

CHART 3.—EXCLUDED HOSPITAL WITH CAPITAL INPUT PRICE INDEX (FY 1992 AND FY 1997) STRUCTURE AND WEIGHTS<sup>1, 2</sup>

Cost category	Price wage variable	Weights (%) base-year 1992	Weights (%) base-year 1997
Total .....	.....	100.000	100.000
Compensation .....	.....	57.935	57.579
Wages and Salaries .....	ECI—Wages and Salaries, Civilian Hospital Workers .....	47.417	47.335
Employee Benefits .....	ECI—Benefits, Civilian Hospital Workers .....	10.519	10.244
Professional fees: Non-Medical .....	ECI—Compensation: Prof. & Technical .....	1.908	4.423
Utilities .....	.....	1.524	1.180
Electricity .....	WPI—Commercial Electric Power .....	0.916	0.726
Fuel Oil, Coal, etc. ....	WPI—Commercial Natural Gas .....	0.365	0.248
Water and Sewerage .....	CPI-U—Water & Sewage .....	0.243	0.206
Professional Liability Insurance .....	HCFA—Professional Liability Premiums .....	0.983	0.733
All Other Products and Services .....	.....	28.571	27.117
All Other Products .....	.....	22.027	17.914
Pharmaceuticals .....	WPI—Prescription Drugs .....	2.791	6.318
Food: Direct Purchase .....	WPI—Processed Foods .....	2.155	1.122
Food: Contract Service .....	CPI-U—Food Away from Home .....	0.998	1.043
Chemicals .....	WPI—Industrial Chemicals .....	3.413	2.133
Blood and Blood Products .....	WPI—Blood and Derivatives .....	.....	0.748
Medical Instruments .....	WPI—Med. Inst. & Equipment .....	2.868	1.795
Photographic Supplies .....	WPI—Photo Supplies .....	0.364	0.167
Rubber and Plastics .....	WPI—Rubber & Plastic Products .....	4.423	1.366
Paper Products .....	WPI—Convert. Paper and Paperboard .....	1.984	1.110
Apparel .....	WPI—Apparel .....	0.809	0.478
Machinery and Equipment .....	WPI—Machinery & Equipment .....	0.193	0.852
Miscellaneous Products .....	WPI—Finished Goods excluding 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: Service Workers .....	4.945	4.453
All Other: Non-Labor Intensive .....	CPI-U—All Items (Urban) .....	0.757	3.700
Capital-Related Costs .....	.....	9.080	8.968
Depreciation .....	.....	5.611	5.586
Fixed Assets .....	Boeckh-Institutional Construction: 23 Year Useful Life .....	3.570	3.503
Movable Equipment .....	WPI—Machinery & Equipment: 11 Year Useful Life ...	2.041	2.083
Interest Costs .....	.....	3.212	2.682
Non-profit .....	Avg. Yield Municipal Bonds: 23 Year Useful Life .....	2.730	2.280
For-profit .....	Avg. Yield AAA Bonds: 23 Year Useful Life .....	0.482	0.402
Other Capital-Related Costs .....	CPI-U—Residential Rent .....	0.257	0.699

<sup>1</sup> The operating cost category weights in the excluded hospital market basket described in the August 1, 2002 FEDERAL REGISTER (67 FR 50442 through 50444) add to 100.0.

<sup>2</sup> Due to rounding, weights sum to 1.000.

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. Because capital

costs account for 8.968 percent of the market basket, then operating costs account for 91.032 percent. Each weight in the 1997-based excluded hospital market basket from the IPPS final rule

published in the August 1, 2002 **Federal Register** (67 FR 50442–50444) was multiplied by 0.91032 to determine its weight in the 1997-based excluded hospital with capital market basket.

CHART 4.—EXCLUDED HOSPITAL WITH CAPITAL INPUT PRICE INDEX (FY 1997) VINTAGE WEIGHTS

Year from farthest to most to most recent	Fixed assets (23-year weights)	Movable assets (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