UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 1998

OR

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

For the transition period from _____ to _____

Commission file number 1-5975

HUMANA INC.
(Exact name of registrant as specified in its charter)

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

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

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

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

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

YES X   NO ___

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

Class of Common Stock	Outstanding at April 30, 1998
$.16 2/3 par value	166,447,494 shares

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Part I: Financial Information

Item 1.Financial Statements

Condensed Consolidated Statements of Income for

Humana Inc.
Condensed Consolidated Statements of Income
For the quarters ended March 31, 1998 and 1997
Unaudited
(Dollars in millions, except per share results)

	1998	1997
Revenues:		
Premiums	$ 2,352	$ 1,803
Interest and other income	50	29
Total revenues	2,402	1,832
Operating expenses:		
Medical expenses	1,955	1,484
Selling, general and administrative	324	261
Depreciation and amortization	32	24
Total operating expenses	2,311	1,769
Income from operations	91	63
Interest expense	12	3
Income before income taxes	79	60
Provision for income taxes	29	21
Net income	$ 50	$ 39
Earnings per common share	$ .30	$ .24
Earnings per common share - assuming dilution	$ .30	$ .24

See accompanying notes.

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

	March 31, 1998	December 31, 1997

Assets		
Current assets:		
Cash and cash equivalents	$ 352	$ 627
Marketable securities	1,427	1,507
Premiums receivable, less allowance for doubtful accounts $47 - March 31, 1998 and $48 - December 31, 1997	325	351
Other	317	265
Total current assets	2,421	2,750
Long-term marketable securities	463	512
Property and equipment, net	421	420
Cost in excess of net assets acquired	1,217	1,224
Other	524	512
Total assets	$ 5,046	$ 5,418
Liabilities and Stockholders' Equity		
Current liabilities:		
Medical and other expenses payable	$ 1,427	$ 1,478
Trade accounts payable and accrued expenses	438	471
Unearned premium revenues	43	304
Income taxes payable	27	10
Total current liabilities	1,935	2,263
Long-term medical and other expenses payable	515	597
Long-term debt	847	889
Professional liability and other obligations	161	168
Total liabilities	3,458	3,917
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $1 par; authorized 10,000,000 shares; none issued		
Common stock, $.16 2/3 par; authorized 300,000,000 shares; issued and outstanding 166,094,981 shares - March 31, 1998 and 164,058,225 shares - December 31, 1997	28	27
Other	1,560	1,474
Total stockholders' equity	1,588	1,501
Total liabilities and stockholders' equity	$ 5,046	$ 5,418

See accompanying notes.

Humana Inc.
Condensed Consolidated Statements of Cash Flows
For the quarters ended March 31, 1998 and 1997
Unaudited
(Dollars in millions)

	1998	1997
Net cash flows from operating activities	$ (310)	$ 64
Cash flows from investing activities:		
Purchases of marketable securities	(198)	(113)
Maturities and sales of marketable securities	271	121
Other	(19)	(32)
Net cash provided by (used in) investing activities	54	(24)
Cash flows from financing activities:		
Repayment of line of credit	(300)	
Net commercial paper borrowings	258	(22)
Other	23	1
Net cash used in financing activities	(19)	(21)

(Decrease) increase in cash and cash equivalents	(275)	19
Cash and cash equivalents at beginning of period	627	322
Cash and cash equivalents at end of period	$ 352	$ 341
Interest payments	$ 11	$ 2
Income tax refunds, net		$ 35

See accompanying notes.

Humana Inc.
Notes To Condensed Consolidated Financial Statements
Unaudited

(A) Basis of Presentation

The accompanying condensed consolidated financial statements are presented in accordance with the requirements of Form 10-Q and consequently do not include all of the disclosures normally required by generally accepted accounting principles or those normally made in an annual report on Form 10-K. Accordingly, for further information, the reader of this Form 10-Q may wish to refer to the Form 10-K of Humana Inc. (the "Company") for the year ended December 31, 1997.

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

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

(B) Contingencies

The Company's Medicare risk contracts with the federal government are renewed for a one-year term each December 31 unless terminated 90 days prior thereto. In 1997, Congress passed legislation which revised the structure of and reimbursement for private health plan options for Medicare enrollees. Management is unable to predict the impact the modification of federal reimbursement will have on the Company's financial position, results of operations or cash flows. The Company also maintains annual contracts with various states and a two-year contract with the Commonwealth of Puerto Rico, expiring March 31, 1999, to provide health care to Medicaid-eligible individuals. Additionally, the Company's contract with the United States Department of Defense to administer the TRICARE program is a one-year contract renewable annually for up to three additional years. The loss of these contracts or significant changes in these programs as a result of administrative or legislative action, including reductions in payments or increases in benefits without corresponding increases in payments, would have a material adverse effect on the revenues, profitability and business prospects of the Company.

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

(C) Earnings Per Common Share

The Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share" ("SFAS No. 128") which specifies the computation, presentation and disclosure requirements for earnings per share effective for periods ending after December 15, 1997. In accordance with SFAS No. 128, earnings per share data for the quarter ended March 31, 1997 have been restated.

Detail supporting the computation of earnings per common share and earnings per common share-assuming dilution follows:

Dollars in millions, except per share results

Quarter Ended March 31, 1998	Net Income	Shares	Per Share Results
Earnings per common share	$ 50	164,857,526	$ .30
Effect of dilutive stock options		2,331,930	
Earnings per common share - assuming dilution	$ 50	167,189,456	$ .30
Quarter Ended March 31, 1997			
Earnings per common share	$ 39	162,800,973	$ .24
Effect of dilutive stock options		2,215,829	
Earnings per common share - assuming dilution	$ 39	165,016,802	$ .24

Options to purchase 2,015,160 and 3,126,531 shares for the quarters ended March 31, 1998 and 1997, respectively, were not included in the computation of earnings per common share-assuming dilution because the options' exercise prices were greater than the average market price of the common shares.

(D) Long-Term Debt

The Company repaid the outstanding balance under its five-year revolving credit agreement ("Credit Agreement") during the quarter ended March 31, 1998, using funds obtained through its commercial paper program. As a result, borrowings under the commercial paper program, which is backed by the Credit Agreement, totaled approximately $847 million at March 31, 1998, with an average interest rate during the quarter of 5.8 percent.

Borrowings under both the Credit Agreement and commercial paper program have been classified as long-term debt based on management's ability and intent to refinance borrowings on a long-term basis.

(E) Acquisitions and Dispositions

On February 28, 1997, the Company acquired Health Direct, Inc. ("Health Direct") from Advocate Health Care for $23 million in cash. This transaction, which was recorded using the purchase method of accounting, added approximately 50,000 medical members to the Company's Chicago, Illinois, membership.

On September 8, 1997, the Company acquired Physician Corporation of America ("PCA") for total consideration of $411 million in cash, consisting primarily of $7 per share for PCA's outstanding common stock and the assumption of $121 million in debt. The purchase was funded with borrowings under the Company's commercial paper program. PCA serves approximately 1.1 million medical members and provides comprehensive health services through its HMOs in Florida, Texas and Puerto Rico. In addition, PCA provides workers' compensation third-party administrative management services. Prior to November 1996, PCA also was a direct writer of workers' compensation insurance in Florida. Long-term medical and other expenses payable in the accompanying consolidated balance sheets includes the long-term portion of workers' compensation liabilities related to this business. This transaction was recorded using the purchase method of accounting.

On October 17, 1997, the Company acquired ChoiceCare Corporation ("ChoiceCare") for approximately $250 million in cash. The purchase was funded with borrowings under the Company's commercial paper program. ChoiceCare provides health services products to approximately 250,000 medical members in the Greater Cincinnati, Ohio, area. This transaction was recorded using the purchase method of accounting.

On January 31, 1997, the Company completed the sale of its Washington, D.C., health plan to Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. Effective April 1, 1997, the Company also completed the sale of its Alabama operations, exclusive of its small group business and Alabama TRICARE operations, to PrimeHealth of Alabama, Inc. On October 31, 1997, the Company also sold The Lexington Hospital in Lexington, Kentucky, to Jewish Hospital Healthcare Services, Inc. These sale transactions did not have a material impact on the Company's financial position, results of operations or cash flows.

(F) Adoption of New Generally Accepted Accounting Principles

Effective January 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS No. 130"), issued by the FASB in June 1997. Comprehensive income is defined therein as all changes in equity during the period except those resulting from shareholder equity contributions and distributions. Comprehensive income totaled $51 million and $30 million for the quarters ended March 31, 1998 and 1997, respectively, and was comprised of net income and unrealized investment gains and losses.

In addition, effective January 1, 1998, the Company adopted Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use" ("SOP 98-1"), issued by the AICPA's Accounting Standards Executive Committee in March 1998. SOP 98-1 specifies the costs to be capitalized in connection with obtaining or developing computer software to be used solely to meet the Company's internal needs. The adoption of SOP 98-1 did not have a material impact on the Company's financial position or results of operations.

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

This discussion and analysis contains both historical and forward-looking information. The forward-looking statements may be significantly impacted by risks and uncertainties, and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. There can be no assurance that anticipated future results will be achieved because actual results may differ materially from those projected in the forward-looking statements. Readers are cautioned that a number of factors, which are described herein and in the Company's Annual Report on Form 10-K for the year ended December 31, 1997, could adversely affect the Company's ability to obtain these results. These include the effects of either federal or state health care reform or other legislation, renewal of the Company's Medicare risk contracts with the federal government, renewal of the Company's contract with the federal government to administer the TRICARE program, renewal of the Company's Medicaid contracts with various state governments and the Commonwealth of Puerto Rico, and the effects of other general business conditions, including but not limited to, the Company's ability to integrate its acquisitions, the Company's ability to appropriately address the "Year 2000" computer system issue, government regulation, competition, premium rate changes, retrospective premium adjustments relating to federal government contracts, medical cost trends, changes in Commercial and Medicare risk membership, capital requirements, the ability of health care providers to assume financial risk, general economic conditions and the retention of key employees. In addition, past financial performance is not necessarily a reliable indicator of future performance and investors should not use historical performance to anticipate results or future period trends.

Introduction

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

The Company's HMO and PPO products are marketed primarily to employers and other groups ("Commercial") as well as Medicare- and Medicaid-eligible individuals. The products marketed to Medicare-eligible individuals are either HMO products ("Medicare risk") or indemnity insurance policies that supplement Medicare benefits ("Medicare supplement"). The Medicare risk product provides managed care services that include all Medicare benefits and, in certain circumstances, additional managed care services. The Company also maintains annual contracts with various states and a two-year contract with the Commonwealth of Puerto Rico, expiring March 31, 1999, to provide health care to Medicaid-eligible individuals. The Company also offers

administrative services ("ASO") to employers who self-insure their employee health plans. In total, the Company's products are licensed in 47 states, the District of Columbia and Puerto Rico, with approximately 22 percent of its membership in the state of Florida.

The Company is in the second year of its managed care support contract with the United States Department of Defense to administer the TRICARE program. Under the TRICARE contract, which is renewable annually for up to three additional years, the Company provides managed care services to the beneficiaries of active military personnel and retired military personnel and their beneficiaries located in the southeastern United States.

Comparison of Results of Operations

Income before income taxes totaled $79 million for the quarter ended March 31, 1998 (the "1998 quarter"), compared to $60 million for the quarter ended March 31, 1997 (the "1997 quarter"). Net income was $50 million or $.30 per diluted share in the 1998 quarter, compared to $39 million or $.24 per diluted share in the 1997 quarter. This earnings increase was primarily a result of growth in the Company's Medicare risk membership, continuing administrative cost reductions and the 1997 acquisitions of Physician Corporation of America ("PCA") and ChoiceCare Corporation ("ChoiceCare"). These favorable items were partially offset by the effects of increased Medicare risk hospital utilization and increased pharmacy costs system wide.

The Company's premium revenues increased 30 percent to $2.4 billion for the 1998 quarter, compared to $1.8 billion for the same period in 1997. The premium revenue increase was primarily attributable to the combined $423 million of premium revenue from PCA and ChoiceCare, same-plan Medicare risk membership growth and increased Commercial premium yields. Same-plan Commercial premium yields increased a net 4.5 percent for the 1998 quarter and are expected to increase approximately 5 to 6 percent throughout the remainder of 1998. While the Company's Medicare risk statutory premium rate increased by slightly less than 2 percent, the changing geographical mix of the Company's Medicare risk membership resulted in a 1 percent decline in the Medicare risk premium yield during the 1998 quarter, and is expected to result in a relatively flat premium yield for all of 1998.

Reflecting the effects of a continued premium pricing discipline intended to maintain adequate profitability, the Company's same-plan fully insured Commercial membership declined 15,500 members, or less than 1 percent, during the 1998 quarter, compared to a decline of 113,400 for the same period in 1997. Offsetting this modest decline, Commercial same-plan ASO membership increased 40,700 during the 1998 quarter. The Company's same-plan Medicare risk membership increased 12,700 during the 1998 quarter, compared to a same-plan increase of 15,100 members for the same period in 1997. This growth in Medicare risk membership reflects enrollment gains in both the Company's newer and base Medicare risk markets.

In addition to these same-plan membership results, PCA and ChoiceCare membership totaled 646,000 Commercial members, 598,000 Medicaid members, 59,000 Medicare risk members and 51,000 ASO members. Same-plan membership results also exclude the sale of the Washington, D.C. health plan and the Company's Alabama operations. At March 31, 1998, the Company's medical membership totaled over 6.2 million. Management expects same-plan Commercial membership to increase at a low to mid single digit rate during 1998, while Medicare risk membership is expected to increase approximately 20 percent.

The Company also experienced membership increases in its specialty product lines during the 1998 quarter of 207,200, or 8 percent. As a result, at March 31, 1998, the Company's specialty membership totaled over 2.6 million.

The Company's medical expense ratio for the 1998 quarter was 83.1 percent, increasing from 82.3 percent for the same period in 1997 as a result of the PCA and ChoiceCare acquisitions. Excluding the effect of these acquisitions, the Company's medical expense ratio increased slightly to 82.4 percent. This increase resulted from increased pharmacy cost trends system wide and higher Medicare risk days per thousand, reflecting the impact of increased influenza-related admissions. These medical cost increases were partially offset by a modest improvement in Commercial days per thousand trends.

During the 1998 quarter, the Company's administrative cost ratio improved to 15.2 percent from 15.8 percent in the 1997 quarter. This year-over-year improvement in the administrative cost ratio reflects the impacts of the PCA and ChoiceCare acquisitions and the Company's efforts to rationalize staffing levels and streamline the organizational structure. Continued improvement is expected in the administrative cost ratio throughout 1998.

Interest income totaled $41 million and $26 million for the 1998 and 1997 quarters, respectively. The increase is primarily attributable to a larger investment portfolio resulting from the addition of PCA and ChoiceCare. The tax equivalent yield on invested assets approximated 8.5 percent and 8 percent for the 1998 and 1997 quarters, respectively.

Liquidity

During the 1998 quarter, $310 million was used in the Company's operating activities, compared to $64 million being provided by operations in the 1997 quarter. This net cash used in operations during the 1998 quarter can be attributed in large part to the timing of receipt of unearned premium payments from the Health Care Financing Administration ("HCFA") ($235 million), the paydown of claims of acquired companies ($80 million) and the payment of certain general and administrative accruals, including pension and other compensation-related obligations ($25 million).

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

The Company maintains a five-year revolving credit agreement ("Credit Agreement") which provides a line of credit of up to $1.5 billion. Principal amounts outstanding under the Credit Agreement bear interest at rates ranging from LIBOR plus 12 basis points to LIBOR plus 30 basis points, depending on the ratio of debt to debt plus net worth. The Credit Agreement, under which there were no outstanding borrowings at March 31, 1998, contains customary covenants and events of default.

The Company also maintains a commercial paper program and issues debt securities thereunder. At March 31, 1998, borrowings under the commercial paper program totaled approximately $847 million, with an average interest rate during the quarter of 5.8 percent. The commercial paper program is backed by the Credit Agreement. Borrowings under both the Credit Agreement and commercial paper program have been classified as long-term debt based on management's ability and intent to refinance borrowings on a long-term basis.

Management believes that existing working capital, future operating cash flows and funds available under the existing revolving Credit Agreement and commercial paper program are sufficient to meet future liquidity needs. Management also believes the aforementioned sources of funds are adequate to allow the Company to pursue strategic acquisition and expansion opportunities, as well as fund capital requirements.

Capital Resources

The Company's ongoing capital expenditures relate primarily to administrative facilities and related information systems necessary for activities such as claims processing, billing and collections, medical utilization review and customer service. Excluding acquisitions, planned capital spending in 1998 will approximate $70 to $80 million for the expansion and improvement of such items.

Impact of the Year 2000 Issue

The Company has conducted an assessment of its computer systems to identify the systems that could be affected by the "Year 2000" issue, which results from computer programs having been written to define the applicable year using two digits rather than four digits. The Company believes that, with modifications to existing software, the Year 2000 issue will not pose significant operational problems for its computer system as so modified. The Company plans to complete the majority of the Year 2000 modifications by December 31, 1998. At present, the Company anticipates that the incremental costs incurred in connection with the Year 2000 project will approximate $12 to $15 million.

The costs of the project and the date on which the Company plans to complete the necessary Year 2000 modifications are based on management's best estimates, which were derived utilizing numerous assumptions of future events including the continued availability of certain resources and other factors. However, there can be no guarantee that these estimates will be achieved and actual results could differ materially from those plans. Specific factors that might cause such material differences include, but are not limited to, the availability and cost of personnel trained in this area, the ability to locate and correct all relevant computer codes, the ability of the Company's significant suppliers, customers and others with which it conducts business, including federal and state governmental agencies, to identify and resolve their own Year 2000 issues and similar uncertainties.

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

Quarterly Membership

	1998	1997
Commercial members at:		
March 31	3,249,600	2,577,800
June 30		2,577,600
September 30		3,056,400
December 31		3,258,600
Medicare risk members at:		
March 31	495,800	374,200
June 30		389,600
September 30		462,400
December 31		480,800
TRICARE eligible members at:		
March 31	1,103,500	1,103,100
June 30		1,107,300
September 30		1,107,300
December 31		1,112,200
Medicaid members at:		
March 31	632,200	53,200
June 30		51,000
September 30		638,400
December 31		635,200
Medicare supplement members at:		
March 31	64,600	93,500
June 30		74,600
September 30		71,200
December 31		68,800
Administrative services members at:		
March 31	682,200	566,300
June 30		555,000
September 30		584,500
December 31		651,200
Total medical members at:		
March 31	6,227,900	4,768,100
June 30		4,755,100
September 30		5,920,200
December 31		6,206,800
Specialty members at:		
March 31	2,647,800	2,172,900
June 30		2,127,200
September 30		2,358,200
December 31		2,440,600

Part II: Other Information

Item 1: Legal Proceedings

Damages for claims for personal injuries and medical benefit denials are usual in the Company's business. Personal injury claims are covered by insurance from the Company's wholly-owned captive insurance subsidiary and excess carriers, except to the extent that claimants seek punitive damages, which may not be covered by insurance if awarded. Punitive damages generally are not paid where claims are settled and generally are awarded only where a court determines there has been a willful act or omission to act.

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

Items 2 - 5:

None.

Item 6: Exhibits and Reports on Form 8-K

(a) Exhibits:

Exhibit 12 - Statement re: Computation of Ratio of Earnings to Fixed Charges, filed herewith.

Exhibit 27 - Financial Data Schedule for Three Months Ended March 31, 1998.

Exhibit 27.1995 - Restated Financial Data Schedule for Twelve Months Ended December 31, 1995.

(b) No reports on Form 8-K were filed during the quarter ended March 31, 1998.

Signatures

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

HUMANA INC.

Date:	May 15, 1998	/s/ James E. Murray James E. Murray Chief Financial Officer (Principal Accounting Officer)
Date:	May 15, 1998	/s/ Arthur P. Hipwell Arthur P. Hipwell Senior Vice President and General Counsel

Humana Inc.
Ratio of Earnings to Fixed Charges
For the quarters ended March 31, 1998 and 1997
Unaudited
(Dollars in millions)

	1998	1997
Earnings:		
Income before income taxes	$ 79	$ 60
Fixed charges	15	5
	$ 94	$ 65
Fixed charges:		
Interest charged to expense	$ 12	$ 3
One-third of rent expense	3	2
	$ 15	$ 5
Ratio of earnings to fixed charges	6.1	12.7

The one-third of rent expense included in fixed charges is that proportion deemed representative of the interest portion.

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