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Hospital Price Testimony – June 25, 2026

Chair and members of the House Government Operations Committee, thank you for the opportunity to testify today.

My name is Bret Jackson. I am the president of the Michigan Health Purchasers Coalition (MIHPC), a nonpartisan organization representing employers, and other purchasers of health care across Michigan. Thank you for allowing me to join remotely as I am in DC advocating for more competition in the drug manufacturing industry.

Michigan families, workers, and businesses are facing a health care affordability crisis. The cost of hospital care has become one of the biggest drivers of rising health insurance premiums, higher out-of-pocket costs, and wage pressure for employees throughout our state.

I want to be absolutely clear on this point – Michigan needs financially healthy hospitals. All Michiganders, in urban and rural areas need access to hospital services across the state and on a 24/7 basis. What we are seeing though is that the healthcare industry generally, and hospital marketplace specifically have been leading growth in the US for a couple decades. The problem is that growth of the hospital industry comes at the expense of our farmers, our manufacturers, our grocers, bankers, retailers, etc. – and yes, also taxpayers. We need a system where everyone, the hospitals, working families and businesses big and small can all thrive together.

Our latest analysis of Michigan hospital financial data found that hospital operating profit margins continue to rise significantly. In 2024, the average operating margin among Michigan hospitals reached 16 percent, up from 12 percent in 2023. More than three-quarters of Michigan hospitals reported operating margins of at least 10 percent, and large urban hospital systems averaged approximately 20 percent operating profit margins.

Importantly, these profits are not being driven by expense reductions. Between 2023 and 2024, hospital net patient revenue increased by 14 percent, while operating expenses increased by only 6 percent. Revenue growth significantly outpaced expense growth.

At the same time, employers and workers are paying more than ever for coverage. Hospital services account for half of commercial health plan spending in Michigan. Since 2000, hospital prices have increased more than 281 percent—far outpacing inflation, wage growth, housing, new cars, college tuition, and even prescription medications which just barely increased above inflation.

There is bi-partisan recognition of the impact that hospital pricing is having on Americans. In April, the Paragon Health Institute reported that hospital prices have increased three times faster than inflation and twice as fast as wage growth. Hospital price inflation outpaces every other major sector of the U.S. economy. The report says we have a system that “ rewards consolidation, opacity, and inefficiency rather than competition, value, and accountability.”

Just a couple of weeks later in May, Families USA put out a report concluding that big health systems charge triple Medicare rates for the exact same care and are driving the health care affordability crisis.

Employers are struggling to provide quality health benefits to their employees. Every dollar that goes toward unnecessarily high hospital prices and fees is a dollar that cannot be invested in employee wages, hiring, retirement benefits, or business growth. For many Michigan families, it means higher deductibles, delayed care, and increased medical debt.

We recognize that some rural and financially challenged hospitals face unique circumstances and deserve thoughtful support. However, the data shows that many of Michigan’s largest health systems are generating substantial and growing operating profits while health care affordability and quality continue to deteriorate for patients and purchasers. And keep in mind that roughly 80 percent of hospitals in Michigan operate as a nonprofit entity, yet in 2024, 77 percent of Michigan hospitals had an operating profit margin of 10 percent or higher.

To talk more specifically about the bills before you, I want to thank all of the sponsors for introducing this legislative package. As a state and as a country we have tried tinkering around the edges of healthcare reform. Price transparency is good to help understand what is happening in the market, but it has also led to inflated prices in Michigan to some degree. Getting more people covered has helped lower the uninsured, but did not address the root causes of why healthcare costs so much. These bills are a structural change to how a big portion of healthcare pricing would work in Michigan, and start to get us back to the more competitive hospital market we had just a decade ago. The package protects people who pay out of their pocket, and not through insurance, it requires meaningful disclosure of hospital financing, it also provides grants to hospitals that are genuinely struggling. I think we have some suggestions for how to improve the bill if given the opportunity so we don't adversely impact hurt certain rural, low cost, or struggling facilities.

As stated previously, we feel a big cause of cost growth in our state has been the consolidation of health providers in Michigan into large corporate health systems. Rep. DeBoyer's bill would take a good first step in making sure the problem does not get worse and there is much more work that can be done in this area. And finally, Rep. Aragona's bill would prohibit certain non-compete clauses from affecting physicians. This is also a good first step as we look to promote ways to improve the ability of independent physicians to remain independent. While the bill is not in this committee, we believe Rep. Vanderwall's facility fee ban bill is also helpful in preserving independent physician practice.

I also want to acknowledge that hospital prices is one of many areas in healthcare that need to be addressed. As I said I am in DC today working on drug prices. Last week, the Michigan Hospital Association called for policies that reduce administrative waste, lower prescription drug costs, expand insurance options, and promote healthier communities. We support those exact same goals as well. What is equally important to addressing our healthcare crisis is a commitment from all of us to support investments in primary care, mental health, innovation, competition, patient safety and quality.

The current trend of increased hospital prices has broken the backs of many Michiganders. It's unsustainable for patients, for employers, and for the hard-working families of Michigan. I want to thank this committee for starting a very important and difficult conversation. Michigan residents deserve a health care system that delivers high-quality care and is affordable for everyone.

Thank you for your time and consideration. I would be happy to answer any questions.

Bret Jackson

President, Michigan Health Purchasers Coalition (MIHPC)