HealthWorks AI

Centene Corporation Q2, 2026 Results

Insights summarized from the July 28, 2026 earnings call

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Executive summary

Centene beat Wall Street's Q2 2026 estimates outright: GAAP diluted earnings per share of $2.19, versus a $(0.51) loss a year ago, adjusted diluted earnings per share of $2.51, and full-year guidance raised to GAAP EPS greater than $3.11 and adjusted EPS greater than $4.80. Shares fell anyway. The reason lies in the fine print management volunteered on the call itself: roughly $0.50 of this year's earnings per share, split between Marketplace and Medicare, comes from one-time 2025 risk-adjustment and quality settlements that will not repeat in 2027.

Strip that out and the underlying turnaround remains real. The consolidated health benefits ratio improved to 89.6% from 93.0% a year ago, with Commercial swinging from a 90.6% ratio to 79.2%, the sharpest single-segment improvement in the print. Medicare Prescription Drug Plan membership grew 12% to 8.8 million members, PDP margin guidance was raised from an original 2% to greater than 3%, and management pulled its Medicare Advantage breakeven timeline forward from next year to sometime within 2026 itself.

Medicaid, the company's largest book, told a harder story. Full-year membership attrition guidance widened to 8%–9%, up from about 6% three months ago, even as the underlying composite rate improved from roughly 4.5% to roughly 5%. Centene is being paid more per member on a book that is shrinking faster than it expected three months ago, and that split sits right at the center of what this Centene Q2 2026 earnings quarter means.

One thing to watch

Roughly $0.50 of this year's adjusted EPS guide is one-time 2025 settlement money that management itself says will not recur in 2027. It's a reminder to read this quarter's beat against the underlying, recurring earnings power below, not in place of it.

See the full promise-vs-delivery scorecard below for exactly where Centene delivered on its promises and where it fell short, or jump straight to what this means for your plan.

Section 2

Did they deliver on what they promised last quarter?

Measured against Centene's own stated commitments from its Q1 2026 earnings call, since this is HealthWorks AI's first Centene Earnings Insight report.

What they promised in Q1 2026	What actually happened in Q2 2026	Verdict
Full-year 2026 Medicaid membership guided down about 6% year-end to year-end	Guidance widened to down 8%–9% for the full year, a materially worse trajectory with two quarters still remaining	Off track
2026 Medicaid composite rate yield guided at roughly 4.5%	Raised to roughly 5%, with management citing favorable state rate developments coming in better than expected	Delivered, improved
Marketplace guided to end 2026 a little over 3 million members, with a pre-tax margin around 3%	Membership still at 3.49 million as of June 30, tracking toward the decline but not yet there. Margin guidance raised to 4.5%–5%, though management attributed about $180 million of the quarter's benefit to a one-time 2025 risk-adjustment settlement rather than sustained pricing improvement	Mixed
Medicare Advantage guided to a breakeven path arriving next year, in 2027	Management now says the segment is getting closer to breakeven within full-year 2026 itself, a full year ahead of the original timeline	Delivered, improved
PDP full-year pre-tax margin guided at approximately 2% at the start of the year	Raised to greater than 3%, with management citing continued favorable PDP performance	Delivered, improved
Quarterly cadence guided as a step down from Q1 to Q2 but still profitable, Q3 around breakeven, and Q4 a loss on normal seasonality	Reaffirmed on the Q2 call: Q3 guided slightly above breakeven, Q4 guided to a loss from normal seasonal pressure	On track

This scorecard shows four of six commitments as clean, on-plan deliveries, several of them improved rather than merely met. The one clear miss, and the one mixed result, both sit in membership-facing metrics, Medicaid attrition and Marketplace size, even as the rate and margin side of those same books improved, a split verdict rather than a uniform trend in either direction.

Section 3

What's actually changing

- **The beat is real, but it is concentrated.** Commercial's health benefits ratio improvement, from 90.6% to 79.2%, and PDP's margin raise, from 2% to greater than 3%, are carrying this quarter, while roughly $0.50 of earnings per share is one-time 2025 settlement money Centene itself says will not recur in 2027.
- **Medicaid is the one book moving the wrong direction.** Full-year membership attrition guidance widened from about 6% to 8%-9%, even as the underlying composite rate improved from 4.5% to roughly 5%, meaning Centene is collecting more per member on a shrinking membership base.
- **Marketplace margin recovery leans on a one-time settlement.** Marketplace pre-tax margin is expected to be 4.5% to 5%, up from the prior 3% outlook. Management attributed part of the improvement to favorable 2025 risk-adjustment reconciliation, including approximately $180 million recognized in the quarter. While the result supports higher near-term profitability expectations, the durability of margins will be tested in future pricing cycles, which management described as evolving on a state-by-state basis and still too early to assess definitively.
- **Medicare Advantage's breakeven timeline moved up** a full year, from 2027 to within 2026 itself, and ICHRA has grown to roughly 50,000 members, up two and a half times year over year, a small but fast-growing channel worth watching.
- **A new $480 million enterprise-optimization and workforce program entered SG&A** guidance this quarter with no Q1 precedent to check it against, while AI investment is being framed with explicit return-on-investment discipline: fraud, waste and abuse detection, legal-bill review, and claims forecasting, rather than broad platform deployment.

Section 4

Key leadership quotes

On the one-time items behind the beat

"These items took strong execution by the team; we wanted you to understand these drivers since the $0.50 will be a reconciling item when we provide a bridge from 2026 to 2027 in a couple of quarters."

Drew Asher — Executive Vice President and Chief Financial Officer, Centene Corporation

What this really means: management is telling investors directly, unprompted, that roughly a tenth of this year's adjusted earnings guide will not be there in 2027, the kind of disclosure worth taking at face value precisely because it works against the company's own stock reaction that day.

On Medicaid getting worse, not better

"To be more specific, we expect full-year Medicaid membership to be down 8%-9% compared to 12/31/2025 versus our prior view of being down 6%."

Sarah London — Chief Executive Officer, Centene Corporation

What this really means: this is Centene's largest membership book moving in the wrong direction for the second consecutive guide, even as the rate side of Medicaid genuinely improved, a split verdict rather than a clean win.

On Medicare Advantage's accelerating timeline

"Getting closer to break even for full year 2026 performance."

Sarah London — Chief Executive Officer, Centene Corporation

What this really means: in Q1, management placed Medicare Advantage breakeven in 2027. Three months later, that same milestone has moved inside 2026, a real acceleration rather than a restated goal.

On AI, with an explicit guardrail

"We aren't just going to deploy AI to talk about AI, we're going to deploy it where there is very clear, tangible return on that investment."

Sarah London — Chief Executive Officer, Centene Corporation

What this really means: a direct answer to market skepticism about AI hype, backed by one concrete number elsewhere on the same call: management said a legal-review agent now saves the company a point and a half in legal bills every month, a small, quantified use case rather than a platform-level promise.

On the new cost-cutting program

"Our workforce and enterprise optimization is expected to drive an estimated $480 million midpoint of SG&A costs in 2026 that are part of GAAP guidance."

Drew Asher — Executive Vice President and Chief Financial Officer, Centene Corporation

What this really means: this is the first quarter this figure has been disclosed at this level of specificity, worth tracking next quarter since there is no prior guide yet to measure it against.

On ICHRA's fast growth

"Our ICHRA business is roughly 50,000 members today. That's a two and a half times growth since last year."

Sarah London — Chief Executive Officer, Centene Corporation

What this really means: a small book by percentage of Centene's total membership, but one of the few lines growing this fast across national payers this season, worth watching as a bolt-on growth channel rather than judging it by its current size.

Section 5

Where the guidance goes from here

Full-year 2026 outlook

Raised

GAAP diluted EPS raised to greater than $3.11, adjusted diluted EPS raised to greater than $4.80. Total revenue guidance raised $6.0 billion to $193.5–$197.5 billion. Premium and service revenue guidance raised $2.0 billion to $173.0–$177.0 billion. Full-year health benefits ratio guided at 90.5%–91.3%. SG&A expense ratio guided at 7.2%–7.8%. Roughly $0.50 per share of this guide is non-recurring 2025 settlement in Marketplace and Medicare.

Next-year signal

Bridge pending

Management has already flagged that the roughly $0.50 per share of one-time items will be a reconciling item in a 2026-to-2027 bridge still to come, meaning next year's comparable guide starts materially lower before any new business performance is layered in. PDP margin, now greater than 3% versus an original 2% guide, Marketplace margin at 4.5%–5%, and Medicare Advantage's tightened breakeven timeline are the three levers management is leaning on to offset that gap.

What has to go right

3 things

Medicaid's composite rate improvement, from 4.5% to roughly 5%, has to keep outrunning the accelerating membership decline, from 6% to 8%–9%. The Marketplace margin gain has to prove itself as real pricing power once the one-time risk-adjustment benefit rolls off in the 2027 state-by-state repricing cycle management called too early to call. And the new $480 million enterprise-optimization program has to land on schedule without slipping into 2027 guidance the way this quarter's one-time items already have.

Section 6

How the competitive picture is shifting

- Centene is one of the clearest examples this earnings season of a national payer where Medicaid margin and Medicaid membership are moving in opposite directions at the same time: composite rates improving while the book shrinks faster than guided, worth checking against how your own Medicaid membership and rate trajectories compare.

- The Marketplace margin recovery to 4.5%–5% is partly a 2025 accounting true-up, not yet fully proven pricing power. Any benchmarking against Centene's exchange performance this quarter should discount the one-time portion before concluding market-wide ACA pricing discipline.

- ICHRA's 50,000-member, two-and-a-half-times-growth book is still small in absolute terms, but it is one of the few channels growing at that rate across national payers this season, worth watching if your plan is weighing ICHRA investment.

Section 7

What this means for your plan

If you compete with Centene in Medicaid

The composite rate improvement, from 4.5% to roughly 5%, suggests state rate cycles are trending favorably industry-wide, not just for Centene, worth checking your own state rate assumptions against this data point. The accelerating membership decline may also represent members shifting to other MCOs, worth checking your own state-level enrollment trends for overlap.

If you operate a Marketplace or ACA exchange book

Centene's own admission that about $180 million of this quarter's Marketplace benefit was a one-time 2025 risk-adjustment settlement, not durable pricing improvement, is a useful benchmark for separating real margin recovery from accounting catch-up in your own reporting, especially heading into the 2027 state-by-state repricing cycle.

If you run Medicare Advantage or PDP

Centene's PDP margin raise, from 2% to greater than 3%, and its Medicare Advantage breakeven timeline pulled forward from 2027 to within 2026, are both signals that the broader Medicare book is healthier than some Medicare Advantage-only headlines suggest this season, worth factoring into your own 2027 bid strategy conversations.

If you're evaluating ICHRA as a growth channel

A 50,000-member, two-and-a-half-times year-over-year growth rate from a national payer is a concrete data point for the business case, worth comparing against your own ICHRA membership trajectory if you have one.

Client-specific implications: No account-specific overlap with Centene's Medicaid or Marketplace exposure could be independently verified for this report. If your book has direct membership exposure in states where Centene's Medicaid attrition is accelerating toward the guided 8%–9% full-year decline, or in Marketplace states affected by the 2027 state-by-state repricing Centene flagged, that is worth a direct account-level check rather than assuming from this report alone.

How our clients can use HealthWorksAI to act on this

This is exactly the kind of divergence our platform is built to quantify before it shows up in enrollment reports. Clients can run SAE/SAR analysis to see which counties are driving Centene's widening Medicaid attrition and whether those members are landing with other MCOs including your own, use disruption analysis to model overlap in states where Centene's Marketplace book is repricing for 2027, pressure-test enrollment predictions against Centene's own accelerating decline curve, and pull a market snapshot to see where Centene's Medicaid or Marketplace softness creates real, actionable opportunity in your own footprint.

Section 8

What to watch next quarter

Medicaid attrition	Whether Medicaid membership attrition holds at 8%–9% or widens further, and whether the improved roughly 5% composite rate is enough to offset it on a per-member profitability basis.
2026-to-2027 bridge	The 2026-to-2027 guidance bridge management has now explicitly promised, which will show exactly how much of this year's $0.50 in one-time items disappears from the base.
Marketplace repricing	Early signals on 2027 Marketplace repricing, called state-by-state and still too early to call by management, the real test of whether the 4.5%–5% margin guide is durable once the 2025 risk-adjustment settlement rolls off.
MA breakeven	Whether Medicare Advantage actually crosses into breakeven within 2026 as newly signaled, rather than sliding back toward the original 2027 timeline.
Cost program	Progress on the $480 million enterprise-optimization program, the first quarter this figure has been disclosed at this specificity, with no prior-quarter benchmark yet to check it against.

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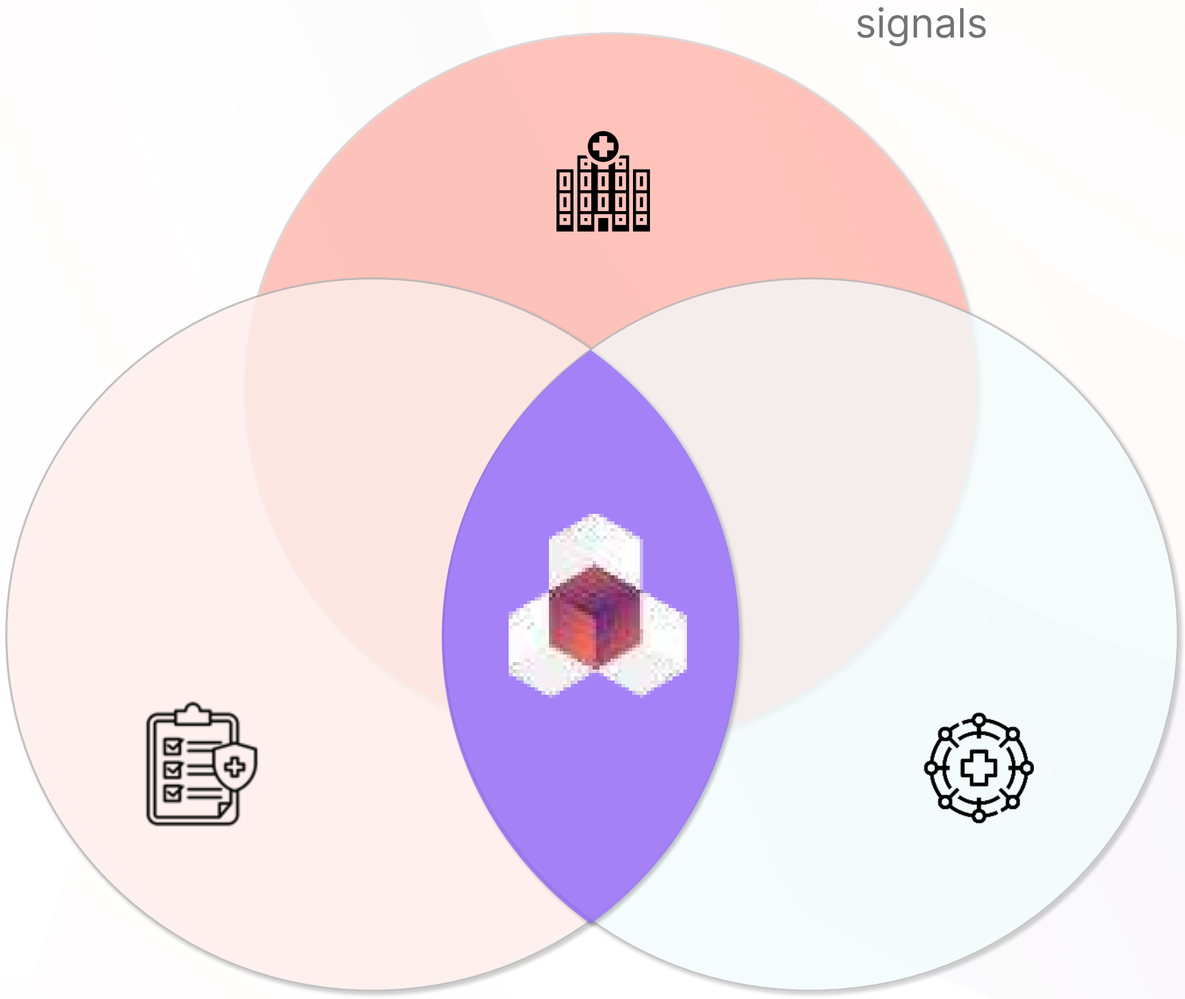
Market

Competitive landscape, enrollment shifts, disruption signals



Product

Benefit validation/ simulations, plan trade-offs, enrollment predictions

Network

Provider comparison/ benchmarking, NPI-level cost, quality, utilization scoring and ready to action lists

What is your opportunity and where is it?
Let’s connect to find out.