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FOR IMMEDIATE RELEASE

Study Suggests Unfair Hospital Billing Practices in Michigan

Employer-sponsored health plans and private health plans pay more for hospital services

NOVI, MICHIGAN, MAY 16, 2024: The [Michigan Health Purchasers Coalition \(MHPC\)](#), tasked with the mission of lowering healthcare costs for employers and families in the State of Michigan, [released a study](#) raising an alarm regarding the fast pace of rising costs for hospital services in the State of Michigan. The report demonstrates how the increase in hospital costs have a negative impact on the economy. It also highlights how hospital acquisitions and mergers also contribute to the acceleration of healthcare costs.

Between 2010 and 2020, payers of healthcare in Michigan experienced a 40 percent increase in costs for hospital services. Average single and family health insurance premiums in the state have increased by 38% and 31% respectively from 2013 to 2022.

Hospital prices account for almost half the bill of employer healthcare costs. With less money for wages, technical advancement, job creation and increased productivity, Michigan and the rest of the country have reduced competitiveness in the global market.

The data points out that one reason for the increase in hospital costs for employers and workers is that hospitals practice unfair billing. The current pricing model that hospitals are implementing charge employer-sponsor/private plans considerably more than the Medicare rate. In Michigan, the flagship hospitals of major health systems charge private plans between 172 percent and 307 percent of the Medicare rate.

Evidence from the study shows that hospital mergers lead to a 7 to 10 percent increase in prices for private insurers. Cross-market mergers, those between two health care services who



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previously delivered care in different geographic markets, have been shown to lead to price increases. Since 2021, three cross-market mergers have taken place in the State of Michigan.

"The costs of healthcare is unaffordable for Michigan families and employers. Healthcare is stalling business growth causing Michigan to be less competitive in the global economy, and is the primary cause of personal bankruptcies," said Bret Jackson, president of MHPC. "A significant driver of the unsustainable costs is the mergers of large health systems. We are asking policymakers in Lansing to help lower healthcare costs by prohibiting anti-competitive contracts and establishing fair price for all payers."

Health equity is also an issue with increased hospital costs. One of the top reasons for personal bankruptcy in the United States is medical debt. Compared to the rest of the country, Michigan is on the higher end for share of adults with medical debt. Black adults are 50 percent more likely and Hispanic adults are 35 percent more likely than Whites to carry medical debt.

The report suggests some steps in curbing the rise of hospital costs including having employers and payers speak with hospital administration directly to gain a better understanding of the situation and policymakers need to develop ways for holding hospitals and health systems accountable for unfair pricing habits.

To further educate consumers, employers and lawmakers about the rise in hospital services, MHPC launched the [Health Price Transparency Dashboard](#). This interactive tool provides the payer mix, operating profit margins, and the percentage commercial health plan sponsors pay a hospitals relative to the breakeven cost to for that hospital to provide those services to all of its patients.

About MHPC

[Michigan Health Purchasers Coalition \(MHPC\)](#) is a 501(c)(4) established to mobilize employers, families and other healthcare stakeholders across the state to rein in the excessive prices paid for employer-sponsored healthcare for over half of all Michiganders. MHPC initiatives include increasing hospital price transparency, prohibiting anti-competitive contracts and billing, increasing oversight on consolidations and mergers, and incorporating fair pricing among all payers of healthcare.

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