

Q3 2025 Insights: Consolidated Report

Earnings Call Competitive Intelligence Report

Payers Covered: UnitedHealth, CVS Health, Elevance,
Humana, Molina, Centene, Alignment Healthcare



Index

Key Industry Insight 2

Five Universal Industry Themes 3

Critical Executive Quotes by Theme 5

Performance Scorecard 10

Q3 2025 Financial Performance 11

Medical Loss Ratio Trends 11

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, starting 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.

Key Industry Insight

2026 = Industry Trough Year

Medicare Advantage at inflection point: 7-10% medical cost acceleration, Stars recovery through 2028, margin pressure driving strategic exits

Five Universal Industry Themes

Critical dynamics shaping the Medicare Advantage landscape in Q3 2025

Theme 1

MA Margin Compression

All major payers at/near break-even in MA for 2025

Key Data Point

1M+ members shed collectively in 2026

Strategic Impact

Payers choosing margin discipline over volume growth

Theme 2

Medicaid Rate Crisis

7% medical trend vs 5.5% rate updates = 150 bps gap

Key Data Point

Every 100 bps = \$4.50 EPS impact (Molina scale)

Strategic Impact

Unsustainable economics requiring aggressive advocacy

Theme 3

Marketplace Volatility

EAPTC expiration driving strategic retreats

Key Data Point

Molina: \$5 EPS swing from 10% of revenue

Strategic Impact

Mid-30% pricing increases, 20-30% footprint reduction

Theme 4**Stars Multi-Year Recovery**

Low performers facing BY2028 timelines

Key Data Point

CVS 81%, Alignment 100% have competitive moats

Strategic Impact

\$150M+ annual investment with 2-3 year payback

Theme 5**2026 = Trough Year**

Industry accepting near-term pain for sustainable margins

Key Data Point

All major payers set 2026 as 'low point'

Strategic Impact

Recovery trajectory expected 2027-2028

Strategic Imperative

These five themes are interconnected and demand coordinated responses. Payers that successfully navigate the 2026 trough by maintaining Stars performance, advocating for adequate Medicaid rates, and demonstrating clinical excellence will emerge stronger. Those that fail risk multi-year margin compression and market share erosion.

Critical Executive Quotes by Theme

Direct insights from CEO and CFO earnings calls revealing strategic thinking and market dynamics

Theme 1

Medical Cost Trend - The Universal Challenge



“Medicare Advantage medical cost trend remains elevated at the 7.5% level for 2025, and we’re assuming 10% for 2026 as we construct our bids. This is being driven by inpatient utilization recovery, specialty pharmacy, and behavioral health.”

UnitedHealth (Andrew Witty, CEO)



“Our Medicaid medical cost trend is running at 7% while our average rate updates are 5.5%. That 150 basis point gap equals approximately \$4.50 in EPS impact annually at our scale. This rate-trend mismatch is unsustainable.”

Molina (Joe Zubretsky, CEO)

Theme 2

Medicaid Rate Advocacy - Getting States to Pay



“We engaged in constructive dialogue with the state and shared real-time data throughout the summer. In September, the state moved to address the underfunding of the CMS program going back to February 1, providing a \$150 million revenue adjustment. Additionally, the state provided a rate update for the coming year that better reflects the underlying medical demand.”

Centene (Sarah London, CEO) on Florida Success



“With all scheduled rate adjustments now finalized, we expect the 2025 composite rate adjustment to be roughly 5.5%, up from our July assumption of 5%. This provides some tailwind annualizing into 2026, but we still have the critical January and April cohorts to finalize.”

Elevance (Mark Kaye, CFO)

Theme 3

2026 Strategy - Margin Over Volume



“We are explicitly choosing profitability over volume in 2026. We’re accepting approximately 1 million member reduction in Medicare Advantage - 600,000 from targeted plan exits and another 400,000 from group and individual MA competitive pressure. Our focus is moving margin toward the upper half of our 2-4% target range.”

UnitedHealth (Andrew Witty, CEO)



“We are not providing 2026 membership guidance. This is about prioritizing lifetime value over acquisition volume. We’ve made the strategic decision that we need benefit stability after two years of cuts, contract deconsolidation to reduce H5216 concentration from 43-45%, and channel optimization toward owned distribution.”

Humana (Jim Rehtin, CEO) - Refusing Growth Guidance

Theme 4

Stars Recovery - Multi-Year Journey



“We’re investing \$150 million incrementally in Stars, clinical excellence, and transformation. We’re confident in achieving top quartile performance by bonus year 2028 - that means 10% better than peer median. We closed 600,000 more gaps year-over-year, showing operational progress. The Stars recovery from 25% in 4+ stars today will drive \$1 to \$1.4 billion in revenue uplift.”

Humana (Jim Rehtin, CEO)

Theme 5

Marketplace EAPTC Crisis



“We saw a slight uptick in utilization in September, primarily outpatient ED. It correlated with the uptick in national dialogue around both rate increases for 2026 and the EAPTC discussion at Congressional level. We’re holding \$125 million provision in Q4 and adding another \$75 million given the volatility.”

Molina (Joe Zubretsky, CEO) on September Utilization



“Our view of market contraction for 2026 is in the high teens to mid-thirties range. Even at that bottom end where program integrity rules remain stayed and EAPTCs are extended, there will be some degree of market contraction. Some is the roll-through of 2025 program integrity enrollment hurdles, but also breakage on members who get that letter and don’t come back.”

Centene (Sarah London, CEO) on Market Contraction

Theme 6

Part D / Pharmacy - The Outperformance Question



“Part D continues to outperform in 2025, but you can assume we would not guide to a similar level of outperformance as we step into 2026, making this a year-over-year headwind as we set initial guidance.”

Molina (Joe Zubretsky, CEO)

Theme 7

Technology & AI - Efficiency Lever



“We’ve achieved more than 68% reduction in denials through our AI and automation initiatives. Our AI virtual assistant is being deployed to 10 million-plus members by year-end. We’ve also reduced prior authorization requests significantly over the last two years. Technology is providing the efficiency offset we need.”

Elevance (Gail Boudreaux, CEO)



“Our clinical excellence model is technology-enabled but operationally driven. The 87.2% MBR and inpatient ADK in the low 140s isn’t just from better software - it’s from better care coordination, better provider relationships, and better member engagement all supported by technology.”

Alignment (John Kao, CEO)

Theme 8

Value-Based Care & Provider Relationships



“CenterWell is central to Humana’s evolution into a consumer healthcare company. It delivers integrated care and supports better MA outcomes. We’re investing heavily in upstream, proactive programs like ESRD/CKD value-based models and site-of-service optimization - for example, more ambulatory surgery centers for joint replacements.”

Humana (Jim Rehtin, CEO)

Theme 9

Balance Sheet & Capital Allocation



“Our debt-to-capital stands at 45.5% post-impairment, well below the 60% covenant limit. We have zero utilization of our \$4 billion revolver maturing in 2030. The \$6.7 billion goodwill impairment has no impact on statutory capital, cash, or adjusted EPS.”

Centene (Drew Asher, CFO)



“We have \$2.9 billion in cash supporting our M&A capability. We have a \$54 billion acquisition pipeline of distressed Medicaid assets. We’re pursuing acquisitions at or near book value as competitors exit markets. Our balance sheet strength is a strategic advantage right now.”

Molina (Joe Zubretsky, CEO)

Theme 10

Investor Communication & Guidance Philosophy



“We are not providing 2026 membership guidance. This is unprecedented for us, but it reflects our philosophical shift toward lifetime value over volume metrics. The market needs to understand we’re playing a different game now - it’s about member quality and profitability per member, not raw enrollment numbers.”

Humana (Jim Rehtin, CEO) - No 2026 Membership Guidance



“In light of our now better-than-expected full-year trajectory, we believe a prudent posture for 2026 is profitability consistent with our current full-year outlook in 2025. I will tell you that I will be disappointed if that’s all we can deliver, but we think that is a prudent assumption at this time given where we stand and what we know and also what we don’t yet know.”

Centene (Sarah London, CEO) on Conservative Posture

Performance Scorecard

Q3 2025 revealed clear winners and those under pressure as the industry navigates medical cost acceleration and margin compression

Winners

UnitedHealth



\$113B

Steady execution, margin discipline over volume

+12% YoY

Accepting -1M MA members for margin

Alignment Healthcare



\$570M

EBITDA guidance +98%, clinical excellence proving superior

+98% EBITDA

100% in 4+ Stars

CVS Health



\$102.9B

3rd consecutive beat & raise, Aetna Stars recovery

+17.6%

81% in 4+ Stars (from 49%)

Centene



\$44.9B

Raised guidance, Medicaid HBR improved 150 bps

≥\$2.00 EPS

Sequential improvement

Under Pressure

Molina



\$11.5B

EPS miss -53%

95.6% MCR crushing results

Humana



No 2026 membership guidance (unprecedented)

BY2028 Stars recovery target

Elevance



\$50.1B

Medicaid/ACA pressure, 2026 declared 'low point'

Multi-year recovery ahead

Q3 2025 Financial Performance

Comprehensive comparison of revenue, earnings, and strategic positioning across major payers

| Payer | Revenue | EPS | vs Forecast | FY 2025 Guidance | Key Insight |
|--------------|----------|--------|-------------|------------------|---|
| UnitedHealth | \$113.2B | \$2.92 | +3.9% | On track | Accepting -1M MA members for margin |
| CVS Health | \$102.9B | \$1.60 | +17.6% | \$6.55-6.65 ↑ | Aetna Stars 81%, Oak Street \$5.7B impairment |
| Elevance | \$50.1B | \$6.03 | N/A | ~\$30 ↓ | 2026 Medicaid 'low point' |
| Centene | \$44.9B | \$0.50 | Beat | ≥\$2.00 ↑ | \$6.7B goodwill impairment (noncash) |
| Humana | N/A | \$3.24 | +14.5% | ~\$16.25 | No 2026 membership guidance |
| Molina | \$11.5B | \$1.84 | -53% | \$14 ↓ | Marketplace 95.6% MCR crushing results |
| Alignment | \$570M | Beat | Beat | \$94M EBITDA ↑ | 87.2% MBR, IPK low 140s |

Top Performer

CVS Health

+17.6% vs forecast,
3rd consecutive beat

Under Pressure

Molina

-53% EPS miss

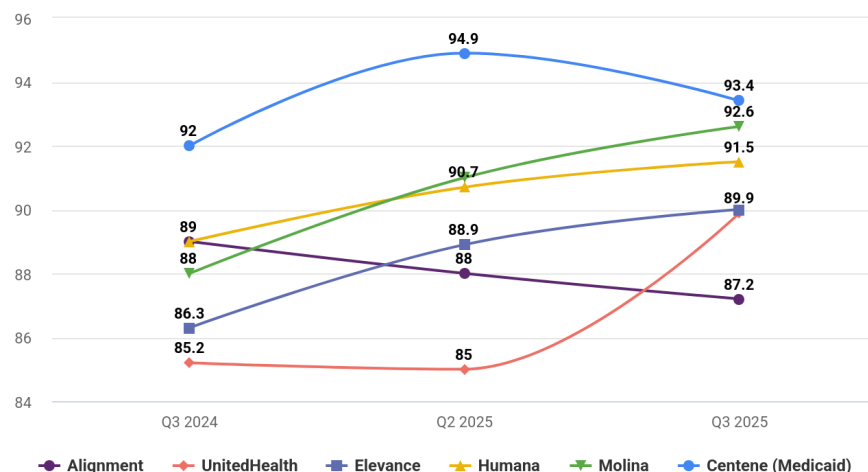
Excellence Leader

Alignment

EBITDA +98%, 100% in 4+ Stars

Medical Loss Ratio Trends

Q3 2025 reveals universal pressure with only Alignment and Centene showing favorable trends



Alignment



↓180 bps
improvement YoY

UnitedHealth



↑470 bps YoY

Elevance



↑370 bps YoY

Humana



↑250 bps YoY

Molina



↑460 bps YoY

Centene



↓140 bps
improvement YoY

Key Insight: Universal Cost Pressure

Only Alignment (clinical excellence) and Centene (sequential improvement) showing favorable trends. All others experiencing 250-470 bps YoY deterioration from universal trend acceleration driven by inpatient utilization, behavioral health, and specialty pharmacy costs.

This competitive intelligence report is part of HealthWorksAI's rapid-response earnings analysis series.

For questions or custom analysis, contact HealthWorksAI team