During a period of unanticipated inflation

U.S. Department of Health and Human Services Long-Term Partnership With Insurance Reporting Requirements: Version 1.3 Form Approved by OMB No: 0990-0333Exexation date: 12/31/2011 Office of Assistant Secretary for Planning and Evaluation October 2, 2009 PDF Version: U.S. Department of Health and Human Services Summary of Long-Term Health Provisions under the Health Safety Act March 1994 PDF Version (26 PDF Pages) of the U.S. Department of Health and Human Services Analyzing the Benefits and Costs of Canaling by Craig Thornton and Shari Miller Dunstan Math Research Policy, Inc. December 1985Identified May 1986 PDF version: (142 PDF pages) U.S. Department of Health and Human Services Short-term summary of care under the Health and Human Services Act March 1994 PDF version (9 PDF pages) by U.S. Department of Health and Human Services Department of Health and Human Services , John Corea and Lisa Alexich of the U.S. Department of Health and Human Services In some cases, achieving our strategic goals and goals may be hindered by factors beyond the control of the Department of Health and Human Services (HHS). For example, national or local economic conditions can affect whether we successfully help families on welfare become economically independent. In some cases, there could be use of case study techniques, PERT investigators characterized the structure and process used by OPM and each of the eight selected plans to implement the FEHB program parity requirement. The cases focused on effective as well as nominal benefits, and described: In July 1949, the chairman of the Congressional Joint Committee on Economic Report [JCER - subsequently renamed the Joint Economic Committee] appointed a subcommitte to investigate low-income families. 16 The appointment of this subcommitte of low-income families [SLIF] grew out of the inflationary spiral after World War II. The opinions expressed in this paper are the author's opinions and do not represent the position of the U.S. Department of Health and Human Services. August 1999, revised June 2000 Background/ Goals Tennessee case report consists of four sections: (a) PHL interview results; (b) Conclusions of the private clinical laboratory of the interview; (c) Results of the MCO interview; and (d) TennCare interview results. As shown in Table 1, independent job satisfaction variables and intent to leave models were classified according to the theoretical framework shown in Figure 1. Of the independent variables identified in this table, the focus of the analyses was on factors that were variable Control over the Home Health Agency or what may be a Reas Additional Security Revenue (SSI) Program is a means tested, federally administered revenue assistance program permitted by Title XVI of the Social Security Act. Founded in 1972 (Public Law 92-603) and started in 1974, SSI provides monthly cash payments in accordance with uniform, nationwide eligibility requirements for age-required, blinding U.S.-administered food stamp program. If you married in America in 1967, you can expect to buy your first home for $22,500, your first new car for about $3,000 and a Friday night date in the movie will run you a dollar for each ticket and extra nickel for popcorn [sources: U.S. Census, Dept. of Energy, National Association of Theater Owners]. These were the good old days, or at least that's what your grandparents are trying to tell you. What they don't mention is that the richest guy on the block in 1967 made $19,000 a year, or that 60 percent of American households earned less than $8,300 a year [source: U.S. Census]. Suddenly, the dollar for a movie ticket doesn't sound so cheap. Advertising In 2011, the 60th percentile of U.S. household income was $62,432, nearly eight times that of 1967. The average price of a new car in the U.S. in 2011 was close to $30,000, about eight or nine times that of 1967 [source: Vlasic]. And the average movie ticket price in 2011 was $7.93 , another eight-fold increase [source: NATO]. Why did prices and revenues rise across the board by about the same amount from 1967 to 2011? It's called inflation. Inflation is the economic term for continued price increases over time. To get technical, inflation is not so much about rising prices as it is about lowering the dollar's purchasing power. Dollar in 1967 bought you a movie ticket, while the same dollar in 2011 bought you one-eighth of a movie ticket. Inflation is measured as a percentage change from year to year. Since 1992, the rate of inflation in the United States has fluctuation between 1.6 and 3.8 percent [source: Bureau of Labor Statistics]. If inflation rose 3 percent from 1995 to 1996, stick gum that cost $1 in 1995 would cost $1.03 in 1996. An additional three pennies won't break the bank, but in the late 1970s and early 1980s the U.S. experienced inflation of up to 13.5 percent. That was enough to make everyday goods such as food and gasoline almost unaffordable. It's one thing to know what inflation is — rising prices, or lower dollar purchasing power — but it's quite another to understand what's causing it. Complex economic theories are pre-sufficient, but we will simplify the leading contenders on the next page. Prices don't just rise on their own, so what are the main forces that slowly errate the buying power of the dollar or whatever The most common explanation for inflation is based on principle of supply and demand. On the free and open market, if the demand for the product is greater than supply, the price of this product tends to go up. If supply is greater than demand, then prices go down. Differently, when there is too much product on the market, each unit loses value. Advertising The same principle is true for money. If there is too much money in circulation — both cash and credit — then the value of each individual dollar decreases. This explanation for inflation is called demand-pull theory, and is classically defined as too much money chasing too few commodities. But how can there be too much money in circulation? For this answer, you have to understand how the Fed works. The Fed, formally known as the Federal Reserve, is a bank of banks and a gatekeeper of the U.S. monetary supply. The Fed uses its monetary policy to influence the amount of money held by banks and the interest rates at which that money is lent to people and businesses. We'll talk more about monetary policy in a few pages. The second explanation for the reason for inflation is the cost-push theory, which says that increased commodity and labor costs are pushing up prices for goods and services. Bread is a good example. When the price of wheat goes up, the price of flour goes up, making the cost of bread rise in price (kalambur intended). But does rising prices for individual products really cause inflation? Many economists say no. For example, the demand for bread is increasing, but the baker does not immediately increase prices. Instead, he depletes his stock of flour in the first place. If the increased demand continues, it will buy more flour from its supplier, which in turn will buy more wheat from its farmer. Imagine his fellow bakers experiencing similar demand. Since all suppliers want more flour, they will offer the farmer more money for his wheat, which will lead to the price going to wheat, flour, and eventually bread. So while it seems that the higher cost of raw materials is responsible for the higher cost of the final position, it was actually aggregate demand for the final product that caused the price to go up [source: Batten]. Changes in relative prices for individual products do not mean that inflation has occurred. Inflation is defined as a sustained increase in the overall price level for all goods and services [source: Batten]. So even a severe spike in gasoline prices - as felt during the 1970s OPEC embargo - is not the first cause of inflation. Economist Milton Friedman famously said: Inflation is always and everywhere a monetary phenomenon, which means that monetary supply, not the rising cost of doing business, is the main reason for inflation. As a small business owner, you need to understand inflation and how it affects your company. Inflation is the buzz that most people heard, but few really understand. You may know that inflation has a lot to do with the price of goods and services, but you're not quite sure how they relate. Why is inflation coming from, where does it come from, and why does inflation matter to small businesses? What is inflation? Simply put, inflation is the rate at which the cost of goods and services increases over time. It could also be seen as a decline in the value of the dollar because consumers can now purchase less than they previously could with the same dollar bill. While the annual inflation rate fluctuations each year, from 1913 to 2013, the US experienced an average inflation rate of 3.22%. That means, on average, something that costs $100 this year will cost $103.22 next year. Inflation is calculated by the Bureau of Labor Statistics using several economic indicators, including the Consumer Price Index (CPI) and producer price indices (PPI). The PST measures price changes from a consumer perspective, and tracks price changes for various goods and services. PPI looks at price changes from the sellers' perspective, measuring the prices companies pay for the raw material used to produce goods. PPIs are useful because inflation often starts in the supply chain when the cost of component parts, for example, goes up. Manufacturers then charge more for their finished products. The Federal Reserve is actively working to keep the inflation rate near 2%. When the rate gets well above the 2% target, the Federal Reserve may take several steps to try to slow economic growth, including raising interest rates. While many people may think all inflation is bad, economists argue that some controlled inflation is good for the economy. Inflation encourages spending because when dollars lose value, it provides a disincenter to save those dollars. Inflation also gives companies confidence in hiring new employees. Inflation only becomes dangerous when it is uncontrolled and unexpected, quickly raising prices to the point where it grinds all costs (and therefore economic activity) to a halt. The economy doesn't necessarily experience inflation every year. The opposite of inflation, deflation, when prices go down and the inflation rate falls below 0%. While you might think: Oh boy, lower prices, deflation isn't usually a desirable thing. The indicator that economic conditions are deteriorating, deflation often leads to lower production levels and, ultimately, high rates of unemployment. Types of inflatione two main types of inflation: the attraction of demand and the impetus of costs. It's fueled by revenue and strong consumer demand, demand inflation comes when the economy requires more goods and services than it is. demand pulls prices for things up. Imagine you have a bagel shop in your local town. If your community does well financially and people love your bagels, the demand for them will increase. If you can't produce more bagels because you don't have enough ovens, the number of bagels you can sell remains the same. But people want more of them, so the cost of your bagels increases, and so can your price. This is a very simple example. Demand inflation is happening on a grand scale across the economy. Cost-crushing inflation comes as demand for commodities rises as production costs rise to the point where fewer goods can be produced. As demand remains the same, but the cost of supply rises, the price is pushed up by supply costs. In the context of a bagel shop imagine if people love your bagels and want to buy them, but the law has changed where you have to pay higher wages to your workers. Higher wages mean it costs more for you to produce every bagel, which means you have to push prices higher to cover your costs. These are the two main types of inflation. Inflation may combine, however, with other market forces to create a whole new economic phenomenon. Other types of inflation include hyperinflation, fast and out-of-control inflation; price inflation, which occurs when a business raises prices to increase profits; sectoral inflation, which is when price growth is limited to only one industry; and the faltering that occurs when inflation rises despite slower economic growth. Inflation history Despite the fact that the inflation rate fluctuates between 1.5 and 3.5% over the past two decades, it has fluctuated significantly in the years before. While the rate of inflation has only been tracked officially for the past 100 years, it played a significant role in the economy the years before. Between 1775 and 1865, inflation was blamed for two U.S. currency collapses: the continental currency during the Revolutionary War and Confederate notes during the Civil War. In the last century, the rate of inflation increased to 18% in 1918, 15.6% in 1920 and 14.4% in 1947. Inflation in the US has only risen above 10% in half since 1980. In 1980 it exceeded 13.5%, and a year later reached 10.3%. Since the financial crisis of 2008, inflation has remained below 2.5% annually. The Federal Reserve aims to remain a target rate of 2% inflation annually, and now that the economy is stable and growing at a gradual but healthy rate, the Fed is slowly going to interest rates in the rate to manage expected inflation. As an entrepreneur, you have to plan and strategiz for inflation before it arrives. In a largely recovered economy, now is the time to lay these plans. How inflation affects interest Inflation is an important concept for small businesses because it affects interest rates that how much does it cost to borrow money. At the heart of the relationship between inflation and interest rates are real and nominal interest rates. Nominal interest rates are interest rates advertised by your bank. This is, for example, the interest accrued on your savings on your savings account. The real interest rate is a nominal interest rate adjusted for inflation. In an economic scenario where there is 3% inflation and you have a variable interest rate interest loan under 10% interest that is adjusted for inflation, the real interest rate is you will pay 13%. In other words, inflation may end up costing you more money. This is one way that interest is affected by inflation. Another - inflation can affect the rate of federal funds. This rate, determined by the Federal Reserve Bank, is the basis for loans throughout the United States. When the federal funds rate is low, interest rates are low and borrowing money is worth less, which leads to higher inflation. When the federal funds rate is high, interest rates are high and it is more expensive to borrow money, which is a measure that could help curb inflation. How does the Federal Reserve Bank stop inflation? The Federal Reserve Bank is affecting the economy through several measures, one of which is the federal funds rate. The Fed's rate has a direct impact on inflation. As described above, it serves as the basis for all loans throughout the United States. This is essentially a market value for money inside the economy at any given time. If the Fed raises the Fed's rate, money is more expensive to borrow and fewer people will be tempted to take out loans, thereby lowering inflation. When the Fed's rate of funds is low, borrow money inexpensively and consumers are interested in a low price to take out loans. This is the main way the Federal Reserve Bank controls inflation. There are several other scenarios where the Fed can control inflation and economic activity in the United States, as with quantitative easing during the 2008 financial crisis. As a small business owner, you need to be aware of market forces when you take out loans and conduct business operations. This means tweaking the financial news about the Federal Reserve and feeding funds to rate activity. How can you protect your business from inflation? Inflation is a market force you can't control, so it's important to have both proactive and reactive inflation strategies. It all starts with staying up to date: If the Fed funds rate is low, it's a good time to take credit. If it's tall, it might be best to wait until it comes true. If inflation is approaching and experts expect commodity prices to rise, there are several strategies you can implement to protect your business. The main goal, however, should be to free up capital as much as possible to increase weather prices. Reduce the debt. You need to money on hand to deal with inflationary costs. If you can consolidate debt or pay off creditors before inflation spikes, you can remain financially flexible. Optimize your business performance. Consolidate departments, rethink business processes, adjust expectations and do your best to stay lean. Rethink your suppliers. Think about who you work with on the supply side of your business, and do your best to cut costs where possible. Adam S. Usialko and Chad Brooks contributed reporting and writing in this article. Article.