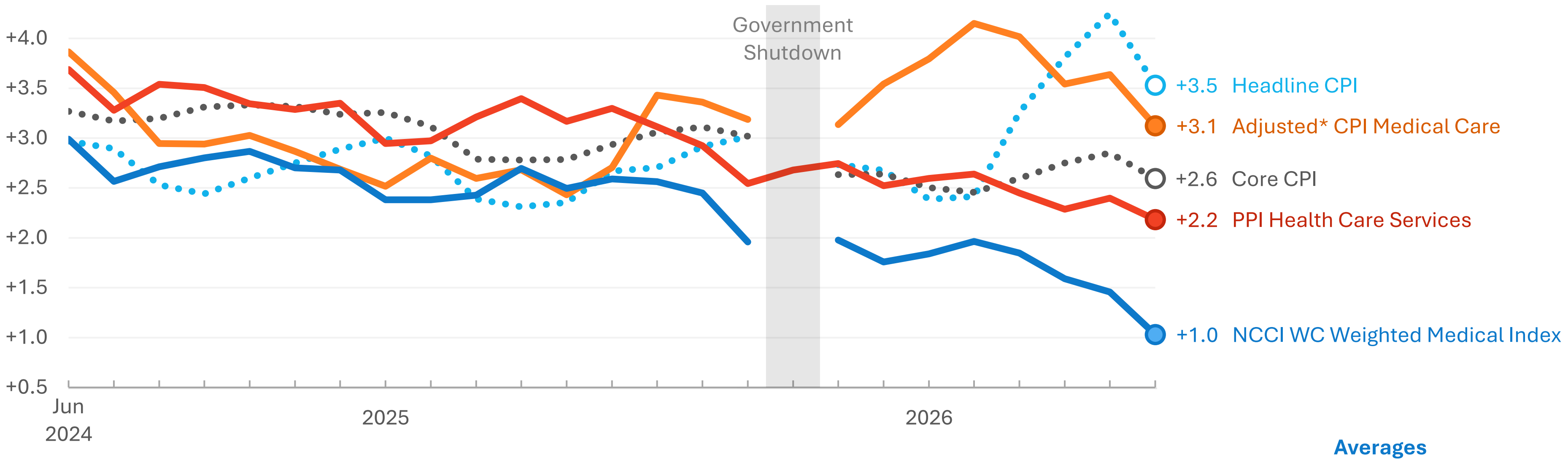
NCCI MEDICAL INFLATION INSIGHTS

July 2026

Aggregate Measures of General and Medical Inflation

Year-Over-Year Change, Percent



Inflation Aggregates (y/y %)	Dec	Jan	Feb	Mar	Apr	May	Jun		Averages 1-Year	3-Year	5-Year	2015–19
Headline CPI	*2.7*	*2.4*	*2.4*	*3.3*	*3.8*	*4.2*	*3.5*	1	*3.1*	*3.0*	*4.5*	*1.6*
Core CPI	*2.6*	*2.5*	*2.5*	*2.6*	*2.8*	*2.9*	*2.6*		*2.7*	*3.3*	*4.2*	*2.0*

Medical Inflation Aggregates (y/y %)	Dec	Jan	Feb	Mar	Apr	May	Jun		Averages 1-Year	3-Year	5-Year	2015–19
Adjusted* CPI Medical Care	*3.5*	*3.8*	*4.2*	*4.0*	*3.5*	*3.6*	*3.1*	2	*3.5*	*3.2*	*3.1*	*2.4*
PPI Health Care Services	*2.5*	*2.6*	*2.6*	*2.4*	*2.3*	*2.4*	*2.2*		*2.6*	*3.1*	*3.0*	*1.6*
NCCI WC Weighted Medical Index	*1.8*	*1.8*	*2.0*	*1.8*	*1.6*	*1.5*	*1.0*		*1.9*	*2.5*	*2.5*	*1.2*

*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. Declining energy prices in June led to a softening of headline CPI compared with last month. Energy prices are still up 16% year over year, explaining the elevated levels since March. Inflation is expected to be volatile for the remainder of the year.

   In June, core price growth (excluding food and energy) softened back to near its pre-energy-shock trend. While direct energy prices are excluded from core inflation, items such as airline fares led to a temporary lift in core inflation as well.

   Core inflation has remained stubbornly around 2.5% for some time. While price growth for services has moderated somewhat, higher prices for goods, most likely due to tariffs, have kept core price growth elevated.

2. Medical price growth has ignored the broader economic inflation trend, much like it did during the 2022 inflation shock. All three measures of medical price growth softened over the quarter.

   Consumer prices have grown faster than other indices, which may be a result of changing trends in the health insurance landscape.

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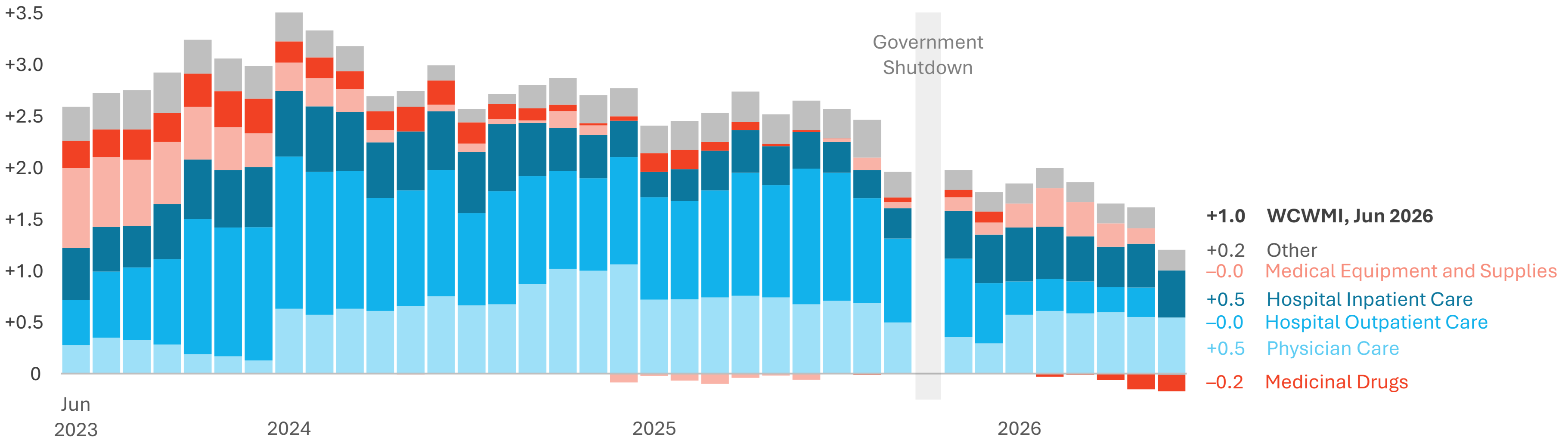
Workers Compensation Weighted Medical Price Index (WCWMI)

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



Medical Care Details (y/y %)		Dec	Jan	Feb	Mar	Apr	May	Jun		1-Year	3-Year	5-Year	2015–19
100%	NCCI WC Weighted Medical Index	*1.8*	*1.8*	*2.0*	*1.8*	*1.6*	*1.5*	*1.0*	1	*1.9*	*2.5*	*2.5*	*1.2*
39%	PPI Physician Care	*0.8*	*1.5*	*1.6*	*1.5*	*1.5*	*1.4*	*1.4*		*1.4*	*1.5*	*1.5*	*0.5*
28%	PPI Hospital Outpatient Care	*2.1*	*1.2*	*1.1*	*1.1*	*0.9*	*1.0*	*–0.0*	2	*2.0*	*3.2*	*3.1*	*1.7*
12%	PPI Hospital Inpatient Care	*3.9*	*4.4*	*4.2*	*3.7*	*3.3*	*3.5*	*3.8*		*3.5*	*3.8*	*3.8*	*2.1*
8%	CPI Medical Equipment and Supplies	*1.5*	*2.9*	*4.6*	*4.1*	*2.8*	*1.9*	*–0.0*		*2.0*	*2.1*	*3.2*	*0.3*
7%	CPI Medicinal Drugs	*1.5*	*–0.1*	*–0.4*	*–0.2*	*–0.9*	*–2.2*	*–2.3*	3	*–0.3*	*1.7*	*1.8*	*2.2*
6%	Other*	*3.1*	*3.2*	*3.2*	*3.3*	*3.2*	*3.4*	*3.4*		*3.7*	*4.1*	*3.6*	*1.9*

(Averages: 1-Year, 3-Year, 5-Year, 2015–19)

*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

1. The WCWMI softened further in June, led by two major trends in the underlying service categories.

   Based on the underlying data, we suspect that this softening is likely temporary and that the WCWMI will move up towards a 2.0% to 2.5% range over the next several quarters.

2. The leading driver of softer price growth measured in the WCWMI is hospital outpatient services. Prices were little changed from a year ago, compared to price growth of around 4% per year in the past.

   While prices of like-for-like services have changed little over the past year, upcoding to more complex services may still lead to higher costs for outpatient stays.

3. The second major driver of softer workers compensation price growth is drugs. While there was some concern that tariffs would lead to higher drug prices, drug prices have instead declined for six consecutive months.

   The Medicare Drug Price Negotiation Program combined with the proposed Most-Favored-Nation pricing policy have led to lower prices for many commonly used drugs.