



Humana Inc.
Fourth Quarter 2014
Earnings Conference Call

February 4, 2015



Humana.

Cautionary Statement

This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When used in investor presentations, press releases, Securities and Exchange Commission (SEC) filings, and in oral statements made by or with the approval of one of our executive officers, the words or phrases like "expects," "anticipates," "believes," "intends," "likely will result," "estimates," "projects" or variations of such words and similar expressions are intended to identify such forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, and assumptions, including, among other things, information set forth in the "Risk Factors" section of our SEC filings, as listed below.

In making these statements, Humana is not undertaking to address or update these statements in future filings or communications regarding its business or results. In light of these risks, uncertainties and assumptions, the forward-looking events discussed herein might not occur. There also may be other risks that we are unable to predict at this time. Any of these risks and uncertainties may cause actual results to differ materially from the results discussed in the forward-looking statements.

Humana advises investors to read the following documents as filed by the company with the SEC:

1. Form 10-K for the year ended December 31, 2013
2. Form 10-Qs for the quarters ended March 31, 2014, June 30, 2014, September 30, 2014, and
3. Form 8-Ks filed during 2014 and 2015.

Investors are also advised to read Humana's 4Q14 earnings press release dated February 4, 2015 which is available via the Investor Relations page of Humana's web site, www.humana.com.

Non-GAAP Financial Measures

This slide presentation includes financial measures which are not in accordance with Generally Accepted Accounting Principles (GAAP).

Adjusted financial results include: (1) for 2014, Adjusted EPS excludes approximately \$0.15 per share associated with the early retirement of debt in the fourth quarter of 2014 and (2) for 2013, Adjusted EPS excludes approximately \$0.99 per share for strengthening of the company's future policy benefit reserves related to the closed block of long-term care insurance policies.

Humana has included these non-GAAP financial measures since management believes these measures, when presented in conjunction with the comparable GAAP measure, are useful to both management and its investors in analyzing the company's ongoing business and operating performance. Consequently, management uses these non-GAAP financial measures as an indicator of business performance, as well as for operational planning and decision-making purposes.

These non-GAAP measures should be considered in addition to, but not as a substitute for, or superior to, the financial measures prepared in accordance with GAAP.

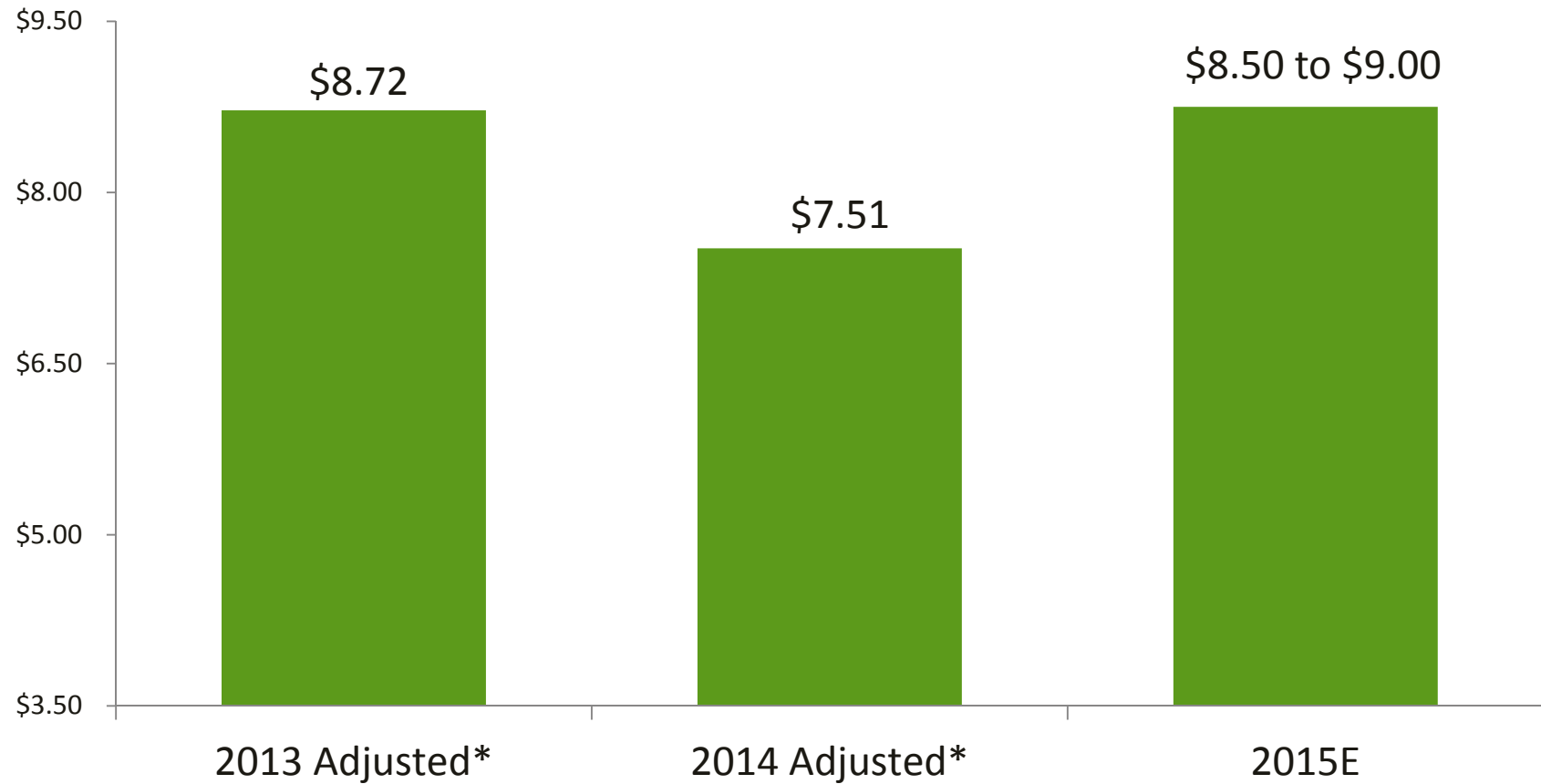
Strategy and Operations Update

Bruce D. Broussard

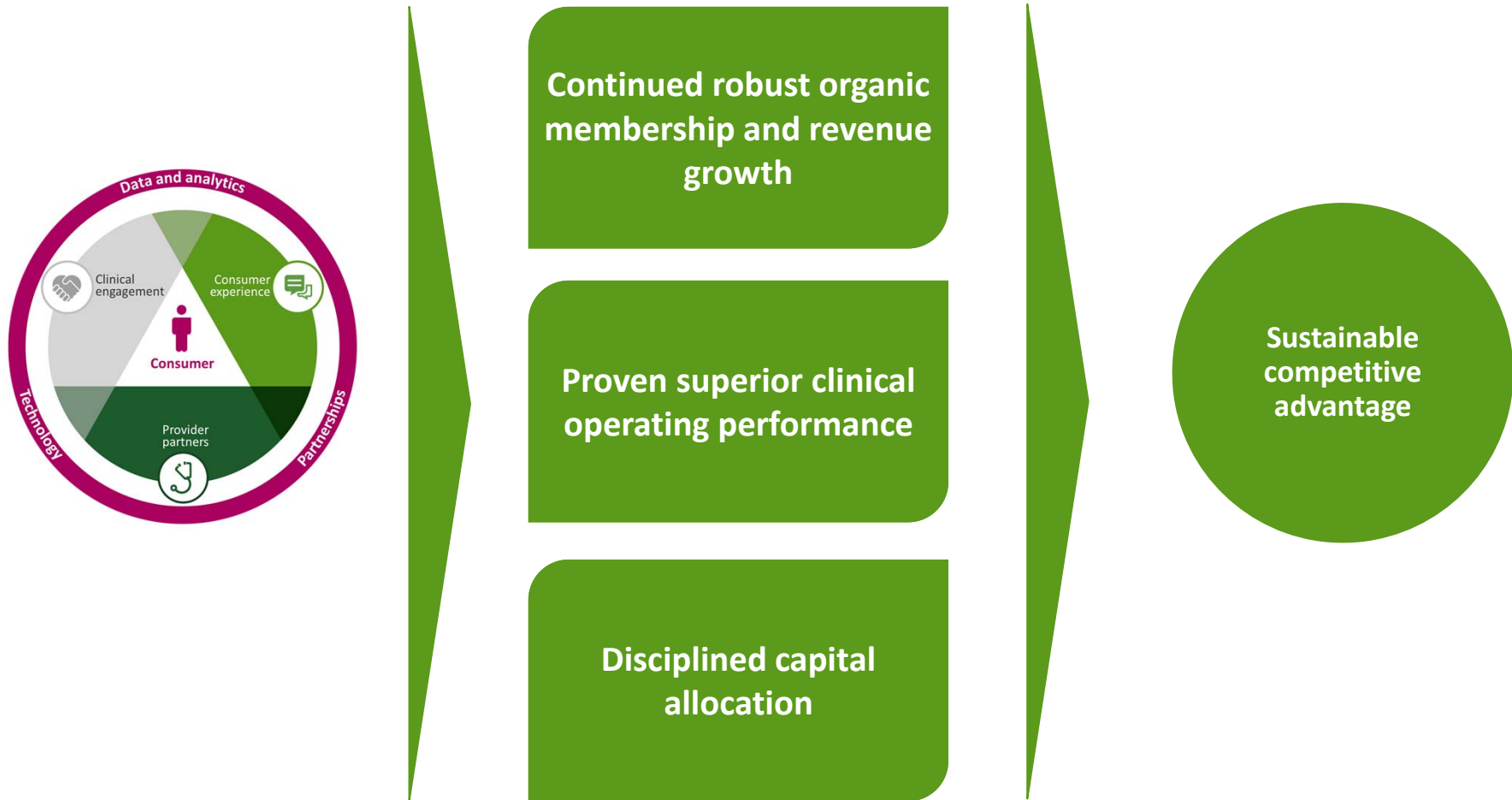
President and Chief Executive Officer

Expecting ~17 percent growth in earnings in 2015

Diluted Earnings per Common Share

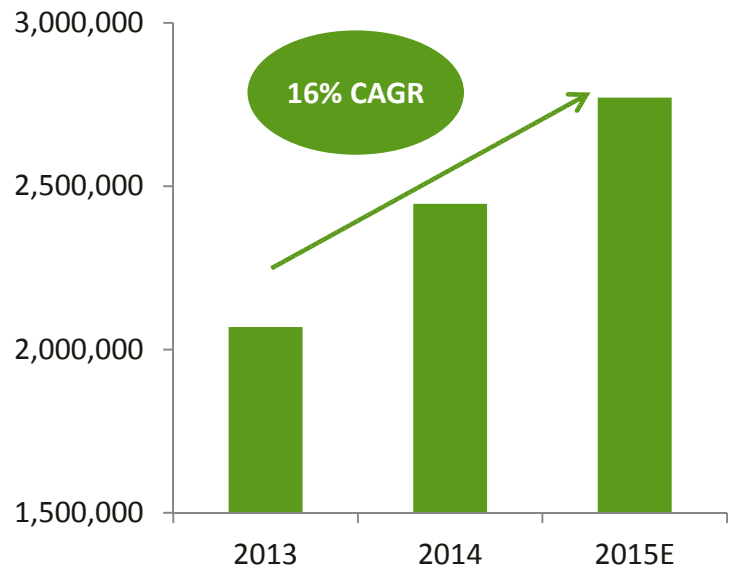


Our consumer-focused Integrated Care Delivery strategy and the related results drive a powerful investment thesis

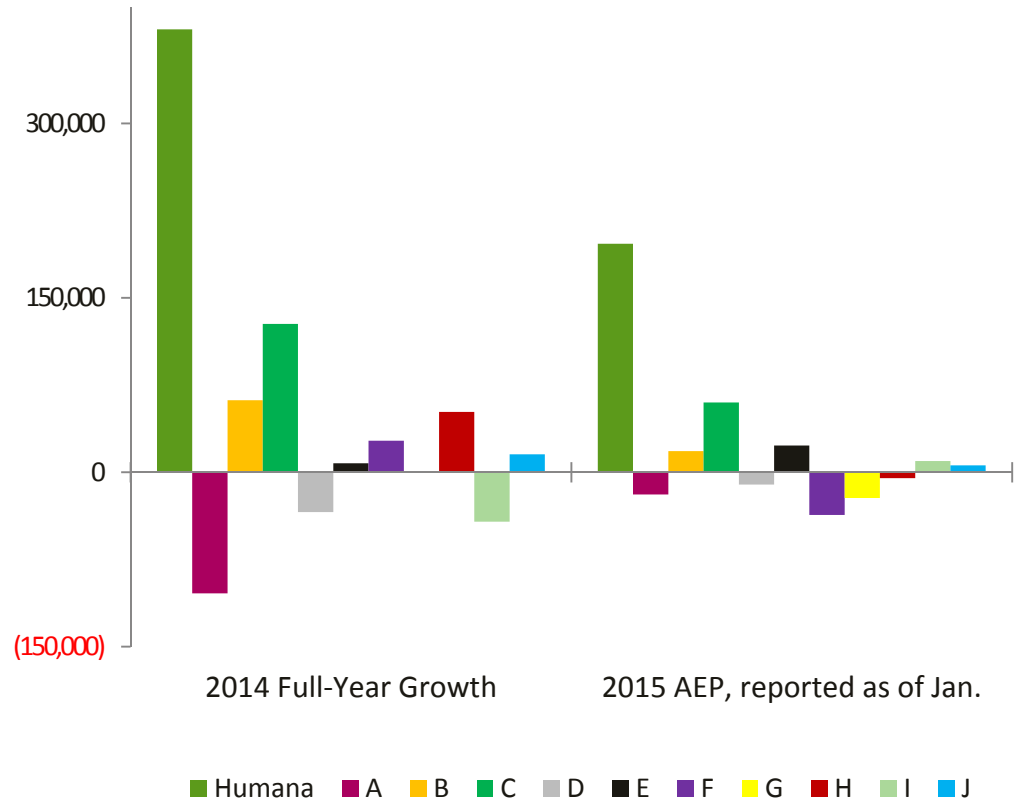


Continuing to lead industry in individual MA growth

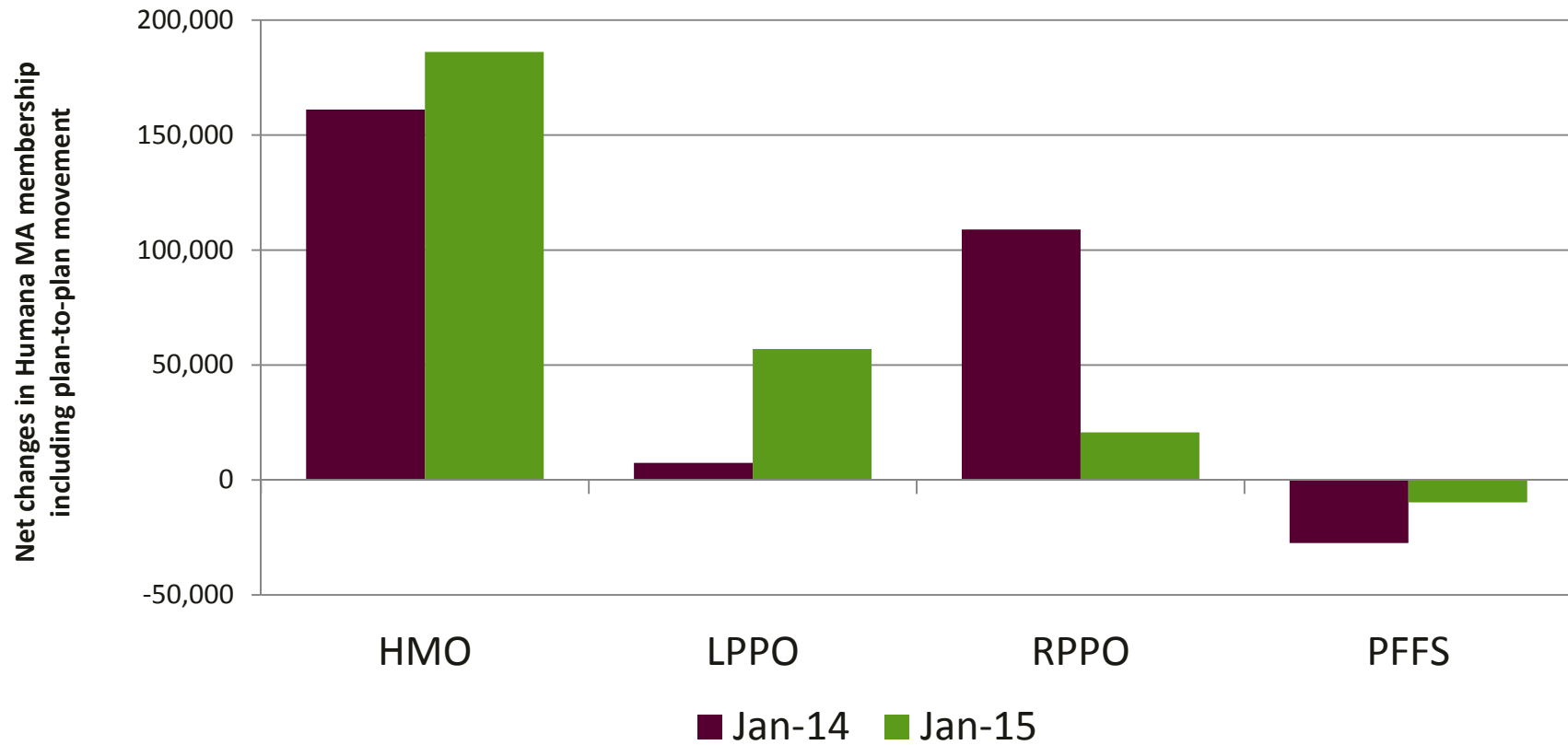
Humana Individual Medicare Advantage Membership



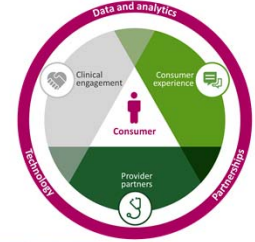
Individual MA Net Membership Growth: Humana vs. Top 10 Competitors ¹



HMO offerings continue to be the most popular choice for Humana MA products in 2015



We understand there are five key points of influence with our members



Wellness & Prevention

Consistent engagement with our members

- 1.3 million medical members received their preventive care on schedule
- 62% of new MA members for 2014 had wellness screenings via HRA
- 199k new members for 2014 identified as potential candidates for HCCP
- 3.9 million HumanaVitality members



Primary Care

Supporting providers as they transition from episodic care to population health

- 16% Improvement in HEDIS scores for HUM providers in value-based relationships vs. FFS with no incentives
- 19% Lower medical costs for providers in value-based relationships to Original Medicare
- Value-based relationships with 42k primary care doctors
- Evidence-based population health care protocols
- Leveraging capabilities to identify best practices, technology, reporting, analytics, etc.



Pharmacy

Continues to play an important role in delivering integrated care

- YOY increases of 60-80 bps for drug adherence for diabetes, hypertension, and hyperlipidemia
- Generic dispense rates of nearly 90% for MA and PDP
- Medication Therapy Management consults by 176k Medicare members in 2014
- Building trusting relationships
 - ✓ Processed approximately 330 million pharmacy scripts in 2014
 - ✓ Making prior authorization easier
 - ✓ Digital self-service refills



Home Health

Provides in-home, evidence-based care, education and advocacy

- 421K members in Humana Chronic Care Program (HCCP)
- 73% HCCP engagement rate
- 74% in-home HCCP net promoter score
- 496k more days at home for our newly managed HCCP members
- 42% reduction in high-risk hospital admissions



Informatics

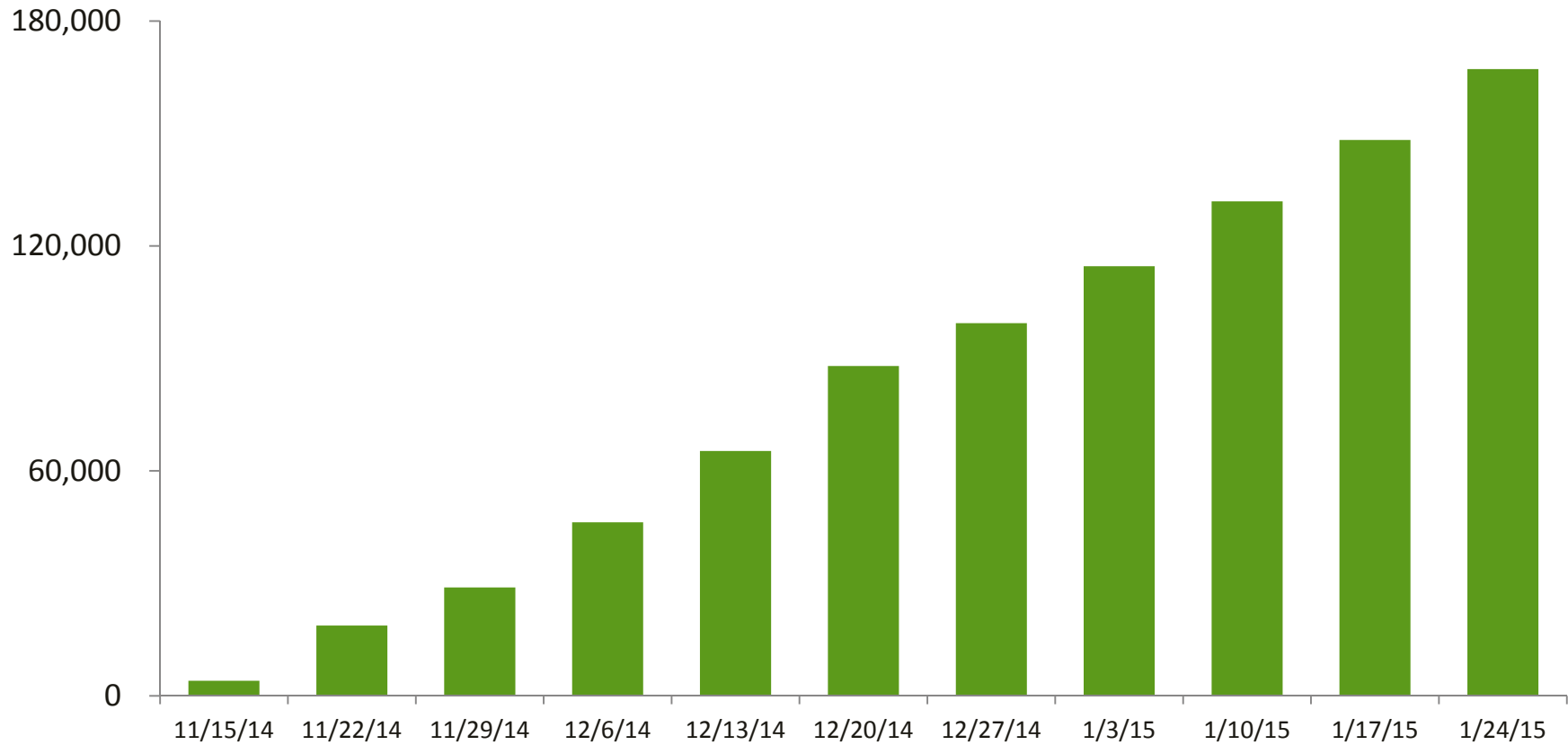
Advanced analytics focused on insights that are actionable and drive value

- 4.3 million gaps in care closed through messaging
- 1.9 million high risk members identified through predictive models

Key Capabilities

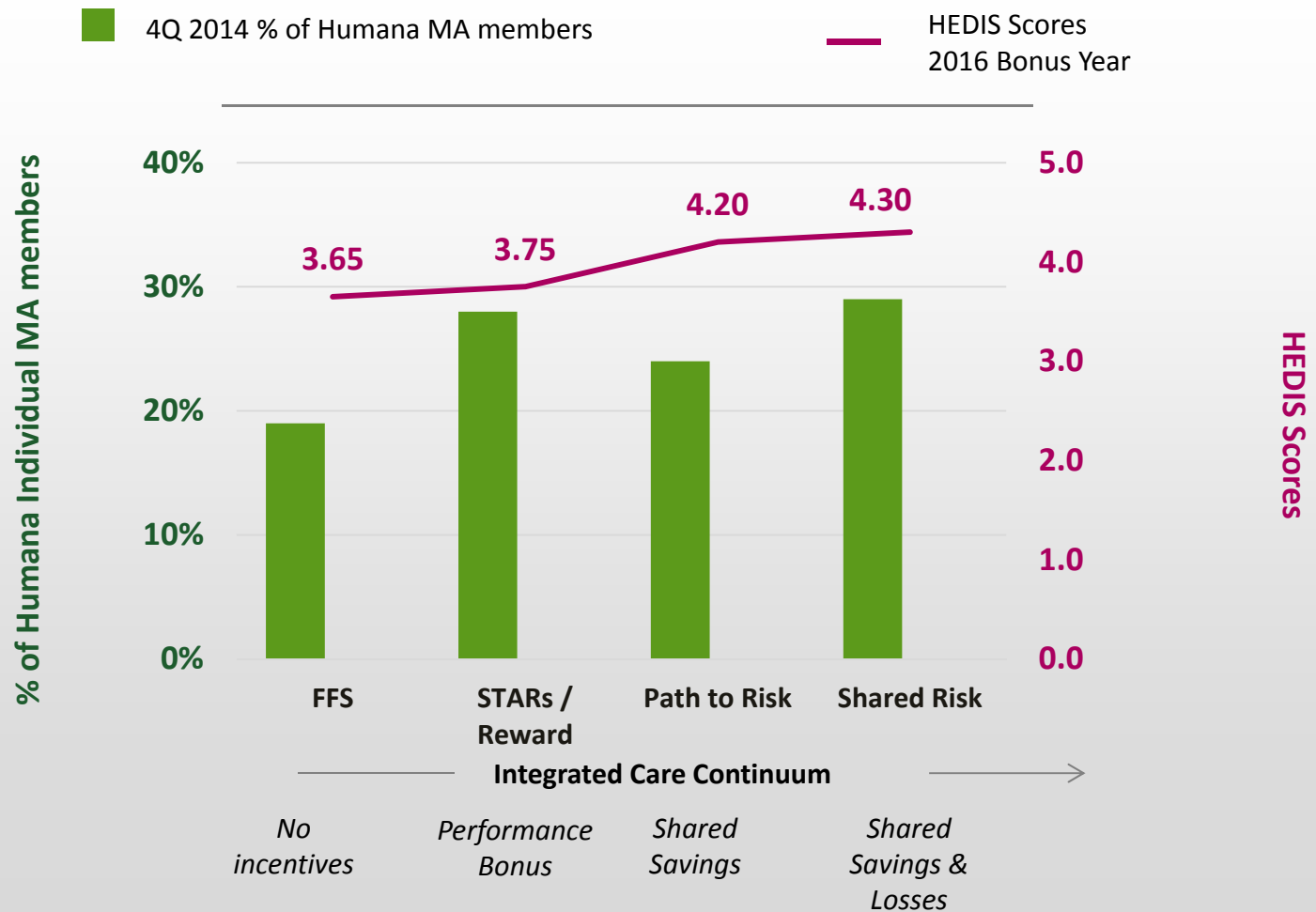
Wellness and prevention begins with getting to know our members' needs

Completed HRAs Through Welcome Calls (cumulative)



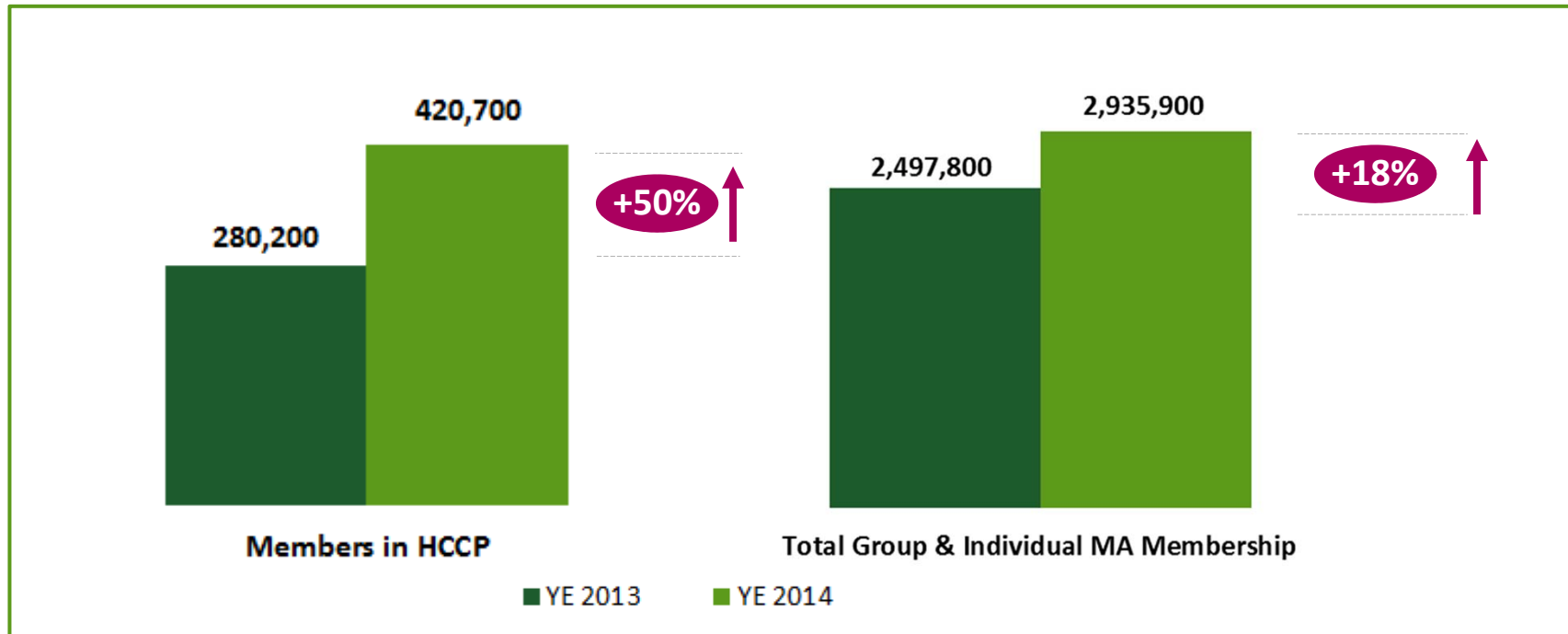
Members continuing to choose value-based providers

Humana experience with PCPs moving to value-based relationships¹



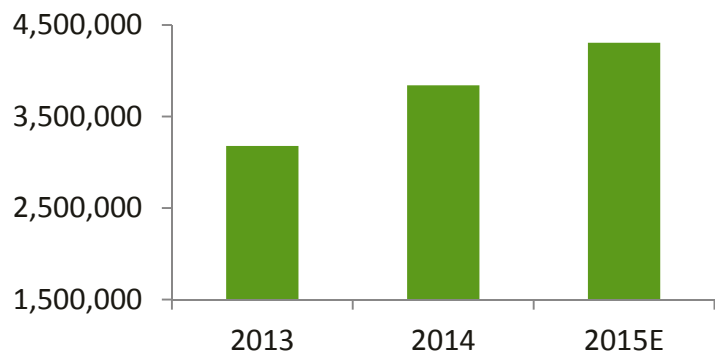
¹) Value-based relationships includes providers participating in Path to Risk and Shared Risk programs.

Humana Chronic Care Program has grown substantially compared to MA membership growth

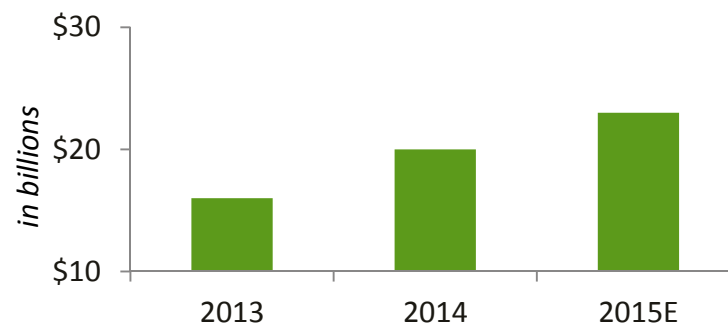


Robust organic membership and revenue growth across a number of fronts

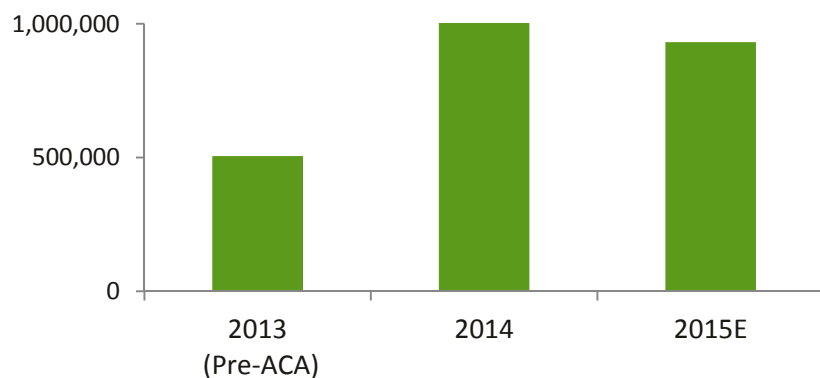
Stand-alone PDP Membership¹



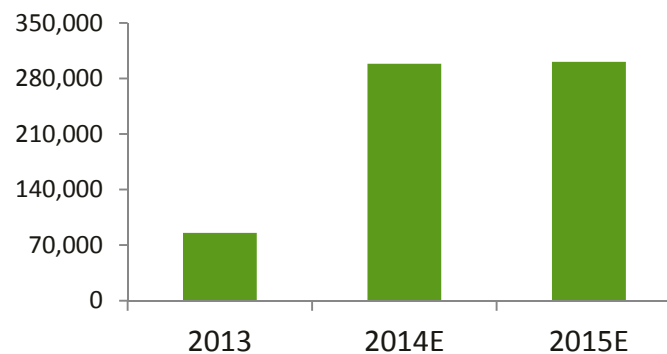
Healthcare Services Revenues



HumanaOne Membership²



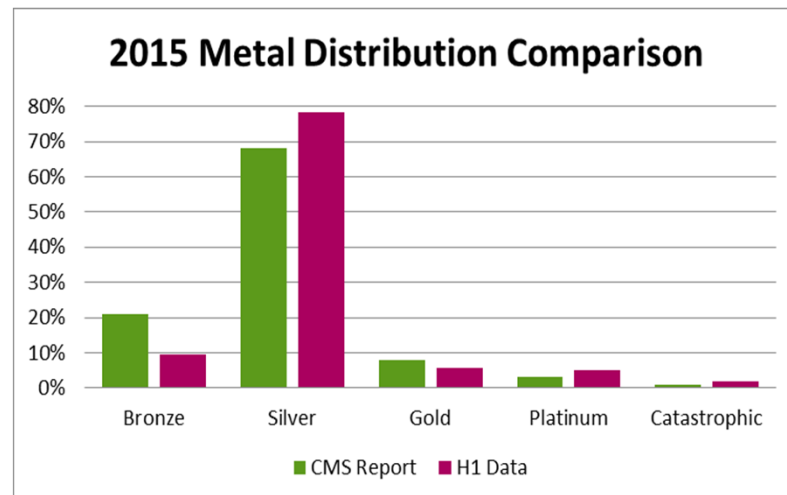
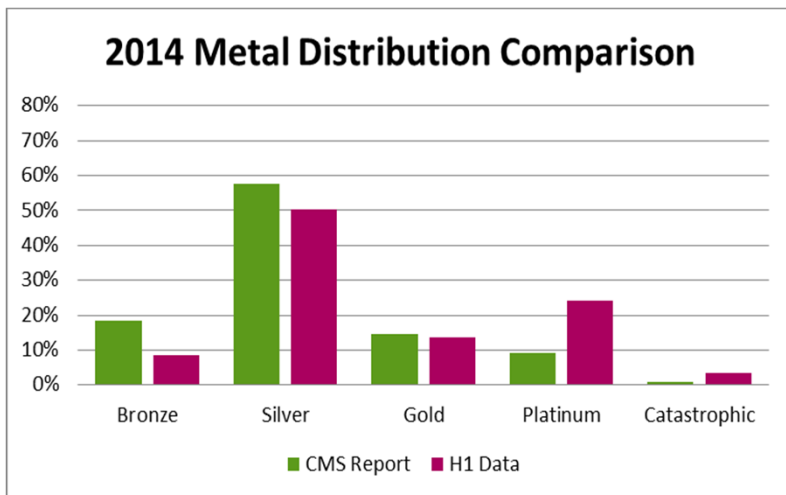
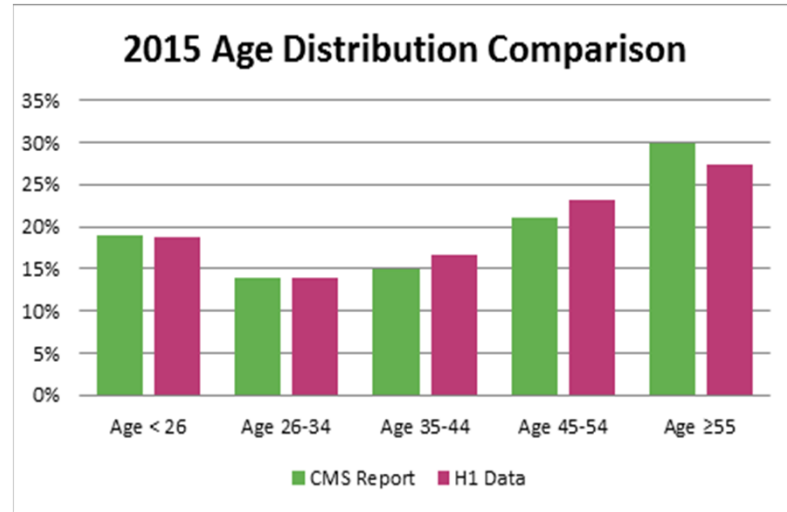
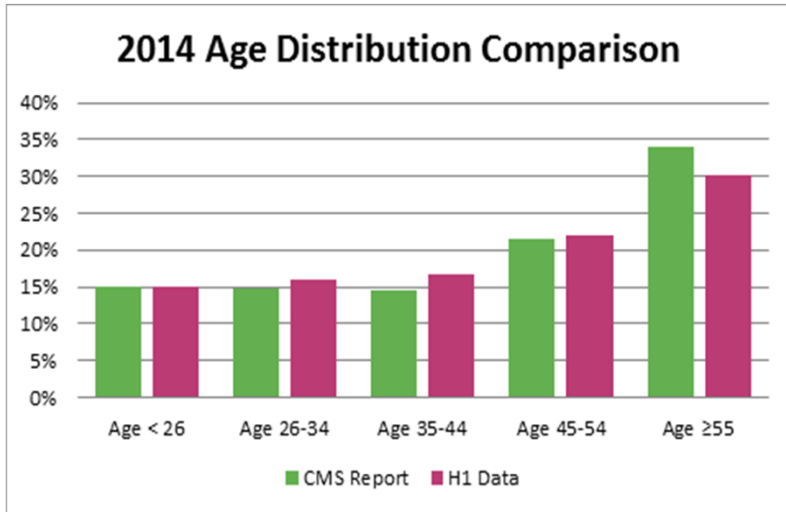
State-based Contract Membership³



1) Excludes LI-NET and Employer Group PDP; 2) Includes on- and off-exchange membership; 3) Includes Medicaid TANF & LTSS

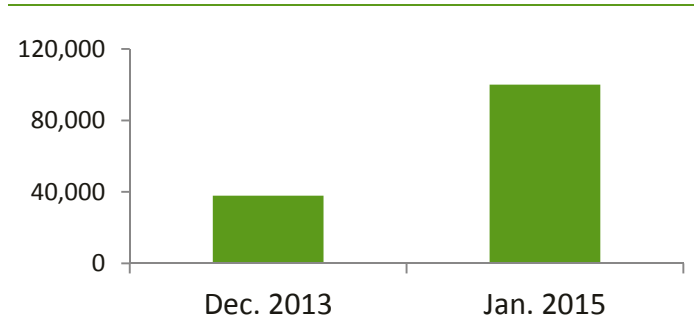
*Mid-points of guidance used for simplicity

Mix of healthcare exchange enrollment in line with our pricing assumptions

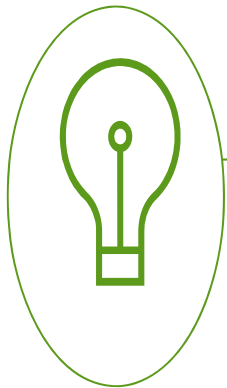


Total Health offers a solution that encourages employee participation and a commitment to well-being

Membership in Total Health



Multi-Year Solution



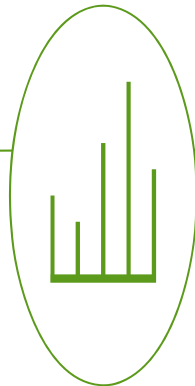
Well-being Commitment



Engagement Resource

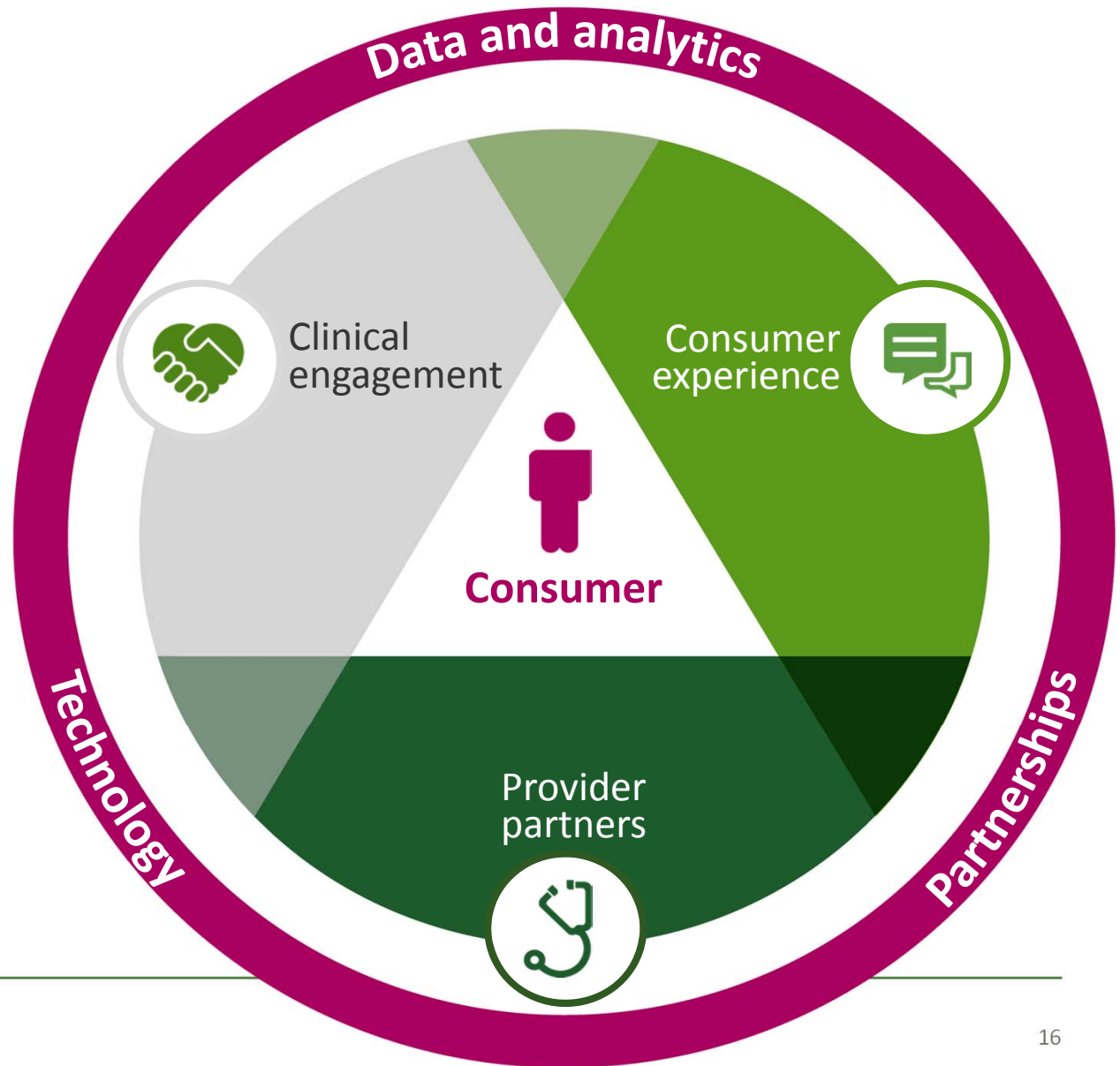


Premium Discounts



Our commitment to our strategy remains strong

Our capabilities, partnerships and tools all woven together and informed by insights and technology result in an improved consumer experience – *making healthcare easy*



Financial Update

Brian A. Kane

Senior Vice President and Chief Financial Officer

Items affecting 2014 results vs. previous guidance; no impact on 2015

Retail Segment

- Higher costs from flu season
- Higher investments in duals/state-based contracts
- Deterioration in Puerto Rico Medicare

Employer Group Segment

- Lower medical claims utilization
- Improved operating results
- Higher costs from flu season

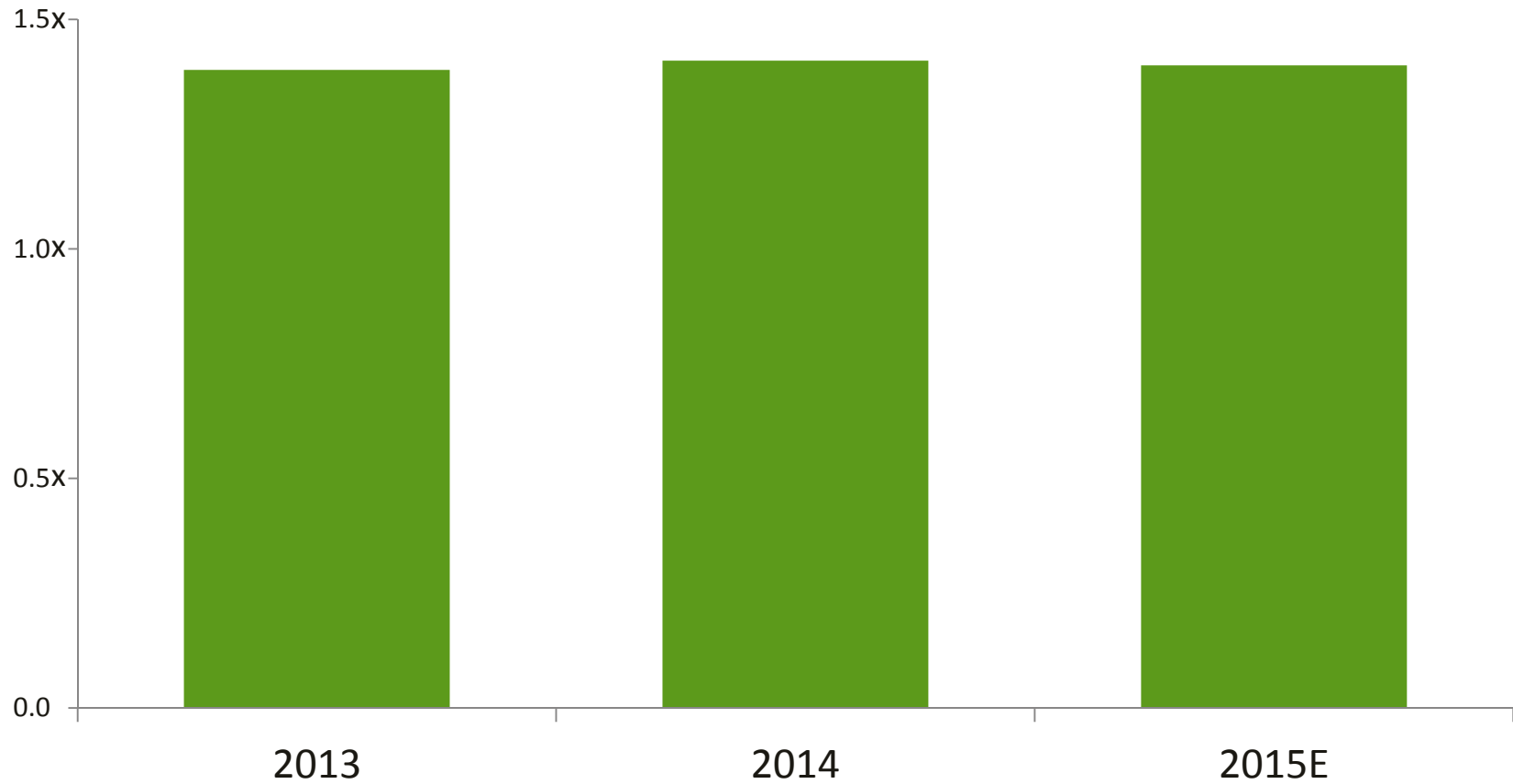
Higher effective tax rate

- Higher losses in Puerto Rico
- Lower tax-exempt investment income

2015 guidance point changes since 3Q call

Recent Developments		Previous 2015 Guidance	Updated 2015 Guidance
Individual Medicare Advantage net membership growth	<i>2015 Medicare Annual Election Period now completed</i>	Up 235k to 255k	Up 300k to 350k <i>(increase in guidance of 80k at midpoint)</i>
Stand-alone PDP net membership change	<i>2015 Medicare Annual Election Period now completed</i>	Up 475k to 525k	Up 400k to 450k <i>(decrease in guidance of 75k at midpoint)</i>
Accruals for premium stabilization programs (3Rs)	<i>More insight on mix of 2015 healthcare exchange membership</i>	\$325 million to \$400 million	\$275 million to \$350 million; approx. 90% reinsurance <i>(decrease in guidance of \$50 million at midpoint)</i>
Cash flows from operations	<i>Change in projected timing of working capital items</i>	\$1.5 billion to \$1.8 billion	\$1.7 billion to \$2.0 billion <i>(increase in guidance of \$200 million at midpoint)</i>

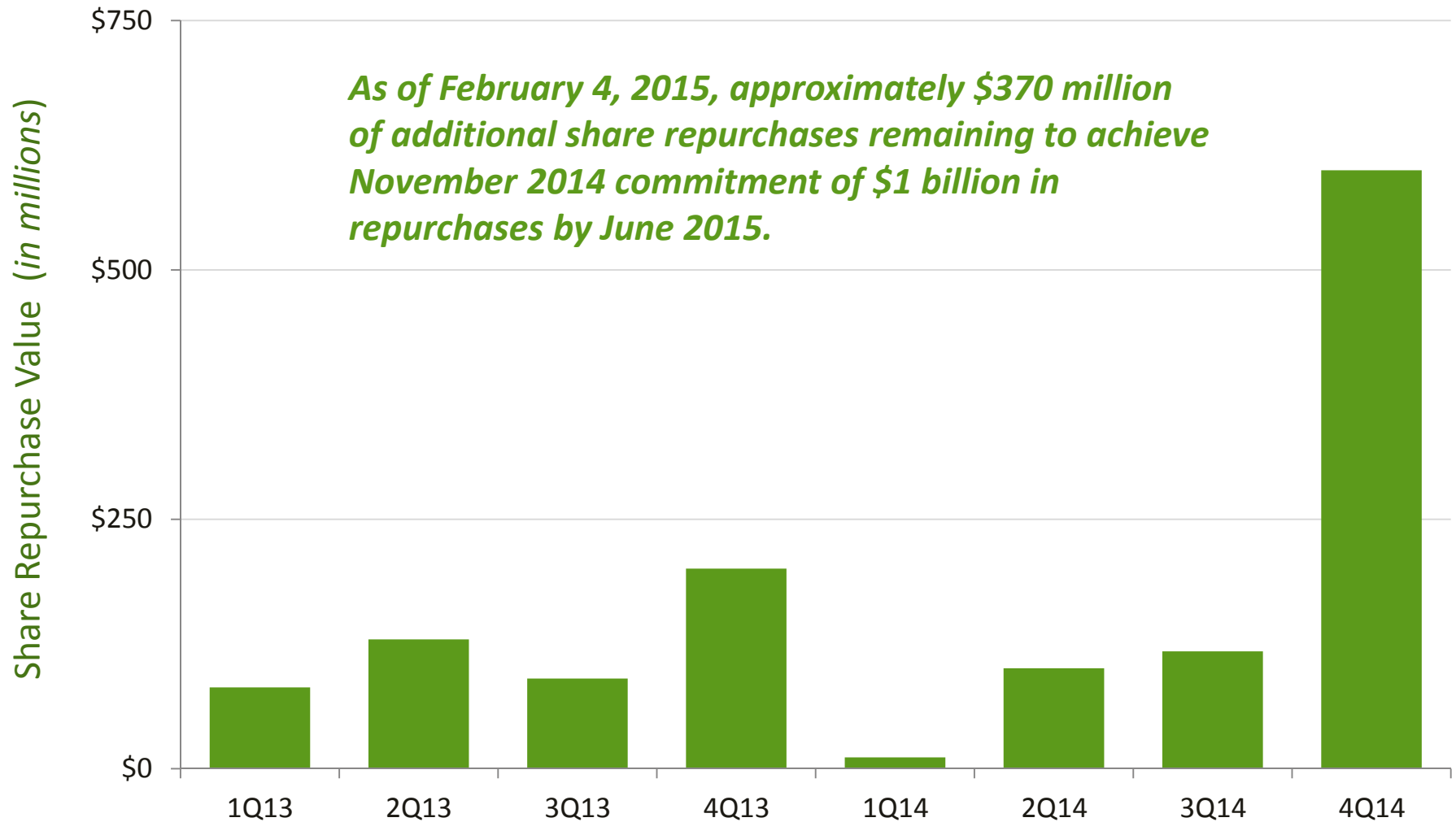
Operating cash flow to net income ratio expected to remain steady



Newer businesses not expected to significantly impact quarterly earnings progression

	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Significant factors expected to impact seasonality of quarterly results	<p>↑ Heaviest utilization of Healthcare Services segment by health plans due to influx of new Medicare Advantage from open enrollment;</p> <p>↑ Lowest medical benefit ratios for Employer Group health plans and HumanaOne business;</p> <p>↓ Highest PDP benefit ratio quarter</p>	<p>↑ PDP benefit ratio progressively lower from previous quarter;</p> <p>↓ Employer Group health plans and HumanaOne medical benefit ratios progressively higher from previous quarter</p>	<p>↑ PDP benefit ratio progressively lower from previous quarter;</p> <p>↓ Employer Group health plans and HumanaOne medical benefit ratios progressively higher from previous quarter;</p> <p>↓ Medicare / Health Care Exchange marketing season</p>	<p>↑ Lowest PDP expense quarter;</p> <p>↓ Highest medical benefit ratios for Employer Group health plans and HumanaOne;</p> <p>↓ Medicare / Health Care Exchange marketing season</p>

Share repurchase activity has accelerated



Questions & Answers

Bruce Broussard

President and Chief Executive Officer

Jim Murray

Executive Vice President and Chief Operating Officer

Brian Kane

Senior Vice President and Chief Financial Officer

Christopher Todoroff

Senior Vice President and General Counsel

Follow-up Questions

Regina Nethery

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