REFINITIV

DELTA REPORT

10-K

HUM - HUMANA INC

10-K - DECEMBER 31, 2024 COMPARED TO 10-K - DECEMBER 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	4462
CHANGES	553
DELETIONS	2259
ADDITIONS	1650

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2023 December 31, 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

HUMANA INC.

(Exact name of registrant as specified in its charter)

Delaware	**61-0647538**
(State or other jurisdiction of incorporation of organization)	(I.R.S. Employer Identification No.)

500 West Main Street, Louisville, Kentucky 40202
(Address of principal executive offices, and zip code)

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

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

Title of each class	Trading Symbol	Name of exchange on which registered
Common stock, $0.16 2/3 par value	**HUM**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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 (§ 232.405 of this chapter) 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The aggregate market value of voting stock held by non-affiliates of the Registrant as of June 30, 2023 June 30, 2024 was $55,096,895,366 $45,549,515,606 calculated using the average price on June 30, 2023 June 30, 2024 of $445.24 $379.29 per share.

The number of shares outstanding of the Registrant's Common Stock as of January 31, 2024 January 31, 2025 was 120,653,315. 120,644,737.

DOCUMENTS INCORPORATED BY REFERENCE

Parts II and III incorporate herein by reference portions of the Registrant's Definitive Proxy Statement to be filed pursuant to Regulation 14A with respect to the Annual Meeting of Stockholders scheduled to be held on April 18, 2024 April 17, 2025. Such Definitive Proxy Statement will be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

HUMANA INC.
INDEX TO ANNUAL REPORT ON FORM 10-K
For the Year Ended December 31, 2023 December 31, 2024

Forward-Looking Statements

Some of the statements under "Business," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and elsewhere in this report may contain forward-looking statements which reflect our current views with respect to future events and financial performance. These forward-looking statements are made within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, or the Exchange Act. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and we are including this statement for purposes of complying with these safe harbor provisions. We have based these forward-looking statements on our current expectations and projections about future events, trends and uncertainties. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions, including the information discussed under the section entitled "Risk Factors" in this report. In making these statements, we are not undertaking to address or update them in future filings or communications regarding our business or results. Our business is highly complicated, regulated and competitive with many different factors affecting results.

PART I

ITEM 1. BUSINESS

General

Headquartered in Louisville, Kentucky, Humana Inc. and its subsidiaries, referred to throughout this document as "we," "us," "our," the "Company" or "Humana," 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.

As of December 31, 2023 December 31, 2024, we had approximately 17 million 16 million members in our medical benefit plans, as well as approximately 5 million members in our specialty products. During 2023, 84% 2024, 85% of our total premiums and services revenue were derived from contracts with the federal government, including 14% derived from our individual Medicare Advantage contracts in Florida with the Centers for Medicare and Medicaid Services, or CMS, under which we provide health insurance coverage to approximately 851,300 924,800 members as of December 31, 2023 December 31, 2024.

Humana Inc. was organized as a Delaware corporation in 1964. Our principal executive offices are located at 500 West Main Street, Louisville, Kentucky 40202, the telephone number at that address is (502) 580-1000, and our website address is www.humana.com. We have made available free of charge through the Investor Relations section of our web site our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, and, if applicable, amendments to those reports filed or furnished pursuant to Section 13(a) of the Exchange Act, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission.

This Annual Report on Form 10-K, or 2023 2024 Form 10-K, contains both historical and forward-looking information. See Part I, Item 1A, "Risk Factors" of this Form 10-K for a description of a number of factors that may adversely affect our results or business.

Business Segments

During December 2022, we realigned our businesses into two distinct segments: Insurance and CenterWell. The Insurance segment includes the businesses that were previously included in the Retail and Group and Specialty segments, as well as the Pharmacy Benefit Manager, or PBM, business which was previously included in the Healthcare Services segment. The CenterWell segment (formerly Healthcare Services) represents our payor-agnostic healthcare services offerings, including pharmacy solutions, primary care, and home solutions. In addition to the new segment classifications being utilized to assess performance and allocate resources, we believe this simpler structure will create greater collaboration across the Insurance and CenterWell businesses and will accelerate work that is underway to centralize and integrate operations within the organization. 2021 segment financial information was recast to conform to the 2022 presentation.

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. These segment groupings are consistent with information used by our Our Chief Executive Officer, the Chief Operating Decision Maker, utilizes these segment groupings and results of each segment, measured by income (loss) from operations, to assess performance and allocate resources. resources primarily during our annual budget process and periodic forecast updates. For additional information on our business segments and

segment financial information, refer to Note 18 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

Our Products

Our medical and specialty insurance products allow members to access health care services primarily through our networks of health care providers with whom we have contracted. These products may vary in the degree to which members have coverage. Health maintenance organizations, or HMOs, include comprehensive managed care benefits generally through a participating network of physicians, hospitals, and other providers. Preferred provider organizations, or PPOs, provide members the freedom to choose any health care provider. However, PPOs generally require the member to pay a greater portion of the provider's fee in the event the member chooses not to use a provider participating in the PPO's network. Point of Service, or POS, plans combine the advantages of HMO plans with the flexibility of PPO plans. In general, POS plans allow members to choose, at the time medical services are needed, to seek care from a provider within the plan's network or outside the network. In addition, we offer services to our health plan members as well as to third parties that promote health and wellness, including pharmacy solutions, primary care, and home solutions, as well as services and capabilities to advance population health. At the core of our strategy is our integrated care delivery model, which unites quality care, high member engagement, and sophisticated data analytics. Three core elements of the model are to improve the consumer experience by simplifying the interaction with us, engaging members in clinical programs, and offering assistance to providers in transitioning from a fee-for-service, or FFS, to a value-based arrangement. Our approach to primary, physician-directed care for our members aims to provide quality care that is consistent, integrated, cost-effective, and member-focused. 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. The discussion that follows describes the products offered by each of our segments.

Our Insurance Segment Products

The Insurance segment is comprised of insurance products serving Medicare and state-based contract beneficiaries, sold on a retail basis to as well as individuals including medical and supplemental benefit plans. This employers. The 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 life insurance benefits, as well as administrative services only, our Pharmacy Benefit Manager, or ASO. In addition, our Insurance segment includes our military services business as well as the operations of our PBM, business. These products are described in the discussion that follows.

The following table presents our premiums and services revenue for the Insurance segment by product for the year ended December 31, 2023 December 31, 2024:

		Insurance Segment Premiums and Services Revenue	Insurance Segment Premiums and Services Revenue	Percent of Consolidated Premiums and Services Revenue			Insurance Segment Premiums and Services Revenue	Percent of Consolidated Premiums and Services Revenue
		(dollars in millions)				(dollars in millions)		
Premiums:								
Individual Medicare Advantage								
Individual Medicare Advantage								
Individual Medicare Advantage		$ 78,837	74.9	74.9 %		$88,019	75.6	75.6 %
Group Medicare Advantage	Group Medicare Advantage	6,869	6.5	6.5 %	Group Medicare Advantage	7,731	6.6	6.6 %
Medicare stand-alone PDP	Medicare stand-alone PDP	2,189	2.1	2.1 %	Medicare stand-alone PDP	3,137	2.7	2.7 %
Total Medicare	Total Medicare	87,895	83.5	83.5 %	Total Medicare	98,887	84.9	84.9 %
Commercial fully-insured	Commercial fully-insured	3,527	3.3	3.3 %	Commercial fully-insured	501	0.4	0.4 %
Specialty benefits	Specialty benefits	1,007	1.0	1.0 %	Specialty benefits	955	0.8	0.8 %
Medicare Supplement	Medicare Supplement	735	0.7	0.7 %	Medicare Supplement	846	0.7	0.7 %
State-based contracts and other	State-based contracts and other	8,108	7.7	7.7 %	State-based contracts and other	10,915	9.4	9.4 %
Total premiums revenue	Total premiums revenue	101,272	96.2	96.2 %	Total premiums revenue	112,104	96.2	96.2 %
Services:								
Commercial ASO								
Commercial ASO								
Commercial ASO		237	0.2	0.2 %		50	—	— %
Military services and other	Military services and other	763	0.7	0.7 %	Military services and other	916	0.8	0.8 %
Services revenue	Services revenue	1,000	0.9	0.9 %	Services revenue	966	0.8	0.8 %
Total Insurance segment premiums and services revenue	Total Insurance segment premiums and services revenue	$102,272	97.1	97.1 %	Total Insurance segment premiums and services revenue	$113,070	97.0	97.0 %

Medicare

We have participated in the Medicare program for private health plans for over 30 years and have established a national presence, offering at least one type of Medicare plan in all 50 states. We have a geographically diverse membership base that we believe provides us with greater ability to expand our network of PPO and HMO providers. We employ strategies including health assessments and clinical guidance programs such as lifestyle and fitness programs for seniors to guide Medicare beneficiaries in making cost-effective decisions with respect to their health care. We believe these strategies result in cost savings that occur from making positive behavior changes.

Medicare is a federal program that provides persons age 65 and over and some disabled persons under the age of 65 certain hospital and medical insurance benefits. CMS, an agency of the United States Department of Health and Human Services, administers the Medicare program. Hospitalization benefits are provided under Part A, without the payment of any premium, for up to 90 days per incident of illness plus a lifetime reserve aggregating 60 days. Eligible beneficiaries are required to pay an annually adjusted premium to the federal government to be eligible for physician care and other services under Part B. Beneficiaries eligible for Part A and Part B coverage under traditional fee-for-service Medicare are still required to pay out-of-pocket deductibles and coinsurance. Throughout this document this program is referred to as Medicare FFS. As an alternative to Medicare FFS, in geographic areas where a managed care organization has contracted with CMS pursuant to the Medicare Advantage program, Medicare beneficiaries may choose to receive benefits from a Medicare Advantage organization under Medicare Part C. Pursuant to Medicare Part C, Medicare Advantage organizations contract with CMS to offer Medicare

Advantage plans to provide benefits at least comparable to those offered under Medicare FFS. Our Medicare Advantage, or MA, plans are discussed in the following sections. Prescription drug benefits are provided under Part D.

Individual Medicare Advantage Products

We contract with CMS under the Medicare Advantage program to provide a comprehensive array of health insurance benefits, including wellness programs, chronic care management, and care coordination, to Medicare eligible persons under HMO, PPO, Private Fee-For-Service, or PFFS, and Special Needs Plans, including Dual Eligible Special Needs, or D-SNP, plans in exchange for contractual payments received from CMS, usually a fixed payment per member per month. With each of these products, the beneficiary receives benefits in excess of Medicare FFS, typically including reduced cost sharing, enhanced prescription drug benefits, care coordination, data analysis techniques to help identify member needs, complex case management, tools to guide members in their health care decisions, care management programs, wellness and prevention programs and, in some instances, a reduced monthly Part B premium. Most Medicare Advantage plans offer the prescription drug benefit under Part D as part of the basic plan, subject to cost sharing and other limitations. Accordingly, all of the provisions of the Medicare Part D program described in connection with our stand-alone prescription drug plans in the following section also are applicable to most of our Medicare Advantage plans. Medicare Advantage plans may charge beneficiaries monthly premiums and other copayments for Medicare-covered services or for certain extra benefits. Generally, Medicare-eligible individuals enroll in one of our plan choices between October 15 and December 7 for coverage that begins on the following January 1.

Our Medicare HMO and PPO plans, which cover Medicare-eligible individuals residing in certain counties, may eliminate or reduce coinsurance or the level of deductibles on many other medical services while seeking care from participating in-network providers or in emergency situations. Except in emergency situations or as specified by the plan, most HMO plans provide no out-of-network benefits. PPO plans carry an out-of network benefit that is subject to higher member cost-sharing. In some cases, these beneficiaries are required to pay a monthly premium to the HMO or PPO plan in addition to the monthly Part B premium they are required to pay the Medicare program.

Most of our Medicare PFFS plans are network-based products with in and out of network benefits due to a requirement that Medicare Advantage organizations establish adequate provider networks, except in geographic areas that CMS determines have fewer than two network-based Medicare Advantage plans. In these areas, we offer Medicare PFFS plans that have no preferred network. Individuals in these plans pay us a monthly premium to receive typical Medicare Advantage benefits along with the freedom to choose any health care provider that accepts individuals at rates equivalent to Medicare FFS payment rates.

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 (BBA) and the Benefits Improvement and Protection Act of 2000 (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 (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. For additional information,

refer to Note 17 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" and Part I, Item 1A, "Risk Factors" of this Form 10-K.

At December 31, 2023 December 31, 2024, we provided health insurance coverage under CMS contracts to approximately 5,408,900 5,661,800 individual Medicare Advantage members, including approximately 851,300 924,800 members in Florida. These

Florida contracts accounted for premiums revenue of approximately $14.9 billion $16.4 billion, which represented approximately 19% of our individual Medicare Advantage premiums revenue, or 14% of our consolidated premiums and services revenue for the year ended December 31, 2023 December 31, 2024.

Our individual Medicare Advantage products covered under Medicare Advantage contracts with CMS 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 Advantage products have been renewed for 2024, 2025, and all of our product offerings filed with CMS for 2024 2025 have been approved.

Individual Medicare Stand-Alone Prescription Drug Products

We offer stand-alone prescription drug plans, or PDPs, under Medicare Part D, including a PDP offering co-branded with Walmart Inc., or the Humana-Walmart plan. Generally, Medicare-eligible individuals enroll in one of our plan choices between October 15 and December 7 for coverage that begins on the following January 1. Our stand-alone PDP offerings consist of plans offering basic coverage with benefits mandated by Congress, as well as plans providing enhanced coverage with varying degrees of out-of-pocket costs for premiums, deductibles, and co-insurance. Our revenues from CMS and the beneficiary are determined from our PDP bids submitted annually to CMS. These revenues also reflect the health status of the beneficiary and risk sharing provisions as more fully described in Note 2 to the audited Consolidated Financial Statements included in Item 8. – Financial Statements and Supplementary Data, titled “Receivables and Revenue Recognition.” Our stand-alone PDP contracts with CMS 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 stand-alone PDP products have been renewed for 2024, 2025, and all of our product offerings filed with CMS for 2024 2025 have been approved.

We have administered CMS’s Limited Income Newly Eligible Transition, or LI-NET, prescription drug plan program since 2010. This program allows individuals who receive Medicare’s low-income subsidy to also receive immediate prescription drug coverage at the point of sale if they are not already enrolled in a Medicare Part D plan. CMS temporarily enrolls newly identified individuals with both Medicare and Medicaid into the LI-NET prescription drug plan program, and subsequently transitions each member into a Medicare Part D plan that may or may not be a Humana Medicare plan.

Group Medicare Advantage and Medicare Stand-Alone PDP

We offer products that enable employers that provide post-retirement health care benefits to replace Medicare wrap or Medicare supplement products with Medicare Advantage or stand-alone PDPs from Humana. These products are primarily offered as PPO plans on the same Medicare platform as individual Medicare Advantage plans. These plans offer the same types of benefits and services available to members in our individual Medicare plans discussed previously, however, group Medicare Advantage plans typically have richer benefit offerings than individual Medicare Advantage plans, including prescription drug coverage in the gap, for instance, due to the desire of many customers to closely match their pre-retirement benefit structure.

Medicare Supplement

We also offer Medicare supplement products that help pay the medical expenses that Medicare FFS does not cover, such as copayments, coinsurance and deductibles.

State-based Contracts

Through our state-based contracts, we serve members enrolled in Medicaid, a program funded by both the federal and state governments and administered by states to care for their most vulnerable populations. Within federal guidelines, states determine whom to cover, but general categories for traditional Medicaid programs include: include children and parents receiving assistance through Temporary Assistance to Needy Families (TANF); parents; Aged, Blind, and Disabled (ABD) individuals; and Medicaid Expansion adults. Through Medicaid Managed Long-Term Support Services (MLTSS) programs, states offer programs to deliver support services to people who receive home and community or institution-based services for long-term care.

We have contracts in multiple states to serve Medicaid-eligible members, including Florida, Kentucky, Illinois, Indiana, Louisiana, Ohio, Oklahoma, South Carolina and Wisconsin. We were awarded new Medicaid contracts in Oklahoma and Indiana, which we expect to become effective April 1, 2024 and July 1, 2024, respectively.

We also serve members who qualify for both Medicaid and Medicare, referred to as "dual eligible", through our Medicaid, Medicare Advantage, and stand-alone prescription drug plans. As the dual eligible population represents a disproportionate share of costs, Humana is participating in varied integration models designed to improve health outcomes and reduce avoidable costs. These programs largely operate separately from traditional Medicaid programs.

As part of our individual Medicare Advantage products, we also offer Dual-Eligible Special Needs Plans (D-SNP). In connection with offering a D-SNP in a particular state, we are required to enter into a special coordinating contract with the applicable state Medicaid agency. To meet federal requirements that took effect in 2021, states have implemented new D-SNP requirements to strengthen Medicaid-Medicare integration requirements for D-SNPs. Some states are also moving to support the dual eligible population by linking D-SNP participation to enrollment in a plan that also participates in a state-based Medicaid program to coordinate and integrate both Medicare and Medicaid benefits.

Group Specialty

We sell specialty and ancillary insurance benefits consisting of dental, vision, life and disability to employer groups. In addition, we sell dental and vision specialty insurance benefits to individuals.

Commercial Coverage Fully-Insured and ASO

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 We anticipate the exit from of this line of business will to be phased over finalized in the 18 to 24 months following our February 2023 announcement.

We sell specialty and ancillary insurance benefits consisting first half of dental, vision, life and disability to employer groups. In addition, we sell dental and vision specialty insurance benefits to individuals. 2025.

For in-force group commercial medical customers and members, our commercial products include included a broad spectrum of major medical benefits with multiple in-network coinsurance levels and annual deductible choices that employers of all sizes can offer offered to their employees on either a fully-insured, through HMO, PPO, or POS plans, or self-funded basis. Our plans integrate integrated clinical programs, plan designs, communication tools, and spending accounts.

Our ASO products are were offered to small group and large group employers who self-insure self-insured their employee health plans. We receive received fees to provide administrative services which generally include included the processing of claims, offering access to our provider networks and clinical programs, and responding to customer service inquiries from members of self-funded employers. These products may include might have included all of the same benefit and product design characteristics of our fully-insured HMO, PPO, or POS products described previously. Under ASO contracts, self-funded employers generally retain retained the risk of financing the costs of health benefits, with large group customers retaining a greater share and small group customers a smaller share of the cost of health benefits. All small group ASO customers and many large group ASO customers purchase purchased stop loss insurance coverage from us to cover catastrophic claims or to limit aggregate annual costs.

Military Services

Under our TRICARE contracts with the United States Department of Defense, or DoD, we provide administrative services to arrange health care services for active-duty and retired military personnel and their dependents. We have participated in the TRICARE program since 1996 under contracts with the DoD. Under our contracts, we provide administrative services while the federal government retains all of the risk of the cost of health benefits. Accordingly, we account for revenues under the current contract net of estimated health care costs similar to an administrative services fee only agreement.

On January 1, 2018, we began to deliver We delivered services under the T2017 East Region contract. contract from commencement on January 1, 2018 through expiration on December 31, 2024. The T2017 East Region contract comprises comprised 32 states and approximately 6 million TRICARE beneficiaries. The T2017 East Region contract, which was originally set to expire on December 31, 2022, was subsequently extended by the 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 contract commenced on January 1, 2025 and 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 overlapped 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.

Our CenterWell Segment Products

The products offered by our CenterWell segment are key to our integrated care delivery model. This segment includes our pharmacy solutions, primary care, and home solutions operations. The CenterWell segment also includes our strategic partnerships with Welsh, Carson, Anderson & Stowe, or 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. For information on our intersegment revenues, refer to Note 18 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

The following table presents our services revenue for the CenterWell segment by line of business for the year ended December 31, 2023 December 31, 2024:

	CenterWell Segment Services Revenue (dollars in millions)	CenterWell Segment Services Revenue	Percent of Consolidated Premiums and Services Revenue	CenterWell Segment Services Revenue (dollars in millions)	CenterWell Segment Services Revenue	Percent of Consolidated Premiums and Services Revenue
Intersegment revenues:						
Home solutions	$ 1,589	n/a	n/a	$ 2,050	n/a	n/a
Pharmacy solutions	10,451	n/a	n/a	10,724	n/a	n/a
Primary care	3,332	n/a	n/a	3,697	n/a	n/a
Total intersegment revenues	$ 15,372	n/a	n/a	$ 16,471	n/a	n/a
External services revenue:						
Home solutions	$ 1,342	1.3	1.3 %	$ 1,313	1.1	1.1 %
Pharmacy solutions	849	0.8	0.8 %	904	0.8	0.8 %
Primary care	842	0.8	0.8 %	1,248	1.1	1.1 %
Total external services revenue	$ 3,033	2.9	2.9 %	$ 3,465	3.0	3.0 %

n/a – not applicable

Pharmacy Solutions

Our pharmacy solutions business includes the operations of CenterWell Pharmacy (our mail-order pharmacy business), CenterWell Specialty Pharmacy, and other retail pharmacies located within CenterWell Primary Care clinics for brand, generic, specialty drugs, over the counter medications and supplies, as well as hospice pharmacy drugs.

Primary Care

We operate full-service, value-based senior focused primary care centers in a number of states, including Georgia, Florida, Indiana, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Nevada, North Carolina, South Carolina, Tennessee, Texas, Arizona and Kentucky Virginia staffed by primary care providers and medical specialists with a primary focus on the senior population under our Primary Care Organization, or PCO. PCO operates these clinics primarily under the Conviva Senior Primary Care Centers and CenterWell Senior Primary Care brands. Our primary care subsidiaries operate our medical center business through both employed physicians and care providers, and through third party third-party management service organizations with whom we contract to arrange for and manage certain clinical services. PCO currently operates 296 344 primary care clinics and employs approximately 890 1,000 primary care providers. PCO serves approximately 294,200 390,500 patients, primarily under risk sharing arrangements with Humana Medicare Advantage health plans, third party third-party Medicare Advantage health plans and CMS administered risk sharing arrangements for Medicare FFS. Original Medicare.

PCO also operates a Medical Services Organization, or MSO, through Conviva and CenterWell that coordinates medical care for Medicare Advantage beneficiaries in Florida and Texas. across multiple states. This MSO provides resources in care coordination, financial risk management, clinical integration and patient engagement that help physicians improve the patient experience as well as care outcomes. Conviva's PCO's MSO collaborates with physicians, medical groups and integrated delivery systems to successfully transition to value-based care by engaging, partnering and offering practical services and solutions.

In 2020, our Primary Care Organization entered into a strategic partnership with Welsh, Carson, Anderson & Stowe, or WCAS, to accelerate the expansion of our primary care model. In May 2022, we established a second strategic partnership with WCAS to develop additional centers between 2023 and 2025. As of December 31, 2023 December 31, 2024, there were 108 133 primary care clinics operating under the partnership and we have capacity to open or acquire up to approximately 60 20 additional centers through the existing partnership agreements. For additional information, refer to Note 4 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

Home Solutions

CenterWell Home Health

We operate CenterWell Home Health, one of the nation's largest home health providers, through which we are actively involved in the care management of our customers with the greatest needs via in-home care. On August 17, 2021, we fully acquired Kindred at CenterWell Home or KAH, the nation's largest home health and hospice provider with Health has locations in 40 states, providing extensive geographic coverage with approximately 65% overlap with our individual Medicare Advantage membership. Our home solutions geographic scale and clinical breadth provides the opportunity to offer care beyond our health plan members. We have fully-integrated Through the integration of these home health operations, now branded CenterWell Home Health, allowing us to accelerate we are focused on accelerating clinical innovation and the development and roll out of a value-based operating model at scale, more closely aligning incentives to focus on improving patient outcomes and reducing the total cost of care. This is critical to deploying a value-based, advanced home health model at scale that makes it easier for patients and providers to benefit from our full continuum of home-based capabilities, leveraging the best channel to deliver the right care needed at the right time.

Onehome

Onehome

OneHome

OneHome serves as the convener for the value-based model meeting the needs of health plans by serving their members through a full-risk model for integrated home-based services. Onehome OneHome manages a full range of post-acute patient needs, integrating and coordinating with physicians, hospitals and health plans for the provision of home health and infusion services as well as the distribution of durable medical equipment, or DME, at patients' homes. Onehome served 14% of our MA members with our value-based model as of December 31, 2023.

Hospice

Hospice care is an important offering in the full continuum of care we offer patients, and we have been successful in delivering the desired patient experience and outcomes through partnership models, including through participation in the CMS hospice Value-Based Insurance Design, or VBID, model. As such, on On August 11, 2022, we completed the sale of a 60% interest in Gentiva (formerly Kindred) Hospice, to Clayton, Dubilier & Rice, or CD&R. Upon closing, Gentiva Hospice was restructured into a new stand-alone company. We continue to own a approximately 35% minority ownership in Gentiva Hospice operations. For additional information on the sale of Gentiva Hospice, refer to Note 3 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

Insurance Medical Membership

The following table summarizes total insurance medical membership (in thousands) at December 31, 2023 December 31, 2024, by market and product:

	Insurance Medical Membership Insurance Medical Membership Insurance Medical Membership
	Individual Medicare Advantage
	Individual Medicare Advantage
	Individual Medicare Advantage
Florida Florida Florida	

Texas
Texas
Texas
North Carolina
North Carolina
North Carolina
Georgia
Georgia
Georgia
Kentucky
Kentucky
Kentucky
Ohio
Ohio
Ohio
Georgia
Georgia
Georgia
North Carolina
North Carolina
North Carolina
Tennessee
Tennessee
Tennessee
Illinois
Illinois
Illinois
Tennessee
Tennessee
Tennessee
Louisiana
Louisiana
Louisiana
California
California
California
Missouri/Kansas
Missouri/Kansas
Missouri/Kansas
Oklahoma
Oklahoma
Oklahoma
Indiana
Indiana
Indiana
South Carolina
South Carolina
South Carolina
Virginia
Virginia
Virginia

New York
New York
New York
Michigan
Michigan
Michigan
Wisconsin
Wisconsin
Wisconsin
South Carolina
South Carolina
South Carolina
Indiana
Indiana
Indiana
Virginia
Virginia
Virginia
New York
New York
New York
Mississippi
Mississippi
Mississippi
Pennsylvania
Pennsylvania
Pennsylvania
Arizona
Arizona
Arizona
Pennsylvania
Pennsylvania
Pennsylvania
Mississippi
Mississippi
Mississippi
TRICARE
TRICARE
TRICARE
Others
Others
Others
Totals
Totals
Totals

Provider Arrangements

We provide our members with access to health care services through our networks of health care providers whom we employ or with whom we have contracted, including hospitals and other independent facilities such as outpatient surgery centers, primary care providers, specialist physicians, dentists, and providers of ancillary health care services and facilities. These ancillary services and facilities include laboratories, ambulance services, medical equipment services, home health agencies, mental health providers, rehabilitation facilities, nursing homes, optical services, and pharmacies. Our membership base and the ability to influence where our members seek care generally enable us to obtain contractual discounts with providers.

We use a variety of techniques to provide access to effective and efficient use of health care services for our members. These techniques include the coordination of care for our members, product and benefit designs, hospital inpatient management systems, the use of sophisticated analytics, and enrolling members into various care management programs. The focal point for health care services in many of our HMO networks is the primary care provider who, under contract with us, provides services to our members, and may control utilization of appropriate services by directing or approving hospitalization and referrals to specialists and other providers. Some physicians may have arrangements under which they can earn bonuses when certain target goals relating to the provision of quality patient care are met. We have available care management programs related to complex chronic conditions such as congestive heart failure and coronary artery disease. We also have programs for prenatal and premature infant care, asthma related illness, end stage renal disease, diabetes, cancer, and certain other conditions.

We typically contract with hospitals on either (1) a per diem rate, which is an all-inclusive rate per day, (2) a case rate for diagnosis-related groups (DRG), which is an all-inclusive rate per admission, or (3) a discounted charge for inpatient hospital services. Outpatient hospital services generally are contracted at a flat rate by type of service, ambulatory payment classifications, or APCs, or at a discounted charge. APCs are similar to flat rates except multiple services and procedures may be aggregated into one fixed payment. These contracts are often multi-year agreements, with rates that are adjusted for inflation annually based on the consumer price index, other nationally recognized inflation indexes, or specific negotiations with the provider. agreements. Outpatient surgery centers and other ancillary providers typically are contracted at flat rates per service provided or are reimbursed based upon a nationally recognized fee schedule such as the Medicare allowable fee schedule.

Our contracts with physicians typically are renewed automatically each year, unless either party gives written notice, generally ranging from 90 to 120 days, to the other party of its intent to terminate the arrangement. Most of the physicians in our PPO networks and some of our physicians in our HMO networks are reimbursed based upon a fixed fee schedule, which typically provides for reimbursement based upon a percentage of the standard Medicare allowable fee schedule.

The terms of our contracts with hospitals and physicians may also vary between Medicare and commercial Medicaid business. A significant portion of our Medicare network contracts, including those with both hospitals and physicians, are tied to Medicare reimbursement levels and methodologies.

Capitation

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. For some of our medical membership, we share risk with providers under capitation contracts where physicians and hospitals accept varying levels of financial risk for a defined set of membership, primarily HMO membership. Under the typical capitation arrangement, we prepay these providers a monthly fixed-fee per member, known as a capitation (per capita) payment, to cover all or a defined portion of the benefits provided to the capitated member.

We believe these value-based arrangements represent a key element of our integrated care delivery model at the core of our strategy. Our health plan subsidiaries may enter into these value-based arrangements with third party third-party providers or our owned provider subsidiaries.

At December 31, 2023 December 31, 2024, approximately 2,165,600 2,361,500 members, or 12.8% 14.4%, of our medical membership, were covered under shared risk value-based arrangements, which provide all member benefits, including 1,917,300 2,114,900 individual Medicare Advantage members, or 35.4% 38.0%, of our total individual Medicare Advantage membership.

Physicians under capitation arrangements typically have stop loss coverage so that a physician's financial risk for any single member is limited to a maximum amount on an annual basis. We typically process all claims and measure the financial performance of our capitated providers and require guarantees in certain instances. However,

we delegated claim processing functions under capitation arrangements covering approximately 289,000 HMO 304,400 members, including 288,300 303,500 individual Medicare Advantage members, or 15.0% 14.4%, of the 1,917,300 2,114,900 individual Medicare Advantage members covered under shared risk value-based contracts at December 31, 2023 December 31, 2024, with the provider assuming substantially all the risk of coordinating the members' health care benefits. Capitation expense under delegated arrangements for which we have a limited view of the underlying claims experience was approximately $3.4 billion $3.6 billion, or 3.9% 3.6%, of total benefits expense, for the year ended December 31, 2023 December 31, 2024. We remain financially responsible for health care services to our members in the event our providers fail to provide such services.

Accreditation Assessment

Our accreditation assessment program consists of several internal programs, including those that credential providers and those designed to meet the audit standards of federal and state agencies as well as external accreditation standards. We also offer quality and outcome measurement and improvement programs such as the Health Care Effectiveness Data and Information Set, or HEDIS, which is used by employers, government purchasers and the National Committee for Quality Assurance (NCQA) to evaluate health plans based on various criteria, including effectiveness of care and member satisfaction.

Providers participating in our networks must satisfy specific criteria, including licensing, patient access, office standards, after-hours coverage, and other factors. Most participating hospitals also meet accreditation criteria established by CMS and/or The Joint Commission.

Recredentialing of participating providers occurs every three years, unless otherwise required by state or federal regulations. Recredentialing of participating providers includes verification of their medical licenses, review of their malpractice liability claims histories, review of their board certifications, if applicable, and review of applicable quality information. A committee composed of a peer group of providers reviews the applications of providers being considered for credentialing and recredentialing.

We maintain accreditation for certain of our health plans and/or departments from NCQA, the Accreditation Association for Ambulatory Health Care (AAAHC), and/or URAC. Certain commercial businesses, such as those impacted by a third-party labor agreement or those where a request is made by the employer, may require or prefer accredited health plans.

NCQA reviews our compliance based on standards for quality improvement, population health management, credentialing, utilization management, network management, and member experience. We have achieved and maintained NCQA health plan accreditation in many of our commercial, Medicare and Medicaid markets for HMO, POS, and PPO products, and our wellness program, Go365. markets. Humana's pharmacy organization is accredited by URAC.

Sales and Marketing

We use various methods to market our products, including television, radio, the Internet, telemarketing, wholesale distributors (general agencies) and direct mailings.

At December 31, 2023 December 31, 2024, we employed approximately 1,000 1,100 sales representatives, as well as approximately 2,500 2,700 telemarketing representatives who assisted in the marketing of Medicare products, including Medicare Advantage and PDP, and specialty products in our Insurance segment, including making appointments for sales representatives with prospective members. We have a marketing arrangement with Walmart Inc., or Walmart, for our individual Medicare stand-alone PDP offering. We also sell group Medicare Advantage products through large employers. In addition, we market our Medicare and individual specialty products through licensed independent brokers and agents. For our Medicare products, commissions paid to employed sales representatives and independent brokers and agents are based on a per unit commission structure, regulated in structure and amount by CMS. For our individual specialty products, we generally pay brokers a commission based on premiums, with commissions varying by market and premium volume. In addition to a commission based directly on premium volume for sales to particular customers, we also have programs that pay brokers and agents based on other metrics. These include commission bonuses based on sales that attain certain levels or involve particular products. We also pay additional commissions based on aggregate volumes of sales involving multiple customers.

In our Insurance segment, we market our specialty products to individuals through their employers or other groups, which typically offer employees or members a selection of specialty products, pay for all or part of the premiums, and make payroll deductions for any premiums payable by the employees. We use licensed independent brokers, independent agents, digital insurance agencies, and employees to sell our specialty products. We pay brokers and agents using the same commission structure described above for our specialty products.

Underwriting

Since 2014, the Patient Protection and Affordability Care Act and The Health Care and Education Reconciliation Act of 2010, which we collectively refer to as the Health Care Reform Law, requires certain group health plans to guarantee issuance and renew coverage without pre-existing condition exclusions or health-status rating adjustments. Accordingly, certain group health plans are not subject to underwriting. Further, underwriting techniques are not employed in connection with our individual Medicare, military services, or Medicaid products because government regulations require us to accept all eligible applicants regardless of their health or medical history.

Competition

The health benefits industry is highly competitive. Our competitors vary by local market and include other managed care companies, national insurance companies, and other HMOs and PPOs. Many of our competitors have a larger membership base and/or greater financial resources than our health plans in the markets in which we compete. Our ability to sell our products and to retain customers may be influenced by such factors as those described in Part I, Item 1A, "Risk Factors" of this Form 10-K.

Government Regulation

Diverse legislative and regulatory initiatives at both the federal and state levels continue to affect aspects of the nation’s health care system, including the Health Care Reform Law at the federal level and laws in certain states limiting the entry of new providers or services though a certificate of need, or CON, process.

Our management works proactively to ensure compliance with all governmental laws and regulations affecting our business. We are unable to predict how existing federal or state laws and regulations may be changed or interpreted, what additional laws or regulations affecting our businesses may be enacted or proposed, when and which of the proposed laws will be adopted or what effect any such new laws and regulations will have on our results of operations, financial position, or cash flows.

For a description of certain material current activities in the federal and state legislative areas, see Part I, Item 1A, "Risk Factors" of this Form 10-K.

Certain Other Services

Captive Insurance Company

We bear general business risks associated with operating our Company such as professional and general liability, employee workers’ compensation, cybersecurity, and officer and director errors and omissions risks. Professional and general liability risks may include, for example, medical malpractice claims and disputes with members regarding benefit coverage. We retain certain of these risks through our wholly-owned, captive insurance subsidiary. We reduce exposure to these risks by insuring levels of coverage for losses in excess of our retained limits with a number of third-party insurance companies. We remain liable in the event these insurance companies are unable to pay their portion of the losses.

Centralized Intercompany Services

We provide centralized intercompany services to each of our health plans and to our business segments from our headquarters and service centers. These services include management information systems, product development and administration, finance, human resources, accounting, law, public relations, marketing, insurance, purchasing, risk management, internal audit, actuarial, underwriting, claims processing, billing/enrollment, and customer service. Through intercompany service agreements approved, if required, by state regulatory authorities, Humana Inc., our parent company, charges a services fee for reimbursement of certain centralized services provided to its subsidiaries to the extent that Humana Inc. is the service provider.

Human Capital Management

Our associates are essential to our success in delivering on our core strategy, and creating positive healthcare experiences for our members. We are committed to recruiting, developing, and retaining strong and diverse teams, actively promoting a culture of inclusion and diversity. teams. As of December 31, 2023 December 31, 2024, we had approximately 67,600 65,680 associates.

Our Culture, Engagement and Approach to Work

We believe that our members’ experience is linked to our associates’ experience and that engaged, productive associates are the key to building a healthy company and a caring environment where our associates go above and beyond for our members, driving innovation, and offering fulfilling experiences that incentivizes them to stay with us over the long-term. We provide opportunities for our associates to add to their personal well-being experiences that go beyond health to enhance their individual need for purpose, belonging and security. On With an average our associates spend tenure of 7 years at our Company, which is a testament to our associates' loyalty reflects our culture and commitment to their growth, well-being, and our culture, a culture growth. We believe that is further reinforced by our voluntary turnover rate or VTR. We believe our VTR (VTR) is an important indicator of workforce satisfaction as we strive for our associates continue to choose us over other opportunities. During 2023, 2024, our VTR was 13.4% 14.4%, representing a decrease an increase from 17% 13.4% in 2022. 2023.

We regularly measure our success and seek opportunities to advance engagement through an Associate Experience Annual Engagement Survey, or AES, and continuous listening campaigns. Continuous listening involves our proactive solicitation, analysis and response to associate feedback throughout the year by using pulse surveys. By regularly surveying samples of our workforce, we are able to continuously assess our effectiveness and act when needed, which in turn helps to strengthen our culture and support associate engagement. We aim to conduct a confidential, third-party administered AES on an annual basis and encourage all of our associates to participate. The AES is an in-depth survey covering eighteen dimensions that align to the Company's strategy and employee engagement. We aggregate survey results, provide them to our entire associate population and encourage leaders to use the information to create open, honest action plans with their teams to build upon our collective engagement.

Our culture is further strengthened by optimizing the well-being and effectiveness of our workforce. Through alternative work styles, such as home, hybrid home, office, hybrid office, and field, we help associates work more productively, communicate more easily and collaborate more freely. We encourage collaboration between leaders and their associates to identify and leverage the appropriate work style that both supports the achievement of business goals and personal work preferences. Alternate work styles enable associates to work from a job-appropriate location of their choice for all or some portion of their work schedule and to create a work schedule that better fits the diverse demands of today's work environment. When managed effectively, alternative work styles can enhance a company's employment brand, foster the development and effective delivery of innovative and diverse business solutions, right-size a company's energy-consumption footprint, and increase associate engagement and well-being.

Inclusion and Diversity

Our Office of Diversity, Equity & Inclusion, or DEI Office, efforts are led by our Chief Diversity, Equity & Inclusion Officer, who reports directly to the Chief Administrative Officer. The DEI Office connects to business groups across the enterprise to cultivate a diverse and inclusive culture that is representative of the communities we serve. By prioritizing DEI across our business, we enable associates to bring their whole selves to work, while also driving the innovation and insights needed to better serve our diverse members and communities. Together with key partners like our Chief Health Equity Officer, our Executive Diversity, Equity & Inclusion Council, or the Council, our Network Resource Groups, or NRGs, and Culture & Engagement professionals, we strive to expand our culture of inclusion to build deep relationships and create simple, personalized experiences for all of our stakeholders.

Our Council exists to help integrate inclusion, diversity, and equity into the fabric of the organization from the top down, connecting activities to a broader business-driven, results oriented strategy, and leverages leadership to advance DEI into the fabric of our culture. The Council reflects the diversity of our associates and communities we serve. Chaired by our CEO, the Council sets its DEI objectives that complement our Talent and Diversity measure category and ensures transparency and accountability as they work towards them. We are committed to having diversity represented at all levels and have developed a pathway for diverse talent within our recruiting initiatives. We have also incorporated balanced interview panels into our interview process, through which we strategically engage a broad spectrum of interviewers that bring greater diversity and perspective. This proven best practice strengthens the candidate experience and hiring of diverse talent, ensuring we get the right talent for any given role, and minimizes the potential for personal blind spots when evaluating candidates.

Our inclusion and diversity objectives also aim to build an awareness of biases and beliefs, identify differences and similarities of our multi-generational workforce and enable associates to leverage differences to drive innovation and create value. We are committed to growing our associates' inclusion skills and diversity knowledge and provide a variety of associate training programs and workshop opportunities. It is also our fundamental belief that every person has the right to a safe workplace. This includes having freedom of gender identity and expression, which we have included within our non-discrimination and anti-harassment policies.

Our associates' vast experiences and perceptions, unique characteristics, backgrounds and beliefs, drive the groundbreaking, strategic thinking that gives our Company its competitive edge in a diverse marketplace. Our approach fosters innovative thinking and creativity, expands insights and generates better business outcomes.

Pay and Benefits Philosophy, Compensation and Financial Security

We believe all of our associates have the right to receive a competitive wage and we are committed to maintaining a pay and benefits philosophy that is market-based and recognizes an associate's contributions so that we can attract and retain an engaged, talented team. Further, we believe in fostering a fair and inclusive work environment, one where all associates receive equitable pay for their contributions. Each year, we conduct a comprehensive pay equity/gap analysis to identify and address potential pay disparities between associates performing similar work in similar capacities. Our pay and benefits structure is designed to motivate, incentivize and reward our associates, at all levels of the organization, for their skill development, demonstration of our values and performance. While our programs vary by location, associate type and business, they generally include:

Financial	
• Competitive base pay, with additional incentive, supplemental, and/or recognition pay	• Tuition assistance program Short - and long-term disability insurance
	• Paid internship Tuition assistance program
• 401(k) retirement savings plans with Company match program	• Paid internship
	• Charitable gift matching program
• Health savings account (HSA) and flexible savings account (FSA) contributions	• Comprehensive financial well-being programs and support, including and an employer-sponsored personal emergency savings account with matching funds from the Company
• Life insurance	
• Short - and long-term disability insurance	
Health	
• Medical, dental and vision benefits	• Health savings account (HSA) and flexible savings account (FSA) contributions
• Supplemental health benefits	• On-site health and fitness centers
• Long-term care insurance Supplemental health benefits	• On-site health screenings and vaccinations
• Whole-person well-being and rewards programs and platform Long-term care insurance	• Weekly paid well-being time
• Incentives for engaging in Whole-person well-being and rewards programs and platform	• On-demand fitness classes, nutritional education through teaching kitchens, and digital coaching apps
• Incentives for engaging in well-being programs	
Life	
• Paid time off, paid holidays, paid volunteer time off and jury duty pay	
• Adoption assistance	• Mental health support, including our robust Employee Assistance Program and Work-Life Services
• Paid parental leave program (6 weeks)	• Helping hands program Employee discount programs and services
• Paid caregiver time off program (2 weeks)	• Transit services Helping hands program
• Nursing moms program with on-site lactation rooms	• Transit services
Learning and Development	
• Diversity, equity, Internal and inclusion training external learning events	• Access to degree and certification programs with tuition assistance

• Employee discount programs and services

Talent Development and Growth Opportunities

We champion the individual goals are committed to promoting continuous learning and growth by offering employees a comprehensive range of resources to enhance their skills and advance their careers. Our professional development of initiatives ensure employees have access to tools, mentorship and opportunities that enable them to succeed in their current roles and prepare for future growth opportunities, thereby strengthening our organization and driving innovation. We also offer our associates education and provide a number of programs certification program assistance through partner organizations, and resources reduce or eliminate cost barriers to support achievement of their efforts. The Humana Learning Center gives our associates the opportunity to earn professional certifications through continued education programs educational and to participate in instructor-led and online courses designed to strengthen soft and hard-skills and enhance leadership development. Our Career Cultivation team sponsors workshops and events to promote associate accountability within their personal and professional growth as part of overall career development. Our associates are also encouraged to participate in mentoring programs with people of various backgrounds and cultures. We view mentoring as an essential development tool for sharing skills and knowledge so we can all succeed. We also utilize development programs to enhance talent within our business segments through targeted internal initiatives, where we aim to upskill and reskill existing associates for opportunities in new career pathways. goals.

Additional information related to our human capital management can be found by referencing our Definitive Proxy Statement of the Annual Meeting of Stockholders scheduled to be held on April 18, 2024 April 17, 2025 appearing under the caption "Human Capital Management."

Information About Our Executive Officers

Set forth below are names and ages of all of our current executive officers as of February 1, 2024 February 1, 2025, their positions, and the date first elected as an executive officer**:**

Name	Name	Age	Position	First Elected Officer	Name	Age	Position	First Elected Officer

Bruce D. Broussard	61	Chief Executive Officer, Director	12/11	(1)				
James A. Rechtin	54	President and Chief Executive Officer, Director	01/24	(1)				
Vishal Agrawal, M.D.								
Vishal Agrawal, M.D.								
Vishal Agrawal, M.D.	49	Chief Strategy and Corporate Development Officer	12/18	(2)	50	Chief Strategy and Corporate Development Officer	12/18	(2)
Samir M. Deshpande								
Samir M. Deshpande								
Samir M. Deshpande	59	Chief Information Officer	07/17	(3)				
Susan M. Diamond								
Susan M. Diamond								
Susan M. Diamond	50	Chief Financial Officer	07/19	(4)				
David E. Dintenfass								
David E. Dintenfass								
David E. Dintenfass	54	President, Enterprise Growth	02/24	(3)				
John-Paul W. Felter								
John-Paul W. Felter								
John-Paul W. Felter	40	Senior Vice President, Chief Accounting Officer and Controller	08/22	(5)	41	Senior Vice President, Chief Accounting Officer and Controller	08/22	(4)
William K. Fleming, PharmD								
William K. Fleming, PharmD								
William K. Fleming, PharmD	56	Chief Corporate Affairs Officer	03/17	(6)				
Japan A. Mehta								
Japan A. Mehta								
Japan A. Mehta	44	Chief Information Officer	02/25	(5)				
Timothy S. Huval								
Timothy S. Huval								
Timothy S. Huval	57	Chief Administrative Officer	12/12	(7)				
Celeste M. Mellet								
Celeste M. Mellet								
Celeste M. Mellet	48	Chief Financial Officer	01/25	(6)				
James. A. Rechtin								
James. A. Rechtin								
James. A. Rechtin	53	President and Chief Operating Officer	01/24	(8)				
Michelle A. O'Hara								
Michelle A. O'Hara								
Michelle A. O'Hara	49	Chief Human Resources Officer	01/25	(7)				
George Renaudin II								
George Renaudin II								
George Renaudin II	55	President, Medicare & Medicaid	02/23	(9)	56	President, Insurance	02/23	(8)
Sanjay K. Shetty, M.D.								
Sanjay K. Shetty, M.D.								
Sanjay K. Shetty, M.D.	50	President, CenterWell	04/23	(10)	51	President, CenterWell	04/23	(9)
Joseph C. Ventura								
Joseph C. Ventura								
Joseph C. Ventura	47	Chief Legal Officer	02/19	(11)	48	Chief Legal Officer	02/19	(10)

(1) Mr. Broussard Rechtin currently serves as Director, President and Chief Executive Officer (Principal Executive Officer), having held these positions since January 1, 2013 July 1, 2024. Mr. Broussard Rechtin was elected President and Chief Operating Officer upon joining the Company in December 2011 January 2024 and served in that capacity through December 2012. June 2024. Prior to joining the Company, Mr. Broussard Rechtin served as President and CEO at Envision Healthcare, having held that position from 2020 to 2023. Previously, Mr. Rechtin was Chief Executive Officer President of McKesson Specialty/US Oncology, Inc. US Oncology was purchased by

McKesson OptumCare in December 2010. At US Oncology, Mr. Broussard served 2019 after serving in a number of senior executive multiple senior-level roles including Chief Financial Officer, Chief Executive Officer, and Chairman of the Board. at Davita Medical Group from 2014 to 2019.

(2) Dr. Agrawal currently serves as Chief Strategy and Corporate Development Officer, having joined the Company in December 2018. Prior to joining the Company, Dr. Agrawal was Senior Advisor for The Carlyle Group L.P., having held that position from October 2017 to December 2018. Previously, Dr. Agrawal was President and Chief Growth Officer of Ciox Health, the largest health information exchange and release of information services organization in the U.S. from December of 2015 to October 2018. Prior to joining Ciox Health, Dr. Agrawal served as President of Harris Healthcare Solutions from January 2013 to December 2015.

(3) Mr. Deshpande Dintenfass currently serves as Chief Information Officer, President, Enterprise Growth, having been elected joined the Company in February 2024. Prior to this position in July 2021, from his prior role as Chief Technology and Risk Officer. Before joining the Company, in July 2017, Mr. Deshpande spent 17 years Dintenfass had a series of leadership roles at Capital One in key leadership positions, Fidelity Investments from 2015 to 2024 where he most recently as Business Chief Risk Officer for the U.S. and international card business. He previously served as the Business Executive Vice President, Head of Product and Emerging Segments, leading a P&L portfolio across retail and workplace investing. Mr. Dintenfass also served as Fidelity's Chief Risk Marketing Officer and Head of Enterprise Services for the Financial Services Division, responsible for Customer Experience Design. Before Fidelity, Mr. Dintenfass spent over five years at Bank of America in a variety of strategy and marketing roles across Consumer and Small Business Risk, Data Science, Data Quality, Process Excellence banking and Project Merrill Lynch Wealth Management. He also led marketing Earlier in his career, Mr. Dintenfass spent 13 years at Procter & Gamble in global P&L and analysis for the Home Loans, Auto Finance, and Credit Card businesses, with responsibilities for business strategy, credit, product and marketing. brand management roles of increasing responsibility. Mr. Dintenfass began his career as a consultant at McKinsey & Company.

(4) Ms. Diamond currently serves as Chief Financial Officer, having been elected to this position in June 2021, from her prior role as Segment President, Home Business. Ms. Diamond joined the Company in June 2004

and has spent the majority of her career in various leadership roles in the Medicare and Home businesses, with a particular passion and emphasis on growth and consumer segmentation strategies for the Company's individual Medicare Advantage and Stand-Alone Part D offerings. Ms. Diamond also served for two and a half years as the Enterprise Vice President of Finance, where she was responsible for enterprise planning and forecasting, trend analytics and had responsibility for each of the Company's line of business CFOs and controllers.

(5) Mr. Felter currently serves as Senior Vice President, Chief Accounting Officer and Controller, having been elected to this position in August 2022. Before joining the Company, Mr. Felter served as Senior Director - Investment Finance for OneAmerica Financial Partners, Inc. in 2022. Prior to OneAmerica, Mr. Felter spent nearly 11 years in multiple roles of increasing responsibility at Ernst & Young LLP where he oversaw large audit engagements for public and private entities with a concentration in the health insurance sector.

(6) (5) Dr. Fleming Mr. Mehta currently serves as Chief Corporate Affairs Information Officer, having been elected to this position in April 2023, from his prior role as Segment President, Pharmacy Solutions and Chief Corporate Affairs Officer. Prior to that, Dr. Fleming held positions of Segment President, Clinical and Pharmacy Solutions, Segment President, Healthcare Services, and President of the Company's pharmacy business.Dr. Fleming joined the Company in 1994.

(7) Mr. Huval currently serves as Chief Administrative Officer, having been elected to this position in July 2019, from his previous role as Chief Human Resources Officer. February 2025. Prior to joining the Company, Mr. Huval spent 10 Mehta served as Chief Data Officer at Citigroup for six years at Bank from 2018 to 2025. Previously, he held the role of America CIO for Citi Global Wealth across a mix of client segments. Additionally, he served in multiple senior-level roles, including Human Resources executive and Chief Information Officer the CIO role for Global Wealth & Investment Management, as well as Human Resources executive for both Global Treasury Services Consumer Technology in Asia Pacific and Technology & Global Operations. Europe. Prior to Citi, Mr. Mehta held technology and digital leadership roles at JPMorgan, Barclays and Verizon.

(8) (6) Mr. Rechtin Ms. Mellet currently serves as President and Chief Operating Financial Officer, having been elected to this position in January 2024.2025. Prior to joining the Company, Mr. Rechtin Ms. Mellet served as Partner and Chief Financial Officer of Global Infrastructure Partners (GIP) from February 2023 to January 2025. Prior to GIP, Ms. Mellet served as Chief Financial Officer, Senior Managing Director and an Executive Vice President at Evercore from 2021 to 2023. Before joining Evercore, Ms. Mellet served as Executive Vice President and CEO Chief Financial Officer from 2018 to 2021 and SVP and Deputy Chief Financial Officer from 2017 to 2018 at Envision Healthcare, the Federal National Mortgage Association (Fannie Mae). Before her tenure at Fannie Mae, Ms. Mellet spent more than 18 years at Morgan Stanley, last serving as global treasurer. She was also the head of investor, creditor and counterparty relations.

(7) Ms. O'Hara currently serves as Chief Human Resources Officer, having held that been elected to this position in January 2025. Prior to joining the Company, Ms. O'Hara served as Executive Vice President and Chief Human Resources Officer from 2020 2019 to 2023.Previously, Mr. Rechtin was President of OptumCare 2025 at Science Applications International Corporation (SAIC). Prior to becoming Chief Human Resources Officer in 2019, after serving in multiple senior-level Ms. O'Hara held various roles of increasing responsibility at Davita Medical Group from 2014 to 2019. SAIC that included talent acquisition, integrated talent management, total rewards and human resources.

(9) (8) Mr. Renaudin currently services as President, Medicare & Medicaid, Insurance, having been elected to this position in February 2023.October 2024 from his prior role as President, Medicare & Medicaid. Mr. Renaudin joined the Company in April 2004 and since then has held various leadership roles of increasing responsibility, most recently including previously holding the position of President, Medicare.

(10) (9) Dr. Shetty currently serves as President, CenterWell, having been elected to this position in April 2023.Prior to joining the Company, Dr. Shetty spent worked in health care delivery for nearly 13 years at Steward Health Care System in multiple senior-level (Steward), most recently serving as President. During his tenure at Steward, Dr. Shetty held various roles including President of increasing responsibility, leading the large accountable care organization, a multispecialty group practice, and acute care hospitals. Prior to Steward, North America, President, Steward South Region Dr. Shetty worked as a strategy consultant at Bain & Company, Inc., and Executive Vice President, President, Steward practiced as a radiologist and a faculty member at Harvard Medical Group and Executive Vice President, Steward Health Care System, Executive Vice President for Corporate and Business Development, and President, Steward Health Care Network. School.

(11) (10) Mr. Ventura currently serves as Chief Legal Officer. He joined the Company in January 2009 and since then has held various positions of increasing responsibility in the Company's Law Department, including most recently, Senior Vice President, Associate General Counsel & Corporate Secretary from July 2017 until February 2019.

Executive officers are elected annually by our Board of Directors and serve until their successors are elected or until resignation or removal. Pursuant to our previously announced leadership succession plan, we expect that Mr. Broussard will step down as Chief Executive Officer in the latter half of 2024 and that Mr. Rechtin will become President and Chief Executive Officer at that time. There are no family relationships among any of our executive officers.

ITEM 1A. RISK FACTORS

Risks Relating to Our Business

If we do not design and price our products properly and competitively, if the premiums we charge are insufficient to cover the cost of health care services delivered to our members, if we are unable to implement clinical initiatives to provide a better health care experience for our members, lower costs and appropriately document the risk profile of our members, or if our estimates of benefits expense are inadequate, our profitability may be materially adversely affected. We estimate the costs of our benefits expense payments, and design and price our products accordingly, using actuarial methods and assumptions based upon, among other relevant factors, claim payment patterns, medical cost inflation, and historical developments such as claim inventory levels and claim receipt patterns. These estimates involve extensive judgment, and have considerable inherent variability because they are extremely sensitive to changes in claim payment patterns and medical cost trends. Accordingly, our reserves may be insufficient.

We use a substantial portion of our revenues to pay the costs of health care services delivered to our members, including claims payments, capitation payments to providers (predetermined amounts paid to cover services), estimates of future payments to hospitals and others for medical care provided to our members, and various other costs. Generally, premiums in the health care business are fixed for one-year periods. Accordingly, costs we incur in excess of our benefit cost projections generally are not recovered in the contract year through higher premiums. We estimate the costs of our future benefit claims and other expenses using actuarial methods and assumptions based upon claim payment patterns, medical inflation, historical developments, including claim inventory levels and claim receipt patterns, and other relevant factors. We also record benefits payable for future payments. We continually review estimates of future payments relating to benefit claims costs for services incurred in the current and prior periods and make necessary adjustments to our reserves, including premium deficiency reserves where appropriate. However, these estimates involve extensive judgment, and have considerable inherent variability that is sensitive to claim payment patterns and medical cost trends. Many factors may and often do cause actual health care costs to exceed what was estimated and used to set our premiums. These factors may include:

- increased use of medical facilities and services, and the increased cost of such services;
- increased use or cost of prescription drugs, including specialty prescription drugs;
- the introduction of new or costly treatments, prescription drugs, or new technologies;
- our membership mix;
- variances in actual versus estimated levels of cost associated with new products, benefits or lines of business, product changes or benefit level changes;
- changes in the demographic characteristics of an account or market;
- changes or reductions of our utilization management functions such as preauthorization of services, concurrent review or requirements for physician referrals;
- changes in our purchase discounts or rebates received from manufacturers and wholesalers;
- pharmacy volume rebates received from drug manufacturers, which in Medicare Part D are fully reported to CMS and factored into member premium pricing and CMS reimbursement to the plan;
- catastrophes, including acts of terrorism, public health emergencies, epidemics or pandemics (such as COVID-19), or natural disasters (such as hurricanes and earthquakes) which could occur more frequently or with more intense effects as a result of the impact of global climate change;
- medical cost inflation; and
- government mandated benefits, member eligibility criteria, or other legislative, judicial, or regulatory changes.

Key to our operational strategy is the implementation of clinical initiatives that we believe provide a better health care experience for our members, lower the cost of healthcare services delivered to our members, and appropriately document the risk profile of our members. Our profitability and competitiveness depend in large part on our ability to appropriately manage health care costs through, among other things, the application of medical management programs such as our chronic care management program.

While we proactively attempt to effectively manage our operating expenses, increases or decreases in staff-related expenses, any costs associated with exiting products, additional investment in new products (including our opportunities in the Medicare programs, state-based contracts, and expansion of clinical capabilities as part of our integrated care delivery model), investments in health and well-being product offerings, acquisitions, new taxes and assessments, inflation, and implementation of regulatory requirements may increase our operating expenses.

Failure to adequately price our products or estimate sufficient benefits payable or effectively manage our operating expenses, may result in a material adverse effect on our results of operations, financial position, and cash flows.

We are in a highly competitive industry. Some of our competitors are more established in the health care industry in terms of a larger market share and have greater financial resources than we do in some markets. In addition, other companies may enter our markets in the future, including emerging competitors in the Medicare program or competitors in the delivery of health care services. We believe that barriers to entry in our markets are not substantial, so the addition of new competitors can occur relatively easily, and customers enjoy significant flexibility in moving between competitors through the Medicare Annual Enrollment Period. While health plans compete on the basis of many factors, including service and the quality and depth of provider networks, we expect that price will continue to be a significant basis of competition. In addition to the challenge of controlling health care costs, we face intense competitive pressure to contain premium prices. Factors such as business consolidations, strategic alliances, legislative and regulatory reform, and marketing practices create pressure to contain premium price increases, despite being faced with increasing medical and administrative costs.

The policies and decisions of the federal and state governments regarding the Medicare Advantage and Prescription Drug Plans, military services and Medicaid programs in which we participate have a substantial impact on our profitability. These governmental policies and decisions, which we cannot predict with certainty, directly shape the premiums or other revenues to us under the programs, the eligibility and enrollment of our members, the services we provide to our members, and our administrative, health care services, and other costs associated with these programs. Legislative or regulatory actions, such as changes to the programs in which we participate, those resulting in a reduction in premium payments to us, an increase in our cost of administrative and health care services, or additional fees, taxes or assessments, may have a material adverse effect on our results of operations, financial position, and cash flows.

Premium increases, introduction of new product designs, and our relationships with our providers in various markets, among other issues, could also affect our membership levels. Other actions that could affect membership levels include our possible exit from or entrance into Medicare or commercial markets, or the termination of a large contract.

If we do not compete effectively in our markets, if we set rates too high or too low in highly competitive markets to keep or increase our market share, if membership does not increase as we expect, if membership declines, or if we lose membership with favorable medical cost experience while retaining or increasing membership with unfavorable medical cost experience, our results of operations, financial position, and cash flows may be materially adversely affected.

If we fail to effectively implement our operational and strategic initiatives, including our Medicare initiatives, which are of particular importance given the concentration of our revenues in these products, our state-based contracts strategy, the growth of our CenterWell businesses, and our integrated care delivery model, our business may be materially adversely affected. In addition, there can be no assurances that we will be successful in maintaining or improving our Star ratings in future years.

Our future performance depends in large part upon our ability to execute our strategy, including opportunities created by the expansion of our Medicare programs, our strategy with respect to state-based contracts, including those covering members dually eligible for the Medicare and Medicaid programs, the growth of our pharmacy,

primary care, and home solutions businesses, and the successful implementation of our integrated care delivery model.

We have made substantial investments in the Medicare program to enhance our ability to participate in these programs. The growth of our Medicare products is an important part of our business strategy, and the attendant concentration of revenues intensifies the risks to us inherent in Medicare products. Any failure to achieve this growth may have a material adverse effect on our results of operations, financial position, or cash flows.

The number of our Medicare Advantage plans rated 4-star or higher will significantly decline in 2025. We have filed a lawsuit seeking to set aside and vacate the 2025 Star Ratings of our Medicare Advantage plans, but there is no assurance that we will prevail in this lawsuit. If we are not successful, the decline in our Star Ratings will negatively impact our 2026 quality bonus payments from CMS and may also significantly adversely affect our revenues, operating results, and cash flows. In addition, there can be no assurances that we will be successful in maintaining or improving our Star Ratings in future years.

The achievement of star ratings Star Ratings of 4-star or higher qualifies Medicare Advantage plans for premium bonuses. Our Medicare Advantage plans' operating results may be significantly affected by their star ratings. Uncertainties with respect to both ongoing changes to the Star Ratings system and CMS cut-points for establishing a plan's performance with respect to star rating measures, which are not determined until after the relevant measurement period, continue to make accurate prediction of each Medicare Advantage plan's Star Ratings more challenging. Despite our operational efforts to improve our star ratings, Star Ratings, there can be no assurances that we will be successful in maintaining or improving our star ratings Star Ratings in future years. In addition, audits of our performance for past or future periods may result in downgrades to our star ratings. Accordingly, our plans may not be eligible for full level quality bonuses or may not match the performance of our competitors, each of which could materially and adversely affect the benefits such plans can offer, reduce membership and/or reduce profit margins. margins, which may significantly adversely affect our revenues, operating results, and cash flows.

Based on 2025 Medicare Advantage Star Ratings released by CMS in October 2024, approximately 25% of our Medicare Advantage members are currently enrolled in plans rated 4-star or higher for 2025, as compared to 94% based on our 2024 Star Ratings. We have filed a lawsuit that, among other things, seeks to set aside and vacate the 2025 Star Ratings for our Medicare Advantage plans, but there is no assurance that we will prevail in the lawsuit. If we are not successful, the decline in our Star Ratings performance for 2025 will negatively impact our 2026 quality bonus payments from CMS and may also significantly adversely affect our revenues, operating results, and cash flows. Please see "Legal Proceedings and Certain Regulatory Matters" in Note 17 to the Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K for a description of the lawsuit.

If we fail to properly maintain the integrity of our data, to strategically maintain existing or implement new information systems, or to protect our proprietary rights to our systems, our business may be materially adversely affected.

Our business depends significantly on effective information systems and the integrity and timeliness of the data we use to run our business. Our business strategy involves providing members and providers with easy to use products that leverage our information to meet their needs. Our ability to adequately price our products and services, provide effective and efficient service to our customers, develop new and innovative products and services (including enhanced technologies that improved connectivity across products and meet consumer expectations for engaging in their health care), automate and deploy new technologies to simplify administrative processes and clinical decision making, provide timely payments to care providers, drive administrative and operational efficiencies, and timely and accurately report our financial results depends significantly on the performance of, and integrity of the data, in our information systems. These systems require an ongoing commitment of significant resources to maintain, protect, and enhance existing systems and develop and integrate new systems, including systems powered by or incorporating artificial intelligence and machine learning (including generative AI) (AI/ML), to keep pace with continuing changes in information processing technology, evolving industry and regulatory standards, and changing customer preferences, and even with such resources there is no assurance that we will be able to do so. If the information we rely upon to run our businesses was found to be inaccurate, or unreliable, or biased, if we fail to improve service levels or maintain the integrity of our data, or if we fail to effectively maintain our information systems and data integrity, develop and integrate new systems (including systems powered by or incorporating AI/ML), or if our use of AI/ML technologies were to result in inaccuracies, biases or errors, we could have operational disruptions, problems in determining medical cost estimates and establishing appropriate pricing, customer and health care provider disputes, reputational challenges, regulatory or other legal problems, obstacles (including potential investigations and enforcement), difficulty preventing and detecting fraud, have increases in operating expenses, difficulty driving administrative or operational efficiencies to enhance our operations and reduce costs, loss of existing customers, difficulty in attracting new customers, or other adverse consequences, each of which may result in a material adverse effect on our results of operations, financial position, and cash flows.

We depend on independent third parties for significant portions of our systems-related support, equipment, facilities, and certain data, including data center operations, data network, voice communication services and pharmacy data processing. This dependence makes our operations vulnerable to such third parties' failure to perform adequately under the contract, due to internal or external factors. A change in service providers could result in a decline in service quality and effectiveness or less favorable contract terms which may adversely affect our operating results.

We rely on our agreements with customers and service providers, confidentiality agreements with employees, and our trade secrets and copyrights to protect our proprietary rights. These legal protections and precautions may not prevent misappropriation of our proprietary information. The misappropriation of our proprietary information could hinder our ability to market and sell products and services and may result in a material adverse effect on our results of operations, financial position and cash flows.

If we, and the third-party service providers on whom we rely, are unable to defend our information technology systems against cybersecurity attacks, contain such attacks when they occur, or prevent other privacy or data security incidents that result in security breaches that disrupt our operations or in the unintentional dissemination of sensitive personal information or proprietary or confidential information, we could be exposed to significant regulatory fines or penalties, liability or reputational damage, or experience a material adverse effect on our results of operations, financial position, and cash flows.

In the ordinary course of our business, we process, store and transmit large amounts of data, and rely on third-party service providers to do the same, including sensitive protected personal information subject to privacy, security or data breach notification laws, as well as proprietary or confidential information relating to our business or a third-party with which we do business. We have been, and will likely continue to be, regular targets of attempted cybersecurity attacks and other security threats and may be, and have been, subject to breaches of our information technology systems, including breaches of the information technology systems of third-party service providers. Although the impact of such attacks has not been material to our operations or results of operations, financial position, or cash flow through December 31, 2023 December 31, 2024, we can provide no assurance that we will be able to detect, prevent, or contain the effects of such cybersecurity attacks or other information security risks or threats, or that such an attack will not be material to our business, in the future. Further, because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and are increasing in sophistication, in part due to use of evolving AI/ML technologies (including generative AI), and because our businesses are changing as well, we may be unable to anticipate these techniques and threats, detect data security incidents or implement adequate preventive measures. A cybersecurity attack may penetrate our layered security controls and lead to the misappropriation of or compromise of sensitive protected personal information or proprietary or confidential information, create system disruptions, cause shutdowns, or deploy viruses, ransomware, and other malicious software programs that attack our systems. systems or those of our third-party service providers. A cybersecurity attack that bypasses our information technology systems, or the security of our third-party service providers, could materially affect us due to the theft, destruction, loss, misappropriation or release of confidential information or intellectual property, operational or business delays resulting from the disruption of our IT systems, extortion attempts, or negative publicity resulting in reputation or brand damage with our members, customers, providers, and other stakeholders.

The costs to detect, prevent, eliminate or address cybersecurity threats and vulnerabilities before or after an incident could be substantial. Our remediation efforts may not be successful and could result in interruptions, delays, or cessation of service, and loss of existing or potential members. In addition, breaches of our security measures or the security measures of third-party service providers, and the unauthorized dissemination of sensitive protected personal information or proprietary or confidential information about us or our members customers or other third-parties, can expose our associates' or members' customers' private information and result in the risk of financial or medical identity theft, or expose us or other third-parties to a risk of loss or misuse of this information, result in significant regulatory fines or penalties, litigation and potential liability for us, damage our brand and reputation, or otherwise harm our business.

We are involved in various legal actions and governmental and internal investigations, any of which, if resolved unfavorably to us, could result in substantial monetary damages or changes in our business practices. Increased litigation and negative publicity could increase our cost of doing business.

We are or may become a party to a variety of legal actions that affect our business, including breach of contract actions, employment compensation and other labor and employment practice suits, employee benefit claims, stockholder suits and other securities laws claims, intellectual and other property claims, and tort claims.

In addition, because of the nature of the health care business, we are subject to a variety of legal actions relating to our business operations, including the design, management, and offering of products and services. These include and could include in the future: claims relating to the methodologies for calculating premiums; claims relating to the denial of health care benefit payments; claims relating to the denial or rescission of insurance coverage; challenges to the use of some software products used in administering claims; claims relating to our administration of our Medicare Part D offerings; medical malpractice actions brought against our employed providers or affiliated physician-owned professional groups, or against our health plans based on our medical necessity decisions or brought against us on the theory that we are liable for a third-party providers' alleged malpractice; claims arising from any adverse medical consequences resulting from our recommendations about the appropriateness of providers' proposed medical treatment plans for patients; allegations of anti-competitive and unfair business activities; provider disputes over compensation or non-acceptance or termination of provider contracts; false claims litigation, such as qui tam lawsuits, brought by individuals who seek to sue on behalf of the government, alleging that we, as a government contractor, submitted false claims to the government or retained overpayments from the government, among other allegations, resulting from coding and review practices under the Medicare risk-adjustment model; claims related to the failure to disclose some business practices; claims relating to customer audits and contract performance; claims relating to dispensing of drugs associated with our in-house dispensing pharmacies; and professional liability claims arising out of the delivery of healthcare and related services to the public.

In some cases, substantial non-economic or punitive damages as well as treble damages under the federal False Claims Act, Racketeer Influenced and Corrupt Organizations Act and other statutes may be sought.

While we currently have insurance coverage for some of these potential liabilities, other potential liabilities may not be covered by insurance, insurers may dispute coverage, or the amount of our insurance may not be enough to cover the damages awarded. In addition, some types of damages, like punitive damages, may not be covered by insurance. In some jurisdictions, coverage of punitive damages is prohibited. Insurance coverage for all or some forms of liability may become unavailable or prohibitively expensive in the future.

The health benefits industry continues to receive significant negative publicity reflecting the public perception of the industry. This publicity and perception have been accompanied by increased litigation, including some large jury awards, legislative activity, regulation, and governmental review of industry practices. These factors may materially adversely affect our ability to market our products or services, may require us to change our products or services or otherwise change our business practices, may increase the regulatory burdens under which we operate, and may require us to pay large judgments or fines. Any combination of these factors could further increase our cost of doing business and adversely affect our results of operations, financial position, and cash flows.

See "Legal Proceedings and Certain Regulatory Matters" in Note 17 to the audited Consolidated Financial Statements included in Item 8. - Financial Statements and Supplementary Data. We cannot predict the outcome of these matters with certainty.

As a government contractor, we are exposed to risks that may materially adversely affect our business or our willingness or ability to participate in government health care programs.

A significant portion of our revenues relates to federal and state government health care coverage programs, including the Medicare, military services, and Medicaid programs. These programs accounted for approximately 91% 94% of our total premiums and services revenue for the year ended December 31, 2023 December 31, 2024. These programs involve various risks, as described further below.

- At December 31, 2023 December 31, 2024, under our contracts with CMS we provided health insurance coverage to approximately 851,300 924,800 individual Medicare Advantage members in Florida. These contracts accounted for approximately 14% of our total premiums and services revenue for the year ended December 31, 2023 December 31, 2024. The loss of these and other CMS contracts (which are generally renewed annually) or significant changes in the Medicare Advantage and Prescription Drug Plan programs as a result of legislative or regulatory action, including changes to the Part D prescription drug benefit design (such as the changes to plan sponsor liability across the different Part D coverage phases that will apply beginning in plan year 2025) or reductions in premium payments to us or increases in member benefits or changes to 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.
- Our military services business, which accounted for approximately 1% of our total premiums and services revenue for the year ended December 31, 2023 December 31, 2024, primarily consisted of the TRICARE T2017 East Region contract. The We delivered services under the T2017 East Region contract comprises 32 states and covers approximately 6.0 million TRICARE beneficiaries, under which delivery of health care services commenced from commencement on January 1, 2018 through expiration on December 31, 2024. The T2017 East Region contract which was originally set to expire on December 31, 2022, was subsequently extended by the United States Department of Defense, or DoD, comprised 32 states and is currently scheduled to expire on December 31, 2024 unless further extended. approximately 6 million TRICARE beneficiaries. 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 contract commenced on January 1, 2025 and comprises 24 states, and Washington D.C., and covers approximately 4.6 million 4.6 million beneficiaries. The transition period for the T-5 contract began in January 2024 and will overlap overlapped the final year of the T2017 contract. The T-5 East Region contract includes certain provisions pursuant to which we have guaranteed certain discounts to expected costs over the life length of the contract. The loss 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 the T2017 or T-5 East Region contracts, should either occur, or our failure to deliver nine years.

  on the contractually agreed discounts, may have a material adverse effect on our results of operations, financial position, and cash flows.

- 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 (BBA) and the Benefits Improvement and Protection Act of 2000 (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 (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 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 confirmed its intent to apply the Final RADV Rule, including the first application of extrapolated audit results to determine audit settlements without the use of a FFS Adjuster, to CMS and HHS-OIG RADV audits conducted for PY 2018 and subsequent years. years when it selected certain of Humana's MA contracts for PY 2018 RADV Audits. 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.

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.

- Our CMS contracts which cover members' prescription drugs under Medicare Part D contain provisions for risk sharing and certain payments for prescription drug costs for which we are not at risk. These provisions, certain of which are described below, affect our ultimate payments from CMS.
  The premiums from CMS are subject to risk corridor provisions which compare costs targeted in our annual bids to actual prescription drug costs, limited to actual costs that would have been incurred under the standard coverage as defined by CMS. Variances exceeding certain thresholds may result in CMS making additional payments to us or require us to refund to CMS a portion of the premiums we received (known as a "risk corridor"). We estimate and recognize an adjustment to premiums revenue related to the risk corridor payment settlement based upon pharmacy claims experience. The estimate of the settlement associated with these risk corridor provisions requires us to consider factors that may not be certain until CMS completes the applicable final payment year reconciliation, including member eligibility differences with CMS incurred allowable drug costs after rebates and other discounts, and low-income subsidy amounts.

  Reinsurance and low-income cost subsidies represent payments from CMS in connection with the Medicare Part D program for which we assume no risk. Reinsurance subsidies represent payments for CMS's portion of claims costs which exceed the member's out-of-pocket threshold, or the catastrophic coverage level. Low-income cost subsidies represent payments from CMS for all or a portion of the deductible, the coinsurance and co-payment amounts above the out-of-pocket threshold for low-income beneficiaries. Monthly prospective payments from CMS for reinsurance and low-income cost subsidies are based on assumptions submitted with our annual bid. A reconciliation and settlement of CMS's prospective subsidies against actual prescription drug costs we paid is made after the end of the applicable year.

  Settlement of the reinsurance and low-income cost subsidies as well as the risk corridor payment is based on a reconciliation made approximately 9 months after the close of each calendar year. This reconciliation process requires us to submit claims data necessary for CMS to administer the program. Our claims data may not pass CMS's claims edit processes due to various reasons, including discrepancies in eligibility or classification of low-income members. To the extent our data does not pass CMS's claim edit processes, we may bear the risk for all or a portion of the claim which otherwise may have been subject to the risk corridor provision or payment which we would have otherwise received as a low-income subsidy or reinsurance claim. In addition, in the event the settlement represents an amount CMS owes us, there is a negative impact on our cash flows and financial condition as a result of financing CMS's share of the risk. The opposite is true in the event the settlement represents an amount we owe CMS. Further, legislative or regulatory changes to how actual prescription drug costs are reported or calculated or other changes to the Part D prescription drug benefit design may lower reinsurance or low-income cost subsidies paid by CMS and may have a material adverse effect on our results of operations, financial position, or cash flows.

- Our primary care and home health solutions businesses derive a substantial portion of their revenues from third-party payors and directly from the federal and state governments through participation in fee-for-service Medicare. This concentration of revenues subjects these businesses to reductions in Medicare reimbursement rates or changes in the rules governing the Medicare program, including changes to

  CMS's risk adjustment model that may apply to our primary care business through its contracts with third-party payors. It is reasonably possible that such changes in reimbursement rates or changes to the Medicare programs in which our primary care and home health business participate may have a material adverse effect on our results of operations, financial position, or cash flows.

- We are subject to various other governmental audits and investigations. Under state laws, our HMOs and health insurance companies are audited by state departments of insurance for financial and contractual compliance. Our HMOs are audited for compliance with health services by state departments of health. Audits and investigations, including audits of risk adjustment data, are also conducted by state attorneys general, CMS, HHS-OIG, the Office of Personnel Management, the Department of Justice, the Department of Labor, and the Defense Contract Audit Agency. All of these activities could result in the loss of licensure or temporary or permanent exclusion from participating in various government health care programs (such as Medicare and Medicaid), including a limitation on our ability to market or sell products, the imposition of fines, penalties and other civil and criminal sanctions, or changes in our business practices. The outcome of any current or future governmental or internal investigations cannot be accurately predicted, nor can we predict any resulting penalties, fines or other sanctions that may be imposed at the discretion of federal or state regulatory authorities. Nevertheless, it is reasonably possible that any such outcome of litigation, penalties, fines 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. Certain of these matters could also affect our reputation. In addition, disclosure of any adverse investigation or audit results or sanctions could negatively affect our industry or our reputation in various markets and make it more difficult for us to sell our products and services.

Our business activities are subject to substantial government regulation. New laws or regulations, or legislative, judicial, or regulatory changes in existing laws or regulations or their manner of application could increase our cost of doing business and may have a material adverse effect on our results of operations, or cash flows.

New Laws or Regulations, or Future Legislative, Judicial or Regulatory Changes

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 Patient Protection and Affordable Care Act and The Health Care and Education Reconciliation Act of 2010 (which we collectively refer to as the Health Care Reform Law), the Families First Coronavirus Response Act (the

“Families “Families First Act”), the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), and the Inflation Reduction Act of 2022 (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 commercial medical insurance, 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, 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, market and sell our products, or otherwise operate our business, or restrictions on profitability, including reviews by regulatory bodies that may compare our Medicare Advantage business 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, further restrictions on service arrangements and fee payments between intercompany or vertically-integrated assets, 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) 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.

Additionally, potential legislative changes or judicial determinations, including activities to repeal or replace these laws and regulations, including the Health Care Reform Law or declare all or certain portions of these laws and regulations unconstitutional or contrary to law, create uncertainty for our business, and we cannot predict when, or in what form, such legislative changes or judicial determinations may occur.

Health Insurance Portability and Accountability Act (HIPAA) and the Health Information Technology for Economic and Clinical Health Act (HITECH Act)

The use of individually identifiable health data by our business is regulated at federal and state levels. These laws and rules are changed frequently by legislation or administrative interpretation. Various state laws address the use and maintenance of individually identifiable health data. Most are derived from the privacy provisions in the federal Gramm-Leach-Bliley Act and the Health Insurance Portability and Accountability Act, or HIPAA. HIPAA includes administrative provisions directed at simplifying electronic data interchange through standardizing transactions, establishing uniform health care provider, payer, and employer identifiers, and seeking protections for the confidentiality and security of patient data. The rules do not provide for complete federal preemption of state laws, but rather preempt all inconsistent state laws unless the state law is more stringent. These regulations set standards for the security of electronic health information, including requirements that insurers provide customers with notice regarding how their non-public personal information is used, including an opportunity to "opt out" of certain disclosures.

The HITECH Act, one part of the American Recovery and Reinvestment Act of 2009, significantly broadened and strengthened the scope of the privacy and security regulations of HIPAA and imposes additional limits on the use and disclosure of protected health information, or PHI. Among other requirements, the HITECH Act and HIPAA requires us and other covered entities to report any unauthorized release or use of or access to PHI to any impacted individuals and to HHS in those instances where the unauthorized activity poses a significant risk of financial, reputational or other harm to the individuals, and to notify the media in any states where 500 or more people are impacted by any unauthorized release or use of or access to PHI, requires business associates to comply with certain provisions of the HIPAA privacy and security rule, and grants enforcement authority to state attorneys general in addition to the HHS Office of Civil Rights.

In addition, there are numerous federal and state laws and regulations addressing patient and consumer privacy concerns, including unauthorized access or theft of personal information. State statutes and regulations vary from state to state and could impose additional penalties. Violations of HIPAA or applicable federal or state laws or regulations could subject us to significant criminal or civil penalties, including significant monetary penalties. Compliance with HIPAA and other privacy regulations requires significant systems enhancements, training and administrative effort. HIPAA can also expose us to additional liability for violations by our business associates (e.g., entities that provide services to health plans and providers).

Corporate Practice of Medicine and Other Laws

As a corporate entity, Humana Inc. is not licensed to practice medicine. Many states in which we operate through our subsidiaries limit the practice of medicine to licensed individuals or professional organizations comprised of licensed individuals, and business corporations generally may not exercise control over the medical decisions of physicians. Statutes and regulations relating to the practice of medicine, fee-splitting between physicians and referral sources, and similar issues vary widely from state to state. Under management agreements between certain of our subsidiaries and affiliated physician-owned professional groups, these groups retain sole responsibility for all medical decisions, as well as for hiring and managing physicians and other licensed healthcare providers, developing operating policies and procedures, implementing professional standards and controls, and maintaining malpractice insurance. We believe that our health services operations comply with applicable state statutes regarding corporate practice of medicine, fee-splitting, and similar issues. However, any enforcement actions by governmental officials alleging non-compliance with these statutes, which could subject us to penalties or restructuring or reorganization of our business, may result in a material adverse effect on our results of operations, financial position, or cash flows.

Anti-Kickback, Physician Self-Referral, and Other Fraud and Abuse Laws

We are subject to various federal and state healthcare fraud and abuse laws including the federal False Claims Act (the “False Claims Act”), the federal anti-kickback statute (the “Anti-Kickback Statute”), the federal “Stark Law,” and related state laws. Potential sanctions for violating these laws include recoupment or reduction of government reimbursement amounts, civil penalties, treble damages, and exclusion from participating in the Medicare and Medicaid programs or other government healthcare programs. The False Claims Act prohibits knowingly submitting, conspiring to submit, or causing to be submitted, false claims, records, or statements to the federal government, or intentionally failing to return overpayments, in connection with reimbursement by federal government programs. The Anti-Kickback Statute prohibits the offer, payment, solicitation, or receipt of any form of remuneration to induce, or in return for, the referral of business under Medicare or other governmental health program. The Stark Law prohibits physicians from referring Medicare or Medicaid beneficiaries for certain services to any entity with which the physician, or an immediate family member of the physician, has a financial relationship, unless the financial relationship fits within a permissible exception.

Many states also have enacted laws similar in scope and purpose to the Anti-Kickback Statute and, in more limited instances, the Stark Law, that are not limited to services for which Medicare or Medicaid payment is made. In addition, most states have statutes, regulations, or professional codes that restrict a physician from accepting various kinds of remuneration in exchange for making referrals. These laws vary from state to state and have seldom been interpreted by the courts or regulatory agencies. In states that have enacted these statutes, we believe that regulatory authorities and state courts interpreting these statutes may regard federal law under the Anti-Kickback Statute and the Stark Law as persuasive.

We believe that our operations comply with the Anti-Kickback Statute, the Stark Law, and similar federal or state laws addressing fraud and abuse. These laws are subject to modification and changes in interpretation, and are enforced by authorities vested with broad discretion. We continually monitor developments in this area. If these laws are interpreted in a manner contrary to our interpretation or are reinterpreted or amended, or if new legislation is enacted with respect to healthcare fraud and abuse, illegal remuneration, or similar issues, we may be required to restructure our affected operations to maintain compliance with applicable law. There can be no assurances that any such restructuring will be possible or, if possible, would not have a material adverse effect on our results of operations, financial position, or cash flows.

State Regulation of our Products and Services

Laws in each of the states (and Puerto Rico) in which we operate our HMOs, PPOs and other health insurance-related services regulate our operations including: capital adequacy and other licensing requirements, policy language describing benefits, mandated benefits and processes, entry, withdrawal or re-entry into a state or market, rate increases, delivery systems, utilization review procedures, quality assurance, complaint systems, enrollment requirements, claim payments, marketing, and advertising. The HMO, PPO, and other health insurance-related products we offer are sold under licenses issued by the applicable insurance regulators.

Our licensed insurance subsidiaries are also subject to regulation under state insurance holding company and Puerto Rico regulations. These regulations generally require, among other things, prior approval and/or notice of new products, rates, benefit changes, and certain material transactions, including dividend payments, purchases or sales of assets, intercompany agreements, and the filing of various financial and operational reports.

Certain of our healthcare services businesses require a Certificate of Need, or CON, to operate in certain states. These states restrict the entry of new providers or services and the expansion of existing providers or services in their state through a CON process, which is periodically evaluated and updated as required by applicable state law.

To the extent that we require a CON or other similar approvals to expand our operations, our expansion could be adversely affected by our inability to obtain the necessary approval. To the extent laws in these CON states change, including the elimination of the CON requirement, the intangible value associated with these CONs may be impaired.

Any failure by us to manage acquisitions, divestitures and other significant transactions successfully may have a material adverse effect on our results of operations, financial position, and cash flows.

As part of our business strategy, we frequently engage in discussions with third parties regarding possible investments, acquisitions, divestitures, strategic alliances, joint ventures, and outsourcing transactions and often enter into agreements relating to such transactions in order to further our business objectives. In order to pursue our acquisition strategy successfully, we must identify suitable candidates for and successfully complete transactions, some of which may be large and complex, and manage post-closing issues such as the integration of acquired companies or employees. Integration and other risks can be more pronounced for larger and more complicated transactions, transactions outside of our core business space, or if multiple transactions are pursued simultaneously. The failure to successfully integrate acquired entities and businesses or failure to produce results consistent with the financial model used in the analysis of our transactions may cause asset write-offs, restructuring costs or other expenses and may have a material adverse effect on our results of operations, financial position, and cash flows. If we fail to identify and complete successfully transactions that further our strategic objectives, we may be required to expend resources to develop products and technology internally. In addition, from time to time, we evaluate alternatives for our businesses that do not meet our strategic, growth or profitability objectives, and we may divest or wind down such businesses. There can be no assurance that we will be able to complete any such divestiture on terms favorable to us, and the divestiture of certain businesses could result, individually or in the aggregate, in the recognition of material losses and a material adverse effect on our results of operations.

If we fail to develop and maintain satisfactory relationships with the providers of care to our members, our business may be adversely affected.

We employ or contract with physicians, hospitals and other providers to deliver health care to our members. Our products encourage or require our customers to use these contracted providers. A key component of our integrated care delivery strategy is to increase the number of providers who share medical cost risk with us or have financial incentives to deliver quality medical services in a cost-effective manner.

In any particular market, providers could refuse to contract with us, demand higher payments, or take other actions that could result in higher health care costs for us, less desirable products for customers and members or difficulty meeting regulatory or accreditation requirements. In some markets, some providers, particularly hospitals, physician specialty groups, physician/hospital organizations, or multi-specialty physician groups, may have significant market positions and negotiating power. In addition, physician or practice management companies, which aggregate physician practices for administrative efficiency and marketing leverage, may compete directly with us. If these providers refuse to contract with us, use their market position to negotiate unfavorable contracts with us or place us at a competitive disadvantage, or do not enter into contracts with us that encourage the delivery of quality medical services in a cost-effective manner, our ability to market products or to be profitable in those areas may be adversely affected.

In some situations, we have contracts with individual or groups of primary care providers for an actuarially determined, fixed fee per month to provide a basket of required medical services to our members. This type of contract is referred to as a "capitation" contract. The inability of providers to properly manage costs under these capitation arrangements can result in the financial instability of these providers and the termination of their relationship with us. In addition, payment or other disputes between a primary care provider and specialists with whom the primary care provider contracts can result in a disruption in the provision of services to our members or a reduction in the services available to our members. The financial instability or failure of a primary care provider to pay other providers for services rendered could lead those other providers to demand payment from us even though we have made our regular fixed payments to the primary provider. There can be no assurance that providers with whom we contract will properly manage the costs of services, maintain financial solvency or avoid disputes with other providers. Any of these events may have a material adverse effect on the provision of services to our members and our results of operations, financial position, and cash flows.

The success of our healthcare services businesses depends on our ability, and the ability of our affiliated physician-owned professional groups and management services organizations, to recruit, hire, acquire, contract with, and retain physicians, nurses and other medical professionals who are experienced in providing care services to older adults. The market to acquire or manage physician practices, and to employ or contract with individual physicians, nurses and other medical professionals is, and is expected to remain, highly competitive, and the performance of our healthcare services businesses may be adversely impacted if we, and our affiliated physician-owned professional groups and management services organizations, are unable to attract, maintain satisfactory relationships with, and retain physicians, nurses and other medical professionals, or if these businesses are unable to retain patients following the departure of a physician, nurses or other medical professional. In addition, our healthcare services businesses contract with competitors of our health benefits businesses, and these businesses could be materially impacted if they are unable to maintain relationships with these companies, or fail to adequately negotiate the terms of their contracts with these third-party payers, including the price and other terms of fixed fee (or capitated) agreements under which our primary care business assumes the risk that the actual cost of a basket of services provided to a patient exceeds the reimbursement provided by the health plan third-party payers.

We face significant competition in attracting and retaining talented employees. Further, managing succession for, and retention of, key executives is critical to our success, and our failure to do so could adversely affect our businesses, operating results and/or future performance.

Our success depends on our ability to attract, develop and retain qualified employees and executives, including those with diverse backgrounds, experiences and skill sets, to operate and expand our business. We face intense competition for qualified employees, and there can be no assurance that we will be able to attract and retain such employees or that such competition among potential employers will not result in increasing salaries. In addition, while we have development and succession plans in place for our key employees and executives, these plans do not guarantee the services of our key employees and executives will continue to be available to us. If we are unable to attract, develop, retain and effectively manage the development and succession plans for key employees and executives, our business, results of operations and future performance could be adversely affected.

Our pharmacy business is highly competitive and subjects us to regulations and distribution and supply chain risks in addition to those we face with our core health benefits businesses.

Our in-house dispensing pharmacy business competes with locally owned drugstores, retail drugstore chains, supermarkets, discount retailers, membership clubs, internet companies and other mail-order and long-term care pharmacies.

Our pharmacy business also subjects us to extensive federal, state, and local regulation. The practice of pharmacy is generally regulated at the state level by state boards of pharmacy. Many of the states where we deliver pharmaceuticals, including controlled substances, have laws and regulations that require out-of-state mail-order pharmacies to register with that state's board of pharmacy. Federal agencies further regulate our pharmacy operations, requiring registration with the U.S. Drug Enforcement Administration and individual state controlled substance authorities in order to dispense controlled substances. In addition, the FDA inspects facilities in connection with procedures to effect recalls of prescription drugs. The Federal Trade Commission also has requirements for mail-order sellers of goods. The U.S. Postal Service, or USPS, has statutory authority to restrict the transmission of drugs and medicines through the mail to a degree that may have an adverse effect on our mail-order operations. The USPS historically has exercised this statutory authority only with respect to controlled substances. If the USPS restricts our ability to deliver drugs through the mail, alternative means of delivery could be significantly more expensive. The U.S. Department of Transportation has regulatory authority to impose restrictions on drugs inserted in the stream of commerce. These regulations generally do not apply to the USPS and its operations. In addition, we are subject to CMS rules regarding the administration of our PDP plans and intercompany pricing between our PDP plans and our pharmacy business.

We are also subject to risks inherent in the packaging and distribution of pharmaceuticals and other health care products, including the application of state laws and regulations related to the operation of internet and mail-order pharmacies, violations of which could expose us to civil and criminal penalties, and manufacturing, distribution or other supply chain disruptions (including disruptions that occur as a result of catastrophes, including acts of terrorism, public health emergencies, epidemics or pandemics (such as COVID-19), or natural disasters (such as hurricanes and earthquakes) which could occur more frequently or with more intense effects as a result of the impacts of global climate change), each of which could impact the availability or cost of supplying of such products.

Changes in the prescription drug industry pricing benchmarks may adversely affect our financial performance.

Contracts in the prescription drug industry generally use certain published benchmarks to establish pricing for prescription drugs. These benchmarks include average wholesale price, which is referred to as "AWP," average selling price, which is referred to as "ASP," and wholesale acquisition cost. It is uncertain whether payors, pharmacy providers, pharmacy benefit managers, or PBMs, and others in the prescription drug industry will continue to utilize AWP as it has previously been calculated, or whether other pricing benchmarks will be adopted for establishing prices within the industry. Legislation may lead to changes in the pricing for Medicare and Medicaid programs. Regulators have conducted investigations into the use of AWP for federal program payment, and whether the use of AWP has inflated drug expenditures by the Medicare and Medicaid programs. Federal and state proposals have sought to change the basis for calculating payment of certain drugs by the Medicare and Medicaid programs. Adoption of ASP in lieu of AWP as the measure for determining payment by Medicare or Medicaid programs for the drugs sold in our in-house dispensing pharmacy business may reduce the revenues and gross margins of this business which may result in a material adverse effect on our results of operations, financial position, and cash flows.

Our ability to obtain funds from certain of our licensed subsidiaries is restricted by state insurance regulations.

Because we operate as a holding company, we are dependent upon dividends and administrative expense reimbursements from our subsidiaries to fund the obligations of Humana Inc., our parent company. Certain of our insurance subsidiaries operate in states that regulate the payment of dividends, loans, administrative expense reimbursements or other cash transfers to Humana Inc., 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 insurance 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. In most states, prior notification is provided before paying a dividend even if approval is not required. Actual dividends paid may vary due to consideration of excess statutory capital and surplus and expected future surplus requirements related to, for example, premium volume and product mix. Dividends from our non-insurance companies such as in our CenterWell segment are generally not restricted by Departments of Insurance. In the event that we are unable to provide sufficient capital to fund the obligations of Humana Inc., our results of operations, financial position, and cash flows may be materially adversely affected.

Downgrades in our debt ratings, should they occur, may adversely affect our business, results of operations, and financial condition.

Claims paying ability, financial strength, and debt ratings by recognized rating organizations are an increasingly important factor in establishing the competitive position of insurance companies. Ratings information is broadly disseminated and generally used throughout the industry. Historically, rating agencies take action to lower ratings due to, among other things, perceived concerns about liquidity or solvency, the competitive environment in the insurance industry, the inherent uncertainty in determining reserves for future claims, the outcome of pending litigation and regulatory investigations, and possible changes in the methodology or criteria applied by the rating agencies. Each of the rating agencies reviews its ratings periodically and there can be no assurance that current ratings will be maintained in the future. Our ratings reflect each rating agency's opinion of our financial strength, operating performance, and ability to meet our debt obligations or obligations to policyholders, but are not evaluations directed toward the protection of investors in our common stock and should not be relied upon as such.

We believe that certain of our customers place importance on our claims paying ability, financial strength, and debt ratings, and we may lose customers and compete less successfully if our ratings were to be downgraded. In addition, our credit ratings impact our ability to obtain future borrowings and investment capital on favorable terms. If our credit ratings were to be lowered, our cost of borrowing likely would increase, our sales and earnings could decrease, and our results of operations, financial position, and cash flows may be materially adversely affected.

Volatility or disruption in the securities and credit markets, including changes in interest rates, may significantly and adversely affect the value of our investment portfolio and the investment income that we derive from this portfolio.

Ongoing volatility or disruption in the securities and credit markets, including changes in interest rates, may significantly and adversely affect the value of our significant investment portfolio and the investment income that we derive from this portfolio. We evaluate our investment securities for impairment on a quarterly basis. This review is subjective and requires a high degree of judgment. For the purpose of determining gross realized gains and losses, the cost of investment securities sold is based upon specific identification. For debt securities held, we recognize an impairment loss in income when the fair value of the debt security is less than the carrying value and we have the intent to sell the debt security or it is more likely than not that we will be required to sell the debt security before recovery of our amortized cost basis, or if a credit loss has occurred. When we do not intend to sell or are not required to sell a security in an unrealized loss position, potential credit related impairments are considered using a variety of factors, including the extent to which the fair value has been less than cost, adverse conditions specifically related to the industry, geographic area or financial condition of the issuer or underlying collateral of a security; payment structure of the security; changes in credit rating of the security by the rating agencies; the volatility of the fair value changes; and changes in fair value of the security after the balance sheet date. For debt securities, we take into account expectations of relevant market and economic data. We continuously review our investment portfolios and there is a continuing risk that declines in fair value may occur and additional material realized losses from sales or credit related impairments may be recorded in future periods.

We believe our cash balances, investment securities, operating cash flows, and funds available under our credit agreement 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. However, continuing adverse securities and credit market conditions may significantly affect the availability of credit. While there is no assurance in the current economic environment, we have no reason to believe the lenders participating in our credit agreement will not be willing and able to provide financing in accordance with the terms of the agreement.

Our access to additional credit will depend on a variety of factors such as market conditions, the general availability of credit, both to the overall market and our industry, our credit ratings and debt capacity, as well as the possibility that customers or lenders could develop a negative perception of our long or short-term financial prospects. Similarly, our access to funds could be limited if regulatory authorities or rating agencies were to take negative actions against us. If a combination of these factors were to occur, we may not be able to successfully obtain additional financing on favorable terms or at all.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Risk Management and Strategy

In the ordinary course of our business, we process, store and transmit large amounts of data, and rely on third-party service providers to do the same, including sensitive personal information as well as proprietary or confidential information relating to our business or a third-party. third-party with which we do business. The protection of information and business processes is an integrated component in our overall risk management program, and reflected in our Code of Ethics, security standards, and privacy policies. We employ processes to safeguard information and protect our members' customers' data, including by deploying both proactive and defensive practices against the evolving cyber threat landscape. Examples of these processes include:

a. Employing a qualified Chief Information Security Officer.
b. Maintaining tools to identify malicious cyber activity.

c. Monitoring risks posed by threat actors, including through partnerships with industry groups and government agencies.

d. Providing annual cybersecurity training to our associates.

e. Testing our associates' knowledge through internal phishing simulations.

f. Engaging an independent third-party audit firm to perform an Annual Service Organizational Controls (SOC) 2 audit of enterprise claims platforms.

g. Reporting data breaches, as required by law, to the U.S. Department of Health and Human Services (HHS), Office for Civil Rights (OCR), and various state agencies; our reports are publicly available, free of charge, and can be obtained through the OCR Portal at https://ocrportal.hhs.gov/ocr/breach.

h. Maintaining a program to identify cybersecurity risks associated with certain third party third-party vendors, which is one component of an overall vendor risk management program.

We also enhance our information technology infrastructure and security protocols to assess, identify, protect against, and manage material risks from cybersecurity threats following a risk-based approach. In addition, we conduct cybersecurity risk assessments at least annually, and periodically engage an independent auditor or other external assessors to aid in pro-active risk identification, prevention, detection, mitigation, and remediation. Our efforts to manage against cybersecurity threats are further guided by Federal and state laws, as well as contractual commitments with third parties, which regulate our collection, use and disclosure of confidential information such as protected health information and personally identifiable information.

Although we have been subject to breaches of our information technology systems, including breaches of the information technology systems of third-party service providers, the impact of such attacks has not been material to our business strategy, operations or results of operations, financial position, or cash flows through December 31, 2023 December 31, 2024. We do not believe that cybersecurity threats resulting from any previous cybersecurity incidents of which we are aware are reasonably likely to materially affect the Company. For additional information on the risks we face from cybersecurity threats, please refer to Part I, Item 1A, "Risk Factors" of this Form 10-K.

Governance

As part of its overall responsibility for oversight of our enterprise risk management, our Board of Directors reviews material risks to our Company, including risks from cybersecurity threats. The Board has designated our Audit Committee and Technology Committee with joint oversight over our information technology internal controls, cybersecurity, business continuity and disaster recovery programs.

Management is responsible for designing and implementing our governance framework and controls for managing our material risks from cybersecurity threats, under the oversight of our Board of Directors. Our Chief Information Security Officer is responsible for assessing and managing identified cybersecurity risks, and evaluating and remediating cybersecurity incidents, and sharing information directly with the Audit Committee and Technology Committee, or full Board of Directors, when appropriate. Our Chief Information Security Officer reports to our

Chief Information Officer, who is in turn responsible for the management of Humana's data and information technology risks more generally. Our Chief Information Officer is a senior executive and industry leader with more than two decades of experience leading technology teams in risk management practices in highly large, regulated fields. industries. Our Chief Information Security Officer is an experienced cybersecurity executive and leader in the field, with many years of relevant experience working in highly regulated industries.

Among our cybersecurity and risk teams, we utilize established governance mechanisms to enable a transparent and holistic approach to cybersecurity risk management, and the evaluation and remediation of cybersecurity incidents. These processes enable cross-functional engagement from our enterprise information protection, enterprise risk management, enterprise compliance, information technology, legal, privacy, and data governance teams.

As a key component of this governance framework, the Audit Committee and Technology Committee also receive regular updates regarding our cybersecurity program and cybersecurity incidents from our Chief Information Security Officer.

ITEM 2. PROPERTIES

Our principal executive office is located in the Humana Building, 500 West Main Street, Louisville, Kentucky 40202. In addition to the headquarters in Louisville, Kentucky, we maintain other principal operating facilities used for customer service, enrollment, and/or claims processing and certain other corporate functions in Louisville, Kentucky; Green Bay, Wisconsin; Tampa, Florida; Cincinnati, Ohio; San Antonio, Texas; San Juan, Puerto Rico; and Austin, Texas.

We owned or leased numerous medical centers and administrative offices at December 31, 2023 December 31, 2024. The medical centers we operate are primarily located in Florida and Texas, including full-service, multi-specialty medical centers staffed by primary care providers and medical specialists. Of these medical centers, approximately 324 378 of these facilities are leased or subleased to our contracted providers to operate.

ITEM 3. LEGAL PROCEEDINGS

We are party to a variety of legal actions in the ordinary course of business, 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 disputes, qui tam litigation brought by individuals seeking to sue on behalf of the government, failure to disclose network discounts and various other provider arrangements, general contractual matters, intellectual property matters, and challenges to subrogation practices. For a discussion of our material legal actions, including those not in the ordinary course of business, see "Legal Proceedings and Certain Regulatory Matters" in Note 17 to the audited Consolidated Financial Statements included in Item 8. – Financial Statements and Supplementary Data. We cannot predict the outcome of these suits with certainty.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock trades on the New York Stock Exchange under the symbol HUM.

Holders of our Capital Stock

As of January 31, 2024 January 31, 2025, there were 1,602 1,511 holders of record of our common stock and 637,767 629,228 beneficial holders of our common stock. stock.

Dividends

The following table provides details of dividend payments, excluding dividend equivalent rights, in 2022 2023 and 2023, 2024, under our Board approved quarterly cash dividend policy:

Record Date	Record Date	Payment Date	Amount per Share	Total Amount (in millions)	Record Date	Payment Date	Amount per Share	Total Amount (in millions)
2022 payments								
	12/31/2021							
	12/31/2021							
	12/31/2021	1/28/2022	$0.7000	$90				
	3/31/2022	4/29/2022	$0.7875	$100				
	6/30/2022	7/29/2022	$0.7875	$100				
	9/30/2022	10/28/2022	$0.7875	$100				
2023 payments								
	12/30/2022							
	12/30/2022							
	12/30/2022	1/27/2023	$0.7875	$98		1/27/2023	$0.7875	$98
3/31/2023	3/31/2023	4/28/2023	$0.8850	$111	3/31/2023	4/28/2023	$0.8850	$111
6/30/2023	6/30/2023	7/28/2023	$0.8850	$110	6/30/2023	7/28/2023	$0.8850	$110
9/29/2023	9/29/2023	10/27/2023	$0.8850	$109	9/29/2023	10/27/2023	$0.8850	$109
2024 payments								
	12/29/2023							
	12/29/2023							
	12/29/2023	1/26/2024	$0.8850	$108				
	3/29/2024	4/26/2024	$0.8850	$107				
	6/28/2024	7/26/2024	$0.8850	$106				
	9/30/2024	10/25/2024	$0.8850	$107				

In October 2023, 2024, the Board declared a cash dividend of $0.8850 per share payable on January 26, 2024 January 31, 2025 to stockholders of record on December 29, 2023 December 31, 2024 for an aggregate amount of $108 million $107 million. In February 2024, 2025, the Board declared a cash dividend of $0.885 $0.8850 per share payable on April 26, 2024 April 25, 2025 to stockholders of record on March 29, 2024 March 28, 2025. Declaration and payment of future quarterly dividends is at the discretion of our Board and may be adjusted as business needs or market conditions change.

Stock Total Return Performance

The following graph compares our total return to stockholders with the returns of the Standard & Poor's Composite 500 Index ("S&P 500") and the Dow Jones US Select Health Care Providers Index ("Peer Group") for the five years ended December 31, 2023 December 31, 2024. The graph assumes an investment of $100 in each of our common stock, the S&P 500, and the Peer Group on December 31, 2018 December 31, 2019, and that dividends were reinvested when paid.

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	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023
	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024
HUM						
S&P 500						
Peer Group						

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

Issuer Purchases of Equity Securities

The following table provides information about purchases by us during the three months ended December 31, 2023 December 31, 2024 of equity securities that are registered by us pursuant to Section 12 of the Exchange Act:

Period	Total Number of Shares Purchased (1)	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)
October 2023	220,245	$ 507.67	220,245	$ 1,917,683,190
November 2023	860,260	485.36	860,260	1,500,150,885
December 2023	—	—	—	1,500,150,885
Total	1,080,505		1,080,505	

Period	Total Number of Shares Purchased (1)	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)
October 2024	—	$ —	—	$ 2,926,243,841
November 2024	—	—	—	2,926,243,841
December 2024	—	—	—	2,926,243,841
Total	—	$ —	—	

(1) Excludes 0.2 million shares repurchased in connection with employee stock plans.

(2) On February 15, 2023 Effective February 16, 2024, the Board of Directors replaced the previous share February 2023 repurchase authorization of up to $3 billion (of which approximately $1 billion $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, 2026 February 15, 2027, which we refer to as the February 2023 2024 repurchase authorization. Our remaining repurchase authorization under the February 2023 repurchase authorization was $824 million $2.9 billion as of February 15, 2024 February 19, 2025.

ITEM 6. [Reserved]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For discussion of 2021 2022 items and year-over-year comparisons between 2022 2023 and 2021 2022 that are not included in this 2023 2024 Form 10-K, refer to "Item 7. – Management Discussion and Analysis of Financial Condition and Results of Operations" found in our Form 10-K for the year ended December 31, 2022 December 31, 2023, that was filed with the Securities and Exchange Commission on February 16, 2023 February 15, 2024.

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 We anticipate the exit from of this line of business will to be phased over finalized in the 18 first half of 2025.

Value Creation Initiatives and Impairment Charges

In order to 24 months following create capacity to fund growth and investment in our February Medicare Advantage business and further expansion of our healthcare services capabilities beginning in 2022, 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 of $281 million and $436 million in 2024 and 2023, announcement. respectively, primarily within operating costs in the consolidated statements of income.

Sale of Hospice The value creation initiative charges primarily relate to $256 million and Personal Care Divisions

On August 11, 2022, we completed the sale of a 60% interest$237 million in Gentiva (formerly Kindred) Hospice to Clayton, Dubilier & Rice, or CD&R, for cash proceeds of approximately $2.7 billion, net of cash disposed, including debt repayments from Gentiva Hospice to Humana of $1.9 billion. In asset impairments in 2024 and 2023, respectively, as well as $25 million and $199 million in severance charges in connection with the sale workforce optimization in 2024 and 2023, respectively.

In addition, we recognized a pre-tax gain, net recorded impairment charges of transaction $200 million, relating to indefinite-lived intangible assets, in 2024 and $91 million, including $55 million relating to indefinite-lived intangible assets, in 2023. The indefinite-lived intangible asset impairment charges were included within operating costs of $237 million, which was reported as a gain on sale of Gentiva Hospice in the accompanying our consolidated statements of income for with the year ended December 31, 2022. remaining impairment charges included within investment income.

Further, we recorded severance charges of $70 million in 2023 within operating costs in our consolidated statement of income as a result of our exit from the Employer Group Commercial Medical Products business.

COVID-19

The emergence and spread of the novel coronavirus, or COVID-19, beginning in the first quarter of 2020 has impacted our business. Initially during periods of increased incidences of COVID-19, a reduction in non-COVID-19 hospital admissions for non-emergent and elective medical care resulted in lower overall healthcare system utilization. At the same time, COVID-19 treatment and testing costs increased utilization. During 2022, we experienced lower overall utilization of the healthcare system than anticipated, as the reduction in COVID-19 utilization following the increased incidence associated with the Omicron variant outpaced the increase in non-COVID-19 utilization. The significant disruption in utilization during 2020 also impacted our ability to implement clinical initiatives to manage health care costs and chronic conditions of our members, and appropriately document their risk profiles, and, as such, significantly affected our 2021 revenue under the risk adjustment payment model for Medicare Advantage plans. Finally, changes in utilization patterns and actions taken in 2021 as a result of the COVID-19 pandemic, including the suspension of certain financial recovery programs for a period of time and shifting the timing of claim payments and provider capitation surplus payments, impacted our claim reserve development and operating cash flows for 2021.

The COVID-19 National Emergency declared in 2020 was terminated on April 10, 2023 and the Public Health Emergency expired on May 11, 2023.

Value Creation Initiatives and Impairment Charges

In order to create capacity to fund growth and investment in our Medicare Advantage business and further expansion of our healthcare services capabilities beginning in 2022, 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 of $436 million and $473 million in 2023 and 2022, respectively, within operating costs in the 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.

The value creation initiative charges primarily relate to $237 million and $248 million in asset impairments in 2023 and 2022, respectively, as well as $199 million and $116 million in severance charges in connection with workforce optimization in 2023 and 2022, respectively. The remainder of the 2022 charges primarily relate to external consulting fees.

During 2023, we also recorded severance charges of $70 million within operating costs in our consolidated statement of income as a result of our exit from the Employer Group Commercial Medical Products business and impairment charges of $91 million, including $55 million relating to indefinite-lived intangibles. The indefinite-lived intangibles impairment charges were included within operating costs in our consolidated statement of income with the remaining impairment charges included within investment income.

Business Segments

During December 2022, we realigned our businesses into two distinct segments: Insurance and CenterWell. The Insurance segment includes the businesses that were previously included in the Retail and Group and Specialty segments, as well as the Pharmacy Benefit Manager, or PBM, business which was previously included in the Healthcare Services segment. The CenterWell segment (formerly Healthcare Services) represents our payor-agnostic healthcare services offerings, including pharmacy solutions, primary care, and home solutions. In addition to the new segment classifications being utilized to assess performance and allocate resources, we believe this simpler structure will create greater collaboration across the Insurance and CenterWell businesses and will accelerate work that is underway to centralize and integrate operations within the organization. 2021 segment financial information was recast to conform to the 2022 presentation.

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 Our Chief Executive Officer, the Chief Operating Decision Maker, utilizes these segment groupings and results of each segment, measured by income (loss) from operations, to assess performance and allocate resources. resources primarily during our annual budget process and periodic forecast updates. For segment financial information, refer to Note 18 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

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 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, solutions, 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 Gentiva Hospice 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, solutions, 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

COVID-19 disrupted the pattern of our quarterly earnings and operating cash flows largely due to the temporary deferral of non-essential care which resulted in reductions in non-COVID-19 hospital admissions and lower overall healthcare system utilization during higher levels of COVID-19 hospital admissions. At the same time, during periods of increased incidences of COVID-19, COVID-19 treatment and testing costs increase.

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 standalone stand-alone PDP products affects the quarterly benefit ratio pattern. Beginning in 2025, changes to Part D under the Inflation Reduction Act are expected to increase risk-adjusted direct subsidies and cap members' out-of-pocket costs and as a result significantly impact seasonality and cost trends.

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 did not impact the Insurance segment benefit ratio for the year ended December 31, 2023 and increased the Insurance segment benefit ratio by 10 basis points for the year ended December 31, 2022 December 31, 2024 and did not impact the Insurance segment benefit ratio for the year ended December 31, 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 to 24 months following our February 2023 announcement. exit. The Employer Group Commercial Fully-Insured business did not impact the Insurance segment operating cost ratio for the year-ended December 31, 2024 and increased the Insurance segment operating cost ratio by 30 basis points and increased the Insurance segment operating cost ratio by 40 basis points for the years year ended December 31, 2023 and 2022, respectively.

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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 December 31, 2023 December 31, 2024, approximately 3,764,300 3,994,300 members, or 70% 71%, of our individual Medicare Advantage members were in value-based relationships under our integrated care delivery model, as compared to 3,175,500 3,764,300 members, or 70%, at December 31, 2022 December 31, 2023.

- On January 31, 2024, Centers for Medicare & Medicaid Services, or CMS, issued its preliminary 2025 Medicare Advantage and Part D payment rates and proposed policy changes, collectively, the Advance Notice. CMS has invited public comment on the Advance Notice before publishing final rates on or before April 1, 2024, or the Final Notice. In the Advance Notice, CMS estimates Medicare Advantage plans across the sector will, on average, experience a 0.16% decrease in benchmark funding based on proposals included therein. As indicated by CMS, its estimate excludes the impact of fee-for-service county rebasing/re-pricing since the related impact is dependent upon finalization of certain data, which will be available with the publication of the Final Notice. Based on our preliminary analysis using the same factors included in CMS' estimate, the components of which are detailed on CMS' website, we anticipate the proposals in the Advance Notice would result in a change to our benchmark funding that is approximately 160 basis points worse than our expectation of a flat rate environment. This difference is primarily due to the proposed effective growth rate restatements, which we did not anticipate in light of the higher medical cost trends experienced across the industry, as well as the negative impact of CMS' proposed normalization factors. As part of our typical engagement with the agency, we will provide actuarial data with respect to our concerns regarding these items. We will continue to analyze the Advance Notice and will draw upon our program expertise to provide CMS formal commentary on the impact of the Advance Notice and the related impact upon Medicare beneficiaries' quality of care, affordability, and service to its members through the Medicare Advantage program.

- Net income attributable to Humana was $1.2 billion, or $9.98 per diluted common share, and $2.5 billion, or $20.00 per diluted common share, in 2024 and $2.8 billion, or $22.08 per diluted common share, in 2023, and 2022, respectively. This comparison was significantly impacted by the gain on sale of Gentiva Hospice, put/call valuation adjustments associated with non-consolidating minority interest investments, transaction and integration costs, the change in the fair market value of publicly-traded equity securities, an accrued charge related to certain litigation expenses, charges associated with value creation initiatives, transaction and integration costs, impairment charges. charges and an accrual related to certain anticipated litigation expenses. 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 2023 2024 and 2022 2023 periods:

	2023	2022

	2024	2023
	(in millions)	
Consolidated income before income taxes and equity in net (losses) earnings:		
Gain on sale of Gentiva Hospice		
Gain on sale of Gentiva Hospice		
Gain on sale of Gentiva Hospice		
Consolidated income before income taxes and equity in net losses:		
Put/call valuation adjustments associated with our non-consolidating minority interest investments		
Put/call valuation adjustments associated with our non-consolidating minority interest investments		
Put/call valuation adjustments associated with our non-consolidating minority interest investments		
Transaction and integration costs		
Change in fair market value of publicly-traded equity securities		
Accrued charge related to certain anticipated litigation expenses		
Accrued charge related to certain anticipated litigation expenses		
Accrued charge related to certain anticipated litigation expenses		
Value creation initiatives		
Impairment charges		
Total		
	2023	
	2023	
	2023	2022
	2024	
	2024	
	2024	2023
Diluted earnings per common share:		
Gain on sale of Gentiva Hospice		
Gain on sale of Gentiva Hospice		
Gain on sale of Gentiva Hospice		
Put/call valuation adjustments associated with our non-consolidating minority interest investments		
Put/call valuation adjustments associated with our non-consolidating minority interest investments		
Put/call valuation adjustments associated with our non-consolidating minority interest investments		
Transaction and integration costs		
Change in fair market value of publicly-traded equity securities		
Accrual charge related to certain anticipated litigation expenses		
Accrued charge related to certain anticipated litigation expenses		
Accrued charge related to certain anticipated litigation expenses		
Accrued charge related to certain anticipated litigation expenses		
Value creation initiatives		
Impairment charges		
Net tax impact of transactions		
Total		

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, further restrictions on service arrangements and fee payments between intercompany or vertically-integrated assets, 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.

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, solutions, primary care, and home solutions, to our Insurance segment customers and are described in Note 18 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

Comparison of Results of Operations for 2023 2024 and 2022 2023

The following discussion primarily details our results of operations for the year ended December 31, 2023 December 31, 2024, or the 2023 2024 period, and the year ended December 31, 2022 December 31, 2023, or the 2022 2023 period.

Consolidated

					Change						
		2023		2022	Dollars		Percentage				2024
		(dollars in millions, except per common share results)								(dollars in millions, except per common share results)	
Revenues:											
Insurance premiums											
Insurance premiums											
Insurance premiums		$101,272	$	$87,712	$	$13,560	15.5	15.5	%	$ 112,104	$
Services:											
Services:											
Services:											
Insurance											
Insurance											
Insurance		1,000	850	850	150	150	17.6	17.6	%	966	
CenterWell	CenterWell	3,033	3,926	3,926	(893)	(893)	(22.7)	(22.7)	%	CenterWell	3,46
Total services revenue											
Total services revenue											
Total services revenue		4,033	4,776	4,776	(743)	(743)	(15.6)	(15.6)	%	4,431	
Investment income	Investment income	1,069	382	382	687	687	179.8	179.8	%	Investment income	1,22
Total revenues	Total revenues	106,374	92,870	92,870	13,504	13,504	14.5	14.5	%	Total revenues	117,76
Operating expenses:											
Benefits											
Benefits											
Benefits		88,394	75,690	75,690	12,704	12,704	16.8	16.8	%	100,664	
Operating costs	Operating costs	13,188	12,671	12,671	517	517	4.1	4.1	%	Operating costs	13,69
Depreciation and amortization											
Depreciation and amortization											
Depreciation and amortization		779	709	709	70	70	9.9	9.9	%	839	
Total operating expenses	Total operating expenses	102,361	89,070	89,070	13,291	13,291	14.9	14.9	%	Total operating expenses	115,19
Income from operations	Income from operations	4,013	3,800	3,800	213	213	5.6	5.6	%	Income from operations	2,56
Gain on sale of Gentiva Hospice		—		(237)	(237)		(100.0)	%			
Interest expense											
Interest expense											
Interest expense	Interest expense	493	401	401	92	92	22.9	22.9	%	660	

Other expense, net	Other expense, net	137	68	68	69	69	101.5	101.5	%	Other expense, net	18
Income before income taxes and equity in net losses	Income before income taxes and equity in net losses	3,383	3,568	3,568	(185)	(185)	(5.2)	(5.2)	%	Income before income taxes and equity in net losses	1,72
Provision for income taxes	Provision for income taxes	836	762	762	74	74	9.7	9.7	%	Provision for income taxes	41
Equity in net losses	Equity in net losses	(63)	(4)	(4)	59	59	1475.0	1475.0	%	Equity in net losses	(9
Net income	Net income	$ 2,484	$	$ 2,802	$	$ (318)	(11.3)	(11.3)	%	Net income	$ 1,214
Diluted earnings per common share	Diluted earnings per common share	$ 20.00	$	$ 22.08	$	$ (2.08)	(9.4)	(9.4)	%	Diluted earnings per common share	$ 9.98
Benefit ratio (a)	Benefit ratio (a)	87.3 %		86.3 %				1.0	%	Benefit ratio (a)	89.
Operating cost ratio (b)	Operating cost ratio (b)	12.5 %		13.7 %				(1.2)	%	Operating cost ratio (b)	11.
Effective tax rate	Effective tax rate	25.2 %		21.4 %				3.8	%	Effective tax rate	25.

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

(b) Represents total operating costs, excluding depreciation and amortization, as a percentage of total revenues less investment income.

Premiums Revenue

Consolidated premiums revenue increased $13.6 billion $10.8 billion, or 15.5% 10.7%, from $87.7 billion in the 2022 period to $101.3 billion in the 2023 period to $112.1 billion in the 2024 period primarily due to individual higher per member Medicare premiums as well as Medicare Advantage and state-based contracts membership growth and higher per member individual Medicare Advantage premiums. growth. These factors were partially offset by the year-over-year continued decline in stand-alone PDP membership, as well as a decline in membership associated with in our group commercial medical group Medicare Advantage and stand-alone PDP products, business as well as a result of our decision to exit the phase-out of COVID-19 sequestration relief in 2022. business.

Services Revenue

Consolidated services revenue decreased $0.7 billion increased $0.4 billion, or 15.6% 9.9%, from $4.8 billion in the 2022 period to $4.0 billion in the 2023 period to $4.4 billion in the 2024 period primarily due to higher revenues associated with growth in the divestiture primary care business, partially offset by the impact of the 60% ownership of Gentiva Hospice in August 2022. v28 risk model revision.

Investment Income

Investment income increased $0.7 billion $0.16 billion, or 179.8% 14.7%, from $0.4 billion in the 2022 period to $1.1 billion $1.07 billion in the 2023 period to $1.23 billion in the 2024 period primarily due to an increase in interest income on our debt securities as well as the net unfavorable mark to market impact of our publicly-traded equity securities during the 2022 period. securities.

Benefits Expense

Consolidated benefits expense increased $12.7 billion $12.3 billion, or 16.8% 13.9%, from $75.7 billion in the 2022 period to $88.4 billion in the 2023 period to $100.7 billion in the 2024 period. The consolidated benefit ratio increased 100 250 basis points from 86.3% in the 2022 period to 87.3% in the 2023 period to 89.8% in the 2024 period primarily due to investments the continued impact of elevated Medicare Advantage and state-based contracts medical cost trends in the 2024 period as well as lower favorable prior period medical claims reserve development. These factors were partially offset by the impact of the pricing and benefit design of our 2024 Medicare Advantage products, for 2023, higher than anticipated Medicare Advantage utilization trends, which further increased included a reduction in member benefits in response to the fourth quarter of 2023, driven by inpatient utilization, primarily for the months of November and December, and non-inpatient trends, predominately in the categories of physician, outpatient surgeries and supplemental benefits, as well as the net impact of continued individual Medicare Advantage growth following the 2023 Annual Election Period, or AEP, including a high proportion 2024 final rate notice and the initial emergence of age-ins, which typically have a higher benefits expense ratio initially than the average new member. These increases were partially offset by increased individual Medicare Advantage premiums, decreased average unit costs given the additional 20% payment on COVID-19 admissions during the Public Health Emergency, which expired on May 11, 2023, as well as higher favorable prior-period development medical cost trends in 2023. Further, the 2023 ratio year-over-year comparison continues to reflect a shift in line of business mix, with growth in individual Medicare Advantage and state-based contracts and other membership, which can carry a higher benefits expense benefit ratio.

Consolidated benefits expense included $701 million of favorable prior-period medical claims reserve development in the 2024 period and $872 million of favorable prior-period medical claims reserve development in the 2023 period and $415 million of favorable prior-period medical claims reserve development in the 2022 period. Prior-period medical claims reserve development decreased the consolidated benefit ratio by approximately 90 60 basis points in the 2023 2024 period and decreased the consolidated benefit ratio by approximately 50 90 basis points in the 2022 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 $0.5 billion, or 4.1% 3.9%, from $12.7 billion in the 2022 period to $13.2 billion in the 2023 period to $13.7 billion in the 2024 period. The consolidated operating cost ratio decreased 120 70 basis points from 13.7% in the 2022 period to 12.5% in the 2023 period to 11.8% in the 2024 period. The ratio decrease was primarily due to the divestiture of the 60% ownership of Gentiva Hospice in August 2022, which carried a significantly higher operating cost ratio compared to the historical consolidated operating cost ratio, scale efficiencies associated with growth in individual Medicare Advantage membership, administrative cost efficiencies resulting from our value creation initiatives, a lesser impact of commission expense for brokers in the 2024 period compared to the 2023 period as a result of our significant individual Medicare Advantage membership growth in 2023, a lesser impact from charges related to value creation initiatives in the 2024 period compared to the 2023 period, as well as the impact of the accrued charge related to certain anticipated litigation expenses in the 2023 period. These factors were partially offset by significantly reduced compensation accruals in the 2023 for period related to the annual incentive plan offered to employees across all levels of the company in accordance with plan requirements, as our 2023 performance was negatively impacted by the previously-discussed higher higher-than-anticipated Medicare Advantage utilization trends. These factors were partially offset by an trends, as well as higher impairment costs in the 2024 period.

increase in commissions for brokers related to the individual Medicare Advantage membership growth in 2023, the impact of accelerated charges related to value creation initiatives in 2023 compared to 2022, impairment charges expensed in 2023, the phase-out of COVID-19 sequestration relief in 2022, and an accrual recorded in 2023 related to certain anticipated litigation expenses.

Depreciation and Amortization

Depreciation and amortization increased $70 million $60 million, or 9.9% 7.7%, from $709 million in the 2022 period to $779 million in the 2023 period to $839 million in the 2024 period primarily due to capital expenditures.

Interest Expense

Interest expense increased $92 million $167 million, or 22.9% 33.9%, from $401 million in the 2022 period to $493 million in the 2023 period to $660 million in the 2024 period primarily due to an increase in interest rates and higher average interest cost on outstanding borrowings. debt balances.

Income Taxes

Our effective tax rate during was 25.5% and 25.2% for the 2024 period and 2023 was 25.2% compared to the effective tax rate of 21.4% in 2022. period, respectively. The year-over-year increase in the effective income tax rates rate is primarily due to the favorable adjustment in relation to tax basis over book basis for the sale of Gentiva Hospice recognized in 2022, which resulted in book income in excess of taxable gain, an increase in our federal and state audit reserves for 2023, as well as a reduction change in the recognized value mix of certain net operating losses. 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. For a complete reconciliation of the federal statutory rate to the effective tax rate, refer to Note 12 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

Insurance Segment

					Change								
		2023		2022	Members		%			2024		2023	
Membership:													
Individual Medicare Advantage													
Individual Medicare Advantage													
Individual Medicare Advantage		5,408,900	4,565,600	4,565,600	843,300	843,300	18.5	18.5 %		5,661,800	5,408,900	5,408,900	2
Group Medicare Advantage	Group Medicare Advantage	509,600	565,100	565,100	(55,500)	(55,500)	(9.8)	(9.8)%	Group Medicare Advantage	545,700	509,600	509,600	
Medicare stand-alone PDP	Medicare stand-alone PDP	2,849,100	3,551,300	3,551,300	(702,200)	(702,200)	(19.8)	(19.8)%	Medicare stand-alone PDP	2,288,200	2,849,100	2,849,100	
Total Medicare	Total Medicare	8,767,600	8,682,000	8,682,000	85,600	85,600	1.0	1.0 %	Total Medicare	8,495,700	8,767,600	8,767,600	
Medicare Supplement	Medicare Supplement	307,200	313,600	313,600	(6,400)	(6,400)	(2.0)	(2.0)%	Medicare Supplement	377,300	307,200	307,200	
Commercial fully-insured	Commercial fully-insured	338,700	556,300	556,300	(217,600)	(217,600)	(39.1)	(39.1)%	Commercial fully-insured	300	338,700	338,700	
State-based contracts and other	State-based contracts and other	1,228,800	1,137,300	1,137,300	91,500	91,500	8.0	8.0 %	State-based contracts and other	1,459,900	1,228,800	1,228,800	
Military services	Military services	5,960,200	5,959,900	5,959,900	300	300	—	— %	Military services	6,009,100	5,960,200	5,960,200	
Commercial ASO	Commercial ASO	255,300	430,100	430,100	(174,800)	(174,800)	(40.6)	(40.6)%	Commercial ASO	4,800	255,300	255,300	
Total Medical Membership	Total Medical Membership	16,857,800	17,079,200	17,079,200	(221,400)	(221,400)	(1.3)	(1.3)%	Total Medical Membership	16,347,100	16,857,800	16,857,800	

Total Specialty Membership	Total Specialty Membership	4,868,300	5,194,800	5,194,800	(326,500)	(326,500)	(6.3)		(6.3)%	Total Specialty Membership	4,562,000	4,868,300		4,868,300

Premiums and Services Revenue:	
Premiums and Services Revenue:	
Premiums and Services Revenue:	
Premiums:	
Premiums:	
Premiums:	
Individual Medicare Advantage	
Individual Medicare Advantage	
Individual Medicare Advantage	
Group Medicare Advantage	
Group Medicare Advantage	
Group Medicare Advantage	
Medicare stand-alone PDP	
Medicare stand-alone PDP	
Medicare stand-alone PDP	
Total Medicare	
Total Medicare	
Total Medicare	
Commercial fully-insured	
Commercial fully-insured	
Commercial fully-insured	
Specialty benefits	
Specialty benefits	
Specialty benefits	
Medicare Supplement	
Medicare Supplement	
Medicare Supplement	
State-based contracts and other	
State-based contracts and other	
State-based contracts and other	
Total premiums revenue	
Total premiums revenue	
Total premiums revenue	
Premiums revenue	
Premiums revenue	
Premiums revenue	
Commercial ASO	
Commercial ASO	
Commercial ASO	
Military services and other	
Military services and other	
Military services and other	
Services revenue	
Services revenue	
Services revenue	
Total premiums and services revenue	
Total premiums and services revenue	

Total premiums and services revenue	
Total external revenues	
Total external revenues	
Total external revenues	
Income from operations	
Income from operations	
Income from operations	
Benefit ratio	
Benefit ratio	
Benefit ratio	
Operating cost ratio	
Operating cost ratio	
Operating cost ratio	

Income from operations

Insurance segment income from operations decreased $0.4 billion $1.4 billion, or 12.2% 51.4%, from $3.0 billion in the 2022 period to $2.6 billion in the 2023 period to $1.3 billion in the 2024 period primarily due to the same factors impacting the segment's higher benefit ratio partially offset by the segment's impact of the lower operating cost ratio as more fully described below.

Enrollment

Individual Medicare Advantage membership increased 843,300 252,900 members, or 18.5% 4.7%, from 4,565,600 members as of December 31, 2022 to 5,408,900 members as of December 31, 2023 to 5,661,800 members as of December 31, 2024 primarily due to membership additions associated with the 2023 AEP and continued growth in 2023. The year-ov 2024 Annual Election Period, or AEP. er-year growth was further impacted by continued enrollment resulting from special elections, age-ins, and Dual Eligible Special Need Plans, or D-SNP, membership. Individual Medicare Advantage membership includes 871,300 937,100 D-SNP members as of December 31, 2023 December 31, 2024, a net increase of 202,400 65,800 D-SNP members, or 30.3% 7.6%, from 668,900 871,300 members as of December 31, 2022 December 31, 2023. For the full year 2024, 2025, we anticipate a net membership growth decline in our individual Medicare Advantage offerings of approximately 100,000 550,000 members.

Group Medicare Advantage membership decreased 55,500 increased 36,100 members, or 9.8% 7.1%, from 565,100 members as of December 31, 2022 to 509,600 members as of December 31, 2023 reflecting the net loss to 545,700 members as of certain large accounts partially offset by continued December 31, 2024 primarily due to growth in small and medium group accounts. For the full year 2024, 2025, we anticipate a net membership growth in our group Medicare Advantage offerings of approximately 45,000 members. to be relatively flat.

Medicare stand-alone PDP membership decreased 702,200 560,900 members, or 19.8% 19.7%, from 3,551,300 members as of December 31, 2022 to 2,849,100 members as of December 31, 2023 to 2,288,200 members as of December 31, 2024 primarily due to continued intensified competition for Medicare stand-alone PDP offerings. For the full year 2024, 2025, we anticipate a net membership decline growth in our Medicare stand-alone PDP offerings of approximately 650,000 200,000 members.

State-based contracts and other membership increased 91,500 231,100 members, or 8.0% 18.8%, from 1,137,300 members as of December 31, 2022 to 1,228,800 members as of December 31, 2023 to 1,459,900 members as of December 31, 2024 reflecting the impact of membership additions associated with the implementation of the Louisiana and Ohio new contracts effective January 2023 and February 2023, respectively, partially offset by ending the suspension of state eligibility redetermination efforts previously enacted with membership loss as part a result of the Public Health Emergency. public health of emergency unwind. For the full year 2024, 2025, we anticipate a net membership growth in our state-based contracts of approximately 175,000 to 250,000 members.

Commercial fully-insured medical Specialty membership decreased 217,600 306,300 members, or 39.1% 6.3%, from 556,300 members as of December 31, 2022 to 338,700 4,868,300 members as of December 31, 2023 and commercial ASO medical membership decreased 174,800 members, or 40.6%, from 430,100 to 4,562,000 members as of December 31, 2022 December 31, 2024 primarily due to 255,300 members non-renewal of dental and vision plans as a result of exit from the Employer Group Commercial Medical Products business.

The decrease in commercial fully-insured and ASO membership as of December 31, 2024 compared to December 31, 2023. These decreases reflect is due to 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 326,500 members, or 6.3%, from 5,194,800 members as of December 31, 2022 to 4,868,300 members as of December 31, 2023 reflecting the decline in membership associated with our Optional Supplemental Benefit products as a result of enhanced mandatory dental and vision supplemental benefits on Medicare Advantage plans. In addition, the decline reflects loss of dental and vision individuals due to terminations as well as loss of dental and vision groups cross-sold with commercial medical products. business.

Premiums revenue

Insurance segment premiums revenue increased $13.6 billion $10.8 billion, or 15.5% 10.7%, from $87.7 billion in the 2022 period to $101.3 billion in the 2023 period to $112.1 billion in the 2024 period primarily due to individual higher per member Medicare premiums as well as Medicare Advantage and state-based contracts membership growth and higher per member individual Medicare Advantage premiums. growth. These factors were partially offset by the year-over-year continued decline in stand-alone PDP membership, as well as a decline in membership associated with in our group commercial medical group Medicare Advantage and stand-alone PDP products, business as well as a result of our decision to exit the phase-out of COVID-19 sequestration relief in 2022. business.

Services revenue

Insurance segment services revenue increased $0.15 billion decreased $34 million, or 17.6% 3.4%, from $0.85 billion in the 2022 period to $1 billion $1.0 billion in the 2023 period to $966 million in the 2024 period.

Benefits expense

The Insurance segment benefit ratio increased 140 240 basis points from 86.6% in the 2022 period to 88.0% in the 2023 period to 90.4% in the 2024 period primarily due to investments the continued impact of elevated Medicare Advantage and state-based contracts medical cost trends in the 2024 period as well as lower favorable prior period medical claims reserve development. These factors were partially offset by the impact of the pricing and benefit design of our 2024 Medicare Advantage products, for 2023, higher than anticipated Medicare Advantage utilization trends, which further increased included a reduction in member benefits in response to the fourth quarter of 2023, driven by inpatient utilization, primarily for the months of November and December, and non-inpatient trends, predominately in the categories of physician, outpatient surgeries and supplemental benefits, as well as the net impact of continued individual Medicare Advantage growth following the 2023 Annual Election Period, or AEP, including a high proportion 2024 final rate notice and the initial emergence of age-ins, which typically have a higher benefits expense ratio initially than the average new member. These increases were partially offset by increased individual Medicare Advantage premiums, decreased average unit costs given the additional 20% payment on COVID-19 admissions during the Public Health Emergency, which expired on May 11, 2023, as well as higher favorable prior-period development medical cost trends in 2023. Further, the 2023 ratio year-over-year comparison continues to reflect a shift in line of business mix, with growth in individual Medicare Advantage and state-based contracts and other membership, which can carry a higher benefits expense benefit ratio.

The Insurance segment benefits expense included $701 million of favorable prior-period medical claims reserve development in the 2024 period and $872 million of favorable prior-period medical claims reserve development in the 2023 period and $415 million of favorable prior-period medical claims reserve development in the 2022 period. Prior-period medical claims reserve development decreased the Insurance segment benefit ratio by approximately 90 60 basis points in the 2023 2024 period and decreased the Insurance segment benefit ratio by approximately 50 90 basis points in the 2022 2023 period.

Operating costs

The Insurance segment operating cost ratio decreased 20 100 basis points from 10.4% in the 2022 period to 10.2% in the 2023 period to 9.2% in the 2024 period primarily due to scale efficiencies associated with growth in individual Medicare Advantage membership, administrative cost efficiencies resulting from our value creation initiatives, a lesser impact of commission expense for brokers in the 2024 period compared to the 2023 period as a result of our value creation initiatives, as well as the impact of significantly reduced compensation accruals in 2023 for the annual incentive plan offered to employees across all levels of the company, in accordance with plan requirements, as our 2023 performance was negatively impacted by the previously-discussed higher Medicare Advantage utilization trends. These factors were partially offset by an increase in commissions for brokers related to the significant individual Medicare Advantage membership growth in 2023, as well as the phase-out impact of COVID-19 sequestration relief in 2022 and an accrual recorded in 2023 the accrued charge related to certain anticipated litigation expenses. expenses included in the 2023 period. These factors were partially offset by significantly reduced compensation accruals in the 2023 period.

CenterWell Segment

		2023	2022	Change Dollars		Percentage		2024		2023	Change	
		(in millions)						(in millions)				
Revenues:												
Services:												
Services:												
Services:												
Home solutions												
Home solutions												
Home solutions		$ 1,342	$	$2,333	$	$(991)	(42.5)	(42.5)%	$ 1,313	$	$ 1,342	$
Pharmacy solutions	Pharmacy solutions	849	1,025	1,025	(176)	(176)	(17.2)	(17.2) %	Pharmacy solutions 904		849	
Primary care	Primary care	842	568	568	274	274	48.2	48.2 %	Primary care 1,248		842	
Total services revenue		3,033		3,926		(893)		(22.7) %				
Total external revenues		3,465		3,033		432		14.2 %				
Intersegment revenues:												
Home solutions												
Home solutions												

Home solutions		1,589	553	553	1,036		1,036	187.3		187.3	%		2,050	1,589	1,589	
Pharmacy solutions	Pharmacy solutions	10,451	9,841	9,841	610		610	6.2		6.2	%	Pharmacy solutions	10,724	10,451		10,
Primary care	Primary care	3,332	2,979	2,979	353		353	11.8		11.8	%	Primary care	3,697	3,332		3,
Total intersegment revenues		15,372		13,373		1,999			14.9 %							
Total services and intersegment revenues		$18,405		17,299		1,106			6.4 %							
Intersegment revenues		16,471		15,372		1,099			7.1 %							
Total revenues		$19,936		18,405		1,531			8.3 %							
Income from operations	**Income from operations**	$ 1,404	$	$1,291	$	$ 113		8.8	8.8 %			**Income from operations**	$ 1,329	$	$1,404	$
Operating cost ratio	Operating cost ratio	91.2 %		91.5 %						(0.3)	%	Operating cost ratio	92.2 %		91.2	

Income from operations

CenterWell segment income from operations increased decreased $0.1 billion, or 8.8% 5.3%, from $1.3 billion in the 2022 period to $1.4 billion in the 2023 period. period to $1.3 billion in the 2024 period primarily due to the same factors impacting the segment's higher operating cost ratio as more fully described below.

Services revenue

CenterWell segment services revenue decreased $0.9 billion increased $0.4 billion, or 22.7% 14.2%, from $3.9 billion in the 2022 period to $3.0 billion in the 2023 period primarily due to the divestiture of the 60% ownership of Gentiva Hospice in August 2022.

Intersegment revenues

CenterWell segment intersegment revenues increased $2.0 billion, or 14.9%, from $13.4 billion $3.5 billion in the 2022 period to $15.4 billion in the 2023 2024 period primarily due to individual Medicare Advantage membership growth, which led to higher pharmacy solutions revenues, higher revenues associated with growth in the primary care business, and partially offset by the impact of the v28 risk model revision.

Intersegment revenues

CenterWell intersegment revenues increased $1.1 billion, or 7.1%, from $15.4 billion in the 2023 period to $16.5 billion in the 2024 period primarily due to greater intersegment revenues associated with the home solutions business in the 2024 period as compared to the 2023 period as a result of the expansion of services to Humana members under value-based contracts, an increase in pharmacy solutions revenues resulting from growth in the value-based specialty pharmacy business, driven by increased penetration of Humana health plan members, as well as payor agnostic consumers, and higher revenues associated with growth in the primary care home business, partially offset by the impact of the v28 risk model in 2023 compared to 2022.

revision.

Operating costs

The CenterWell segment operating cost ratio decreased 30 increased 100 basis points from 91.5% in the 2022 period to 91.2% in the 2023 period to 92.2% in the 2024 period primarily due to an improving ratio in the unfavorable impact of the v28 risk model revision to the primary care business driven by year-over-year medical costs favorability, administrative cost efficiencies related to the pharmacy solutions business, as well as and the impact of significantly reduced compensation accruals in the 2023 for the annual incentive plan offered to employees across all levels of the company, in accordance with plan requirements, as our 2023 performance was negatively impacted by the previously-discussed higher Medicare Advantage utilization trends. These factors were period, partially offset by the divestiture of the 60% ownership of Gentiva Hospice in August 2022, which carried a lower operating administrative cost ratio compared to other businesses efficiencies resulting from our value creation initiatives and positive prior-period medical claims reserve development within the segment, the expansion of the value-based care model within the home solutions business, which carries a higher operating cost ratio compared to the core fee-for-service business, along with growth in Medicare Advantage episodes in the core fee-for-service business, as well as continued investments within the home solutions business to abate the pressures of the current nursing labor environment. Primary Care Organization.

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. Because 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 on our liquidity risk, please refer to Part I, Item 1A, "Risk Factors" of this Form 10-K.

Cash and cash equivalents decreased to $4.7 $2.2 billion at December 31, 2023 December 31, 2024 from $5.1 billion $4.7 billion at December 31, 2022 December 31, 2023. The change in cash and cash equivalents for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021 2022 is summarized as follows:

	2023	2022	2021
	2024	2023	2022
	(in millions)		(in millions)
Net cash provided by operating activities			
Net cash used in investing activities			
Net cash (used in) provided by financing activities			
Net cash used in financing activities			
(Decrease) increase in cash and cash equivalents			

Cash Flow from Operating Activities

Cash flows provided by operations of $4.0 $3.0 billion in the 2023 2024 period decreased $606 million $1.0 billion from cash flows provided by operations of $4.6 $4.0 billion in the 2022 2023 period primarily due to lower earnings in the 2023 2024 period compared to the 2022 2023 period, combined with partially offset by the unfavorable favorable impact of working capital changes.

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" of this Form 10-K.

The detail of total net receivables was as follows at December 31, 2023 December 31, 2024, 2022 2023 and 2021: 2022:

				Change					Change		
	2023	2022	2021	2023	2022	2024	2023	2022		2024	2023
Medicare											
Medicare											
Medicare											
Commercial and other											
State-based contracts											
Military services											
Other											
Allowance for doubtful accounts											
Total net receivables											
Reconciliation to cash flow statement:											
Receivables (acquired) disposed											
Receivables (acquired) disposed											
Receivables (acquired) disposed											
Receivables acquired											
Receivables acquired											
Receivables acquired											
Change in receivables per cash flow statement											
Change in receivables per cash flow statement											
Change in receivables per cash flow statement											

The changes in Medicare receivables for both the 2023 2024 period and the 2022 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. The increase in Commercial and other State-based contracts receivables for the 2024 and 2023 period periods is primarily related to Medicaid membership growth. The decrease in Commercial and other receivables for 2022 primarily relates expansion to the Gentiva Hospice disposition. various states.

Cash Flow from Investing Activities

During the 2022 period, we completed the sale of a 60% interest of Gentiva Hospice to CD&R for cash proceeds of approximately $2.7 billion, net of cash disposed, including debt repayments from Gentiva Hospice to Humana of $1.9 billion. In connection with the sale we recognized a pre-tax gain, net of transaction costs, of $237 million which was reported as a gain on sale of Gentiva Hospice in the accompanying consolidated statement of income for the year ended December 31, 2022.

During the 2024, 2023 period and 2022 period, periods, we acquired various businesses for approximately $89 million, $233 million and $337 million, respectively, net of cash and cash equivalents received.

During 2021, we acquired Kindred at Home and other primary care businesses for cash consideration of approximately $4.2 billion, net of cash received.

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. Net Total net capital expenditures, excluding acquisitions, were $794 million $568 million, $1.1 billion $794 million and $1.3 billion $1.1 billion in the 2024, 2023 2022 and 2021 2022 periods, respectively.

Net purchases of investment securities were $2.5 billion $2.2 billion, $2.3 billion $2.5 billion and $1.1 billion $2.3 billion in the 2024, 2023 2022 and 2021 2022 periods, respectively.

Cash Flow from Financing Activities

Our financing cash flows are significantly impacted by the timing of claims payments and the related receipts from CMS associated with Medicare Part D claim subsidies for which we do not assume risk. Monthly prospective payments from CMS for reinsurance and low-income cost subsidies are based on assumptions submitted with our annual bid. Settlement of the reinsurance and low-income cost subsidies is based on a reconciliation made approximately 9 months after the close of each calendar year. Receipts Claim payments were higher than receipts from CMS associated with Medicare Part D claim subsidies for which we do not assume risk by $1.8 billion in the 2024 period and receipts from CMS associated with Medicare Part D claim subsidies for which we do not assume risk were higher than claim payments by $771 million $0.8 billion and $2 billion in the 2023 and 2022 periods, respectively, and claim payments were higher than receipts from CMS associated with Medicare Part D claim subsidies for which we do not assume risk by $261 million in the 2021 period. respectively. Our net payable receivable from CMS for subsidies and brand name prescription drug discounts was $1.3 billion $0.5 billion at December 31, 2023 December 31, 2024 compared to a net payable of $540 million $1.3 billion at December 31, 2022 December 31, 2023.

Under our administrative services only TRICARE contract, health care costs payments for which we do not assume risk exceeded reimbursements from the federal government by $92 million in the 2024 period and reimbursements from the federal government exceeded health care costs payments for which we do not assume risk by $57 million and $25 million in the 2023 and 2022 periods, respectively, respectively.

In March 2024, we issued $1.3 billion of 5.375% unsecured senior notes due April 15, 2031 and health care costs payments $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 we do not assume risk exceeded reimbursements from included the federal government by $45 million in the 2021 period. repayment of existing indebtedness, including borrowings under our commercial paper program.

In November 2023, we issued $500 million of 5.750% unsecured senior notes due December 1, 2028 and $850 million of 5.950% unsecured senior notes due March 15, 2034. Our net proceeds, reduced for the underwriters' discounts and commissions paid, were $1.3 billion.

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 were used for general corporate purposes, which included the repayment of existing indebtedness, including borrowings under our commercial paper program.

In November 2022, we issued $500 million of 5.750% unsecured senior notes due March 1, 2028 and $750 million of 5.875% unsecured senior notes due March 1, 2033. Our net proceeds, reduced for the underwriters' discounts and commissions paid, were $1.2 billion.

In March 2022, we issued $750 million of 3.700% unsecured senior notes due March 23, 2029. Our net proceeds, reduced for the underwriters' discounts and commissions paid, were $744 million.

We repaid $600 million aggregate principal amount of our 3.150% senior notes due on their maturity date of December 1, 2022 and $400 million aggregate principal amount of our 2.900% senior notes due on their maturity date of December 15, 2022.

In August 2021, 2024, we issued $1.5 billion entered into a securities lending program where we loan certain investment securities for short periods of 0.650% time in exchange for collateral. We also entered into an uncommitted receivables purchase facility under which certain pharmaceutical rebate receivables may be sold on a non-recourse basis to a financial institution. For the year ended December 31, 2024, the securities lending program and uncommitted receivables purchase facility provided net proceeds of $418 million and $123 million, respectively.

In November 2024, we repaid our $500 million 5.700% unsecured senior notes due August 3, 2023, $750 million of 1.350% unsecured senior notes due February 3, 2027 and $750 million of 2.150% unsecured senior notes due February 3, 2032. Our net proceeds, reduced for the underwriters' discounts and commissions paid, were $3.0 billion March 13, 2026.

In August 2023, we entered into a Rule 10b5-1 Repurchase Plan to repurchase a portion of our $750 million aggregate principal amount of 1.350% senior notes maturing in February 2027, our $600 million aggregate principal amount of 3.950% senior notes maturing in March 2027, our $750 million aggregate principal amount of 3.700% senior notes maturing in March 2029, and our $500 million aggregate principal amount of 3.125% senior notes maturing in August 2029 during the period beginning on August 7, 2023 and ending on November 15, 2023. For the year ended December 31, 2023, we repurchased $339 million principal amount of these senior notes for approximately $310 million cash.

In March 2023, we entered into a Rule 10b5-1 Repurchase 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 period beginning on March 13, 2023 and ending on July 21, 2023. For the year ended December 31, 2023, we repurchased $361 million principal amount of these senior notes for approximately $358 million cash. We repaid the remaining $1.2 billion aggregate principal amount of our 0.650% senior notes due on their maturity date of August 3, 2023.

We repaid $600 million the remaining $559 million aggregate principal amount of our 3.150% 3.850% senior notes due on their maturity date of December 1, 2022 and $400 million aggregate principal amount of our 2.900% senior notes due on their maturity date of December 15, 2022 October 1, 2024.

We entered into a commercial paper program in October 2014. Net repayments from issuance of commercial paper were $907 million in 2024 and the maximum principal amount outstanding at any one time during 2024 was $2.7 billion. Net proceeds from the issuance of commercial paper were $211 million in 2023 and the maximum principal amount outstanding at any one time during 2023 was $3.3 billion. Net repayments from the issuance of commercial paper were $376 million in 2022 and the maximum principal amount outstanding at any one time during 2022 was $1.5 billion. Net proceeds from issuance of commercial paper were $352 million in 2021 and the maximum principal amount outstanding at any one time during 2021 was $1.2 billion $1.5 billion.

We received a short-term cash advance of $100 million from FHLB with certain of our marketable securities as collateral and subsequently repaid the outstanding balance in December 2023.

In August 2022, we repaid the $2.0 billion October 2021 Term Loan Agreement without a prepayment penalty due.

In October 2021, we entered into a $2.0 billion term loan agreement and applied the proceeds to finance the repayment in full of the outstanding assumed Kindred at Home debt.

In August 2021, we borrowed $500 million under the delayed draw term loan agreement, which was used, in combination with other debt financing, to fund the approximate $5.8 billion transaction price of Gentiva Hospice.

We repurchased common shares for $1.6 billion $0.8 billion, $1.6 billion and $2.1 billion in 2024, 2023 and $79 million in 2023, 2022, and 2021, respectively, under share repurchase plans authorized by the Board of Directors and in connection with employee stock plans.

We paid dividends to stockholders of $431 million in 2024, $431 million in 2023, and $392 million in 2022, and $354 million in 2021. 2022.

Future Sources and Uses of Liquidity

Dividends

For a detailed discussion of dividends to stockholders, please refer to Note 16 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

Stock Repurchases

For a detailed discussion of stock repurchases, please refer to Note 16 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

Debt

For a detailed discussion of our debt, including our senior notes, term loans, revolving credit agreement and agreements, commercial paper program and other short-term borrowings, please refer to Note 13 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

Acquisitions & Divestitures

For a detailed discussion regarding acquisitions and divestitures, refer to Note 3 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

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 December 31, 2023 December 31, 2024 was BBB+ 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 decreased were $0.6 billion at December 31, 2024 compared to $0.5 billion at December 31, 2023 from $0.9 billion at December 31, 2022. This decrease increase primarily reflects common stock repurchases, repayment of maturing senior notes, working capital expenditures, capital contributions to certain subsidiaries, cash dividends to shareholders and acquisitions, partially offset by changes, net proceeds from the issuance of senior notes and commercial paper, proceeds from the sale and maturities of investment securities, dividends from insurance subsidiaries and cash from certain non-insurance subsidiaries within our CenterWell segment. segment partially offset by common stock repurchases, repayment of maturing senior notes, repayment of borrowings under the commercial paper program, purchases of investment securities, capital expenditures, 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 regulators. departments of insurance (or comparable state regulators). Our regulated insurance subsidiaries paid dividends to our parent company of $1.5 billion in 2024, $1.8 billion in 2023, and $1.3 billion in 2022, and $1.6 billion in 2021. 2022. Subsidiary capital requirements from significant premium growth has impacted may impact the amount of regulated subsidiary dividends over the last two years. dividends. Refer to our parent company financial statements and accompanying notes in Schedule I - Parent Company Financial

Information. The amount of ordinary dividends that may be paid to our parent company in 2024 2025 is approximately $1.1 billion $1.3 billion, in the aggregate. Actual dividends paid may vary due to consideration of excess statutory capital and surplus and expected future surplus requirements related to, for example, premium volume and product mix.

Regulatory Requirements

For a detailed discussion of our regulatory requirements, including aggregate statutory capital and surplus as well as dividends paid from the subsidiaries to our parent, please refer to Note 16 to the to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

Off-Balance Sheet Arrangements

As of December 31, 2023 December 31, 2024, we were not involved in any special purpose entity, or SPE, transactions. For a detailed discussion of off-balance sheet arrangements, please refer to Note 17 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

Guarantees and Indemnifications

For a detailed discussion of our guarantees and indemnifications, please refer to Note 17 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

Government Contracts

For a detailed discussion of our government contracts, including our Medicare, military services, and Medicaid and state-based contracts, please refer to Note 17 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements and accompanying notes, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements and accompanying notes requires us to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We continuously evaluate our estimates and those critical accounting policies primarily related to benefits expense and revenue recognition as well as accounting for impairments related to our investment securities, goodwill, indefinite-lived and long-lived assets. These estimates are based on knowledge of current events and anticipated future events and, accordingly, actual results ultimately may differ from those estimates. We believe the following critical accounting policies involve the most significant judgments and estimates used in the preparation of our consolidated financial statements.

Benefits Expense Recognition

Benefits expense is recognized in the period in which services are provided and includes an estimate of the cost of services which have been incurred but not yet reported, or IBNR. Our reserving practice is to consistently recognize the actuarial best point estimate within a level of confidence required by actuarial standards. For further discussion of our reserving methodology, including our use of completion and claims per member per month trend factors to estimate IBNR, refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

The completion and claims per member per month trend factors are the most significant factors impacting the IBNR estimate. The portion of IBNR estimated using completion factors for claims incurred prior to the most recent two months is generally less variable than the portion of IBNR estimated using trend factors. The following table illustrates the sensitivity of these factors assuming moderately adverse experience and the estimated potential impact on our operating results caused by reasonably likely changes in these factors based on December 31, 2023 December 31, 2024 data:

Completion Factor (a):	Completion Factor (a):		Claims Trend Factor (b):		Completion Factor (a):		Claims Trend Factor (b):	
Factor Change (c)	Factor Change (c)	Decrease in Benefits Payable	Factor Change (c)	Decrease in Benefits Payable	Factor Change (c)	Decrease in Benefits Payable	Factor Change (c)	Decrease in Benefits Payable
			(dollars in millions)					
0.90%	0.90%	$707	4.50%	$750	0.90%	$793	4.00%	$727
0.80%	0.80%	$628	4.25%	$709	0.80%	$705	4.75%	$682
0.70%	0.70%	$550	4.00%	$667	0.70%	$617	3.50%	$636
0.60%	0.60%	$471	3.75%	$625	0.60%	$529	3.25%	$591
0.50%	0.50%	$393	3.50%	$584	0.50%	$440	3.00%	$545
0.40%	0.40%	$314	3.25%	$542	0.40%	$352	2.75%	$500
0.30%	0.30%	$236	3.00%	$500	0.30%	$264	2.50%	$454
0.20%	0.20%	$157	2.75%	$459	0.20%	$176	2.25%	$409
0.10%	0.10%	$79	2.50%	$417	0.10%	$88	2.00%	$363
0.05%	0.05%	$39	2.25%	$375	0.05%	$44	1.75%	$318
0.03%	0.03%	$20	2.00%	$333	0.03%	$22	1.50%	$273

(a) Reflects estimated potential changes in benefits payable at December 31, 2023 December 31, 2024 caused by changes in completion factors for incurred months prior to the most recent two months.

(b) Reflects estimated potential changes in benefits payable at December 31, 2023 December 31, 2024 caused by changes in annualized claims trend used for the estimation of per member per month incurred claims for the most recent two months.

(c) The factor change indicated represents the percentage point change.

The following table provides a historical perspective regarding the accrual and payment of our benefits payable. Components of the total incurred claims for each year include amounts accrued for current year estimated benefits expense as well as adjustments to prior year estimated accruals. Refer to Note 11 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K for information about incurred and paid claims development as of December 31, 2023 December 31, 2024 as well as cumulative claim frequency and the total of IBNR included within the net incurred claims amounts.

	2023	2022	2021
	2024	2023	2022
	(in millions)		(in millions)
Balances at January 1			
Acquisitions			
Acquisitions			
Acquisitions			
Incurred related to:			
Current year			
Current year			
Current year			
Prior years			
Total incurred			
Paid related to:			
Current year			
Current year			
Current year			
Prior years			
Total paid			
Balances at December 31			
Balances at December 31			
Balances at December 31			

The following table summarizes the changes in estimate for incurred claims related to prior years attributable to our key assumptions. As previously described, our key assumptions consist of trend and completion factors estimated using an assumption of moderately adverse conditions. The amounts below represent the difference between our original estimates and the actual benefits expense ultimately incurred as determined from subsequent claim payments.

		Favorable Development by Changes in Key Assumptions							Favorable Development by Changes in Key Assumptions					
		2023		2022		2021			2024		2023		2022	
		Amount	Factor Change (a)	Amount	Factor Change (a)	Amount	Factor Change (a)		Amount	Factor Change (a)	Amount	Factor Change (a)	Amount	Factor Change
		(dollars in millions)							(dollars in millions)					
Trend factors	Trend factors	$(586)	(0.7) (0.7)%	$(387)	(0.6) (0.6)%	$ (361)	(3.3) (3.3)%	Trend factors	$(473)	(2.6) (2.6)%			$(586)	(3.
Completion factors	Completion factors	(286)	(0.4) (0.4)%	(28)	— —%	(464)	(0.9) (0.9)%	Completion factors	(228)	(0.3) (0.3)%			(286)	(0.
Total														

(a) The factor change indicated represents the percentage point change.

As previously discussed, 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. We experienced favorable medical claims reserve development related to prior fiscal years of $701 million in 2024, $872 million in 2023, and $415 million in 2022, and $825 million in 2021. 2022.

The favorable medical claims reserve development for 2024, 2023, 2022, and 2021 2022 primarily reflects the consistent application of trend and completion factors estimated using an assumption of moderately adverse conditions. The favorable development recognized in 2023 and 2021 primarily resulted from trend factors developing more favorably than originally expected as well as for 2021 completion factors developing faster than expected. The favorable development recognized in 2022 resulted primarily from completion factors remaining largely unchanged, resulting in lower overall development as compared to 2023 and 2021.

Our favorable development for each of the years presented above is discussed further in Note 11 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

We continually adjust our historical trend and completion factor experience with our knowledge of recent events that may impact current trends and completion factors when establishing our reserves. Because our reserving practice is to consistently recognize the actuarial best point estimate using an assumption of moderately adverse conditions as required by actuarial standards, there is a reasonable possibility that variances between actual trend and completion factors and those assumed in our December 31, 2023 December 31, 2024 estimates would fall towards the middle of the ranges previously presented in our sensitivity table.

Revenue Recognition

We generally establish one-year commercial membership contracts with employer groups, subject to cancellation by the employer group on 30-day written notice. Our Medicare contracts with CMS renew annually. Our military services contracts with the federal government and certain contracts with various state Medicaid programs generally are multi-year contracts subject to annual renewal provisions.

We receive monthly premiums from the federal government and various states according to government specified payment rates and various contractual terms. We bill and collect premiums from employer groups and members in our Medicare and other individual products monthly. Changes in premium revenues resulting from the periodic changes in risk-adjustment scores derived from medical diagnoses for our membership are estimated by projecting the ultimate annual premium and recognized ratably during the year with adjustments each period to reflect changes in the ultimate premium.

Premiums revenue is estimated by multiplying the membership covered under the various contracts by the contractual rates. Premiums revenue is recognized as income in the period members are entitled to receive services, and is net of estimated uncollectible amounts, retroactive membership adjustments, and adjustments to recognize rebates under the minimum benefit ratios required under the Health Care Reform Law. We estimate policyholder rebates by projecting calendar year minimum benefit ratios for the small group and large group markets, as defined by the Health Care Reform Law using a methodology prescribed by HHS, separately by state and legal entity. Medicare Advantage products are also subject to minimum benefit ratio requirements under the Health Care Reform Law. Estimated calendar year rebates recognized ratably during the year are revised each period to reflect current experience. Retroactive membership adjustments result from enrollment changes not yet processed, or not yet reported by an employer group or the government. We routinely monitor the collectability of specific accounts, the aging of receivables, historical retroactivity trends, estimated rebates, as well as prevailing and anticipated economic conditions, and reflect any required adjustments in current operations. Premiums received prior to the service period are recorded as unearned revenues.

Medicare Risk-Adjustment Provisions

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 (BBA) and the Benefits Improvement and Protection Act of 2000 (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 (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. For additional information, refer to Note 17 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" and Part I, Item 1A, "Risk Factors" of this Form 10-K.

Investment Securities

Investment securities totaled $18.6 billion, or 40% of total assets at December 31, 2024, and $17.0 billion, or 36% of total assets at December 31, 2023, and $14.3 billion, or 33% of total assets at December 31, 2022. The investment portfolio was primarily comprised of debt securities, detailed below, at December 31, 2023 December 31, 2024 and December 31, 2022 December 31, 2023. The fair value of investment securities were as follows at December 31, 2023 December 31, 2024 and 2022: 2023:

	12/31/2023	Percentage of Total		12/31/2022	Percentage of Total	
	12/31/2024	Percentage of Total		12/31/2023	Percentage of Total	
	(dollars in millions)			(dollars in millions)		
U.S. Treasury and other U.S. government corporations and agencies:						
U.S. Treasury and agency obligations						
U.S. Treasury and agency obligations						
U.S. Treasury and agency obligations	$ 2,667	15.7	15.7 %	$ 1,039	7.3	7.3 %
	$3,227	17.3	17.3 %			

Mortgage-backed securities	Mortgage-backed securities	3,522	20.7	20.7	%	3,230	22.6	22.6 %	Mortgage-backed securities	3,995	21.4	21.4
Tax-exempt municipal securities	Tax-exempt municipal securities	858	5.0	5.0	%	728	5.1	5.1 %	Tax-exempt municipal securities	526	2.8	2.8
Mortgage-backed securities:												
Residential												
Residential												
Residential		400	2.4	2.4	%	401	2.8	2.8 %		522	2.8	2.8 %
Commercial	Commercial	1,345	7.9	7.9	%	1,399	9.8	9.8 %	Commercial	1,206	6.5	6.5
Asset-backed securities	Asset-backed securities	1,771	10.4	10.4	%	1,731	12.1	12.1 %	Asset-backed securities	1,403	7.5	7.5
Corporate debt securities	Corporate debt securities	6,445	37.9	37.9	%	5,726	40.2	40.2 %	Corporate debt securities	7,756	41.7	41.7
Total debt securities	Total debt securities	17,008	100.0	100.0	%	14,254	100.0	100.0 %	Total debt securities	18,635	100.0	100.0
Common stock		—		—	%	7		— %				
Total investment securities		$17,008		100.0	%	$14,261		100.0 %				

Approximately 97% of our debt securities were investment-grade quality, with a weighted average credit rating of AA- by S&P at December 31, 2023December 31, 2024. Most of the debt securities that were below investment-grade were 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.

Gross unrealized losses and fair values aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position were as follows at December 31, 2023December 31, 2024:

	Less than 12 months		12 months or more		Total		Less than 12 months		12 months or more		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(in millions)						(in millions)					
U.S. Treasury and other U.S. government corporations and agencies:												
U.S. Treasury and other U.S. government corporations and agencies:												
U.S. Treasury and other U.S. government corporations and agencies:												
U.S. Treasury and agency obligations												
U.S. Treasury and agency obligations												
U.S. Treasury and agency obligations												
Mortgage-backed securities												
Tax-exempt municipal securities												
Mortgage-backed securities:												
Residential												
Residential												

Residential
Commercial
Asset-backed securities
Corporate debt securities
Total debt securities

Under the current expected credit losses model, or CECL, expected losses on available for sale debt securities are recognized through an allowance for credit losses rather than as reductions in the amortized cost of the securities. For debt securities whose fair value is less than their amortized cost which we do not intend to sell or are not required to sell, we evaluate the expected cash flows to be received as compared to amortized cost and determine if an expected credit loss has occurred. In the event of an expected credit loss, only the amount of the impairment associated with the expected credit loss is recognized in income with the remainder, if any, of the loss recognized in other comprehensive income. To the extent we have the intent to sell the debt security or it is more likely than not we will be required to sell the debt security before recovery of our amortized cost basis, we recognize an impairment loss in income in an amount equal to the full difference between the amortized cost basis and the fair value.

Potential expected credit loss impairment is considered using a variety of factors, including the extent to which the fair value has been less than cost; adverse conditions specifically related to the industry, geographic area or financial condition of the issuer or underlying collateral of a debt security; changes in the quality of the debt security's credit enhancement; payment structure of the debt security; changes in credit rating of the debt security by the rating agencies; failure of the issuer to make scheduled principal or interest payments on the debt security and changes in prepayment speeds. For debt securities, we take into account expectations of relevant market and economic data. For example, with respect to mortgage and asset-backed securities, such data includes underlying loan level data and structural features such as seniority and other forms of credit enhancements. We estimate the amount of the expected credit loss component of a debt security as the difference between the amortized cost and the present value of the expected cash flows of the security. The present value is determined using the best estimate of future cash flows discounted at the implicit interest rate at the date of purchase. The expected credit loss cannot exceed the full difference between the amortized cost basis and the fair value.

We participate in a securities lending program to optimize investment income. We loan certain investment securities for short periods of time in exchange for collateral initially equal to at least 102% of the fair value of the investment securities on loan. The fair value of the loaned investment securities is monitored on a daily basis, with additional collateral obtained or refunded as the fair value of the loaned investment securities fluctuates. The collateral, which may be in the form of cash or U.S. Government securities, is deposited by the borrower with an independent lending agent. Any cash collateral, which is reinvested by the lending agent primarily in short-term, highly liquid investments, is recorded as a securities lending collateral asset within other current assets on our consolidated balance sheet at the end of the reporting period. We record a corresponding liability to reflect our obligation to return the collateral within trade accounts payable and accrued expenses on our consolidated balance sheet at the end of the reporting period. Collateral received in the form of securities is not recorded in our consolidated balance sheets because, absent default by the borrower, we do not have the right to sell, pledge or otherwise reinvest securities collateral. Loaned securities continue to be carried as investment securities on the consolidated balance sheet at the end of the reporting period. Earnings on the invested cash collateral, net of expense, associated with the securities lending payable are recorded as investment income.

The risks inherent in assessing the impairment of an investment include the risk that market factors may differ from our expectations, facts and circumstances factored into our assessment may change with the passage of time, or we may decide to subsequently sell the investment. The determination of whether a decline in the value of an investment is related to a credit event requires us to exercise significant diligence and judgment. The discovery of new information and the passage of time can significantly change these judgments. The status of the general economic environment and significant changes in the national securities markets influence the determination of fair value and the assessment of investment impairment. There is a continuing risk that declines in fair value may occur and additional material realized losses from sales or expected credit loss impairments may be recorded in future periods.

All issuers of debt securities we own that were trading at an unrealized loss at December 31, 2023 December 31, 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 the debt securities were purchased. At December 31, 2023 December 31, 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 at December 31, 2023 December 31, 2024, 2022 2023 or 2021. 2022.

Goodwill, Indefinite-lived and Long-lived Assets

At December 31, 2023 December 31, 2024, goodwill, indefinite-lived and other long-lived assets represented 30% 29% of total assets and 87% 83% of total stockholders' equity, compared to 33% 30% and 92% 87%, respectively, at December 31, 2022 December 31, 2023. The decrease in goodwill, indefinite-lived and other long-lived assets as a percentage of total assets is primarily attributable to the increase in investment securities.

For goodwill, we are required to test at least annually for impairment at a level of reporting referred to as the reporting unit, and more frequently if adverse events or changes in circumstances indicate that the asset may be impaired. A reporting unit either is our operating segments or one level below the operating segments, referred to as a component, which comprise our reportable segments. A component is considered a reporting unit if the component constitutes a business for which discrete financial information is available that is regularly reviewed by management. We are required to aggregate the components of an operating segment into one reporting unit if they have similar economic characteristics. Goodwill is assigned to the reporting unit that is expected to benefit from a specific acquisition.

We perform a quantitative assessment to review goodwill for impairment to determine both the existence and amount of goodwill impairment, if any. Our strategy, long-range business plan, and annual planning process support our goodwill impairment tests. These tests are performed, at a minimum, annually in the fourth quarter, and are based on an evaluation of future discounted cash flows. We rely on this discounted cash flow analysis to determine fair value. However, outcomes from the discounted cash flow analysis are compared to other market approach valuation methodologies for reasonableness. We use discount rates that correspond to a market-based weighted-average cost of capital and terminal growth rates that correspond to long-term growth prospects, consistent with the long-term inflation rate. Key assumptions in our cash flow projections, including changes in membership, premium yields, medical and operating cost trends, and certain government contract extensions, are consistent with those utilized in our long-range business plan and annual planning process. If these assumptions differ from actual, including the impact of the Health Care Reform Law or changes in government reimbursement rates, the estimates underlying our goodwill impairment tests could be adversely affected. The fair value of our reporting units with significant goodwill exceeded carrying amounts by a substantial margin. However, unfavorable changes in key assumptions or combinations of assumptions including a significant increase in the discount rate, decrease in the long-term growth rate or substantial reduction in our underlying cash flow assumptions, including revenue growth rates, medical and operating cost trends, and projected operating income could have a significant negative impact on the estimated fair value of our home solutions and primary care reporting units, unit, which accounted for $4.4 billion and $1.2 billion of goodwill, respectively. goodwill. Impairment tests completed for 2024, 2023, 2022, and 2021 2022 did not result in an impairment loss.

Indefinite-lived intangible assets relate to Certificate of Needs (CON) and Medicare licenses acquired in connection with our August 2021 KAH CenterWell Home Health (formerly Kindred at Home) acquisition with a carrying value of $1.4 $1.2 billion at December 31, 2023 December 31, 2024. Like goodwill, we are required to test at least annually for impairment and more frequently if adverse events or changes in circumstances indicate that the asset may be impaired. These tests are performed, at a minimum, annually in the fourth quarter. If the carrying amount of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized. Fair values of indefinite-lived intangible assets are determined based on the income approach. For our CON intangible assets, unfavorable changes in key assumptions or combinations of assumptions, including a significant increase in the discount rate, decrease in the long-term growth rate or substantial reduction in the underlying cash flow assumptions, including revenue growth rates, operating cost trends, and projected operating income could have a significant negative impact on the estimated fair value of our CON intangible assets, which account for $910 million of our intangible assets. Impairment tests completed for 2024 and 2023 resulted in impairment charges of $200 million and $55 million, respectively. Impairment test completed for 2022 did not result in a material impairment losses. charge. These charges reflect the amount by which the carrying value exceeded its estimated fair value. Impairment tests completed for 2021 did not result in an impairment loss. The fair values of the assets were measured using Level 3 inputs, such as projected revenues and operating cash flows.

Long-lived assets consist of property and equipment and other definite-lived intangible assets. These assets are depreciated or amortized over their estimated useful life, and are subject to impairment reviews. We periodically review long-lived assets whenever adverse events or changes in circumstances indicate the carrying value of the asset may not be recoverable. In assessing recoverability, we must make assumptions regarding estimated future cash flows and other factors to determine if an impairment loss may exist, and, if so, estimate fair value. We also must estimate and make assumptions regarding the useful life we assign to our long-lived assets. If these estimates or their related assumptions change in the future, we may be required to record impairment losses or change the useful life, including accelerating depreciation or amortization for these assets. Other than the impairment charges as described in Footnote 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K, there were no other impairment losses in the last three years.

ITEM 7A. 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.

The level of our pretax earnings is subject to market risk due to changes in interest rates and the resulting impact on investment income and interest expense. In the past we We have and in the future we may enter entered into interest rate interest-rate swap agreements depending with major financial institutions to convert our interest-rate exposure on market conditions 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 other factors. investment securities Under the revolving 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 either LIBOR plus a spread 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 on LIBOR, Term SOFR, at our option. The revolving credit agreements provide for the transition from LIBOR and do not require amendment in connection with such transition. There were no borrowings outstanding under our credit agreements at December 31, 2023 December 31, 2024 or December 31, 2022 December 31, 2023.

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 December 31, 2023 December 31, 2024. Our net unrealized loss position increased $0.4 billion $89 million from a net unrealized loss position of $1.7 billion at December 31, 2022 to a net unrealized loss position of $1.3 billion at December 31, 2023 to a net unrealized loss position of

$1.4 billion at December 31, 2024. At December 31, 2023 December 31, 2024, we had gross unrealized losses of $1.3 billion $1.4 billion on our investment portfolio primarily due to an increase in market interest rates since the time the securities were purchased. We did not record any material credit allowances for debt securities that were in an unrealized loss position during 2023 2024 and 2022. 2023. While we believe that these impairments will be recovered 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 loss impairments 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 3.8 years as of December 31, 2024 and 3.0 years as of December 31, 2023 and 3.2 years as of December 31, 2022. Based on the duration including cash equivalents, a 1% increase in interest rates would generally decrease the December 31, 2023 December 31, 2024 fair value of our securities by approximately $656 million $783 million.

We have also evaluated the impact on our investment income and interest expense resulting from a hypothetical change in interest rates of 100, 200, and 300 basis points over the next twelve-month period, as reflected in the following table. The evaluation was based on our investment portfolio, and our outstanding indebtedness, and outstanding swap contract portfolio at December 31, 2023 December 31, 2024 and 2022. 2023. Our investment portfolio consists of cash, cash equivalents, and investment securities. The modeling technique used to calculate the pro forma net change in pretax earnings considered the cash flows related to fixed income investments and debt, which are subject to interest rate changes during a prospective twelve-month period. This evaluation measures parallel shifts in interest rates and may not account for certain unpredictable events that may affect interest income, including unexpected changes of cash flows into and out of the portfolio, changes in the asset allocation, including shifts between taxable and tax-exempt securities, spread changes specific to various investment categories and the mix of short-term versus long-term debt. In the past ten years, changes in 10 year US treasury rates during the year have not exceeded 300 basis points, have changed between 200 and 300 basis points one time, have changed between 100 and 200 basis points four five times, and have changed by less than 100 basis points five four times.

	Increase (decrease) in pretax earnings given an interest rate decrease of X basis points		Increase (decrease) in pretax earnings given an interest rate decrease of X basis points			Increase (decrease) in pretax earnings given an interest rate increase of X basis points	Increase (decrease) in pretax earnings given an interest rate decrease of X basis points			Increase (decrease) in pretax earnings given an interest rate increase of X basis points		
	(300)	(200)	(100)	100	200	300	(300)	(200)	(100)	100	200	300
	(in millions)											
As of December 31, 2024												

Investment income (a)
Investment income (a)
Investment income (a)
Interest expense (b)
Pretax
As of December 31, 2023
Investment income (a)
Investment income (a)
Investment income (a)
Interest expense (b)
Pretax
As of December 31, 2022
Investment income (a)
Investment income (a)
Investment income (a)
Interest expense (b)
Pretax

(a) As of December 31, 2023, December 31, 2024 and 2023, none of our investments had interest rates below 1%. As of December 31, 2022, some of our investments had interest rates below 1%, so the assumed hypothetical change in pretax earnings does not reflect the full 1% point reduction.

(b) The interest rate under our senior notes, which represent 100% and 93% at December 31, 2024 and 2023, respectively, of total debt, is fixed, unaffected by changes in interest rates. We did not have any variable rate term loans at December 31, 2023 December 31, 2024 and had $0.5 billion of variable rate term loans at December 31, 2022 which were used to fund the August 2021 KAH acquisition. December 31, 2023. There were no borrowings outstanding under the credit agreement at December 31, 2023 December 31, 2024 or December 31, 2022 December 31, 2023. There was $871 million and $595 million outstanding under our commercial paper program at December 31, 2023 and 2022, respectively. As of with none outstanding at December 31, 2024. At December 31, 2023 and December 31, 2022, our interest rates under our commercial paper program was not less than 1%.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Humana Inc.

CONSOLIDATED BALANCE SHEETS

	December 31,		December 31,	
	2023	2022	2024	2023
	(in millions, except share amounts)		(in millions, except share amounts)	
ASSETS				
Current assets:				
Current assets:				
Current assets:				
Cash and cash equivalents				
Cash and cash equivalents				
Cash and cash equivalents				
Investment securities				
Receivables, net of allowances of $88 in 2023 and $70 in 2022				
Receivables, net of allowances of $98 in 2024 and $88 in 2023				
Other current assets				
Total current assets				
Property and equipment, net				
Long-term investment securities				
Goodwill				
Equity method investments				
Other long-term assets				
Total assets				

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Current liabilities:		
Current liabilities:		
Benefits payable		
Benefits payable		
Benefits payable		
Trade accounts payable and accrued expenses		
Book overdraft		
Unearned revenues		
Short-term debt		
Total current liabilities		
Long-term debt		
Other long-term liabilities		
Total liabilities		
Commitments and contingencies (Note 17)	Commitments and contingencies (Note 17)	Commitments and contingencies (Note 17)
Stockholders' Equity:		
Preferred stock, $1 par; 10,000,000 shares authorized; none issued		
Preferred stock, $1 par; 10,000,000 shares authorized; none issued		
Preferred stock, $1 par; 10,000,000 shares authorized; none issued		
Common stock, $0.16 2/3 par; 300,000,000 shares authorized; 198,690,082 shares issued at December 31, 2023 and 198,666,598 shares issued at December 31, 2022		
Common stock, $0.16 2/3 par; 300,000,000 shares authorized; 198,718,810 shares issued at December 31, 2024 and 198,690,082 shares issued at December 31, 2023		
Capital in excess of par value		
Retained earnings		
Accumulated other comprehensive loss		
Treasury stock, at cost, 76,465,862 shares at December 31, 2023 and 73,691,955 shares at December 31, 2022		
Treasury stock, at cost, 78,077,195 shares at December 31, 2024 and 76,465,862 shares at December 31, 2023		
Total stockholders' equity		
Noncontrolling interests		
Total equity		
Total liabilities and equity		

The accompanying notes are an integral part of the consolidated financial statements.

Humana Inc.
CONSOLIDATED STATEMENTS OF INCOME

	For the year ended December 31,			For the year ended December 31,			
	2023	2022	2021	2024	2023	2022	
	(in millions, except per share results)			(in millions, except per share results)			
Revenues:							
Premiums							
Premiums							
Premiums							
Services							
Investment income							
Total revenues							
Operating expenses:							
Benefits							

Benefits
Benefits
Operating costs
Depreciation and amortization
Depreciation and amortization
Depreciation and amortization
Total operating expenses
Income from operations
Gain on sale of Gentiva Hospice
Interest expense
Other expense (income), net
Income before income taxes and equity in net earnings
Other expense, net
Income before income taxes and equity in net losses
Provision for income taxes
Equity in net (losses) earnings
Equity in net losses
Net income
Net loss (income) attributable to noncontrolling interests
Net (income) loss attributable to noncontrolling interests
Net income attributable to Humana
Basic earnings per common share
Diluted earnings per common share

The accompanying notes are an integral part of the consolidated financial statements.

Humana Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the year ended December 31,		
	2023	2022	2021
	(in millions)		
Net income attributable to Humana	$ 2,489	$ 2,806	$ 2,933
Other comprehensive income (loss):			
Change in gross unrealized investment gains (losses)	372	(1,819)	(356)
Effect of income taxes	(85)	418	81
Total change in unrealized investment gains (losses), net of tax	287	(1,401)	(275)
Reclassification adjustment for net realized losses (gains) included in investment income	25	72	(103)
Effect of income taxes	(7)	(17)	23
Total reclassification adjustment, net of tax	18	55	(80)
Other comprehensive income (loss), net of tax	305	(1,346)	(355)
Comprehensive income attributable to equity method investments	—	—	6
Comprehensive income attributable to Humana	$ 2,794	$ 1,460	$ 2,584

	For the year ended December 31,		
	2024	2023	2022
	(in millions)		
Net income attributable to Humana	$ 1,207	$ 2,489	$ 2,806
Other comprehensive (loss) income:			
Change in gross unrealized investment (losses) gains	(62)	372	(1,819)

Effect of income taxes	15	(85)	418
Total change in unrealized investment (losses) gains, net of tax	(47)	287	(1,401)
Reclassification adjustment for net realized (gains) losses included in investment income	(27)	25	72
Effect of income taxes	6	(7)	(17)
Total reclassification adjustment, net of tax	(21)	18	55
Other comprehensive (loss) income, net of tax	(68)	305	(1,346)
Comprehensive income attributable to Humana	$ 1,139	$ 2,794	$ 1,460

The accompanying notes are an integral part of the consolidated financial statements.

Humana Inc.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock	Capital In Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity	Noncontrolling Interests	Total Equity	Common Stock	Capital In Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
	(dollars in millions, share amounts in thousands)								(dollars in millions, share amounts in thousands)							
Balances, December 31, 2020																
Net income																
Acquisition																
Acquisition																
Acquisition																
Other comprehensive loss																
Common stock repurchases																
Dividends and dividend equivalents																
Stock-based compensation																
Restricted stock unit vesting																
Stock option exercises																
Balances, December 31, 2021																
Net income																
Distribution to noncontrolling interest holders, net																
Sale of Gentiva Hospice																
Acquisition																
Other comprehensive loss																
Common stock repurchases																
Dividends and dividend equivalents																
Stock-based compensation																
Restricted stock unit vesting																
Stock option exercises																
Balances, December 31, 2022																
Net income																
Distribution from noncontrolling interest holders, net																

Acquisition
Acquisition
Acquisition
Other comprehensive income
Common stock repurchases
Dividends and dividend equivalents
Stock-based compensation
Restricted stock unit vesting
Stock option exercises
Balances, December 31, 2023
Net income
Distribution from noncontrolling interest holders, net
Other comprehensive loss
Other comprehensive loss
Other comprehensive loss
Common stock repurchases
Dividends and dividend equivalents
Stock-based compensation
Restricted stock unit vesting
Balances, December 31, 2024
Balances, December 31, 2024
Balances, December 31, 2024

The accompanying notes are an integral part of the consolidated financial statements.

Humana Inc.
CONSOLIDATED STATEMENTS OF CASH FLOW

	For the year ended December 31,			For the year ended December 31,		
	2023	2022	2021	2024	2023	2022
	(in millions)			(in millions)		
Cash flows from operating activities						
Net income						
Net income						
Net income						
Adjustments to reconcile net income to net cash provided by operating activities:						
Gain on sale of Gentiva Hospice						
Gain on sale of Gentiva Hospice						
Gain on sale of Gentiva Hospice						
Loss on investment securities, net						
Gain on Kindred at Home equity method investment						
Equity in net losses (earnings)						
(Gain) loss on investment securities, net						
Equity in net losses						
Equity in net losses						
Equity in net losses						

Stock-based compensation
Depreciation
Amortization
Impairment of property and equipment
Impairment of intangible assets
Impairment of indefinite-lived intangible assets
Deferred income taxes
Changes in operating assets and liabilities, net of effect of businesses acquired and dispositions:
Receivables
Receivables
Receivables
Other assets
Benefits payable
Other liabilities
Unearned revenues
Other, net
Net cash provided by operating activities
Cash flows from investing activities
Proceeds from sale of Gentiva Hospice, net
Proceeds from sale of Gentiva Hospice, net
Proceeds from sale of Gentiva Hospice, net
Acquisitions, net of cash and cash equivalents acquired
Purchases of property and equipment
Proceeds from sale of property and equipment
Changes in securities lending collateral receivable
Purchases of investment securities
Proceeds from maturities of investment securities
Proceeds from sales of investment securities
Other
Net cash used in investing activities
Cash flows from financing activities
Receipts (withdrawals) from contract deposits, net
Receipts (withdrawals) from contract deposits, net
Receipts (withdrawals) from contract deposits, net
(Payments) receipts from contract deposits, net
(Payments) receipts from contract deposits, net
(Payments) receipts from contract deposits, net
Proceeds from issuance of senior notes, net
Repayment of senior notes
Proceeds (repayments) from issuance of commercial paper, net
(Repayments) proceeds from issuance of commercial paper, net
Proceeds from short-term borrowings
Repayment of short-term borrowings
Proceeds from term loan
Repayment of term loan
Repayment of term loan
Repayment of term loan
Debt issue costs
Common stock repurchases
Dividends paid
Changes in securities lending payable

Changes in rebate factor payable
Change in book overdraft
Other, net
Net cash (used in) provided by financing activities
Net cash used in financing activities
(Decrease) increase in cash and cash equivalents
Cash and cash equivalents at beginning of period
Cash and cash equivalents at end of period

Humana Inc.

CONSOLIDATED STATEMENTS OF CASH FLOW—(Continued)

		For the year ended December 31,			
		2023	2022		2021
		2024	2023		2022
Supplemental cash flow disclosures:	**Supplemental cash flow disclosures:**	**(in millions)**	**Supplemental cash flow disclosures:**		**(in millions)**
Interest payments					
Income tax payments, net					
Details of businesses acquired in purchase transactions:					
Fair value of assets acquired, net of cash acquired					
Fair value of assets acquired, net of cash acquired					
Fair value of assets acquired, net of cash acquired					
Less: Fair value of liabilities assumed					
Less: Noncontrolling interests acquired					
Less: Remeasured existing Kindred at Home equity method investment					
Cash paid for acquired businesses, net of cash acquired					
Cash paid for acquired businesses, net of cash acquired					
Cash paid for acquired businesses, net of cash acquired					

The accompanying notes are an integral part of the consolidated financial statements.

Humana Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. REPORTING ENTITY

Nature of Operations

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. References throughout these notes to consolidated financial statements to "we," "us," "our," "Company," and "Humana," mean Humana Inc. and its subsidiaries. We derived approximately 84% 85% of our total premiums and services revenue from contracts with the federal government in 2023, 2024, including 14% related to our federal government contracts with the Centers for Medicare and Medicaid Services, or CMS, to provide health insurance coverage for individual Medicare Advantage members in Florida. CMS is the federal government's agency responsible for administering the Medicare program.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Our financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America. Our consolidated financial statements include the accounts of Humana Inc. and subsidiaries that the Company controls, including variable interest entities associated with medical practices for which we are the primary beneficiary. We do not own many of our medical practices but instead enter into exclusive management agreements with the affiliated Professional Associations, or P.A.s, that operate these medical practices. Based upon the provisions of these agreements, these affiliated P.A.s are variable interest entities and we are the primary beneficiary, and accordingly we consolidate the affiliated P.A.s. All significant intercompany balances and transactions have been eliminated.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the amounts reported in the 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.

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. We anticipate the exit of this line of business to be finalized in the first half of 2025.

Value Creation Initiatives and Impairment Charges

In order to create capacity to fund growth and investment in our Medicare Advantage business and further expansion of our healthcare services capabilities beginning in 2022, 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 of $281 million, $436 million and $473 million$473 million in 2024, 2023 and 2022, respectively, primarily within operating costs in the 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.

The value creation initiative charges primarily relate to $256 million, $237 million and $248 million in asset impairments in 2024, 2023 and 2022, respectively, as well as $25 million, $199 million and $116 million in severance charges in connection with workforce optimization in 2024, 2023 and 2022, respectively. The remainder of the 2022 charges primarily relate to external consulting fees.

During 2023, In addition, we also recorded impairment charges of $200 million, relating to indefinite-lived intangible assets, in 2024 and $91 million, including $55 million relating to indefinite-lived intangible assets, in 2023. There was no material impairment charge recorded in 2022. The indefinite-lived intangible asset impairment charges were included within operating costs in our consolidated statements of income with the remaining impairment charges included within investment income.

Further, we recorded severance charges of $70 million in 2023 within operating costs in our consolidated statement of income as a result of our exit from the Employer Group Commercial Medical Products business and impairment charges of $91 million, including $55 million relating to indefinite-lived intangibles. The indefinite-

lived intangibles impairment charges were included within operating costs in our consolidated statement of income with the remaining impairment charges included within investment income. business.

COVID-19

The emergence and spread of the novel coronavirus, or COVID-19, beginning in the first quarter of 2020 has impacted our business. Initially during periods of increased incidences of COVID-19, a reduction in non-COVID-19 hospital admissions for non-emergent and elective medical care resulted in lower overall healthcare system utilization. At the same time, COVID-19 treatment and testing costs increased utilization. During 2022, we experienced lower overall utilization of the healthcare system than anticipated, as the reduction in COVID-19 utilization following the increased incidence associated with the Omicron variant outpaced the increase in non-COVID-19 utilization. The significant disruption in utilization during 2020 also impacted our ability to implement clinical initiatives to manage health care costs and chronic conditions of our members, and appropriately document their risk profiles, and, as such, significantly affected our 2021 revenue under the risk adjustment payment model for Medicare Advantage plans. Finally, changes in utilization patterns and actions taken in 2021 as a result of the COVID-19 pandemic, including the suspension of certain financial recovery programs for a period of time and shifting the timing of claim payments and provider capitation surplus payments, impacted our claim reserve development and operating cash flows for 2021.

The COVID-19 National Emergency declared in 2020 was terminated on April 10, 2023 and the Public Health Emergency expired on May 11, 2023.

Cash and Cash Equivalents

Cash and cash equivalents include cash, time deposits, money market funds, commercial paper, other money market instruments, and certain U.S. Government securities with an original maturity of three months or less. Carrying value approximates fair value due to the short-term maturity of the investments.

Investment Securities

Investment securities, which consist of debt and equity securities, are stated at fair value. Our debt securities have been categorized as available for sale. Debt securities available for current operations, as well as our equity securities, are classified as current assets, and debt securities available to fund our professional and other self-insurance liability requirements, as well as restricted statutory deposits, are classified as long-term assets. For the purpose of determining realized gross gains and losses for debt securities sold, that are included as a component of investment income in the consolidated statements of income, the cost of investment securities sold is based upon specific identification. Unrealized holding gains and losses for debt securities, net of applicable deferred taxes, are included in other comprehensive income or loss as a component of stockholders' equity until realized from a sale or an expected credit loss is recognized. For the purpose of determining gross gains and losses for equity securities, changes in fair value at the reporting date are included as a component of investment income in the consolidated statements of income.

Under the current expected credit losses model, or CECL, expected losses on available for sale debt securities are recognized through an allowance for credit losses rather than as reductions in the amortized cost of the securities. For debt securities whose fair value is less than their amortized cost which we do not intend to sell or are not required to sell, we evaluate the expected cash flows to be received as compared to amortized cost and determine if an expected credit loss has occurred. In the event of an expected credit loss, only the amount of the impairment associated with the expected credit loss is recognized in income with the remainder, if any, of the loss recognized in other comprehensive income. To the extent we have the intent to sell the debt security or it is more likely than not we will be required to sell the debt security before recovery of our amortized cost basis, we recognize an impairment loss in income in an amount equal to the full difference between the amortized cost basis and the fair value.

Potential expected credit loss impairment is considered using a variety of factors, including the extent to which the fair value has been less than cost; adverse conditions specifically related to the industry, geographic area or financial condition of the issuer or underlying collateral of a debt security; changes in the quality of the debt

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

security's credit enhancement; payment structure of the debt security; changes in credit rating of the debt security by the rating agencies; failure of the issuer to make scheduled principal or interest payments on the debt security and changes in prepayment speeds. For debt securities, we take into account expectations of relevant market and economic data. For example, with respect to mortgage and asset-backed securities, such data includes underlying loan level data and structural features such as seniority and other forms of credit enhancements. We estimate the amount of the expected credit loss component of a debt security as the difference between the amortized cost and the present value of the expected cash flows of the security. The present value is determined using the best estimate of future cash flows discounted at the implicit interest rate at the date of purchase. The expected credit loss cannot exceed the full difference between the amortized cost basis and the fair value.

We participate in a securities lending program to optimize investment income. We loan certain investment securities for short periods of time in exchange for collateral initially equal to at least 102% of the fair value of the investment securities on loan. The fair value of the loaned investment securities is monitored on a daily basis, with additional collateral obtained or refunded as the fair value of the loaned investment securities fluctuates. The collateral, which may be in the form of cash or U.S. Government securities, is deposited by the borrower with an independent lending agent. Any cash collateral, which is reinvested by the lending agent primarily in short-term, highly liquid investments, is recorded as a securities lending collateral asset within other current assets on our consolidated balance sheet at the end of the reporting period. We record a corresponding liability to reflect our obligation to return the collateral within trade accounts payable and accrued expenses on our consolidated balance sheet at the end of the reporting period. Collateral received in the form of securities is not recorded in our consolidated balance sheets because, absent default by the borrower, we do not have the right to sell, pledge or otherwise reinvest securities collateral. Loaned securities continue to be carried as investment securities on the consolidated balance sheet at the end of the reporting period. Earnings on the invested cash collateral, net of expense, associated with the securities lending payable are recorded as investment income.

Receivables and Revenue Recognition

We generally establish established one-year commercial membership contracts with employer groups, subject to cancellation by the employer group on 30-day written notice. Our Medicare contracts with CMS renew annually. Our military services contracts with the federal government and certain contracts with various state Medicaid programs generally are multi-year contracts subject to annual renewal provisions.

Premiums Revenue

We receive monthly premiums from the federal government and various states according to government specified payment rates and various contractual terms. We bill and collect premium from employer groups and members in our Medicare and other individual products monthly. Changes in premium revenues resulting from the periodic changes in risk-adjustment scores derived from medical diagnoses for our membership are estimated by projecting the ultimate annual premium and are recognized ratably during the year, with adjustments each period to reflect changes in the ultimate premium. Receivables or payables are classified as current or long-term in our consolidated balance sheet based on the timing of the expected settlement.

Premiums revenue is estimated by multiplying the membership covered under the various contracts by the contractual rates. Premiums revenue is recognized as income in the period members are entitled to receive services and is net of estimated uncollectible amounts, retroactive membership adjustments, and adjustments to recognize rebates under the minimum benefit ratios required under the Patient Protection and Affordable Care Act and The Health Care and Education Reconciliation Act of 2010, which we collectively refer to as the Health Care Reform Law. We estimate policyholder rebates by projecting calendar year minimum benefit ratios for the small group and large group markets, as defined by the Health Care Reform Law using a methodology prescribed by Health and Human Services, or HHS, separately by state and legal entity. Medicare Advantage and Medicaid products are also subject to minimum benefit ratio requirements. Estimated calendar year rebates recognized ratably during the year

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

are revised each period to reflect current experience. Retroactive membership adjustments result from enrollment changes not yet processed, or not yet reported by an employer group or the government. We routinely monitor the collectability of specific accounts, the aging of receivables, historical retroactivity trends, estimated rebates, as well as prevailing and anticipated economic conditions, and reflect any required adjustments in current operations. Premiums received prior to the service period are recorded as unearned revenues.

Medicare Part D

We cover prescription drug benefits in accordance with Medicare Part D under multiple contracts with CMS. The payments we receive monthly from CMS and members, which are determined from our annual bid, represent amounts for providing prescription drug insurance coverage. We recognize premiums revenue for providing this insurance coverage ratably over the term of our annual contract. Our CMS payment is subject to risk sharing through the Medicare Part D risk corridor provisions. In addition, receipts Receipts for reinsurance and low-income cost subsidies as well as receipts for certain and discounts on brand name certain prescription drugs in the coverage gap represent payments for prescription drug costs for which we are not at risk.

The risk corridor provisions compare costs targeted in our bids to actual prescription drug costs, limited to actual costs that would have been incurred under the standard coverage as defined by CMS. Variances exceeding certain thresholds may result in CMS making additional payments to us or require us to refund to CMS a portion of the premiums we received. As risk corridor provisions are considered in our overall annual bid process, we estimate

and recognize an adjustment to premiums revenue related to these provisions based upon pharmacy claims experience. We record a receivable or payable at the contract level and classify the amount as current or long-term in our consolidated balance sheets based on the timing of expected settlement.

Reinsurance and low-income cost subsidies represent funding from CMS in connection with the Medicare Part D program for which we assume no risk. Reinsurance subsidies represent funding from CMS for its portion of prescription drug costs which exceed the member's out-of-pocket threshold, or the catastrophic coverage level. Low-income cost subsidies represent funding from CMS for all or a portion of the deductible, the coinsurance and co-payment amounts above the out-of-pocket threshold for low-income beneficiaries. Monthly prospective payments from CMS for reinsurance and low-income cost subsidies are based on assumptions submitted with our annual bid. A reconciliation and related settlement of CMS's prospective subsidies against actual prescription drug costs we paid is made after the end of the year. The Health Care Reform Law mandates consumer discounts of 50% 75% on brand name and generic prescription drugs for Part D plan participants in the coverage gap. These discounts are funded by CMS and pharmaceutical manufacturers while we administer the application of these funds.

We account for these the funding of subsidies and discounts for which we assume no risk as a deposit in our consolidated balance sheets and as a financing activity under receipts (withdrawals) (payments) from contract deposits, net in our consolidated statements of cash flows.

	2023
	2023
	2023
	2024
	2024
	2024
	(in millions)
	(in millions)
	(in millions)
Part D subsidy/discount payments	
Part D subsidy/discount payments	
Part D subsidy/discount payments	
Part D subsidy/discount reimbursements	
Part D subsidy/discount reimbursements	
Part D subsidy/discount reimbursements	
Net reimbursements (payments)	
Net reimbursements (payments)	
Net reimbursements (payments)	
Net (payments) reimbursements	
Net (payments) reimbursements	
Net (payments) reimbursements	

We do not recognize premiums revenue or benefit expenses for these subsidies or discounts. Receipt and payment activity is accumulated at the contract level and recorded in our consolidated balance sheets in other current assets or trade accounts payable and accrued expenses depending on the contract balance at the end of the reporting period.

Settlement of the reinsurance and low-income cost subsidies as well as the risk corridor payment is based on a reconciliation made approximately 9 months after the close of each calendar year. Settlement with CMS for brand name prescription drug discounts is based on a reconciliation made approximately 14 to 18 months after the close of each calendar year. We continue to revise our estimates with respect to the risk corridor provisions based on

subsequent period pharmacy claims data. For additional information regarding amounts recorded to our consolidated balance sheets related to the risk corridor settlement and subsidies from CMS with respect to the Medicare Part D program, refer to Note 7 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in this Form 10-K.

Patient services revenue

Patient services include services related to pharmacy solutions, primary care, and home solutions and other services and capabilities to promote wellness and advance population health.

For our pharmacy solutions business, external pharmacy revenues include the cost of pharmaceuticals (net of rebates), a negotiated dispensing fee and customer co-payments for drugs dispensed through our CenterWell Pharmacy (our mail-order pharmacy business), CenterWell Specialty Pharmacy, and retail pharmacies jointly located within CenterWell Senior Primary Care clinics. Pharmacy products are billed to customers based on the number of transactions occurring during the billing period. Services revenues related to product revenues from dispensing prescriptions are recorded when the prescription or product is shipped.

Our primary care business recognizes revenues for certain value-based arrangements. Under these value-based arrangements, we enter into agreements with health plans to stand ready to deliver, integrate, direct and control the administration and management of certain health care services for our patients. In exchange, we receive 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 patients. 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.

For our home solutions businesses, revenues include net patient services revenue recorded based upon established billing rates, net of contractual allowances, discounts, or other implicit price concessions, and are recognized as performance obligations are satisfied, which is in the period services are rendered.

For the year ended December 31, 2023 December 31, 2024, revenue recognized from performance obligations related to prior periods (for example, due to changes in transaction price), was not material. Further, revenue expected to be recognized in any future year related to remaining performance obligations is not material.

Administrative services fees

Administrative services fees cover the processing of claims, offering access to our provider networks and clinical programs, and responding to customer service inquiries from members of self-funded groups. Revenues from providing administration services, also known as administrative services only, or ASO, are recognized in the period services are performed and are net of estimated uncollectible amounts. ASO fees are estimated by multiplying the membership covered under the various contracts by the contractual rates. Under ASO contracts, self-funded employers retain the risk of financing substantially all of the cost of health benefits. However, many ASO customers purchase stop loss insurance coverage from us to cover catastrophic claims or to limit aggregate annual costs. Accordingly, we have recorded premiums revenue and benefits expense related to these stop loss insurance contracts. We routinely monitor the collectability of specific accounts, the aging of receivables, as well as prevailing and anticipated economic conditions, and reflect any required adjustments in current operations. ASO fees received prior to the service period are recorded as unearned revenues.

Under our TRICARE contracts with the Department of Defense (DoD) we provide administrative services, including offering access to our provider networks and clinical programs, claim processing, customer service, enrollment, and other services, while the federal government retains all of the risk of the cost of health benefits. We account for revenues under our contracts net of estimated health care costs similar to an administrative services fee only agreement. Our contracts include fixed administrative services fees and incentive fees and penalties. Administrative services fees are recognized as services are performed.

Our TRICARE members are served by both in-network and out-of-network providers in accordance with our contracts. We pay health care costs related to these services to the providers and are subsequently reimbursed by the DoD for such payments. We account for the payments of the federal government's claims and the related reimbursements under deposit accounting in our consolidated balance sheets and as a financing activity under receipts (withdrawals) (payments) from contract deposits, net in our consolidated statements of cash flows.

	2023	2022	2021
		(in millions)	
Health care cost payments	$ (7,073)	$ (7,110)	$ (6,943)
Health care cost reimbursements	7,130	7,135	6,898
Net reimbursements (payments)	$ 57	$ 25	$ (45)

	2024	2023	2022
		(in millions)	
Health care cost payments	$ (7,477)	$ (7,073)	$ (7,110)
Health care cost reimbursements	7,385	7,130	7,135
Net (payments) reimbursements	$ (92)	$ 57	$ 25

Receivables

Receivables, including premium receivables, patient services revenue receivables, and ASO fee receivables, are shown net of allowances for estimated uncollectible accounts, retroactive membership adjustments, and contractual allowances.

At December 31, 2023 December 31, 2024 and 2022, 2023, accounts receivable related to services were $357 million $360 million and $291 million $357 million, respectively. For the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, we had no material bad-debt expense and there were no material contract assets, contract liabilities or deferred contract costs recorded on the consolidated balance sheet at December 31, 2023 December 31, 2024 and 2022. 2023.

Other Current Assets

Other current assets include amounts associated with Medicare Part D, rebates due from pharmaceutical manufacturers and other amounts due within one year. We accrue pharmaceutical rebates as they are earned based on contractual terms and usage of the product. The balance of pharmaceutical rebates receivable was $2.3 billion $1.7 billion and $2.0 $2.3 billion at December 31, 2023 December 31, 2024 and 2022, 2023, respectively. For additional information regarding amounts associated with Medicare Part D, refer

In October 2024, we entered an uncommitted receivables purchase facility, or the Facility, under which certain pharmaceutical rebate receivables may be sold on a non-recourse basis to Note 7 a financial institution. Although the sale is made without recourse, we provide collection services related to the audited Consolidated Financial Statements transferred assets without compensation. The Facility's total capacity is $1.19 billion with an initial one year term, unless terminated early or extended. As control of, and risk related to, the receivables are transferred to the financial institution, the transactions under the Facility are accounted for as a true sale. The derecognition of our receivables transferred to a financial institution reduce our net pharmaceutical rebate receivable balance included in Part II, Item 8, "Financial Statements "Other current assets" on our accompanying consolidated balance sheets and Supplementary Data" generate a loss on discounted receivables included in this Form 10-K. "Operating costs" on our accompanying consolidated statements of income. As servicer of the purchased receivables, we establish a payable to the financial institution included in "Trade accounts payable and accrued expenses" on our accompanying consolidated balance sheets for rebates collected from manufacturers not yet remitted to the financial institution. Cash proceeds from the sale of receivables to the financial institution are classified as an operating activity included in "Changes in other assets" and rebates collected from manufacturers not yet remitted to the financial institution are classified as a financing activity included in "Changes in rebate factor payable" on our accompanying consolidated statement of cash flows. For the year ended December 31, 2024, we sold $639 million of pharmaceutical rebate receivables under the Facility and the loss on discounted receivables were not material. As of December 31, 2024, we collected $168 million from manufacturers, $123 million of which have not been remitted to the financial institution.

Policy Acquisition Costs

Policy acquisition costs are those costs that relate directly to the successful acquisition of new and renewal insurance policies. Such costs include commissions, costs of policy issuance and underwriting, and other costs we incur to acquire new business or renew existing business. We expense expensed policy acquisition costs related to our

employer-group prepaid health services policies as incurred. These short-duration employer-group prepaid health services policies typically have a 1-year term and may be canceled upon 30 days notice by the employer group.

Long-Lived Assets

Property and equipment is recorded at cost. Gains and losses on sales or disposals of property and equipment are included in operating costs in our consolidated income statements. Certain costs related to the development or purchase of internal-use software are capitalized. Depreciation is computed using the straight-line method over estimated useful lives ranging from 3 to 10 years for equipment, 3 to 5 years for computer software, and 10 to 20 years for buildings. Improvements to leased facilities are depreciated over the shorter of the remaining lease term or the anticipated life of the improvement.

We periodically review long-lived assets, including property and equipment and other definite-lived intangible assets, for impairment whenever adverse events or changes in circumstances indicate the carrying value of the asset may not be recoverable. Losses are recognized for a long-lived asset to be held and used in our operations when the undiscounted future cash flows expected to result from the use of the asset are less than its carrying value. We recognize an impairment loss based on the excess of the carrying value over the fair value of the asset. A long-lived asset held for sale is reported at the lower of the carrying amount or fair value less costs to sell. Depreciation expense is not recognized on assets held for sale. Losses are recognized for a long-lived asset to be abandoned when the asset ceases to be used. In addition, we periodically review the estimated lives of all long-lived assets for reasonableness.

Equity Method Investments

We use the equity method of accounting for equity investments in companies where we are able to exercise significant influence, but not control, over operating and financial policies of the investee. Judgment regarding the level of influence over each equity method investment includes considering key factors such as our ownership interest, representation on the board of directors, organizational structure, participation in policy-making decisions and material intra-entity transactions.

Generally, under the equity method, original investments in these entities are recorded at cost and subsequently adjusted by our share of equity in income or losses after the date of acquisition as well as capital contributions to and distributions from these companies. Our proportionate share of the net income or loss of these companies is included in consolidated net income. Investment amounts in excess of our share of an investee's net assets are amortized over the life of the related asset creating the excess. Excess goodwill is not amortized.

We evaluate equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment might not be recoverable. Factors considered by us when reviewing an equity method investment for impairment include the length of time (duration) and the extent (severity) to which the fair value of the equity method investment has been less than carrying value, the investee's financial condition and near-term prospects and the intent and ability to hold the investment for a period of time sufficient to allow for anticipated recovery. An impairment that is other-than-temporary is recognized in the period identified.

For additional information regarding our equity method investments, refer to Note 4 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in this Form 10-K.

Goodwill and Intangible Assets

Goodwill represents the unamortized excess of cost over the fair value of the net tangible and other intangible assets acquired. We are required to test at least annually for impairment at a level of reporting referred to as the reporting unit, and more frequently if adverse events or changes in circumstances indicate that the asset may be impaired. A reporting unit either is our operating segments or one level below the operating segments, referred to as a component, which comprise our reportable segments. A component is considered a reporting unit if the component constitutes a business for which discrete financial information is available that is regularly reviewed by management. We aggregate the components of an operating segment into one reporting unit if they have similar

economic characteristics. Goodwill is assigned to the reporting units that are expected to benefit from the specific synergies of the business combination.

We perform a quantitative assessment to review goodwill for impairment to determine both the existence and amount of goodwill impairment, if any. Impairment tests are performed, at a minimum, in the fourth quarter of each year supported by our long-range business plan and annual planning process. We rely on an evaluation of future discounted cash flows to determine fair value of our reporting units. The fair value of our reporting units with significant goodwill exceeded carrying amounts. However, unfavorable changes in key assumptions or combinations of assumptions including a significant increase in the discount rate, decrease in the long-term growth rate or substantial reduction in our underlying cash flow assumptions, including revenue growth rates, medical and operating cost trends, and projected operating income could have a significant negative impact on the estimated fair value of our home solutions and primary care reporting units, unit, which accounted for $4.4 billion and $1.2 billion of goodwill, respectively. goodwill. Impairment tests completed for 2024, 2023, 2022, and 2021 2022 did not result in an impairment loss.

Intangible assets with indefinite lives relate to Certificate of Needs (CON) and Medicare licenses acquired as part of our acquisition of CenterWell Home Health (formerly Kindred at Home, or KAH, and Home) are included within other long-term assets in the consolidated balance sheet at December 31, 2023 December 31, 2024 and December 31, 2022 December 31, 2023. For additional information regarding our acquisition of KAH, refer to Note 3 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in this Form 10-K. We are required to annually compare the fair values of other indefinite-lived intangible assets to their carrying amounts. If the carrying amount of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized. Fair values of indefinite-lived intangible assets are determined based on the income approach. For our CON intangible assets, unfavorable changes in key assumptions or combinations of assumptions, including a significant increase in the discount rate, decrease in the long-term growth rate or substantial reduction in the underlying cash flow assumptions, including revenue growth rates, operating cost trends, and projected operating income could have a significant negative impact on the estimated fair value of our CON intangible assets, which account for $910 million of our intangible assets. Impairment tests completed for 2024 and 2023 resulted in impairment charges of $200 million and $55 million, respectively. Impairment test completed for 2022 did not result in a material impairment losses. charge. These charges reflect the amount by which the carrying value exceeded its estimated fair value. Impairment tests completed for 2021 did not result in an impairment loss. The fair values of the assets were measured using Level 3 inputs, such as projected revenues and operating cash flows.

Definite-lived intangible assets primarily relate to acquired customer contracts/relationships and are included with other long-term assets in the consolidated balance sheets. Definite-lived intangible assets are amortized over the

useful life generally using the straight-line method. We review definite-lived intangible assets for impairment under our long-lived asset policy.

Benefits Payable and Benefits Expense Recognition

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. Capitation payments represent monthly contractual fees disbursed to primary care and other providers who are responsible for providing medical care to members. Pharmacy costs represent payments for members’ prescription drug benefits, net of rebates from drug manufacturers. Receivables for such pharmacy rebates are included in other current assets in our consolidated balance sheets. Other supplemental benefits include dental, vision, and other supplemental health products.

We estimate the costs of our benefits expense payments using actuarial methods and assumptions based upon claim payment patterns, medical cost inflation, historical developments such as claim inventory levels and claim receipt patterns, and other relevant factors, and record benefit reserves for future payments. We continually review estimates of future payments relating to claims costs for services incurred in the current and prior periods and make necessary adjustments to our reserves.

Benefits expense is recognized in the period in which services are provided and includes an estimate of the cost of services which have been incurred but not yet reported, or IBNR. Our reserving practice is to consistently

recognize the actuarial best point estimate within a level of confidence required by actuarial standards. Actuarial standards of practice generally require a level of confidence such that the liabilities established for IBNR have a greater probability of being adequate versus being insufficient, or such that the liabilities established for IBNR are sufficient to cover obligations under an assumption of moderately adverse conditions. Adverse conditions are situations in which the actual claims are expected to be higher than the otherwise estimated value of such claims at the time of the estimate. Therefore, in many situations, the claim amounts ultimately settled will be less than the estimate that satisfies the actuarial standards of practice.

We develop our estimate for IBNR using actuarial methodologies and assumptions, primarily based upon historical claim experience. Depending on the period for which incurred claims are estimated, we apply a different method in determining our estimate. For periods prior to the most recent two months, a completion factor method uses historical paid claims patterns to estimate the percentage of claims incurred during a given period that have historically been adjudicated as of the reporting period. Changes in claim inventory levels and known changes in claim payment processes are taken into account in these estimates. For the most recent two months, the incurred claims are estimated primarily from a trend analysis based upon per member per month claims trends developed from our historical experience in the preceding months, adjusted for known changes in estimates of hospital admissions, recent hospital and drug utilization data, provider contracting changes, changes in benefit levels, changes in member cost sharing, changes in medical management processes, product mix, and workday seasonality.

The completion factor method is used for the months of incurred claims prior to the most recent two months because the historical percentage of claims processed for those months is at a level sufficient to produce a consistently reliable result. Conversely, for the most recent two months of incurred claims, the volume of claims processed historically is not at a level sufficient to produce a reliable result, which therefore requires us to examine historical trend patterns as the primary method of evaluation. Changes in claim processes, including recoveries of overpayments, receipt cycle times, claim inventory levels, outsourcing, system conversions, and processing disruptions due to weather or other events affect views regarding the reasonable choice of completion factors. Claim payments to providers for services rendered are often net of overpayment recoveries for claims paid previously, as contractually allowed. Claim overpayment recoveries can result from many different factors, including retroactive enrollment activity, audits of provider billings, and/or payment errors. Changes in patterns of claim overpayment recoveries can be unpredictable and result in completion factor volatility, as they often impact older dates of service. The receipt cycle time measures the average length of time between when a medical claim was initially incurred and when the claim form was received. Increases in electronic claim submissions from providers decrease the receipt cycle time. If claims are submitted or processed on a faster (slower) pace than prior periods, the actual claim may be more (less) complete than originally estimated using our completion factors, which may result in reserves that are higher (lower) than required.

Medical cost trends potentially are more volatile than other segments of the economy. The drivers of medical cost trends include increases in the utilization of hospital facilities, physician services, new higher priced technologies and medical procedures, and new prescription drugs and therapies, as well as the inflationary effect on the cost per unit of each of these expense components. Other external factors such as government-mandated benefits or other regulatory changes, the tort liability system, increases in medical services capacity, direct to consumer advertising for prescription drugs and medical services, an aging population, lifestyle changes including diet and smoking, catastrophes, public health emergencies, epidemics and pandemics (such as COVID-19) also may impact medical cost trends. Internal factors such as system conversions, claims processing cycle times, changes in medical management practices and changes in provider contracts also may impact our ability to accurately predict estimates of historical completion factors or medical cost trends. All of these factors are considered in estimating IBNR and in estimating the per member per month claims trend for purposes of determining the reserve for the most recent two months. Additionally, we continually prepare and review follow-up studies to assess the reasonableness of the estimates generated by our process and methods over time. The results of these studies are also considered in determining the reserve for the most recent two months. Each of these factors requires significant judgment by management.

We reassess the profitability of our contracts for providing insurance coverage to our members when current operating results or forecasts indicate probable future losses. We establish a premium deficiency reserve in current

operations to the extent that the sum of expected future costs, claim adjustment expenses, and maintenance costs exceeds related future premiums under contracts. For purposes of determining premium deficiencies, contracts are grouped in a manner consistent with our method of acquiring, servicing, and measuring the profitability of such contracts. Losses recognized as a premium deficiency result in a beneficial effect in subsequent periods as operating losses under these contracts are charged to the liability previously established. Because the majority of our member contracts renew annually, we would not record a material premium deficiency reserve, except when unanticipated adverse events or changes in circumstances indicate otherwise.

We believe our benefits payable are adequate to cover future claims payments required. However, such estimates are based on knowledge of current events and anticipated future events. Therefore, the actual liability could differ materially from the amounts provided.

Future policy benefits payable

Future policy benefits payable includes liabilities for long-duration insurance policies primarily related to certain blocks of insurance assumed in acquisitions, primarily life and annuities in run-off status, and are included in our consolidated balance sheet within other long-term liabilities. Most of these policies are subject to reinsurance. For additional information regarding reinsurance, refer to Note 19 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in this Form 10-K.

Book Overdraft

Under our cash management system, checks issued but not yet presented to banks that would result in negative bank balances when presented are classified as a current liability in the consolidated balance sheets. Changes in book overdrafts from period to period are reported in the consolidated statement of cash flows as a financing activity.

Income Taxes

We recognize an asset or liability for the deferred tax consequences of temporary differences between the tax bases of assets or liabilities and their reported amounts in the consolidated financial statements. These temporary differences will result in taxable or deductible amounts in future years when the reported amounts of the assets or

liabilities are recovered or settled. We also recognize the future tax benefits such as net operating and capital loss carryforwards as deferred tax assets. A valuation allowance is provided against these deferred tax assets if it is more likely than not that some portion or all of the deferred tax assets will not be realized. Future years' tax expense may be increased or decreased by adjustments to the valuation allowance or to the estimated accrual for income taxes. Deferred tax assets and deferred tax liabilities are further adjusted for changes in the enacted tax rates.

We record tax benefits when it is more likely than not that the tax return position taken with respect to a particular transaction will be sustained. A liability, if recorded, is not considered resolved until the statute of limitations for the relevant taxing authority to examine and challenge the tax position has expired, or the tax position is ultimately settled through examination, negotiation, or litigation. We classify interest and penalties associated with uncertain tax positions in our provision for income taxes.

Noncontrolling Interests

The consolidated financial statements include all assets, liabilities, revenues and expenses of less than 100% owned affiliates that we control. Accordingly, we record noncontrolling interests in the earnings and equity of such entities. We record adjustments to noncontrolling interests for the allocable portion of income or loss to which the noncontrolling interest holders are entitled based upon their portion of the subsidiaries they own. Distributions to holders of noncontrolling interests are adjusted to the respective noncontrolling interest holders' balances. Noncontrolling interests, which relate to the minority ownership held by third party third-party investors in certain of our businesses within our Insurance and CenterWell segments, are reported below net income under the heading "Net income (income) loss attributable to noncontrolling interests" in the consolidated statements of income and presented as a component of equity in the consolidated balance sheets.

Stock-Based Compensation

We generally recognize stock-based compensation expense, as determined on the date of grant at fair value, on a straight-line basis over the period during which an employee is required to provide service in exchange for the award (the vesting period). In addition, for awards with both time and performance-based conditions, we generally recognize compensation expense on a straight line basis over the vesting period when it is probable that the performance condition will be achieved. We estimate expected forfeitures and recognize compensation expense only for those awards which are expected to vest. We estimate the grant-date fair value of stock options using the Black-Scholes option-pricing model.

For additional information regarding our stock-based compensation plans, refer to Note 14 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in this Form 10-K.

Earnings Per Common Share

We compute basic earnings per common share on the basis of the weighted-average number of unrestricted common shares outstanding. Diluted earnings per common share is computed on the basis of the weighted-average number of unrestricted common shares outstanding plus the dilutive effect of outstanding employee stock options and restricted shares, or units, using the treasury stock method.

For additional information regarding our earnings per share, refer to Note 15 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in this Form 10-K.

Fair Value

Assets and liabilities measured at fair value are categorized into a fair value hierarchy based on whether the inputs to valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our own assumptions about the assumptions market participants would use. The fair value hierarchy includes three levels of inputs that may be used to measure fair value as described below.

Level 1 – Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include securities that are traded in an active exchange market.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments as well as debt securities whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes assets and liabilities whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting our own assumptions about the assumptions market participants would use as well as those requiring significant management judgment.

Fair value of actively traded debt and equity securities are based on quoted market prices. Fair value of other debt securities are based on quoted market prices of identical or similar securities or based on observable inputs like interest rates generally using a market valuation approach, or, less frequently, an income valuation approach and are generally classified as Level 2. Fair value of privately held investment grade debt securities are estimated using a variety of valuation methodologies, including both market and income approaches, where an observable quoted market does not exist and are generally classified as Level 3. For privately-held investment grade debt securities,

such methodologies include reviewing the value ascribed to the most recent financing, comparing the security with securities of publicly-traded companies in similar lines of business with similar credit characteristics, and reviewing the underlying financial performance including estimating discounted cash flows.

We obtain at least one price for each security from a third party third-party pricing service. These prices are generally derived from recently reported trades for identical or similar securities, including adjustments through the reporting date based upon observable market information. When quoted prices are not available, the third party third-party pricing service may use quoted market prices of comparable securities or discounted cash flow analysis, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include benchmark yields, reported trades, credit spreads, broker quotes, default rates, and prepayment speeds. We are responsible for the determination of fair value and as such we perform analysis on the prices received from the third party third-party pricing service to determine whether the prices are reasonable estimates of fair value. Our analysis includes a review of monthly price fluctuations as well as a quarterly comparison of the prices received from the pricing service to prices reported by our third party third-party investment adviser. In addition, on a quarterly basis we examine the underlying inputs and assumptions for a sample of individual securities across asset classes, credit rating levels, and various durations.

Recently Issued Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In November 2020, the FASB issued Accounting Standards Update No. 2020-11, Financial Services—Insurance (Topic 944): Effective Date and Early Application (“ASU 2020-11”). The amendments in ASU 2020-11 make changes to the effective date and early application of Accounting Standards Update No. 2018-12, Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts (“ASU 2018-12”), which was issued in November 2018. The amendments in ASU 2020-11 extended the original effective date by one year, and now the amendments are required for our interim and annual reporting periods beginning after December 15, 2022. The new guidance relates to accounting for long-duration contracts of insurers which revises key elements of the measurement models and disclosure requirements for long-duration contracts issued by insurers, including the amortization of deferred contract acquisition costs and the measurement of liabilities for future policy benefits using current, rather than locked-in, assumptions. The new guidance, limited to our Medicare Supplement product which represents less than 1% of consolidated premiums and services revenue, became effective for us

beginning January 1, 2023 and was applied to contracts in force on the basis of their existing carrying value amounts at the beginning of the earliest period presented. The adoption of the new standard in 2023 did not have a material impact on our consolidated results of operations, financial position or cash flows.

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 became effective for us beginning with our annual 2024 year-end financial statements. We are currently evaluating the The adoption of ASU 2023-07 in 2024 did not have a material impact on our consolidated financial statements. Our segment information footnote disclosures. disclosure was updated to reflect adoption of the standard.

Accounting Pronouncements Effective in Future Periods

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.

In November 2024, the FASB issued Accounting Standards Update No. 2024-03 — Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. The new guidance requires significant additional disclosures disaggregating certain costs and expenses including purchases of inventory, employee compensation, depreciation, and intangible asset amortization. The new guidance requires prospective application (with retrospective application permitted). The new guidance will be effective for us beginning with our annual 2027 year-end financial statements, with early adoption permitted. We are currently evaluating the impact on our results of operations, financial position and cash flows.

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.

Humana Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

3. ACQUISITIONS AND DIVESTITURES

On August 11, 2022, we completed the sale of a 60% interest in Gentiva (formerly Kindred) Hospice to Clayton, Dubilier & Rice, or CD&R, for cash proceeds of approximately $2.7 billion, net of cash disposed, including debt repayments from Gentiva Hospice to Humana of $1.9 billion. In connection with the sale, we recognized a pre-tax gain, net of transaction costs, of $237 million which was reported as a gain on sale of Gentiva Hospice in the accompanying consolidated statement of income for the year ended December 31, 2022.

In June 2022, we classified Gentiva Hospice as held-for-sale and aggregated Gentiva Hospice's assets and liabilities separately on the balance sheet. The assets, liabilities and noncontrolling interest disposed of on August 11, 2022 were as follows:

		(in millions)
Cash and cash equivalents	$	73
Receivables, net of allowances		194
Other current assets		20
Property and equipment, net		44
Goodwill		2,331
Other assets		960
Total assets	$	3,622
Trade accounts payable and accrued expenses	$	245
Other long-term liabilities		285
Total liabilities	$	530
Noncontrolling interest	$	11

Other assets included $866 million identifiable intangibles consisting of Medicare licenses and CON.

Prior to the sale, of a 60% interest in Gentiva Hospice on August 11, 2022, as discussed above, Gentiva Hospice revenues and pretax earnings through the date of sale for the year ended December 31, 2022, were $958 million and $150 million, respectively.

On August 17, 2021, we acquired the remaining 60% interest in Kindred at Home, or KAH, from TPG Capital and Welsh, Carson, Anderson & Stowe, or WCAS, two private equity funds, for an enterprise value of $8.2 billion, which included our equity value of $2.4 billion associated with our 40% minority ownership interest. The remeasurement to fair value of our previously held 40% equity method investment with a carrying value of approximately $1.3 billion, resulted in a $1.1 billion gain recognized in "Other (income) expense, net" in the accompanying consolidated statement of income for the year ended December 31, 2021. We paid the approximate $5.8 billion transaction price (net of our existing equity stake) through a combination of debt financing, the assumption of existing KAH indebtedness and parent company cash.

During 2024, 2023, 2022, and 2021, 2022, we acquired other various health and wellness related businesses which, other than the impacts to goodwill, 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 have been included in our consolidated statements of income and consolidated balance sheets from the respective acquisition dates. Acquisition-related costs recognized in each of 2024, 2023 2022 and 2021 2022 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 year of acquisition, were not material for disclosure purposes.

Humana Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

4. EQUITY METHOD INVESTMENT

Prior to our acquisition of KAH in August 2021, we accounted for our 40% investment in KAH using the equity method of accounting. Our share of income or loss was reported as equity in net (losses) earnings in our consolidated statements of income. INVESTMENTS

We completed the sale of a 60% interest in Gentiva Hospice on August 11, 2022 and we account for our remaining minority ownership in Gentiva Hospice using the equity method of accounting. At December 31, 2023 December 31, 2024 and 2022 2023, we owned approximately 35% and 40%, respectively. . This investment was reflected in equity method investments in our December 31, 2023 December 31, 2024 and 2022 2023 consolidated balance sheets, with our share of income or loss reported as equity in net (losses) earnings losses in our consolidated statements of income.

The summarized balance sheets and statements of income at December 31, 2023 December 31, 2024 and 2022 2023 of Gentiva Hospice were as follows:

Balance sheet

Balance sheet

Balance sheet

Balance sheets
Balance sheets
Balance sheets

	(in millions)
	(in millions)
	(in millions)
Current assets	
Current assets	
Current assets	
Non-current assets	
Non-current assets	
Non-current assets	
Current liabilities	
Current liabilities	
Current liabilities	
Non-current liabilities	
Non-current liabilities	
Non-current liabilities	
Shareholders' equity	
Shareholders' equity	
Shareholders' equity	

Statements of income
Statements of income
Statements of income

	For the year ended December 31, 2023
	For the year ended December 31, 2023
	For the year ended December 31, 2023
	For the year ended December 31, 2024
	For the year ended December 31, 2024
	For the year ended December 31, 2024
	(in millions)
	(in millions)
	(in millions)
Revenues	
Revenues	
Revenues	
Expenses	
Expenses	
Expenses	
Net income	
Net income	
Net income	
Net loss	
Net loss	
Net loss	

Other equity method investments

In 2020, our Primary Care Organization entered into a strategic partnership with Welsh, Carson, Anderson & Stowe, or WCAS, to accelerate the expansion of our primary care model. In May 2022, we established a second strategic partnership with WCAS to develop additional centers between 2023 and 2025. As of December 31, 2023 December 31, 2024, there were 108 133 primary care clinics operating under the partnership and we have capacity to open or acquire up to approximately 60 20 additional centers through the existing partnership agreements. In addition, the agreements include a series of put and call options through which WCAS may require us to purchase their interest in the entity, and through which we may acquire WCAS's interest, over the next 2 1 to 9 years. We have the option to purchase the first cohort of clinics in 2025 for approximately $550 $600 million to $650 $700 million based on current projections. All existing cohorts can be called by us from 2025 to 2030 2032 and could require $2.0 $2.5 billion to $3.0 $3.5 billion based on current projections. These estimates are dependent on multiple factors including the actual timing of when the put or call options are exercised, expected revenue growth at each center within the respective cohort and future capital contributions, among other factors. For additional information on inputs relevant to these put and call options, refer to Note 6 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

Other equity method investments

We have several other individually immaterial equity method investments including our strategic partnership with WCAS as described above, included within equity method investments in our consolidated balance sheets as of December 31, 2023 December 31, 2024 and 2022 2023 with our share of income or loss reported as equity in net (losses) earnings losses in our consolidated statements of income for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021. 2022.

5. INVESTMENT SECURITIES

Investment securities classified as current and long-term were as follows at December 31, 2023 December 31, 2024 and 2022, 2023, respectively:

	Amortized Cost	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(in millions)							
December 31, 2024									
U.S. Treasury and other U.S. government corporations and agencies:									
U.S. Treasury and other U.S. government corporations and agencies:									
U.S. Treasury and other U.S. government corporations and agencies:									
U.S. Treasury and agency obligations									
U.S. Treasury and agency obligations									
U.S. Treasury and agency obligations									
Mortgage-backed securities									
Tax-exempt municipal securities									
Mortgage-backed securities:									
Residential									
Residential									
Residential									
Commercial									
Asset-backed securities									
Corporate debt securities									
Total debt securities									
December 31, 2023									
December 31, 2023									
		(in millions)							
December 31, 2023									
U.S. Treasury and other U.S. government corporations and agencies:									
U.S. Treasury and other U.S. government corporations and agencies:									
U.S. Treasury and other U.S. government corporations and agencies:									
U.S. Treasury and agency obligations									
U.S. Treasury and agency obligations									
U.S. Treasury and agency obligations									
Mortgage-backed securities									
Tax-exempt municipal securities									

Mortgage-backed securities:

Residential

Residential

Residential

Commercial

Asset-backed securities

Corporate debt securities

Total debt securities

Common stock

Total investment securities

December 31, 2022

December 31, 2022

December 31, 2022

U.S. Treasury and other U.S. government corporations and agencies:

U.S. Treasury and other U.S. government corporations and agencies:

U.S. Treasury and other U.S. government corporations and agencies:

U.S. Treasury and agency obligations

U.S. Treasury and agency obligations

U.S. Treasury and agency obligations

Mortgage-backed securities

Tax-exempt municipal securities

Mortgage-backed securities:

Residential

Residential

Residential

Commercial

Asset-backed securities

Corporate debt securities

Total debt securities

Common stock

Total investment securities

Humana Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

We own certain corporate debt securities of Gentiva Hospice. The book value and fair value are $381 million and $396 million, respectively, at December 31, 2024. The book value and fair value were $379 million and $398 million, respectively, at December 31, 2023. The book value and

We participate in a securities lending program where we loan certain investment securities for short periods of time in exchange for collateral, consisting of cash or U.S. Government securities, initially equal to at least 102% of the fair value were $280 million and $278 million, respectively, of the investment securities on loan. Collateral with a fair value of $418 million was held at December 31, 2022 December 31, 2024. At December 31, 2024, collateral from lending our investment securities has been reinvested in short-term, highly liquid assets. In addition, we participated in non-cash securities lending with a fair value of $127 million at December 31, 2024.

Gross unrealized losses and fair values aggregated by investment category and length of time that 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 December 31, 2023 December 31, 2024 and 2022, 2023, respectively:

	Less than 12 months		12 months or more		Total		Less than 12 months		12 months or more			Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	

	(in millions)	(in millions)
December 31, 2024		
U.S. Treasury and other U.S. government corporations and agencies:		
U.S. Treasury and other U.S. government corporations and agencies:		
U.S. Treasury and other U.S. government corporations and agencies:		
U.S. Treasury and agency obligations		
U.S. Treasury and agency obligations		
U.S. Treasury and agency obligations		
Mortgage-backed securities		
Tax-exempt municipal securities		
Mortgage-backed securities:		
Residential		
Residential		
Residential		
Commercial		
Asset-backed securities		
Corporate debt securities		
Total debt securities		
December 31, 2023		
December 31, 2023		
December 31, 2023		
U.S. Treasury and other U.S. government corporations and agencies:		
U.S. Treasury and other U.S. government corporations and agencies:		
U.S. Treasury and other U.S. government corporations and agencies:		
U.S. Treasury and agency obligations		
U.S. Treasury and agency obligations		
U.S. Treasury and agency obligations		
Mortgage-backed securities		
Tax-exempt municipal securities		
Mortgage-backed securities:		
Residential		
Residential		
Residential		
Commercial		
Asset-backed securities		
Corporate debt securities		
Total debt securities		
December 31, 2022		
December 31, 2022		
December 31, 2022		
U.S. Treasury and other U.S. government corporations and agencies:		

U.S. Treasury and other U.S. government corporations and agencies:	
U.S. Treasury and other U.S. government corporations and agencies:	
U.S. Treasury and agency obligations	
U.S. Treasury and agency obligations	
U.S. Treasury and agency obligations	
Mortgage-backed securities	
Tax-exempt municipal securities	
Mortgage-backed securities:	
Residential	
Residential	
Residential	
Commercial	
Asset-backed securities	
Corporate debt securities	
Total debt securities	

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 December 31, 2023 December 31, 2024. Most of the Our remaining debt securities that below investment grade were 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.

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

Our unrealized loss losses from all debt securities was were generated from approximately 1,560 1,780 positions out of a total of approximately 2,060 2,200 positions at December 31, 2023 December 31, 2024. All issuers of debt securities we own that were trading at an unrealized loss at December 31, 2023 December 31, 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 the debt securities were purchased. At December 31, 2023 December 31, 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 at December 31, 2023 December 31, 2024, 2022 2023 or 2021. 2022.

The detail of realized gains (losses) related to investment securities and included within investment income was as follows for the years ended December 31, 2023 December 31, 2024, 2022, 2023, and 2021: 2022:

	2023	2022	2021
	2024	2023	2022
		(in millions)	
Gross gains on investment securities			
Gross losses on investment securities			
Gross gains on equity securities			
Gross losses on equity securities			
Net recognized losses on investment securities			

Net recognized gains (losses) on investment securities

The gains and losses related to equity securities for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021 2022 was as follows:

	2023
	2023
	2023
	2024
	2024
	2024
	(in millions)
	(in millions)
	(in millions)
Net gains (losses) recognized on equity securities during the period	
Net gains (losses) recognized on equity securities during the period	
Net gains (losses) recognized on equity securities during the period	
Less: Net gains (losses) recognized on equity securities sold during the period	
Less: Net gains (losses) recognized on equity securities sold during the period	
Less: Net gains (losses) recognized on equity securities sold during the period	
Unrealized losses recognized on equity securities still held at the end of the period	
Unrealized losses recognized on equity securities still held at the end of the period	
Unrealized losses recognized on equity securities still held at the end of the period	

The contractual maturities of debt securities available for sale at December 31, 2023 December 31, 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 Cost	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(in millions)		(in millions)		
Due within one year					
Due after one year through five years					
Due after five years through ten years					
Due after ten years					
Mortgage and asset-backed securities					
Total debt securities					

6. FAIR VALUE

Financial Assets

The following table summarizes our fair value measurements at December 31, 2023 December 31, 2024 and 2022, 2023, respectively, for financial assets measured at fair value on a recurring basis:

		Fair Value Measurements Using				Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
	(in millions)				(in millions)			
<u>**December 31, 2024**</u>								
Cash equivalents								
Cash equivalents								
Cash equivalents								

Debt securities:
U.S. Treasury and other U.S. government corporations and agencies:
U.S. Treasury and other U.S. government corporations and agencies:
U.S. Treasury and other U.S. government corporations and agencies:
U.S. Treasury and agency obligations
U.S. Treasury and agency obligations
U.S. Treasury and agency obligations
Mortgage-backed securities
Tax-exempt municipal securities
Mortgage-backed securities:
Residential
Residential
Residential
Commercial
Asset-backed securities
Corporate debt securities
Total debt securities
Securities lending invested collateral
Total invested assets
December 31, 2023
December 31, 2023
December 31, 2023
Cash equivalents
Cash equivalents
Cash equivalents
Debt securities:
U.S. Treasury and other U.S. government corporations and agencies:
U.S. Treasury and other U.S. government corporations and agencies:
U.S. Treasury and other U.S. government corporations and agencies:
U.S. Treasury and agency obligations
U.S. Treasury and agency obligations
U.S. Treasury and agency obligations
Mortgage-backed securities
Tax-exempt municipal securities
Mortgage-backed securities:
Residential
Residential
Residential
Commercial
Asset-backed securities
Corporate debt securities
Total debt securities
Common stock
Total invested assets
December 31, 2022
December 31, 2022

December 31, 2022
Cash equivalents
Cash equivalents
Cash equivalents
Debt securities:
U.S. Treasury and other U.S. government corporations and agencies:
U.S. Treasury and other U.S. government corporations and agencies:
U.S. Treasury and other U.S. government corporations and agencies:
U.S. Treasury and agency obligations
U.S. Treasury and agency obligations
U.S. Treasury and agency obligations
Mortgage-backed securities
Tax-exempt municipal securities
Mortgage-backed securities:
Residential
Residential
Residential
Commercial
Asset-backed securities
Corporate debt securities
Total debt securities
Common stock
Total invested assets
Total invested assets

Humana Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Our Level 3 assets had fair values of $322 million, or 1.5% of total invested assets, and $218 million, or 1.0% of total invested assets, at December 31, 2024 and $101 million, or 0.5% of total invested assets, at December 31, 2023 and 2022, 2023, respectively. During the years ended December 31, 2023 December 31, 2024 and 2022, 2023, the changes in the fair value of the assets measured using significant unobservable inputs (Level 3) were comprised of the following:

	For the year ended December 31, 2023
	For the year ended December 31, 2023
	For the year ended December 31, 2023
	For the year ended December 31, 2024
	For the year ended December 31, 2024
	For the year ended December 31, 2024
	Private Placements
	Private Placements
	Private Placements
	(in millions)
	(in millions)
	(in millions)
Beginning balance at January 1	

Total gains or losses:
Total gains or losses:
Total gains or losses:
Realized in earnings
Realized in earnings
Realized in earnings
Unrealized in other comprehensive income
Unrealized in other comprehensive income
Unrealized in other comprehensive income
Purchases
Purchases
Purchases
Sales
Sales
Sales
Settlements
Settlements
Settlements
Transfers Out
Transfers Out
Transfers Out
Transfers In
Transfers In
Transfers In
Balance at December 31
Balance at December 31
Balance at December 31

Interest Rate Swaps

During 2023, we We have entered into interest-rate swap agreements with major financial institutions to convert our interest-rate exposure on our $750 million some of 5.875% our senior notes our $750 million of 5.500% senior notes, our $500 million of 3.950% senior notes and our $850 million of 5.950% 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. Our swap agreements, which are considered derivative instruments, exchange the fixed interest rate under our 5.875%, 5.500%, 3.950% and 5.950% senior notes for a variable interest rate based on SOFR. Interest rate swaps with notional amounts of $650 million, maturing September 1, 2032, $300 million, maturing March 15, 2033, $450 million maturing August 15, 2049 and $400 million, maturing March 15, 2034, were outstanding on our 5.875%, 5.500%, 3.950% and 5.950% senior notes, respectively, at December 31, 2023. 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 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 a decrease of approximately $129 million at December 31, 2024. The swap liability, included within other long-term liabilities on our consolidated balance sheet, was approximately $129 million at December 31, 2024. The swap asset, included within other long-term assets on our consolidated balance sheet, was approximately $68 million $68 million at December 31, 2023. We include the gain or loss on the swap agreements in interest expense on our consolidated statement of income, 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 year ended December 31, 2023 December 31, 2024.

The following table summarizes the notional amounts at December 31, 2024 and December 31, 2023, respectively, for our senior notes under the swap agreements:

Senior Notes Under Swap Agreements	Notional amount at December 31, 2024	Notional amount at December 31, 2023
	(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
$400 million, 4.625% due December 1, 2042	400	—
$750 million, 4.950% due October 1, 2044	400	—
$1,250 million, 5.375% due April, 15, 2031	700	—
$400 million, 4.800% due March 15, 2047	200	—
$1,000 million, 5.750% due April 15, 2054	700	—

Financial Liabilities

Our debt is recorded at carrying value in our consolidated balance sheets. The carrying value of our senior notes debt outstanding, net of unamortized debt issuance costs, was $10.8 $11.7 billion at December 31, 2023 December 31, 2024 and $10.0 billion $10.8 billion at December 31, 2022 December 31, 2023. The fair value of our senior note debt was $11.2 billion at December 31, 2024 and $10.6 billion at December 31, 2023 and $9.4 billion at December 31, 2022. The fair value of our senior note 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 term loans and commercial paper borrowings. We had no outstanding commercial paper borrowings at December 31, 2024. The commercial paper borrowings were $0.9 billion $0.9 billion at December 31, 2023 and the term loan and commercial paper borrowings were $1.1 billion at December 31, 2022.

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.

Effective April 27, 2021, with the signing of the definitive agreement to acquire the remaining 60% interest of KAH, the respective put and call options were terminated. As such, the $63 million put and $440 million call fair values as of the first quarter of 2021 were reduced to zero, resulting in $377 million in other expense (income), net in our consolidated statements of income for the year ended December 31, 2021.

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 $595 million $883 million and $18 million $10 million, respectively, at December 31, 2023 December 31, 2024. The put and call options fair values, derived from the Monte Carlo simulation, were $267 million $595 million and $10 million $18 million, respectively, at December 31, 2022 December 31, 2023. The put liability and call asset are included within other long-term liabilities and other long-term assets, respectively, within our 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 December 31, 2023 December 31, 2024 and 2022, 2023, respectively:

	December 31, 2023
	December 31, 2023
	December 31, 2023
	December 31, 2024
	December 31, 2024
	December 31, 2024
Annualized volatility	
Annualized volatility	
Annualized volatility	
Credit spread	
Credit spread	
Credit spread	
Revenue exit multiple	
Revenue exit multiple	
Revenue exit multiple	
Weighted average cost of capital	

Weighted average cost of capital
Weighted average cost of capital
Long term growth rate
Long term growth rate
Long term growth rate

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.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

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, “Acquisitions”, we completed our acquisition of KAH during the third quarter of 2021. 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 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, long-term growth rate, discount rate, 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.

As disclosed in Note 3, we completed the sale of a 60% interest in Gentiva Hospice on August 11, 2022. The carrying value of the assets and liabilities of Gentiva Hospice disposed approximates fair value. The amount of

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

goodwill included in the carrying value is based on the relative fair value of Gentiva Hospice as compared to the total fair value of our home solutions reporting unit included within the CenterWell segment.

Additionally, as disclosed in Note 3, we completed our acquisitions of certain health and wellness related businesses during 2024, 2023, 2022, and 2021. 2022. The values of net tangible assets acquired and the resulting goodwill and other intangible assets were recorded at fair value using Level 3 inputs. The majority of the related tangible assets acquired and liabilities assumed were recorded at their carrying values as of the respective dates of acquisition, as their carrying values approximated their fair values due to their short-term nature. The fair values of goodwill and other intangible assets acquired in these acquisitions were internally estimated primarily based on the income approach. The income approach estimates fair value based on the present value of the cash flows that the assets are expected to generate in the future. We developed internal estimates for the expected cash flows and discount rates in the present value calculations. Other than assets acquired and liabilities assumed in these acquisitions, there were no material assets or liabilities measured at fair value on a nonrecurring basis during 2024, 2023, 2022, or 2021.

2022.

7. 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 consolidated balance sheets include the following amounts associated with Medicare Part D as of December 31, 2023 December 31, 2024 and 2022. 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" of this Form 10-K.

	2023		2022		2024		2023	
	Risk Corridor Settlement	CMS Subsidies/ Discounts	Risk Corridor Settlement	CMS Subsidies/ Discounts	Risk Corridor Settlement	CMS Subsidies/ Discounts	Risk Corridor Settlement	CMS Subsidies/ Discounts
		(in millions)			(in millions)			
Other current assets								
Trade accounts payable and accrued expenses								
Net current (liability) asset								

Net current asset (liability)	
Other long-term assets	
Other long-term liabilities	
Net long-term liability	
Total net (liability) asset	
Net long-term asset (liability)	
Total net asset (liability)	

8. PROPERTY AND EQUIPMENT, NET

Property and equipment was comprised of the following at December 31, 2023 December 31, 2024 and 2022. 2023.

	2023	2022
	(in millions)	
Land	$ 16	$ 17
Buildings and leasehold improvements	1,002	1,143
Equipment	1,320	1,246
Computer software	3,546	3,951
	5,884	6,357
Accumulated depreciation	(2,854)	(3,136)
Property and equipment, net	$ 3,030	$ 3,221

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

	2024	2023
	(in millions)	
Land	$ 17	$ 16
Buildings and leasehold improvements	1,038	1,002
Equipment	1,400	1,320
Computer software	3,216	3,546
	5,671	5,884
Accumulated depreciation	(3,139)	(2,854)
Property and equipment, net	$ 2,532	$ 3,030

Depreciation expense was $831 million $884 million in 2024, $831 million in 2023, and $749 million in 2022, and $640 million in 2021, including amortization expense for capitalized internally developed and purchased software of $660 million in 2024, $589 million in 2023, and $525 million in 2022, and $443 million in 2021.

2022.

9. GOODWILL AND OTHER INTANGIBLE ASSETS

Changes in the carrying amount of goodwill for our reportable segments for the years ended December 31, 2023 December 31, 2024 and 2022 2023 were as follows:

	Insurance Insurance Insurance	CenterWell	Total	CenterWell	Total
		(in millions)		(in millions)	
Balance at January 1, 2022					
Acquisitions					

Dispositions
Balance at December 31, 2022
Balance at December 31, 2022
Balance at December 31, 2022
Balance at January 1, 2023
Acquisitions
Balance at December 31, 2023
Balance at December 31, 2023
Balance at December 31, 2023
Acquisitions
Balance at December 31, 2024
Balance at December 31, 2024
Balance at December 31, 2024

The following table presents details of our other intangible assets included in other long-term assets in the accompanying consolidated balance sheets at December 31, 2023 December 31, 2024 and 2022: 2023:

	Weighted Average Life	2023 Cost	2023 Accumulated Amortization	2023 Net	2022 Cost	2022 Accumulated Amortization	2022 Net	Weighted Average Life	2024 Cost	2024 Accumulated Amortization	2024 Net	2023 Cost	2023 Accumulated Amortization	2023 Net
		(in millions)							(in millions)					
Other intangible assets:														
Certificates of need														
Certificates of need														
Certificates of need														
Medicare licenses														
Customer contracts/relationships														
Trade names and technology														
Provider contracts														
Noncompetes and other														
Total other intangible assets														

Amortization expense for other intangible assets was approximately $67 million $60 million in 2024, $67 million in 2023, and $81 million in 2022, and $65 million in 2021. 2022.

During 2023 we

We recorded impairment charges of $200 million and $55 million relating to indefinite-lived intangibles. intangible assets in 2024 and 2023, respectively.

The following table presents our estimate of amortization expense for each of the five next succeeding fiscal years:

	(in millions)
2024	
2025	
2026	
2027	
2028	
2029	

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

10. LEASES

We determine if a contract contains a lease by evaluating the nature and substance of the agreement. We lease facilities, computer hardware, and other furniture and equipment. Leases with an initial term of 12 months or less are not recorded on the balance sheet; we recognize lease expense for these leases on a straight-line basis over the lease term. For new lease agreements, we combine lease and nonlease components for all of our asset classes.

When portions of the lease payments are not fixed or depend on an index or rate, we consider those payments to be variable in nature. Our variable lease payments include, but are not limited to, common area maintenance, taxes and insurance which are not dependent upon an index or rate. Variable lease payments are recorded in the period in which the obligation for the payment is incurred. Most leases include options to renew, with renewal terms that can extend the lease term. The exercise of lease renewal options is at our sole discretion. Certain leases also include options to purchase the leased property. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Right-of-use assets included within other long-term assets in our consolidated balance sheets were $445 million and $510 million at December 31, 2024 and $515 million at December 31, 2023 and December 31, 2022, respectively. Operating lease liabilities included within trade accounts payable and accrued expenses in our consolidated balance sheets were $130 million and $149 million at December 31, 2024 and $152 million at December 31, 2023 and December 31, 2022, respectively. Additionally, operating lease liabilities included within other long-term liabilities in our consolidated balance sheets were $392 million and $444 million at December 31, 2024 and $456 million at December 31, 2023 and December 31, 2022, respectively. The classification of our operating lease liabilities is based on the remaining lease term.

For the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, total fixed operating lease costs, excluding short-term lease costs, were $145 million $121 million, $183 million $145 million and $159 million $183 million, respectively, and are included within operating costs in our consolidated statements of income. Short-term lease costs were not material for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021. 2022. In addition, for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, total variable operating lease costs were $120 127 million, $101 million $120 million and $94 million $101 million, respectively, and are included within operating costs in our consolidated statements of income.

We sublease facilities or partial facilities to third party third-party tenants for space not used in our operations. For the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, sublease rental income was $66 50 million, $52 million $66 million and $43 million $52 million, respectively, and is included within operating costs in our consolidated statements of income.

The weighted average remaining lease term is 5.1 years and 5.4 years at December 31, 2023 December 31, 2024 and December 31, 2022. December 31, 2023, respectively. The weighted average discount rate is 4.6% and 3.9% at December 31, 2024 and 3.2% at December 31, 2023 and December 31, 2022, respectively. For the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, cash paid for amounts included in the measurement of lease liabilities included within our operating cash flows was $166 million $143 million, $191 million $166 million and $165 million $191 million, respectively.

Maturity of Lease Liabilities	**December 31, 2023**
For the years ended December 31,	**(in millions)**
2024	$ 169
2025	145
2026	102
2027	75
2028	54
After 2028	108
Total lease payments	653
Less: Interest	60
Present value of lease liabilities	$ 593

Maturity of Lease Liabilities	**December 31, 2024**
For the years ended December 31,	**(in millions)**
2025	$ 147
2026	125
2027	103
2028	78
2029	40
After 2029	69

Total lease payments	562
Less: Interest	40
Present value of lease liabilities	$ 522

As most of our leases do not provide an implicit rate, we use our incremental borrowing rate, as adjusted for collateralized borrowings, based on the information available at date of adoption or commencement date in determining the present value of lease payments.

11. BENEFITS PAYABLE

On a consolidated basis, which represents our Insurance segment net of eliminations, activity in benefits payable was as follows for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021: 2022:

	2023	2022	2021
	2024	2023	2022
	(in millions)		(in millions)
Balances at January 1			
Acquisitions			
Acquisitions			
Acquisitions			
Incurred related to:			
Current year			
Current year			
Current year			
Prior years			
Total incurred			
Paid related to:			
Current year			
Current year			
Current year			
Prior years			
Total paid			
Balances at December 31			
Balances at December 31			
Balances at December 31			

The total estimate of benefits payable for claims incurred but not reported, or IBNR, is included within the net incurred claims amounts. At December 31, 2023 December 31, 2024 and 2022, 2023, benefits payable included IBNR of approximately $6.6 $7.3 billion and $5.7 $6.6 billion, primarily associated with claims incurred in each respective year. The cumulative number of reported claims as of December 31, 2023 December 31, 2024 was approximately 200.0 224.4 million for claims incurred in 2024, 211.4 million for claims incurred in 2023, 182.4 and 182.8 million for claims incurred in 2022, and 173.7 million for claims incurred in 2021. 2022.

Amounts incurred related to prior years 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).

As previously discussed, 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. We experienced favorable medical claims reserve development related to prior fiscal years of $701 million in 2024, $872 million in 2023, and $415 million in 2022, and $825 million in 2021. 2022.

The medical claims reserve development for 2024, 2023, 2022, and 2021 2022 primarily reflects the consistent application of trend and completion factors estimated using an assumption of moderately adverse conditions. The favorable development recognized in 2023 2024 and 2021 2023 primarily resulted from trend factors developing more favorably than originally expected as well as for 2021 completion factors developing faster than expected. The favorable development recognized in 2022 resulted primarily from trend factors developing more favorably than originally expected with completion factors remaining largely unchanged, resulting in lower overall development as compared to 2023 2024 and 2021. 2023.

Incurred and Paid Claims Development

The following discussion provides information about incurred and paid claims development as of December 31, 2023 December 31, 2024, net of reinsurance, as well as cumulative claim frequency and the total of IBNR included within the net incurred claims amounts. The information about incurred and paid claims development for the years ended December 31, 2022 December 31, 2023 and 2021 2022 is presented as supplementary information.

Claims frequency is measured as medical fee-for-service claims for each service encounter with a unique provider identification number. Our claims frequency measure includes claims covered by deductibles as well as claims under capitated arrangements. Claim counts may vary based on product mix and the percentage of delegated capitation arrangements.

The following tables provide information about incurred and paid claims development as of December 31, 2023 December 31, 2024, net of reinsurance.

	Incurred Claims, Net of Reinsurance
	Incurred Claims, Net of Reinsurance
	Incurred Claims, Net of Reinsurance
	For the Years Ended December 31,
	For the Years Ended December 31,
	For the Years Ended December 31,
Claims Incurred Year	
Claims Incurred Year	
Claims Incurred Year	
	(in millions)
	(in millions)
	(in millions)
2021 & Prior	
2021 & Prior	
2021 & Prior	
2022	
2022	
2022	
2022 & Prior	
2022 & Prior	
2022 & Prior	
2023	
2023	
2023	
2024	
2024	
2024	
Total	
Total	
Total	

		Cumulative Paid Claims, Net of Reinsurance						For the Years Ended December 31,
Claims Incurred Year	Claims Incurred Year	2021 Unaudited	2022 Unaudited	2023	Claims Incurred Year	2022 Unaudited	2023 Unaudited	2024
				(in millions)				
2021 & Prior								

2022	
2022 & Prior	
2023	
2024	
Total	
All outstanding benefit liabilities before 2021, net of reinsurance	N/A
Benefits payable, net of reinsurance	
Benefits payable, net of reinsurance	
Benefits payable, net of reinsurance	

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 this Form 10-K.

12. INCOME TAXES

The provision for income taxes consisted of the following for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021: 2022:

	2023	**2022**	**2021**
	2024	**2023**	**2022**
	(in millions)		**(in millions)**
Current provision:			
Federal			
Federal			
Federal			
States and Puerto Rico			
Total current provision			
Deferred (benefit) expense			
Deferred benefit			
Provision for income taxes			

The provision for income taxes was different from the amount computed using the federal statutory rate for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021 2022 due to the following:

	2023	**2022**	**2021**
	2024	**2023**	**2022**
	(in millions)		**(in millions)**
Income tax provision at federal statutory rate			
States, net of federal benefit, and Puerto Rico			
Tax exempt investment income			
Nondeductible executive compensation			
Non-taxable KAH gain			
State lookback review refund claims			
Tax effect from sale of Gentiva Hospice			
Unrecognized Tax Benefits			
Other, net			
Other, net			
Other, net			
Provision for income taxes			

Deferred income tax balances reflect the impact of temporary differences between the tax bases of assets or liabilities and their reported amounts in our consolidated financial statements, and are stated at enacted tax rates expected to be in effect when the reported amounts are actually recovered or settled.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Principal components of our net deferred tax balances at December 31, 2023 December 31, 2024 and 2022 2023 were as follows:

	Assets (Liabilities)		Assets (Liabilities)	
	2023	2022	2024	2023
	(in millions)		(in millions)	
Net operating loss carryforward				
Compensation and other accrued expense				
Benefits payable				
Deferred acquisition costs				
Jobs tax credits				
Other				
Other				
Other				
Unearned revenues				
Investment securities				
Investment securities				
Investment securities				
Total deferred income tax assets				
Total deferred income tax assets				
Total deferred income tax assets				
Valuation allowance				
Total deferred income tax assets, net of valuation allowance				
Depreciable property and intangible assets				
Prepaid expenses				
Other				
Other				
Other				
Total deferred income tax liabilities				
Total net deferred income tax assets (liabilities)				
Amounts recognized in the consolidated balance sheets:				
Other long-term assets				
Other long-term assets				
Other long-term assets				

All deferred tax assets and liabilities are classified as noncurrent in our consolidated balance sheets as other long-term assets and liabilities at December 31, 2023 December 31, 2024 and 2022, 2023, respectively.

At December 31, 2023 December 31, 2024, we had approximately $7 million $16 million of federal net operating losses and approximately $1.2 billion $1.1 billion of pre-apportioned state and Puerto Rico net operating losses to carry forward. A portion of these loss carryforwards, if not used to offset future taxable income, will expire from 2024 2025 through 2041. 2042. The balance of the net operating loss carryforwards has no expiration date. Due to limitations and uncertainty regarding our ability to use some of the loss carryforwards and certain other deferred tax assets, a valuation allowance of $73 million $85 million was established. For the remainder of the net operating loss carryforwards and other cumulative temporary differences, based on our historical record of producing taxable income and profitability, we have concluded that future operating income will be sufficient to recover these deferred tax assets.

We file income tax returns in the United States and Puerto Rico. The U.S. Internal Revenue Service, or IRS, has completed its examinations of our consolidated income tax returns for 2021 2022 and prior years. Our 2022 2023 tax return is in the post-filing review period under the Compliance Assurance Process, or CAP. Our 2023 2024 tax return is under advance review by the IRS under CAP. With a few exceptions, which are immaterial in the aggregate, we are no longer subject to state, local and foreign tax examinations for years before 2020. 2021. We are not aware of any material adjustments that may be proposed as a result of any ongoing or future examinations. We do not have material uncertain tax positions reflected in our consolidated balance sheets.

13. DEBT

The carrying value of debt outstanding was as follows at December 31, 2023 December 31, 2024 and 2022: 2023:

	2023	2022
	2024	2023
	(in millions)	(in millions)
Short-term debt:		
Commercial paper		
Commercial paper		
Commercial paper		
Commercial paper		
Commercial paper		
Commercial paper		
Commercial paper		
Commercial paper		
Commercial paper		
Senior notes:		
$600 million, 3.850% due October 1, 2024		
$600 million, 3.850% due October 1, 2024		
$600 million, 3.850% due October 1, 2024		
$1.5 billion, 0.650% due August 3, 2023		
$600 million, 4.500% due April 1, 2025		
Total senior notes		
Total short-term debt		
Long-term debt:		
Long-term debt:		
Long-term debt:		
Senior notes:		
Senior notes:		
Senior notes:		
Senior notes:		
Senior notes:		
Senior notes:		
Senior notes:		
Senior notes:		
Senior notes:		
$600 million, 3.850% due October 1, 2024		
$600 million, 3.850% due October 1, 2024		
$600 million, 3.850% due October 1, 2024		
$600 million, 3.850% due October 1, 2024		
$600 million, 3.850% due October 1, 2024		
$600 million, 3.850% due October 1, 2024		
$600 million, 3.850% due October 1, 2024		
$600 million, 3.850% due October 1, 2024		
$600 million, 3.850% due October 1, 2024		
$600 million, 4.500% due April 1, 2025		

$600 million, 4.500% due April 1, 2025
$600 million, 4.500% due April 1, 2025
$600 million, 4.500% due April 1, 2025
$600 million, 4.500% due April 1, 2025
$600 million, 4.500% due April 1, 2025
$600 million, 4.500% due April 1, 2025
$600 million, 4.500% due April 1, 2025
$600 million, 4.500% due April 1, 2025
$500 million, 5.700% due March 13, 2026
$750 million, 1.350% due February 3, 2027
$600 million, 3.950% due March 15, 2027
$500 million, 5.750% due March 1, 2028
$500 million, 5.750% due December 1, 2028
$750 million, 3.700% due March 23, 2029
$500 million, 3.125% due August 15, 2029
$500 million, 4.875% due April 1, 2030
$750 million 2.150% due February 3, 2032
$1,250 million, 5.375% due April, 15, 2031
$750 million, 2.150% due February 3, 2032
$750 million, 5.875% due March 1, 2033
$850 million, 5.950% due March 15, 2034
$250 million, 8.150% due June 15, 2038
$400 million, 4.625% due December 1, 2042
$750 million, 4.950% due October 1, 2044
$400 million, 4.800% due March 15, 2047
$500 million, 3.950% due August 15, 2049
$750 million, 5.500% due March 15, 2053
Total senior notes
Term loans:
Delayed draw term loan, due May 28, 2024
Delayed draw term loan, due May 28, 2024
Delayed draw term loan, due May 28, 2024
$1,000 million, 5.750% due April, 15, 2054
Total long-term debt

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Maturities of the short-term and long-term debt for the years ending December 31, are as follows:

For the years ending December 31,	For the years ending December 31, (in millions)	For the years ending December 31, (in millions)
2024		
2025		
2026		
2027		
2028		
2029		
Thereafter		

Senior Notes

Our senior notes, which are unsecured, may be redeemed at our option at any time at 100% of the principal amount plus accrued interest and a specified make-whole amount. The 8.150% senior notes are subject to an interest rate adjustment if the debt ratings assigned to the notes are downgraded (or subsequently upgraded). In addition, our senior notes contain a change of control provision that may require us to purchase the notes under certain circumstances.

We repaid the remaining $559 million aggregate principal amount of our 3.850% senior notes on their maturity date of October 1, 2024. In November 2023, 2024, we repaid our $500 million 5.700% unsecured senior notes due March 13, 2026.

In March 2024, we issued $500 million $1.3 billion of 5.375% unsecured senior notes due April 15, 2031 and $1.0 billion of 5.750% unsecured senior notes due December 1, 2028 and $850 million of our 5.950% unsecured senior notes due March 15, 2034 April 15, 2054. Our net proceeds, reduced for the underwriters' discounts and commissions paid, were $1.3 $2.2 billion. We used the net proceeds for general corporate purposes, which included the repayment of existing indebtedness, including borrowings under our commercial paper program.

In March 2023, we issued $500 million We have entered into interest-rate swap agreements with major financial institutions to convert our interest-rate exposure on some of 5.700% unsecured our 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 payable from fixed rates to repay outstanding amounts under our $500 million Delayed Draw Term Loan. The remaining net proceeds were used for general corporate purposes, which included the repayment of existing indebtedness, including borrowings under our commercial paper program.

In August 2023, we entered into a Rule 10b5-1 Repurchase Plan to repurchase a portion of our $750 million aggregate principal amount of 1.350% senior notes maturing in February 2027, our $600 million aggregate principal amount of 3.950% senior notes maturing in March 2027, our $750 million aggregate principal amount of 3.700% senior notes maturing in March 2029, and our $500 million aggregate principal amount of 3.125% senior notes maturing in August 2029 during the period beginning on August 7, 2023 and ending on November 15, 2023. For the year ended December 31, 2023, we repurchased $339 million principal amount of these senior notes for approximately $310 million cash.

In March 2023, we entered into a Rule 10b5-1 Repurchase 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 period beginning on March 13, 2023 and ending on July 21, 2023. For the year ended December 31, 2023, we repurchased $361 million principal amount of these senior notes for approximately $358 million cash. We repaid the remaining $1.2 billion aggregate principal amount of our 0.650% senior notes due on their maturity date of August 3, 2023.

During 2023, we entered into interest rate swap agreements to exchange the fixed interest rate under our 5.875%, 5.500%, 3.950% and 5.950% senior notes for a variable interest rate rates, based on SOFR, 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 6. 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 adjustment to the carrying value of the 5.875%, 5.500%, 3.950% and 5.950% senior notes was $9 million, $13 million, $36 million and $10 million respectively, a decrease of approximately $129 million at December 31, 2023 December 31, 2024.

Revolving Credit Agreements

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

In May 2024, we entered into a 364-day $1.5 billion $2.1 billion unsecured revolving credit agreement (replacing the 364-day $1.5 billion $1.5 billion unsecured revolving credit agreement entered into in June 2022, 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 103.5 114 basis points under the 5-year revolving credit agreement and 105.5 116 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 9.0 11.0 basis points, under the 5-year revolving credit agreement and 7.0 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.

The terms of the our revolving credit agreements include standard provisions related to conditions of borrowing which could limit our ability to borrow additional funds. In addition, the 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 41.8% 41.9% as measured in accordance with the revolving credit agreements as of

December 31, 2023 December 31, 2024. Upon our agreement with one or more financial institutions, we may expand the aggregate commitments under the revolving credit agreements by up to $750 million in the aggregate, $500 million, to a maximum of $4.75 $5.25 billion, across the 5-year and 364-day revolving credit agreements.

At December 31, 2023 December 31, 2024, we had no borrowings and approximately $18 million $18 million of letters of credit outstanding under the revolving credit agreements. Accordingly, as of December 31, 2023 December 31, 2024, we had $2.482 $2.624 billion of remaining borrowing capacity under the 5-year revolving credit agreement and $1.5 $2.1 billion of remaining borrowing capacity under the 364-day revolving credit agreement (which excludes the uncommitted $750 million $500 million of incremental loan facilities), none of which would be restricted by our financial covenant compliance requirement.

We have other customary relationships, including financial advisory and banking, with some parties to the revolving credit agreements.

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 year ended December 31, 2023 December 31, 2024 was $3.3 $2.7 billion, with none outstanding at December 31, 2024 compared to $871 million outstanding at December 31, 2023 compared to $595 million outstanding at December 31, 2022. The outstanding commercial paper at December 31, 2023 had a weighted average annual interest rate of 5.68%.

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. We In 2023, we received a short-term cash advance of $100 million from FHLB with certain of our marketable securities as

collateral and subsequently repaid the outstanding balance in December 2023. As of December 31, 2023 and December 31, 2022, At December 31, 2024 we had no outstanding short-term FHLB borrowings.

14. EMPLOYEE BENEFIT PLANS

Employee Savings Plan

We have defined contribution retirement savings plans covering eligible employees associates which include matching contributions based on the amount of our employees' associates' contributions to the plans. The cost of these plans amounted to approximately $293 million in 2024, $278 million in 2023, and $286 million in 2022, and $259 million in 2021. 2022. The Company's cash match is invested pursuant to the participant's contribution direction. Based on the closing price of our common stock of $457.81 $253.71 on December 31, 2023 December 31, 2024, approximately 8% 4% of the retirement and savings plan's assets were invested in our

common stock, or approximately 1.3 million 1.1 million shares, representing approximately 1.1% 0.9% of the shares outstanding as of December 31, 2023 December 31, 2024. At December 31, 2023 December 31, 2024, approximately 5.5 million 5.3 million shares of our common stock were reserved for issuance under our defined contribution retirement savings plans.

Stock-Based Compensation

We have plans under which options to purchase our common stock and restricted stock units have been granted to executive officers, directors and key employees. associates. Awards generally require both a change in control and termination of employment within 2 years of the date of the change in control to accelerate the vesting, including those granted to retirement-eligible participants.

The terms and vesting schedules for stock-based awards vary by type of grant. Generally, the awards vest upon time-based conditions. We have also granted awards to certain employees associates that vest upon a combination of time and performance-based conditions. The stock awards of retirement-eligible participants are generally earned ratably over the service period for each tranche. Accordingly, upon retirement the earned portion of the current tranche will continue to vest on the originally scheduled vest date and any remaining unearned portion of the award will be forfeited. Our equity award program includes a retirement provision that generally treats employees associates with a combination of age and years of services with the Company totaling 65 or greater, with a minimum required age of 55 and a minimum requirement of 5 years of service, as retirement-eligible. Upon exercise, stock-based compensation awards are settled with authorized but unissued company stock or treasury stock.

The compensation expense that has been charged against income for these plans was as follows for the years ended December 31, 2023 December 31, 2024, 2022, 2023, and 2021: 2022:

	2023	2022	2021

	2024	2023	2022
	(in millions)		(in millions)
Stock-based compensation expense by type:			
Restricted stock			
Restricted stock			
Restricted stock			
Stock options			
Total stock-based compensation expense			
Tax benefit recognized			
Stock-based compensation expense, net of tax			

The tax benefit recognized in our consolidated financial statements is based on the amount of compensation expense recorded for book purposes, subject to limitations on the deductibility of annual compensation in excess of $500,000 per employee as mandated by the Health Care Reform Law. The actual tax benefit realized in our tax return is based on the intrinsic value, or the excess of the market value over the exercise or purchase price, of stock options exercised and restricted stock vested during the period, subject to limitations on the deductibility of annual compensation in excess of $500,000 per employee as mandated by the Health Care Reform Law. The actual tax benefit realized for the deductions taken on our tax returns from option exercises and restricted stock vesting totaled

$30 $21 million in 2024, $30 million in 2023, $31 million and $31 million in 2022, and $28 million in 2021. 2022. There was no capitalized stock-based compensation expense during these years.

At December 31, 2023 December 31, 2024, there were approximately 11.0 million shares reserved for stock award plans under the Humana Inc. 2011 Stock Incentive Plan, or 2011 Plan, and approximately 14.8 million 14.3 million shares reserved for stock award plans under the Humana Inc. 2019 Stock Incentive Plan, or 2019 Plan. These reserved shares included giving effect to, under the 2011 Plan, 3.3 million shares of common stock available for future grants assuming all stock options were granted or 1.4 million shares available for future grants assuming all restricted stock were granted. These reserved shares included giving effect to, under the 2019 Plan, 9.7 million 7.5 million shares of common stock available for future grants assuming all stock options were granted or 2.9 million 2.2 million shares available for future grants assuming all restricted stock were granted. Shares may be issued from authorized but unissued company stock or treasury stock.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Restricted Stock

Restricted stock is granted with a fair value equal to the market price of our common stock on the date of grant and generally vests in equal annual tranches over a three year period from the date of grant. Certain of our restricted stock grants also include performance-based conditions generally associated with return on invested capital and strategic membership growth. Restricted stock units have forfeitable dividend equivalent rights equal to the dividend paid on common stock. The weighted-average grant date fair value of our restricted stock was $364.59 in 2024, $508.23 in 2023, and $430.06 in 2022, and $381.34 in 2021. 2022. Activity for our restricted stock was as follows for the year ended December 31, 2023 December 31, 2024:

	Shares	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value
		(shares in thousands)		(shares in thousands)	
Nonvested restricted stock at December 31, 2022					
Nonvested restricted stock at December 31, 2023					
Granted					
Vested					
Forfeited					
Nonvested restricted stock at December 31, 2023					
Nonvested restricted stock at December 31, 2024					

Approximately 37% 33% of the nonvested restricted stock at December 31, 2023 December 31, 2024 included performance-based conditions.

The fair value of shares vested was $157 million during 2024, $236 million during 2023, and $244 million during 2022, and $236 million during 2021. 2022. Total compensation expense not yet recognized related to nonvested restricted stock was $181 million $221 million at December 31, 2023 December 31, 2024. We expect to recognize this compensation expense over a weighted-average period of approximately 1.7 years. There are no other contractual terms covering restricted stock once vested.

Stock Options

Stock options are granted with an exercise price equal to the fair market value of the underlying common stock on the date of grant. Our stock plans, as approved by the Board of Directors and stockholders, define fair market value as the average of the highest and lowest stock prices reported on the composite tape by the New York Stock Exchange on a given date. Exercise provisions vary, but most options vest in whole or in part 1 to 3 years after grant and expire 7 years after grant.

The weighted-average fair value of each option granted during 2024, 2023, 2022, and 2021 2022 is provided below. The fair value was estimated on the date of grant using the Black-Scholes pricing model with the weighted-average assumptions indicated below:

		2023	2022		2021			
		2024	2023		2022			
Weighted-average fair value at grant date								
Expected option life (years)	Expected option life (years)	3.0 years	3.6 years	3.7 years	Expected option life (years)	3.5 years	3.0 years	3.6 years
Expected volatility	Expected volatility	31.6 %	36.1 %	33.8 %	Expected volatility	28.8 %	31.6 %	36.1 %
Risk-free interest rate at grant date	Risk-free interest rate at grant date	4.5 %	1.8 %	0.4 %	Risk-free interest rate at grant date	4.3 %	4.5 %	1.8 %
Dividend yield	Dividend yield	0.7 %	0.7 %	0.7 %	Dividend yield	0.9 %	0.7 %	0.7 %

We calculate the expected term for our employee stock options based on historical employee exercise behavior and base the risk-free interest rate on a traded zero-coupon U.S. Treasury bond with a term substantially equal to the option's expected term.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The volatility used to value employee stock options is based on historical volatility. We calculate historical volatility using a simple-average calculation methodology based on daily price intervals as measured over the expected term of the option.

Activity for our option plans was as follows for the year ended December 31, 2023 December 31, 2024:

	Shares Under Option	Shares Under Option	Weighted-Average Exercise Price	Shares Under Option	Weighted-Average Exercise Price
		(shares in thousands)	(shares in thousands)		
Options outstanding at December 31, 2022					
Options outstanding at December 31, 2023					
Granted					
Exercised					
Forfeited					
Options outstanding at December 31, 2023					
Options exercisable at December 31, 2023					
Forfeited					
Forfeited					
Options outstanding at December 31, 2024					
Options exercisable at December 31, 2024					

As of December 31, 2023 December 31, 2024, outstanding stock options, substantially all of which are expected to vest, had an aggregate no intrinsic value, of $13 million, and a weighted-average remaining contractual term of 4.5 years. As of December 31, 2023 December 31, 2024, exercisable stock options had an aggregate no intrinsic value, of $10 million, and a weighted-average remaining contractual term of 3.6 3.1 years. The total intrinsic value of stock options exercised during 2023 2024 was $3 million $0.1 million, compared with $3 million during 2023 and $32 million during 2022 and $18 million during 2021. 2022. Cash received from stock option exercises totaled $0.3 million in 2024, $9 million in 2023, and $51 million in 2022, and $30 million in 2021. 2022.

Total compensation expense not yet recognized related to nonvested options was $9 million $14 million at December 31, 2023 December 31, 2024. We expect to recognize this compensation expense over a weighted-average period of approximately 1.7 1.8 years.

15. EARNINGS PER COMMON SHARE COMPUTATION

Detail supporting the computation of basic and diluted earnings per common share was as follows for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021: 2022:

	2023	2022	2021
	2024	2023	2022
	(dollars in millions, except per common share results, number of shares/options in thousands)		(dollars in millions, except per common share results, number of shares/options in thousands)
Net income available for common stockholders			
Weighted-average outstanding shares of common stock used to compute basic earnings per common share			
Dilutive effect of:			
Employee stock options			
Employee stock options			
Employee stock options			
Restricted stock			
Shares used to compute diluted earnings per common share			
Basic earnings per common share			
Diluted earnings per common share			
Number of antidilutive stock options and restricted stock awards excluded from computation			

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

16. STOCKHOLDERS' EQUITY

Dividends

The following table provides details of dividend payments, excluding dividend equivalent rights, in 2021, 2022, 2023, and 2023, 2024, under our Board approved quarterly cash dividend policy:

Payment Date	Payment Date	Amount per Share	Total Amount	Payment Date	Amount per Share	(in millions)	Total Amount
2021		$2.73	$351				
2022	2022	$3.06	$390	2022	$3.06		$390
2023	2023	$3.44	$428	2023	$3.44		$428
2024		$3.54	$428				

In October 2023, the Board declared a cash dividend of $0.885 per share payable on January 26, 2024 to stockholders of record on December 29, 2023 for an aggregate amount of $108 million. In February 2024, the Board declared a cash dividend of $0.885 per share payable on April 26, 2024 January 31, 2025 to stockholders of record on March 29, 2024 December 31, 2024 for an aggregate amount of $107 million. In February 2025, the Board declared a cash dividend of $0.885 per share payable on April 25, 2025 to stockholders of record on March 28, 2025. Declaration and payment of future quarterly dividends is 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 shares. Under our share repurchase authorization, shares may have been 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.

On December 22, 2020, we entered into separate accelerated stock repurchase agreements, the December 2020 ASR Agreements, with Citibank, N.A., or Citi, and JPMorgan Chase Bank, or JPM, to repurchase $1.75 billion of our common stock as part of the $3 billion repurchase program authorized by the Board of Directors on July 30,

2019. On December 23, 2020, in accordance with the December 2020 ASR Agreements, we made a payment of $1.75 billion ($875 million to Citi and $875 million to JPM) and received an initial delivery of 3.8 million shares of our common stock (1.9 million shares each from Citi and JPM). We recorded the payments to Citi and JPM as a reduction to stockholders' equity, consisting of an $1.5 billion increase in treasury stock, which reflects the value of the initial 3.8 million shares received upon initial settlement, and a $262.5 million decrease in capital in excess of par value, which reflects the value of stock held back by Citi and JPM pending final settlement of the December 2020 ASR Agreements. Upon final settlement of the December 2020 ASR agreements with Citi and JPM on May 4, 2021 and May 5, 2021, respectively, we received an additional 0.3 million shares and 0.3 million shares, respectively, as determined by the average daily volume weighted-averages share price of our common stock during the term of the agreement, less a discount, of $400.07 and $401.49, respectively, bringing the total shares received under the December 2020 ASR agreements to 4.4 million. In addition, upon settlement we reclassified the $262.5 million value of stock initially held back by Citi and JPM from capital in excess of par value to treasury stock.

On February 18, 2021, the Board of Directors replaced the previous share repurchase authorization of up to $3 billion (of which approximately $1 billion remained unused) with a new 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 18, 2024.

On January 11, 2022, we entered into separate accelerated stock repurchase agreements, the January 2022 ASR Agreements, with Mizuho Markets Americas LLC, or Mizuho, and Wells Fargo Bank, or Wells Fargo, to repurchase $1 billion of our common stock as part of the $3 billion repurchase program authorized by the Board of Directors on February 18, 2021. On January 12, 2022, in accordance with the January 2022 ASR Agreements, we made a payment of $1 billion ($500 million to Mizuho and $500 million to Wells Fargo) and received an initial delivery of 2.2 million shares of our common stock (1.08 million shares each from Mizuho and Wells Fargo). We recorded the payments to Mizuho and Wells Fargo as a reduction to stockholders' equity, consisting of an $850 million increase in treasury stock, which reflects the value of the initial 2.2 million shares received upon initial settlement, and a $150 million decrease in capital in excess of par value, which reflects the value of stock held back by Mizuho and Wells Fargo pending final settlement of the January 2022 ASR Agreements. Upon final settlement of the January 2022 ASR Agreements with Mizuho and Wells Fargo on March 29, 2022 and March 30, 2022, respectively, we received an additional 0.1 million shares and 0.1 million shares, respectively, as determined by the average daily volume weighted-averages share price of our common stock during the term of the agreement, less a discount, of $410.96 and $411.66, respectively, bringing the total shares received under the January 2022 ASR Agreements to 2.4 million. In addition, upon settlement we reclassified the $150 million value of stock initially held back by Mizuho and Wells Fargo from capital in excess of par value to treasury stock.

On November 2, 2022, we entered into separate accelerated stock repurchase agreements, the November 2022 ASR Agreements, with Goldman Sachs & Co. LLC, or Goldman Sachs, and Mizuho Markets Americas LLC, or Mizuho, to repurchase $1 billion of our common stock as part of the $3 billion repurchase program authorized by the Board of Directors on February 18, 2021. In accordance with the November 2022 ASR Agreements, we made a payment of $1 billion ($500 million to Goldman Sachs on November 3, 2022 and $500 million to Mizuho on November 4, 2022) and received an initial delivery of 1.5 million shares of our common stock (0.760 million shares each from Goldman Sachs and Mizuho). We recorded the payments to Goldman Sachs and Mizuho as a reduction to stockholders' equity, consisting of an $850 million increase in treasury stock, which reflects the value of the initial 1.5 million shares received upon initial settlement, and a $150 million decrease in capital in excess of par value, which reflects the value of stock held back by Goldman Sachs and Mizuho pending final settlement of the November 2022 ASR Agreements. Upon final settlement of the November 2022 ASR Agreements with Goldman Sachs and Mizuho on December 15, 2022 and December 16, 2022, respectively, we received an additional 0.177 million shares and 0.177 million shares, respectively, as determined by the average daily volume weighted-averages share price of our common stock during the term of the agreement, less a discount, of $534.16 and $533.87, respectively, bringing the total shares received under the November 2022 ASR Agreements to 1.8 million. In addition, upon settlement we reclassified the $150 million value of stock initially held back by Goldman Sachs and Mizuho from capital in excess of par value to treasury stock.

On February 15, 2023, the Board of Directors replaced the previous share repurchase authorization of up to $3 billion (of which approximately $1 billion remained unused) with a new 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, 2026, which we refer to as the February 2023 repurchase authorization. During the year ended December 31, 2023, we repurchased 3.1 million common shares in open market transactions for $1.5 billion at an average price of $482.27 under the current share repurchase authorization. During the years ended December 31, 2022 and December 31, 2021, we did not repurchase shares in open market transactions.

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 year ended December 31, 2024, we repurchased approximately 0.2 million common shares in open market transactions under the 2024 repurchase authorization for $74 million at an average price of $339.55 and approximately 1.7 million common shares in open market transactions under the February 2023 repurchase authorization for $676 million at an average price of $390.30.

Our remaining repurchase authorization was $2.9 billion as of February 19, 2025.

Excluding shares acquired in connection with employee stock plans, share repurchases were as follows during the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021: 2022:

	2023
	2023
	2023
	2024
	2024
	2024
Authorization Date	
Authorization Date	
Authorization Date	
	(in millions)
	(in millions)
	(in millions)
February 2024	
February 2024	
February 2024	
February 2023	
February 2023	
February 2023	
February 2021	
February 2021	
February 2021	
Total repurchases	
Total repurchases	
Total repurchases	
Total repurchases	
Total repurchases	

In connection with employee stock plans, we acquired 0.2 million common shares for $46 million in 2024, 0.2 million common shares for $73 million in 2023, and 0.2 million common shares for $96 million in 2022, and 0.2 million common shares for $79 million in 2021. 2022.

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 2022 Form 10-K.

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. Our state regulated insurance subsidiaries had aggregate statutory capital and surplus of approximately $12.2 billion $13.2 billion and $11.3 billion $12.2 billion as of December 31, 2023 December 31, 2024 and 2022, 2023, respectively, which exceeded aggregate minimum regulatory requirements of $9.8 11.4 billion and $8.4 billion $9.8 billion, respectively. The amount of ordinary dividends that may be paid to our parent company in 2024 2025 is approximately $1.1 billion $1.3 billion in the aggregate. 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. Actual dividends that were paid to our parent company were approximately $1.5 billion in 2024, $1.8 billion in 2023, and $1.3 billion in 2022, and $1.6 billion in 2021. 2022.

17. COMMITMENTS, GUARANTEES AND CONTINGENCIES

Purchase Obligations

We have agreements to purchase services, primarily information technology related services, or to make improvements to real estate, in each case that are enforceable and legally binding on us and that specify all significant terms, including: fixed or minimum levels of service to be purchased; fixed, minimum or variable price provisions; and the appropriate timing of the transaction. We have purchase obligation commitments of $829 647 million in 2024, $518 million in 2025, $354 million $469 million in 2026, $273 million $342 million in 2027, $234 million in 2028, and $209 million $205 million in 2028. 2029. Purchase obligations exclude agreements that are cancellable without penalty.

Off-Balance Sheet Arrangements

As part of our ongoing business, we do not participate or knowingly seek to participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, or SPEs, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As of December 31, 2023 December 31, 2024, we were not involved in any SPE transactions.

Guarantees and Indemnifications

Through indemnity agreements approved by the state regulatory authorities, certain of our regulated subsidiaries generally are guaranteed by Humana Inc., our parent company, in the event of insolvency for (1) member coverage for which premium payment has been made prior to insolvency; (2) benefits for members then hospitalized until discharged; and (3) payment to providers for services rendered prior to insolvency. Our parent also has guaranteed the obligations of certain of our non-regulated subsidiaries and funding to maintain required statutory capital levels of certain regulated subsidiaries.

In the ordinary course of business, we enter into contractual arrangements under which we may agree to indemnify a third party third-party to such arrangement from any losses incurred relating to the services they perform on behalf of us, or for losses arising from certain events as defined within the particular contract, which may include, for example, litigation or claims relating to past performance. Such indemnification obligations may not be subject to maximum loss clauses. Historically, payments made related to these indemnifications have been immaterial.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Government Contracts

Our Medicare products, which accounted for approximately 83% 85% of our total premiums and services revenue for the year ended December 31, 2023 December 31, 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, 2025, and all of our product offerings filed with CMS for 2024 2025 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 (BBA) and the Benefits Improvement and Protection Act of 2000 (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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

payment to MA plans, which CMS further adjusts for coding pattern differences between the health plans and the government fee-for-service (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 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 confirmed its intent to apply the Final RADV Rule, including the first application of extrapolated audit results to determine audit settlements without the use of a FFS Adjuster, to CMS and HHS-OIG RADV audits conducted for PY 2018 and subsequent years. years when it selected certain of Humana's MA contracts for PY 2018 RADV Audits. 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.

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.

Our state-based Medicaid business accounted for approximately 7% 8% of our total premiums and services revenue for the year ended December 31, 2023 December 31, 2024 primarily serving members enrolled in Medicaid, and in certain circumstances members who qualify for both Medicaid and Medicare, under contracts with various states.

Our military services business, which accounted for approximately 1% of our total premiums and services revenue for the year ended December 31, 2023December 31, 2024, primarily consisted of the TRICARE T2017 East Region contract. The We delivered services under the T2017 East Region contract comprises 32 states and approximately 6.0 million TRICARE beneficiaries, under which delivery of health care services commenced from commencement on January 1, 2018 through expiration on December 31, 2024. The T2017 East Region contract which was originally set to expire on December 31, 2022, was subsequently extended by the DoD comprised 32 states and is currently scheduled to expire on December 31, 2024, unless further extended.

approximately 6 million TRICARE beneficiaries. 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 DoD. The T-5 East Region contract commenced on January 1, 2025 and 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 overlapped 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,

From time to time, the Civil Division of the United States Department of Justice has provided us with an information request in December 2014, requests, concerning our Medicare Part C risk adjustment practices. The request relates These requests relate 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. Organizations. We cooperated continue to cooperate with the Department of Justice and we have not heard from the Department of Justice on this matter since 2020. these requests.

As previously disclosed, on 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 Inc 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 division. As previously disclosed, during 2023, we have accrued certain anticipated expenses in connection with this matter. On August 15, 2024, Humana settled the claims in this suit, and paid the United States $90 million.

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 Note 17 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, now captioned In re Humana Inc. Securities Litigation, alleges that between July 2022 and October 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 and Star Ratings in our Medicare Advantage business. The action seeks, among other things, unspecified compensatory damages and attorneys' fees. Between July and November 2024, parallel stockholder derivative actions captioned Silva v. Broussard, Spikes v. Broussard, and Noble v. Broussard, respectively, were 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. The actions seek, among other things, reforms to the Company's corporate governance and internal procedures, unspecified damages and attorneys' fees. We will vigorously defend against the allegations in all cases.

On October 18, 2024, Humana Inc., along with co-plaintiff Americans for Beneficiary Choice, filed suit against the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services, Xavier Becerra in his official capacity as Secretary, and Chiquita Brooks-LaSure, in her official capacity as Administrator, in the United States District Court, Northern District of Texas, Fort Worth Division, seeking a determination that they violated the Administrative Procedure Act in administering the Medicare Advantage and Part D Star Ratings program. We seek to set aside and vacate Humana's 2025 Star Ratings and remand the matter to CMS for recalculation and to declare that CMS's policy refusing to disclose all relevant data and information is arbitrary, capricious, and unlawful. There is no assurance that we will prevail in the lawsuit. For additional information on this matter, refer to Part I, Item 1A, "Risk Factors" of this Form 10-K.

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 and vendor contracting and oversight, risk adjustment, competitive practices, commission payments, marketing 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, personal injury, 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

Humana Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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 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.

18. SEGMENT INFORMATION

During December 2022, we realigned our businesses into two distinct segments: Insurance and CenterWell. The Insurance segment includes the businesses that were previously included in the Retail and Group and Specialty segments, as well as the Pharmacy Benefit Manager, or PBM, business which was previously included in the Healthcare Services segment. The CenterWell segment (formerly Healthcare Services) represents our payor-agnostic healthcare services offerings, including pharmacy solutions, primary care, and home solutions. In addition to the new segment classifications being utilized to assess performance and allocate resources, we believe this simpler structure will create greater collaboration across the Insurance and CenterWell businesses and will accelerate work that is underway to centralize and integrate operations within the organization. 2021 segment financial information was recast to conform to the 2022 presentation.

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 Our Chief Executive Officer, the Chief Operating Decision Maker, utilizes these segment groupings and results of each segment, measured by income (loss) from operations, to assess performance and allocate resources. resources primarily during our annual budget process and periodic forecast updates.

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 Military services business, primarily our T-2017 East Region contract, as well as the operations of our PBM business.

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. We anticipate the exit of this line of business to be finalized in the first half of 2025.

The CenterWell segment includes our pharmacy, solutions, 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 Gentiva Hospice 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 includes the operations of CenterWell Pharmacy (our mail-order pharmacy business), CenterWell Specialty Pharmacy, and retail pharmacies jointly located within CenterWell Senior Primary Care clinics.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

In addition, our CenterWell intersegment revenues includes include revenues earned by certain owned providers (CenterWell Senior Primary Care) derived from and our home solutions business, including fee-for-service and 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 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 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 $20.3 billion in 2024, $20.7 billion in 2023, and $19.7 billion in 2022, and $18.1 billion in 2021. 2022. 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 $129 million in 2024, $138 million in 2023, and $122 million in 2022, and $108 million in 2021. 2022.

Other than those described previously, the accounting policies of each segment are the same and are described in Note 2. Transactions between reportable segments primarily consist of sales of products and services rendered by our CenterWell segment, primarily pharmacy, solutions, 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 in the tables presenting segment results below.

Premium and services revenues derived from our contracts with the federal government, as a percentage of our total premium and services revenues, were approximately 85% for 2024, 84% for 2023 and 82% for 2022 and 83% for 2021. 2022.

	Insurance	CenterWell	Eliminations/ Corporate	Consolidated
	(in millions)			
2023				
External revenues				
Premiums:				
Individual Medicare Advantage	$ 78,837	$ —	$ —	$ 78,837
Group Medicare Advantage	6,869	—	—	6,869
Medicare stand-alone PDP	2,189	—	—	2,189
Total Medicare	87,895	—	—	87,895
Commercial fully-insured	3,527	—	—	3,527
Specialty benefits	1,007	—	—	1,007
Medicare Supplement	735	—	—	735
State-based contracts and other	8,108	—	—	8,108
Total premiums	101,272	—	—	101,272
Services revenue:				
Home solutions	—	1,342	—	1,342
Primary care	—	842	—	842
Commercial ASO	237	—	—	237
Military services and other	763	—	—	763
Pharmacy solutions	—	849	—	849
Total services revenue	1,000	3,033	—	4,033
Total external revenues	102,272	3,033	—	105,305
Intersegment revenues				
Services	31	4,921	(4,952)	—
Products	—	10,451	(10,451)	—
Intersegment revenues	31	15,372	(15,403)	—
Investment income	551	—	518	1,069
Total revenues	102,854	18,405	(14,885)	106,374
Operating expenses:				
Benefits	89,100	—	(706)	88,394
Operating costs	10,408	16,791	(14,011)	13,188
Depreciation and amortization	692	210	(123)	779
Total operating expenses	100,200	17,001	(14,840)	102,361
Income (loss) from operations	2,654	1,404	(45)	4,013
Interest expense	—	3	490	493
Other expense, net	—	—	137	137
Income (loss) before income taxes and equity in net losses	2,654	1,401	(672)	3,383
Equity in net losses	(6)	(57)	—	(63)
Segment earnings (loss)	$ 2,648	$ 1,344	$ (672)	$ 3,320
Net loss (income) attributable to noncontrolling interests	6	(1)	—	5
Segment earnings (loss) attributable to Humana	$ 2,654	$ 1,343	$ (672)	$ 3,325

	Insurance	CenterWell	Eliminations/ Corporate	Consolidated
	(in millions)			

	Insurance		CenterWell		Eliminations/ Corporate		Consolidated	
2024								
External revenues								
Premiums revenue	$	112,104	$	—	$	—	$	112,104
Services revenue		966		3,465		—		4,431
Total external revenues		113,070		3,465		—		116,535
Intersegment revenues		4		16,471		(16,475)		—
Investment income		690		—		536		1,226
Total revenues		113,764		19,936		(15,939)		117,761
Operating expenses:								
Benefits		101,299		—		(635)		100,664
Operating costs		10,443		18,383		(15,130)		13,696
Depreciation and amortization		733		224		(118)		839
Total operating expenses		112,475		18,607		(15,883)		115,199
Income (loss) from operations	$	1,289	$	1,329	$	(56)	$	2,562

	Insurance		CenterWell		Eliminations/ Corporate		Consolidated	
			(in millions)					
2023								
External revenues								
Premiums revenue	$	101,272	$	—	$	—	$	101,272
Services revenue		1,000		3,033		—		4,033
Total external revenues		102,272		3,033		—		105,305
Intersegment revenues		31		15,372		(15,403)		—
Investment income		551		—		518		1,069
Total revenues		102,854		18,405		(14,885)		106,374
Operating expenses:								
Benefits		89,100		—		(706)		88,394
Operating costs		10,408		16,791		(14,011)		13,188
Depreciation and amortization		692		210		(123)		779
Total operating expenses		100,200		17,001		(14,840)		102,361
Income (loss) from operations	$	2,654	$	1,404	$	(45)	$	4,013

	Insurance		CenterWell		Eliminations/ Corporate		Consolidated	
			(in millions)					
2022								
External revenues								
Premiums:								
Individual Medicare Advantage	$	65,591	$	—	$	—	$	65,591
Group Medicare Advantage		7,297		—		—		7,297
Medicare stand-alone PDP		2,269		—		—		2,269
Total Medicare		75,157		—		—		75,157
Commercial fully-insured		4,389		—		—		4,389
Specialty benefits		1,047		—		—		1,047
Medicare Supplement		743		—		—		743
State-based contracts and other		6,376		—		—		6,376
Total premiums		87,712		—		—		87,712

Services revenue:				
Home solutions	—	2,333	—	2,333
Primary care	—	568	—	568
Commercial ASO	300	—	—	300
Military services and other	550	—	—	550
Pharmacy solutions	—	1,025	—	1,025
Total services revenue	850	3,926	—	4,776
Total external revenues	88,562	3,926	—	92,488
Intersegment revenues				
Services	56	3,532	(3,588)	—
Products	—	9,841	(9,841)	—
Intersegment revenues	56	13,373	(13,429)	—
Investment income	223	8	151	382
Total revenues	88,841	17,307	(13,278)	92,870
Operating expenses:				
Benefits	75,934	—	(244)	75,690
Operating costs	9,251	15,835	(12,415)	12,671
Depreciation and amortization	634	181	(106)	709
Total operating expenses	85,819	16,016	(12,765)	89,070
Income (loss) from operations	3,022	1,291	(513)	3,800
Gain on sale of Gentiva Hospice	—	(237)	—	(237)
Interest expense	—	—	401	401
Other expense, net	—	—	68	68
Income (loss) before income taxes and equity in net earnings (losses)	3,022	1,528	(982)	3,568
Equity in net earnings (losses)	18	(22)	—	(4)
Segment earnings (loss)	$ 3,040	$ 1,506	$ (982)	$ 3,564
Net loss (income) attributable to noncontrolling interests	5	(1)	—	4
Segment earnings (loss) attributable to Humana	$ 3,045	$ 1,505	$ (982)	$ 3,568

	Insurance	CenterWell	Eliminations/ Corporate	Consolidated
	(in millions)			
2021				
External revenues				
Premiums:				
Individual Medicare Advantage	$ 58,654	$ —	$ —	$ 58,654
Group Medicare Advantage	6,955	—	—	6,955
Medicare stand-alone PDP	2,371	—	—	2,371
Total Medicare	67,980	—	—	67,980
Commercial fully-insured	4,950	—	—	4,950
Specialty benefits	1,052	—	—	1,052
Medicare Supplement	731	—	—	731
State-based contracts and other	5,109	—	—	5,109
Total premiums	79,822	—	—	79,822
Services revenue:				
Home solutions	—	1,166	—	1,166

Primary care	—	413	—	413
Commercial ASO	306	—	—	306
Military services and other	547	—	—	547
Pharmacy solutions	—	623	—	623
Total services revenue	853	2,202	—	3,055
Total external revenues	80,675	2,202	—	82,877
Intersegment revenues				
Services	41	2,828	(2,869)	—
Products	—	9,024	(9,024)	—
Intersegment revenues	41	11,852	(11,893)	—
Investment income (loss)	214	4	(31)	187
Total revenues	80,930	14,058	(11,924)	83,064
Operating expenses:				
Benefits	69,639	—	(440)	69,199
Operating costs	8,340	12,968	(11,187)	10,121
Depreciation and amortization	539	152	(95)	596
Total operating expenses	78,518	13,120	(11,722)	79,916
Income (loss) from operations	2,412	938	(202)	3,148
Interest expense	—	—	326	326
Other income, net	—	—	(532)	(532)
Income before income taxes and equity in net earnings	2,412	938	4	3,354
Equity in net earnings	—	65	—	65
Segment earnings	$ 2,412	$ 1,003	$ 4	$ 3,419
Net income attributable to noncontrolling interest	—	(1)	—	(1)
Segment earnings attributable to Humana	$ 2,412	$ 1,002	$ 4	$ 3,418

	Insurance	CenterWell	Eliminations/ Corporate	Consolidated
		(in millions)		
2022				
External revenues				
Premiums revenue	$ 87,712	$ —	$ —	$ 87,712
Services revenue	850	3,926	—	4,776
Total external revenues	88,562	3,926	—	92,488
Intersegment revenues	56	13,373	(13,429)	—
Investment income	223	8	151	382
Total revenues	88,841	17,307	(13,278)	92,870
Operating expenses:				
Benefits	75,934	—	(244)	75,690
Operating costs	9,251	15,835	(12,415)	12,671
Depreciation and amortization	634	181	(106)	709
Total operating expenses	85,819	16,016	(12,765)	89,070
Income (loss) from operations	$ 3,022	$ 1,291	$ (513)	$ 3,800

19. REINSURANCE

Certain blocks of insurance assumed in acquisitions, primarily life and annuities in run-off status are subject to reinsurance where some or all of the underwriting risk related to these policies has been ceded to a third party. third-party. In addition, a large portion of our reinsurance takes the form of 100% coinsurance agreements where, in addition to all of the underwriting risk, all administrative responsibilities, including premium collections and claim payment, have also been ceded to a third party. third-party. We acquired these policies and related reinsurance agreements with the purchase of stock of companies in which the policies were originally written. We acquired these companies for business reasons unrelated to these particular policies, including the companies' other products and licenses necessary to fulfill strategic plans.

A reinsurance agreement between two entities transfers the underwriting risk of policyholder liabilities to a reinsurer while the primary insurer retains the contractual relationship with the ultimate insured. As such, these reinsurance agreements do not completely relieve us of our potential liability to the ultimate insured. However, given the transfer of underwriting risk, our potential liability is limited to the credit exposure which exists should the reinsurer be unable to meet its obligations assumed under these reinsurance agreements.

Reinsurance recoverables represent the portion of future policy benefits payable and benefits payable that are covered by reinsurance. Reinsurance recoverables, included in other long-term assets, were $167 million at December 31, 2024 and $173 million at December 31, 2023 and $181 million at December 31, 2022. The amount of these reinsurance recoverables resulting from 100% coinsurance agreements was approximately $167 million at December 31, 2024 and approximately $173 million at December 31, 2023 and approximately $181 million at December 31, 2022. Premiums ceded were $5 million in 2024, $1 million in 2023 and $5 million in 2022 and $6 million in 2021. 2022. Benefits ceded were $4 million in 2024, $3 million in 2023, $2 million in 2022, and $2 million in 2021. 2022.

We evaluate the financial condition of our reinsurers on a regular basis. Protective Life Insurance Company, with $159 million $154 million in reinsurance recoverables, is well-known and well-established with a AM Best rating of A+ at December 31, 2023 December 31, 2024. The remaining reinsurance recoverables of $15 million $13 million are divided between 8 7 other reinsurers, with $0.4 million none subject to funds withheld accounts or other financial guarantees supporting the repayment of these amounts.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Humana Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Humana Inc. and its subsidiaries (the "Company" "Company") as of December 31, 2023 December 31, 2024 and 2022, 2023, and the related consolidated statements of income, of comprehensive income, of stockholders' equity and of cash flow flows for each of the three years in the period ended December 31, 2023 December 31, 2024, including the related notes and financial statement schedule listed in the index appearing under Item 15(a)(2) (collectively referred to as the "consolidated "consolidated financial statements" statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2023 December 31, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 December 31, 2024 and 2022, 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 December 31, 2024 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023 December 31, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of Incurred but not yet Reported Benefits Payable

As described in Notes 2 and 11 to the consolidated financial statements, the Company's incurred but not yet reported benefits payable (IBNR) was $6.6 billion $7.3 billion as of December 31, 2023 December 31, 2024. Management develops its estimate for IBNR using actuarial methodologies and assumptions, primarily based upon historical claim experience. Actuarial standards of practice generally require a level of confidence such that the liabilities established for IBNR have a greater probability of being adequate versus being insufficient, or such that the liabilities established for IBNR are sufficient to cover obligations under an assumption of moderately adverse conditions. As described by management, for the For periods prior to the most recent two months, a completion factor method uses historical paid claims patterns to estimate the percentage of claims incurred during a given period that have historically been adjudicated as of the reporting period. Changes in claim inventory levels and known changes in claim payment processes are taken into account in these estimates. For the most recent two months, the incurred claims are estimated primarily from a trend analysis based upon per member per month claims trends developed from historical experience in the preceding months, adjusted for known changes in estimates of hospital admissions, recent hospital and drug utilization data, provider contracting changes, changes in benefit levels, changes in member cost sharing, changes in medical management processes, product mix and workday seasonality.

The principal considerations for our determination that performing procedures relating to the valuation of IBNR is a critical audit matter are (i) the significant judgment by management when developing the estimate of IBNR, which in turn led to IBNR; (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating the actuarial methodologies and management's significant assumptions related to completion factors, per member per month claims trends, and the potential for moderately adverse conditions. Also, conditions; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of IBNR, including controls over the actuarial methodologies and development of significant assumptions related to completion factors, per member per month claims trends, and the potential for moderately adverse conditions. These procedures also included, among others, the involvement of professionals with specialized skill and knowledge to assist in developing an independent estimate of IBNR. This independent estimate includes a range of reasonable outcomes, including outcomes under moderately adverse conditions, which are compared to management's estimate of IBNR. Developing the independent estimate involved developing independent completion factors and per member per month claims trends assumptions using management's data, testing the completeness and accuracy of data provided by management, and evaluating the reasonableness of management's assumptions.

Goodwill Impairment Assessments – Home Solutions Reporting Unit Goodwill and Primary Care Reporting Units Certificates of Need Intangible Assets

As described in Notes 2 and 9 to the consolidated financial statements, the Company's consolidated goodwill balance was $9.6 billion as of December 31, 2023 December 31, 2024, and the goodwill associated with of which $4.4 billion relates to the Home Solutions and Primary Care Reporting Units reporting unit. The Company's other intangible assets balance was $4.4 billion and $1.2 billion $1.4 billion as of December 31, 2024, respectively. Management conducts an impairment test of which $0.9 billion relates to the Certificates of Need intangible assets. Impairment tests are performed, at a minimum, in the fourth quarter of each year and more frequently if adverse events or changes in circumstances indicate that the asset may be impaired. Management relies on an evaluation of uses future discounted cash flows analysis analyses to determine fair value and uses discount rates that correspond to a market-based weighted-average cost of capital, and terminal growth rates that correspond to long-term growth prospects, consistent with the long-term inflation rate. value. Key assumptions in management's future discounted cash flow projections, including analyses include revenue growth rates, medical and long-term growth rates, operating cost trends, and projected operating income, are supported with management's long-range business plan and discount rates. The annual planning process. impairment assessment of the Certificates of Need intangible assets resulted in an impairment charge of $0.2 billion in the year ended December 31, 2024.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessments of the Home Solutions reporting unit goodwill and Primary Care reporting units the Certificates of Need intangible assets is a critical audit matter are (i) the significant judgment by management when determining developing the fair value estimates of the Home Solutions reporting units, which in turn led to unit goodwill and the Certificates of Need intangible assets; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to the revenue and terminal growth rates, long-term growth rates, projected operating income, including operating cost trends, and the discount rates. Also, rates; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessments, including controls over the significant assumptions used in the valuation of the Home Solutions reporting unit goodwill and Primary Care reporting units. the Certificates of Need intangible assets. These procedures also included, among others, (i) testing management's process processes for determining developing the fair value estimate estimates of the Home Solutions reporting units; unit goodwill and the Certificates of Need intangible assets; (ii) evaluating the appropriateness of the discounted cash flows analysis; analyses; (iii) testing the completeness and accuracy of underlying data used in the analysis; analyses; and (iv) evaluating the reasonableness of the significant assumptions used by management related to the revenue and terminal growth rates, long-term growth rates, projected operating income, including operating cost trends, and the discount rates. Evaluating management's assumptions related to revenue and terminal growth rates, long-term growth rates and projected operating income, including operating cost trends involved evaluating whether the assumptions used by management were reasonable considering the past performance of the Home Solutions reporting units unit and the Certificates of Need intangible assets and whether the assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the appropriateness of the Company's discounted cash flows analysis analyses and the reasonableness of the significant assumptions related to the terminal long-term growth rates and the discount rates.

/s/ PricewaterhouseCoopers LLP
Louisville, Kentucky
February 15, 2024 20, 2025

We have served as the Company's auditor since 1968.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Management's Responsibility for Financial Statements and Other Information

We are responsible for the preparation and integrity of the consolidated financial statements appearing in our Annual Report. The consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States and include amounts based on our estimates and judgments. All other financial information in this report has been presented on a basis consistent with the information included in the financial statements.

Our control environment is the foundation for our system of internal control over financial reporting and is embodied in our Code of Ethics and Business Conduct, which we currently refer to as the Humana Inc. Ethics Every Day. It sets the tone of our organization and includes factors such as integrity and ethical values. Our internal control over financial reporting is supported by formal policies and procedures which are reviewed, modified and improved as changes occur in business conditions and operations.

The Audit Committee of the Board of Directors, which is composed solely of independent outside directors, meets periodically with members of management, the internal auditors and our independent registered public accounting firm to review and discuss internal controls over financial reporting and accounting and financial reporting matters. Our independent registered public accounting firm and internal auditors report to the Audit Committee and accordingly have full and free access to the Audit Committee at any time.

Evaluation of Disclosure Controls and Procedures

We have established disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to members of senior management and the Board of Directors.

Based on our evaluation as of December 31, 2023 December 31, 2024, we as the principal executive officer, the principal financial officer and the principal accounting officer of the Company have concluded that the Company's disclosure controls and procedures (as defined in the Securities Exchange Act of 1934) are effective to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported as specified in Securities and Exchange Commission rules and forms.

Management's Report on Internal Control Over Financial Reporting

We are responsible for establishing and maintaining effective internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate or that the degree of compliance with the policies or procedures may deteriorate.

We assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2023 December 31, 2024. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control – Integrated Framework* (2013). Based on our assessment, we determined that, as of December 31, 2023 December 31, 2024, the Company's internal control over financial reporting was effective based on those criteria.

The effectiveness of our internal control over financial reporting as of December 31, 2023 December 31, 2024 has been audited by PricewaterhouseCoopers LLP, our independent registered public accounting firm, who also audited the Company's consolidated financial statements included in our Annual Report on Form 10-K, as stated in their report which appears on pages 121-123. 114-116.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2023 December 31, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

(a) None.

(b) During the three months ended December 31, 2023 December 31, 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 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors

The information required by this Item is herein incorporated by reference from our Definitive Proxy Statement for the Annual Meeting of Stockholders scheduled to be held on April 18, 2024 April 17, 2025 appearing under the caption “Proposal One: Election of Directors” in such Definitive Proxy Statement.

Executive Officers of the Registrant

A list of our executive officers and biographical information appears in Part I, Item 1, "Business" of this Form 10-K.

Code of Conduct for Chief Executive Officer and Senior Financial Officers

We have adopted a Code of Conduct for the Chief Executive Officer and Senior Financial Officers, violations of which should be reported to the Audit Committee. The code may be viewed through the Investor Relations section of our web site at www.humana.com. Any amendment to or waiver of the application of the Code of Conduct for the Chief Executive Officer and Senior Financial Officers will be promptly disclosed through the Investor Relations section of our web site at www.humana.com.

Code of Business Conduct and Ethics

Since 1995, we have operated under an omnibus Code of Ethics and Business Conduct, currently known as the Humana Inc. Ethics Every Day (the “Code”). All employees associates and directors are required to annually affirm in writing their acceptance of the Code. The Code was adopted by our Board of Directors in June 2014, replacing a previous iteration, known as the Humana Inc. Principles of Business Ethics, as the document to comply with the New York Stock Exchange Corporate Governance Standard 303A.10. The Code is available on the Investor Relations section of our web site at www.humana.com, and any waiver of the application of the Code with respect to directors or executive officers must be made by the Board of Directors and will be promptly disclosed on our web site at www.humana.com.

Corporate Governance Items

We have made available free of charge on or through the Investor Relations section of our web site at www.humana.com our annual reports on Form 10-K, quarterly reports on Form 10-Q, proxy statements, and all of our other reports, and, if applicable, amendments to those reports filed or furnished pursuant to Section 13(a) of the Exchange Act, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Also available on the Investor Relations section of our Internet web site at www.humana.com is information about our corporate governance, including:

- a determination of independence for each member of our Board of Directors;
- the name, membership, role, and charter of each of the various committees of our Board of Directors;
- the name(s) of the directors designated as a financial expert under rules and regulations promulgated by the SEC;
- the responsibility of the Company’s Lead Independent Director, if applicable, to convene, set the agenda for, and lead executive sessions of the non-management directors, pursuant to our Corporate Governance Guidelines;
- the pre-approval process of non-audit services provided by our independent accountants;
- our By-laws and Certificate of Incorporation;
- our Majority Vote policy, pursuant to our By-laws;
- our Related Persons Transaction Policy;
- the process by which interested parties can communicate with directors;
- the process by which stockholders can make director nominations (pursuant to our By-laws);
- our Corporate Governance Guidelines;
- our Policy Regarding Transactions in Company Securities, Inside Information and Confidentiality;
- Stock Ownership Guidelines for directors and for executive officers;
- the Humana Inc. Ethics Every Day and any waivers thereto; and
- the Code of Conduct for the Chief Executive Officer and Senior Financial Officers and any waivers thereto.

We have also adopted our Policy Regarding Transactions in Company Securities, Inside Information and Confidentiality, which we refer to as our Insider Trading Policy. A copy of our Insider Trading Policy is filed as Exhibit 19.1 to this Form 10-K and is also available on the Investor Relations section of our Internet web site at www.humana.com.

Additional information about these items can be found in, and is incorporated by reference to, our Definitive Proxy Statement for the Annual Meeting of Stockholders scheduled to be held on April 18, 2024 April 17, 2025.

Material Changes to the Procedures by which Security Holders May Recommend Nominees to the Registrant’s Board of Directors

None.

Audit Committee Financial Expert

The information required by this Item is herein incorporated by reference from our Definitive Proxy Statement for the Annual Meeting of Stockholders scheduled to be held on April 18, 2024 April 17, 2025 appearing under the caption “Corporate Governance – Audit Committee” of such Definitive Proxy Statement.

Audit Committee Composition and Independence

The information required by this Item is herein incorporated by reference from our Definitive Proxy Statement for the Annual Meeting of Stockholders scheduled to be held on April 18, 2024 April 17, 2025 appearing under the caption “Corporate Governance – Committee Membership and Attendance” of such Definitive Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION

Additional information required by this Item is incorporated herein by reference from our Definitive Proxy Statement for the Annual Meeting of Stockholders scheduled to be held on April 18, 2024 April 17, 2025.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Equity compensation plan information

We maintain plans under which options to purchase our common stock and awards of restricted stock may be made to officers, directors, and key employees. associates. Stock options are granted with an exercise price equal to the fair market value of the underlying common stock on the date of grant. Our stock plans, as approved by the Board of Directors and stockholders, define fair market value as the average of the highest and lowest stock prices reported on the composite tape by the New York Stock Exchange on a given date. Exercise provisions vary, but most options vest in whole or in part 1 to 3 years after grant and expire up to 7 years after grant.

Information concerning stock option awards and the number of securities remaining available for future issuance under our equity compensation plans in effect as of December 31, 2023 December 31, 2024 follows:

Plan category	Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights		(b) Weighted-average exercise price of outstanding options, warrants and rights		(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a))			Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights		(b) Weighted-average exercise price of outstanding options, warrants and rights		(c) Number of secur remaining availab future issuance u equity compensa plans (excluding secur reflected in colum
Equity compensation plans approved by security holders (1)	Equity compensation plans approved by security holders (1)	242,006		$415.178	$	$ 13,036,391	(2) (3) (4)	(2)(3) (4)	Equity compensation plans approved by security holders (1)	375,066		$ 404.615	$	$
Equity compensation plans not approved by security holders	Equity compensation plans not approved by security holders	—	—	—	—	—			Equity compensation plans not approved by security holders	—	—		—	—
Total	Total	242,006	$	$415.178	$	$ 13,036,391			Total	375,066	$	$ 404.615	$	$

(1) The above table does not include awards of shares of restricted stock or restricted stock units. For information concerning these awards, see Note 14.

(2) The Humana Inc. 2011 Stock Incentive Plan was approved by stockholders at the Annual Meeting held on April 21, 2011. On July 5, 2011, 18.5 million shares were registered with the Securities and Exchange Commission on Form S-8.

(3) The Humana Inc. Amended and Restated Stock Incentive Plan was approved by stockholders at the Annual Meeting held on April 18, 2019. On May 1, 2019, 16 million shares were registered with the Securities and Exchange Commission on Form S-8.

(4) Of the number listed above, 4,348,987 (1,445,965 3,674,990 (1,445,966 from the 2011 Plan and 2,903,023 2,229,024 from the Amended and Restated Plan) can be issued as restricted stock at December 31, 2023 December 31, 2024 (giving effect to the provision that one restricted share is equivalent to 2.29 stock options in the 2011 Plan and 3.35 stock options in the Amended and Restated Plan).

The information under the captions “Stock Ownership Information - Security Ownership of Certain Beneficial Owners of Company Common Stock” and “Stock Ownership Information - Security Ownership of Directors and Executive Officers” in our Definitive Proxy Statement for the Annual Meeting of Stockholders scheduled to be held on April 18, 2024 April 17, 2025, is herein incorporated by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is herein incorporated by reference from our Definitive Proxy Statement for the Annual Meeting of Stockholders scheduled to be held on April 18, 2024 April 17, 2025 appearing under the captions “Certain Transactions with Management and Others” and “Corporate Governance – Director Independence” of such Definitive Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is herein incorporated by reference from our Definitive Proxy Statement for the Annual Meeting of Stockholders scheduled to be held on April 18, 2024 April 17, 2025 appearing under the caption “Audit Committee Report” of such Definitive Proxy Statement.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULE

(a) The financial statements, Report of Independent Registered Public Accounting Firm (PCAOB ID 238), financial statement schedule and exhibits set forth below are filed as part of this report.

(1) Financial Statements – The response to this portion of Item 15 is submitted as Item 8 of Part II of this report.

(2) The following Consolidated Financial Statement Schedule is included herein:

Schedule I — Parent Company Condensed Financial Information at December 31, 2023 December 31, 2024 and 2022 2023 and for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021 2022

All other schedules have been omitted because they are not applicable.

(3) Exhibits:

3(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, and the correction of March 23, 1992, and the amendment dated April 24, 2024 (incorporated herein by reference to Exhibit 4(i) 3(i) to Humana Inc.’s Post-Effective Amendment No.1 to the Registration Statement Quarterly Report on Form S-8 (Reg. No. 33-49305) filed February 2, 1994 10-Q for the quarter ended June 30, 2024).

(b) 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).

4(a) Indenture, dated as of August 5, 2003, by and between Humana Inc. and The Bank of New York, as trustee (incorporated herein by reference to Exhibit 4.1 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2003, File No. 001-05975).

(b) Fourth Supplemental Indenture, dated as of June 5, 2008, by and between Humana Inc. and The Bank of New York Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.3 to Humana Inc.’s Current Report on Form 8-K filed on June 5, 2008).

(c) Indenture, dated as of March 30, 2006, by and between Humana Inc. and The Bank of New York Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to Humana Inc.’s Registration Statement on Form S-3 filed on March 31, 2006, Req. No. 333-132878).

(d) There are no instruments defining the rights of holders with respect to long-term debt in excess of 10 percent of the total assets of Humana Inc. on a consolidated basis. Other long-term indebtedness of Humana Inc. is described herein in Note 13 to Consolidated Financial Statements. Humana Inc. agrees to furnish copies of all such instruments defining the rights of the holders of such indebtedness not otherwise filed as an Exhibit to this Annual Report on Form 10-K to the Commission upon request.

(e) Sixth Supplemental Indenture, dated as of December 10, 2012, by and between Humana Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.3 to Humana Inc.’s Current Report on Form 8-K filed on December 10, 2012).

(f) (Eighth Supplemental Indenture, dated as of September 19, 2014, by and between Humana Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.4 to Humana Inc.’s Current Report on Form 8-K filed on September 19, 2014).

(g) f) Ninth Supplemental Indenture, dated as of September 19, 2014, by and between Humana Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.6 to Humana Inc.’s Current Report on Form 8-K filed on September 19, 2014).

(h) (g) Tenth Supplemental Indenture, dated March 16, 2017, between Humana Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to Humana Inc.’s Current Report on Form 8-K filed on March 16, 2017).

(i) (h) Eleventh Supplemental Indenture, dated March 16, 2017, between Humana Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.4 to Humana Inc.’s Current Report on Form 8-K filed on March 16, 2017).

(j) (i)	Fourteenth Supplemental Indenture, dated August 15, 2019, between Humana Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to Humana Inc.'s Current Report on Form 8-K filed on August 15, 2019).
(k) (j)	Fifteenth Supplemental Indenture, dated August 15, 2019, between Humana Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.4 to Humana Inc.'s Current Report on Form 8-K filed on August 15, 2019).
(l) (k)	Sixteenth Supplemental Indenture, dated March 26, 2020, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to Humana Inc.'s Current Report on Form 8-K, filed March 27, 2020).
(m) (l)	Seventeenth Supplemental Indenture, dated March 26, 2020, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.4 to Humana Inc.'s Current Report on Form 8-K, filed March 27, 2020).
(n m)	Nineteenth Supplemental Indenture, dated August 3, 2021, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.4 to Humana Inc.'s Current Report on Form 8-K filed on August 3, 2021).
(o n)	Twentieth Supplemental Indenture, dated August 3, 2021, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.6 to Humana Inc.'s Current Report on Form 8-K filed on August 3, 2021).
(p o)	Twenty-First Supplemental Indenture, dated March 23, 2022, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to Humana Inc.'s Current Report on Form 8-K filed on March 23, 2022).
(q p)	Twenty-Second Supplemental Indenture, dated November 22, 2022, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to Humana Inc.'s Current Report on Form 8-K filed on November 22, 2022).
(r q)	Twenty-Third Supplemental Indenture, dated November 22, 2022, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.4 to Humana Inc.'s Current Report on Form 8-K filed on November 22, 2022).
(s) (r)	Twenty-Fourth Supplemental Indenture, dated March 13, 2023, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to Humana Inc.'s Current Report on Form 8-K filed on March 13, 2023).
(t) (s)	Twenty-Fifth Supplemental Indenture, dated March 13, 2023, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.4 to Humana Inc.'s Current Report on Form 8-K filed on March 13, 2023).
(u) (t)	Twenty-Sixth Supplemental Indenture, dated November 9, 2023, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to Humana Inc.'s Current Report on Form 8-K filed on November 9, 2023).
(v) (u)	Twenty-Seventh Supplemental Indenture, dated November 9, 2023, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.4 to Humana Inc.'s Current Report on Form 8-K filed on November 9, 2023).
(w) (v)	DescriptionTwenty-Eighth Supplemental Indenture, dated March 13, 2024, between the Company and The Bank of Securities New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4(o) 4.2 to Humana Inc.'s Annual 's Current Report on Form 10-K for 8-K filed on March 13, 2024).
(w)	Twenty-Ninth Supplemental Indenture, dated March 13, 2024, between the fiscal year ended December 31, 2019 Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.4 to Humana Inc.'s Current Report on Form 8-K filed on March 13, 2024).
(x)†	Description of Securities.

10(a) 10(a)*	Humana Inc. Executive Incentive Compensation Plan, as amended and restated January 1, 2020 (incorporated herein by reference to Exhibit 10(b) to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2020).
(b)*	Trust under Humana Inc. Deferred Compensation Plans (incorporated herein by reference to Exhibit 10(p) to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 1999, File No. 001-05975).
(c) (c)*	The Humana Inc. Deferred Compensation Plan for Non-Employee Directors (as amended on October 18, 2012) (incorporated herein by reference to Exhibit 10(m) to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2012).
(d) (d)*	Humana Inc. Executive Severance Policy, effective as of March 1, 2023 (incorporated herein by reference to Exhibit 10.3 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2023).
(e) (e)*	Humana Inc. Deferred Compensation Plan (incorporated herein by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-8 (Reg. No. 333-171616), filed on January 7, 2011).
(f) (f)*	Humana Retirement Equalization Plan, as amended and restated as of January 1, 2011 (incorporated herein by reference to Exhibit 10(p) to Humana Inc.'s Annual Report on Form 10-K filed on February 18, 2011).
(g)*	Letter agreement with Humana Inc. officers concerning health insurance availability (incorporated herein by reference to Exhibit 10(mm) to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 1994, File No. 001-05975).
(h) (h)*	Executive Long-Term Disability Program (incorporated herein by reference to Exhibit 10(a) to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004).
(i)*	Indemnity Agreement (incorporated herein by reference to Appendix B to Humana Inc.'s Proxy Statement with respect to the Annual Meeting of Stockholders held on January 8, 1987).
(j) (j)*	Summary of the Company's Financial Planning Program for our executive officers (incorporated herein by reference to Exhibit 10(v) to Humana's Inc.'s Annual Report on Form 10-K filed on February 22, 2013).
(k) (k)	Five-Year $2.5 Billion Amended and Restated Credit Agreement, dated as of June 2, 2023, 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 2, 2023)).
(l)	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).
(l m)	364-Day $1.5 Billion Revolving Credit Agreement, dated as of June 2, 2023 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 Joint-Lead Arrangers and Joint Bookrunners (incorporated herein by reference to Exhibit 10.2 10.1 to Humana Inc.'s 's Current Report on Form 8-K filed on June 2, 2023 June 5, 2024).
(m n)	Form of CMS Coordinated Care Plan Agreement (incorporated herein by reference to Exhibit 10.1 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, File No. 001-05975).

(n o)	Form of CMS Private Fee for Service Agreement (incorporated herein by reference to Exhibit 10.2 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, File No. 001-05975).
(o p)	Addendum to Agreement Providing for the Operation of a Medicare Voluntary Prescription Drug Plan (incorporated herein by reference to Exhibit 10.3 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, File No. 001-05975).
(p q)	Addendum to Agreement Providing for the Operation of an Employer/Union-only Group Medicare Advantage Prescription Drug Plan (incorporated herein by reference to Exhibit 10.4 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, File No. 001-05975).
(q r)	Addendum to Agreement Providing for the Operation of an Employer/Union-only Group Medicare Advantage-Only Plan (incorporated herein by reference to Exhibit 10.5 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, File No. 001-05975).
(r s)	Addendum to Agreement Providing for the Operation of a Medicare Advantage Regional Coordinated Care Plan (incorporated herein by reference to Exhibit 10.6 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, File No. 001-05975).
(s t)	Explanatory Note regarding Medicare Prescription Drug Plan Contracts between Humana and CMS (incorporated herein by reference to Exhibit 10(nn) to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2005, File No. 001-05975).
(t u)*	Humana Inc. 2011 Stock Incentive Plan (incorporated herein by reference to Appendix A to Humana Inc.'s Proxy Statement with respect to the Annual Meeting of Stockholders held on April 21, 2011).
(u v)*	Amended and Restated Employment Transition & Separation Agreement, dated as of February 27, 2014 May 13, 2024, by and between Humana Inc. and Bruce D. Broussard (incorporated herein by reference to Exhibit 10.1 to Humana Inc.'s current report on Form 8-K filed on February 28, 2014 May 13, 2024).
(w)*†	Transition & Separation Agreement, dated as of December 2, 2024, by and between Humana Inc. and Susan Diamond.
(x)*†	Offer Letter, dated as of November 20, 2024, by and between Humana Inc. and Celeste Mellet.
(v)*	Amendment to the Amended and Restated Employment Agreement between Humana Inc. and Bruce D. Broussard, dated July 2, 2015 (incorporated herein by reference to Exhibit 10.1 to Humana Inc.'s current report on Form 8-K filed on July 9, 2015).
(w)*	Amendment No. 2, dated as of August 16, 2018, to the Amended and Restated Employment Agreement between Humana Inc. and Bruce D. Broussard, dated as of February 27, 2014 (incorporated herein by reference to Exhibit 10.1 to Humana Inc.s Current Report on Form 8-K, filed on August 20, 2018).
(x y)*	Humana Inc. Change in Control Policy, effective March 1, 2019 (incorporated herein by reference to Exhibit 10(aa) to Humana Inc.'s Annual Report on Form 10-K filed on February 21, 2019).
(y z)	Form of Commercial Paper Dealer Agreement between Humana Inc., as Issuer, and the Dealer party thereto (incorporated herein by reference to Exhibit 10.1 to Humana Inc.'s current report on Form 8-K filed on October 7, 2014).
(z) (aa)*	Form of Company's Stock Option Agreement under the 2011 Stock Incentive Plan (Incentive Stock Options) (incorporated herein by reference to Exhibit 10(jj) to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2015).
(aa bb)*	Form of Company's Stock Option Agreement under the 2011 Stock Incentive Plan (Non-Qualified Stock Options with Non-Compete/Non-Solicit) (incorporated herein by reference to Exhibit 10(kk) to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2015).
(bb cc)*	Form of Company's Incentive Stock Option Agreement and Agreement not to Compete or Solicit under the 2011 Stock Incentive Plan (incorporated herein by reference to Exhibit 10(hh) to Humana Inc.'s Annual Report on Form 10-K filed on February 21, 2019).
(cc dd)*	Form of Company's Stock Option Agreement and Agreement not to Compete or Solicit under the 2011 Stock Incentive Plan (Non-Qualified Stock Options) (incorporated herein by reference to Exhibit 10(ii) to Humana Inc.'s Annual Report on Form 10-K filed on February 21, 2019).
(dd ee)*	Amended and Restated Humana Inc. Stock Incentive Plan (incorporated herein by reference to Appendix A to Humana Inc.'s Proxy Statement with respect to the Annual Meeting of Stockholders held on April 18, 2019).
(ee ff)*†	First Amendment to the Amended and Restated Humana Inc. Stock Incentive Plan. Plan (incorporated herein by reference to Exhibit 10(ee) to Humana Inc.'s Annual Report on Form 10-K filed on December 31, 2023).

(ff gg)*	Form of Company's Incentive Stock Option Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (incorporated herein by reference to Exhibit 10.5 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2019).
(gg hh)*	Form of Company's Stock Option Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (Non-Qualified Stock Options) (incorporated herein by reference to Exhibit 10.6 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2019).
(hh ii)*	Form of Company's Stock Option Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (Non-Qualified Stock Options) (incorporated herein by reference to Exhibit 10(nn) to Humana Inc.'s Annual Report on Form 10-K for the year ended December 31, 2020).
(ii jj)*	Form of Company's Incentive Stock Option Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (incorporated herein by reference to Exhibit 10(oo) to Humana Inc.'s Annual Report on Form 10-K for the year ended December 31, 2020).
(jj)*	Form of Company's Restricted Stock Unit Agreement with Performance Vesting and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (incorporated herein by reference to Exhibit 10(pp) to Humana Inc.'s Annual Report on Form 10-K for the year ended December 31, 2020).
(kk) (kk)*	Form of Company's Restricted Stock Unit Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (without retirement provisions) (incorporated herein by reference to Exhibit 10(qq) to Humana Inc.'s Annual Report on Form 10-K for the year ended December 31, 2020).
(ll)*	Form of Company's Restricted Stock Unit Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (with retirement provisions) (incorporated herein by reference to Exhibit 10(rr) 10(mm) to Humana Inc.'s 's Annual Report on Form 10-K Form10-K for the year ended December 31, 2020 December 31, 2023).
(mm)*†	Form of Company's Restricted Stock Unit Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan.
(nn)*†	Form of Company's Restricted Stock Unit Agreement with Performance Vesting and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan. Plan (incorporated herein by reference to Exhibit 10(nn) to Humana Inc.'s Annual Report on Form 10-K for the year ended December 31, 2023).
(oo nn)*†	Form of Company's Incentive Stock Option Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan. Plan (incorporated herein by reference to Exhibit 10(oo) to Humana Inc.'s Annual Report on Form 10-K for the year ended December 31, 2023).
(pp oo)*†	Form of Company's Stock Option Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (Non-Qualified Stock Options). (incorporated herein by reference to Exhibit 10(pp) to Humana Inc.'s Annual Report on Form 10-K for the year ended December 31, 2023).
14	Code of Conduct for Chief Executive Officer & Senior Financial Officers (incorporated herein by reference to Exhibit 14 to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2003).
19.1†	Policy Regarding Transactions in Company Securities, Inside Information and Confidentiality as of December 2023.
21 †	List of subsidiaries.
23 †	Consent of PricewaterhouseCoopers LLP.
31.1 †	CEO certification pursuant to Rule 13a-14(a)/15d-14(a).
31.2 †	CFO certification pursuant to Rule 13a-14(a)/15d-14(a).
32 †	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes – Oxley Act of 2002.

97*† Humana Inc. Compensation Recoupment Policy, effective October 2, 2023 (incorporated herein by reference to Exhibit 97 to Humana Inc.'s Annual Report on Form 10-K for the year ended December 31, 2023).

101 The following materials from Humana Inc.'s Annual Report on Form 10-K formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Consolidated Balance Sheets at December 31, 2023 December 31, 2024 and 2022; 2023; (ii) the Consolidated Statements of Income for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021; 2022; (iii) the Consolidated Statements of Comprehensive Income for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021; 2022; (iv) the Consolidated Statements of Stockholders' Equity as of December 31, 2023 December 31, 2024, 2022, 2023, and 2021; 2022; (v) the Consolidated Statements of Cash Flows for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021; 2022; and (vi) Notes to 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.

*Exhibits 10(a) through and including 10(j), and Exhibits 10(t) 10(u) through and including 10(x) 10(y), as well as Exhibits 10(z) 10(aa) through and including Exhibit 10(pp) 10(oo) are compensatory plans or management contracts.

**Pursuant to Rule 24b-2 of the Exchange Act, confidential portions of this exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

†Submitted electronically with this report.

Humana Inc.

SCHEDULE I—PARENT COMPANY FINANCIAL INFORMATION
CONDENSED BALANCE SHEETS

	December 31,		December 31,	
	2023	2022	2024	2023
	(in millions, except share amounts)		(in millions, except share amounts)	
ASSETS				
Current assets:				
Current assets:				
Current assets:				
Cash and cash equivalents				
Cash and cash equivalents				
Cash and cash equivalents				
Investment securities				
Receivable from operating subsidiaries				
Other current assets				
Total current assets				
Property and equipment, net				
Investment in subsidiaries				
Other long-term assets				
Total assets				
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Current liabilities:				
Current liabilities:				
Payable to operating subsidiaries				
Payable to operating subsidiaries				
Payable to operating subsidiaries				
Short-term debt				
Current portion of notes payable to operating subsidiaries				
Book overdraft				
Other current liabilities				
Total current liabilities				
Long-term debt				
Other long-term liabilities				
Total liabilities				
Commitments and contingencies	Commitments and contingencies		Commitments and contingencies	
Stockholders' equity:				
Preferred stock, $1 par; 10,000,000 shares authorized; none issued				
Preferred stock, $1 par; 10,000,000 shares authorized; none issued				
Preferred stock, $1 par; 10,000,000 shares authorized; none issued				
Common stock, $0.16 2/3 par; 300,000,000 shares authorized; 198,690,082 shares issued at December 31, 2023 and 198,666,598 shares issued at December 31, 2022				
Common stock, $0.16 2/3 par; 300,000,000 shares authorized; 198,718,810 shares issued at December 31, 2024 and 198,690,082 shares issued at December 31, 2023				
Capital in excess of par value				
Retained earnings				
Accumulated other comprehensive (loss) income				

Treasury stock, at cost, 76,465,862 shares at December 31, 2023 and 73,691,955 shares at December 31, 2022	
Treasury stock, at cost, 78,077,195 shares at December 31, 2024 and 76,465,862 shares at December 31, 2023	
Total stockholders' equity	
Total liabilities and stockholders' equity	

See accompanying notes to the parent company financial statements.

Humana Inc.

SCHEDULE I—PARENT COMPANY FINANCIAL INFORMATION
CONDENSED STATEMENTS OF INCOME

	For the year ended December 31,			For the year ended December 31,		
	2023	2022	2021	2024	2023	2022
	(in millions)			(in millions)		
Revenues:						
Management fees charged to operating subsidiaries						
Management fees charged to operating subsidiaries						
Management fees charged to operating subsidiaries						
Investment and other (loss) income, net						
Total revenues						
Expenses:						
Operating costs						
Operating costs						
Operating costs						
Depreciation						
Interest						
Total expenses						
Other income, net						
Loss before income taxes and equity in net earnings of subsidiaries						
Benefit for income taxes						
(Loss) income before equity in net earnings of subsidiaries						
Loss before equity in net earnings of subsidiaries						
Equity in net earnings of subsidiaries						
Equity in net earnings of equity method investments						
Net income attributable to Humana						
Net income attributable to Humana						
Net income attributable to Humana						

See accompanying notes to the parent company financial statements.

Humana Inc.

SCHEDULE I—PARENT COMPANY FINANCIAL INFORMATION
CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	For the year ended December 31,		
	2023	2022	2021
	(in millions)		
Net income attributable to Humana	$ 2,489	$ 2,806	$ 2,933
Other comprehensive income (loss):			
Change in gross unrealized investment gains (losses)	372	(1,819)	(356)
Effect of income taxes	(85)	418	81
Total change in unrealized investment gains (losses), net of tax	287	(1,401)	(275)
Reclassification adjustment for net realized losses (gains) included in investment income	25	72	(103)

Effect of income taxes	(7)	(17)	23
Total reclassification adjustment, net of tax	18	55	(80)
Other comprehensive income (loss), net of tax	305	(1,346)	(355)
Comprehensive income attributable to equity method investments	—	—	6
Comprehensive income attributable to Humana	$ 2,794	$ 1,460	$ 2,584

	For the year ended December 31,		
	2024	2023	2022
	(in millions)		
Net income attributable to Humana	$ 1,207	$ 2,489	$ 2,806
Other comprehensive (loss) income:			
Change in gross unrealized investment (losses) gains	(62)	372	(1,819)
Effect of income taxes	15	(85)	418
Total change in unrealized investment (losses) gains, net of tax	(47)	287	(1,401)
Reclassification adjustment for net realized (gains) losses included in investment income	(27)	25	72
Effect of income taxes	6	(7)	(17)
Total reclassification adjustment, net of tax	(21)	18	55
Other comprehensive (loss) income, net of tax	(68)	305	(1,346)
Comprehensive income attributable to Humana	$ 1,139	$ 2,794	$ 1,460

See accompanying notes to the parent company financial statements.

Humana Inc.

SCHEDULE I—PARENT COMPANY FINANCIAL INFORMATION
CONDENSED STATEMENTS OF CASH FLOWS

	For the year ended December 31,			For the year ended December 31,		
	2023	2022	2021	2024	2023	2022
	(in millions)			(in millions)		
Net cash provided by operating activities						
Cash flows from investing activities:						
Acquisitions, net of cash acquired						
Acquisitions, net of cash acquired						
Acquisitions, net of cash acquired						
Capital contributions to operating subsidiaries						
Purchases of property and equipment, net						
Purchases of investment securities						
Proceeds from sale of investment securities						
Maturities of investment securities						
Other						
Net cash used in investing activities						
Cash flows from financing activities:						
Proceeds from issuance of senior notes, net						
Proceeds from issuance of senior notes, net						
Proceeds from issuance of senior notes, net						
Repayments of senior notes						
Proceeds (repayments) from issuance of commercial paper, net						
Proceeds from issuance of term loan						
(Repayments) proceeds from issuance of commercial paper, net						

Repayment of term loan
Repayment of term loan
Repayment of term loan
Change in book overdraft
Common stock repurchases
Dividends paid
Proceeds from stock option exercises and other
Net cash (used in) provided by financing activities
(Decrease) increase in cash and cash equivalents
Net cash used in financing activities
Increase (decrease) in cash and cash equivalents
Cash and cash equivalents at beginning of year
Cash and cash equivalents at end of year

See accompanying notes to the parent company financial statements.

Humana Inc.

SCHEDULE I—PARENT COMPANY FINANCIAL INFORMATION
NOTES TO CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

Parent company financial information has been derived from our consolidated financial statements and excludes the accounts of all operating subsidiaries. This information should be read in conjunction with 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" of this Form 10-K for a summary of significant accounting policies.

2. TRANSACTIONS WITH SUBSIDIARIES

Services Fee

Through intercompany service agreements approved, if required, by state regulatory authorities, Humana Inc., our parent company, charges a services fee for reimbursement of certain centralized services provided to its subsidiaries including information systems, disbursement, investment and cash administration, marketing, legal, finance, and medical and executive management oversight.

Dividends

Cash dividends received from subsidiaries and included as a component of net cash provided by operating activities were $1.5 billion in 2024, $1.8 billion in 2023, and $1.3 billion in 2022, and $1.6 billion in 2021. 2022.

Guarantee

Through indemnity agreements approved by state regulatory authorities, certain of our regulated subsidiaries generally are guaranteed by our parent company in the event of insolvency for: (1) member coverage for which premium payment has been made prior to insolvency; (2) benefits for members then hospitalized until discharged; and (3) payment to providers for services rendered prior to insolvency. Our parent has also guaranteed the obligations of our military services subsidiaries and funding to maintain required statutory capital levels of certain other regulated subsidiaries.

3. 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. Our state regulated insurance subsidiaries had aggregate statutory capital and surplus of approximately $12.2 13.2 billion and $11.3 billion $12.2 billion as of December 31, 2023 December 31, 2024 and 2022, 2023, respectively, which exceeded aggregate minimum regulatory requirements of $9.8 11.4 billion and $8.4 billion $9.8 billion, respectively. The amount of ordinary dividends that may be paid to our parent company in 2024 2025 is approximately $1.1 billion $1.3 billion in the aggregate. 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. Actual dividends that were paid to our parent company were approximately $1.5 billion in 2024, $1.8 billion in 2023, and $1.3 billion in 2022, and $1.6 billion in 2021. 2022.

Humana Inc.

SCHEDULE I—PARENT COMPANY FINANCIAL INFORMATION

NOTES TO CONDENSED FINANCIAL STATEMENTS—(Continued)

Our use of operating cash flows derived from our non-insurance subsidiaries, such as in our Healthcare Services segment, is generally not restricted by state departments of insurance (or comparable state regulators).

4. ACQUISITIONS & DIVESTITURES

Refer to Note 3 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K for a description of certain acquisitions. acquisitions and divestitures.

5. INCOME TAXES

Refer to Note 12 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K for a description of income taxes.

6. DEBT

Refer to Note 13 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K for a description of debt.

7. STOCKHOLDERS' EQUITY

Refer to Note 16 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K for a description of stockholders' equity, including stock repurchases and stockholder dividends.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

HUMANA INC.

By: /s/ SUSAN CELESTE M. DIAMOND MELLET

Susan Celeste M. Diamond Mellet

Chief Financial Officer

(Principal Financial Officer)

Date: February 15, 2024 20, 2025

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the date indicated.

Signature	Title	Date
/s/ SUSAN CELESTE M. DIAMOND MELLET **Susan Celeste M. Diamond Mellet**	Chief Financial Officer (Principal Financial Officer)	February 15, 2024 20, 2025
/s/ JOHN-PAUL W. FELTER **John-Paul W. Felter**	Senior Vice President, Chief Accounting Officer and Controller (Principal Accounting Officer)	February 15, 2024 20, 2025
/s/ BRUCE D. BROUSSARD JAMES A. RECHTIN **Bruce D. Broussard James A. Rechtin**	President and Chief Executive Officer, Director (Principal Executive Officer)	February 15, 2024 20, 2025
/s/ KURT J. HILZINGER **Kurt J. Hilzinger**	Chairman of the Board	February 15, 2024 20, 2025
/s/ RAQUEL C. BONO, M.D. **Raquel C. Bono, M.D.**	Director	February 15, 2024 20, 2025
/s/ FRANK A. D'AMELIO **Frank A. D'Amelio**	Director	February 15, 2024 20, 2025
/s/ DAVID T. FEINBERG, M.D. **David T. Feinberg, M.D.**	Director	February 15, 2024 20, 2025
/s/ WAYNE A. I. FREDERICK, M.D. **Wayne A. I. Frederick, M.D.**	Director	February 15, 2024 20, 2025
/s/ JOHN W. GARRATT **John W. Garratt**	Director	February 15, 2024 20, 2025
/s/ KAREN W. KATZ **Karen W. Katz**	Director	February 15, 2024 20, 2025
/s/ MARCY S. KLEVORN **Marcy S. Klevorn**	Director	February 15, 2024 20, 2025
/s/ WILLIAM J. MCDONALD **William J. McDonald**	Director	February 15, 2024
/s/ JORGE S. MESQUITA **Jorge S. Mesquita**	Director	February 15, 2024 20, 2025
/s/ BRAD D. SMITH **Brad D. Smith**	Director	February 15, 2024 20, 2025
/s/ GORDON SMITH **Gordon Smith**	Director	February 20, 2025

FIRST AMENDMENT
TO THE
AMENDED AND RESTATED
HUMANA INC.
STOCK INCENTIVE PLAN

This First Amendment (this "Amendment") to the Amended and Restated Humana Inc. Stock Incentive Plan (the "Plan") is effective as of February 24, 2024.

WHEREAS, the Plan provides for different treatment of the continued vesting of Options, Stock Appreciation Rights, and unvested shares of Restricted Stock and Restricted Stock Units in connection with (a) a Participant's Retirement and (b) and the termination of a Participant's employment, directorship or consultancy due to a Workforce Reduction or a Position Elimination;

WHEREAS, the Company wishes to amend the Plan to provide for the same continued vesting treatment in connection with (a) a Participant's Retirement and (b) and the termination of a Participant's employment, directorship or consultancy due to a Workforce Reduction or a Position Elimination; provided that the Participant has held an applicable Award for at least twelve (12) months from the original date of grant; and

WHEREAS, the Plan may be amended by the Board, subject to the restrictions set forth in Section 14 of the Plan.

NOW, THEREFORE, the Plan is hereby amended as follows:

1. Section 13(c). Section 13(c) is hereby amended and restated in its entirety as follows:

"(c) In the event of the Participant's Retirement:

(i) (A) To the extent any Option or Stock Appreciation Right (or portion thereof) is exercisable on the date of such Retirement, the Option or Stock Appreciation Right shall be exercisable for the two (2) year period after the date of such Retirement, but in no event beyond the expiration date of the Option or Stock Appreciation Right, and only to the extent the Option or Stock Appreciation Right (or portion hereof) was exercisable on the date of the Participant's Retirement and (B) (I) to the extent that the Option or Stock Appreciation Right (or portion thereof) (x) is not exercisable as of the date of such Retirement and (y) has been held by the Participant for at least twelve (12) months from the original date of grant, the unvested portion of the Option or Stock Appreciation Right shall continue to vest and become exercisable upon the regular vesting dates (as set forth in the Award Agreement) that would occur during the twelve (12) month period immediately following the date of such Retirement as if the Participant continued to be employed by the Company, and (II) to the extent that the Option or Stock Appreciation Right (or portion thereof) (x) is not exercisable as of the date of such Retirement and (y) has not been held by the Participant for at least twelve (12) months from the original date of grant, a prorated portion of the Option or Stock Appreciation Right that would have vested on the next scheduled vesting date (as set forth in the Award Agreement) shall vest and become exercisable upon the next scheduled vesting date, with the proration to be determined by calculating the product of (A) the quotient of (x) the number of completed months the Participant has been employed since the date of grant of the Option or Stock Appreciation Right or the most recent vesting date, as

applicable, divided by (y) the number of months in the current vesting period, multiplied by (B) the total number of Options or Stock Appreciation Rights that were scheduled to vest and become exercisable on the next scheduled vesting date; provided, that, the Committee may determine, in its sole discretion, that the restrictions on some or all of the Options or Stock Appreciation Rights held by the Participant as of the date of Retirement shall immediately lapse. The portion of the Option or Stock Appreciation Right that vests pursuant to clause (B) of this Section 13(c)(i) shall be exercisable at any time within two (2) years following the vesting date of such Option or Stock Appreciation Right, but in no event beyond the expiration date of the Option or Stock Appreciation Right.

(ii) (A) The portion of any unvested Shares of Restricted Stock or Restricted Stock Units (and related Dividend Equivalent Rights) that (x) the Participant has held for at least twelve (12) months from the original date of grant and (y) would ordinarily vest within twelve (12) months of the date of Retirement shall continue to vest on regularly scheduled vesting dates (as set forth in the Award Agreement) in the same manner as if the Participant continued to be employed by the Company through the applicable vesting dates, and (B) a prorated portion of any unvested Shares of Restricted Stock or Restricted Stock Units (and related Dividend Equivalent Rights) that (x) the Participant has held for less than twelve (12) months from the original date of grant and (y) would ordinarily vest within twelve (12) months of the date of Retirement shall continue to vest on regularly scheduled vesting (as set forth in the Award Agreement), with the proration to be determined by calculating the product of (i) the quotient of (x) the number of completed months the Participant has been employed since the date of grant or the most recent vesting date, as applicable, divided by (y) the number of months in the current restricted vesting period, multiplied by (ii) the total number of Shares of Restricted Stock or Restricted Stock Units that were scheduled to vest on the next scheduled vesting date; provided, that, the Committee may determine, in its sole discretion, that the restrictions on some or all of the Shares of Restricted Stock or Restricted Stock Units held by the Participant as of the date of termination of employment shall immediately lapse.

(iii) A prorated portion of any unvested Performance Awards that would have vested on the next scheduled vesting date (as set forth in the Award Agreement) shall vest on the next scheduled vesting date, with the proration to be determined by calculating the product of (i) the quotient of (x) the number of completed months the Participant has been employed since the date of grant or the most recent vesting date, as applicable, divided by (y) the number of months in the current restricted vesting period, multiplied by (ii) the total number of Performance Awards that were scheduled to vest on the next scheduled vesting date (taking into account achievement of applicable performance goals) ; provided, that, the Committee may determine, in its sole discretion, that the restrictions on some or all of the Performance Awards held by the Participant as of the date of Retirement shall immediately lapse. For purposes of the foregoing calculation, a month is complete on the day in the following month that corresponds to the date of grant."

2. Effect of Amendment. Except as expressly set forth herein, this Amendment shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations or agreements contained in the Plan, all of which are hereby ratified and affirmed in all respects and shall continue in full force and effect.

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3. Defined Terms. Terms used but not defined herein have the meanings assigned to them in the Plan.

(As adopted by the Board on December 7, 2023.)

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HUMANA INC.
RESTRICTED STOCK UNIT AGREEMENT
AND AGREEMENT NOT DESCRIPTION OF REGISTRANT'S SECURITIES REGISTERED PURSUANT TO COMPETE OR SOLICIT
UNDER SECTION 12 OF THE AMENDED AND RESTATED STOCK INCENTIVE PLAN SECURITIES EXCHANGE ACT OF 1934

THIS RESTRICTED STOCK UNIT AGREEMENT (**"Agreement"**The following is a summary of information concerning our common stock, par value $.16 2/3 per share (the "common stock"). The summaries and descriptions below do not purport to be complete statements of, and are entirely qualified by, the relevant provisions of our Restated Certificate of Incorporation (the "certificate of incorporation") made and Amended and Restated By-Laws (the "by-laws"), each of which is filed as an exhibit to our Annual Report on Form 10-K, and of <award_date> (the "**Date of Grant**") by and between **HUMANA INC.**, a corporation duly organized and existing under the laws General Corporation Law of the State of Delaware (hereinafter referred (the "DGCL").

General

Our common stock is traded on the New York Stock Exchange under the symbol "HUM." The transfer agent and registrar for our common stock is American Stock Transfer & Trust Company.

Authorized Capital Stock

We are authorized to as issue up to 300,000,000 shares of common stock, par value $.16 2/3 per share, and 10,000,000 shares of preferred stock, par value $1 per share. Without stockholder action, our board of directors is authorized to provide for the **"Company")**, issuance of shares of preferred stock in one or more classes or series, to establish from time to time the number of shares to be included in each such class or series, to fix the designation, voting powers, preferences and <first_name> <middle_name> <last_name>**,** an employee relative, participating, options or other special rights of the Company (hereinafter referred shares of each such class or series and any qualifications, limitations or restrictions thereof.

Dividends

Subject to any preferential rights of any outstanding shares of our preferred stock, the holders of our common stock are entitled to receive, to the extent permitted by law, dividends as **"Grantee"**).and when declared by our board of directors.

WITNESSETH:

WHEREAS,Liquidation

In the Amended and Restated Humana Inc. Stock Incentive Plan (the **"Plan"**) was approved by the Company's Board of Directors and stockholders; and

WHEREAS, the Company desires to award to Grantee Restricted Stock Units in accordance with the Plan.

NOW, THEREFORE, in consideration event of the award liquidation or dissolution of Restricted Stock Units to Grantee, our company, the promises and mutual covenants hereinafter set forth, and other good and valuable consideration, the Company and Grantee agree as follows:

I. RESTRICTED STOCK UNIT GRANT

A.Grant. Subject to the terms and conditions hereinafter set forth, and in accordance with the provisions holders of the Plan, the Company hereby grants to Grantee, and Grantee hereby accepts from the Company <shares_awarded> Restricted Stock Units. Each Restricted Stock Unit represents the right of Grantee common stock will be entitled to receive one (1) Share on ratably the date balance of net assets available for distribution provided for in Section I(E)

. In addition, Grantee shall also have the right to receive all after payment of the cash any liquidation or in-kind dividends that are paid with respect to the Shares represented by the Restricted Stock Units to which this award relates ("**DERs**"). Dividend equivalents distribution preference payable with respect to any such Share shall be paid on the same date that such Share is issued to Grantee pursuant to Section I(E) hereof. The DERs shall be subject to the same terms and conditions applicable to the Restricted Stock Units, including, without limitation, the restrictions and non-transferability, vesting, forfeiture and distribution provisions contained in Sections I(B) through I(E), inclusive, then outstanding shares of this Agreement. In the event that the Restricted Stock Units are forfeited pursuant to Section I(D) hereof, the related DER shall also be forfeited.our preferred stock.

B. Restrictions and Non-Transferability. The Restricted Stock Units and DERs may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated. In addition, such Restricted Stock Units and DERs shall be subject to forfeiture in accordance with the provisions of Section I(D).

C. Vesting of Shares. The Restricted Stock Units shall vest in three equal installments, with the first installment vesting on December 15 of the year in which the Date of Grant occurs, and the next two installments vesting on December 15 of each of the next two years (each such date, a "**Vesting Date**" and the period between each Vesting Date or between the Date of Grant and a Vesting Date, as applicable, a "**Vesting Period**") subject to Grantee's continued employment with the Company through each such Vesting Date; However, notwithstanding the foregoing, upon certain terminations of employment (as set forth below), all or a portion of the unvested Restricted Stock Units and DERs will vest in accordance with Sections 12 and 13 of the Plan.

Voting Rights

D.Forfeiture. Except as set forth in Sections 12 and 13 Each share of the Plan, upon the Last Day, but prior our common stock is entitled to the time the Restricted Stock Units and DERs have vested, the Restricted Stock Units and DERs shall be forfeited immediately by Grantee.

E.Distributions. The Company shall issue to Grantee (or, if applicable, Grantee's estate or personal representative) Shares (or such other securities or other property into which the Shares have been converted, with any partial Shares or other securities to be settled in cash) one vote with respect to Grantee's Restricted Stock Units matters brought before the stockholders. All voting is on a non-cumulative basis. All of our directors are elected at the annual meeting of our stockholders. Under our certificate of incorporation, neither our board of directors nor our stockholders may amend the by-laws to authorize the election of directors by cumulative voting or classify our directors by terms differing in dated of expiration without unanimous approval of our stockholders.

Our by-laws provide that nominees for director are elected by a majority vote standard in uncontested elections, and dividend equivalents accrued pursuant by a plurality vote standard in contested elections. We have a resignation policy applicable to any nominee who is an incumbent director who fails to be re-elected in an uncontested election. Any director may be removed from office, either with or without cause, by the DERs with respect to such Restricted Stock Units, within 30 days affirmative vote of the date that the Restricted Stock Units vest in accordance with Section I(C) hereof; provided, however, that, to the extent that the Restricted Stock Units are considered deferred compensation subject to Section 409A holders of a majority of all of the Code shares of stock outstanding and the Restricted Stock Units vest in connection with Grantee's Change in Control Termination (defined below), then unless the Change in Control is a Section 409A Change in Control, the distribution of Shares (or such other securities or other property into which the Shares have been converted) shall not be accelerated entitled to the vesting date but such distribution shall instead occur based on the Vesting Dates set forth in Section I(C) hereof. A "Section 409A Change in Control" shall mean a Change in Control that also constitutes a "change in ownership or effective control" of the Company or a "change in ownership of a substantial portion of the assets of" the Company, in each case within the meaning of Section 409A of the Code. Notwithstanding anything to the contrary contained herein, no Shares may be transferred to any person other than Grantee unless such other person demonstrates to the reasonable satisfaction of the Company such person's right to the transfer.

F. Taxes. Federal, state and local income and employment taxes and other amounts as may be required by law to be collected by the Company ("**Withholding Taxes**") in connection with the distribution of Shares, cash or other property or, to the extent applicable, vesting of the Restricted Stock Units or DERs hereunder, shall be paid by Grantee at such time. Notwithstanding the foregoing, the Company shall withhold delivery of a number of Shares with a Fair Market Value as of the distribution date equal to the Withholding Taxes required to be withheld in connection with such distribution.

II. AGREEMENT NOT TO COMPETE AND AGREEMENT NOT TO SOLICIT.

Grantee agrees and understands that the Company's business is a profit-generating business operating in a highly competitive business environment and that the Company has a legitimate business interest in, among other things, its confidential information and trade secrets (including as protected in other agreements and policies between the Company and Grantee) that it is providing Grantee, and in the significant time, money, training, team building and other efforts it expends to develop Grantee's skills to assist in performing Grantee's duties vote for the Company, including with respect election of directors.

Other Rights

There are no preemptive, conversion, redemption or sinking fund provisions applicable to establishing, developing our common stock.

Fully Paid and maintaining the goodwill and business relationships with Protected Relationships (defined below) and employees, each of which Grantee agrees are valuable assets of the Company to which it has devoted substantial resources. Grantee acknowledges that the grant Grantee is receiving under the Plan is a meaningful way that the Company entrusts Grantee with its goodwill and aligns Grantee with the Company objective of increasing the value of the Company's business. Accordingly, Grantee acknowledges the importance of protecting the value of the Company's business through, among other things, covenants to restrict Grantee from engaging in activities that would adversely affect the value of the Company and its goodwill. Non-Assessable

A. Agreement Not to Compete.

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1. Grantee agrees that during the Restricted Period (defined below) The outstanding shares of our common stock are fully paid and within the Restricted Geographic Area (defined below), Grantee will not, directly non-assessable.

Proxy Access

Our by-laws permit a stockholder, or indirectly, perform or engage a group of up to 20 stockholders, owning at least three percent of our outstanding common stock continuously for at least three years to nominate and include in Competitive Product or Services (defined below) with a Competitor (defined below). Grantee may not accept employment with a Competitor (defined below) unless the Competitor's business is diversified and the Company receives Written Assurances from the Competitor and Grantee that are satisfactory our annual meeting proxy materials director nominees constituting up to the Company greater of two directors or twenty percent of our board of directors, provided that Grantee, during the Restricted Period, will not work stockholders and nominees satisfy the requirements specified in our by-laws.

Anti-Takeover Effects of Delaware Law and Certain Provisions of Our Certificate of Incorporation and By-Laws

The provisions of Delaware law, our certificate of incorporation and by-laws may have the effect of delaying, deferring or discouraging another person from acquiring control of our company, including takeover attempts that might result in a premium over the market price for the shares of common stock. These provisions, described below, could deprive the stockholders of opportunities to realize a premium on or provide Competitive Products or Services or otherwise use or disclose the Company's confidential information or trade secrets. shares of our common stock owned by them.

2. For

Delaware Anti-Takeover Statute

Section II(A), such "Written Assurances" must contain a written statement detailing the identity 203 of the Competitor and the nature of the services that Grantee will provide to the Competitor with sufficient detail to allow the Company to independently assess whether Grantee is or will be in violation of the Agreement. The Company must also receive such "Written Assurances" at least ten business days before Grantee commences employment for the Competitor. Such "Written Assurances" shall be delivered to the Company's Chief Human Resource Officer or his/her authorized delegate.

3. Nothing in this Agreement is intended to prevent Grantee DGCL prohibits a publicly held Delaware corporation from investing Grantee's funds in securities of a person engaged engaging in a business combination with an interested stockholder for a period of three years after the time that the person became an interested stockholder, unless the business combination or the transaction in which such person became an interested stockholder is directly competitive with the Company if the securities of such approved in a person are listed for trading on prescribed manner or another prescribed exemption applies. Generally, a registered securities exchange or actively traded "business combination" is defined to include mergers, asset sales, and other transactions resulting in financial benefit to a stockholder, and an over-the-counter market and Grantee's holdings represent less than one percent (1%) of the total number of outstanding shares or principal amount of the securities of such a person.

B. Agreement Not to Solicit Protected Relationships. During the Restricted Period (defined below) and in connection with a Competitive Product or Service (defined below), Grantee shall not, individually or jointly with others, directly or indirectly, or by assisting others, (1) Solicit (defined below) any Protected Relationships (defined below); or (2) Solicit any Protected Relationships to terminate a relationship with the Company, its subsidiaries, and/or its affiliates, reduce the volume of their business dealings with the Company, its subsidiaries, and/or its affiliates, or to otherwise cease to accept services or products from the Company, its subsidiaries, and/or its affiliates.

C.<u>**Agreement Not to Solicit Employees**</u>**.** During the Restricted Period, Grantee shall not, individually or jointly with others, directly or indirectly, or by assisting others, (1) Solicit any employees or former employees of the Company, its subsidiaries, and/or its affiliates with whom Grantee worked, had business contact, or about which Grantee gained non-public or confidential information ("Employees or Former Employees"); (2) contact or communicate with Employees or Former Employees for the purpose of Soliciting them to terminate their employment or find employment or work with another person or entity; (3) provide, share, or pass along to " interested stockholder" is defined as any person or entity, together with its affiliates and associates, that is, at any time within the name, contact past three years was, the beneficial owner of at least 15% of a corporation's outstanding voting stock. The statute could prohibit or delay mergers or other takeovers or change-in-control attempts and, accordingly, may discourage attempts to acquire us.

Advanced Notice Procedures for Stockholder Proposals and Director Nominations

Our by-laws set forth advance notice provisions with respect to stockholders seeking to bring business before an annual meeting of stockholders, or to nominate candidates for election as directors at an annual meeting of stockholders or special meeting of stockholders called by our board of directors for that purpose. Our by-laws also specify various requirements as to the timing, form and content of a stockholder's notice.

Special Meetings

Special meetings of our stockholders may be held if our board of directors, its chairman, our chief executive officer or our president calls a meeting. However, these persons must call a meeting if stockholders owning one-fourth of our shares then issued and outstanding and entitled to vote on matters to be submitted to our stockholders request in writing that a meeting be held, subject to certain requirements specified in our by-laws.

Preferred Stock

The ability of our board of directors to establish the rights and issue substantial amounts of preferred stock without the need for stockholder approval, while providing desirable flexibility in connection with possible acquisitions, financings and other corporate transactions, may discourage, delay, defer or prevent a change of control of us.

TRANSITION & SEPARATION AGREEMENT

This Transition & Separation Agreement (the "**Agreement**") sets forth the understanding between you, **Susan Diamond**, and Humana Inc. and its affiliates and subsidiaries ("**Humana**" or the "**Company**") with respect to your separation from employment with Humana.

RECITALS:

A. The Parties have mutually agreed that you will transition from the role of Chief Financial Officer (the "Role") of Humana as of January 11, 2025 (the "**Transition Date**"), but continue to provide services to the Company in various capacities after the Transition Date; and

B. In order to ensure a smooth transition following your retirement as Chief Financial Officer, Humana has requested that you continue to provide services as a strategic advisor from January 11, 2025 through December 31, 2025 (the "**VSP Transition Date**") and thereafter as a Variable Staffing Pool associate (the "**VSP Role**") from January 1, 2026 through March 1, 2027 (the "**Separation Date**").

NOW, THEREFORE, in consideration of your agreement to the terms set forth below and the mutual benefits to be derived hereunder, it is agreed:

A. EMPLOYMENT STATUS

1. *Acceptance of Interim and Variable Staffing Pool Roles*. You agree to accept employment as a "Strategic Advisor," effective as of the Transition Date (the "**Interim Role**"), advising Humana with respect to strategic matters. Humana agrees that you will remain employed in the Interim Role until December 31, 2025, and that effective as of January 1, 2026, Humana will transition you to the VSP Role, as defined in Humana's Requisition Policy. While serving in the Interim Role and the VSP Role, you will be expected to (i) continue to serve as a director representing Humana on the board of directors of various joint venture and investment companies in Humana's portfolio, (ii) advise business teams as requested regarding ongoing operational and regulatory matters, including participating in public policy advocacy matters, and (iii) serve as a strategic consultant to the Company. In order to maintain your employment while in the VSP Role, you agree to perform at least one hour of work every 60 days until March 1,

2027, at which time your employment will be terminated in accordance with Section 3 of the Executive Severance Policy. You agree and acknowledge that you are not eligible for payments under any Humana severance policy or Humana's Change In Control Policy while you are in either the Interim Role or VSP Role, except as provided in this Agreement and/or background information about the Executive Severance Policy. Humana agrees that it will not change your employment status to the VSP Role prior to January 1, 2026, without your express written consent. In the event that during the period that you are in the Interim Role you obtain other full-time employment and intend to accept such other full-time employment, you agree to provide Humana with at least 30 days prior written notice, which notice shall set forth the date of such change in status, and effective on such date, your status will change to the VSP Role through the Separation Date (a "**Voluntary VSP Status Change**"). Notwithstanding the change of such status, you shall still be entitled to all compensation, equity and benefits described in this Agreement as if your status was in

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the Interim Role through the VSP Transition Date, and you will be treated as continuing in the VSP Role through the Separation Date. Notwithstanding the foregoing, in the event of a Voluntary VSP Status Change, you will not be eligible for the Company's 401(k) Plan and Retirement Equalization Plan matching contributions while serving in the VSP Role. For the avoidance of doubt, "full-time employment" shall not be deemed to include (i) the provision of part-time consulting services, or (ii) service on the board of directors or advisory board of for-profit or not-for-profit organizations, provided, however, that the provision of services described in (i) and (ii) shall not exceed 20 hours per week for any Employees single corporation, firm or Former Employees entity, and provided further that any such services shall be provided in compliance with your obligations (a) not to compete with the Company, (b) to disclose and avoid potential conflicts of interest, and (c) regarding the provision of services while in the Interim Role or provide references the VSP Role, as applicable.

2. *Compensation*.

(a) Subject to your compliance with Section B (3) of this Agreement, your current base salary of $875,000 will continue in the Interim Role and will be paid bi-weekly through December 31, 2025. You acknowledge and agree that you will not be eligible for future salary increases while you are in the Interim Role.

(b) Effective as of the VSP Transition Date, you will receive an hourly rate of $420.67 for work performed in the VSP Role, which will be paid bi-weekly according to the normal payroll cycles. You acknowledge and agree that you will not be eligible for future salary increases or to participate in the Annual Incentive Plan (the "**AIP**") following the VSP Transition Date.

(c) In the event incentive compensation for 2024 is paid pursuant to the terms and provisions of the AIP, you will be entitled to receive an incentive compensation payment for 2024 based upon actual salary earned during the year, applying any adjustments that may be made to such payments for members of the Company's Management Team. Notwithstanding the above, for your Individual Multiplier portion of AIP, Humana will pay you 100% of the total AIP award calculation. Any incentive compensation payable to you will be paid at the same time as such amounts are paid to other information about them; (4) provide, share, participants in the AIP whether or pass along not you are then employed by Humana in any capacity or you are in the VSP Role.

(d) In the event incentive compensation for 2025 is paid pursuant to Employees the terms and provisions of the AIP, you will be entitled to receive an incentive compensation payment for 2025 based upon actual salary earned during the year while in the Interim Role, applying any adjustments that may be made to such payments generally for associates, but not applying any such adjustments that may be made exclusively for the Company's Management Team. For your Individual Multiplier portion of AIP, Humana will pay you 100% of the total AIP award calculation. Any incentive compensation payable to you will be paid at the same time as such amounts are paid to other participants in the AIP whether or Former Employees not you are then employed by Humana in any information regarding potential jobs capacity or entities you are in the VSP Role.

(e) During 2024 and 2025 you shall also be entitled to the Company's 401K Plan and Retirement Equalization Plan matching contributions while serving as Chief Financial Officer or persons in the Interim Role. Notwithstanding the foregoing, in the event of a Voluntary VSP Status Change, you will not be eligible for the Company's 401K Plan and Retirement Equalization Plan matching contributions while serving in the VSP Role.

3. *Severance Benefits*: Upon the Separation Date you will be eligible to work receive benefits under Humana's Executive Severance Policy, subject to your complying with the terms and conditions of this Agreement and the Executive Severance Policy, as modified by the terms set forth herein.

4. *Equity*: You agree and acknowledge that you are not eligible for future equity grants under the Company's stock incentive plans while serving in either the Interim Role or the VSP Role. Following the Separation Date, all outstanding vested or unvested equity awards will be treated in accordance with the terms of the Company's stock incentive plan and any equity agreements evidencing such equity grants following the Transition Date or Separation Date, as applicable.

5. *Benefits*: While serving in the Role, the Interim Role or the VSP Role, you may continue to participate, to the extent you may be eligible, in the "employee benefit plans" (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended) maintained from time to time by Humana for employees of Humana and its subsidiaries. For the avoidance of doubt, if eligible to participate under such plans, your health benefit coverage shall continue until the end of the Severance Period without regard to your position in Humana, including but not limited to job openings, job postings, in your VSP Role, and whether or not you are employed by Humana, unless you have obtained health benefit coverage from a new employer that is generally comparable to the health benefit coverage provided by Humana. You will be required to pay your portion of premiums or related payments as designated in such employee benefit plans and/or as designated by Humana directly to Humana. You shall be required to comply with the conditions attendant to coverage by such plans and shall comply with and be entitled to benefits only in accordance with the terms and conditions of such plans as they may be amended from time to time. Nothing herein contained shall be construed as requiring Humana to establish or continue any particular employee benefit plan in discharge of its obligations under this Agreement. At Humana's sole discretion, Humana may replace such employee benefit plans with employee benefit plans similar to Humana's affiliates. Your active coverage or participation in such employee benefits plans shall end on the Separation Date, unless otherwise provided by the terms of such plan, by the Executive Severance Policy or by law. Thereafter, you will have COBRA continuation rights for dental or medical coverage.

While serving in the Interim Role or the names VSP Role, you will be eligible for the same financial planning benefit as an Executive Officer of the Company.

Any deferred compensation benefits that become payable to you upon the Separation Date will be paid in accordance to the terms of the applicable plan. Humana shall continue its matching contribution to the Retirement Equalization Plan for your benefit, unless you are in your VSP Role as a result of a Voluntary VSP Status Change.

B. MISCELLANEOUS

1. *Cessation of Status as an Officer*: Effective on the Transition Date, you will no longer be an officer or contact information director of individuals Humana Inc., and of any subsidiaries and other affiliates of Humana Inc. of which you are an officer or director, other than such joint venture or investment companies hiring people or accepting job applications; and/or (5) offer employment or work to any Employees or Former Employees. For purposes of this covenant, "Former Employees" shall refer to employees who are not employed by as the Company its subsidiaries, and/ shall determine. Accordingly, you will not hold yourself out as being an officer or its affiliates at director, or as having any authority to bind, Humana Inc. or any such subsidiary or affiliate. You agree to execute any documents necessary to reflect the time of the attempted recruiting or hiring, but were employed by, or working for the Company, its subsidiaries, and/or its affiliates change in the three months prior to the time of the attempted recruiting or hiring and/or interference.

D.<u>Effect of a Change in Control Termination on Agreements Not to Compete and Not to Solicit</u>. status.

1. In2. *Non-Compete Agreement and Agreement Not to Solicit*: You understand and agree that (i) the event provisions of a Change any Stock Agreement entered into by you and Humana Inc. entitled "Agreement Not to Solicit" or "Agreement Not to Compete", and (ii) the provisions of

Exhibit A to Humana's Executive Severance Policy, in Control Termination, the prohibitions on Grantee set forth in Section II(A) shall each case remain in full force and effect only if and those obligations will continue during the acquirer or successor to the Company following the Change in Control shall, solely at its option, pay, within thirty (30) days following the Last Day (with the Company or its successor), to Grantee the Non-Compete Payment. Notwithstanding any previous agreement between Grantee and the Company relating to the prohibitions on Grantee applicable periods set forth in Section II.A, such documents. You understand and agree that any violation of the "Non-Compete Payment" shall be an amount provisions of (x) the Stock Agreements entitled "Agreement Not to Solicit," or "Agreement Not to Compete," or (y) Exhibit A to Humana's Executive Severance Policy, will in each case result in irreparable injury to Humana, that the remedy at least equal to Grantee's then current annual base salary. Such amount shall be law for any violation or threatened violation of such provision(s) are inadequate and in the event of any such breach or threatened breach, Humana, in addition to any other amounts paid remedies or payable to Grantee with respect to other severance plans or policies maintained by the Company. For the avoidance of doubt, the provisions of this Section II(D) shall supersede any agreement between Grantee and the Company relating to the prohibitions on Grantee set forth in Section II(A), with the exception of any similar agreement contained in (i) any employment agreement between Grantee and the Company, (ii) any agreement between Grantee and the Company not related to the employment of Grantee by the Company, (iii) any severance plan or policy of the Company and (iv) any change in control severance plan or policy of the Company.

2. In the event of a Change in Control Termination, the prohibitions on Grantee set forth in Sections II(B) and II(C) shall remain in full force and effect.

E. **Violation of Restrictive Covenants.** This subsection sets forth the circumstances under which Grantee shall forfeit all or a portion of any vested or unvested Restricted Stock Units without payment and/or be required to repay or otherwise reimburse the Company for the gain or value realized in respect of all or a portion of the Restricted Stock Units.

1. If Grantee violates any provisions of Section II of this Agreement (a "Forfeiture Event"), Grantee shall immediately forfeit as of the date that the violation first occurs all unvested Restricted Stock Units without payment.. This provision does not alter the circumstances for forfeiture of unvested Restricted Stock Units as described in Section I(D) of this Agreement.

2. For any Restricted Stock Units that vested during the 12 month period prior to the Forfeiture Event or at any time after the Forfeiture event, Grantee shall be required to repay or otherwise reimburse the Company, immediately upon demand, an amount in Cash or Humana Inc. common stock equal to (i) equal to the aggregate Fair Market Value of the shares of Stock underlying such Restricted Stock Units on the date the Restricted Stock Units became vested and (ii) any dividend or DER amounts paid in respect of Shares.

3. The relief provided in this Section II(F) of the Agreement does not constitute the Company's exclusive remedy for the Grantee's violation of any of the provisions of Section II of the Agreement. As any forfeiture and repayment provisions are not adequate remedies at law, including because they do not repair the irreparable harm the Company will suffer from Grantee's breaches of this Agreement, the Company may seek any additional legal or equitable remedy, including injunctive relief, for such violations. The provisions in this section are essential economic conditions to the Company's grant of Restricted Stock Units. By receiving the Restricted Stock Units, Grantee agrees upon Grantee's violation of Section II of this Agreement that the Company may, subject to applicable state law, deduct from any amounts the Company owes the Grantee following the Last Day any amounts Grantee owes the Company under Section II(F).

4. The provisions under this Section II(F) of the Agreement and any amounts repayable by Grantee hereunder are intended to be in addition to any rights to repayment the Company may have under Section 304 of the Sarbanes-Oxley Act of 2002 and other applicable law.

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5. In addition, if Grantee realizes any amounts in excess of what Grantee should have received under the terms of any Restricted Stock Units for any reason due to mistake in calculations or other administrative error, then Grantee shall be required to repay or reimburse any such excess amounts to the Company within thirty (30) days following the Company's written demand for repayment.

F. **Governing Law.** Notwithstanding any other provision herein to the contrary, the provisions of this Section II of the Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Kentucky without regard to its conflicts or choice of laws rules or principles that might otherwise refer construction or interpretation of this Section II to the substantive law of another jurisdiction.

G. **Injunctive Relief; Invalidity of Any Provision.** Grantee acknowledges that (1) his or her services to the Company, its subsidiaries, and/or its affiliates are of a special, unique and extraordinary character, (2) his or her position with the Company, its subsidiaries, and/or its affiliates will place him or her in a position of confidence and trust with respect to the operations of the Company, its subsidiaries, and/or its affiliates, (3) he or she will benefit from continued employment with the Company, its subsidiaries, and/or its affiliates, (4) the nature and periods of restrictions imposed by the covenants contained in this Section II are fair, reasonable and necessary to protect the Company, its subsidiaries, and/or its affiliates, (5) the Company, its subsidiaries, and/or its affiliates would sustain immediate and irreparable loss and damage from Grantee's wrongful use or disclosure of the Company, its subsidiaries, and/or its affiliates' confidential information or trade secrets and from Grantee's unfair competition or wrongful Solicitation of Protected Relationships, including with respect to the impairment of the Company's, its subsidiaries', and/or its affiliates' goodwill in its Protected Relationships, and (6) for the same reason, the Company's remedy at law (including under any forfeiture under Section II(F) above) for any such breach will be inadequate. Accordingly, Grantee agrees and consents that the Company, in addition to the recovery of damages and all other remedies available to it at law or in equity, shall be entitled to seek temporary preliminary, injunctive relief before trial as a matter of course, and to permanent injunctions injunctive relief without the necessity of proving actual damages;

3. *Executive Assistant*. During the time you are serving in the Interim Role, you may continue to prevent and/or halt a breach or threatened breach by Grantee be able to use the services of any covenant contained your assistant, Ms. Zahira Hoback, in Section II hereof. If any part or provision the same manner as you have been utilizing her services on the date of this Section II Agreement; and notwithstanding the provisions of the Agreement Not to Solicit or similar provisions in any agreement with Humana to which you are a party, you may solicit, offer employment and hire Ms. Hoback, if Ms. Hoback chooses to accept any such offer of employment.

4. *Confidential Information, Trade Secrets and Non-disparagement*: You recognize that your position with the Company has required considerable responsibility and trust, and, in reliance on your loyalty, the Company has entrusted you with highly sensitive confidential, restricted and proprietary information involving Trade Secrets and Confidential Information. "Trade Secret" shall be defined as any scientific or technical information, design, process, procedure, formula or improvement that is determined valuable and not generally known to competitors of the Company. "Confidential Information" is any data or information that is important, competitively sensitive, and not generally known by the public, including, but not limited to, the Company's business plans, business prospects, training manuals, product development plans, bidding and pricing procedures, market strategies, internal performance statistics, financial data, confidential personnel information concerning employees of the Company, supplier data, operational or administrative plans, policy manuals, and terms and conditions of contracts and agreements. Except as may be required by law or legal process or an order of a court of competent jurisdiction, you will not use or disclose any Trade Secrets or Confidential Information of the Company at any time after termination of employment and prior to such time as they cease to be invalid Trade Secrets or Confidential Information through no act of yours in whole violation of this Section B(3). Upon termination of employment, you will surrender to the Company all memoranda, notes, records, plans, manuals or in part, it other documents or data pertaining to the Company's business or your employment (including all copies thereof). You will also leave with the Company all materials involving Trade Secrets or Confidential Information of the Company. All such information and materials, whether or not made or developed by you, shall be deemed the sole and exclusive property of the Company, and you hereby assign to have been amended (and the court is authorized Company all of your right, title and interest in and to amend), whether as to time, area covered any and all of such information and materials. The Company agrees that its officers and directors will not disparage you or your performance, or otherwise as and take any action which could reasonably be expected to adversely affect your personal or professional reputation. You will not disparage the extent required for its validity under applicable law, and as so amended, shall be enforceable. The parties further agree to execute all documents necessary to evidence such amendment.

H. <u>Notice of Agreement</u>. Grantee agrees that, during the Restricted Period, Grantee will tell any prospective new employer, partner, in a business venture, investors and/ Company or any entity seeking of its executive officers, directors, agents or employees, or otherwise take any action which could reasonably be expected to engage Grantee's services, prior to accepting employment, engagement as a consultant adversely affect the personal or contractor, or engaging in a business venture that this Agreement exists, and further, Grantee agrees to provide a true and correct copy of this Agreement to any such individual or entity prior to accepting any such employment or entering into any such employment or business venture.

I. <u>Tolling</u>. In the event Grantee violates one professional reputation of the time-limited restrictions in Section II Company or any of this Agreement, the Company reserves the right to request as a form its directors, officers, agents or equitable relief, employees. Further, and Grantee will not object, that a court of competent jurisdiction extend the time period for such violated restriction by one day for each day Grantee violated the restriction, up to the maximum extension equal to the length of the original period of the time-limited restrictions in Section II of this Agreement. consistent

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with the foregoing, as of the Transition Date, you will not hold yourself out as a source or an expert with respect to the Company's financial performance or financial or strategic prospects and you will not comment on the same, unless any such comment shall be approved in advance in writing by the Chief Executive Officer of Humana. Nothing in this Agreement shall prevent you from responding accurately to any question, inquiry or request for information when required by legal or administrative process.

III. 5. *MISCELLANEOUS PROVISIONS Cooperation in Legal Actions:* You agree that, if requested by Humana, you will fully cooperate in the event that your assistance or testimony is needed in any current or future litigation, threatened litigation, investigation or other dispute arising from events and circumstances which occurred during your employment with Humana.

A. 6. *Binding Effect & Adjustment* *Entire Agreement*.: This Agreement, the Retirement Equalization Plan and the Stock Agreements reflect the entire understanding between Humana and you with respect to compensation and benefits available during your service in the Interim Role and VSP Role, and no statements, promises or inducements, whether written or oral, made by either party that are not contained in this Agreement, the Retirement Equalization Plan or the Stock Agreements shall be valid or binding and conclusive upon each successor and assign of the Company. Grantee's obligations hereunder shall not be assignable to any other person or entity. It is the intent of the parties to this Agreement that the benefits of any appreciation of the underlying Shares during the term of the Award shall be preserved in any event, including but not limited to a recapitalization, merger, consolidation, reorganization, stock dividend, stock split, reverse stock split, spin-off or similar transaction, or other change in corporate structure affecting the Shares, as more fully described in Sections 4.6 and 11 of the Plan. All obligations imposed upon Grantee and all rights granted to Grantee and to the Company shall be binding upon Grantee's heirs and legal representatives. Agreement.

B. **Amendment**. This Agreement may only be amended by a writing executed by each of the parties hereto.

C. **Governing Law.** Except as to matters of federal law and the provisions of Section II hereof, this Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware without regard to its conflict of laws rules. This Agreement shall also be governed by, and construed in accordance with, the terms of the Plan.

D.No Employment Agreement. Nothing herein confers on Grantee any rights with respect to the continuance of employment or other service with the Company, nor will it interfere with any right the Company would otherwise have to terminate or modify the terms of Grantee's employment or other service at any time.

E. **7.** *Severability*. If: In the event any provision portion of this Agreement is or becomes or is deemed invalid, illegal or held to be unenforceable, in any relevant jurisdiction, or would disqualify this Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan, it shall be stricken and the remainder of the this Agreement shall remain in full force and effect. effect and shall be enforced in harmony with the purpose of the Agreement.

F. 8. *Defined Terms***.**

1.Any term used herein and not otherwise defined herein shall have the same meaning as in the Plan. Any conflict between this Agreement and the Plan will be resolved in favor of the Plan.Any disputes or questions of right or obligation which shall result from or relate to any interpretation of this Agreement shall be determined by the Committee. Any such determination shall be binding and conclusive upon Grantee and any person or persons claiming through Grantee as to any rights hereunder.

2. For the purposes of this Agreement, the following terms shall have the following meaning:

(i) "**Change in Control Termination**" means, in the event unvested Restricted Stock Units and DERs are assumed, converted, continued or substituted in connection with a Change in Control in accordance with Section 11.1 of the Plan, if the employment of Grantee is terminated within two years following the Change in Control (a) by the Company or its acquirer or successor for any reason other than Cause or (b) by Grantee with Good Reason.

(ii) "**Competitive Product or Service**" means any product, process, system or service (in existence or under development) of any person or organization other than the Company that is the same as, similar to, or competes with, a product, process, system or service (in existence or under development) upon which Grantee worked, had direct or indirect responsibilities, or had confidential information about at the Company during the twenty-four (24) months prior to the Grantee's Last Day (defined below).

(iii) "**Competitor**" means Grantee or any other person or organization, other than the Company or any of its subsidiaries, engaged in, or about to become engaged in, research or development, production, marketing, leasing, selling, or servicing of a Competitive Product or Service.

(iv) "**Last Day**" means Grantee's last day of employment with the Company, its subsidiaries, and/or its affiliates (or immediate successor) regardless of the reason for Grantee's separation.

(v) "**Protected Relationship**" means, but is not necessarily limited to, vendors, healthcare providers, hospitals, hospital systems, lobbyists, state Medicaid agencies, long-term care facilities, pharmaceutical manufacturers, policyholders, agents, brokers, dealers, distributers, customers, and/or other sources of supply or customers with whom within twenty-four months prior to the Last Day, Grantee, directly or indirectly (*e.g.*, through employees whom Grantee supervised) had material business contact and/or about whom Grantee obtained confidential information and trade secrets.

(vi) "**Restricted Geographic Area**" means the territory (*i.e.*: (i) state(s), (ii) county(ies), or (iii) city(ies)) in which, during the twenty-four (24) months prior to the Last Day, Grantee provided material services on behalf of the Company (or in which Grantee supervised directly, indirectly, in whole or in part, the servicing activities).

(vii) "**Restricted Period**" means the period of Grantee's employment with the Company, its subsidiaries, and/or its affiliates and a period of twelve (12) months after the Last Day. Grantee recognizes that the durational term is reasonably and narrowly tailored to the Company's, its subsidiaries', and/or its affiliates' legitimate business interest and need for protection with each position.

(viii) "**Solicit**" means to hire, entice, encourage, persuade, recruit, or solicit, or attempt to hire, entice, encourage, persuade, recruit, or solicit, either directly by Grantee or indirectly through another individual.

G. **Execution.** If Grantee shall fail to execute this Agreement, either manually with a paper document, or through the online grant agreement procedure with the Company's designated broker–dealer, and, if manually executed, return the executed original to the Secretary of the Company, the Award shall be null and void. The choice of form will be at the Company's discretion.

H. **Code Section 409A**. All Restricted Stock Units granted pursuant to: It is intended that this Agreement are intended either to will comply with, or be exempt from, Section 409A of the Internal Revenue Code or, if subject to of 1986, as amended (the "**Section 409A of**") and the Code, to interpretive guidance thereunder, including, without limitation, the exemptions for short-term deferrals, separation pay arrangements, reimbursements, and inkind distributions, and this Agreement shall be administered, operated interpreted and construed in compliance a manner that does not result in the imposition of additional taxes, penalties or interest under Section 409A. Humana agrees to negotiate in good faith with you to make amendments to the Agreement, as both parties mutually agree are necessary or desirable to avoid the imposition of taxes, penalties or interest under Section 409A of the Code and any guidance issued thereunder. This 409A. If an amount to be paid under this Agreement and the Plan is payable in two or more installments, each installment shall be administered in treated as a manner consistent with this intent and any provision that would cause the Agreement or Plan to fail to satisfy the first sentence separate payment for purposes of Section 409A. For purposes of this section shall have no force and effect. Notwithstanding anything contained herein to the contrary, Restricted Stock Units (and related DERs) that (a) constitute "nonqualified deferred compensation" as defined under Section 409A of the Code and (b) vest as Agreement, a consequence of Grantee's termination of employment shall not be delivered until deemed to have occurred for purposes of any provision of this Agreement providing for the date that Grantee incurs payment of any amounts or benefits subject to the requirements of Section 409A upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A, and, for purposes of the Code (or, if Grantee is any such provision of this Agreement, references to a "specified employee" "termination," "termination of employment," or like terms shall mean a "separation from service" within the meaning of Section 409A 409A. Neither Humana nor you will have the right to accelerate or defer the delivery of any such payments or benefits except to the extent specifically permitted or required by Section 409A.

C. **ACKNOWLEDGMENTS**: You and Humana hereby acknowledge and agree:

1. that you were provided a sufficient period to review and consider this Agreement and are advised to contact an attorney,

2. that you understand each of the Code and any guidance issued thereunder, the date that is six months and one day following the date terms of such "separation from service" (or on the date of Grantee's death, if earlier)). In addition, each amount to be paid or benefit to be provided to Grantee pursuant to this Agreement that constitutes deferred compensation subject to Section 409A and the effect of the Code, shall be construed as a separate identified payment for purposes of Section 409A of the Code. executing this Agreement by your signature; and

3. that you are executing this Agreement as your own free act and deed, without any coercion or duress, and that you agree to each of the terms and provisions of this Agreement.

D. [*REMAINDER OF PAGE INTENTIONALLY LEFT BLANK*]

GRANTEE CERTIFIES THAT GRANTEE HAS READ AND UNDERSTANDS THIS AGREEMENT AND THE RESTRICTIONS CONTAINED THEREIN, AND HAS HAD AN OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL PRIOR TO SIGNING. GRANTEE ACKNOWLEDGES THAT THIS AGREEMENT MAY BE ACCEPTED ELECTRONICALLY BY GRANTEE, AND THAT AN ELECTRONIC COPY, HARD COPY, OR ACKNOWLEDGEMENT IS AS ENFORCEABLE AS AN ORIGINAL. GRANTEE ACKNOWLEDGES THAT GRANTEE HAD ABILITY TO PRINT A COPY OF THIS AGREEMENT AND TIME TO REVIEW IT PRIOR TO SIGNING.

1. **IN WITNESS WHEREOF**, Company has caused this Agreement to be executed on its behalf by its duly authorized officer, as their free and Grantee has voluntary act, the parties have executed this Agreement each as of the day first above written. date indicated.

"Company"

ATTEST: HUMANA INC.

HUMANA

By:	/s/ James Rechtin	By:	/s/ Susan Diamond
	Name: James Rechtin		Name: Susan Diamond
	Title: Chief Executive Officer		Date: December 2, 2024
	Date: December 2, 2024		

BY: BY:

image_3.jpg

JOSEPH C. VENTURA BRUCE D. BROUSSARD

Chief Legal Officer President & Chief Executive Officer November 20, 2024

Mrs. Celeste Mellet

"Grantee"

Dear Celeste,

This letter is intended to formally offer you the role of **Chief Financial Officer** of Humana Inc., with a start date on or around January 1, 2025. The information below outlines your total compensation package.

Salary

<first_name> <middle_name> <last_name>Your initial annual base salary will be ***$975,000*** and may be increased periodically based on your personal performance and/or overall company results.

Associate Incentive Plan

You will be eligible for participation in Humana's Associate Incentive Plan (AIP). Your targeted incentive amount will be ***125%*** of your prorated annual base salary earnings. On an annualized basis, this would result in an annual incentive target of ***$1,218,750***. Your incentive potential is calculated on earned salary in a calendar year and is based upon the Company and you personally meeting specific objectives. Additional details of this incentive plan will be provided to you after your hire date.

Cash Sign-On Bonus

You are receiving a cash sign-on bonus of ***$7,300,000*** broken down as follows: ***$6,000,000*** to be paid within the first 45 days after your start date, an additional ***$700,000*** to be paid on or near the first anniversary of your start date and a final payment of ***$600,000*** to be paid on or near the second anniversary of your start date, in each case dependent upon you being an employee as of the relevant date of payment. By signing this offer letter, you are agreeing to reimburse Humana according to the following schedule if you voluntarily leave employment by the Company:

- If prior to completing one full year of service, $6,000,000;
- If after completing one full year of service, but prior to completing two full years of service, $4,700,000; and
- If after completing two full years of service, but prior to completing three full years of service, $2,950,000

For the avoidance of doubt, if your employment is terminated by the Company for any reason other than Cause, including death or Disability (as defined in the Amended and Restated Humana Inc. Stock Incentive Plan), or if you terminate your employment by the Company with Good Reason (as defined in the Humana Inc. Change in Control Policy without the requirement of a Change in Control), you shall be entitled to keep the entire cash sign-on bonus.

image_4.jpg The information transmitted is intended only for the person or entity to which it is addressed and may contain CONFIDENTIAL material. If you receive this material/information in error, please contact the sender and delete or destroy the material/information.

HUMANA INC.
RESTRICTED STOCK UNIT AGREEMENT WITH PERFORMANCE VESTING
AND AGREEMENT NOT TO COMPETE OR SOLICIT
UNDER THE AMENDED AND RESTATED STOCK INCENTIVE PLAN

Equity Awards

THIS RESTRICTED STOCK UNIT AGREEMENT You will be awarded ***$6,000,000*** (in grant value of Humana equity for your **"Agreement"** **Initial Equity Award**) made as of <award_date> (the "**Date of Grant**") by and between **HUMANA INC.**, a corporation duly organized and existing under the laws of the State of Delaware (hereinafter referred pursuant to as the **"Company"**), and <first_name> <middle_name> <last_name>**,** an employee of the Company (hereinafter referred to as **"Grantee"**).

WITNESSETH:

WHEREAS, the Amended and Restated Humana Inc. Stock Incentive Plan (the "SIP"), using the form of agreement attached as Appendix A. This award will be delivered in 100% restricted share units (RSUs), with an anticipated grant date on the later of (x) the first business day following your start date with the Company, or (y) the first business day upon which the Company is otherwise able to grant equity awards under current policies and procedures, and will vest ratably over three years on the anniversary of the grant. The number of shares granted will be based on the average of the high and low stock price on the grant date.

In addition to the Initial Equity Award, for 2025, to the extent that annual LTI awards are approved generally for senior executives by the Organization & Compensation Committee of the Board (the "Committee"), you will be recommended to receive ***$4,100,000*** in grant date value of Humana equity for your **"Plan"** **Initial Annual Equity Award**) was , pursuant to the SIP, contingent upon approval by the Committee. The Initial Annual Equity Award will be made the ordinary course of business in connection with the Company's customary granting practices, and will include the same grant date, vesting schedule, and award mix (performance-based stock units, restricted stock units, and stock options) as approved by the Company's Board of Directors and stockholders; and

WHEREAS, the Company desires to award to Grantee Restricted Stock Units in accordance with the Plan.

NOW, THEREFORE, in consideration Company's Organization & Compensation Committee for all of the award of Restricted Stock Units to Grantee, Company's executive officers. Based on current granting practices, your Initial Annual Equity Award would be awarded in the promises following mix: 50% performance share units (PSUs), approximately **$2,050,000**; 25% restricted share units (RSUs), approximately **$1,025,000**; and mutual covenants hereinafter set forth, and other good and valuable consideration, the Company and Grantee agree as follows:

I. 25% stock options (options), approximately RESTRICTED STOCK UNIT GRANT $1,025,000.

A. <u>Grant</u>. Subject to the For each of your initial and annual equity grant, you will receive award agreements from Schwab that acknowledges each element of your grant and contains other terms and conditions hereinafter set forth, and specific to each of your awards, including, if applicable, a non-compete and/or a non-solicitation provision. Each agreement must be signed within 10 days of receipt in accordance with the provisions of the Plan, the Company hereby grants to Grantee, and Grantee hereby accepts from the Company <shares_awarded> Performance-Based Restricted Stock Units (the "Restricted Stock Units") (which represents the target amount of shares available as set out on Appendix A). Each Restricted Stock Unit represents the right of Grantee order to receive the equity grant.

<u>Benefits</u>

The company provides a very competitive benefits program. The medical plan offerings are high deductible health plans (HDHPs) with Health Savings Accounts (HSAs) and consumer directed health plans (CDHPs) with Personal Care Accounts (PCAs). The HSA gives associates the opportunity to fund their health care on a pretax basis, while the HDHP and CDHP provide a safety net in the event of a major illness or injury.

Retirement Benefits

You will be eligible to participate in the Humana Inc. 401(k) Retirement Savings Plan (“401(k) Plan”) and the Amended and Restated Humana Retirement Equalization Plan, in each case with a 7.5% matching contribution beginning after one year service the Company.

Severance Benefits

The company’s Executive Severance Policy entitles recipients, terminated for any reason other than Cause, to (i) one (1) Share on the date of distribution provided for in Section I(E). In addition, Grantee shall also have the right to receive all of the cash or in-kind dividends that are paid with respect to the Shares represented by the Restricted Stock Units to which this award relates (“DERs”). Dividend equivalents eighteen (18) month’s continued base salary and (ii) with respect to any such Share shall be paid on performance year under the same date that such Share is issued to Grantee pursuant to Section I(E). hereof. The DERs shall be subject to the same terms and conditions applicable to the Restricted Stock Units, including, without limitation, the restrictions and non-transferability, vesting, forfeiture and distribution provisions contained in Sections I(B) through I(E), inclusive, of this Agreement. In the event that the Restricted Stock Units are forfeited pursuant to Section I(D) hereof, the related DER shall also be forfeited.

B. **Restrictions and Non-Transferability.** The Restricted Stock Units and DERs may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated. In addition, such Restricted Stock Units and DERs shall be subject to forfeiture in accordance with the provisions of Section I(D).

C. **Vesting of Shares.** Subject to the terms set forth below, if as of the third anniversary of the Date of Grant (the “Vesting Date”), Grantee and the Company have achieved the performance goals to be set forth in Appendix A, the Restricted Stock Units and related DERs shall vest to the extent such performance goals have been achieved. Effective on the Vesting Date, any portion of the Restricted Stock Units and the related DERs for which the performance goals set forth in Appendix A have not been satisfied shall be immediately forfeited. However, notwithstanding the foregoing, upon

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certain terminations of employment (as set forth below), all or Company’s short-term incentive compensation plan, a portion of the unvested Restricted Stock Units and DERs will vest in accordance with Sections 12 and 13 of the Plan.

D. **Forfeiture.** Except as set forth in Sections 12 and 13 of the Plan, upon the termination of Grantee's employment with the Company prior to the time the Restricted Stock Units and DERs have vested, the Restricted Stock Units and DERs shall be forfeited immediately by Grantee.

E. **Distributions**. The Company shall issue to Grantee (or, if applicable, Grantee’s estate or personal representative) Shares (or such other securities or other property into which the Shares have been converted, with any partial Shares or other securities to be settled in cash) with respect to Grantee’s Restricted Stock Units and dividend equivalents accrued pursuant to the DERs with respect to such Restricted Stock Units, within 30 days of the date that the Restricted Stock Units vest in accordance with Section I(C) hereof; provided, however, that, to the extent that the Restricted Stock Units are considered deferred compensation subject to Section 409A of the Code and the Restricted Stock Units vest in connection with Grantee’s Change in Control Termination (defined below), then unless the Change in Control is a Section 409A Change in Control, the distribution of Shares (or such other securities or other property into which the Shares have been converted) shall not be accelerated to the vesting date but such distribution shall instead occur based on the Vesting Dates set forth in Section I(C) hereof. A “Section 409A Change in Control” shall mean a Change in Control that also constitutes a “change in ownership or effective control” of the Company or a “change in ownership of a substantial portion of the assets of” the Company, in each case within the meaning of Section 409A of the Code. Notwithstanding anything to the contrary contained herein, no Shares may be transferred to any person other than Grantee unless such other person demonstrates to the reasonable satisfaction of the Company such person’s right to the transfer.

F. **Taxes**. Federal, state and local income and employment taxes and other amounts as may be required by law to be collected by the Company (“**Withholding Taxes**”) in connection with the distribution of Shares, cash or other property or, to the extent applicable, vesting of the Restricted Stock Units or DERs hereunder, shall be paid by Grantee at such time. Notwithstanding the foregoing, the Company shall withhold delivery of a number of Shares with a Fair Market Value as of the distribution date payment equal to the Withholding Taxes required to be withheld in connection with such distribution. annual bonus as actually performed, pro-rated for time worked during the performance year.

II. AGREEMENT NOT TO COMPETE AND AGREEMENT NOT TO SOLICIT.

Grantee agrees and understands that the Company’s business is a profit-generating business operating in a highly competitive business environment and that the Company has a legitimate business interest in, among other things, its confidential information and trade secrets (including as protected in other agreements and policies between the Company and Grantee) that it is providing Grantee, and in the significant time, money, training, team building and other efforts it expends to develop Grantee’s skills to assist in performing Grantee’s duties for the Company, including with respect to establishing, developing and maintaining the goodwill and business relationships with Protected Relationships (defined below) and employees, each of which Grantee agrees are valuable assets of the Company to which it has devoted substantial resources. Grantee acknowledges that the grant Grantee is receiving under the Plan is a meaningful way that the Company entrusts Grantee with its goodwill and aligns Grantee with the Company objective of increasing the value of the Company’s business. Accordingly, Grantee acknowledges the importance of protecting the value of the Company’s Matching Gifts business through, among other things, covenants to restrict Grantee from engaging in activities that would adversely affect the value of the Company and its goodwill.

A. Agreement Not to Compete.

1. Grantee agrees that during the Restricted Period (defined below) and within the Restricted Geographic Area (defined below), Grantee will not, directly or indirectly, perform or engage in Competitive Product or Services (defined below) with a Competitor (defined below). Grantee may not accept employment with a Competitor (defined below) unless the Competitor's business is diversified and the Company receives Written Assurances from the Competitor and Grantee that are satisfactory to the Company that Grantee, during the Restricted Period, will not work on or provide Competitive Products or Services or otherwise use or disclose the Company's confidential information or trade secrets.

2. For Section II(A), such "Written Assurances" must contain a written statement detailing the identity of the Competitor and the nature of the services that Grantee will provide to the Competitor with sufficient detail to allow the Company to independently assess whether Grantee is or will be in violation of the Agreement. The Company must also receive such "Written Assurances" at least ten business days before Grantee commences employment for the Competitor. Such "Written Assurances" shall be delivered to the Company's Chief Human Resource Officer or his/her authorized delegate.

3. Nothing in this Agreement is intended to prevent Grantee from investing Grantee's funds in securities of a person engaged in a business that is directly competitive with the Company if the securities of such a person are listed for trading on a registered securities exchange or actively traded in an over-the-counter market and Grantee's holdings represent less than one percent (1%) of the total number of outstanding shares or principal amount of the securities of such a person.

B. Agreement Not to Solicit Protected Relationships. During the Restricted Period (defined below) and in connection with a Competitive Product or Service (defined below), Grantee shall not, individually or jointly with others, directly or indirectly, or by assisting others, (1) Solicit (defined below) any Protected Relationships (defined below); or (2) Solicit any Protected Relationships to terminate a relationship with the Company, its subsidiaries, and/or its affiliates, reduce the volume of their business dealings with the Company, its subsidiaries, and/or its affiliates, or to otherwise cease to accept services or products from the Company, its subsidiaries, and/or its affiliates.

C. Agreement Not to Solicit Employees. During the Restricted Period, Grantee shall not, individually or jointly with others, directly or indirectly, or by assisting others, (1) Solicit any employees or former employees of the Company, its subsidiaries, and/or its affiliates with whom Grantee worked, had business contact, or about which Grantee gained non-public or confidential information ("Employees or Former Employees"); (2) contact or communicate with Employees or Former Employees for the purpose of Soliciting them to terminate their employment or find employment or work with another person or entity; (3) provide, share, or pass along to any person or entity the name, contact and/or background information about any Employees or Former Employees or provide references or any other information about them; (4) provide, share, or pass along to Employees or Former Employees any information regarding potential jobs or entities or persons to work for, including but not limited to job openings, job postings, or the names or contact information of individuals or companies hiring people or accepting job applications; and/or (5) offer employment or work to any Employees or Former Employees. For purposes of this covenant, "Former Employees" shall refer to employees who are

not employed by the Company, its subsidiaries, and/or its affiliates at the time of the attempted recruiting or hiring, but were employed by, or working for the Company, its subsidiaries, and/or its affiliates in the three months prior to the time of the attempted recruiting or hiring and/or interference.

D. Effect of a Change in Control Termination on Agreements Not to Compete and Not to Solicit.

1. In the event of a Change in Control Termination, the prohibitions on Grantee set forth in Section II(A) shall remain in full force and effect only if the acquirer or successor to the Company following the Change in Control shall, solely at its option, pay, within thirty (30) days following the Last Day (with the Company or its successor), to Grantee the Non-Compete Payment. Notwithstanding any previous agreement between Grantee and the Company relating to the prohibitions on Grantee set forth in Section II(A), the "Non-Compete Payment" shall be an amount at least equal to Grantee's then current annual base salary. Such amount shall be in addition to any other amounts paid or payable to Grantee with respect to other severance plans or policies maintained by the Company. For the avoidance of doubt, the provisions of this Section II(D) shall supersede any agreement between Grantee and the Company relating to the prohibitions on Grantee set forth in Section II(A), with the exception of any similar agreement contained in (i) any employment agreement between Grantee and the Company, (ii) any agreement between Grantee and the Company

not related to the employment of Grantee by the Company, (iii) any severance plan or policy of the Company and (iv) any change in control severance plan or policy of the Company.

2. In the event of a Change in Control Termination, the prohibitions on Grantee set forth in Sections II(B) and II(C) shall remain in full force and effect.

E. Violation of Restrictive Covenants. This subsection sets forth the circumstances under which Grantee shall forfeit all or a portion of any vested or unvested Restricted Stock Units without payment and/or be required to repay or otherwise reimburse the Company any gain or value realized in respect of all or a portion of the Restricted Stock Units.

1. If Grantee violates any provisions of Section II of this Agreement (a "Forfeiture Event"), Grantee shall immediately forfeit as of the date that the violation first occurs all unvested Restricted Stock Units. This provision does not alter the circumstances for forfeiture of unvested Restricted Stock Units as described in Section I(D) of this Agreement.

2. For any Restricted Stock Units that vested during the 12 month period prior to the Forfeiture Event or at any time after the Forfeiture event, Grantee shall be required to repay or otherwise reimburse the Company, immediately upon demand, an amount in Cash or Humana Inc. common stock equal to (i) equal to the aggregate Fair Market Value of the shares of Stock underlying such Restricted Stock Units on the date the Restricted Stock Units became vested and (ii) any dividend or DER amounts paid in respect of Shares.

3. The relief provided in this Section II(F) of the Agreement does not constitute the Company's exclusive remedy for the Grantee's violation of any of the provisions of Section II of the Agreement. As any forfeiture and repayment provisions are not adequate remedies at law, including because they do not repair the irreparable harm the Company will suffer from Grantee's breaches of this Agreement, the Company may seek any additional legal or equitable remedy, including injunctive relief, for such violations. The provisions in this section are essential economic conditions to the Company's grant of Restricted Stock Units. By receiving the Restricted Stock Units, Grantee agrees upon Grantee's

violation of Section II of this Agreement that the Company may, subject to applicable state law, deduct from any amounts the Company owes Grantee following the Last Day any amounts Grantee owes the Company under Section II(F).

4. The provisions under this Section II(F) of the Agreement and any amounts repayable by Grantee hereunder are intended to be in addition to any rights to repayment the Company may have under Section 304 of the Sarbanes-Oxley Act of 2002 and other applicable law.

5. In addition, if Grantee realizes any amounts in excess of what Grantee should have received under the terms of any Restricted Stock Units for any reason due to mistake in calculations or other administrative error, then Grantee shall be required to repay or reimburse any such excess amounts to the Company within thirty (30) days following the Company's written demand for repayment.

F. Governing Law. Notwithstanding any other provision herein to the contrary, the provisions of this Section II of the Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Kentucky without regard to its conflicts or choice of laws rules or principles that might otherwise refer construction or interpretation of this Section II to the substantive law of another jurisdiction.

G. Injunctive Relief; Invalidity of Any Provision. Grantee acknowledges that (1) his or her services to the Company, its subsidiaries, and/or its affiliates are of a special, unique and extraordinary character, (2) his or her position with the Company, its subsidiaries, and/or its affiliates will place him or her in a position of confidence and trust with respect to the operations of the Company, its subsidiaries, and/or its affiliates, (3) he or she will benefit from continued employment with the Company, its subsidiaries, and/or its affiliates, (4) the nature and periods of restrictions imposed by the covenants contained in this Section II are fair, reasonable and necessary to protect the Company, its subsidiaries, and/or its affiliates, (5) the Company, its subsidiaries, and/or its affiliates would sustain immediate and irreparable loss and damage from Grantee's wrongful use or disclosure of the Company, its subsidiaries, and/or its affiliates' confidential information or trade secrets and from Grantee's unfair competition or wrongful Solicitation of Protected Relationships, including with respect to the impairment of the Company's, its subsidiaries', and/or its affiliates' goodwill in its Protected Relationships, and (6) for the same reason, the Company's remedy at law (including under any forfeiture under Section II(F) above) for any such breach will be inadequate. Accordingly, Grantee agrees and consents that the Company, in addition to the recovery of damages and all other remedies available to it, at law or in equity, shall be entitled to seek temporary, preliminary, and permanent injunctions to prevent and/or halt a breach or threatened breach by Grantee of any covenant contained in Section II hereof. If any part or provision of this Section II is determined by a court of competent jurisdiction to be invalid in whole or in part, it shall be deemed to have been amended (and the court is authorized to amend), whether as to time, area covered or otherwise, as and to the extent required for its validity under applicable law, and as so amended, shall be enforceable. The parties further agree to execute all documents necessary to evidence such amendment.

H. Notice of Agreement. Grantee agrees that, during the Restricted Period, Grantee will tell any prospective new employer, partner, in a business venture, investors and/or any entity seeking to engage Grantee's services, prior to accepting employment, engagement as a consultant or contractor, or engaging in a business venture that this Agreement exists, and further, Grantee agrees to provide a true and correct copy of this Agreement to any such individual or entity prior to accepting any such employment or entering into any such employment or business venture.

I. The Humana Foundation will match your actual gifts (not pledges) up to ***Tolling $30,000***. In annually, subject to a $100 minimum gift. Gifts may be monetary or marketable securities. Organizations eligible to receive matching gifts are those organizations and institutions classified by the event Grantee violates one IRS as tax-exempt under Section 501(c) of the time-limited restrictions in Section II of this Agreement, Internal Revenue Code. Fully accredited public or private educational institutions, including primary and secondary schools, junior colleges, universities, graduate or professional schools are also eligible.

Financial Planning

You are entitled to Humana's Executive Benefit Comprehensive Financial Counseling Service. The services are contracted and include benefits and compensation planning, estate planning, insurance review and evaluation, cash-flow analysis, income-tax planning, retirement planning, capital planning and financial oversight. (Value is approximately $20,000 per year.)

Executive Physical

You are eligible for an annual physical exam through the Company Executive Health Program. (Value is approximately $7,500 per year.)

Pre-Employment Information

This letter is intended to outline Humana's offer to you and does not constitute an employment contract between you and Humana. Your employment will be at-will and not guaranteed. You will be expected to follow all Humana policies and procedures during your employment. Humana reserves the right to request as a form amend, modify, reduce, discontinue or equitable relief, terminate any or all policies and Grantee will not object, that a court of competent jurisdiction extend benefits at the time period for such violated restriction by one day for each day Grantee violated the restriction, up to the maximum extension equal to the length company's discretion including any of the original period policies and benefits outlined in this letter.

This offer is contingent upon the successful completion of your background investigation and pre-employment drug testing (which must be completed within 48 hours of receipt of your eScreen Notification for drug testing) and completion of any remaining reference checks.

Humana is strongly committed to creating a workplace that benefits health and well-being of our associates and allows us to deliver unexpected value and quality to our members. In order to further our commitment to perfect service Humana has a Periodic Mandatory Drug and Alcohol Testing with Random Selection for positions deemed a safety impact position. Should your position be considered a safety impact position within the time-limited restrictions organization, it is subject to our Periodic Mandatory Drug and Alcohol Testing with Random Selection policy. Safety impact positions include, but are not limited to, associates who: drive Humana vehicles, or are either in Section II of this Agreement. direct contact with or are responsible for dispensing prescription drugs.

III. As required by law, this offer of employment is subject to satisfactory proof of your identity and eligibility to work in the United States. Within three business days of your employment date, on or around January 1, 2025, you must provide proof of that eligibility. To facilitate meeting this requirement, proceed to MISCELLANEOUS PROVISIONS www.uscis.gov/portal/site/uscis to review a list of acceptable forms of identification for completing the I-9 form. Please bring the acceptable forms of identification with you on your first day.

A. Binding Effect & Adjustment. This Agreement shall be binding and conclusive upon each successor and assign Prior to your start date, you will receive an e-mail from a representative of the Company. Grantee's obligations hereunder shall not Human Resource department that will provide you with additional information concerning your onboarding with Humana. You will initially be assignable assigned to work out of the Company's New York City office, with appropriate travel expected to other Company locations in the fulfillment of your duties in the role. You will also receive a packet of information from our Corporate Secretary's office relating

to certain forms required in connection with your status as an officer of the Company for purposes of Section 16 under the Securities Exchange Act of 1934. On your first day of employment, you will receive an Executive Onboarding Plan and Welcome Packet, which will provide you with additional benefit information and the forms necessary to facilitate a smooth transition into Humana.

I am enthusiastic about your potential to contribute to the growth of Humana, and I look forward to welcoming you to the Humana team. Please feel free to contact me if you have any questions.

Sincerely,

image_0.jpg

Jessica Klein
Senior Vice President, Total Rewards

I accept the position and agree to the terms outlined in this letter.

/s/ Celeste Mellet
image_1.jpg

Mrs. Celeste Mellet

November 20, 2024
image_2.jpg

Date

Policy Regarding Transactions in Company Securities, Inside Information and Confidentiality

Important federal legislation prohibits insider trading and "tipping" inside information, subjecting employers of those who engage in such illegal acts to potential sanctions. As a result, the Company wishes to remind all personnel of its policies regarding trading in Humana securities, inside information and confidentiality. Any violation of these policies may result in immediate dismissal and may subject the individual involved to both civil and criminal penalties. This is an extremely important matter and we urge you to read the following with care.

Prohibitions Against Trading on or Tipping
Inside Information

Federal securities laws restrict corporate insiders (which includes all employees) from purchasing or selling Company securities while aware of material, non-public information about the Company, as well as the communication of such information to any other person for such use. Material information is any information that a reasonable investor would consider important in determining whether to buy, sell, or entity. hold securities. Non-public information is information that has not been effectively disseminated to the investing public.

It is the intent policy of the parties to this Agreement Company that the benefits of any appreciation Company personnel (including members of the underlying Shares during the term Company's Board of Directors, officers and all employees) and their respective immediate family and household members (collectively, "Covered Persons") may not purchase or sell any securities of the Award shall Company, or any other corporation or business (including, without limitation, a gift, loan, pledge or hedge, contribution to a trust, or any other sale or transfer, regardless of how the securities are held), while aware of material, non-public information concerning the Company, or other corporation or business, as applicable. It is also the Company's policy that all inside information concerning the Company--or, for that matter, any other corporation or business--which is obtained by Company personnel in the course of their employment may not be preserved in communicated to any event, including other person (including relatives, friends or business associates, and regardless of the purpose for which such communication may be made), except to the extent necessary to perform work for the Company.

A determination as to whether information is material or is inside information depends on all of the related facts and circumstances. Information you should consider material includes but is not limited to earnings estimates, consolidate operating results, changes in previously released earnings estimates, significant merger, acquisition or divestiture proposals or agreements, major litigation, significant product news, dividend changes, extraordinary management developments and the occurrence of a recapitalization, merger, consolidation, reorganization, stock dividend, stock split, reverse stock split, spin-off significant cybersecurity event. In addition, it should be emphasized that material information does not have to relate to a company's business; information about the content of a forthcoming publication in the financial press which is expected to affect the market price of a security could well be material.

Confidentiality

All internal information concerning the Company, and any other corporation or similar transaction, business about which Company personnel obtain information in the course of their employment, must be kept strictly confidential and should not be discussed with any other person inside or other change in corporate structure affecting the Shares, as more fully described in Sections 4.6 and 11 outside of the Plan. All obligations imposed upon Grantee Company, except to the extent necessary to perform work for the Company, nor should such information be discussed with any person within the Company under circumstances where it could be overheard. Written information should be appropriately safeguarded and all rights granted should not be left where it may be seen by persons not entitled to Grantee and that information.

The unauthorized disclosure of such information could result in serious consequences to the Company, shall whether or not such disclosure is made for the purpose of facilitating improper trading in securities of the Company or such other corporation or business. In addition to other circumstances in which it may be binding upon Grantee's heirs applicable, this confidentiality policy must be strictly adhered to in responding to inquiries about the Company made by the press, financial analysts or other members of the financial community. It is important that responses to any such inquiries be made on behalf of the Company by a duly designated officer. Accordingly, Company personnel should not respond to such inquiries unless expressly authorized to do so.

Exceptions to Trading Restrictions

The trading restrictions of this policy do not apply to the following:

B a. Retirement and Savings Plan. **Amendment**. This Agreement may only be amended by Investing plan contributions in a writing executed by each of the parties hereto.

C. Governing Law. Except as to matters of federal law and the provisions of Section II hereof, this Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware without regard to its conflict of laws rules. This Agreement shall also be governed by, and construed Company stock fund in accordance with the terms of the Company's Retirement and Savings Plan. However, any changes in your investment election regarding the Company's stock are subject to trading restrictions under this policy.

D. b. No Employment Agreement Options. Nothing herein confers on Grantee any rights with respect to the continuance of employment or other service with the Company, nor will it interfere with any right the Company would otherwise have to terminate or modify the terms of Grantee's employment or other service at any time.

E. Severability. If any provision of this Agreement is or becomes or is deemed invalid, illegal or unenforceable in any relevant jurisdiction, or would disqualify this Award Exercising stock options granted under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan, it shall be stricken and the remainder of the Agreement shall remain in full force and effect.

F. Defined Terms.

1.Any term used herein and not otherwise defined herein shall have the same meaning as in the Plan. Any conflict between this Agreement and the Plan will be resolved in favor of the Plan.Any disputes or questions of right or obligation which shall result from or relate to any interpretation of this Agreement shall be determined by the Committee. Any such determination shall be binding and conclusive upon Grantee and any person or persons claiming through Grantee as to any rights hereunder.

2. For the purposes of this Agreement, the following terms shall have the following meaning:

(i) "**Change in Control Termination**" means, in the event unvested Restricted Stock Units and DERs are assumed, converted, continued or substituted in connection with a Change in Control in accordance with Section 11.1 of the Plan, if the employment of Grantee is terminated within two years following the Change in Control (a) by the Company or its acquirer or successor for any reason other than Cause or (b) by Grantee with Good Reason.

(ii) "**Competitive Product or Service**" means any product, process, system or service (in existence or under development) of any person or organization other than the Company that is the same as, similar to, or competes with, a product, process, system or service (in existence or under development) upon which Grantee worked, had direct or indirect responsibilities, or had confidential information about at the Company during the twenty-four (24) months prior to the Grantee's Last Day (defined below).

(iii) "**Competitor**" means Grantee or any other person or organization, other than the Company or any of its subsidiaries, engaged in, or about to become engaged in, research or development, production, marketing, leasing, selling, or servicing of a Competitive Product or Service.

(iv) "**Last Day**" means Grantee's last day of employment with the Company, its subsidiaries, and/or its affiliates (or immediate successor) regardless of the reason for Grantee's separation.

(v) "**Protected Relationship**" means, but is not necessarily limited to, vendors, healthcare providers, hospitals, hospital systems, lobbyists, state Medicaid agencies, long-term care facilities, pharmaceutical manufacturers, policyholders, agents, brokers, dealers, distributers, customers, and/or other sources of supply or customers with whom within twenty-four months prior to the Last Day, Grantee, directly or indirectly (*e.g.*, through employees whom Grantee supervised) had material business contact and/or about whom Grantee obtained confidential information and trade secrets.

(vi) "**Restricted Geographic Area**" means the territory (*i.e.*: (i) state(s), (ii) county(ies), or (iii) city(ies)) in which, during the twenty-four (24) months prior to the Last Day, Grantee provided material services on behalf of the Company (or in which Grantee supervised directly, indirectly, in whole or in part, the servicing activities).

(vii) "**Restricted Period**" means the period of Grantee's employment with the Company, its subsidiaries, and/or its affiliates and a period of twelve (12) months after the Last Day. Grantee recognizes that the durational term is reasonably and narrowly tailored to the Company's, its subsidiaries', and/or its affiliates' legitimate business interest and need for protection with each position.

(viii) "**Solicit**" means to hire, entice, encourage, persuade, recruit, or solicit, or attempt to hire, entice, encourage, persuade, recruit, or solicit, either directly by Grantee or indirectly through another individual.

G. Execution. If Grantee shall fail to execute this Agreement, either manually with a paper document, or through the online grant agreement procedure with the Company's designated broker–dealer, and, if manually executed, return the executed original to the Secretary of the Company, the Award shall be null and void. The choice of form will be at the Company's discretion.

H. Section 409A. All Restricted Stock Units granted pursuant to this Agreement are intended either to be exempt from Section 409A of the Code, or, if subject to Section 409A of the Code, to be administered, operated and construed in compliance with Section 409A of the Code and any guidance issued thereunder. This Agreement and the Plan shall be administered in a manner consistent with this intent and any provision that would cause the Agreement or Plan to fail to satisfy the first sentence of this section shall have no force and effect. Notwithstanding anything contained herein to the contrary, Restricted Stock Units (and related DERs) that (a) constitute "nonqualified deferred compensation" as defined under Section 409A of the Code and (b) vest as a consequence of Grantee's termination of employment, shall not be delivered until the date that Grantee incurs a "separation from service" within the meaning of Section 409A of the Code (or, if Grantee is a "specified employee" within the meaning of Section 409A of the Code and any guidance issued

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thereunder, the date that is six months and one day following the date of such "separation from service" (or on the date of Grantee's death, if earlier)). In addition, each amount to be paid or benefit to be provided to Grantee pursuant to this Agreement that constitutes deferred compensation subject to Section 409A of the Code, shall be construed as a separate identified payment for purposes of Section 409A of the Code.

GRANTEE CERTIFIES THAT GRANTEE HAS READ AND UNDERSTANDS THIS AGREEMENT AND THE RESTRICTIONS CONTAINED THEREIN, AND HAS HAD AN OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL PRIOR TO SIGNING. GRANTEE ACKNOWLEDGES THAT THIS AGREEMENT MAY BE ACCEPTED ELECTRONICALLY BY GRANTEE, AND THAT AN ELECTRONIC COPY, HARD COPY, OR ACKNOWLEDGEMENT IS AS ENFORCEABLE AS AN ORIGINAL. GRANTEE ACKNOWLEDGES THAT GRANTEE HAD ABILITY TO PRINT A COPY OF THIS AGREEMENT AND TIME TO REVIEW IT PRIOR TO SIGNING.

IN WITNESS WHEREOF, Company has caused this Agreement to be executed on its behalf by its duly authorized officer, and Grantee has executed this Agreement, each as of the day first above written.

"Company"

ATTEST: **HUMANA INC.**

BY: BY:

JOSEPH C. VENTURA BRUCE D. BROUSSARD

Chief Legal Officer President & Chief Executive Officer

"Grantee"

<first_name> <middle_name> <last_name>

HUMANA INC.

INCENTIVE STOCK OPTION AGREEMENT

AND AGREEMENT NOT TO COMPETE OR SOLICIT

UNDER THE AMENDED AND RESTATED STOCK INCENTIVE PLAN

THIS AGREEMENT (**"Agreement"**) made as of <award_date> (the "**Date of Grant**") by and between **HUMANA INC.**, a corporation duly organized and existing under the laws of the State of Delaware (hereinafter referred to as the **"Company"**), and <first_name> <middle_name> <last_name>, an employee of the Company (hereinafter referred to as **"Optionee"**).

WITNESSETH

WHEREAS, the Amended and Restated Humana Inc. Stock Incentive Plan (the (or other stock incentive plan of the Company) where no Company stock is sold in the market to fund the exercise price of an option. However, the sale of any shares issued on the exercise of Company-granted stock options and any cashless exercise of Company-granted stock options are subject to trading restrictions under this policy.

Blackout Periods

During certain periods of time described below, referred to as "Blackout Periods", certain Covered Periods are prohibited from trading in the Company's securities.

a. "Plan" Quarterly Blackout Periods), was approved. Covered Persons who are or may be expected to be aware of the Company's quarterly financial results are prohibited from trading in the Company's securities during the period beginning at the close of the market on the last day of each fiscal quarter and ending twenty-four (24) hours after the Company's issuance of its quarterly earnings release. The length of any quarterly Blackout Period may be extended by the Company's Chief Legal Officer or Corporate Secretary at any time.

Covered Persons subject to these quarterly Blackout Periods include members of the Board of Directors, Executive Officers, and stockholders; andall other persons who are informed by the Chief Legal Officer or Corporate Secretary that they are subject to the quarterly blackout periods.

WHEREAS, b. Other Blackout Periods. From time to time, other events or types of material, non-public information regarding the Company desires may be pending and not publicly disclosed. While such information remains material and non-public, the Company may impose special blackout periods during which Covered Persons are prohibited from trading in the Company's securities. If the Company imposes a special blackout period, it will notify the Covered Persons affected, but the existence of such a blackout will not be announced and must be kept confidential.

Covered Persons subject to grant to Optionee an option to purchase shares of common stock such Blackout Periods include members of the Company Board of Directors, Executive Officers, and all other persons who are informed by the Chief Legal Officer or Corporate Secretary that they are subject to such a Blackout Period.

It should be noted that (i) even if a Covered Person has not specifically been designated as subject to a Blackout Period or (ii) during all periods when a Blackout Period is not in accordance effect, a Covered Person who is in possession of any material, non-public information must comply at all times with the Plan; terms of this policy.

NOW, THEREFORE, in consideration *Pre-clearance of Trades and Other Transactions by Executive Officers and Directors*

All members of the premises Board of Directors, Executive Officers, and mutual covenants hereinafter set forth, and any other good and valuable consideration, the Company and Optionee agree as follows:

I. OPTION GRANT

A. Grant of Option. The Company hereby grants to Optionee, as a matter of separate inducement and agreement and not in lieu of salary or other compensation for services, an Incentive Stock Option to purchase <shares_awarded> shares of the $.16-2/3 par value common stock of the Company ("**Common Stock**") at the purchase price of $<award_price> per share (the "**Option**") exercisable on the terms and conditions set forth herein.

B. Term. The term of the Option shall commence upon the Date of Grant, and shall expire on <expire_Date> (the **"Expiration Date"**).

C.Vesting of Option. Except as otherwise set forth herein, the Option shall be exercisable by Optionee or his/her personal representative on and after the first anniversary of the Date of Grant in cumulative annual installments of one-third of the number of Shares covered hereby.

D. Effect of Termination of Employment on Option. If the employment of Optionee by the Company is terminated for Cause, all the rights of Optionee under this Agreement, whether or not exercisable, shall terminate immediately. If the employment of Optionee is terminated for any reason other than for Cause, the Option shall vest and remain exercisable in accordance with Sections 12 and 13 of the Plan, but in no event beyond the Expiration Date.

E. Exercise of Option.

1. The Option shall be exercisable only by written notice to the Secretary of the Company at the Company's principal executive offices, or through the online procedure to such broker-dealer as persons designated by the Company, Optionee or his/her legal representative Chief Legal Officer as herein provided. Such notice shall state the number of Shares with respect to which the Option is being exercised and shall be signed, or authorized electronically, by Optionee or his/her legal representative, as applicable.

2. The purchase price shall be paid as follows: (i) In full in cash upon the exercise of the Option; (ii) By tendering subject to the Company Shares owned Company's pre-clearance procedures, together with their respective immediate family and household members family, may not engage in any transaction involving the Company's securities (including, without limitation, a stock plan transaction such as an option exercise, gift, loan, pledge or hedge, contribution to a trust, or any other sale or transfer) without first obtaining pre-clearance from the Chief Legal Officer and Corporate Secretary.

For purposes of this section, "Executive Officer" shall include those executive officers designated by Optionee prior to the date Board of exercise and having an aggregate Fair Market Value equal to Directors under Rule 16a-1(f) under the cash exercise price applicable to the Option; or (iii) A combination Securities Exchange Act of I(E)(2)(i) and I(E)(2)(ii) above. 1934, as amended.

3. Federal, state and local income and employment taxes and other amounts as

Additional Prohibited Transactions

The Company considers it improper for Covered Persons to engage in short-term, speculative or certain monetization transactions in the Company's securities. Therefore, it is the Company's policy that Covered Persons may be required by law to be collected by the Company (**"Withholding Taxes"**) not engage in connection with the exercise any of the Option shall be paid pursuant to following transactions:

a. Short Sales. Short sales of Company securities evidence an expectation on the Plan by Optionee prior to the delivery of any Common Stock under this Agreement. The Company shall, at Optionee's election, withhold delivery of a number of Shares with a Fair Market Value as part of the exercise date equal seller that the securities will decline in value. In addition, short sales may reduce the seller's incentive to improve the Withholding Taxes Company's performance. For these reasons, Covered Persons must refrain from engaging in satisfaction short sales of Optionee's obligations hereunder. Company securities.

II. b. AGREEMENT NOT TO COMPETE AND AGREEMENT NOT TO SOLICIT Derivative Securities.

Optionee agrees and understands A transaction in derivative securities may create the appearance that the Company's business individual is a profit-generating business operating trading based on inside information. Transactions in a highly competitive business environment and that derivative securities also may focus the Company has a legitimate business interest individual's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, Covered Persons personnel are prohibited from engaging in among transactions in puts, calls, forward sales contracts, equity swaps, exchange funds, collars or other things, its confidential information and trade secrets (including as protected in other agreements and policies between the Company and Optionee) that it is providing Optionee, and derivative securities, designed to hedge or offset any decrease in the significant time, money, training, team building and other efforts it expends to develop Optionee's skills to assist in performing Optionee's duties for the Company, including with respect to establishing, developing and maintaining the goodwill and business relationships with Protected Relationships (defined below) and employees, each of which Optionee agrees are valuable assets of the Company to which it has devoted substantial resources. Optionee acknowledges that the grant Optionee is receiving under the Plan is a meaningful way that the Company entrusts Optionee with its goodwill and aligns Optionee with the Company objective of increasing the market value of the Company's business. Accordingly, Optionee acknowledges the importance of protecting the value of the Company's business through, among other things, covenants to restrict Optionee from engaging in activities that would adversely affect the value of the Company and its goodwill.

A. Agreement Not to Compete.

1. Optionee agrees that during the Restricted Period (defined below) and within the Restricted Geographic Area (defined below), Optionee will not, directly or indirectly, perform or engage in Competitive Product or Services (defined below) with a Competitor (defined below). Optionee may not accept employment with a Competitor (defined below) unless the Competitor's business is diversified and the Company receives Written Assurances from the Competitor and Optionee that are satisfactory to the Company that Optionee, during the Restricted Period, will not work equity securities, on or provide Competitive Products or Services or otherwise use or disclose the Company's confidential information or trade secrets.

2. For Section II(A), such "Written Assurances" must contain a written statement detailing the identity of the Competitor and the nature of the services that Optionee will provide to the Competitor with sufficient detail to allow the Company to independently assess whether Optionee is or will be in violation of the Agreement. The Company must also receive such "Written Assurances" at least ten business days before Optionee commences employment for the Competitor. Such "Written Assurances" shall be delivered to the Company's Chief Human Resource Officer or his/her authorized delegate.

3. Nothing in this Agreement is intended to prevent Optionee from investing Optionee's funds in securities of a person engaged in a business that is directly competitive with the Company if the securities of such a person are listed for trading on a registered securities an exchange or actively traded in an over-the-counter market and Optionee's holdings represent less than one percent (1%) of the total number of outstanding shares or principal amount of the securities of such a person.

any other organized market.

B. c. Agreement Not to Solicit Protected Relationships. During the Restricted Period (defined below) Margin Accounts and in connection with a Competitive Product or Service (defined below), Optionee shall not, individually or jointly with others, directly or indirectly, or by assisting others, (1) Solicit (defined below) any Protected Relationships (defined below); or (2) Solicit any Protected Relationships to terminate a relationship with the Company, its subsidiaries, and/or its affiliates, reduce the volume of their business dealings with the Company, its subsidiaries, and/or its affiliates, or to otherwise cease to accept services or products from the Company, its subsidiaries, and/or its affiliates.

C. Agreement Not to Solicit Employees Pledged Securities. During the Restricted Period, Optionee shall not, individually Covered Persons are prohibited from holding Company securities in margin accounts or jointly with others, directly or indirectly, or by assisting others, (1) Solicit any employees or former employees of the pledging Company its subsidiaries, and/or its affiliates with whom Optionee worked, had business contact, or about which Optionee gained non-public or confidential information ("Employees or Former Employees"); (2) contact or communicate with Employees or Former Employees for the purpose of Soliciting them securities as collateral.

Conclusion

We expect all Company personnel to terminate their employment or find employment or work with another person or entity; (3) provide, share, or pass along to any person or entity the name, contact and/or background information about any Employees or Former Employees or provide references or any other information about them; (4) provide, share, or pass along to Employees or Former Employees any information regarding potential jobs or entities or persons to work for, including but not limited to job openings, job postings, or the names or contact information of individuals or companies hiring people or accepting job applications; and/or (5) offer employment or work to any Employees or Former Employees. For purposes of this covenant, "Former Employees" shall refer to employees who are not employed abide by the Company, its subsidiaries, and/or its affiliates at foregoing policies and procedures. Again, it should be emphasized that any violation may result in serious legal difficulties and may constitute grounds for disciplinary action, including termination of employment. Any questions concerning the time of the attempted recruiting or hiring, but were employed by, or working for the Company, its subsidiaries, and/or its affiliates in the three months prior to the time of the attempted recruiting or hiring and/or interference.

D. Effect of a Change in Control Termination on Agreements Not to Compete policies and Not to Solicit.

1. In the event of a Change in Control Termination, the prohibitions on Optionee set forth in Section II(A) shall remain in full force and effect only if the acquirer or successor to the Company following the Change in Control shall, solely at its option, pay, within thirty (30) days following the Last Day (with the Company or its successor), to Optionee the Non-Compete Payment. Notwithstanding any previous agreement between Optionee and the Company relating to the prohibitions on Optionee set forth in Section II(A), the "Non-Compete Payment" shall be an amount at least equal to Optionee's then current annual base salary. Such amount shall be in addition to any other amounts paid or payable to Optionee with respect to other severance plans or policies maintained by the Company. For the avoidance of doubt, the provisions of this Section II(D) shall supersede any agreement between Optionee and the Company relating to the prohibitions on Optionee set forth in Section II(A), with the exception of any similar agreement contained in (i) any employment agreement between Optionee and the Company, (ii) any agreement between Optionee and the Company not related to the employment of Optionee by the Company, (iii) any severance plan or policy of the Company and (iv) any change in control severance plan or policy of the Company.

2. In the event of a Change in Control Termination, the prohibitions on Optionee set forth in Sections II(B) and II(C) shall remain in full force and effect.

E. **Violation of Restrictive Covenants.** This subsection sets forth the circumstances under which Optionee shall forfeit all or a portion of any vested or unvested Options held by Optionee without payment and/or be required to repay or otherwise reimburse the Company for the gain or value realized in respect of all or a portion of any exercised Options.

1. If Optionee violates any provisions of Section II of this Agreement (a "Forfeiture Event"), Optionee shall immediately forfeit as of the date that the violation first occurs all unexercised Options described above in Section I(A) (whether vested or unvested) without payment. This provision does not alter the circumstances for forfeiture of unexercised Options as described in Section I(D) of this Agreement.

2. If Optionee has exercised any of the Options prior to the Forfeiture Event, then for any Option that has been exercised during the 12 month period prior to the Forfeiture Event or at any time after the Forfeiture event, Optionee shall be required to repay or otherwise reimburse the Company, immediately upon demand, an amount in Cash or Humana Inc. common stock equal to the amount described below.

To the extent that (i) any Shares related to exercised Options have been sold or transferred, the amount shall be the aggregate gross proceeds realized by Optionee from such sale or transfer of the net Shares acquired after payment of the exercise price and any applicable taxes (the "**Net Shares**") (or, in the case of any disposition or transfer of the Net Shares for less than the Fair Market Value of such Net Shares, Optionee will repay or reimburse to the Company an amount equal to the Fair Market Value of such Net Shares) or (ii) if the Net Shares have not been sold at the time Company demand is made, the amount shall be the aggregate Fair Market Value of the Net Shares on the date the Options were exercised.

3. The relief provided in this Section II(F) of the Agreement does not constitute the Company's exclusive remedy for the Optionee's violation of any of the provisions of Section II of the Agreement. As any forfeiture and repayment provisions are not adequate remedies at law, including because they do not repair the irreparable harm the Company will suffer from Optionee's breaches of this Agreement, the Company may seek any additional legal or equitable remedy, including injunctive relief, for such violations. The provisions in this section are essential economic conditions to the Company's grant of Options. By receiving the Options, Optionee agrees upon Optionee's violation of Section II of this Agreement that the Company may, subject to applicable state law, deduct from any amounts the Company owes Optionee following the Last Day any amounts Optionee owes the Company under Section II(F).

4. The provisions under this Section II(F) of the Agreement and any amounts repayable by Optionee hereunder are intended to be in addition to any rights to repayment the Company may have under Section 304 of the Sarbanes-Oxley Act of 2002 and other applicable law.

5. In addition, if Optionee realizes any amounts in excess of what he or she should have received under the terms of any Options for any reason due to mistake in calculations or other administrative error, then Optionee shall be required to repay or reimburse any such excess amounts to the Company within thirty (30) days following the Company's written demand for repayment.

F. **Governing Law.** Notwithstanding any other provision herein to the contrary, the provisions of this Section II of the Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of

Kentucky without regard to its conflicts or choice of laws rules or principles that might otherwise refer construction or interpretation of this Section II to the substantive law of another jurisdiction.

G. **Injunctive Relief; Invalidity of Any Provision.** Optionee acknowledges that (1) his or her services to the Company, its subsidiaries, and/or its affiliates are of a special, unique and extraordinary character, (2) his or her position with the Company, its subsidiaries, and/or its affiliates will place him or her in a position of confidence and trust with respect to the operations of the Company, its subsidiaries, and/or its affiliates, (3) he or she will benefit from continued employment with the Company, its subsidiaries, and/or its affiliates, (4) the nature and periods of restrictions imposed by the covenants contained in this Section II are fair, reasonable and necessary to protect the Company, its subsidiaries, and/or its affiliates, (5) the Company, its subsidiaries, and/or its affiliates would sustain immediate and irreparable loss and damage from Optionee's wrongful use or disclosure of the Company, its subsidiaries, and/or its affiliates' confidential information or trade secrets and from Optionee's unfair competition or wrongful Solicitation of Protected Relationships, including with respect to the impairment of the Company's, its subsidiaries', and/or its affiliates' goodwill in its Protected Relationships, and (6) for the same reason, the Company's remedy at law (including under any forfeiture under Section II(F) above) for any such breach will be inadequate. Accordingly, Optionee agrees and consents that the Company, in addition to the recovery of damages and all other remedies available to it, at law or in equity, shall be entitled to seek temporary, preliminary, and permanent injunctions to prevent and/or halt a breach or threatened breach by Optionee of any covenant contained in Section II hereof. If any part or provision of this Section II is determined by a court of competent jurisdiction to be invalid in whole or in part, it shall be deemed to have been amended (and the court is authorized to amend), whether as to time, area covered or otherwise, as and to the extent required for its validity under applicable law, and as so amended, shall be enforceable. The parties further agree to execute all documents necessary to evidence such amendment.

H. **Notice of Agreement.** Optionee agrees that, during the Restricted Period, Optionee will tell any prospective new employer, partner, in a business venture, investors and/or any entity seeking to engage Optionee's services, prior to accepting employment, engagement as a consultant or contractor, or engaging in a business venture that this Agreement exists, and further, Optionee agrees to provide a true and correct copy of this Agreement to any such individual or entity prior to accepting any such employment or entering into any such employment or business venture.

I. **Tolling.** In the event Optionee violates one of the time-limited restrictions in Section II of this Agreement, the Company reserves the right to request as a form or equitable relief, and Optionee will not object, that a court of competent jurisdiction extend the time period for such violated restriction by one day for each day Optionee violated the restriction, up to the maximum extension equal to the length of the original period of the time-limited restrictions in Section II of this Agreement.

III. **MISCELLANEOUS PROVISIONS**

A. **Binding Effect & Adjustment.** This Agreement shall be binding and conclusive upon each successor and assign of the Company. Optionee's obligations hereunder shall not be assignable to any other person or entity. It is the intent of the parties to this Agreement that the benefits of any appreciation of the underlying Common Stock during the term of the Award shall be preserved in any event, including but not limited to a recapitalization, merger, consolidation,

reorganization, stock dividend, stock split, reverse stock split, spin-off or similar transaction, or other change in corporate structure affecting the Shares, as more fully described in Sections 4.6 and 11 of the Plan. All obligations imposed upon Optionee and all rights granted to Optionee and to the Company shall be binding upon Optionee's heirs and legal representatives.

B. **Amendment**. This Agreement may only be amended by a writing executed by each of the parties hereto.

C. **Governing Law.** Except as to matters of federal law and the provisions of Section II hereof, this Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware without regard to its conflict of laws rules. This Agreement shall also be governed by, and construed in accordance with, the terms of the Plan.

D.Jurisdiction; Service of Process. Any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this Agreement may be brought against any of the parties in the courts of the Commonwealth of Kentucky, County of Jefferson, or, if it has or can acquire jurisdiction, in the United States District Court for the Western District of Kentucky, and each of the parties consents to the jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and waives any objection to venue laid therein. Process in any action or proceeding referred to in the preceding sentence may be served on any party anywhere in the world.

E.No Employment Agreement. Nothing herein confers on Optionee any rights with respect to the continuance of employment or other service with the Company, nor will it interfere with any right the Company would otherwise have to terminate or modify the terms of Optionee's employment or other service at any time.

F. **Severability.** If any provision of this Agreement is or becomes or is deemed invalid, illegal or unenforceable in any relevant jurisdiction, or would disqualify this Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan, it shall be stricken and the remainder of the Agreement shall remain in full force and effect. Any provision in this Agreement determined by competent authority to be in conflict with 422 of the Internal Revenue Code of 1986, as amended, or its successor, in regard to qualifying this Option as an incentive stock option shall be ineffective ab initio to the extent of such conflict.

G.Assignment. The Option granted under this Agreement to Optionee may not be assigned, transferred, pledged, alienated or hypothecated in any manner during Optionee's lifetime, but shall be solely and exclusively the right of Optionee to exercise during his/her lifetime. Should Optionee attempt to assign, transfer, pledge, alienate or hypothecate the Option or any rights hereunder in any manner whatsoever, such action shall constitute a breach of the covenants hereunder and the Company may terminate the Option as to any then unexercised shares.

H. **Defined Terms.**

1.Any term used herein and not otherwise defined herein shall have the same meaning as in the Plan. Any conflict between this Agreement and the Plan will be resolved in favor of the Plan. Any disputes or questions of right or obligation which shall result from or relate to any interpretation of this Agreement shall be determined by the Committee. Any such determination shall be binding and conclusive upon Optionee and any person or persons claiming through Optionee as to any rights hereunder.

2. For the purposes of this Agreement, the following terms shall have the following meaning:

(i) "**Change in Control Termination**" means, in the event the Option is assumed, converted, continued or substituted in connection with a Change in Control in accordance with Section 11.1 of the Plan, if the employment of Optionee is terminated within two (2) years following the Change in Control (a) by the Company or its acquirer or successor for any reason other than Cause or (b) by Optionee with Good Reason.

(ii) "**Competitive Product or Service**" means any product, process, system or service (in existence or under development) of any person or organization other than the Company that is the same as, similar to, or competes with, a product, process, system or service (in existence or under development) upon which Optionee worked or for which Optionee had direct or indirect responsibilities, or had confidential information about at the Company during the twenty-four (24) months prior to the Optionee's Last Day (as defined below).

(iii) "**Competitor**" means Optionee or any other person or organization, other than the Company or any of its subsidiaries, engaged in, or about to become engaged in, research or development, production, marketing, leasing, selling, or servicing of a Competitive Product or Service.

(iv) "**Last Day**" means Optionee's last day of employment with the Company, its subsidiaries, and/or its affiliates (or immediate successor) regardless of the reason for Optionee's separation.

(v) "**Protected Relationship**" means, but is not necessarily limited to, vendors, healthcare providers, hospitals, hospital systems, lobbyists, long-term care facilities, state Medicaid agencies, pharmaceutical manufacturers, policyholders, agents, brokers, dealers, distributers, customers, and/or sources of supply or customers with whom, within twenty-four (24) months prior to the Last Day, Optionee, directly or indirectly (*e.g.*, through employees whom Optionee supervised) had material business contact and/or about whom Optionee obtained confidential information and trade secrets.

(vi) "**Restricted Geographic Area**" means the territory (*i.e.*: (i) state(s), (ii) county(ies), or (iii) city(ies)) in which, during the twenty-four (24) months prior to the Last Day, Optionee provided material services on behalf of the Company (or in which Optionee supervised directly, indirectly, in whole or in part, the servicing activities).

(vii) "**Restricted Period**" means the period of Optionee's employment with the Company, its subsidiaries', and/or its affiliates' and a period of twelve (12) months after the Last Day. Optionee recognizes that the durational term is reasonably and narrowly tailored to the Company's, its subsidiaries', and/or its affiliates' legitimate business interest and need for protection with each position.

(viii) "**Solicit**" means to hire, entice, encourage, persuade, recruit, or solicit, or attempt to hire, entice, encourage, persuade, recruit, or solicit, either directly by Optionee or indirectly through another individual.

I. Execution. If Optionee shall fail to execute this Agreement, either manually with a paper document, or through the online grant agreement procedure with the Company's designated broker–dealer, and, if manually executed, return the executed original to the Secretary of the Company, the Award shall be null and void. The choice of form will be at the Company's discretion.

IN WITNESS WHEREOF, Company has caused this Agreement to be executed on its behalf by its duly authorized officer, and Optionee has executed this Agreement, each as of the day first above written.

"Company"

ATTEST: HUMANA INC.

BY: BY:
JOSEPH C. VENTURA BRUCE D. BROUSSARD
Chief Legal Officer President & Chief Executive Officer

"Optionee"

<first_name> <middle_name> <last_name>

HUMANA INC.
STOCK OPTION AGREEMENT
AND AGREEMENT NOT TO COMPETE OR SOLICIT
UNDER THE AMENDED AND RESTATED STOCK INCENTIVE PLAN

THIS AGREEMENT ("Agreement") made as of <award_date> (the "**Date of Grant**") by and between **HUMANA INC.**, a corporation duly organized and existing under the laws of the State of Delaware (hereinafter referred to as the **"Company"**), and <first_name> <middle_name> <last_name>, an employee of the Company (hereinafter referred to as **"Optionee"**).

WITNESSETH

WHEREAS, the Amended and Restated Humana Inc. Stock Incentive Plan (the **"Plan"**), was approved by the Company's Board of Directors and stockholders; and

WHEREAS, the Company desires to grant to Optionee an option to purchase shares of common stock of the Company in accordance with the Plan;

NOW, THEREFORE, in consideration of the premises and mutual covenants hereinafter set forth, and other good and valuable consideration, the Company and Optionee agree as follows:

I. OPTION GRANT

A. Grant of Option. The Company hereby grants to Optionee, as a matter of separate inducement and agreement and not in lieu of salary or other compensation for services, a Non-Qualified Stock Option to purchase <shares_awarded> shares of the $.16-2/3 par value common stock of the Company ("**Common Stock**") at the purchase price of <award_price> per share (the "**Option**") exercisable on the terms and conditions set forth herein.

B. Term. The term of the Option shall commence upon the Date of Grant, and shall expire on <expire_Date>.

C.Vesting of Option. Except as otherwise procedures set forth herein should be directed to the Option shall be exercisable by Optionee or his/her personal representative on Company's Law Department and after the first anniversary of the Date of Grant in cumulative annual installments of one-third of the number of Shares covered hereby.

D. Effect of Termination of Employment on Option. If the employment of Optionee by any inquiries made about the Company is terminated for Cause, all by persons outside the rights of Optionee under this Agreement, whether or Company should be directed to the Company's Investor Relations Department. You should not exercisable, shall terminate immediately. If the employment of Optionee is terminated for try to resolve any reason other than for Cause, the Option shall vest and remain exercisable in accordance with Sections 12 and 13 of the Plan.uncertainties on your own.

Humana Inc.

E. Exercise of Option.

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1. The Option shall be exercisable only by written notice to the Secretary of the Company at the Company's principal executive offices, or through the online procedure to such broker-dealer as designated by the Company, Optionee or his/her legal representative as herein provided. Such notice shall state the number of Shares with respect to which the Option is being exercised and shall be signed, or authorized electronically, by Optionee or his/her legal representative, as applicable.

2. The purchase price shall be paid as follows: (a) In full in cash upon the exercise of the Option; (b) By tendering to the Company Shares owned by Optionee prior to the date of exercise and having an aggregate Fair Market Value equal to the cash exercise price applicable to the Option; (c) A combination of I(E)(2)(a) and I(E)(2)(b) above; or (d) Through the cashless exercise provisions of the designated broker-dealer as described in the procedures communicated to Optionee by the Company.

3. Federal, state and local income and employment taxes and other amounts as may be required by law to be collected by the Company (**"Withholding Taxes"**) in connection with the exercise of the Option shall be paid pursuant to the Plan by Optionee prior to the delivery of any Common Stock under this Agreement. The Company shall, at Optionee's election, withhold delivery of a number of Shares with a Fair Market Value as of the exercise date equal to the Withholding Taxes in satisfaction of Optionee's obligations hereunder.

II. AGREEMENT NOT TO COMPETE AND AGREEMENT NOT TO SOLICIT.

Optionee agrees and understands that the Company's business is a profit-generating business operating in a highly competitive business environment and that the Company has a legitimate business interest in, among other things, its confidential information and trade secrets (including as protected in other agreements and policies between the Company and Optionee) that it is providing Optionee, and in the significant time, money, training, team building and other efforts it expends to develop Optionee's skills to assist in performing Optionee's duties for the Company, including with respect to establishing, developing and maintaining the goodwill and business relationships with Protected Relationships (defined below) and employees, each of which Optionee agrees are valuable assets of the Company to which it has devoted substantial resources. Optionee acknowledges that the grant Optionee is receiving under the Plan is a meaningful way that the Company entrusts Optionee with its goodwill and aligns Optionee with the Company objective of increasing the value of the Company's business. Accordingly, Optionee acknowledges the importance of protecting the value of the Company's business through, among other things, covenants to restrict Optionee from engaging in activities that would adversely affect the value of the Company and its goodwill.

A. Agreement Not to Compete.

1. Optionee agrees that during the Restricted Period (defined below) and within the Restricted Geographic Area (defined below), Optionee will not, directly or indirectly, perform or engage in Competitive Product or Services (defined below) with a Competitor (defined below). Optionee may not accept employment with a Competitor (defined below) unless the Competitor's business is diversified and the Company receives Written Assurances from the Competitor and Optionee that are satisfactory to the Company that Optionee, during the Restricted Period, will not work on or provide Competitive Products or Services or otherwise use or disclose the Company's confidential information or trade secrets.

2. For Section II(A), such "Written Assurances" must contain a written statement detailing the identity of the Competitor and the nature of the services that Optionee will provide to the Competitor with sufficient detail to allow the Company to independently assess whether Optionee is or will be in violation of the Agreement. The Company must also receive such "Written Assurances" at least ten business days before Optionee commences employment for the Competitor. Such "Written Assurances" shall be delivered to the Company's Chief Human Resource Officer or his/her authorized delegate.

3. Nothing in this Agreement is intended to prevent Optionee from investing Optionee's funds in securities of a person engaged in a business that is directly competitive with the Company if the securities of such a person are listed for trading on a registered securities exchange or actively traded in an over-the-counter market and Optionee's holdings represent less than one percent (1%) of the total number of outstanding shares or principal amount of the securities of such a person.

B. Agreement Not to Solicit Protected Relationships. During the Restricted Period (defined below) and in connection with a Competitive Product or Service (defined below), Optionee shall not, individually or jointly with others, directly or indirectly, or by assisting others, (1) Solicit (defined below) any Protected Relationships (defined below); or (2) Solicit any Protected Relationships to terminate a relationship with the Company, its subsidiaries, and/or its affiliates, reduce the volume of their business dealings with the Company, its subsidiaries, and/or its affiliates, or to otherwise cease to accept services or products from the Company, its subsidiaries, and/or its affiliates.

C. **Agreement Not to Solicit Employees**. During the Restricted Period, Optionee shall not, individually or jointly with others, directly or indirectly, or by assisting others, (1) Solicit any employees or former employees of the Company, its subsidiaries, and/or its affiliates with whom Optionee worked, had business contact, or about which Optionee gained non-public or confidential information ("Employees or Former Employees"); (2) contact or communicate with Employees or Former Employees for the purpose of Soliciting them to terminate their employment or find employment or work with another person or entity; (3) provide, share, or pass along to any person or entity the name, contact and/or background information about any Employees or Former Employees or provide references or any other information about them; (4) provide, share, or pass along to Employees or Former Employees any

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information regarding potential jobs or entities or persons to work for, including but not limited to job openings, job postings, or the names or contact information of individuals or companies hiring people or accepting job applications; and/or (5) offer employment or work to any Employees or Former Employees. For purposes of this covenant, "Former Employees" shall refer to employees who are not employed by the Company, its subsidiaries, and/or its affiliates at the time of the attempted recruiting or hiring, but were employed by, or working for the Company, its subsidiaries, and/or its affiliates in the three months prior to the time of the attempted recruiting or hiring and/or interference.

D. **Effect of a Change in Control Termination on Agreements Not to Compete and Not to Solicit**.

1. In the event of a Change in Control Termination, the prohibitions on Optionee set forth in Section II(A) shall remain in full force and effect only if the acquirer or successor to the Company following the Change in Control shall, solely at its option, pay, within thirty (30) days following the Last Day (with the Company or its successor), to Optionee the Non-Compete Payment. Notwithstanding any previous agreement between Optionee and the Company relating to the prohibitions on Optionee set forth in Section II(A), the "Non-Compete Payment" shall be an amount at least equal to Optionee's then current annual base salary. Such amount shall be in addition to any other amounts paid or payable to Optionee with respect to other severance plans or policies maintained by the Company. For the avoidance of doubt, the provisions of this Section II(D) shall supersede any agreement between Optionee and the Company relating to the prohibitions on Optionee set forth in Section II(A), with the exception of any similar agreement contained in (i) any employment agreement between Optionee and the Company, (ii) any agreement between Optionee and the Company not related to the employment of Optionee by the Company, (iii) any severance plan or policy of the Company and (iv) any change in control severance plan or policy of the Company.
2. In the event of a Change in Control Termination, the prohibitions on Optionee set forth in Sections II(B) and II(C) shall remain in full force and effect.

E. **Violation of Restrictive Covenants**. This subsection sets forth the circumstances under which Optionee shall forfeit all or a portion of any vested or unvested Options held by Optionee without payment and/or be required to repay or otherwise reimburse the Company for the gain or value realized in respect of all or a portion of any exercised Options.

1. If Optionee violates any provisions of Section II of this Agreement (a "Forfeiture Event"), Optionee shall immediately forfeit as of the date that the violation first occurs all unexercised Options described above in Section I(A) (whether vested or unvested) without payment. This provision

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does not alter the circumstances for forfeiture of unexercised Options as described in Section I(D) of this Agreement.

2. If Optionee has exercised any of the Options prior to the Forfeiture Event, then for any Option that has been exercised during the 12 month period prior to the Forfeiture Event or at any time after the Forfeiture event, Optionee shall be required to repay or otherwise reimburse the Company, immediately upon demand, an amount in Cash or Humana Inc. common stock equal to the amount described below.

To the extent that (i) any Shares related to exercised Options have been sold or transferred, the amount shall be the aggregate gross proceeds realized by Optionee from such sale or transfer of the net Shares acquired after payment of the exercise price and any applicable taxes (the "**Net Shares**") (or, in the case of any disposition or transfer of the Net Shares for less than the Fair Market Value of such Net Shares, Optionee will repay or reimburse to the Company an amount equal to the Fair Market Value of such Net Shares) or (ii) if the Net Shares have not been sold at the time Company demand is made, the amount shall be the aggregate Fair Market Value of the Net Shares on the date the Options were exercised.

3. The relief provided in this Section II(F) of the Agreement does not constitute the Company's exclusive remedy for the Optionee's violation of any of the provisions of Section II of the Agreement. As any forfeiture and repayment provisions are not adequate remedies at law, including because they do not repair the irreparable harm the Company will suffer from Optionee's breaches of this Agreement, the Company may seek any additional legal or equitable

remedy, including injunctive relief, for such violations. The provisions in this section are essential economic conditions to the Company's grant of Options. By receiving the Options, Optionee agrees upon Optionee's violation of Section II of this Agreement that the Company may, subject to applicable state law, deduct from any amounts the Company owes Optionee following the Last Day any amounts Optionee owes the Company under Section II(F).

4. The provisions under this Section II(F) of the Agreement and any amounts repayable by Optionee hereunder are intended to be in addition to any rights to repayment the Company may have under Section 304 of the Sarbanes-Oxley Act of 2002 and other applicable law.

5. In addition, if Optionee realizes any amounts in excess of what he or she should have received under the terms of any Options for any reason due to mistake in calculations or other administrative error, then Optionee shall be required to repay or reimburse any such excess amounts to the Company within thirty (30) days following the Company's written demand for repayment.

F. **Governing Law.** Notwithstanding any other provision herein to the contrary, the provisions of this Section II of the Agreement shall be governed by, and construed in accordance with, the

laws of the Commonwealth of Kentucky without regard to Kentucky's conflicts or choice of laws rules or principles that might otherwise refer construction or interpretation of this Section II to the substantive law of another jurisdiction.

G. **Injunctive Relief; Invalidity of Any Provision.** Optionee acknowledges that (1) his or her services to the Company, its subsidiaries, and/or its affiliates are of a special, unique and extraordinary character, (2) his or her position with the Company, its subsidiaries, and/or its affiliates will place him or her in a position of confidence and trust with respect to the operations of the Company, its subsidiaries, and/or its affiliates, (3) he or she will benefit from continued employment with the Company, its subsidiaries, and/or its affiliates, (4) the nature and periods of restrictions imposed by the covenants contained in this Section II are fair, reasonable and necessary to protect the Company, its subsidiaries, and/or its affiliates, (5) the Company, its subsidiaries, and/or its affiliates would sustain immediate and irreparable loss and damage from Optionee's wrongful use or disclosure of the Company, its subsidiaries, and/or its affiliates' confidential information or trade secrets and from Optionee's unfair competition or wrongful Solicitation of Protected Relationships, including with respect to the impairment of the Company's, its subsidiaries', and/or its affiliates' goodwill in its Protected Relationships, and (6) for the same reason, the Company's remedy at law (including under any forfeiture under Section II(F) above) for any such breach will be inadequate. Accordingly, Optionee agrees and consents that the Company, in addition to the recovery of damages and all other remedies available to it, at law or in equity, shall be entitled to seek temporary, preliminary, and permanent injunctions to prevent and/or halt a breach or threatened breach by Optionee of any covenant contained in Section II hereof. If any part or provision of this Section II is determined by a court of competent jurisdiction to be invalid in whole or in part, it shall be deemed to have been amended (and the court is authorized to amend), whether as to time, area covered or otherwise, as and to the extent required for its validity under applicable law, and as so amended, shall be enforceable. The parties further agree to execute all documents necessary to evidence such amendment.

H. **Notice of Agreement.** Optionee agrees that, during the Restricted Period, Optionee will tell any prospective new employer, partner, in a business venture, investors and/or any entity seeking to engage Optionee's services, prior to accepting employment, engagement as a consultant or contractor, or engaging in a business venture that this Agreement exists, and further, Optionee agrees to provide a true and correct copy of this Agreement to any such individual or entity prior to accepting any such employment or entering into any such employment or business venture.

I. **Tolling.** In the event Optionee violates one of the time-limited restrictions in Section II of this Agreement, the Company reserves the right to request as a form or equitable relief, and Optionee will not object, that a court of competent jurisdiction extend the time period for such violated restriction

by one day for each day Optionee violated the restriction, up to the maximum extension equal to the length of the original period of the time-limited restrictions in Section II of this Agreement.

III. **MISCELLANEOUS PROVISIONS**

A. **Binding Effect & Adjustment.** This Agreement shall be binding and conclusive upon each successor and assign of the Company. Optionee's obligations hereunder shall not be assignable to any other person or entity. It is the intent of the parties to this Agreement that the benefits of any appreciation of the underlying Common Stock during the term of the Award shall be preserved in any event, including but not limited to a recapitalization, merger, consolidation, reorganization, stock dividend, stock split, reverse stock split, spin-off or similar transaction, or other change in corporate structure affecting the Shares, as more fully described in Sections 4.6 and 11 of the Plan. All obligations imposed upon Optionee and all rights granted to Optionee and to the Company shall be binding upon Optionee's heirs and legal representatives.

B. **Amendment**. This Agreement may only be amended by a writing executed by each of the parties hereto.

C. **Governing Law.** Except as to matters of federal law and the provisions of Section II hereof, this Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware without regard to its conflict of laws rules. This Agreement shall also be governed by, and construed in accordance with, the terms of the Plan.

D.Jurisdiction; Service of Process. Any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this Agreement may be brought against any of the parties in the courts of the Commonwealth of Kentucky, County of Jefferson, or, if it has or can acquire jurisdiction, in the United States District Court for the Western District of Kentucky, and each of the parties consents to the jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and waives any objection to venue laid therein. Process in any action or proceeding referred to in the preceding sentence may be served on any party anywhere in the world.

E.No Employment Agreement. Nothing herein confers on Optionee any rights with respect to the continuance of employment or other service with the Company, nor will it interfere with any right the Company would otherwise have to terminate or modify the terms of Optionee's employment or other service at any time.

F. Severability. If any provision of this Agreement is or becomes or is deemed invalid, illegal or unenforceable in any relevant jurisdiction, or would disqualify this Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan, it shall be stricken and the remainder of the

Agreement shall remain in full force and effect. Any provision in this Agreement determined by competent authority to be in conflict with 422 of the Internal Revenue Code of 1986, as amended, or its successor, in regard to qualifying this Option as an incentive stock option shall be ineffective ab initio to the extent of such conflict.

G.Assignment. The Option granted under this Agreement to Optionee may not be assigned, transferred, pledged, alienated or hypothecated in any manner during Optionee's lifetime, but shall be solely and exclusively the right of Optionee to exercise during his/her lifetime. Should Optionee attempt to assign, transfer, pledge, alienate or hypothecate the Option or any rights hereunder in any manner whatsoever, such action shall constitute a breach of the covenants hereunder and the Company may terminate the Option as to any then unexercised shares.

H. Defined Terms.

1.Any term used herein and not otherwise defined herein shall have the same meaning as in the Plan. Any conflict between this Agreement and the Plan will be resolved in favor of the Plan. Any disputes or questions of right or obligation which shall result from or relate to any interpretation of this Agreement shall be determined by the Committee. Any such determination shall be binding and conclusive upon Optionee and any person or persons claiming through Optionee as to any rights hereunder.

2. For the purposes of this Agreement, the following terms shall have the following meaning:

(i) "**Change in Control Termination**" means, in the event the Option is assumed, converted, continued or substituted in connection with a Change in Control in accordance with Section 11.1 of the Plan, if the employment of Optionee is terminated within two (2) years following the Change in Control (a) by the Company or its acquirer or successor for any reason other than Cause or (b) by Optionee with Good Reason.

(ii) "**Competitive Product or Service**" means any product, process, system or service (in existence or under development) of any person or organization other than the Company that is the same as, similar to, or competes with, a product, process, system or service (in existence or under development) upon which Optionee worked or for which Optionee had direct or indirect responsibilities, or had confidential information about at the Company during the twenty-four (24) months prior to the Optionee's Last Day (as defined below).

(iii) "**Competitor**" means Optionee or any other person or organization, other than the Company or any of its subsidiaries, engaged in, or about to become engaged in, research or development, production, marketing, leasing, selling, or servicing of a Competitive Product or Service.

(iv) "**Last Day**" means Optionee's last day of employment with the Company, its subsidiaries, and/or its affiliates (or immediate successor) regardless of the reason for Optionee's separation.

(v) "**Protected Relationship**" means, but is not necessarily limited to, vendors, healthcare providers, hospitals, hospital systems, lobbyists, long-term care facilities, state Medicaid agencies, pharmaceutical manufacturers, policyholders, agents, brokers, dealers, distributers, customers, and/or sources of supply or customers with whom, within twenty-four (24) months prior to the Last Day, Optionee, directly or indirectly (*e.g.*, through employees whom Optionee supervised) had material business contact and/or about whom Optionee obtained confidential information and trade secrets.

(vi) "**Restricted Geographic Area**" means the territory (*i.e.*: (i) state(s), (ii) county(ies), or (iii) c ity(ies)) in which, during the twenty-four (24) months prior to the Last Day, Optionee provided material services on behalf of the Company (or in which Optionee supervised directly, indirectly, in whole or in part, the servicing activities).

(vii) "**Restricted Period**" means the period of Optionee's employment with the Company, its subsidiaries', and/or its affiliates' and a period of twelve (12) months after the Last Day. Optionee recognizes that the durational term is reasonably and narrowly tailored to the Company's, its subsidiaries', and/or its affiliates' legitimate business interest and need for protection with each position.

(viii) "**Solicit**" means to hire, entice, encourage, persuade, recruit, or solicit, or attempt to hire, entice, encourage, persuade, recruit, or solicit, either directly by Optionee or indirectly through another individual.

I. <u>Execution</u>. If Optionee shall fail to execute this Agreement, either manually with a paper document, or through the online grant agreement procedure with the Company's designated broker–dealer, and, if manually executed, return the executed original to the Secretary of the Company, the Award shall be null and void. The choice of form will be at the Company's discretion.

IN WITNESS WHEREOF, Company has caused this Agreement to be executed on its behalf by its duly authorized officer, and Optionee has executed this Agreement, each as of the day first above written.

"Company"

ATTEST: HUMANA INC.

BY: BY:
JOSEPH C. VENTURA BRUCE D. BROUSSARD
Chief Legal Officer President & Chief Executive Officer

"Optionee"

<first_name> <middle_name> <last_name>

EXHIBIT 21

HUMANA INC.
SUBSIDIARY LIST

<u>ALABAMA</u>
Mid-South Home Health Agency, LLC

<u>ARKANSAS</u>
Humana Regional Health Plan, Inc.

CALIFORNIA
Asian American Home Care, Inc.
Humana Health Plan of California, Inc.
Professional Healthcare at Home, LLC

COLORADO
Alpine Home Health Care, LLC

DELAWARE
Access Home Health of Florida, LLC
Amazing Home Health Holdings, LLC
American Homecare Management Corp.
Care Solutions ACO, LLC
CDO 1, LLC
CDO 2, LLC
CenterWell Care Solutions, Inc.
CenterWell Certified Healthcare Corp.
CenterWell Health Services (Certified), Inc.
CenterWell Health Services (USA), LLC
CenterWell Health Services Holding Corp.
CenterWell Health Services, Inc.
CenterWell Home Health Services, LLC
CenterWell Pharmacy, Inc.
CompBenefits Corporation
CompBenefits Direct, Inc.
Conviva Care Solutions, LLC
Conviva Care Solutions II, LLC
Conviva Group Holdings, LLC
Conviva Health Management, LLC
Conviva Health MSO of Texas, Inc.
Conviva Medical Center Management, LLC
Eagle NY Rx, LLC
Eagle Rx Holdco, Inc.
Eagle Rx, Inc.
Echo Primary Care Holdings, LLC
Edge Health MSO, Inc.
Emphesys, Inc.
Enclara Pharmacia, Inc.
FPG Acquisition Corp.
FPG Acquisition Holdings Corp.
FPG Holding Company, LLC
Go365, LLC
Harden Healthcare Holdings, LLC
Harden Home Health, LLC
Health Value Management, Inc.
Healthfield Operating Group, LLC
Healthfield, LLC

HHS Healthcare Corp.
Hospice Pharmacy Solutions, LLC
HP Solutions Holdings, LLC
HUM Provider Holdings, LLC
Humana at Home, Inc.
Humana Care Holdings, Inc.
Humana Digital Health and Analytics Platform Services, Inc.
Humana Direct Contracting Entity, Inc.

Humana Government Business, Inc.
Humana Inc.
Humana Innovation Enterprises, Inc.
Humana WellWorks LLC
HumanaDental, Inc.
Integracare Holdings, Inc.
Integracare Intermediate Holdings, Inc.
KAH Development 10, L.L.C.
KAH Development 12, L.L.C.
KAH Development 14, L.L.C.
KAH Development 4, L.L.C.
Kentucky Homecare Holdings, Inc.
Kentucky Homecare Parent Inc.
KND Development 50, L.L.C.
Mid-South Home Health, LLC
North Region Providers, LLC
One Home Medical Equipment NC, LLC
One Home Medical Equipment VA, LLC
One Infusion Pharmacy NC, LLC
One Infusion Pharmacy TX, LLC
One Infusion Pharmacy VA, LLC
Outcome Resources, LLC
PBM Holding Co.
PBM Plus Mail Service Pharmacy, LLC
PF Development 10, L.L.C.
PF Development 15, L.L.C.
PF Development 16, L.L.C.
PF Development 21, L.L.C.
PF Development 5, L.L.C.
PF Development 7, L.L.C.
PF Development 9, L.L.C.
Pharaoh JV, LLC
PHH Acquisition Corp.
PHHC Acquisition Corp.
Primary Care Holdings II, LLC
Prime West JV Jv Holdings, LLC
Professional Healthcare, LLC
SHC Holding, Inc.
Transcend Population Health Management II, LLC
Trilogy Home Healthcare NE FL, Inc.
Trilogy Home Healthcare SW FL, Inc.
Vitality HHS Holdings, Inc.
Vitality Home Care, Inc.
Voyager Home Health, Inc.
Voyager Hospicecare, Inc.

DOMINICAN REPUBLIC
Trueshore S.R. I.

FLORIDA
A & A HomeCare, Inc.

Accredited Home Health of Broward, Inc.
Advanced Oncology Services, Inc.
All About Home Care Management, LLC
Altercare LLC
Altercare of Palm Beach County, LLC
Amazing Home Health Care, Inc.
Amicus Medical Center LLC
Amicus Medical Group, Inc.
Amicus Medical Services Organization, LLC
Balanced Home Healthcare, Inc.
Bridges Home Health, Inc.
Care Hope Holdings, Inc.
Care Hope Home Health Agency, Inc.
Care Partners Home Care, LLC
CarePlus Health Plans, Inc.

CenterWell Accountable Care, LLC
CenterWell Senior Primary Care (FL), Inc.
CompBenefits Company
Complex Clinical Management, Inc.
Conviva Physician Group, LLC
Conviva Specialty, LLC
Elite Health Medical Centers, LLC
Elite Health Primary Care, LLC
FPG Senior Services, LLC
Homecare Holdings, Inc.
HUM-e-FL, Inc.
Humana At Home 1, Inc.
Humana Dental Company
Humana Health Insurance Company of Florida, Inc.
Humana Medical Plan, Inc.
Med. Tech. Services of South Florida, Inc.
Medstar Home Health, LLC
Med-Tech Services of Dade, Inc.
Med-Tech Services of Palm Beach, Inc.
METCARE of Florida, Inc.
Metropolitan Health Networks, Inc.
M-SAC, Inc.
On the Way Home Care, Inc.
One Home Health Holdings, LLC
One Home Medical Equipment, LLC
One Homecare Solutions, LLC
One Homecare Systems, LLC
One Infusion Pharmacy, LLC
One Nursing Care, LLC
One TPA Systems, Inc.
Quality Living Home Health Care LLC
Senior Home Care, Inc.
SeniorBridge Family Companies (FL), Inc.
Senior Home Care, Inc.
South Florida Cardiology Associates, LLC
Trident Home Health, LLC

Trueshore BPO, LLC

GEORGIA
Capital Care Resources of South Carolina, LLC
Capital Care Resources, LLC
Capital Health Management Group, LLC
Chattahoochee Valley Home Care Services, LLC

Chattahoochee Valley Home Health, LLC
CHMG Acquisition LLC
CHMG of Atlanta, LLC
CHMG of Griffin, LLC
Healthfield Home Health, LLC
Healthfield of Southwest Georgia, LLC
Healthfield of Statesboro, LLC
Healthfield of Tennessee, LLC
Humana Employers Health Plan of Georgia, Inc.
Mid-South Home Health of Gadsden, LLC
Total Care Home Health of Louisburg, LLC
Total Care Home Health of North Carolina, LLC
Total Care Home Health of South Carolina, LLC

ILLINOIS
CompBenefits Dental, Inc.
Dental Care Plus Management, Corp.
Humana Benefit Plan of Illinois, Inc.
Humana Healthcare Research, Inc.

IOWA

Hawkeye Health Services, Inc.

KENTUCKY
516-526 West Main Street Condominium Council of Co-Owners, Inc.
CHA HMO, Inc.
Humana Active Outlook, Inc.
Humana Health Plan, Inc.
Humana Insurance Company of Kentucky
Humana MarketPOINT, Inc.
Humana Pharmacy Solutions, Inc.
Humana Real Estate Company
Humco, Inc.
The Dental Concern, Inc.

LOUISIANA
Humana Health Benefit Plan of Louisiana, Inc.

Synergy Home Care-Acadiana Region, Inc.
Synergy Home Care-Capitol Region, Inc.
Synergy Home Care-Central Region, Inc.
Synergy Home Care-Northeastern Region, Inc.
Synergy Home Care-Northshore Region, Inc.
Synergy Home Care-Northwestern Region, Inc.
Synergy Home Care-Southeastern Region, Inc.
Synergy, Inc.

MICHIGAN
CenterWell IPA Solutions, LLC
Humana Medical Plan of Michigan, Inc.
Prime Accountable Care West, LLC

MISSISSIPPI
Gilbert's Home Health Agency, Inc.
Home Health Care Affiliates of Central Mississippi, L.L.C.
Home Health Care Affiliates of Mississippi, Inc.
Home Health Care Affiliates, Inc.
Van Winkle Home Health Care, Inc.

MISSOURI
Missouri Home Care of Rolla, Inc.

NEVADA
Nevada Independent Physicians, LLC
Southern Nevada Home Health Care, Inc.

NEW YORK
Alexander Infusion, LLC
CenterWell Services of New York, Inc.
Harris, Rothenberg International Inc.
Humana Health Company of New York, Inc.
Humana Insurance Company of New York
Humana Life Insurance Company of New York, Inc.
New York Healthcare Services, Inc.
SeniorBridge Family Companies (NY), Inc.
QC-Medi New York, Inc.
Quality Care - USA, Inc.
SeniorBridge Family Companies (NY), Inc.

NORTH CAROLINA
Eastern Carolina Home Health Agency, LLC
Healthcare Planning of America, LLC
Home Health Care of Carteret County, LLC
Innovative Financial Group Holdings, LLC

Innovative Financial Partners, LLC
Rees Financial LLC
TAR Heel Health Care Services, LLC

The Lead Store LLC
Versa Management LLC
Wake Forest Baptist Health Care at Home, LLC

OHIO
Humana Health Plan of Ohio, Inc.
Hummingbird Coaching Systems LLC

PENNSYLVANIA
Humana Medical Plan of Pennsylvania, Inc.

PUERTO RICO
Humana Health Plans of Puerto Rico, Inc.
Humana Insurance of Puerto Rico, Inc.
Humana Management Services of Puerto Rico, Inc.
Humana MarketPOINT of Puerto Rico, Inc.

SOUTH CAROLINA
Humana Benefit Plan of South Carolina, Inc.

TENNESSEE
Cariten Health Plan Inc.
PHP Companies, Inc.
Preferred Health Partnership, Inc.

TEXAS
Aberdeen Holdings, Inc.
Able Home Healthcare, Inc.
BWB Sunbelt Home Health Services, LLC
California Hospice, LLC

CompBenefits Insurance Company
Corpus Christi Home Care, Inc.
DentiCare, Inc.
Emphesys Insurance Company
Focus Care Health Resources, Inc.
GBA Holding, Inc.
GBA West, LLC
Georgia Hospice, LLC
Harden Clinical Services, LLC
Harden HC Texas Holdco, LLC
Harden Healthcare, LLC
Harden Hospice, LLC
Home Health of Rural Texas, Inc.
Horizon Health Care Services, Inc.
Humana At Home (Dallas), Inc.
Humana At Home (Houston), Inc.
Humana At Home (San Antonio), Inc.
Humana At Home (TLC), Inc.
Humana Benefit Plan of Texas, Inc.
Humana Health Plan of Texas, Inc.
Integracare Home Health Services, Inc.
Integracare of Albany, LLC
Integracare of Athens-Home Health, LLC
Integracare of Olney Home Health, LLC
Integracare of Texas, LLC
Integracare of West Texas-Home Health, LLC

Integracare of Wichita Falls, LLC
Lighthouse Hospice - Metroplex, LLC
Lighthouse Hospice Management, LLC

Lighthouse Hospice-San Antonio, LLC
One Home Health Holdings CCTX, LLC
One Home Medical Equipment TX, LLC
Outreach Health Services of North Texas, LLC
ROHC, L.L.C.
Texas Dental Plans, Inc.
Vernon Home Health Care Agency, LLC
Voyager Acquisition, L.P.

UTAH
Home Health Services, Inc.
Humana Medical Plan of Utah, Inc.

VERMONT
Managed Care Indemnity, Inc.

WASHINGTON
Arcadian Health Plan, Inc.

WEST VIRGINIA
First Home Health, Inc.
Nursing Care-Home Health Agency, Inc.

WISCONSIN
CareNetwork, Inc.
GuidantRx, Inc.
Humana Insurance Company
Humana Wisconsin Health Organization Insurance Corporation
HumanaDental Insurance Company
Independent Care Health Plan

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-254041) and Form S-8 (Nos. 033-49305, 333-04435, 333-57095, 333-86801, 333-41408, 333-86280, 333-105622, 333-134887, 333-162747, 333-171616, 333-175350, 333-231154, and 033-264543) of Humana Inc. of our report dated February 15, 2024 February 20, 2025 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Louisville, Kentucky

February 15, 2024 20, 2025

Exhibit 31.1

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

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

1. I have reviewed this annual report on Form 10-K of Humana Inc.;

2. Based on my knowledge, this annual 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(s) 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 an 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(s) 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:	February 15, 2024 20, 2025
Signature:	/s/ BRUCE D. BROUSSARD JAMES A. RECHTIN
	Bruce D. Broussard James A. Rechtin Principal Executive Officer

Exhibit 31.2

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

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

1. I have reviewed this annual report on Form 10-K of Humana Inc.;

2. Based on my knowledge, this annual 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(s) 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 an 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(s) 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:	February 15, 2024 20, 2025
Signature:	/s/ SUSAN CELESTE M. DIAMOND MELLET
	Susan Celeste M. Diamond Mellet Principal Financial Officer

Exhibit 32

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 Annual Report of Humana Inc. (the “Company”) on Form 10-K for the period ended December 31, 2023 December 31, 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 his 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/ BRUCE D. BROUSSARD JAMES A. RECHTIN

Bruce D. Broussard James A. Rechtin
President and Chief Executive Officer (Principal Executive Officer)

February 15, 2024 20, 2025

/s/ SUSAN CELESTE M. DIAMOND MELLET

Susan Celeste M. Diamond Mellet
Chief Financial Officer (Principal Financial Officer)

February 15, 2024 20, 2025

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.

HUMANA INC.
COMPENSATION RECOUPMENT POLICY
(Effective October 2, 2023)

This Humana Inc. Compensation Recoupment Policy ("**Policy**") has been adopted by the Board of Humana Inc. (the "**Company**"). This Policy provides for the recoupment of certain executive compensation in the event of (i) an accounting restatement resulting from material noncompliance with financial reporting requirements under U.S. federal securities laws in accordance with the terms and conditions set forth herein; and/or (ii) the Administrator's determination that an Executive has engaged in Improper Conduct within the meaning of this Policy. This Policy is intended to comply with the requirements of Section 10D of the Exchange Act (as defined below) and Section 303A.14 of the NYSE Listed Company Manual. This Compensation Recoupment Policy is intended to supersede and override the Humana Compensation Recoupment Policy which was approved by the Board on February 21, 2019.

1. Definitions. For the purposes of this Policy, the following terms shall have the meanings set forth below.

(a) "**Board**" means the Board of Directors of the Company.

(b) "**Administrator**" means the Board, the Compensation Committee or such other committee of the Board that, at the relevant time, has authority for making determinations as to the compensation of senior executives.

(c) "**Compensation Committee**" means the Organization & Compensation Committee of the Board.

(d) "**Covered Executive**" means any current or former Executive Officer.

(e) "**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended.

(f) "**Executive Officer**" means, with respect to the Company, any individual who serves as a current or former "Officer" within the meaning set forth in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), as applied by the Administrator from time to time. The determination as to an individual's status as an Executive Officer shall be made by the Administrator and such determination shall be final, conclusive and binding on such individual and all other interested persons.

(g) "**Financial Incentive-based Compensation**" means any compensation "received" by a Covered Executive during the applicable Recoupment Period; *provided* that:

(i) the compensation is granted, earned and/or vested based wholly or in part upon the achievement of a Financial Reporting Measure (including, for the avoidance of doubt, any cash or equity or equity-based compensation, whether deferred or current). For purposes of this Policy, "Financial Incentive-based Compensation" shall also be deemed to include any amounts which were determined based on (or were otherwise calculated by reference to) Financial Incentive-based Compensation (including, without limitation, any amounts under any long-term disability, life insurance or supplemental retirement or severance plan or agreement or any notional account that is based on Financial Incentive-based Compensation, as well as any earnings accrued thereon);

(ii) such Financial Incentive-based Compensation was received by such Covered Executive (A) after October 2, 2023, (B) after he or she commenced service as an Executive Officer and (C) while the Company had a class of securities publicly listed on a United States national securities exchange; and

(iii) such Covered Executive served as an Executive Officer at any time during the performance period applicable to such Financial Incentive-based Compensation.

For purposes of this Policy, Financial Incentive-based Compensation is "**received**" by a Covered Executive during the fiscal period in which the Financial Reporting Measure applicable to such Financial Incentive-based Compensation (or portion thereof) is attained, even if the payment or grant of such Financial Incentive-based Compensation is made thereafter.

(h) "**Financial Reporting Measure**" means any (i) measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, (ii) stock price measure or (iii) total shareholder return measure (and any measures that are derived wholly or in part from any measure referenced in clause (i), (ii) or (iii) above). For the avoidance of doubt, any such measure does not need to be presented within the Company's financial statements or included in a filing with the U.S. Securities and Exchange Commission to constitute a Financial Reporting Measure.

(i) "**Financial Restatement**" means a restatement of the Company's financial statements due to the Company's material noncompliance with any financial reporting requirement under U.S. federal securities laws that is required in order to correct:

(i) an error in previously issued financial statements that is material to the previously issued financial statements; or

(ii) an error that would result in a material misstatement if (A) the error were corrected in the current period or (B) left uncorrected in the current period.

For purposes of this Policy, a Financial Restatement shall not be deemed to occur in the event of a revision of the Company's financial statements due to an out-of-period adjustment (i.e., when the error is immaterial to the previously issued financial statements and the correction of the error is also immaterial to the current period) or a retrospective (1) application of a change in accounting principles; (2) revision to reportable segment information due to a change in the structure of the Company's internal organization; (3) reclassification due to a discontinued operation; (4) application of a change in reporting entity, such as from a reorganization of entities under common control; or (5) revision for stock splits, reverse stock splits, stock dividends or other changes in capital structure.

(j) "**Improper Conduct**" means the following conduct that, in the sole discretion of the Administrator, is likely to cause or has caused material financial, operational, or reputational harm to the Company, materially disrupt, damage, impair or interfere with the business of the Company or its affiliates, or have a significant, adverse reputational or economic impact on the Company or any of its affiliates or divisions:

(i) the commission of an act of fraud, misappropriation or embezzlement in the course of employment (or actual knowledge of the fraud, misappropriation, or embezzlement in the course of employment of another person);

(ii) the commission of a criminal act, whether or not in the workplace, that in the Administrator's sole discretion, constitutes a felony or crime of comparable magnitude;

(iii) the material violation of a non-compete, non-solicitation, or confidentiality agreement; or

(iv) the willful and material breach of a Covered Executive's obligations under the Company's code of conduct relating to compliance with law or regulation.

(k) "**Incentive Compensation"** means (i) Financial Incentive-based Compensation; (ii) time-vesting awards; (iii) compensation awarded on the basis of the achievement of metrics that are not Financial Reporting Measures; and (iv) any compensation awarded solely at the discretion of the Administrator or the Board.

(l) "**NYSE**" means the New York Stock Exchange, or any successor thereof.

(m) "**Recoupment Period**" means (i) with respect to a recoupment triggered by a Financial Restatement, the three fiscal years completed immediately preceding the date of any applicable Recoupment Trigger Date and (ii) with respect to a recoupment triggered by Improper Conduct, the three fiscal years immediately preceding the Administrator's determination that Improper Conduct has occurred. Notwithstanding the foregoing, with respect to clawbacks triggered by Financial Restatements, the Recoupment Period additionally includes any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years, provided that a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine (9) to twelve (12) months would be deemed a completed fiscal year.

(n) "**Recoupment Trigger Date**" means (i) with respect to a recoupment triggered by a Financial Restatement, the earlier of (A) the date that the Board (or a committee thereof or the officer(s) of the Company authorized to take such action if Board action is not required) concludes, or reasonably should have concluded, that the Company is required to prepare a Financial Restatement, and (B) the date on which a court, regulator or other legally authorized body directs the Company to prepare a Financial Restatement; and (ii) with respect to a recoupment triggered by Improper Conduct, the date on which the Administrator determines that the Improper Conduct occurred.

2. <u>Recoupment of Erroneously Awarded Compensation in Connection with a Financial Restatement</u>.

(a) In the event of a Financial Restatement, if the amount of any Financial Incentive-based Compensation received by a Covered Executive on or after October 2, 2023 (the "**Awarded Compensation**") exceeds the amount of such Financial Incentive-based Compensation that would have otherwise been received by such Covered Executive if calculated based on the Financial Restatement (the "**Adjusted Compensation**"), the Company shall reasonably promptly recover from such Covered Executive an amount equal to the excess of the Awarded Compensation over the Adjusted Compensation, each calculated on a pre-tax basis (such excess amount, the "**Erroneously Awarded Compensation**").

(b) If (i) the Financial Reporting Measure applicable to the relevant Financial Incentive-based Compensation is stock price or total shareholder return (or any measure derived wholly or in part from either of such measures) and (ii) the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the Financial Restatement, then the amount of Erroneously Awarded Compensation shall be determined (on a pre-tax basis) based on the Company's reasonable estimate of the effect of the Financial Restatement on the Company's stock price or total shareholder return (or the derivative measure thereof) upon which such Financial Incentive-based Compensation was received.

(c) The Company's obligation to recover Erroneously Awarded Compensation is not dependent on (i) if or when the restated financial statements are filed or(ii) any fault of any Covered Executive for the accounting errors or other actions leading to a Financial Restatement.

(d) Notwithstanding anything to the contrary in Sections 2(a) through (c) hereof, the Company shall not be required to recover any Erroneously Awarded Compensation if both (x) the conditions set forth in either of the following clauses (i) or (ii) are satisfied and (y) the Administrator (or a majority of the independent directors serving on the Board) has determined that recovery of the Erroneously Awarded Compensation would be impracticable:

(i) the direct expense paid to a third party to assist in enforcing the recovery of the Erroneously Awarded Compensation under this Policy would exceed the amount of such Erroneously Awarded Compensation to be recovered; *provided* that, before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation pursuant to this Section 2(d), the Company shall have first made a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to make such recovery and provide that documentation to the NYSE; or

(ii) recovery of the Erroneously Awarded Compensation would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Sections 401(a)(13) or 411(a) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**").

(e) The Company shall not indemnify any Covered Executive, directly or indirectly, for any losses that such Covered Executive may incur in connection with the recovery of Erroneously Awarded Compensation pursuant to this Policy, including through the payment of insurance premiums or gross-up payments.

(f) Notwithstanding anything to the contrary herein, the Company has no obligation to seek recoupment of amounts paid to a Covered Executive which are granted, vested or earned based solely upon the occurrence or non-occurrence of nonfinancial events. Such exempt compensation includes, without limitation, base salary, time-vesting awards, compensation awarded on the basis of the achievement of metrics that are not Financial Reporting Measures or compensation awarded solely at the discretion of the Administrator or the Board, *provided* thatsuch amounts are in no way contingent on, and were not in any way granted on the basis of, the achievement of any Financial Reporting Measure performance goal.

3. Recoupment of Incentive Compensation for Improper Conduct.

(a) In the event the Administrator determines that a Covered Executive engaged in Improper Conduct, the Administrator may, in its sole discretion, recover all or any portion of the Incentive Compensation paid to a Covered Executive during the Recoupment Period.

(a) The Administrator may consider any and all facts it considers relevant under all of the circumstances, including without limitation: (A) whether or not the Covered Executive engaged in Improper Conduct; (B) the likelihood of success of any recovery under this Policy under governing law as compared to the cost and effort involved; (C) whether the assertion of a claim may prejudice the interests of the Company, including in any related proceeding or investigation; (D) the passage of time since the occurrence of the Improper Conduct; and (E) any pending legal proceeding relating to the Improper Conduct.

(b) In no event will the amount of the Recoverable Incentive exceed the total amount of Incentive Compensation paid or granted during the Applicable Period.

4. Administration.

(a) This Policy shall be administered by the Administrator. All decisions of the Administrator shall be final, conclusive and binding upon the Company and the Covered Executives, their beneficiaries, executors, administrators and any other legal representative. The Administrator shall have full power and authority to (i) administer and interpret this Policy; (ii) correct any defect, supply any omission and reconcile any inconsistency in this Policy; and (iii) make any other determination and take any other action that the Administrator deems necessary or desirable for the administration of this Policy and to comply with applicable law (including Section 10D of the Exchange Act) and applicable stock market or exchange rules and regulations. Notwithstanding anything to the contrary contained herein, to the extent permitted by Section 10D of the Exchange Act and Section 303A.14 of the NYSE Listed Company Manual, the Board may, in its sole discretion, at any time and from time to time, administer this Policy in the same manner as the Administrator.

(b) The Administrator shall determine, in its sole discretion, the manner and timing in which any Incentive Compensation shall be recovered from a Covered Executive in accordance with applicable law, including, without limitation, by (i) requiring reimbursement of Financial Incentive-based Compensation previously paid in cash; (ii)seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer or other disposition of any equity or equity-based awards; (iii) offsetting the Incentive Compensation amount from any compensation otherwise owed by the Company or any of its affiliates to the Covered Executive; (iv) cancelling outstanding vested or unvested equity or equity-based awards; and/or (v) taking any other remedial and recovery action permitted by applicable law. For the avoidance of doubt, except as set forth in Section 2(d), in no event may the Company accept an amount that is less than the amount of Erroneously Awarded Compensation; *provided* that, to the extent necessary to avoid any adverse tax consequences to the Covered Executive pursuant to Section 409A of the Code, any offsets against amounts under any nonqualified deferred compensation plans (as defined under Section 409A of the Code) shall be made in compliance with Section 409A of the Code.

5. Amendment/Termination. Subject to Section 10D of the Exchange Act and Section 303A.14 of the NYSE Listed Company Manual, this Policy may be amended or terminated by the Administrator at any time. To the extent that any applicable law, or stock market or exchange rules or regulations require recovery of Erroneously Awarded Compensation in circumstances in addition to those specified herein, nothing in this Policy shall be deemed to limit or restrict the right or obligation of the Company to recover Erroneously Awarded Compensation to the fullest extent required by such applicable law, stock market or exchange rules and regulations.

6. Interpretation. Notwithstanding anything to the contrary herein, this Policy is intended to comply with the requirements of Section 10D of the Exchange Act and Section 303A.14 of the NYSE Listed Company Manual (and any applicable regulations, administrative interpretations or stock market or exchange rules and regulations adopted in connection therewith). The provisions of this Policy shall be interpreted in a manner that satisfies such requirements and this Policy shall be operated accordingly. If any provision of this Policy would otherwise frustrate or conflict with this intent, the provision shall be interpreted and deemed amended so as to avoid such conflict.

7. No Double Recovery. Any amounts recouped or clawed back pursuant to the Company's obligation to recover Erroneously Awarded Compensation shall count toward amounts recouped or clawed back pursuant to the Company's right to recover Incentive Compensation other than Erroneously Awarded Compensation and vice versa.

8. Other Compensation Clawback/Recoupment Rights. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies, rights or requirements with respect to the clawback or recoupment of any compensation that may be available to the Company pursuant to the terms of any other recoupment or clawback policy of the Company (or any of its affiliates) that may be in effect from time to time, any provisions in any employment agreement, offer letter, equity plan, equity award agreement or similar plan or agreement, and any other legal remedies available to the Company, as well as applicable law, stock market or exchange rules, listing standards or regulations; *provided*, *however*, that any amounts recouped or clawed back under any other policy that would be recoupable under this Policy shall count toward any required clawback or recoupment under this Policy and vice versa.

9. Disclosure. The circumstances of any recoupment of Erroneously Awarded Compensation pursuant to a Financial Restatement will be publicly disclosed where required by Section 10D of the Exchange Act, Items 402 and 601(b) of Regulation S-K and Section 303A.14 of the NYSE Listed Company Manual. For the avoidance of doubt, the Company has no obligation pursuant to this Policy to publicly disclose any recoupment of Incentive Compensation that is not Erroneously Awarded Compensation.

10. Miscellaneous.

(a) Any applicable award agreement or other document setting forth the terms and conditions of any compensation covered by this Policy shall be deemed to include the restrictions imposed herein and incorporate this Policy by reference and, in the event of any inconsistency, the terms of this Policy will govern. For the avoidance of doubt, this Policy applies to all compensation that is received on or after (i) October 2, 2023, with respect to a recoupment triggered by a Financial Restatement or (ii) February 21, 2019, with respect to a recoupment triggered by Improper Conduct, regardless of the date on which the award agreement or other document setting forth the terms and conditions of the Covered Executive's compensation became effective, including, without limitation, compensation received under the Humana Inc. 2011 Stock Incentive Plan, the 2019 Amended and Restated Humana Inc. Stock Incentive Plan, the Humana Inc. Executive Incentive Compensation Plan and any successor plan to each of the foregoing.

(b) This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

(c) If any provision of this Policy is determined to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted by applicable law and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

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