



# Q2 2025 Earning Insights: Centene



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Centene Earnings Release Q2 2025

Prepared by:

**HealthWorksAI**

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## WHY THIS REPORT

As Medicare Advantage competition intensifies, staying informed isn't optional, it's a strategic advantage. That's why HealthworksAI is curating rapid-turn summaries of earnings calls from key MA players, started with Humana. In a matter of minutes, you'll get the key themes and what it all means for your 2026 plan design, provider alignment, and market positioning.

This is part of our CI (Competitive Intelligence) Beta Series—insightful, fast, and focused on helping MA leaders to strategize.



## SUMMARY

Centene's Q2 2025 results mark a clear pivot point: from growth-fuelled expansion to operational recalibration. The company reported a **surprise net loss of \$0.16 per share**, missing analyst expectations, even premium and service revenues increased 18% to \$42.5 billion from \$36.0 billion in the comparable period of 2024. This topline growth couldn't offset the **elevated medical costs** across Medicaid and ACA Marketplace plans, which remain structurally higher due to post-redetermination acuity shifts and fraud concerns—especially in behavioral health.

Centene is facing **elevated MLRs** driven by persistent cost pressures in behavioral health, inpatient services, and select geographies like Florida and New York. Despite efforts to curb utilization, **MLR remains above target** in several states, straining near-term margins and earnings predictability. Leadership acknowledged that utilization patterns have proven **“more durable than expected,”** prompting a sharpened focus on **margin restoration and portfolio rebalancing**. Strategic exits from low-performing geographies and repricing for 2026 reflect this recalibration.

Despite the loss, CEO Sarah London projected confidence in Centene's long-term platform—particularly Medicaid—citing bipartisan policy support and ongoing digital infrastructure investment to improve eligibility, verification, and rate negotiations. With the stock dipping ~12% post-earnings, investor sentiment mirrored the uncertainty—but the tone from management was one of **disciplined optimism**: profitability over scale, execution over expansion.

## KEY EXECUTIVE QUOTES:

### Challenges: Utilization Pressure Isn't Easing — It's Evolving

Centene is facing **structural, not seasonal** pressure from persistently high medical costs. The key friction points? Medicaid and Marketplace populations with higher acuity, especially in behavioral health, long-term services, and home-based care. What's more concerning is the **geographic concentration of strain**, with states like **Florida and New York** driving outsized headwinds.

### Leadership Quotes:



“We are disappointed by our second quarter results, but we have a clear understanding of the trends that have impacted our performance and are working with urgency and focus to restore our earnings trajectory.”

*Sarah London, CEO*

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“Despite the shifting landscape, we believe that the staying power of Medicaid, Medicare and the Individual Marketplace is as strong as it has ever been. Centene has significantly fortified our platform in service of these programs over the last three years, and as we move forward, we are focused on continuing to adapt with the market to deliver meaningful value to our members, our stakeholders and our shareholders over the long term”

*Sarah London, CEO*

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“We’re aligning members to those providers. And then pretty aggressively stamping out fraud, waste and abuse, which is not talked about as much, but we are seeing a much higher prevalence of that in the behavioral health base, partly because of the fragmented provider base.”

*Sarah London, CEO*

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“We also saw a concentration of that trend acceleration in a small handful of states. So we’ve got a small number of phase 2 that we called out Florida and New York that really account for the majority of the miss in Q2.”

*Sarah London, CEO*

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“As we talked about, sort of the biggest factor for Marketplace was the morbidity shift, but we also saw broad utilization across categories. So that’s inpatient, outpatient, ER, PCP. And as we said earlier, that continued, the new member trend was more significant than renewing members.”

*Sarah London, CEO*

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## Market & Growth Strategy: From Footprint Expansion to Smart Consolidation

Forget broad growth—Centene is doubling down on **quality over quantity**. The focus now is clear: **rebalance the portfolio**, trim underperforming geographies, and build sustainable margin in the core. That means **selective pricing adjustments, sharper product tiering**, and strategic exit from non-core lines.

### Leadership Statements:



“We are expecting to operate slightly below breakeven for 2025. We are pricing to return to profitability in 2026. The goal is to really maximize margin over membership.”

*Sarah London, CEO*

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“We’re reprioritizing geographies where we have greater rate adequacy and clearer morbidity alignment.”

*Sarah London, CEO*

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## Objectives: Margin Restoration is the North Star

Centene's immediate mission? **Fix the foundation.** That means margin restoration across all business lines—not just by tightening benefits or pulling levers, but through **structural adjustments in contracting, medical management, and digital eligibility.**

### Leadership Quotes:



“About 1/3 of our health plans are outperforming their original HBR targets year-to-date. We know where to focus.”

*Sarah London, CEO*

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## Shifts in Focus: Growth at All Costs Is Over—Execution Is In

In this quarter's Q&A, Centene's tone shifted decisively from **volume to viability**. The plan? Price based on actual morbidity, avoid speculative pricing ahead of policy certainty, and **embed digital infrastructure** to reduce friction and churn.

The company is also pushing for **more predictable policy windows**, especially with CMS, to ensure benefits and bids align with long-term visibility—not last-minute disruption.

### Leadership Quotes:



“Where there are policy or process changes, that they are locked down before pricing is due.”

*Sarah London, CEO*

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“We are actively working on strategies to move to more digital enrollment and re-enrollment as well as work requirement verification”

*Sarah London, CEO*

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## Outlook & Future Positioning: Bullish on Medicaid, Clear-Eyed on Risk

Centene isn't backing away from government programs—it's just getting smarter about how to manage them. They're preparing for **new eligibility challenges**, including six-month redeterminations and work requirements. Simultaneously, they're investing in **digital eligibility systems and streamlined re-verification**.

Their long-term view? **Medicaid remains a core platform**, especially with bipartisan momentum, but managing it will require a modern, nimble infrastructure.

### Leadership Quotes:



"We expect Medicaid attrition to continue into 2026, but we are building the tools now to manage it smarter."

*Sarah London, CEO*



"We are tracking changes coming from CMS. This clarity allows us to firmly plan for the future. And our confidence in the staying power of Medicaid, Medicare and the individual marketplace is as strong as it has ever been. "

*Sarah London, CEO*

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## Q2 2025 RESULTS

Total revenues (in millions)	\$ 48,742
Premium and services revenues (in millions)	\$ 42,467
Health benefits ratio	93.0%
SG&A expense ratio	7.1%
Adjusted SG&A expense ratio	7.1%
GAAP diluted loss per share	\$ (0.51)
Adjusted diluted loss per share	\$ (0.16)
Total cash flow provided by operations (in millions)	\$ 1,785

## Membership

The following table sets forth membership by line of business:

	June 30	
	2025	2024
Traditional Medicaid	11,227,400	11,640,900
High Acuity Medicaid	1,592,300	1,499,000
<b>Total Medicaid</b>	<b>12,819,700</b>	<b>13,139,900</b>
Marketplace	5,862,800	4,401,300
Individual and Commercial Group	449,700	426,400
<b>Total Commercial</b>	<b>6,312,500</b>	<b>4,827,700</b>
Medicare	1,026,900	1,138,400
Medicare Prescription Drug Plan (PDP)	7,845,800	6,603,600
<b>Total at-risk membership</b>	<b>28,004,900</b>	<b>25,709,600</b>
TRICARE eligibles	-	2,768,000
<b>Total</b>	<b>28,004,900</b>	<b>28,477,600</b>

## Premium and Service Revenues

The following table sets forth supplemental revenue information (\$ in millions):

	Three Months Ended June 30,		
	2025	2024	% Change
Medicaid	\$ 21,723	\$ 20,250	7%
Commercial	\$ 10,070	\$ 8,535	18%
Medicare	\$ 9,450	\$ 5,978	58%
Other	\$ 1,224	\$ 1,210	1%
<b>Total Commercial</b>	<b>\$ 42,467</b>	<b>\$ 35,973</b>	<b>18%</b>