

The February Review

Consumer expenditures and price indexes are the topics at hand in this issue of the *Review*. The articles present these topics in a comparative manner by evaluating multiple data sources, highlighting their differences, and, if applicable, offering alternative methods of compilation.

The lead article, by BLS economist Ann C. Foster, takes an in-depth look at annual aggregate health care expenditure data from three separate data sources—the Consumer Expenditure Survey (CE), the household component of the Medical Expenditure Panel Survey (MEPS), and the National Health Expenditure Accounts (NHEA). “Out-of-pocket health care expenditures: a comparison” analyzes health care expenditures from 1996 to 2006 to determine whether or not these data sources are consistent. The article compares each survey on the basis of the categories into which it classifies, or counts, specific types of expenditures. For example, the CE includes expenditures on nursing home care as “all services provided and billed by a convalescent or nursing home,” MEPS does not include this category or an analogous one, and the NHEA uses the category “services provided by freestanding nursing home facilities” for nursing home expenditures. The author finds that some comparisons across the surveys are possible, but that methodology differences appear to explain the differences in estimates.

Continuing with the health-related theme, “Producing disease-based price indexes” compares two differ-

ent methods of measuring health care costs. One method, which is used in creating the BLS Consumer Price Index, is called the “goods-and-services” concept; it measures the cost of each medical good and service separately. The other method, called the “treatment concept,” measures the cost of all goods and services used to treat a particular disease. The authors explain that each approach provides different information: the “goods-and-services concept” measures the contribution of each medical input to total health care inflation, whereas the “treatment concept” indicates how much disease influences health care inflation. The authors conclude that, if BLS had used the “treatment concept” approach, there would have been little change to the medical CPI during the period examined. Further, the analysis shows that increased productivity and substitutions towards less expensive services have reduced the total price of health care, but that these reductions did not lead to any significant reduction in consumer premiums during the timespan studied.

The CE is the primary topic in the final article of this issue. As with the lead article, the authors compare CE data with similar data from another source, but in this case, the other source is the Panel Study of Income Dynamics (PSID). The authors find that, generally, CE and PSID estimates of expenditures align closely in most broad categories despite differences in their instruments and design features. The paper concludes that the CE “will remain the primary dataset for cross-sectional analyses” but that the PSID’s longitudinal nature and genealogical design will allow for “new

areas of research...with the use of PSID consumption expenditure data.”

Work stoppages in 2009

This month, BLS released data on major work stoppages in 2009. For the year, there were 5 major strikes or lockouts involving 1,000 or more workers. This is the lowest number of major work stoppages since BLS began collecting data for the series in 1947. The news release regarding these data is available online at <http://www.bls.gov/news.release/pdf/wkstp.pdf>. Additional information is available at <http://www.bls.gov/wsp/>.

Manufacturing multifactor productivity

Manufacturing-sector multifactor productivity increased at a 4.7 percent annual rate in 2007. Multifactor productivity, which measures the change in output per unit of combined inputs, increased 6.0 percent in the durable goods manufacturing sector and 3.0 percent in the nondurable goods manufacturing sector for the year. Multifactor productivity differs from labor productivity (output per hour worked) and is designed to measure the joint influences on economic growth of technological change, efficiency improvements, and other factors, allowing for the effects of capital, labor, and intermediate inputs (energy, materials, and purchased business services). The news release regarding these data is available online at <http://www.bls.gov/news.release/pdf/prod5.pdf>. Additional information is available at <http://www.bls.gov/mfp/>. □