

Quarterly Index Levels in the CMS Prospective Payment System Skilled Nursing Facility Input Price Index using IHS Global Insight Inc. (IGI) Forecast Assumptions, by Expense Category: 1990-2019

| Expense Category | Price/Wage Variable | Base Year | | | | | | | | | | | | | | | | |
|------------------------------|---|--------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | | Weights 2004 | 1990Q1 | 1990Q2 | 1990Q3 | 1990Q4 | 1991Q1 | 1991Q2 | 1991Q3 | 1991Q4 | 1992Q1 | 1992Q2 | 1992Q3 | 1992Q4 | 1993Q1 | 1993Q2 | 1993Q3 | 1993Q4 |
| Index Levels | | | | | | | | | | | | | | | | | | |
| Total - SNF04 | | 100.000 | 0.632 | 0.640 | 0.649 | 0.656 | 0.664 | 0.670 | 0.677 | 0.682 | 0.689 | 0.694 | 0.702 | 0.706 | 0.712 | 0.717 | 0.723 | 0.727 |
| Compensation | | | | | | | | | | | | | | | | | | |
| Wages and Salaries | Blended wages and salary proxy | 62.755 | 0.588 | 0.596 | 0.606 | 0.615 | 0.623 | 0.629 | 0.636 | 0.643 | 0.650 | 0.655 | 0.663 | 0.669 | 0.676 | 0.681 | 0.687 | 0.693 |
| Employee Benefits | Blended benefits proxy | 51.337 | 0.598 | 0.605 | 0.616 | 0.624 | 0.631 | 0.636 | 0.644 | 0.650 | 0.656 | 0.661 | 0.668 | 0.674 | 0.680 | 0.684 | 0.691 | 0.697 |
| Professional Fees | ECI- Compensation Prof. and Tech. (Private) | 11.418 | 0.547 | 0.556 | 0.566 | 0.578 | 0.588 | 0.595 | 0.604 | 0.610 | 0.622 | 0.630 | 0.640 | 0.649 | 0.658 | 0.663 | 0.669 | 0.677 |
| Utilities | | | | | | | | | | | | | | | | | | |
| Electricity | WPI - Commercial Electric Power | 1.322 | 0.598 | 0.604 | 0.613 | 0.620 | 0.628 | 0.634 | 0.643 | 0.650 | 0.658 | 0.664 | 0.673 | 0.679 | 0.687 | 0.692 | 0.697 | 0.701 |
| Fuels (non-highway) | WPI - Commercial Natural Gas | 1.551 | 0.685 | 0.693 | 0.708 | 0.698 | 0.713 | 0.725 | 0.761 | 0.721 | 0.719 | 0.737 | 0.780 | 0.743 | 0.741 | 0.765 | 0.807 | 0.768 |
| Water, Sewerage, Other Util. | CPI - Water & Sewage | 0.919 | 0.785 | 0.809 | 0.839 | 0.811 | 0.827 | 0.858 | 0.920 | 0.838 | 0.833 | 0.871 | 0.939 | 0.857 | 0.851 | 0.891 | 0.959 | 0.881 |
| Prof. Liability Insurance | CMS - Prof. Liab. Prem. | 0.453 | 0.533 | 0.506 | 0.496 | 0.515 | 0.529 | 0.505 | 0.494 | 0.519 | 0.520 | 0.501 | 0.503 | 0.539 | 0.545 | 0.541 | 0.543 | 0.565 |
| All Other | CPI - Water & Sewage | 0.179 | 0.556 | 0.563 | 0.576 | 0.581 | 0.590 | 0.604 | 0.621 | 0.627 | 0.634 | 0.645 | 0.660 | 0.668 | 0.674 | 0.681 | 0.693 | 0.701 |
| All Other Products | CMS - Prof. Liab. Prem. | 1.717 | 0.759 | 0.759 | 0.761 | 0.763 | 0.765 | 0.767 | 0.772 | 0.778 | 0.786 | 0.792 | 0.799 | 0.805 | 0.815 | 0.821 | 0.823 | 0.819 |
| Pharmaceuticals | WPI - Prescription Drugs | 25.448 | 0.664 | 0.673 | 0.677 | 0.684 | 0.694 | 0.701 | 0.705 | 0.710 | 0.715 | 0.721 | 0.725 | 0.728 | 0.734 | 0.739 | 0.741 | 0.744 |
| Food: Direct Purchase | WPI - Processed Foods | 19.030 | 0.663 | 0.672 | 0.676 | 0.682 | 0.691 | 0.697 | 0.700 | 0.705 | 0.711 | 0.717 | 0.720 | 0.724 | 0.729 | 0.735 | 0.736 | 0.739 |
| Food: Contract Service | CPI - Food Away Fr. Home | 7.894 | 0.490 | 0.501 | 0.505 | 0.514 | 0.528 | 0.542 | 0.550 | 0.558 | 0.568 | 0.578 | 0.584 | 0.589 | 0.598 | 0.605 | 0.610 | 0.612 |
| Chemicals | Blended chemical proxy | 2.906 | 0.799 | 0.813 | 0.816 | 0.809 | 0.812 | 0.811 | 0.806 | 0.807 | 0.807 | 0.813 | 0.811 | 0.809 | 0.815 | 0.823 | 0.825 | 0.829 |
| Rubber and Plastics | CPI - Rub. & Plast. Prod. | 3.151 | 0.704 | 0.715 | 0.722 | 0.728 | 0.732 | 0.739 | 0.745 | 0.749 | 0.752 | 0.755 | 0.758 | 0.761 | 0.764 | 0.768 | 0.772 | 0.775 |
| Paper Products | WPI - Convert. Paper And Paperboard | 0.589 | 0.816 | 0.817 | 0.822 | 0.832 | 0.840 | 0.835 | 0.835 | 0.840 | 0.843 | 0.849 | 0.856 | 0.856 | 0.862 | 0.867 | 0.868 | 0.867 |
| Miscellaneous Products | WPI - Finished Goods Less Food and Energy | 1.513 | 0.856 | 0.858 | 0.857 | 0.870 | 0.878 | 0.872 | 0.868 | 0.868 | 0.866 | 0.869 | 0.873 | 0.876 | 0.876 | 0.878 | 0.879 | 0.882 |
| All Other Services | CPI - Telephone Services | 1.394 | 0.809 | 0.814 | 0.812 | 0.816 | 0.819 | 0.813 | 0.805 | 0.805 | 0.807 | 0.813 | 0.813 | 0.811 | 0.807 | 0.810 | 0.800 | 0.801 |
| Telephone Services | CPI - Postage | 1.582 | 0.823 | 0.829 | 0.834 | 0.846 | 0.856 | 0.859 | 0.861 | 0.873 | 0.879 | 0.883 | 0.880 | 0.890 | 0.896 | 0.898 | 0.888 | 0.892 |
| Postage | ECI - Service Occupations (Private) | 6.418 | 0.669 | 0.675 | 0.681 | 0.690 | 0.701 | 0.710 | 0.717 | 0.722 | 0.728 | 0.732 | 0.738 | 0.741 | 0.747 | 0.752 | 0.756 | 0.760 |
| Labor-intensive Services | CPI - All Items (Urban) | 0.434 | 0.960 | 0.962 | 0.953 | 0.959 | 0.970 | 0.971 | 0.974 | 0.980 | 0.984 | 0.981 | 0.977 | 0.976 | 0.983 | 0.982 | 0.987 | 0.993 |
| Non-labor-intensive Services | CPI - All Items (Urban) | 0.454 | 0.655 | 0.655 | 0.655 | 0.655 | 0.726 | 0.761 | 0.761 | 0.761 | 0.761 | 0.761 | 0.761 | 0.761 | 0.761 | 0.761 | 0.761 | 0.761 |
| Capital Costs | CPI - Residential Rent | 3.521 | 0.627 | 0.633 | 0.638 | 0.648 | 0.654 | 0.663 | 0.673 | 0.678 | 0.685 | 0.689 | 0.697 | 0.700 | 0.707 | 0.712 | 0.718 | 0.721 |
| Depreciation | Boeckh - Institutional Construction: 23 Yrs | 2.008 | 0.683 | 0.690 | 0.702 | 0.714 | 0.720 | 0.724 | 0.730 | 0.735 | 0.740 | 0.746 | 0.752 | 0.757 | 0.764 | 0.770 | 0.773 | 0.778 |
| Fixed Assets | WPI - Mach. & Equipment: 10 Yrs. | 7.207 | 0.861 | 0.869 | 0.881 | 0.882 | 0.885 | 0.892 | 0.904 | 0.905 | 0.907 | 0.914 | 0.924 | 0.926 | 0.926 | 0.933 | 0.942 | 0.943 |
| Movable Equipment | Boeckh - Institutional Construction: 23 Yrs | 2.858 | 0.641 | 0.646 | 0.655 | 0.661 | 0.668 | 0.673 | 0.683 | 0.688 | 0.695 | 0.700 | 0.710 | 0.715 | 0.721 | 0.727 | 0.737 | 0.741 |
| Interest Costs | WPI - Mach. & Equipment: 10 Yrs. | 2.437 | 0.599 | 0.604 | 0.614 | 0.621 | 0.627 | 0.632 | 0.643 | 0.648 | 0.656 | 0.661 | 0.672 | 0.677 | 0.683 | 0.690 | 0.701 | 0.706 |
| Non-profit | Avg. Yield Mun. Bonds: 22 Yrs | 0.421 | 0.880 | 0.896 | 0.891 | 0.896 | 0.903 | 0.908 | 0.912 | 0.916 | 0.923 | 0.926 | 0.930 | 0.933 | 0.938 | 0.941 | 0.944 | 0.947 |
| For-Profit | Avg. Yield Aaa Bonds: 22 Yrs | 3.037 | 1.159 | 1.172 | 1.186 | 1.181 | 1.180 | 1.189 | 1.205 | 1.201 | 1.199 | 1.208 | 1.221 | 1.219 | 1.212 | 1.220 | 1.230 | 1.227 |
| Other Capital Costs | CPI - Residential Rent | 1.197 | 1.186 | 1.194 | 1.204 | 1.199 | 1.206 | 1.211 | 1.220 | 1.215 | 1.221 | 1.226 | 1.234 | 1.229 | 1.232 | 1.235 | 1.239 | 1.231 |
| Other | CPI - Residential Rent | 1.840 | 1.141 | 1.158 | 1.175 | 1.170 | 1.164 | 1.175 | 1.195 | 1.192 | 1.184 | 1.196 | 1.213 | 1.212 | 1.199 | 1.210 | 1.225 | 1.224 |
| Other | CPI - Residential Rent | 1.312 | 0.649 | 0.656 | 0.665 | 0.672 | 0.676 | 0.681 | 0.687 | 0.691 | 0.696 | 0.699 | 0.702 | 0.708 | 0.711 | 0.716 | 0.719 | 0.723 |
| Other | CPI - Residential Rent | 1.312 | 0.649 | 0.656 | 0.665 | 0.672 | 0.676 | 0.681 | 0.687 | 0.691 | 0.696 | 0.699 | 0.702 | 0.708 | 0.711 | 0.716 | 0.719 | 0.723 |

4 Quarter Moving Average Percent Changes in the CMS Prospective Payment System Skilled Nursing Facility Input Price Index using IHS Global Insight Inc. (IGI) Forecast Assumptions, by Expense Category: 1990-2019

| Expense Category | Price/Wage Variable | Base Year | | | | | | | | | | | | | | | | |
|------------------------------|---|--------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | | Weights 2004 | 1990Q1 | 1990Q2 | 1990Q3 | 1990Q4 | 1991Q1 | 1991Q2 | 1991Q3 | 1991Q4 | 1992Q1 | 1992Q2 | 1992Q3 | 1992Q4 | 1993Q1 | 1993Q2 | 1993Q3 | 1993Q4 |
| Percent Changes | | | | | | | | | | | | | | | | | | |
| Total - SNF04 | | 100.000 | 5.6 | 5.6 | 5.5 | 5.4 | 5.3 | 5.1 | 4.9 | 4.5 | 4.2 | 4.0 | 3.8 | 3.6 | 3.6 | 3.5 | 3.3 | 3.2 |
| Compensation | | | | | | | | | | | | | | | | | | |
| Wages and Salaries | Blended wages and salary proxy | 62.755 | 6.7 | 6.7 | 6.6 | 6.6 | 6.3 | 6.1 | 5.7 | 5.2 | 4.8 | 4.5 | 4.3 | 4.2 | 4.1 | 4.0 | 3.9 | 3.7 |
| Employee Benefits | Blended benefits proxy | 51.337 | 6.6 | 6.5 | 6.4 | 6.3 | 6.1 | 5.8 | 5.3 | 4.9 | 4.5 | 4.2 | 4.0 | 3.9 | 3.7 | 3.6 | 3.5 | 3.5 |
| Professional Fees | ECI- Compensation Prof. and Tech. (Private) | 11.418 | 7.6 | 7.8 | 7.8 | 8.0 | 7.8 | 7.6 | 7.3 | 6.7 | 6.3 | 6.0 | 5.9 | 6.0 | 5.9 | 5.4 | 5.0 | 5.0 |
| Utilities | | | | | | | | | | | | | | | | | | |
| Electricity | WPI - Commercial Electric Power | 1.322 | 5.3 | 5.6 | 5.7 | 5.7 | 5.5 | 5.3 | 5.1 | 4.9 | 4.9 | 4.8 | 4.7 | 4.6 | 4.6 | 4.4 | 4.2 | 3.9 |
| Fuels (non-highway) | WPI - Commercial Natural Gas | 1.551 | 3.8 | 2.7 | 1.5 | 1.5 | 1.9 | 2.9 | 4.9 | 4.9 | 4.1 | 3.3 | 2.0 | 2.0 | 2.5 | 3.1 | 3.3 | 3.4 |
| Water, Sewerage, Other Util. | CPI - Water & Sewage | 0.919 | 3.1 | 2.4 | 1.7 | 2.0 | 2.7 | 3.8 | 6.2 | 6.1 | 4.9 | 3.8 | 1.9 | 1.7 | 2.0 | 2.2 | 2.2 | 2.3 |
| Prof. Liability Insurance | CMS - Prof. Liab. Prem. | 0.453 | 4.9 | 2.1 | -1.2 | -2.0 | -2.5 | -1.6 | -0.4 | -0.1 | -0.4 | -0.5 | 0.0 | 0.8 | 2.4 | 4.6 | 6.1 | 6.3 |
| All Other | CPI - Water & Sewage | 0.179 | 6.2 | 6.3 | 6.6 | 6.7 | 6.5 | 6.6 | 7.0 | 7.3 | 7.6 | 7.5 | 7.1 | 6.8 | 6.5 | 6.2 | 5.9 | 5.4 |
| All Other Products | CMS - Prof. Liab. Prem. | 1.717 | -0.8 | -1.1 | -0.6 | -0.1 | 0.1 | 0.5 | 0.8 | 1.3 | 1.8 | 2.4 | 2.9 | 3.3 | 3.5 | 3.6 | 3.4 | 3.0 |
| Pharmaceuticals | WPI - Prescription Drugs | 25.448 | 5.1 | 4.9 | 4.8 | 4.7 | 4.6 | 4.4 | 4.3 | 4.1 | 3.7 | 3.4 | 3.1 | 2.9 | 2.7 | 2.6 | 2.5 | 2.4 |
| Food: Direct Purchase | WPI - Processed Foods | 19.030 | 5.5 | 5.3 | 5.1 | 4.9 | 4.7 | 4.3 | 4.0 | 3.7 | 3.4 | 3.1 | 3.0 | 2.8 | 2.7 | 2.6 | 2.4 | 2.3 |
| Food: Contract Service | CPI - Food Away Fr. Home | 7.894 | 9.3 | 9.5 | 9.1 | 8.9 | 8.4 | 8.1 | 8.3 | 8.4 | 8.4 | 7.9 | 7.2 | 6.5 | 5.9 | 5.4 | 5.0 | 4.5 |
| Chemicals | Blended chemical proxy | 2.906 | 3.5 | 3.3 | 3.7 | 3.5 | 3.2 | 2.0 | 0.7 | 0.0 | -0.6 | -0.4 | 0.0 | 0.1 | 0.5 | 0.8 | 1.0 | 1.6 |
| Rubber and Plastics | CPI - Rub. & Plast. Prod. | 3.151 | 4.6 | 4.7 | 4.8 | 4.7 | 4.6 | 4.2 | 3.8 | 3.4 | 3.1 | 2.7 | 2.3 | 2.0 | 1.7 | 1.7 | 1.7 | 1.8 |
| Paper Products | WPI - Convert. Paper And Paperboard | 0.589 | 3.7 | 1.9 | 0.7 | 0.7 | 1.3 | 1.8 | 2.2 | 1.9 | 1.2 | 1.1 | 1.4 | 1.6 | 2.1 | 2.2 | 1.9 | 1.8 |
| Miscellaneous Products | WPI - Finished Goods Less Food and Energy | 1.513 | 1.9 | 1.1 | 0.7 | 0.9 | 1.3 | 1.7 | 1.9 | 1.3 | 0.4 | -0.1 | -0.3 | -0.1 | 0.5 | 0.9 | 0.9 | 0.9 |
| All Other Services | CPI - Telephone Services | 1.394 | 6.0 | 4.9 | 3.9 | 2.6 | 1.9 | 1.1 | 0.4 | -0.2 | -0.9 | -0.9 | 0.0 | 0.4 | 0.3 | -0.3 | -0.8 | |
| Telephone Services | CPI - Postage | 1.582 | 4.2 | 4.1 | 3.9 | 3.7 | 3.7 | 3.7 | 3.6 | 3.5 | 3.2 | 2.9 | 2.7 | 2.4 | 2.2 | 2.0 | 1.7 | 1.2 |
| Postage | ECI - Service Occupations (Private) | 6.418 | 4.0 | 3.9 | 4.0 | 4.2 | 4.3 | 4.6 | 4.9 | 5.0 | 4.8 | 4.2 | 3.6 | 3.1 | 2.8 | 2.7 | 2.6 | 2.6 |
| Labor-intensive Services | CPI - All Items (Urban) | 0.434 | 1.3 | 1.1 | 0.4 | 0.4 | 0.4 | 0.5 | 1.2 | 1.6 | 1.7 | 1.7 | 1.2 | 0.6 | 0.2 | 0.0 | 0.2 | 0.7 |
| Non-labor-intensive Services | CPI - All Items (Urban) | 0.454 | 0.0 | 0.0 | 0.0 | 0.0 | 2.7 | 6.7 | 10.8 | 14.8 | 13.1 | 8.8 | 4.9 | 1.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| Capital Costs | Boeckh - Institutional Construction: 23 Yrs | 3.521 | 4.5 | 4.5 | 4.6 | 4.7 | 4.6 | 4.6 | 4.8 | 4.8 | 5.0 | 4.7 | 4.2 | 3.8 | 3.4 | 3.3 | 3.2 | 3.2 |
| Depreciation | WPI - Mach. & Equipment: 10 Yrs. | 2.008 | 5.0 | 4.8 | 5.0 | 5.4 | | | | | | | | | | | | |

Quarterly Index Levels in the CMS Prospective Payment System Skilled Nursing Facility Input Price Index using IHS Global Insight Inc. (IGI) Forecast Assumptions, by Expense Category: 1990-2019

| Expense Category | Price/Wage Variable | Base Year | | | | | | | | | | | | | | | | |
|------------------------------|---|--------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | | Weights 2004 | 1994Q1 | 1994Q2 | 1994Q3 | 1994Q4 | 1995Q1 | 1995Q2 | 1995Q3 | 1995Q4 | 1996Q1 | 1996Q2 | 1996Q3 | 1996Q4 | 1997Q1 | 1997Q2 | 1997Q3 | 1997Q4 |
| Index Levels | | | | | | | | | | | | | | | | | | |
| Total - SNF04 | | 100.000 | 0.733 | 0.737 | 0.742 | 0.746 | 0.751 | 0.756 | 0.761 | 0.767 | 0.770 | 0.775 | 0.779 | 0.782 | 0.786 | 0.789 | 0.794 | 0.799 |
| Compensation | | 62.755 | 0.699 | 0.704 | 0.709 | 0.714 | 0.719 | 0.723 | 0.727 | 0.734 | 0.738 | 0.743 | 0.746 | 0.750 | 0.755 | 0.758 | 0.763 | 0.769 |
| Wages and Salaries | Blended wages and salary proxy | 51.337 | 0.703 | 0.708 | 0.713 | 0.718 | 0.724 | 0.728 | 0.732 | 0.739 | 0.744 | 0.748 | 0.751 | 0.757 | 0.762 | 0.765 | 0.771 | 0.778 |
| Employee Benefits | Blended benefits proxy | 11.418 | 0.682 | 0.686 | 0.689 | 0.692 | 0.695 | 0.702 | 0.704 | 0.711 | 0.712 | 0.722 | 0.722 | 0.722 | 0.721 | 0.726 | 0.727 | 0.732 |
| Professional Fees | ECI- Compensation Prof. and Tech. (Private) | 1.322 | 0.711 | 0.715 | 0.720 | 0.723 | 0.728 | 0.732 | 0.738 | 0.741 | 0.751 | 0.756 | 0.760 | 0.763 | 0.768 | 0.775 | 0.780 | 0.786 |
| Utilities | | 1.551 | 0.769 | 0.778 | 0.808 | 0.773 | 0.775 | 0.783 | 0.812 | 0.773 | 0.778 | 0.796 | 0.828 | 0.793 | 0.805 | 0.800 | 0.835 | 0.809 |
| Electricity | WPI - Commercial Electric Power | 0.919 | 0.873 | 0.899 | 0.958 | 0.896 | 0.897 | 0.926 | 0.979 | 0.906 | 0.892 | 0.925 | 0.981 | 0.904 | 0.899 | 0.926 | 0.977 | 0.905 |
| Fuels (non-highway) | WPI - Commercial Natural Gas | 0.453 | 0.582 | 0.557 | 0.535 | 0.540 | 0.541 | 0.510 | 0.497 | 0.513 | 0.550 | 0.540 | 0.540 | 0.574 | 0.624 | 0.549 | 0.558 | 0.613 |
| Water, Sewerage, Other Util. | CPI - Water & Sewage | 0.179 | 0.711 | 0.719 | 0.728 | 0.731 | 0.737 | 0.741 | 0.748 | 0.752 | 0.766 | 0.782 | 0.773 | 0.778 | 0.783 | 0.787 | 0.804 | 0.809 |
| Prof. Liability Insurance | CMS - Prof. Liab. Prem. | 1.717 | 0.807 | 0.807 | 0.807 | 0.780 | 0.776 | 0.776 | 0.776 | 0.774 | 0.772 | 0.772 | 0.772 | 0.772 | 0.762 | 0.762 | 0.762 | 0.762 |
| All Other | | 25.448 | 0.750 | 0.753 | 0.756 | 0.762 | 0.771 | 0.778 | 0.784 | 0.791 | 0.793 | 0.797 | 0.802 | 0.804 | 0.808 | 0.811 | 0.814 | 0.819 |
| All Other Products | | 19.030 | 0.745 | 0.748 | 0.749 | 0.756 | 0.765 | 0.773 | 0.780 | 0.789 | 0.789 | 0.793 | 0.798 | 0.799 | 0.802 | 0.804 | 0.806 | 0.811 |
| Pharmaceuticals | WPI - Prescription Drugs | 7.894 | 0.622 | 0.626 | 0.626 | 0.629 | 0.633 | 0.640 | 0.645 | 0.655 | 0.657 | 0.664 | 0.668 | 0.668 | 0.678 | 0.682 | 0.685 | 0.693 |
| Food: Direct Purchase | WPI - Processed Foods | 2.906 | 0.838 | 0.836 | 0.830 | 0.826 | 0.835 | 0.832 | 0.845 | 0.861 | 0.864 | 0.880 | 0.900 | 0.896 | 0.887 | 0.894 | 0.890 | 0.885 |
| Food: Contract Service | CPI - Food Away Fr. Home | 3.151 | 0.777 | 0.781 | 0.784 | 0.789 | 0.794 | 0.799 | 0.803 | 0.807 | 0.811 | 0.817 | 0.823 | 0.831 | 0.836 | 0.841 | 0.846 | 0.852 |
| Chemicals | Blended chemical proxy | 0.589 | 0.867 | 0.872 | 0.882 | 0.893 | 0.896 | 0.905 | 0.907 | 0.908 | 0.911 | 0.915 | 0.915 | 0.918 | 0.920 | 0.925 | 0.932 | 0.934 |
| Rubber and Plastics | WPI - Rub. & Plast. Prod. | 1.513 | 0.880 | 0.882 | 0.891 | 0.911 | 0.929 | 0.943 | 0.949 | 0.944 | 0.937 | 0.936 | 0.940 | 0.937 | 0.932 | 0.933 | 0.934 | 0.933 |
| Paper Products | WPI - Convert. Paper And Paperboard | 1.394 | 0.802 | 0.809 | 0.821 | 0.856 | 0.900 | 0.940 | 0.968 | 0.970 | 0.952 | 0.926 | 0.908 | 0.905 | 0.899 | 0.884 | 0.885 | 0.903 |
| Miscellaneous Products | WPI - Finished Goods Less Food and Energy | 1.582 | 0.900 | 0.901 | 0.901 | 0.908 | 0.915 | 0.919 | 0.919 | 0.931 | 0.933 | 0.934 | 0.932 | 0.938 | 0.940 | 0.937 | 0.933 | 0.940 |
| All Other Services | | 6.418 | 0.766 | 0.769 | 0.774 | 0.779 | 0.788 | 0.792 | 0.796 | 0.799 | 0.804 | 0.809 | 0.814 | 0.821 | 0.826 | 0.831 | 0.839 | 0.843 |
| Telephone Services | CPI - Telephone Services | 0.434 | 0.999 | 1.002 | 1.003 | 1.002 | 1.010 | 1.006 | 1.010 | 1.012 | 1.017 | 1.017 | 1.029 | 1.033 | 1.040 | 1.043 | 1.038 | 1.038 |
| Postage | CPI - Postage | 0.454 | 0.761 | 0.761 | 0.761 | 0.761 | 0.840 | 0.840 | 0.840 | 0.840 | 0.840 | 0.840 | 0.840 | 0.840 | 0.840 | 0.840 | 0.840 | 0.840 |
| Labor-intensive Services | ECI - Service Occupations (Private) | 3.521 | 0.728 | 0.730 | 0.735 | 0.742 | 0.745 | 0.748 | 0.753 | 0.756 | 0.759 | 0.764 | 0.769 | 0.778 | 0.783 | 0.790 | 0.803 | 0.809 |
| Non-labor-intensive Services | CPI - All Items (Urban) | 2.008 | 0.783 | 0.788 | 0.795 | 0.799 | 0.805 | 0.812 | 0.816 | 0.820 | 0.827 | 0.835 | 0.840 | 0.846 | 0.852 | 0.855 | 0.858 | 0.862 |
| Capital Costs | | 7.207 | 0.943 | 0.948 | 0.955 | 0.957 | 0.956 | 0.960 | 0.965 | 0.967 | 0.967 | 0.972 | 0.978 | 0.981 | 0.982 | 0.988 | 0.993 | 0.996 |
| Depreciation | | 2.858 | 0.748 | 0.753 | 0.764 | 0.768 | 0.776 | 0.781 | 0.791 | 0.796 | 0.803 | 0.809 | 0.818 | 0.824 | 0.830 | 0.835 | 0.845 | 0.850 |
| Fixed Assets | Boeckh - Institutional Construction: 23 Yrs | 2.437 | 0.712 | 0.718 | 0.730 | 0.735 | 0.742 | 0.749 | 0.760 | 0.765 | 0.772 | 0.779 | 0.789 | 0.795 | 0.801 | 0.808 | 0.819 | 0.824 |
| Movable Equipment | WPI - Mach. & Equipment: 10 Yrs. | 0.421 | 0.953 | 0.956 | 0.959 | 0.962 | 0.969 | 0.972 | 0.974 | 0.978 | 0.984 | 0.986 | 0.988 | 0.991 | 0.996 | 0.997 | 0.998 | 1.000 |
| Interest Costs | | 3.037 | 1.218 | 1.225 | 1.230 | 1.227 | 1.217 | 1.218 | 1.220 | 1.216 | 1.208 | 1.213 | 1.216 | 1.215 | 1.209 | 1.216 | 1.217 | 1.215 |
| Non-profit | Avg. Yield Mun. Bonds: 22 Yrs | 1.197 | 1.233 | 1.237 | 1.237 | 1.230 | 1.232 | 1.231 | 1.229 | 1.221 | 1.224 | 1.227 | 1.226 | 1.218 | 1.223 | 1.227 | 1.224 | 1.214 |
| For-Profit | Avg. Yield Aaa Bonds: 22 Yrs | 1.840 | 1.209 | 1.217 | 1.225 | 1.226 | 1.207 | 1.210 | 1.214 | 1.213 | 1.198 | 1.205 | 1.210 | 1.213 | 1.199 | 1.208 | 1.213 | 1.215 |
| Other Capital Costs | | 1.312 | 0.729 | 0.732 | 0.737 | 0.742 | 0.746 | 0.750 | 0.755 | 0.760 | 0.765 | 0.770 | 0.775 | 0.781 | 0.786 | 0.792 | 0.798 | 0.805 |
| Other | CPI - Residential Rent | 1.312 | 0.729 | 0.732 | 0.737 | 0.742 | 0.746 | 0.750 | 0.755 | 0.760 | 0.765 | 0.770 | 0.775 | 0.781 | 0.786 | 0.792 | 0.798 | 0.805 |

4 Quarter Moving Average Percent Changes in the CMS Prospective Payment System Skilled Nursing Facility Input Price Index using IHS Global Insight Inc. (IGI) Forecast Assumptions, by Expense Category: 1990-2019

| Expense Category | Price/Wage Variable | Base Year | | | | | | | | | | | | | | | | |
|------------------------------|---|--------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | | Weights 2004 | 1994Q1 | 1994Q2 | 1994Q3 | 1994Q4 | 1995Q1 | 1995Q2 | 1995Q3 | 1995Q4 | 1996Q1 | 1996Q2 | 1996Q3 | 1996Q4 | 1997Q1 | 1997Q2 | 1997Q3 | 1997Q4 |
| Percent Changes | | | | | | | | | | | | | | | | | | |
| Total - SNF04 | | 100.000 | 3.1 | 2.9 | 2.8 | 2.7 | 2.6 | 2.5 | 2.5 | 2.6 | 2.6 | 2.6 | 2.5 | 2.3 | 2.2 | 2.1 | 2.0 | 2.0 |
| Compensation | | 62.755 | 3.6 | 3.5 | 3.4 | 3.3 | 3.1 | 2.9 | 2.8 | 2.7 | 2.7 | 2.7 | 2.7 | 2.6 | 2.5 | 2.3 | 2.2 | 2.3 |
| Wages and Salaries | Blended wages and salary proxy | 51.337 | 3.4 | 3.4 | 3.4 | 3.3 | 3.2 | 3.1 | 2.9 | 2.8 | 2.8 | 2.7 | 2.7 | 2.6 | 2.6 | 2.5 | 2.5 | 2.5 |
| Employee Benefits | Blended benefits proxy | 11.418 | 4.4 | 3.9 | 3.6 | 3.0 | 2.6 | 2.4 | 2.2 | 2.3 | 2.5 | 2.6 | 2.7 | 2.3 | 2.0 | 1.4 | 1.0 | 1.0 |
| Professional Fees | ECI- Compensation Prof. and Tech. (Private) | 1.322 | 3.6 | 3.4 | 3.4 | 3.3 | 3.1 | 2.9 | 2.6 | 2.4 | 2.6 | 2.8 | 3.0 | 3.1 | 2.9 | 2.7 | 2.6 | 2.6 |
| Utilities | | 1.551 | 3.6 | 3.1 | 2.2 | 1.5 | 0.8 | 0.5 | 0.6 | 0.5 | 0.4 | 0.6 | 1.0 | 1.7 | 2.4 | 2.1 | 1.8 | 1.7 |
| Electricity | WPI - Commercial Electric Power | 0.919 | 2.4 | 2.1 | 1.5 | 1.2 | 1.3 | 1.8 | 2.4 | 2.3 | 1.4 | 0.7 | 0.2 | -0.1 | 0.2 | 0.2 | 0.1 | 0.1 |
| Fuels (non-highway) | WPI - Commercial Natural Gas | 0.453 | 6.8 | 5.5 | 3.2 | 0.9 | -2.6 | -5.4 | -6.7 | -6.9 | -4.7 | -1.2 | 2.6 | 6.9 | 10.0 | 8.9 | 7.7 | 6.4 |
| Water, Sewerage, Other Util. | CPI - Water & Sewage | 0.179 | 5.2 | 5.2 | 5.2 | 5.1 | 4.6 | 4.0 | 3.5 | 3.1 | 3.2 | 3.8 | 3.9 | 4.1 | 3.6 | 2.4 | 2.5 | 2.7 |
| Prof. Liability Insurance | CMS - Prof. Liab. Prem. | 1.717 | 1.8 | 0.5 | -0.7 | -2.3 | -3.0 | -3.6 | -4.1 | -3.1 | -2.3 | -1.4 | -0.6 | -0.4 | -0.6 | -0.8 | -1.0 | -1.3 |
| All Other | | 25.448 | 2.3 | 2.2 | 2.1 | 2.1 | 2.3 | 2.6 | 3.1 | 3.4 | 3.4 | 3.2 | 2.8 | 2.3 | 2.1 | 1.9 | 1.7 | 1.8 |
| All Other Products | | 19.030 | 2.2 | 2.1 | 2.0 | 2.0 | 2.2 | 2.6 | 3.1 | 3.6 | 3.7 | 3.5 | 3.1 | 2.3 | 1.9 | 1.6 | 1.3 | 1.4 |
| Pharmaceuticals | WPI - Prescription Drugs | 7.894 | 4.2 | 3.9 | 3.5 | 3.2 | 2.7 | 2.4 | 2.5 | 2.8 | 3.3 | 3.7 | 3.8 | 3.3 | 3.1 | 2.9 | 2.6 | 3.1 |
| Food: Direct Purchase | WPI - Processed Foods | 2.906 | 2.1 | 2.2 | 1.9 | 1.2 | 0.4 | -0.2 | 0.1 | 1.3 | 2.2 | 3.8 | 5.0 | 5.0 | 4.7 | 3.7 | 1.8 | 0.5 |
| Food: Contract Service | CPI - Food Away Fr. Home | 3.151 | 1.8 | 1.8 | 1.7 | 1.7 | 1.8 | 2.0 | 2.2 | 2.3 | 2.3 | 2.3 | 2.3 | 2.5 | 2.7 | 2.9 | 2.9 | 2.8 |
| Chemicals | Blended chemical proxy | 0.589 | 1.3 | 0.9 | 1.0 | 1.5 | 2.1 | 2.9 | 3.3 | 2.9 | 2.5 | 1.8 | 1.4 | 1.2 | 1.0 | 1.0 | 1.2 | 1.4 |
| Rubber and Plastics | WPI - Rub. & Plast. Prod. | 1.513 | 0.7 | 0.6 | 0.8 | 1.4 | 2.7 | 4.3 | 5.6 | 5.7 | 4.4 | 2.5 | 0.6 | -0.4 | -0.8 | -0.6 | -0.6 | -0.5 |
| Paper Products | WPI - Convert. Paper And Paperboard | 1.394 | -0.9 | -0.9 | 0.1 | 2.2 | 5.4 | 9.5 | 13.3 | 14.9 | 13.1 | 8.5 | 2.5 | -2.3 | -5.0 | -5.8 | -4.9 | -3.3 |
| Miscellaneous Products | WPI - Finished Goods Less Food and Energy | 1.582 | 0.8 | 0.5 | 0.6 | 1.0 | 1.3 | 1.7 | 1.8 | 2.1 | 2.1 | 2.1 | 1.9 | 1.5 | 1.1 | 0.8 | 0.5 | 0.3 |
| All Other Services | | 6.418 | 2.6 | 2.5 | 2.4 | 2.4 | 2.5 | 2.7 | 2.8 | 2.9 | 2.6 | 2.4 | 2.2 | 2.2 | 2.5 | 2.6 | 2.9 | 2.9 |
| Telephone Services | CPI - Telephone Services | 0.434 | 1.1 | 1.6 | 1.8 | 1.6 | 1.4 | 1.0 | 0.8 | 0.8 | 0.7 | 0.8 | 1.2 | 1.5 | 1.8 | 2.2 | 1.9 | 1.5 |
| Postage | CPI - Postage | 0.454 | 0.0 | 0.0 | 0.0 | 0.0 | 2.6 | 5.2 | 7.7 | 10.3 | 7.5 | 4.9 | 2.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Labor-intensive Services | ECI - Service Occupations (Private) | 3.521 | 3.1 | 2.9 | 2.7 | 2.7 | 2.5 | 2.5 | 2.3 | 2.2 | 2.1 | 2.0 | 2.3 | 2.6 | 2.9 | 3.5 | 3.8 | 3.8 |
| Non-labor-intensive Services | CPI - All Items (Urban) | 2.008 | 2.8 | 2.6 | 2.6 | 2.6 | 2.7 | 2.9 | 2.8 | 2.8 | 2.8 | 2.7 | 2.8 | 2.9 | 3.0 | 2.9 | 2.7 | 2.3 |
| Capital Costs | | 7.207 | 1.9 | 1.8 | 1.7 | 1.6 | 1.5 | 1.4 | 1.3 | 1.2 | 1.1 | 1.1 | 1.2 | 1.3 | 1.4 | 1.5 | 1.5 | 1.5 |
| Depreciation | | 2.858 | 3.8 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.6 | 3.6 | 3.5 | 3.5 | 3.4 | 3.4 | 3.3 | 3.3 |
| Fixed Assets | Boeckh - Institutional Construction: 23 Yrs | 2.437 | 4.3 | 4.2 | 4.2 | 4.1 | 4.2 | 4.2 | 4.2 | 4.2 | 4.1 | 4.1 | 4.0 | 4.0 | 3.9 | 3.8 | 3.8 | 3.7 |
| Movable Equipment | WPI - Mach. & Equipment: 10 Yrs. | 0.421 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.5 | 1.5 | 1.5 | 1.4 | 1.4 | 1.2 | 1.1 |
| Interest Costs | | 3.037 | 0.7 | 0.6 | 0.4 | 0.2 | 0.1 | -0.2 | -0.3 | -0.6 | -0.7 | -0.7 | -0.6 | -0. | | | | |

Quarterly Index Levels in the CMS Prospective Payment System Skilled Nursing Facility Input Price Index using IHS Global Insight Inc. (IGI) Forecast Assumptions, by Expense Category: 1990-2019

| Expense Category | Price/Wage Variable | Base Year | | | | | | | | | | | | | | | | |
|------------------------------|---|--------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | | Weights 2004 | 1998Q1 | 1998Q2 | 1998Q3 | 1998Q4 | 1999Q1 | 1999Q2 | 1999Q3 | 1999Q4 | 2000Q1 | 2000Q2 | 2000Q3 | 2000Q4 | 2001Q1 | 2001Q2 | 2001Q3 | 2001Q4 |
| Index Levels | | | | | | | | | | | | | | | | | | |
| Total - SNF04 | | 100.000 | 0.806 | 0.817 | 0.825 | 0.828 | 0.832 | 0.838 | 0.845 | 0.852 | 0.858 | 0.867 | 0.878 | 0.886 | 0.898 | 0.905 | 0.917 | 0.923 |
| Compensation | | | | | | | | | | | | | | | | | | |
| Wages and Salaries | Blended wages and salary proxy | 62.755 | 0.774 | 0.780 | 0.788 | 0.792 | 0.800 | 0.806 | 0.813 | 0.822 | 0.831 | 0.841 | 0.853 | 0.864 | 0.877 | 0.885 | 0.905 | 0.915 |
| Employee Benefits | Blended benefits proxy | 51.337 | 0.784 | 0.790 | 0.798 | 0.802 | 0.810 | 0.816 | 0.823 | 0.833 | 0.841 | 0.851 | 0.863 | 0.873 | 0.885 | 0.894 | 0.913 | 0.925 |
| Professional Fees | ECI- Compensation Prof. and Tech. (Private) | 11.418 | 0.730 | 0.737 | 0.743 | 0.748 | 0.755 | 0.762 | 0.768 | 0.776 | 0.785 | 0.796 | 0.807 | 0.823 | 0.839 | 0.848 | 0.867 | 0.872 |
| Utilities | | | | | | | | | | | | | | | | | | |
| Electricity | WPI - Commercial Electric Power | 1.322 | 0.792 | 0.799 | 0.808 | 0.813 | 0.815 | 0.822 | 0.828 | 0.837 | 0.847 | 0.860 | 0.868 | 0.877 | 0.892 | 0.901 | 0.912 | 0.917 |
| Fuels (non-highway) | WPI - Commercial Natural Gas | 1.551 | 0.791 | 0.801 | 0.831 | 0.796 | 0.784 | 0.793 | 0.833 | 0.806 | 0.803 | 0.828 | 0.897 | 0.905 | 0.992 | 0.953 | 0.951 | 0.892 |
| Water, Sewerage, Other Util. | CPI - Water & Sewage | 0.919 | 0.889 | 0.915 | 0.969 | 0.899 | 0.878 | 0.903 | 0.958 | 0.894 | 0.885 | 0.912 | 0.979 | 0.928 | 0.944 | 0.974 | 1.041 | 0.971 |
| Prof. Liability Insurance | CMS - Prof. Liab. Prem. | 0.453 | 0.584 | 0.580 | 0.552 | 0.575 | 0.572 | 0.550 | 0.574 | 0.612 | 0.616 | 0.645 | 0.742 | 0.873 | 1.134 | 0.938 | 0.793 | 0.728 |
| All Other | | 0.179 | 0.815 | 0.821 | 0.828 | 0.830 | 0.836 | 0.839 | 0.844 | 0.846 | 0.853 | 0.859 | 0.865 | 0.872 | 0.879 | 0.884 | 0.893 | 0.899 |
| All Other Products | | | | | | | | | | | | | | | | | | |
| Pharmaceuticals | WPI - Prescription Drugs | 1.717 | 0.762 | 0.762 | 0.766 | 0.772 | 0.778 | 0.778 | 0.778 | 0.778 | 0.782 | 0.780 | 0.783 | 0.787 | 0.791 | 0.796 | 0.801 | 0.806 |
| Food: Direct Purchase | WPI - Processed Foods | 25.448 | 0.835 | 0.862 | 0.868 | 0.871 | 0.870 | 0.874 | 0.881 | 0.887 | 0.892 | 0.899 | 0.904 | 0.909 | 0.920 | 0.925 | 0.924 | 0.927 |
| Food: Contract Service | CPI - Food Away Fr. Home | 19.030 | 0.830 | 0.865 | 0.872 | 0.875 | 0.870 | 0.874 | 0.882 | 0.887 | 0.892 | 0.899 | 0.904 | 0.908 | 0.919 | 0.924 | 0.921 | 0.923 |
| Chemicals | Blended chemical proxy | 7.894 | 0.739 | 0.822 | 0.833 | 0.839 | 0.827 | 0.834 | 0.845 | 0.848 | 0.855 | 0.859 | 0.866 | 0.869 | 0.886 | 0.889 | 0.877 | 0.883 |
| Rubber and Plastics | WPI - Rub. & Plast. Prod. | 2.906 | 0.872 | 0.872 | 0.878 | 0.874 | 0.871 | 0.864 | 0.874 | 0.874 | 0.874 | 0.889 | 0.885 | 0.885 | 0.900 | 0.913 | 0.923 | 0.909 |
| Paper Products | WPI - Convert. Paper And Paperboard | 3.151 | 0.858 | 0.863 | 0.869 | 0.874 | 0.880 | 0.885 | 0.890 | 0.895 | 0.901 | 0.905 | 0.911 | 0.916 | 0.923 | 0.930 | 0.938 | 0.945 |
| Miscellaneous Products | WPI - Finished Goods Less Food and Energy | 0.589 | 0.932 | 0.932 | 0.939 | 0.940 | 0.938 | 0.939 | 0.943 | 0.945 | 0.948 | 0.949 | 0.952 | 0.960 | 0.964 | 0.967 | 0.969 | 0.969 |
| All Other Services | | 1.513 | 0.932 | 0.929 | 0.927 | 0.925 | 0.922 | 0.924 | 0.930 | 0.934 | 0.937 | 0.943 | 0.954 | 0.965 | 0.965 | 0.967 | 0.962 | 0.959 |
| Telephone Services | CPI - Telephone Services | 1.394 | 0.920 | 0.917 | 0.917 | 0.908 | 0.902 | 0.917 | 0.929 | 0.946 | 0.953 | 0.983 | 0.987 | 0.990 | 0.988 | 0.992 | 0.989 | 0.989 |
| Postage | CPI - Postage | 1.582 | 0.941 | 0.944 | 0.943 | 0.956 | 0.960 | 0.958 | 0.957 | 0.970 | 0.969 | 0.971 | 0.972 | 0.982 | 0.985 | 0.987 | 0.987 | 0.991 |
| Labor-intensive Services | ECI - Service Occupations (Private) | 6.418 | 0.848 | 0.853 | 0.858 | 0.861 | 0.869 | 0.874 | 0.877 | 0.885 | 0.892 | 0.898 | 0.905 | 0.911 | 0.923 | 0.929 | 0.934 | 0.940 |
| Non-labor-intensive Services | CPI - All Items (Urban) | 0.434 | 1.039 | 1.048 | 1.047 | 1.045 | 1.042 | 1.036 | 1.033 | 1.042 | 1.035 | 1.018 | 1.017 | 1.018 | 1.027 | 1.026 | 1.032 | 1.035 |
| Capital Costs | | 0.454 | 0.840 | 0.840 | 0.840 | 0.840 | 0.865 | 0.865 | 0.865 | 0.865 | 0.865 | 0.865 | 0.865 | 0.865 | 0.891 | 0.894 | 0.905 | 0.905 |
| Depreciation | | 3.521 | 0.817 | 0.821 | 0.829 | 0.833 | 0.842 | 0.849 | 0.851 | 0.861 | 0.869 | 0.878 | 0.885 | 0.894 | 0.905 | 0.912 | 0.917 | 0.929 |
| Fixed Assets | Boeckh - Institutional Construction: 23 Yrs | 2.008 | 0.864 | 0.869 | 0.872 | 0.875 | 0.879 | 0.887 | 0.892 | 0.898 | 0.907 | 0.916 | 0.924 | 0.929 | 0.938 | 0.947 | 0.949 | 0.946 |
| Movable Equipment | WPI - Mach. & Equipment: 10 Yrs. | 7.207 | 0.995 | 1.000 | 1.005 | 1.006 | 1.006 | 1.012 | 1.017 | 1.016 | 1.012 | 1.020 | 1.023 | 1.018 | 1.012 | 1.018 | 1.015 | 1.010 |
| Interest Costs | | 2.858 | 0.857 | 0.861 | 0.869 | 0.874 | 0.881 | 0.885 | 0.893 | 0.899 | 0.905 | 0.909 | 0.918 | 0.923 | 0.929 | 0.933 | 0.940 | 0.946 |
| Non-profit | Avg. Yield Mun. Bonds: 22 Yrs | 2.437 | 0.831 | 0.836 | 0.846 | 0.851 | 0.859 | 0.864 | 0.874 | 0.880 | 0.888 | 0.893 | 0.903 | 0.909 | 0.915 | 0.920 | 0.929 | 0.935 |
| For-Profit | Avg. Yield Aaa Bonds: 22 Yrs | 0.421 | 1.004 | 1.003 | 1.003 | 1.004 | 1.007 | 1.006 | 1.005 | 1.005 | 1.007 | 1.006 | 1.006 | 1.006 | 1.008 | 1.007 | 1.006 | 1.006 |
| Other Capital Costs | | 3.037 | 1.206 | 1.210 | 1.210 | 1.206 | 1.197 | 1.204 | 1.206 | 1.195 | 1.176 | 1.187 | 1.183 | 1.161 | 1.138 | 1.143 | 1.127 | 1.103 |
| Other | CPI - Residential Rent | 1.197 | 1.216 | 1.218 | 1.213 | 1.201 | 1.202 | 1.206 | 1.204 | 1.183 | 1.174 | 1.185 | 1.180 | 1.149 | 1.135 | 1.141 | 1.127 | 1.097 |
| | | 1.840 | 1.199 | 1.206 | 1.208 | 1.210 | 1.193 | 1.202 | 1.207 | 1.202 | 1.177 | 1.189 | 1.185 | 1.170 | 1.139 | 1.145 | 1.126 | 1.106 |
| | | 1.312 | 0.811 | 0.817 | 0.825 | 0.832 | 0.838 | 0.843 | 0.849 | 0.857 | 0.866 | 0.872 | 0.881 | 0.891 | 0.901 | 0.911 | 0.921 | 0.933 |
| | | 1.312 | 0.811 | 0.817 | 0.825 | 0.832 | 0.838 | 0.843 | 0.849 | 0.857 | 0.866 | 0.872 | 0.881 | 0.891 | 0.901 | 0.911 | 0.921 | 0.933 |

4 Quarter Moving Average Percent Changes in the CMS Prospective Payment System Skilled Nursing Facility Input Price Index using IHS Global Insight Inc. (IGI) Forecast Assumptions, by Expense Category: 1990-2019

| Expense Category | Price/Wage Variable | Base Year | | | | | | | | | | | | | | | | |
|------------------------------|---|--------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | | Weights 2004 | 1998Q1 | 1998Q2 | 1998Q3 | 1998Q4 | 1999Q1 | 1999Q2 | 1999Q3 | 1999Q4 | 2000Q1 | 2000Q2 | 2000Q3 | 2000Q4 | 2001Q1 | 2001Q2 | 2001Q3 | 2001Q4 |
| Percent Changes | | | | | | | | | | | | | | | | | | |
| Total - SNF04 | | 100.000 | 2.1 | 2.6 | 3.0 | 3.4 | 3.6 | 3.3 | 3.0 | 2.8 | 2.8 | 3.0 | 3.4 | 3.6 | 4.0 | 4.2 | 4.3 | 4.4 |
| Compensation | | | | | | | | | | | | | | | | | | |
| Wages and Salaries | Blended wages and salary proxy | 62.755 | 2.3 | 2.6 | 2.8 | 2.9 | 3.1 | 3.2 | 3.2 | 3.4 | 3.5 | 3.8 | 4.2 | 4.5 | 4.9 | 5.2 | 5.5 | 5.7 |
| Employee Benefits | Blended benefits proxy | 51.337 | 2.6 | 2.9 | 3.1 | 3.2 | 3.3 | 3.3 | 3.2 | 3.4 | 3.5 | 3.8 | 4.2 | 4.4 | 4.8 | 5.0 | 5.3 | 5.5 |
| Professional Fees | ECI- Compensation Prof. and Tech. (Private) | 11.418 | 1.0 | 1.3 | 1.6 | 1.8 | 2.3 | 2.8 | 3.1 | 3.5 | 3.6 | 3.9 | 4.3 | 4.9 | 5.6 | 6.1 | 6.7 | 6.7 |
| Utilities | | | | | | | | | | | | | | | | | | |
| Electricity | WPI - Commercial Electric Power | 1.322 | 2.8 | 3.0 | 3.2 | 3.3 | 3.3 | 3.2 | 3.0 | 2.8 | 3.0 | 3.5 | 4.0 | 4.5 | 4.9 | 5.0 | 4.9 | 4.9 |
| Fuels (non-highway) | WPI - Commercial Natural Gas | 1.551 | 0.4 | 0.3 | -0.1 | -0.9 | -0.7 | -1.0 | -0.8 | -0.1 | 0.7 | 2.1 | 4.0 | 6.7 | 12.0 | 14.6 | 14.0 | 10.4 |
| Water, Sewerage, Other Util. | CPI - Water & Sewage | 0.919 | -0.3 | -0.6 | -0.8 | -1.0 | -1.0 | -1.0 | -1.1 | -1.0 | -0.6 | 0.0 | 0.9 | 1.9 | 3.3 | 4.8 | 5.9 | 6.1 |
| Prof. Liability Insurance | CMS - Prof. Liab. Prem. | 0.453 | 1.2 | 1.3 | 0.2 | -3.1 | -1.9 | -2.9 | -1.7 | 1.6 | 4.1 | 8.8 | 15.1 | 24.6 | 44.3 | 50.7 | 43.0 | 24.9 |
| All Other | | 0.179 | 3.1 | 4.0 | 3.8 | 3.5 | 3.1 | 2.6 | 2.3 | 2.2 | 2.0 | 2.1 | 2.2 | 2.5 | 2.7 | 2.9 | 3.1 | 3.1 |
| All Other Products | | | | | | | | | | | | | | | | | | |
| Pharmaceuticals | WPI - Prescription Drugs | 1.717 | -1.0 | -0.7 | -0.2 | 0.5 | 1.0 | 1.5 | 1.7 | 1.6 | 1.2 | 0.7 | 0.5 | 0.7 | 0.8 | 1.3 | 1.7 | 1.9 |
| Food: Direct Purchase | WPI - Processed Foods | 25.448 | 2.1 | 3.3 | 4.5 | 5.7 | 5.9 | 4.6 | 3.3 | 2.2 | 1.8 | 2.1 | 2.4 | 2.6 | 2.8 | 2.8 | 2.7 | 2.6 |
| Food: Contract Service | CPI - Food Away Fr. Home | 19.030 | 1.9 | 3.4 | 5.2 | 6.8 | 7.1 | 5.4 | 3.6 | 2.0 | 1.5 | 2.0 | 2.3 | 2.5 | 2.7 | 2.5 | 2.3 | |
| Chemicals | Blended chemical proxy | 7.894 | 4.5 | 9.0 | 13.8 | 18.1 | 18.7 | 13.4 | 8.4 | 3.7 | 1.8 | 2.2 | 2.5 | 2.8 | 2.9 | 3.0 | 2.7 | 2.5 |
| Rubber and Plastics | WPI - Rub. & Plast. Prod. | 2.906 | -0.6 | -1.6 | -1.7 | -1.8 | -1.3 | -0.9 | -0.7 | -0.3 | -0.2 | 0.7 | 1.2 | 1.5 | 2.2 | 2.1 | 2.8 | 3.2 |
| Paper Products | WPI - Convert. Paper And Paperboard | 3.151 | 2.7 | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 | 2.5 | 2.5 | 2.4 | 2.3 | 2.3 | 2.3 | 2.4 | 2.5 | 2.7 | 2.9 |
| Miscellaneous Products | WPI - Finished Goods Less Food and Energy | 0.589 | 1.5 | 1.4 | 1.1 | 0.9 | 0.7 | 0.7 | 0.6 | 0.6 | 0.7 | 0.8 | 0.9 | 1.1 | 1.3 | 1.5 | 1.7 | 1.6 |
| All Other Services | | 1.513 | -0.3 | -0.4 | -0.4 | -0.5 | -0.8 | -0.8 | -0.5 | -0.1 | 0.6 | 1.3 | 1.8 | 2.4 | 2.7 | 2.8 | 2.4 | 1.4 |
| Telephone Services | CPI - Telephone Services | 1.394 | -1.3 | 0.8 | 2.3 | 2.5 | 1.4 | 0.5 | 0.0 | 0.9 | 2.8 | 4.6 | 5.9 | 5.9 | 5.4 | 3.8 | 2.3 | 1.1 |
| Postage | CPI - Postage | 1.582 | 0.2 | 0.3 | 0.5 | 0.9 | 1.4 | 1.6 | 1.7 | 1.6 | 1.4 | 1.3 | 1.4 | 1.3 | 1.4 | 1.5 | 1.5 | 1.4 |
| Labor-intensive Services | ECI - Service Occupations (Private) | 6.418 | 2.8 | 2.8 | 2.6 | 2.4 | 2.3 | 2.3 | 2.3 | 2.5 | 2.6 | 2.6 | 2.8 | 2.9 | 3.1 | 3.3 | 3.3 | 3.3 |
| Non-labor-intensive Services | CPI - All Items (Urban) | 0.434 | 0.9 | 0.4 | 0.4 | 0.5 | 0.6 | 0.2 | -0.4 | -0.6 | -0.9 | -1.0 | -1.1 | -1.6 | -1.6 | -1.0 | -0.2 | 0.8 |
| Capital Costs | | 0.454 | 0.0 | 0.0 | 0.0 | 0.0 | 0.7 | 1.5 | 2.2 | 3.0 | 2.2 | 1.5 | 0.7 | 0.0 | 0.7 | 1.6 | 2.7 | 3.9 |
| Depreciation | | 3.521 | 4.1 | 4.2 | 3.8 | 3.5 | 3.3 | 3.1 | 3.0 | 3.1 | 3.1 | 3.2 | 3.5 | 3.6 | 3.9 | 4.0 | 3.9 | 3.9 |
| Fixed Assets | Boeckh - Institutional Construction: 23 Yrs | 2.008 | 2.0 | 1.8 | 1.6 | 1.6 | 1.6 | 1.7 | 1.9 | 2.2 | 2.6 | 2.9 | 3.2 | 3.4</ | | | | |

Quarterly Index Levels in the CMS Prospective Payment System Skilled Nursing Facility Input Price Index using IHS Global Insight Inc. (IGI) Forecast Assumptions, by Expense Category: 1990-2019

| Expense Category | Price/Wage Variable | Base Year | | | | | | | | | | | | | | | | |
|------------------------------|---|--------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | | Weights 2004 | 2002Q1 | 2002Q2 | 2002Q3 | 2002Q4 | 2003Q1 | 2003Q2 | 2003Q3 | 2003Q4 | 2004Q1 | 2004Q2 | 2004Q3 | 2004Q4 | 2005Q1 | 2005Q2 | 2005Q3 | 2005Q4 |
| Index Levels | | | | | | | | | | | | | | | | | | |
| Total - SNF04 | | 100.000 | 0.930 | 0.938 | 0.946 | 0.954 | 0.963 | 0.971 | 0.980 | 0.987 | 0.996 | 1.005 | 1.013 | 1.019 | 1.029 | 1.038 | 1.049 | 1.058 |
| Compensation | | | | | | | | | | | | | | | | | | |
| Wages and Salaries | Blended wages and salary proxy | 62.755 | 0.926 | 0.935 | 0.944 | 0.953 | 0.964 | 0.970 | 0.979 | 0.987 | 0.997 | 1.003 | 1.012 | 1.019 | 1.029 | 1.036 | 1.046 | 1.054 |
| Employee Benefits | Blended benefits proxy | 51.337 | 0.934 | 0.943 | 0.952 | 0.961 | 0.969 | 0.974 | 0.983 | 0.990 | 0.998 | 1.002 | 1.011 | 1.018 | 1.026 | 1.033 | 1.042 | 1.051 |
| Professional Fees | ECI- Compensation Prof. and Tech. (Private) | 11.418 | 0.888 | 0.898 | 0.907 | 0.916 | 0.942 | 0.950 | 0.962 | 0.975 | 0.996 | 1.009 | 1.020 | 1.025 | 1.041 | 1.051 | 1.064 | 1.071 |
| Utilities | | | | | | | | | | | | | | | | | | |
| Electricity | WPI - Commercial Electric Power | 1.322 | 0.926 | 0.932 | 0.938 | 0.945 | 0.957 | 0.965 | 0.975 | 0.982 | 0.998 | 1.005 | 1.016 | 1.023 | 1.039 | 1.047 | 1.055 | 1.060 |
| Fuels (non-highway) | WPI - Commercial Natural Gas | 1.551 | 0.872 | 0.881 | 0.909 | 0.898 | 0.938 | 0.960 | 1.005 | 0.970 | 0.982 | 1.004 | 1.044 | 1.036 | 1.042 | 1.073 | 1.132 | 1.197 |
| Water, Sewerage, Other Util. | CPI - Water & Sewage | 0.919 | 0.944 | 0.963 | 1.012 | 0.952 | 0.951 | 0.980 | 1.053 | 0.982 | 0.972 | 0.998 | 1.048 | 1.002 | 1.006 | 1.040 | 1.101 | 1.069 |
| Prof. Liability Insurance | CMS - Prof. Liab. Prem. | 0.453 | 0.710 | 0.702 | 0.694 | 0.775 | 0.909 | 0.926 | 0.926 | 0.944 | 0.998 | 1.014 | 1.044 | 1.104 | 1.108 | 1.140 | 1.214 | 1.501 |
| All Other | CPI - Water & Sewage | 0.179 | 0.909 | 0.915 | 0.921 | 0.930 | 0.938 | 0.945 | 0.959 | 0.973 | 0.992 | 1.008 | 1.027 | 1.036 | 1.058 | 1.067 | 1.081 | 1.090 |
| All Other Products | CMS - Prof. Liab. Prem. | 1.717 | 0.812 | 0.818 | 0.830 | 0.846 | 0.843 | 0.874 | 0.907 | 0.937 | 0.982 | 1.023 | 1.058 | 1.090 | 1.126 | 1.159 | 1.187 | 1.211 |
| Pharmaceuticals | WPI - Prescription Drugs | 25.448 | 0.932 | 0.937 | 0.944 | 0.951 | 0.962 | 0.969 | 0.977 | 0.985 | 0.993 | 1.009 | 1.013 | 1.020 | 1.032 | 1.042 | 1.056 | 1.064 |
| Food: Direct Purchase | WPI - Processed Foods | 19.030 | 0.928 | 0.932 | 0.937 | 0.946 | 0.957 | 0.965 | 0.974 | 0.984 | 0.991 | 1.011 | 1.014 | 1.022 | 1.036 | 1.048 | 1.064 | 1.073 |
| Food: Contract Service | CPI - Food Away Fr. Home | 7.894 | 0.898 | 0.906 | 0.915 | 0.928 | 0.943 | 0.955 | 0.969 | 0.978 | 0.992 | 1.013 | 1.017 | 1.024 | 1.040 | 1.058 | 1.094 | 1.096 |
| Chemicals | Blended chemical proxy | 2.906 | 0.904 | 0.900 | 0.904 | 0.908 | 0.927 | 0.941 | 0.955 | 0.983 | 0.980 | 1.030 | 1.007 | 0.999 | 1.012 | 1.020 | 1.015 | 1.019 |
| Rubber and Plastics | WPI - Rub. & Plast. Prod. | 3.151 | 0.950 | 0.955 | 0.961 | 0.966 | 0.970 | 0.976 | 0.981 | 0.988 | 0.997 | 1.003 | 1.013 | 1.019 | 1.028 | 1.035 | 1.043 | 1.051 |
| Paper Products | WPI - Convert. Paper And Paperboard | 0.589 | 0.966 | 0.968 | 0.969 | 0.970 | 0.976 | 0.975 | 0.980 | 0.987 | 0.994 | 1.004 | 1.015 | 1.030 | 1.061 | 1.069 | 1.071 | 1.093 |
| Miscellaneous Products | WPI - Finished Goods Less Food and Energy | 1.513 | 0.955 | 0.959 | 0.963 | 0.965 | 0.975 | 0.990 | 0.987 | 0.988 | 0.994 | 1.002 | 1.015 | 1.040 | 1.064 | 1.075 | 1.081 | 1.135 |
| All Other Services | CPI - Telephone Services | 1.394 | 0.983 | 0.982 | 0.983 | 0.992 | 0.995 | 0.996 | 0.994 | 0.992 | 0.986 | 0.998 | 1.024 | 1.040 | 1.053 | 1.059 | 1.057 | 1.069 |
| Telephone Services | CPI - Postage | 1.582 | 0.989 | 0.989 | 0.983 | 0.992 | 0.990 | 0.987 | 0.986 | 0.998 | 0.999 | 1.002 | 1.001 | 1.019 | 1.025 | 1.027 | 1.028 | 1.035 |
| Postage | ECI - Service Occupations (Private) | 6.418 | 0.946 | 0.950 | 0.965 | 0.968 | 0.977 | 0.979 | 0.986 | 0.989 | 0.997 | 1.005 | 1.009 | 1.013 | 1.020 | 1.027 | 1.033 | 1.038 |
| Labor-intensive Services | CPI - All Items (Urban) | 0.434 | 1.037 | 1.026 | 1.039 | 1.037 | 1.040 | 1.018 | 1.015 | 1.009 | 1.005 | 0.997 | 0.989 | 0.984 | 0.986 | 0.985 | 0.981 | 0.986 |
| Non-labor-intensive Services | CPI - All Items (Urban) | 0.454 | 0.905 | 0.905 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| Capital Costs | CPI - Postage | 3.521 | 0.938 | 0.942 | 0.951 | 0.956 | 0.967 | 0.971 | 0.981 | 0.988 | 0.997 | 1.005 | 1.010 | 1.016 | 1.024 | 1.029 | 1.034 | 1.040 |
| Depreciation | Boeckh - Institutional Construction: 23 Yrs | 2.008 | 0.950 | 0.960 | 0.964 | 0.967 | 0.977 | 0.981 | 0.985 | 0.985 | 0.994 | 1.008 | 1.012 | 1.018 | 1.024 | 1.038 | 1.051 | 1.056 |
| Fixed Assets | WPI - Mach. & Equipment: 10 Yrs. | 7.207 | 1.002 | 1.009 | 1.009 | 1.008 | 1.000 | 1.007 | 1.005 | 1.004 | 0.995 | 1.001 | 1.000 | 1.000 | 0.993 | 1.001 | 1.001 | 1.003 |
| Movable Equipment | Boeckh - Institutional Construction: 23 Yrs | 2.858 | 0.952 | 0.955 | 0.964 | 0.969 | 0.976 | 0.979 | 0.985 | 0.991 | 0.998 | 1.001 | 1.010 | 1.018 | 1.026 | 1.030 | 1.038 | 1.047 |
| Interest Costs | WPI - Mach. & Equipment: 10 Yrs. | 2.437 | 0.943 | 0.947 | 0.957 | 0.963 | 0.971 | 0.974 | 0.982 | 0.989 | 0.997 | 1.002 | 1.012 | 1.022 | 1.031 | 1.036 | 1.046 | 1.056 |
| Non-profit | Avg. Yield Mun. Bonds: 22 Yrs | 0.421 | 1.007 | 1.006 | 1.005 | 1.005 | 1.005 | 1.004 | 1.002 | 1.001 | 1.001 | 0.999 | 0.998 | 0.997 | 0.997 | 0.997 | 0.996 | 0.996 |
| For-Profit | Avg. Yield Aaa Bonds: 22 Yrs | 3.037 | 1.074 | 1.085 | 1.074 | 1.063 | 1.036 | 1.047 | 1.034 | 1.021 | 0.992 | 1.000 | 0.986 | 0.974 | 0.947 | 0.961 | 0.948 | 0.940 |
| Other Capital Costs | CPI - Residential Rent | 1.197 | 1.079 | 1.088 | 1.078 | 1.061 | 1.041 | 1.050 | 1.036 | 1.017 | 0.996 | 1.001 | 0.986 | 0.971 | 0.949 | 0.959 | 0.949 | 0.938 |
| Other | CPI - Residential Rent | 1.840 | 1.071 | 1.083 | 1.071 | 1.065 | 1.033 | 1.046 | 1.032 | 1.024 | 0.990 | 1.000 | 0.986 | 0.977 | 0.946 | 0.962 | 0.947 | 0.942 |
| | | 1.312 | 0.943 | 0.949 | 0.955 | 0.963 | 0.972 | 0.977 | 0.984 | 0.990 | 0.996 | 1.003 | 1.011 | 1.018 | 1.026 | 1.033 | 1.040 | 1.049 |
| | | 1.312 | 0.943 | 0.949 | 0.955 | 0.963 | 0.972 | 0.977 | 0.984 | 0.990 | 0.996 | 1.003 | 1.011 | 1.018 | 1.026 | 1.033 | 1.040 | 1.049 |

4 Quarter Moving Average Percent Changes in the CMS Prospective Payment System Skilled Nursing Facility Input Price Index using IHS Global Insight Inc. (IGI) Forecast Assumptions, by Expense Category: 1990-2019

| Expense Category | Price/Wage Variable | Base Year | | | | | | | | | | | | | | | | |
|------------------------------|---|--------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | | Weights 2004 | 2002Q1 | 2002Q2 | 2002Q3 | 2002Q4 | 2003Q1 | 2003Q2 | 2003Q3 | 2003Q4 | 2004Q1 | 2004Q2 | 2004Q3 | 2004Q4 | 2005Q1 | 2005Q2 | 2005Q3 | 2005Q4 |
| Percent Changes | | | | | | | | | | | | | | | | | | |
| Total - SNF04 | | 100.000 | 4.1 | 4.0 | 3.7 | 3.5 | 3.5 | 3.4 | 3.5 | 3.5 | 3.4 | 3.5 | 3.4 | 3.4 | 3.4 | 3.3 | 3.4 | 3.5 |
| Compensation | | | | | | | | | | | | | | | | | | |
| Wages and Salaries | Blended wages and salary proxy | 62.755 | 5.7 | 5.8 | 5.4 | 4.9 | 4.6 | 4.1 | 3.9 | 3.8 | 3.6 | 3.5 | 3.5 | 3.4 | 3.3 | 3.3 | 3.2 | 3.3 |
| Employee Benefits | Blended benefits proxy | 51.337 | 5.6 | 5.7 | 5.3 | 4.8 | 4.4 | 3.8 | 3.5 | 3.3 | 3.1 | 3.0 | 2.9 | 2.9 | 2.8 | 2.9 | 3.0 | 3.1 |
| Professional Fees | ECI- Compensation Prof. and Tech. (Private) | 11.418 | 6.4 | 6.3 | 5.6 | 5.4 | 5.4 | 5.4 | 6.1 | 6.0 | 6.1 | 6.1 | 5.8 | 5.5 | 4.9 | 4.5 | 4.4 | 4.4 |
| Utilities | | | | | | | | | | | | | | | | | | |
| Electricity | WPI - Commercial Electric Power | 1.322 | 4.6 | 4.2 | 3.7 | 3.3 | 3.2 | 3.5 | 3.7 | 3.9 | 4.1 | 4.1 | 4.2 | 4.2 | 4.2 | 4.1 | 4.0 | 4.0 |
| Fuels (non-highway) | WPI - Commercial Natural Gas | 1.551 | 1.3 | -4.0 | -6.5 | -6.0 | -1.2 | 3.0 | 7.0 | 8.8 | 8.0 | 6.9 | 5.2 | 5.0 | 5.3 | 5.9 | 7.0 | 9.3 |
| Water, Sewerage, Other Util. | CPI - Water & Sewage | 0.919 | 4.5 | 2.5 | 0.1 | -1.5 | -1.3 | -0.6 | 1.2 | 2.5 | 2.8 | 2.8 | 1.6 | 1.3 | 1.7 | 2.3 | 3.7 | 4.9 |
| Prof. Liability Insurance | CMS - Prof. Liab. Prem. | 0.453 | -6.6 | -20.4 | -24.2 | -19.8 | -2.8 | 12.7 | 24.8 | 28.6 | 23.2 | 17.5 | 13.1 | 12.3 | 12.5 | 13.3 | 14.2 | 19.3 |
| All Other | CPI - Water & Sewage | 0.179 | 3.2 | 3.3 | 3.3 | 3.4 | 3.3 | 3.3 | 3.5 | 3.8 | 4.5 | 5.3 | 6.0 | 6.5 | 6.7 | 6.5 | 6.1 | 5.7 |
| All Other Products | CMS - Prof. Liab. Prem. | 1.717 | 2.3 | 2.5 | 2.8 | 3.5 | 3.8 | 4.8 | 6.3 | 7.7 | 10.8 | 13.4 | 15.3 | 16.6 | 16.2 | 15.2 | 14.1 | 12.8 |
| Pharmaceuticals | WPI - Prescription Drugs | 25.448 | 2.1 | 1.7 | 1.7 | 1.8 | 2.3 | 2.8 | 3.2 | 3.4 | 3.4 | 3.6 | 3.6 | 3.6 | 3.8 | 3.6 | 3.8 | 4.0 |
| Food: Direct Purchase | WPI - Processed Foods | 19.030 | 1.8 | 1.4 | 1.3 | 1.5 | 2.0 | 2.7 | 3.3 | 3.7 | 3.8 | 4.1 | 4.1 | 4.1 | 4.3 | 4.0 | 4.2 | 4.5 |
| Food: Contract Service | CPI - Food Away Fr. Home | 7.894 | 1.9 | 1.6 | 2.3 | 3.2 | 4.1 | 5.0 | 5.4 | 5.4 | 5.5 | 5.6 | 5.4 | 5.2 | 5.1 | 4.8 | 5.4 | 6.0 |
| Chemicals | Blended chemical proxy | 2.906 | 2.5 | 1.5 | -0.1 | -0.8 | -0.3 | 1.2 | 3.1 | 5.2 | 6.0 | 7.2 | 7.2 | 5.5 | 4.9 | 2.3 | 1.1 | 1.2 |
| Rubber and Plastics | WPI - Rub. & Plast. Prod. | 3.151 | 3.0 | 2.9 | 2.8 | 2.6 | 2.4 | 2.2 | 2.2 | 2.1 | 2.3 | 2.5 | 2.7 | 3.0 | 3.1 | 3.2 | 3.1 | 3.1 |
| Paper Products | WPI - Convert. Paper And Paperboard | 0.589 | 1.2 | 0.7 | 0.3 | 0.1 | 0.3 | 0.5 | 0.8 | 1.2 | 1.4 | 1.9 | 2.5 | 3.2 | 4.4 | 5.3 | 5.8 | 6.2 |
| Miscellaneous Products | WPI - Finished Goods Less Food and Energy | 1.513 | 0.4 | -0.4 | -0.6 | -0.3 | 0.5 | 1.6 | 2.2 | 2.6 | 2.5 | 2.0 | 2.1 | 2.8 | 4.1 | 5.6 | 6.5 | 7.5 |
| All Other Services | CPI - Telephone Services | 1.394 | 0.1 | -0.4 | -0.6 | -0.5 | 0.0 | 0.6 | 1.0 | 0.9 | 0.4 | 0.1 | 0.6 | 1.8 | 3.7 | 5.2 | 5.2 | 4.7 |
| Telephone Services | CPI - Postage | 1.582 | 1.1 | 0.8 | 0.3 | 0.1 | 0.0 | -0.1 | 0.0 | 0.2 | 0.4 | 0.8 | 1.1 | 1.5 | 1.9 | 2.2 | 2.5 | 2.4 |
| Postage | ECI - Service Occupations (Private) | 6.418 | 3.1 | 2.8 | 2.8 | 2.8 | 3.0 | 3.2 | 2.9 | 2.7 | 2.4 | 2.3 | 2.3 | 2.4 | 2.3 | 2.4 | 2.3 | 2.3 |
| Labor-intensive Services | CPI - All Items (Urban) | 0.434 | 1.2 | 1.0 | 0.8 | 0.4 | 0.3 | 0.1 | -0.7 | -1.4 | -2.3 | -2.6 | -2.7 | -2.6 | -2.3 | -2.1 | -1.6 | -1.0 |
| Non-labor-intensive Services | CPI - All Items (Urban) | 0.454 | 3.5 | 3.0 | 4.5 | 6.0 | 8.2 | 10.5 | 7.7 | 5.0 | 2.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Capital Costs | CPI - Postage | 3.521 | 3.7 | 3.6 | 3.6 | 3.4 | 3.3 | 3.2 | 3.1 | 3.2 | 3.2 | 3.3 | 3.2 | 3.1 | 3.0 | 2.7 | 2.6 | 2.5 |
| Depreciation | Boeckh - Institutional Construction: 23 Yrs | 2.008 | 2.3 | 1.8 | 1.5 | 1.6 | | | | | | | | | | | | |

Quarterly Index Levels in the CMS Prospective Payment System Skilled Nursing Facility Input Price Index using IHS Global Insight Inc. (IGI) Forecast Assumptions, by Expense Category: 1990-2019

| Expense Category | Price/Wage Variable | Base Year | | | | | | | | | | | | Forecast 2009Q1 | Forecast 2009Q2 | Forecast 2009Q3 | Forecast 2009Q4 | |
|------------------------------|---|--------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------------|-----------------|-----------------|-----------------|--------|
| | | Weights 2004 | 2006Q1 | 2006Q2 | 2006Q3 | 2006Q4 | 2007Q1 | 2007Q2 | 2007Q3 | 2007Q4 | 2008Q1 | 2008Q2 | 2008Q3 | | | | | 2008Q4 |
| Index Levels | | | | | | | | | | | | | | | | | | |
| Total - SNF04 | | 100.000 | 1.069 | 1.076 | 1.086 | 1.093 | 1.104 | 1.112 | 1.122 | 1.129 | 1.141 | 1.154 | 1.167 | 1.172 | 1.176 | 1.178 | 1.186 | 1.191 |
| Compensation | | 62.755 | 1.065 | 1.071 | 1.083 | 1.093 | 1.103 | 1.110 | 1.120 | 1.127 | 1.137 | 1.145 | 1.155 | 1.162 | 1.171 | 1.175 | 1.185 | 1.192 |
| Wages and Salaries | Blended wages and salary proxy | 51.337 | 1.059 | 1.066 | 1.078 | 1.089 | 1.098 | 1.105 | 1.117 | 1.124 | 1.134 | 1.143 | 1.153 | 1.161 | 1.171 | 1.175 | 1.183 | 1.191 |
| Employee Benefits | Blended benefits proxy | 11.418 | 1.091 | 1.093 | 1.108 | 1.115 | 1.127 | 1.129 | 1.131 | 1.142 | 1.150 | 1.156 | 1.165 | 1.168 | 1.175 | 1.179 | 1.189 | 1.197 |
| Professional Fees | ECI- Compensation Prof. and Tech. (Private) | 1.322 | 1.071 | 1.079 | 1.093 | 1.102 | 1.112 | 1.123 | 1.131 | 1.138 | 1.148 | 1.156 | 1.165 | 1.169 | - | - | - | - |
| Utilities | | 1.551 | 1.204 | 1.166 | 1.186 | 1.149 | 1.166 | 1.197 | 1.222 | 1.190 | 1.205 | 1.292 | 1.390 | 1.285 | 1.232 | 1.176 | 1.225 | 1.184 |
| Electricity | WPI - Commercial Electric Power | 0.919 | 1.110 | 1.138 | 1.180 | 1.113 | 1.120 | 1.166 | 1.216 | 1.154 | 1.154 | 1.214 | 1.281 | 1.245 | - | - | - | - |
| Fuels (non-highway) | WPI - Commercial Natural Gas | 0.453 | 1.432 | 1.243 | 1.219 | 1.226 | 1.260 | 1.268 | 1.245 | 1.258 | 1.298 | 1.471 | 1.660 | 1.365 | - | - | - | - |
| Water, Sewerage, Other Util. | CPI - Water & Sewage | 0.179 | 1.110 | 1.118 | 1.135 | 1.143 | 1.163 | 1.174 | 1.196 | 1.206 | 1.228 | 1.236 | 1.266 | 1.292 | - | - | - | - |
| Prof. Liability Insurance | CMS - Prof. Liab. Prem. | 1.717 | 1.231 | 1.248 | 1.261 | 1.269 | 1.273 | 1.274 | 1.274 | 1.272 | 1.269 | 1.265 | 1.261 | 1.260 | 1.263 | 1.274 | 1.291 | 1.311 |
| All Other | | 25.448 | 1.080 | 1.090 | 1.097 | 1.100 | 1.116 | 1.127 | 1.139 | 1.149 | 1.173 | 1.193 | 1.212 | 1.221 | 1.218 | 1.216 | 1.218 | 1.220 |
| All Other Products | | 19.030 | 1.090 | 1.100 | 1.107 | 1.110 | 1.128 | 1.139 | 1.152 | 1.163 | 1.192 | 1.214 | 1.236 | 1.250 | 1.246 | 1.242 | 1.242 | 1.244 |
| Pharmaceuticals | WPI - Prescription Drugs | 7.894 | 1.124 | 1.143 | 1.149 | 1.146 | 1.171 | 1.182 | 1.199 | 1.209 | 1.247 | 1.272 | 1.282 | 1.305 | - | - | - | - |
| Food: Direct Purchase | WPI - Processed Foods | 2.906 | 1.015 | 1.014 | 1.024 | 1.031 | 1.065 | 1.094 | 1.107 | 1.117 | 1.160 | 1.197 | 1.239 | 1.201 | - | - | - | - |
| Food: Contract Service | CPI - Food Away Fr. Home | 3.151 | 1.059 | 1.067 | 1.076 | 1.084 | 1.095 | 1.103 | 1.117 | 1.128 | 1.138 | 1.150 | 1.167 | 1.182 | - | - | - | - |
| Chemicals | Blended chemical proxy | 0.589 | 1.119 | 1.126 | 1.136 | 1.148 | 1.153 | 1.156 | 1.167 | 1.183 | 1.222 | 1.243 | 1.284 | 1.345 | - | - | - | - |
| Rubber and Plastics | WPI - Rub. & Plast. Prod. | 1.513 | 1.159 | 1.167 | 1.167 | 1.173 | 1.166 | 1.168 | 1.177 | 1.186 | 1.211 | 1.232 | 1.284 | 1.302 | - | - | - | - |
| Paper Products | WPI - Convert. Paper And Paperboard | 1.394 | 1.089 | 1.103 | 1.117 | 1.119 | 1.122 | 1.131 | 1.147 | 1.160 | 1.173 | 1.214 | 1.243 | - | - | - | - | - |
| Miscellaneous Products | WPI - Finished Goods Less Food and Energy | 1.582 | 1.041 | 1.044 | 1.039 | 1.052 | 1.059 | 1.061 | 1.063 | 1.075 | 1.085 | 1.092 | 1.101 | 1.121 | - | - | - | - |
| All Other Services | | 6.418 | 1.048 | 1.058 | 1.065 | 1.067 | 1.079 | 1.092 | 1.101 | 1.107 | 1.116 | 1.131 | 1.141 | 1.133 | 1.134 | 1.140 | 1.147 | 1.150 |
| Telephone Services | CPI - Telephone Services | 0.434 | 0.987 | 0.989 | 0.995 | 1.003 | 1.009 | 1.019 | 1.025 | 1.026 | 1.026 | 1.038 | 1.051 | 1.053 | - | - | - | - |
| Postage | CPI - Postage | 0.454 | 1.053 | 1.053 | 1.053 | 1.053 | 1.053 | 1.075 | 1.094 | 1.094 | 1.094 | 1.114 | 1.128 | 1.128 | - | - | - | - |
| Labor-intensive Services | ECI - Service Occupations (Private) | 3.521 | 1.048 | 1.055 | 1.063 | 1.072 | 1.086 | 1.094 | 1.106 | 1.112 | 1.121 | 1.130 | 1.137 | 1.141 | - | - | - | - |
| Non-labor-intensive Services | CPI - All Items (Urban) | 2.008 | 1.062 | 1.080 | 1.086 | 1.077 | 1.088 | 1.109 | 1.111 | 1.119 | 1.132 | 1.157 | 1.171 | 1.137 | - | - | - | - |
| Capital Costs | | 7.207 | 1.000 | 1.011 | 1.012 | 1.015 | 1.015 | 1.022 | 1.022 | 1.024 | 1.025 | 1.032 | 1.033 | 1.038 | 1.038 | 1.045 | 1.046 | 1.050 |
| Depreciation | | 2.858 | 1.056 | 1.061 | 1.071 | 1.081 | 1.089 | 1.095 | 1.105 | 1.115 | 1.124 | 1.130 | 1.141 | 1.152 | 1.161 | 1.165 | 1.176 | 1.185 |
| Fixed Assets | Boeckh - Institutional Construction: 23 Yrs | 2.437 | 1.066 | 1.072 | 1.083 | 1.095 | 1.105 | 1.111 | 1.122 | 1.135 | 1.145 | 1.151 | 1.164 | 1.176 | - | - | - | - |
| Movable Equipment | WPI - Mach. & Equipment: 10 Yrs. | 0.421 | 0.997 | 0.999 | 0.999 | 0.999 | 1.001 | 1.002 | 1.003 | 1.003 | 1.005 | 1.007 | 1.009 | 1.010 | - | - | - | - |
| Interest Costs | | 3.037 | 0.922 | 0.939 | 0.927 | 0.921 | 0.905 | 0.914 | 0.900 | 0.890 | 0.880 | 0.888 | 0.874 | 0.871 | 0.858 | 0.868 | 0.857 | 0.854 |
| Non-profit | Avg. Yield Mun. Bonds: 22 Yrs | 1.197 | 0.923 | 0.939 | 0.930 | 0.918 | 0.906 | 0.917 | 0.904 | 0.888 | 0.881 | 0.891 | 0.878 | 0.871 | - | - | - | - |
| For-Profit | Avg. Yield Aaa Bonds: 22 Yrs | 1.840 | 0.922 | 0.939 | 0.925 | 0.922 | 0.904 | 0.912 | 0.898 | 0.891 | 0.879 | 0.885 | 0.872 | 0.872 | - | - | - | - |
| Other Capital Costs | | 1.312 | 1.058 | 1.067 | 1.079 | 1.093 | 1.106 | 1.114 | 1.123 | 1.136 | 1.147 | 1.155 | 1.165 | 1.177 | - | - | - | - |
| Other | CPI - Residential Rent | 1.312 | 1.058 | 1.067 | 1.079 | 1.093 | 1.106 | 1.114 | 1.123 | 1.136 | 1.147 | 1.155 | 1.165 | 1.177 | - | - | - | - |

4 Quarter Moving Average Percent Changes in the CMS Prospective Payment System Skilled Nursing Facility Input Price Index using IHS Global Insight Inc. (IGI) Forecast Assumptions, by Expense Category: 1990-2019

| Expense Category | Price/Wage Variable | Base Year | | | | | | | | | | | | Forecast 2009Q1 | Forecast 2009Q2 | Forecast 2009Q3 | Forecast 2009Q4 | |
|------------------------------|---|--------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------------|-----------------|-----------------|-----------------|--------|
| | | Weights 2004 | 2006Q1 | 2006Q2 | 2006Q3 | 2006Q4 | 2007Q1 | 2007Q2 | 2007Q3 | 2007Q4 | 2008Q1 | 2008Q2 | 2008Q3 | | | | | 2008Q4 |
| Percent Changes | | | | | | | | | | | | | | | | | | |
| Total - SNF04 | | 100.000 | 3.6 | 3.7 | 3.7 | 3.6 | 3.5 | 3.4 | 3.3 | 3.3 | 3.3 | 3.4 | 3.6 | 3.7 | 3.6 | 3.2 | 2.6 | 2.1 |
| Compensation | | 62.755 | 3.4 | 3.4 | 3.5 | 3.5 | 3.6 | 3.6 | 3.6 | 3.4 | 3.3 | 3.2 | 3.1 | 3.1 | 3.1 | 3.0 | 2.8 | 2.7 |
| Wages and Salaries | Blended wages and salary proxy | 51.337 | 3.2 | 3.2 | 3.3 | 3.4 | 3.5 | 3.6 | 3.6 | 3.6 | 3.4 | 3.4 | 3.3 | 3.3 | 3.3 | 3.2 | 3.0 | 2.8 |
| Employee Benefits | Blended benefits proxy | 11.418 | 4.5 | 4.4 | 4.4 | 4.2 | 3.9 | 3.7 | 3.2 | 2.8 | 2.5 | 2.3 | 2.5 | 2.4 | 2.4 | 2.3 | 2.1 | 2.2 |
| Professional Fees | ECI- Compensation Prof. and Tech. (Private) | 1.322 | 3.7 | 3.4 | 3.3 | 3.4 | 3.6 | 3.9 | 3.8 | 3.7 | 3.5 | 3.2 | 3.1 | 3.0 | - | - | - | - |
| Utilities | | 1.551 | 11.6 | 12.0 | 11.0 | 5.9 | 1.4 | 0.0 | -0.4 | 1.5 | 3.1 | 4.5 | 7.2 | 8.3 | 8.0 | 3.6 | -3.1 | -6.8 |
| Electricity | WPI - Commercial Electric Power | 0.919 | 6.6 | 7.9 | 8.4 | 7.7 | 5.3 | 3.6 | 2.6 | 2.6 | 3.1 | 3.5 | 4.1 | 5.1 | - | - | - | - |
| Fuels (non-highway) | WPI - Commercial Natural Gas | 0.453 | 23.8 | 22.6 | 18.2 | 3.2 | -6.4 | -7.7 | -7.3 | -1.8 | 2.4 | 6.0 | 13.8 | 15.2 | - | - | - | - |
| Water, Sewerage, Other Util. | CPI - Water & Sewage | 0.179 | 5.3 | 5.0 | 4.9 | 4.9 | 4.9 | 4.9 | 5.0 | 5.2 | 5.4 | 5.4 | 5.6 | 6.0 | - | - | - | - |
| Prof. Liability Insurance | CMS - Prof. Liab. Prem. | 1.717 | 11.4 | 10.0 | 8.5 | 7.0 | 5.5 | 4.1 | 2.8 | 1.7 | 0.8 | 0.1 | -0.4 | -0.8 | -0.8 | -0.4 | 0.4 | 1.7 |
| All Other | | 25.448 | 4.1 | 4.4 | 4.3 | 4.1 | 3.8 | 3.5 | 3.5 | 3.8 | 4.3 | 4.9 | 5.5 | 5.9 | 5.6 | 4.6 | 3.1 | 1.5 |
| All Other Products | | 19.030 | 4.7 | 5.0 | 4.8 | 4.4 | 4.0 | 3.7 | 3.7 | 4.0 | 4.5 | 5.3 | 6.1 | 6.8 | 6.4 | 5.4 | 3.6 | 1.7 |
| Pharmaceuticals | WPI - Prescription Drugs | 7.894 | 6.8 | 7.7 | 7.0 | 6.4 | 5.4 | 4.3 | 4.1 | 4.4 | 5.0 | 6.0 | 6.6 | 7.2 | - | - | - | - |
| Food: Direct Purchase | WPI - Processed Foods | 2.906 | 0.5 | 0.6 | 0.6 | 0.4 | 1.6 | 3.7 | 5.5 | 7.3 | 8.3 | 8.7 | 9.7 | 9.5 | - | - | - | - |
| Food: Contract Service | CPI - Food Away Fr. Home | 3.151 | 3.1 | 3.1 | 3.1 | 3.1 | 3.2 | 3.2 | 3.4 | 3.7 | 3.8 | 4.0 | 4.2 | 4.4 | - | - | - | - |
| Chemicals | Blended chemical proxy | 0.589 | 5.9 | 5.6 | 5.8 | 5.5 | 4.8 | 4.2 | 3.4 | 2.9 | 3.6 | 4.8 | 6.7 | 9.3 | - | - | - | - |
| Rubber and Plastics | WPI - Rub. & Plast. Prod. | 1.513 | 8.0 | 8.1 | 8.4 | 7.0 | 4.8 | 3.1 | 1.4 | 0.8 | 1.6 | 2.8 | 4.9 | 7.1 | - | - | - | - |
| Paper Products | WPI - Convert. Paper And Paperboard | 1.394 | 3.8 | 3.4 | 4.0 | 4.5 | 4.3 | 3.7 | 2.6 | 2.0 | 2.3 | 3.0 | 4.5 | 6.0 | - | - | - | - |
| Miscellaneous Products | WPI - Finished Goods Less Food and Energy | 1.582 | 2.1 | 1.9 | 1.5 | 1.5 | 1.5 | 1.5 | 1.8 | 2.0 | 2.1 | 2.5 | 2.8 | 3.3 | - | - | - | - |
| All Other Services | | 6.418 | 2.5 | 2.7 | 2.9 | 2.9 | 3.0 | 3.0 | 3.1 | 3.3 | 3.4 | 3.5 | 3.6 | 3.2 | 2.8 | 2.1 | 1.3 | 1.1 |
| Telephone Services | CPI - Telephone Services | 0.434 | -0.4 | 0.0 | 0.6 | 0.9 | 1.5 | 2.1 | 2.5 | 2.6 | 2.5 | 2.2 | 2.1 | 2.2 | - | - | - | - |
| Postage | CPI - Postage | 0.454 | 1.3 | 2.7 | 4.0 | 5.3 | 4.0 | 3.1 | 2.8 | 2.5 | 3.4 | 3.8 | 3.6 | 3.4 | - | - | - | - |
| Labor-intensive Services | ECI - Service Occupations (Private) | 3.521 | 2.4 | 2.4 | 2.5 | 2.7 | 3.0 | 3.3 | 3.6 | 3.8 | 3.6 | 3.6 | 3.3 | 3.0 | - | - | - | - |
| Non-labor-intensive Services | CPI - All Items (Urban) | 2.008 | 3.6 | 3.8 | 3.7 | 3.2 | 2.9 | 2.6 | 2.4 | 2.9 | 3.3 | 3.7 | 4.4 | 3.8 | - | - | - | - |
| Capital Costs | | 7.207 | 0.3 | 0.5 | 0.8 | 1.0 | 1.2 | 1.3 | 1.2 | 1.1 | 1.0 | 1.0 | 1.0 | 1.1 | 1.2 | 1.2 | 1.3 | 1.2 |
| Depreciation | | 2.858 | 2.9 | 2.9 | 3.0 | 3.1 | 3.1 | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 | 3.1 |
| Fixed Assets | Boeckh - Institutional Construction: 23 Yrs | 2.437 | 3.4 | 3.4 | 3.5 | 3.5 | 3.6 | 3.6 | 3.6 | 3.6 | 3.6 | 3.6 | 3.6 | 3.6 | - | - | - | - |
| Movable Equipment | WPI - Mach. & Equipment: 10 Yrs. | 0.421 | -0.1 | 0.0 | 0.1 | 0.2 | 0.3 | 0.3 | 0.3 | 0.4 | 0.4 | 0.4 | | | | | | |

Quarterly Index Levels in the CMS Prospective Payment System Skilled Nursing Facility Input Price Index using IHS Global Insight Inc. (IGI) Forecast Assumptions, by Expense Category: 1990-2019

| Expense Category | Price/Wage Variable | Base Year Weights 2004 | Forecast 2010Q1 | Forecast 2010Q2 | Forecast 2010Q3 | Forecast 2010Q4 | Forecast 2011Q1 | Forecast 2011Q2 | Forecast 2011Q3 | Forecast 2011Q4 | Forecast 2012Q1 | Forecast 2012Q2 | Forecast 2012Q3 | Forecast 2012Q4 | Forecast 2013Q1 | Forecast 2013Q2 | Forecast 2013Q3 | Forecast 2013Q4 |
|------------------------------|---|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Index Levels | | | | | | | | | | | | | | | | | | |
| Total - SNF04 | | 100.000 | 1.200 | 1.206 | 1.215 | 1.221 | 1.230 | 1.237 | 1.246 | 1.253 | 1.264 | 1.271 | 1.282 | 1.290 | 1.302 | 1.310 | 1.321 | 1.329 |
| Compensation | | 62.755 | 1.201 | 1.206 | 1.215 | 1.222 | 1.231 | 1.237 | 1.247 | 1.256 | 1.267 | 1.276 | 1.288 | 1.299 | 1.312 | 1.321 | 1.333 | 1.344 |
| Wages and Salaries | Blended wages and salary proxy | 51.337 | 1.200 | 1.204 | 1.212 | 1.218 | 1.226 | 1.232 | 1.241 | 1.251 | 1.261 | 1.269 | 1.281 | 1.292 | 1.304 | 1.313 | 1.325 | 1.336 |
| Employee Benefits | Blended benefits proxy | 11.418 | 1.210 | 1.217 | 1.230 | 1.238 | 1.253 | 1.262 | 1.275 | 1.283 | 1.298 | 1.307 | 1.320 | 1.329 | 1.347 | 1.355 | 1.368 | 1.378 |
| Professional Fees | ECI- Compensation Prof. and Tech. (Private) | 1.322 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Utilities | | 1.551 | 1.219 | 1.261 | 1.343 | 1.313 | 1.327 | 1.334 | 1.379 | 1.356 | 1.379 | 1.375 | 1.422 | 1.386 | 1.410 | 1.428 | 1.493 | 1.448 |
| Electricity | WPI - Commercial Electric Power | 0.919 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Fuels (non-highway) | WPI - Commercial Natural Gas | 0.453 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Water, Sewerage, Other Util. | CPI - Water & Sewage | 0.179 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Prof. Liability Insurance | CMS - Prof. Liab. Prem. | 1.717 | 1.331 | 1.351 | 1.371 | 1.386 | 1.395 | 1.397 | 1.394 | 1.386 | 1.373 | 1.357 | 1.340 | 1.323 | 1.305 | 1.287 | 1.271 | 1.256 |
| All Other | | 25.448 | 1.229 | 1.236 | 1.243 | 1.248 | 1.258 | 1.266 | 1.275 | 1.282 | 1.293 | 1.302 | 1.311 | 1.317 | 1.329 | 1.338 | 1.346 | 1.352 |
| All Other Products | | 19.030 | 1.253 | 1.261 | 1.268 | 1.273 | 1.284 | 1.293 | 1.302 | 1.309 | 1.321 | 1.331 | 1.340 | 1.346 | 1.359 | 1.368 | 1.376 | 1.382 |
| Pharmaceuticals | WPI - Prescription Drugs | 7.894 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Food: Direct Purchase | WPI - Processed Foods | 2.906 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Food: Contract Service | CPI - Food Away Fr. Home | 3.151 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Chemicals | Blended chemical proxy | 0.589 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Rubber and Plastics | WPI - Rub. & Plast. Prod. | 1.513 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Paper Products | WPI - Convert. Paper And Paperboard | 1.394 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous Products | WPI - Finished Goods Less Food and Energy | 1.582 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| All Other Services | | 6.418 | 1.156 | 1.164 | 1.170 | 1.174 | 1.181 | 1.187 | 1.194 | 1.199 | 1.208 | 1.216 | 1.224 | 1.231 | 1.241 | 1.249 | 1.257 | 1.263 |
| Telephone Services | CPI - Telephone Services | 0.434 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Postage | CPI - Postage | 0.454 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Labor-intensive Services | ECI - Service Occupations (Private) | 3.521 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Non-labor-intensive Services | CPI - All Items (Urban) | 2.008 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital Costs | | 7.207 | 1.048 | 1.054 | 1.054 | 1.059 | 1.059 | 1.065 | 1.066 | 1.072 | 1.072 | 1.078 | 1.081 | 1.086 | 1.086 | 1.094 | 1.097 | 1.104 |
| Depreciation | | 2.858 | 1.194 | 1.199 | 1.208 | 1.218 | 1.226 | 1.231 | 1.241 | 1.250 | 1.259 | 1.263 | 1.273 | 1.282 | 1.291 | 1.295 | 1.304 | 1.314 |
| Fixed Assets | Boeckh - Institutional Construction: 23 Yrs | 2.437 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Movable Equipment | WPI - Mach. & Equipment: 10 Yrs. | 0.421 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest Costs | | 3.037 | 0.839 | 0.847 | 0.837 | 0.837 | 0.824 | 0.833 | 0.824 | 0.826 | 0.813 | 0.822 | 0.815 | 0.815 | 0.805 | 0.815 | 0.812 | 0.814 |
| Non-profit | Avg. Yield Mun. Bonds: 22 Yrs | 1.197 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| For-Profit | Avg. Yield Aaa Bonds: 22 Yrs | 1.840 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Capital Costs | | 1.312 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | CPI - Residential Rent | 1.312 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

4 Quarter Moving Average Percent Changes in the CMS Prospective Payment System Skilled Nursing Facility Input Price Index using IHS Global Insight Inc. (IGI) Forecast Assumptions, by Expense Category: 1990-2019

| Expense Category | Price/Wage Variable | Base Year Weights 2004 | Forecast 2010Q1 | Forecast 2010Q2 | Forecast 2010Q3 | Forecast 2010Q4 | Forecast 2011Q1 | Forecast 2011Q2 | Forecast 2011Q3 | Forecast 2011Q4 | Forecast 2012Q1 | Forecast 2012Q2 | Forecast 2012Q3 | Forecast 2012Q4 | Forecast 2013Q1 | Forecast 2013Q2 | Forecast 2013Q3 | Forecast 2013Q4 |
|------------------------------|---|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Percent Changes | | | | | | | | | | | | | | | | | | |
| Total - SNF04 | | 100.000 | 1.9 | 1.9 | 2.1 | 2.4 | 2.5 | 2.5 | 2.5 | 2.5 | 2.6 | 2.7 | 2.8 | 2.8 | 2.9 | 3.0 | 3.0 | 3.0 |
| Compensation | | 62.755 | 2.6 | 2.6 | 2.6 | 2.6 | 2.5 | 2.5 | 2.5 | 2.6 | 2.7 | 2.9 | 3.0 | 3.2 | 3.3 | 3.4 | 3.5 | 3.5 |
| Wages and Salaries | Blended wages and salary proxy | 51.337 | 2.6 | 2.5 | 2.5 | 2.4 | 2.3 | 2.3 | 2.3 | 2.4 | 2.6 | 2.7 | 2.9 | 3.1 | 3.2 | 3.4 | 3.4 | 3.5 |
| Employee Benefits | Blended benefits proxy | 11.418 | 2.4 | 2.7 | 3.0 | 3.2 | 3.4 | 3.5 | 3.6 | 3.6 | 3.6 | 3.6 | 3.6 | 3.6 | 3.6 | 3.7 | 3.7 | 3.7 |
| Professional Fees | ECI- Compensation Prof. and Tech. (Private) | 1.322 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Utilities | | 1.551 | -7.6 | -3.8 | 1.8 | 6.6 | 9.1 | 8.7 | 6.9 | 5.1 | 3.9 | 3.2 | 3.4 | 3.1 | 2.7 | 2.9 | 3.3 | 3.9 |
| Electricity | WPI - Commercial Electric Power | 0.919 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Fuels (non-highway) | WPI - Commercial Natural Gas | 0.453 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Water, Sewerage, Other Util. | CPI - Water & Sewage | 0.179 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Prof. Liability Insurance | CMS - Prof. Liab. Prem. | 1.717 | 3.1 | 4.5 | 5.4 | 5.8 | 5.7 | 5.0 | 3.9 | 2.4 | 0.9 | -0.7 | -2.1 | -3.2 | -4.1 | -4.6 | -4.9 | -5.1 |
| All Other | | 25.448 | 0.8 | 0.7 | 1.2 | 1.7 | 2.1 | 2.3 | 2.4 | 2.5 | 2.6 | 2.7 | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 | 2.7 |
| All Other Products | | 19.030 | 0.7 | 0.5 | 0.9 | 1.6 | 2.1 | 2.4 | 2.5 | 2.6 | 2.8 | 2.8 | 2.9 | 2.9 | 2.9 | 2.8 | 2.8 | 2.7 |
| Pharmaceuticals | WPI - Prescription Drugs | 7.894 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Food: Direct Purchase | WPI - Processed Foods | 2.906 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Food: Contract Service | CPI - Food Away Fr. Home | 3.151 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Chemicals | Blended chemical proxy | 0.589 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Rubber and Plastics | WPI - Rub. & Plast. Prod. | 1.513 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Paper Products | WPI - Convert. Paper And Paperboard | 1.394 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous Products | WPI - Finished Goods Less Food and Energy | 1.582 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| All Other Services | | 6.418 | 1.2 | 1.5 | 1.9 | 2.1 | 2.1 | 2.1 | 2.0 | 2.1 | 2.1 | 2.2 | 2.4 | 2.5 | 2.6 | 2.6 | 2.7 | 2.7 |
| Telephone Services | CPI - Telephone Services | 0.434 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Postage | CPI - Postage | 0.454 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Labor-intensive Services | ECI - Service Occupations (Private) | 3.521 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Non-labor-intensive Services | CPI - All Items (Urban) | 2.008 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital Costs | | 7.207 | 1.1 | 1.0 | 0.9 | 0.9 | 0.9 | 1.0 | 1.0 | 1.1 | 1.2 | 1.2 | 1.3 | 1.3 | 1.3 | 1.3 | 1.4 | 1.5 |
| Depreciation | | 2.858 | 3.0 | 2.9 | 2.9 | 2.8 | 2.8 | 2.7 | 2.7 | 2.7 | 2.7 | 2.7 | 2.6 | 2.6 | 2.6 | 2.6 | 2.5 | 2.5 |
| Fixed Assets | Boeckh - Institutional Construction: 23 Yrs | 2.437 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Movable Equipment | WPI - Mach. & Equipment: 10 Yrs. | 0.421 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest Costs | | 3.037 | -2.1 | -2.2 | -2.2 | -2.2 | -2.1 | -1.9 | -1.7 | -1.6 | -1.5 | -1.4 | -1.3 | -1.3 | -1.2 | -1.1 | -0.9 | -0.6 |
| Non-profit | Avg. Yield Mun. Bonds: 22 Yrs | 1.197 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| For-Profit | Avg. Yield Aaa Bonds: 22 Yrs | 1.840 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Capital Costs | | 1.312 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | CPI - Residential Rent | 1.312 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

SOURCE: IHS Global Insight Inc. (IGI), 1st Qtr, 2009; @USMACRO/CONTROL0209@CISSIM/TL0209.SIM Historical Data through 4th Qtr, 2008

Quarterly Index Levels in the CMS Prospective Payment System Skilled Nursing Facility Input Price Index using IHS Global Insight Inc. (IGI) Forecast Assumptions, by Expense Category: 1990-2019

| Expense Category | Price/Wage Variable | Base Year Weights 2004 | Forecast 2014Q1 | Forecast 2014Q2 | Forecast 2014Q3 | Forecast 2014Q4 | Forecast 2015Q1 | Forecast 2015Q2 | Forecast 2015Q3 | Forecast 2015Q4 | Forecast 2016Q1 | Forecast 2016Q2 | Forecast 2016Q3 | Forecast 2016Q4 | Forecast 2017Q1 | Forecast 2017Q2 | Forecast 2017Q3 | Forecast 2017Q4 |
|------------------------------|---|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Index Levels | | | | | | | | | | | | | | | | | | |
| Total - SNF04 | | 100.000 | 1.340 | 1.349 | 1.360 | 1.368 | 1.379 | 1.388 | 1.400 | 1.408 | 1.421 | 1.430 | 1.442 | 1.451 | 1.464 | 1.473 | 1.486 | 1.495 |
| Compensation | | 62.755 | 1.357 | 1.366 | 1.379 | 1.390 | 1.404 | 1.414 | 1.428 | 1.439 | 1.453 | 1.464 | 1.478 | 1.490 | 1.505 | 1.516 | 1.531 | 1.543 |
| Wages and Salaries | Blended wages and salary proxy | 51.337 | 1.348 | 1.358 | 1.371 | 1.382 | 1.394 | 1.404 | 1.417 | 1.429 | 1.441 | 1.452 | 1.465 | 1.477 | 1.491 | 1.502 | 1.516 | 1.529 |
| Employee Benefits | Blended benefits proxy | 11.418 | 1.395 | 1.405 | 1.419 | 1.429 | 1.448 | 1.459 | 1.475 | 1.486 | 1.507 | 1.518 | 1.534 | 1.545 | 1.567 | 1.578 | 1.594 | 1.606 |
| Professional Fees | ECI- Compensation Prof. and Tech. (Private) | 1.322 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Utilities | | 1.551 | 1.465 | 1.475 | 1.526 | 1.475 | 1.478 | 1.486 | 1.539 | 1.495 | 1.507 | 1.514 | 1.567 | 1.525 | 1.538 | 1.543 | 1.593 | 1.545 |
| Electricity | WPI - Commercial Electric Power | 0.919 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Fuels (non-highway) | WPI - Commercial Natural Gas | 0.453 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Water, Sewerage, Other Util. | CPI - Water & Sewage | 0.179 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Prof. Liability Insurance | CMS - Prof. Liab. Prem. | 1.717 | 1.241 | 1.226 | 1.212 | 1.199 | 1.187 | 1.176 | 1.166 | 1.157 | 1.150 | 1.143 | 1.138 | 1.134 | 1.131 | 1.128 | 1.127 | 1.126 |
| All Other | | 25.448 | 1.364 | 1.372 | 1.381 | 1.387 | 1.398 | 1.406 | 1.415 | 1.421 | 1.432 | 1.440 | 1.448 | 1.455 | 1.466 | 1.474 | 1.482 | 1.489 |
| All Other Products | | 19.030 | 1.394 | 1.403 | 1.411 | 1.418 | 1.429 | 1.437 | 1.445 | 1.451 | 1.462 | 1.470 | 1.479 | 1.485 | 1.497 | 1.504 | 1.512 | 1.519 |
| Pharmaceuticals | WPI - Prescription Drugs | 7.894 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Food: Direct Purchase | WPI - Processed Foods | 2.906 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Food: Contract Service | CPI - Food Away Fr. Home | 3.151 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Chemicals | Blended chemical proxy | 0.589 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Rubber and Plastics | WPI - Rub. & Plast. Prod. | 1.513 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Paper Products | WPI - Convert. Paper And Paperboard | 1.394 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous Products | WPI - Finished Goods Less Food and Energy | 1.582 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| All Other Services | | 6.418 | 1.273 | 1.281 | 1.290 | 1.296 | 1.306 | 1.315 | 1.323 | 1.330 | 1.341 | 1.349 | 1.358 | 1.365 | 1.376 | 1.385 | 1.394 | 1.401 |
| Telephone Services | CPI - Telephone Services | 0.434 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Postage | CPI - Postage | 0.454 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Labor-intensive Services | ECI - Service Occupations (Private) | 3.521 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Non-labor-intensive Services | CPI - All Items (Urban) | 2.008 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital Costs | | 7.207 | 1.104 | 1.108 | 1.111 | 1.116 | 1.118 | 1.124 | 1.127 | 1.134 | 1.135 | 1.140 | 1.143 | 1.151 | 1.152 | 1.156 | 1.161 | 1.169 |
| Depreciation | | 2.858 | 1.322 | 1.326 | 1.335 | 1.344 | 1.353 | 1.356 | 1.365 | 1.375 | 1.383 | 1.387 | 1.394 | 1.405 | 1.413 | 1.416 | 1.425 | 1.435 |
| Fixed Assets | Boeckh - Institutional Construction: 23 Yrs | 2.437 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Movable Equipment | WPI - Mach. & Equipment: 10 Yrs. | 0.421 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest Costs | | 3.037 | 0.801 | 0.806 | 0.801 | 0.799 | 0.791 | 0.800 | 0.795 | 0.797 | 0.788 | 0.793 | 0.790 | 0.794 | 0.784 | 0.789 | 0.789 | 0.794 |
| Non-profit | Avg. Yield Mun. Bonds: 22 Yrs | 1.197 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| For-Profit | Avg. Yield Aaa Bonds: 22 Yrs | 1.840 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Capital Costs | | 1.312 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | CPI - Residential Rent | 1.312 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

4 Quarter Moving Average Percent Changes in the CMS Prospective Payment System Skilled Nursing Facility Input Price Index using IHS Global Insight Inc. (IGI) Forecast Assumptions, by Expense Category: 1990-2019

| Expense Category | Price/Wage Variable | Base Year Weights 2004 | Forecast 2014Q1 | Forecast 2014Q2 | Forecast 2014Q3 | Forecast 2014Q4 | Forecast 2015Q1 | Forecast 2015Q2 | Forecast 2015Q3 | Forecast 2015Q4 | Forecast 2016Q1 | Forecast 2016Q2 | Forecast 2016Q3 | Forecast 2016Q4 | Forecast 2017Q1 | Forecast 2017Q2 | Forecast 2017Q3 | Forecast 2017Q4 |
|------------------------------|---|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Percent Changes | | | | | | | | | | | | | | | | | | |
| Total - SNF04 | | 100.000 | 3.0 | 3.0 | 3.0 | 3.0 | 2.9 | 2.9 | 2.9 | 2.9 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Compensation | | 62.755 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.6 |
| Wages and Salaries | Blended wages and salary proxy | 51.337 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.5 | 3.5 |
| Employee Benefits | Blended benefits proxy | 11.418 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.8 | 3.8 | 3.9 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Professional Fees | ECI- Compensation Prof. and Tech. (Private) | 1.322 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Utilities | | 1.551 | 4.3 | 4.2 | 3.5 | 2.8 | 2.0 | 1.4 | 1.1 | 1.0 | 1.2 | 1.5 | 1.8 | 1.9 | 1.9 | 1.9 | 1.9 | 1.7 |
| Electricity | WPI - Commercial Electric Power | 0.919 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Fuels (non-highway) | WPI - Commercial Natural Gas | 0.453 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Water, Sewerage, Other Util. | CPI - Water & Sewage | 0.179 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Prof. Liability Insurance | CMS - Prof. Liab. Prem. | 1.717 | -5.0 | -4.9 | -4.8 | -4.7 | -4.6 | -4.4 | -4.2 | -4.0 | -3.6 | -3.3 | -2.9 | -2.6 | -2.2 | -1.8 | -1.5 | -1.2 |
| All Other | | 25.448 | 2.7 | 2.6 | 2.6 | 2.6 | 2.6 | 2.5 | 2.5 | 2.5 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 |
| All Other Products | | 19.030 | 2.7 | 2.6 | 2.6 | 2.6 | 2.5 | 2.5 | 2.5 | 2.4 | 2.4 | 2.4 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 |
| Pharmaceuticals | WPI - Prescription Drugs | 7.894 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Food: Direct Purchase | WPI - Processed Foods | 2.906 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Food: Contract Service | CPI - Food Away Fr. Home | 3.151 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Chemicals | Blended chemical proxy | 0.589 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Rubber and Plastics | WPI - Rub. & Plast. Prod. | 1.513 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Paper Products | WPI - Convert. Paper And Paperboard | 1.394 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous Products | WPI - Finished Goods Less Food and Energy | 1.582 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| All Other Services | | 6.418 | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 |
| Telephone Services | CPI - Telephone Services | 0.434 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Postage | CPI - Postage | 0.454 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Labor-intensive Services | ECI - Service Occupations (Private) | 3.521 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Non-labor-intensive Services | CPI - All Items (Urban) | 2.008 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital Costs | | 7.207 | 1.5 | 1.5 | 1.5 | 1.3 | 1.3 | 1.3 | 1.3 | 1.4 | 1.5 | 1.5 | 1.5 | 1.5 | 1.4 | 1.5 | 1.5 | 1.5 |
| Depreciation | | 2.858 | 2.5 | 2.4 | 2.4 | 2.4 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 |
| Fixed Assets | Boeckh - Institutional Construction: 23 Yrs | 2.437 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Movable Equipment | WPI - Mach. & Equipment: 10 Yrs. | 0.421 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest Costs | | 3.037 | -0.4 | -0.5 | -0.7 | -1.1 | -1.3 | -1.3 | -1.1 | -0.8 | -0.6 | -0.5 | -0.5 | -0.5 | -0.6 | -0.5 | -0.4 | -0.3 |
| Non-profit | Avg. Yield Mun. Bonds: 22 Yrs | 1.197 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| For-Profit | Avg. Yield Aaa Bonds: 22 Yrs | 1.840 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Capital Costs | | 1.312 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | CPI - Residential Rent | 1.312 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

SOURCE: IHS Global Insight Inc. (IGI), 1st Qtr, 2009; @USMACRO/CONTROL0209@CISSIM/TL0209.SIM Historical Data through 4th Qtr, 2008

Quarterly Index Levels in the CMS Prospective Payment System Skilled Nursing Facility Input Price Index using IHS Global Insight Inc. (IGI) Forecast Assumptions, by Expense Category: 1990-2019

| Expense Category | Price/Wage Variable | Base Year Weights 2004 | Forecast 2018Q1 | Forecast 2018Q2 | Forecast 2018Q3 | Forecast 2018Q4 | Forecast 2019Q1 | Forecast 2019Q2 | Forecast 2019Q3 | Forecast 2019Q4 |
|------------------------------|---|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Index Levels | | | | | | | | | | |
| Total - SNF04 | | 100.000 | 1.509 | 1.518 | 1.531 | 1.541 | 1.555 | 1.565 | 1.578 | 1.589 |
| Compensation | | 62.755 | 1.559 | 1.570 | 1.585 | 1.598 | 1.614 | 1.626 | 1.642 | 1.655 |
| Wages and Salaries | Blended wages and salary proxy | 51.337 | 1.543 | 1.554 | 1.569 | 1.582 | 1.596 | 1.608 | 1.623 | 1.637 |
| Employee Benefits | Blended benefits proxy | 11.418 | 1.629 | 1.641 | 1.658 | 1.671 | 1.694 | 1.707 | 1.725 | 1.738 |
| Professional Fees | ECI- Compensation Prof. and Tech. (Private) | 1.322 | - | - | - | - | - | - | - | - |
| Utilities | | 1.551 | 1.558 | 1.565 | 1.621 | 1.566 | 1.581 | 1.589 | 1.645 | 1.592 |
| Electricity | WPI - Commercial Electric Power | 0.919 | - | - | - | - | - | - | - | - |
| Fuels (non-highway) | WPI - Commercial Natural Gas | 0.453 | - | - | - | - | - | - | - | - |
| Water, Sewerage, Other Util. | CPI - Water & Sewage | 0.179 | - | - | - | - | - | - | - | - |
| Prof. Liability Insurance | CMS - Prof. Liab. Prem. | 1.717 | 1.127 | 1.127 | 1.129 | 1.131 | 1.133 | 1.136 | 1.140 | 1.143 |
| All Other | | 25.448 | 1.501 | 1.509 | 1.517 | 1.524 | 1.536 | 1.543 | 1.551 | 1.560 |
| All Other Products | | 19.030 | 1.530 | 1.538 | 1.546 | 1.553 | 1.564 | 1.572 | 1.579 | 1.588 |
| Pharmaceuticals | WPI - Prescription Drugs | 7.894 | - | - | - | - | - | - | - | - |
| Food: Direct Purchase | WPI - Processed Foods | 2.906 | - | - | - | - | - | - | - | - |
| Food: Contract Service | CPI - Food Away Fr. Home | 3.151 | - | - | - | - | - | - | - | - |
| Chemicals | Blended chemical proxy | 0.589 | - | - | - | - | - | - | - | - |
| Rubber and Plastics | WPI - Rub. & Plast. Prod. | 1.513 | - | - | - | - | - | - | - | - |
| Paper Products | WPI - Convert. Paper And Paperboard | 1.394 | - | - | - | - | - | - | - | - |
| Miscellaneous Products | WPI - Finished Goods Less Food and Energy | 1.582 | - | - | - | - | - | - | - | - |
| All Other Services | | 6.418 | 1.412 | 1.422 | 1.431 | 1.438 | 1.450 | 1.459 | 1.469 | 1.476 |
| Telephone Services | CPI - Telephone Services | 0.434 | - | - | - | - | - | - | - | - |
| Postage | CPI - Postage | 0.454 | - | - | - | - | - | - | - | - |
| Labor-intensive Services | ECI - Service Occupations (Private) | 3.521 | - | - | - | - | - | - | - | - |
| Non-labor-intensive Services | CPI - All Items (Urban) | 2.008 | - | - | - | - | - | - | - | - |
| Capital Costs | | 7.207 | 1.171 | 1.176 | 1.182 | 1.190 | 1.192 | 1.196 | 1.200 | 1.209 |
| Depreciation | | 2.858 | 1.444 | 1.447 | 1.456 | 1.467 | 1.476 | 1.480 | 1.489 | 1.500 |
| Fixed Assets | Boeckh - Institutional Construction: 23 Yrs | 2.437 | - | - | - | - | - | - | - | - |
| Movable Equipment | WPI - Mach. & Equipment: 10 Yrs. | 0.421 | - | - | - | - | - | - | - | - |
| Interest Costs | | 3.037 | 0.786 | 0.791 | 0.792 | 0.799 | 0.790 | 0.793 | 0.791 | 0.795 |
| Non-profit | Avg. Yield Mun. Bonds: 22 Yrs | 1.197 | - | - | - | - | - | - | - | - |
| For-Profit | Avg. Yield Aaa Bonds: 22 Yrs | 1.840 | - | - | - | - | - | - | - | - |
| Other Capital Costs | | 1.312 | - | - | - | - | - | - | - | - |
| Other | CPI - Residential Rent | 1.312 | - | - | - | - | - | - | - | - |

4 Quarter Moving Average Percent Changes in the CMS Prospective Payment System Skilled Nursing Facility Input Price Index using IHS Global Insight Inc. (IGI) Forecast Assumptions, by Expense Category: 1990-2019

| Expense Category | Price/Wage Variable | Base Year Weights 2004 | Forecast 2018Q1 | Forecast 2018Q2 | Forecast 2018Q3 | Forecast 2018Q4 | Forecast 2019Q1 | Forecast 2019Q2 | Forecast 2019Q3 | Forecast 2019Q4 |
|------------------------------|---|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Percent Changes | | | | | | | | | | |
| Total - SNF04 | | 100.000 | 3.1 | 3.1 | 3.1 | 3.1 | 3.1 | 3.1 | 3.1 | 3.1 |
| Compensation | | 62.755 | 3.6 | 3.6 | 3.6 | 3.6 | 3.6 | 3.5 | 3.6 | 3.6 |
| Wages and Salaries | Blended wages and salary proxy | 51.337 | 3.5 | 3.5 | 3.5 | 3.5 | 3.4 | 3.4 | 3.4 | 3.5 |
| Employee Benefits | Blended benefits proxy | 11.418 | 3.9 | 3.9 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Professional Fees | ECI- Compensation Prof. and Tech. (Private) | 1.322 | - | - | - | - | - | - | - | - |
| Utilities | | 1.551 | 1.5 | 1.4 | 1.4 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 |
| Electricity | WPI - Commercial Electric Power | 0.919 | - | - | - | - | - | - | - | - |
| Fuels (non-highway) | WPI - Commercial Natural Gas | 0.453 | - | - | - | - | - | - | - | - |
| Water, Sewerage, Other Util. | CPI - Water & Sewage | 0.179 | - | - | - | - | - | - | - | - |
| Prof. Liability Insurance | CMS - Prof. Liab. Prem. | 1.717 | -0.8 | -0.5 | -0.2 | 0.0 | 0.3 | 0.5 | 0.7 | 0.9 |
| All Other | | 25.448 | 2.4 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 |
| All Other Products | | 19.030 | 2.3 | 2.3 | 2.3 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 |
| Pharmaceuticals | WPI - Prescription Drugs | 7.894 | - | - | - | - | - | - | - | - |
| Food: Direct Purchase | WPI - Processed Foods | 2.906 | - | - | - | - | - | - | - | - |
| Food: Contract Service | CPI - Food Away Fr. Home | 3.151 | - | - | - | - | - | - | - | - |
| Chemicals | Blended chemical proxy | 0.589 | - | - | - | - | - | - | - | - |
| Rubber and Plastics | WPI - Rub. & Plast. Prod. | 1.513 | - | - | - | - | - | - | - | - |
| Paper Products | WPI - Convert. Paper And Paperboard | 1.394 | - | - | - | - | - | - | - | - |
| Miscellaneous Products | WPI - Finished Goods Less Food and Energy | 1.582 | - | - | - | - | - | - | - | - |
| All Other Services | | 6.418 | 2.6 | 2.6 | 2.6 | 2.7 | 2.7 | 2.7 | 2.7 | 2.6 |
| Telephone Services | CPI - Telephone Services | 0.434 | - | - | - | - | - | - | - | - |
| Postage | CPI - Postage | 0.454 | - | - | - | - | - | - | - | - |
| Labor-intensive Services | ECI - Service Occupations (Private) | 3.521 | - | - | - | - | - | - | - | - |
| Non-labor-intensive Services | CPI - All Items (Urban) | 2.008 | - | - | - | - | - | - | - | - |
| Capital Costs | | 7.207 | 1.6 | 1.6 | 1.7 | 1.7 | 1.8 | 1.8 | 1.7 | 1.6 |
| Depreciation | | 2.858 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 |
| Fixed Assets | Boeckh - Institutional Construction: 23 Yrs | 2.437 | - | - | - | - | - | - | - | - |
| Movable Equipment | WPI - Mach. & Equipment: 10 Yrs. | 0.421 | - | - | - | - | - | - | - | - |
| Interest Costs | | 3.037 | -0.1 | 0.1 | 0.2 | 0.4 | 0.4 | 0.4 | 0.3 | 0.0 |
| Non-profit | Avg. Yield Mun. Bonds: 22 Yrs | 1.197 | - | - | - | - | - | - | - | - |
| For-Profit | Avg. Yield Aaa Bonds: 22 Yrs | 1.840 | - | - | - | - | - | - | - | - |
| Other Capital Costs | | 1.312 | - | - | - | - | - | - | - | - |
| Other | CPI - Residential Rent | 1.312 | - | - | - | - | - | - | - | - |

SOURCE: IHS Global Insight Inc. (IGI), 1st Qtr, 2009; @USMACRO/CONTROL0209@CISSIM/TL0209.SIM Historical Data through 4th Qtr, 2008