

TABLE I.—EXCLUDED HOSPITAL WITH CAPITAL INPUT PRICE INDEX (FY 1992-BASED AND FY 1997-BASED) STRUCTURE AND WEIGHTS—Continued

Cost category	Price/wage variable	Weights (%) Base-Year FY 1992 ^{1,2}	Weights (%) Base-Year FY 1997 ^{1,2}
Miscellaneous	PPI—Finished Goods Less Food and Energy	2.029	0.783
All Other Services .....	.....	6.544	9.203
Telephone	CPI—U—Telephone Services	0.574	0.348
Postage	CPI—U—Postage	0.268	0.702
All Other: Labor	ECI—Compensation for Private Service Occupations	4.945	4.453
All Other: Non-Labor	CPI—U—All Items	0.757	3.700
Capital-Related Costs .....	.....	9.080	8.968
Depreciation .....	.....	5.611	5.586
Building & Fixed	Boeckh-Institutional Construct. Index—Vintage Weighted (23)	3.570	3.503
Movable Equipment	PPI—Machinery & Equipment—Vintage Weighted (11 Years)	2.041	2.083
Interest Costs .....	.....	3.212	2.682
Government/Nonprofit	Yield on Domestic Municipal Bonds (Bond Buyer 20	2.730	2.280
For-profit	Bonds)—Vintage Weighted (23 years).		
Other Capital-Related Costs	Yield on Moody's Aaa Bonds—Vintage Weighted (23 Years)	0.482	0.402
	CPI—U—Residential Rent	0.257	0.699

¹ The operating cost category weights in the excluded hospital market basket described in the August 1, 2002 IPPS final rule (67 FR 50042–50044) add to 100.0. When we add an additional set of cost category weights (total capital weight = 8.968 percent) to this original group, the sum of the weights in the new index must still add to 100.0. Capital costs account for 8.968 percent of the market basket; operating costs account for 91.032 percent. Each weight in the FY 1997-based excluded hospital market basket from the August 1, 2002 IPPS final rule (67 FR 50042–50044) was multiplied by 0.91032 to determine its weight in the FY 1997-based excluded hospital with capital market basket.

²Weights may not sum to 100.0 due to rounding.

TABLE II.—EXCLUDED HOSPITAL WITH CAPITAL INPUT PRICE INDEX (FY 1997) VINTAGE WEIGHTS

Year (from farthest to most recent)*	Building and fixed equipment (23-year weights)*	Movable equipment (11-year weights)*	Interest: capital-related (23-year weights)*
1	0.018	0.063	0.007
2	0.021	0.068	0.009
3	0.023	0.074	0.011
4	0.025	0.080	0.012
5	0.026	0.085	0.014
6	0.028	0.091	0.016
7	0.030	0.096	0.019
8	0.032	0.101	0.022
9	0.035	0.108	0.026
10	0.039	0.114	0.030
11	0.042	0.119	0.035
12	0.044	.....	0.039
13	0.047	.....	0.045
14	0.049	.....	0.049
15	0.051	.....	0.053
16	0.053	.....	0.059
17	0.057	.....	0.065
18	0.060	.....	0.072
19	0.062	.....	0.077
20	0.063	.....	0.081
21	0.065	.....	0.085
22	0.064	.....	0.087
23	0.065	.....	0.090
Total	1.0000	1.0000	1.0000

*Weights may not sum to 1.000 due to rounding.

Table III. compares the FY 1992-based excluded hospital with capital market basket to the FY 1997-based excluded hospital with capital market basket. As shown in the table and as we discussed in the March 7, 2003, proposed rule (68

FR 11247), the revised and rebased market basket grows slightly faster over the FY 1999–2001 period than the FY 1992-based market basket. The major reason for this was the switching of the wage and benefit proxy to the ECI for

hospital workers from the previous occupational blend. This revision had a similar impact on the IPPS and excluded market baskets, as described in the August 1, 2002, IPPS final rule (67 FR 50043–50047).