

# State of Employer - Sponsored Health Care

State of Michigan

March 2025



Provided by Michigan Health Purchasers Coalition  
[mihpc.org](http://mihpc.org)

Employer-sponsored health care affects over 4,000,000 lives in Michigan, and its rising costs have placed considerable stress on working families and employers. This report provides a high-level overview of the challenges facing our health care system and the solutions MIHPC (Michigan Health Purchases Coalition) is advocating for to ensure sustainable, affordable coverage for all.

### Key Takeaways:

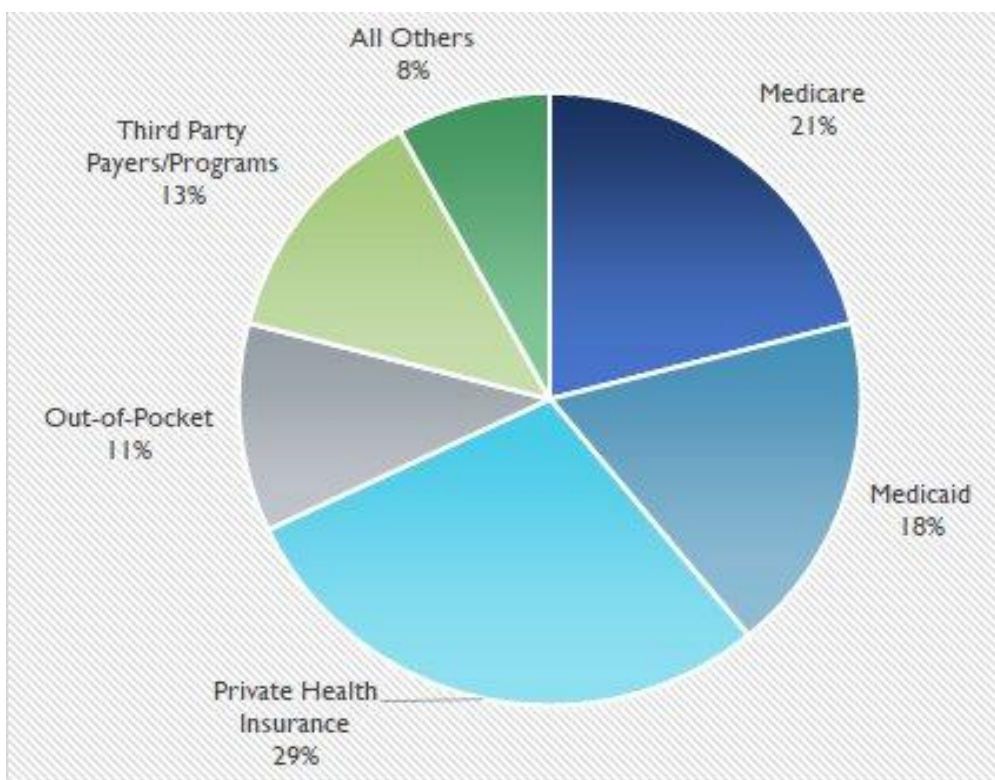
- Health care prices are outpacing inflation due to various reasons, with one reason is market consolidation of hospitals.
- High health care prices are making health care unaffordable for many Michiganders and forcing them to make difficult choices about their care (e.g., skipping appointments, stretching prescriptions to last longer) or go into medical debt.
- Policymakers need to address high health care prices by pursuing innovative strategies to reduce health care prices while maintaining quality and access to care.
- Legislation that focuses on anti-competitive practices, merger oversight, banning facility fees and increasing price transparency can effectively contribute to lowering the cost of employer-sponsored health care by ensuring that employers and employees alike are fully informed about healthcare costs and outcomes – resulting in higher wages and job creation.

Each year health-related spending grows in the United States. The National Health Expenditure (NHE) reached \$4.5 trillion in 2022 and accounted for 17.3 percent of the country's Gross Domestic Product (GDP). Private health insurance, which includes employer-sponsored plans, contributed the most by accounting for almost 30 percent of the NHE.

The growth of the NHE is projected to outpace the average GDP growth and outpace economic growth, personal incomes and inflation.

One of out every six dollars of the nation's annual production of goods and services is dedicated to health care. Projections estimate the health spending share of GDP to be close to 20 percent by 2030.

These numbers highlight a critical threat to the economy. For employers who sponsor coverage, the implications are clear: the current trajectory of health care expenses is unsustainable. Addressing the skyrocketing health care prices should be a top priority for lawmakers.



Source: Centers for Medicare and Medicaid Services (CMS)  
National Health Expenditure Data, 2022.

# Market consolidation is driving up health care prices

A substantial body of evidence indicates that market consolidation is driving up health care prices. A 2022 RAND Corporation report noted that a hospital merger can result in price increases by as much as 65 percent.

Recent mergers in Michigan have led to significant market concentration. Henry Ford Health now controls 44% of market shares in the Detroit area. Corewell Health controls 32% of market shares in the Detroit area, and 67% of market shares in the Grand Rapids area.

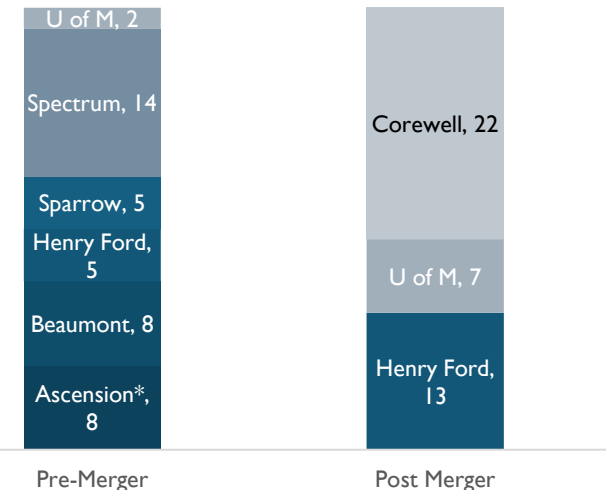
# The burden of high health care prices falls heavily on employers

Health care prices are rising faster than inflation and are eating into wages and driving unemployment and job losses.

In 2023, family premiums for employer-sponsored health insurance in Michigan reached an average of \$22,718, a 50% increase in premium prices compared to 2013.

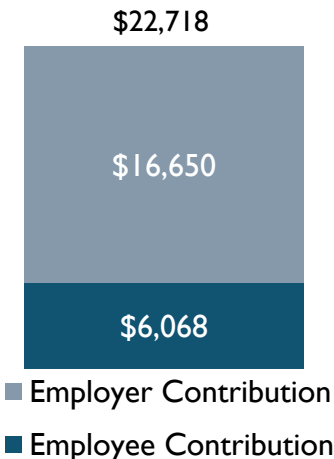
According to KFF's 2024 benchmark Employer Health Survey, premium increases are expected to continue, reaching a 9% increase in 2025.

Health System Merger Concentration  
Number of hospitals in health system pre and post merger



\*Southeast Michigan hospitals

Michigan Average Family Premium per Enrolled Employee 2023





## **High prices are pushing Michiganders into medical debt**

On average, 9% of Michigan adults- or 690,000 people-report having medical debt in a given year, and over 60% of individuals report being worried about their ability to afford unexpected medical bills.

## **High prices are causing Michiganders to delay or skip health care**

In addition to the economic impact, high prices threaten a public health crisis. A recent survey by Altarum's Consumer Healthcare Experience found that over half (51%) of Michigan adults had skipped or postponed health care—including needed dental care, recommended medical tests or treatments, filling prescriptions, having a procedure, and accessing mental healthcare or treatment—because of the cost.

## **Policymakers need to pursue innovative strategies to reduce health care prices**

Michigan lawmakers must take important steps to address the causes of high health care prices, especially in regard to hospital prices.

In a recent statewide survey conducted by MIHPC, 81% of respondents expressed the opinion that the healthcare system in Michigan needs substantial changes, and 91% of the respondents emphasized the importance of elected leaders and government officials in the state taking proactive measures to address and reduce healthcare costs.

“The fact that medical debt is a struggle even among households with health insurance and middle incomes indicates that simply expanding coverage caused by high cost-sharing amounts and high prices for medical services and prescription drugs.”

-KFF



## **Michigan lawmakers have options that will reign in out-of-control prices by improving market competition**

### *Anti-Competitive Practices Legislation*

Anti-competitive practices legislation is designed to prevent anti-competitive practices commonly seen in healthcare contracts by prohibiting certain clauses and establishing enforcement mechanisms. The aim is to promote fair competition and protect consumer well-being in the healthcare market by preventing anti-competitive practices in contracts between health insurance carriers and healthcare providers.

### *Ban on Facility Fees*

A ban on facility fees addresses the growing issue of high "facility fees" charged by hospitals and affiliated healthcare facilities for outpatient services. These fees can significantly increase the cost of care, even for routine procedures, putting a financial burden on patients and their insurers. As health system mergers continue to rise across the state, this becomes a greater issue.

### *Mergers Oversight Legislation*

Mergers oversight legislation is designed to increase transparency, safeguard competition, and ensure that mergers and acquisitions benefit the public. It applies to material change transactions involving healthcare entities with at least \$10 million in total assets, annual revenues, or anticipated annual revenues for new entities and includes corporate mergers, acquisitions, joint ventures, etc.

### *Hospital Price Transparency*

The primary objective of the hospital price transparency legislation is to promote greater transparency in hospital pricing and protect patients' rights. It prohibits hospitals that do not comply with existing price transparency laws from collecting debts related to any items or services provided to patients during the period of non-compliance.

Under this legislation, patients who believe a hospital has violated these pricing transparency regulations can file civil lawsuits. To initiate such actions, patients must provide tangible evidence showing that the hospital was non-compliant at the time they received services, and that the hospital subsequently attempted to collect debts related to those services.

# We can work together to bring real change.

## About Michigan Health Purchasers Coalition (MIHPC)

MIHPC 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.

MIHPC 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.

## How to Get Involved

*Stay Informed:* Keep up with the latest news and updates by visiting our website ([mihpc.org](http://mihpc.org)) and following us on LinkedIn.

*Engage with Legislators:* Reach out to your elected representatives to express support for policies that promote health care affordability.

*Spread the Word:* Make sure your friends and colleagues have the facts and know how to get involved by encouraging them to collaborate and join the efforts of MIHPC – creating a very large voice that will be very difficult for lawmakers to ignore.

