

# Hospital Costs Are Squeezing Michigan Businesses and Families



When hospitals' pricing power goes unchecked, everyone pays the price. Michiganders know first-hand these costs create a mounting burden for small businesses, public employers, and working families alike – leading to higher premiums, out-of-pocket costs, and growing medical debt.



**Outsized Costs:** In Michigan, **47 cents on the dollar** of commercial health plan premiums go to hospital services.<sup>1</sup>

**PUT IT IN PERSPECTIVE:** Since 2000, the **cost of hospital services has increased by 243%**—faster than the cost of college tuition, childcare, and housing.<sup>1</sup>



**A Highly Concentrated Market:** In 6 of Michigan's 15 metro areas, **just one monopoly health system dominates the market.**<sup>2</sup>

**IMPACT:** When one system dominates a market, they **have the leverage to shift care into higher-cost settings** and charge working families high prices that are disconnected from the clinical value of the service.



**Rising Hospital Profitability:** The average operating margin across Michigan hospitals grew from **12% in 2023 to 16% in 2024.**<sup>3</sup>

**WHAT THIS MEANS:** From 2023 to 2024, total hospital expenses in Michigan **increased by \$1.92 billion, while total revenue grew by \$5.05 billion.** Additionally, 73% of this cost growth came from operating and non-patient costs, compared to the 22% from patient care costs.<sup>3</sup>

## What Employers Are Saying:

Michigan hospitals charge employers and working families twice what they charge Medicare, on average.<sup>4</sup> For businesses and unions across the state, these inflated costs are stretching budgets and straining communities.

“Small business owners are experts in doing more with less – finding innovative ways to keep costs low while providing top-notch goods and services to their communities. Small businesses need hospitals to do the same thing.”

—Brian Calley, President & CEO,  
Small Business Association of Michigan<sup>5</sup>

“The costs of healthcare are unaffordable for Michigan families and employers, stalling business growth, causing Michigan to be less competitive in the global economy, and are the primary cause of personal bankruptcies... A significant driver of these unsustainable costs is the mergers of large health systems.”

—Bret Jackson, President & CEO,  
Economic Alliance for Michigan<sup>6</sup>

Michigan employers call on lawmakers to support greater transparency, accountability, and oversight. Now is the time for policymakers to rein in costs by ensuring working families benefit from 340B discounts and tax breaks, eliminating facility fees, advancing site-neutral payment reform, and curbing anticompetitive conduct.

Learn more at [www.HospitalAccountabilityNow.org](http://www.HospitalAccountabilityNow.org).

<sup>1</sup> <https://mihpc.org/wp-content/uploads/2025/06/Hospital-Operating-Profit-Margins-and-Commercial-Prices-June-2025.1.pdf>

<sup>2</sup> <https://www.kff.org/health-costs/one-or-two-health-systems-controlled-the-entire-market-for-inpatient-hospital-care-in-nearly-half-of-metropolitan-areas/>

<sup>3</sup> <https://mihpc.org/wp-content/uploads/2026/03/MI-Hospital-Operating-Profit-Margins-March-2026-v5.pdf>

<sup>4</sup> RAND 2020-2022. Accessed via: <https://dashboard.sagetransparency.org/>

<sup>5</sup> <https://www.sbam.org/study-hospital-profits-dramatically-increase-amid-rising-healthcare-costs-in-michigan/>

<sup>6</sup> <https://mihpc.org/wp-content/uploads/2024/08/Study-Suggests-Unfair-Hospital-Billing-Practices-Press-Release-5.16.24.pdf>