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 June 30, 1995

OR

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

Commission file number 1-5975

HUMANA INC.

(Exact name of registrant as specified in its charter)

Delaware	61-0647538
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
500 West Main Street, Louisville, Kentucky	40202
(Address of principal executive offices)	(Zip Code)

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

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

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

YES X NO

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

Class of Common Stock	Outstanding at August 10, 1995
$.16 2/3 par value	161,825,590 shares

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FORM 10-Q
June 30, 1995

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Part I: Financial Information

HUMANA INC.
CONDENSED CONSOLIDATED STATEMENT OF INCOME
For the quarters and six months ended June 30, 1995 and 1994
Unaudited
(Dollars in millions, except per share results)

	Quarter		Six Months	
	1995	1994	1995	1994
Revenues:				

Premiums	$ 1,048	$ 897	$ 2,073	$ 1,750
Interest	19	15	38	28
Other income	3	5	7	8
Total revenues	1,070	917	2,118	1,786
Operating expenses:				
Medical costs	860	736	1,686	1,439
Selling, general and administrative	125	111	250	213
Depreciation and amortization	15	12	30	24
Unusual charge (a)		18		18
Total operating expenses	1,000	877	1,966	1,694
Income from operations	70	40	152	92
Interest expense (recovery) (a)	2	(28)	4	(27)
Income before income taxes	68	68	148	119
Provision for income taxes (a)	23	14	50	33
Net income (a)	$ 45	$ 54	$ 98	$ 86
Earnings per common share (a)	$ .28	$ .33	$ .60	$ .53
Shares used in earnings per common share computation (000)	162,255	160,836	162,148	160,659

(a) 1994 second quarter and six-month results include the favorable effect of the settlement of tax disputes with the Internal Revenue Service partially offset by the write-down of a nonoperational asset.

See accompanying notes.

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

June 30, December 31,

	1995	1994
Assets		
Current assets:		
Cash and cash equivalents	$ 447	$ 272
Marketable securities	528	609
Premiums receivable, less allowance for loss of $19 - June 30, 1995 and $20 - December 31, 1994	80	74
Deferred income taxes	42	45
Other	64	38
Total current assets	1,161	1,038
Property and equipment, net	320	317
Long-term marketable securities	388	322
Cost in excess of net tangible assets acquired	159	155
Deferred income taxes	50	56
Other	85	69
Total assets	$ 2,163	$ 1,957
Liabilities and Common Stockholders' Equity		
Current liabilities:		
Medical costs payable	$ 554	$ 527
Trade accounts payable and accrued expenses	166	233
Unearned premium revenues	127	
Income taxes payable	52	56
Total current liabilities	899	816
Professional liability and other obligations	88	83
Total liabilities	987	899
Contingencies		
Common stockholders' equity:		
Common stock, $.16 2/3 cents par; authorized 300,000,000 shares; issued and outstanding 161,820,165 shares - June 30, 1995 and 161,330,064 shares - December 31, 1994	27	27
Other	1,149	1,031
Total common stockholders' equity	1,176	1,058
Total liabilities and common stockholders' equity	$ 2,163	$ 1,957

See accompanying notes.

HUMANA INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended June 30, 1995 and 1994
Unaudited
(Dollars in millions)

	1995	1994
Cash flows from operating activities:		
Net income	$ 98	$ 86
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	30	24
Deferred income taxes	(1)	48
Unusual charge		18
Changes in operating assets and liabilities	71	(46)
Other	(1)	2
Net cash provided by operating activities	197	132
Cash flows from investing activities:		
Purchase and disposition of property and equipment, net	(25)	(11)
Acquisition of health plan assets	(3)	(37)
Change in marketable securities	2	(152)
Net cash used in investing activities	(26)	(200)
Cash flows from financing activities:		
Other	4	3
Net cash provided by financing activities	4	3
Increase (decrease) in cash and cash equivalents	175	(65)
Cash and cash equivalents at beginning of period	272	372
Cash and cash equivalents at end of period	$ 447	$ 307
Interest payments (refunds), net	$ 2	$ (20)
Income tax payments (refunds), net	$ 52	$ (13)

See accompanying notes.

HUMANA INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(A) Basis of Presentation

The accompanying 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, 1994.

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 provides medical services to Medicare risk members under contracts with the Health Care Financing Administration ("HCFA") that are renewed for a one-year term each December 31 unless terminated 90 days prior thereto. The loss of these contracts or significant changes in the Medicare program as a result of legislative action, including reductions in payments or increases in benefits without corresponding increases in payments, would have a material adverse effect on the revenues, profitability and business prospects of the Company. On July 28, 1995, HCFA's Office of the Actuary announced the projected national average rate of increase for 1996 under these contracts to be 10.1 percent. The final rate of increase will be announced in September 1995. When the final rate increase is determined, geographic and other adjustments could significantly affect the Company's actual 1996 increase. Over the last five years, annual increases have ranged from as low as 2 percent in January 1991 to as high as 12 percent in January 1993, with an average of 6 percent.

During 1994, the Company's South Florida health plan (the "Plan") was denied accreditation by the National Committee for Quality Assurance ("NCQA"). The Company began various corrective action procedures developed to resolve the issues identified and expects no material effects on its results of operations, financial position or cash flows as a result of the NCQA accreditation denial. In addition, HCFA notified the Company regarding a separate investigation of the Plan, that the Plan was not fully meeting data collection and use requirements in the areas of utilization management, quality assurance and availability/accessibility. In July 1995, HCFA notified the Company that it had successfully restored compliance with these requirements. HCFA's notification was based upon site visits conducted by them in January and May 1995, together with other information submitted to HCFA by 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 its results of operations, financial position or cash flows.

(C) Subsequent Event

On August 9, 1995 the Company entered into a definitive agreement with EMPHESYS Financial Group, Inc. ("EMPHESYS") pursuant to which EMPHESYS will merge with and into a wholly owned subsidiary of the Company. EMPHESYS, based in Green Bay, Wisconsin, provides medical health care services to approximately 1.3 million members. The Company will commence an all cash tender offer on or prior to August 16, 1995, to acquire all of EMPHESYS' outstanding common stock for $37.50 per share. The aggregate purchase price of approximately $650 million will be funded through bank borrowings, available cash and marketable securities (which may require the sale of selected marketable securities). Lincoln National Corporation ("Lincoln National"), through a wholly owned subsidiary, owns approximately 29 percent of the outstanding shares of EMPHESYS. Lincoln National has agreed to tender its shares, has granted the Company an option to acquire all of its EMPHESYS shares at $37.50 per share and has entered into other customary lock-up arrangements with the Company. The transaction, which is subject to certain regulatory approvals, is expected to be completed in the fall of 1995.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

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

Results of Operations

Second Quarter Ended June 30, 1995 and 1994

The Company's premium revenues increased 17 percent to $1 billion for the quarter ended June 30, 1995, compared to $897 million for the same period in 1994. This growth was due to same-store Commercial membership gains, a 5 percent increase in Medicare risk premium rates and the December 1994 acquisition of CareNetwork, Inc. Premium revenues associated with this acquisition totaled approximately $40 million for the quarter ended June 30, 1995. Partially reducing these increases was a 1.8 percent reduction of Commercial premium rates. Management believes this rate of decrease will continue for the remainder of 1995.

Membership in the Company's Commercial products increased 54,700 or 3 percent during the second quarter ended June 30, 1995. On a same-store basis, Commercial membership for the quarter ended June 30, 1995, increased 53,000 compared to 5,000 for the same period in 1994. The Company also added 4,100 Medicare risk members and 36,000 members in its administrative services product. Medicare supplement membership declined 4,200 members during the quarter ended June 30, 1995, as anticipated. For all of 1995, the Company anticipates combined same-store Commercial and Medicare risk product membership gains approximating 15 to 20 percent.

The medical loss ratio for the quarter ended June 30, 1995, was 82.1 percent compared to 81.9 percent for the same period in 1994. The increase was due primarily to an increase in non-hospital and outpatient services costs associated with the Company's Commercial product in expansion markets and less restrictive managed care products. Although the Company has developed corrective action plans, it is anticipated that increased non-hospital and outpatient services cost trends experienced during the second quarter of 1995 will likely continue during the remainder of 1995. Patient days per thousand members for the quarter ended June 30, 1995, decreased 4 percent from the same period a year ago to 259 days per thousand for the Commercial product and 3 percent to 1,353 days per thousand for the Medicare risk product.

The administrative cost ratio was 13.4 percent and 13.6 percent for the quarters ended June 30, 1995 and 1994, respectively. The reduction is the result of increased premium revenues as well as efforts to control administrative spending. As a result of membership growth, the administrative cost ratio is expected to continue to decline for the remainder of 1995.

Interest income totaled $19 million and $15 million for the quarters ended June 30, 1995 and 1994, respectively. The increase is attributable to higher yields earned in the second quarter of 1995 compared to the same period in 1994, as well as increased levels of cash, cash equivalents and marketable securities. The tax equivalent yield on invested assets approximated 8 percent and 6 percent for the quarters ended June 30, 1995 and 1994, respectively.

The Company's income before income taxes totaled $68 million for the quarter ended June 30, 1995 compared to $57 million for the quarter ended June 30, 1994. Income before income taxes for 1994 excludes $29 million related to the favorable settlement of tax disputes with the Internal Revenue Service (the "IRS") and an $18 million charge related to the write-down of a nonoperational asset. Excluding the effects of the nonrecurring items described above, net income increased to $45 million or $.28 per share from $37 million or $.23 per share for the quarters ended June 30, 1995 and 1994, respectively.

Six Months Ended June 30, 1995 and 1994

The Company's premium revenues increased 18 percent to $2.1 billion for the six months ended June 30, 1995 compared to $1.8 billion for the same period in 1994. This growth was due to same-store membership gains, a 5 percent increase in Medicare risk premium rates and the 1994 acquisitions of CareNetwork, Inc. and Group Health Association. Premium revenues associated with these acquisitions totaled approximately $169 million for the six months ended June 30, 1995, compared to approximately $67 million for the six months ended June 30, 1994. Commercial premium rates were down approximately 1 percent for the six months ended June 30, 1995, compared to the same period in 1994. Management believes that commercial premium rates will continue to be down 1 percent to 2 percent (compared to 1994) for the remainder of 1995.

Membership in the Company's Commercial products increased 191,000 or 12 percent during the six months ended June 30, 1995. On a same-store basis, Commercial membership for the six months ended June 30, 1995, increased 180,900 compared to 55,400 for the same period in 1994. The Company also added 9,200 Medicare risk members and 170,900 members in its administrative services product. Medicare supplement membership declined 9,800 members during the six months ended June 30, 1995, as anticipated. For all of 1995, the Company anticipates combined same-store Commercial and Medicare risk product membership gains approximating 15 to 20 percent.

The medical loss ratio for the six months ended June 30, 1995 was 81.3 percent compared to 82.2 percent for the same period in 1994. The improvement was the result of decreased hospital utilization in both the Commercial and Medicare risk products and Medicare risk premium rate increases which exceeded the rate of growth of physician and other medical services costs. Patient days per thousand members decreased 5 percent from the same period a year ago to 266 days per thousand for the Commercial product and 4 percent to 1,429 days per thousand for the Medicare risk product. The year-to-date improvement in the medical loss ratio was reduced during the second quarter of 1995 by an increase in non-hospital and outpatient services costs. The medical loss ratio for the second quarter of 1995 was 82.1 percent compared to 81.9 percent for the second quarter of 1994. Although the Company has developed corrective action plans, it is anticipated that the increased non-hospital and outpatient services cost trends experienced during the second quarter of 1995 will likely continue during the remainder of 1995.

The administrative cost ratio was 13.5 percent for the six months ended June 30, 1995 and 1994. The administrative cost ratio is expected to decline during the remainder of 1995 as a result of membership growth.

Interest income totaled $38 million and $28 million for the six months ended June 30, 1995 and 1994, respectively. The increase is attributable to higher yields earned in the six months of 1995 compared to the same period in 1994, as well as increased levels of cash, cash equivalents and marketable securities. The tax equivalent yield on invested assets approximated 8 percent and 6 percent for the six months ended June 30, 1995 and 1994, respectively.

The Company's income before income taxes totaled $148 million for the six months ended June 30, 1995, compared to $108 million for the six months ended June 30, 1994. Income before income taxes for 1994 excludes $29 million related to the favorable settlement of tax disputes with the IRS and an $18 million charge related to the write-down of a nonoperational asset. Excluding the effects of the nonrecurring items described above, net income increased to $98 million or $.60 per share from $69 million or $.43 per share for the six months ended June 30, 1995 and 1994, respectively.

Liquidity

Cash provided by the Company's operations totaled $197 million for the six months ended June 30, 1995 compared to $132 million for the six months ended June 30, 1994. The timing of the receipt of Medicare risk premiums increased cash provided by operations by $127 million for the six months ended June 30, 1995 and reduced cash provided by operations by $110 million for the same period in 1994. Excluding the effect of the timing of Medicare risk premiums, cash provided by operations was $70 million and $242 million for the six months ended June 30, 1995 and 1994, respectively. The decrease in cash provided by operations was primarily attributable to the timing of payments for medical costs and other payables as well as inclusion in 1994 of the settlement of tax disputes with the IRS.

The Company's subsidiaries operate in states which require certain levels of equity and regulate the payment of dividends to the parent company. As a result, the Company's ability to use operating subsidiaries' cash flows is restricted to the extent that the subsidiaries' ability to pay dividends to its parent Company requires regulatory approval. At June 30, 1995, and December 31, 1994, the Company had approximately $350 million and $220 million of unrestricted cash, cash equivalents and marketable securities, respectively.

On August 9, 1995, the Company entered into a definitive agreement with EMPHESYS Financial Group, Inc. ("EMPHESYS") pursuant to which, subject to the terms and conditions of such agreement, EMPHESYS will merge with and into a wholly owned subsidiary of the Company. EMPHESYS, based in Green Bay, Wisconsin, provides medical health care services to approximately 1.3 million members. The Company will commence an all cash tender offer on or prior to August 16, 1995, to acquire all of EMPHESYS' outstanding common stock for $37.50 per share. The aggregate purchase price of approximately $650 million will be funded through bank borrowings, available cash and marketable securities (which may require the sale of selected marketable securities). This transaction, which is subject to certain regulatory approvals, is expected to be completed in the fall of 1995.

Management believes that existing working capital and future operating cash flows are sufficient to meet future liquidity needs.

Capital Resources

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

Excluding acquisitions, planned capital spending in 1995 will approximate $45 million to $50 million compared to $39 million in 1994. Management believes that its capital spending program is adequate to expand, improve and equip its existing business.

	1995	1994
Commercial members enrolled at:		
March 31	1,664,600	1,381,100
June 30	1,719,300	1,386,100
September 30		1,408,800
December 31		1,528,300
Medicare risk members enrolled at:		
March 31	292,500	276,600
June 30	296,600	281,200
September 30		286,400
December 31		287,400
Medicare supplement members enrolled at:		
March 31	126,100	144,100
June 30	121,900	139,000
September 30		134,700
December 31		131,700
Administrative services members enrolled at:		
March 31	228,400	75,500

June 30	264,400	81,300
September 30		79,100
December 31		93,500
Total members enrolled at:		
March 31	2,311,600	1,877,300
June 30	2,402,200	1,887,600
September 30		1,909,000
December 31		2,040,900

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, (Continued)

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

	1995		
	First	Second	Total
Revenues:			
Premiums:			
Commercial	$ 614	$ 633	$1,247
Medicare risk	384	389	773
Medicare supplement	27	26	53
	1,025	1,048	2,073
Interest	19	19	38
Other income	4	3	7
Total revenues	1,048	1,070	2,118
Operating expenses:			
Medical costs	826	860	1,686
Selling, general and administrative	125	125	250
Depreciation and amortization	15	15	30
Total operating expenses	966	1,000	1,966
Income from operations	82	70	152
Interest expense	2	2	4

Income before income taxes	80	68	148
Provision for income taxes	27	23	50
Net income	$ 53	$ 45	$ 98
Earnings per common share	$ .32	$ .28	$ .60
Medical loss ratio	80.6%	82.1%	81.3%
Administrative cost ratio	13.7%	13.4%	13.5%

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, Continued

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

	1994				
	First	Second	Third	Fourth	Total
Revenues:					
Premiums:					
Commercial	$ 480	$ 518	$ 521	$ 537	$ 2,056
Medicare risk	342	350	357	357	1,406
Medicare supplement	31	29	28	26	114
	853	897	906	920	3,576
Interest	13	15	17	17	62
Other income	3	5	3	5	16
Total revenues	869	917	926	942	3,654
Operating expenses:					
Medical costs	703	736	736	743	2,918
Selling, general and administrative	102	111	111	112	436
Depreciation and					

amortization	12	12	13	13	50
Total operating expenses	817	859	860	868	3,404
Income from operations	52	58	66	74	250
Interest expense	1	1	1	1	4
Income before income taxes	51	57	65	73	246
Provision for income taxes	19	20	23	25	87
Net income	$ 32	$ 37	$ 42	$ 48	$ 159
Earnings per common share	$ .20	$ .23	$ .27	$ .30	$ 1.00
Medical loss ratio	82.4%	81.9%	81.3%	80.8%	81.6%
Administrative cost ratio	13.4%	13.6%	13.7%	13.6%	13.6%

Note: Second quarter and the total results exclude the impact of the favorable settlement of tax disputes with the Internal Revenue Service and the write-down of a nonoperational asset.

Part II: Other Information

Items 1 - 4:

None

Item 5: Other Information

See Note (C) of Notes To Condensed Consolidated Financial Statements.

Item 6: Exhibits and Reports on Form 8-K

(a) Exhibits

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

Exhibit 27 - Financial Data Schedule

(b) No reports on Form 8-K have been filed during the quarter ended June 30, 1995.

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: August 14, 1995 /s/ James E. Murray

James E. Murray
Vice President and Controller
(Principal Accounting Officer)

Date: August 14, 1995 /s/ Arthur P. Hipwell

Arthur P. Hipwell
Senior Vice President and
General Counsel

Exhibit 12

HUMANA INC.
RATIO OF EARNINGS TO FIXED CHARGES
For the quarters and six months ended June 30, 1995 and 1994
Unaudited
(Dollars in millions)

	Quarter Ended June 30,		Six Months Ended June 30,	
	1995	1994	1995	1994
Earnings:				
Income before income taxes	$ 68	$ 68	$ 148	$ 119
Fixed charges	3	2	7	5
	$ 71	$ 70	$ 155	$ 124
Fixed charges:				
Interest charged to expense	$ 2	$ 1	$ 4	$ 3
One-third of rent expense	1	1	3	2
	$ 3	$ 2	$ 7	$ 5
Ratio of earnings to fixed charges	21.5	30.6	23.5	25.5

For the purpose of determining earnings in the calculation of the ratio of earnings to fixed charges (the "Ratio"), earnings have been increased by the provision for income taxes and fixed charges. Fixed charges consist of interest expense on borrowings and one-third (the proportion deemed representative of the interest portion) of rent expense. For purposes of calculating the Ratio, 1994 interest expense excludes the impact of a nonrecurring item related to the second quarter favorable settlement of tax disputes with the Internal Revenue Service.

<ARTICLE> 5
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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION
EXTRACTED FROM HUMANA INC.'S FORM 10-Q
FOR THE SIX MONTHS ENDED JUNE 30, 1995 AND IS
QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL
STATEMENT

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