

Pulling Back the Curtain on Hospital Prices



California Employers and Families are Feeling the Squeeze from Rising Costs

When hospital systems abuse their pricing power, working families, small businesses, and local communities in California feel the impact through higher premiums, lower wages, and deepening budget cuts to local services we all rely on.

With hospital costs rising across the board, Californians are feeling the pressure more than ever. Here are five things to know:



Marking Up Prices: California hospitals charge employers and employees **more than 3x** what they charge Medicare for the same services.¹

THE BIG PICTURE: These inflated prices are fueling unsustainable cost growth for employers—leaving fewer dollars available to support wages, business growth, and affordable, high-quality health benefits for working families.



Pocketing Discounts: On average, California hospitals that participate in the 340B drug pricing program devote **40% less** of their operating costs to providing free or reduced-cost care to uninsured and underinsured patients compared with peer hospitals nationwide.²

BEHIND THE FACADE: Rather than using discounts from the 340B program to benefit vulnerable patients, many hospital systems use them to “buy low and sell high,” marking up costs for employers and keeping the difference as profit.



Reducing Competition: After years of consolidation and vertical integration, a single hospital system now controls the entire hospital market for **1 in 4** California counties—including many rural counties.³

UNDERSTAND THE IMPACT: When large hospital systems absorb lower-cost rivals, they gain unchecked pricing power, leaving employers and working families with fewer choices and higher costs.



Hiding True Costs: Just **1 in 5** California hospitals reviewed in a November 2024 report were compliant with federal price transparency rules.⁴

WHY THIS MATTERS: A lack of transparency prevents employers from negotiating a fair deal and holding hospital systems accountable.



Unpredictable Price-tags: Prices for common hospital services, such as a C-Section, MRI, or spinal fusion, can vary by **more than 10x** between hospitals in California.⁵

IMPOSSIBLE TO PREDICT: Significant variation in hospital prices can leave employers and working families blindsided by surprise costs, compounding the medical debt crisis Californians face.

Hospital pricing abuse is a clear and growing threat in California. Employers and working families are feeling the squeeze, and without intervention, this clear affordability crisis will only deepen. It's time to demand greater transparency, accountability, and value for Californians and those across the country.

To join the movement for fair hospital pricing practices, visit the Employers Against Hospital Pricing Abuse Campaign at hospitalpricingabuse.org.

**EMPLOYERS AGAINST
HOSPITAL PRICING ABUSE**

¹ RAND 2020-2022. Accessed via: <https://dashboard.sagetransparency.org/>

² <https://pioneerinstitute.org/wp-content/uploads/California-2025.pdf>

³ <https://www.chcf.org/wp-content/uploads/2019/09/SkysLimitPricesMarketConsolidation.pdf>

⁴ <https://www.patientrightsadvocate.org/seventh-semi-annual-hospital-price-transparency-report-november-2024>

⁵ <https://www.patientrightsadvocate.org/interim-semi-annual-hospital-price-transparency-report>

