Higher hospital rates reflected in the price index, for example, may indicate greater concentration of expensive hospital services during the first few days of a patient's hospital stay. Since 1946, the average length of stay in general hospitals has dropped from 13.5 to 9.5 days, a decline which might be considered a 30 percent increase in hospital efficiency or in the quality of hospital services. The index of hospital room rates must cover a variety of demand and supply factors, therefore, which have a resultant upward pressure on the index.

Some of the limitations of the medical care price index stem from the sampling techniques used. The CPI is determined by the prices of goods purchased by urban wage earners and clerical salaried workers and thus fails to indicate rural medical care spending costs. There is a presumption that urban medical care prices give an accurate picture of total medical care cost trends, but such assumptions need further confirmation.

A recent Health Information Foundation study lists four limitations of the medical care price index.[56] First, the quality of priced services are not uniform. However, since the index measures price trends rather than specific prices, this limitation does not vitiate validity of the index. A second limitation is that relative weights of items in the medical care index may not reflect changing patterns of medical care purchases. Thus, the items priced for the CPI may not be representative of the medical goods and services actually purchased by consumers. Third, the index does not measure changes in the product. Finally, the weight of the medical care component in the CPI may not reflect the overall importance of medical care within the CPI, since consumer purchasing patterns change over time. The Bureau of Labor Statistics makes surveys of consumer spending to revise and update the sources of the index, but the process is unending since consumer purchasing patterns are continuously changing.

Subject to its limitations, however, the price index of medical care does indicate price trends for the major components of medical care and shows the relation of these price trends to other consumer price trends. These trends may indicate changing demand and supply relations and thus suggest the problem areas for public and private action.

[56] Harry J. Greenfield and Odin W. Anderson, "The Medical Care Price Index." Health Information Foundation Research Series No. 7, 1959, pp. 7-8.