

**Quarterly Index Levels in the CMS Prospective Payment System Skilled Nursing Facility Input Price Index using Global Insight Inc. Forecast Assumptions, by Expense Category: 1990-2018**

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
<b>Index Levels</b>																		
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
<b>Compensation</b>																		
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
<b>Utilities</b>																		
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	0.828	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		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		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	WPI - 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		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 - Telephone Services	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	CPI - Postage	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	ECI - Service Occupations (Private)	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	0.655	0.655	0.655	0.655	0.655	0.655	0.655	0.655	0.655	0.655	0.655	0.655
Capital Costs		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		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		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		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
		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
		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 Global Insight Inc. Forecast Assumptions, by Expense Category: 1990-2018**

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
<b>Percent Changes</b>																		
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
<b>Compensation</b>																		
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	6.0	5.9	5.4	5.0
<b>Utilities</b>																		
Electricity	WPI - Commercial Electric Power	1.322	5.3	5.6	5.7	5.7	5.5	5.3	5.1	4.9	4.8	4.7	4.6	4.6	4.4	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		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		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	WPI - 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		1.394	6.0	4.9	3.9	2.6	1.9	1.1	0.4	-0.2	-0.9	-0.9	-0.5	0.0	0.4	0.3	-0.3	-0.8
Telephone Services	CPI - Telephone Services	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	CPI - Postage	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	ECI - Service Occupations (Private)	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		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	Boeckh - Institutional Construction: 23 Yrs	2.008	5.0	4.8	5.0	5.4	5.4	5.5	5.1	4.2	3.6	3.2	3.0	3.0	3.1	3.1	3.0	3.0
Fixed Assets																		

**Quarterly Index Levels in the CMS Prospective Payment System Skilled Nursing Facility Input Price Index using Global Insight Inc. Forecast Assumptions, by Expense Category: 1990-2018**

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
<b>Index Levels</b>																		
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 Global Insight Inc. Forecast Assumptions, by Expense Category: 1990-2018**

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
<b>Percent Changes</b>																		
Total - SNF04		100.000	3.1	2.9	2.8	2.7	2.6	2.5	2.5	2.6	2.6	2.5	2.3	2.2	2.1	2.0	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	2.6	2.5	2.3	2.2	2.3	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	2.6	2.6	2.5	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	2.5	2.3	2.2	2.1	2.0	2.3	2.6	2.9	3.5	3.8
Non-labor-intensive Services	CPI - All Items (Urban)	2.008	2.8	2.6	2.6													

**Quarterly Index Levels in the CMS Prospective Payment System Skilled Nursing Facility Input Price Index using Global Insight Inc. Forecast Assumptions, by Expense Category: 1990-2018**

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
<b>Index Levels</b>																		
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
<b>Compensation</b>																		
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
<b>Utilities</b>																		
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	0.922	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	0.560	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	WPI - Water & Sewage	0.179	0.815	0.821	0.828	0.830	0.846	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	CMS - Prof. Liab. Prem.	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
Pharmaceuticals	WPI - Prescription Drugs	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: Direct Purchase	WPI - Processed Foods	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
Food: Contract Service	CPI - Food Away Fr. Home	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
Chemicals	Blended chemical proxy	2.906	0.872	0.872	0.878	0.874	0.871	0.864	0.874	0.874	0.889	0.885	0.885	0.900	0.913	0.923	0.909	0.909
Rubber and Plastics	WPI - Rub. & Plast. Prod.	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
Paper Products	WPI - Convert. Paper And Paperboard	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
Miscellaneous Products	WPI - Finished Goods Less Food and Energy	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
All Other 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
Telephone Services	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
Postage	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
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
Non-labor-intensive Services	CPI - Postage	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	0.865	0.891	0.894	0.905
Capital Costs	ECI - Service Occupations (Private)	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
Depreciation	CPI - All Items (Urban)	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
Fixed Assets	Boeckh - Institutional Construction: 23 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
Movable Equipment	WPI - Mach. & Equipment: 10 Yrs.	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
Interest Costs	CPI - Mach. & Equipment: 10 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
Non-profit	Avg. Yield Mun. 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
For-profit	Avg. Yield Aaa Bonds: 22 Yrs	3.037	1.206	1.210	1.210	1.206	1.197	1.204	1.206	1.206	1.195	1.176	1.187	1.183	1.161	1.138	1.143	1.127
Other Capital Costs	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
Other	CPI - Residential Rent	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 Global Insight Inc. Forecast Assumptions, by Expense Category: 1990-2018**

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
<b>Percent Changes</b>																		
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
<b>Compensation</b>																		
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
<b>Utilities</b>																		
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	WPI - Water & Sewage	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	CMS - Prof. Liab. Prem.	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
Pharmaceuticals	WPI - Prescription Drugs	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: Direct Purchase	WPI - Processed Foods	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	2.7	2.5	2.3
Food: Contract Service	CPI - Food Away Fr. Home	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
Chemicals	Blended chemical proxy	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
Rubber and Plastics	WPI - Rub. & Plast. Prod.	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
Paper Products	WPI - Convert. Paper And Paperboard	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
Miscellaneous Products	WPI - Finished Goods Less Food and Energy	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
All Other 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
Telephone Services	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
Postage	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
Labor-intensive Services	CPI - All Items (Urban)	0.434	0.9	0.4	0.4	0.5	0.6	0.2	0.2	-0.4	-0.6	-0.9	-1.0	-1.1	-1.6	-1.6	-1.0	-0.2
Non-labor-intensive Services	CPI - Postage	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
Capital Costs	ECI - Service Occupations (Private)	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
Depreciation	CPI - All Items (Urban)	2.008	2.0	1.8	1.6	1.6	1.6	1.7	1.9									

**Quarterly Index Levels in the CMS Prospective Payment System Skilled Nursing Facility Input Price Index using Global Insight Inc. Forecast Assumptions, by Expense Category: 1990-2018**

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
<b>Index Levels</b>																		
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
<b>Compensation</b>																		
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	0.924	0.950	0.962	0.975	0.986	1.009	1.020	1.025	1.041	1.051	1.064	1.071
<b>Utilities</b>																		
Electricity	WPI - Commercial Electric Power	1.322	0.926	0.932	0.938	0.945	0.957	0.965	0.975	0.982	0.988	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	1.010	1.018	1.026	1.030	1.038
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	0.997	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 Global Insight Inc. Forecast Assumptions, by Expense Category: 1990-2018**

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
<b>Percent Changes</b>																		
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
<b>Compensation</b>																		
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	2.8	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	6.1	6.0	6.1	6.1	5.8	5.5	4.9	4.5	4.4	4.0	
<b>Utilities</b>																		
Electricity	WPI - Commercial Electric Power	1.322	4.6	4.2	3.7	3.3	3.2	3.2	3.5	3.7	3.9	4.1	4.1	4.2	4.2	4.1	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	
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	
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	
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	
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	
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	3.8	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	
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	
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	
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	
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	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	
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	
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		
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	2.3		
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		
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		
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		
Depreciation	Boeckh - Institutional Construction: 23 Yrs	2.008	2.3	1.8	1.5	1.6	2.0	2.2	2.4	2.3	2.0	2.2	2.3	2.7	3.0	3.3		
Fixed Assets	WPI - Mach. & Equipment: 10 Yrs.	7.207	-0.7	-0.8	-0.8	-0.7	-0.5	-0.3	-0.2	-0.3	-0.4	-0.5	-0.5	-0.4	-0.			

**Quarterly Index Levels in the CMS Prospective Payment System Skilled Nursing Facility Input Price Index using Global Insight Inc. Forecast Assumptions, by Expense Category: 1990-2018**

Expense Category	Price/Wage Variable	Base Year											Forecast 2008Q4	Forecast 2009Q1	Forecast 2009Q2	Forecast 2009Q3	Forecast 2009Q4	
		Weights 2004	2006Q1	2006Q2	2006Q3	2006Q4	2007Q1	2007Q2	2007Q3	2007Q4	2008Q1	2008Q2						2008Q3
<b>Index Levels</b>																		
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	1.177	1.180	1.187	1.192
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	1.165	1.174	1.178	1.187	1.195
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	1.164	1.173	1.177	1.186	1.194
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	1.167	1.179	1.183	1.194	1.202
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	-	-	-	-	-
Utilities		1.551	1.204	1.166	1.186	1.149	1.166	1.197	1.222	1.190	1.205	1.292	1.380	1.282	1.251	1.217	1.271	1.242
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	1.283	-	-	-	-	-
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	1.623	-	-	-	-	-
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	-	-	-	-	-
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	1.262	1.268	1.279	1.289
All Other		25.448	1.080	1.090	1.097	1.100	1.116	1.127	1.139	1.149	1.173	1.193	1.213	1.214	1.213	1.213	1.214	1.215
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	1.237	1.242	1.238	1.236	1.236	1.235
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	1.283	-	-	-	-	-
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	1.241	-	-	-	-	-
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	-	-	-	-	-
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	1.283	-	-	-	-	-
Rubber and Plastics	WPI - Rub. & Plast. Prod.	1.513	1.159	1.159	1.167	1.173	1.166	1.168	1.177	1.186	1.211	1.232	1.281	-	-	-	-	-
Paper Products	WPI - Convert. Paper And Paperboard	1.394	1.089	1.103	1.117	1.119	1.119	1.122	1.131	1.147	1.160	1.173	1.212	-	-	-	-	-
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	1.102	-	-	-	-	-
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	1.137	1.143	1.151	1.155
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	-	-	-	-	-
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	-	-	-	-	-
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	-	-	-	-	-
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	-	-	-	-	-
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	1.037	1.036	1.044	1.044	1.048
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	1.175	1.184
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	1.164	1.164	-	-	-	-	-
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	1.010	-	-	-	-	-
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	-	-	-	-	-
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	-	-	-	-	-
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	-	-	-	-	-
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	-	-	-	-	-

**4 Quarter Moving Average Percent Changes in the CMS Prospective Payment System Skilled Nursing Facility Input Price Index using Global Insight Inc. Forecast Assumptions, by Expense Category: 1990-2018**

Expense Category	Price/Wage Variable	Base Year											Forecast 2008Q4	Forecast 2009Q1	Forecast 2009Q2	Forecast 2009Q3	Forecast 2009Q4	
		Weights 2004	2006Q1	2006Q2	2006Q3	2006Q4	2007Q1	2007Q2	2007Q3	2007Q4	2008Q1	2008Q2						2008Q3
<b>Percent Changes</b>																		
Total - SNF04		100.000	3.6	3.7	3.7	3.6	3.5	3.4	3.3	3.3	3.4	3.6	3.7	3.6	3.3	2.7	2.2	
Compensation		62.755	3.4	3.4	3.5	3.5	3.6	3.6	3.4	3.3	3.2	3.1	3.2	3.3	3.2	3.1	2.9	
Wages and Salaries	Blended wages and salary proxy	51.337	3.2	3.2	3.3	3.4	3.5	3.6	3.6	3.4	3.4	3.3	3.4	3.4	3.3	3.2	3.0	
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	2.4	2.5	2.4	2.4	2.6	
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	-	-	-	-	
Utilities		1.551	11.6	12.0	11.0	5.9	1.4	0.0	-0.4	1.5	3.1	4.5	7.0	8.0	8.1	4.5	-0.9	-3.4
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	-	-	-	-	-
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	13.0	-	-	-	-	-
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	-	-	-	-	-
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	-0.6	0.0	0.9
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	5.8	5.3	4.3	2.7	1.3
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	6.6	6.1	4.9	3.0	1.2
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	6.7	-	-	-	-	-
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	-	-	-	-	-
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	-	-	-	-	-
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	6.6	-	-	-	-	-
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	-	-	-	-	-
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	-	-	-	-	-
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	-	-	-	-	-
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	2.2	1.5	1.4
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	-	-	-	-	-
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	-	-	-	-	-
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	-	-	-	-	-
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	-	-	-	-	-
Capital Costs		7.207	0.3	0.5	0.8	1.0	1.2	1.3	1.2	1.1	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.1
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	3.1	3.0
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	-	-	-	-	-
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	0.5	0.5	-	-	-	-	-
Interest Costs		3.037	-3.5	-3.1	-2.6	-2.3	-2.1	-2.2	-2.4	-2.7	-2.9	-3.0	-3.0	-2.7	-2.6	-2.4</		

**Quarterly Index Levels in the CMS Prospective Payment System Skilled Nursing Facility Input Price Index using Global Insight Inc. Forecast Assumptions, by Expense Category: 1990-2018**

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
<b>Index Levels</b>																		
Total - SNF04		100.000	1.201	1.209	1.218	1.224	1.233	1.241	1.251	1.258	1.269	1.277	1.288	1.296	1.307	1.316	1.327	1.335
Compensation		62.755	1.206	1.212	1.222	1.229	1.240	1.248	1.260	1.269	1.281	1.290	1.303	1.315	1.328	1.337	1.350	1.361
Wages and Salaries	Blended wages and salary proxy	51.337	1.203	1.210	1.218	1.226	1.235	1.243	1.254	1.264	1.275	1.284	1.297	1.309	1.321	1.330	1.343	1.354
Employee Benefits	Blended benefits proxy	11.418	1.217	1.224	1.237	1.246	1.262	1.271	1.284	1.292	1.309	1.318	1.331	1.341	1.359	1.369	1.384	1.394
Professional Fees	ECI- Compensation Prof. and Tech. (Private)	1.322	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilities		1.551	1.260	1.297	1.365	1.323	1.336	1.340	1.389	1.362	1.387	1.377	1.420	1.379	1.405	1.419	1.481	1.442
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	1.298	1.305	1.310	1.313	1.312	1.308	1.301	1.291	1.279	1.266	1.253	1.241	1.228	1.217	1.207	1.198
All Other		25.448	1.224	1.232	1.239	1.243	1.254	1.263	1.271	1.275	1.286	1.295	1.303	1.307	1.318	1.327	1.334	1.338
All Other Products		19.030	1.245	1.253	1.261	1.265	1.277	1.286	1.295	1.299	1.311	1.319	1.327	1.331	1.342	1.351	1.358	1.361
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	1.162	1.169	1.176	1.179	1.188	1.194	1.201	1.206	1.215	1.223	1.231	1.237	1.247	1.255	1.263	1.270
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	1.046	1.052	1.052	1.056	1.055	1.062	1.063	1.068	1.068	1.075	1.076	1.082	1.083	1.091	1.093	1.098
Depreciation		2.858	1.193	1.197	1.206	1.215	1.224	1.228	1.237	1.246	1.255	1.259	1.267	1.277	1.286	1.289	1.298	1.307
Fixed Assets	Boeckh - Institutional Construction: 23 Yrs	2.437	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Movable Equipment	WPI - Mach. & Equipment: 10 Yrs.	0.421	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Costs		3.037	0.839	0.848	0.836	0.834	0.822	0.832	0.821	0.821	0.809	0.820	0.812	0.811	0.802	0.815	0.810	0.810
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 Global Insight Inc. Forecast Assumptions, by Expense Category: 1990-2018**

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
<b>Percent Changes</b>																		
Total - SNF04		100.000	2.0	2.0	2.2	2.5	2.6	2.6	2.7	2.7	2.8	2.8	2.9	2.9	3.0	3.0	3.0	3.0
Compensation		62.755	2.7	2.7	2.8	2.8	2.9	2.9	3.0	3.2	3.3	3.3	3.4	3.5	3.6	3.6	3.6	3.6
Wages and Salaries	Blended wages and salary proxy	51.337	2.7	2.7	2.6	2.7	2.7	2.7	2.8	2.9	3.0	3.1	3.3	3.4	3.4	3.5	3.6	3.5
Employee Benefits	Blended benefits proxy	11.418	2.7	3.0	3.3	3.5	3.6	3.7	3.8	3.8	3.7	3.7	3.7	3.7	3.8	3.9	3.9	3.9
Professional Fees	ECI- Compensation Prof. and Tech. (Private)	1.322	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilities		1.551	-4.1	-1.2	2.9	5.3	6.6	5.8	4.4	3.5	2.9	2.8	2.9	2.5	1.9	2.0	2.5	3.3
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	1.7	2.4	2.7	2.5	2.1	1.4	0.6	-0.3	-1.2	-2.0	-2.8	-3.3	-3.7	-3.8	-3.8	-3.7
All Other		25.448	0.7	0.7	1.1	1.7	2.1	2.4	2.5	2.5	2.6	2.6	2.5	2.5	2.5	2.4	2.4	2.4
All Other Products		19.030	0.4	0.3	0.8	1.6	2.1	2.4	2.6	2.7	2.7	2.7	2.6	2.5	2.5	2.4	2.4	2.4
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	1.5	1.8	2.2	2.2	2.2	2.1	2.2	2.2	2.2	2.2	2.3	2.4	2.5	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	1.1	1.0	0.9	0.8	0.8	0.8	0.9	1.0	1.1	1.1	1.2	1.2	1.3	1.4	1.4	1.5
Depreciation		2.858	2.9	2.8	2.8	2.7	2.6	2.6	2.6	2.6	2.6	2.5	2.5	2.5	2.5	2.5	2.5	2.4
Fixed Assets	Boeckh - Institutional Construction: 23 Yrs	2.437	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Movable Equipment	WPI - Mach. & Equipment: 10 Yrs.	0.421	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Costs		3.037	-2.1	-2.1	-2.2	-2.3	-2.3	-2.2	-2.0	-1.8	-1.7	-1.6	-1.4	-1.3	-1.2	-0.9	-0.7	-0.5
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: GLOBAL INSIGHT, INC, 4th Qtr, 2008; @USMACRO/CONTROL1208@CISSIM/TL1108.SIM Historical Data through 3rd Qtr, 2008

**Quarterly Index Levels in the CMS Prospective Payment System Skilled Nursing Facility Input Price Index using Global Insight Inc. Forecast Assumptions, by Expense Category: 1990-2018**

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	1.347	1.355	1.367	1.374	1.386	1.396	1.408	1.416	1.428	1.438	1.450	1.459	1.472	1.481	1.494	1.503
Compensation		62.755	1.375	1.385	1.399	1.411	1.425	1.436	1.450	1.462	1.477	1.488	1.503	1.516	1.531	1.543	1.558	1.571
Wages and Salaries	Blended wages and salary proxy	51.337	1.367	1.377	1.390	1.402	1.415	1.426	1.440	1.452	1.465	1.476	1.491	1.504	1.518	1.530	1.545	1.558
Employee Benefits	Blended benefits proxy	11.418	1.413	1.423	1.438	1.448	1.468	1.479	1.495	1.507	1.528	1.540	1.557	1.568	1.590	1.601	1.618	1.630
Professional Fees	ECI- Compensation Prof. and Tech. (Private)	1.322	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilities		1.551	1.465	1.474	1.525	1.479	1.488	1.497	1.551	1.510	1.527	1.535	1.590	1.547	1.560	1.564	1.615	1.564
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	1.190	1.183	1.177	1.172	1.168	1.165	1.163	1.161	1.160	1.159	1.159	1.159	1.160	1.161	1.163	1.166
All Other		25.448	1.348	1.356	1.363	1.366	1.376	1.383	1.390	1.393	1.403	1.411	1.418	1.420	1.430	1.437	1.444	1.446
All Other Products		19.030	1.371	1.379	1.385	1.387	1.397	1.404	1.411	1.412	1.422	1.429	1.436	1.436	1.446	1.453	1.459	1.460
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	1.279	1.288	1.296	1.302	1.312	1.321	1.329	1.336	1.347	1.356	1.364	1.371	1.382	1.390	1.399	1.406
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	1.098	1.104	1.106	1.110	1.112	1.119	1.122	1.127	1.128	1.134	1.137	1.144	1.145	1.151	1.155	1.162
Depreciation		2.858	1.315	1.319	1.327	1.336	1.345	1.348	1.357	1.367	1.375	1.379	1.387	1.398	1.407	1.409	1.418	1.428
Fixed Assets	Boeckh - Institutional Construction: 23 Yrs	2.437	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Movable Equipment	WPI - Mach. & Equipment: 10 Yrs.	0.421	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Costs		3.037	0.798	0.805	0.800	0.795	0.787	0.798	0.793	0.792	0.784	0.792	0.787	0.788	0.779	0.787	0.785	0.788
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 Global Insight Inc. Forecast Assumptions, by Expense Category: 1990-2018**

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	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Compensation		62.755	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.7	3.7	3.7	3.7	3.7
Wages and Salaries	Blended wages and salary proxy	51.337	3.5	3.5	3.5	3.5	3.5	3.5	3.6	3.6	3.6	3.5	3.5	3.6	3.6	3.6	3.6	3.6
Employee Benefits	Blended benefits proxy	11.418	3.9	3.9	3.9	3.9	3.9	3.9	4.0	4.0	4.0	4.1	4.1	4.1	4.0	4.0	4.0	4.0
Professional Fees	ECI- Compensation Prof. and Tech. (Private)	1.322	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilities		1.551	4.1	4.3	3.9	3.4	2.7	2.2	1.8	1.7	2.0	2.2	2.4	2.5	2.4	2.2	2.0	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	-3.5	-3.3	-3.0	-2.6	-2.3	-2.0	-1.7	-1.4	-1.1	-0.9	-0.6	-0.4	-0.2	0.0	0.1	0.3
All Other		25.448	2.4	2.3	2.2	2.2	2.1	2.1	2.0	2.0	2.0	2.0	2.0	2.0	1.9	1.9	1.9	1.9
All Other Products		19.030	2.3	2.2	2.1	2.0	2.0	1.9	1.9	1.9	1.8	1.8	1.8	1.8	1.7	1.7	1.7	1.6
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	1.4	1.2	1.2	1.2	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.5
Depreciation		2.858	2.4	2.3	2.3	2.3	2.3	2.2	2.3	2.3	2.3	2.3	2.2	2.3	2.3	2.3	2.3	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	-0.8	-1.2	-1.4	-1.4	-1.2	-0.9	-0.6	-0.6	-0.6	-0.6	-0.7	-0.6	-0.5	-0.4
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: GLOBAL INSIGHT, INC, 4th Qtr, 2008; @USMACRO/CONTROL1208@CISSIM/TL1108.SIM Historical Data through 3rd Qtr, 2008

**Quarterly Index Levels in the CMS Prospective Payment System Skilled Nursing Facility Input Price Index using Global Insight Inc. Forecast Assumptions, by Expense Category: 1990-2018**

Expense Category	Price/Wage Variable	Base Year Weights 2004	Forecast 2018Q1	Forecast 2018Q2	Forecast 2018Q3	Forecast 2018Q4
<b>Index Levels</b>						
Total - SNF04		100.000	1.516	1.526	1.539	1.548
Compensation		62.755	1.587	1.599	1.614	1.627
Wages and Salaries	Blended wages and salary proxy	51.337	1.573	1.584	1.599	1.612
Employee Benefits	Blended benefits proxy	11.418	1.652	1.664	1.682	1.694
Professional Fees	ECl- Compensation Prof. and Tech. (Private)	1.322	-	-	-	-
Utilities		1.551	1.577	1.585	1.639	1.585
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	1.168	1.171	1.175	1.177
All Other		25.448	1.457	1.464	1.472	1.474
All Other Products		19.030	1.470	1.477	1.484	1.485
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	1.417	1.426	1.435	1.442
Telephone Services	CPI - Telephone Services	0.434	-	-	-	-
Postage	CPI - Postage	0.454	-	-	-	-
Labor-intensive Services	ECl - Service Occupations (Private)	3.521	-	-	-	-
Non-labor-intensive Services	CPI - All Items (Urban)	2.008	-	-	-	-
Capital Costs		7.207	1.164	1.170	1.175	1.183
Depreciation		2.858	1.438	1.441	1.450	1.462
Fixed Assets	Boeckh - Institutional Construction: 23 Yrs	2.437	-	-	-	-
Movable Equipment	WPI - Mach. & Equipment: 10 Yrs.	0.421	-	-	-	-
Interest Costs		3.037	0.780	0.788	0.788	0.791
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 Global Insight Inc. Forecast Assumptions, by Expense Category: 1990-2018**

Expense Category	Price/Wage Variable	Base Year Weights 2004	Forecast 2018Q1	Forecast 2018Q2	Forecast 2018Q3	Forecast 2018Q4
<b>Percent Changes</b>						
Total - SNF04		100.000	3.0	3.0	3.0	3.0
Compensation		62.755	3.7	3.7	3.6	3.6
Wages and Salaries	Blended wages and salary proxy	51.337	3.6	3.6	3.6	3.5
Employee Benefits	Blended benefits proxy	11.418	3.9	3.9	3.9	3.9
Professional Fees	ECl- Compensation Prof. and Tech. (Private)	1.322	-	-	-	-
Utilities		1.551	1.4	1.3	1.3	1.3
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	0.5	0.6	0.8	0.9
All Other		25.448	1.9	1.9	1.9	1.9
All Other Products		19.030	1.6	1.6	1.7	1.7
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	2.6	2.6	2.6	2.6
Telephone Services	CPI - Telephone Services	0.434	-	-	-	-
Postage	CPI - Postage	0.454	-	-	-	-
Labor-intensive Services	ECl - 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
Depreciation		2.858	2.2	2.2	2.2	2.3
Fixed Assets	Boeckh - Institutional Construction: 23 Yrs	2.437	-	-	-	-
Movable Equipment	WPI - Mach. & Equipment: 10 Yrs.	0.421	-	-	-	-
Interest Costs		3.037	-0.2	0.0	0.2	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: GLOBAL INSIGHT, INC, 4th Qtr, 2008; @USMACRO/CONTROL1208@CISSIM/TL1108.SIM Historical Data through 3rd Qtr, 2008