HealthWorks AI

Molina Healthcare Q2, 2026 Results

Insights summarized from the July 23, 2026 earnings call

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Executive summary

Molina Healthcare's Q2 2026 results delivered a genuine earnings beat with a real market gut check attached. Adjusted earnings per share came in at $1.51, beating consensus estimates of $1.39 by 8.63%, and the company raised its full-year 2026 adjusted EPS guidance for the second time this year, to at least $5.25, up $0.25 from the $5.00 floor it had reaffirmed after Q1. Premium revenue held at $10.24 billion, roughly in line with estimates, though down 6% year over year on continued Medicaid and Marketplace membership losses.
The quarter's real story sits below the consolidated 92.2% medical care ratio. Medicaid came in exactly where guided, at 92.7% MCR, with medical cost trend stable at 5% and the company reaffirming 2026 as the trough year for Medicaid margins. Medicare was the standout, with duals products beating expectations and the segment's medical care ratio landing 180 basis points better than prior guidance, adding $1.50 per share to the full-year outlook. But Marketplace absorbed all of that improvement and more: management itself admitted the pricing built in for member acuity shift, coming into 2026, was not enough, cutting full-year Marketplace guidance by $1.50 per share to a $0.75 loss.
Strip out the two items management calls temporary, the new Florida Medicaid contract launching in Q4 (a $1.50 per share drag) and the MAPD product being exited for 2027 (a $1.00 per share drag), and the underlying 2026 earnings power is at least $7.75 per share, a full $2.50 above the headline guide. That gap, and whether it closes on schedule, is the thing worth watching most closely.
This also validates our own Q1 read: HealthWorksAI's April report flagged a Q2 guidance raise as the most likely near-term catalyst, contingent on Medicaid MCR holding near 92% and trend staying below 5%. Both held, and the raise followed exactly as anticipated.

One thing to watch

The confident tone around this quarter's 92.2% consolidated MCR sits alongside a harder number: consolidated GAAP net income fell 76% year over year. It's a reminder to read the adjusted, segment-level story below against the headline GAAP result, not in place of it.

See the full promise-vs-delivery scorecard below for exactly where this Molina Q2 2026 earnings report 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 HealthWorksAI's own Molina Healthcare Q1 2026 Earnings Insight report, published April 23, 2026.

What they promised in Q1 2026	What actually happened in Q2 2026	Verdict
Full-year 2026 adjusted EPS guidance reaffirmed at least $5.00 in Q1, with management explicitly declining to raise guidance despite a favorable Medicaid trend, calling the discipline "time-tested"	Raised by $0.25 to at least $5.25, the second increase this year, driven by stronger first-half Medicaid performance	Delivered, improved
Medicaid MCR of 92.0% in Q1, "modestly favorable" to internal expectations, with full-year Medicaid MCR guided at approximately 92.90%	Q2 Medicaid MCR came in at 92.7%, exactly in line with guidance; full-year Medicaid MCR guidance of 92.90% is unchanged	On track
CEO Joe Zubretsky said the 2.5 percentage point 2025 acuity shift "did not recur" in Q1, explicitly caveated as "for one quarter only"	Zubretsky confirmed on the Q2 call the acuity shift has not recurred this year after two full quarters, dropping the one-quarter caveat from Q1	Delivered, improved
MAPD exit confirmed for 2027 with a $93M Q1 impairment already booked; full-year Medicare MCR guided at approximately 94.0%, including the $1 per share MAPD drag	Full-year Medicare MCR guidance improved 180 basis points to 92.2%, with duals products beating expectations; the $1 per share MAPD drag is unchanged and unaffected	Delivered, improved
Marketplace priced for a silver-concentrated, deliberately shrinking book; full-year Marketplace MCR guided at approximately 85.5%	Full-year Marketplace MCR guidance worsened to 90%, a 450-basis point deterioration from the Q1 guide; management admitted the pricing built in for acuity shift was not enough	Off track
Same-store Medicaid attrition guidance revised from 2% to 6% in Q1, targeting approximately 4.5 million Medicaid members by year-end	Medicaid membership was already down to 4.418 million by June 30, below the full-year target with two quarters remaining	Off track
Q1 report flagged Investor Day (May 8, 2026) as delivering "a three-year financial outlook" through 2029	Investor Day delivered specific 2029 targets, a $25 per share earnings target and $64 billion in premium revenue, now referenced as the standing framework on the Q2 call	Delivered

This Molina Q2 2026 earnings scorecard shows five of seven commitments as clean, on-plan deliveries, several of them improved rather than merely met. The two misses both sit in Marketplace and Medicaid membership, the same two areas the company itself is actively repricing and shrinking for 2027, so the scorecard reads as a deliberate trade-off rather than a surprise.

Section 3

What's actually changing

- **The beat is real, but it is not broad-based.** Medicaid outperformance and a genuine Medicare duals beat are carrying the whole raise; Marketplace absorbed all of the Medicare upside and then some. This is a story about mix, not uniform strength.
- **Medicare duals are ahead of where the company expected to be.** Duals MCR beat guidance by 180 basis points, and management said this now positions the segment to hit target margins sooner than originally planned, a genuine acceleration, not just a quarter of good luck.
- **Marketplace has become the clearest execution miss of the year so far.** Management's own words were blunt: pricing built in for member acuity shift was not enough, and the company underestimated it. Molina is responding by shrinking the book further for 2027, cutting exposure by roughly $1 billion.
- **A new, self-inflicted 2026 drag just entered the numbers:** the Florida Medicaid contract launching in Q4 carries a $1.50 per share hit this year alone, on top of the $1.00 per share MAPD exit drag. Both are framed as temporary, one-time costs of getting to a cleaner 2027, not recurring problems.
- **The company is holding its Illinois and Wisconsin Medicaid contracts through re-procurement,** with a stated re-procurement win rate now above 90%. Retention at that rate, in a year when several other national payers are shedding Medicaid membership on purpose, is worth noting on its own.

Section 4

Key leadership quotes

On the quarter's operating performance

"Our 92.2% consolidated MCR reflects solid operating performance as we continue to navigate a challenging medical cost environment."

Joe Zubretsky — President and CEO, Molina Healthcare

What this really means: What this really means: a confident framing for a quarter where GAAP net income actually fell 76% year over year, worth reading against the harder numbers elsewhere in this report, not taken at face value alone.

On Medicaid as a trough year

"We continue to believe that 2026 represents a trough year for Medicaid margins, and we remain optimistic about the 2027 rate-setting process as state actuaries take account of more recent periods of observed medical cost trend."

Joe Zubretsky — President and CEO, Molina Healthcare

What this really means: this is the same framing management used last quarter, repeated rather than walked back, a genuine signal of consistency, though it puts real weight on 2027 state rate cycles actually delivering.

On the underlying earnings power beneath the guide

"Excluding those items, our 2026 earnings power is at least $7.75 per share and represents a strong foundation of which to grow earnings in 2027."

Mark Keim — Chief Financial Officer, Molina Healthcare

What this really means: this is the number that matters more than the $5.25 headline guide, a $2.50 per share gap that management attributes entirely to two items it calls temporary, a claim next year will test directly.

On what went wrong in Marketplace

"We're seeing high-cost drug utilization without corresponding HCC to drive risk adjustment, which is creating an imbalance."

Joe Zubretsky — President and CEO, Molina Healthcare

What this really means: a direct, technical admission that the members Molina retained in a shrinking Marketplace book are sicker than the risk-adjustment payments account for, the clearest single sentence explaining the segment's miss.

On the acuity shift not recurring

“That acuity shift of 250 basis points that occurred last year has not recurred this year. After two quarters of it not recurring, we're pretty comfortable that it's only core trend that's going to impact our results.”

Joe Zubretsky — President and CEO, Molina Healthcare

What this really means: direct evidence for the scorecard item above, two full quarters of data now back this claim rather than one quarter of hope.

On defending the core Medicaid book

“We retained our $2 billion Managed Medicaid contract in Illinois, a very large Medicaid state for us. We also renewed a regional contract in Wisconsin. These wins continue our highly successful track record of retaining contracts, where our historical win rate on re-procurements has now increased to above 90%.”

Joe Zubretsky — President and CEO, Molina Healthcare

What this really means: while Molina retreats from MAPD and trims Marketplace, it is successfully defending its core Medicaid franchise, a distinction worth keeping separate from the segments in retreat.

Section 5

Where the guidance goes from here

Full-year 2026 outlook

Raised

Adjusted EPS raised to at least $5.25 (from at least $5.00 after Q1), GAAP EPS raised to at least $2.15. Premium revenue guidance unchanged at approximately $42 billion. Full-year consolidated MCR guided at 92.6%, essentially unchanged. Year-end membership guided at 5 million. Full-year G&A ratio guidance unchanged at 6.4%.

2027 signal

Preliminary

2027 premium revenue guided to approximately $46.5 billion, down from the $48 billion discussed at the company's Investor Day, reflecting a planned $1 billion reduction in Marketplace exposure and a roughly $500 million headwind from California moving undocumented members off managed Medicaid. Management's 2027 EPS building blocks sum to more than $10 per share before any further Medicaid MCR improvement, and the long-term target remains $25 per share by 2029.

What has to go right

3 things

The Florida Medicaid contract and MAPD exit both need to roll off on schedule to unlock the $2.50 per share gap between the $5.25 guide and the $7.75 underlying earnings power. Marketplace needs to actually shrink as planned for 2027 without another acuity-mix surprise. State Medicaid rate cycles need to keep closing the gap with trend, since the whole trough-year thesis depends on 2027 rate updates actually arriving.

Section 6

How the competitive picture is shifting

- Among the payers highlighted in HealthWorksAI's Q1 2026 earnings consolidated report, Molina is one of the few pursuing a materially different strategy. Rather than defending margins through incremental benefit reductions, the company is exiting MAPD entirely and sharpening its focus on dual-eligible members.

- The Marketplace retreat is a live, near-term displacement event. Molina is intentionally shrinking a book already down to roughly 280,000 members, and plans to cut another $1 billion in premium for 2027, a meaningful pool of ACA marketplace members whose plans may reprice or narrow networks heading into the next open enrollment.

- The Illinois and Wisconsin Medicaid contract retentions, alongside a stated above-90% re-procurement win rate, show Molina defending its core book even while it retreats from MAPD and Marketplace, worth watching in any state RFP where Molina is an incumbent competitor.

Section 7

What this means for your plan

If you compete with Molina in Medicaid RFPs

The company's re-procurement win rate above 90% and Illinois/Wisconsin retentions suggest incumbency is holding for now, but its explicit language about state rate cycles being underfunded by 300 basis points signals Molina, and likely other Medicaid-heavy competitors, will bid aggressively wherever 2027 rate updates land favorably.

If you operate a Marketplace/ACA exchange book

Molina's retreat, cutting another roughly $1 billion in premium for 2027, creates a meaningful pool of members whose current plan may narrow or reprice for next AEP, concentrated in whatever states Molina is actively de-emphasizing.

If you run Medicare duals (D-SNP, FIDE, HIDE)

Molina's own framing, that duals performance is beating expectations enough to reach target margins sooner than planned, is a signal the broader duals market is healthier than the headline MA numbers from other payers this season suggest.

If you're benchmarking your own guidance credibility

Molina's explicit $7.75 per share underlying earnings power claim, against a $5.25 headline guide, is a useful external example of how a payer separates one-time drags from run-rate earnings power, worth comparing against how your own organization frames a similar gap, if one exists.

Client-specific implications: Beyond the general industry read, the most actionable account-level developments come from Molina's Marketplace retreat and Florida Medicaid contract launch. First, clients with Marketplace books in states where Molina is actively shrinking exposure should expect a real, near-term pool of switching members. Next, clients with Florida Medicaid exposure should watch how quickly Molina's new contract moves past its stated startup drag, since a slower-than-expected ramp is one of the clearest ways this quarter's guidance could slip.

How our clients can use HealthWorksAI to act on this

This is exactly the shift our platform is built to quantify before it shows up in enrollment reports. Clients can run SAE/SAR analysis to see precisely which counties Molina is repricing or exiting in Marketplace and Florida Medicaid, use disruption analysis to model network overlap in markets where Molina's MAPD exit displaces members, pressure-test enrollment predictions against Molina's own membership decline trend, and pull a market snapshot to see where the Marketplace displaced-member opportunity is real versus already contested.

Section 8

What to watch next quarter

Marketplace	Whether Marketplace guidance holds at a $0.75 full-year loss or slips further, the real test of whether management's pricing fix for 2027 is already fully accounted for or still evolving.
Q3 Medicaid MCR	Confirm the 5% trend and 4% rate assumptions are holding into the second half as guided.
Florida ramp	Early signs of how the Florida Medicaid contract is ramping in Q4, since management frames its $1.50 per share drag as temporary, driven by early hiring and conservative initial assumptions.
2027 rate resets	Whether any additional 2027 state Medicaid rate updates get confirmed, since roughly 55% of Molina's premium is scheduled for January 1 rate resets and the entire trough-year thesis depends on those landing favorably.
Earnings power bridge	Whether the underlying earnings power claim of $7.75 per share holds up as an actual guide-to-guide bridge, or whether new one-time items get added to the excluded list the way Florida and MAPD were this quarter.

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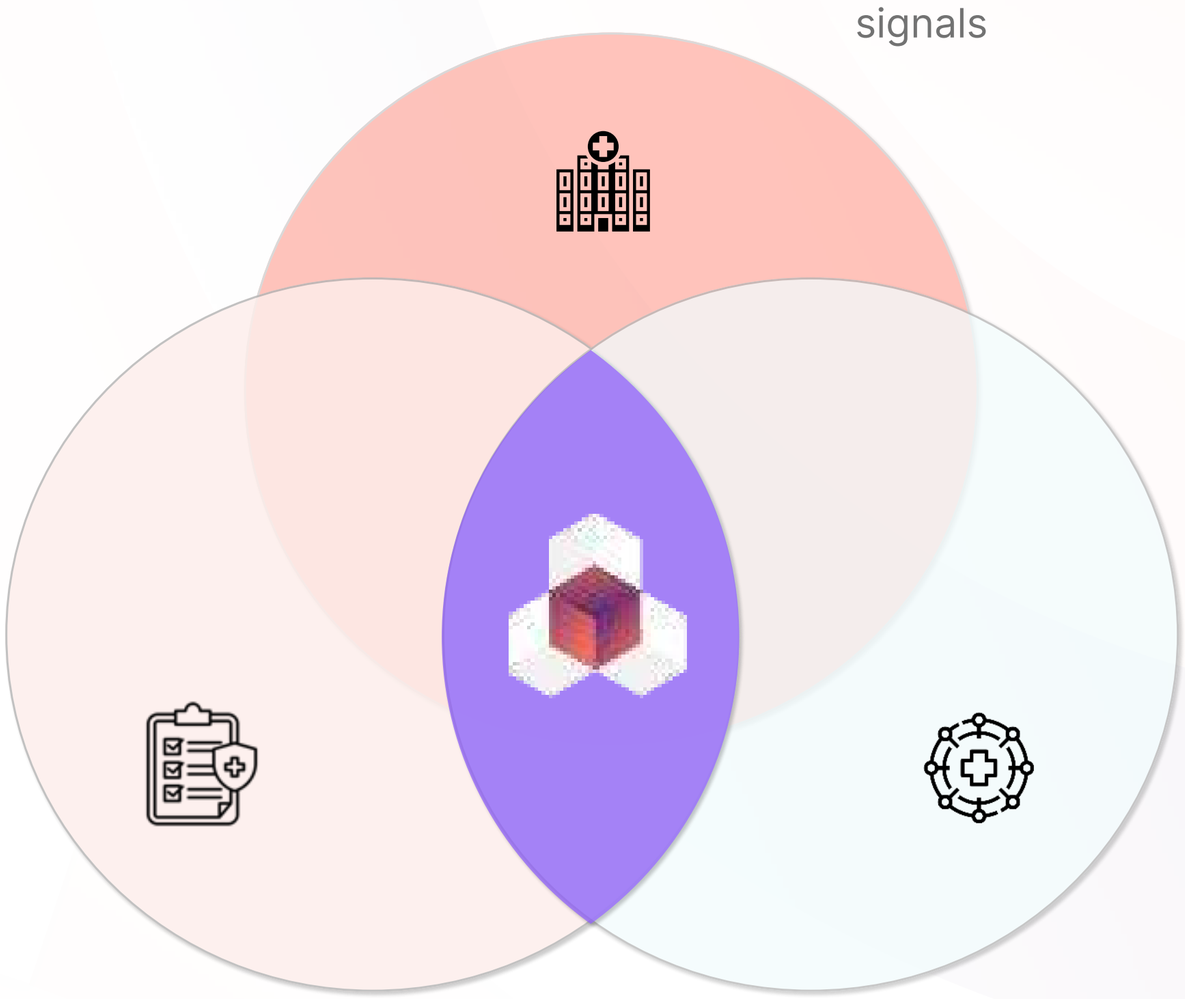
Market

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.