

Consumerism in healthcare series (part I of III)

U.S. healthcare consumer pulse check: Resilient, but uneven

Resilience remains, but the U.S. consumer is operating “under pressure,” with less margin for error. Part one of this series provides a current macroeconomic backdrop and explores impacts of and on the US consumer. Parts two and three will take these analyses further, accounting for changing behaviors in evaluation and consumption of healthcare services. These articles will study current trends in consumerism, specific to U.S. healthcare, as well as how providers, payors and policymakers have driven and responded to these changes.

Why the consumer still matters

The U.S. consumer remains the most important swing factor for the U.S. growth outlook and, by extension, for risk asset performance and rate expectations. We subscribe to the belief that consumer spending is best captured by the Personal Consumption Expenditures (PCE) price index, which provides the broadest view across goods and services. Over the past eight to ten months, the key development has been sustained resilience at the headline level, paired with greater dispersion across income cohorts, spending categories and financing channels.

With specificity to healthcare consumption, 2024 (the most recent data) saw \$5.3 trillion of total spend, a 7.2% increase from the prior year, and 18% of US GDP.¹ While aggregate cost is certainly not borne entirely by patients as out-of-pocket (OOP) cost, these figures translate to approximately \$15.4k per person in healthcare alone, and those figures are expected to rise an additional 7.1% when the 2025 data is tallied.²

Spending: Cooling at the margin, not breaking

Recent consumer spending data suggest moderation rather than contraction. The retail sales report for January 2026 accelerated 3.2% on a year-over-year (y/y) basis.

Context matters, as online retailers were up 10.9% y/y, which reinforces that demand is holding up better through online channels than through some discretionary brick-and-mortar categories (**Figure 1, page 2**). High-frequency indicators (e.g., Johnson Redbook Index) continue to corroborate the broader “still spending” story.

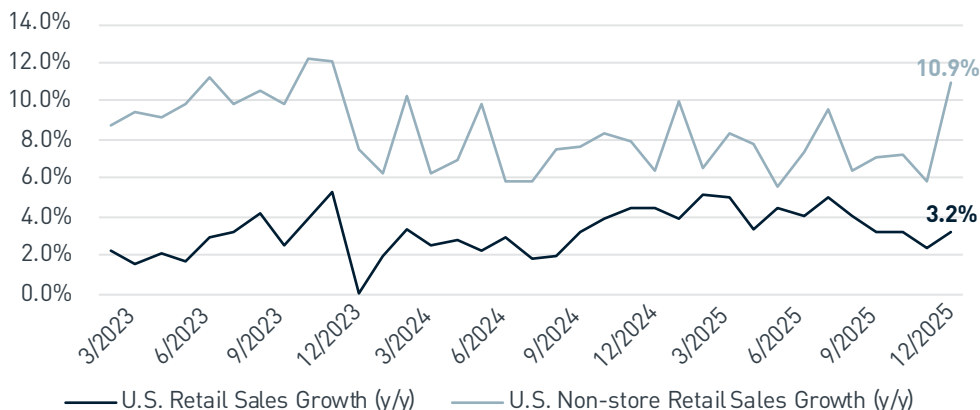
The consumer appears to be adapting to sticky inflation, rather than experiencing an outright retrenchment.

Executive summary

- Consumer spending remains supported, but the backdrop is increasingly “K-shaped” – i.e., stronger for higher-income consumers and asset owners, who realize compounding benefits from saving in a rising stock market; and more constrained for lower-income cohorts, who share less in that generation of wealth.
- The labor market is cooling, yet wage growth remains positive even on an inflation-adjusted basis, which is helping to sustain aggregate spending.
- Inflation remains above the Federal Reserve (Fed)’s 2% target; however, retail sales have yet to moderate in the data, but price-level fatigue continues to weigh on sentiment.
- Household finances are stable at the aggregate level, but credit usage and delinquency trends underscore pockets of stress.
- Annual healthcare benefit costs have continued to rise too, estimated at an additional 8.5% for group plans through 2026³, and patients and employers are hunting for ways to reduce these expenses.
- Macro-economic factors impacting the US consumer will drive behaviors that change the healthcare industry in a variety of ways.

Figure 1. U.S. Retail Sales Growth (y/y)

The U.S. consumer is showing no sign of slowing, despite elevated inflation



As of 3/31/2026. Source: Bloomberg L.P.

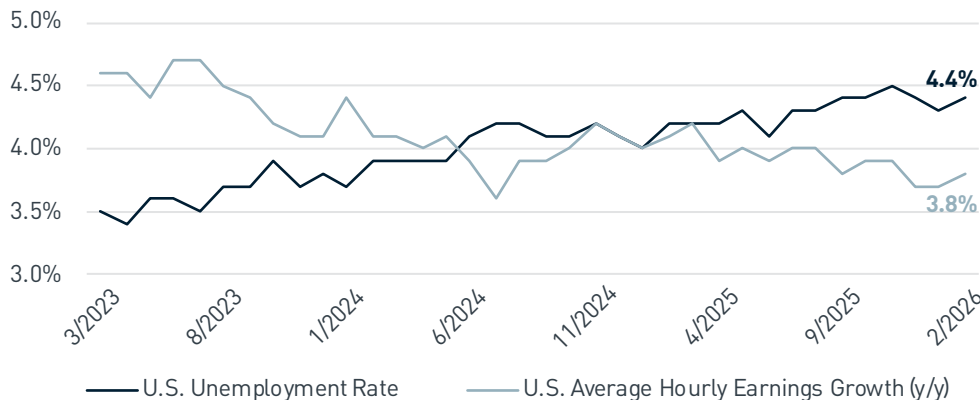
Labor: Cooling, not weakening

The labor market has softened, but it has not yet produced the type of broad deterioration typically associated with a sharp slowdown in consumption. The February 2026 employment report showed nonfarm payrolls were down 92,000, impacted by a healthcare strike and government job reductions. However, stronger March numbers reflect the end of the strike, and the broader theme that healthcare, while cooling as well, has underpinned much of the job market’s resilience over the last couple years, helping to reverse February’s losses.

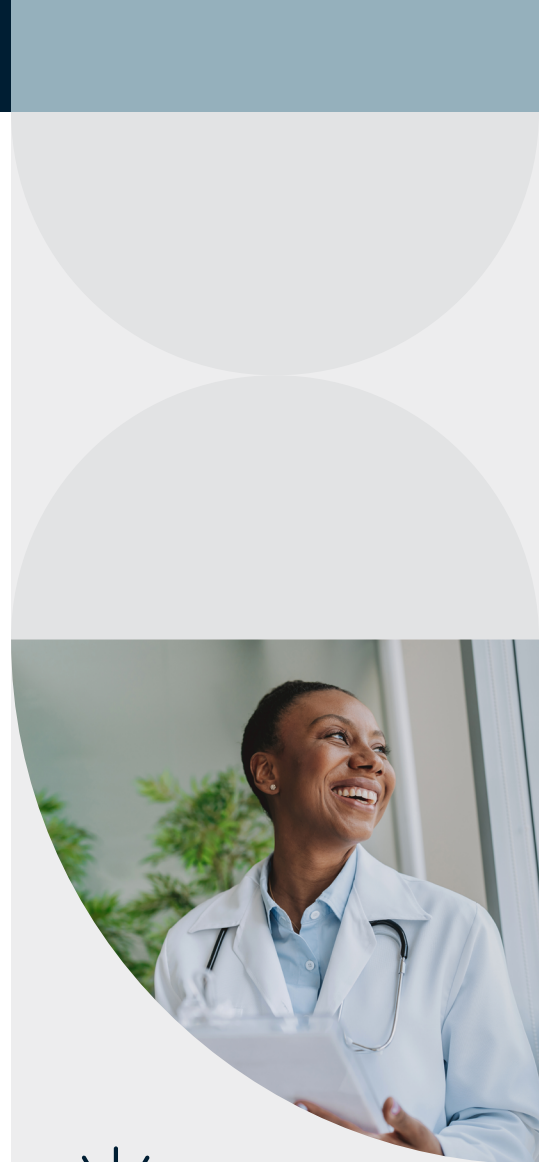
Importantly, wage growth remains constructive (**Figure 2**). In March, average hourly earnings rose 3.5% y/y, which was above the rate of inflation. While month-to-month payroll prints have been choppy, the continued pace of wage growth is a key reason the consumer has remained resilient in the aggregate.

Figure 2. Unemployment Rate and Avg. Hourly Earnings

We view the labor market as maturing, rather than weakening



As of 3/31/2026. Source: Bloomberg L.P.



We continue to believe the labor market is better characterized as slowing rather than weakening, which is still supportive for spending, but less of a tailwind than in prior years.

Inflation: Better data, still challenged psychology

Inflation has cooled since 2022; however, it remains sticky and above the Fed’s 2.0% target. The February Consumer Price Index (CPI) report showed headline CPI at 2.4% y/y and core CPI at 2.5% y/y (Figure 3).

While core CPI is at the lowest level since 2021, it has not translated into improved consumer confidence. The Conference Board Consumer Confidence survey continues to emphasize that high prices are weighing on household perceptions.

The inflation story is increasingly one of levels vs. rates of price change. While the inflation growth rate has been slowing moderately over the past year, it is not negative nor do we expect that any time soon. As such, price increases are slowing, but price levels remain elevated for most consumers, keeping sentiment fragile.

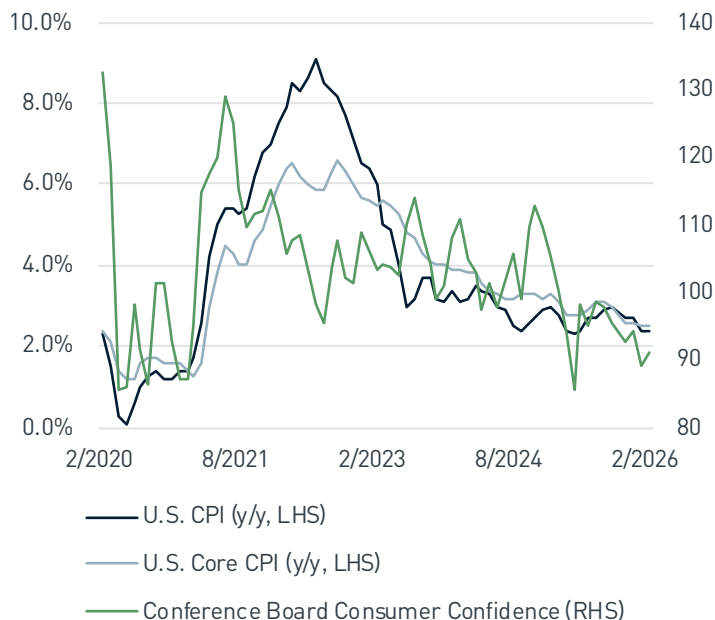
Household budgets: Fine in aggregate, strained at the margin

Household budgets remain broadly stable at the top line, but distribution matters. The Federal Reserve Bank of New York’s Household Debt and Credit Report for fourth quarter 2025 shows total household debt of \$18.8 trillion and credit card balances of \$1.28 trillion, with 4.8% of outstanding debt in some stage of delinquency. The report notes that transitions into early delinquency for several non-housing categories were mostly steady, even as overall delinquency rates edged higher (Figure 4). The latest savings rate data jumped to 4.5% in January, the highest level in six months.

We continue to believe that consumers remain supported by the labor market, but there are divergences, particularly for households who are more reliant on credit. With the slight strains felt across labor, wages, spending and sentiment, we expect households to make more deliberate decisions about where and how to cut costs in the future.

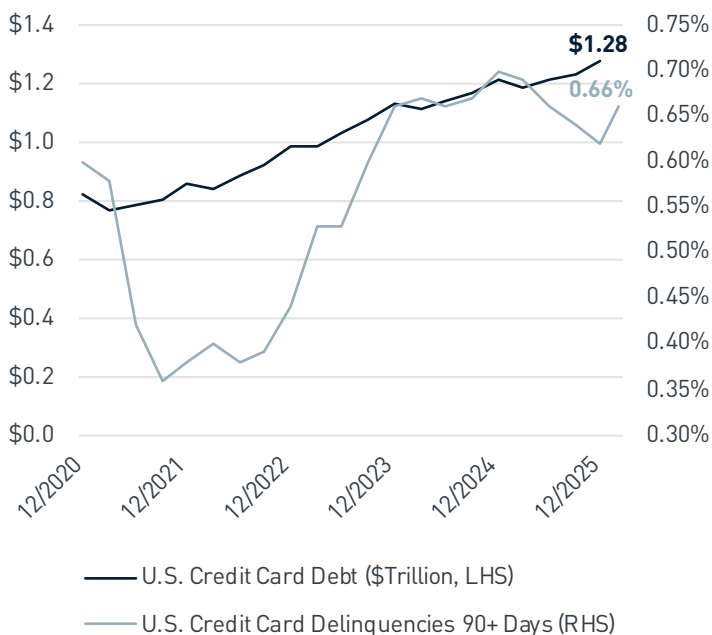
Many households are making healthcare decisions in real-time in the wake of the expiration of the ACA enhanced premium tax credits (EPTC). With marketplace plan prices skyrocketing in turn, about 1 in 10 previously-marketplace-insured Americans have dropped marketplace coverage in 2026. Of those still insured, 17% are not confident about premium affordability for the full year, and about 55% say they have—or plan to—cut spending on food or other basic household expenses in order to bridge the gap.⁴

Figure 3. U.S. Inflation and Consumer Confidence
Weak consumer confidence alongside elevated inflation



As of: 3/31/2026. Source: Bloomberg L.P.

Figure 4. U.S. Credit Card Balances and Delinquencies
U.S. credit card usage may seem concerning, but it is rising from 40-year lows



As of 3/31/2026. Source: Bloomberg L.P.

Geopolitical risk: Middle East conflict and consumer sensitivity

An additional near-term risk to the consumer outlook is the potential for sustained geopolitical pressure stemming from the recent conflict in the Middle East. For consumers, the most direct transmission channel from this type of conflict is energy prices (Figure 5). Geopolitical risk premiums can translate into higher crude oil prices and gasoline costs remain one of the most visible inputs to inflation expectations.

In the current environment, this sensitivity is heightened given thinner savings buffers, elevated price levels and low consumer sentiment. While not a base-case shift, prolonged geopolitical stress increases downside sensitivity for the consumer.

We're monitoring:

1. labor market follow-through,
2. inflation expectations,
3. credit conditions,
4. consumer responses to policy outcomes, and
5. energy prices and geopolitical developments

Bottom Line

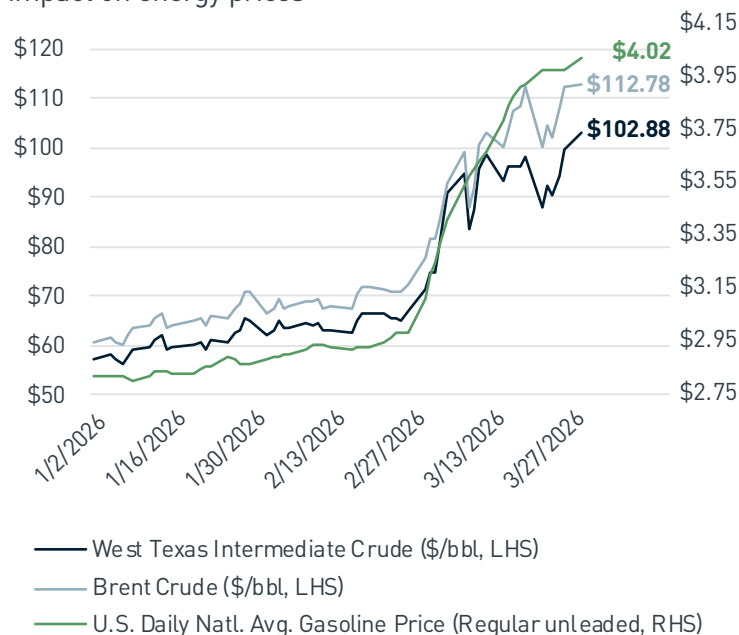
The U.S. consumer remains resilient in aggregate, supported by ongoing wage growth and moderating inflation. However, resilience appears increasingly uneven, with a thinner savings buffer and increasing reliance on credit for some households. From a market perspective, this mixed backdrop is consistent with continued growth, but also greater sensitivity to labor, credit and confidence shocks as we move through the remainder of 2026.

Healthcare policy and its impact on households and the consumer

Against this backdrop, healthcare policy is becoming an increasingly important variable in the consumer outlook. As inflation moderates while price levels remain elevated, healthcare remains one of the most persistent components of household budgets, particularly for older consumers and low- to middle-income households. Stubbornly increasing healthcare costs are, in some cases, driving difficult decisions regarding insurance coverage and its affordability.

Figure 5. Oil and Gasoline Prices

A long-term geopolitical conflict could have a considerable impact on energy prices



As of 3/31/2026. Source: Bloomberg L.P.

As “affordability” continues to be an overriding concern for the middle class, it’s fitting that debate in DC has focused heavily on healthcare policy. From tariffs to inflation to the One Big Beautiful Bill Act and the 2025 government shutdown (driven by the expiring EPTC), healthcare has been pivotal.

This dynamic elevates the relevance of healthcare policy in the broader macro conversation. Changes in insurance coverage, drug pricing, reimbursement frameworks or out-of-pocket cost structures can have direct implications for consumer spending behavior.

Looking ahead, PNC Healthcare’s position

Trends in healthcare consumerism are at the convergence point of several different macro themes. PNC Healthcare has comprised a “Top 10” of these intersections, looking ahead from the beginning of Q2 2026:

1. The sheer scope and size of healthcare within the context of US GDP and the Federal budget (18% of GDP, or \$5.3 trillion)
2. An expanded competitive field that includes new, diversified corporate entrants and private markets firms
3. CMS / Federal policies: price transparency, global payments, and site of service shift to lower cost (and arguably higher quality) venues
4. Narrowing ACA exchanges - as premiums rise following EPTC expiration, fewer Americans will enroll, straining the system
5. Changing products and interactions with payors, and movement away from defined benefit (traditional health insurance) to defined contribution models (ICHRA)
6. Households' growing responsibility for total healthcare expense
7. The advance of technology and its use in care delivery—particularly post-Covid
8. Information and incentive - reporting and analytics on quality and patient care can sometimes be misaligned with rewards and risk-based payments
9. Generational shifts away from private practice
10. Consumer and employer adoption / demand – what will patients and corporates demand of policy makers and healthcare delivery in the future?

While these are not the only developments surrounding consumerism in healthcare, PNC Healthcare believes they will be some of the most meaningful over the near- and medium-term.

Throughout this series of articles, PNC Healthcare will continue to explore how these developments and circumstances are triggering changes in the healthcare ecosystem. “Consumerism” in healthcare is driving quantifiable and tangible change that will have meaningful impact on the broader economy. Consumers of healthcare services, mainly patients, but also employers, will be heavily influenced by both policy and business practice along both ideological and generational lines.

1,3 - Centers for Medicare & Medicaid Services: National Health Expenditure Accounts Historical Data ([cms.gov](https://www.cms.gov))

2 - PricewaterhouseCoopers: Behind the Numbers 2026 ([pwc.com](https://www.pwc.com))

4 - KFF Follow-Up Survey of Marketplace Enrollees: Following End of Enhanced Credits, Half of Marketplace Enrollees Now Say Costs Are a Lot Higher, Most Expect to Cut Back on Basic Household Expenses to Afford Coverage ([kff.org](https://www.kff.org))

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