuel	1.150	52.9	55.4	54.7	52.5	55.8	57.3	57.5	57.3
Electricity	1.084	108.9	111.7	118.3	112.1	113.1	115.9	117.4	117.4
Natural gas	0.473	78.1	77.5	75.4	78.2	83.7	85.2	85.5	86.9
Motor gasoline	0.417	53.8	58.5	60.2	56.8	56.7	64.5	66.4	64.9
Water and sewerage maintenance	0.035	139.6	141.7	145.3	146.3	148.4	151.1	154.5	156.8
Malpractice insurance	0.657	281.7	301.5	322.6	343.7	359.7	378.3	397.5	415.7
All other	29.866	119.7	121.9	124.3	126.4	129.6	131.9	133.8	135.1
Other products	21.133	120.8	122.7	124.8	126.8	129.8	131.7	133.5	134.8
Pharmaceuticals	4.096	164.0	167.6	170.2	174.0	180.1	184.1	189.4	192.3
Food	3.558	115.0	117.0	119.7	120.2	122.4	124.1	125.8	126.3
Direct purchase	2.265	109.3	111.6	115.0	115.0	117.7	119.2	120.9	120.5
Contract service	1.294	125.0	126.4	127.9	129.2	130.7	132.6	134.4	136.4
Chemicals and cleaning products	3.127	100.6	104.5	109.3	112.7	118.0	121.7	123.0	123.8
Surgical and medical instruments	2.372	108.8	109.0	110.1	111.5	112.7	113.6	114.0	114.7
Photographic supplies	2.265	111.0	112.3	113.2	116.5	119.7	120.9	120.5	121.8
Rubber and plastics	2.157	106.9	108.7	110.5	111.3	112.3	114.1	115.7	116.7
Paper products	1.186	118.7	121.7	124.8	127.3	130.1	132.4	133.6	135.1
Apparel	1.078	103.5	104.6	104.9	104.7	105.2	105.9	106.9	107.6
Minor machinery and equipment	0.755	112.1	112.8	113.6	114.5	116.1	117.7	118.9	120.1
Miscellaneous products	0.539	106.2	107.4	108.6	109.7	112.3	113.7	114.8	116.0
Other services	8.733	123.5	124.7	126.0	127.9	130.1	131.3	132.8	134.1
Business services	3.019	126.2	126.2	127.3	129.0	132.3	132.4	133.4	134.8
Computer and data processing	1.401	139.5	140.8	142.6	146.0	149.1	151.1	154.0	155.8
Transportation and shipping	1.078	110.1	111.3	112.8	113.9	114.5	117.4	119.0	120.3
Telephone	0.755	124.6	124.8	123.8	124.7	125.6	126.5	128.1	129.3
Blood services	0.539	103.8	104.3	108.4	112.6	113.6	115.4	116.4	117.0
Postage	0.324	110.2	125.1	125.1	125.1	125.1	125.1	125.1	125.1
Other—labor intensive	0.970	123.6	124.8	126.4	127.8	130.4	131.5	132.4	133.7
Other—nonlabor intensive	0.647	120.3	121.8	123.4	124.7	126.0	128.1	129.8	130.9

See footnotes at end of table.

Table 9—Continued
Quarterly index levels of the prospective payment system hospital input price index,
by expense category: 1988-91

Expense category ¹	Base year	1990	1990	1990	1990	1991	1991	1991	1991
	weights 1982 ²	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total	100.000	141.6	143.3	145.4	147.0	149.7	151.3	153.6	155.7
Wages and salaries	55.774	145.4	146.9	149.2	151.0	153.8	155.1	157.7	159.8
Employee benefits	9.785	132.7	133.9	135.3	136.6	139.1	141.1	142.9	144.8
Other professional fees	0.759	145.6	147.2	150.0	152.1	154.2	155.4	158.9	161.2
Energy and utilities	3.159	85.1	87.0	88.4	88.3	89.0	91.2	92.7	92.7
Fuel oil, coal, and other fuel	1.150	58.1	58.8	60.2	60.3	61.1	61.9	63.4	63.6
Electricity	1.084	118.5	120.4	121.4	121.0	122.4	124.6	125.8	125.4
Natural gas	0.473	88.3	90.3	91.7	92.6	94.0	97.5	99.1	100.1
Motor gasoline	0.417	63.0	67.6	70.0	68.9	66.4	70.8	73.0	71.7
Water and sewerage maintenance	0.035	160.0	163.2	166.1	169.2	172.5	175.8	179.3	182.4
Malpractice insurance	0.657	431.5	450.2	469.1	486.4	504.8	526.8	548.8	568.9
All other	29.866	137.2	139.1	140.7	141.9	144.1	145.7	147.1	148.9
Other products	21.133	137.0	138.7	140.3	141.5	143.9	145.5	147.1	148.9
Pharmaceuticals	4.096	196.8	200.9	204.6	206.9	211.8	214.4	217.0	220.5
Food	3.558	128.0	129.1	130.6	131.3	133.1	134.4	136.2	137.0
Direct purchase	2.265	122.1	122.9	124.4	124.5	126.3	127.4	129.1	129.5
Contract service	1.294	138.3	140.0	141.5	143.2	145.0	146.7	148.5	150.2
Chemicals and cleaning products	3.127	125.6	128.1	130.0	130.7	131.9	133.4	134.9	137.1
Surgical and medical instruments	2.372	116.1	116.7	117.0	117.9	119.5	120.6	121.2	122.2
Photographic supplies	2.265	123.0	124.1	123.7	125.0	126.3	127.6	127.4	128.9
Rubber and plastics	2.157	118.2	119.7	121.1	122.0	123.2	124.9	126.6	127.7
Paper products	1.186	137.4	139.4	141.1	142.7	144.6	146.4	148.1	149.9
Apparel	1.078	108.9	109.5	110.3	110.8	112.2	112.9	114.0	114.9
Minor machinery and equipment	0.755	121.3	122.4	123.8	125.1	126.7	128.2	129.8	131.6
Miscellaneous products	0.539	117.5	118.7	119.8	121.2	122.7	124.1	125.4	127.0
Other services	8.733	136.6	137.8	139.2	140.5	143.6	145.2	147.0	148.7
Business services	3.019	138.5	139.0	139.9	141.5	145.4	145.8	147.2	148.7
Computer and data processing	1.401	158.9	161.2	164.5	166.6	170.0	172.5	176.1	178.5
Transportation and shipping	1.078	121.3	123.4	124.7	125.5	127.5	129.6	131.6	133.1
Telephone	0.755	130.2	131.2	132.4	133.7	135.4	137.0	138.9	141.0
Blood services	0.539	118.5	118.4	118.7	119.2	121.3	121.7	122.6	124.6
Postage	0.324	125.1	125.1	125.1	125.1	128.8	140.0	140.0	140.0
Other—labor intensive	0.970	137.3	138.8	140.1	141.0	145.2	146.0	147.0	148.6
Other—nonlabor intensive	0.647	132.1	134.0	135.7	136.8	138.3	140.4	142.4	143.8

¹For the data sources used to estimate the market basket relative weights and choice of price proxies, see *Federal Register*, Vol. 51, No. 170, 31582-31587, Sept. 3, 1986.

²Category weights may not sum to total due to rounding.

NOTES: Data for 1988 are partially historic and partially forecasted. Data for 1989, 1990, and 1991 are forecasted. Q designates quarter of year. Quarterly data shown are four-quarter moving averages.

SOURCE: Health Care Financing Administration, Office of the Actuary: Data from the Office of National Cost Estimates, Division of Statistical Analysis.

Table 11
Quarterly index levels of the skilled nursing facility input price index,
by expense category: 1988-91

Expense category ¹	Base year	1988	1988	1988	1988	1989	1989	1989	1989
	weights 1977 ²	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total	100.00	190.8	192.7	196.4	198.9	202.5	203.6	205.5	207.4
Wages and salaries	63.02	189.5	191.3	195.8	198.7	202.6	202.7	204.3	205.9
Employee benefits	7.60	197.5	198.5	199.9	201.4	203.3	205.2	207.2	210.1
Food	9.74	161.8	164.5	167.9	169.4	172.2	174.3	176.2	177.7
Direct purchase	4.93	148.1	151.2	154.5	155.7	158.5	160.7	162.4	163.2
Contract service	4.81	175.9	178.1	181.6	183.4	186.2	188.3	190.3	192.6
Fuel and other energy	4.27	196.8	199.2	198.6	197.4	202.0	204.9	206.1	208.1
Electricity	1.21	193.4	195.1	195.3	198.8	197.6	200.5	203.1	205.8
Natural gas	0.91	217.6	217.2	217.2	222.8	228.1	227.3	227.8	229.7
Fuel oil and coal	1.66	181.9	185.9	182.8	173.4	182.3	186.9	186.3	187.3
Water and sewerage maintenance	0.49	217.4	220.6	226.1	227.8	231.0	235.3	240.5	244.1
All other	15.37	209.4	212.1	214.7	217.5	221.3	224.6	227.9	230.9
Drugs	1.50	249.5	255.0	259.0	264.7	274.0	280.0	288.1	292.6
Supplies	3.28	192.0	194.1	196.4	198.5	201.2	203.8	206.1	208.5
Health services	1.21	232.9	237.2	241.5	244.2	251.1	256.7	261.7	266.4
Other business services	4.59	220.8	223.1	225.5	228.5	231.5	234.6	237.6	240.6
Miscellaneous	4.79	192.0	194.1	196.4	198.5	201.2	203.8	206.1	208.5

Expense category ¹	Base year	1990	1990	1990	1990	1991	1991	1991	1991
	weights 1977 ²	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total	100.00	213.1	213.8	215.7	217.6	223.4	224.6	226.9	229.3
Wages and salaries	63.02	212.9	212.9	214.5	216.1	223.4	223.6	225.7	227.7
Employee benefits	7.60	214.7	216.7	219.1	221.0	225.2	228.3	231.4	234.4
Food	9.74	179.8	181.1	182.6	184.3	186.5	188.2	190.0	192.2
Direct purchase	4.93	164.6	165.8	167.3	168.7	170.4	172.0	173.8	175.5
Contract service	4.81	195.4	196.7	198.2	200.4	203.1	204.7	206.6	209.3
Fuel and other energy	4.27	210.6	212.8	215.0	217.4	220.1	222.4	224.9	227.4
Electricity	1.21	207.7	209.5	211.3	213.1	215.3	217.2	219.3	221.2
Natural gas	0.91	231.4	233.1	234.6	236.1	237.7	239.3	240.9	242.5
Fuel oil and coal	1.66	190.0	191.8	194.1	196.7	199.6	201.6	204.2	207.1
Water and sewerage maintenance	0.49	249.1	254.1	258.6	263.5	268.5	273.7	279.1	284.0
All other	15.37	234.3	237.4	240.4	243.3	247.0	250.2	253.6	257.3
Drugs	1.50	299.3	305.6	311.3	314.7	322.3	326.1	330.1	335.4
Supplies	3.28	211.0	213.2	215.5	218.0	220.8	223.4	226.1	229.1
Health services	1.21	272.9	278.2	283.0	287.4	293.8	299.3	304.7	310.1
Other business services	4.59	243.7	246.7	249.8	252.9	256.2	259.7	263.5	267.3
Miscellaneous	4.79	211.0	213.2	215.5	218.0	220.8	223.4	226.1	229.1

¹For the data sources used to estimate the market basket relative weights and choice of price proxies, see *Federal Register*, Vol. 52, No. 191, 37109, Oct. 2, 1987.

²Category weights may not sum to total due to rounding.

NOTES: Data for 1988 are partially historic and partially forecasted. Data for 1989, 1990, and 1991 are forecasted. Q designates quarter of year. Quarterly data shown are four-quarter moving averages.

SOURCE: Health Care Financing Administration, Office of the Actuary: Data from the Office of National Cost Estimates, Division of Statistical Analysis.

Table 12
Quarterly percent change in the home health agency input price index,
by expense category: 1988-91

Expense category ¹	Base year	1988	1988	1988	1988	1989	1989	1989	1989
	weights 1976 ²	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total	100.00	5.0	5.4	5.7	5.9	6.2	6.2	6.2	6.2
Wages and salaries	65.14	5.5	6.0	6.5	6.8	7.1	7.0	6.9	6.7
Employee benefits	7.90	2.3	2.8	3.3	3.8	3.6	3.5	3.6	3.6
Transportation	4.87	4.6	4.6	4.0	3.1	3.2	3.8	4.5	5.2
Office costs	2.79	4.2	4.3	4.4	4.5	4.7	4.8	5.0	5.2
Rent	1.35	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.7
Nonrental space occupancy	1.17	2.8	3.3	2.3	1.0	1.2	1.5	2.4	3.7
Medical and nursing supplies and equipment	2.81	3.7	3.7	3.5	3.8	4.8	5.7	6.6	7.2
Contract services	6.87	5.0	5.4	5.7	5.9	6.2	6.2	6.2	6.2
Miscellaneous	7.10	4.2	4.2	4.2	4.2	4.3	4.6	4.8	5.0
	Base year	1990	1990	1990	1990	1991	1991	1991	1991
	weights 1976 ²	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total	100.00	6.1	6.1	6.1	6.1	6.1	6.0	5.9	5.9
Wages and salaries	65.14	6.5	6.4	6.4	6.5	6.5	6.4	6.2	6.1
Employee benefits	7.90	4.3	4.8	5.3	5.5	5.3	5.3	5.3	5.5
Transportation	4.87	5.6	5.5	5.3	5.0	4.8	4.8	5.0	5.4
Office costs	2.79	5.3	5.3	5.2	5.2	5.1	5.2	5.2	5.4
Rent	1.35	3.6	3.6	3.6	3.7	3.8	3.9	4.2	4.5
Nonrental space occupancy	1.17	4.1	4.4	4.5	4.3	4.3	4.5	4.6	4.6
Medical and nursing supplies and equipment	2.81	7.3	7.4	7.5	7.4	7.2	7.0	6.7	6.6
Contract services	6.87	6.1	6.1	6.1	6.1	6.1	6.0	5.9	5.9
Miscellaneous	7.10	5.0	4.9	4.8	4.7	4.6	4.6	4.7	4.9

¹For the data sources used to estimate the market basket relative weights and choice of price proxies, see *Federal Register*, Vol. 52, No. 129, 25562-25566, July 7, 1987.

²Category weights may not sum to total due to rounding.

NOTES: Data for 1988 are partially historic and partially forecasted. Data for 1989, 1990, and 1991 are forecasted. Q designates quarter of year. Quarterly data shown are four-quarter moving averages.

SOURCE: Health Care Financing Administration, Office of the Actuary: Data from the Office of National Cost Estimates, Division of Statistical Analysis.

Table 13
Quarterly index levels for the home health agency input price index,
by expense category: 1988-91

Expense category ¹	Base year	1988	1988	1988	1988	1989	1989	1989	1989
	weights 1976 ²	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total	100.00	228.0	231.1	234.8	238.8	242.6	245.3	249.3	253.1
Wages and salaries	65.14	235.6	239.1	243.5	248.3	252.5	255.0	259.8	263.9
Employee benefits	7.90	219.4	220.4	222.0	223.6	225.8	227.9	230.1	233.3
Transportation	4.87	193.9	195.9	198.6	200.6	201.6	206.7	209.6	211.8
Office costs	2.79	237.7	240.2	242.8	246.0	249.3	252.6	255.8	259.1
Rent	1.35	206.5	207.6	210.1	212.2	214.2	216.0	217.5	219.6
Nonrental space occupancy	1.17	221.5	224.1	223.6	222.0	227.4	230.7	232.1	234.3
Medical and nursing supplies and equipment	2.81	199.9	204.0	206.6	210.1	213.8	218.5	221.5	225.7
Contract services	6.87	228.1	231.2	234.9	238.9	242.7	245.3	249.4	253.1
Miscellaneous	7.10	204.4	206.7	209.1	211.4	214.2	217.0	219.5	222.1

Expense category ¹	Base year	1990	1990	1990	1990	1991	1991	1991	1991
	weights 1976 ²	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total	100.00	257.4	260.3	264.8	268.5	272.8	275.5	280.4	284.6
Wages and salaries	65.14	268.6	271.5	276.8	281.0	285.6	288.0	293.6	298.2
Employee benefits	7.90	238.4	240.6	243.2	245.4	250.0	253.5	256.9	260.2
Transportation	4.87	213.6	217.4	219.6	221.0	224.4	228.1	231.7	234.4
Office costs	2.79	262.4	265.7	269.0	272.3	275.8	279.6	283.7	287.9
Rent	1.35	221.7	223.9	225.7	227.7	230.5	233.4	236.3	239.5
Nonrental space occupancy	1.17	237.1	239.6	242.2	244.9	247.9	250.6	253.5	256.4
Medical and nursing supplies and equipment	2.81	229.8	235.0	238.0	241.6	245.5	250.5	253.3	257.2
Contract services	6.87	257.5	260.3	264.9	268.5	272.8	275.6	280.4	284.6
Miscellaneous	7.10	224.7	227.1	229.5	232.2	235.1	237.9	240.8	244.0

¹For the data sources used to estimate the market basket relative weights and choice of price proxies, see *Federal Register*, Vol. 52, No. 129, 25562-25566, July 7, 1987.

²Category weights may not sum to total due to rounding.

NOTES: Data for 1988 are partially historic and partially forecasted. Data for 1989, 1990, and 1991 are forecasted. Q designates quarter of year. Quarterly data shown are four-quarter moving averages.

SOURCE: Health Care Financing Administration, Office of the Actuary: Data from the Office of National Cost Estimates, Division of Statistical Analysis.

Figure 6

Percent change in indicators of national economic activity from the same period of previous year: 1978-89

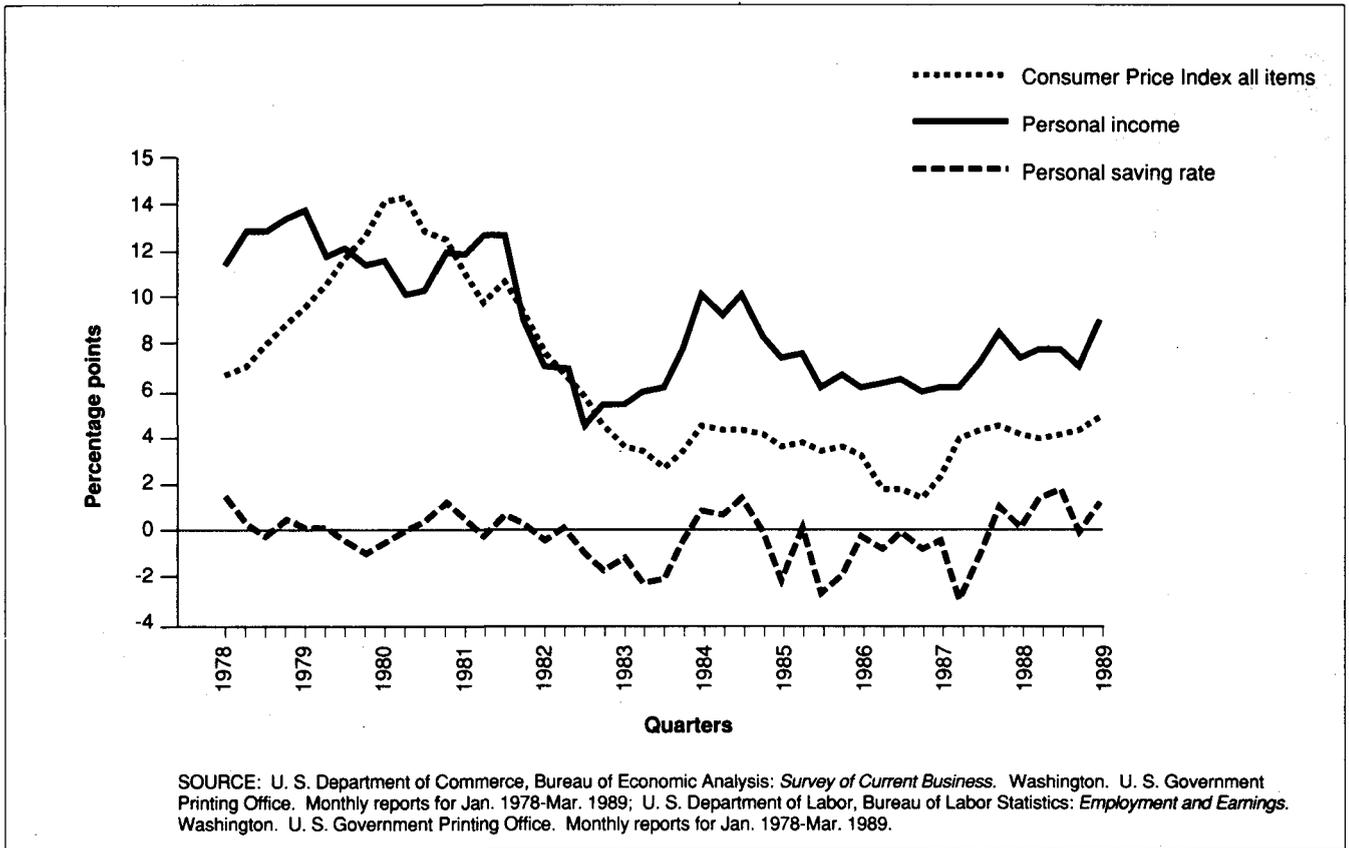


Table 14
Selected national economic indicators: 1986-89

Indicator	Calendar year			1986	1987	1988	1988	1988	1988	1989
	1986	1987	1988	Q1	Q1	Q1	Q2	Q3	Q4	Q1
Gross national product										
Billions of dollars	\$4,240	\$4,527	\$4,864	\$4,180	\$4,392	\$4,725	\$4,824	\$4,909	\$5,000	\$5,117
Billions of 1982 dollars	\$3,722	\$3,847	\$3,996	\$3,719	\$3,777	\$3,956	\$3,985	\$4,009	\$4,033	\$4,088
Implicit price deflator (1982 = 100.0)	113.95	117.68	121.70	112.40	116.30	119.40	121.00	122.40	124.00	125.20
Employment, hours, and earnings										
Unemployment rate, all workers	7.0	6.2	5.5	7.0	6.6	5.7	5.5	5.5	5.3	5.2
Private nonagricultural workers:										
Total employment in thousands	82,832	85,190	88,212	80,920	82,744	85,687	88,006	89,322	89,832	88,632
Average weekly hours	34.7	34.8	34.7	34.6	34.5	34.4	34.7	35.0	34.8	34.4
Average hourly earnings	\$8.76	\$8.98	\$9.29	\$8.73	\$8.91	\$9.18	\$9.24	\$9.29	\$9.46	\$9.55
Health services workers:										
Total employment in thousands	6,535.7	6,827.8	7,227.7	6,423.9	6,688.3	7,040.4	7,163.4	7,299.3	7,407.7	7,494.5
Average weekly hours	32.4	32.4	32.4	32.5	32.3	32.4	32.3	32.5	32.3	32.4
Average hourly earnings	\$8.35	\$8.69	\$9.22	\$8.26	\$8.56	\$9.02	\$9.13	\$9.28	\$9.46	\$9.62
Personal income and savings										
Income in billions	\$3,531	\$3,780	\$4,062	\$3,461	\$3,676	\$3,951	\$4,022	\$4,094	\$4,181	\$4,312
Disposable income in billions	\$3,019.6	\$3,209.7	\$3,471.8	\$2,965.1	\$3,143.9	\$3,375.6	\$3,421.5	\$3,507.5	\$3,582.5	\$3,696.4
Saving in billions	\$121.7	\$104.2	\$144.3	\$136.9	\$130.8	\$149.9	\$127.8	\$145.7	\$153.8	\$211.9
Personal saving percent rate	4.1	3.3	4.2	4.6	4.2	4.4	3.7	4.2	4.3	5.7
Prices¹										
Gross national product fixed-weight price index (1982 = 100.0)	115.0	119.1	124.1	113.8	117.4	121.8	123.3	124.9	126.2	127.8
Consumer Price Index, all items	109.6	113.6	118.3	109.2	111.6	116.1	117.5	119.1	120.3	121.7
All items less medical care	108.8	112.6	117.0	108.6	110.6	114.9	116.3	117.9	119.0	120.2
Apparel and upkeep	105.9	110.6	115.4	104.6	107.2	111.6	116.0	114.4	119.5	116.6
Energy	88.2	88.6	89.2	96.5	85.1	87.0	89.0	91.9	89.2	89.4
Food and beverages	109.1	113.5	118.2	107.7	112.4	115.8	117.1	119.4	120.4	122.7
Housing: shelter	115.8	121.2	127.1	113.6	119.0	125.1	126.2	128.0	129.1	130.4
Medical care	122.0	130.1	138.6	118.8	127.4	135.4	137.5	139.9	141.8	145.0
Producer Price Index, ² finished consumer goods	101.4	103.6	106.2	102.7	102.1	104.3	105.6	107.0	107.9	110.1

¹Base period = 1982-84, unless noted.

²Formerly called the "Wholesale Price Index."

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

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis: *Survey of Current Business*. Washington. U.S. Government Printing Office. Monthly reports for Jan. 1986-Mar. 1989; U.S. Department of Labor, Bureau of Labor Statistics: *Employment and Earnings*. Washington. U.S. Government Printing Office. Monthly reports for Jan. 1986-Mar. 1989.

Table 15
Percent change in selected national economic indicators: 1986-89

Indicator	Calendar year			1986	1987	1988	1988	1988	1988	1989
	1986	1987	1988	Q1	Q1	Q1	Q2	Q3	Q4	Q1
	Annual percent change			Percent change from same period of previous year						
Gross national product										
Billions of dollars	5.6	6.8	7.5	6.5	5.1	7.6	7.6	7.5	7.2	8.3
Billions of 1982 dollars	2.8	3.4	3.9	4.0	1.5	4.8	4.2	3.7	2.8	3.3
Implicit price deflator (1982 = 100.0)	2.7	3.3	3.4	2.5	3.5	2.7	3.2	3.6	4.3	4.9
Employment, hours, and earnings										
Unemployment rate, all workers ¹	-0.2	-0.8	-0.7	-0.3	-0.4	-0.9	-0.8	-0.5	-0.6	-0.5
Private nonagricultural workers:										
Total employment	2.1	2.8	3.5	2.4	2.3	3.6	3.6	3.6	3.4	3.4
Average weekly hours	-0.5	0.1	-0.1	0.0	-0.3	-0.3	-0.3	0.0	0.0	0.0
Average hourly earnings	2.3	2.5	3.5	2.8	2.0	3.0	3.6	3.7	3.8	4.1
Health services workers:										
Total employment	3.8	4.5	5.9	3.3	4.1	5.3	5.7	5.9	6.5	6.4
Average weekly hours	-0.2	-0.1	0.0	0.3	-0.6	0.3	0.0	-0.3	0.0	0.0
Average hourly earnings	3.6	4.2	6.1	3.8	3.6	5.4	6.1	6.3	6.6	6.7
Personal income and savings										
Income	6.2	7.0	7.5	6.1	6.2	7.5	7.7	7.7	7.0	9.1
Disposable income	6.4	6.3	8.2	7.3	6.0	7.4	8.5	8.8	8.0	9.5
Savings	-3.0	-14.3	38.5	6.4	-4.5	14.6	83.9	100.7	6.8	41.4
Personal saving rate ¹	-0.4	-0.8	0.9	-0.1	-0.4	0.2	1.5	1.9	0.0	1.3
Prices²										
Gross national product fixed-weight price index (1982 = 100.0)	2.7	3.6	4.1	2.9	3.2	3.7	4.0	4.3	4.5	4.9
Consumer Price Index, all items	1.9	3.7	4.1	3.1	2.2	4.0	3.9	4.1	4.3	4.8
All items less medical care	1.6	3.4	3.9	2.8	1.8	3.9	3.8	4.0	4.1	4.6
Apparel and upkeep	0.8	4.4	4.3	1.4	2.5	4.2	4.8	4.0	4.4	4.5
Energy	-13.2	0.4	0.8	-2.2	-11.8	2.2	0.9	-0.2	0.1	2.8
Food and beverages	3.3	4.1	4.1	2.3	4.4	3.1	3.4	4.9	5.2	5.9
Housing: shelter	5.5	4.7	4.8	6.0	4.8	5.1	4.7	4.9	4.6	4.3
Medical care	7.5	6.6	6.5	7.2	7.2	6.3	6.4	6.6	6.8	7.1
Producer price index, ³ finished consumer goods	-2.4	2.1	2.5	-0.7	-0.6	2.2	1.9	2.6	3.5	5.5

¹Absolute change, rather than percent change.

²Base period = 1982-84, unless noted.

³Formerly called the "Wholesale Price Index."

NOTE: Q designates quarter of year.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis: *Survey of Current Business*. Washington. U.S. Government Printing Office. Monthly reports for Jan. 1986-Mar. 1989; U.S. Department of Labor, Bureau of Labor Statistics: *Employment and Earnings*. Washington. U.S. Government Printing Office. Monthly reports for Jan. 1986-Mar. 1989.