

CORRECTION

“Forecasting Medical Net Discount Rates”

B. T. Ewing,¹ Baylor University

M. J. Piette, Analytical Economics, Inc.

J. E. Payne, Illinois State University

Due to a computation error, the means of the medical net discount rates for the period 1981:01–1999:12 reported in our 2003 *JRI* article were incorrect. The following table provides the correct means and a corresponding summary of the important features of our article. Note that the conclusions remain unchanged. Namely, (1) the standard ADF unit root test provides evidence that each medical net discount rate is non-stationary and (2) that these series may be modeled as autoregressive conditional heteroscedastic (ARCH) processes. We thank Professor Amit Sen for his valuable discussions and insightful comments.

	ΔXMCARE	ΔXMCOM	ΔXMSERV	ΔXPHYS	ΔXRX
Mean	1.4344	1.9144	1.3358	1.8675	0.8029
ADF	NS	NS	NS	NS	NS
ARCH(1)	0.5207	0.6344	0.4842	0.6109	0.3626

ARCH(1) is the coefficient on the ARCH term in the variance equation. Each ARCH term was statistically significant at the 1 percent level. NS denotes nonrejection of the null hypothesis of a unit root at the 5 percent level. As in our earlier article, the mean equations were specified as a MA(1).

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¹Corresponding author may be reached at Department of Economics, Hankamer School of Business, Baylor University, Waco, TX 76798-8003. Phone: 254-710-3729, e-mail: Bradley.Ewing@baylor.edu.

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