

news release



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Humana's CenterWell Senior Primary Care and Welsh, Carson, Anderson & Stowe Announce Second Joint Venture to Develop and Operate Value-Based Primary Care Clinics For Medicare Patients

- *The new joint venture will deploy up to \$1.2 billion of additional capital to develop approximately 100 new CenterWell Senior Primary Care clinics between 2023 and 2025 and operate them to profitability.*
- *This joint venture expands upon an existing collaboration that is currently deploying up to \$800 million of capital to open 67 clinics by early 2023 and support their ongoing operations.*
- *Development of additional de novo clinics will reinforce the Humana Primary Care Organization's position as the largest senior-focused primary care provider in the nation.*

LOUISVILLE, KY and NEW YORK (May 16, 2022) – Humana Inc.'s (NYSE: HUM) CenterWell Senior Primary Care and Welsh, Carson, Anderson & Stowe ("WCAS") have established a second joint venture ("JV") to further expand access to value-based primary care clinics for Medicare patients. The new JV will deploy up to \$1.2 billion of committed capital to develop approximately 100 new senior-focused, payer-agnostic primary care clinics between 2023 and 2025 and operate them to profitability. This JV between Humana's CenterWell Senior Primary Care and WCAS follows an earlier JV that is currently deploying up to \$800 million of capital to open 67 clinics by early 2023 and support their ongoing operations.

WCAS, a healthcare and technology-focused investment firm, will have majority ownership of the JV, while Humana will own a minority stake. All de novo clinics developed through the Humana-WCAS joint ventures will be managed and operated under Humana's CenterWell Senior Primary Care brand.

As the nation's largest provider of senior-focused primary care, CenterWell Senior Primary Care is actively scaling its platform through a combination of de novo expansion and inorganic growth. As of March 31, 2022, Humana's Primary Care Organization ("PCO") operates a total of 214 senior-focused primary care clinics, including 37 under the current joint venture with WCAS and 177 other wholly owned centers. Together, these 214 clinics – operating under the CenterWell Senior Primary Care and Conviva Care Solutions brands – serve approximately 180,000 patients in Medicare value-based arrangements, while also supporting 58,000 patients under Independent Practice Association (IPA) arrangements through Conviva Care Solutions. By the end of 2022, Humana expects to serve Medicare patients in approximately 250 CenterWell and Conviva clinics, and intends to add 30 to 50 additional CenterWell clinics per year through 2025.

"We are excited to grow our partnership with Humana to improve access to senior-focused, value-based primary care across the United States," said David Caluori, General Partner at WCAS. "We look forward to continuing our work alongside the CenterWell team to deploy their care model at scale."

"Physicians and patients alike are coming to recognize the many advantages of our unique, senior-focused primary care model," said Reneé Buckingham, President of Humana's Primary Care Organization which operates both CenterWell Senior Primary Care and Conviva Care Centers. "Doctors and nurses spending more time with patients, paying greater attention to both the physical and mental aspects of health, and following a team-based approach all allow for personalized, value-based care that helps improve lives. Early success has led to increased interest in our payer-agnostic model, and under this new joint venture, we look forward to significantly expanding our geographic footprint and serving even more patients in more communities around the country."

Under the new JV agreement, CenterWell Senior Primary Care will receive a management fee, including performance-based incentives, for the management of all joint venture clinics. In addition, the agreement includes a series of put and call options through which Humana may acquire WCAS's interest in the joint venture beginning in 2028 or five years after the opening of each cohort of clinics, and through which WCAS may require Humana to purchase its interest in the joint venture beginning in 2030 or seven years after the opening of each cohort of clinics.

The transaction is expected to have an immaterial impact to Humana's earnings in 2022.

About CenterWell

At CenterWell, part of Humana Inc., we create care experiences that put patients at the center. The result is healthcare that provides ease, comprehensiveness and, most of all, a personal approach. Our primary care, pharmacy, and home health services go beyond traditional clinical settings and outcomes, working with patients and their care teams to close gaps and take their whole health into account.

Because when care is made relevant and accessible, patients can lead happier and healthier lives.

The first services to adopt the CenterWell name were Humana's senior-focused primary care centers. The experienced care teams at CenterWell Senior Primary Care provide comprehensive support services to fully understand the needs of their patients and improve health outcomes.

The Home Health division of Humana-owned Kindred at Home is in the process of transitioning to the CenterWell brand in 2022 – becoming CenterWell Home Health. Also in 2022, Humana's pharmacy and specialty pharmacy businesses will take on the CenterWell name, becoming CenterWell Pharmacy and CenterWell Specialty Pharmacy.

In recent years, Humana has significantly expanded its healthcare services capabilities to better serve its medical members and to significantly strengthen its payer-agnostic care offerings. These services help deliver on the promise of better quality and health outcomes, lower costs and a simpler, more personalized experience for the people they touch.

The CenterWell logo features a blossom with three petals symbolizing physical, emotional and social wellness – important aspects of whole-person health that CenterWell care services address.

About Humana

Humana Inc. is committed to helping our millions of medical and specialty members achieve their best health. Our successful history in care delivery and health plan administration is helping us create a new kind of integrated care with the power to improve health and well-being and lower costs. Our efforts are leading to a better quality of life for people with Medicare, families, individuals, military service personnel, and communities at large.

To accomplish that, we support physicians and other health care professionals as they work to deliver the right care in the right place for their patients, our members. Our range of clinical capabilities, resources and tools – such as in-home care, behavioral health, pharmacy services, data analytics and wellness solutions – combine to produce a simplified experience with the goal of making health care easier to navigate and more effective.

More information regarding Humana is available to investors via the Investor Relations page of the company's website at humana.com, including copies of:

- Annual reports to stockholders
- Securities and Exchange Commission filings
- Most recent investor conference presentations
- Quarterly earnings news releases and conference calls
- Calendar of events
- Corporate Governance information.

About Welsh, Carson, Anderson & Stowe

WCAS is a leading U.S. private equity firm focused on the healthcare and technology industries. Since its founding in 1979, the firm's strategy has been to partner with outstanding management teams and build value for its investors through a combination of operational improvements, growth initiatives, and strategic acquisitions. The firm has raised and managed funds totaling over \$30 billion of committed capital.

Humana 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," "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, particularly its Medicare initiatives and state-based contract strategy, the company's business may be materially adversely affected, which is of particular importance given the concentration of the company's revenues in these products. 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 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 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, or MA, plans according to the health status of covered members, including proposed changes to the methodology used by CMS for risk adjustment data validation audits that fail to address adequately the statutory requirement of

actuarial equivalence, if implemented, 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.
- The securities and credit markets may experience volatility and disruption, which may adversely affect Humana's business.
- The spread of, and response to, the novel coronavirus, or COVID-19, underscores certain risks Humana faces, including those discussed above, and the ongoing, heightened uncertainty created

by the pandemic precludes any prediction as to the ultimate adverse impact to Humana of COVID-19.

As the COVID-19 pandemic continues, the premiums the company charges may prove to be insufficient to cover the cost of health care services delivered to its members, each of which could be impacted by many factors, including the impacts that Humana has experienced, and may continue to experience, to its revenues due to limitations on its ability to implement clinical initiatives to manage health care costs and chronic conditions of its members, and appropriately document their risk profiles, as a result of the company's members being unable or unwilling to see their providers due to actions taken to mitigate the spread of COVID-19; increased costs that may result from higher utilization rates of medical facilities and services and other increases in associated hospital and pharmaceutical costs; and shifts in the company's premium and medical claims cost trends to reflect the demographic impact of higher mortality during the COVID-19 pandemic. In addition, Humana is offering, and has been mandated by legislative and regulatory action (including the Families First Act and CARES Act) to provide, certain expanded benefit coverage to its members, such as waiving, or reimbursing, certain costs for COVID-19 testing, vaccinations and treatment. These measures taken by Humana, or governmental action, to respond to the ongoing impact of COVID-19 (including further expansion or modification of the services delivered to its members, the adoption or modification of regulatory requirements associated with those services and the costs and challenges associated with ensuring timely compliance with such requirements), and the potential for widespread testing, treatments and the distribution and administration of COVID-19 vaccines, could adversely impact the company's profitability.

The spread and impact of COVID-19 and additional variants, or actions taken to mitigate this spread, could have material and adverse effects on Humana's ability to operate effectively, including as a result of the complete or partial closure of facilities or labor shortages. Disruptions in public and private infrastructure, including communications, availability of in-person sales and marketing channels, financial services and supply chains, could materially and adversely disrupt the company's normal business operations. A significant subset of the company's and the company's third party providers' employee population are in a remote work environment in an effort to mitigate the spread of COVID-19, which may exacerbate certain risks to Humana's business, including an increased demand for information technology resources, increased risk of phishing and other cybersecurity attacks, and increased risk of unauthorized dissemination of sensitive personal, proprietary, or confidential information. The continued COVID-19 pandemic

has severely impacted global economic activity, including the businesses of some of Humana's commercial customers, and caused significant volatility and negative pressure in the financial markets. In addition to disrupting Humana's operations, these developments may adversely affect the timing of commercial customer premium collections and corresponding claim payments, the value of the company's investment portfolio, or future liquidity needs.

The ongoing, heightened uncertainty created by the pandemic precludes any prediction as to the ultimate adverse impact to Humana of COVID-19. Humana is continuing to monitor the spread of COVID-19, changes to the company's benefit coverages, and the ongoing costs and business impacts of dealing with COVID-19, including the potential costs and impacts associated with lifting or reimposing restrictions on movement and economic activity, the timing and degree in resumption of demand for deferred healthcare services, the pace of administration of COVID-19 vaccines and the effectiveness of those vaccines, and related risks. The magnitude and duration of the pandemic remain uncertain, and its impact on Humana's business, results of operations, financial position, and cash flows could be material.

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, 2021; and
- Form 8-Ks filed during 2022.

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