Altarum

Health Sector Economic Indicators[SM]

Insights from Monthly National Price Indices through August 2026 PRICE BRIEF

September 28, 2026

Prescription drug prices continue to decline as overall price growth has slowed in recent months

HIGHLIGHTS

- In August 2026, the overall Health Care Price Index (HCPI) stood at 2.5%, equal to its July value.
- Economy-wide inflation in August, as represented in the year-over-year change in the overall Consumer Price Index (CPI), equaled July's value of 3.4%, while the Producer Price Index (PPI) increased by 0.6 percentage points to 5.4%.
- Among the major health care categories, prices for dental care in August were the fastest growing at 5.0% year over year. This is an increase from a growth of 4.2% in August of 2025. At the other extreme, prescription drug prices fell by 2.9%—their eighth straight month of lower year-over-year prices.
- For major payers in August, year-over-year Medicare prices growth for services (3.5%) exceeded private insurance (3.0%) and Medicaid (1.8%).
- The implicit measure of health care utilization growth was 4.1% year over year in July, down slightly from 4.2% in June (August data are not yet available).
- Among major spending categories, hospital care utilization increased the fastest, at 5.2%, followed by physician and clinical services at 5.1%. Utilization of dental services grew the slowest, at 2.5%.

	August 2024	August 2025	July 2026	August 2026
Health Care Price Index (HCPI)	2.8%	3.1%	2.5%	2.5%
GDP Deflator (GDPD)	2.2%	3.0%	4.0%	**
HCPI - GDPD	0.6%	0.1%	-1.5%	**
Addendum				
Personal health care spending	8.9%	7.6%	6.6%	**
Health care utilization	6.1%	4.5%	4.1%	**
Medical Consumer Price Index (MCPI)	3.0%	3.4%	1.7%	1.6%
Consumer Price Index, all items (CPI)	2.5%	2.9%	3.4%	3.4%
Producer Price Index, Final Demand (PPI)	2.1%	2.7%	4.8%	5.4%

Source: Altarum analysis of U.S. Bureau of Labor Statistics (BLS) data. HCPI is a composite price index designed to measure overall price changes for personal health care spending and is patterned after the price index developed by the Centers for Medicare & Medicaid Services (CMS). Details are provided below. Numbers may not subtract properly due to rounding. **Data not available

Altarum is a nonprofit research and consulting organization that creates and implements solutions to advance health among at-risk and disenfranchised populations. Since 2011, Altarum has researched cost growth trends and key drivers of U.S. health spending and formulated policy strategies to help bend the cost growth curve.

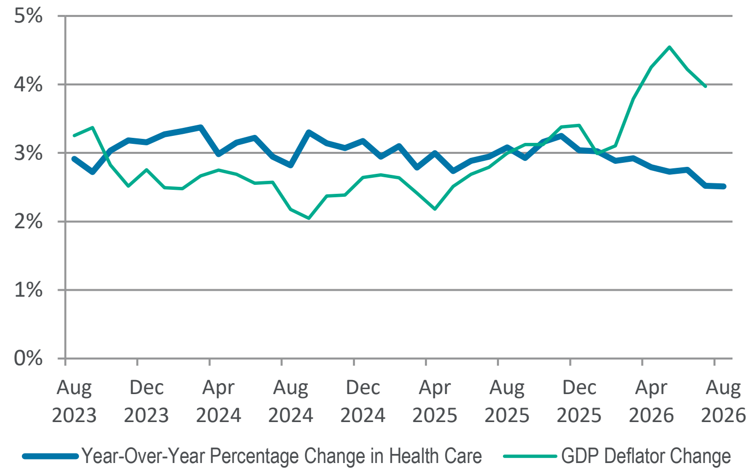
The Health Sector Economic Indicators[SM] (HSEI) reports are a monthly publication of Altarum providing analyses of health spending, employment, and prices. For more information, contact George Miller at George.Miller@altarum.org. George Miller, PhD (principal author), and Matt Daly, PhD contributed to this brief. For more information, visit http://altarum.org/solution/health-sector-spending.

DISCUSSION

In August 2026, the overall health care price index (HCPI) stood at 2.5% year over year, equal to its July value, and has gradually fallen from a recent high of 3.4% in November 2025 (Exhibit 1). The July HCPI was 1.5 percentage points below economy-wide inflation as measured by the GDP deflator, and has been below economy-wide inflation since November 2025. (August GDP data are not yet available.)

Regarding other measures of economy-wide inflation,the CPI remained steady, growing by 3.4% year over year in August, while the PPI grew by 5.4%, up from 4.8% in July. Economy-wide price increases were driven largely by commodities inflation, which increased slightly to 3.9% year over year from a July value of 3.7%, and services inflation, which equaled the July value of 3.1% (Exhibit 4).

Exhibit 1. Year-over-Year Growth in HCPI & GDPD

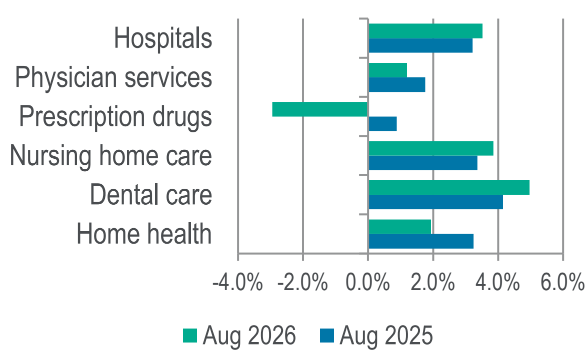


Source: Altarum analysis of monthly BLS price data.

Dental services exhibited the fastest rise in prices in August, growing by 5.0%, year over year. Prescription drugs fell by 2.9% in August, continuing a negative trend that began in January of this year. Prescription drug prices fell by 3.1% in July, explaining the slow growth in drug spending documented in this month's spending brief. All other major categories increased between 1.2% (for physician services) and 3.9% (for nursing home care) (Exhibits 2 and 3).

Among major payers for health care services, prices rose fastest for Medicare patients in August, at 3.5% year over year, following a gradual increase from a negative rate of 0.6% in September 2022 (Exhibit 6). Price growth was 1.8% for Medicaid patients, dropping from a peak of 6.8% in May 2024. Price growth for private insurance patients was 3.0%. Among specific health sector components, the price growth among Medicare patients was driven by growth in hospital care prices, up 4.3% year over year. Hospital prices for private insurance grew by 4.5%, while Medicaid was up by 0.9% (Exhibit 8). Growth in prices for physician services was moderate for all three payers, all below 2.0%, with Medicaid prices up by only 0.1% (Exhibit 7).

Exhibit 2. Year-over-Year Price Growth for Selected Categories



Our implicit measure of overall health care utilization growth (total spending growth net of health care price inflation) was 4.1% in July 2026 (Exhibit 9). (August data are not yet available.) Among major categories, the fastest-growing utilization component was hospital care, up 5.2% year over year, followed by physician and clinical services at 5.1%. Utilization of dental services grew the slowest among the major categories, at 2.5%.

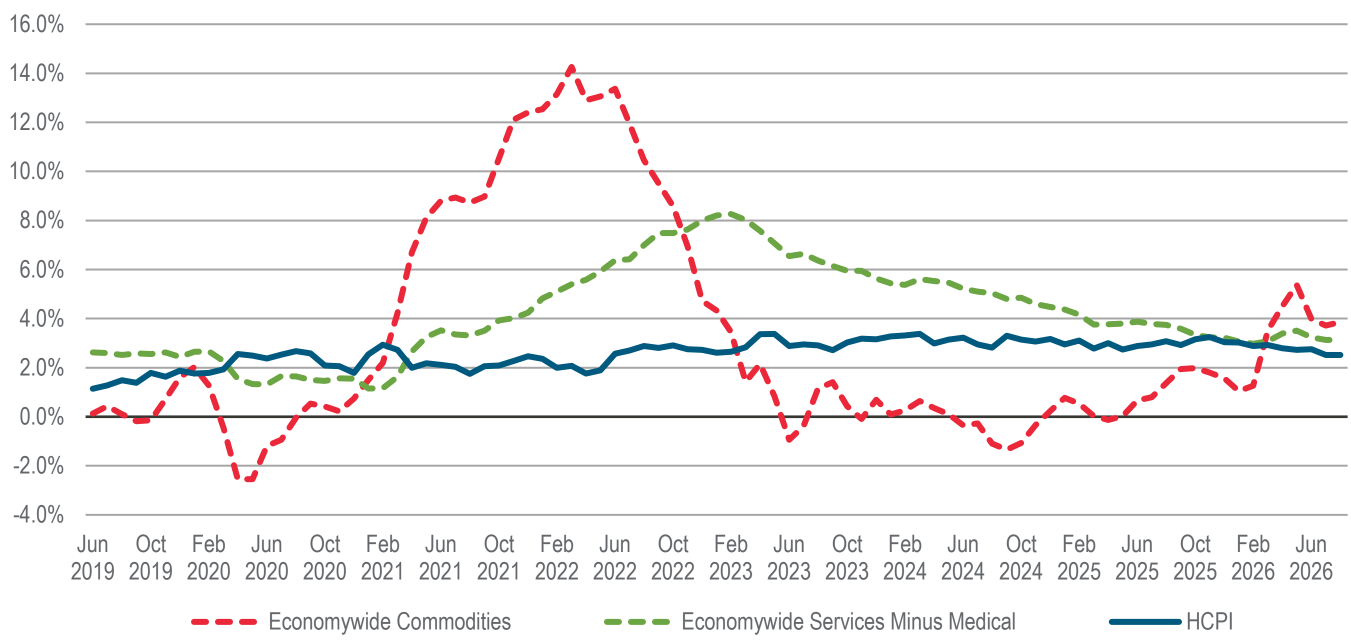
PRICE GROWTH BY DETAILED CATEGORIES

Exhibit 3. Annualized % Change in Prices for Major Components of National Health Expenditures

	Ending August 2024	Ending August 2025	Ending August 2026
Health Care Price index	2.8%	3.1%	2.5%
Hospital Care	3.4%	3.2%	3.5%
Physician and clinical services	1.6%	1.8%	1.2%
Prescription drugs	2.0%	0.9%	-2.9%
Nursing home care	2.7%	3.4%	3.9%
Dental services	3.5%	4.2%	5.0%
Home health care	1.5%	3.2%	1.9%
Other professional services	0.7%	3.5%	4.3%
Other personal health care	6.1%	7.9%	5.5%
Other non-durable medical products	2.4%	-2.4%	-2.0%
Durable medical equipment	1.7%	2.6%	-0.4%

Source: Altarum analysis of monthly BLS data.

Exhibit 4. Year-over-Year Percentage Change in Health Prices Compared with Economy-wide Commodities vs. Economy-wide Services

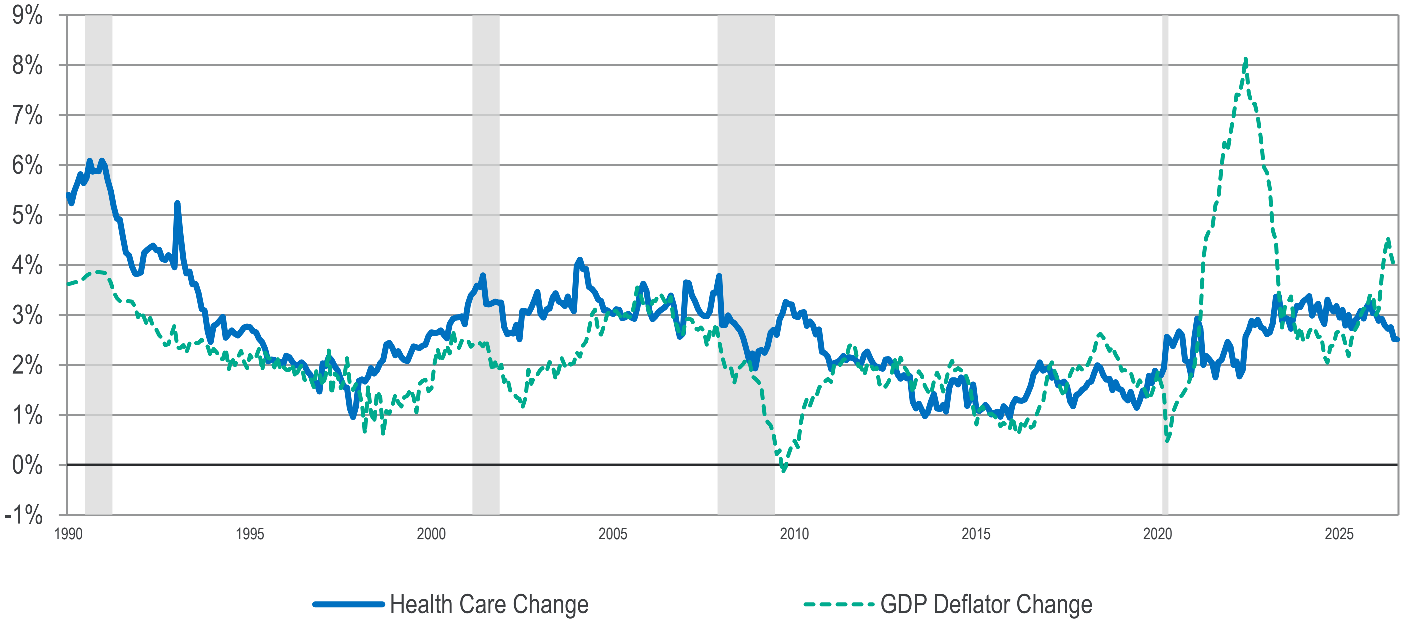


Source: Altarum analyses of BLS price data.

Methods. Altarum's estimates for the monthly HCPI, a price index for personal health care spending within the National Health Expenditure Accounts, are essentially monthly versions of the annual index developed by the CMS National Health Statistics Group (NHSG). The advantages of this measure over the medical care component of the CPI are well documented. Information on the CMS index is presented in the following source: U.S. Department of Health and Human Services. (2019). *National Health Expenditure Accounts: Methodology Paper, 2018—Definitions, Sources, and Methods*. Washington, DC: Centers for Medicare & Medicaid Services. Retrieved from http://www.cms.gov/files/document/definitions-sources-and-methods.pdf. The HCPI is calculated by using BLS data on PPIs for hospital, physician, nursing home, and home health components and CPIs for prescription drugs and other remaining items. Following NHSG, we use the GDPD rather than the CPI as our measure of economy-wide inflation. While this brief focuses on prices, it also incorporates data from our spending brief and shows the power of looking at prices and spending together. In particular, it reveals the striking role of utilization in health spending growth trends.

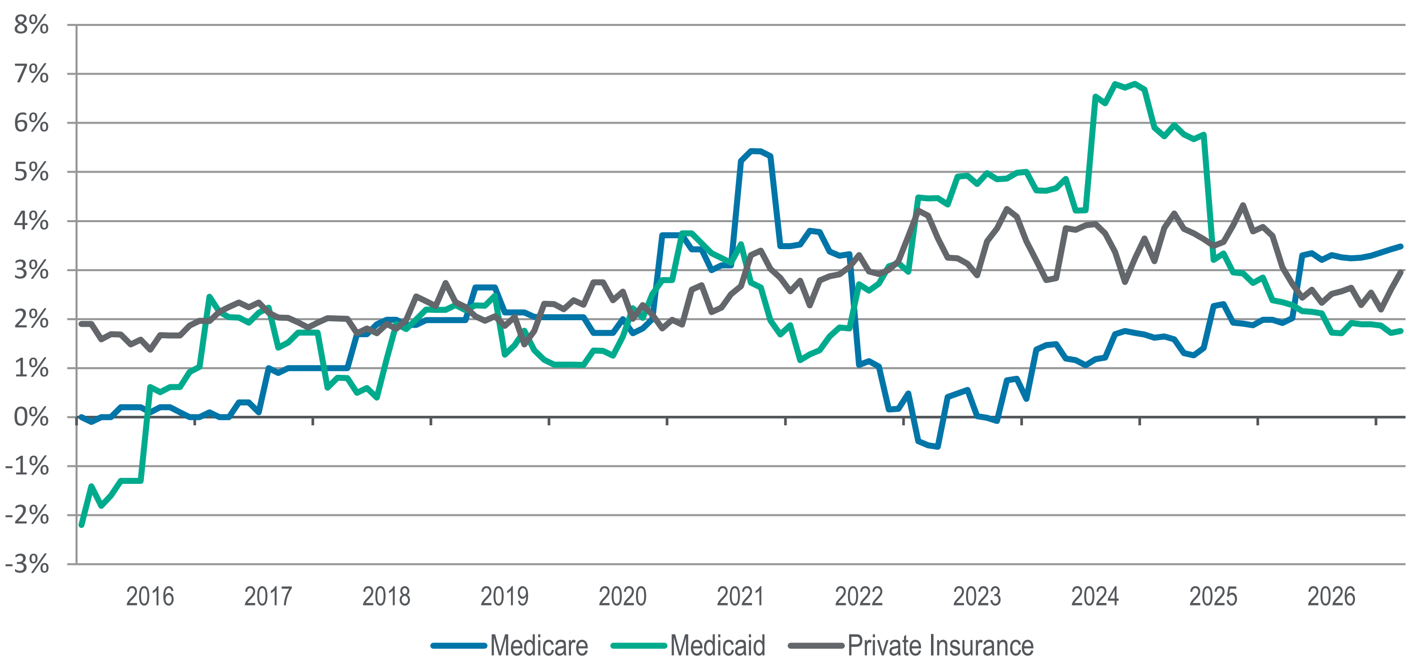
TIME SERIES TRACKER

Exhibit 5. Year-over-Year Percentage Change in Health Prices Compared with the GDP Deflator



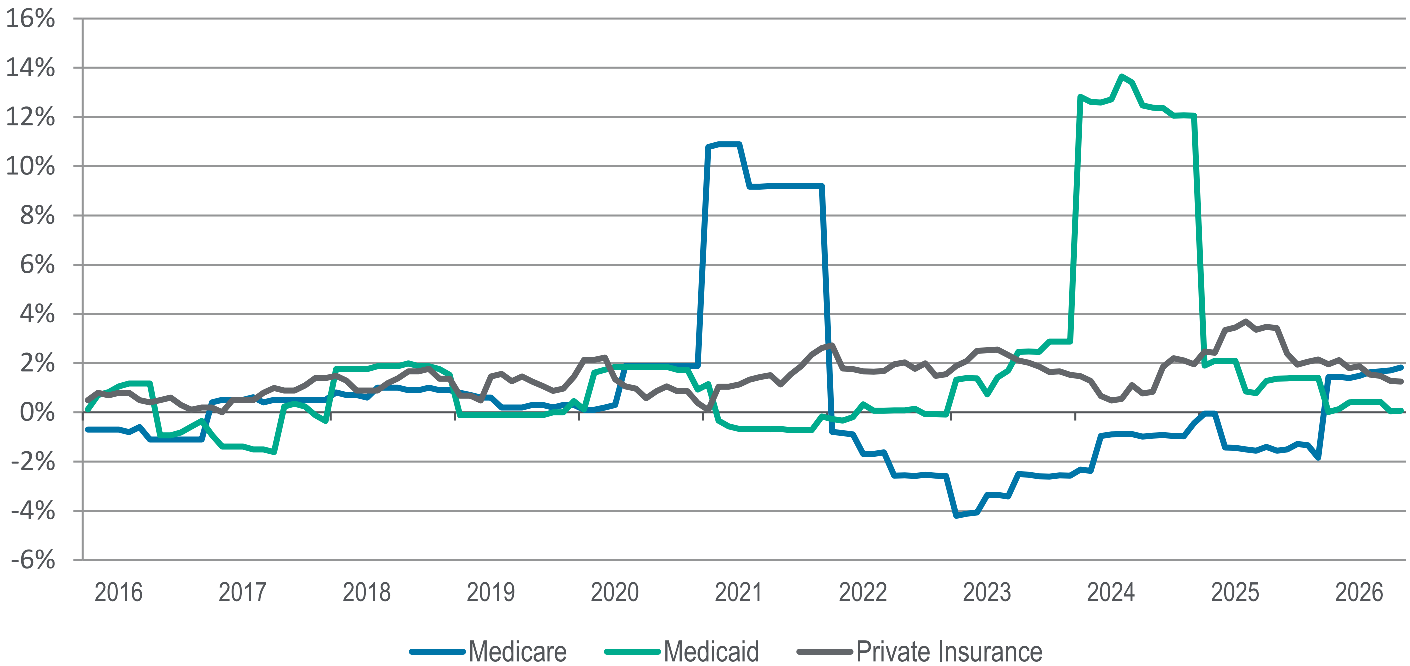
Source: Altarum analyses of BLS price data.
Note: Lightly shaded bars denote recession periods.

Exhibit 6. Year-over-Year Change in Health Care Services Price Growth by Payer



Source: Altarum analyses of BLS price data.

Exhibit 7. Year-over-Year Change in Physician Care Services Price Growth by Payer



Source: Altarum analyses of BLS price data.

Exhibit 8. Year-over-Year Change in Hospital Services Price Growth by Payer

Source: Altarum analyses of BLS price data.

Exhibit 9. Implicit Health Care Utilization Growth by Major Components of NHE, Year-over-year

	July 2026	3-Month Moving Average	12-Month Moving Average
Total personal health care	4.1%	4.2%	4.0%
Hospital care	5.2%	5.0%	4.2%
Physician and clinical services	5.1%	5.2%	4.4%
Prescription drugs	4.4%	4.9%	5.0%
Nursing home care	3.2%	3.3%	4.0%
Dental Services	2.5%	1.8%	3.5%
Home health care	4.3%	5.3%	8.0%
Other professional services	2.3%	1.8%	4.0%
Other personal health care	0.6%	0.7%	1.1%
Other nondurable medical products	5.9%	7.3%	6.3%
Durable medical equipment	5.1%	4.7%	2.5%

Source: Altarum analysis of monthly BLS data combined with Altarum HSEI spending data. Utilization growth (U) is computed as spending growth (S) net of price growth (P): U = S – P. This approach is an approximation, ignoring the interaction term between spending and prices growth (S*P); however, as long as the two growth rates are small, this term is insignificant.

Source: Altarum analyses of BLS price data.