UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1996

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-5975

HUMANA INC.

(Exact name of registrant as specified in its charter)

Delaware	61-0647538
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

500 West Main Street, Louisville, Kentucky	40202
(Address of principal executive offices)	(Zip Code)

(502) 580-1000
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

YES X NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class of Common Stock	Outstanding at November 11, 1996
$.16 2/3 par value	162,632,014 shares

HUMANA INC.
FORM 10-Q
September 30, 1996

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Part I: Financial Information

Item 1. Financial Statements

HUMANA INC.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
For the quarters and nine months ended September 30,1996 and 1995
Unaudited
(Dollars in millions except per share results)

	Quarter		Nine months	
	1996	1995	1996	1995
Revenues:				
Premiums	$ 1,756	$ 1,072	$ 4,894	$ 3,145
Interest	25	20	75	58
Other income	3	2	8	9
Total revenues	1,784	1,094	4,977	3,212
Operating expenses:				
Medical costs	1,460	885	4,149	2,571
Selling, general and administrative	249	126	680	376
Depreciation and amortization	25	16	74	46
Asset write-downs and other unusual charges			81	
Total operating expenses	1,734	1,027	4,984	2,993
Income (loss) from operations	50	67	(7)	219
Interest expense	2	2	10	6
Income (loss) before income taxes	48	65	(17)	213
Provision (benefit) for income taxes	16	22	(7)	72

Net income (loss)	$ 32	$ 43	$ (10)	$ 141
Earnings (loss) per common share	$ .20	$ .27	$ (.06)	$ .87
Shares used in earnings per common share computation (000)	162,579	162,334	162,471	162,210

See accompanying notes.

HUMANA INC.
CONDENSED CONSOLIDATED BALANCE SHEET
Unaudited
(Dollars in millions except per share amounts)

	September 30, 1996	December 31, 1995
Assets		
Current assets:		
Cash and cash equivalents	$ 276	$ 182
Marketable securities	1,237	1,156
Premiums receivable, less allowance for doubtful accounts of $36 for September 30, 1996 and December 31, 1995	190	131
Other	155	124
Total current assets	1,858	1,593
Long-term marketable securities	132	180
Property and equipment, net	373	382
Cost in excess of net tangible assets acquired	491	536
Other	184	187
Total assets	$ 3,038	$ 2,878
Liabilities and Common Stockholders' Equity		
Current liabilities:		
Medical costs payable	$ 1,075	$ 866
Trade accounts payable and accrued expenses	331	291
Income taxes payable	26	35
Total current liabilities	1,432	1,192
Long-term debt	203	250
Professional liability and other obligations	135	149
Total liabilities	1,770	1,591
Contingencies		
Common stockholders' equity:		
Common stock, $.16 2/3 par; authorized 300,000,000 shares; issued and outstanding 162,617,214 shares - September 30, 1996 and		

162,099,403 shares - December 31, 1995	27	27
Other	1,241	1,260
Total common stock-holders' equity	1,268	1,287
Total liabilities and common stockholders' equity	$ 3,038	$ 2,878

See accompanying notes.

HUMANA INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the nine months ended September 30, 1996 and 1995
Unaudited
(Dollars in millions)

	1996	1995
Cash flows from operating activities:		
Net income (loss)	$ (10)	$ 141
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Asset write-downs	70	
Depreciation and amortization	74	46
Deferred income taxes	(33)	2
Changes in operating assets and liabilities	189	68
Other	(19)	
Net cash provided by operating activities	271	257
Cash flows from investing activities:		
Purchase and disposition of property and equipment, net	(54)	(36)
Acquisition of health plan assets	(6)	(3)
Purchases, sales, and maturities of marketable securities, net	(55)	147
Other	(14)	(19)
Net cash provided by (used for) investing activities	(129)	89
Cash flows from financing activities:		
Change in commercial paper	200	
Repayment of credit revolver	(250)	
Other	2	4
Net cash provided by (used for) financing activities	(48)	4
Increase in cash and cash equivalents	94	350
Cash and cash equivalents at beginning of period	182	272
Cash and cash equivalents at end of period	$ 276	$ 622
Interest payments	$ 10	$ 3
Income tax payments, net	$ 33	$ 63

See accompanying notes.

HUMANA INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Unaudited

(A) Basis of Presentation

The accompanying condensed consolidated financial statements are presented in accordance with the requirements of Form 10-Q and consequently do not include all of the disclosures normally required by generally accepted accounting principles or those normally made in an annual report on Form 10-K. Accordingly, for further information, the reader of this Form 10-Q may wish to refer to the Form 10-K of Humana Inc. (the "Company") for the year ended December 31, 1995.

The preparation of the Company's condensed consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the (a) reported amounts of assets and liabilities, (b) disclosure of contingent assets and liabilities at the date of the financial statements and (c) reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

The financial information has been prepared in accordance with the Company's customary accounting practices and has not been audited. In the opinion of management, the information presented reflects all adjustments necessary for a fair statement of interim results. All such adjustments, with the exception of the special charges described below, are of a normal and recurring nature.

(B) Special Charges

During the second quarter of 1996, the Company recognized special charges of $200 million pretax ($130 million after tax or $.80 per share). The special charges included provisions for expected future losses on insurance contracts ($105 million) as well as an estimate of the costs to be incurred in restructuring the Washington D.C. health plan and closing markets or discontinuing product lines in 16 market areas. The special charges also include the write-off of miscellaneous assets, a litigation settlement and other costs. Approximately $85 million (of the original $105 million) for expected future losses on insurance contracts remains at September 30, 1996.

The special charges included $70 million of asset write-downs, related to long-lived assets, primarily associated with the Company's Washington, D.C. health plan. In accordance with Statement of Financial Accounting Standards No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of ", the Company conducted a review of the carrying value of its Washington, D.C. health plan's long-lived assets. This review was initiated because the health plan was experiencing significant operating losses. A forecast of expected undiscounted future cash flows was prepared to determine whether an impairment existed and fair values were used to measure the amount of the impairment. As a result of the review, the Washington, D.C. health plan's long-lived assets were written down to their estimated fair value.

(B) Special Charges, continued

The special charges have been included in the accompanying condensed consolidated statement of operations for the nine months ended September 30, 1996, as follows: the provision for expected future losses on insurance contracts ($105 million) has been included in medical costs; asset write-downs, restructuring, market closing and product discontinuance costs have been included in asset write-downs and other unusual charges ($81 million); and litigation and certain other costs have been included in selling, general and administrative expenses ($14 million).

(C) Long-Term Debt

During April 1996, the Company implemented a commercial paper program and began issuing debt securities thereunder. At September 30, 1996, borrowings under the commercial paper program totaled approximately $200 million. The average interest rate for the quarter ended September 30, 1996, and since the inception of the commercial paper program through September 30, 1996, was 5.5 percent. The commercial paper program is backed by the Company's existing $600 million revolving line of credit, which expires in September 2000. Borrowings under the commercial paper program have been classified as long-term debt based on management's ability and intent to refinance borrowings on a long-term basis through the continued use of the commercial paper program backed by the revolving credit agreement.

(D) Contingencies

The Company's Medicare risk contracts with the federal government are renewed for a one-year term each December 31 unless terminated 90 days prior thereto. Management anticipates continued legislative actions which may include modification of future reimbursement rates under the Medicare program and actions which encourage the use of managed health care for Medicare beneficiaries. Management is unable to predict the outcome of these actions or the impact they may have on the Company's financial position, results of operations or cash flows. The loss of these contracts or significant changes in the Medicare risk program as a result of legislative action, including reductions in payments or increases in benefits without corresponding increases in payments, would have a material adverse affect on the revenues, profitability and business prospects of the Company. Effective January 1, 1997, the average rate of increase (weighted for the members and markets served) under these contracts will approximate 6 percent, a portion of which is expected to be paid to the Company's providers. Over the last five years, annual increases realized by the Company have ranged from as low as 3 percent in January 1994 to as high as 12 percent in January 1993, with an average of approximately 7 percent.

(D) Contingencies, continued

The Company began providing managed health care services to approximately 1.1 million eligible beneficiaries on July 1, 1996 pursuant to a five-year contract (a one-year contract renewable annually for up to four additional years) with the United States Department of Defense under the Civilian Health and Medical Program of the Uniformed Services ("CHAMPUS"). The use of managed health care under CHAMPUS is a new program and this is the Company's first endeavor operating under the United States Department of Defense guidelines. Management is unable to determine the Company's future degree of success in managing the implementation and delivery of services under the CHAMPUS contract, and what effect, if any, this contract may have on the Company's results of operations, financial position or cash flows.

Resolution of various loss contingencies, including litigation pending against the Company in the ordinary course of business, is not expected to have a material adverse effect on the Company's results of operations, financial position or cash flows.

(E) Asset Disposition

On October 29, 1996, the Company entered into an Asset Sale and Purchase Agreement (the "Agreement") providing for the sale of certain assets of its Washington, D.C. health plan to Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. The Agreement includes various conditions to the ultimate sale including retention of membership, maintenance of provider networks, and various regulatory approvals. The disposition of the Washington, D.C. health plan, which management anticipates occurring in the first quarter of 1997, is not expected to have a material impact on the Company's results of operations, financial position or cash flows.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Humana Inc.

This discussion and analysis contains both historical and forward looking information. The forward looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward looking statements may be significantly affected by certain risks and uncertainties described in this Form 10-Q, and in the Company's Annual Report on Form 10-K for the year ended December 31, 1995. There can be no assurance that the Company can duplicate its past performance or that expected future results will be achieved.

Introduction

The Company offers managed health care products which integrate medical management with the delivery of health care services through a network of providers. This network of providers in their delivery of quality medical services, may share financial risk or have incentives to deliver cost-effective medical services. These products are marketed primarily through health maintenance organizations ("HMOs") and preferred provider organizations ("PPOs") that encourage or require the use of contracting providers. HMOs and PPOs control health care costs by various means including pre-admission approval for hospital inpatient services and pre-authorization of outpatient surgical procedures.

The Company's HMO and PPO products are marketed primarily to employer and other groups ("Commercial") as well as Medicare and Medicaid-eligible individuals. The products marketed to Medicare-eligible individuals are either HMO products ("Medicare risk") or indemnity insurance policies that supplement Medicare benefits ("Medicare supplement"). The Medicare risk product provides managed care services which include all Medicare benefits and, in certain circumstances, additional managed care services that are not included in Medicare benefits.

On July 1, 1996, the Company began providing managed health care services to 1.1 million eligible beneficiaries under a potential five-year contract (a one-year contract renewable annually for up to four additional years) with the United States Department of Defense under the Civilian Health and Medical Program of the Uniformed Services ("CHAMPUS").

On October 29, 1996, the Company entered into an Asset Sale and Purchase Agreement (the "Agreement") providing for the sale of certain assets of its Washington, D.C. health plan to Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. The Agreement includes various conditions to the ultimate sale including retention of membership, maintenance of provider networks, and various regulatory approvals. The disposition of the Washington, D.C. health plan, which management anticipates occurring in the first quarter of 1997, is not expected to have a material impact on the Company's results of operations, financial position or cash flows.

Special Charges

During the second quarter of 1996, the Company recognized special charges of $200 million pretax ($130 million after tax or $.80 per share). The special charges included provisions for expected future losses on insurance contracts ($105 million) as well as an estimate of the costs to be incurred

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, continued
Humana Inc.

Special Charges, continued

in restructuring the Washington, D.C. health plan and closing markets or discontinuing product lines in 16 market areas. The special charges also include the write-off of miscellaneous assets, a litigation settlement, and other costs. Approximately $85 million (of the original $105 million) for expected future losses on insurance contract remains at September 30, 1996.

The special charges have been included in the accompanying condensed consolidated statement of operations for the nine months ended September 30, 1996, as follows: the provision for expected future losses on insurance contracts ($105 million) has been included in medical costs; asset write-downs, restructuring, market closing and product discontinuance costs have been included in asset write-downs and other unusual charges ($81 million); and litigation and certain other costs have been included in selling, general and administrative expenses ($14 million).

The following discussions comparing the nine months ended September 30, 1996, to the corresponding nine-month period ended September 30, 1995, exclude the special charges described above. The quarter and nine months ended September 30, 1996, include the beneficial effect of these charges, which approximated $.04 per share and $.08 per share, respectively. The beneficial effect consists primarily of charges against reserves for losses on insurance contracts and amounts related to depreciation and amortization on asset write-downs.

Results of Operations

Quarters Ended September 30, 1996 and 1995

The Company's premium revenues increased 63.9 percent to $1.8 billion for the quarter ended September 30, 1996, compared to $1.1 billion for the same period in 1995. This increase was due primarily to the 1995 fourth quarter acquisition of EMPHESYS Financial Group, Inc. ("EMPHESYS") and premium revenues associated with the CHAMPUS contract which began on July 1, 1996. EMPHESYS and CHAMPUS premium revenues for the quarter ended September 30, 1996 totaled approximately $434 million and $170 million, respectively. In addition to the aforementioned, premium revenues increased as a result of Medicare risk membership growth and premium rate increases partially offset by Commercial membership and premium rate declines. Commercial product same-store membership decreased to 1,758,400 from 1,780,200 for the period between September 30, 1995 and September 30, 1996, while Medicare risk membership increased to 347,400 from 304,300 during the same period. The Medicare risk premium rate increased 7.8 percent and the Commercial premium rate decreased 0.6 percent.

The weighted average Medicare risk premium rate increase for all of 1996 will approximate 8 percent while the weighted average Commercial premium rate will decline approximately 0.5 percent. The Medicare risk premium rate increases for 1997 should approximate 5 to 6 percent and the Commercial premium rate increase should approximate 2 to 3 percent.

Membership in the Company's Commercial products decreased 15,500 during the third quarter ended September 30, 1996 compared to an increase of 60,900 for the same period in 1995. The decrease is primarily the result of management's decision to exit 13 markets and discontinue certain products in 3 other markets. In addition, the introduction of new pricing disciplines for various of the Company's products is the reason for the remainder of the membership losses. As a result of the same factors which influenced the third quarter declines, management anticipates a fourth quarter decline in Commercial membership similar to that of the third quarter and a decline in the first quarter of 1997 approximating 250,000 to 300,000. Medicare risk members increased by 14,500 during the third quarter compared to 7,700 for the same period in 1995. Medicare risk membership growth is primarily the result of sales in certain core markets and new Medicare markets.

The medical loss ratio for the quarter ended September 30, 1996 was 83.1 percent compared to 82.6 percent for the same period in 1995. The increase is attributable to increases in utilization of both Commercial and Medicare risk outpatient services and physician costs, as well as utilization and unit cost increases in pharmacy costs. Medical cost increases in these areas were partially offset by improvement in Commercial and Medicare risk days per thousand trends.

The administrative cost ratio was 15.6 percent and 13.3 percent for the quarters ended September 30, 1996 and 1995, respectively. The increase was due to higher administrative costs associated with EMPHESYS' small group business and the severance payments made during the quarter related to the Company's recent reorganization. Management anticipates the fourth quarter 1996 and the first quarter 1997 administrative cost ratio will remain flat with that of the third quarter as a result of planned increases in spending for customer service, information systems and areas designed to reduce the disenrollment of the Company's Medicare risk membership.

Interest income totaled $25 million and $20 million for the quarters ended September 30, 1996 and 1995, respectively. The increase is primarily attributable to increased levels of cash, cash equivalents and marketable securities and the addition of EMPHESYS' portfolio. The tax equivalent yield on invested assets approximated 8 percent for each of the quarters ended September 30, 1996 and 1995.

The Company's income before income taxes totaled

$48 million for the quarter ended September 30, 1996, compared to $65 million for the quarter ended September 30, 1995. Net income was $32 million or $.20 per share and $43 million or $.27 per share for each of the quarters ended September 30, 1996 and 1995, respectively.

Nine Months Ended September 30, 1996 and 1995

The Company's premium revenues increased 55.7 percent to $4.9 billion for the nine months ended September 30, 1996, compared to $3.1 billion for the same period in 1995. This increase was due primarily to the 1995 fourth quarter acquisition of EMPHESYS and premium revenues associated with the CHAMPUS contract which began on July 1, 1996. EMPHESYS and CHAMPUS premium revenues for the nine months ended September 30, 1996 totaled approximately $1.3 billion and $170 million, respectively. In addition to the aforementioned, premium revenues increased as a result of Medicare risk membership growth and premium rate increases partially offset by year-to-date Commercial membership and premium rate declines. The Medicare risk premium rate increased approximately 8.0 percent but was partially offset by Commercial premium rate reductions of 1.0 percent.

Membership in the Company's Commercial products decreased 37,500 during the nine months ended September 30, 1996 compared to an increase of 251,900 for the same period in 1995. The decrease is primarily the result of the first quarter 1996 loss of 50,000 members related to one customer group, market sales and closures, product discontinuances and the new pricing disciplines. Medicare risk members increased by 37,000 during the nine months ended September 30, 1996, compared to 16,900 for the same period in 1995. Medicare risk membership growth is primarily the result of sales in certain core markets and new Medicare markets.

The medical loss ratio for the nine months ended September 30, 1996 was 82.6 percent (excluding the effect of the special charges) compared to 81.8 percent for the same period in 1995. The increase is attributable to increases in utilization of both Commercial and Medicare risk outpatient services and physician costs, as well as utilization and unit increases in pharmacy costs. Medical cost increases in these areas were partially offset by improvement in year-to-date Commercial and Medicare risk days per thousand trends.

The administrative cost ratio was 15.2 percent and 13.5 percent (excluding the effect of the special charges) for the nine months ended September 30, 1996 and 1995, respectively. The increase was due to higher administrative costs associated with EMPHESYS' small group business.

Interest income totaled $75 million and $58 million for the nine months ended September 30, 1996 and 1995, respectively. The increase is primarily attributable to increased levels of cash, cash equivalents and marketable securities and the addition of EMPHESYS' portfolio. The tax equivalent yield on invested assets approximated 8 percent for each of the nine months ended September 30, 1996 and 1995.

Excluding the special charges, the Company's income before income taxes totaled $183 million for the nine months ended September 30, 1996, compared to $213 million for the nine months ended September 30, 1995. Also excluding the special charges, net income was $120 million or $.74 per share and $141 million or

$.87 per share for the nine months ended September 30, 1996 and 1995, respectively.

Liquidity

Cash provided by the Company's operations totaled $271 million and $257 million for the nine months ended September 30, 1996 and 1995, respectively. The receipt of Medicare risk premiums increased cash provided by operations by $116 million for the nine months ended September 30, 1995. Excluding the effect of the timing of advanced Medicare risk premiums, cash provided by operations was $271 million and $141 million for the nine months ended September 30, 1996 and 1995, respectively. The increase in cash provided by operations was primarily attributable to premium receipts under the new CHAMPUS contract ahead of the related disbursements and the timing of payments for medical costs and other payables.

At September 30, 1996, the Company had borrowed approximately $200 million under its commercial paper program.

The Company's subsidiaries operate in states which require certain levels of equity and regulate the payment of dividends to the parent company. As a result, the Company's ability to use operating subsidiaries' cash flows is restricted to the extent that the subsidiaries' ability to pay dividends to their parent company requires regulatory approval.

Management believes that existing working capital, future operating cash flows, and the availability of the Company's commercial paper program and revolving credit agreement are sufficient to meet future liquidity needs, allow the Company to pursue acquisition and expansion opportunities and fund capital requirements.

Capital Resources

The Company's ongoing capital expenditures relate primarily to the addition or expansion of medical care facilities used by either employed or affiliated physicians as well as administrative facilities and related computer information systems necessary for activities such as claims processing, billing and collections, medical utilization review and customer service.

Excluding acquisitions, planned capital spending in 1996 will approximate $70 million compared to $54 million in 1995. Capital expenditures generally relate to computer equipment, medical care facilities and administrative facilities.

Quarterly Medical Membership

	1996	1995
Commercial members at:		
March 31	2,862,900	1,664,600
June 30	2,861,900	1,719,300
September 30	2,846,400	1,780,200
December 31		2,883,900
Medicare risk members at:		
March 31	322,300	292,500
June 30	332,900	296,600
September 30	347,400	304,300
December 31		310,400
CHAMPUS eligible members at:		
September 30	1,075,300	
Medicare supplement members at:		
March 31	109,600	126,100
June 30	106,000	121,900
September 30	101,800	119,100
December 31		115,000
Administrative services members at:		
March 31	444,700	228,400
June 30	447,900	264,400
September 30	458,300	262,800
December 31		495,100
Total medical members at:		
March 31	3,739,500	2,311,600
June 30	3,748,700	2,402,200
September 30	4,829,200	2,466,400
December 31		3,804,400

Supplemental Consolidated Statement of Quarterly Income (Unaudited)
(Dollars in millions except per share results)

	1996			
	First	Second	Third	Total
Revenues:				
Premiums:				
Commercial	$ 1,082	$ 1,088	$ 1,079	$ 3,249
Medicare risk	454	466	484	1,404
CHAMPUS			170	170
Medicare supplement	24	24	23	71

Total premiums	1,560	1,578	1,756	4,894
Interest	25	25	25	75
Other income	3	2	3	8
Total revenues	1,588	1,605	1,784	4,977
Operating expenses:				
Medical costs	1,274	1,308	1,460	4,042
Selling, general and administrative	203	216	249	668
Depreciation and amortization	25	24	25	74
Total operating expenses	1,502	1,548	1,734	4,784
Income from operations	86	57	50	193
Interest expense	5	3	2	10
Income before income taxes	81	54	48	183
Provision for income taxes	28	19	16	63
Net income	$ 53	$ 35	$ 32	$ 120
Earnings per common share	$ .32	$ .22	$ .20	$ .74
Medical loss ratio	81.7%	82.9%	83.1%	82.6%
Administrative cost ratio	14.7%	15.2%	15.6%	15.2%

Note: Second quarter and year-to-date results exclude special charges of $200 million pretax ($130 million after tax or $.80 per share) related primarily to the restructuring of the Company's Washington, D.C. health plan, provision for expected future losses on insurance contracts, closing 13 service areas, discontinuing unprofitable products in three markets, and the provision for a litigation settlement.

Humana Inc.
Supplemental Consolidated Statement of Quarterly Income
(Unaudited)
(Dollars in millions except per share results)

	1995				
	First	Second	Third	Fourth	Total
Revenues:					
Premiums:					
Commercial	$ 614	$ 633	$ 652	$ 1,035	$ 2,934
Medicare risk	384	389	395	401	1,569
Medicare supplement	27	26	25	24	102
Total premiums	1,025	1,048	1,072	1,460	4,605
Interest	19	19	20	29	87
Other income	4	3	2	1	10
Total revenues	1,048	1,070	1,094	1,490	4,702
Operating expenses:					
Medical costs	826	860	885	1,191	3,762
Selling, general and administrative	125	125	126	195	571
Depreciation and amortization	15	15	16	24	70
Total operating expenses	966	1,000	1,027	1,410	4,403

Income from operations	82	70	67	80	299
Interest expense	2	2	2	5	11
Income before income taxes	80	68	65	75	288
Provision for income taxes	27	23	22	26	98
Net income	$ 53	$ 45	$ 43	$ 49	$ 190
Earnings per common share	$ .32	$ .28	$ .27	$ .30	$ 1.17
Medical loss ratio	80.6%	82.1%	82.6%	81.5%	81.7%
Administrative cost ratio	13.7%	13.4%	13.3%	14.9%	13.9%

Part II: Other Information

Item 1: Legal Proceedings

On October 15, 1996, final approval was given to the settlement of a class action lawsuit filed against Humana Insurance Company on September 11, 1995, styled Del Bruns v. Humana Insurance Company. The settlement would resolve all similar claims involving Humana Insurance Company's parents, subsidiaries, affiliates and predecessors.

The settlement agreement requires Humana Insurance Company to contribute $7,525,000 (which was paid on October 29, 1996) to a class settlement fund, where class members who submit timely claims, can receive up to two times the difference between co-insurance payments calculated using discounted and non-discounted hospital charges. The settlement excludes residents of Florida and Nevada, whose claims have already been addressed in other proceedings. The accrual for this settlement was provided for in the second quarter of 1996.

On November 5, 1996, the Ninth Circuit Court of Appeals reinstated certain claims in Forsyth vs. Humana Inc. et al, that had been dismissed by the U.S. District Court in Nevada. This case involved claims arising out of the method of calculation of coinsurance for Nevada insureds prior to 1988. The lower court dismissed all claims except a claim for benefits under the Employee Retirement Income Security Act ("ERISA"), resulting in a judgment of $1.6 million, plus prejudgment interest and reasonable attorneys' fees. The Court of Appeals affirmed the ERISA ruling, but found that the plaintiffs were entitled to a trial on their Sherman Act antitrust claim and reinstated a claim by the Co-Payor Class under the Racketeer Influenced and Corrupt Organizations Act ("RICO"). The Appeals Court stated that the calculation of damages for RICO purposes would be the same as under ERISA. The Company plans to seek reconsideration of the Court's ruling. Pursuant to an Assumption of Liabilities and Indemnification Agreement entered into at the time of the separation of the Company's hospital and health plan businesses in March of 1993, the Company is responsible for 39 percent and Columbia/HCA Healthcare Corporation (through its acquisition of Galen Health Care, Inc.) is responsible for 61 percent of all liabilities, costs and expenses arising from the Forsyth litigation.

Management does not believe that any pending actions will have a material adverse effect on the Company's consolidated results of operations, financial position or cash flows.

Items 2 - 5:

None

Item 6: Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit 12 - Statement re: Computation of Ratio of Earnings to Fixed Charges

Exhibit 27 - Financial Data Schedule

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HUMANA INC.

Date: November 14, 1996

/s/ James E. Murray
James E. Murray
Vice President -Finance
(Principal Accounting Officer)

Date: November 14, 1996

/s/ Arthur P. Hipwell
Arthur P. Hipwell
Senior Vice President
and General Counsel

Exhibit 12

Humana Inc.
Ratio of Earnings to Fixed Charges
For the quarters and nine months ended September 30,
1996 and 1995

	Quarter Ended September 30,		Nine Months Ended September 30,	
	1996	1995	1996	1995
Earnings:				
Income before income taxes	$ 48	$ 65	$ (17)	$ 213
Fixed charges	4	3	15	10
	$ 52	$ 68	$ (2)	$ 223
Fixed charges:				
Interest charged to expense	$ 2	$ 2	$ 10	$ 6
One-third of rent expense	2	1	5	4
	$ 4	$ 3	$ 15	$ 10
Ratio of earnings to fixed charges	11.9	21.7	(a)	22.9

For the purpose of determining earnings in the calculation of the ratio of earnings to fixed charges (the "Ratio"), earnings have been increased by the provision for income taxes and fixed charges. Fixed charges consist of interest expense on borrowings and one-third (the proportion deemed representative of the interest portion) of rent expense.

(a) Exclusive of the special charges of $200 million before income taxes, the ratio of earnings to fixed charges for the nine months ended September 30, 1996, would have been 12.8.

<ARTICLE> 5
<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION
EXTRACTED FROM HUMANA INC.'S FORM 10-Q
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1996 AND IS
QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENT

<PERIOD-TYPE>	9-MOS
<FISCAL-YEAR-END>	DEC-31-1996
<PERIOD-START>	JAN-01-1996
<PERIOD-END>	SEP-30-1996
<CASH>	276
<SECURITIES>	1,237
<RECEIVABLES>	226
<ALLOWANCES>	36
<INVENTORY>	8
<CURRENT-ASSETS>	1,858
<PP&E>	668
<DEPRECIATION>	295
<TOTAL-ASSETS>	3,038
<CURRENT-LIABILITIES>	1,432
<BONDS>	203
<COMMON>	27
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<OTHER-SE>	1,241
<TOTAL-LIABILITY-AND-EQUITY>	3,038
<SALES>	4,894
<TOTAL-REVENUES>	4,977
<CGS>	4,149
<TOTAL-COSTS>	4,984
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	10
<INCOME-PRETAX>	(17)
<INCOME-TAX>	(7)
<INCOME-CONTINUING>	(10)
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	(10)
<EPS-PRIMARY>	(.06)
<EPS-DILUTED>	(.06)