The Governance Institute

BOARD BRIEFING

The hidden stakes of a hospital–insurer standoff

The contract deadline can change a patient's plans before the contract changes.

5–6 MINUTE READ

In This Briefing

Some public network threats become withdrawals; many end in agreement. Either outcome leaves questions about payment, patient access, and continuing services. Understanding the alternatives reveals why the contract announcement is only one part of the result.

About Board Briefings

Board Briefings offer deeper explanations of healthcare issues and their implications for governance. Each includes a practical example, authoritative sources, and key questions to support informed board discussion.

What Happened

On September 23, Health Affairs published research finding that roughly 28% of public threats to end hospital–insurer network relationships resulted in withdrawal. Most threats did not. The study examined commercial insurance relationships with contracts ending during 2021–2025. (1)

The study shows that some public warnings become actual departures. Patients may also face uncertainty while negotiations continue. Those possible effects require a separate explanation, because the study did not measure how many people changed providers or postponed care.

The Issue, Explained

A patient has treatment booked for next month. A notice arrives saying the hospital may no longer participate in the patient's insurance network by then. The medical need has not changed. The practical choice has: wait for an agreement or arrange care somewhere else?

An insurer's network includes providers that agree to terms for treating its members. Hospital payment is part of that agreement. As renewal approaches, the parties may disagree about rates or other conditions. Either side may warn that participation could end if they do not reach agreement.

That warning describes a possibility, not a completed withdrawal. It can put pressure on the negotiations while leaving patients uncertain about their doctors, planned treatment, and costs. A later deal can keep the hospital in the network without reversing an appointment already moved. (2)

The percentages describe two different groups. About 8% of the relationships examined involved a public threat, and approximately 28% of those threats became withdrawals. That is not a finding that 28% of all hospital contracts failed or a forecast for the next negotiation. (1)

The research measures threats and withdrawals, not the number of patients whose care changed. It also found public disputes among some profitable hospitals and national insurers. A warning alone therefore does not establish either party's financial circumstances or the merits of its proposed terms. (1)

The Issue, Explained (continued)

A hospital needs revenue to maintain services. An insurer must consider the cost of coverage for employers and members. Those responsibilities can lead to different views of an acceptable payment. The alternatives available in the particular negotiation determine how that disagreement can be resolved.

Accepting an offer may preserve immediate network access while limiting the resources available for services. Rejecting it may avoid those terms while risking lost revenue and disruption for patients. Neither choice necessarily improves the hospital's finances or patients' experience. The actual terms and alternatives matter.

The same percentage increase can mean different things in different contracts. The services included, agreement length, and share of patients involved all affect its value. A major relationship for one specialty may represent only a small share of the whole system.

An agreement can keep the hospital in the network, while some patients may already have changed plans during the uncertainty. A withdrawal can change where care is obtained and what it costs. The effect varies with coverage and individual circumstances. The signature and the patient experience remain related, but distinct, outcomes.

A Practical Example

In this hypothetical case, a patient needs treatment soon after a public contract deadline. Worried about whether the hospital will remain in the network, the patient books an appointment with another provider.

The hospital and insurer reach agreement before the deadline. The patient keeps the new appointment anyway. A second patient waits for the outcome and continues at the original hospital without interruption.

No network withdrawal occurred. A report saying "agreement reached" would describe the contract but not the first patient's changed plans. This is an illustration, not a result measured by the study. It shows why the final announcement cannot fully describe what happened before it.

Governance Implications

A major insurer relationship connects the financial plan with patients' access to care. Its significance depends on the services, people, and alternatives involved. An agreement or separation alone does not establish whether the outcome meets the organization's needs.

Management conducts negotiations. The board's role concerns significant strategic, financial, and service commitments, rather than the bargaining itself. Understanding the trade-offs gives context for that oversight without presuming that either party should accept particular terms.

After the deadline, payment terms, network participation, and patients' ability to continue care reveal different aspects of the outcome. A deal may resolve the contract while leaving other concerns to address. The most useful account follows both the agreement and the care it makes possible.

Questions for the Board

1. **When reviewing major payer relationships:**
   What would the realistic contract alternatives mean for significant services, finances, and patient access?

2. **During a public contract dispute:**
   What assurance is available about accurate patient information and continuity of care while the outcome is uncertain?

3. **After a major contract decision:**
   What do the agreed terms, network participation, and patient experience show about the outcome?

Sources & Further Reading

1. Buxbaum JD, Mehta N, and Ryan AM. Real-World Brinkmanship in Hospital-Insurer Negotiations. Health Affairs, September 23, 2026. The withdrawal share concerns public threats, not all contracts.

2. Brown University School of Public Health. Healthcare's high-stakes game of brinkmanship threatens patient care. September 24, 2026. The authors' institutional account of the study.

Board Briefings provide governance education and do not constitute legal, clinical, accounting, or investment advice.