

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, DC 20549

**FORM 8-K**

**CURRENT REPORT**  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 31, 2024 (July 31, 2024)

**Humana Inc.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation)

1-5975  
(Commission File Number)

61-0647538  
(IRS Employer Identification No.)

500 West Main Street Louisville, KY 40202  
(Address of principal executive offices, including zip code)

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

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock	HUM	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02 Results of Operations and Financial Condition.****Item 7.01 Regulation FD Disclosure.**

Humana Inc. (the "Company") issued a press release this morning reporting financial results for the quarter ended June 30, 2024, and posted a detailed earnings release related to the same period to the Investor Relations portion of the Company's website at [www.humana.com](http://www.humana.com). A copy of each release is attached hereto as Exhibit 99.1 and Exhibit 99.2, respectively, and each release is incorporated herein by reference. Additionally, a copy of management's prepared remarks on the Company's financial results for the quarter ended June 30, 2024 and expectations for future earnings, as well as a letter from CEO, Jim Rehtin, are attached hereto as Exhibit 99.3 and Exhibit 99.4, respectively, and incorporated herein by reference.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits:

<b>Exhibit No.</b>	<b>Description</b>
99.1	<a href="#">Press Release</a>
99.2	<a href="#">Earnings Release and Statistical Pages</a>
99.3	<a href="#">Prepared Management Remarks</a>
99.4	<a href="#">Letter from CEO, Jim Rehtin</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

---

**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 hereunto duly authorized.

**HUMANA INC.**

**BY:** /s/ John-Paul W. Felter  
**John-Paul W. Felter**  
**Senior Vice President, Chief Accounting Officer & Controller**  
**(Principal Accounting Officer)**

Dated: July 31, 2024

FOR MORE INFORMATION CONTACT:

Lisa Stoner  
Humana Investor Relations  
(502) 580-2652  
e-mail: LStamper@humana.com



Mark Taylor  
Humana Corporate Communications  
(317) 753-0345  
e-mail: MTaylor108@humana.com

## **Humana Reports Second Quarter 2024 Financial Results; Affirms Full Year Adjusted 2024 Financial Guidance**

- Reports 2Q24 earnings per share (EPS) of \$5.62 on a GAAP basis, Adjusted EPS of \$6.96; reports YTD 2024 EPS of \$11.74 on a GAAP basis, \$14.19 on an Adjusted basis
- Revises FY 2024 EPS guidance to 'approximately \$12.81' (previously 'approximately \$13.93') on a GAAP basis, while affirming Adjusted EPS of 'approximately \$16.00'; affirms FY 2024 Insurance segment benefit ratio of approximately 90 percent
- Raises 2024 individual Medicare Advantage annual membership growth by 75,000 to now anticipate annual growth of approximately 225,000, or 4.2 percent
- Publishes Letter from the CEO and prepared management remarks to Investor Relations page of [www.humana.com](http://www.humana.com) ahead of this morning's 9:00 a.m. ET question and answer session to discuss its financial results for the quarter and expectations for future earnings

**LOUISVILLE, KY (July 31, 2024)** – Humana Inc. (NYSE: HUM) today reported consolidated pretax results and diluted earnings per share (EPS) for the quarter ended June 30, 2024 (2Q24) versus the quarter ended June 30, 2023 (2Q23) and for the six months ended June 30, 2024 (YTD 2024) versus the six months ended June 30, 2023 (YTD 2023) as noted in the tables below.

Consolidated income before income taxes and equity in net earnings (pretax results) <i>In millions</i>	2Q24 (a)	2Q23 (a)	YTD 2024 (a)	YTD 2023 (a)
<b>Generally Accepted Accounting Principles (GAAP)</b>	<b>\$918</b>	<b>\$1,262</b>	<b>\$1,932</b>	<b>\$2,876</b>
Amortization associated with identifiable intangibles	15	16	31	34
Put/call valuation adjustments associated with the company's non-consolidating minority interest investments	68	53	199	107
Impact of exit of employer group commercial medical products business	59	45	60	(37)
Value creation initiatives	68	—	97	—
Transaction and integration costs	—	4	—	(48)
Accrued charge related to certain anticipated litigation expenses	—	90	—	90
Change in fair market value of publicly-traded equity securities	—	—	—	(1)
<b>Adjusted (non-GAAP)</b>	<b>\$1,128</b>	<b>\$1,470</b>	<b>\$2,319</b>	<b>\$3,021</b>

Diluted earnings per share (EPS)	2Q24 (a)	2Q23 (a)	YTD 2024 (a)	YTD 2023 (a)
<b>GAAP</b>	<b>\$5.62</b>	<b>\$7.66</b>	<b>\$11.74</b>	<b>\$17.54</b>
Amortization associated with identifiable intangibles	0.13	0.13	0.25	0.27
Put/call valuation adjustments associated with the company's non-consolidating minority interest investments	0.57	0.43	1.65	0.85
Impact of exit of employer group commercial medical products business	0.49	0.35	0.50	(0.30)
Value creation initiatives	0.56	—	0.80	—
Transaction and integration costs	—	0.03	—	(0.38)
Accrued charge related to certain anticipated litigation expenses	—	0.72	—	0.72
Change in fair market value of publicly-traded equity securities	—	—	—	(0.01)
Cumulative net tax impact of non-GAAP adjustments	(0.41)	(0.38)	(0.75)	(0.37)
<b>Adjusted (non-GAAP)</b>	<b>\$6.96</b>	<b>\$8.94</b>	<b>\$14.19</b>	<b>\$18.32</b>

Refer to the "Footnotes" section included herein for further explanation of disclosures for Adjusted (non-GAAP) financial measures, as well as additional reconciliations.

Please refer to the tables above, as well as the consolidated and segment highlight sections in the detailed earnings release for additional discussion of the factors impacting the year-over-comparisons.

In addition, a summary of key consolidated and segment statistics comparing 2Q24 to 2Q23 and YTD 2024 to YTD 2023 follows.

<b>Humana Inc. Summary of Results</b> <i>(\$ in millions, except per share amounts)</i>	<b>2Q24 (a)</b>	<b>2Q23 (a)</b>	<b>YTD 2024 (a)</b>	<b>YTD 2023 (a)</b>
<b>CONSOLIDATED</b>				
Revenues	\$29,540	\$26,747	\$59,151	\$53,489
Revenues - Adjusted (non-GAAP)	\$29,380	\$25,733	\$58,711	\$51,385
Pretax results	\$918	\$1,262	\$1,932	\$2,876
Pretax results - Adjusted (non-GAAP)	\$1,128	\$1,470	\$2,319	\$3,021
EPS	\$5.62	\$7.66	\$11.74	\$17.54
EPS - Adjusted (non-GAAP)	\$6.96	\$8.94	\$14.19	\$18.32
Benefits expense ratio	89.0 %	86.3 %	88.9 %	85.9 %
Benefits expense ratio - Adjusted (non-GAAP)	88.9 %	86.1 %	88.9 %	86.0 %
Operating cost ratio	10.8 %	11.8 %	10.6 %	11.5 %
Operating cost ratio - Adjusted (non-GAAP)	10.5 %	11.2 %	10.4 %	11.0 %
Operating cash flows			\$1,636	\$9,863
Operating cash flows - Adjusted (non-GAAP) (b)			\$1,636	\$2,861
Parent company cash and short term investments			\$1,256	\$1,109
Debt-to-total capitalization			43.6 %	41.0 %
Days in Claims Payable (DCP)	41.6	42.6		
<b>INSURANCE SEGMENT</b>				
Revenues	\$28,525	\$25,875	\$57,224	\$51,778
Revenues - Adjusted (non-GAAP)	\$28,365	\$24,861	\$56,784	\$49,675
Benefits expense ratio	89.5 %	86.8 %	89.4 %	86.4 %
Benefits expense ratio - Adjusted (non-GAAP)	89.4 %	86.6 %	89.4 %	86.5 %
Operating cost ratio	8.4 %	9.9 %	8.4 %	9.6 %
Operating cost ratio - Adjusted (non-GAAP)	8.4 %	9.2 %	8.3 %	9.1 %
Income from operations	\$763	\$1,031	\$1,661	\$2,358
Income from operations - Adjusted (non-GAAP)	\$826	\$1,172	\$1,730	\$2,422
<b>CENTERWELL SEGMENT</b>				
Revenues	\$4,947	\$4,530	\$9,765	\$9,035
Operating cost ratio	92.0 %	92.6 %	92.5 %	92.1 %
Income from operations	\$338	\$287	\$620	\$617
Income from operations - Adjusted (non-GAAP) (c)	\$394	\$337	\$729	\$716

Refer to the "Footnotes" section included herein for further explanation of disclosures for Adjusted (non-GAAP) financial measures, as well as reconciliations.

## **FY 2024 Earnings Guidance**

Humana revised its GAAP EPS guidance for the year ending December 31, 2024 (FY 2024) to approximately \$12.81 from approximately \$13.93, while affirming its Adjusted EPS guidance of approximately \$16.00.

<b>Diluted earnings per share</b>	<b>FY 2024 Guidance</b>
<b>GAAP</b>	<b>approximately \$12.81</b>
Amortization of identifiable intangibles	0.50
Put/call valuation adjustments associated with the company's non-consolidating minority interest investments (d)	1.65
Impact of exit of employer group commercial medical products business	1.21
Value creation initiatives (d)	0.80
Cumulative net tax impact of non-GAAP adjustments	(0.97)
<b>Adjusted (non-GAAP) – FY 2024 projected</b>	<b>approximately \$16.00</b>

Refer to the "Footnotes" section included herein for further explanation of disclosures for Adjusted (non-GAAP) financial measures, as well as additional reconciliations.

## **Detailed Press Release**

Humana's full earnings press release, including the statistical pages, has been posted to the company's Investor Relations site and may be accessed at <https://humana.gcs-web.com/> or via a current report on Form 8-K filed by the company with the Securities and Exchange Commission this morning (available at [www.sec.gov](http://www.sec.gov) or on the company's website).

## **Conference Call**

Humana will host a live question and answer session for analysts at 9:00 a.m. Eastern time today to discuss its financial results for the quarter and the company's expectations for future earnings. In advance of the question and answer session, Humana will post a Letter from the CEO and prepared management remarks to the Quarterly Results section of its Investor Relations page (<https://humana.gcs-web.com/financial-information/quarterly-results>).

To participate via phone, please register in advance at this link - <https://register.vevent.com/register/BI4837b56336d1453fb10a8fdaada5e1c0>.

Upon registration, telephone participants will receive a confirmation email detailing how to join the conference call, including the dial-in number and a unique registrant ID that can be used to access the call.

A webcast of the 2Q24 earnings call may also be accessed via Humana's Investor Relations page at [humana.com](http://humana.com). The company suggests participants for both the conference call and those listening via the web dial in or sign on at least 15 minutes in advance of the call.

For those unable to participate in the live event, the archive will be available in the Historical Webcasts and Presentations section of the Investor Relations page (<https://humana.gcs-web.com/events-and-presentations>), approximately two hours following the live webcast.

## **Footnotes**

The company has included financial measures throughout this earnings release that are not in accordance with GAAP. Management believes that these measures, when presented in conjunction with the corresponding GAAP measures, provide a comprehensive perspective to more accurately compare and analyze the company's core operating performance over time. Consequently, management uses these non-GAAP (Adjusted) financial measures as consistent and uniform indicators of the company's core business operations from period to period, as well as for planning and decision-making purposes and in determination of incentive compensation. Non-GAAP (Adjusted) financial measures should be considered in addition to, but not as a substitute for, or superior to, financial measures prepared in accordance with GAAP. All financial measures in this earnings release are in accordance with

GAAP unless otherwise indicated. Please refer to the footnotes for a detailed description of each item adjusted out of GAAP financial measures to arrive at non-GAAP (Adjusted) financial measures.

(a) For the periods covered in this earnings press release, the following items are excluded from the non-GAAP financial measures described above, as applicable:

- **Amortization associated with identifiable intangibles** - Since amortization varies based on the size and timing of acquisition activity, management believes this exclusion provides a more consistent and uniform indicator of performance from period to period. For all periods shown within this earnings release, GAAP measures affected include consolidated pretax results, EPS, and Insurance and CenterWell segments income from operations. The table below discloses respective period amortization expense for each segment:

	2Q24	2Q23	YTD 2024	YTD 2023
Insurance segment	\$4	\$6	\$9	\$11
CenterWell segment	\$11	\$10	\$22	\$23

- **Put/call valuation adjustments associated with the company's non-consolidating minority interest investments** - These amounts are the result of fair value measurements associated with the company's Primary Care Organization strategic partnership and are unrelated to the company's core business operations. For all periods shown within this earnings release, GAAP measures affected include consolidated pretax results and EPS.
- **Impact of exit of employer group commercial medical products business** - These amounts relate to activity from the exit of the employer group commercial medical products business as announced by Humana on February 23, 2023. For all periods shown within this earnings release, GAAP measures affected include consolidated pretax results, EPS, consolidated revenues, consolidated benefit ratio, consolidated operating cost ratio, Insurance segment revenues, Insurance segment benefit ratio, Insurance segment operating cost ratio, and Insurance segment income from operations.
- **Value creation initiatives** - These charges relate to the company's ongoing initiative to drive additional value for the enterprise through cost saving, productivity initiatives, and value creation from previous investments, and primarily consist of asset impairment and severance charges. For 2Q24 and YTD 2024, GAAP measures affected in this release include consolidated pretax results, EPS, and the consolidated operating cost ratio.
- **Transaction and integration costs** - The transaction and integration costs primarily relate to the acquisition of Kindred at Home in 2021 and the subsequent divestiture of Gentiva (formerly Kindred) Hospice in 2022. For 2Q23 and YTD 2023, GAAP measures affected include consolidated pretax results, EPS, and the consolidated operating cost ratio.
- **Accrued charge related to certain anticipated litigation expenses** - This charge relates to certain anticipated expenses the company has accrued in connection with a legal matter. For 2Q23 and YTD 2023, GAAP measures affected include consolidated pretax results, EPS, the consolidated and Insurance segment operating cost ratios, and Insurance segment income from operations.
- **Change in fair market value of publicly-traded equity securities** - These gains and losses are a result of market and economic conditions that are unrelated to the company's core business operations. For YTD 2023, GAAP measures affected include consolidated pretax results, EPS, and consolidated revenues (specifically investment income).
- **Cumulative net tax impact of non-GAAP adjustments** - This adjustment represents the cumulative net impact of the corresponding tax benefit or expense related to the aforementioned items excluded from the applicable GAAP measures. For all periods presented in this earnings release, EPS is the sole GAAP measure affected.

In addition to the reconciliations shown on page 2 of this release, the following are reconciliations of GAAP to Adjusted (non-GAAP) measures described above and disclosed within this earnings release:



## Revenues

Revenues - CONSOLIDATED (in millions)	2Q24	2Q23	YTD 2024	YTD 2023
GAAP	\$29,540	\$26,747	\$59,151	\$53,489
Change in fair market value of publicly-traded equity securities	—	—	—	(1)
Impact of exit of employer group commercial medical products business	(160)	(1,014)	(440)	(2,103)
Adjusted (non-GAAP)	\$29,380	\$25,733	\$58,711	\$51,385

Revenues - INSURANCE SEGMENT (in millions)	2Q24	2Q23	YTD 2024	YTD 2023
GAAP	\$28,525	\$25,875	\$57,224	\$51,778
Impact of exit of employer group commercial medical products business	(160)	(1,014)	(440)	(2,103)
Adjusted (non-GAAP)	\$28,365	\$24,861	\$56,784	\$49,675

## Benefit Ratio

Benefit ratio - CONSOLIDATED	2Q24	2Q23	YTD 2024	YTD 2023
GAAP	89.0 %	86.3 %	88.9 %	85.9 %
Impact of exit of employer group commercial medical products business	(0.1)%	(0.2)%	— %	0.1 %
Adjusted (non-GAAP)	88.9 %	86.1 %	88.9 %	86.0 %

Benefit ratio - INSURANCE SEGMENT	2Q24	2Q23	YTD 2024	YTD 2023
GAAP	89.5 %	86.8 %	89.4 %	86.4 %
Impact of exit of employer group commercial medical products business	(0.1)%	(0.2)%	— %	0.1 %
Adjusted (non-GAAP)	89.4 %	86.6 %	89.4 %	86.5 %

## Operating Cost Ratio

Operating cost ratio - CONSOLIDATED	2Q24	2Q23	YTD 2024	YTD 2023
GAAP	10.8 %	11.8 %	10.6 %	11.5 %
Impact of exit of employer group commercial medical products business	(0.1)%	(0.2)%	(0.1)%	(0.3)%
Value creation initiatives	(0.2)%	— %	(0.1)%	— %
Accrued charge related to certain anticipated litigation expenses	— %	(0.4)%	— %	(0.2)%
<b>Adjusted (non-GAAP)</b>	<b>10.5 %</b>	<b>11.2 %</b>	<b>10.4 %</b>	<b>11.0 %</b>

Operating cost ratio - INSURANCE SEGMENT	2Q24	2Q23	YTD 2024	YTD 2023
GAAP	8.4 %	9.9 %	8.4 %	9.6 %
Impact of exit of employer group commercial medical products business	— %	(0.3)%	(0.1)%	(0.3)%
Accrued charge related to certain anticipated litigation expenses	— %	(0.4)%	— %	(0.2)%
<b>Adjusted (non-GAAP)</b>	<b>8.4 %</b>	<b>9.2 %</b>	<b>8.3 %</b>	<b>9.1 %</b>

## Income from Operations

Income from operations - INSURANCE SEGMENT	2Q24	2Q23	YTD 2024	YTD 2023
GAAP	\$763	\$1,031	\$1,661	\$2,358
Amortization associated with identifiable intangibles	4	6	9	11
Impact of exit of employer group commercial medical products business	59	45	60	(37)
Accrued charge related to certain anticipated litigation expenses	—	90	—	90
<b>Adjusted (non-GAAP)</b>	<b>\$826</b>	<b>\$1,172</b>	<b>\$1,730</b>	<b>\$2,422</b>

(b) Generally, when the first day of a month falls on a weekend or holiday, with the exception of January 1 (New Year's Day), the company receives its monthly Medicare premium payment from CMS on the last business day of the previous month. On a GAAP basis, this can result in certain quarterly cash flows from operations including more or less than three monthly payments. Consequently, when this occurs, the company reports Adjusted cash flows from operations to reflect three payments in each quarter to match the related expenses.

Net cash from operating activities (in millions)	YTD 2024	YTD 2023
GAAP	\$1,636	\$9,863
Timing of premium payment from CMS	—	(7,002)
<b>Adjusted (non-GAAP)</b>	<b>\$1,636</b>	<b>\$2,861</b>

(c) The CenterWell segment Adjusted income from operations includes an adjustment to add back depreciation and amortization expense to the segment's GAAP income from operations since such an adjustment is commonly utilized for valuation purposes within the healthcare delivery industry.

Income from operations - CENTERWELL SEGMENT (in millions)	2Q24	2Q23	YTD 2024	YTD 2023
<b>GAAP</b>	<b>\$338</b>	\$287	<b>\$620</b>	\$617
Depreciation and amortization expense	56	50	109	99
<b>Adjusted (non-GAAP)</b>	<b>\$394</b>	\$337	<b>\$729</b>	\$716

(d) FY 2024 projected Adjusted results exclude the future impact of items that cannot be estimated at this time; YTD 2024 amounts shown.

### **Cautionary Statement**

This news release includes forward-looking statements regarding Humana 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 Humana's executive officers, the words or phrases like "expects," "believes," "anticipates," "assumes," "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 the company's SEC filings, a summary of which includes but is not limited to the following:

- If Humana does not design and price its products properly and competitively, if the premiums Humana receives are insufficient to cover the cost of healthcare services delivered to its members, if the company is unable to implement clinical initiatives to provide a better healthcare experience for its members, lower costs and appropriately document the risk profile of its members, or if its estimates of benefits expense are inadequate, Humana's profitability could be materially adversely affected. Humana estimates the costs of its benefit expense payments, and designs and prices its products accordingly, using actuarial methods and assumptions based upon, among other relevant factors, claim payment patterns, medical cost inflation, and historical developments such as claim inventory levels and claim receipt patterns. The company continually reviews estimates of future payments relating to benefit expenses for services incurred in the current and prior periods and makes necessary adjustments to its reserves, including premium deficiency reserves, where appropriate. These estimates involve extensive judgment, and have considerable inherent variability because they are extremely sensitive to changes in claim payment patterns and medical cost trends. Accordingly, Humana's reserves may be insufficient.
- If Humana fails to effectively implement its operational and strategic initiatives, including its Medicare initiatives, which are of particular importance given the concentration of the company's revenues in these products, state-based contract strategy, the growth of its CenterWell business, and its integrated care delivery model, the company's business may be materially adversely affected. In addition, there can be no assurances that the company will be successful in maintaining or improving its Star ratings in future years.
- If Humana, or the third-party service providers on which it relies, fails to properly maintain the integrity of its data, to strategically maintain existing or implement new information systems, to protect Humana's proprietary rights to its systems, or to defend against cyber-security attacks, contain such attacks when they occur, or prevent other privacy or data security incidents that result in security breaches that disrupt the company's operations or in the unintentional dissemination of sensitive personal information or proprietary or confidential information, the company's business may be materially adversely affected.
- Humana is involved in various legal actions, or disputes that could lead to legal actions (such as, among other things, provider contract disputes and qui tam litigation brought by individuals on behalf of the

government), governmental and internal investigations, and routine internal review of business processes any of which, if resolved unfavorably to the company, could result in substantial monetary damages or changes in its business practices. Increased litigation and negative publicity could also increase the company's cost of doing business.

- As a government contractor, Humana is exposed to risks that may materially adversely affect its business or its willingness or ability to participate in government healthcare programs including, among other things, loss of material government contracts; governmental audits and investigations; potential inadequacy of government determined payment rates; potential restrictions on profitability, including by comparison of profitability of the company's Medicare Advantage business to non-Medicare Advantage business; or other changes in the governmental programs in which Humana participates. Changes to the risk-adjustment model utilized by CMS to adjust premiums paid to Medicare Advantage plans or retrospective recovery by CMS of previously paid premiums as a result of the final rule related to the risk adjustment data validation audit methodology published by CMS on January 30, 2023 (Final RADV Rule), which Humana believes fails to address adequately the statutory requirement of actuarial equivalence and violates the Administrative Procedure Act due to its failure to include a "Fee for Service Adjuster" could have a material adverse effect on the company's operating results, financial position and cash flows.
- Humana's business activities are subject to substantial government regulation. New laws or regulations, or legislative, judicial, or regulatory changes in existing laws or regulations or their manner of application could increase the company's cost of doing business and have a material adverse effect on Humana's results of operations (including restricting revenue, enrollment and premium growth in certain products and market segments, restricting the company's ability to expand into new markets, increasing the company's medical and operating costs by, among other things, requiring a minimum benefit ratio on insured products, lowering the company's Medicare payment rates and increasing the company's expenses associated with a non-deductible health insurance industry fee and other assessments); the company's financial position (including the company's ability to maintain the value of its goodwill); and the company's cash flows.
- Humana's failure to manage acquisitions, divestitures and other significant transactions successfully may have a material adverse effect on the company's results of operations, financial position, and cash flows.
- If Humana fails to develop and maintain satisfactory relationships with the providers of care to its members, the company's business may be adversely affected.
- Humana faces significant competition in attracting and retaining talented employees. Further, managing succession for, and retention of, key executives is critical to the Company's success, and its failure to do so could adversely affect the Company's businesses, operating results and/or future performance.
- Humana's pharmacy business is highly competitive and subjects it to regulations and supply chain risks in addition to those the company faces with its core health benefits businesses.
- Changes in the prescription drug industry pricing benchmarks may adversely affect Humana's financial performance.
- Humana's ability to obtain funds from certain of its licensed subsidiaries is restricted by state insurance regulations.
- Downgrades in Humana's debt ratings, should they occur, may adversely affect its business, results of operations, and financial condition.
- Volatility or disruption in the securities and credit markets may significantly and adversely affect the value of our investment portfolio and the investment income that we derive from this portfolio.

In making forward-looking statements, Humana is not undertaking to address or update them in future filings or communications regarding its business or results. In light of these risks, uncertainties, and assumptions, the forward-looking events discussed herein may or may not occur. There also may be other risks that the company is 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 for further discussion both of the risks it faces and its historical performance:

- Form 10-K for the year ended December 31, 2023;
- Form 10-Q for the quarter ended March 31, 2024; and
- Form 8-Ks filed during 2024.

### **About Humana**

Humana Inc. is committed to putting health first – for our teammates, our customers, and our company. Through our Humana insurance services, and our CenterWell health care services, we make it easier for the millions of people we serve to achieve their best health – delivering the care and service they need, when they need it. These efforts are leading to a better quality of life for people with Medicare, Medicaid, families, individuals, military service personnel, and communities at large. Learn more about what we offer at [Humana.com](https://www.humana.com) and at [CenterWell.com](https://www.centerwell.com).

Humana Inc.  
500 West Main Street  
P.O. Box 1438  
Louisville, KY 40202  
<http://www.humana.com>

FOR MORE INFORMATION CONTACT:

Lisa Stoner  
Humana Investor Relations  
(502) 580-2652  
e-mail: LStamper@humana.com

Mark Taylor  
Humana Corporate Communications  
(317) 753-0345  
e-mail: MTaylor108@humana.com



## Humana Reports Second Quarter 2024 Financial Results; Affirms Full Year Adjusted 2024 Financial Guidance

- Reports 2Q24 earnings per share (EPS) of \$5.62 on a GAAP basis, Adjusted EPS of \$6.96; reports YTD 2024 EPS of \$11.74 on a GAAP basis, \$14.19 on an Adjusted basis
- Revises FY 2024 EPS guidance to 'approximately \$12.81' (previously 'approximately \$13.93') on a GAAP basis, while affirming Adjusted EPS of 'approximately \$16.00'; affirms FY 2024 Insurance segment benefit ratio of approximately 90 percent
- Raises 2024 individual Medicare Advantage annual membership growth by 75,000 to now anticipate annual growth of approximately 225,000, or 4.2 percent
- Publishes Letter from the CEO and prepared management remarks to Investor Relations page of [www.humana.com](http://www.humana.com) ahead of this morning's 9:00 a.m. ET question and answer session to discuss its financial results for the quarter and expectations for future earnings

**LOUISVILLE, KY (July 31, 2024)** – Humana Inc. (NYSE: HUM) today reported consolidated pretax results and diluted earnings per share (EPS) for the quarter ended June 30, 2024 (2Q24) versus the quarter ended June 30, 2023 (2Q23) and for the six months ended June 30, 2024 (YTD 2024) versus the six months ended June 30, 2023 (YTD 2023) as noted in the tables below.

Consolidated income before income taxes and equity in net earnings (pretax results) <i>In millions</i>	2Q24 (a)	2Q23 (a)	YTD 2024 (a)	YTD 2023 (a)
<b>Generally Accepted Accounting Principles (GAAP)</b>	<b>\$918</b>	<b>\$1,262</b>	<b>\$1,932</b>	<b>\$2,876</b>
Amortization associated with identifiable intangibles	15	16	31	34
Put/call valuation adjustments associated with the company's non-consolidating minority interest investments	68	53	199	107
Impact of exit of employer group commercial medical products business	59	45	60	(37)
Value creation initiatives	68	—	97	—
Transaction and integration costs	—	4	—	(48)
Accrued charge related to certain anticipated litigation expenses	—	90	—	90
Change in fair market value of publicly-traded equity securities	—	—	—	(1)
<b>Adjusted (non-GAAP)</b>	<b>\$1,128</b>	<b>\$1,470</b>	<b>\$2,319</b>	<b>\$3,021</b>

Diluted earnings per share (EPS)	2Q24 (a)	2Q23 (a)	YTD 2024 (a)	YTD 2023 (a)
<b>GAAP</b>	<b>\$5.62</b>	<b>\$7.66</b>	<b>\$11.74</b>	<b>\$17.54</b>
Amortization associated with identifiable intangibles	0.13	0.13	0.25	0.27
Put/call valuation adjustments associated with the company's non-consolidating minority interest investments	0.57	0.43	1.65	0.85
Impact of exit of employer group commercial medical products business	0.49	0.35	0.50	(0.30)
Value creation initiatives	0.56	—	0.80	—
Transaction and integration costs	—	0.03	—	(0.38)
Accrued charge related to certain anticipated litigation expenses	—	0.72	—	0.72
Change in fair market value of publicly-traded equity securities	—	—	—	(0.01)
Cumulative net tax impact of non-GAAP adjustments	(0.41)	(0.38)	(0.75)	(0.37)
<b>Adjusted (non-GAAP)</b>	<b>\$6.96</b>	<b>\$8.94</b>	<b>\$14.19</b>	<b>\$18.32</b>

Refer to the "Footnotes" section included herein for further explanation of disclosures for Adjusted (non-GAAP) financial measures, as well as additional reconciliations.

Please refer to the tables above, as well as the consolidated and segment highlight sections that follow for additional discussion of the factors impacting the year-over-year comparisons.

In addition, a summary of key consolidated and segment statistics comparing 2Q24 to 2Q23 and YTD 2024 to YTD 2023 follows.

<b>Humana Inc. Summary of Results</b> <i>(\$ in millions, except per share amounts)</i>	<b>2Q24 (a)</b>	<b>2Q23 (a)</b>	<b>YTD 2024 (a)</b>	<b>YTD 2023 (a)</b>
<b>CONSOLIDATED</b>				
Revenues	\$29,540	\$26,747	\$59,151	\$53,489
Revenues - Adjusted (non-GAAP)	\$29,380	\$25,733	\$58,711	\$51,385
Pretax results	\$918	\$1,262	\$1,932	\$2,876
Pretax results - Adjusted (non-GAAP)	\$1,128	\$1,470	\$2,319	\$3,021
EPS	\$5.62	\$7.66	\$11.74	\$17.54
EPS - Adjusted (non-GAAP)	\$6.96	\$8.94	\$14.19	\$18.32
Benefits expense ratio	89.0 %	86.3 %	88.9 %	85.9 %
Benefits expense ratio - Adjusted (non-GAAP)	88.9 %	86.1 %	88.9 %	86.0 %
Operating cost ratio	10.8 %	11.8 %	10.6 %	11.5 %
Operating cost ratio - Adjusted (non-GAAP)	10.5 %	11.2 %	10.4 %	11.0 %
Operating cash flows			\$1,636	\$9,863
Operating cash flows - Adjusted (non-GAAP) (b)			\$1,636	\$2,861
Parent company cash and short term investments			\$1,256	\$1,109
Debt-to-total capitalization			43.6 %	41.0 %
Days in Claims Payable (DCP)	41.6	42.6		
<b>INSURANCE SEGMENT</b>				
Revenues	\$28,525	\$25,875	\$57,224	\$51,778
Revenues - Adjusted (non-GAAP)	\$28,365	\$24,861	\$56,784	\$49,675
Benefits expense ratio	89.5 %	86.8 %	89.4 %	86.4 %
Benefits expense ratio - Adjusted (non-GAAP)	89.4 %	86.6 %	89.4 %	86.5 %
Operating cost ratio	8.4 %	9.9 %	8.4 %	9.6 %
Operating cost ratio - Adjusted (non-GAAP)	8.4 %	9.2 %	8.3 %	9.1 %
Income from operations	\$763	\$1,031	\$1,661	\$2,358
Income from operations - Adjusted (non-GAAP)	\$826	\$1,172	\$1,730	\$2,422
<b>CENTERWELL SEGMENT</b>				
Revenues	\$4,947	\$4,530	\$9,765	\$9,035
Operating cost ratio	92.0 %	92.6 %	92.5 %	92.1 %
Income from operations	\$338	\$287	\$620	\$617
Income from operations - Adjusted (non-GAAP) (c)	\$394	\$337	\$729	\$716

Refer to the "Footnotes" section included herein for further explanation of disclosures for Adjusted (non-GAAP) financial measures, as well as reconciliations.



## **FY 2024 Earnings Guidance**

Humana revised its GAAP EPS guidance for the year ending December 31, 2024 (FY 2024) to approximately \$12.81 from approximately \$13.93, while affirming its Adjusted EPS guidance of approximately \$16.00.

Additional FY 2024 guidance points are included on page 15 of this earnings release.

Diluted earnings per share	FY 2024 Guidance
<b>GAAP</b>	<b>approximately \$12.81</b>
Amortization of identifiable intangibles	0.50
Put/call valuation adjustments associated with the company's non-consolidating minority interest investments (d)	1.65
Impact of exit of employer group commercial medical products business	1.21
Value creation initiatives (d)	0.80
Cumulative net tax impact of non-GAAP adjustments	(0.97)
<b>Adjusted (non-GAAP) – FY 2024 projected</b>	<b>approximately \$16.00</b>

Refer to the "Footnotes" section included herein for further explanation of disclosures for Adjusted (non-GAAP) financial measures, as well as additional reconciliations.

## **Humana Consolidated Highlights**

Humana Inc. Summary of Results (\$ in millions, except per share amounts)	2Q24 (a)	2Q23 (a)	YTD 2024 (a)	YTD 2023 (a)
<b>CONSOLIDATED</b>				
Revenues	\$29,540	\$26,747	\$59,151	\$53,489
Revenues - Adjusted (non-GAAP)	\$29,380	\$25,733	\$58,711	\$51,385
Pretax results	\$918	\$1,262	\$1,932	\$2,876
Pretax results - Adjusted (non-GAAP)	\$1,128	\$1,470	\$2,319	\$3,021
EPS	\$5.62	\$7.66	\$11.74	\$17.54
EPS - Adjusted (non-GAAP)	\$6.96	\$8.94	\$14.19	\$18.32
Benefits expense ratio	89.0 %	86.3 %	88.9 %	85.9 %
Benefits expense ratio - Adjusted (non-GAAP)	88.9 %	86.1 %	88.9 %	86.0 %
Operating cost ratio	10.8 %	11.8 %	10.6 %	11.5 %
Operating cost ratio - Adjusted (non-GAAP)	10.5 %	11.2 %	10.4 %	11.0 %
Operating cash flows			\$1,636	\$9,863
Operating cash flows - Adjusted (non-GAAP) (b)			\$1,636	\$2,861
Parent company cash and short term investments			\$1,256	\$1,109
Debt-to-total capitalization			43.6 %	41.0 %
Days in Claims Payable (DCP)	41.6	42.6		

Refer to the "Footnotes" section included herein for further explanation of disclosures for Adjusted (non-GAAP) financial measures, as well as reconciliations.

## **Consolidated Revenues**

The favorable year-over-year quarter and YTD GAAP consolidated revenues comparisons were primarily driven by the following factors:

- higher per member Medicare premiums, and
- Medicare Advantage and state-based contracts membership growth.

These factors were partially offset by the continued decline in the company's group commercial medical and stand-alone PDP membership.

Refer to the "Footnotes" section included herein for a reconciliation of GAAP to Adjusted (non-GAAP) consolidated revenues for the respective periods.

## **Consolidated Benefit Ratio**

The year-over-year quarterly and YTD increases in the GAAP consolidated ratio primarily reflected the following:

- the continued impact of elevated Medicare Advantage medical cost trends in 2Q24 and YTD 2024, and
- a lesser favorable impact from prior period medical claims reserve development (prior period development) in 2024.

These factors were partially offset by the impact of the pricing and benefit design of the company's 2024 Medicare Advantage products, which included a reduction in benefits in response to the net impact of the 2024 final rate notice and the initial emergence of increased medical cost trends in 2023.

Furthermore, the year-over-year comparison continues to reflect a shift in line of business mix, with growth in Medicare Advantage and state-based contracts and other membership, which can carry a higher benefit ratio.

Refer to the "Footnotes" section included herein for a reconciliation of GAAP to Adjusted (non-GAAP) consolidated benefit ratios for the respective periods.

### **Prior Period Medical Claims Reserve Development (Prior Period Development)**

<b><i>Consolidated Favorable Prior Period Development \$ in millions Basis points (bps)</i></b>	<b>First Quarter</b>	<b>Second Quarter</b>	<b>YTD</b>
<b>Prior Period Development from prior years recognized in 2024 (e)</b>	<b>\$535</b>	<b>\$134</b>	<b>\$669</b>
<i>Decrease to GAAP benefit ratio</i>	(190 bps)	(50 bps)	(120 bps)
<b>Prior Period Development from prior years recognized in 2023 (e)</b>	<b>\$522</b>	<b>\$232</b>	<b>\$754</b>
<i>Decrease to GAAP benefit ratio</i>	(200 bps)	(90 bps)	(150 bps)

## **Consolidated Operating Cost Ratio**

The year-over-year quarterly and YTD decreases in the GAAP consolidated operating cost ratio from the respective 2023 periods primarily related to the following:

- scale efficiencies associated with growth in the company's Medicare Advantage membership,
- administrative cost efficiencies resulting from the company's value creation initiatives,

- lower commission expense for brokers in 2024 compared to 2023 as a result of the significant individual Medicare Advantage membership growth in 2023, and
- the impact of the accrued charge related to certain anticipated litigation expenses included in 2Q23 and YTD 2023 results.

These factors were partially offset by the impact of charges related to value creation initiatives in 2Q24 and YTD 2024. These charges were recorded at the corporate level and not allocated to the segments.

Refer to the "Footnotes" section included herein for a reconciliation of GAAP to Adjusted (non-GAAP) consolidated operating cost ratios for the respective periods.

### **Balance sheet**

- Days in claims payable (DCP) of 41.6 days at June 30, 2024 represented a decrease of 0.9 day from 42.5 days at March 31, 2024, and a decrease of 1.0 day from 42.6 days at June 30, 2023.

The 0.9 day sequential decrease was primarily driven by a return to more normalized claims submission patterns following the Change Healthcare disruption in February 2024.

The 1.0 day year-over-year decrease was primarily driven by lower reserve requirements in provider-capitation accruals due to lower performance-based payment expectations.

- Humana's debt-to-total capitalization at June 30, 2024 decreased 150 basis points to 43.6 percent from 45.1 percent at March 31, 2024 primarily driven by 2Q24 net earnings and the net repayment of commercial paper balances.

### **Operating cash flows**

The year-over-year decline in GAAP operating cash flows primarily reflected the significant impact of the early receipt of the \$7.00 billion July 2023 premium payment from CMS in June 2023<sup>(b)</sup>, resulting in seven payments being received in YTD 2023 compared to only six received in YTD 2024. Further, YTD 2023 operating cash flows included the CMS mid-year settlement of \$2.2 billion received in June 2023, whereas the 2024 settlement was not received until July.

### **Share repurchases**

	YTD 2024
<b>Total number of shares repurchased</b>	<b>1,948,690</b>
<b>Average price paid per share</b>	<b>\$ 384.65</b>
<b>Remaining repurchase authorization as of July 30, 2024</b>	<b>\$2.93 billion</b>

### **Humana's Insurance Segment**

*This segment is comprised of insurance products serving Medicare and state-based contract beneficiaries, as well as individuals and employers. The segment also includes the company's Pharmacy Benefit Manager, or PBM, business.*

<b>Insurance Segment Results</b> <i>(\$ in millions)</i>	<b>2Q24 (a)</b>	<b>2Q23 (a)</b>	<b>YTD 2024 (a)</b>	<b>YTD 2023 (a)</b>
Revenues	<b>\$28,525</b>	\$25,875	<b>\$57,224</b>	\$51,778
Revenues - Adjusted (non-GAAP)	<b>\$28,365</b>	\$24,861	<b>\$56,784</b>	\$49,675
Benefits expense ratio	<b>89.5 %</b>	86.8 %	<b>89.4 %</b>	86.4 %
Benefits expense ratio - Adjusted (non-GAAP)	<b>89.4 %</b>	86.6 %	<b>89.4 %</b>	86.5 %
Operating cost ratio	<b>8.4 %</b>	9.9 %	<b>8.4 %</b>	9.6 %
Operating cost ratio - Adjusted (non-GAAP)	<b>8.4 %</b>	9.2 %	<b>8.3 %</b>	9.1 %
Income from operations	<b>\$763</b>	\$1,031	<b>\$1,661</b>	\$2,358
Income from operations - Adjusted (non-GAAP)	<b>\$826</b>	\$1,172	<b>\$1,730</b>	\$2,422

Refer to the "Footnotes" section included herein for further explanation of disclosures for Adjusted (non-GAAP) financial measures, as well as recalculations.

### **Insurance Segment Revenues**

The year-over-year quarter and YTD increases in GAAP segment revenues from the respective 2023 periods primarily reflected the following items:

- higher per member Medicare premiums, and
- Medicare Advantage and state-based contracts membership growth.

These factors were partially offset by the continued decline in the company's group commercial medical and stand-alone PDP membership.

Refer to the "Footnotes" section included herein for a reconciliation of GAAP to Adjusted (non-GAAP) Insurance segment revenues for the respective periods.

### **Insurance Segment Benefit Ratio**

The year-over-year quarter and YTD increases in the GAAP segment ratio primarily reflected the following:

- the continued impact of elevated Medicare Advantage medical cost trends in 2Q24 and YTD 2024, and
- a lesser favorable impact from prior period development in 2024.

These factors were partially offset by the impact of the pricing and benefit design of the company's 2024 Medicare Advantage products, which included a reduction in benefits in response to the net impact of the 2024 final rate notice and the initial emergence of increased medical cost trends in 2023.

Furthermore, the year-over-year comparison continues to reflect a shift in line of business mix, with growth in Medicare Advantage and state-based contracts and other membership, which can carry a higher benefit ratio.

Refer to the "Footnotes" section included herein for a reconciliation of GAAP to Adjusted (non-GAAP) Insurance segment benefit ratios for the respective periods.

### **Insurance Segment Operating Cost Ratio**

The year-over-year quarter and YTD decreases in the GAAP segment operating cost ratio from the respective 2023 periods primarily related to the following:

- scale efficiencies associated with growth in the company's individual Medicare Advantage membership,
- administrative cost efficiencies resulting from the company's value creation initiatives,
- lower commission expense for brokers in 2024 compared to 2023 as a result of the significant individual Medicare Advantage membership growth in 2023, and
- the impact of the accrued charge related to certain anticipated litigation expenses included in 2Q23 and YTD 2023 results.

Refer to the "Footnotes" section included herein for a reconciliation of GAAP to Adjusted (non-GAAP) Insurance segment operating cost ratios for the respective periods.

### **Humana's CenterWell Segment**

This segment includes pharmacy (excluding the PBM operations), primary care, and home solutions. The segment also includes the impact of non-consolidating minority interest investments related to the company's strategic partnerships with Welsh, Carson, Anderson & Stowe (WCAS) to develop and operate senior-focused, payor-agnostic, primary care centers, as well as the Gentiva (formerly Kindred) Hospice operations. Services offered by this segment are designed to enhance the overall healthcare experience. These services may lead to lower utilization associated with improved member health and/or lower drug costs.

<b>CenterWell Segment Results</b> <i>(\$ in millions)</i>	<b>2Q24</b>	<b>2Q23</b>	<b>YTD 2024</b>	<b>YTD 2023</b>
Revenues	<b>\$4,947</b>	\$4,530	<b>\$9,765</b>	\$9,035
Operating cost ratio	<b>92.0 %</b>	92.6 %	<b>92.5 %</b>	92.1 %
Income from operations	<b>\$338</b>	\$287	<b>\$620</b>	\$617
Income from operations - Adjusted (non-GAAP) (c)	<b>\$394</b>	\$337	<b>\$729</b>	\$716

Refer to the "Footnotes" section included herein for further explanation of disclosures for Adjusted (non-GAAP) financial measures, as well as reconciliations.

### **CenterWell Segment Revenues**

The favorable year-over-year quarter and YTD CenterWell segment revenues comparisons were primarily impacted by the following factors:

- greater intersegment revenues associated with the Home Solutions business in 2Q24 and YTD 2024 as compared to respective periods in 2023 as a result of the expansion of the value-based home care model, and
- higher revenues associated with growth in the company's Primary Care business, partially offset by the impact of the v28 risk model revision.

### **CenterWell Segment Operating Cost Ratio**

The year-over-year quarterly decrease in the segment's operating cost ratio from 2Q23 was favorably impacted by the following factors:

- administrative cost efficiencies resulting from the company's value creation initiatives, and

- positive prior period development within the Primary Care Organization, partially offset by the unfavorable impact of the v28 risk model revision.

The year-over-year increase in the YTD 2024 segment operating cost ratio primarily resulted from the unfavorable impact of the v28 risk model revision to the company's Primary Care business.

See additional operational metrics for the CenterWell segment on pages S-14 through S-16 of the statistical supplement included in this earnings release.

### **Conference Call**

Humana will host a live question and answer session for analysts at 9:00 a.m. Eastern time today to discuss its financial results for the quarter and the company's expectations for future earnings. In advance of the question and answer session, Humana will post a Letter from the CEO and prepared management remarks to the Quarterly Results section of its Investor Relations page (<https://humana.gcs-web.com/financial-information/quarterly-results>).

To participate via phone, please register in advance at this link - <https://register.vevent.com/register/BI4837b56336d1453fb10a8fdaada5e1c0>.

Upon registration, telephone participants will receive a confirmation email detailing how to join the conference call, including the dial-in number and a unique registrant ID that can be used to access the call.

A webcast of the 2Q24 earnings call may also be accessed via Humana's Investor Relations page at [humana.com](http://humana.com). The company suggests participants for both the conference call and those listening via the web dial in or sign on at least 15 minutes in advance of the call.

For those unable to participate in the live event, the archive will be available in the Historical Webcasts and Presentations section of the Investor Relations page (<https://humana.gcs-web.com/events-and-presentations>), approximately two hours following the live webcast.

### **Footnotes**

The company has included financial measures throughout this earnings release that are not in accordance with GAAP. Management believes that these measures, when presented in conjunction with the corresponding GAAP measures, provide a comprehensive perspective to more accurately compare and analyze the company's core operating performance over time. Consequently, management uses these non-GAAP (Adjusted) financial measures as consistent and uniform indicators of the company's core business operations from period to period, as well as for planning and decision-making purposes and in determination of incentive compensation. Non-GAAP (Adjusted) financial measures should be considered in addition to, but not as a substitute for, or superior to, financial measures prepared in accordance with GAAP. All financial measures in this earnings release are in accordance with GAAP unless otherwise indicated. Please refer to the footnotes for a detailed description of each item adjusted out of GAAP financial measures to arrive at non-GAAP (Adjusted) financial measures.

(a) For the periods covered in this earnings press release, the following items are excluded from the non-GAAP financial measures described above, as applicable:

- **Amortization associated with identifiable intangibles** - Since amortization varies based on the size and timing of acquisition activity, management believes this exclusion provides a more consistent and uniform indicator of performance from period to period. For all periods shown within this earnings release, GAAP measures affected include consolidated pretax results, EPS, and Insurance and CenterWell segments income from operations. The table below discloses respective period amortization expense for each segment:

	2Q24	2Q23	YTD 2024	YTD 2023
Insurance segment	\$4	\$6	\$9	\$11
CenterWell segment	\$11	\$10	\$22	\$23

- **Put/call valuation adjustments associated with the company's non-consolidating minority interest investments** - These amounts are the result of fair value measurements associated with the company's Primary Care Organization strategic partnership and are unrelated to the company's core business operations. For all periods shown within this earnings release, GAAP measures affected include consolidated pretax results and EPS.
- **Impact of exit of employer group commercial medical products business** - These amounts relate to activity from the exit of the employer group commercial medical products business as announced by Humana on February 23, 2023. For all periods shown within this earnings release, GAAP measures affected include consolidated pretax results, EPS, consolidated revenues, consolidated benefit ratio, consolidated operating cost ratio, Insurance segment revenues, Insurance segment benefit ratio, Insurance segment operating cost ratio, and Insurance segment income from operations.
- **Value creation initiatives** - These charges relate to the company's ongoing initiative to drive additional value for the enterprise through cost saving, productivity initiatives, and value creation from previous investments, and primarily consist of asset impairment and severance charges. For 2Q24 and YTD 2024, GAAP measures affected in this release include consolidated pretax results, EPS, and the consolidated operating cost ratio.
- **Transaction and integration costs** - The transaction and integration costs primarily relate to the acquisition of Kindred at Home in 2021 and the subsequent divestiture of Gentiva (formerly Kindred) Hospice in 2022. For 2Q23 and YTD 2023, GAAP measures affected include consolidated pretax results, EPS, and the consolidated operating cost ratio.
- **Accrued charge related to certain anticipated litigation expenses** - This charge relates to certain anticipated expenses the company has accrued in connection with a legal matter. For 2Q23 and YTD 2023, GAAP measures affected include consolidated pretax results, EPS, the consolidated and Insurance segment operating cost ratios, and Insurance segment income from operations.
- **Change in fair market value of publicly-traded equity securities** - These gains and losses are a result of market and economic conditions that are unrelated to the company's core business operations. For YTD 2023, GAAP measures affected include consolidated pretax results, EPS, and consolidated revenues (specifically investment income).
- **Cumulative net tax impact of non-GAAP adjustments** - This adjustment represents the cumulative net impact of the corresponding tax benefit or expense related to the aforementioned items excluded from the applicable GAAP measures. For all periods presented in this earnings release, EPS is the sole GAAP measure affected.

In addition to the reconciliations shown on page 2 of this release, the following are reconciliations of GAAP to Adjusted (non-GAAP) measures described above and disclosed within this earnings release:

## Revenues

Revenues - CONSOLIDATED (in millions)	2Q24	2Q23	YTD 2024	YTD 2023
GAAP	\$29,540	\$26,747	\$59,151	\$53,489
Change in fair market value of publicly-traded equity securities	—	—	—	(1)
Impact of exit of employer group commercial medical products business	(160)	(1,014)	(440)	(2,103)
<b>Adjusted (non-GAAP)</b>	<b>\$29,380</b>	<b>\$25,733</b>	<b>\$58,711</b>	<b>\$51,385</b>

Revenues - INSURANCE SEGMENT (in millions)	2Q24	2Q23	YTD 2024	YTD 2023
GAAP	\$28,525	\$25,875	\$57,224	\$51,778
Impact of exit of employer group commercial medical products business	(160)	(1,014)	(440)	(2,103)
<b>Adjusted (non-GAAP)</b>	<b>\$28,365</b>	<b>\$24,861</b>	<b>\$56,784</b>	<b>\$49,675</b>

## **Benefit Ratio**

<b>Benefit ratio - CONSOLIDATED</b>	<b>2Q24</b>	<b>2Q23</b>	<b>YTD 2024</b>	<b>YTD 2023</b>
<b>GAAP</b>	<b>89.0 %</b>	86.3 %	<b>88.9 %</b>	85.9 %
Impact of exit of employer group commercial medical products business	<b>(0.1)%</b>	(0.2)%	— %	0.1 %
<b>Adjusted (non-GAAP)</b>	<b>88.9 %</b>	86.1 %	<b>88.9 %</b>	86.0 %

<b>Benefit ratio - INSURANCE SEGMENT</b>	<b>2Q24</b>	<b>2Q23</b>	<b>YTD 2024</b>	<b>YTD 2023</b>
<b>GAAP</b>	<b>89.5 %</b>	86.8 %	<b>89.4 %</b>	86.4 %
Impact of exit of employer group commercial medical products business	<b>(0.1)%</b>	(0.2)%	— %	0.1 %
<b>Adjusted (non-GAAP)</b>	<b>89.4 %</b>	86.6 %	<b>89.4 %</b>	86.5 %

## **Operating Cost Ratio**

<b>Operating cost ratio - CONSOLIDATED</b>	<b>2Q24</b>	<b>2Q23</b>	<b>YTD 2024</b>	<b>YTD 2023</b>
<b>GAAP</b>	<b>10.8 %</b>	11.8 %	<b>10.6 %</b>	11.5 %
Impact of exit of employer group commercial medical products business	<b>(0.1)%</b>	(0.2)%	<b>(0.1)%</b>	(0.3)%
Value creation initiatives	<b>(0.2)%</b>	— %	<b>(0.1)%</b>	— %
Accrued charge related to certain anticipated litigation expenses	— %	(0.4)%	— %	(0.2)%
<b>Adjusted (non-GAAP)</b>	<b>10.5 %</b>	11.2 %	<b>10.4 %</b>	11.0 %

<b>Operating cost ratio - INSURANCE SEGMENT</b>	<b>2Q24</b>	<b>2Q23</b>	<b>YTD 2024</b>	<b>YTD 2023</b>
<b>GAAP</b>	<b>8.4 %</b>	9.9 %	<b>8.4 %</b>	9.6 %
Impact of exit of employer group commercial medical products business	— %	(0.3)%	<b>(0.1)%</b>	(0.3)%
Accrued charge related to certain anticipated litigation expenses	— %	(0.4)%	— %	(0.2)%
<b>Adjusted (non-GAAP)</b>	<b>8.4 %</b>	9.2 %	<b>8.3 %</b>	9.1 %

## **Income from Operations**

<b>Income from operations - INSURANCE SEGMENT</b>	<b>2Q24</b>	<b>2Q23</b>	<b>YTD 2024</b>	<b>YTD 2023</b>
<b>GAAP</b>	<b>\$763</b>	\$1,031	<b>\$1,661</b>	\$2,358
Amortization associated with identifiable intangibles	<b>4</b>	6	<b>9</b>	11
Impact of exit of employer group commercial medical products business	<b>59</b>	45	<b>60</b>	(37)
Accrued charge related to certain anticipated litigation expenses	—	90	—	90
<b>Adjusted (non-GAAP)</b>	<b>\$826</b>	\$1,172	<b>\$1,730</b>	\$2,422

(b) Generally, when the first day of a month falls on a weekend or holiday, with the exception of January 1 (New Year's Day), the company receives its monthly Medicare premium payment from CMS on the last business day of the previous month. On a GAAP basis, this can result in certain quarterly cash flows from operations including more or less than three monthly payments. Consequently, when this occurs, the company reports Adjusted cash flows from operations to reflect three payments in each quarter to match the related expenses.



<b>Net cash from operating activities</b> <i>(in millions)</i>	<b>YTD 2024</b>	<b>YTD 2023</b>
<b>GAAP</b>	<b>\$1,636</b>	\$9,863
Timing of premium payment from CMS	—	(7,002)
<b>Adjusted (non-GAAP)</b>	<b>\$1,636</b>	\$2,861

(c) The CenterWell segment Adjusted income from operations includes an adjustment to add back depreciation and amortization expense to the segment's GAAP income from operations since such an adjustment is commonly utilized for valuation purposes within the healthcare delivery industry.

<b>Income from operations - CENTERWELL SEGMENT</b> <i>(in millions)</i>	<b>2Q24</b>	<b>2Q23</b>	<b>YTD 2024</b>	<b>YTD 2023</b>
<b>GAAP</b>	<b>\$338</b>	\$287	<b>\$620</b>	\$617
Depreciation and amortization expense	<b>56</b>	50	<b>109</b>	99
<b>Adjusted (non-GAAP)</b>	<b>\$394</b>	\$337	<b>\$729</b>	\$716

(d) FY 2024 projected Adjusted results exclude the future impact of items that cannot be estimated at this time; YTD 2024 amounts shown.

(e) Prior Period Development related to the employer group commercial medical products business:

<b>Favorable (Unfavorable) Prior Period Development</b>	<b>First Quarter</b>	<b>Second Quarter</b>
Prior Period Development from prior years recognized in 2024	\$34	(\$9)
Prior Period Development from prior years recognized in 2023	\$23	(\$20)

### **Cautionary Statement**

This news release includes forward-looking statements regarding Humana 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 Humana's executive officers, the words or phrases like "expects," "believes," "anticipates," "assumes," "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 the company's SEC filings, a summary of which includes but is not limited to the following:

- If Humana does not design and price its products properly and competitively, if the premiums Humana receives are insufficient to cover the cost of healthcare services delivered to its members, if the company is unable to implement clinical initiatives to provide a better healthcare experience for its members, lower costs and appropriately document the risk profile of its members, or if its estimates of benefits expense are inadequate, Humana's profitability could be materially adversely affected. Humana estimates the costs of its benefit expense payments, and designs and prices its products accordingly, using actuarial methods and assumptions based upon, among other relevant factors, claim payment patterns, medical cost inflation, and historical developments such as claim inventory levels and claim receipt patterns. The company continually reviews estimates of future payments relating to benefit expenses for services incurred in the current and prior periods and makes necessary adjustments to its reserves, including premium deficiency reserves, where appropriate. These estimates involve extensive judgment, and have considerable inherent variability because they are extremely sensitive to changes in claim payment patterns and medical cost trends. Accordingly, Humana's reserves may be insufficient.

- If Humana fails to effectively implement its operational and strategic initiatives, including its Medicare initiatives, which are of particular importance given the concentration of the company's revenues in these products, state-based contract strategy, the growth of its CenterWell business, and its integrated care delivery model, the company's business may be materially adversely affected. In addition, there can be no assurances that the company will be successful in maintaining or improving its Star ratings in future years.
- If Humana, or the third-party service providers on which it relies, fails to properly maintain the integrity of its data, to strategically maintain existing or implement new information systems, to protect Humana's proprietary rights to its systems, or to defend against cyber-security attacks, contain such attacks when they occur, or prevent other privacy or data security incidents that result in security breaches that disrupt the company's operations or in the unintentional dissemination of sensitive personal information or proprietary or confidential information, the company's business may be materially adversely affected.
- Humana is involved in various legal actions, or disputes that could lead to legal actions (such as, among other things, provider contract disputes and qui tam litigation brought by individuals on behalf of the government), governmental and internal investigations, and routine internal review of business processes any of which, if resolved unfavorably to the company, could result in substantial monetary damages or changes in its business practices. Increased litigation and negative publicity could also increase the company's cost of doing business.
- As a government contractor, Humana is exposed to risks that may materially adversely affect its business or its willingness or ability to participate in government healthcare programs including, among other things, loss of material government contracts; governmental audits and investigations; potential inadequacy of government determined payment rates; potential restrictions on profitability, including by comparison of profitability of the company's Medicare Advantage business to non-Medicare Advantage business; or other changes in the governmental programs in which Humana participates. Changes to the risk-adjustment model utilized by CMS to adjust premiums paid to Medicare Advantage plans or retrospective recovery by CMS of previously paid premiums as a result of the final rule related to the risk adjustment data validation audit methodology published by CMS on January 30, 2023 (Final RADV Rule), which Humana believes fails to address adequately the statutory requirement of actuarial equivalence and violates the Administrative Procedure Act due to its failure to include a "Fee for Service Adjuster" could have a material adverse effect on the company's operating results, financial position and cash flows.
- Humana's business activities are subject to substantial government regulation. New laws or regulations, or legislative, judicial, or regulatory changes in existing laws or regulations or their manner of application could increase the company's cost of doing business and have a material adverse effect on Humana's results of operations (including restricting revenue, enrollment and premium growth in certain products and market segments, restricting the company's ability to expand into new markets, increasing the company's medical and operating costs by, among other things, requiring a minimum benefit ratio on insured products, lowering the company's Medicare payment rates and increasing the company's expenses associated with a non-deductible health insurance industry fee and other assessments); the company's financial position (including the company's ability to maintain the value of its goodwill); and the company's cash flows.
- Humana's failure to manage acquisitions, divestitures and other significant transactions successfully may have a material adverse effect on the company's results of operations, financial position, and cash flows.
- If Humana fails to develop and maintain satisfactory relationships with the providers of care to its members, the company's business may be adversely affected.
- Humana faces significant competition in attracting and retaining talented employees. Further, managing succession for, and retention of, key executives is critical to the Company's success, and its failure to do so could adversely affect the Company's businesses, operating results and/or future performance.
- Humana's pharmacy business is highly competitive and subjects it to regulations and supply chain risks in addition to those the company faces with its core health benefits businesses.
- Changes in the prescription drug industry pricing benchmarks may adversely affect Humana's financial performance.

- Humana’s ability to obtain funds from certain of its licensed subsidiaries is restricted by state insurance regulations.
- Downgrades in Humana’s debt ratings, should they occur, may adversely affect its business, results of operations, and financial condition.
- Volatility or disruption in the securities and credit markets may significantly and adversely affect the value of our investment portfolio and the investment income that we derive from this portfolio.

In making forward-looking statements, Humana is not undertaking to address or update them in future filings or communications regarding its business or results. In light of these risks, uncertainties, and assumptions, the forward-looking events discussed herein may or may not occur. There also may be other risks that the company is 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 for further discussion both of the risks it faces and its historical performance:

- Form 10-K for the year ended December 31, 2023;
- Form 10-Q for the quarter ended March 31, 2024; and
- Form 8-Ks filed during 2024.

## **About Humana**

Humana Inc. is committed to putting health first – for our teammates, our customers, and our company. Through our Humana insurance services, and our CenterWell health care services, we make it easier for the millions of people we serve to achieve their best health – delivering the care and service they need, when they need it. These efforts are leading to a better quality of life for people with Medicare, Medicaid, families, individuals, military service personnel, and communities at large. Learn more about what we offer at [Humana.com](https://www.humana.com) and at [CenterWell.com](https://www.centerwell.com).

## Humana Inc. Full Year 2024 Projections - As of July 31, 2024

*in accordance with GAAP unless otherwise noted*

	<u>Current Guidance</u>	<u>Prior Guidance</u>	
<b>Diluted earnings per common share</b>			
	<b>GAAP:</b> approximately \$12.81	<b>GAAP:</b> approximately \$13.93	
	no change	<b>Non-GAAP:</b> approximately \$16.00	
<b>Total Revenues</b>			
Consolidated	<b>GAAP:</b> approximately \$116 billion	<b>GAAP:</b> approximately \$113 billion	
Insurance segment	<b>GAAP:</b> approximately \$112 billion	<b>GAAP:</b> approximately \$110 billion	Consolidated and segment level revenue projections include expected investment income. Segment level revenues include amounts that eliminate in consolidation.
CenterWell segment	no change	<b>GAAP:</b> approximately \$19 billion	
<b>Change in year-end medical membership from prior year-end</b>			
Individual Medicare Advantage	Growth of approximately 225,000	Growth of approximately 150,000	
Group Medicare Advantage	no change	Growth of approximately 45,000	
Medicare stand-alone PDP	Decline of approximately 600,000	Decline of approximately 650,000	
State-based contracts	no change	Growth of approximately 250,000	State-based contracts guidance includes membership in Florida, Illinois, Indiana, Kentucky, Louisiana, Ohio, Oklahoma, South Carolina, and Wisconsin.
<b>Benefit Ratio</b>			
Insurance segment	no change	<b>GAAP:</b> approximately 90.0%	Ratio calculation: benefits expense as a percent of premiums revenues.
<b>Operating Cost Ratio Consolidated</b>			
Consolidated	no change	<b>GAAP:</b> approximately 11.4%	Ratio calculation: operating costs excluding depreciation and amortization as a percent of revenues excluding investment income.
<b>Segment Results</b>			
Insurance segment income from operations	no change	<b>GAAP:</b> approximately \$1.1 billion <b>Non-GAAP:</b> approximately \$1.2 billion	Insurance segment Non-GAAP income from operations excludes the projected impact of the exit of employer group commercial medical products business and segment amortization.
CenterWell segment income from operations	no change	<b>GAAP:</b> approximately \$1.2 billion <b>Non-GAAP:</b> approximately \$1.4 billion	Centerwell segment Non-GAAP income from operations excludes the projected impact of segment depreciation and amortization.
<b>Effective Tax Rate</b>			
Consolidated	no change	<b>GAAP:</b> approximately 25.2% <b>Non-GAAP:</b> approximately 25.0%	
<b>Weighted Avg. Share Count for Diluted EPS</b>			
Consolidated	no change	approximately 121 million	
<b>Cash flows from operations</b>			
Consolidated	no change	<b>GAAP:</b> approximately \$2 billion	
<b>Capital expenditures</b>			
Consolidated	no change	<b>GAAP:</b> approximately \$800 million	

**Humana Inc.  
Statistical Schedules  
and  
Supplementary Information  
2Q24 Earnings Release**

**Humana Inc.**  
**Statistical Schedules and Supplementary Information**  
**2Q24 Earnings Release**

(S-3) - (S-4)	Consolidated Statements of Income - Quarter and YTD
(S-5)	Consolidated Balance Sheets
(S-6)	Consolidated Statements of Cash Flows -YTD
(S-7) - (S-8)	Consolidating Statements of Income - Quarter
(S-9) - (S-10)	Consolidating Statements of Income - YTD
(S-11)	Membership Detail
(S-12) - (S-13)	Premiums and Services Revenue Detail
(S-14) - (S-16)	CenterWell Segment - Pharmacy Solutions, Primary Care, & Home Solutions
(S-17)	Footnotes

Humana Inc.  
Consolidated Statements of Income (Unaudited)  
*Dollars in millions, except per common share results*

	<b>For the three months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
Revenues:		
Premiums	\$ 28,142	\$ 25,495
Services	1,100	978
Investment income	298	274
<b>Total revenues</b>	<b>29,540</b>	<b>26,747</b>
Operating expenses:		
Benefits	25,039	22,009
Operating costs	3,148	3,111
Depreciation and amortization	212	191
<b>Total operating expenses</b>	<b>28,399</b>	<b>25,311</b>
<b>Income from operations</b>	<b>1,141</b>	<b>1,436</b>
Interest expense	168	120
Other expense, net	55	54
<b>Income before income taxes and equity in net earnings</b>	<b>918</b>	<b>1,262</b>
Provision from income taxes	223	296
Equity in net losses (A)	(17)	(10)
<b>Net income</b>	<b>678</b>	<b>956</b>
Net loss attributable to noncontrolling interests	1	3
<b>Net income attributable to Humana</b>	<b>\$ 679</b>	<b>\$ 959</b>
Basic earnings per common share	\$ 5.63	\$ 7.70
<b>Diluted earnings per common share</b>	<b>\$ 5.62</b>	<b>\$ 7.66</b>
Shares used in computing basic earnings per common share (000's)	120,445	124,574
Shares used in computing diluted earnings per common share (000's)	120,665	125,109

Humana Inc.

Consolidated Statements of Income (Unaudited)

Dollars in millions, except per common share results

	For the six months ended June 30,	
	2024	2023
Revenues:		
Premiums	\$ 56,403	\$ 51,045
Services	2,162	1,977
Investment income	586	467
<b>Total revenues</b>	<b>59,151</b>	<b>53,489</b>
Operating expenses:		
Benefits	50,163	43,867
Operating costs	6,190	6,090
Depreciation and amortization	421	377
<b>Total operating expenses</b>	<b>56,774</b>	<b>50,334</b>
<b>Income from operations</b>	<b>2,377</b>	<b>3,155</b>
Interest expense	327	233
Other expense, net	118	46
<b>Income before income taxes and equity in net earnings</b>	<b>1,932</b>	<b>2,876</b>
Provision for income taxes	474	655
Equity in net losses (A)	(41)	(27)
<b>Net income</b>	<b>1,417</b>	<b>2,194</b>
Net loss attributable to noncontrolling interests	3	4
<b>Net income attributable to Humana</b>	<b>\$ 1,420</b>	<b>\$ 2,198</b>
Basic earnings per common share	\$ 11.76	\$ 17.62
<b>Diluted earnings per common share</b>	<b>\$ 11.74</b>	<b>\$ 17.54</b>
Shares used in computing basic earnings per common share (000's)	120,712	124,790
Shares used in computing diluted earnings per common share (000's)	120,967	125,336



Humana Inc.  
Consolidated Balance Sheets (Unaudited)  
Dollars in millions, except share amounts

	June 30, 2024	December 31, 2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 5,501	\$ 4,694
Investment securities	17,424	16,626
Receivables, net	4,090	2,035
Other current assets	5,843	6,631
Total current assets	32,858	29,986
Property and equipment, net	2,821	3,030
Long-term investment securities	388	382
Equity method investments	736	740
Goodwill	9,567	9,550
Other long-term assets	3,723	3,377
<b>Total assets</b>	<b>\$ 50,093</b>	<b>\$ 47,065</b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Benefits payable	\$ 11,446	\$ 10,241
Trade accounts payable and accrued expenses	6,527	6,569
Book overdraft	355	353
Unearned revenues	313	266
Short-term debt	1,149	1,443
Total current liabilities	19,790	18,872
Long-term debt	11,746	10,213
Other long-term liabilities	1,829	1,662
<b>Total liabilities</b>	<b>33,365</b>	<b>30,747</b>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$1 par; 10,000,000 shares authorized, none issued	—	—
Common stock, \$0.16 2/3 par; 300,000,000 shares authorized; 198,718,810 issued at June 30, 2024	33	33
Capital in excess of par value	3,420	3,346
Retained earnings	28,745	27,540
Accumulated other comprehensive loss	(1,122)	(999)
Treasury stock, at cost, 78,317,149 shares at June 30, 2024	(14,405)	(13,658)
<b>Total stockholders' equity</b>	<b>16,671</b>	<b>16,262</b>
Noncontrolling interests	57	56
<b>Total equity</b>	<b>16,728</b>	<b>16,318</b>
<b>Total liabilities and equity</b>	<b>\$ 50,093</b>	<b>\$ 47,065</b>
<b>Debt-to-total capitalization ratio</b>	<b>43.6 %</b>	<b>41.8 %</b>

Humana Inc.

Consolidated Statements of Cash Flows (Unaudited) *Dollars in millions*

	For the six months ended June 30,	
	2024	2023
<b>Cash flows from operating activities</b>		
Net income	\$ 1,417	\$ 2,194
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on investment securities, net	—	45
Equity in net losses	41	27
Stock-based compensation	100	89
Depreciation	454	410
Amortization	31	34
Impairment of property and equipment	87	—
Changes in operating assets and liabilities, net of effect of businesses acquired and disposed:		
Receivables	(2,055)	269
Other assets	592	(1,141)
Benefits payable	1,205	978
Other liabilities	(327)	(170)
Unearned revenues	47	7,092
Other, net	44	36
<b>Net cash provided by operating activities</b>	<b>1,636</b>	<b>9,863</b>
<b>Cash flows from investing activities</b>		
Acquisitions, net of cash and cash equivalents acquired	(17)	(189)
Purchases of property and equipment, net	(291)	(487)
Purchases of investment securities	(2,962)	(2,737)
Maturities of investment securities	1,355	577
Proceeds from sales of investment securities	499	811
<b>Net cash used in investing activities</b>	<b>(1,416)</b>	<b>(2,025)</b>
<b>Cash flows from financing activities</b>		
Receipts from contract deposits, net	285	3,510
Proceeds from issuance of senior notes, net	2,232	1,215
Repayments of senior notes	(34)	(349)
Repayments (issuance) of commercial paper, net	(895)	238
Repayment of term loan	—	(500)
Debt issue costs	(7)	(4)
Change in book overdraft	2	159
Common stock repurchases	(766)	(623)
Dividends paid	(216)	(211)
Other	(14)	(120)
<b>Net cash provided by financing activities</b>	<b>587</b>	<b>3,315</b>
Increase in cash and cash equivalents	807	11,153
Cash and cash equivalents at beginning of period	4,694	5,061
<b>Cash and cash equivalents at end of period</b>	<b>\$ 5,501</b>	<b>\$ 16,214</b>

Humana Inc.

Consolidating Statements of Income—For the three months ended June 30, 2024 (Unaudited)

In millions

	Insurance	CenterWell	Eliminations/ Corporate	Consolidated
<b>Revenues—external customers</b>				
<b>Premiums:</b>				
Individual Medicare Advantage	\$ 22,215	\$ —	\$ —	\$ 22,215
Group Medicare Advantage	1,938	—	—	1,938
Medicare stand-alone PDP	867	—	—	867
<b>Total Medicare</b>	<u>25,020</u>	<u>—</u>	<u>—</u>	<u>25,020</u>
State-based contracts and other	2,524	—	—	2,524
Commercial fully-insured	152	—	—	152
Specialty benefits	240	—	—	240
Medicare Supplement	206	—	—	206
<b>Total premiums</b>	<u>28,142</u>	<u>—</u>	<u>—</u>	<u>28,142</u>
<b>Services revenue:</b>				
Home solutions	—	335	—	335
Primary care	—	322	—	322
Pharmacy solutions	—	229	—	229
Military services and other	206	—	—	206
Commercial ASO	8	—	—	8
<b>Total services revenue</b>	<u>214</u>	<u>886</u>	<u>—</u>	<u>1,100</u>
<b>Total revenues—external customers</b>	<u>28,356</u>	<u>886</u>	<u>—</u>	<u>29,242</u>
Intersegment revenues	1	4,061	(4,062)	—
Investment income	168	—	130	298
<b>Total revenues</b>	<u>28,525</u>	<u>4,947</u>	<u>(3,932)</u>	<u>29,540</u>
<b>Operating expenses:</b>				
Benefits	25,182	—	(143)	25,039
Operating costs	2,395	4,553	(3,800)	3,148
Depreciation and amortization	185	56	(29)	212
<b>Total operating expenses</b>	<u>27,762</u>	<u>4,609</u>	<u>(3,972)</u>	<u>28,399</u>
<b>Income from operations</b>	<u>\$ 763</u>	<u>\$ 338</u>	<u>\$ 40</u>	<u>\$ 1,141</u>
<b>Benefit ratio</b>	89.5 %			89.0 %
<b>Operating cost ratio</b>	8.4 %	92.0 %		10.8 %

Humana Inc.

Consolidating Statements of Income—For the three months ended June 30, 2023 (Unaudited)

In millions

	Insurance	CenterWell	Eliminations/ Corporate	Consolidated
<b>Revenues—external customers Premiums:</b>				
Individual Medicare Advantage	\$ 19,749	\$ —	\$ —	\$ 19,749
Group Medicare Advantage	1,732	—	—	1,732
Medicare stand-alone PDP	568	—	—	568
<b>Total Medicare</b>	<b>22,049</b>	<b>—</b>	<b>—</b>	<b>22,049</b>
State-based contracts and other	2,062	—	—	2,062
Commercial fully-insured	950	—	—	950
Specialty benefits	252	—	—	252
Medicare Supplement	182	—	—	182
<b>Total premiums</b>	<b>25,495</b>	<b>—</b>	<b>—</b>	<b>25,495</b>
<b>Services revenue:</b>				
Home solutions	—	341	—	341
Primary care	—	190	—	190
Pharmacy solutions	—	216	—	216
Military services and other	167	—	—	167
Commercial ASO	64	—	—	64
<b>Total services revenue</b>	<b>231</b>	<b>747</b>	<b>—</b>	<b>978</b>
<b>Total revenues—external customers</b>	<b>25,726</b>	<b>747</b>	<b>—</b>	<b>26,473</b>
Intersegment revenues	15	3,783	(3,798)	—
Investment income	134	—	140	274
<b>Total revenues</b>	<b>25,875</b>	<b>4,530</b>	<b>(3,658)</b>	<b>26,747</b>
<b>Operating expenses:</b>				
Benefits	22,127	—	(118)	22,009
Operating costs	2,545	4,193	(3,627)	3,111
Depreciation and amortization	172	50	(31)	191
<b>Total operating expenses</b>	<b>24,844</b>	<b>4,243</b>	<b>(3,776)</b>	<b>25,311</b>
<b>Income from operations</b>	<b>\$ 1,031</b>	<b>\$ 287</b>	<b>\$ 118</b>	<b>\$ 1,436</b>
<b>Benefit ratio</b>	<b>86.8 %</b>			<b>86.3 %</b>
<b>Operating cost ratio</b>	<b>9.9 %</b>	<b>92.6 %</b>		<b>11.8 %</b>

Humana Inc.

Consolidating Statements of Income—For the six months ended June 30, 2024 (Unaudited)

In millions

	Insurance	CenterWell	Eliminations/ Corporate	Consolidated
<b>Revenues—external customers</b>				
<b>Premiums:</b>				
Individual Medicare Advantage	\$ 44,663	\$ —	\$ —	\$ 44,663
Group Medicare Advantage	3,927	—	—	3,927
Medicare stand-alone PDP	1,688	—	—	1,688
<b>Total Medicare</b>	<b>50,278</b>	<b>—</b>	<b>—</b>	<b>50,278</b>
State-based contracts and other	4,835	—	—	4,835
Commercial fully-insured	408	—	—	408
Specialty	479	—	—	479
Medicare Supplement	403	—	—	403
<b>Total premiums</b>	<b>56,403</b>	<b>—</b>	<b>—</b>	<b>56,403</b>
<b>Services revenue:</b>				
Home solutions	—	670	—	670
Primary care	—	563	—	563
Pharmacy solutions	—	440	—	440
Military services and other	457	—	—	457
Commercial ASO	32	—	—	32
<b>Total services revenue</b>	<b>489</b>	<b>1,673</b>	<b>—</b>	<b>2,162</b>
<b>Total revenues—external customers</b>	<b>56,892</b>	<b>1,673</b>	<b>—</b>	<b>58,565</b>
Intersegment revenues	2	8,092	(8,094)	—
Investment income	330	—	256	586
<b>Total revenues</b>	<b>57,224</b>	<b>9,765</b>	<b>(7,838)</b>	<b>59,151</b>
<b>Operating expenses:</b>				
Benefits	50,433	—	(270)	50,163
Operating costs	4,759	9,036	(7,605)	6,190
Depreciation and amortization	371	109	(59)	421
<b>Total operating expenses</b>	<b>55,563</b>	<b>9,145</b>	<b>(7,934)</b>	<b>56,774</b>
<b>Income from operations</b>	<b>\$ 1,661</b>	<b>\$ 620</b>	<b>\$ 96</b>	<b>\$ 2,377</b>
<b>Benefit ratio</b>	89.4 %			88.9 %
<b>Operating cost ratio</b>	8.4 %	92.5 %		10.6 %

Humana Inc.

Consolidating Statements of Income—For the six months ended June 30, 2023 (Unaudited)

In millions

	Insurance	CenterWell	Eliminations/ Corporate	Consolidated
<b>Revenues—external customers</b>				
<b>Premiums:</b>				
Individual Medicare Advantage	\$ 39,558	\$ —	\$ —	\$ 39,558
Group Medicare Advantage	3,497	—	—	3,497
Medicare stand-alone PDP	1,184	—	—	1,184
<b>Total Medicare</b>	<u>44,239</u>	<u>—</u>	<u>—</u>	<u>44,239</u>
State-based contracts and other	3,971	—	—	3,971
Commercial fully-insured	1,968	—	—	1,968
Specialty	506	—	—	506
Medicare Supplement	361	—	—	361
<b>Total premiums</b>	<u>51,045</u>	<u>—</u>	<u>—</u>	<u>51,045</u>
<b>Services revenue:</b>				
Home solutions	—	655	—	655
Primary care	—	391	—	391
Pharmacy solutions	—	458	—	458
Military services and other	338	—	—	338
Commercial ASO	135	—	—	135
<b>Total services revenue</b>	<u>473</u>	<u>1,504</u>	<u>—</u>	<u>1,977</u>
<b>Total revenues—external customers</b>	<u>51,518</u>	<u>1,504</u>	<u>—</u>	<u>53,022</u>
Intersegment revenues	29	7,531	(7,560)	—
Investment income	231	—	236	467
<b>Total revenues</b>	<u>51,778</u>	<u>9,035</u>	<u>(7,324)</u>	<u>53,489</u>
<b>Operating expenses:</b>				
Benefits	44,120	—	(253)	43,867
Operating costs	4,963	8,319	(7,192)	6,090
Depreciation and amortization	337	99	(59)	377
<b>Total operating expenses</b>	<u>49,420</u>	<u>8,418</u>	<u>(7,504)</u>	<u>50,334</u>
<b>Income from operations</b>	<u>\$ 2,358</u>	<u>\$ 617</u>	<u>\$ 180</u>	<u>\$ 3,155</u>
<b>Benefit ratio</b>	86.4 %			85.9 %
<b>Operating cost ratio</b>	9.6 %	92.1 %		11.5 %

Humana Inc.  
Membership Detail (Unaudited)

In thousands

	June 30, 2024	Average 2Q24	June 30, 2023	December 31, 2023
<b>Medical Membership:</b>				
Individual Medicare Advantage*	5,617.6	5,596.0	5,269.1	5,408.9
Group Medicare Advantage	544.9	547.4	509.5	509.6
Total Medicare Advantage	6,162.5	6,143.4	5,778.6	5,918.5
Medicare stand-alone PDP	2,341.2	2,349.1	2,915.3	2,849.1
Total Medicare	8,503.7	8,492.5	8,693.9	8,767.6
Medicare supplement	339.2	333.4	294.3	307.2
State-based contracts and other	1,392.3	1,402.5	1,330.2	1,228.8
Military services	5,959.2	5,965.9	5,939.1	5,960.2
Total excluding employer group commercial medical	16,194.4	16,194.3	16,257.5	16,263.8
Fully-insured commercial medical	62.2	79.0	475.5	338.7
ASO commercial	47.0	55.1	395.3	255.3
Total employer group commercial medical	109.2	134.1	870.8	594.0
<b>Total Medical Membership</b>	<b>16,303.6</b>	<b>16,328.4</b>	<b>17,128.3</b>	<b>16,857.8</b>
<b>Specialty Membership:</b>				
Dental—fully-insured (B)	2,091.3	2,099.3	2,294.2	2,205.0
Dental—ASO	291.9	203.6	309.1	307.0
Total Dental	2,383.2	2,302.9	2,603.3	2,512.0
Vision	1,858.0	1,865.1	2,029.4	1,971.4
Other supplemental benefits	360.8	361.8	408.4	384.9
<b>Total Specialty Membership</b>	<b>4,602.0</b>	<b>4,529.8</b>	<b>5,041.1</b>	<b>4,868.3</b>
	June 30, 2024	Member Mix June 30, 2024	June 30, 2023	Member Mix June 30, 2023
<b>Individual Medicare Advantage Membership</b>				
HMO	2,866.5	51 %	2,814.9	53 %
PPO/PFFS	2,751.1	49 %	2,454.2	47 %
<b>Total Individual Medicare Advantage</b>	<b>5,617.6</b>	<b>100 %</b>	<b>5,269.1</b>	<b>100 %</b>
<b>Individual Medicare Advantage Membership</b>				
Shared Risk (C)	2,085.6	37 %	1,813.7	35 %
Path to Risk (D)	1,837.6	33 %	1,804.8	34 %
Total Value-based	3,923.2	70 %	3,618.5	69 %
Other	1,694.4	30 %	1,650.6	31 %
<b>Total Individual Medicare Advantage</b>	<b>5,617.6</b>	<b>100 %</b>	<b>5,269.1</b>	<b>100 %</b>

\*Individual Medicare Advantage membership includes 952,800 Dual Eligible Special Need Plans (D-SNP) members as of June 30, 2024, a net increase of 121,400, or 15 percent, from 831,400 as of June 30, 2023, and up 81,500, or 9 percent, from 871,300 as of December 31, 2023.

Humana Inc.

Premiums and Services Revenue Detail (Unaudited)

Dollars in millions, except per member per month; includes intersegment revenues

	For the three months ended June 30,		Dollar Change	Percentage Change	Per Member per Month (I) For the three months ended June 30,	
	2024	2023			2024	2023
<b>Insurance</b>						
Individual Medicare Advantage	\$ 22,215	\$ 19,749	\$ 2,466	12.5 %	\$ 1,323	\$ 1,258
Group Medicare Advantage	1,938	1,732	206	11.9 %	1,180	1,133
Medicare stand-alone PDP	867	568	299	52.6 %	123	65
State-based contracts and other (E)	2,524	2,062	462	22.4 %	573	483
Fully-insured commercial medical (F)	152	950	(798)	-84.0 %	540	545
Specialty benefits (G)	240	252	(12)	-4.8 %	18	18
Medicare Supplement	206	182	24	13.2 %	206	206
Military and other (H)	207	182	25	13.7 %		
Commercial ASO	8	64	(56)	-87.5 %		
<b>Total</b>	<b>28,357</b>	<b>25,741</b>	<b>2,616</b>	<b>10.2 %</b>		
<b>CenterWell</b>						
Pharmacy solutions	2,874	2,855	19	0.7 %		
Primary care	1,239	1,013	226	22.3 %		
Home solutions	834	662	172	26.0 %		
<b>Total</b>	<b>4,947</b>	<b>4,530</b>	<b>417</b>	<b>9.2 %</b>		



Humana Inc.

Premiums and Services Revenue Detail (Unaudited)

Dollars in millions, except per member per month; includes intersegment revenues

	For the six months ended June 30,		Dollar Change	Percentage Change	Per Member per Month (I) For the six months ended June 30,	
	2024	2023			2024	2023
<b>Insurance</b>						
Individual Medicare Advantage	\$ 44,663	\$ 39,558	\$ 5,105	12.9 %	\$ 1,337	\$ 1,275
Group Medicare Advantage	3,927	3,497	430	12.3 %	1,191	1,139
Medicare stand-alone PDP	1,688	1,184	504	42.6 %	119	67
State-based contracts and other (E)	4,835	3,971	864	21.8 %	574	467
Fully-insured commercial medical (F)	408	1,968	(1,560)	-79.3 %	555	547
Specialty (G)	479	506	(27)	-5.3 %	18	18
Medicare Supplement	403	361	42	11.6 %	206	204
Military services and other (H)	459	367	92	25.1 %		
Commercial ASO	32	135	(103)	-76.3 %		
<b>Total</b>	<b>56,894</b>	<b>51,547</b>	<b>5,347</b>	<b>10.4 %</b>		
<b>CenterWell</b>						
Pharmacy solutions	5,702	5,712	(10)	(0.2)%		
Primary care	2,409	2,033	376	18.5 %		
Home solutions	1,654	1,290	364	28.2 %		
<b>Total</b>	<b>9,765</b>	<b>9,035</b>	<b>730</b>	<b>8.1 %</b>		

Humana Inc.  
CenterWell Segment - Pharmacy Solutions (Unaudited)

	For the three months ended June 30, 2024	For the three months ended June 30, 2023	For the three months ended March 31, 2024
<b><u>Generic Dispense Rate</u></b>			
Total Medicare	90.9 %	91.8 %	91.0 %
<b><u>Mail-Order Penetration</u></b>			
Total Medicare	28.4 %	29.9 %	29.0 %

	For the six months ended June 30, 2024	For the six months ended June 30, 2023
<b><u>Generic Dispense Rate</u></b>		
Total Medicare	91.0 %	91.4 %
<b><u>Mail-Order Penetration</u></b>		
Total Medicare	28.6 %	30.1 %

Humana Inc.  
CenterWell Segment - Primary Care (J) (Unaudited)

	As of June 30, 2024			As of June 30, 2023			Year-over-Year Growth		
	Primary			Primary			Primary		
	Center Count	Care Providers	Patients Served (K)	Center Count	Care Providers	Patients Served (K)	Center Count	Care Providers	Patients Served
De novo	116	267	58,400	67	200	29,300	73.1 %	33.5 %	99.3 %
Wholly-owned	183	627	209,300	191	595	183,900	(4.2)%	5.4 %	13.8 %
Independent Physician Associations			64,200			59,000			8.8 %
	299	894	331,900	258	795	272,200	15.9 %	12.5 %	21.9 %

	As of December 31, 2023			YTD Growth		
	Primary			Primary		
	Center Count	Care Providers	Patients Served (K)	Center Count	Care Providers	Patients Served
De novo	108	274	43,100	7.4 %	(2.6)%	35.5 %
Wholly-owned	188	617	189,600	(2.7)%	1.6 %	10.4 %
Independent Physician Associations			61,500			4.4 %
	296	891	294,200	1.0 %	0.3 %	12.8 %

Humana Inc.  
CenterWell Segment - Home Solutions (Unaudited)

	<b>For the three months ended June 30, 2024</b>	<b>For the three months ended June 30, 2023</b>	<b>Year-over-Year Growth</b>
<b>Episodic Admissions (L)</b>	81,024	75,545	7.3 %
<b>Total Admissions - Same Store (M)</b>	106,055	96,791	9.6 %

	<b>For the six months ended June 30, 2024</b>	<b>For the six months ended June 30, 2023</b>	<b>Year-over-Year Growth</b>
<b>Episodic Admissions (L)</b>	165,284	149,482	10.6 %
<b>Total Admissions - Same Store (M)</b>	215,107	193,111	11.4 %

**Humana Inc.**  
**Footnotes to Statistical Schedules and Supplementary Information**  
**2Q24 Earnings Release**

- A. Net losses associated with the company's non-consolidated minority interest investments.
- B. Fully-insured dental membership as reported does not include Humana members that have a Medicare Advantage plan that includes an embedded dental benefit.
- C. In certain circumstances, the company contracts with providers to accept financial risk for a defined set of Medicare Advantage membership. For these Downside Risk arrangements, the provider is measured against a medical expense ratio target and the company may share savings from reduction to the total cost of care of the defined membership. The result is a high level of engagement on the part of the provider. Under these arrangements, the company may contract with providers to accept partial, full, or global financial risk. In certain instances (capitated shared risk) of these arrangements, the company may choose to prepay these providers a monthly fixed-fee per member to coordinate substantially all of the medical care for their Medicare Advantage members assigned or attributed to their provider panel, including some health benefit administrative functions and claims processing.
- D. A Path to Risk provider is one who has a high level of engagement and has contracted with the company to participate in an Upside Only/Shared Savings total cost of care arrangement and/or in one of Humana's Quality Bonus programs (Model Practice), through which the company rewards the provider for achieving quality and utilization targets. Providers who are contracted in an Upside Only/Shared Savings arrangement may receive a portion of achieved surpluses when the actual cost of the medical services provided to patients assigned or attributed to their panel is less than the agreed upon medical expense targets. These contracts may also include a Downside Risk trigger (future date or membership threshold) which has not yet been met.
- E. Per Member per Month (PMPM) shown reflects only Medicaid premiums and average Medicaid membership for the period; includes impact of dual eligible demonstration members.
- F. Fully-insured commercial medical premiums also include stop-loss premiums associated with the commercial ASO product; for purposes of the PMPM metric, the commercial ASO stop-loss premiums have been excluded.
- G. Specialty per member per month is computed based on reported specialty premiums and average fully-insured specialty membership for the period.
- H. The amounts primarily reflect services revenues under the TRICARE East Region contract that generally are contracted on a per-member basis.
- I. Computed based on average membership for the period (i.e. monthly ending membership during the period divided by the number of months in the period).
- J. *De novo* refers to all new centers opened or acquired since 2020 under a WCAS joint venture. *Wholly-owned* refers to all centers outside a WCAS joint venture.
- K. Represents Medicare Advantage (MA) risk, MA path to risk, MA value-based, Direct Contracting Entity, and Accountable Care Organization patients.
- L. Reflects patient admissions under the Patient Driven Groupings Model (PDGM) payment model.
- M. Reflects all patient admissions regardless of reimbursement model. Same store is defined as care centers that have been owned and operated at least the last twelve months and startups that are an expansion of a same store care center.



Please view these remarks in conjunction with our 2Q 2024 earnings release that can be found on our website at [www.humana.com](http://www.humana.com) under the Investors section, or via the following link: <https://humana.gcs-web.com/financial-information/quarterly-results>.

We also invite you to listen to our live question and answer webcast with our President and Chief Executive Officer, Jim Rehtin, and our Chief Financial Officer, Susan Diamond which will begin today at 9:00 a.m. Eastern Time and will be available at via the following link: <https://humana.gcs-web.com/events-and-presentations/upcoming-events>. For those unable to listen to the live event, the archive will be available in the Historical Webcasts and Presentations section of the Investor Relations page via the following link: <https://humana.gcs-web.com/events-and-presentations>.

### **Cautionary Statement**

Certain of the matters discussed in these prepared remarks are forward-looking and are subject to a number of risks, uncertainties and assumptions. Actual results could differ materially.

Investors are advised to read the detailed risk factors discussed in our latest Form 10-K, our other filings with the Securities and Exchange Commission, and our 2Q 2024 earnings press release as they relate to forward-looking statements along with other risks discussed in our SEC filings. We undertake no obligation to publicly address or update any forward-looking statements in future filings or communications regarding our business or results.

Today's press release, our historical financial news releases and our filings with the SEC are all also available on our Investor Relations site.

These remarks include financial measures that are not in accordance with generally accepted accounting principles, or GAAP.

Management's explanation for the use of these non-GAAP measures and reconciliations of GAAP to non-GAAP financial measures are included in today's press release which can be found via the following link: <https://humana.gcs-web.com/financial-information/quarterly-results>.

Finally, any references to earnings per share or EPS made during this conference call refer to diluted earnings per common share.

## **Management Commentary**

### ***Key Messages:***

- Second quarter financial results exceeded expectations driven by slightly higher than anticipated member risk scores, favorable claims development and lower than planned administrative expenses, some of which is considered timing in nature
- We raised our full year 2024 individual MA membership growth guidance by 75,000 to 225,000, supported by better than expected retention and non-DSNP sales
- The second quarter benefit ratio was positively impacted by favorable claims development and slightly higher than anticipated member risk scores. This favorability was partially offset by higher MA net inpatient costs
- We reaffirmed our 2024 Adjusted EPS outlook of 'approximately \$16.00' and full year Insurance segment benefit ratio guidance of 'approximately 90 percent', which prudently allows for the higher net inpatient costs observed in the second quarter to continue for the remainder of the year
- Looking ahead to 2025, we are focused on driving growth and further productivity across the enterprise to support sustainable earnings growth
  - We remain confident in the overall assumptions utilized in our 2025 MA pricing and our ability to achieve the intended margin improvement
  - We continue to anticipate margin expansion and Adjusted EPS growth as the first step on our multiyear path to a normalized individual MA margin of at least 3 percent<sup>1</sup>
  - Our expectation of margin expansion and earnings growth in 2025 includes the impact of declining a few hundred thousand individual MA members, primarily due to plan and county exits
- We continue to demonstrate solid progress advancing our strategy. Further highlights include:
  - Announced an expanded partnership with Google Cloud and a minority investment in Healthpilot, demonstrating our orientation to embracing technology solutions that can create a more efficient, transparent, and consumer-centric healthcare ecosystem
  - Continue to expand CenterWell Primary Care, including strong patient growth where we now expect to add 40,000 to 50,000 patients in 2024 (15 percent growth at the midpoint), and the announcement of plans to open 23 senior focused value based primary care centers at Walmart locations in Florida, Georgia, Missouri and Texas
  - Further growth in our Medicaid platform with the implementation of the Oklahoma and Indiana contracts on April 1<sup>st</sup> and July 1<sup>st</sup>, respectively, bringing our total active footprint to 9 states
  - Demonstrating significant progress in driving organizational efficiencies and productivity gains, with the expectation of a 30-basis point year over year reduction in our Adjusted Consolidated operating cost ratio in 2024

<sup>1</sup> Pretax margin, less investment income

## **Second Quarter 2024 Results and Full Year 2024 Outlook**

Today, Humana reported Adjusted earnings per share of \$6.96 for the second quarter of 2024, exceeding internal expectations and consensus estimates. This outperformance was driven by higher than anticipated revenue in our MA business, combined with favorable claims development and lower than planned administrative expenses, some of which is considered timing in nature. This favorability was partially offset by higher net inpatient costs (discussed in more detail below).

We reaffirmed our 2024 Adjusted EPS outlook of 'approximately \$16.00' and full year Insurance segment benefit ratio guidance of 'approximately 90 percent', which prudently allows for the higher net inpatient costs observed in the second quarter to continue for the remainder of the year.

Further discussion of our second quarter performance and full year 2024 outlook are in the sections that follow.

### ***Medicare Advantage***

Individual MA membership growth to date is positive to previous expectations driven primarily by improved retention and higher than anticipated non-DSNP sales. We now anticipate full year individual MA net membership growth of approximately 225,000 as compared to our previous expectation of approximately 150,000.

Revenue for the quarter was slightly favorable to expectations driven by the higher than anticipated membership growth, along with slightly higher than anticipated member risk scores.

Now turning to medical cost trend. We experienced favorable claims development in the quarter, primarily due to lower inpatient unit costs and observation stays, and higher claim recoveries. This favorability was partially offset by higher than anticipated inpatient admissions, which increased above expectations in the back half of the quarter. We continue to assess the durability of the higher admissions, including clinical appropriateness and potential mitigation activities. Further, we continue our broader focus on clinical and trend management initiatives, including continued innovation in value-based arrangements, to drive better outcomes and manage cost trend over the long-term. Our full year guidance prudently assumes the higher than anticipated net inpatient costs continue for the remainder of the year.

<sup>1</sup> Pretax margin, less investment income



### **Medicaid**

Within Medicaid, membership continues to track in line with our expectation of a 250,000 increase in 2024, growing to approximately 1.5 million members by year end. This increase reflects the addition of approximately 320,000 members, driven primarily by the new contracts in Oklahoma and Indiana, as well as the continued increase in membership in Ohio which was implemented in 2023. These membership gains were partially offset by the redetermination process which is now largely complete. Redeterminations, which spanned 2023 and 2024, tracked in line with our expectation of retaining 20 percent of the 300,000 additional members gained during the Public Health Emergency. Further, the utilization and acuity increases anticipated from the redetermination process have emerged as expected, with Florida results running slightly favorable to expectations.

Separately, we have seen modestly higher claim costs in newly implemented states. We are focused on mitigating these higher cost trends through disciplined cost management initiatives and are confident our state partners will continue to work with the industry to ensure that future rate adjustments are reflective of emerging cost trends. As a result, we currently anticipate our Medicaid results will perform largely in line with previous expectations for the full year.

The Indiana contract was successfully implemented on July 1st adding approximately 35,000 members and bringing our total active Medicaid footprint to 9 states. Our Indiana health plan will serve elderly and disabled Medicaid enrollees, including integrated care for dual-eligibles enrolled across Humana's Indiana Medicaid plan and our Medicare D-SNP.

We are proud of our success in Medicaid to date and anticipate continued investments to grow our platform organically and actively work towards maintaining our growth momentum in priority states.

### **CenterWell**

Within our Primary Care Organization (PCO), we continue to see strong patient growth year to date, adding 15,300 patients, or 35 percent growth, in our de novo centers and 19,700 patients in our more mature wholly-owned centers, representing 10 percent growth year to date. We now anticipate serving between 335,000 and 345,000 patients by year end, as a result of organic growth and programmatic M&A, representing expected growth of approximately 40,000 to 50,000 patients

<sup>1</sup> Pretax margin, less investment income

year over year, up from our previous expectation of 35,000 to 45,000 patient growth. The higher than anticipated growth is driven by continued expansion of contractual relationships with national and local MA payors, the impact of investments in targeted growth channels, and accelerated growth with Fee-for-Service Medicare as a part of our ACO Reach program.

With CenterWell's payor agnostic focus, we are leveraging our omni-channel sales and marketing capabilities, including multi-channel direct marketing, community engagement and broker and payer engagement to drive patient growth across our payer partners. To this end, we were pleased to see our year-to-date patient growth evenly split between Humana and other health plans (including Fee-for-Service Medicare).

We also continue efforts to expand our PCO footprint and were pleased to recently announce a lease agreement with Walmart where we plan to open 23 senior focused value based primary care centers at Walmart locations in Florida, Georgia, Missouri and Texas. The new centers will be conveniently located next to Walmart stores in clinical office space that was formerly occupied by Walmart Health clinics. Unlike previous operations in these sites, CenterWell will offer exclusively senior-focused, value-based primary care, using an identical care and operating model to the rest of our centers. The sites offer similar floor plans to our newly developed clinics, making this a capital efficient means of expanding our clinic portfolio, and they are located adjacent to (not within) Walmart's retail space. The subset of locations that were chosen rated highly using our site selection criteria and complement our existing PCO footprint, offering additional densification of existing markets. We expect the centers to be equipped, staffed and opened no later than the first half of 2025 and the majority of the leased locations will initially sit within the Welsh, Carson, Anderson & Stowe (WCAS) joint venture.

### ***Earnings Seasonality***

We expect that the percentage of full year earnings recognized in the third quarter will be in the low 20's. In addition, we expect the third quarter Insurance segment benefit ratio to be approximately 90.5 percent and that the Consolidated benefit ratio will be approximately 40 basis points less than the Insurance ratio.

### **Looking Ahead**

1 Pretax margin, less investment income

## **2025**

We are focused on driving growth and further productivity across the enterprise to support sustainable earnings growth. We continue to anticipate margin expansion and Adjusted EPS growth in 2025 as the first step on our multiyear path to a normalized margin of at least 3 percent in our individual MA business.

Our 2025 MA pricing focused on assessing the needs and benefit preferences of various consumer segments, the current and expected profitability of our offerings and greatest opportunities for attractive membership growth. We were oriented to adjusting benefits as appropriate to address the 2025 final MA rate notice, which we believe was not sufficient to address the current medical cost trend environment, while leveraging extensive consumer and broker research to inform our benefit changes to ensure we continue to put forth compelling plan offerings to the market.

We expect margin expansion and earnings growth in 2025, despite a decline of a few hundred thousand individual MA members, primarily due to plan and county exits. The vast majority of members impacted by exits will continue to have a Humana Medicare Advantage plan offering available in their geography.

In anticipation of the changes members will experience in this Annual Election Period we are adding capacity in our call centers and are prepared to help members who wish to change plans, whether within Humana or from another payor. In addition, we are increasing the channels by which members and prospects can engage with us in this time of change, including, for example our growing relationships with digital platforms such as Healthpilot.

Finally, we remain confident in the overall assumptions utilized in our 2025 MA pricing and our ability to deliver the intended margin improvement.

We will provide a further update on our 2025 outlook on our third quarter earnings call once we have visibility into competitor plans which will allow for refined membership expectations. As is customary, we will provide formal 2025 guidance on our fourth quarter earnings call early next year.

### ***Driving Innovation***

We are oriented to embracing technology solutions that can create a more efficient, transparent, and consumer-centric healthcare ecosystem. We continue to advance these efforts, demonstrated by our recently announced expanded partnership with Google Cloud which will further

<sup>1</sup> Pretax margin, less investment income

modernize our cloud infrastructure and leverage cutting-edge AI capabilities to accelerate innovation in healthcare. Google Cloud's technology platform can make our contact centers more responsive, our provider networks simpler to navigate, healthcare coverage easier to understand and primary care better tailored to individual needs.

In addition, we were pleased to recently announce a minority investment in Healthpilot, a company pioneering the development of a personalized and simpler digital enrollment experience for seniors exploring their Medicare options. This investment represents a strategic step forward in our digital growth journey and underscores our commitment to leveraging cutting-edge technology to further enhance payor-agnostic, omnichannel broker capabilities. By leveraging Healthpilot's advanced analytics and AI, beneficiaries can be paired with plans that best meet their needs, thereby enhancing their overall healthcare experience.

We are excited about these developments and will continue to drive innovation, delivering better experiences and health outcomes for our members and patients and supporting our ability to deliver compelling returns to our investors.

### **Closing**

Second quarter results continued Humana's solid start to 2024. And while Humana and the broader industry continue to navigate a dynamic environment, we remain confident in our ability to deliver full year Adjusted EPS of approximately \$16.00 and drive margin expansion and Adjusted EPS growth in 2025 as a first step on our multiyear path to a normalized margin of at least 3 percent in our individual MA business, delivering compelling shareholder value over the long-term.

We appreciate your continued support and look forward to providing updates on our performance and outlook throughout the year.

Jim Rehtin, President and Chief Executive Officer

Susan Diamond, Chief Financial Officer

<sup>1</sup> Pretax margin, less investment income

July 31, 2024

**Letter from the CEO**

Thank you.

It is truly a privilege to be able to serve as Humana's President and Chief Executive Officer, and by extension to serve our members and patients, teammates and shareholders. We do this in support of the Medicare, Medicaid and military TRICARE programs. I want to express my appreciation to the Humana Board of Directors for providing me this opportunity and to Bruce Broussard for his mentorship and partnership over the past six months.

**Humana is a great company**

I am excited by the opportunity in front of me and in front of this company.

Humana offers a strong value proposition to our core customers—both consumers and the federal and state governments. Humana also offers a strong value proposition to our investors. We operate in an attractive Medicare Advantage sector with strong earnings potential and an abundance of growth opportunities. Our differentiated capabilities position us to realize this value and deliver better health outcomes for our customers.

And, like all companies, we have opportunities to improve—including in our product and pricing, in the deployment of technology to improve the customer experience and reduce costs, in our operating discipline and in our multi-year planning. I am energized by the chance to deliver against these opportunities.

**Delivering value to customers**

The long-term stability of the Medicare and Medicare Advantage program is central to our ability to effectively serve our customers—those who are aging, have low income, or are managing disabilities. Medicare Advantage stability is predicated on its fundamental promise—delivering high-quality care and consumer value at a cost lower than Fee-for-Service Medicare.

I am confident in Humana's ability to continue to deliver against this promise. We provide health security to our members through products and services that are lower cost and provide more comprehensive coverage than they can receive through Fee-for-Service Medicare. We recognize our role in collaborating with policymakers to ensure that we have a stable regulatory environment that enables the full promise of Medicare Advantage to be realized. This is how we deliver for our customers.

Our results are clear:

- Our work to keep people healthy resulted in 30.1% fewer inpatient hospital admissions compared to Fee-for-Service Medicare in 2022<sup>1</sup>.
- Our Medicare Advantage Value-Based contractual arrangements saved 23.2% in medical costs in 2022 compared to Fee-for-Service Medicare<sup>1</sup>.
- The people we serve have a 21% higher rate of seeing a physician within 14 days of leaving the hospital as compared to individuals in Fee-for-Service Medicare<sup>2</sup>.

**Significant value for investors**

This business is attractive for investors. Our strategy of Medicare Advantage plus CenterWell positions us for sustainable and differentiated long-term growth. It has significant earnings power, growth potential and compelling returns on the capital that we deploy to improve care for members and patients.

1 – Humana 2023 Value-Based Care Report – Link: [Value-Based Care Report | Humana](#)

2 – Better Medicare Alliance, 2023 State of Medicare Advantage Report – Link: <https://bettermedicarealliance.org/publication/state-of-medicare-advantage-2023/>

3 – Pretax margin, less investment income

We believe that Medicare Advantage is a mid- to high-single digit member growth business with a long-term margin<sup>3</sup> profile of 3% or better that generates an attractive mid-teens return on invested capital (ROIC). This is where the industry should perform. We expect to perform better.

We have this expectation because of our differentiated capabilities. We deliver strong clinical performance and medical margin over time. Our close relationships with members result in cost-effective member growth. Our network of value-based providers reinforces that growth and drives clinical performance. While market dynamics may vary from year to year, these capabilities position us to deliver sustainable shareholder value over the long term.

We also have an abundance of adjacent growth opportunities, which we review through a disciplined framework. This framework prioritizes opportunities that enhance our competitive advantages, particularly in Medicare Advantage, and generate attractive returns. We focus intently on businesses with a demonstrated ability to improve clinical outcomes or reduce waste.

Our CenterWell and Medicaid growth strategies reflect these principles. We have achieved significant organic growth across these business lines. We have also deployed more than \$10 billion in capital, largely into CenterWell, with a double-digit aggregate portfolio internal rate of return. This demonstrates Humana's effectiveness at capital deployment.

### **Realizing our potential**

At this moment, we are not realizing the full promise of the company. This is an opportunity.

The external environment has been challenging, with a rate environment that has not kept pace with accelerated medical cost trends. It is our job to shape that environment to make it as stable and predictable as possible. More importantly, it is our responsibility to plan for the unexpected, adjust to it and identify areas where we can get better. That will be our primary focus, and over time, our investors and customers will benefit.

To consistently deliver high-quality care to our customers and industry-leading returns to investors, we need to achieve four basic things:

1. Provide a Medicare product and experience that delivers against consumer needs and is priced with discipline.
2. Operate our Medicare plan with clinical excellence, which is the foundation for industry-leading margins.
3. Manage a highly efficient back office.
4. Deploy organic and acquisitive growth capital efficiently.

These themes are not new. This has been Humana's strategy, and it's the right strategy. But we must bring a renewed operating rigor to it. We will do this with discipline and urgency.

### **In-year operating discipline and multi-year planning**

Medicare Advantage rests on an annual cycle—the rate notice, the bid process, the Annual Election Period and the yearly membership turnover. Humana's success over the past 10-plus years has been predicated on a strong in-year operating discipline that is attuned to this cycle.

The volatility of the external environment in recent years—COVID, workforce disruption, regulatory changes—has tested and stretched that operating discipline. Right now, we need to be consistently focused on strengthening and reinvigorating that discipline.

The annual Medicare cycle makes multi-year planning difficult. However, this discipline is necessary to deliver consistent results over many years, even as the external environment changes. Sustained, stable growth and

1 – Humana 2023 Value-Based Care Report – Link: [Value-Based Care Report | Humana](#)

2 – Better Medicare Alliance, 2023 State of Medicare Advantage Report – Link: <https://bettermedicarealliance.org/publication/state-of-medicare-advantage-2023/>

3 – Pretax margin, less investment income

performance requires a multi-year view to product management, distribution strategies, technology deployment and proactive engagement with policymakers. We will place increased focus on effective multi-year planning.

**Excited about the opportunity**

I look forward to leading Humana and our dedicated team of 65,000 employees through this next evolution. To bring investors up to date on our progress, we will host an Investor Day in the first half of next year. Until then, we will continue to drive toward compelling value for our customers and investors, and all who are counting on our success.

On behalf of my teammates who make this all possible, thank you.

Jim

1 – Humana 2023 Value-Based Care Report – Link: [Value-Based Care Report | Humana](#)

2 – Better Medicare Alliance, 2023 State of Medicare Advantage Report – Link: <https://bettermedicarealliance.org/publication/state-of-medicare-advantage-2023/>

3 – Pretax margin, less investment income