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Elevance Health Policy Update

Elevance Health, the parent company of multiple Blue Cross Blue Shield plans including Anthem, has introduced a new administrative policy designed to discourage hospitals from referring patients to out-of-network (OON) providers.

The policy allows Elevance to reduce hospital reimbursement by up to 10% or terminate facilities from its network if hospitals refer commercial members to inpatient or outpatient providers who do not participate with the plan. Hospitals are not permitted to pass the financial penalty to patients, meaning facilities must absorb the reduction.

Elevance began implementing the policy earlier in 2026 in multiple states where Anthem commercial plans operate and has announced expansion to additional markets, including California beginning June 1st.

This development follows prior Anthem fee schedule reductions, which many providers already view as financially challenging. Together, these actions signal a broader effort by payers to reinforce network participation and manage reimbursement costs.

Key Elements of the Policy

Penalty Structure:
Hospitals that refer members to non-participating providers may face payment reductions of up to 10% or potential network termination.

Scope:
The policy applies to Anthem commercial plans, including group and individual coverage.

Exceptions:
Elevance has identified several situations where penalties will not apply:

- Emergency services
- Referrals for previously authorized out-of-network care
- Rural, critical access, and safety-net hospitals

Implementation Timeline:
Elevance has indicated enforcement may begin approximately 90 days after qualifying referrals occur, due to normal claims billing cycles.

Elevance Health's Rationale

Elevance leadership has stated the policy was developed in response to concerns that some contracted hospitals utilize out-of-network specialty providers or staffing services, which may later pursue higher reimbursement through the No Surprises Act arbitration process.

According to the insurer, the policy is intended to encourage network participation and control rising healthcare costs.

Information provided by APS Medical Billing, March 2026

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Industry and Legislative Response
The policy has generated significant concern among healthcare organizations. Both the American Hospital Association and the Federation of American Hospitals have urged Elevance Health to reconsider the policy, arguing it could create financial pressure for hospitals and potentially accelerate provider consolidation.

Legislative pushback has also emerged. In Indiana, Elevance Health's home state, lawmakers recently passed legislation prohibiting the policy due to concerns it could limit timely access to care for patients.

APS Insight: Implications for Pathology and Radiology Providers
This policy is particularly relevant for specialties such as pathology and radiology, where physicians often provide services within hospitals but may not maintain individual participation agreements with every payer contracting with the facility.

In these cases, hospitals could face financial penalties if services are performed by out-of-network specialty providers, even when those providers are essential to the hospital's clinical operations. As a result, hospitals may increasingly evaluate the network status of specialty groups when making staffing, contracting, or referral decisions. For pathology and radiology practices, this introduces additional considerations around payer participation strategy, hospital alignment, and revenue cycle performance.

Close coordination between hospital administration, clinical departments, and revenue cycle teams will be critical to identifying potential out-of-network exposure and protecting reimbursement stability.

Outlook
Elevance Health's policy reflects a broader shift occurring across the healthcare industry. As payers continue to navigate the financial and regulatory impacts of the No Surprises Act, many are implementing new strategies to tighten network compliance and limit out-of-network reimbursement.

For hospitals and specialty provider groups, these changes reinforce the importance of proactive payer strategy, strong hospital-provider alignment, and careful monitoring of network participation status.

Organizations that stay ahead of evolving payer policies will be better positioned to protect revenue, maintain operational stability, and ensure continued patient access to specialized care.

Should you have any questions regarding this information, please contact your Practice Manager.