

10/09/26 Humana Inc. Bonus Year 2028 Star Rating Prepared Remarks

Lisa Stoner, Vice President – Investor Relations, Humana Inc.

Hello, this is Lisa Stoner, Vice President of Investor Relations. I am joined today by Jim Rehtin, Humana's President and Chief Executive Officer. Before Jim begins his remarks, I need to advise listeners of our cautionary statement. Certain of the matters discussed in this commentary are forward looking and involve a number of risks and uncertainties. Actual results could differ materially.

Investors are advised to read the detailed risk factors discussed in our latest Form 10-K and our other filings with the Securities and Exchange Commission, as they relate to forward-looking statements, along with the 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 8-K, our historical financial news releases, and our filings with the SEC are also available on our Investor Relations site.

With that, I'll turn it over to Jim.

Jim Rehtin, President and Chief Executive Officer, Humana Inc.

Thank you, Lisa. And thank you to everyone listening for your interest in Humana.

We pre-recorded this ad-hoc commentary so that we could respond quickly once Stars results were released publicly. We, of course, did not know in advance when that would occur. While we don't expect to provide this type of commentary every year, we felt it was important to share brief remarks today given the focus on and importance of our Stars recovery journey over the last 2 years.

Let me start with the headlines. First, our 2027 Stars results – which I will refer to as Bonus Year '28 or BY28 – approach the highest Star Ratings Humana has ever achieved, with a member weighted Star Rating of 4.17. While we do not have competitor details at the time of this recording, we are confident that our results will exceed our goal of Top Quartile based on historical industry results and the industry performance information that has been shared by CMS to date. We will share a view of our performance versus competitors and an estimate of Top Quartile in an 8-K when available.

Second, we intend to manage our product and benefit structure assuming performance that approximates Top Quartile results. We anticipate some of the outperformance in BY28 relative to Top Quartile will be one time in nature, and we will manage benefits and our expenses as such.

Third, we continue to make strong progress on our Bonus Year 2029 Stars efforts, and we feel good about maintaining Top Quartile results.

Finally, we believe we are well positioned to deliver on our commitment of unlocking the earnings potential of the business by 2028. As a reminder, we will host a virtual Investor Update on December 10th to discuss the meaningful progress we have made towards those commitments.

Now, let me spend a few minutes providing some color on our BY28 Stars results.

I want to begin by highlighting that these results reflect the outstanding leadership of our Stars team, combined with the focus and dedication of thousands of associates across the enterprise, organized around the common goal of driving better experience and better outcomes for our members. I could not be prouder of the entire organization and what they have achieved.

The team's collective efforts resulted in 663,000 more gaps in care closed on a membership adjusted basis year over year.

17 contracts have an improved Star Rating for BY28, with 14 contracts improving one Star level, which is the equivalent of half a Star and 3 contracts moving up 2 Star levels, which is the equivalent of 1 full Star.

11 additional contracts will achieve the 4 Star quality bonus payment in BY28 and 7 contracts improved the percentage of rebate retained year over year. The meaningful increase in 4-star contracts supports our ability to continue our contract diversification efforts, with the goal of no more than 15% of members in any one contract overtime.

All in, utilizing our current contract and member mix, our member weighted average Star Rating increased from 3.84 in BY27 to 4.17 in BY28. Our BY28 results reflect 95% of members in contracts with 4 stars or greater and 42% of our membership in contracts with 4.5 stars.

Before speaking briefly on BY29, let me take a moment to discuss the principles behind our goal of Top Quartile, which we established at our 2025 Investor Day, and why we believe managing the business assuming performance that approximates Top Quartile performance is prudent.

- Top Quartile is per member per month (PMPM) Stars revenue that is 10% above our peer group median.
- Stars revenue PMPM considers the quality bonus payment AND the percentage of rebate retained.
- We use this metric because Stars revenue PMPM is what is important from a competitive perspective.
- We believe Stars results at or around Top Quartile is the level of performance that is sustainable on an ongoing basis and necessary to be competitive in the market - so we want to manage our product and benefit structure with this in mind.
- We believe this approach is critical as we strive to provide as much stability and predictability as possible year to year for our members, our provider partners and our shareholders.

If our BY28 Stars results meaningfully exceed Top Quartile as we anticipate at the time of this recording, there will be a benefit for 2028 that we expect to utilize for one-time investments and for additional return to shareholders. We will share more on the level of and expected use of the one-time benefit once we have more 2028 information, including insight into competitive dynamics, the rate and regulatory environment, along with a view of expected contract mix and membership size and mix. We appreciate our investors' desire for this information and we intend to share it prior to or when giving detailed 2028 financial guidance on the fourth quarter 2027 earnings call.

Turning to BY29 Stars performance, we continue to see strong operational performance in BY29, driven by a more robust onboarding process, earlier member engagement and improved targeting of our clinical programs. We feel good that we will achieve our goal of Top Quartile performance. While we expect to maintain Top Quartile performance, we do not anticipate that the outperformance from BY28 will repeat in BY29 due to changes in the design of the Stars program, movement of members across contracts and other structural elements of the program.

So, to summarize, our BY28 Stars improvement initiatives drove significantly improved results year over year, and we intend to manage our product and benefit structure assuming that we are at or approximately at Top Quartile results.

We continue to make strong progress on our Bonus Year 2029 Stars efforts, and we feel good about maintaining Top Quartile results.

And finally, we believe we are well positioned to deliver on our commitment of unlocking the earnings potential of the business by 2028 as laid out at our 2025 Investor Day.

Thank you for your continued support of Humana and your patience and trust as we have executed on our Stars improvement efforts. And thank you to our 65,000 associates who made this performance possible for our members and our patients.

We look forward to speaking with you on our third quarter earnings call on November 6th.