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Study: Hospital Profits Dramatically Increase Amid Rising Healthcare Costs in Michigan

June 24, 2025 - While Michigan residents are paying increasingly more for healthcare services, major hospital systems are raking in dramatically higher profits, according to a [hospital operating profit margins and commercial prices study](#) released by the [Michigan Health Purchasers Coalition \(MIHPC\)](#).

With data provided through their required Medicare cost reports, Michigan's major hospital systems - Corewell Health, Henry Ford Health, McLaren Health, and Trinity Health – are among 68 percent of the Michigan hospitals that are reporting a six-year average operating profit margin of at least 10 percent. This means the hospital nets \$10 for every \$100 spent on patient care.

"Prices for hospital services have increased by nearly 250 percent over the past 25 years - faster than the cost of college tuition, childcare and housing," said Bret Jackson, President of MIHPC. "Meanwhile, the extreme profit margins of the largest hospital systems are out of balance making it challenging for patients to afford necessary treatments."

In comparison, the report shows 15 percent of Michigan hospitals with a "moderate" operating margin between four to nine percent and another 17 percent have a "lower" operating margin of below four percent. Many of those reporting with a lower operating margin are typically small hospitals located in rural 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," said Brian Calley, President and CEO of the Small Business Association of Michigan. "Small businesses need hospitals to do the same thing – identify ways to provide exceptional care for patients, while lowering costs.

“Hospital systems talk about increased labor, medical supply, and drug costs hurting their bottom line,” said Jackson. “Despite all of those pressures, a supermajority of Michigan hospitals are showing double digit operating profit margins.”

Highlights of the report show:

- 68 percent of hospitals (80 hospitals) have average operating profit margins of at least 10 percent and range all the way to 40 percent from 2018 to 2023.
- 23 of the 70 hospitals in this report have a profit margin of over 20 percent, with eight of them being over a 30 percent profit margin.
- Over 80 percent of hospitals in Michigan operate as “nonprofit” despite showing margins more aligned with for-profit businesses.
- Over half of these highly profitable hospitals are part of four “nonprofit” health systems: Corewell Health, Henry Ford Health, McLaren Health, and Trinity Health.

“It’s disappointing to see this level of profit margin, when small businesses are continually feeling the pain point of crushing health care costs. We’re hopeful that Michigan’s hospitals will turn their focus to structural reforms that reduce costs, so that small businesses can afford to continue providing health care for their employees,” said Calley.

The study also looked to see if there was a relationship between commercial price for hospital services and profitability. No such relationship was found to exist. Further research will be needed to determine factors that do lead to financial success for hospitals.

“Hospitals are vital to our communities and need to generate profits to sustain their services; however, MIHPC’s goal is to bring awareness to these profit margins and provoke conversations across the state that will increase hospital transparency. We are encouraging legislators, employers, employees, and patients to hold the healthcare system accountable and work to ensure hospital pricing is transparent and sustainable across the state,” said Jackson.

Michigan Health Purchasers Coalition (MIHPC) is a 501(c)(4) statewide coalition dedicated to mobilizing employers, families, and healthcare stakeholders to address critical issues in Michigan's health care system. MIHPC's 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. For more information, please visit mihpc.org.

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