

2.	Fringe Benefits: Employment Cost Index, fringe benefits, white collar	4.845	5.0
b.	Office Expense: Consumer Price Index (CPI-U), housing	12.209	2.5
c.	Drugs and Medical Materials and Supplies	4.320	3.4
1.	Medical Materials and Supplies: Producer Price Index, surgical appliances and supplies/Consumer Price Index (CPI-U), medical equipment and supplies (equally weighted)	2.011	1.3
2.	Pharmaceuticals: Producer Price Index, ethical prescription drugs	2.308	4.9
d.	Professional Liability Insurance: Professional liability insurance premiums ⁴	3.865	6.6
e.	Medical Equipment: Producer Price Index, medical instruments and equipment	2.055	1.9
f.	Other Professional Expense: Consumer Price Index (CPI-U) all items less food and energy	6.433	2.0
Notes:			
1	The rates of historical change are forecast for the 12-month period ending June 30, 2003. The forecasts are based upon the latest available Bureau of Labor Statistics data as of March 2003.		
2	The weights shown for the MEI components are the 2000 base-year weights, which may not sum to subtotals or totals because of rounding. The MEI is a fixed-weight, Laspeyres-type input price index whose category weights indicate the distribution of expenditures among the inputs to physicians' services for calendar year 2000. To determine the MEI level for a given year, the price proxy level for each component is multiplied by its 2000 weight. The sum of these products (weights multiplied by the price index levels) over all cost categories yields the composite MEI level for a given year. The annual percent change in the MEI levels is an estimate of price change over time for a fixed market basket of inputs to physicians' services.		
3	The measures of productivity, average hourly earnings, Employment Cost Indexes, as well as the various Producer and Consumer Price Indexes can be found on the Bureau of Labor Statistics website- http://stats.bls.gov .		
4	Derived from a CMS survey of several major commercial insurers		
n/a	Productivity is factored into the MEI compensation categories as an adjustment to the price variables; therefore, no explicit weight exists for productivity in the MEI.		