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CHRT Health Policy Issue Brief

Uncompensated Care in Michigan

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Authors: Helen Levy, PhD; Thomas Buchmueller, PhD; Samantha Iovan, MPH; Marianne Udow-Phillips, MHSA; Joshua Traylor, MPH

CHRT

NCRC, B520, Office 1166, 1600 Huron Parkway, Ann Arbor, MI 48109
chrt-info@umich.edu
CHRT.ORG

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In 2024, Michigan hospitals provided more than $600 million in uncompensated care, which includes both charity care provided to patients in need and bad debt arising from unpaid medical bills. As Michiganders lose health insurance due to federal policy changes, the amount of uncompensated care that hospitals provide will increase, placing pressure on hospital budgets.

Changes at the federal level are causing health insurance losses in Michigan. As of February 2026, Affordable Care Act (ACA) Marketplace coverage in Michigan declined by 130,000 following the expiration of enhanced federal subsidies;[1] tens of thousands more are expected to lose coverage as a result of cuts to Medicaid in 2026 and pending cuts in 2027.[2] As Michiganders lose health insurance due to these federal cuts, the uncompensated care burden on Michigan hospitals will increase. This issue brief explores how much uncompensated care hospitals in Michigan already provide and how rising uninsurance may increase hospitals' uncompensated care burden.

What is uncompensated care, and why do hospitals provide it?

Uncompensated care is the sum of charity care and bad debt.

Charity care is a type of financial assistance which the IRS describes as "free or discounted health services provided to persons who meet the organization's eligibility criteria for financial assistance and are unable to pay for all or a portion of the services."[3] Non-profit hospitals, which account for more than 90% of Michigan's hospitals, must provide at least some financial assistance in order to maintain their tax exemption; for-profit hospitals also provide charity care.

Bad debt represents the cost of medical care for which patients or other health care payers were billed but which the hospital was unable to collect. Federal law requires most hospitals to provide emergency care to patients regardless of their ability to pay.[4] When bills go unpaid, hospitals may ultimately write them off as bad debt.

Uncompensated care in Michigan hospitals

Michigan's hospitals provided a total $641 million dollars of uncompensated care in 2024, an amount equal to 1.5% of their aggregate operating expenses.[a] In Michigan, uncompensated care is approximately evenly split between charity care and bad debt.

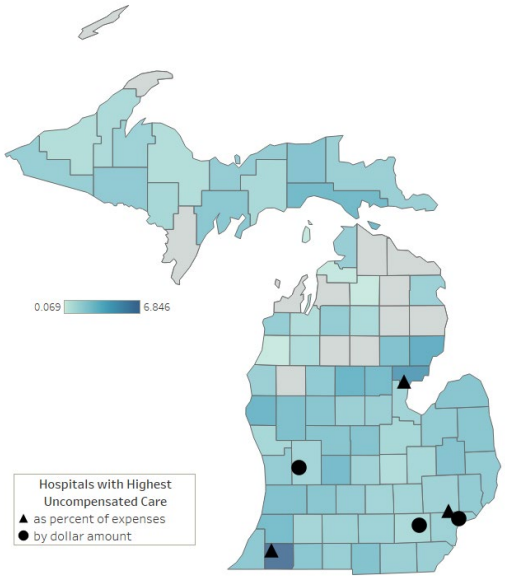
The burden of uncompensated care is not evenly distributed within Michigan. The median Michigan hospital in 2024 incurred $2.2 million in uncompensated care costs, but one in ten Michigan hospitals

[a] This brief uses data from Center for Medicare and Medicaid Services' (CMS) Healthcare Provider Cost Reporting Information System (HCRIS), distributed by the RAND corporation (www.hospitaldatasets.org). The study sample includes cost report data for general acute care hospitals and critical access hospitals for fiscal years 2011 to 2024. In 2024, 118 such hospitals in Michigan appear in the HCRIS data. Real uncompensated care costs are the sum of reported charity care and bad debt, deflated by each hospital's reported cost-to-charge ratio. Dollar amounts in 2011 are inflated using the Consumer Price Index to real 2024 dollars.

spent $11.7 million or more. The hospitals that provided the largest dollar amounts of uncompensated care are the state's two largest: the University of Michigan Hospitals and Health Centers ($54 million) and

Figure 1.

Uncompensated care as a percent of operating expenses by county, 2024 [b]



Henry Ford Hospital ($39 million). However, these uncompensated care amounts represent only about 1% of their total operating expenses. Some smaller hospitals face a much higher burden of uncompensated care as a fraction of their operating expenses. The two hospitals with the highest uncompensated care burden measured in this way are Ascension Borgess-Lee in Cass County, with uncompensated care equal to 6.8% of operating expenses, and Straith Hospital for Special Surgery with 6.2%.

Figure 1 shows how the burden of uncompensated care relative to operating expenses varies across Michigan's counties, taking into account all hospitals in each county. The appendix shows how much uncompensated care each Michigan hospital provided in 2024, measured as a percent of operating expenses. A supplemental table shows uncompensated care in real (2024) dollars and as a percent of operating expenses for each hospital, in 2012 and 2024. [c]

Uncompensated care and the uninsured rate

Over time, the uncompensated care burden that hospitals face is very closely tied to how many people do not have health insurance coverage. Between 2011 and 2024, as Michiganders gained coverage from the Healthy Michigan Plan and through the state's ACA Marketplace, both uninsurance and hospital uncompensated care were cut in half [d] (figure 3 plots these trends on the same timeline; figure 4 shows the same data as a scatterplot). [5] These data show that for every three percentage-point reduction in uninsurance, aggregate uncompensated care as a percent of operating expenses dropped by one percentage point.

HR1 Impacts on Hospital Payments

The 2025 reconciliation bill limits the way states can reimburse providers through a mechanism called state directed payments (SDPs). In Michigan, restrictions on SDPs are projected to result in $2.5 billion less for hospitals and $309 million less for providers serving Medicaid patients.

[b] Gray counties represent counties without a hospital.
[c] The supplemental table is available on the CHRT website. Hospitals may have changed names during this time period.
[d] Uninsurance estimates are based on the US Census Bureau's American Community Survey. For more details, see https://chrt.org/publication/18233-2/.

Figure 2.

Population uninsured rate and uncompensated care as a percent of hospital expenses, 2011-2024

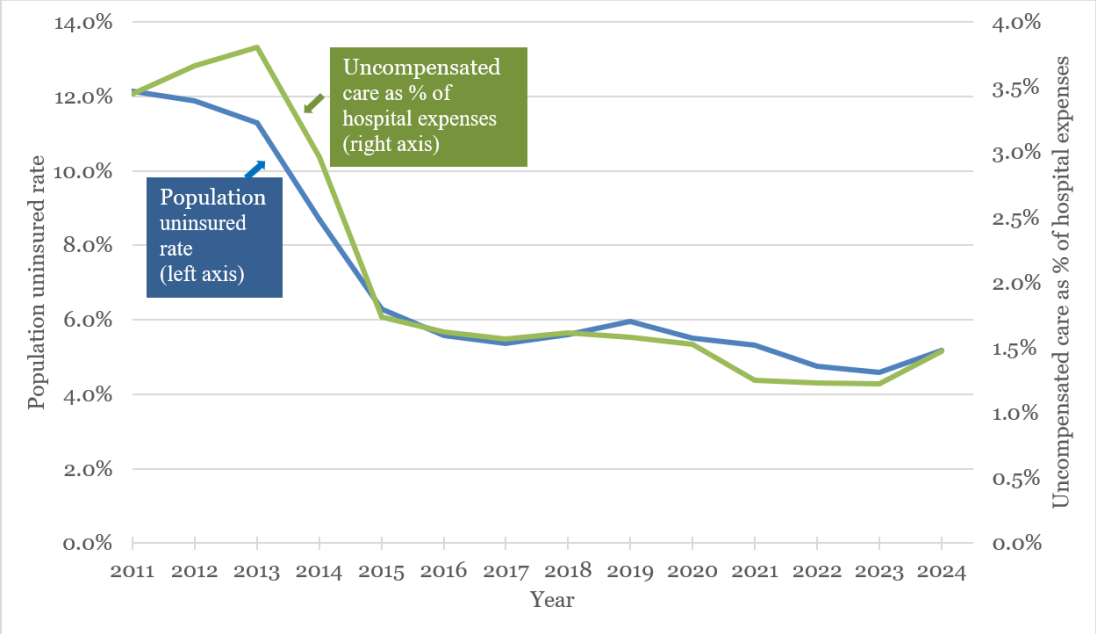
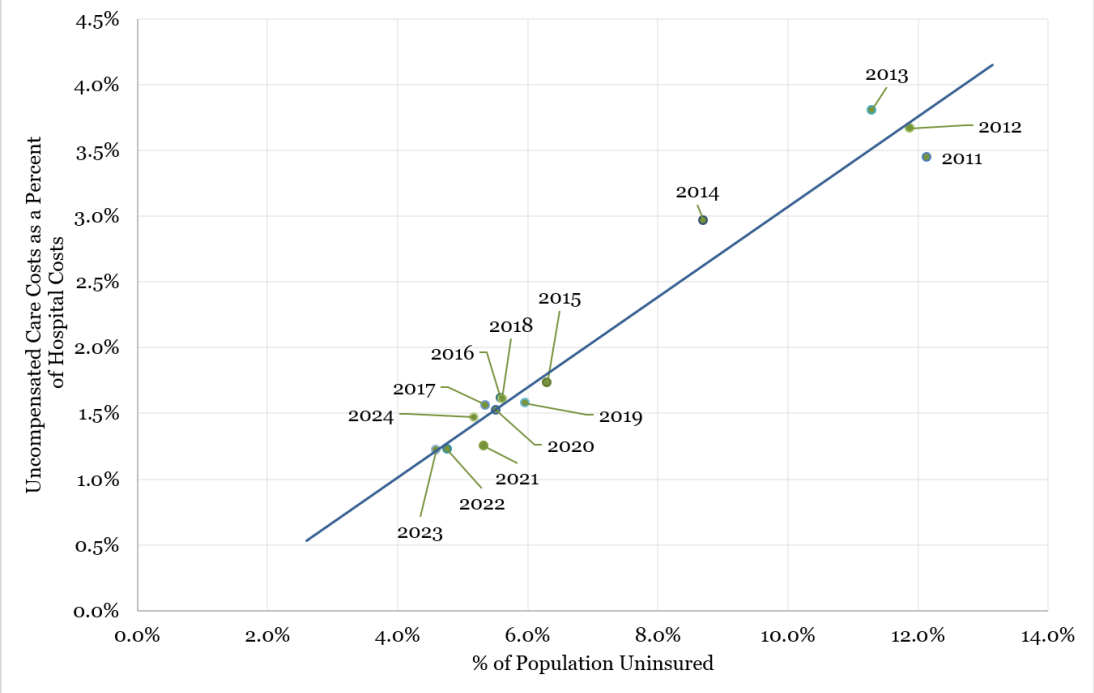


Figure 3.

Population uninsured rate and uncompensated care as a percent of hospital expenses, 2011-2024



Marketplace coverage declined by 130,000 by February of 2026 following the expiration of enhanced subsidies and tens of thousands more are expected to lose coverage as a result of cuts to Medicaid in 2026 and 2027.[6] It is unclear how many Michiganders will ultimately become uninsured as a result of these cuts to Marketplace and Medicaid coverage. What is clear, based on Michigan's experience between 2011 and 2024, is that any increases in the uninsured will lead to more uncompensated care for hospitals.

Notably, this increased uncompensated care burden will impact hospitals at the same time as new restrictions from HR1 limit how states can reimburse them for treating Medicaid patients.[7] The negative impact of these policy changes on hospital finances is in addition to the adverse effects the loss of insurance coverage will have on physical and financial health of individuals and families in Michigan.[8]

What does more uncompensated care mean for hospitals?

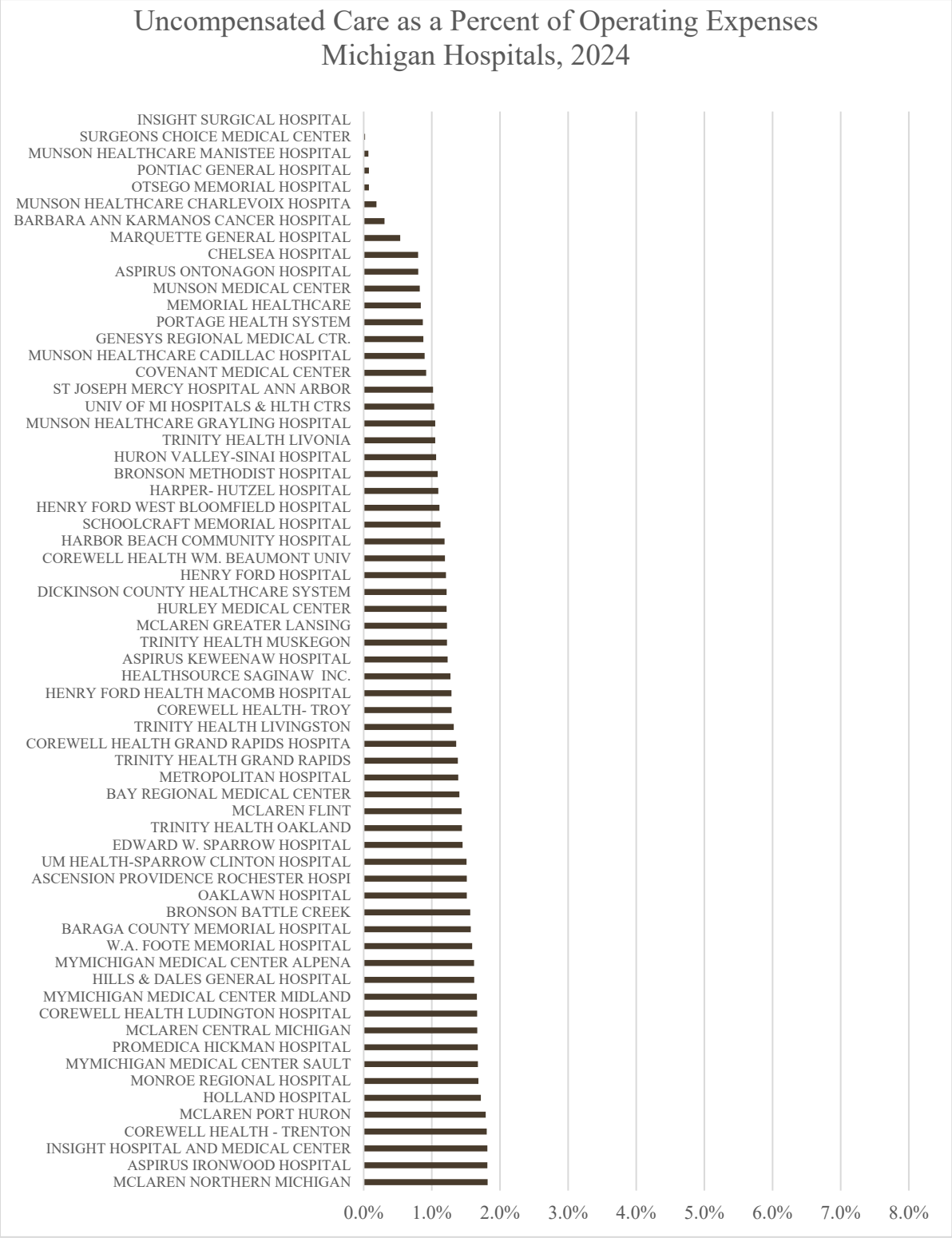
Many hospitals in Michigan are already under financial strain. Since 2010, 11 hospitals in Michigan have closed, the most recent being Sturgis Hospital, in June 2026.[9] A 2025 report from the University of North Carolina identified four rural Michigan hospitals at high risk of closing: McLaren Central, Carson City, Ascension Borgess–Lee in Dowagiac, and Aspirus Ontonagon.[10]

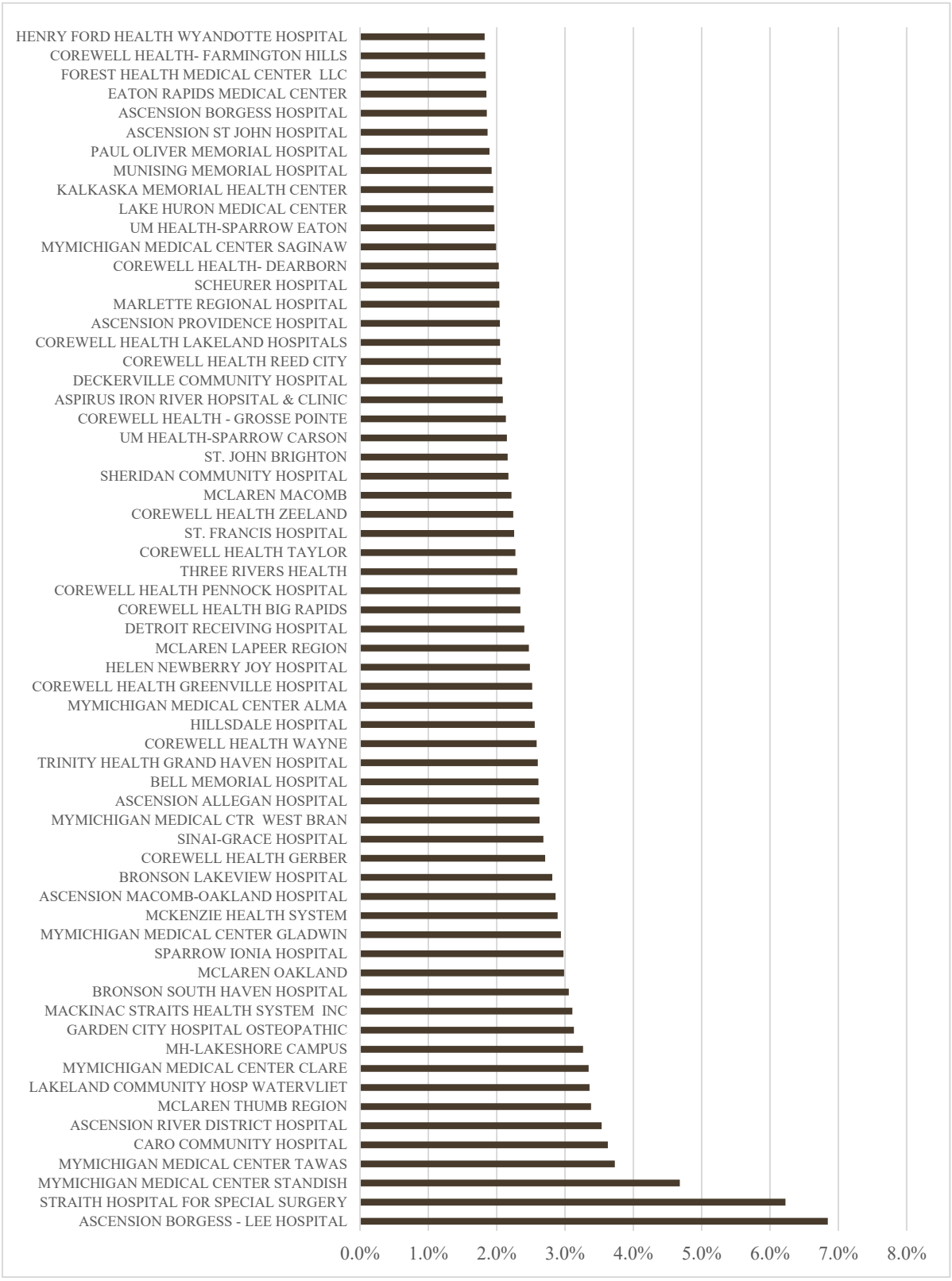
Many more struggling hospitals have merged with other health systems or changed service lines in an effort to shore up finances. Obstetric and labor and delivery services are often the first to go due to the high costs to operate them. For example, last year, Aspirus Ironwood Hospital in Michigan closed its labor and delivery unit, citing staffing shortages and declining births.[11] Forty-two percent of Michigan counties have no birthing facility at all, and 1 in 5 Michigan counties are maternity care deserts – counties with no labor and delivery services and no obstetric providers. For 54,000 Michigan women, this means driving more than 30 minutes for these services, a burden that falls disproportionately on rural communities.[12]

The challenge facing Michigan hospitals

Ultimately, hospitals must balance their mission to provide care for all patients with the imperative to remain fiscally stable. Cuts to insurance coverage make it harder for Michigan's hospitals to maintain this balance, and potentially threaten Michigan residents' access to the care they need.

Appendix


Uncompensated Care as a Percent of Operating Expenses
Michigan Hospitals, 2024
INSIGHT SURGICAL HOSPITAL
SURGEONS CHOICE MEDICAL CENTER
MUNSON HEALTHCARE MANISTEE HOSPITAL
PONTIAC GENERAL HOSPITAL
OTSEGO MEMORIAL HOSPITAL
MUNSON HEALTHCARE CHARLEVOIX HOSPITA
BARBARA ANN KARMANOS CANCER HOSPITAL
MARQUETTE GENERAL HOSPITAL
CHELSEA HOSPITAL
ASPIRUS ONTONAGON HOSPITAL
MUNSON MEDICAL CENTER
MEMORIAL HEALTHCARE
PORTAGE HEALTH SYSTEM
GENESYS REGIONAL MEDICAL CTR.
MUNSON HEALTHCARE CADILLAC HOSPITAL
COVENANT MEDICAL CENTER
ST JOSEPH MERCY HOSPITAL ANN ARBOR
UNIV OF MI HOSPITALS & HLTH CTRS
MUNSON HEALTHCARE GRAYLING HOSPITAL
TRINITY HEALTH LIVONIA
HURON VALLEY-SINAI HOSPITAL
BRONSON METHODIST HOSPITAL
HARPER- HUTZEL HOSPITAL
HENRY FORD WEST BLOOMFIELD HOSPITAL
SCHOOLCRAFT MEMORIAL HOSPITAL
HARBOR BEACH COMMUNITY HOSPITAL
COREWELL HEALTH WM. BEAUMONT UNIV
HENRY FORD HOSPITAL
DICKINSON COUNTY HEALTHCARE SYSTEM
HURLEY MEDICAL CENTER
MCLAREN GREATER LANSING
TRINITY HEALTH MUSKEGON
ASPIRUS KEWEENAW HOSPITAL
HEALTHSOURCE SAGINAW INC.
HENRY FORD HEALTH MACOMB HOSPITAL
COREWELL HEALTH- TROY
TRINITY HEALTH LIVINGSTON
COREWELL HEALTH GRAND RAPIDS HOSPITA
TRINITY HEALTH GRAND RAPIDS
METROPOLITAN HOSPITAL
BAY REGIONAL MEDICAL CENTER
MCLAREN FLINT
TRINITY HEALTH OAKLAND
EDWARD W. SPARROW HOSPITAL
UM HEALTH-SPARROW CLINTON HOSPITAL
ASCENSION PROVIDENCE ROCHESTER HOSPI
OAKLAWN HOSPITAL
BRONSON BATTLE CREEK
BARAGA COUNTY MEMORIAL HOSPITAL
W.A. FOOTE MEMORIAL HOSPITAL
MYMICHIGAN MEDICAL CENTER ALPENA
HILLS & DALES GENERAL HOSPITAL
MYMICHIGAN MEDICAL CENTER MIDLAND
COREWELL HEALTH LUDINGTON HOSPITAL
MCLAREN CENTRAL MICHIGAN
PROMEDICA HICKMAN HOSPITAL
MYMICHIGAN MEDICAL CENTER SAULT
MONROE REGIONAL HOSPITAL
HOLLAND HOSPITAL
MCLAREN PORT HURON
COREWELL HEALTH - TRENTON
INSIGHT HOSPITAL AND MEDICAL CENTER
ASPIRUS IRONWOOD HOSPITAL
MCLAREN NORTHERN MICHIGAN
0.0%
1.0%
2.0%
3.0%
4.0%
5.0%
6.0%
7.0%
8.0%


HENRY FORD HEALTH WYANDOTTE HOSPITAL
COREWELL HEALTH- FARMINGTON HILLS
FOREST HEALTH MEDICAL CENTER LLC
EATON RAPIDS MEDICAL CENTER
ASCENSION BORGESS HOSPITAL
ASCENSION ST JOHN HOSPITAL
PAUL OLIVER MEMORIAL HOSPITAL
MUNISING MEMORIAL HOSPITAL
KALKASKA MEMORIAL HEALTH CENTER
LAKE HURON MEDICAL CENTER
UM HEALTH-SPARROW EATON
MYMICHIGAN MEDICAL CENTER SAGINAW
COREWELL HEALTH- DEARBORN
SCHEURER HOSPITAL
MARLETTE REGIONAL HOSPITAL
ASCENSION PROVIDENCE HOSPITAL
COREWELL HEALTH LAKELAND HOSPITALS
COREWELL HEALTH REED CITY
DECKERVILLE COMMUNITY HOSPITAL
ASPIRUS IRON RIVER HOPSITAL & CLINIC
COREWELL HEALTH - GROSSE POINTE
UM HEALTH-SPARROW CARSON
ST. JOHN BRIGHTON
SHERIDAN COMMUNITY HOSPITAL
MCLAREN MACOMB
COREWELL HEALTH ZEELAND
ST. FRANCIS HOSPITAL
COREWELL HEALTH TAYLOR
THREE RIVERS HEALTH
COREWELL HEALTH PENNOCK HOSPITAL
COREWELL HEALTH BIG RAPIDS
DETROIT RECEIVING HOSPITAL
MCLAREN LAPEER REGION
HELEN NEWBERRY JOY HOSPITAL
COREWELL HEALTH GREENVILLE HOSPITAL
MYMICHIGAN MEDICAL CENTER ALMA
HILLSDALE HOSPITAL
COREWELL HEALTH WAYNE
TRINITY HEALTH GRAND HAVEN HOSPITAL
BELL MEMORIAL HOSPITAL
ASCENSION ALLEGAN HOSPITAL
MYMICHIGAN MEDICAL CTR WEST BRAN
SINAI-GRACE HOSPITAL
COREWELL HEALTH GERBER
BRONSON LAKEVIEW HOSPITAL
ASCENSION MACOMB-OAKLAND HOSPITAL
MCKENZIE HEALTH SYSTEM
MYMICHIGAN MEDICAL CENTER GLADWIN
SPARROW IONIA HOSPITAL
MCLAREN OAKLAND
BRONSON SOUTH HAVEN HOSPITAL
MACKINAC STRAITS HEALTH SYSTEM INC
GARDEN CITY HOSPITAL OSTEOPATHIC
MH-LAKESHORE CAMPUS
MYMICHIGAN MEDICAL CENTER CLARE
LAKELAND COMMUNITY HOSP WATERVLIET
MCLAREN THUMB REGION
ASCENSION RIVER DISTRICT HOSPITAL
CARO COMMUNITY HOSPITAL
MYMICHIGAN MEDICAL CENTER TAWAS
MYMICHIGAN MEDICAL CENTER STANDISH
STRAITH HOSPITAL FOR SPECIAL SURGERY
ASCENSION BORGESS - LEE HOSPITAL
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