ALLIANCE *for* FAIR HEALTH PRICING

Patients, Employers & Taxpayers Are Paying More & Getting Less

The role corporate hospital systems play in rising health care costs

Across the country, Americans have been sounding the alarm about health care affordability. Hospital prices continue to rise, premiums are climbing, medical bills are harder to afford, and employers are facing unsustainable tradeoffs as they struggle to keep offering coverage.

Corporate hospital financial incentives are broken. While many rural and community hospitals face real financial strain just to keep their doors open, the largest corporate health systems are thriving—often by relying on pricing practices that drive up costs for patients, taxpayers, and employers. If these practices remain unchecked, families will continue to face higher premiums, patients will have higher bills and fewer choices, and essential services like maternity care and mental health will continue to disappear.

Large hospital systems are buying up smaller hospitals and independent physician practices to charge higher prices for the same care.

2.5x or More

On average, hospitals charge privately insured patients more than 2.5x what Medicare pays, with some charging 5x or more.

Up to 4x More

When hospitals acquire physician offices and the logo on the door changes, patients pay up to 4x more for routine services—even when they're seeing the exact same doctor.

3% to 65% More

When hospitals merge, prices typically increase 3% to 65%, but quality does not improve.

Many corporate hospitals report record profits, while patients face higher costs.

Big hospital systems with more privately insured patients continue to post **record margins**. Hospitals with 100+ beds had **13% operating margins in 2023,** more than the operating profit margin of companies like Disney, Target, and Delta Air Lines.

Some major hospital systems are spending tens of millions on CEO salaries, glitzy ads, and even Hollywood-style production studios. When large hospitals spend millions on ads and executive bonuses, claims that they can't afford to lower prices don't add up.

$70.5M in executive pay at NYU Langone in 2022—including $14 million for the CEO.

$13M CEO salary at Ascension Health in 2021, a nonprofit system.

$31M total CEO compensation at HCA Healthcare in 2024, or 511x the median employee salary of $60,000.

$25.8M in CEO salary at Advocate Health in 2024, which is more than 4x his salary in 2017, his first year as CEO and before Advocate Aurora Health and Atrium Health merged.

Corporate hospital spending on high-profile marketing operations:

- NYU Langone spent $8 million on a Super Bowl ad.
- Northwell Health built its own Hollywood-style studio to make promotional content.

Wealthy corporate hospital systems continue to amass wealth, despite claims of financial hardship.

Hospital assets more than doubled from $750B to $1.6T between 2000–2019. The growth was concentrated in already-wealthy systems.

Despite their charitable mission, many nonprofit hospitals fall short of delivering the community benefit that justifies their tax breaks.

- Nonprofit hospitals received $28B in tax breaks in 2020, increasing to $37.4B in 2021, yet many fail to deliver affordable care.
- More than half spend less on charity care and community benefit than their tax breaks are worth.
- For-profit hospitals often provide more charity care as a share of their expenses than nonprofits.

In short, when corporate hospital systems merge and buy up their competitors to gain market power...

Prices rise

Hospital prices have increased by 50% over the past decade, rising much faster than the price of other items like food (38%) and new cars (21%).

Since 2000, premiums have increased 355%, while wages rose just 178%.

Patient choice narrows

After mergers, systems often cut less profitable but essential services (obstetrics, mental health, primary care) in favor of higher-revenue specialties like cardiac surgery and intensive care.

And workers, wages, and local businesses pay the price

In a local community, even a 5% price increase from a merger can mean 203 job losses, $32M in lost wages, and $6.8M in lost federal tax revenue—hitting low- and middle-income workers hardest.

Policymakers must act now to hold corporate hospital systems accountable and make care affordable for families and employers.