



# Q2 2025 Insights: Elevance Health



July 17, 2025



Elevance Health Earnings Release Q2 2025

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# SUMMARY

Elevance Health’s Q2 2025 showcased resilient revenue growth but mounting cost pressures. Revenue rose 14% YoY to \$49.4B, driven by premium increases, acquisitions, and Medicare Advantage (MA) expansion. However, net income fell 24% to \$1.7B as medical costs soared in ACA and Medicaid lines, eroding margins and prompting a reduction in full-year earnings guidance. The medical loss ratio climbed to 88.9% from 86.3% due to persistently high ER and behavioral health utilization, especially among Medicaid and ACA members.

Elevance furthered its strategic emphasis on technology by enhancing AI and value-based care initiatives to mitigate risk and improve member outcomes. Membership experienced a shift: while numbers in Medicaid and ACA plans declined, there was growth in MA and risk-based commercial policies.

The Carelon division contributed to business diversification with a 35.8% revenue increase, driven by acquisitions and service expansion.



## KEY EXECUTIVE QUOTES:

### Margin Pressures and Operational Response- ACA and Medicaid Sectors

Elevance Health faced ongoing medical cost challenges in both the ACA and Medicaid sectors, prompting downward earnings revisions and a broad push for operational efficiency.

#### Leadership Quotes:



“We know this adjustment is disappointing, and we’re taking concrete actions to address it. Our focus is on execution, making the right decisions now to strengthen the business and position Elevance Health for long-term sustainable performance.”

*Gail Boudreaux, CEO, Q2 2025 Earnings Call*

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“While the external environment continues to evolve, we are focused on the areas within our control—managing healthcare costs, deploying targeted investments in advanced technology and value-based care delivery, and reinforcing the operational foundation that supports long-term value creation.”

*Gail Boudreaux, CEO, Statement via Morningstar*

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“Our strategy remains grounded in delivering whole health solutions that are simple, affordable and personalized...The actions we’re taking are designed to stabilize trend, improve pricing alignment and restore operating leverage over time.”

*Gail Boudreaux, CEO, Q2 2025 Earnings Call Transcript*

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## Provider Network Adaptation and Market Realities

Elevance Health, like its peers, faces new provider network challenges brought on by shifting reimbursement models, mounting cost pressures, and increased regulatory oversight.

- **Network Strain:** Rising medical cost trends and aggressive billing by some providers (including dispute escalation via No Surprises Act mechanisms) sharpen tensions around contract negotiation and network composition.
- **Local Market Leverage:** Elevance relies on its concentrated local market share to enhance bargaining power in provider negotiations. This approach enables more meaningful value-based arrangements but can exacerbate disputes where market share is high.
- **Value-Based Partnerships:** Executives indicate ongoing investments in clinical partnerships, with a focus on shared expertise, advanced care collaboration, and business integration to reduce administrative burden and boost care quality.

### Leadership Statements:



“We’re proactively aligning our network strategy with the trend environment—ensuring renewal and provider contracts reflect current cost structures.”

*(Q2 2025 Earnings Call) Reporting by Investing. Mark Kaye, CFO, Elevance Health*

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“Meanwhile, some providers are also billing more aggressively including through the dispute resolution process set up by the No Surprises Act, a concern that led Elevance to sue two Georgia providers and their billing company in May.”

*Reporting via Healthcare Dive*

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## Regulatory and Reimbursement Uncertainty

Elevance leaders addressed the unpredictability of regulatory developments and stressed resilience through proactive scenario planning and flexible business operations.

### Leadership Quotes:



“We are closely monitoring regulatory developments and building flexibility into our planning to adapt quickly as policies evolve.”

*Gail Boudreaux, CEO, Q2 2025 Earnings Call Transcript*

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“Elevance mentioned that it is keeping an eye on potential changes stemming from the Trump administration’s initiatives to impose work requirements on Medicaid recipients.”

*Elevance spokesperson to Reuters*

[\[Link\]](#)



“We remain committed to transparency and strong execution as we continue to navigate unprecedented cost trend affecting multiple lines of business.”

*Gail Boudreaux, CEO, via FierceHealthcare*

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## Targeted Growth with Retention

Amid membership declines in Medicaid and ACA, Elevance Health's leadership reinforced their data-driven, targeted approach to growth and member retention.

### Leadership Quotes:



“We remain focused on the areas within our control—managing healthcare costs, deploying targeted investments in advanced technology and value-based care delivery, and reinforcing the operational foundation that supports long-term value creation.”

*Gail Boudreaux, CEO, via Morningstar*

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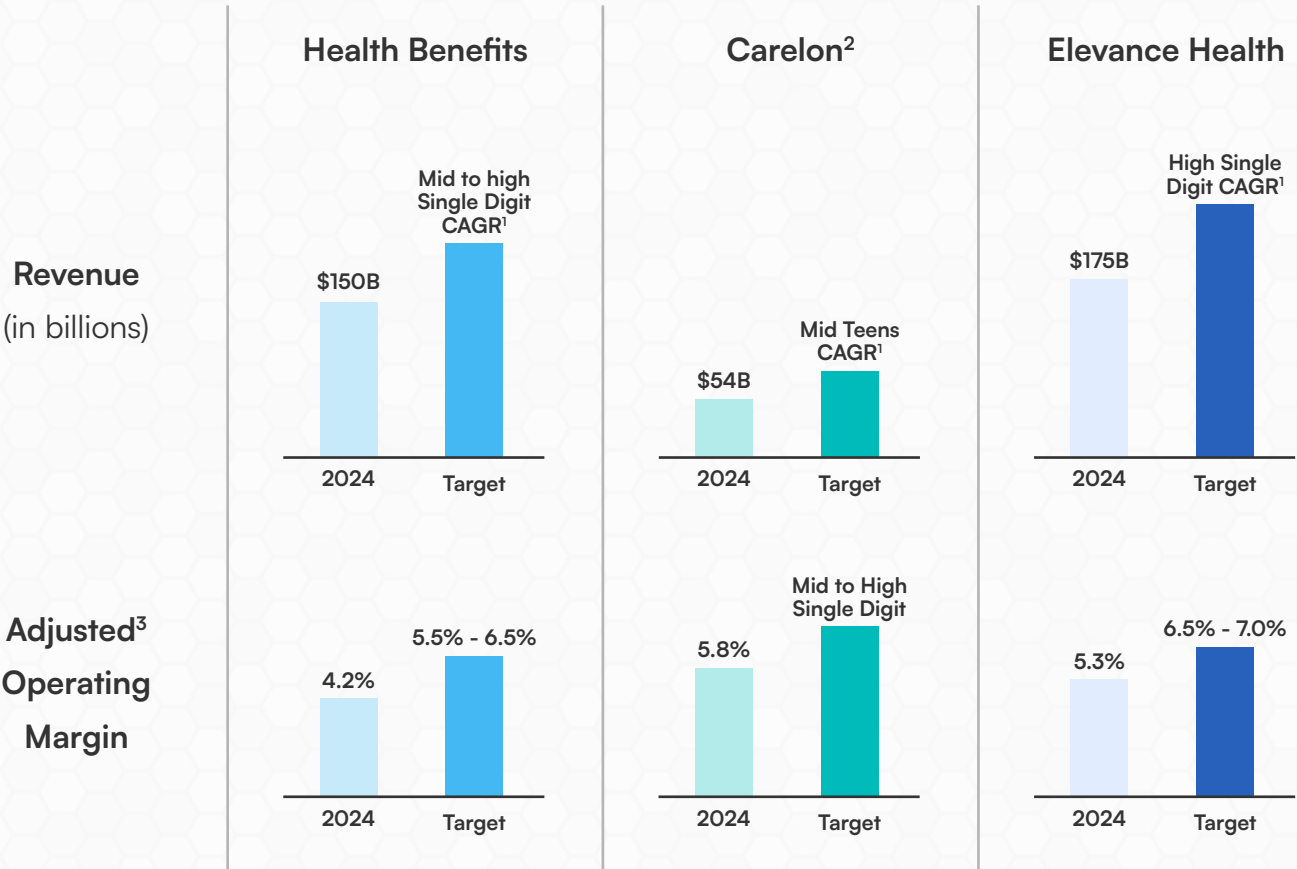
“We expect minimal membership growth over the balance of the year as we maintain our marketing adjustments taken during AEP to optimize our member mix and improve retention. And so, taken together, the expected footprint change and lower in-year growth provide confidence in our full year guide...”

*Mark Kaye, CFO, Barclays Healthcare Conference*

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# TOP-LINE PERFORMANCE

Elevance Health reported Q2 2025 operating revenue of \$49.4 billion, up 14% from Q2 2024.



Growth was fueled by higher premium yields in the Health Benefits segment, gains in Medicare Advantage membership, and recent acquisitions. These gains were partially offset by Medicaid membership attrition. The company continues to show strong top-line momentum, reflecting disciplined growth and diversified sources of premium revenue despite challenges in specific public-sector segments.

## 2Q 2025 RESULTS

Elevance Health	2Q 2025	2Q 2024	Change (%/bps)
Operating Revenue	\$49.4B	\$43.2B	14.3%
Medical Loss Ratio	88.9%	86.3%	260 bps
Adjusted Operating Expense Ratio	10.0%	11.4%	(140) bps
Adjusted Operating Gain	\$2.5B	\$2.9B	(14.2%)
Adjusted Operating Margin	5.0%	6.7%	(170) bps
Net Investment Income	\$486M	\$508M	(4.3%)
Adjusted Diluted EPS	\$8.44	\$10.30	(14.2%)
Operating Cash Flow	\$2.1B	\$0.4B	\$1.6B

## EARNINGS AND MARGINS

### GAAP EPS: \$7.72

- Earnings performance reflects pressure in Medicaid and ACA, despite solid performance in Medicare Advantage and commercial lines.
- FY 2025 Adjusted EPS guidance revised to ~\$30.00, reflecting medical cost headwinds in ACA and Medicaid.
- Operating margin contracted to 4.9%, with adjusted margin at 5.0%, down 170 basis points year-over-year.



## COST & MEDICAL TRENDS

While medical cost pressure remains a concern, administrative expense control supported operating margin stability and aligned with the company's broader cost-efficiency and value-based care strategy. The benefit expense ratio rose to 88.9%, up 260 basis points from the prior year, primarily due to elevated medical cost trends in Medicaid and ACA health plans. Operating expense ratio improved to 10.1%, with an adjusted ratio at 10.0%, reflecting disciplined cost management and revenue leverage.