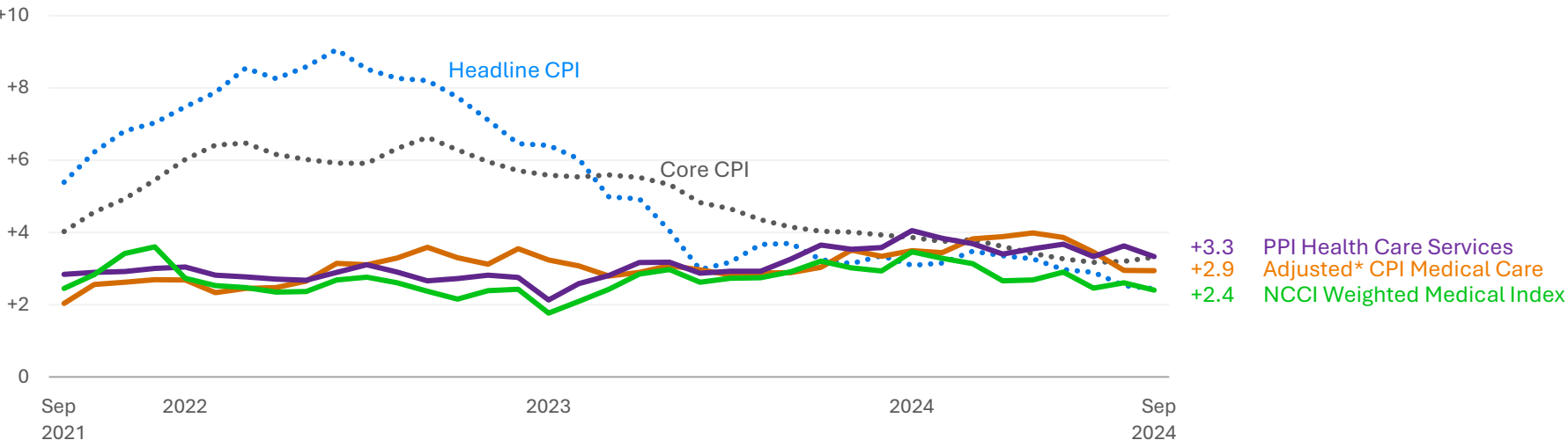




## Aggregate Measures of General and Medical Inflation

Year-Over-Year Change, Percent



Inflation Aggregates (y/y %)	Mar	Apr	May	Jun	Jul	Aug	Sep
Headline CPI	3.5	3.4	3.3	3.0	2.9	2.5	2.4
Core CPI	3.8	3.6	3.4	3.3	3.2	3.2	3.3

1

Medical Inflation Aggregates (y/y %)	Mar	Apr	May	Jun	Jul	Aug	Sep
Adjusted* CPI Medical Care	3.8	3.9	4.0	3.9	3.5	2.9	2.9
PPI Health Care Services	3.7	3.4	3.5	3.7	3.3	3.6	3.3
NCCI WC Weighted Medical Index	3.1	2.7	2.7	2.9	2.5	2.6	2.4

2

### Averages

1-Year	3-Year	5-Year	2015–19
3.1	5.4	4.2	1.6
3.6	4.9	3.9	2.0

### Averages

1-Year	3-Year	5-Year	2015–19
3.5	3.1	2.7	2.4
3.6	3.1	3.0	1.6
2.9	2.7	2.4	1.2

1 Inflation, including medical inflation, moderated in the third quarter as compared to the second quarter, across every major metric that we track.

The moderation in core inflation was more subtle as price appreciation for housing and services remained elevated. The moderation in headline inflation was more pronounced, driven by lower energy prices.

Despite lowering interest rates at its September meeting, the Federal Reserve will likely be looking for further moderation in core inflation over the next several quarters before declaring victory.

2 After several years of ignoring trends in broader economic inflation, medical inflation in the third quarter followed the softening trend in overall inflation.

As the details on page 2 show, the softening in medical inflation was broad-based across most subcomponents.

Trend growth in the third quarter for medical inflation was more inline with longer-term averages than we have seen in past months, indicating that we may not see much more moderation in the near term.

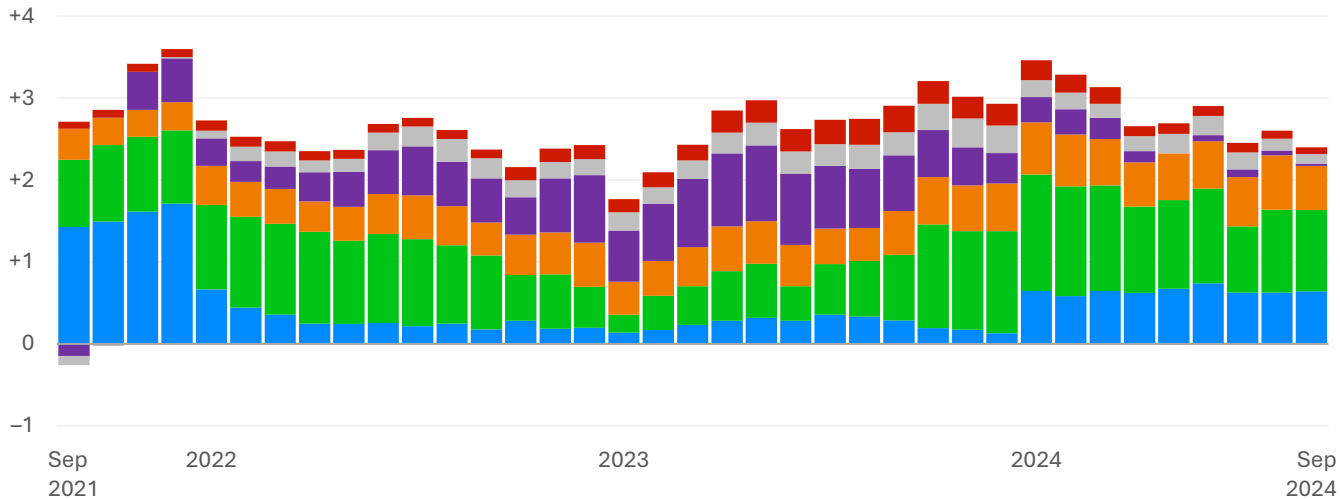
\*Adjusted Medical CPI removes CPI Health Insurance from CPI Medical Care  
Sources: US Bureau of Labor Statistics and NCCI's Medical Data Call; 1-, 3-, and 5-year averages are rolling 12-, 36-, and 60-month averages from the latest data point



# NCCI MEDICAL INFLATION INSIGHTS

## Workers Compensation Weighted Medical Price Index (WCWMI)

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



### 2.4 WCWMI, Sep 2024

- +0.1 Other
- +0.1 CPI Medicinal Drugs
- +0.0 CPI Medical Equipment and Supplies
- +0.5 PPI Hospital Inpatient Care
- +1.0 PPI Hospital Outpatient Care
- +0.6 PPI Physician Care

Medical Care Details (y/y %)		Mar	Apr	May	Jun	Jul	Aug	Sep
100%	NCCI WC Weighted Medical Index	3.1	2.7	2.7	2.9	2.5	2.6	2.4
40%	PPI Physician Care	1.6	1.6	1.7	1.8	1.6	1.6	1.6
27%	PPI Hospital Outpatient Care	4.8	3.9	4.0	4.3	3.0	3.8	3.7
12%	PPI Hospital Inpatient Care	4.7	4.5	4.8	4.8	5.0	5.5	4.5
9%	CPI Medical Equipment and Supplies	2.8	1.5	-0.1	0.8	1.0	0.6	0.3
7%	CPI Medicinal Drugs	2.5	2.6	3.4	3.3	2.9	2.1	1.7
5%	Other*	4.0	2.5	2.5	2.4	2.4	1.9	1.6

\*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
1	2.9	2.7	2.4	1.2
2	1.3	1.2	1.5	0.5
3	4.3	3.4	3.3	1.7
4	4.9	4.1	3.7	2.1
5	2.5	5.1	1.8	0.3
6	3.2	2.9	1.6	2.2
7	3.6	3.5	3.1	1.9

1 After growing near 3.5% to begin 2024, the WCWMI has moderated throughout the year and spent most of the third quarter growing near 2.5%. This pace of price inflation is consistent with what was experienced through most of 2022 and 2023, indicating little change in the long-term trajectory of price growth based on these indicators.

2 While inflation in physician care has been steady throughout most of the year, hospital price growth has been more volatile.

The largest contributor to the softening in growth for the WCWMI has been hospital outpatient care. This category has seen its rate of price growth moderate from near 5% early in the year to around 3.5% in the third quarter.

In contrast, hospital inpatient price growth remained elevated near 5% in the quarter. While this category does experience a consistently higher rate of price inflation than others, its smaller weight in workers compensation medical expenses helps offset that high rate of inflation.

3 Durable medical equipment and supplies, medicinal drugs, and long-term care (other) all experienced moderating price growth throughout the quarter.