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, 1996

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 12, 1996
$.16 2/3 par value	162,441,760 shares

HUMANA INC.
FORM 10-Q
June 30, 1996

Page of
Form 10-Q

Part I: Financial Information

HUMANA INC.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
For the quarters and six months ended June 30, 1996 and 1995
Unaudited
(Dollars in millions except per share results)

	Quarter		Six Months	
	1996	1995	1996	1995
Revenues:				
Premiums	$ 1,578	$ 1,048	$ 3,138	$ 2,073
Interest	25	19	50	38
Other income	2	3	5	7
Total revenues	1,605	1,070	3,193	2,118
Operating expenses:				
Medical costs	1,415	860	2,689	1,686
Selling, general and administrative	228	125	431	250
Depreciation and amortization	24	15	49	30
Asset write-downs and other unusual charges	81		81	
Total operating expenses	1,748	1,000	3,250	1,966
Income (loss) from				

operations	(143)	70	(57)	152
Interest expense	3	2	8	4
Income (loss) before income taxes	(146)	68	(65)	148
Income tax provision (benefit)	(51)	23	(23)	50
Net income (loss)	$ (95)	$ 45	$ (42)	$ 98
Earnings (loss) per common share	$ (.58)	$ .28	$ (.26)	$ .60
Shares used in earnings (loss) per common share computation (000)	162,455	162,255	162,417	162,148

See accompanying notes.

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

	June 30, 1996	December 31, 1995
Assets		
Current assets:		
Cash and cash equivalents	$ 194	$ 182
Marketable securities	1,209	1,156
Premiums receivable, less allowance for doubtful accounts of $36 for June 30, 1996 and December 31, 1995	141	131
Other	173	124
Total current assets	1,717	1,593
Long-term marketable securities	129	180
Property and equipment, net	378	382
Cost in excess of net tangible assets acquired	495	536
Other	190	187
Total assets	$ 2,909	$ 2,878
Liabilities and Common Stockholders' Equity		
Current liabilities:		
Medical costs payable	$ 1,045	$ 866
Trade accounts payable and accrued expenses	296	291
Income taxes payable	16	35
Total current liabilities	1,357	1,192

Long-term debt	177	250
Professional liability and other obligations	141	149
Total liabilities	1,675	1,591
Contingencies		
Common stockholders' equity:		
Common stock, $.16 2/3 par; authorized 300,000,000 shares; issued and outstanding 162,433,676 shares - June 30, 1996 and 162,099,403 shares - December 31, 1995	27	27
Other	1,207	1,260
Total common stockholders' equity	1,234	1,287
Total liabilities and common stockholders' equity	$ 2,909	$ 2,878

See accompanying notes.

HUMANA INC.
Condensed Consolidated Statement of Cash Flows
For the six months ended June 30, 1996 and 1995
Unaudited
(Dollars in millions)

	1996	1995
Cash flows from operating activities:		
Net income (loss)	$ (42)	$ 98
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Asset write-downs	70	
Depreciation and amortization	49	30
Deferred income taxes	(35)	(1)
Changes in operating assets and liabilities	156	71
Other	(12)	(1)
Net cash provided by operating activities	186	197
Cash flows from investing activities:		
Purchases and dispositions of property and equipment, net	(43)	(25)
Acquisition of health plan assets	(3)	(3)
Purchases, sales and maturities of marketable securities, net	(41)	2
Other	(11)	
Net cash used for investing activities	(98)	(26)
Cash flows from financing activities:		
Change in commercial paper	173	
Repayment of credit revolver	(250)	
Other	1	4

Net cash provided by (used for) financing activities	(76)	4
Increase in cash and cash equivalents	12	175
Cash and cash equivalent at beginning of period	182	272
Cash and cash equivalents at end of period	$ 194	$ 447
Interest payments, net	$ 7	$ 2
Income tax payments, net	$ 28	$ 52

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, 1995.

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 the (a) 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, with the exception of the special charges described below, are of a normal and recurring nature.

(B) Special Charges

During the second quarter of 1996, the Company recognized special charges of $200 million pretax ($130 million after tax or $.80 per share). The special charges include provisions for expected future losses on insurance contracts ($105 million) as well as an estimate of the costs to be incurred in restructuring the Washington, D.C. health plan and closing or discontinuing product lines in 16 market areas ($70 million). The special charges also include the write-off of miscellaneous assets, a litigation settlement and other costs ($25 million). The provision for expected future losses on insurance contracts relates primarily to the Washington, D.C. health plan and markets generally characterized as service area expansion markets.

The special charges include $70 million of asset write-downs, related to long-lived assets, primarily associated with the Company's Washington, D.C. health plan. In accordance with Financial Accounting Standards Board Statement No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of", the Company conducted a review of the carrying value of its Washington, D.C.

(B) Special Charges, continued

health plan assets. This review was initiated because the health plan was experiencing significant operating losses. A forecast of expected undiscounted future cash flows was prepared to determine whether an impairment existed and fair values were used to measure the amount of the impairment. As a result of the review, the Washington, D.C. health plan assets were written down to their estimated fair value.

The special charge provision for expected future losses on insurance contracts ($105 million) has been included in medical costs in the accompanying condensed consolidated statement of operations; asset write-downs, restructuring, market closing and product discontinuance costs have been included in asset write-downs and other unusual charges ($81 million) and litigation and certain other costs have been included in selling, general and administrative expenses ($14 million).

(C) Long-Term Debt

During April 1996, the Company implemented a commercial paper program and began issuing debt securities therewith. At June 30, 1996, borrowings under the commercial paper program totaled $173 million. The average interest rate since the inception of the commercial paper program through June 30, 1996, was 5.5 percent. The commercial paper program is backed by the Company's existing $600 million revolving line of credit. Borrowings under the 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 through the continued use of the commercial paper program backed by the revolving credit agreement.

(D) 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. Current legislative proposals are being considered which include modification of future reimbursement rates under the Medicare program and proposals which encourage the use of managed health care for Medicare beneficiaries. Management is unable to predict the outcome of these proposals or the impact they may have on the Company's financial position, results of operations or cash flows. The loss of these contracts or significant changes in the Medicare risk program as a result of legislative action, including reductions in payments or increases in benefits without corresponding increases in payments, would have a

(D) Contingencies, continued

material adverse affect on the revenues, profitability and business prospects of the Company. On July 23, 1996, the Health Care Financing Administration's Office of the Actuary announced the projected national average rate of increase for 1997 under these contracts to be 7.2 percent. The final rate of increase is expected to be announced in September 1996. When the final rate increase is determined, geographic and other adjustments could significantly affect the Company's actual 1997 increase. Over the last five years, annual increases realized by the Company have ranged from as low as 3 percent in January 1994 to as high as 12 percent in January 1993, with an average of approximately 7 percent.

The Company began providing managed health care services on July 1, 1996 pursuant to a potential five-year $3.8 billion contract (a one-year contract renewable annually for up to four additional years at approximately $750 million per year) with the United States Department of Defense under the

Civilian Health and Medical Program of the Uniformed Services ("CHAMPUS"). The use of managed health care under CHAMPUS is a new program and this is the Company's first endeavor operating under the United States Department of Defense guidelines. Management is unable to determine the Company's degree of success in managing the implementation and delivery of services under the CHAMPUS contract, and what effect, if any, this contract may have on the Company's results of operations, financial position or cash flows.

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 results of operations, financial position or cash flows.

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 are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward looking statements may be significantly impacted by certain risks and uncertainties described herein, and in the Company's Annual Report on Form 10-K for the year ended December 31, 1995. There can be no assurance that the Company can duplicate its past performance or that expected future results will be achieved.

Introduction

The Company offers managed health care products which integrate management with the delivery of health care services through a network of providers, who in their delivery of quality medical services, may share financial risk or have incentives to deliver 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 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 Medicare and Medicaid-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").

On July 1, 1996, the Company began providing managed health care services to military dependents under a potential five-year $3.8 billion contract (a one-year contract renewable annually for up to four additional years at approximately $750 million per year) with the United States Department of Defense under the Civilian Health and Medical Program of the Uniformed Services ("CHAMPUS").

Special Charges

During the second quarter of 1996, the Company recognized special charges of $200 million pretax ($130 million after tax or $.80 per share). The special charges include provisions for expected future losses on insurance contracts ($105 million) as well as an estimate of the costs to be incurred in restructuring the Washington, D.C. health plan and closing or discontinuing product lines in 16 market areas ($70 million). The special charges also include the write-off of miscellaneous assets, a litigation settlement and other costs ($25 million). The provision for expected future losses on insurance contracts relates primarily to the Washington, D.C. health plan and markets generally characterized as service area expansion markets.

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

The special charge provision for expected future losses on insurance contracts ($105 million) has been included in medical costs in the accompanying condensed consolidated statement of operations; asset write-downs, restructuring, market closing and product discontinuance costs have been included in asset write-downs and other unusual charges ($81 million) and litigation and certain other costs have been included in selling, general and administrative expenses ($14 million).

The following discussions comparing the quarter ended June 30, 1996 to June 30, 1995, and the six months ended June 30, 1996, to the corresponding six-month period ended June 30, 1995, exclude the special charges described above. The quarter ended June 30, 1996, includes the beneficial effect of these charges, which approximated $.04 per share. The beneficial effect consists primarily of charges against reserves for losses on insurance contracts and amounts related to depreciation and amortization on asset write-downs.

Results of Operations

Quarters Ended June 30, 1996 and 1995

The Company's premium revenues increased 50.7 percent to $1.6 billion for the quarter ended June 30, 1996, compared to $1.0 billion for the same period in 1995. This increase was due primarily to the fourth quarter of 1995 acquisition of EMPHESYS Financial Group, Inc. ("EMPHESYS"). EMPHESYS' premium revenues for the quarter ended June 30, 1996 totaled approximately $427 million. In addition to the acquisition of EMPHESYS, premium revenues increased as a result of the beneficial effect on 1996 of fiscal 1995 membership growth partially offset by the first quarter of 1996 Commercial membership declines. Commercial product same-store membership increased to 1,792,800 from 1,719,300 for the period between June 30, 1995 and June 30, 1996, while Medicare risk membership increased to 332,900 from 296,600 during the same period. The Medicare risk premium rate increased approximately 8.0 percent but was partially offset by Commercial premium rate reductions of 1.0 percent. The weighted average Medicare risk premium rate increase for calendar year 1996 is expected to approximate 8 percent. Management anticipates that the 1996 weighted average Commercial premium rates for calendar year 1996 will range from a decline of 1 percent to flat with 1995.

Membership in the Company's Commercial products decreased 1,000 during the second quarter ended June 30, 1996 compared to an increase of 54,700 for the same period in 1995. The decrease is primarily the result of the Company's plan to price its products based on anticipated medical cost trends. Medicare risk members increased by 10,600 during the second quarter compared to 4,100 for the same period in 1995. The Medicare risk membership growth is primarily the result of sales in new Medicare markets. As a result of management's decisions to exit 13 market areas (comprising 121,700 members) and discontinue certain products in 3 other markets (comprising 19,500 members), Commercial membership is expected to decrease during the remainder of 1996. Medicare risk membership gains are expected to approximate 14 to 15 percent for all of 1996.

The Company anticipates that during the remainder of 1996, its CHAMPUS contract will result in additional premium revenues of approximately $340 million.

The medical loss ratio for the quarter ended June 30, 1996 was 82.9 percent (excluding the effect of the special charges) compared to 82.1 percent for the same period in 1995. The increase was concentrated in the Company's Commercial product and was the result of declining premium rates combined with increasing outpatient hospital, physician and pharmacy services costs. Although the Company is continuing its efforts to control medical costs, given the competitive pricing environment and lack of improving medical cost trends, the Company's medical loss ratio is not expected to improve during the remainder of 1996.

The administrative cost ratio was 15.2 percent and 13.4 percent for the quarters ended June 30, 1996 and 1995, respectively. The increase was due to higher administrative costs associated with EMPHESYS' small group business. In addition, costs associated with the integration of EMPHESYS, the reengineering of the Medicare risk product offering and claim center expenditures designed to improve customer service also contributed to the higher administrative cost ratio. Management anticipates that the administrative cost ratio will be flat to down for the remainder of 1996 when compared to the second quarter of 1996.

Interest income totaled $25 million and $19 million for the quarters ended June 30, 1996 and 1995, respectively. The increase is primarily attributable to increased levels of cash, cash equivalents and marketable securities and the addition of EMPHESYS' portfolio. The tax equivalent yield on invested

assets approximated 8 percent for each of the quarters ended June 30, 1996 and 1995.

Excluding the special charges, the Company's income before income taxes totaled $54 million for the quarter ended June 30, 1996, compared to $68 million for the quarter ended June 30, 1995. Also excluding the special charges, net income was $35 million or $.22 per share and $45 million or $.28 per share for each of the quarters ended June 30, 1996 and 1995, respectively.

Six Months Ended June 30, 1996 and 1995

The Company's premium revenues increased 51.4 percent to $3.1 billion for the six months ended June 30, 1996, compared to $2.1 billion for the same period in 1995. This increase was due primarily to the fourth quarter of 1995 acquisition of EMPHESYS. EMPHESYS' premium revenues for the six months ended June 30, 1996 totaled approximately $850 million. In addition to the acquisition of EMPHESYS, premium revenues increased as a result of the beneficial effect on 1996 of fiscal 1995 membership growth partially offset by the first quarter of 1996 Commercial membership declines. The Medicare risk premium rate increased approximately 8.0 percent but was partially offset by Commercial premium rate reductions of 1.4 percent.

Membership in the Company's Commercial products decreased 22,000 during the six months ended June 30, 1996 compared to an increase of 191,000 for the same period in 1995. The decrease is primarily the result of the loss of approximately 50,000 members in the first quarter of 1996 related to one customer group as well as the Company's plan to price its products based on anticipated medical cost trends. Medicare risk members increased by 22,500 during the six months ended June 30, 1996, compared to 9,200 for the same period in 1995.

The medical loss ratio for the six months ended June 30, 1996 was 82.3 percent (excluding the effect of the special charges) compared to 81.3 percent for the same period in 1995. The increase was concentrated in the Company's Commercial product and was the result of declining premium rates combined with increasing outpatient hospital, physician and pharmacy services costs.

The administrative cost ratio was 15.0 percent and 13.5 percent for the six months ended June 30, 1996 and 1995, respectively. The increase was due to higher administrative costs associated with EMPHESYS' small group business. In addition, costs associated with the integration of EMPHESYS, reengineering of the Medicare risk product offering and claim center expenditures designed to improve customer service also contributed to the higher administrative cost ratio.

Interest income totaled $50 million and $38 million for the six months ended June 30, 1996 and 1995, respectively. The increase is primarily attributable to increased levels of cash, cash equivalents and marketable securities and the addition of EMPHESYS' portfolio. The tax equivalent yield on invested assets approximated 8 percent for each of the six months ended June 30, 1996 and 1995.

Excluding the special charges, the Company's income before income taxes totaled $135 million for the six months ended June 30, 1996, compared to $148 million for the six months ended June 30, 1995. Also excluding the special charges, net income was $88 million or $.54 per share and $98 million or $.60 per share for each of the six months ended June 30, 1996 and 1995, respectively.

Liquidity

Cash provided by the Company's operations totaled $186 million and $197 million for the six months ended June 30, 1996 and 1995, respectively. The receipt of Medicare risk premiums increased cash provided by operations by $127 million for the six months ended June 30, 1995. Excluding the effect of the timing of Medicare risk premiums, cash provided by operations was $186 million and $70 million for the six months ended June 30, 1996 and 1995, respectively.

During April 1996, the Company implemented and began issuing debt under its commercial paper program. In conjunction with the implementation, the Company repaid all amounts outstanding ($230 million at March 31, 1996) under the revolving credit agreement. At June 30, 1996, the Company had borrowed $173 million under the commercial paper program. The reduction in total debt outstanding for the six months ended June 30, 1996, was funded using cash generated from operations.

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 their parent company requires regulatory approval.

Management believes that existing working capital, future operating cash flows, and the availability of the Company's commercial paper program and revolving credit agreement are sufficient to meet future liquidity needs, allow the Company to pursue acquisition and expansion opportunities and fund capital requirements.

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 1996 will approximate $65 million to $70 million compared to $54 million in 1995. Capital spending generally relates to the expansion and improvement of medical care facilities and related computer information systems.

	1996	1995
Commercial members enrolled at:		
March 31	2,862,900	1,664,600
June 30	2,861,900	1,719,300
September 30		1,780,200
December 31		2,883,900
Medicare risk members enrolled at:		
March 31	322,300	292,500
June 30	332,900	296,600
September 30		304,300
December 31		310,400
Medicare supplement members enrolled at:		
March 31	109,600	126,100
June 30	106,000	121,900
September 30		119,100
December 31		115,000

Administrative services members enrolled at:		
March 31	444,700	228,400
June 30	447,900	264,400
September 30		262,800
December 31		495,100
Total members enrolled at:		
March 31	3,739,500	2,311,600
June 30	3,748,700	2,402,200
September 30		2,466,400
December 31		3,804,400

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, continued

HUMANA INC.
SUPPLEMENTAL CONSOLIDATED STATEMENT OF QUARTERLY INCOME (Unaudited)
(Dollars in millions except per share results)

	1996		
	First	Second	Total
Revenues:			
Premiums:			
Commercial	$ 1,082	$ 1,088	$ 2,170
Medicare risk	454	466	920
Medicare supplement	24	24	48
Total premiums	1,560	1,578	3,138
Interest	25	25	50
Other income	3	2	5
Total revenues	1,588	1,605	3,193
Operating expenses:			
Medical costs	1,274	1,308	2,582
Selling, general and administrative	203	216	419
Depreciation and amortization	25	24	49
Total operating expenses	1,502	1,548	3,050
Income from operations	86	57	143
Interest expense	5	3	8
Income before income taxes	81	54	135
Provision for income taxes	28	19	47
Net income	$ 53	$ 35	$ 88
Earnings per common share	$ .32	$ .22	$ .54
Medical loss ratio	81.7%	82.9%	82.3%
Administrative cost ratio	14.7%	15.2%	15.0%

Note: Second quarter and year-to-date results exclude the special charges related primarily to the restructuring of the

Company's Washington, D.C. health plan, provision for expected losses on insurance contracts, closing 13 service areas, discontinuing unprofitable products in three markets, and a provision for a litigation settlement.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, continued

HUMANA INC.
SUPPLEMENTAL CONSOLIDATED STATEMENT OF QUARTERLY INCOME
(Unaudited)
(Dollars in millions except per share results)

	1995				
	First	Second	Third	Fourth	Total
Revenues:					
Premiums:					
Commercial	$ 614	$ 633	$ 652	$ 1,035	$ 2,934
Medicare risk	384	389	395	401	1,569
Medicare supplement	27	26	25	24	102
Total premiums	1,025	1,048	1,072	1,460	4,605
Interest	19	19	20	29	87
Other income	4	3	2	1	10
Total revenues	1,048	1,070	1,094	1,490	4,702
Operating expenses:					
Medical costs	826	860	885	1,191	3,762
Selling, general and administrative	125	125	126	195	571
Depreciation and amortization	15	15	16	24	70
Total operating expenses	966	1,000	1,027	1,410	4,403
Income from operations	82	70	67	80	299
Interest expense	2	2	2	5	11
Income before income taxes	80	68	65	75	288
Provision for income taxes	27	23	22	26	98
Net income	$ 53	$ 45	$ 43	$ 49	$ 190
Earnings per common share	$ .32	$ .28	$ .27	$ .30	$ 1.17
Medical loss ratio	80.6%	82.1%	82.6%	81.5%	81.7%
Administrative cost ratio	13.7%	13.4%	13.3%	14.9%	13.9%

Part II: Other Information

Item 1: Legal Proceedings

On May 16, 1996, preliminary approval was given to the settlement of a class action lawsuit filed on September 11, 1995, against Humana Insurance Company, styled Del Bruns v. Humana Insurance Company (the "Bruns" case).

The settlement is expected to resolve all similar claims involving Humana Insurance Company's parent, subsidiaries, affiliates and predecessors.

The settlement agreement requires Humana Insurance Company to contribute $7,525,000 to a class settlement fund, from which class members who submit timely claims can receive up to two times the difference between co-insurance payments calculated using discounted and non-discounted hospital charges. The settlement excludes residents of Florida and Nevada, whose claims already have been addressed in other proceedings. The court is scheduled to consider final approval of the settlement in September 1996. The accrual for this settlement is included in the special charges described in Note B of the Notes to the Condensed Consolidated Financial Statements.

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

Exhibit 27 - Financial Data Schedule

(b) On June 7, 1996, the Company filed a report on Form 8-K regarding the anticipated decline in 1996 second quarter results.

On July 10, 1996, the Company filed a report on Form 8-K regarding the retirement of the Company's president and chief operating officer, Wayne T. Smith and the appointment of Gregory H. Wolf as chief operating officer.

On July 29, 1996, the Company filed a report on Form 8-K regarding a management reorganization, including the resignation of the Company's chief financial officer, W. Roger Drury.

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, 1996 /s/ James E. Murray

James E. Murray
Vice President - Finance
(Principal Accounting Officer)

Date: August 14, 1996 /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, 1996 and 1995

	Quarter Ended June 30,		Six Months Ended June 30,	
	1996	1995	1996	1995
Earnings:				
Income (loss) before income taxes	$(146)	$ 68	$ (65)	$ 148
Fixed charges	5	3	11	7
	$ (141)	$ 71	$ (54)	$ 155
Fixed charges:				
Interest charged to expense	$ 3	$ 2	$ 8	$ 4
One-third of rent expense	2	1	3	3
	$ 5	$ 3	$ 11	$ 7
Ratio of earnings to fixed charges	(a)	21.5	(a)	23.5

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.

(a) Exclusive of the special charges of $200 million before income taxes, the ratio of earnings to fixed charges for the quarter and six months ended June 30, 1996, would have been 12.3 and 13.2, respectively.

<ARTICLE> 5
<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION
EXTRACTED FROM HUMANA INC.'S FORM 10-Q
FOR THE SIX MONTHS ENDED JUNE 30, 1996 AND IS
QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENT

<PERIOD-TYPE>	6-MOS
<FISCAL-YEAR-END>	DEC-31-1996
<PERIOD-START>	JAN-01-1996
<PERIOD-END>	JUN-30-1996
<CASH>	194
<SECURITIES>	1,209
<RECEIVABLES>	177
<ALLOWANCES>	36
<INVENTORY>	0
<CURRENT-ASSETS>	1,717
<PP&E>	658
<DEPRECIATION>	280
<TOTAL-ASSETS>	2,909
<CURRENT-LIABILITIES>	1,357
<BONDS>	177
<COMMON>	27
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<OTHER-SE>	1,207
<TOTAL-LIABILITY-AND-EQUITY>	2,909
<SALES>	3,138
<TOTAL-REVENUES>	3,193
<CGS>	2,689
<TOTAL-COSTS>	3,250
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	8
<INCOME-PRETAX>	(65)
<INCOME-TAX>	(23)
<INCOME-CONTINUING>	(42)
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	(42)
<EPS-PRIMARY>	(.26)
<EPS-DILUTED>	(.26)