

Drugs and prescriptions, the nonservice component of the price index of medical care, account for about one-sixth of the total medical care weight in the CPI "market basket." The price experience for this component has been quite different from that of medical services. The drug price index went up about 26 percent, 2 percent a year, compared to the all-items rise of 30 percent, or 2.3 percent a year, and the medical services price rise of 58 percent, or 4.1 percent a year, from 1947 to 1958. Therefore, it would appear that increasing prices of drugs and prescriptions, the commodity portion of the price index of medical care, are relatively less significant in comparison to the increases in the prices of medical services.

TABLE 12.—*Relative importance of medical care price index components as percent of consumer price index all-items total*

	1947-49 average	January 1950	December 1952	December 1957
All items.....	100.0	100.0	100.0	100.0
Medical care.....	3.3	5.2	5.1	5.3
Medical care (excluding drugs).....	2.9	4.4	4.2	4.4
General practitioner.....	1.1	1.3	1.6	1.6
Office visit.....	.6	.6	.7	.7
Home visit.....	.4	.5	.7	.7
Obstetrical care.....	.1	.2	.2	.2
Surgeon:				
Appendectomy.....	.1	.1	.2	.2
Tonsillectomy.....	.1	.1	.1	.1
Dentist.....	.7	1.2	.8	.8
Filling.....	.5	.9	.6	.6
Extraction.....	.2	.3	.2	.2
Optometric examination and eyeglasses.....	.1	.2	.3	.3
Hospital services.....	.6	.5	.2	.3
Men's pay ward.....	.2	.2	.1	.1
Semiprivate room.....	.4	.3	.1	.1
Private room.....				.1
Group hospitalization.....		1.0	1.0	1.1
Accident and health insurance.....	.2			
Prescriptions and drugs.....	.4	.8	.9	.9
Prescriptions, narcotic and nonnarcotic.....	.2	.4	.3	.3
Penicillin tablets.....			.1	.1
Multiple vitamin concentrates.....			.2	.2
Aspirin.....		.1	.2	.2
Milk of magnesia.....	.1	.2	.1	.1
Tincture of iodine.....	.1	.1		

Source: "Relative importance of CPI components, 1957," Monthly Labor Review, July 1958, reprint No. 2287.

LIMITATIONS

The price index of medical care is useful for describing price trends and comparing medical care price trends with changes in prices of other goods and services. This index also can serve as a price deflator or an approximate indicator of the changing purchasing power of the medical care dollar. However, the index does not show changes in the quality and quantity of medical care purchased. Consumer spending surveys may give an indication of quantity, but the index-making process precludes measurement of quality changes, even if these quality changes were not extremely elusive.