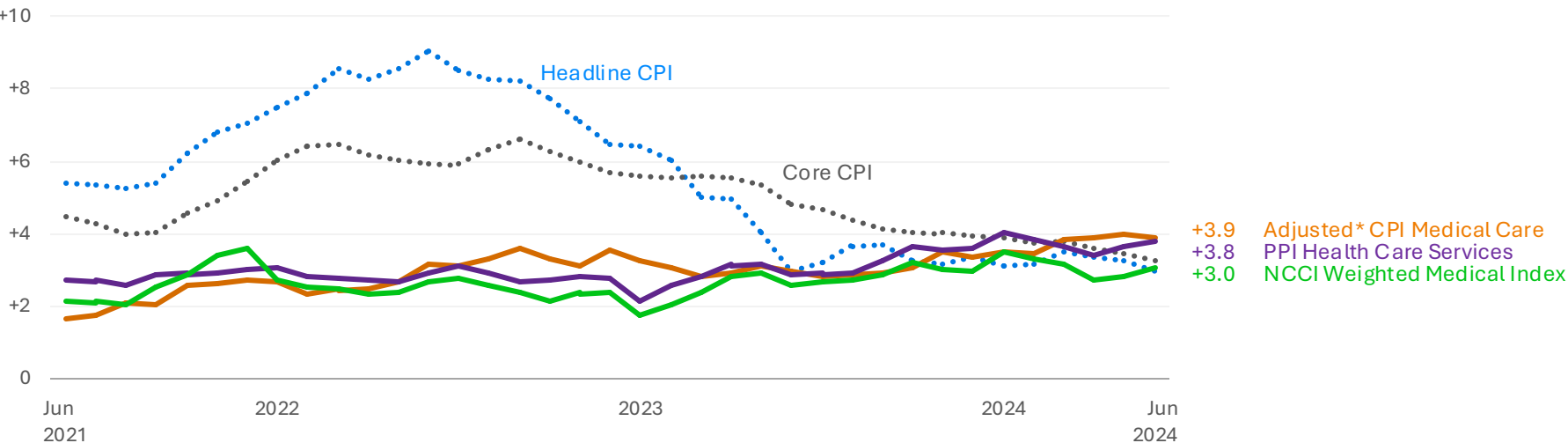




Aggregate Measures of General and Medical Inflation

Year-Over-Year Change, Percent



Inflation Aggregates (y/y %)	Dec	Jan	Feb	Mar	Apr	May	Jun
Headline CPI	3.4	3.1	3.2	3.5	3.4	3.3	3.0
Core CPI	3.9	3.9	3.8	3.8	3.6	3.4	3.3

Medical Inflation Aggregates (y/y %)	Dec	Jan	Feb	Mar	Apr	May	Jun
Adjusted* CPI Medical Care	3.3	3.5	3.4	3.8	3.9	4.0	3.9
PPI Health Care Services	3.6	4.1	3.8	3.6	3.4	3.6	3.8
NCCI WC Weighted Medical Index	2.9	3.5	3.3	3.2	2.7	2.8	3.0

*Adjusted Medical CPI removes CPI Health Insurance from CPI Medical Care
Sources: US Bureau of Labor Statistics and NCCI's Medical Data Call; 1-, 3-, and 5-year averages are rolling 12-, 36-, and 60-month averages from the latest data point

1 Economic inflation softened in the second quarter after having spent the prior several quarters stuck in a holding pattern.

In the month of June, headline CPI inflation decelerated sharply as the monthly change in prices went negative for the first time since 2020. June also saw shelter, the largest component of both headline and core inflation, return to its pre-pandemic rate of growth for the first time since 2021.

While inflation trended down in Q2, more data will be needed to assess whether it is on a sustainable path towards the Fed's 2% target.

2 Medical inflation saw little change in trend from the first quarter to the second quarter. Both the PPI for health care services and the adjusted CPI medical care saw price growth in the 3.5% to 4% range throughout the quarter.

The WCWMI saw a slight softening in the second quarter, trending around 3%. Additionally, data revisions slightly reduced the WCWMI's growth in the first quarter.

More details on page 2.

1

2

Averages

1-Year	3-Year	5-Year	2015-19
3.3	5.6	4.1	1.6
3.9	5.0	3.8	2.0

Averages

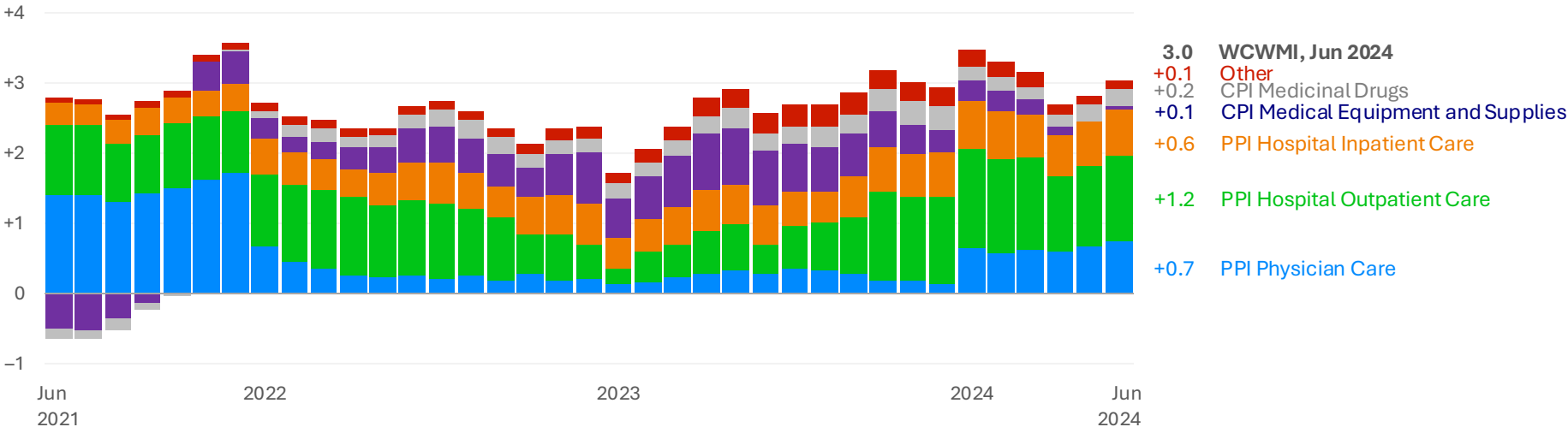
1-Year	3-Year	5-Year	2015-19
3.4	3.0	2.6	2.4
3.5	3.0	2.9	1.6
3.0	2.7	2.4	1.2



NCCI MEDICAL INFLATION INSIGHTS

Workers Compensation Weighted Medical Price Index (WCWMI)

Component Contributions to the Year-Over-Year Change, Percent



Medical Care Details (y/y %)		Dec	Jan	Feb	Mar	Apr	May	Jun
100%	NCCI WC Weighted Medical Index	2.9	3.5	3.3	3.2	2.7	2.8	3.0
40%	PPI Physician Care	0.3	1.6	1.5	1.6	1.5	1.7	1.8
27%	PPI Hospital Outpatient Care	4.6	5.3	5.0	4.8	3.9	4.3	4.6
13%	PPI Hospital Inpatient Care	4.9	5.3	5.3	4.8	4.5	4.8	5.0
8%	CPI Medical Equipment and Supplies	4.1	3.4	3.4	2.8	1.5	-0.1	0.8
7%	CPI Medicinal Drugs	4.8	3.0	2.9	2.5	2.6	3.4	3.3
5%	Other*	5.3	4.8	4.4	4.0	2.7	2.7	2.7

*Other is represented as long-term care (PPI Home and Hospice Care and PPI Nursing Home Care)

Sources: US Bureau of Labor Statistics and NCCI’s Medical Data Call; 1-, 3-, and 5-year averages are rolling 12-, 36-, and 60-month averages from the latest data point

Averages				
1-Year	3-Year	5-Year	2015–19	
3.0	2.7	2.4	1.2	
1.1	1.3	1.5	0.5	
4.1	3.4	3.3	1.7	
4.6	3.9	3.6	2.1	
4.3	4.7	1.8	0.3	
3.7	2.6	1.5	2.2	
4.7	3.4	3.1	1.9	

1 Physician care saw its rate of inflation in Q1 revised lower from the previous release. One contributor to this change was the signing of the [Consolidated Appropriations Act of 2024](#), which altered the Medicare conversion factor for physician care. Outside of this revision, trend growth in physician care was little changed in Q2.

2 The sharp drop in the rate of inflation for durable medical equipment was the result of large increases in prices in 2023 falling out of the year-over-year calculation.

This is a temporary phenomenon, and we will likely see price appreciation in the second half of the year that is more consistent with what we saw in the first quarter rather than the second.

3 Long-term care price growth slowed materially from the first quarter to the second. Inflation in this category had been elevated over the past year due to rising wages. Since wage growth in the broader economy has slowed down, this more moderate level of price growth could continue.