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New Study: Michigan's Hospital Revenue Is Growing Much Faster Than Hospital Costs

Michigan hospitals added $5 billion in patient revenue while costs increased by less than $2 billion in one year

Lansing, MI - July 22, 2026: A new report from the Michigan Health Purchasers Coalition (MIHPC) finds that Michigan hospitals are bringing in significantly more revenue than it costs them to provide care, raising new concerns about healthcare affordability for employers, workers, and families.

The Hospital Operating Cost Report analyzed financial data from hospitals across Michigan using the National Academy for State Health Policy (NASHP) Hospital Cost Tool and compared hospital operating costs with the revenue hospitals receive from patient care.

The findings show that from 2023 to 2024:

- Hospital operating costs increased by about $1.9 billion (6 percent)
- Hospital patient revenue increased by about $5.05 billion (14 percent)
- **Revenue grew more than two and a half times faster than costs**

"This study tells a simple story," said Bret Jackson, president, MIHPC. "Hospitals certainly experienced higher costs, but the money coming in grew much faster than the money going out. Those higher costs are ultimately paid by employers, workers, and Michigan families through higher insurance premiums and out-of-pocket costs."

Hospital care now accounts for 47 cents of every dollar spent on commercial health insurance premiums in Michigan. As hospital prices continue to rise, employers face higher benefit costs that make it more difficult to increase wages, hire new employees, and invest in their businesses. Working families often pay more through higher deductibles, copays, and premium contributions.

The report also found that the largest hospitals generally have both the highest operating costs and the highest patient revenue. Very large hospitals averaged $16,146 in operating costs per adjusted patient discharge while collecting an average of $20,543 in patient revenue, creating the largest gap between costs and revenue of any hospital size.

Another important finding is that hospital prices have increased 281percent since 2000, far outpacing inflation and wage growth. According to MIHPC, healthcare affordability has become more than just a healthcare issue, it is now an economic issue affecting Michigan employers, workers, and the state's competitiveness.

"The question isn't whether hospitals should cover their costs. They absolutely should," said Jackson. "The question is why prices continue to rise so much faster than costs, inflation, and wages. Greater transparency will help policymakers, employers, and the public better understand what's driving these increases and identify opportunities to improve affordability."

MIHPC says the findings reinforce the need for greater transparency in hospital pricing and continued efforts to make healthcare more affordable for employers and working families across Michigan. CLICK HERE to access the Hospital Operating Cost Report.

About Michigan Health Purchasers Coalition
The Michigan Health Purchasers Coalition (MIHPC) is a statewide, nonpartisan organization dedicated to improving the affordability, transparency, and accountability of healthcare in Michigan. Through independent research and policy analysis, MIHPC works to help employers, policymakers, and the public better understand the factors driving healthcare costs and identify solutions that make healthcare more affordable for everyone. Learn more at www.mihpc.org.

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