



**Connecticut Community Providers Association**  
*a unified voice for community human service providers*

December 4, 2006

To: Terry Edelstein, President/CEO  
From: Amy Corbett, Public Policy Assistant  
RE: Descriptions of Indices Used by CCPA

**Home Health Market Basket:**

The Centers for Medicare and Medicaid Services (CMS) administers the Home Health Market Basket, which is based on Medicare payments to home health agencies. The market basket is published in the Federal Register on a quarterly basis. The market basket is described as a fixed-weight index because it answers the question of how much more or less it would cost, at a later time, to purchase the same mix of goods and services that was purchased in a base period. As such, it measures "pure" price changes only. (Information on the Home Health Market Basket is from the Centers for Medicare and Medicaid Services website at [http://www.cms.hhs.gov/MedicareProgramRatesStats/04\\_MarketBasketData.asp#TopOfPage](http://www.cms.hhs.gov/MedicareProgramRatesStats/04_MarketBasketData.asp#TopOfPage).)

**Consumer Price Index:**

The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. The CPI is the most widely used measure of inflation and is sometimes viewed as an indicator of the effectiveness of government economic policy. We have used the broadest, most comprehensive CPI here. This is "The Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average for All Items, 1982-84=100." (Information on CPI is from the U.S. Department of Labor Bureau of Labor Statistics website at <http://www.bls.gov/cpi/home.htm>.)

**Medical Consumer Price Index:**

Medical care is one of eight major groups in the CPI. There are two medical care groups: medical care services (MCS) and medical care commodities (MCC), each containing several item categories. MCC is the larger group in terms of sample size and expenditure levels, and contain three categories: professional services; hospital and related services; and health insurance. MCC includes prescription drugs and medical supplies; and nonprescription drugs and medical supplies. (Information on Medical CPI is from the U.S. Department of Labor Bureau of Labor Statistics website at <http://www.bls.gov/cpi/cpifact4.htm>.)