

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q**

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

For the quarterly period ended June 30, 2024

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

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**HUMANA INC. .**

(Exact name of registrant as specified in its charter)

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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, including zip code)

( 502 ) 580-1000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Trading Symbol

Name of each exchange on which registered

Common stock, \$0.16 2/3 par value

HUM

New York Stock Exchange

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  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 June 30, 2024

\$0.16 2/3 par value

120,401,661 shares

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**Humana Inc.**  
FORM 10-Q  
JUNE 30, 2024

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**Humana Inc.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Uaudited)

	June 30, 2024	December 31, 2023		
	(in millions, except share amounts)			
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 5,501	\$ 4,694		
Investment securities	17,424	16,626		
Receivables, net of allowances of \$ 96 in 2024 and \$ 88 in 2023	4,090	2,035		
Other current assets	5,843	6,631		
Total current assets	32,858	29,986		
Property and equipment, net	2,821	3,030		
Long-term investment securities	388	382		
Equity method investments	736	740		
Goodwill	9,567	9,550		
Other long-term assets	3,723	3,377		
Total assets	<u>\$ 50,093</u>	<u>\$ 47,065</u>		
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
Current liabilities:				
Benefits payable	\$ 11,446	\$ 10,241		
Trade accounts payable and accrued expenses	6,527	6,569		
Book overdraft	355	353		
Unearned revenues	313	266		
Short-term debt	1,149	1,443		
Total current liabilities	19,790	18,872		
Long-term debt	11,746	10,213		
Other long-term liabilities	1,829	1,662		
Total liabilities	<u>33,365</u>	<u>30,747</u>		
Commitments and Contingencies (Note 13)				
Stockholders' equity:				
Preferred stock, \$ 1 par; 10,000,000 shares authorized; none issued	—	—		
Common stock, \$ 0.16 2/3 par; 300,000,000 shares authorized; 198,718,810 shares issued at June 30, 2024 and 198,690,082 shares issued at December 31, 2023	33	33		
Capital in excess of par value	3,420	3,346		
Retained earnings	28,745	27,540		
Accumulated other comprehensive loss	( 1,122 )	( 999 )		
Treasury stock, at cost, 78,317,149 shares at June 30, 2024 and 76,465,862 shares at December 31, 2023	( 14,405 )	( 13,658 )		
Total stockholders' equity	16,671	16,262		
Noncontrolling interests	57	56		
Total equity	16,728	16,318		
Total liabilities and equity	<u>\$ 50,093</u>	<u>\$ 47,065</u>		

See accompanying notes to condensed consolidated financial statements.

**Humana Inc.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
**(Unaudited)**

	Three months ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
(in millions, except per share results)				
<b>Revenues:</b>				
Premiums	\$ 28,142	\$ 25,495	\$ 56,403	\$ 51,045
Services	1,100	978	2,162	1,977
Investment income	298	274	586	467
<b>Total revenues</b>	<b>29,540</b>	<b>26,747</b>	<b>59,151</b>	<b>53,489</b>
<b>Operating expenses:</b>				
Benefits	25,039	22,009	50,163	43,867
Operating costs	3,148	3,111	6,190	6,090
Depreciation and amortization	212	191	421	377
<b>Total operating expenses</b>	<b>28,399</b>	<b>25,311</b>	<b>56,774</b>	<b>50,334</b>
<b>Income from operations</b>	<b>1,141</b>	<b>1,436</b>	<b>2,377</b>	<b>3,155</b>
Interest expense	168	120	327	233
Other expense, net	55	54	118	46
<b>Income before income taxes and equity in net losses</b>	<b>918</b>	<b>1,262</b>	<b>1,932</b>	<b>2,876</b>
<b>Provision for income taxes</b>	<b>223</b>	<b>296</b>	<b>474</b>	<b>655</b>
<b>Equity in net losses</b>	<b>(17)</b>	<b>(10)</b>	<b>(41)</b>	<b>(27)</b>
<b>Net income</b>	<b>\$ 678</b>	<b>\$ 956</b>	<b>\$ 1,417</b>	<b>\$ 2,194</b>
Net loss attributable to noncontrolling interests	1	3	3	4
<b>Net income attributable to Humana</b>	<b>\$ 679</b>	<b>\$ 959</b>	<b>\$ 1,420</b>	<b>\$ 2,198</b>
<b>Basic earnings per common share</b>	<b>\$ 5.63</b>	<b>\$ 7.70</b>	<b>\$ 11.76</b>	<b>\$ 17.62</b>
<b>Diluted earnings per common share</b>	<b>\$ 5.62</b>	<b>\$ 7.66</b>	<b>\$ 11.74</b>	<b>\$ 17.54</b>

See accompanying notes to condensed consolidated financial statements.

**Humana Inc.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(Unaudited)**

	Three months ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in millions)			
Net income attributable to Humana	\$ 679	\$ 959	\$ 1,420	\$ 2,198
Other comprehensive income (loss):				
Change in gross unrealized investment (losses) gains	( 47 )	( 137 )	( 161 )	51
Effect of income taxes	10	31	38	( 12 )
Total change in unrealized investment (losses) gains, net of tax	( 37 )	( 106 )	( 123 )	39
Reclassification adjustment for net realized losses (gains)	1	( 8 )	—	53
Effect of income taxes	—	1	—	( 14 )
Total reclassification adjustment, net of tax	1	( 7 )	—	39
Other comprehensive (loss) income, net of tax	( 36 )	( 113 )	( 123 )	78
Comprehensive income attributable to Humana	<u><u>\$ 643</u></u>	<u><u>\$ 846</u></u>	<u><u>\$ 1,297</u></u>	<u><u>\$ 2,276</u></u>

See accompanying notes to condensed consolidated financial statements.

**Humana Inc.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(Uaudited)

	Common Stock		Accumulated						Total Equity								
	Issued Shares	Amount	Capital In		Retained Earnings	Other Comprehensive Loss	Treasury Stock	Total Stockholders' Equity									
			Excess of Par Value	Other Comprehensive Loss													
(dollars in millions, share amounts in thousands)																	
<b>Three months ended June 30, 2024</b>																	
Balances, March 31, 2024	198,691	\$ 33	\$ 3,369	\$ 28,173	\$ (1,086)	\$ (14,359)	\$ 16,130	\$ 56	\$ 16,186								
Net income				679			679	(1)	678								
Distribution from noncontrolling interest holders, net								2	2								
Other comprehensive loss					(36)			(36)	(36)								
Common stock repurchases		—				(50)		(50)	(50)								
Dividends and dividend equivalents		—		(107)			(107)		(107)								
Stock-based compensation		55					55		55								
Restricted stock unit vesting	28	—	(4)		4		—		—								
Balances, June 30, 2024	<u>198,719</u>	<u>\$ 33</u>	<u>\$ 3,420</u>	<u>\$ 28,745</u>	<u>\$ (1,122)</u>	<u>\$ (14,405)</u>	<u>\$ 16,671</u>	<u>\$ 57</u>	<u>\$ 16,728</u>								
<b>Three months ended June 30, 2023</b>																	
Balances, March 31, 2023	198,667	\$ 33	\$ 3,262	\$ 26,619	\$ (1,113)	\$ (12,224)	\$ 16,577	\$ 57	\$ 16,634								
Net income				959			959	(3)	956								
Distribution from noncontrolling interest holders, net								3	3								
Other comprehensive loss				(113)			(113)		(113)								
Common stock repurchases		—			(534)		(534)		(534)								
Dividends and dividend equivalents		—	(110)				(110)		(110)								
Stock-based compensation		51					51		51								
Restricted stock unit vesting	23	—	(3)		3		—		—								
Stock option exercises	—	—	3		1		4		4								
Balances, June 30, 2023	<u>198,690</u>	<u>\$ 33</u>	<u>\$ 3,313</u>	<u>\$ 27,468</u>	<u>\$ (1,226)</u>	<u>\$ (12,754)</u>	<u>\$ 16,834</u>	<u>\$ 57</u>	<u>\$ 16,891</u>								

See accompanying notes to condensed consolidated financial statements.

**Humana Inc.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY—(Continued)**  
**(Unaudited)**

	Common Stock		Accumulated						Total Equity	
	Issued Shares	Amount	Capital in Par Value	Excess of Par Value	Retained Earnings	Other Comprehensive Loss	Treasury Stock	Total Stockholders' Equity		
								Stock	Noncontrolling Interests	
(dollars in millions, share amounts in thousands)										
<b>Six months ended June 30, 2024</b>										
Balances, December 31, 2023	198,690	\$ 33	\$ 3,346	\$ 27,540	\$ ( 999 )	\$ ( 13,658 )	\$ 16,262	\$ 56	\$ 16,318	
Net income					1,420			1,420	( 3 )	1,417
Distribution from noncontrolling interest holders, net								—	4	4
Other comprehensive loss						( 123 )			( 123 )	( 123 )
Common stock repurchases				—			( 773 )		( 773 )	( 773 )
Dividends and dividend equivalents				—	( 215 )			( 215 )		( 215 )
Stock-based compensation				100				100		100
Restricted stock unit vesting	29	—	( 26 )			26	—			—
Stock option exercises	—	—	—			—	—			—
Balances, June 30, 2024	<u>198,719</u>	<u>\$ 33</u>	<u>\$ 3,420</u>	<u>\$ 28,745</u>	<u>\$ ( 1,122 )</u>	<u>\$ ( 14,405 )</u>	<u>\$ 16,671</u>	<u>\$ 57</u>	<u>\$ 16,728</u>	
<b>Six months ended June 30, 2023</b>										
Balances, December 31, 2022	198,667	\$ 33	\$ 3,246	\$ 25,492	\$ ( 1,304 )	\$ ( 12,156 )	\$ 15,311	\$ 59	\$ 15,370	
Net income					2,198			2,198	( 4 )	2,194
Distribution from noncontrolling interest holders, net								—	7	7
Acquisition								—	( 5 )	( 5 )
Other comprehensive income					78			78		78
Common stock repurchases				—		( 628 )		( 628 )		( 628 )
Dividends and dividend equivalents				—	( 222 )			( 222 )		( 222 )
Stock-based compensation				89				89		89
Restricted stock unit vesting	23	—	( 27 )			27	—			—
Stock option exercises	—	—	5		3		8			8
Balances, June 30, 2023	<u>198,690</u>	<u>\$ 33</u>	<u>\$ 3,313</u>	<u>\$ 27,468</u>	<u>\$ ( 1,226 )</u>	<u>\$ ( 12,754 )</u>	<u>\$ 16,834</u>	<u>\$ 57</u>	<u>\$ 16,891</u>	

**Humana Inc.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Uaudited)

	For the six months ended June 30,	
	2024	2023
(in millions)		
<b>Cash flows from operating activities</b>		
Net income	\$ 1,417	\$ 2,194
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on investment securities, net	—	45
Equity in net losses	41	27
Stock-based compensation	100	89
Depreciation	454	410
Amortization	31	34
Impairment of property and equipment	87	—
Changes in operating assets and liabilities, net of effect of businesses acquired and disposed:		
Receivables	( 2,055 )	269
Other assets	592	( 1,141 )
Benefits payable	1,205	978
Other liabilities	( 327 )	( 170 )
Unearned revenues	47	7,092
Other	44	36
Net cash provided by operating activities	<u>1,636</u>	<u>9,863</u>
<b>Cash flows from investing activities</b>		
Acquisitions, net of cash and cash equivalents acquired	( 17 )	( 189 )
Purchases of property and equipment, net	( 291 )	( 487 )
Purchases of investment securities	( 2,962 )	( 2,737 )
Proceeds from maturities of investment securities	1,355	577
Proceeds from sales of investment securities	499	811
Net cash used in investing activities	<u>( 1,416 )</u>	<u>( 2,025 )</u>
<b>Cash flows from financing activities</b>		
Receipts from contract deposits, net	285	3,510
Proceeds from issuance of senior notes, net	2,232	1,215
Repayments of senior notes	( 34 )	( 349 )
(Repayments) issuance of commercial paper, net	( 895 )	238
Repayment of term loan	—	( 500 )
Debt issue costs	( 7 )	( 4 )
Change in book overdraft	2	159
Common stock repurchases	( 766 )	( 623 )
Dividends paid	( 216 )	( 211 )
Other	( 14 )	( 120 )
Net cash provided by financing activities	<u>587</u>	<u>3,315</u>
Increase in cash and cash equivalents	<u>807</u>	<u>11,153</u>
Cash and cash equivalents at beginning of period	<u>4,694</u>	<u>5,061</u>
Cash and cash equivalents at end of period	<u>\$ 5,501</u>	<u>\$ 16,214</u>

**Humana Inc.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)**  
**(Unaudited)**

	For the six months ended June 30,	
	2024	2023
	(in millions)	
<b>Supplemental cash flow disclosures:</b>		
Interest payments	\$ 250	\$ 175
Income tax payments, net	\$ 362	\$ 681
<b>Details of businesses acquired in purchase transactions:</b>		
Fair value of assets acquired, net of cash and cash equivalents acquired	\$ 26	\$ 346
Less: Fair value of liabilities assumed	( 9 )	( 162 )
Less: Noncontrolling interests acquired	—	5
Cash paid for acquired businesses, net of cash and cash equivalents acquired	<u>\$ 17</u>	<u>\$ 189</u>

See accompanying notes to condensed consolidated financial statements.

**Humana Inc.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**1. BASIS OF PRESENTATION AND SIGNIFICANT EVENTS**

The accompanying unaudited condensed consolidated financial statements are presented in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the disclosures normally required by accounting principles generally accepted in the United States of America, or GAAP, or those normally made in an Annual Report on Form 10-K. The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. For further information, the reader of this Form 10-Q should refer to our Form 10-K for the year ended December 31, 2023, that was filed with the Securities and Exchange Commission, or the SEC, on February 15, 2024. We refer to this Form 10-K as the "2023 Form 10-K" in this document. References throughout this document to "we," "us," "our," "Company," and "Humana" mean Humana Inc. and its subsidiaries.

The preparation of our condensed consolidated financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the amounts reported in the unaudited condensed consolidated financial statements and accompanying notes. The areas involving the most significant use of estimates are the estimation of benefits payable, the impact of risk adjustment provisions related to our Medicare contracts, the valuation and related impairment recognition of investment securities, and the valuation and related impairment recognition of long-lived assets, including goodwill and indefinite-lived intangible assets. These estimates are based on knowledge of current events and anticipated future events, and accordingly, actual results may ultimately differ materially from those estimates. For additional information regarding accounting policies considered in preparing our consolidated financial statements, refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our 2023 Form 10-K.

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

***Employer Group Commercial Medical Products Business Exit***

In February 2023, we announced our planned exit from the Employer Group Commercial Medical Products business, which includes all fully insured, self-funded and Federal Employee Health Benefit medical plans, as well as associated wellness and rewards programs. No other Humana health plan offerings are materially affected. Following a strategic review, we determined the Employer Group Commercial Medical Products business was no longer positioned to sustainably meet the needs of commercial members over the long term or support our long-term strategic plans. The exit from this line of business will be phased over the 18 to 24 months following our February 2023 announcement.

***Value Creation Initiatives***

Beginning in 2022, in order to create capacity to fund growth and investment in our Medicare Advantage business and further expansion of our healthcare services capabilities, we committed to drive additional value for the enterprise through cost saving, productivity initiatives, and value acceleration from previous investments. As a result of these initiatives, we recorded charges, primarily in asset impairments, of \$ 68 million and \$ 97 million for the three and six months ended June 30, 2024, respectively, within operating costs in the condensed consolidated statements of income. These charges were recorded at the corporate level and not allocated to the segments. We expect to incur additional charges through the end of 2024. We did not record any charges for the three and six months ended June 30, 2023.

**Humana Inc.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**(Unaudited)**

**Revenue Recognition**

Our revenues include premiums and services revenue. Services revenue includes administrative service fees that are recorded based upon established per member per month rates and the number of members for the month and are recognized as services are provided for the month. Additionally, services revenue includes net patient services revenue that are recorded based upon established billing rates, less allowances for contractual adjustments, and are recognized as services are provided. For additional information regarding our revenues, refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our 2023 Form 10-K. For additional information regarding disaggregation of revenue by segment and type, refer to Note 14 to the unaudited Condensed Consolidated Financial Statements included in Part I, Item 1, "Financial Statements" of this Form 10-Q.

At June 30, 2024, accounts receivable related to services were \$ 395 million. For the three and six months ended June 30, 2024, we had no material bad-debt expense and there were no material contract assets, contract liabilities or deferred contract costs recorded on the condensed consolidated balance sheet at June 30, 2024.

For the three and six months ended June 30, 2024, services revenue recognized from performance obligations related to prior periods, such as due to changes in transaction price, was not material. Further, services revenue expected to be recognized in any future year related to remaining performance obligations was not material.

**2. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

*Accounting Pronouncements Effective in Future Periods*

In December 2023, the FASB issued Accounting Standards Update No. 2023-07, Segment Reporting — Improvements to Reportable Segment Disclosures. The new guidance requires incremental disclosures related to a public entity's reportable segments but does not change the definition of a segment, the method for determining segments, or the criteria for aggregating operating segments into reportable segments. The new guidance requires a public entity to disclose its significant segment expense categories and amounts for each reportable segment. The new guidance will be effective for us beginning with our annual 2024 year-end financial statements. We are currently evaluating the impact on our segment information footnote disclosures.

In December 2023, the FASB issued Accounting Standards Update No. 2023-09 — Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The new guidance requires significant additional disclosures about income taxes, primarily focused on the disclosure of income taxes paid and the rate reconciliation table. The new guidance requires prospective application (with retrospective application permitted). The new guidance will be effective for us beginning with our annual 2025 year-end financial statements, with early adoption permitted. We are currently evaluating the impact on our income tax footnote disclosures.

There are no other recently issued accounting standards that apply to us or that are expected to have a material impact on our results of operations, financial condition, or cash flows.

**3. ACQUISITIONS**

During 2024 and 2023, respectively, we acquired various health and wellness related businesses which, individually or in the aggregate, have not had a material impact on our results of operations, financial condition, or cash flows. The results of operations and financial condition of these businesses acquired in 2024 and 2023, respectively, have been included in our condensed consolidated statements of income and condensed consolidated balance sheets from the respective acquisition dates. Acquisition-related costs recognized in 2024 and 2023, were not material to our results of operations. For asset acquisitions, the goodwill acquired is partially amortizable as deductible expenses for tax purposes. The pro forma financial information assuming the acquisitions had occurred as of the beginning of the calendar year prior to the year of acquisition, as well as the revenues and earnings generated during the quarter of acquisition, were not material for disclosure purposes.

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**Humana Inc.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**(Unaudited)**

**4. INVESTMENT SECURITIES**

Investment securities classified as current and long-term were as follows at June 30, 2024 and December 31, 2023, respectively:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(in millions)				
<b>June 30, 2024</b>				
U.S. Treasury and other U.S. government corporations and agencies:				
U.S. Treasury and agency obligations	\$ 3,080	\$ 1	\$ ( 92 )	\$ 2,989
Mortgage-backed securities	4,264	4	( 509 )	3,759
Tax-exempt municipal securities	770	—	( 27 )	743
Mortgage-backed securities:				
Residential	451	—	( 70 )	381
Commercial	1,374	—	( 112 )	1,262
Asset-backed securities	1,531	2	( 35 )	1,498
Corporate debt securities	7,797	23	( 640 )	7,180
Total debt securities	<u>\$ 19,267</u>	<u>\$ 30</u>	<u>\$ ( 1,485 )</u>	<u>\$ 17,812</u>
<b>December 31, 2023</b>				
U.S. Treasury and other U.S. government corporations and agencies:				
U.S. Treasury and agency obligations	\$ 2,717	\$ 1	\$ ( 51 )	\$ 2,667
Mortgage-backed securities	3,946	1	( 425 )	3,522
Tax-exempt municipal securities	879	1	( 22 )	858
Mortgage-backed securities:				
Residential	465	1	( 66 )	400
Commercial	1,471	—	( 126 )	1,345
Asset-backed securities	1,813	2	( 44 )	1,771
Corporate debt securities	7,011	28	( 594 )	6,445
Total debt securities	<u>\$ 18,302</u>	<u>\$ 34</u>	<u>\$ ( 1,328 )</u>	<u>\$ 17,008</u>

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**Humana Inc.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**(Unaudited)**

We own certain corporate debt securities of Gentiva Hospice. The book value and fair value are \$ 379 million and \$ 396 million, respectively, at June 30, 2024. The book value and fair value were \$ 379 million and \$ 398 million, respectively, at December 31, 2023.

Gross unrealized losses and fair values aggregated by investment category and length of time of individual debt securities that have been in a continuous unrealized loss position for which no allowances for credit loss has been recorded were as follows at June 30, 2024 and December 31, 2023, respectively:

	Less than 12 months		12 months or more		Total				
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses			
(in millions)									
<b>June 30, 2024</b>									
U.S. Treasury and other U.S. government corporations and agencies:									
U.S. Treasury and agency obligations	\$ 1,592	\$ (32)	\$ 1,135	\$ (60)	\$ 2,727	\$ (92)			
Mortgage-backed securities	734	(14)	2,732	(495)	3,466	(509)			
Tax-exempt municipal securities	208	(2)	503	(25)	711	(27)			
Mortgage-backed securities:									
Residential	21	(1)	353	(69)	374	(70)			
Commercial	54	(1)	1,179	(111)	1,233	(112)			
Asset-backed securities	398	(2)	735	(33)	1,133	(35)			
Corporate debt securities	1,333	(14)	4,570	(626)	5,903	(640)			
Total debt securities	<u>\$ 4,340</u>	<u>\$ (66)</u>	<u>\$ 11,207</u>	<u>\$ (1,419)</u>	<u>\$ 15,547</u>	<u>\$ (1,485)</u>			

**December 31, 2023**

U.S. Treasury and other U.S. government corporations and agencies:						
U.S. Treasury and agency obligations	\$ 1,899	\$ (12)	\$ 431	\$ (39)	\$ 2,330	\$ (51)
Mortgage-backed securities	958	(12)	2,269	(413)	3,227	(425)
Tax-exempt municipal securities	160	(1)	523	(21)	683	(22)
Mortgage-backed securities:						
Residential	—	—	373	(66)	373	(66)
Commercial	18	—	1,303	(126)	1,321	(126)
Asset-backed securities	120	(1)	1,364	(43)	1,484	(44)
Corporate debt securities	466	(2)	4,783	(592)	5,249	(594)
Total debt securities	<u>\$ 3,621</u>	<u>\$ (28)</u>	<u>\$ 11,046</u>	<u>\$ (1,300)</u>	<u>\$ 14,667</u>	<u>\$ (1,328)</u>

Approximately 97 % of our debt securities were investment-grade quality, with a weighted average credit rating of AA- by Standard & Poor's Rating Service, or S&P, at June 30, 2024. Our remaining debt securities below investment-grade were primarily rated B+, the higher end of the below investment-grade rating scale. Tax-exempt municipal securities were diversified among general obligation bonds of states and local municipalities in the United States as well as special revenue bonds issued by municipalities to finance specific public works projects such as utilities, water and sewer, transportation, or education. Our general obligation bonds are diversified across the United States with no individual state exceeding approximately 1 % of our total debt securities. Our investment policy limits investments in a single issuer and requires diversification among various asset types.

Our unrealized losses from all debt securities were generated from approximately 1,750 positions out of a total of approximately 2,170 positions at June 30, 2024. All issuers of debt securities we own that were trading at an

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unrealized loss at June 30, 2024 remain current on all contractual payments. After taking into account these and other factors previously described, we believe these unrealized losses primarily were caused by an increase in market interest rates in the current markets since the time these debt securities were purchased. At June 30, 2024, we did not intend to sell any debt securities with an unrealized loss position in accumulated other comprehensive income, and it is not likely that we will be required to sell these debt securities before recovery of their amortized cost basis. Additionally, we did not record any material credit allowances for debt securities that were in an unrealized loss position for the three and six months ended June 30, 2024 or 2023.

The detail of gains (losses) related to investment securities and included within investment income was as follows for the three and six months ended June 30, 2024 and 2023:

	Three months ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in millions)		(in millions)	
Gross gains on investment securities	\$ —	\$ 15	\$ 2	\$ 15
Gross losses on investment securities	(1)	—	(2)	(61)
Gross gains on equity securities	—	—	—	1
Gross losses on equity securities	—	—	—	—
Net recognized (losses) gains on investment securities	<u>\$ (1)</u>	<u>\$ 15</u>	<u>\$ —</u>	<u>\$ (45)</u>

The gains and losses related to equity securities for the three and six months ended June 30, 2024 and 2023 was as follows:

	Three months ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in millions)		(in millions)	
Net gains recognized on equity securities during the period	\$ —	\$ —	\$ —	\$ 1
Less: Net gains recognized on equity securities sold during the period	—	—	—	1
Unrealized gains (losses) recognized on equity securities still held at the end of the period	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

The contractual maturities of debt securities available for sale at June 30, 2024, regardless of their balance sheet classification, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized	Fair	
	Cost	Value	
	(in millions)		
Due within one year	\$ 1,390	\$ 1,381	1,381
Due after one year through five years	5,291	5,085	5,085
Due after five years through ten years	3,791	3,476	3,476
Due after ten years	1,175	970	970
Mortgage and asset-backed securities	7,620	6,900	6,900
Total debt securities	<u>\$ 19,267</u>	<u>\$ 17,812</u>	<u>17,812</u>

For additional information regarding our investment securities, refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our 2023 Form 10-K.

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**5. FAIR VALUE**

**Financial Assets**

The following table summarizes our fair value measurements at June 30, 2024 and December 31, 2023, respectively, for financial assets measured at fair value on a recurring basis:

	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
		(in millions)		
<b><u>June 30, 2024</u></b>				
Cash equivalents	\$ 5,402	\$ 5,402	\$ —	\$ —
Debt securities:				
U.S. Treasury and other U.S. government corporations and agencies:				
U.S. Treasury and agency obligations	2,989	—	2,989	—
Mortgage-backed securities	3,759	—	3,759	—
Tax-exempt municipal securities	743	—	743	—
Mortgage-backed securities:				
Residential	381	—	379	2
Commercial	1,262	—	1,262	—
Asset-backed securities	1,498	—	1,454	44
Corporate debt securities	7,180	—	6,970	210
Total debt securities	<u>\$ 17,812</u>	<u>\$ —</u>	<u>\$ 17,556</u>	<u>\$ 256</u>
<b><u>December 31, 2023</u></b>				
Cash equivalents	\$ 4,582	\$ 4,582	\$ —	\$ —
Debt securities:				
U.S. Treasury and other U.S. government corporations and agencies:				
U.S. Treasury and agency obligations	2,667	—	2,667	—
Mortgage-backed securities	3,522	—	3,522	—
Tax-exempt municipal securities	858	—	858	—
Mortgage-backed securities:				
Residential	400	—	396	4
Commercial	1,345	—	1,345	—
Asset-backed securities	1,771	—	1,733	38
Corporate debt securities	6,445	—	6,269	176
Total debt securities	<u>\$ 17,008</u>	<u>\$ —</u>	<u>\$ 16,790</u>	<u>\$ 218</u>

Our Level 3 assets had a fair value of \$ 256 million, or 1.1 % of total invested assets, and \$ 218 million, or 1.0 % of total invested assets, at June 30, 2024 and December 31, 2023, respectively. During the six months ended June

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30, 2024 and 2023, the changes in the fair value of the assets measured using significant unobservable inputs (Level 3) were comprised of the following:

	<b>Private Placements</b>	
	For the six months ended June 30, 2024	For the six months ended June 30, 2023
	(in millions)	
Beginning balance at January 1	\$ 218	\$ 10
Total gains or losses:		
Realized in earnings	—	—
Unrealized in other comprehensive income	(1)	—
Purchases	40	—
Maturities	—	(—)
Sales	—	—
Settlements	(1)	—
Transfer out	—	(—)
Balance at June 30	\$ 256	\$ 9

**Interest Rate Swaps**

We have entered into interest-rate swap agreements with major financial institutions to convert our interest-rate exposure on some of our senior notes payable from fixed rates to variable rates, based on Secured Overnight Financing Rate (SOFR), to align interest costs more closely with floating interest rates received on our cash equivalents and investment securities. These swap agreements were qualified and designated as a fair value hedge. Our interest rate swaps are recognized in other assets or other liabilities, as appropriate, in our condensed consolidated balance sheets at fair value as of the reporting date. Our interest rate swaps are highly effective at reflecting the fair value of our hedged fixed rate senior notes payable. We utilize market-based financing rates, forward yield curves and discount rates in determining fair value of these swaps at each reporting date, a Level 2 measure within the fair value hierarchy. The cumulative, aggregate adjustment to the carrying value of the senior notes was approximately \$ 20 million at June 30, 2024. The swap liability, included within other long-term liabilities on our condensed consolidated balance sheet was approximately \$ 20 million at June 30, 2024. The swap asset, included within other long-term assets on our condensed consolidated balance sheets, was approximately \$ 68 million at December 31, 2023. We include the gain or loss on the swap agreements in interest expense on our condensed consolidated income statement, the same line item as the offsetting loss or gain on the related senior notes. The gain or loss due to hedge ineffectiveness was not material for the three and six months ended June 30, 2024. We did not enter into interest-rate swap agreements for the three and six months ended March 31, 2023. The following table summarizes the notional amounts at June 30, 2024 and December 31, 2023, respectively, for our senior notes under the swap agreements:

	June 30, 2024	December 31, 2023
	(in millions)	(in millions)
\$ 750 million, 5.875 % due March 1, 2033	\$ 650	\$ 650
\$ 850 million, 5.950 % due March 15, 2034	800	400
\$ 500 million, 3.950 % due August 15, 2049	450	450
\$ 750 million, 5.500 % due March 15, 2053	700	300
\$ 1,000 million, 5.750 % due April 15, 2054	400	—

**Humana Inc.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
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**Financial Liabilities**

Our debt is recorded at carrying value in our condensed consolidated balance sheets. The carrying value of our senior notes debt outstanding, net of unamortized debt issuance costs, was \$ 12.9 billion at June 30, 2024 and \$ 10.8 billion at December 31, 2023. The fair value of our senior notes debt was \$ 12.4 billion at June 30, 2024 and \$ 10.6 billion at December 31, 2023. The fair value of our senior notes debt is determined based on Level 2 inputs, including quoted market prices for the same or similar debt, or if no quoted market prices are available, on the current prices estimated to be available to us for debt with similar terms and remaining maturities. Carrying value approximates fair value for our commercial paper borrowings. We had no outstanding commercial paper borrowings at June 30, 2024. The commercial paper borrowings were \$ 0.9 billion at December 31, 2023.

**Put and Call Options Measured at Fair Value**

Our put and call options associated with our equity method investments are measured at fair value each period using a Monte Carlo simulation.

The put and call options fair values associated with our Primary Care Organization strategic partnership with Welsh, Carson, Anderson & Stowe, or WCAS, which are exercisable at a fixed revenue exit multiple and provide a minimum return on WCAS' investment if exercised, are measured at fair value each reporting period using a Monte Carlo simulation. The put and call options fair values, derived from the Monte Carlo simulation, were \$ 800 million and \$ 23 million, respectively, at June 30, 2024. The put and call options fair values, derived from the Monte Carlo simulation, were \$ 595 million and \$ 18 million, respectively, at December 31, 2023. The put liability and call asset are included within other long-term liabilities and other long-term assets, respectively, within our condensed consolidated balance sheets.

The significant unobservable inputs utilized in these Level 3 fair value measurements (and selected values) include the enterprise value, annualized volatility and credit spread. Enterprise value was derived from a discounted cash flow model, which utilized significant unobservable inputs for long-term revenue, to measure underlying cash flows, weighted average cost of capital and long term growth rate. The table below presents the assumptions used for each reporting period.

	June 30, 2024	December 31, 2023
Annualized volatility	16.3 % - 18.1 %	16.1 % - 17.8
Credit spread	0.5 % - 1.0 %	0.9 % - 1.1
Revenue exit multiple	1.5 x - 2.5 x	1.5 x - 2.5
Weighted average cost of capital	11.0 % - 13.0 %	11.0 % - 12.5
Long term growth rate	3.0 %	3.0

The assumptions used for annualized volatility, credit spread and weighted average cost of capital reflect the lowest and highest values where they differ significantly across the series of put and call options due to their expected exercise dates.

**Other Assets and Liabilities Measured at Fair Value**

Certain assets and liabilities are measured at fair value on a non-recurring basis subject to fair value adjustment only in certain circumstances. As disclosed in Note 3, we acquired various health and wellness related businesses during 2024 and 2023. The net assets acquired and resulting goodwill and other intangible assets were recorded at fair value primarily using Level 3 inputs. The net tangible assets including receivables and accrued liabilities were recorded at their carrying value which approximated their fair value due to their short term nature. The fair value of goodwill and other intangible assets were internally estimated based primarily on the income approach. The income approach estimates fair value based on the present value of cash flow that the assets could be expected to generate in the future. We developed internal estimates for expected cash flows in the present value calculation using inputs and significant assumptions that include historical revenues and earnings, revenue growth rates, the amount and timing

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of future cash flows, discount rates, contributory asset charges and future tax rates, among others. The excess purchase price over the fair value of assets and liabilities acquired is recorded as goodwill.

Other than the assets and liabilities acquired during 2024 and 2023, there were no other material assets or liabilities measured at fair value on a recurring or nonrecurring basis during 2024 and 2023.

For additional information regarding our fair value measurements, refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our 2023 Form 10-K.

**6. MEDICARE PART D**

We cover prescription drug benefits in accordance with Medicare Part D under multiple contracts with the Centers for Medicare and Medicaid Services, or CMS. The accompanying condensed consolidated balance sheets include the following amounts associated with Medicare Part D at June 30, 2024 and December 31, 2023. CMS subsidies/discounts in the table below include the reinsurance and low-income cost subsidies funded by CMS for which we assume no risk as well as brand name prescription drug discounts for Part D plan participants in the coverage gap funded by CMS and pharmaceutical manufacturers. For additional information regarding our prescription drug benefits coverage in accordance with Medicare Part D, refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our 2023 Form 10-K.

	June 30, 2024		December 31, 2023	
	Risk	CMS	Risk	CMS
	Corridor	Subsidies/	Corridor	Subsidies/
(in millions)				
Other current assets	\$ 94	\$ 657	\$ 224	\$ 514
Trade accounts payable and accrued expenses	( 110 )	( 2,317 )	( 232 )	( 1,825 )
Net current liability	( 16 )	( 1,660 )	( 8 )	( 1,311 )
Other long-term assets	401	—	17	—
Other long-term liabilities	( 83 )	—	( 77 )	—
Net long-term asset (liability)	318	—	( 60 )	—
<b>Total net asset (liability)</b>	<b>\$ 302</b>	<b>\$ ( 1,660 )</b>	<b>\$ ( 68 )</b>	<b>\$ ( 1,311 )</b>

**7. GOODWILL AND OTHER INTANGIBLE ASSETS**

Changes in the carrying amount of goodwill for our reportable segments for the six months ended June 30, 2024 were as follows:

	Insurance	CenterWell		Total
	(in millions)			
Balance at January 1, 2024	\$ 2,663	\$ 6,887	\$ 9,550	
Acquisitions	—	17	17	
<b>Balance at June 30, 2024</b>	<b>\$ 2,663</b>	<b>\$ 6,904</b>	<b>\$ 9,567</b>	

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The following table presents details of our other intangible assets included in other long-term assets in the accompanying condensed consolidated balance sheets at June 30, 2024 and December 31, 2023:

	Weighted Average Life	June 30, 2024			December 31, 2023						
		Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net				
		(\$ in millions)									
<b>Other intangible assets:</b>											
Certificates of need	Indefinite	\$ 1,092	\$ —	\$ 1,092	\$ 1,092	\$ —	\$ 1,092				
Medicare licenses	Indefinite	288	—	288	288	—	288				
Customer contracts/ relationships	9.4 years	956	739	217	956	718	238				
Trade names and technology	6.7 years	139	114	25	139	109	30				
Provider contracts	11.9 years	67	63	4	67	62	5				
Noncompetes and other	8.4 years	85	48	37	84	44	40				
<b>Total other intangible assets</b>	<b>9.2 years</b>	<b>\$ 2,627</b>	<b>\$ 964</b>	<b>\$ 1,663</b>	<b>\$ 2,626</b>	<b>\$ 933</b>	<b>\$ 1,693</b>				

For the three months ended June 30, 2024 and 2023, amortization expense for other intangible assets was approximately \$ 15 million and \$ 16 million, respectively. For the six months ended June 30, 2024 and 2023, amortization expense for other intangible assets was approximately \$ 31 million and \$ 34 million, respectively. The following table presents our estimate of amortization expense remaining for 2024 and each of the next five succeeding years at June 30, 2024:

	(in millions)
For the years ending December 31,	
2024	\$ 29
2025	58
2026	43
2027	33
2028	29
2029	27

For additional information regarding our goodwill and intangible assets, refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our 2023 Form 10-K.

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**8. BENEFITS PAYABLE**

On a consolidated basis, which represents our Insurance segment net of eliminations, activity in benefits payable was as follows for the six months ended June 30, 2024 and 2023:

	For the six months ended June 30,	
	2024	2023
	(in millions)	
Balances, beginning of period	\$ 10,241	\$ 9,264
Acquisitions	—	62
Incurred related to:		
Current year	50,832	44,621
Prior years	( 669 )	( 754 )
Total incurred	50,163	43,867
Paid related to:		
Current year	( 40,284 )	( 35,279 )
Prior years	( 8,674 )	( 7,610 )
Total paid	( 48,958 )	( 42,889 )
Balances, end of period	\$ 11,446	\$ 10,304

The total estimate of benefits payable for claims incurred but not reported, or IBNR, is included within the net incurred claims amounts. At June 30, 2024, benefits payable included IBNR of approximately \$ 7.1 billion, primarily associated with claims incurred in 2024.

Amounts incurred related to prior periods vary from previously estimated liabilities as the claims ultimately are settled. Negative amounts reported for incurred related to prior years result from claims being ultimately settled for amounts less than originally estimated (favorable development).

Our reserving practice is to consistently recognize the actuarial best estimate of our ultimate liability for claims. Actuarial standards require the use of assumptions based on moderately adverse experience, which generally results in favorable reserve development, or reserves that are considered redundant. For additional information regarding our benefits payable and benefits expense recognition, refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our 2023 Form 10-K.

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**9. EARNINGS PER COMMON SHARE COMPUTATION**

Detail supporting the computation of basic and diluted earnings per common share was as follows for the three and six months ended June 30, 2024 and 2023:

	Three months ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
(dollars in millions, except per common share results; number of shares in thousands)				
Net income available for common stockholders	\$ 679	\$ 959	\$ 1,420	\$ 2,198
Weighted average outstanding shares of common stock used to compute basic earnings per common share	120,445	124,574	120,712	124,790
Dilutive effect of:				
Employee stock options	1	34	4	34
Restricted stock	219	501	251	512
Shares used to compute diluted earnings per common share	120,665	125,109	120,967	125,336
Basic earnings per common share	\$ 5.63	\$ 7.70	\$ 11.76	\$ 17.62
Diluted earnings per common share	\$ 5.62	\$ 7.66	\$ 11.74	\$ 17.54
Number of antidilutive stock options and restricted stock excluded from computation	751	78	958	308

For additional information regarding earnings per common share, refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our 2023 Form 10-K.

**10. STOCKHOLDERS' EQUITY**

***Dividends***

The following table provides details of dividend payments, excluding dividend equivalent rights for unvested stock awards, during 2024 under our Board approved quarterly cash dividend policy:

Record Date	Payment Date	Amount per Share	Total Amount
(in millions)			
<b>2024 payments</b>			
12/29/2023	1/26/2024	\$ 0.8850	\$ 108
3/29/2024	4/26/2024	\$ 0.8850	\$ 107

In April 2024, the Board declared a cash dividend of \$ 0.885 per share payable on July 26, 2024 to stockholders of record as of the close of business on June 28, 2024. Declaration and payment of future quarterly dividends are at the discretion of our Board and may be adjusted as business needs or market conditions change.

***Stock Repurchases***

Our Board of Directors may authorize the purchase of our common stock shares. Under the share repurchase authorization, shares may be purchased from time to time at prevailing prices in the open market, by block purchases, through plans designed to comply with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, or in privately-negotiated transactions, including pursuant to accelerated share repurchase agreements with investment banks, subject to certain regulatory restrictions on volume, pricing, and timing.

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Effective February 16, 2024, the Board of Directors replaced the February 2023 repurchase authorization (of which approximately \$ 824 million remained unused) with a new share repurchase authorization for repurchases of up to \$ 3 billion of our common shares exclusive of shares repurchased in connection with employee stock plans, expiring as of February 15, 2027, which we refer to as the 2024 repurchase authorization. During the six months ended June 30, 2024, we repurchased 1.9 million shares in open market transactions for \$ 750 million at an average price of \$ 384.65 under the February 2023 and 2024 share repurchase authorizations. During the six months ended June 30, 2023, we repurchased 1.2 million shares in open market transactions for \$ 601 million at an average price of \$ 488.12 under the February 2023 share repurchase authorization.

Our remaining repurchase authorization was \$ 2.93 billion as of July 30, 2024.

In connection with employee stock plans, we acquired 0.04 million common shares for \$ 16 million and 0.05 million common shares for \$ 27 million during the six months ended June 30, 2024 and 2023, respectively.

For additional information regarding our stockholders' equity, refer to Note 16 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our 2023 Form 10-K.

**11. INCOME TAXES**

The effective income tax rate was 24.7 % and 25.0 % for the three and six months ended June 30, 2024, respectively, and 23.6 % and 23.0 % for the three and six months ended June 30, 2023, respectively. The year-over-year increase in the effective income tax rate is primarily due to a change in the mix of current year earnings between our Insurance segment and our CenterWell health services segment, as our CenterWell health services segment is subject to a higher effective tax rate than our Insurance segment. In addition, the prior year income tax rate was favorably impacted by the recognition of a non-taxable gain.

For additional information regarding income taxes, refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our 2023 Form 10-K.

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**12. DEBT**

The carrying value of debt outstanding, net of unamortized debt issuance costs, was as follows at June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
	(in millions)	
<b>Short-term debt:</b>		
Commercial paper	\$ —	\$ 871
<b>Senior notes:</b>		
\$ 600 million, 3.850 % due October 1, 2024	568	572
\$ 600 million, 4.500 % due April 1, 2025	581	—
Total senior notes	<u>1,149</u>	572
<b>Total short-term debt</b>	<u><u>\$ 1,149</u></u>	<u><u>\$ 1,443</u></u>
<b>Long-term debt:</b>		
<b>Senior notes:</b>		
\$ 600 million, 4.500 % due April 1, 2025	\$ —	\$ 598
\$ 500 million, 5.700 % due March 13, 2026	498	498
\$ 750 million, 1.350 % due February 3, 2027	689	688
\$ 600 million, 3.950 % due March 15, 2027	537	537
\$ 500 million, 5.750 % due March 1, 2028	489	495
\$ 500 million, 5.750 % due December 1, 2028	495	495
\$ 750 million, 3.700 % due March 23, 2029	585	590
\$ 500 million, 3.125 % due August 15, 2029	433	433
\$ 500 million, 4.875 % due April 1, 2030	496	496
\$ 1,250 million, 5.375 % due April 15, 2031	1,238	—
\$ 750 million, 2.150 % due February 3, 2032	744	743
\$ 750 million, 5.875 % due March 1, 2033	726	750
\$ 850 million, 5.950 % due March 15, 2034	816	840
\$ 250 million, 8.150 % due June 15, 2038	261	261
\$ 400 million, 4.625 % due December 1, 2042	397	396
\$ 750 million, 4.950 % due October 1, 2044	740	740
\$ 400 million, 4.800 % due March 15, 2047	396	396
\$ 500 million, 3.950 % due August 15, 2049	508	529
\$ 750 million, 5.500 % due March 15, 2053	712	728
\$ 1,000 million, 5.750 % due April 15, 2054	<u>986</u>	—
Total senior notes	<u>11,746</u>	10,213
<b>Total long-term debt</b>	<u><u>\$ 11,746</u></u>	<u><u>\$ 10,213</u></u>

**Senior Notes**

In March 2024, we issued \$ 1.3 billion of 5.375 % unsecured senior notes due April 15, 2031 and \$ 1.0 billion of 5.750 % unsecured senior notes due April 15, 2054. Our net proceeds, reduced for the underwriters' discounts and commissions paid, were \$ 2.2 billion. We used the net proceeds for general corporate purposes, which include the repayment of existing indebtedness, including borrowings under our commercial paper program.

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We have entered into interest-rate swap agreements with major financial institutions to convert our interest-rate exposure on some of our senior notes payable from fixed rates to variable rates, based on Secured Overnight Financing Rate (SOFR), to align interest costs more closely with floating interest rates received on our cash equivalents and investment securities, as further described in Note 5. As a result, the carrying value of these senior notes has been adjusted to reflect changes in value caused by an increase or decrease in interest rates. The cumulative, aggregate decrease to the carrying value of the senior notes was approximately \$ 20 million at June 30, 2024.

For additional information regarding our Senior Notes, refer to Note 13 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our 2023 Form 10-K.

***Revolving Credit Agreements***

In June 2023, we entered into an amended and restated 5-year, \$ 2.5 billion unsecured revolving credit agreement (replacing the 5-year, \$ 2.5 billion unsecured revolving credit agreement entered in June 2021). In May 2024, we entered into an amendment to increase commitments \$ 0.142 billion resulting in a \$ 2.642 billion borrowing capacity.

In May 2024, we entered into a 364-day \$ 2.1 billion unsecured revolving credit agreement (replacing the 364-day \$ 1.5 billion unsecured revolving credit agreement entered in June 2023, which expired in accordance with its terms).

Under the credit agreements, at our option, we can borrow on either a competitive advance basis or a revolving credit basis. The revolving credit portion bears interest at Term SOFR or the base rate plus a spread. The competitive advance portion of any borrowings will bear interest at market rates prevailing at the time of borrowing on either a fixed rate or a floating rate based Term SOFR, at our option.

The SOFR spread, currently 114.0 basis points under the 5-year revolving credit agreement and 116.0 basis points under the 364-day revolving credit agreement, varies depending on our credit ratings ranging from 92.0 to 130.0 basis points under the 5-year revolving credit agreement and from 94.0 to 135.0 basis points under the 364-day revolving credit agreement. We also pay an annual facility fee regardless of utilization. This facility fee, currently 11.0 basis points, under the 5-year revolving credit agreement and 9.0 basis points under the 364-day revolving agreement, varies depending on our credit ratings ranging from 8.0 to 20.0 basis points under the 5-year revolving credit agreement and from 6.0 to 15.0 basis points under the 364-day revolving credit agreement.

Our credit agreements contain customary restrictive covenants and a financial covenant regarding maximum debt to capitalization of 60 %, as well as customary events of default. We are in compliance with this financial covenant, with actual debt to capitalization of 43.6 % as measured in accordance with the revolving credit agreements as of June 30, 2024.

At June 30, 2024, we had no borrowings and approximately \$ 18 million of letters of credit outstanding under the revolving credit agreements. Accordingly, as of June 30, 2024, we had \$ 2.624 billion of remaining borrowing capacity under the 5-year revolving credit agreement and \$ 2.1 billion of remaining borrowing capacity under the 364-day revolving credit agreement (which excludes the uncommitted \$ 750 million of incremental loan facilities), none of which would be restricted by our financial covenant compliance requirement.

For additional information regarding our Revolving Credit Agreements, refer to Note 13 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our 2023 Form 10-K.

***Commercial Paper***

Under our commercial paper program, we may issue short-term, unsecured commercial paper notes privately placed on a discount basis through certain broker dealers at any time. Amounts available under the program may be borrowed, repaid and re-borrowed from time to time. The net proceeds of issuances have been and are expected to be used for general corporate purposes. The maximum principal amount outstanding at any one time during the six

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months ended June 30, 2024 was \$ 2.7 billion, with no outstanding amount at June 30, 2024 compared to \$ 0.9 billion outstanding at December 31, 2023.

For additional information regarding our Commercial Paper refer to Note 13 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our 2023 Form 10-K.

***Other Short-term Borrowings***

We are a member, through one subsidiary, of the Federal Home Loan Bank of Cincinnati, or FHLB. As a member we have the ability to obtain short-term cash advances, subject to certain minimum collateral requirements. At June 30, 2024 we had no outstanding short-term FHLB borrowings.

**13. COMMITMENTS, GUARANTEES AND CONTINGENCIES**

***Government Contracts***

Our Medicare products, which accounted for approximately 86 % of our total premiums and services revenue for the six months ended June 30, 2024, primarily consisted of products covered under the Medicare Advantage and Medicare Part D Prescription Drug Plan contracts with the federal government. These contracts are renewed generally for a calendar year term unless CMS notifies us of its decision not to renew by May 1 of the calendar year in which the contract would end, or we notify CMS of our decision not to renew by the first Monday in June of the calendar year in which the contract would end. All material contracts between Humana and CMS relating to our Medicare products have been renewed for 2024, and all of our product offerings filed with CMS for 2024 have been approved.

CMS uses a risk-adjustment model which adjusts premiums paid to Medicare Advantage, or MA, plans according to health status of covered members. The risk-adjustment model, which CMS implemented pursuant to the Balanced Budget Act of 1997, or BBA, and the Benefits Improvement and Protection Act of 2000, or BIPA, generally pays more where a plan's membership has higher expected costs. Under this model, rates paid to MA plans are based on actuarially determined bids, which include a process whereby our prospective payments are based on our estimated cost of providing standard Medicare-covered benefits to an enrollee with a "national average risk profile." That baseline payment amount is adjusted to account for certain demographic characteristics and health status of our enrolled members. Under the risk-adjustment methodology, all MA plans must collect from providers and submit the necessary diagnosis code information to CMS within prescribed deadlines. The CMS risk-adjustment model uses the diagnosis data, collected from providers, to calculate the health status-related risk-adjusted premium payment to MA plans, which CMS further adjusts for coding pattern differences between the health plans and the government fee-for-service, or FFS, program. We generally rely on providers, including certain providers in our network who are our employees, to code their claim submissions with appropriate diagnoses, which we send to CMS as the basis for our health status-adjusted payment received from CMS under the actuarial risk-adjustment model. We also rely on these providers to document appropriately all medical data, including the diagnosis data submitted with claims. In addition, we conduct medical record reviews as part of our data and payment accuracy compliance efforts, to more accurately reflect diagnosis conditions under the risk adjustment model.

CMS and the Office of the Inspector General of Health and Human Services, or HHS-OIG, perform audits of various companies' risk adjustment diagnosis data submissions. We refer to these audits as Risk-Adjustment Data Validation Audits, or RADV audits. RADV audits review medical records in an attempt to validate provider medical record documentation and coding practices that influence the calculation of health status-related premium payments to MA plans.

In 2012, CMS released an MA contract-level RADV methodology that would extrapolate the results of each CMS RADV audit sample to the audited MA contract's entire health status-related risk adjusted premium amount for the year under audit. In doing so, CMS recognized "that the documentation standard used in RADV audits to determine a contract's payment error (medical records) is different from the documentation standard used to develop the Part C risk-adjustment model (FFS claims)." To correct for this difference, CMS stated that it would apply a "Fee-for-Service Adjuster (FFS Adjuster)" as "an offset to the preliminary recovery amount." This adjuster would

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be “calculated by CMS based on a RADV-like review of records submitted to support FFS claims data.” CMS stated that this methodology would apply to audits beginning with PY 2011. Humana relied on CMS’s 2012 guidance in submitting MA bids to CMS. Humana also launched a “Self-Audits” program in 2013 that applied CMS’s 2012 RADV audit methodology and included an estimated FFS Adjuster. Humana completed Self-Audits for PYs 2011-2016 and reported results to CMS.

In October 2018, however, CMS issued a proposed rule announcing possible changes to the RADV audit methodology, including elimination of the FFS Adjuster. CMS proposed applying its revised methodology, including extrapolated recoveries without application of a FFS Adjuster, to RADV audits dating back to PY 2011. On January 30, 2023, CMS published a final rule related to the RADV audit methodology (Final RADV Rule). The Final RADV Rule confirmed CMS’s decision to eliminate the FFS Adjuster. The Final RADV Rule states CMS’s intention to extrapolate results from CMS and HHS-OIG RADV audits beginning with PY 2018, rather than PY 2011 as proposed. However, CMS’s Final RADV Rule does not adopt a specific sampling, extrapolation or audit methodology. CMS instead stated its general plan to rely on “any statistically valid method . . . that is determined to be well-suited to a particular audit.”

We believe that the Final RADV Rule fails to address adequately the statutory requirement of actuarial equivalence and violates the Administrative Procedure Act (“APA”). CMS failed to meet its legal obligations in the federal rulemaking process to give a reasoned justification for the rule or provide a meaningful opportunity for public comment. They also chose to apply the rule retroactively rather than prospectively, as required by law. Humana’s actuarially certified bids through PY 2023 preserved Humana’s position that CMS should apply an FFS Adjuster in any RADV audit that CMS intends to extrapolate. We expect CMS to apply the Final RADV Rule, including the first application of extrapolated audit results to determine audit settlements without a FFS Adjuster, to CMS and HHS-OIG RADV audits conducted for PY 2018 and subsequent years. The Final RADV Rule, including the lack of a FFS Adjuster, and any related regulatory, industry or company reactions, could have a material adverse effect on our results of operations, financial position, or cash flows.

In addition, as part of our internal compliance efforts, we routinely perform ordinary course reviews of our internal business processes related to, among other things, our risk coding and data submissions in connection with the risk adjustment model. These reviews may also result in the identification of errors and the submission of corrections to CMS that may, either individually or in the aggregate, be material. As such, the result of these reviews may have a material adverse effect on our results of operations, financial position, or cash flows.

On September 1, 2023, Humana Inc. and Humana Benefit Plan of Texas, Inc. filed suit against the United States Department of Health and Human Services, and Xavier Becerra in his official capacity as Secretary, in the United States District Court, Northern District of Texas, Fort Worth Division seeking a determination that the Final RADV Rule violates the APA and should be set aside. We remain committed to working alongside CMS to promote the integrity of the MA program as well as affordability and cost certainty for our members. It is critical that MA plans are paid accurately and that payment model principles, including the application of a FFS Adjuster, are in accordance with the requirements of the Social Security Act, which, if not implemented correctly could have a material adverse effect on our results of operations, financial position, or cash flows.

Our state-based Medicaid business, which accounted for approximately 7 % of our total premiums and services revenue for the six months ended June 30, 2024 primarily consisted of serving members enrolled in Medicaid, and in certain circumstances members who qualify for both Medicaid and Medicare, under contracts with various states.

At June 30, 2024, our Military services business, which accounted for approximately 1 % of our total premiums and services revenue for the six months ended June 30, 2024, primarily consisted of the TRICARE T2017 East Region contract. The T2017 East Region contract comprises 32 states and approximately 6 million TRICARE beneficiaries, under which delivery of health care services commenced on January 1, 2018. The T2017 East Region contract, which was originally set to expire on December 31, 2022, was subsequently extended by the U.S. Department of Defense, or DoD, and is currently scheduled to expire on December 31, 2024, unless further extended.

In December 2022, we were awarded the next generation of TRICARE Managed Care Support Contracts, or T-5, for the updated TRICARE East Region by the Defense Health Agency of the DoD. The T-5 East Region

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contract comprises 24 states, and Washington D.C., and covers approximately 4.6 million beneficiaries. The transition period for the T-5 contract began in January 2024 and will overlap the final year of the T2017 contract. The length of the contract is one transition year followed by eight annual option periods, which, if all options are exercised, would result in a total contract length of nine years.

The loss of any of the contracts above or significant changes in these programs as a result of legislative or regulatory action, including reductions in premium payments to us, regulatory restrictions on profitability, including reviews by regulatory bodies that may compare our Medicare Advantage profitability to our non-Medicare Advantage business profitability, or compare the profitability of various products within our Medicare Advantage business, and require that they remain within certain ranges of each other, or increases in member benefits or member eligibility criteria without corresponding increases in premium payments to us, may have a material adverse effect on our results of operations, financial position, and cash flows.

***Legal Proceedings and Certain Regulatory Matters***

As previously disclosed, the Civil Division of the United States Department of Justice provided us with an information request in December 2014, concerning our Medicare Part C risk adjustment practices. The request relates to our oversight and submission of risk adjustment data generated by providers in our Medicare Advantage network, as well as to our business and compliance practices related to risk adjustment data generated by our providers and by us, including medical record reviews conducted as part of our data and payment accuracy compliance efforts, the use of health and well-being assessments, and our fraud detection efforts. We believe that this request for information is in connection with a wider review of Medicare Risk Adjustment generally that includes a number of Medicare Advantage plans, providers and vendors. We cooperated with the Department of Justice, and we have not heard from the Department of Justice on this matter since 2020.

As previously disclosed, on January 19, 2016, an individual filed a qui tam suit captioned *United States of America ex rel. Steven Scott v. Humana Inc.*, currently pending in United States District Court, Western District of Kentucky, Louisville division. The complaint alleges certain civil violations by us in connection with the actuarial equivalence of the plan benefits under Humana's Basic PDP plan, a prescription drug plan offered by us under Medicare Part D. The action seeks damages and penalties on behalf of the United States under the False Claims Act. The court ordered the qui tam action unsealed on September 13, 2017, so that the relator could proceed, following notice from the U.S. Government that it was not intervening at that time. On March 31, 2022, the Court denied the parties' Motions for Summary Judgement. We take seriously our obligations to comply with applicable CMS requirements and actuarial standards of practice, and continue to vigorously defend against these allegations. During 2023, we accrued certain anticipated expenses in connection with this matter.

On September 1, 2023, Humana Inc. and Humana Benefit Plan of Texas, Inc. filed suit against the United States Department of Health and Human Services, and Xavier Becerra in his official capacity as Secretary, in the United States District Court, Northern District of Texas, Fort Worth Division seeking a determination that the Final RADV Rule violates the APA and should be set aside. There is no assurance that we will prevail in the lawsuit. See "Government Contracts" in this footnote to the unaudited Consolidated Financial Statements of this Form 10-Q for additional information regarding this matter.

In June 2024, a putative stockholder class action was filed against Humana Inc. and certain of our current and former executive officers under the federal securities laws in the United States District Court for the District of Delaware. The case, captioned *Iron Workers Local 401 Annuity Fund v. Humana, Inc.*, alleges that between July 2022 and January 2024, Humana made false or misleading statements in its periodic SEC filings and statements to the financial markets about our financial performance and the medical costs in our Medicare Advantage business. In July 2024, a parallel stockholder derivative action captioned *Silva v. Broussard* was filed in the United States District Court for the Western District of Kentucky alleging that the same claimed acts and omissions underlying the federal securities law case also constitute a breach of fiduciary duty by certain of our current and former directors and executive officers. We will vigorously defend against the allegations in both cases.

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*Other Lawsuits and Regulatory Matters*

Our current and past business practices are subject to review or other investigations by various state insurance and health care regulatory authorities and other state and federal regulatory authorities. These authorities regularly scrutinize the business practices of health insurance, health care delivery and benefits companies. These reviews focus on numerous facets of our business, including claims payment practices, statutory capital requirements, provider contracting, risk adjustment, competitive practices, commission payments, privacy issues, utilization management practices, pharmacy benefits, access to care, sales practices, and provision of care by our healthcare services businesses, among others. Some of these reviews have historically resulted in fines imposed on us and some have required changes to some of our practices. We continue to be subject to these reviews, which could result in additional fines or other sanctions being imposed on us or additional changes in some of our practices.

We also are involved in various other lawsuits that arise, for the most part, in the ordinary course of our business operations, certain of which may be styled as class-action lawsuits. Among other matters, this litigation may include employment matters, claims of medical malpractice, bad faith, nonacceptance or termination of providers, anticompetitive practices, improper rate setting, provider contract rate and payment disputes, including disputes over reimbursement rates required by statute, disputes arising from competitive procurement process, general contractual matters, intellectual property matters, and challenges to subrogation practices. Under state guaranty assessment laws, including those related to state cooperative failures in the industry, we may be assessed (up to prescribed limits) for certain obligations to the policyholders and claimants of insolvent insurance companies that write the same line or lines of business as we do.

As a government contractor, we may also be subject to false claims litigation, such as qui tam lawsuits brought by individuals who seek to sue on behalf of the government, alleging that the government contractor submitted false claims to the government or related overpayments from the government, including, among other allegations, those resulting from coding and review practices under the Medicare risk adjustment model. Qui tam litigation is filed under seal to allow the government an opportunity to investigate and to decide if it wishes to intervene and assume control of the litigation. If the government does not intervene, the individual may continue to prosecute the action on his or her own, on behalf of the government. We also are subject to other allegations of nonperformance of contractual obligations to providers, members, and others, including failure to properly pay claims, improper policy terminations, challenges to our implementation of the Medicare Part D prescription drug program and other litigation.

A limited number of the claims asserted against us are subject to insurance coverage. Personal injury claims, claims for extra contractual damages, care delivery malpractice, and claims arising from medical benefit denials are covered by insurance from our wholly owned captive insurance subsidiary and excess carriers, except to the extent that claimants seek punitive damages, which may not be covered by insurance in certain states in which insurance coverage for punitive damages is not permitted. In addition, insurance coverage for all or certain forms of liability has become increasingly costly and may become unavailable or prohibitively expensive in the future.

We record accruals for the contingencies discussed in the sections above to the extent that we conclude it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. No estimate of the possible loss or range of loss in excess of amounts accrued, if any, can be made at this time regarding the matters specifically described above because of the inherently unpredictable nature of legal proceedings, which also may be exacerbated by various factors, including: (i) the damages sought in the proceedings are unsubstantiated or indeterminate; (ii) discovery is not complete; (iii) the proceeding is in its early stages; (iv) the matters present legal uncertainties; (v) there are significant facts in dispute; (vi) there are a large number of parties (including where it is uncertain how liability, if any, will be shared among multiple defendants); or (vii) there is a wide range of potential outcomes.

The outcome of any current or future litigation or governmental or internal investigations, including the matters described above, cannot be accurately predicted, nor can we predict any resulting judgments, penalties, fines or other sanctions that may be imposed at the discretion of federal or state regulatory authorities or as a result of actions by third parties. Nevertheless, it is reasonably possible that any such outcome of litigation, judgments, penalties, fines

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or other sanctions could be substantial, and the outcome of these matters may have a material adverse effect on our results of operations, financial position, and cash flows, and may also affect our reputation.

#### **14. SEGMENT INFORMATION**

Our two reportable segments, Insurance and CenterWell, are based on a combination of the type of health plan customer and adjacent businesses centered on well-being solutions for our health plans and other customers, as described below. These segment groupings are consistent with information used by our Chief Executive Officer, the Chief Operating Decision Maker, to assess performance and allocate resources.

The Insurance segment consists of Medicare benefits, marketed to individuals or directly via group Medicare accounts, as well as our contract with CMS to administer the Limited Income Newly Eligible Transition, or LI-NET, prescription drug plan program and contracts with various states to provide Medicaid, dual eligible demonstration, and Long-Term Support Services benefits, which we refer to collectively as our state-based contracts. This segment also includes products consisting of employer group commercial fully-insured medical and specialty health insurance benefits marketed to individuals and employer groups, including dental, vision, and other supplemental health benefits, as well as administrative services only, or ASO. In addition, our Insurance segment includes our Military services business, primarily our T-2017 East Region contract, as well as the operations of our PBM business.

The CenterWell segment includes our pharmacy, primary care, and home solutions operations. The segment also includes our strategic partnerships with WCAS to develop and operate senior-focused, payor-agnostic, primary care centers, as well as our minority ownership interest in hospice operations. Services offered by this segment are designed to enhance the overall healthcare experience. These services may lead to lower utilization associated with improved member health and/or lower drug costs.

Our CenterWell intersegment revenues primarily relate to the operations of CenterWell Pharmacy (our mail- order pharmacy business), CenterWell Specialty Pharmacy, and retail pharmacies jointly located within CenterWell Senior Primary Care clinics.

In addition, our CenterWell intersegment revenues include revenues earned by certain owned providers derived from certain value-based arrangements with our health plans. Under these value-based arrangements, our owned providers enter into agreements with our health plans to stand ready to deliver, integrate, direct and control the administration and management of certain health care services for our members. In exchange, the owned provider receives a premium that is typically paid on a per-member per-month basis. These value-based arrangements represent a single performance obligation where revenues are recognized in the period in which we are obligated to provide integrated health care services to our members. Fee-for-service revenue is recognized at agreed upon rates, net of contractual allowances, as the performance obligation is completed on the date of service.

We present our condensed consolidated results of operations from the perspective of the health plans. As a result, the cost of providing benefits to our members, whether provided via a third party provider or internally through a stand-alone subsidiary, is classified as benefits expense and excludes the portion of the cost for which the health plans do not bear responsibility, including member co-share amounts and government subsidies of \$ 4.8 billion and \$ 5.0 billion for the three months ended June 30, 2024 and 2023, respectively. For the six months ended June 30, 2024 and 2023, these amounts were \$ 8.5 billion and \$ 9.0 billion respectively. In addition, depreciation and amortization expense associated with certain businesses delivering benefits to our members, primarily associated with our primary care and pharmacy operations, are included with benefits expense. The amount of this expense was \$ 32 million and \$ 34 million for the three months ended June 30, 2024 and 2023, respectively, and \$ 64 million and \$ 67 million for the six months ended June 30, 2024 and 2023, respectively.

Other than those described previously, the accounting policies of each segment are the same. For additional information regarding our accounting policies refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our 2023 Form 10-K. Transactions between reportable segments primarily consist of sales of products and services rendered by our CenterWell segment, primarily pharmacy, primary care, and home solutions, to our Insurance segment customers. Intersegment

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sales and expenses are recorded primarily at fair value and eliminated in consolidation. Members served by our segments often use the same provider networks, enabling us in some instances to obtain more favorable contract terms with providers. Our segments also share indirect costs and assets. As a result, the profitability of each segment is interdependent. We allocate most operating expenses to our segments. Assets and certain corporate income and expenses are not allocated to the segments, including the portion of investment income not supporting segment operations, interest expense on corporate debt, and certain other corporate expenses. These items are managed at a corporate level. These corporate amounts are reported separately from our reportable segments and are included with intersegment eliminations in the tables presenting segment results below.

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Our segment results were as follows for the three and six months ended June 30, 2024 and 2023:

	Insurance	CenterWell	Corporate	Eliminations/ Consolidated
<b>Three months ended June 30, 2024</b>				
(in millions)				
External revenues				
Premiums:				
Individual Medicare Advantage	\$ 22,215	\$ —	\$ —	\$ 22,215
Group Medicare Advantage	1,938	—	—	1,938
Medicare stand-alone PDP	867	—	—	867
Total Medicare	25,020	—	—	25,020
Commercial fully-insured	152	—	—	152
Specialty benefits	240	—	—	240
Medicare Supplement	206	—	—	206
State-based contracts and other	2,524	—	—	2,524
Total premiums	28,142	—	—	28,142
Services revenue:				
Home solutions	—	335	—	335
Primary care	—	322	—	322
Commercial ASO	8	—	—	8
Military services and other	206	—	—	206
Pharmacy solutions	—	229	—	229
Total services revenue	214	886	—	1,100
Total external revenues	28,356	886	—	29,242
Intersegment revenues				
Services	1	1,416	( 1,417 )	—
Products	—	2,645	( 2,645 )	—
Total intersegment revenues	1	4,061	( 4,062 )	—
Investment income	168	—	130	298
Total revenues	28,525	4,947	( 3,932 )	29,540
Operating expenses:				
Benefits	25,182	—	( 143 )	25,039
Operating costs	2,395	4,553	( 3,800 )	3,148
Depreciation and amortization	185	56	( 29 )	212
Total operating expenses	27,762	4,609	( 3,972 )	28,399
Income from operations	763	338	40	1,141
Interest expense	—	1	167	168
Other expense, net	—	—	55	55
Income (loss) before income taxes and equity in net earnings	763	337	( 182 )	918
Equity in net income (losses)	1	( 18 )	—	( 17 )
Segment earnings (loss)	\$ 764	\$ 319	\$ ( 182 )	\$ 901
Net loss attributable to noncontrolling interests	1	—	—	1
Segment earnings (loss) attributable to Humana	\$ 765	\$ 319	\$ ( 182 )	\$ 902

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	Insurance	CenterWell	Eliminations/ Corporate	Consolidated
Three months ended June 30, 2023				
External revenues			(in millions)	
Premiums:				
Individual Medicare Advantage	\$ 19,749	\$ —	\$ —	\$ 19,749
Group Medicare Advantage	1,732	—	—	1,732
Medicare stand-alone PDP	568	—	—	568
Total Medicare	22,049	—	—	22,049
Commercial fully-insured	950	—	—	950
Specialty benefits	252	—	—	252
Medicare Supplement	182	—	—	182
State-based contracts and other	2,062	—	—	2,062
Total premiums	25,495	—	—	25,495
Services revenue:				
Home solutions	—	341	—	341
Primary care	—	190	—	190
Commercial ASO	64	—	—	64
Military services and other	167	—	—	167
Pharmacy solutions	—	216	—	216
Total services revenue	231	747	—	978
Total external revenues	25,726	747	—	26,473
Intersegment revenues				
Services	15	1,144	( 1,159 )	—
Products	—	2,639	( 2,639 )	—
Total intersegment revenues	15	3,783	( 3,798 )	—
Investment income	134	—	140	274
Total revenues	25,875	4,530	( 3,658 )	26,747
Operating expenses:				
Benefits	22,127	—	( 118 )	22,009
Operating costs	2,545	4,193	( 3,627 )	3,111
Depreciation and amortization	172	50	( 31 )	191
Total operating expenses	24,844	4,243	( 3,776 )	25,311
Income from operations	1,031	287	118	1,436
Interest expense	—	1	119	120
Other expense, net	—	—	54	54
Income (loss) before income taxes and equity in net earnings	1,031	286	( 55 )	1,262
Equity in net earnings (losses)	1	( 11 )	—	( 10 )
Segment earnings (loss)	\$ 1,032	\$ 275	\$ ( 55 )	\$ 1,252
Net loss attributable to noncontrolling interests	3	—	—	3
Segment earnings (loss) attributable to Humana	\$ 1,035	\$ 275	\$ ( 55 )	\$ 1,255

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	Insurance	CenterWell	Eliminations/ Corporate	Consolidated
<b>Six months ended June 30, 2024</b>	<b>(in millions)</b>			
External revenues				
Premiums:				
Individual Medicare Advantage	\$ 44,663	\$ —	\$ —	\$ 44,663
Group Medicare Advantage	3,927	—	—	3,927
Medicare stand-alone PDP	1,688	—	—	1,688
Total Medicare	50,278	—	—	50,278
Commercial fully-insured	408	—	—	408
Specialty benefits	479	—	—	479
Medicare Supplement	403	—	—	403
State-based contracts and other	4,835	—	—	4,835
Total premiums	56,403	—	—	56,403
Services revenue:				
Home solutions	—	670	—	670
Primary care	—	563	—	563
Commercial ASO	32	—	—	32
Military services and other	457	—	—	457
Pharmacy solutions	—	440	—	440
Total services revenue	489	1,673	—	2,162
Total external revenues	56,892	1,673	—	58,565
Intersegment revenues				
Services	2	2,830	( 2,832 )	—
Products	—	5,262	( 5,262 )	—
Total intersegment revenues	2	8,092	( 8,094 )	—
Investment income	330	—	256	586
Total revenues	57,224	9,765	( 7,838 )	59,151
Operating expenses:				
Benefits	50,433	—	( 270 )	50,163
Operating costs	4,759	9,036	( 7,605 )	6,190
Depreciation and amortization	371	109	( 59 )	421
Total operating expenses	55,563	9,145	( 7,934 )	56,774
Income from operations	1,661	620	96	2,377
Interest expense	—	2	325	327
Other expense, net	—	—	118	118
Income (loss) before income taxes and equity in net losses	1,661	618	( 347 )	1,932
Equity in net losses	( 1 )	( 40 )	—	( 41 )
Segment earnings (loss)	\$ 1,660	\$ 578	\$ ( 347 )	\$ 1,891
Net loss attributable to noncontrolling interests	3	—	—	3
Segment earnings (loss) attributable to Humana	<u>\$ 1,663</u>	<u>\$ 578</u>	<u>\$ ( 347 )</u>	<u>\$ 1,894</u>

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**Humana Inc.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**(Unaudited)**

	Insurance	CenterWell	Eliminations/ Corporate	Consolidated				
	(in millions)							
<b>Six Months Ended June 30, 2023</b>								
External Revenues								
Premiums:								
Individual Medicare Advantage	\$ 39,558	\$ —	\$ —	\$ 39,558				
Group Medicare Advantage	3,497	—	—	3,497				
Medicare stand-alone PDP	1,184	—	—	1,184				
Total Medicare	44,239	—	—	44,239				
Commercial fully-insured	1,968	—	—	1,968				
Specialty benefits	506	—	—	506				
Medicare Supplement	361	—	—	361				
State-based contracts and other	3,971	—	—	3,971				
Total premiums	51,045	—	—	51,045				
Services revenue:								
Home solutions	—	655	—	655				
Primary care	—	391	—	391				
Commercial ASO	135	—	—	135				
Military services and other	338	—	—	338				
Pharmacy solutions	—	458	—	458				
Total services revenue	473	1,504	—	1,977				
Total external revenues	51,518	1,504	—	53,022				
Intersegment revenues								
Services	29	2,277	( 2,306 )	—				
Products	—	5,254	( 5,254 )	—				
Total intersegment revenues	29	7,531	( 7,560 )	—				
Investment income	231	—	236	467				
Total revenues	51,778	9,035	( 7,324 )	53,489				
Operating expenses:								
Benefits	44,120	—	( 253 )	43,867				
Operating costs	4,963	8,319	( 7,192 )	6,090				
Depreciation and amortization	337	99	( 59 )	377				
Total operating expenses	49,420	8,418	( 7,504 )	50,334				
Income from operations	2,358	617	180	3,155				
Interest expense	—	1	232	233				
Other expense, net	—	—	46	46				
Income (loss) before income taxes and equity in net losses	2,358	616	( 98 )	2,876				
Equity in net losses	( 2 )	( 25 )	—	( 27 )				
Segment earnings (loss)	\$ 2,356	\$ 591	\$ ( 98 )	\$ 2,849				
Net loss attributable to noncontrolling interests	4	—	—	4				
Segment earnings (loss) attributable to Humana	\$ 2,360	\$ 591	\$ ( 98 )	\$ 2,853				

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

The condensed consolidated financial statements of Humana Inc. in this document present the Company's financial position, results of operations and cash flows, and should be read in conjunction with the following discussion and analysis. References to "we," "us," "our," "Company," and "Humana" mean Humana Inc. and its subsidiaries. This discussion includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When used in filings with the Securities and Exchange Commission, or SEC, in our press releases, investor presentations, and in oral statements made by or with the approval of one of our executive officers, the words or phrases like "believes," "expects," "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 Item 1A. – Risk Factors in our 2023 Form 10-K, as modified by any changes to those risk factors included in this document and in other reports we filed subsequent to February 15, 2024, in each case incorporated by reference herein. In making these statements, we are not undertaking to address or update such forward-looking statements in future filings or communications regarding our business or results. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this document might not occur. There may also be other risks that we are 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.

**Executive Overview**

**General**

Humana Inc., headquartered in Louisville, Kentucky, is committed to putting health first – for our teammates, our customers, and our company. Through our Humana insurance services, and our CenterWell health care services, we make it easier for the millions of people we serve to achieve their best health – delivering the care and service they need, when they need it. These efforts are leading to a better quality of life for people with Medicare, Medicaid, families, individuals, military service personnel, and communities at large.

Our industry relies on two key statistics to measure performance. The benefit ratio, which is computed by taking total benefits expense as a percentage of premiums revenue, represents a statistic used to measure underwriting profitability. The operating cost ratio, which is computed by taking total operating costs, excluding depreciation and amortization, as a percentage of total revenue less investment income, represents a statistic used to measure administrative spending efficiency.

**Employer Group Commercial Medical Products Business Exit**

In February 2023, we announced our planned exit from the Employer Group Commercial Medical Products business, which includes all fully insured, self-funded and Federal Employee Health Benefit medical plans, as well as associated wellness and rewards programs. No other Humana health plan offerings are materially affected. Following a strategic review, we determined the Employer Group Commercial Medical Products business was no longer positioned to sustainably meet the needs of commercial members over the long term or support our long-term strategic plans. The exit from this line of business will be phased over the 18 to 24 months following our February 2023 announcement.

**Value Creation Initiatives**

Beginning in 2022, in order to create capacity to fund growth and investment in our Medicare Advantage business and further expansion of our healthcare services capabilities, we committed to drive additional value for the enterprise through cost saving, productivity initiatives, and value acceleration from previous investments. As a result of these initiatives, we recorded charges, primarily in asset impairments, of \$68 million and \$97 million for the three and six months ended June 30, 2024, respectively, within operating costs in the condensed consolidated statements of income. These charges were recorded at the corporate level and not allocated to the segments. We expect to incur additional charges through the end of 2024. We did not record any charges for the three and six months ended June 30, 2023.

#### **Business Segments**

Our two reportable segments, Insurance and CenterWell, are based on a combination of the type of health plan customer and adjacent businesses centered on well-being solutions for our health plans and other customers, as described below. These segment groupings are consistent with information used by our Chief Executive Officer, the Chief Operating Decision Maker, to assess performance and allocate resources.

The Insurance segment consists of Medicare benefits, marketed to individuals or directly via group Medicare accounts, as well as our contract with CMS to administer the Limited Income Newly Eligible Transition, or LI-NET, prescription drug plan program and contracts with various states to provide Medicaid, dual eligible demonstration, and Long-Term Support Services benefits, which we refer to collectively as our state-based contracts. This segment also includes products consisting of employer group commercial fully-insured medical and specialty health insurance benefits marketed to individuals and employer groups, including dental, vision, and other supplemental health benefits, as well as administrative services only, or ASO. In addition, our Insurance segment includes our Military services business, primarily our T-2017 East Region contract, as well as the operations of our PBM business.

The CenterWell segment includes our pharmacy, primary care, and home solutions operations. The segment also includes our strategic partnerships with WCAS to develop and operate senior-focused, payor-agnostic, primary care centers, as well as our minority ownership interest in hospice operations. Services offered by this segment are designed to enhance the overall healthcare experience. These services may lead to lower utilization associated with improved member health and/or lower drug costs.

The results of each segment are measured by income (loss) from operations. Transactions between reportable segments primarily consist of sales of products and services rendered by our CenterWell segment, primarily pharmacy, primary care, and home solutions, to our Insurance segment customers. Intersegment sales and expenses are recorded primarily at fair value and eliminated in consolidation. Members served by our segments often use the same provider networks, enabling us in some instances to obtain more favorable contract terms with providers. Our segments also share indirect costs and assets. As a result, the profitability of each segment is interdependent. We allocate most operating expenses to our segments. Assets and certain corporate income and expenses are not allocated to the segments, including the portion of investment income not supporting segment operations, interest expense on corporate debt, and certain other corporate expenses. These items are managed at a corporate level. These corporate amounts are reported separately from our reportable segments and are included with intersegment eliminations.

#### **Seasonality**

One of the product offerings of our Insurance segment is Medicare stand-alone prescription drug plans, or PDP, under the Medicare Part D program. Our quarterly Insurance segment earnings and operating cash flows are impacted by the Medicare Part D benefit design and changes in the composition of our membership. The Medicare Part D benefit design results in coverage that varies as a member's cumulative out-of-pocket costs pass through successive stages of a member's plan period, which begins annually on January 1 for renewals. These plan designs generally result in us sharing a greater portion of the responsibility for total prescription drug costs in the early stages and less in the latter stages. As a result, the PDP benefit ratio generally decreases as the year progresses. In addition, the number of low income senior members as well as year-over-year changes in the mix of membership in our stand-alone PDP products affects the quarterly benefit ratio pattern.

The Insurance segment also experiences seasonality in the commercial fully-insured product offering. The effect on the Insurance segment benefit ratio is opposite of the Medicare stand-alone PDP impact, with the benefit ratio increasing as fully-insured members progress through their annual deductible and maximum out-of-pocket expenses. The Employer Group Commercial Fully-Insured business increased the Insurance segment benefit ratio by 10 basis points and increased the Insurance segment benefit ratio by 20 basis points for the three months ended June 30, 2024 and 2023, respectively. The Employer Group Commercial Fully-Insured business did not impact the Insurance segment benefit ratio for the six months ended June 30, 2024 and decreased the Insurance segment benefit ratio by 10 basis points for the six months ended 2023.

The Insurance segment also experiences seasonality in the operating cost ratio as a result of costs incurred in the second half of the year associated with the Medicare marketing season. The Insurance segment may experience adverse impacts in the operating cost ratio as a result of our Employer Group Commercial Medical Products exit phased over the 18-24 months following our February 2023 announcement. The Employer Group Commercial Fully-Insured business did not impact the Insurance segment operating cost ratio for the three months ended June 30, 2024 and increased the Insurance segment operating cost ratio by 30 basis points for the three months ended 2023. The Employer Group Commercial Fully-Insured business increased the Insurance segment operating cost ratio by 10 basis points and increased the Insurance segment operating cost ratio by 30 basis points for the six months ended June 30, 2024 and 2023, respectively.

**2024 Highlights**

- Our strategy offers our members affordable health care combined with a positive consumer experience in growing markets. At the core of this strategy is our integrated care delivery model, which unites quality care, high member engagement, and sophisticated data analytics. Our approach to primary, physician-directed care for our members aims to provide quality care that is consistent, integrated, cost-effective, and member-focused, provided by both employed physicians and physicians with network contract arrangements. The model is designed to improve health outcomes and affordability for individuals and for the health system as a whole, while offering our members a simple, seamless healthcare experience. We believe this strategy is positioning us for long-term growth in both membership and earnings. We offer providers a continuum of opportunities to increase the integration of care and offer assistance to providers in transitioning from a fee-for-service to a value-based arrangement. These include performance bonuses, shared savings and shared risk relationships. At June 30, 2024, approximately 3,923,200 members, or 70%, of our individual Medicare Advantage members were in value-based relationships under our integrated care delivery model, as compared to 3,618,500 members, or 69%, at June 30, 2023.
- Net income attributable to Humana was \$679 million, or \$5.62 per diluted common share, and \$959 million, or \$7.66 per diluted common share, for the three months ended June 30, 2024 and 2023, respectively. Net income attributable to Humana was \$1.4 billion, or \$11.74 per diluted common share, and \$2.2 billion, or \$17.54 per diluted common share for the six months ended June 30, 2024, and 2023, respectively. These comparisons were significantly impacted by put/call valuation adjustments associated with non-consolidating minority interest investments, transaction and integration costs, and charges associated with value creation initiatives. The impact of these adjustments to our consolidated income before income taxes and equity in net earnings and diluted earnings per common share was as follows for the 2024 and 2023 quarter and period:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
	(in millions)			
<b>Consolidated income before income taxes and equity in net earnings:</b>				
Put/call valuation adjustments associated with our non consolidating minority interest investments	\$ 68	\$ 53	\$ 199	\$ 107
Transaction and integration costs	—	4	—	(48)
Value creation initiatives	68	—	97	—
<b>Total</b>	<b>\$ 136</b>	<b>\$ 57</b>	<b>\$ 296</b>	<b>\$ 59</b>
<b>Diluted earnings per common share:</b>				
Put/call valuation adjustments associated with our non consolidating minority interest investments	\$ 0.57	\$ 0.43	\$ 1.65	\$ 0.85
Transaction and integration costs	—	0.03	—	(0.38)
Value creation initiatives	0.56	—	0.80	—
Net tax impact of transactions	(0.26)	(0.11)	(0.57)	(0.22)
<b>Total</b>	<b>\$ 0.87</b>	<b>\$ 0.35</b>	<b>\$ 1.88</b>	<b>\$ 0.25</b>

**Regulatory Environment**

We are and will continue to be regularly subject to new laws and regulations, changes to existing laws and regulations, and judicial determinations that impact the interpretation and applicability of those laws and regulations. The Health Care Reform Law, the Families First Act, the CARES Act, and the Inflation Reduction Act, and related regulations, are examples of laws which have enacted significant reforms to various aspects of the U.S. health insurance industry, including, among others, mandated coverage requirements, mandated benefits and guarantee issuance associated with insurance products, rebates to policyholders based on minimum benefit ratios, adjustments to Medicare Advantage premiums, the establishment of federally facilitated or state-based exchanges coupled with programs designed to spread risk among insurers, and the introduction of plan designs based on set actuarial values, and changes to the Part D prescription drug benefit design.

It is reasonably possible that these laws and regulations, as well as other current or future legislative, judicial or regulatory changes including restrictions on our ability to manage our provider network, manage and sell our products, or otherwise operate our business, or restrictions on profitability, including reviews by regulatory bodies that may compare our Medicare Advantage profitability to our non-Medicare Advantage business profitability, or compare the profitability of various products within our Medicare Advantage business, and require that they remain within certain ranges of each other, increases in member benefits or changes to member eligibility criteria without corresponding increases in premium payments to us, increases in regulation of our prescription drug benefit businesses, or changes to the Part D prescription drug benefit design (and uncertainty arising from the implementation of these changes) in the aggregate may have a material adverse effect on our results of operations (including restricting revenue, enrollment and premium growth in certain products and market segments, restricting our ability to expand into new markets, increasing our medical and operating costs, further lowering our Medicare payment rates and increasing our expenses associated with assessments); our financial position (including our ability to maintain the value of our goodwill); and our cash flows.

In March 2024, the United States Securities and Exchange Commission issued its final regulation on climate-related disclosures. The regulation requires certain disclosures in registration statements and annual reports, including financial impact and climate-related impact metrics. On April 4, 2024, the SEC exercised its discretion to stay the Final Rules pending the completion of judicial review. The new regulation is effective for us beginning with the annual report for the year ended December 31, 2025. We are evaluating the final rule and its impact on our disclosures.

We intend for the discussion of our financial condition and results of operations that follows to assist in the understanding of our financial statements and related changes in certain key items in those financial statements from year to year, including the primary factors that accounted for those changes. Transactions between reportable segments primarily consist of sales of products and services rendered by our CenterWell segment, primarily pharmacy, primary care, and home solutions, to our Insurance segment customers and are described in Note 14 to the condensed consolidated financial statements included in this report.

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**Comparison of Results of Operations for 2024 and 2023**

The following discussion primarily deals with our results of operations for the three months ended June 30, 2024, or the 2024 quarter, the three months ended June 30, 2023, or the 2023 quarter, the six months ended June 30, 2024, or the 2024 period, and the six months ended June 30, 2023, or the 2023 period.

	Change									
	Three months ended June 30,		Six Months Ended June 30,		Three months ended June 30, 2024		Six Months Ended June 30, 2024 vs			
	2024	2023	2024	2023	\$	%	\$	%	2023	
(\$ in millions, except per common share results)										
<b>Revenues:</b>										
Insurance premiums	\$ 28,142	\$ 25,495	\$ 56,403	\$ 51,045	\$ 2,647	10.4 %	\$ 5,358	10.5 %		
<b>Services:</b>										
Insurance	214	231	489	473	(17)	(7.4)%	16	3.4 %		
CenterWell	886	747	1,673	1,504	139	18.6 %	169	11.2 %		
Total services revenue	1,100	978	2,162	1,977	122	12.5 %	185	9.4 %		
Investment income	298	274	586	467	24	8.8 %	119	25.5 %		
Total revenues	29,540	26,747	59,151	53,489	2,793	10.4 %	5,662	10.6 %		
<b>Operating expenses:</b>										
Benefits	25,039	22,009	50,163	43,867	3,030	13.8 %	6,296	14.4 %		
Operating costs	3,148	3,111	6,190	6,090	37	1.2 %	100	1.6 %		
Depreciation and amortization	212	191	421	377	21	11.0 %	44	11.7 %		
Total operating expenses	28,399	25,311	56,774	50,334	3,088	12.2 %	6,440	12.8 %		
Income from operations	1,141	1,436	2,377	3,155	(295)	(20.5)%	(778)	(24.7)%		
Interest expense	168	120	327	233	48	40.0 %	94	40.3 %		
Other expense, net	55	54	118	46	1	1.9 %	72	156.5 %		
Income before income taxes and equity in net earnings	918	1,262	1,932	2,876	(344)	(27.3)%	(944)	(32.8)%		
Provision for income taxes	223	296	474	655	(73)	(24.7)%	(181)	(27.6)%		
Equity in net losses	(17)	(10)	(41)	(27)	7	70.0 %	14	51.9 %		
Net income	\$ 678	\$ 956	\$ 1,417	\$ 2,194	\$ (278)	(29.1)%	\$ (777)	(35.4)%		
Diluted earnings per common share	\$ 5.62	\$ 7.66	\$ 11.74	\$ 17.54	\$ (2.04)	(26.6)%	\$ (5.80)	(33.1)%		
Benefit ratio (a)	89.0 %	86.3 %	88.9 %	85.9 %			2.7 %			3.0 %
Operating cost ratio (b)	10.8 %	11.8 %	10.6 %	11.5 %			(1.0)%			(0.9)%
Effective tax rate	24.7 %	23.6 %	25.0 %	23.0 %			1.1 %			2.0 %

(a) Represents benefits expense as a percentage of premiums revenue.

(b) Represents operating costs as a percentage of total revenues less investment income.

*Premiums Revenue*

Consolidated premiums revenue increased \$2.6 billion, or 10.4%, from \$25.5 billion in the 2023 quarter to \$28.1 billion in the 2024 quarter and increased \$5.4 billion, or 10.5%, from \$51.0 billion in the 2023 period to \$56.4 billion in the 2024 period primarily due to higher per member Medicare premiums as well as individual and group

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Medicare Advantage and state-based contracts membership growth. These factors were partially offset by the continued decline in our group commercial medical and stand-alone PDP membership.

### *Services Revenue*

Consolidated services revenue increased \$122 million, or 12.5%, from \$978 million in the 2023 quarter to \$1.1 billion in the 2024 quarter and increased \$185 million, or 9.4%, from \$2.0 billion in the 2023 period to \$2.2 billion in the 2024 period.

### *Investment Income*

Investment income increased \$24 million, or 8.8%, from \$274 million in the 2023 quarter to \$298 million in the 2024 quarter and increased \$119 million, or 25.5%, from \$467 million in the 2023 period to \$586 million in the 2024 period primarily due to increase in interest income on our debt securities.

### *Benefit Expense*

Consolidated benefits expense increased \$3.0 billion, or 13.8%, from \$22.0 billion in the 2023 quarter to \$25.0 billion in the 2024 quarter and increased \$6.3 billion, or 14.4%, from \$43.9 billion in the 2023 period to \$50.2 billion in the 2024 period. The consolidated benefit ratio increased 270 basis points from 86.3% for the 2023 quarter to 89.0% for the 2024 quarter and increased 300 basis points from 85.9% for the 2023 period to 88.9% for the 2024 period primarily due to the continued impact of elevated Medicare Advantage medical cost trends in the 2024 quarter and period and a lesser favorable impact from prior-period medical claims reserve development in 2024. These factors were partially offset by the impact of the pricing and benefit design of our 2024 Medicare Advantage products, which included a reduction in benefits in response to the net impact of the 2024 final rate notice and the initial emergence of increased medical cost trends in 2023. Further, the year-over-year comparison continues to reflect a shift in line of business mix, with growth in Medicare Advantage and state-based contracts and other membership, which can carry a higher benefit ratio.

Consolidated benefits expense included \$134 million of favorable prior-period medical claims reserve development in the 2024 quarter and \$232 million of favorable prior-period medical claims development in the 2023 quarter. Consolidated benefits expense included \$669 million of favorable prior-period medical claims reserve development in the 2024 period and \$754 million of favorable prior-period medical claims reserve development in the 2023 period. Prior-period medical claims reserve development decreased the consolidated benefit ratio by approximately 50 basis points in the 2024 quarter and decreased the consolidated benefit ratio by approximately 90 basis points in the 2023 quarter. Prior-period medical claims reserve development decreased the consolidated benefit ratio by approximately 120 basis points in the 2024 period and decreased the consolidated benefit ratio by approximately 150 basis points in the 2023 period.

### *Operating Costs*

Our segments incur both direct and shared indirect operating costs. We allocate the indirect costs shared by the segments primarily as a function of revenues. As a result, the profitability of each segment is interdependent.

Consolidated operating costs increased \$37 million, or 1.2%, from \$3.1 billion in the 2023 quarter to \$3.1 billion in the 2024 quarter and increased \$100 million, or 1.6%, from \$6.1 billion in the 2023 period to \$6.2 billion in the 2024 period. The consolidated operating cost ratio decreased 100 basis points from 11.8% for the 2023 quarter to 10.8% for the 2024 quarter and decreased 90 basis points from 11.5% for the 2023 period to 10.6% for the 2024 period primarily due to scale efficiencies associated with growth in our Medicare Advantage membership, administrative cost efficiencies resulting from our value creation initiatives, lower commission expense for brokers in the 2024 quarter and period compared to the 2023 quarter and period as a result of significant individual Medicare Advantage membership growth in 2023, and the impact of the accrued charge related to certain anticipated litigation expenses included in the 2023 quarter and period results. These factors were partially offset by the impact from charges related to value creation initiatives in the 2024 quarter and period.

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*Depreciation and Amortization*

Depreciation and amortization increased \$21 million, or 11.0%, from \$191 million in the 2023 quarter to \$212 million in the 2024 quarter and increased \$44 million, or 11.7%, from \$377 million in the 2023 period to \$421 million in the 2024 period primarily due to capital expenditures.

*Interest Expense*

Interest expense increased \$48 million, or 40.0%, from \$120 million in the 2023 quarter to \$168 million in the 2024 quarter and increased \$94 million, or 40.3%, from \$233 million in the 2023 period to \$327 million in the 2024 period primarily due to increase in interest rates and higher average debt balances.

*Income Taxes*

The effective income tax rate was 24.7% and 23.6% for the three months ended June 30, 2024, and 2023, respectively, and 25.0% and 23.0% for the six months ended June 30, 2024 and 2023, respectively. The year-over-year increase in the effective income tax rate is primarily due to a change in the mix of current year earnings between our Insurance segment and our CenterWell health services segment, as the latter incurs a higher effective domestic tax rate than the former. In addition, the prior year income tax rate was favorably impacted by the recognition of a non-taxable gain.

*Insurance Segment*

	June 30,		Change	
	2024	2023	Members	%
<b>Membership:</b>				
Individual Medicare Advantage	5,617,600	5,269,100	348,500	6.6 %
Group Medicare Advantage	544,900	509,500	35,400	6.9 %
Medicare stand-alone PDP	2,341,200	2,915,300	(574,100)	(19.7)%
<b>Total Medicare</b>	<b>8,503,700</b>	<b>8,693,900</b>	<b>(190,200)</b>	<b>(2.2)%</b>
Medicare Supplement	339,200	294,300	44,900	15.3 %
Commercial fully-insured	62,200	475,500	(413,300)	(86.9)%
State-based contracts and other	1,392,300	1,330,200	62,100	4.7 %
Military services	5,959,200	5,939,100	20,100	0.3 %
Commercial ASO	47,000	395,300	(348,300)	(88.1)%
<b>Total Medical Membership</b>	<b>16,303,600</b>	<b>17,128,300</b>	<b>(824,700)</b>	<b>(4.8)%</b>
<b>Total Specialty Membership (a)</b>	<b>4,602,000</b>	<b>5,041,100</b>	<b>(439,100)</b>	<b>(8.7)%</b>

(a) We provide a full range of insured specialty products including dental, vision, and life insurance benefits marketed to individuals and groups. Members included in these products may not be unique to each product since members have the ability to enroll in a medical product and one or more specialty products.

	Change											
					Three months ended June 30, 2024		Six Months Ended June 30, 2024 vs 2023					
	Three months ended June 30,		Six Months Ended June 30,		\$	%	\$	%				
(in millions)												
<b>Premiums and Services Revenue:</b>												
Premiums:												
Individual Medicare Advantage	\$ 22,215	\$ 19,749	\$ 44,663	\$ 39,558	\$ 2,466	12.5 %	\$ 5,105	12.9 %				
Group Medicare Advantage	1,938	1,732	3,927	3,497	206	11.9 %	430	12.3 %				
Medicare stand-alone PDP	867	568	1,688	1,184	299	52.6 %	504	42.6 %				
Total Medicare	25,020	22,049	50,278	44,239	2,971	13.5 %	6,039	13.7 %				
Commercial fully-insured	152	950	408	1,968	(798)	(84.0)%	(1,560)	(79.3)%				
Specialty benefits	240	252	479	506	(12)	(4.8)%	(27)	(5.3)%				
Medicare Supplement	206	182	403	361	24	13.2 %	42	11.6 %				
State-based contracts and other	2,524	2,062	4,835	3,971	462	22.4 %	864	21.8 %				
Total premiums revenue	28,142	25,495	56,403	51,045	2,647	10.4 %	5,358	10.5 %				
Commercial ASO	8	64	32	135	(56)	(87.5)%	(103)	(76.3)%				
Military services and other	206	167	457	338	39	23.4 %	119	35.2 %				
Services revenue	214	231	489	473	(17)	(7.4)%	16	3.4 %				
Total premiums and services revenue	\$ 28,356	\$ 25,726	\$ 56,892	\$ 51,518	\$ 2,630	10.2 %	\$ 5,374	10.4 %				
<b>Income from operations</b>	\$ 763	\$ 1,031	\$ 1,661	\$ 2,358	\$ (268)	(26.0)%	\$ (697)	(29.6)%				
Benefit ratio	89.5 %	86.8 %	89.4 %	86.4 %			2.7 %	3.0 %				
Operating cost ratio	8.4 %	9.9 %	8.4 %	9.6 %			(1.5)%	(1.2)%				

*Income from operations*

Insurance segment income from operations decreased \$268 million, or 26.0%, from \$1.0 billion in the 2023 quarter to \$763 million in the 2024 quarter and decreased \$697 million, or 29.6%, from \$2.4 billion in the 2023 period to \$1.7 billion in the 2024 period primarily due to the same factors impacting the segment's higher benefit ratio partially offset by the lower operating cost ratio as more fully described below.

*Enrollment*

Individual Medicare Advantage membership increased 348,500 members, or 6.6%, from June 30, 2023 to June 30, 2024 primarily due to membership additions associated with the most recent Annual Election Period, or AEP. Individual Medicare Advantage membership includes 952,800 D-SNP members as of June 30, 2024, a net increase of 121,400 D-SNP members, or 14.6%, from 831,400 D-SNP members as of June 30, 2023.

Group Medicare Advantage membership increased 35,400 members, or 6.9%, from June 30, 2023 to June 30, 2024 primarily due to growth in small and medium group accounts.

Medicare stand-alone PDP membership decreased 574,100 members, or 19.7%, from June 30, 2023 to June 30, 2024 primarily due to continued intensified competition for Medicare stand-alone PDP offerings.

State-based contracts and other membership increased 62,100 members, or 4.7%, from June 30, 2023 to June 30, 2024 primarily reflecting the impact of membership additions associated with the implementation of new contracts.

Commercial fully-insured medical membership decreased 413,300 members, or 86.9%, from June 30, 2023 to June 30, 2024 and commercial ASO medical membership decreased 348,300 members, or 88.1%, from June 30, 2023 to June 30, 2024. These decreases reflect our planned exit of the Employer Group Commercial Medical Products business, which includes all fully insured, self-funded and Federal Employee Health Benefit medical plans, as well as associated wellness and rewards programs. The exit from this line of business will be phased over the 18 to 24 months following our February 2023 announcement.

Specialty membership decreased 439,100 members, or 8.7%, from June 30, 2023 to June 30, 2024 primarily due to non-renewal of dental and vision plans as a result of exit from the Employer Group Commercial Medical Products business partially offset by growth in dental and vision plans as a result of Medicare Advantage enrollment.

*Premiums Revenue*

Insurance segment premiums revenue increased \$2.6 billion, or 10.4%, from \$25.5 billion in the 2023 quarter to \$28.1 billion in the 2024 quarter and increased \$5.4 billion, or 10.5%, from \$51.0 billion in the 2023 period to \$56.4 billion in the 2024 period primarily due to higher per member Medicare premiums as well as individual and group Medicare Advantage and state-based contracts membership growth. These factors were partially offset by the continued decline in our group commercial medical and stand-alone PDP membership.

*Services Revenue*

Insurance segment services revenue decreased \$17 million, or 7.4%, from \$231 million in the 2023 quarter to \$214 million in the 2024 quarter and increased \$16 million, or 3.4%, from \$473 million in the 2023 period to \$489 million in the 2024 period.

*Benefits Expense*

The Insurance segment benefit ratio increased 270 basis points from 86.8% for the 2023 quarter to 89.5% for the 2024 quarter and increased 300 basis points from 86.4% for the 2023 period to 89.4% for the 2024 period primarily due to the continued impact of elevated Medicare Advantage medical cost trends in the 2024 quarter and period and a lesser favorable impact from prior-period medical claims reserve development in 2024. These factors were partially offset by the impact of the pricing and benefit design of our 2024 Medicare Advantage products, which included a reduction in benefits in response to the net impact of the 2024 final rate notice and the initial emergence of increased medical cost trends in 2023. Further, the year-over-year comparison continues to reflect a shift in line of business mix, with growth in Medicare Advantage and state-based contracts and other membership, which can carry a higher benefit ratio.

*Operating Costs*

The Insurance segment operating cost ratio decreased 150 basis points from 9.9% for the 2023 quarter to 8.4% for the 2024 quarter and decreased 120 basis points from 9.6% for the 2023 period to 8.4% for the 2024 period primarily due to scale efficiencies associated with growth in our individual Medicare Advantage membership, administrative cost efficiencies resulting from our value creation initiatives, lower commission expense for brokers in the 2024 quarter and period compared to the 2023 quarter and period as a result of significant individual Medicare Advantage membership growth in 2023, and the impact of the accrued charge related to certain anticipated litigation expenses included in the 2023 quarter and period results.

**CenterWell Segment**

	Change									
	Three months ended June 30,		Six Months Ended June 30,		Three months ended June 30,		Six Months Ended June 30, 2024			
	2024	2023	2024	2023	2024 vs 2023	\$	%	\$	%	
(\$ in millions)										
<b>Revenues:</b>										
Services:										
Home solutions	\$ 335	\$ 341	\$ 670	\$ 655	\$ (6)	\$ (1.8)%	\$ 15	\$ 15	2.3 %	
Pharmacy solutions	229	216	440	458	13	6.0 %	(18)	(18)	(3.9)%	
Primary care	322	190	563	391	132	69.5 %	172	172	44.0 %	
Total services revenue	886	747	1,673	1,504	139	18.6 %	169	169	11.2 %	
Intersegment revenues:										
Home solutions	499	321	984	635	178	55.5 %	349	349	55.0 %	
Pharmacy solutions	2,645	2,639	5,262	5,254	6	0.2 %	8	8	0.2 %	
Primary care	917	823	1,846	1,642	94	11.4 %	204	204	12.4 %	
Total intersegment revenues	4,061	3,783	8,092	7,531	278	7.3 %	561	561	7.4 %	
Total services and intersegment revenues	\$ 4,947	\$ 4,530	\$ 9,765	\$ 9,035	\$ 417	9.2 %	\$ 730	\$ 730	8.1 %	
<b>Income from operations</b>	\$ 338	\$ 287	\$ 620	\$ 617	\$ 51	17.8 %	\$ 3	\$ 3	0.5 %	
Operating cost ratio	92.0 %	92.6 %	92.5 %	92.1 %		(0.6)%			0.4 %	

*Income from operations*

CenterWell income from operations increased \$51 million, or 17.8%, from \$287 million in the 2023 quarter to \$338 million in the 2024 quarter and increased \$3 million, or 0.5%, from \$617 million in the 2023 period to \$620 million in the 2024 period primarily due to the same factors impacting the segment's operating cost ratio as more fully described below.

*Services Revenue*

CenterWell services revenue increased \$139 million, or 18.6%, from \$747 million in the 2023 quarter to \$886 million in the 2024 quarter and increased \$169 million, or 11.2%, from \$1.5 billion in the 2023 period to \$1.7 billion in the 2024 period primarily due to higher revenues associated with growth in the primary care business, partially offset by the impact of the v28 risk model revision.

#### *Intersegment Revenue*

CenterWell intersegment revenues increased \$0.3 billion, or 7.3%, from \$3.8 billion in the 2023 quarter to \$4.1 billion in the 2024 quarter and increased \$0.6 billion, or 7.4%, from \$7.5 billion in the 2023 period to \$8.1 billion in the 2024 period primarily due to greater intersegment revenues associated with the home solutions business in the 2024 quarter and period as compared to the 2023 quarter and period as a result of the expansion of the value-based home care mode and higher intersegment revenues associated with growth in the primary care business, partially offset by the impact of the v28 risk model revision.

#### *Operating Costs*

The CenterWell segment operating cost ratio decreased 60 basis points from 92.6% for the 2023 quarter to 92.0% for the 2024 quarter primarily due to administrative cost efficiencies resulting from the our value creation initiatives and favorable prior-period medical claims reserve development within the primary care business, partially offset by the impact of the v28 risk model revision. The CenterWell segment operating cost ratio increased 40 basis points from 92.1% for the 2023 period to 92.5% for the 2024 period primarily due to the unfavorable impact of the v28 risk model revision to the primary care business.

#### **Liquidity**

Historically, our primary sources of cash have included receipts of premiums, services revenue, and investment and other income, as well as proceeds from the sale or maturity of our investment securities, and borrowings. Our primary uses of cash historically have included disbursements for claims payments, operating costs, interest on borrowings, taxes, purchases of investment securities, acquisitions, capital expenditures, repayments on borrowings, dividends, and share repurchases. As premiums generally are collected in advance of claim payments by a period of up to several months, our business normally should produce positive cash flows during periods of increasing premiums and enrollment. Conversely, cash flows would be negatively impacted during periods of decreasing premiums and enrollment. From period to period, our cash flows may also be affected by the timing of working capital items including premiums receivable, benefits payable, and other receivables and payables. Our cash flows are impacted by the timing of payments to and receipts from CMS associated with Medicare Part D subsidies for which we do not assume risk. The use of cash flows may be limited by regulatory requirements of state departments of insurance (or comparable state regulators) which require, among other items, that our regulated subsidiaries maintain minimum levels of capital and seek approval before paying dividends from the subsidiaries to the parent. Our use of cash flows derived from our non-insurance subsidiaries, such as in our CenterWell segment, is generally not restricted by state departments of insurance (or comparable state regulators).

For additional information regarding our liquidity risk, refer to Part I, Item 1A, "Risk Factors" in our 2023 Form 10-K and Part II, Item 1A, "Risk Factors" of this Form 10-Q.

Cash and cash equivalents increased to approximately \$5.5 billion at June 30, 2024 from \$4.7 billion at December 31, 2023. The change in cash and cash equivalents for the six months ended June 30, 2024 and 2023 is summarized as follows:

	Six Months Ended	
	2024	2023
	(in millions)	
Net cash provided by operating activities	\$ 1,636	\$ 9,863
Net cash used in investing activities	(1,416)	(2,025)
Net cash provided by financing activities	587	3,315
Increase in cash and cash equivalents	\$ 807	\$ 11,153

**Cash Flow from Operating Activities**

Cash flows provided by operations of \$1.6 billion in the 2024 period decreased \$8.2 billion from cash flows provided by operations of \$9.9 billion in the 2023 period. Our operating cash flows for the 2023 period were significantly impacted by the early receipt of the Medicare premium remittance of \$7.0 billion in June 2023 because the payment date for July 2023 fell on a weekend. This also resulted in an increase to unearned revenues in our condensed consolidated balance sheet at June 30, 2023. Additionally, the 2023 period includes the CMS mid-year settlement of \$2.2 billion which was received in June 2023. The 2024 period does not include the CMS mid-year settlement as it was received in July 2024.

The most significant drivers of changes in our working capital are typically the timing of payments of benefits expense and receipts for premiums. Benefits expense includes claim payments, capitation payments, pharmacy costs net of rebates, allocations of certain centralized expenses and various other costs incurred to provide health insurance coverage to members, as well as estimates of future payments to hospitals and others for medical care and other supplemental benefits provided on or prior to the balance sheet date. For additional information regarding our benefits payable and benefits expense recognition, refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our 2023 Form 10-K.

The detail of total net receivables at June 30, 2024 and December 31, 2023 and reconciliation to cash flow for the six months ended June 30, 2024 and 2023 was as follows:

	June 30, 2024	December 31, 2023	2024 Period Change	2023 Period Change
	(in millions)			
Medicare	\$ 3,396	\$ 1,426	\$ 1,970	\$ (347)
Commercial and other	607	549	58	84
Military services	183	148	35	20
Allowances	(96)	(88)	(8)	(2)
<b>Total net receivables</b>	<b>\$ 4,090</b>	<b>\$ 2,035</b>	<b>\$ 2,055</b>	<b>\$ (245)</b>
Reconciliation to cash flow statement:				
Receivables acquired			—	(24)
Change in receivables per cash flow statement			\$ 2,055	\$ (269)

The changes in Medicare receivables for both the 2024 period and the 2023 period reflect individual Medicare Advantage membership growth and the typical pattern caused by the timing of accruals and related collections associated with the CMS risk-adjustment model. Significant collections occur with the mid-year and final settlements with CMS in the second and third quarter. We received the 2024 mid-year settlement of approximately \$2.3 billion in July 2024. The 2023 period was impacted by the early receipt of the 2023 mid-year payment in June 2023.

**Cash Flow from Investing Activities**

During the 2024 period and 2023 period, we acquired various businesses for approximately \$17 million and \$189 million, net of cash and cash equivalents received, respectively.

Our ongoing capital expenditures primarily relate to our information technology initiatives, support of services in our primary care operations including medical and administrative facility improvements necessary for activities such as the provision of care to members, claims processing, billing and collections, wellness solutions, care coordination, regulatory compliance and customer service. Total net capital expenditures, excluding acquisitions, were \$291 million in the 2024 period and \$487 million in the 2023 period.

Net purchases of investment securities were \$1.1 billion and \$1.3 billion in the 2024 period and 2023 period, respectively.

#### **Cash Flow from Financing Activities**

Receipts from CMS associated with Medicare Part D claim subsidies for which we do not assume risk were higher than claim payments by \$0.3 billion and \$3.5 billion in the 2024 and 2023 periods, respectively.

Under our administrative services only TRICARE contracts, health care costs payments for which we do not assume risk exceeded reimbursements from the federal government by \$63 million and \$27 million in the 2024 and 2023 periods, respectively.

In March 2024, we issued \$1.25 billion of 5.375% unsecured senior notes due April 15, 2031 and \$1.00 billion of 5.750% unsecured senior notes due April 15, 2054. Our net proceeds, reduced for the underwriters' discounts and commissions paid, were \$2.23 billion. We used the net proceeds for general corporate purposes, which include the repayment of existing indebtedness, including borrowings under our commercial paper program.

In March 2023, we issued \$500 million of 5.700% unsecured senior notes due March 13, 2026 and \$750 million of 5.500% unsecured senior notes due March 15, 2053. Our net proceeds, reduced for the underwriters' discounts and commissions paid, were \$1.2 billion. We used the net proceeds to repay outstanding amounts under our \$500 million Delayed Draw Term Loan. The remaining net proceeds will be used for general corporate purposes, which include the repayment of existing indebtedness, including borrowings under our commercial paper program.

In March 2023, we entered into a Rule 10b5-1 Repurchase Plan, or the Plan, to repurchase a portion of our \$1.5 billion aggregate principal amount of 0.650% senior notes maturing in August 2023 and our \$600 million aggregate principal amount of 3.850% senior notes maturing in October 2024 during the Plan period beginning on March 13, 2023 and ending on July 21, 2023. During the six months ended June 30, 2023, we repurchased \$325 million principal amount of our \$1.5 billion, 0.650% senior notes for approximately \$322 million cash and \$28 million principal amount of our \$600 million, 3.850% senior notes for approximately \$27 million cash.

Net repayments from the issuance of commercial paper were \$895 million in the 2024 period and net proceeds from the issuance of commercial paper were \$238 million in the 2023 period. The maximum principal amount outstanding at any one time during the 2024 period was \$2.7 billion.

We repurchased common shares for \$750 million and \$601 million in the 2024 period and 2023 period, respectively, under share repurchase plans authorized by the Board of Directors. We also acquired common shares in connection with employee stock plans for \$16 million and \$27 million in the 2024 period and 2023 period, respectively.

We paid dividends to stockholders of \$216 million and \$211 million during the 2024 period and 2023 period, respectively.

#### **Future Sources and Uses of Liquidity**

##### ***Dividends***

For additional information regarding our dividends to stockholders, refer to Note 10 to the unaudited Consolidated Financial Statements included in Part I, Item 1, "Financial Statements" of this Form 10-Q.

##### ***Stock Repurchases***

For additional information regarding stock repurchases, refer to Note 10 to the unaudited Consolidated Financial Statements included in Part I, Item 1, "Financial Statements" of this Form 10-Q.

##### ***Debt***

For additional information regarding debt, including our senior notes, term loans, revolving credit agreements, commercial paper program and other short-term borrowings, refer to Note 12 to the unaudited Consolidated Financial Statements included in Part I, Item 1, "Financial Statements" of this Form 10-Q.

#### **Acquisitions**

For additional information regarding acquisitions, refer to Note 3 to the unaudited Consolidated Financial Statements included in Part I, Item 1, "Financial Statements" of this Form 10-Q.

#### **Liquidity Requirements**

We believe our cash balances, investment securities, operating cash flows, and funds available under our credit agreement and our commercial paper program or from other public or private financing sources, taken together, provide adequate resources to fund ongoing operating and regulatory requirements, acquisitions, future expansion opportunities, and capital expenditures for at least the next twelve months, as well as to refinance or repay debt, and repurchase shares.

Adverse changes in our credit rating may increase the rate of interest we pay and may impact the amount of credit available to us in the future. Our investment-grade credit rating at June 30, 2024 was BBB according to Standard & Poor's Rating Services, or S&P, and Baa2 according to Moody's Investors Services, Inc., or Moody's. A downgrade by S&P to BB+ or by Moody's to Ba1 triggers an interest rate increase of 25 basis points with respect to \$250 million of our senior notes. Successive one notch downgrades increase the interest rate an additional 25 basis points, or annual interest expense by \$1 million, up to a maximum 100 basis points, or annual interest expense by \$3 million.

In addition, we operate as a holding company in a highly regulated industry. Humana Inc., our parent company, is dependent upon dividends and administrative expense reimbursements from our subsidiaries, most of which are subject to regulatory restrictions. We continue to maintain significant levels of aggregate excess statutory capital and surplus in our state-regulated operating subsidiaries. Cash, cash equivalents, and short-term investments at the parent company were \$1.3 billion at June 30, 2024 compared to \$510 million at December 31, 2023. This increase primarily reflects net proceeds from the issuance of senior notes and commercial paper, the sale of investment securities, dividends from insurance subsidiaries and cash from certain non-insurance subsidiaries within our CenterWell segment partially offset by common stock repurchases, repayment of maturing senior notes, capital expenditures, repayment of borrowings under the commercial paper program, capital contributions to certain subsidiaries, cash dividends to shareholders and acquisitions. Our use of operating cash derived from our non-insurance subsidiaries, such as our CenterWell segment, is generally not restricted by departments of insurance (or comparable state regulators).

#### **Regulatory Requirements**

Certain of our subsidiaries operate in states that regulate the payment of dividends, loans, or other cash transfers to Humana Inc., our parent company, and require minimum levels of equity as well as limit investments to approved securities. The amount of dividends that may be paid to Humana Inc. by these subsidiaries, without prior approval by state regulatory authorities, or ordinary dividends, is limited based on the entity's level of statutory income and statutory capital and surplus. If the dividend, together with other dividends paid within the preceding twelve months, exceeds a specified statutory limit or is paid from sources other than earned surplus, it is generally considered an extraordinary dividend requiring prior regulatory approval. In most states, prior notification is provided before paying a dividend even if approval is not required.

Although minimum required levels of equity are largely based on premium volume, product mix, and the quality of assets held, minimum requirements vary significantly at the state level. Based on the most recently filed statutory financial statements as of March 31, 2024, our state regulated subsidiaries had aggregate statutory capital and surplus of approximately \$12.9 billion, which exceeded aggregate minimum regulatory requirements of \$10.3 billion. The amount of ordinary dividends paid to our parent company was approximately \$0.5 billion during the six months ended June 30, 2024. The amount, timing and mix of ordinary and extraordinary dividend payments will vary due to state regulatory requirements, the level of excess statutory capital and surplus and expected future surplus requirements related to, for example, premium volume and product mix.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

Our earnings and financial position are exposed to financial market risk, including those resulting from changes in interest rates.

Interest rate risk also represents a market risk factor affecting our consolidated financial position due to our significant investment portfolio, consisting primarily of fixed maturity securities of investment-grade quality with a weighted average S&P credit rating of AA- at June 30, 2024. Our net unrealized position increased \$161 million from a net unrealized loss position of \$1.3 billion at December 31, 2023 to a net unrealized loss position of \$1.5 billion at June 30, 2024. At June 30, 2024, we had gross unrealized losses of \$1.5 billion on our investment portfolio primarily due to an increase in market interest rates since the time the securities were purchased. There were no material credit allowances during the six months ended June 30, 2024. While we believe that these securities in an unrealized loss will recover in value over time and we currently do not have the intent to sell such securities, given the current market conditions and the significant judgments involved, there is a continuing risk that future declines in fair value may occur and material realized losses from sales or credit allowances may be recorded in future periods.

Duration is the time-weighted average of the present value of the bond portfolio's cash flow. Duration is indicative of the relationship between changes in fair value and changes in interest rates, providing a general indication of the sensitivity of the fair values of our fixed maturity securities to changes in interest rates. However, actual fair values may differ significantly from estimates based on duration. The average duration of our investment portfolio, including cash and cash equivalents, was approximately 3.1 years as of June 30, 2024 and December 31, 2023. Based on the duration, including cash equivalents, a 1% increase in interest rates would generally decrease the fair value of our securities by approximately \$724 million at June 30, 2024.

**Item 4. Controls and Procedures**

Under the supervision and with the participation of our Chief Executive Officer, or CEO, our Chief Financial Officer, or CFO, and our Principal Accounting Officer, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures for the quarter ended June 30, 2024.

Based on our evaluation, our CEO, CFO, and our Principal Accounting Officer concluded that our disclosure controls and procedures are effective to provide reasonable assurance that information the Company is required to disclose in its reports under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, including, without limitation, ensuring that such information is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

There have been no changes in the Company's internal control over financial reporting during the quarter ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**Part II. Other Information**

**Item 1. Legal Proceedings**

For additional information regarding legal proceedings pending against us and certain other pending or threatened litigation, investigations or other matters, refer to "Legal Proceedings and Certain Regulatory Matters" in Note 13 to the unaudited Consolidated Financial Statements included in Part I, Item 1, "Financial Statements" of this Form 10-Q.

**Item 1A. Risk Factors**

There have been no changes to the risk factors included in our 2023 Form 10-K.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

- (a) None.
- (b) N/A

- (c) The following table provides information about our purchases of equity securities that are registered by us pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, during the three months ended June 30, 2024:

Period	Total Number of Shares Purchased (1)(2)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)(2)	Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1) (2)
April 2024	59,975	\$ 320.90	59,975	\$ 2,955,384,026
May 2024	59,985	335.63	59,985	2,935,251,123
June 2024	24,085	356.09	24,085	2,926,674,586
Total	144,045	\$ 332.92	144,045	

(1) Effective February 16, 2024, the Board of Directors replaced the February 2023 repurchase authorization (of which approximately \$824 million remained unused) with a new share repurchase authorization for repurchases of up to \$3 billion of our common shares exclusive of shares repurchased in connection with employee stock plans, expiring as of February 15, 2027, which we refer to as the 2024 repurchase authorization. Our remaining repurchase authorization was \$2.93 billion as of July 30, 2024.

(2) Excludes 0.04 million shares repurchased in connection with employee stock plans.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

- a. None.
- b. None.
- c. During the three months ended June 30, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

**Item 6: Exhibits**

<a href="#">3(i)</a>	Restated Certificate of Incorporation of Humana Inc. filed with the Secretary of State of Delaware on November 9, 1989, as restated to incorporate the amendment of January 9, 1992, the correction of March 23, 1992, and the amendment dated April 24, 2024.
<a href="#">3(ii)</a>	Humana Inc. Amended and Restated By-laws, effective as of December 7, 2023 (incorporated herein by reference to Exhibit 3(b) to Humana Inc.'s Current Report on Form 8-K filed on December 7, 2023).
<a href="#">10.1</a>	364-Day Revolving Credit Agreement, dated as of May 31, 2024, among Humana Inc., and JPMorgan Chase Bank, N.A. as Agent, Bank of America, N.A. as Syndication Agent, Citibank, N.A., Goldman Sachs Bank USA, PNC Capital Markets LLC, U.S. Bank, National Association and Wells Fargo Securities, LLC, as Documentation Agents, and JPMorgan Chase Bank, N.A., BofA Securities, Inc., Citibank, N.A., Goldman Sachs Bank USA, PNC Capital Markets LLC, U.S. Bank, National Association and Wells Fargo Securities, LLC, as Joint-Lead Arrangers and Joint Bookrunners (incorporated herein by reference to Exhibit 10.1 to Humana Inc.'s Current Report on Form 8-K filed on June 5, 2024).
<a href="#">10.2</a>	First Amendment to Fifth Amended and Restated Credit Agreement, dated as of May 31, 2024, among Humana Inc., and JPMorgan Chase Bank, N.A. as Agent, and certain banks and other financial institutions party thereto (incorporated herein by reference to Exhibit 10.2 to Humana Inc.'s Current Report on Form 8-K filed on June 5, 2024).
<a href="#">31.1</a>	Principal Executive Officer certification pursuant to Section 302 of Sarbanes–Oxley Act of 2002.
<a href="#">31.2</a>	Principal Financial Officer certification pursuant to Section 302 of Sarbanes–Oxley Act of 2002.
<a href="#">32</a>	Principal Executive Officer and Principal Financial Officer certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes–Oxley Act of 2002.
101	The following materials from Humana Inc.'s Quarterly Report on Form 10-Q formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets at June 30, 2024 and December 31, 2023; (ii) the Condensed Consolidated Statements of Income for the three and six months ended June 30, 2024 and 2023; (iii) the Condensed Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2024 and 2023; (iv) the Consolidated Statements of Stockholders' Equity for the three and six months ended June 30, 2024 and 2023; (v) the Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2024 and 2023; and (vi) Notes to Condensed Consolidated Financial Statements. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
104	Cover Page Interactive Data File formatted in Inline XBRL and contained in Exhibit 101.

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.

Date: July 31, 2024

By: \_\_\_\_\_ /s/ JOHN-PAUL W. FELTER

John-Paul W. Felter  
Senior Vice President, Chief Accounting Officer and Controller (Principal Accounting Officer)

RESTATED CERTIFICATE OF INCORPORATION  
OF  
HUMANA INC.

HUMANA INC., (originally Heritage House of America Inc. and formerly Extendicare, Inc.), a corporation organized and existing under and by virtue of the laws of the State of Delaware, the original Certificate of Incorporation of which was filed in the office of the Secretary of State of Delaware on July 27, 1964 and recorded in the office of the Recorder of Deeds for New Castle County, State of Delaware, on July 28, 1964, and has heretofore been amended and restated from time to time, does hereby certify:

That at a regular meeting of the Board of Directors of the above corporation held on the 2nd day of November, A.D. 1989, in the City of Louisville, State of Kentucky, for the consideration of the restatement of the Certificate of Incorporation as hereinafter set forth, and the directors having voted in favor thereof, the following Restated Certificate of Incorporation, which only restates and integrates and does not further amend the provisions of the corporation's Certificate of Incorporation as theretofore amended, supplemented or restated, there being no discrepancy between those provisions and the provisions of this Restated Certificate of Incorporation, was duly adopted in accordance with Section 245 of the General Corporation Law of the State of Delaware.

FIRST: The name of this corporation is HUMANA INC.

SECOND: The location of its principal office in the State of Delaware is located at One Rodney Square, 10th and King Streets, in the City of Wilmington, New Castle County, Delaware 19801, and the name and address of its Resident Agent is Richard J. Abrams, One Rodney Square, 10th and King Streets, Wilmington, Delaware 19801.

THIRD: The nature of the business and the objects and purposes proposed to be transacted, promoted and carried on are to do any and all things herein mentioned as fully and to the same extent as natural persons might or could do, and in any part of the world, viz.,

(a) To acquire by construction, purchase, exchange or other means, and thereafter to own, maintain, operate and carry on, or to sell or otherwise dispose of, sanitariums, nursing homes, rest homes, convalescence homes, and other establishments suitable for the care and treatment of elderly, disabled, or convalescent persons.

(b) To adopt, apply for, obtain, register, purchase, lease or otherwise acquire, and to maintain, protect, hold, use, own, exercise, develop, operate and introduce, and to sell, lease or grant licenses, franchises, or other rights in respect of, and assign, pledge or otherwise

dispose of or turn to account, any trademarks, trade names, patents, patent rights, copyrights, and distinctive marks and rights analogous thereto, and invention, improvements, processes, formulae and the like, including such thereof as may be covered by, used in connection with, or secured or received under Letters Patent of the United States of America or elsewhere, or otherwise, which may be deemed capable of use in connection with any of the purposes of the corporation herein stated; and to acquire, use, exercise or otherwise turn to account licenses in respect of any such trademarks, trade names, patents, patent rights, copyrights, inventions, improvements, processes, formulae and the like.

(c) To carry on the business of providing administrative, financial, development, promotion, supervisory, management, technical and other services to business of all kinds, on a fee, commission, franchise, rental, sale or other basis.

(d) To engage in manufacturing, processing, buying, selling, leasing, and otherwise producing, investing or dealing in any product or article of commerce, or any goods, wares, merchandise, and real or personal property, of every class and description whatsoever, in any part of the world.

(e) To acquire by purchase, subscription or otherwise, to hold, mortgage or pledge, sell, assign, transfer, exchange or otherwise dispose of shares of the capital stock of, or voting trust certificates for shares of the capital stock of, and any bonds and other securities or evidences of indebtedness created by, any other corporation or corporations organized under the laws of the State of Delaware or of any other state, or of any country, nation or subdivision thereof, or government, and to pay therefor, in whole or in part, with cash or other property or with shares of the capital stock, bonds or other obligations of this corporation, and, while the owner or holder of any such shares of the capital stock, or voting trust certificates for shares of the capital stock, or bonds, or other securities or indebtedness of any such other corporation or corporations, to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including the right to vote thereon and to consent in respect thereof for any and all purposes.

(f) To acquire all or any part of the good will, rights, property and business of any person, firm, trust, association or corporation heretofore or hereafter created, to pay for the same in cash or in stock or bonds of this corporation or otherwise, to hold, utilize, and in any manner dispose of the whole or any part of the rights and property so acquired, assume in connection therewith any liabilities of any such person, firm, trust, association or corporation and conduct in any lawful manner the whole or any part of the business thus acquired.

(g) To aid by loan, guaranty, subsidy or in any other manner whatsoever, insofar as may be permitted by law, any person, association,

partnership, corporation or corporations, organized under the laws in the State of Delaware or of any other state, or of any country, nation or government, any shares of the capital stock, or voting trust certificates for shares of the capital stock, or bonds, or other securities or evidences of indebtedness of which shall be held by or for the corporation, or in which, or in the welfare of which, the corporation shall have any interest, and to do any acts or things designed to protect, preserve, improve or enhance the value of any such shares, voting trust certificates, bonds, or interest, or other securities or evidences of indebtedness, and to do any and all acts designed to accomplish any such purpose.

(h) To guarantee the payments of dividends upon, or any sinking fund payments in respect of, any shares of the capital stock, or the payment of the principal of, or interest on, or sinking fund payments in respect of, any bonds or other securities or evidences of indebtedness, or the performance of any contract, of any other corporation, trust or association insofar as and to the extent that a guaranty in respect thereof by the corporation may be permitted by law.

(i) To enter into, make and perform contracts of every sort and description with any person, firm, trust, association, corporation, municipality, body politic, county, state or government or colony or dependency thereof.

(j) To purchase, hold, cancel, reissue, sell or transfer shares of its own capital stock, provided that it shall not use its funds or property for the purchase of shares of its own capital stock when such use would cause any impairment of its capital, and further, that shares of its own capital stock belonging to it shall not be voted upon directly or indirectly.

(k) In general, to carry on any business not contrary to the laws of the State of Delaware.

(l) To make donations for the public welfare or for charitable, scientific or educational purposes.

(m) To conduct its business, without restriction or limit as to amount, in all or any of its branches in the State of Delaware and in any or all other states, territories, possessions, colonies, and dependencies of the United States of America, and in the District of Columbia, and in any or all foreign countries to have one or more offices within and outside the State of Delaware; and to purchase, take on lease or otherwise acquire, own, hold, develop, operate, lease, mortgage or pledge, sell, assign, transfer, exchange, or otherwise dispose of or turn to account, and convey real and personal property of every class and description or any interest therein, including without limitation developed or undeveloped mineral properties and any and all types of interests therein anywhere in the world.

(n) To carry out all or any part of the foregoing objects and purposes as principal, agent, contractor, or otherwise, either alone or in conjunction (including partnership) with any person, firm, trust, association or other corporation, and in any part of the world; and, in carrying on its business and for the purpose of attaining or furthering any of its objects or purposes, to make and perform contracts of any kind and description, to do such acts and things and to exercise any and all such powers, as a natural person could lawfully make, perform, do or exercise, provided that the same be not inconsistent with the laws of the State of Delaware.

(o) To do any and all things necessary, suitable, convenient or proper for, or in connection with, or incidental to, the accomplishment of any of the purposes or the attainment of any one or more of the objects herein enumerated, or designed directly or indirectly to promote the interests of the corporation, or to enhance the value of any of its properties; and in general to do any and all things and exercise any and all powers which it may now or hereafter be lawful for the corporation to do or to exercise under the laws of the State of Delaware that may now or hereafter be applicable to the corporation.

It is the intention that, except where otherwise expressed in this Article THIRD, the objects and purposes specified in any of the foregoing clauses of this Article shall not in anywise be limited or restricted by reference to, or inference from, the terms of any other clause of this Article or of any other Article of this Certificate of Incorporation, but that the objects and purposes specified in each of the clauses of this Article shall be regarded as independent objects and purposes.

It is also the intention that said clauses be construed as powers as well as objects and purposes; and, generally, that the corporation shall be authorized to exercise and enjoy all other powers, rights and privileges granted by the laws of the State of Delaware to corporations organized thereunder, and the enumeration herein of certain powers is not intended as exclusive of, or a waiver of, any of the powers, rights or privileges granted or conferred by said laws now or hereafter in force; provided, however, that the corporation shall not carry on any business nor exercise any powers in any state, district, territory, possession or country which a corporation organized under the laws of such state, district, territory, possession or country could not carry on or exercise, except to the extent permitted or authorized by the laws of such state, district, territory, possession or country.

FOURTH: The total number of shares of all classes of capital stock which the corporation shall have authority to issue is Two Hundred Ten Million (210,000,000) shares aggregating a total amount of Forty-Three Million Three Hundred Thirty-Three Thousand Three Hundred Thirty-Three Dollars and Thirty Four Cents (\$43,333,333.34), which shall be divided into two classes as follows:

Two Hundred Million (200,000,000) shares of Common Stock, having a par value of Sixteen and Two-Thirds Cents (\$.16-2/3) per share, aggregating a total amount of Thirty-Three Million Three Hundred Thirty-Three Thousand Three Hundred Thirty Three Dollars and Thirty-Four Cents (\$33,333,333.34);

Ten Million (10,000,000) shares of Preferred Stock, each of which shall have a par value of One Dollar (\$1.00) per share, aggregating a total amount of Ten Million Dollars (\$10,000,000.00).

The amount of capital with which the corporation shall commence business is the sum of One Thousand Dollars (\$1,000.00).

The designations, voting powers, preferences and relative, participating, optional or other special rights, qualifications, limitations or restrictions of the above classes of stock shall be as follows:

(a) The Board of Directors is authorized to issue shares of Preferred Stock, from time to time, in such class or classes, and such series within any class, and such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions providing for the issue of such stock adopted by the Board of Directors, and as are not stated or expressed in this Certificate of Incorporation or any amendment thereto including, but not limited to, determination of any of the following:

(1) The distinctive serial designation and the number of shares constituting a series;

(2) The dividend rate or rates, whether dividends shall be cumulative and, if so, from what date, the payment date or dates for dividends, and the participating or other special rights, if any, with respect to dividends;

(3) The voting powers, full or limited, if any, of the shares of such series;

(4) Whether the shares shall be redeemable and, if so, the price or prices at which, and the terms and conditions on which, the shares may be redeemed;

(5) The amount or amounts payable upon the shares in the event of voluntary or involuntary liquidation, dissolution or winding up of the corporation prior to any payment or distribution of the assets of the corporation to any class or classes of stock of the corporation ranking junior to the Preferred Stock;

(6) Whether the shares shall be entitled to the benefit of a sinking or retirement fund to be applied to the purchase or

redemption of shares of a series and, if so entitled, the amount of such fund and the manner of its application, including the price or prices at which the shares may be redeemed or purchased through the application of such fund;

(7) Whether the shares shall be convertible into, or exchangeable for, shares of any other class or classes or of any other series of the same or any other class or classes of stock of the corporation or any other corporation, and if so convertible or exchangeable, the conversion price or prices, or the rates of exchange, and the adjustments thereof, if any, at which such conversion or exchange may be made, and any other terms and conditions of such conversion or exchange; and

(8) Any other preferences, privileges and powers, and relative, participating, optional—or—other—special—rights, and qualifications, limitations or restrictions of such series, as the Board of Directors may deem advisable and as shall not be inconsistent with the provisions of the Certificate of Incorporation.

(b) Subject to the preferential rights of the Preferred Stock, the holders of the Common Stock shall be entitled to receive, to the extent permitted by law, such dividends as may be declared from time to time by the Board of Directors. Except as may be otherwise required by law or this Certificate of Incorporation, each holder of Common Stock shall have one vote in respect of each share of stock held by him of record on the books of the corporation on all matter voted upon by the stockholders.

(c) Subject to the protective conditions and restrictions of any outstanding Preferred Stock, any amendment to this Certificate of Incorporation which shall increase or decrease the authorized capital stock of any class or classes may be adopted by the affirmative vote of the holders of a majority of the outstanding shares of the voting stock of the corporation.

(d) No holder of Preferred or Common Stock shall have any right as such holder to purchase or subscribe for any security of the corporation now or hereafter authorized or issued. All such securities may be issued and disposed of by the Board of Directors to such persons, firms, corporations and associations for such lawful considerations, and on such terms, as the Board of Directors in its discretion may determine, without first offering the same, or any part thereof, to the holders of Preferred or Common Stock.

(e) There is hereby created a series of Preferred Stock, par value \$1.00 per share out of the authorized but unissued shares of the capital stock of the corporation, to be designated "Series A Participating Preferred Stock" ("Participating Preferred Stock") to consist of 2,500,000 shares, of which the preferences and relative and other rights, and the qualifications, limitations or restrictions thereof, shall be as follows:

1. Future Increase or Decrease. Subject to paragraph 4(e) of this resolution, the number of shares of said series may at any time or from time to time be increased or decrease by the Board of Directors notwithstanding that shares of such series may be outstanding at such time of increase or decrease.

2. Dividend Rate. (a) The holders of shares of Participating Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of each November, February, May and August in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Participating Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$20 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock, par value \$.16 2/3 per share, of the corporation (the "Common Stock") since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Participating Preferred Stock. In the event the corporation shall at any time after March 5, 1987 (the "Rights Declaration Date") (i) declare any dividend on Common Stock, payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount to which holders of shares of Participating Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) On or after the first issuance of any share or fractional share of Participating Preferred Stock, no dividend on Common Stock shall be declared unless concurrently therewith a dividend or distribution is declared on the Participating Preferred Stock as provided in paragraph (a) above; and the declaration of any such dividend on the Common Stock shall be expressly conditioned upon payment or declaration of the provision for a dividend on the Participating Preferred Stock as above provided. In the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$20 per share on the Participating Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(c) Dividends shall begin to accrue and be cumulative on outstanding shares of Participating Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Participating Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Participating Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. The Board of Directors may fix a record date for the determination of holders of shares of Participating Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 30 days prior to the date fixed for the payment thereof.

3. Dissolution, Liquidation and Winding Up.

(a) In the event of any voluntary or involuntary dissolution, liquidation or winding up of the affairs of the corporation (hereinafter referred to as a "Liquidation"), the holders of Participating Preferred Stock shall receive at least \$1,000 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of shares of Participating Preferred Stock shall be entitled to receive at least an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount to be distributed per share to holders of Common Stock (the "Participating Preferred Liquidation Preference").

(b) In the event the corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding Common Stock (by reclassification or otherwise than by payment of a dividend in Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount which holders of Participating Preferred Stock were entitled immediately prior to such event pursuant to the provision set forth in paragraph (a) above, shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

4. Voting Rights. The holders of shares of Participating Preferred Stock shall have the following voting rights:

(a) Each share of Participating Preferred Stock shall entitle the holder thereof to one (1) vote on all matters submitted to vote of the stockholders of the Company.

(b) Except as otherwise provided herein, or by law, the Certificate of Incorporation or the By-Laws, the holders of shares of Participating Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of stockholders of the Company.

(c) If and whenever dividends on the Participating Preferred Stock shall be in arrears in an amount equal to six quarterly dividend payments, then and in such event the holders of the Participating Preferred Stock, voting separately as a class (subject to the provisions of subparagraph (d) below), shall be entitled at the next annual meeting of the stockholders or at any special meeting to elect two (2) directors. Each share of Participating Preferred Stock shall be entitled to one vote, and holders of fractional shares shall have the right to a fractional vote. Upon election, such directors shall become additional directors of the corporation and the authorized number of directors of the corporation shall thereupon be automatically increased by such number of directors. Such right of the holders of Participating Preferred Stock to elect directors may be exercised until all dividends in default on the Participating Preferred Stock shall have been paid in full, and dividends for the current dividend period declared and funds therefor set apart, and when so paid and set apart, the right of the holders of Participating Preferred Stock to elect such number of directors shall cease, the term of such directors shall thereupon terminate, and the authorized number of directors of the corporation shall thereupon return to the number of authorized directors otherwise in effect, but subject always to the same provisions for the vesting of such special voting rights in the case of any such future dividend default or defaults. The fact that dividends have been paid and set apart as required by the preceding sentence shall be evidenced by a certificate executed by the President and the chief financial officer of the corporation and delivered to the Board of Directors. The directors so elected by holders of Participating Preferred Stock shall serve until the certificate described in the preceding sentence shall have been delivered to the Board of Directors or until their respective successors shall be elected or appointed and qualify.

At any time when such special voting rights have been so vested in the holders of the Participating Preferred Stock, the Secretary of the corporation may, and upon the written request of the holders of record of 10% or more of the number of shares of the Participating Preferred Stock then outstanding addressed to such Secretary at the principal office of the corporation in the Commonwealth of Kentucky, shall, call a special meeting of the holders of the Participating Preferred Stock for the election of the directors to be elected by them as hereinabove provided, to be held in the case of such written request within forty (40) days after delivery of such request, and in either case to be held at the place and upon the notice provided by law and in the corporation's By-Laws for the holding of meetings of stockholders; provided, however, that the Secretary shall not be required to call such a special meeting (i) if any such request is received less than

ninety (90) days before the date fixed for the next ensuing annual or special meeting of stockholders or (ii) if at the time any such request is received, the holders of Participating Preferred Stock are not entitled to elect such directors by reason of the occurrence of an event specified in the third sentence of subparagraph (d) below.

(d) If, at any time when the holders of Participating Preferred Stock are entitled to elect directors pursuant to the foregoing provisions of this paragraph 4, the holders of any one or more additional series of Preferred Stock are entitled to elect directors by reason of any default or event specified in the corporation's Restated Certificate of Incorporation, as amended, as in effect at the time of the certificate of designation for such series, and if the terms for such other additional series so permit, the voting rights of the two or more series then entitled to vote shall be combined (with each series having a number of votes proportional to the aggregate liquidation preference of its outstanding shares). In such case, the holders of Participating Preferred Stock and of all such other series then entitled so to vote, voting as a class, shall elect such directors. If the holders of any such other series have elected such directors prior to the happening of the default or event permitting the holders of Participating Preferred Stock to elect directors, or prior to a written request for the holding of a special meeting being received by the Secretary of the corporation from the holders of not less than 10% of the then outstanding shares of Participating Preferred Stock, then such directors so previously elected will be deemed to have been elected by and on behalf of the holders of Participating Preferred Stock as well as such other series, without prejudice to the right of the holders of Participating Preferred Stock to vote for directors if such previously elected directors shall resign, cease to serve or fail to stand for reelection while the holders of Participating Preferred Stock are entitled to vote. If the holders of any such other series are entitled to elect in excess of two (2) directors, the Participating Preferred Stock shall not participate in the election of more than two (2) such directors, and those directors whose terms first expire shall be deemed to be the directors elected by the holders of Participating Preferred Stock; provided that, if at the expiration of such terms the holders of Participating Preferred Stock are entitled to vote in the election of directors pursuant to the provisions of this paragraph 4, then the Secretary of the corporation shall call a meeting (which meeting may be the annual meeting or special meeting of stockholders referred to in subparagraph (c)) of holders of Participating Preferred Stock for the purpose of electing replacement directors (in accordance with the provisions of this paragraph 4) to be held on or prior to the time of expiration of the expiring terms referred to above.

(e) Except as otherwise set forth herein or required by law, the corporation's Restated Certificate of Incorporation or By-Laws, holders of Participating Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for the taking of

any corporate action. No consent of the holders of outstanding shares of Participating Preferred Stock at any time outstanding shall be required in order to permit the Board of Directors to: (i) increase the number of authorized shares of Participating Preferred Stock or to decrease such number to a number not below the sum of the number of shares of Participating Preferred Stock then outstanding and the number of shares with respect to which there are outstanding rights to purchase; or (ii) to issue Preferred Stock which is senior to the Participating Preferred Stock, junior to the Participating Preferred Stock or on a parity with the Participating Preferred Stock.

5. Redemption. The shares of Participating Preferred Stock shall not be redeemable.

6. Conversion Rights. The Participating Preferred Stock is not convertible into Common Stock or any other security of the corporation.

FIFTH: This corporation is to have perpetual existence.

SIXTH: The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatsoever.

SEVENTH: In the absence of fraud, no contract or transaction between the corporation and any other corporation, association or firm, and no act of the corporation, shall in any way be affected or invalidated by the fact that any of the directors or officers of the corporation is in anywise, pecuniarily or otherwise, interested in, or is a shareholder, director, officer or member of, or is otherwise connected with, such other corporation, association or firm. A director or officer of the corporation shall not be disqualified by his office from dealing or contracting with the corporation, either as vendor, purchaser or otherwise; and any director or officer of the corporation, or any firm, corporation or association of which any director or officer is a member, shareholder, director or officer or with which he is otherwise connected, may, in the absence of fraud, be a party to, or pecuniarily or otherwise interested in, any contract or transaction of the corporation; nor shall any such officer or directors, in the absence of fraud, be liable to account to the corporation for any profits realized by, from, through or as a result of any such contract or transaction.

EIGHTH: Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them and/or between this corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this corporation or of any creditor or stockholder thereof, or on the application of any receiver or receivers appointed for this corporation under the provisions of Title 8, Section 291 of the Revised Code of 1953 of said State, or on the application of trustees in dissolution or of any receiver or receivers appointed for this corporation under the provisions of Section 279 of the General Corporation Law of the State of

Delaware, order a meeting of the creditors or class of creditors and/or of the stockholders or class of stockholders, of this corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders, of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the Court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this corporation, as the case may be, and also on this corporation.

NINTH: The following provisions are hereby adopted for the regulation and management of the business and the conduct of the affairs of the corporation and for the purposes of creating, limiting, defining and regulating the rights and powers of the directors and of the stockholders, viz.:

(a) The Board of Directors at any regular or special meeting, and the stockholders at any annual meeting, shall have the power to make, alter, amend and repeal the By-Laws of the corporation, provided, however, that By-Laws made or adopted by the Stockholders pursuant to the powers reserved to Stockholders in the Certificate of Incorporation shall not be subject to alteration or repeal by the Board of Directors, and provided further that the Board of Directors or the Stockholders shall not have authority to authorize the election of directors of the corporation by cumulative voting, or to classify the directors by terms differing in dates of expiration, unless by unanimous approval of the Stockholders of the corporation.

(b) The Board of Directors shall have the power to fix, from time to time, the amount of the accumulated profits of the corporation to be reserved as working capital or for any other lawful purpose.

(c) The Board of Directors shall have the power to determine, from time to time, whether and to what extent and at what times and places and under what conditions and regulations the accounts and books of the corporation, or any of them, shall be open to the inspection of the stockholders; and no stockholder shall have any rights to inspect any account or book or document of the corporation, except as conferred by the laws of the State of Delaware, unless and until authorized so to do by resolution of the Board of Directors or stockholders of the corporation.

(d) The Board of Directors shall have power, without the assent or vote of the stockholders, to authorize and to cause to be executed mortgage and liens upon the real and personal property of the corporation, including after-acquired property.

(e) The Board of Directors shall have power at any time or from time to time (without any action by the stockholders of the corporation) to create and issue, whether or not in connection with the issue and sale of any shares of stock or other securities of the corporation, rights, options or warrants entitling the holders thereof to purchase from the corporation any shares of its capital stock of any class or classes or of any series of any class or classes, such rights, options or warrants to be evidenced by or in such instrument or instruments as shall be approved by the Board of Directors. The terms upon which, the time or times, which may be limited or unlimited in duration, at or within which, and the price or prices at which any such shares may be purchased from the corporation upon the exercise of any such right, option, or warrant shall be such as shall be fixed and stated in the resolution or resolutions adopted by the Board of Directors providing for the creation and issue of such rights, options, or warrants and, in every case, set forth or incorporated by reference in the instrument or instruments evidencing such rights, options or warrants. In the absence of actual fraud in the transaction, the judgment of the directors as to the consideration for the issuance of such rights, options or warrants and the sufficiency thereof shall be conclusive.

(f) Shares of capital stock of the corporation of any class or classes hereby or hereafter authorized, and any rights, options or warrants entitling the holders thereof to purchase from the corporation any shares of its capital stock of any class or classes or of any series of any class or classes, may be issued by the corporation from time to time for such legal consideration as may be fixed from time to time by the Board of Directors. The Board of Directors shall have authority, as provided by statute, to determine that only a part of the consideration which shall be received by the corporation for any of the shares of its capital stock which it shall issue from time to time shall be capital.

(g) The Board of Directors shall have the power to determine from time to time the use and disposition of any surplus or net profits over and above the paid in capital stock of the corporation, and the Board of Directors in its discretion may use and apply any such surplus or accumulated profits, or any part thereof, in purchasing or acquiring any bonds or other obligations or shares of the capital stock of the corporation, to such extent, in such manner and upon such terms as the Board may deem expedient. Shares of the capital stock of the corporation so purchased or acquired may be resold unless such shares shall have been retired for the purpose of decreasing the corporation's capital stock as provided by law.

(h) Elections shall be by ballot whenever requested by any person entitled to vote, but unless so requested may be conducted in any way approved at the meeting of the stockholders at which such election is held.

(i) The stockholders shall have the power to hold their meeting within or without the State of Delaware at such places as from time to time may be designated by the By-Laws or as therein provided; and the Board of Directors shall have power to hold its meetings at such places whether within or without said State as from time to time shall be designated by resolution of the Board of Directors.

(j) The corporation shall have power, subject to the provisions of the laws of the State of Delaware and of the By-Laws of the corporation to keep the books of the corporation outside of said State at such places as may from time to time be designated by resolution of the Board of Directors.

(k) The Board of Directors may, by resolution passed by a majority of the whole Board, designate two or more of their number to constitute an Executive Committee, who, to the extent provided in said resolution or in the By-Laws of the corporation, shall have and exercise the powers of the Board of Directors in the management of the business and affairs of the corporation, including the power to authorize the seal of the corporation to be affixed to all papers which may require it.

(l) In addition to the powers and authorities hereinbefore or by statute expressly conferred upon them, the Board of Directors may exercise all such powers and do all such acts and things as may be exercised or done by the corporation; subject, nevertheless, to the provisions of the laws of the State of Delaware, of this certificate, and of the By-Laws of the corporation.

(m) The corporation shall be entitled to treat the person in whose name any share, right or option is registered as the owner thereof, for all purposes, and shall not be bound to recognize any equitable or other claim to or interest in which share, right or option on the part of any other person, whether or not the corporation shall have notice thereof, save as may be expressly provided by the laws of the State of Delaware.

(n) In addition to the powers and authorities hereinbefore or by statute expressly conferred upon them, the Board of Directors may exercise all such powers and do all such acts and things as may be exercised or done by the corporation; subject, nevertheless, to the provisions of the laws of the State of Delaware, of this Certificate and of the By-Laws of the corporation.

TENTH: A director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct

or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit.

**ELEVENTH:** Except as otherwise set forth elsewhere in this Tenth Article the affirmative vote of three-fourths of the outstanding shares entitled to vote thereon shall be required: (a) for the adoption of any agreement for the merger or consolidation of the corporation with or into a related company or an affiliate of a related company, (b) to authorize the sale or lease of all or substantially all of the assets of the corporation to a related company or affiliate of a related company, or (c) to authorize the sale or lease to the corporation or any subsidiary of any assets of a related company or an affiliate of a related company in exchange for equity securities of the corporation.

A determination of the Board of Directors of the corporation, based on information known to the Board of Directors and made in good faith, shall be conclusive as to whether a company, person or other entity is a related company, an affiliate or an associate and whether a related person or affiliate thereof beneficially owns more than 5% of any class of equity securities of the corporation.

The provisions of this Tenth Article shall not be applicable to any (i) merger or consolidation of the corporation with or into a related person or affiliate thereof, (ii) sale or lease of all or any substantial part of the assets of the corporation to a related person or affiliate thereof, or (iii) sale or lease of any assets of a related person or affiliate thereof to the corporation or any subsidiary in exchange for equity securities of the corporation, if the Board of Directors of the corporation shall have approved such a transaction with such related company or affiliate prior to the time that such related company or affiliate became a holder of more than 5% of any class of equity securities of the corporation.

The provisions of this Tenth Article shall be in addition to the requirements of the Delaware Corporation Law and shall not be amended or repealed without the affirmative vote of three-fourths of the outstanding stock of the corporation entitled to vote thereon.

For purposes of this Tenth Article a "related company" in respect of a given transaction is any company, person or other entity which by itself or together with its affiliates and associates is the beneficial owner, directly or indirectly, of more than 5% of any class of equity securities of the corporation as of the record date for the determination of stockholders entitled to vote on such transactions. An "affiliate" of a related company is any company, person or other entity which, directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, the related company. An "associate" of a related company is any officer, director or beneficial owner, directly or indirectly, of 5% or

more of any class of equity securities of such related company or any of its affiliates. "Equity security" is any stock or similar security, or any security, convertible, with or without consideration, into such a security, or carrying any warranty to subscribe to or purchase such a security, or any such warrant or right.

A related company shall be deemed to be the beneficial owner of any equity securities which it or its affiliates or associates has the right to acquire pursuant to any agreement or which are beneficially owned, directly or indirectly, by any other company, person or entity (or an affiliate or associate of such company, person, or entity) with which it or its affiliates or associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any equity securities of the corporation.

**TWELFTH:** This corporation reserves the right to amend, alter, change or repeal any provisions contained in this Certificate of Incorporation in the manner now or hereafter prescribed by the statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

IN WITNESS WHEREOF, HUMANA INC. has caused its corporate seal to be hereunto affixed and this Restated Certificate of Incorporation to be signed by Thomas J. Flynn, its Executive Vice President and Alice F. Newton, its Secretary, this 5th day of November, 1989.

**HUMANA INC.**

By: J. H. Ely  
Executive Vice President

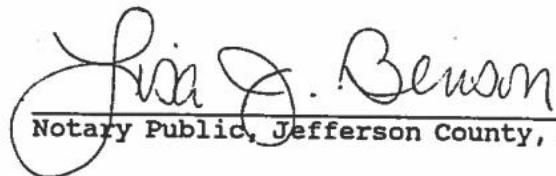
By: Alice G. Newton  
Secretary

COMMONWEALTH OF KENTUCKY )  
COUNTY OF JEFFERSON ) SS.

BE IT REMEMBERED, that on this 8th day of November, 1989, personally came before me, a Notary Public in the County and Commonwealth aforesaid, Thomas J. Flynn and Alice F. Newton, Executive Vice President and Secretary, respectively, of HUMANA INC., a corporation of the State of Delaware, the corporation described in and which executed the foregoing Restated Certificate of Incorporation, known to me personally to be such, and, they, the said Thomas J. Flynn and Alice F. Newton, as such Executive Vice President and Secretary, respectively, duly executed said certificate

before me and acknowledged the said certificate to be their act and deed and the act and deed of said corporation and that the facts stated in said Certificate are true; that the signatures of the said Executive Vice President and Secretary, respectively, of said corporation to the foregoing certificate are in the handwriting of the said Executive Vice President and Secretary, respectively, and that the seal affixed to said certificate is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office the day and year first above written.

  
\_\_\_\_\_  
Notary Public, Jefferson County, Kentucky

My commission expires: October 11, 1983

**CERTIFICATE OF AMENDMENT  
OF  
RESTATE CERTIFICATE OF INCORPORATION**

SECRETARY OF STATE  
DIVISION OF CORPORATIONS  
FILED 12:00 PM 01/09/1992  
920095142 - 613712

HUMANA INC., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify:

At the Annual Meeting of Stockholders of the above Corporation held on the 9th day of January, 1992, in the City of Louisville, State of Kentucky, for the consideration of, among other things, the amendment hereinafter set forth, the holders of a majority of the outstanding shares of said Corporation, which were present at the meeting in person or by proxy, have voted in favor thereof and accordingly the following amendment to the Restated Certificate of Incorporation was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware as amended:

**RESOLVED**, that the Fourth Article of the Corporation's Restated Certificate of Incorporation be, and it hereby is, amended by substituting the following for the first paragraph thereof, so that as amended such paragraph shall read in its entirety as follows:

**FOURTH:** The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is Three Hundred Ten Million (310,000,000) shares aggregating a total amount of Sixty Million Dollars (\$60,000,000.00), which shall be divided into two classes as follows:

Three Hundred Million (300,000,000) shares of Common Stock having a par value of Sixteen and Two-Thirds Cents (\$.16-2/3) per share, aggregating a total amount of Fifty Million Dollars (\$50,000,000.00);

Ten Million (10,000,000) shares of Preferred Stock, each of which shall have a par value of One Dollar (\$1.00) per share, aggregating a total amount of Ten Million Dollars (\$10,000,000.00).

IN WITNESS WHEREOF, Humana Inc. has caused its corporate seal to be hereunto affixed and this Certificate of Amendment to be signed by Thomas J. Flynn, its Executive Vice President and Joan O. Kroger, Associate Secretary, this 9th day of January, 1992.

HUMANA INC.

ATTEST

\_\_\_\_\_  
BY: *Thomas J. Flynn*  
EXECUTIVE VICE PRESIDENT

*Joan O. Kroger*  
ASSOCIATE SECRETARY

STATE OF KENTUCKY )  
COUNTY OF JEFFERSON )  
SS )

BE IT REMEMBERED that on this 9th day of January, 1992, A.D., personally came before me, a Notary Public in and for the County and State aforesaid, Thomas J. Flynn and Joan O. Kroger, Executive Vice President and Associate Secretary, respectively of Humana Inc., a Delaware corporation, known to me personally to be such, and they, the said Thomas J. Flynn and Joan O. Kroger, as such Executive Vice President and Associate Secretary, duly executed said certificate before me and acknowledged the said certificate to be their act and deed and the act and deed of said Corporation; that the signatures of the said Executive Vice President and Associate Secretary of said Company to said foregoing certificate are in the handwriting of the said Executive Vice President and Associate Secretary, respectively, and that the seal affixed to said certificate is the corporate seal of said Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office the day  
and year aforesaid.

My Commission Expires: *November 20th, State at Large, KY.*  
*My commission expires Oct. 11, 1900.*

1993 Synda J. McDonald  
Notary Public, State at Large

STATE OF DELAWARE  
SECRETARY OF STATE  
DIVISION OF CORPORATIONS  
FILED 10:05 AM 03/23/1992  
920845012 - 613712

**CERTIFICATE OF CORRECTION FILED TO CORRECT  
A CERTAIN ERROR IN THE CERTIFICATE OF RESTATED  
CERTIFICATE OF INCORPORATION OF HUMANA INC.  
FILED IN THE OFFICE OF THE SECRETARY OF STATE  
OF DELAWARE ON NOVEMBER 9, 1989.**

**HUMANA INC.**, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware.

**DOES HEREBY CERTIFY:**

1. The name of the corporation is Humana Inc.
2. That a Certificate of Restated Certificate of Incorporation of Humana Inc. was filed by the Secretary of State of Delaware on November 9, 1989, and that said Certificate requires correction as permitted by Section 103 of the General Corporation Law of the State of Delaware.
3. The inaccuracy or defect of said Certificate to be corrected is as follows: The Eleventh Article incorrectly refers to the Tenth Article in its context.
4. Article Eleventh of the Certificate is corrected to read as follows:

**ELEVENTH:** Except as otherwise set forth elsewhere in this Eleventh Article the affirmative vote of three-fourths of the outstanding shares entitled to vote thereon shall be required: (a) for the adoption of any agreement for the merger or consolidation of the corporation with or into a related company or an affiliate of a related company, (b) to authorize the sale or lease of all or substantially all of the assets of the corporation to a related company or affiliate of a related company, or (c) to authorize the sale or lease to the corporation or any subsidiary of any assets of a related company or an affiliate of a related company in exchange for equity securities of the corporation.

A determination of the Board of Directors of the corporation, based on information known to the Board of Directors and made in good faith, shall be conclusive as to whether a company, person or other entity is a related company, an affiliate or an associate and whether a related person or affiliate thereof beneficially owns more than 5% of any class of equity securities of the corporation.

The provisions of this Eleventh Article shall not be applicable to any (i) merger or consolidation of the corporation with or into a related person or affiliate thereof, (ii) sale or lease of all or any substantial part of the assets of the corporation to a related person or affiliate thereof, or (iii) sale or lease of any assets of a related person or affiliate thereof to the corporation or any subsidiary in exchange for equity securities of the corporation, if the Board of Directors of the corporation shall have approved such a transaction with such related company or affiliate prior to the time that such related company or affiliate became a holder of more than 5% of any class of equity securities of the corporation.

The provisions of this Eleventh Article shall be in addition to the requirements of the Delaware Corporation Law and shall not be amended or repealed without the affirmative vote of three-fourths of the outstanding stock of the corporation entitled to vote thereon.

For purposes of this Eleventh Article a "related company" in respect of a given transaction is any company, person or other entity which by itself or together with its affiliates and associates is the beneficial owner, directly or indirectly, of more than 5% of any class of equity securities of the corporation as of the record date for the determination of stockholders entitled to vote on such transactions. An "affiliate" of a related company is any company, person or other entity which, directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, the related company. An "associate" of a related company is any officer, director or beneficial owner, directly or indirectly, of 5% or more of any class of equity securities of such related company or any of its affiliates. "Equity security" is any stock or similar security, or any security, convertible, with or without consideration, into such a security, or carrying any warranty to subscribe to or purchase such a security, or any such warrant or right.

A related company shall be deemed to be the beneficial owner of any equity securities which it or its affiliates or associates has the right to acquire pursuant to any agreement or which are beneficially owned, directly or indirectly, by any other company, person or entity (or an affiliate or associate of such company, person, or entity) with which it or its affiliates or associates has

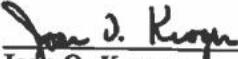
any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any equity securities of the corporation.

IN WITNESS WHEREOF, Humana Inc. has caused this Certificate to be signed by **Arthur P. Hipwell**, its Vice President and attested by **Joan O. Kroger**, its Associate Secretary this 16th day of March, 1992.

HUMANA INC.

By:   
**Arthur P. Hipwell**  
Vice President

ATTEST:

By:   
**Joan O. Kroger**  
Associate Secretary  
(is duly authorized to exercise  
the duties of the Secretary)

**CERTIFICATE OF AMENDMENT TO THE  
RESTATED CERTIFICATE OF INCORPORATION  
OF  
HUMANA INC.**

**HUMANA INC.**, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the “Corporation”), does hereby certify that:

**FIRST:** Article TENTH of the Restated Certificate of Incorporation is hereby amended to read in its entirety as follows:

**“TENTH:** A director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director except for liability (i) for any breach of the director’s duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit.

An officer of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as an officer except for liability (i) for any breach of the officer’s duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for any transaction from which the officer derived an improper personal benefit, or (iv) in any action by or in the right of the corporation.”

**SECOND:** The Restated Certificate of Incorporation is hereby amended by deleting Article ELEVENTH in its entirety and renumbering existing Article TWELFTH to be Article ELEVENTH.

**THIRD:** The foregoing amendments were duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

**IN WITNESS WHEREOF**, the Corporation has caused this Certificate of Amendment to the Restated Certificate of Incorporation to be executed by a duly authorized officer this 24<sup>th</sup> day of April, 2024.

**HUMANA INC.**

By: /s/ Joseph M. Ruschell

Name: Joseph M. Ruschell

Title: Vice President, Associate General Counsel &  
Corporate Secretary

State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 04:04 PM 04/24/2024  
FILED 04:04 PM 04/24/2024

SR 20241633358 - File Number 613712



## CERTIFICATION PURSUANT TO SECTION 302 OF SARBANES-OXLEY ACT OF 2002

I, Susan M. Diamond, principal financial officer of Humana Inc., certify that:

1. I have reviewed this Report of Humana Inc. (the "Company") on Form 10-Q for the period ending June 30, 2024;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2024

Signature: /s/ Susan M. Diamond  
Susan M. Diamond  
Principal Financial Officer

## CERTIFICATION PURSUANT TO SECTION 302 OF SARBANES-OXLEY ACT OF 2002

I, James A. Rechtin, principal executive officer of Humana Inc., certify that:

1. I have reviewed this Report of Humana Inc. (the "Company") on Form 10-Q for the period ending June 30, 2024;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2024

Signature: /s/ James A. Rechtin

James A. Rechtin  
Principal Executive Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED  
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Report of Humana Inc. (the "Company") on Form 10-Q for the period ending June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned hereby certifies, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, in their capacity as an officer of Humana Inc., that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

*/s/* James A. Rechtin

James A. Rechtin  
Principal Executive Officer

July 31, 2024

*/s/* Susan M. Diamond

Susan M. Diamond  
Principal Financial Officer

July 31, 2024

A signed original of this written statement required by Section 906 has been provided to Humana Inc. and will be retained by Humana Inc. and furnished to the Securities and Exchange Commission or its staff upon request.