

When Hospitals and Insurers Fight, Patients Get Caught in the Middle

By Bram Sable-Smith

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Amy Frank says she spent 17 hours on the phone ensuring that post-surgery care for her husband, Allen Frank, would be covered by insurance. The couple was among 90,000 people in central Missouri caught in the middle of a contract dispute between University of Missouri Health Care, a Columbia, Missouri-based health system, and Anthem, the national health insurance provider. (AMY FRANK)

Amy Frank said it took 17 hours on the phone over nearly three weeks, bouncing between her insurer and her local hospital system, to make sure her plan would cover her husband's post-surgery care.



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Many of her calls never got past the hold music. When they did, the hospital told her to call her insurer. The insurer told her to have the hospital fax a form to a special number. The hospital responded that they'd been instructed to send faxes to a different number.

"It was just a big loophole we were caught in, going around and around," Frank said.

Frank and her husband, Allen, faced that ellipse of frustration because they were among 90,000 central Missouri patients caught in the middle of a contract dispute between University of Missouri, or MU, Health Care, a Columbia, Missouri-based health system, and Anthem, the couple's health insurance provider. The companies let their contract expire in April after failing to strike a deal to keep the hospital system and its clinics in-network.

A growing number of Americans find themselves in a similar pinch. In New York City, negotiations between UnitedHealthcare and Memorial Sloan Kettering Cancer Center missed a June 30 deadline, briefly leaving some patients in limbo until a deal was reached the next day. In North Carolina, Duke Health recently announced it could leave the Aetna network unless the insurance company agreed to pay more favorable rates to the health system. And the Franks were nearly caught out-of-network previously, when a 2023 contract dispute between Anthem and a primary care group in Jefferson City, Missouri, prompted the couple to switch some providers to MU Health Care.

Indeed, 18% of non-federal hospitals experienced at least one documented case of public brinksmanship with an insurance company from June 2021 to May 2025, according to preliminary findings by Jason Buxbaum, a health policy researcher at the Brown University School of Health. Over the same period, 8% of hospitals ultimately went out-of-network with an insurer, at least for a time.

Industry observers say long-standing trends like hospital consolidation and rising health care costs contribute to the disputes, and Trump administration policies could make them more frequent as hospitals brace for about \$1 trillion in cuts to federal health care spending as part of President Donald Trump's sweeping budget law.

"They're going to be more hard-nosed at negotiating with the health plans because they're going to be in a survival mode," said John Baackes, a retired insurance executive and former board member of America's Health Insurance Plans, the national trade group representing the health insurance industry.

During the three-month stalemate between the insurer and the health system in Missouri, patients with Anthem plans lost in-network coverage with the region's largest — and, for some specialties, only — medical provider.

Most people were unable to switch insurance midyear and faced the choice of paying higher prices upfront, delaying care, finding new providers, or running a paperwork gauntlet in hopes their medical conditions qualified for a 90-day coverage extension.

The dispute came at a particularly inconvenient time for the Franks. Allen Frank was recovering from complications from falling off the roof while cleaning the siding of the couple's home in Rich Fountain in October. When it happened, Amy drove him 24 miles to the nearest emergency room. The facility in Jefferson City had recently been taken over by MU Health Care, and Allen was soon transferred 30 miles farther by ground ambulance to the system's main hospital in Columbia for surgery to insert two metal plates and several screws to repair his collarbone.

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Health care consolidation has been booming nationwide for 30 years, with over 2,000 hospital mergers announced since 1998, including 428 from 2018 to 2023. Mergers may lead to some efficiencies and benefits for consumers, but they also reduce market competition and strengthen the hand of hospitals in negotiations with insurers.

“Insurer markets have been consolidated for a long time,” Brown’s Buxbaum said. “What’s changed is how consolidated the hospital markets have become.”

Now if a hospital system drops out of a network, he said, “it’s not just going to be one key hospital. It’s much more likely to be all the key facilities, or many of the critical mass of providers” in an area.

It’s a scary prospect for patients, making the public threat of a rupture a potent tool in negotiations between hospitals and insurers. That typically works in a hospital’s favor, Baackes said, “because the general assumption is the insurance is being greedy and the hospital is doing God’s work.”

In a statement, Buddy Castellano, spokesperson for Anthem’s parent company, Elevance Health, wrote, “We approach negotiations with a focus on fairness, transparency, and respect for everyone impacted. Health plan rate discussions are complex and require thoughtful collaboration to ensure long-term sustainability. Our commitment remains clear: ensuring access to care while keeping coverage affordable for the families, employers, and communities we serve.”

Allen Frank needed follow-up care in the months after his initial surgery, including a second surgery in July.

A federal law dubbed the No Surprises Act, which took effect in 2022, offers protections for some patients whose provider drops out of network due to a contract dispute. People getting treatment for serious conditions can keep their

in-network rates for up to 90 days with their current providers, delaying the need to find a new one or face higher rates. So Amy Frank worked the phones to get that continuity of care for her husband.

“Our deductible was already met. If we go out-of-network, we’re going to have to start completely over for the out-of-network deductible,” she said.

Eventually, Anthem agreed to let Allen Frank continue his care with MU Health Care. But when he showed up for an appointment to get an injection in his injured shoulder, he was told the health system didn’t have a record of the approval. He refused to leave without being seen, and, eventually, a nurse was able to get through to Anthem to get a confirmation number and approval for the appointment.

“It’s just very frustrating,” Amy Frank said in early July, before the sides had reached a deal. “I’ve got my own medical issues, and I don’t feel like mine are bad enough to be fighting for a continuity of care.”

In an email, MU Health Care spokesperson Eric Maze wrote: “While our goal was to reach agreement prior to our contract terminating and to avoid disruption in care, we established processes and resources well in advance to facilitate continuity of care and reduce the burden for our patients. We understand and are sorry for the stress and concern being out of network created for many, and we are deeply grateful for the patience and trust placed in us during this time.”

Rising health care costs are fueling contract disputes. Hospital expenses grew 5.1% in 2024, according to a recent [brief from the American Hospital Association](#), outpacing the 2.9% inflation rate. Labor costs are the biggest driver, with advertised nursing salaries rising 26.6% faster than inflation from 2020 to 2024, the brief noted.

Hospitals want to recoup those costs by pressing insurance companies to pay more for services.

Washington University in St. Louis health economist Tim McBride said that dynamic could be further enflamed by the massive tax-and-spending law. The measure makes significant cuts to federal health care spending over the next decade, including a \$911 billion drop in Medicaid spending, and is expected to cause 10 million Americans to lose their insurance.

As negotiations between MU Health Care and Anthem broke down, the insurer claimed the hospital was seeking a 39% rate increase over three years, while the hospital said the insurer wouldn't budge past 1%-2%.

On June 30, three months into the standoff, the Missouri Senate Insurance and Banking Committee called the two sides in for a hearing that broke months of deadlock and prompted new proposals from Anthem.

"Anthem doubled their rate increase offer," Missouri Senate President Cindy O'Laughlin, a Republican whose district includes parts of central Missouri, wrote in a Facebook post on July 8, encouraging a deal.

"Yes I know that I'm not on the inside nor the CEO of either but from what I've been told this seems a reasonable offer."

The sides announced an agreement one week later that was retroactive to April 1, the day the previous contract expired.

Amy Frank got several texts from friends and family about the agreement. She'd been so vocal about her frustrations, they wanted to make sure she'd seen the news. But her relief was subdued.

"So you put everybody through all of this for nothing?" she said the day after the deal was announced.

She had already sunk hours on the phone to ensure Allen's July 31 surgery to repair the plates holding his clavicle together would be covered. She was in no rush to call her doctors to reschedule the appointments she'd skipped, figuring

their phone lines would be busy. The experience had her wondering if the two sides were trying to get people upset as a bargaining tactic.

“That money that they’re fighting over — is that really worth all of the stress?” she said.

And after going through two disputes in three years, she can’t help but wonder: How long until the next one?

Bram Sable-Smith: brams@kff.org, [@besables](https://twitter.com/besables)

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