

ATTACHMENT 4

INFLATION FACTOR

INFLATION FACTOR

YEAR	INFLATION FACTOR
1999	1.50%
2000	4.10%
2001	2.30%
2002	1.58%
2003	2.92%
2004	6.50%
2005	7.40%
2006	4.80%
2007	7.17%

PROJECTED INFLATION FACTOR FOR CALENDAR YEAR 2008: 4.5%

DEMONSTRATION CALCULATION					
8/31/2007		8/31/2006			
<u>2821.3</u>	-	<u>2699.8</u>	x	100	= 4.5%
		2699.8			

The "Projected Inflation Factor for Calendar Year 2008" was calculated using the most recent cost index data available from the Marshall and Swift / Boeckh Index, the cost index selected by the MSI Board for inflation factor calculations. If more recent data is available prior to December 31, it will be used to recalculate the inflation factor. The new factor will become effective in the computer system that generates payment notices at midnight on December 31.