

REFINITIV

## DELTA REPORT

### 10-Q

HUM - HUMANA INC

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 1241

■ CHANGES	366
■ DELETIONS	473
■ ADDITIONS	402

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

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

For the quarterly period ended **September 30, 2023** **March 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 or organization)

(I.R.S. Employer Identification No.)

500 West Main Street

Louisville, Kentucky 40202

(Address of principal executive offices, including zip code)

(502) 580-1000

(Registrant's telephone number, including area code)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

<b>Class of Common Stock</b>	<b>Outstanding at</b> <b>September 30, 2023</b> <b>March 31, 2024</b>
\$0.16 2/3 par value	<b>123,110,720</b> <b>120,500,635</b> shares

**Humana Inc.**

FORM 10-Q

SEPTEMBER 30, 2023 MARCH 31, 2024

**INDEX**

	Page
<u><a href="#">Part I: Financial Information</a></u>	
Item 1. <a href="#">Financial Statements</a>	
<a href="#">Condensed Consolidated Balance Sheets (Unaudited)</a> at <a href="#">September 30, 2023</a> <a href="#">March 31, 2024</a> and <a href="#">December 31, 2022</a> <a href="#">December 31, 2023</a>	<a href="#">3</a>
<a href="#">Condensed Consolidated Statements of Income (Unaudited)</a> for the three and nine months ended <a href="#">September 30, 2023</a> <a href="#">March 31, 2024</a> and <a href="#">2022</a> <a href="#">2023</a>	<a href="#">4</a>
<a href="#">Condensed Consolidated Statements of Comprehensive Income (Unaudited)</a> for the three and nine months ended <a href="#">September 30, 2023</a> <a href="#">March 31, 2024</a> and <a href="#">2022</a> <a href="#">2023</a>	<a href="#">5</a>
<a href="#">Condensed Consolidated Statements of Stockholders' Equity (Unaudited)</a> for the three and nine months ended <a href="#">September 30, 2023</a> <a href="#">March 31, 2024</a> and <a href="#">2023</a> and <a href="#">2022</a>	<a href="#">6</a>
<a href="#">Condensed Consolidated Statements of Cash Flows (Unaudited)</a> for the nine months ended <a href="#">September 30, 2023</a> <a href="#">March 31, 2024</a> and <a href="#">2023</a> and <a href="#">2022</a>	<a href="#">87</a>
<a href="#">Notes to Condensed Consolidated Financial Statements (Unaudited)</a>	<a href="#">109</a>
Item 2. <a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	<a href="#">3631</a>
Item 3. <a href="#">Quantitative and Qualitative Disclosures about Market Risk</a>	<a href="#">5446</a>
Item 4. <a href="#">Controls and Procedures</a>	<a href="#">5446</a>
<u><a href="#">Part II: Other Information</a></u>	
Item 1. <a href="#">Legal Proceedings</a>	<a href="#">5547</a>
Item 1A. <a href="#">Risk Factors</a>	<a href="#">5547</a>
Item 2. <a href="#">Unregistered Sales of Equity Securities and Use of Proceeds</a>	<a href="#">5547</a>
Item 3. <a href="#">Defaults Upon Senior Securities</a>	<a href="#">5547</a>
Item 4. <a href="#">Mine Safety Disclosures</a>	<a href="#">5547</a>
Item 5. <a href="#">Other Information</a>	<a href="#">5648</a>
Item 6. <a href="#">Exhibits</a>	<a href="#">5749</a>
<a href="#">Signatures</a>	<a href="#">5850</a>
Certifications	

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

September 30, 2023      December 31, 2022		March 31, 2024      December 31, 2023	
(in millions, except share amounts)			
March 31, 2024		December 31, 2023	
(in millions, except share amounts)		(in millions, except share amounts)	
ASSETS		ASSETS	

Current assets:	Current assets:		
Current assets:			
Current assets:			
Cash and cash equivalents			
Cash and cash equivalents			
Cash and cash equivalents	Cash and cash equivalents	\$ 15,148	\$ 5,061
Investment securities	Investment securities	15,145	13,881
Receivables, net of allowances of \$73 in 2023 and \$70 in 2022		1,824	1,674
Receivables, net of allowances of \$85 in 2024 and \$88 in 2023			
Other current assets	Other current assets	6,136	5,567
Total current assets			
Total current assets			
Total current assets	Total current assets		
Total current assets		38,253	26,183
Property and equipment, net	Property and equipment, net	3,342	3,221
Long-term investment securities	Long-term investment securities	370	380
Equity method investments	Equity method investments	762	749
Goodwill	Goodwill	9,540	9,142
Other long-term assets	Other long-term assets	3,638	3,380
Total assets	Total assets	\$ 55,905	\$ 43,055
Total assets			
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:	Current liabilities:		
Current liabilities:			
Current liabilities:			
Benefits payable			
Benefits payable			
Benefits payable	Benefits payable	\$ 10,196	\$ 9,264
Trade accounts payable and accrued expenses	Trade accounts payable and accrued expenses	7,600	5,238
Book overdraft	Book overdraft	246	298
Unearned revenues	Unearned revenues	7,536	286

Short-term debt	Short-term debt	2,245	2,092
Total current liabilities	Total current liabilities	27,823	17,178
	Total current liabilities		
	Total current liabilities		
Long-term debt	Long-term debt	9,483	9,034
Other long-term liabilities	Other long-term liabilities	1,595	1,473
Total liabilities	Total liabilities	38,901	27,685
	Total liabilities		
	Total liabilities		
Commitments and Contingencies (Note 13)			
Commitments and Contingencies (Note 13)			
Commitments and Contingencies (Note 13)			
Stockholders' equity:	Stockholders' equity:		
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 September 30, 2023 and 198,666,598 shares issued at December 31, 2022	Common stock, \$0.16 2/3 par; 300,000,000 shares authorized; 198,690,082 shares issued at September 30, 2023 and 198,666,598 shares issued at December 31, 2022	33	33
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	Preferred stock, \$1 par; 10,000,000 shares authorized; none issued		
Common stock, \$0.16 2/3 par; 300,000,000 shares authorized; 198,690,593 shares issued at March 31, 2024 and 198,690,082 shares issued at December 31, 2023	Common stock, \$0.16 2/3 par; 300,000,000 shares authorized; 198,690,082 shares issued at December 31, 2023		
Capital in excess of par value	Capital in excess of par value	3,362	3,246
Retained earnings	Retained earnings	28,191	25,492

Accumulated other comprehensive loss	Accumulated other comprehensive loss	(1,503)	(1,304)
Treasury stock, at cost, 75,579,362 shares at September 30, 2023 and 73,691,955 shares at December 31, 2022		(13,134)	(12,156)
Treasury stock, at cost, 78,189,958 shares at March 31, 2024 and 76,465,862 shares at December 31, 2023			
Total stockholders' equity	Total stockholders' equity	16,949	15,311
Noncontrolling interests	Noncontrolling interests	55	59
Total equity	Total equity	17,004	15,370
Total liabilities and equity	Total liabilities and equity	\$ 55,905	\$ 43,055

See accompanying notes to condensed consolidated financial statements.

3

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

	Three months ended		Nine Months Ended			
	September 30,	September 30,	September 30,	September 30,		
Three Months Ended						
March 31,						
Three Months Ended						
March 31,						
Three Months Ended						
March 31,						
		2023	2022	2023	2022	
(in millions, except per share results)						
Revenues:						
Premiums						
Premiums						
Premiums	Premiums	\$25,099	\$21,468	\$76,144	\$66,437	
Services	Services	1,016	1,159	2,993	3,772	
(in millions, except per share results)						
2024						
2023						

Investment income	Investment income	308	172	775	222
Total revenues	Total revenues	26,423	22,799	79,912	70,431
Operating expenses:	Operating expenses:				
Benefits	Benefits	21,745	18,384	65,612	57,108
Benefits	Benefits				
Operating costs	Operating costs	3,271	3,061	9,361	9,120
Depreciation and amortization	Depreciation and amortization	201	182	578	527
Total operating expenses	Total operating expenses	25,217	21,627	75,551	66,755
Income from operations	Income from operations	1,206	1,172	4,361	3,676
Gain on sale of Gentiva Hospice		—	(240)	—	(240)
Interest expense	Interest expense	114	102	347	293
Other (income) expense, net		(6)	13	40	(16)
Interest expense					
Interest expense					
Other expense (income), net					
Income before income taxes and income taxes and equity in net losses	Income before income taxes and income taxes and equity in net losses	1,098	1,297	3,974	3,639
Provision for income taxes	Provision for income taxes	256	107	911	820
Equity in net (losses) earnings		(12)	3	(39)	1
Equity in net losses					
Net income	Net income	\$ 830	\$ 1,193	\$ 3,024	\$ 2,820
Net loss attributable to noncontrolling interests	Net loss attributable to noncontrolling interests	2	2	6	1
Net income attributable to Humana	Net income attributable to Humana	\$ 832	\$ 1,195	\$ 3,030	\$ 2,821
Basic earnings per common share	Basic earnings per common share	\$ 6.74	\$ 9.45	\$ 24.37	\$ 22.27
Diluted earnings per common share	Diluted earnings per common share	\$ 6.71	\$ 9.39	\$ 24.26	\$ 22.16

See accompanying notes to condensed consolidated financial statements.

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

		Three months ended September 30,	Nine Months Ended September 30,		
		Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,	2024
		2023	2022	2023	2022
		(in millions)			
Net income	Net income				
attributable to Humana	attributable to Humana	\$832	\$1,195	\$3,030	\$2,821
Other comprehensive income (loss):	Other comprehensive income (loss):				
Change in gross unrealized investment losses		(365)	(590)	(314)	(1,982)
Change in gross unrealized investment (losses) gains					
Change in gross unrealized investment (losses) gains					
Change in gross unrealized investment (losses) gains					
Effect of income taxes	Effect of income taxes	85	135	73	455
Total change in unrealized investment losses, net of tax		(280)	(455)	(241)	(1,527)
Reclassification adjustment for net realized losses		3	50	56	23
Total change in unrealized investment (losses) gains, net of tax					
Reclassification adjustment for net realized (gains) losses					
Effect of income taxes	Effect of income taxes	—	(11)	(14)	(5)
Total reclassification adjustment, net of tax	Total reclassification adjustment, net of tax	3	39	42	18
Other comprehensive loss, net of tax		(277)	(416)	(199)	(1,509)
Other comprehensive (loss) income, net of tax					
Comprehensive income attributable to Humana	Comprehensive income attributable to Humana	<u>\$555</u>	<u>\$ 779</u>	<u>\$2,831</u>	<u>\$1,312</u>

Comprehensive income attributable to  
Humana

Comprehensive income attributable to  
Humana

See accompanying notes to condensed consolidated financial statements.

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

	Accumulated								Common Stock	Capital In Excess of Par Value	Accumulated Other	Treasury Stock	Stockholders' Equity	Noncontrolling Interests	Total Equity					
	Common Stock	Capital In	Other	Total	Common Stock	Capital In	Other	Total												
	Issued Shares	Excess of Par Value	Retained Earnings	Comprehensive Loss	Stock	Excess of Par Value	Retained Earnings	Comprehensive Income (Loss)												
(dollars in millions, share amounts in thousands)																				
Three months ended September 30, 2023																				
Balances, June 30, 2023	198,690	\$ 33	\$ 3,313	\$ 27,468	\$ (1,226)	\$ (12,754)	\$ 16,834	\$ 57	\$ 16,891											
	(dollars in millions, share amounts in thousands)																			
	(dollars in millions, share amounts in thousands)																			
	(dollars in millions, share amounts in thousands)																			
Three months ended March 31, 2024																				
Balances, December 31, 2023																				
Net income	Net income			832			832	(2)	830											
Distribution																				
from noncontrolling interest																				
holders, net																				
Other comprehensive loss																				
Other comprehensive loss																				
Other comprehensive loss	Other comprehensive loss																			
loss	loss																			
Common stock	Common stock																			
repurchases	repurchases																			
Dividends and dividend equivalents	Dividends and equivalents																			
Stock-based compensation	Stock-based compensation																			
Restricted stock unit vesting	Restricted stock unit vesting																			
Stock option exercises	Stock option exercises																			

Balances, September 30, 2023	198,690	\$ 33	\$ 3,362	\$ 28,191	\$ (1,503)	\$ (13,134)	\$ 16,949	\$ 55	\$ 17,004
------------------------------	---------	-------	----------	-----------	------------	-------------	-----------	-------	-----------

Three months ended September 30, 2022

Balances, June 30, 2022	198,667	\$ 33	\$ 3,153	\$ 24,511	\$ (1,051)	\$ (11,156)	\$ 15,490	\$ 20	\$ 15,510
-------------------------	---------	-------	----------	-----------	------------	-------------	-----------	-------	-----------

Balances, March 31, 2024

Balances, March 31, 2024

Balances, March 31, 2024

Three months ended March 31, 2023

Three months ended March 31, 2023

Three months ended March 31, 2023

Balances,  
December 31,  
2022

Net income	Net income	1,195	1,195	(2)	1,193
------------	------------	-------	-------	-----	-------

Distribution	Distribution				
from	from				
noncontrolling	noncontrolling				
interest	interest				
holders, net	holders, net				

Sale of Gentiva Hospice			(11)	(11)	
-------------------------	--	--	------	------	--

Acquisition	Acquisition		53	53	
-------------	-------------	--	----	----	--

Other comprehensive loss		(416)	(416)	(416)	
--------------------------	--	-------	-------	-------	--

Acquisition					
-------------	--	--	--	--	--

Acquisition					
-------------	--	--	--	--	--

Other	comprehensive				
income					

Common stock	Common stock				
--------------	--------------	--	--	--	--

repurchases	repurchases	—	(4)	(4)	(4)
-------------	-------------	---	-----	-----	-----

Dividends and	Dividends and				
dividend	dividend				

equivalents	equivalents	—	(100)	(100)	(100)
-------------	-------------	---	-------	-------	-------

Stock-based	Stock-based				
compensation	compensation	80		80	80

Restricted	Restricted				
stock unit	stock unit				

vesting	vesting	—	(3)	3	—
---------	---------	---	-----	---	---

Stock option	Stock option				
exercises	exercises	—	4	5	9

		4		5	9
--	--	---	--	---	---

Balances, September 30, 2022	198,667	\$ 33	\$ 3,234	\$ 25,606	\$ (1,467)
------------------------------	---------	-------	----------	-----------	------------

				\$ (11,152)	\$ 16,254
--	--	--	--	-------------	-----------

					\$ 63
--	--	--	--	--	-------

Balances,					
-----------	--	--	--	--	--

March 31,					
-----------	--	--	--	--	--

2023					
------	--	--	--	--	--

See accompanying notes to condensed consolidated financial statements.

Common Stock	Capital In Excess of Par Value	Retained Earnings	Accumulated Other	Treasury Stock	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
--------------	--------------------------------------	----------------------	----------------------	-------------------	-------------------------------	-----------------------------	-----------------

	Issued		Comprehensive (Loss) income						(dollars in millions, share amounts in thousands)		
	Shares	Amount									
<b>Nine months ended September 30, 2023</b>											
Balances, December 31, 2022	198,667	\$ 33	\$ 3,246	\$ 25,492	\$ (1,304)	\$ (12,156)	\$ 15,311	\$ 59	\$ 15,370		
Net income				3,030			3,030	(6)		3,024	
Distribution from noncontrolling interest											
holders, net							—	7		7	
Acquisition							—	(5)		(5)	
Other comprehensive loss					(199)			(199)		(199)	
Common stock repurchases			—			(1,011)		(1,011)		(1,011)	
Dividends and dividend equivalents			—	(331)				(331)		(331)	
Stock-based compensation			142				142			142	
Restricted stock unit vesting	23	—	(30)			30	—			—	
Stock option exercises	—	—	4			3	7			7	
Balances, September 30, 2023	<u>198,690</u>	<u>\$ 33</u>	<u>\$ 3,362</u>	<u>\$ 28,191</u>	<u>\$ (1,503)</u>	<u>\$ (13,134)</u>	<u>\$ 16,949</u>	<u>\$ 55</u>	<u>\$ 17,004</u>		
<b>Nine months ended September 30, 2022</b>											
Balances, December 31, 2021	198,649	\$ 33	\$ 3,082	\$ 23,086	\$ 42	\$ (10,163)	\$ 16,080	\$ 23	\$ 16,103		
Net income				2,821			2,821	(1)		2,820	
Distribution to noncontrolling interest							—	(1)		(1)	
holders, net								(1)		(1)	
Sale of Gentiva Hospice							—	(11)		(11)	
Acquisition							—	53		53	
Other comprehensive loss				(1,509)				(1,509)		(1,509)	
Common stock repurchases			—			(1,032)		(1,032)		(1,032)	
Dividends and dividend equivalents			—	(301)				(301)		(301)	
Stock-based compensation			173				173			173	
Restricted stock unit vesting	18	—	(31)			31	—			—	
Stock option exercises	—	—	10			12	22			22	
Balances, September 30, 2022	<u>198,667</u>	<u>\$ 33</u>	<u>\$ 3,234</u>	<u>\$ 25,606</u>	<u>\$ (1,467)</u>	<u>\$ (11,152)</u>	<u>\$ 16,254</u>	<u>\$ 63</u>	<u>\$ 16,317</u>		

76

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

		For the nine months ended September 30,		For the three months ended March 31,		2023
		2023	2022	2024		
		(in millions)		(in millions)		
<b>Cash flows from operating activities</b>	<b>Cash flows from operating activities</b>					

Net income	Net income	\$ 3,024	\$ 2,820
Net income			
Net income			
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sale of Gentiva Hospice	—	(240)	
Loss on investment securities, net	49	136	
Equity in net losses (earnings)	39	(1)	
(Gain) loss on investment securities, net			
(Gain) loss on investment securities, net			
(Gain) loss on investment securities, net			
Equity in net losses			
Equity in net losses			
Equity in net losses			
Stock-based compensation	Stock-based compensation	142	173
Depreciation	Depreciation	628	555
Amortization	Amortization	51	73
Impairment of property and equipment	Impairment of property and equipment	31	144
Deferred income taxes		—	(33)
Changes in operating assets and liabilities, net of effect of businesses acquired and disposed:	Changes in operating assets and liabilities, net of effect of businesses acquired and disposed:		
Changes in operating assets and liabilities, net of effect of businesses acquired and disposed:			
Changes in operating assets and liabilities, net of effect of businesses acquired and disposed:			
Receivables			
Receivables			
Receivables	Receivables	(126)	11
Other assets	Other assets	(935)	(465)
Benefits payable	Benefits payable	870	948
Other liabilities	Other liabilities	39	(195)
Unearned revenues	Unearned revenues	7,250	5,758
Other	Other	53	30
Net cash provided by operating activities	Net cash provided by operating activities	11,115	9,714

<b>Cash flows from investing activities</b>		<b>Cash flows from investing activities</b>	
Proceeds from sale of Gentiva Hospice, net	—	2,708	
Acquisitions, net of cash and cash equivalents acquired			
Acquisitions, net of cash and cash equivalents acquired			
Acquisitions, net of cash and cash equivalents acquired	Acquisitions, net of cash and cash equivalents acquired	(223)	(293)
Purchases of property and equipment, net	Purchases of property and equipment, net	(721)	(862)
Purchases of investment securities	Purchases of investment securities	(3,366)	(4,740)
Proceeds from maturities of investment securities	Proceeds from maturities of investment securities	885	1,214
Proceeds from sales of investment securities	Proceeds from sales of investment securities	815	1,979
Net cash (used in) provided by investing activities		(2,610)	6
Net cash used in investing activities			
<b>Cash flows from financing activities</b>	<b>Cash flows from financing activities</b>		
Receipts from contract deposits, net			
Receipts from contract deposits, net			
Receipts from contract deposits, net	Receipts from contract deposits, net	2,481	3,787
Proceeds from issuance of senior notes, net	Proceeds from issuance of senior notes, net	1,215	744
Repayments of senior notes	Repayments of senior notes	(1,719)	—
Proceeds from issuance (repayments) of commercial paper, net		1,618	(660)
Repayments of commercial paper, net			
Repayment of term loan			
Repayment of term loan			
Repayment of term loan	Repayment of term loan	(500)	(2,000)
Debt issue costs	Debt issue costs	(4)	(2)
Change in book overdraft	Change in book overdraft	(52)	(89)
Common stock repurchases	Common stock repurchases	(1,002)	(1,032)
Dividends paid	Dividends paid	(320)	(291)
Other	Other	(135)	(13)
Net cash provided by financing activities	Net cash provided by financing activities	1,582	444

Increase in cash and cash equivalents	Increase in cash and cash equivalents	10,087	10,164
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	5,061	3,394
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	<u>\$15,148</u>	<u>\$13,558</u>

87

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

		For the nine months ended September 30,					
		2023	2022				
		(in millions)					
		For the three months ended March 31,		For the three months ended March 31,			
		2024	2024	2023			
		(in millions)					
<b>Supplemental cash flow disclosures:</b>	<b>Supplemental cash flow disclosures:</b>						
Interest payments	Interest payments						
Interest payments	Interest payments	\$317	\$256				
Income tax payments, net	Income tax payments, net	\$957	\$751				
<b>Details of businesses acquired in purchase transactions:</b>	<b>Details of businesses acquired in purchase transactions:</b>						
Fair value of assets acquired, net of cash and cash equivalents acquired	Fair value of assets acquired, net of cash and cash equivalents acquired						
Fair value of assets acquired, net of cash and cash equivalents acquired	Fair value of assets acquired, net of cash and cash equivalents acquired						

Fair value of assets acquired, net of cash and cash equivalents acquired	Fair value of assets acquired, net of cash and cash equivalents acquired	\$454	\$411
Less: Fair value of liabilities assumed	Less: Fair value of liabilities assumed	(236)	(65)
Less: Noncontrolling interests acquired	Less: Noncontrolling interests acquired	5	(53)
Cash paid for acquired businesses, net of cash and cash equivalents acquired	Cash paid for acquired businesses, net of cash and cash equivalents acquired	\$223	\$293
Cash paid for acquired businesses, net of cash and cash equivalents acquired	Cash paid for acquired businesses, net of cash and cash equivalents acquired		

See accompanying notes to condensed consolidated financial statements.

98

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

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

The accompanying unaudited condensed consolidated financial statements are presented in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the disclosures normally required by accounting principles generally accepted in the United States of America, or GAAP, or those normally made in an Annual Report on Form 10-K. The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. For further information, the reader of this Form 10-Q should refer to our Form 10-K for the year ended **December 31, 2022** **December 31, 2023**, that was filed with the Securities and Exchange Commission, or the SEC, on **February 16, 2023** **February 15, 2024**. We refer to this Form 10-K as the **"2022" "2023 Form 10-K"** in this document. References throughout this document to "we," "us," "our," "Company," and "Humana" mean Humana Inc. and its subsidiaries.

The preparation of our condensed consolidated financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the amounts reported in the unaudited condensed consolidated financial statements and accompanying notes. The areas involving the most significant use of estimates are the estimation of benefits payable, the impact of risk adjustment provisions related to our Medicare contracts, the valuation and related impairment recognition of investment securities, and the valuation and related impairment recognition of long-lived assets, including goodwill and indefinite-lived intangible assets. These estimates are based on knowledge of current events and anticipated future events, and accordingly, actual results may ultimately differ materially from those estimates. For additional information regarding accounting policies considered in preparing our consolidated financial statements, refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our **2022** **2023** Form 10-K.

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

**Employer Group Commercial Medical Products Business Exit**

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

#### **Value Creation Initiatives**

During Beginning in 2022, in order to create capacity to fund growth and investment in our Medicare Advantage business and further expansion of our healthcare services capabilities, beginning in 2023, 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, during the three and nine months ended September 30, 2022, we recorded charges, of \$82 million and \$285 million, respectively. For the three and nine months ended September 30, 2022, these charges primarily relate to \$4 million and \$144 million, respectively, in asset impairments, including software and abandonment, and \$44 of \$29 million and \$65 million, respectively, of severance charges in connection with workforce optimization. The remainder of the charges primarily relate to external consulting fees. During for the three months ended September 30, 2023, we March 31, 2024 within operating costs in the consolidated statements of income. These charges were recorded charges of \$52 million primarily in asset impairments relating at the corporate level and not allocated to software and abandonment. In connection with these initiatives, we the segments. We expect to incur additional charges through the end of 2024. These We did not record any charges are recorded at for the corporate level and not allocated to the segments.

10

**Humana Inc.**

#### **NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

**(Unaudited)**

#### **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 have 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 three months ended March 31, 2023.

#### **Revenue Recognition**

Our revenues include premiums and services revenue. Services revenue includes administrative service fees that are recorded based upon established per member per month rates and the number of members for the month and are recognized as services are provided for the month. Additionally, services revenue includes net patient services revenue that are recorded based upon established billing rates, less allowances for contractual adjustments, and are

9

**Humana Inc.**

#### **NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

**(Unaudited)**

recognized as services are provided. For additional information regarding our revenues, refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our 2022 2023 Form 10-K. For additional information regarding disaggregation of revenue by segment and type, refer to Note 14 to the unaudited Condensed Consolidated Financial Statements included in Part I, Item 1, "Financial Statements" of this Form 10-Q.

At September 30, 2023 March 31, 2024, accounts receivable related to services were \$322 \$390 million. For the three and nine months ended September 30, 2023 March 31, 2024, we had no material bad-debt expense and there were no material contract assets, contract liabilities or deferred contract costs recorded on the condensed consolidated balance sheet at September 30, 2023 March 31, 2024.

For the three and nine months ended September 30, 2023 March 31, 2024, services revenue recognized from performance obligations related to prior periods, such as due to changes in transaction price, was not material. Further, services revenue expected to be recognized in any future year related to remaining performance obligations was not material.

## 2. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

### *Accounting Pronouncements Effective in Future Periods*

In November 2020, December 2023, the FASB issued Accounting Standards Update No. 2020-11, Financial Services—Insurance (Topic 944): Effective Date 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 Early Application ("ASU 2020-11") amounts for each reportable segment. The amendments in ASU 2020-11 make changes to new guidance will be effective for us beginning with our annual 2024 year-end financial statements. We are currently evaluating the effective date and early application of impact on our segment information footnote disclosures.

In December 2023, the FASB issued Accounting Standards Update No. 2018-12, Financial Services—Insurance 2023-09 — Income Taxes (Topic 944) 740): Targeted Improvements to Income Tax Disclosures. The new guidance requires significant additional disclosures about income taxes, primarily focused on the Accounting for Long-Duration Contracts ("ASU 2018-12"), which was issued in November 2018, disclosure of income taxes paid and the rate reconciliation table. The amendments in ASU 2020-11 have 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 new guidance requires prospective application (with retrospective application permitted). 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 will be effective for us beginning January 1, 2023 and is to be applied to contracts in force on with our annual 2025 year-end financial statements, with early adoption permitted. We are currently evaluating the basis of their

11

---

Humana Inc.

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

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. income tax footnote disclosures.

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

## 3. ACQUISITIONS 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 \$240 million. For the three and nine months ended September 30, 2022, the accompanying condensed consolidated statement of income includes revenues related to Gentiva Hospice of \$177 million and \$958 million, respectively, and pretax earnings of \$24 million and \$150 million, respectively.

During the first quarter of 2024 and 2023, and 2022, respectively, we acquired various health and wellness related businesses which, individually or in the aggregate, have not had a material impact on our results of operations, financial condition, or cash flows. The results of operations and financial condition of these businesses acquired in the first quarter of 2024 and 2023, and 2022 respectively, have been included in our condensed consolidated statements of income and condensed consolidated balance sheets from the respective acquisition dates. Acquisition-related costs recognized in 2023 the first quarter of 2024 and 2022 2023, were not material to our results of operations. For asset acquisitions, the goodwill acquired is partially amortizable as deductible expenses for tax purposes. The pro forma financial information assuming the acquisitions had occurred as of the beginning of the calendar year prior to the year of acquisition, as well as the revenues and earnings generated during the year quarter of acquisition, were not material for disclosure purposes.

12 10

---

Humana Inc.

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

#### 4. INVESTMENT SECURITIES

Investment securities classified as current and long-term were as follows at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively:

	Amortized Cost				Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value				
	Gross		Gross									
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value								
(in millions)												
<b>September 30, 2023</b>												
<b>March 31, 2024</b>												
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 other U.S. government corporations and agencies:											
U.S. Treasury and agency obligations	U.S. Treasury and agency obligations	\$ 2,043	\$ —	\$ (105)	\$ 1,938							
Mortgage-backed securities	Mortgage-backed securities	3,890	—	(637)	3,253							
Tax-exempt municipal securities	Tax-exempt municipal securities	848	—	(50)	798							
Mortgage-backed securities:	Mortgage-backed securities:											
Residential	Residential	497	—	(85)	412							
Residential	Residential											
Commercial	Commercial	1,475	—	(155)	1,320							
Asset-backed securities	Asset-backed securities	1,849	—	(65)	1,784							
Corporate debt securities	Corporate debt securities	6,864	14	(868)	6,010							
Total debt securities	Total debt securities	\$17,466	\$ 14	\$ (1,965)	15,515							
Common stock					—							
Total investment securities					\$15,515							
<b>December 31, 2022</b>												
<b>December 31, 2023</b>												
<b>December 31, 2023</b>												

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	Mortgage-backed securities
Tax-exempt municipal securities	Tax-exempt municipal securities
Mortgage-backed securities:	Mortgage-backed securities:
Residential	Residential
Residential	Residential
Residential	Residential
Commercial	Commercial
Asset-backed securities	Asset-backed securities
Corporate debt securities	Corporate debt securities
Total debt securities	Total debt securities
Common stock	
	Total investment securities

13 11

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

We held certain corporate debt securities of Gentiva Hospice at September 30, 2023 with amortized cost \$379 million and \$295 million, respectively, at March 31, 2024. The book value and fair value of approximately \$281 million and \$397 million, respectively, at March 31, 2024. The book value and fair value were \$379 million and \$398 million, respectively, at December 31, 2023.

Gross unrealized losses and fair values aggregated by investment category and length of time of individual debt securities that have been in a continuous unrealized loss position for which no allowances for credit loss has been recorded were as follows at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively:

**Less than 12 months**   **12 months or more**   **Total**   **Less than 12 months**   **12 months or more**   **Total**



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	U.S. Treasury and agency obligations	\$ 512	\$ (5)	\$ 397	\$ (50)	\$ 909	\$ (55)
Mortgage-backed securities	Mortgage-backed securities	1,231	(104)	1,683	(367)	2,914	(471)
Tax-exempt municipal securities	Tax-exempt municipal securities	64	(2)	615	(36)	679	(38)
Mortgage-backed securities:	Mortgage-backed securities:						
Residential	Residential	124	(16)	274	(60)	398	(76)
Residential	Residential						
Commercial	Commercial	243	(13)	1,157	(142)	1,400	(155)
Asset-backed securities	Asset-backed securities	620	(32)	1,011	(46)	1,631	(78)
Corporate debt securities	Corporate debt securities	1,625	(98)	3,825	(730)	5,450	(828)
Total debt securities	Total debt securities	\$4,419	\$ (270)	\$ 8,962	\$ (1,431)	\$13,381	\$ (1,701)

Approximately 98% 97% of our debt securities were investment-grade quality, with a weighted average credit rating of AA AA- by Standard & Poor's Rating Service, or S&P, at September 30, 2023 March 31, 2024. Most of the Our remaining debt securities that were below investment-grade were primarily rated BB- B+, the higher end of the below investment-grade rating scale. Tax-exempt municipal securities were diversified among general obligation bonds of states and local municipalities in the United States as well as special revenue bonds issued by municipalities to finance specific public works projects such as utilities, water and sewer, transportation, or education. Our general obligation bonds are diversified across the United States with no individual state exceeding approximately 1% of our total debt securities. Our investment policy limits investments in a single issuer and requires diversification among various asset types.

Our unrealized losses from all debt securities were generated from approximately 1,790 1,685 positions out of a total of approximately 2,070 2,100 positions at September 30, 2023 March 31, 2024. All issuers of debt securities we own that were trading at an unrealized loss at September 30, 2023 remain current on all contractual payments. After taking into account these

1412

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

unrealized loss at March 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 these debt securities were purchased. At September 30, 2023 March 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 for the three and nine months ended September 30, 2023 March 31, 2024 or 2022, 2023.

The detail of gains (losses) related to investment securities and included within investment income was as follows for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023:

	Three months ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31, 2024		2023	
	2023	2022	2023	2022				
	(in millions)	(in millions)					(in millions)	
Gross gains on investment securities	Gross gains on investment securities	\$—	\$ 2	\$ 15	\$ 41			
Gross losses on investment securities	Gross losses on investment securities	(4)	(52)	(65)	(58)			
Gross gains on equity securities	Gross gains on equity securities	—	51	1	51			
Gross losses on equity securities	Gross losses on equity securities	—	—	—	(170)			
Net recognized (losses) gains on investment securities		<u><u>\$ (4)</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ (49)</u></u>	<u><u>\$ (136)</u></u>			
Net recognized gains (losses) on investment securities								

The gains and losses related to equity securities for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 was as follows:

	Three months ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31, 2024		2023	
	2023	2022	2023	2022				
	(in millions)	(in millions)					(in millions)	
Three Months Ended March 31,								
Three Months Ended March 31,								
Three Months Ended March 31,								
2024								
(in millions)								

Net gains (losses)	Net gains (losses)
recognized on equity securities	recognized on equity securities
during the period	period
	\$— \$51 \$1 \$(119)
Less: Net gains (losses)	Less: Net gains (losses)
recognized on equity securities	recognized on equity securities
sold during the period	sold during the period
	— 47 — (105)
Unrealized gains (losses)	Unrealized gains (losses)
recognized on equity securities	recognized on equity securities
still held at the end of the period	still held at the end of the period
	\$— \$ 4 \$1 \$ (14)

The contractual maturities of debt securities available for sale at **September 30, 2023** **March 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	Fair Value		
	Amortized Cost		Amortized Cost	Fair Value
		(in millions)		(in millions)
Due within one year	Due within one year	\$ 659	\$ 654	
Due after one year through five years	Due after one year through five years	4,850	4,565	
Due after five years through ten years	Due after five years through ten years	3,017	2,573	
Due after ten years	Due after ten years	1,229	954	
Mortgage and asset- backed securities	Mortgage and asset- backed securities	7,711	6,769	
Total debt securities	Total debt securities	\$17,466	\$15,515	

For additional information regarding our investment securities, refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our **2022** **2023** Form 10-K.

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

**5. FAIR VALUE**

**Financial Assets**

The following table summarizes our fair value measurements at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively, for financial assets measured at fair value on a recurring basis:

	Fair Value Measurements Using				Fair Value Measurements Using													
	Quoted Prices in Active Markets		Other Observable Inputs		Quoted Prices in Active Markets		Other Observable Inputs											
	Fair Value	(Level 1)	Inputs	(Level 2)	Fair Value	(Level 1)	Inputs	(Level 2)										
	(in millions)																	
<b>September 30, 2023</b>																		
<b>March 31, 2024</b>																		
Cash equivalents																		
Cash equivalents																		
Cash equivalents	Cash equivalents	\$ 15,035	\$ 15,035	\$ —	\$ —													
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 agency obligations	U.S. Treasury and agency obligations	1,938	—	1,938	—													
U.S. Treasury and agency obligations	U.S. Treasury and agency obligations	1,938	—	1,938	—													
Mortgage-backed securities	Mortgage-backed securities	3,253	—	3,253	—													
Tax-exempt municipal securities	Tax-exempt municipal securities	798	—	798	—													
Mortgage-backed securities:	Mortgage-backed securities:																	
Residential																		
Residential																		
Residential	Residential	412	—	412	—													
Commercial	Commercial	1,320	—	1,320	—													
Asset-backed securities	Asset-backed securities	1,784	—	1,784	—													
Corporate debt securities	Corporate debt securities	6,010	—	5,905	105													
Total debt securities	Total debt securities	15,515	—	15,410	105													

Total invested assets	Total invested assets	\$30,550	\$ 15,035	\$ 15,410	\$ 105
Total invested assets					
Total invested assets					
<u><b>December 31, 2022</b></u>					
<u><b>December 31, 2023</b></u>					
<u><b>December 31, 2023</b></u>					
<u><b>December 31, 2023</b></u>					
Cash equivalents	Cash equivalents	\$ 4,832	\$ 4,832	\$ —	\$ —
Cash equivalents					
Debt securities:	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 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	U.S. Treasury and agency obligations				
U.S. Treasury and agency obligations	U.S. Treasury and agency obligations	1,039	—	1,039	—
Mortgage-backed securities	Mortgage-backed securities	3,230	—	3,230	—
Tax-exempt municipal securities	Tax-exempt municipal securities	728	—	728	—
Mortgage-backed securities:	Mortgage-backed securities:				
Residential	Residential	401	—	401	—
Residential					
Residential					
Commercial	Commercial	1,399	—	1,399	—
Asset-backed securities	Asset-backed securities	1,731	—	1,731	—
Corporate debt securities	Corporate debt securities	5,726	—	5,625	101
Total debt securities	Total debt securities	14,254	—	14,153	101
Common stock		7	7	—	—
Total invested assets	Total invested assets	\$19,093	\$ 4,839	\$ 14,153	\$ 101
Total invested assets					
Total invested assets					

Our Level 3 assets had a fair value of \$226 million, or 1.0% of total invested assets, and \$218 million, or 1.0% of total invested assets, at March 31, 2024 and December 31, 2023, respectively. During the three months ended

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

Our Level 3 assets had a fair value of \$105 million at September 30, 2023, or 0.3% of our total invested assets. During the nine months ended September 30, 2023 March 31, 2024 and 2022, the changes in the fair value of the assets measured using significant unobservable inputs (Level 3) were comprised of the following:

		For the nine months ended September 30, 2023	For the nine months ended September 30, 2022		
		Private Placements	Private Placements		
		(in millions)			
For the three months ended March 31, 2024					
For the three months ended March 31, 2024					
For the three months ended March 31, 2024					
		Private Placements	Private Placements		
		Private Placements	Private Placements		
		(in millions)	(in millions)		
		(in millions)	(in millions)		
Beginning balance at January 1	Beginning balance at January 1	\$ 101	\$ 68		
Total gains or losses:	Total gains or losses:				
Total gains or losses:					
Total gains or losses:					
Realized in earnings					
Realized in earnings					
Realized in earnings	Realized in earnings	—	—		
Unrealized in other comprehensive income	Unrealized in other comprehensive income	(1)	—		
Unrealized in other comprehensive income					
Unrealized in other comprehensive income					
Purchases					
Purchases					
Purchases	Purchases	13	(12)		
Sales	Sales	—	44		
Maturities		(4)	—		
Sales					
Sales					
Settlements					
Settlements					
Settlements					
Transfer out	Transfer out	(4)			
Balance at September 30		\$ 105	\$ 100		
Transfer out					
Transfer out					
Balance at March 31					
Balance at March 31					
Balance at March 31					

#### Interest Rate Swaps

During the third quarter of 2023, 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% senior notes and our \$750 million of 5.500% senior notes payable from fixed rates to variable rates, based on 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% and 5.500% senior notes for a variable interest rate based on SOFR. Interest rate swaps with notional amounts of \$650 million, maturing September 1, 2032, and \$250 million, maturing March 15, 2033, were outstanding on our 5.875% and 5.500% senior notes, respectively, at September 30, 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 condensed consolidated balance sheets at fair value as of the reporting date. Our interest rate swaps are highly effective at reflecting the fair value of our hedged fixed rate senior notes payable. We utilize market-based financing rates, forward yield curves and discount rates in determining fair value of these swaps at each reporting date, a Level 2 measure within the fair value hierarchy. The cumulative, aggregate adjustment to the carrying value of the senior notes was approximately \$17 million at March 31, 2024. The swap liability, asset, included within other long-term liabilities on our condensed consolidated balance sheet, was not material, were approximately \$20 million and \$68 million at September 30, 2023, March 31, 2024 and December 31, 2023, respectively. We include the gain or loss on the swap agreements in interest expense on our condensed consolidated income statement, the same line item as the offsetting loss or gain on the related senior notes. The gain or loss due to hedge ineffectiveness was not material for the three and nine months ended September 30, 2023 March 31, 2024. We did not enter into interest-rate swap agreements for the three months ended March 31, 2023. The following table summarizes the notional amounts at March 31, 2024 and December 31, 2023, respectively, for our senior notes under the swap agreements:

	March 31, 2024		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
\$1,000 million, 5.750% due April 15, 2054		400	—

#### Financial Liabilities

Our debt is recorded at carrying value in our condensed consolidated balance sheets. The carrying value of our senior notes debt outstanding, net of unamortized debt issuance costs, was \$9.5 billion \$13.0 billion at September 30, 2023 March 31, 2024 and \$10.0 billion \$10.8 billion at December 31, 2022 December 31, 2023. The fair value of our senior notes debt was \$8.7 billion \$12.6 billion at September 30, 2023 March 31, 2024 and \$9.4 billion \$10.6 billion at December 31, 2022 December 31, 2023. The fair value of our senior notes debt is determined based on Level 2 inputs.

15

#### Human Inc.

#### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Unaudited)

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. The commercial paper borrowings were \$2.2 billion \$0.3 billion and \$0.9 billion at September 30, 2023 March 31, 2024 and commercial paper borrowings were \$1.1 billion at December 31, 2022 December 31, 2023, respectively.

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

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

The put and call options fair values associated with our Primary Care Organization strategic partnership with Welsh, Carson, Anderson & Stowe, or WCAS, which are exercisable at a fixed revenue exit multiple and provide a minimum return on WCAS' investment if exercised, are measured at fair value each reporting period using a Monte

17

#### Human Inc.

#### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Unaudited)

Carlo simulation. The put and call options fair values, derived from the Monte Carlo simulation, were \$410 million \$731 million and \$12 million \$22 million, respectively, at **September 30, 2023** **March 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 condensed consolidated balance sheets.

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

		September 30, 2023	December 31, 2022
		March 31, 2024	
		March 31, 2024	
		March 31, 2024	
Annualized volatility			
Annualized volatility			
Annualized volatility	Annualized volatility	16.6% - 19.6%	16.7% - 20.8%
Credit spread	Credit spread	0.9% - 1.4%	1.3% - 1.5%
Credit spread			
Credit spread			
Revenue exit multiple			
Revenue exit multiple			
Revenue exit multiple	Revenue exit multiple	1.5x - 2.5x	
Weighted average cost of capital	Weighted average cost of capital	12.0% - 13.0%	11.5% - 12.5%
Weighted average cost of capital			
Weighted average cost of capital			
Long term growth rate			
Long term growth rate			
Long term growth rate	Long term growth rate	3.0	%
			3.0
			%

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

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

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

As disclosed in Note 3, we completed the sale of Gentiva Hospice on August 11, 2022. The carrying value of the assets and liabilities of Gentiva Hospice disposed approximates fair value. The amount of goodwill included in the carrying value is based on the relative fair value of the Home Solutions reporting unit included within the CenterWell segment.

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

For additional information regarding our fair value measurements, refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our **2022** **2023** Form 10-K.

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

#### 6. MEDICARE PART D

We cover prescription drug benefits in accordance with Medicare Part D under multiple contracts with the Centers for Medicare and Medicaid Services, or CMS. The accompanying condensed consolidated balance sheets include the following amounts associated with Medicare Part D at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**. CMS subsidies/discounts in the table below include the reinsurance and low-income cost subsidies funded by CMS for which we assume no risk as well as brand name prescription drug discounts for Part D plan participants in the coverage gap funded by CMS and pharmaceutical manufacturers. For additional information regarding our prescription drug benefits coverage in accordance with Medicare Part D, refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our **2022** **2023** Form 10-K.

	September 30, 2023		December 31, 2022		March 31, 2024		December 31, 2023	
	Risk	CMS	Risk	CMS	Risk	CMS	Risk	CMS
	Corridor	Subsidies/ Discounts	Corridor	Subsidies/ Discounts	Corridor	Subsidies/ Discounts	Corridor	Subsidies/ Discounts
	Settlement	Discounts	Settlement	Discounts	Settlement	Discounts	Settlement	Discounts
(in millions)								(in millions)
Other current assets	Other current assets	\$ 131	\$ 517	\$ 240	\$ 696			
Trade accounts payable and accrued expenses	Trade accounts payable and accrued expenses	(150)	(3,566)	(166)	(1,236)			
Net current (liability) asset		(19)	(3,049)	74	(540)			
Net current liability								
Other long-term assets	Other long-term assets	235	—	19	—			
Other long-term liabilities	Other long-term liabilities	(123)	—	(78)	—			
Net long-term asset (liability)	Net long-term asset (liability)	112	—	(59)	—			
Total net asset (liability)	Total net asset (liability)	\$ 93	\$ (3,049)	\$ 15	\$ (540)			

#### 7. GOODWILL AND OTHER INTANGIBLE ASSETS

Changes in the carrying amount of goodwill for our reportable segments for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** were as follows:

	Insurance	CenterWell	Total	
			(in millions)	
Balance at January 1, 2023	\$ 2,472	\$ 6,670	\$ 9,142	

Acquisitions	191	207	398
Balance at September 30, 2023	\$ 2,663	\$ 6,877	\$ 9,540

	Insurance	CenterWell	Total
(in millions)			
Balance at January 1, 2024	\$ 2,663	\$ 6,887	\$ 9,550
Acquisitions	—	13	13
Balance at March 31, 2024	\$ 2,663	\$ 6,900	\$ 9,563

1917

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

The following table presents details of our other intangible assets included in other long-term assets in the accompanying condensed consolidated balance sheets at **September 30, 2023**, **March 31, 2024** and **December 31, 2022**, **December 31, 2023**:

		September 30, 2023				December 31, 2022				March 31, 2024	December 31, 2023		
		Weighted Average		Accumulated Amortization		Accumulated Amortization							
		Life	Cost	Net	Cost	Net	Cost	Net	Cost				
(\$ in millions)													
Other intangible assets:	Other intangible assets:												
Certificates of need													
Certificates of need													
Certificates of need	Certificates of need	Indefinite	\$ 1,132	\$ —	\$ 1,132	\$ 1,132	\$ —	\$ 1,132					
Medicare licenses	Medicare licenses	Indefinite	302	—	302	286	—	286					
Customer contracts/relationships	Customer contracts/relationships	9.4 years	955	708	247	929	673	256					
Trade names and technology	Trade names and technology	6.7 years	139	106	33	142	107	35					
Provider contracts	Provider contracts	11.6 years	73	64	9	73	63	10					
Noncompetes and other	Noncompetes and other	8.4 years	84	42	42	86	40	46					
Total other intangible assets	Total other intangible assets	9.2 years	\$ 2,685	\$ 920	\$ 1,765	\$ 2,648	\$ 883	\$ 1,765					
Total other intangible assets													

Total other intangible assets

For the three months ended September 30, 2023 March 31, 2024 and 2022 2023, amortization expense for other intangible assets was approximately \$17 million \$16 million and \$25 million, respectively. For the nine months ended September 30, 2023 and 2022, amortization expense for other intangible assets was approximately \$51 million and \$61 million \$18 million, respectively. The following table presents our estimate of amortization expense remaining for 2023 2024 and each of the next five succeeding years at September 30, 2023 March 31, 2024:

			(in millions)		(in millions)
For the years ending December 31,	For the years ending December 31,				
	2023	\$ 15			
	2024				
	2024				
2024	2024	60			
2025	2025	58			
2026	2026	44			
2027	2027	34			
2028	2028	29			
2029					

For additional information regarding our goodwill and intangible assets, refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our 2022 Form 10-K.

2018

**Humana Inc.**

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

## 8. BENEFITS PAYABLE

On a consolidated basis, which represents our Insurance segment net of eliminations, activity in benefits payable was as follows for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022: 2023**:

	For the three months ended March 31,		For the three months ended March 31, (in millions)
	2024	2024	
	(in millions)		
Balances, beginning of period			
	For the nine months ended September 30,		
	2023	2022	
	(in millions)		
Balances, beginning of period	\$ 9,264	\$ 8,289	
Acquisitions	62	—	
Incurred related to:	Incurred related to:		
Incurred related to:			
Incurred related to:			

Current year			
Current year			
Current year	Current year	66,370	57,512
Prior years	Prior years	(758)	(404)
Total incurred	Total incurred	65,612	57,108
Paid related to:	Paid related to:		
Current year	Current year	(56,700)	(48,835)
Current year			
Prior years	Prior years	(8,042)	(7,325)
Total paid	Total paid	(64,742)	(56,160)
Balances, end of period	Balances, end of period	\$ 10,196	\$ 9,237

The total estimate of benefits payable for claims incurred but not reported, or IBNR, is included within the net incurred claims amounts. At **September 30, 2023** **March 31, 2024**, benefits payable included IBNR of approximately **\$6.4 billion** **\$7.3 billion**, primarily associated with claims incurred in **2023**, **2024**.

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

Our reserving practice is to consistently recognize the actuarial best estimate of our ultimate liability for claims. Actuarial standards require the use of assumptions based on moderately adverse experience, which generally results in favorable reserve development, or reserves that are considered redundant. For additional information regarding our benefits payable and benefits expense recognition, refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our **2022** **2023** Form 10-K.

**2119**

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

**9. EARNINGS PER COMMON SHARE COMPUTATION**

Detail supporting the computation of basic and diluted earnings per common share was as follows for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022**; **2023**:

	Three months ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
(dollars in millions, except per common share results; number of shares in thousands)				
Three Months Ended				
March 31,				
Three Months Ended				
March 31,				
Three Months Ended				
March 31,				
2024				
2024				
2023				

		(dollars in millions, except per common share results; number of shares in thousands)			
		(dollars in millions, except per common share results; number of shares in thousands)			
Net income available for common stockholders	Net income available for common stockholders	\$ 832	\$ 1,195	\$ 3,030	\$ 2,821
Weighted average outstanding shares of common stock used to compute basic earnings per common share	Weighted average outstanding shares of common stock used to compute basic earnings per common share	123,426	126,572	124,335	126,678
Dilutive effect of:	Dilutive effect of:				
Employee stock options					
Employee stock options	Employee stock options	26	61	31	50
Restricted stock	Restricted stock	531	723	519	577
Shares used to compute diluted earnings per common share	Shares used to compute diluted earnings per common share	123,983	127,356	124,885	127,305
Basic earnings per common share	Basic earnings per common share	\$ 6.74	\$ 9.45	\$ 24.37	\$ 22.27
Diluted earnings per common share	Diluted earnings per common share	\$ 6.71	\$ 9.39	\$ 24.26	\$ 22.16
Number of antidiilutive stock options and restricted stock excluded from computation	Number of antidiilutive stock options and restricted stock excluded from computation	137	78	251	267

For additional information regarding earnings per common share, refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our 2022 2023 Form 10-K.

## 10. STOCKHOLDERS' EQUITY

### *Dividends*

The following table provides details of dividend payments, excluding dividend equivalent rights for unvested stock awards, during 2023 2024 under our Board approved quarterly cash dividend policy:

Record Date	Payment Date	Amount per Share	Total Amount
(in millions)			
12/30/2022	1/27/2023	\$ 0.7875	\$ 98
03/31/2023	04/28/2023	\$ 0.8850	\$ 111
06/30/2023	07/28/2023	\$ 0.8850	\$ 110
9/29/2023	10/27/2023	\$ 0.8850	\$ 109

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

In October 2023, February 2024, the Board declared a cash dividend of \$0.885 per share payable on January 26, 2024 April 26, 2024 to stockholders of record on March 29, 2024. In April 2024, the Board declared a cash dividend of \$0.885 per share payable on July 26, 2024 to stockholders of record as of the close of business on December 29, 2023 June 28, 2024. Declaration and payment of future quarterly dividends are at the discretion of our Board and may be adjusted as business needs or market conditions change.

#### Stock Repurchases

Our Board of Directors may authorize the purchase of our common stock shares. Under the share repurchase authorization, shares may be purchased from time to time at prevailing prices in the open market, by block purchases, through plans designed to comply with Rule 10b5-1 under the Securities Exchange Act of 1934, as

2220

---

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

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 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 2024 repurchase authorization. During the nine three months ended September 30, 2023 March 31, 2024, we repurchased 2.0 1.8 million shares in open market transactions for \$980 \$702 million at an average price of \$478.20 \$388.78 under the current February 2023 and 2024 share repurchase authorization. During the nine three months ended September 30, 2022 March 31, 2023, we did not repurchase repurchased 0.1 million shares in open market transactions, transactions for \$67 million at an average price of \$495.68 under the February 2023 share repurchase authorization.

Our remaining repurchase authorization was \$1.9 \$2.96 billion as of October 31, 2023 April 23, 2024.

In connection with employee stock plans, we acquired 0.06 million 0.04 million common shares for \$31 million \$15 million and 0.07 0.05 million common shares for \$32 million \$27 million during the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023, respectively.

For additional information regarding our stockholders' equity, refer to Note 16 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our 2022 2023 Form 10-K.

#### 11. INCOME TAXES

The effective income tax rate was 23.5% and 23.1% for the three and nine months ended September 30, 2023, respectively, and 8.2% 25.3% and 22.5% for the three and nine months ended September 30, 2022, March 31, 2024 and 2023, respectively. The year-over-year increase in the effective income tax rate is primarily due to a change in the August 2022 disposition mix of current year earnings between our 60% interest in Gentiva Hospice, which resulted in an increase to Insurance segment and our CenterWell health services segment, as the latter incurs a higher effective domestic tax basis in both rate than the shares sold and former. In addition, the shares retained, thereby reducing the effective prior year income tax rate for was favorably impacted by the three and nine months ended September 30, 2022, recognition of a non-taxable gain.

For additional information regarding income taxes, refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our 2022 2023 Form 10-K.

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

**12. DEBT**

The carrying value of debt outstanding, net of unamortized debt issuance costs, was as follows at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**:

		September 30, 2023	December 31, 2022	
		(in millions)		
		March 31, 2024	March 31, 2024	December 31, 2023
		(in millions)		(in millions)
Short-term debt:	Short-term debt:			
Commercial paper				
Commercial paper				
Commercial paper	Commercial paper	\$ 2,245	\$ 595	
Senior notes:	Senior notes:			
\$1.5 billion, 0.650% due August 3, 2023		—	1,497	
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				
Total senior notes	Total senior notes	—	1,497	
Total short-term debt	Total short-term debt	\$ 2,245	\$ 2,092	
Long-term debt:	Long-term debt:			
Senior notes:	Senior notes:			
\$600 million, 3.850% due October 1, 2024		\$ 572	\$ 599	
Senior notes:				
Senior notes:				
\$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	598	597
\$500 million, 5.700% due March 13, 2026	\$500 million, 5.700% due March 13, 2026	497	—
\$750 million, 1.350% due February 3, 2027	\$750 million, 1.350% due February 3, 2027	688	745
\$600 million, 3.950% due March 15, 2027	\$600 million, 3.950% due March 15, 2027	537	597
\$500 million, 5.750% due March 1, 2028	\$500 million, 5.750% due March 1, 2028	495	494
\$500 million, 5.750% due December 1, 2028			
\$750 million, 3.700% due March 23, 2029	\$750 million, 3.700% due March 23, 2029	689	743
\$500 million, 3.125% due August 15, 2029	\$500 million, 3.125% due August 15, 2029	458	496
\$500 million, 4.875% due April 1, 2030	\$500 million, 4.875% due April 1, 2030	496	495
\$1,250 million, 5.375% due April 15, 2031			
\$750 million, 2.150% due February 3, 2032	\$750 million, 2.150% due February 3, 2032	743	743
\$750 million, 5.875% due March 1, 2033	\$750 million, 5.875% due March 1, 2033	715	739

\$850 million, 5.950% due March 15, 2034				
\$250 million, 8.150% due June 15, 2038	\$250 million, 8.150% due June 15, 2038	261	261	
\$400 million, 4.625% due December 1, 2042	\$400 million, 4.625% due December 1, 2042	396	396	
\$750 million, 4.950% due October 1, 2044	\$750 million, 4.950% due October 1, 2044	740	740	
\$400 million, 4.800% due March 15, 2047	\$400 million, 4.800% due March 15, 2047	396	396	
\$500 million, 3.950% due August 15, 2049	\$500 million, 3.950% due August 15, 2049	493	493	
\$750 million, 5.500% due March 15, 2053	\$750 million, 5.500% due March 15, 2053	709	—	
\$1,000 million, 5.750% due April 15, 2054				
Total senior notes	Total senior notes	9,483	8,534	
Term loans:				
Delayed draw term loan, due May 28, 2024		—	500	
Total term loans		—	500	
Total long-term debt	Total long-term debt	\$ 9,483	\$ 9,034	
Total long-term debt				
Total long-term debt				

#### Senior Notes

In March 2023, we issued \$500 million \$1.3 billion of 5.700% 5.375% unsecured senior notes due March 13, 2026 April 15, 2031 and \$750 million \$1.0 billion of 5.500% 5.750% unsecured senior notes due March 15, 2053 April 15, 2054. Our net proceeds, reduced for the underwriters' discounts and commissions paid, were \$1.2 \$2.2 billion. We used the net proceeds to repay outstanding amounts under our \$500 million Delayed Draw Term Loan. The remaining net proceeds will be used for general corporate purposes, which include the repayment of existing indebtedness, including borrowings under our commercial paper program.

In August 2023, we have entered into a Rule 10b5-1 Repurchase Plan interest-rate swap agreements with major financial institutions to repurchase a portion convert our interest-rate exposure on some 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%

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

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 three months ended September 30, 2023, we repurchased \$213 million principal amount of these senior notes for approximately \$196 million cash.

In March 2023, we entered into a Rule 10b5-1 Repurchase Plan payable from fixed rates 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 nine months ended September 30, 2023, we repurchased \$361 million principal amount of these senior notes for approximately \$358 million cash. In August 2023, 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 the third quarter of 2023, we entered into interest rate swap agreements to exchange the fixed interest rate under our 5.875% and 5.500% senior notes for a variable interest rate rates, based on SOFR, to align interest costs more closely with floating interest rates received on our cash equivalents and investment securities, as further described in Note 5. As a result, the carrying value of these senior notes has been adjusted to reflect changes in value

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

caused by an increase or decrease in interest rates. The cumulative, aggregate adjustment to the carrying value of the 5.875% and 5.500% senior notes was \$26 approximately \$17 million and \$5 million, respectively, at **September 30, 2023** March 31, 2024.

For additional information regarding our Senior Notes, refer to Note 13 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our **2022** **2023** Form 10-K.

***Revolving Credit Agreements***

In June 2023, we entered into an amended and restated 5-year, \$2.5 billion unsecured revolving credit agreement (replacing the 5-year, \$2.5 billion unsecured revolving credit agreement entered in June 2021) and entered into a 364-day \$1.5 billion unsecured revolving credit agreement (replacing the 364-day \$1.5 billion unsecured revolving credit agreement entered in June 2022, 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** **114.0** basis points under the 5-year revolving credit agreement and **105.5** **116.0** basis points under the 364-day revolving credit agreement, varies depending on our credit ratings ranging from 92.0 to 130.0 basis points under the 5-year revolving credit agreement and from 94.0 to 135.0 basis points under the 364-day revolving credit agreement. We also pay an annual facility fee regardless of utilization. This facility fee, currently **9.0** **11.0** basis points, under the 5-year revolving credit agreement and **7.0** **15.0** basis points under the 364-day revolving agreement, varies depending on our credit ratings ranging from 8.0 to 20.0 basis points under the 5-year revolving credit agreement and from 6.0 to 15.0 basis points under the 364-day revolving credit agreement.

Our credit agreements contain customary restrictive covenants and a financial covenant regarding maximum debt to capitalization of 60%, as well as customary events of default. We are in compliance with this financial covenant, with actual debt to capitalization of **41.1%** **45.1%** as measured in accordance with the revolving credit agreements as of **September 30, 2023** March 31, 2024.

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

At **September 30, 2023** **March 31, 2024**, we had no borrowings and approximately \$18 million of letters of credit outstanding under the revolving credit agreements. Accordingly, as of **September 30, 2023** **March 31, 2024**, we had \$2.482 billion of remaining borrowing capacity under the 5-year revolving credit agreement and \$1.5 billion of remaining borrowing capacity under the 364-day revolving credit agreement (which excludes the uncommitted \$750 million of incremental loan facilities), none of which would be restricted by our financial covenant compliance requirement.

For additional information regarding our Revolving Credit Agreements, refer to Note 13 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our **2022** **2023** Form 10-K.

#### **Commercial Paper**

Under our commercial paper program we may issue short-term, unsecured commercial paper notes privately placed on a discount basis through certain broker dealers at any time. Amounts available under the program may be borrowed, repaid and re-borrowed from time to time. The net proceeds of issuances have been and are expected to be used for general corporate purposes. The maximum principal amount outstanding at any one time during the **nine** **three** months ended **September 30, 2023** **March 31, 2024** was **\$2.3 billion** **\$2.7 billion**, with **\$2.2 billion** **\$0.3 billion** outstanding at **September 30, 2023** **March 31, 2024** compared to **\$0.6 billion** **\$0.9 billion**.

23

**Humana Inc.**

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

**billion** outstanding at **December 31, 2022** **December 31, 2023**. The outstanding commercial paper at **September 30, 2023** **March 31, 2024** had a weighted average annual interest rate of **5.58%** **5.46%**.

For additional information regarding our Commercial Paper refer to Note 13 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our **2022** **2023** Form 10-K.

#### **Other Short-term Borrowings**

We are a member, through one subsidiary, of the Federal Home Loan Bank of Cincinnati, or FHLB. As a member we have the ability to obtain short-term cash advances, subject to certain minimum collateral requirements. At **September 30, 2023** **March 31, 2024** we had no outstanding short-term FHLB borrowings.

### **13. COMMITMENTS, GUARANTEES AND CONTINGENCIES**

#### **Government Contracts**

Our Medicare products, which accounted for approximately **83%** **86%** of our total premiums and services revenue for the **nine** **three** months ended **September 30, 2023** **March 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 **2023** **2024**, and all of our product offerings filed with CMS for **2023** **2024** have been approved.

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

26

**Humana Inc.**

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

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

24

---

**Humana Inc.**

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

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

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

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

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

On September 1, 2023, Humana Inc. and Humana Benefit Plan of Texas, Inc. filed suit against the United States Department of Health and Human Services, and Xavier Becerra in his official capacity as Secretary, in the United States District Court, Northern District of Texas, Fort Worth Division seeking a determination that the Final RADV Rule violates the APA and should be set aside. We remain committed to working alongside CMS to promote the integrity of the MA program as well as affordability and cost certainty for our members. It is critical that MA plans

27

---

**Humana Inc.**

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

are paid accurately and that payment model principles, including the application of a FFS Adjuster, are in accordance with the requirements of the Social Security Act, which, if not implemented correctly could have a material adverse effect on our results of operations, financial position, or cash flows.

Our state-based Medicaid business, which accounted for approximately 7% of our total premiums and services revenue for the **nine****three** months ended **September 30, 2023****March 31, 2024** primarily consisted of serving members enrolled in Medicaid, and in certain circumstances members who qualify for both Medicaid and Medicare, under contracts with various states.

At **September 30, 2023****March 31, 2024**, our Military services business, which accounted for approximately 1% of our total premiums and services revenue for the **nine****three** months ended **September 30, 2023****March 31, 2024**, primarily consisted of the TRICARE T2017 East Region contract. The T2017 East Region contract comprises 32 states and approximately 6 million TRICARE beneficiaries, under which delivery of health care services commenced on January 1, 2018. The T2017 East Region contract, which was originally set to expire on December 31, 2022, was subsequently extended by the DoD and is currently scheduled to expire on **December 31, 2023****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 **DoD**. The **T-5 East Region**

25

**Humana Inc.**

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

contract is expected to go into effect in 2024. Until then the T2017 contract remains in place. Under the terms of the award, our service area comprises 24 states, and Washington D.C., and covers approximately 4.6 million beneficiaries. The transition period for the T-5 contract began in a region consisting January 2024 and will overlap the final year of 24 states and Washington, D.C. the T2017 contract. The length of the contract is one base transition year with followed by eight annual option periods, which, if all options are exercised, would result in a total contract length of nine years.

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

**Legal Proceedings and Certain Regulatory Matters**

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

As previously disclosed, on January 19, 2016, an individual filed a qui tam suit captioned *United States of America ex rel. Steven Scott v. Humana Inc.*, currently pending in United States District Court, Western District of Kentucky, Louisville division. The complaint alleges certain civil violations by us in connection with the actuarial equivalence of the plan benefits under Humana's Basic PDP plan, a prescription drug plan offered by us under Medicare Part D. The action seeks damages and penalties on behalf of the United States under the False Claims Act. The court ordered the qui tam action unsealed on September 13, 2017, so that the relator could proceed, following notice from the U.S. Government that it was not intervening at that time. On March 31, 2022, the Court denied the parties' Motions for Summary Judgement. We take seriously our obligations to comply with applicable CMS requirements and actuarial standards of practice, and continue to vigorously defend against these allegations. **As of September 30, 2023**, **During 2023**, we have accrued certain anticipated expenses in connection with this matter.

28

**Humana Inc.**

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

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

#### *Other Lawsuits and Regulatory Matters*

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

26

---

#### **Humana Inc.**

#### **NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

**(Unaudited)**

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

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

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

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

29

---

#### **Humana Inc.**

#### **NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

**(Unaudited)**

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.

#### **14. 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 dispensing services, primary care, and home services. 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. Prior period segment financial information has been recast to conform to the 2023 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 Chief Executive Officer, the Chief Operating Decision Maker, to assess performance and allocate resources.

The Insurance segment consists of Medicare benefits, marketed to individuals or directly via group Medicare accounts, as well as our contract with CMS to administer the Limited Income Newly Eligible Transition, or LI-NET, prescription drug plan program and contracts with various states to provide Medicaid, dual eligible demonstration,

**Human Inc.**

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

and Long-Term Support Services benefits, which we refer to collectively as our state-based contracts. This segment also includes products consisting of employer group commercial fully-insured medical and specialty health insurance benefits marketed to individuals and employer groups, including dental, vision, and other supplemental health benefits, as well as administrative services only, or ASO. In addition, our Insurance segment includes our Military services business, primarily our T-2017 East Region contract, as well as the operations of our PBM business.

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

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

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

**Human Inc.**

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

We present our condensed consolidated results of operations from the perspective of the health plans. As a result, the cost of providing benefits to our members, whether provided via a third party provider or internally through a stand-alone subsidiary, is classified as benefits expense and excludes the portion of the cost for which the health plans do not bear responsibility, including member co-share amounts and government subsidies of \$5.7 billion and \$5.4 billion for the three months ended **September 30, 2023** **March 31, 2024** and **2022**, respectively. For the nine months ended **September 30, 2023** and **2022** these amounts were \$14.7 billion and \$14.2 billion, respectively. In addition, depreciation and amortization expense associated with certain businesses delivering benefits to our members, primarily associated with our primary care and pharmacy operations, are included with benefits expense. The amount of this expense was \$35 million and \$30 million for the three months ended **September 30, 2023** **March 31, 2024** and **2022**, respectively, and \$102 million and \$89 million for the nine months ended **September 30, 2023** and **2022**, respectively.

Other than those described previously, the accounting policies of each segment are the same. For additional information regarding our accounting policies refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our **2022** **2023** Form 10-K. Transactions between reportable segments primarily consist of sales of products and services rendered by our CenterWell segment, primarily pharmacy, primary care, and home services, 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.

Our segment results were as follows for the three and nine months ended September 30, 2023 March 31, 2024 and 2022: 2023:

3128

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

		Eliminations/			
		Insurance	CenterWell	Corporate	Consolidated
<b>Three months ended September 30, 2023</b>		(in millions)			
		Insurance			
		Insurance			
		Insurance			
<b>Three months ended March 31, 2024</b>		(in millions)			
<b>External revenues:</b>		<b>External revenues:</b>			
Premiums:		Premiums:			
Premiums:					
Premiums:					
Individual Medicare Advantage					
Individual Medicare Advantage					
Individual Medicare Advantage					
Individual Medicare Advantage					
Individual Medicare Advantage					
Group Medicare Advantage					
Group Medicare Advantage					
Group Medicare Advantage					
Medicare stand-alone					
PDP					
Total Medicare					
Commercial fully-insured					
Specialty benefits					
Medicare Supplement					
State-based contracts and other					
Total premiums					
Services revenue:		Services revenue:			

Home solutions	Home solutions	—	342	—	342
Home solutions					
Home solutions					
Primary care	Primary care	—	214	—	214
Commercial ASO	Commercial ASO	55	—	—	55
Military and other		202	—	—	202
Military services and other					
Pharmacy solutions	Pharmacy solutions	—	203	—	203
Total services revenue	Total services revenue	257	759	—	1,016
Total external revenues	Total external revenues	25,356	759	—	26,115
Intersegment revenues	Intersegment revenues				
Services					
Services					
Services	Services	1	1,307	(1,308)	—
Products	Products	—	2,594	(2,594)	—
Total intersegment revenues	Total intersegment revenues	1	3,901	(3,902)	—
Investment income	Investment income	154	—	154	308
Total revenues	Total revenues	25,511	4,660	(3,748)	26,423
Operating expenses:	Operating expenses:				
Benefits	Benefits	21,976	—	(231)	21,745
Benefits					
Operating costs	Operating costs	2,634	4,207	(3,570)	3,271
Depreciation and amortization					
Depreciation and amortization					
Depreciation and amortization	Depreciation and amortization	179	53	(31)	201
Total operating expenses	Total operating expenses	24,789	4,260	(3,832)	25,217
Income from operations	Income from operations	722	400	84	1,206
Interest expense	Interest expense	—	1	113	114
Other income, net		—	—	(6)	(6)
Interest expense					
Interest expense					

Other expense, net	Income (loss) before income taxes and equity in net earnings	Income (loss) before income taxes and equity in net earnings	722	399	(23)	1,098
Equity in net losses	Equity in net losses	—	(12)	—	—	(12)
Segment earnings (loss)	Segment earnings (loss)	\$ 722	\$ 387	\$ (23)	\$ 1,086	
Net loss (income) attributable to noncontrolling interests		3	(1)	—	2	
Net loss attributable to noncontrolling interests						
Segment earnings (loss) attributable to Humana	Segment earnings (loss) attributable to Humana	\$ 725	\$ 386	\$ (23)	\$ 1,088	

3229

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

		Eliminations/ Insurance    CenterWell    Corporate    Consolidated			
Three months ended September 30, 2022		(in millions)			
	Insurance				
	Insurance				
	Insurance				
Three months ended March 31, 2023		Eliminations/ CenterWell    Corporate    Consolidated			
Three months ended March 31, 2023		(in millions)			
External revenues	External revenues				
Premiums:	Premiums:				
Premiums:					
Premiums:					
Individual Medicare Advantage					
Individual Medicare Advantage					
Individual Medicare Advantage					
Individual Medicare Advantage	Individual Medicare Advantage	\$16,007	\$ —	\$ —	\$ 16,007
Group Medicare Advantage	Group Medicare Advantage	1,792	—	—	1,792

Medicare stand-alone	Medicare stand-alone				
PDP	PDP	534	—	—	534
Total Medicare	Total Medicare	18,333	—	—	18,333
Commercial fully-insured	Commercial fully-insured	1,075	—	—	1,075
Specialty benefits	Specialty benefits	262	—	—	262
Medicare Supplement	Medicare Supplement	188	—	—	188
State-based contracts and other	State-based contracts and other	1,610	—	—	1,610
Total premiums	Total premiums	21,468	—	—	21,468
Services revenue:	Services revenue:				
Home solutions	Home solutions	—	519	—	519
Home solutions					
Home solutions					
Primary care	Primary care	—	159	—	159
Commercial ASO	Commercial ASO	73	—	—	73
Military and other	Military and other	137	—	—	137
Military services and other					
Pharmacy solutions	Pharmacy solutions	—	271	—	271
Total services revenue	Total services revenue	210	949	—	1,159
Total external revenues	Total external revenues	21,678	949	—	22,627
Intersegment revenues	Intersegment revenues				
Services					
Services					
Services	Services	14	863	(877)	—
Products	Products	—	2,459	(2,459)	—
Total intersegment revenues	Total intersegment revenues	14	3,322	(3,336)	—
Investment income	Investment income	51	3	118	172
Total revenues	Total revenues	21,743	4,274	(3,218)	22,799
Operating expenses:	Operating expenses:				
Benefits	Benefits	18,413	—	(29)	18,384
Benefits					
Benefits					

Operating costs	Operating costs	2,294	3,929	(3,162)	3,061
Depreciation and amortization	Depreciation and amortization	163	45	(26)	182
Depreciation and amortization	Depreciation and amortization				
Total operating expenses	Total operating expenses	20,870	3,974	(3,217)	21,627
Income (loss) from operations	Income (loss) from operations	873	300	(1)	1,172
Gain on sale of Gentiva Hospice	Gain on sale of Gentiva Hospice	—	(240)	—	(240)
Income from operations	Income from operations				
Interest expense	Interest expense	—	—	102	102
Other expense, net	Other expense, net	—	—	13	13
Interest expense	Interest expense				
Other income, net	Other income, net				
Income (loss) before income taxes and equity in net earnings	Income (loss) before income taxes and equity in net earnings	873	540	(116)	1,297
Equity in net earnings (losses)	Equity in net earnings (losses)	8	(5)	—	3
Equity in net losses	Equity in net losses				
Segment earnings (loss)	Segment earnings (loss)	\$ 881	\$ 535	\$ (116)	\$ 1,300
Net loss attributable to noncontrolling interests	Net loss attributable to noncontrolling interests	2	—	—	2
Segment earnings (loss) attributable to Humana	Segment earnings (loss) attributable to Humana	\$ 883	\$ 535	\$ (116)	\$ 1,302

33

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

	Insurance	CenterWell	Eliminations/ Corporate	Consolidated
Nine months ended September 30, 2023			(in millions)	
External revenues				

Premiums:				
Individual Medicare Advantage	\$ 59,195	\$ —	\$ —	\$ 59,195
Group Medicare Advantage	5,192	—	—	5,192
Medicare stand-alone PDP	1,677	—	—	1,677
Total Medicare	66,064	—	—	66,064
Commercial fully-insured	2,810	—	—	2,810
Specialty benefits	758	—	—	758
Medicare Supplement	546	—	—	546
State-based contracts and other	5,966	—	—	5,966
Total premiums	76,144	—	—	76,144
Services revenue:				
Home solutions	—	997	—	997
Primary care	—	605	—	605
Commercial ASO	190	—	—	190
Military and other	540	—	—	540
Pharmacy solutions	—	661	—	661
Total services revenue	730	2,263	—	2,993
Total external revenues	76,874	2,263	—	79,137
Intersegment revenues				
Services	30	3,584	(3,614)	—
Products	—	7,848	(7,848)	—
Total intersegment revenues	30	11,432	(11,462)	—
Investment income	385	—	390	775
Total revenues	77,289	13,695	(11,072)	79,912
Operating expenses:				
Benefits	66,096	—	(484)	65,612
Operating costs	7,597	12,526	(10,762)	9,361
Depreciation and amortization	516	152	(90)	578
Total operating expenses	74,209	12,678	(11,336)	75,551
Income from operations	3,080	1,017	264	4,361
Interest expense	—	2	345	347
Other expense, net	—	—	40	40
Income (loss) before income taxes and equity in net losses	3,080	1,015	(121)	3,974
Equity in net losses	(2)	(37)	—	(39)
Segment earnings (loss)	\$ 3,078	\$ 978	\$ (121)	\$ 3,935
Net loss (income) attributable to noncontrolling interests	7	(1)	—	6
Segment earnings (loss) attributable to Humana	\$ 3,085	\$ 977	\$ (121)	\$ 3,941

34

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

Nine months ended September 30, 2022	Insurance	CenterWell	Eliminations/ Corporate	Consolidated
	(in millions)			

<b>External Revenues</b>					
<b>Premiums:</b>					
Individual Medicare Advantage	\$ 49,751	\$ —	\$ —	\$ —	\$ 49,751
Group Medicare Advantage	5,524	—	—	—	5,524
Medicare stand-alone PDP	1,779	—	—	—	1,779
Total Medicare	57,054	—	—	—	57,054
Commercial fully-insured	3,324	—	—	—	3,324
Specialty benefits	784	—	—	—	784
Medicare Supplement	555	—	—	—	555
State-based contracts and other	4,720	—	—	—	4,720
Total premiums	66,437	—	—	—	66,437
<b>Services revenue:</b>					
Home solutions	—	1,997	—	—	1,997
Primary care	—	409	—	—	409
Commercial ASO	225	—	—	—	225
Military and other	395	—	—	—	395
Pharmacy solutions	—	746	—	—	746
Total services revenue	620	3,152	—	—	3,772
<b>Total external revenues</b>	<b>67,057</b>	<b>3,152</b>	<b>—</b>	<b>—</b>	<b>70,209</b>
<b>Intersegment revenues</b>					
Services	42	2,614	(2,656)	—	—
Products	—	7,394	(7,394)	—	—
<b>Total intersegment revenues</b>	<b>42</b>	<b>10,008</b>	<b>(10,050)</b>	<b>—</b>	<b>—</b>
Investment income	143	6	73	—	222
<b>Total revenues</b>	<b>67,242</b>	<b>13,166</b>	<b>(9,977)</b>	<b>—</b>	<b>70,431</b>
<b>Operating expenses:</b>					
Benefits	57,311	—	(203)	—	57,108
Operating costs	6,486	12,002	(9,368)	—	9,120
Depreciation and amortization	469	136	(78)	—	527
Total operating expenses	64,266	12,138	(9,649)	—	66,755
Income (loss) from operations	2,976	1,028	(328)	—	3,676
Gain on sale of Gentiva Hospice	—	(240)	—	—	(240)
Interest expense	—	—	293	—	293
Other income, net	—	—	(16)	—	(16)
Income (loss) before income taxes and equity in net losses	2,976	1,268	(605)	—	3,639
Equity in net earnings (losses)	16	(15)	—	—	1
Segment earnings (loss)	\$ 2,992	\$ 1,253	\$ (605)	\$ —	\$ 3,640
Net loss (income) attributable to noncontrolling interests	2	(1)	—	—	1
Segment earnings (loss) attributable to Humana	\$ 2,994	\$ 1,252	\$ (605)	\$ —	\$ 3,641

35 30

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

The condensed consolidated financial statements of Humana Inc. in this document present the Company's financial position, results of operations and cash flows, and should be read in conjunction with the following discussion and analysis. References to "we," "us," "our," "Company," and "Humana" mean Humana Inc. and its subsidiaries. This discussion includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When used in filings with the Securities and Exchange Commission, or SEC, in our press releases, investor presentations, and in oral statements made by or with the approval of one of our executive officers, the words or phrases like "believes," "expects," "anticipates," "intends," "likely will result," "estimates," "projects" or variations of such words and similar expressions are intended to identify such forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions, including, among other things, information set forth in Item 1A. – Risk Factors in our [2022](#)[2023](#) Form 10-K, as modified by any changes to those risk factors included in this document and in other reports we filed subsequent to [February 16, 2023](#)[February 15, 2024](#), in each case incorporated by reference herein. In making these statements, we are not undertaking to address or update such forward-looking statements in future filings or communications regarding our business or results. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this document might not occur. There may also be other risks that we are unable to predict at this time. Any of these risks and uncertainties may cause actual results to differ materially from the results discussed in the forward-looking statements.

## Executive Overview

### General

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

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

### Employer Group Commercial Medical Products Business Exit

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

### Sale of Hospice and Personal Care Divisions

**On August 11, 2022, we completed** the sale of a 60% interest in Gentiva 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 \$240 million.

### 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 have 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

During [Beginning in 2022](#), in order to create capacity to fund growth and investment in our Medicare Advantage business and further expansion of our healthcare services capabilities, [beginning in 2023](#), 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, [during the three and nine months ended September 30, 2022](#), we recorded charges, of \$82 million and \$285 million, respectively. For [the three and nine months ended September 30, 2022](#), these charges primarily relate to \$4 million and \$144 million, respectively, in asset impairments, including software and abandonment, and \$44 of \$29 million and \$65 million, respectively, of severance charges in connection with workforce optimization. The remainder of the charges primarily relate to external consulting fees. During [for the three months ended September 30, 2023](#), we [March 31, 2024](#) within operating costs in the consolidated statements of income. These charges were recorded charges of \$52 million primarily in asset impairments relating at the corporate level and not allocated to software and abandonment. In connection with these

initiatives, we the segments. We expect to incur additional charges through the end of 2024. These We did not record any charges are recorded at for the corporate level and not allocated to the segments. three months ended March 31, 2023.

#### **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 dispensing services, primary care, and home services. 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. Prior period segment financial information has been recast to conform to the 2023 presentation. For a recast of prior period segment financial information, refer to Note 14 to the unaudited Consolidated Financial Statements included in Part I, Item 1, "Financial Statements" of this Form 10-Q.

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

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

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

The results of each segment are measured by income (loss) from operations. Transactions between reportable segments primarily consist of sales of products and services rendered by our CenterWell segment, primarily pharmacy, primary care, and home services, 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 increased. Similar impacts and seasonal disruptions from either higher or lower utilization are expected to persist as we recover from the COVID-19 global health crisis.

One of the product offerings of our Insurance segment is Medicare stand-alone prescription drug plans, or PDP, under the Medicare Part D program. Our quarterly Insurance segment earnings and operating cash flows are impacted by the Medicare Part D benefit design and changes in the composition of our membership. The Medicare Part D benefit

design results in coverage that varies as a member's cumulative out-of-pocket costs pass through successive stages of a member's plan period, which begins annually on January 1 for renewals. These plan designs generally result in us sharing a greater portion of the responsibility for total prescription drug costs in the early stages and less in the latter stages. As a result, the PDP benefit ratio generally decreases as the year progresses. In addition, the number of low income senior members as well as year-over-year changes in the mix of membership in our stand-alone PDP products affects the quarterly benefit ratio pattern.

The Insurance segment also experiences seasonality in the commercial fully-insured product offering. The effect on the Insurance segment benefit ratio is opposite of the Medicare stand-alone PDP impact, with the benefit ratio increasing as fully-insured members progress through their annual deductible and maximum out-of-pocket expenses. The Employer Group Commercial Fully-Insured business increased/decreased the Insurance segment benefit ratio by 20 basis points and increased/decreased the Insurance segment benefit ratio by 30 basis points for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. The Employer Group Commercial Fully-Insured business did not impact the Insurance segment benefit ratio for the nine months ended September 30, 2023 and increased the Insurance segment benefit ratio by 10 basis points for the nine months ended 2022.

32

---

The Insurance segment also experiences seasonality in the operating cost ratio as a result of costs incurred in the second half of the year associated with the Medicare marketing season. The Insurance segment may experience adverse impacts in the operating cost ratio as a result of our Employer Group Commercial Medical Products exit phased over the 18-24 months following our February 2023 announcement. The Employer Group Commercial Fully-Insured business increased the Insurance segment operating cost ratio by 40 basis points and increased the Insurance segment operating cost ratio by 50 basis points for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively. The Employer Group Commercial Fully-Insured business increased the Insurance segment operating

38

---

cost ratio by 40 basis points and increased the Insurance segment operating cost ratio by 50 basis points for the nine months ended September 30, 2023 and 2022, 2023, respectively.

#### **2023 2024 Highlights**

- Our strategy offers our members affordable health care combined with a positive consumer experience in growing markets. At the core of this strategy is our integrated care delivery model, which unites quality care, high member engagement, and sophisticated data analytics. Our approach to primary, physician-directed care for our members aims to provide quality care that is consistent, integrated, cost-effective, and member-focused, provided by both employed physicians and physicians with network contract arrangements. The model is designed to improve health outcomes and affordability for individuals and for the health system as a whole, while offering our members a simple, seamless healthcare experience. We believe this strategy is positioning us for long-term growth in both membership and earnings. We offer providers a continuum of opportunities to increase the integration of care and offer assistance to providers in transitioning from a fee-for-service to a value-based arrangement. These include performance bonuses, shared savings and shared risk relationships. At September 30, 2023 March 31, 2024, approximately 3,727,500 3,837,300 members, or 69%, of our individual Medicare Advantage members were in value-based relationships under our integrated care delivery model, as compared to 3,145,200 3,505,100 members, or 68%, at September 30, 2022 March 31, 2023.
- Net income attributable to Humana was \$0.8 billion \$0.7 billion, or \$6.71 \$6.11 per diluted common share, and \$1.2 billion, or \$9.39 \$9.87 per diluted common share, for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively. Net income attributable to Humana was \$3.0 billion, or \$24.26 per diluted common share, and \$2.8 billion, or \$22.16 per diluted common share, for the nine months ended September 30, 2023 and 2022, 2023, respectively. These comparisons were significantly impacted by put/call valuation adjustments associated with non-consolidating minority interest investments, transaction and integration costs, and charges associated with value creation initiatives, the change in the fair value of publicly-traded equity securities, the gain on sale of Gentiva Hospice and accrual related to certain anticipated litigation expenses initiatives. The impact of these adjustments to our consolidated income before income taxes and equity in net earnings and diluted earnings per common share was as follows for the 2023 2024 and 2022 quarter and period: 2023 quarter.

39 33

---

		For the three months ended March 31,			
		For the three months ended March 31,			
		For the three months ended March 31,			
		For the three months ended March 31,			
		2024		2023	
		(in millions)		(in millions)	
<b>Consolidated income before income taxes and equity in net earnings:</b>					
		For the three months ended September 30,	For the nine months ended September 30,		
Put/call valuation adjustments associated with our non consolidating minority interest investments					
		2023	2022	2023	2022
<b>Consolidated income before income taxes and equity in net earnings:</b>					
Gain on sale of Gentiva Hospice		\$ —	\$ (240)	\$ —	\$ (240)
Put/call valuation adjustments associated with our non consolidating minority interest investments					
Put/call valuation adjustments associated with our non consolidating minority interest investments		35	13	141	(16)
Transaction and integration costs		—	17	(47)	70
Change in the fair value of publicly-traded equity securities		—	(51)	(1)	119

Value									
Value creation initiatives	Value creation initiatives	52	82	52	285				
Accrual related to certain anticipated litigation expenses		15	—	105	—				
Value creation initiatives									
Value creation initiatives									
Total									
Total									
Total	Total	\$ 102	\$ (179)	\$ 250	\$ 218				
For the three months ended March 31,									
For the three months ended March 31,									
For the three months ended March 31,									
For the three months ended March 31,									
2024		2024		2023					
<b>Diluted earnings per common share:</b>									
For the three months ended September 30,									
<b>Put/call valuation adjustments associated with our non consolidating minority interest investments</b>									
2023 2022 2023 2022									
<b>Diluted earnings per common share:</b>									
Gain on sale of Gentiva Hospice		\$ —	\$ (1.89)	\$ —	\$ (1.89)				
<b>Put/call valuation adjustments associated with our non consolidating minority interest investments</b>									
Put/call valuation adjustments associated with our non consolidating minority interest investments	Put/call valuation adjustments associated with our non consolidating minority interest investments	0.28	0.10	1.13	(0.13)				
Transaction and integration costs	Transaction and integration costs	—	0.13	(0.38)	0.55				

Change in the fair value of publicly-traded equity securities					
		—	(0.40)	(0.01)	0.94
Value					
Value creation initiatives	initiatives	0.42	0.65	0.42	2.24
Accrual related to certain anticipated litigation expenses					
		0.12	—	0.84	—
Value creation initiatives					
Value creation initiatives					
Net tax impact of transactions					
Net tax impact of transactions					
Net tax impact of transactions	Net tax impact of transactions	(0.18)	(1.25)	\$(0.57)	\$(0.66)
Total	Total	\$0.64	\$(2.66)	\$ 1.43	\$ 1.05

4034

#### Health Care Reform 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 commercial medical 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, or increases in regulation of our prescription drug benefit businesses, or changes to the Part D prescription drug benefit design (and uncertainty arising from the implementation of these changes) in the aggregate may have a material adverse effect on our results of operations (including restricting revenue, enrollment and premium growth in certain products and market segments, restricting our ability to expand into new markets, increasing our medical and operating costs, further lowering our Medicare payment rates and increasing our expenses associated with assessments); our financial position (including our ability to maintain the value of our goodwill); and our cash flows.

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

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

4135

## Comparison of Results of Operations for 2023 2024 and 2022 2023

The following discussion primarily details our results of operations for the three months ended September 30, 2023 March 31, 2024, or the 2024 quarter and the three months ended March 31, 2023, or the 2023 quarter, the three months ended September 30, 2022, or the 2022 quarter, the nine months ended September 30, 2023, or the 2023 period, and the nine months ended September 30, 2022, or the 2022 period quarter.

### Consolidated

				Change						Change			
				Change						Change			
				Change									
				Three months ended		Three months ended		Nine Months Ended		Nine Months Ended		Three Months Ended	Three
				September 30,		September 30,		September 30, 2023		September 30, 2023		March 31,	2024
								vs 2022		vs 2022			
				Change									
Revenues:				2023	2022	2023	2022	\$	%	\$	%		
Insurance premiums													
Revenues:				(\$ in millions, except per common share results)									
Insurance premiums													
Insurance premiums	Insurance premiums	\$25,099	\$21,468	\$76,144	\$66,437	\$3,631	16.9 %	\$9,707	14.6 %	\$28,261	\$25,550	\$	\$
Services:	Services:												
Services:				(\$ in millions, except per common share results)									
Insurance													
CenterWell	CenterWell	257	210	730	620	47	22.4 %	110	17.7 %	275	242	242	33
Total services revenue	Total services revenue	759	949	2,263	3,152	(190)	(20.0)%	(889)	(28.2)%	CenterWell	787	757	757
Investment income	Investment income	1,016	1,159	2,993	3,772	(143)	(12.3)%	(779)	(20.7)%	Total services revenue	1,062	999	999
Total revenues	Total revenues	308	172	775	222	136	79.1 %	553	249.1 %	Investment income	288	193	193
Operating expenses:	Operating expenses:									Total revenues	29,611	26,742	26,742
Benefits	Benefits	21,745	18,384	65,612	57,108	3,361	18.3 %	8,504	14.9 %				2,866

Benefits	Benefits														
Operating costs	Operating costs	3,271	3,061	9,361	9,120	210	6.9 %	241	2.6 %	Operating costs	3,042	2,979	2,979	21,858	3,266
Depreciation and amortization	Depreciation and amortization	201	182	578	527	19	10.4 %	51	9.7 %	Depreciation and amortization	209	186	186		
Total operating expenses	Total operating expenses	25,217	21,627	75,551	66,755	3,590	16.6 %	8,796	13.2 %	Total operating expenses	28,375	25,023	25,023		
Income from operations	Income from operations	1,206	1,172	4,361	3,676	34	2.9 %	685	18.6 %	Income from operations	1,236	1,719	1,719		(48)
Gain on sale of Gentiva Hospice		—	(240)	—	(240)	(240)	(100.0)%	(240)	(100.0)%						
Interest expense	Interest expense	114	102	347	293	12	11.8 %	54	18.4 %						
Other (income) expense, net	Other (income) expense, net	(6)	13	40	(16)	19	146.2 %	56	350.0 %						
Interest expense															
Interest expense														113	46
Other expense										Other expense (income), net	63				
(income), net														(8)	71
Income before income taxes and equity in net earnings	Income before income taxes and equity in net earnings	1,098	1,297	3,974	3,639	(199)	(15.3)%	335	9.2 %	Income before income taxes and equity in net earnings	1,014	1,614	1,614		
Provision for income taxes	Provision for income taxes	256	107	911	820	149	139.3 %	91	11.1 %	Provision for income taxes	251	359	359		(10)
Equity in net (losses) earnings		(12)	3	(39)	1	15	500.0 %	40	nm						
Equity in net losses										Equity in net losses	(24)			(17)	7
Net income	Net income	\$ 830	\$ 1,193	\$ 3,024	\$ 2,820	\$ (363)	(30.4)%	\$ 204	7.2 %	Net income	\$ 739	\$	\$ 1,238	\$	
Diluted earnings per common share	Diluted earnings per common share	\$ 6.71	\$ 9.39	\$ 24.26	\$ 22.16	\$ (2.68)	(28.5)%	\$ 2.10	9.5 %	Diluted earnings per common share	\$ 6.11	\$	\$ 9.87	\$	
Benefit ratio (a)	Benefit ratio (a)	86.6 %	85.6 %	86.2 %	86.0 %		1.0 %		0.2 %	Benefit ratio (a)	88.9 %			85.5 %	
Operating cost ratio (b)	Operating cost ratio (b)	12.5 %	13.5 %	11.8 %	13.0 %		(1.0)%		(1.2)%	Operating cost ratio (b)	10.4 %			11.2 %	
Effective tax rate	Effective tax rate	23.5 %	8.2 %	23.1 %	22.5 %		15.3 %		0.6 %	Effective tax rate	25.3 %			22.5 %	

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

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

nm - not meaningful

#### Premiums Revenue

Consolidated premiums revenue increased \$3.6 billion \$2.7 billion, or 16.9% 10.6%, from \$21.5 billion in the 2022 quarter to \$25.1 billion \$25.6 billion in the 2023 quarter and increased \$9.7 billion, or 14.6%, from \$66.4 billion to \$28.3 billion in the 2022 period to \$76.1 billion in the 2023 period 2024 quarter primarily due to individual Medicare Advantage and state-based contracts membership growth and higher per member Medicare premiums and individual and group Medicare Advantage premiums, membership growth. These factors were partially offset by the year-over-year continued decline in membership associated with the our group commercial medical group Medicare Advantage and stand-alone PDP products. In addition, membership, as well as a decline in state-based contracts membership as a result of the period was negatively impacted by end of the phase-out suspension of COVID-19 sequestration relief in 2022, state eligibility redetermination efforts previously enacted as part of the Public Health Emergency.

---

#### Services Revenue

Consolidated services revenue decreased increased \$0.1 billion, or 12.3% 6.3%, from \$1.2 billion in the 2022 quarter to \$1.0 billion in the 2023 quarter and decreased \$0.8 billion, or 20.7%, from \$3.8 billion to \$1.1 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, 2024 quarter.

#### Investment Income

Investment income increased \$136 million \$95 million, or 79.1% 49.2%, from \$172 million in the 2022 quarter to \$308 million \$193 million in the 2023 quarter to \$288 million in the 2024 quarter primarily due to an increase in interest income on our debt securities partially offset by the net favorable mark to market impact of our publicly traded equity securities investments during the 2022 quarter. Investment income increased \$553 million, or 249.1%, from \$222 million in the 2022 period to \$775 million in the 2023 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.

#### Benefit Expense

Consolidated benefits expense increased \$3.4 billion \$3.3 billion, or 18.3% 14.9%, from \$18.4 billion in the 2022 quarter to \$21.7 billion \$21.9 billion in the 2023 quarter and increased \$8.5 billion, or 14.9%, from \$57.1 billion to \$25.1 billion in the 2022 period to \$65.6 billion in the 2023 period, 2024 quarter. The consolidated benefit ratio increased 100 340 basis points from 85.6% for the 2022 quarter to 86.6% 85.5% for the 2023 quarter and increased 20 basis points from 86.0% to 88.9% for the 2022 period to 86.2% for the 2023 period, 2024 quarter primarily due to investments higher Medicare Advantage medical cost trends in the 2024 quarter compared to the 2023 quarter partially offset by the impact of pricing and benefit design of our 2024 Medicare Advantage products, for 2023, which included a reduction in benefits in response to the continuation of elevated Medicare Advantage utilization trends initially discussed in the second quarter of 2023, combined with higher COVID-19 admissions in the 2023 quarter, without the offsetting net impact of lower non-COVID care, as well as the impact final rate notice and the initial emergence of continued individual Medicare Advantage growth following the previous Annual Election Period, or AEP, including a high proportion 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 and decreased average unit costs given the additional 20% payment on COVID-19 admissions during the Public Health Emergency, which expired on May 11, 2023. In addition, the period was favorably impacted by higher favorable prior-period medical claims reserve development cost trends. Further, the 2023 quarter and period ratios continue 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 \$4 million \$535 million of favorable prior-period medical claims reserve development in the 2023 2024 quarter and \$7 million \$522 million of favorable prior-period medical claims development in the 2022 quarter. Consolidated benefits expense included \$758 million of favorable prior-period medical claims reserve development in the 2023 period and \$404 million of favorable prior-period medical claims reserve development in the 2022 period. Prior-period medical claims reserve development did not impact the insurance segment benefit ratio in the 2023 quarter or the 2022 quarter. Prior-period medical claims reserve development decreased the consolidated benefit ratio by approximately 100 190 basis points in the 2023 period, 2024 quarter and decreased the consolidated benefit ratio by approximately 60 200 basis points in the 2022 period.

---

2023 quarter.

#### 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 \$0.2 billion \$0.06 billion, or 6.9% 2.1%, from \$3.1 billion in the 2022 quarter to \$3.3 billion \$2.98 billion in the 2023 quarter and increased \$0.2 billion, or 2.6%, from \$9.1 billion to \$3.04 billion in the 2022 period to \$9.4 billion in the 2023 period. The consolidated operating cost ratio decreased 100 80 basis points from 13.5% for the 2022 quarter to 12.5% 11.2% for the 2023 quarter and decreased 120 basis points from 13.0% to 10.4% for the 2022 period to 11.8% for the 2023 period. The 2024 quarter 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 our individual Medicare Advantage membership, as well as administrative cost efficiencies that resulted as part of the resulting from our value creation initiatives, combined with a lesser impact from accelerated charges related to value-creation initiatives and lower commission expense for brokers in 2023. The 2024 quarter compared to 2022, the 2023 quarter as a result of significant individual Medicare Advantage membership growth in 2023. These factors were partially offset by an increase in commissions for brokers the impact from charges related to the individual Medicare Advantage membership growth in 2023 and an accrual related to certain anticipated litigation expenses value creation initiatives in the 2023 quarter and period. In addition, the 2023 period was negatively impacted by the phase-out of COVID-19 sequestration relief in 2022, 2024 quarter.

#### Depreciation and Amortization

Depreciation and amortization increased \$19 million \$23 million, or 10.4% 12.4%, from \$182 million in the 2022 quarter to \$201 million \$186 million in the 2023 quarter and increased \$51 million, or 9.7%, from \$527 million to \$209 million in the 2022 period to \$578 million in the 2023 period. The 2024 quarter primarily due to capital expenditures.

#### Interest Expense

Interest expense increased \$12 million \$46 million, or 11.8% 40.7%, from \$102 million in the 2022 quarter to \$114 million \$113 million in the 2023 quarter and increased \$54 million, or 18.4%, from \$293 million to \$159 million in the 2022 period to \$347 million in the 2023 period. The 2024 quarter primarily due to higher increase in interest rates on and higher average debt balances.

#### Income Taxes

The effective income tax rate was 23.5% 25.3% and 8.2% 22.5% for the three months ended September 30, 2023 March 31, 2024, and 2022, respectively, and 23.1% and 22.5% for the nine months ended September 30, 2023 and 2022, 2023, respectively. The year-over-year increase in the effective income tax rate is primarily due to a change in the August 2022 disposition mix of current year earnings between our 60% interest in Gentiva Hospice, which resulted in an increase to Insurance segment and our CenterWell health services segment, as the latter incurs a higher effective domestic tax basis in both rate than the shares sold and former. In addition, the shares retained, thereby reducing the effective prior year income tax rate for was favorably impacted by the three and nine months ended September 30, 2022.

recognition of a non-taxable gain.

4437

#### Insurance Segment

	September 30,				March 31,				Change Members
	2023	2022	Members	%	2024	2023	2024	2023	
<b>Membership: Membership:</b>									
Individual Medicare Advantage									
Individual Medicare Advantage									
Individual Medicare Advantage	5,374,400	4,564,200	810,200	17.8 %	5,548,900	5,153,000	5,153,000	395,900	395,900
Group Medicare Advantage	510,300	564,600	(54,300)	(9.6)%	Group Medicare Advantage	551,500	511,200	511,200	40,300
Medicare stand-alone					Medicare stand-alone				
PDP	2,885,800	3,569,100	(683,300)	(19.1)%	PDP	2,347,000	2,956,300	2,956,300	(609,300)

Total Medicare	Total Medicare	8,770,500	8,697,900	72,600	0.8 %	Total Medicare	8,447,400	8,620,500	8,620,500	(173,100)
Medicare Supplement	Medicare Supplement	299,400	316,500	(17,100)	(5.4)%	Medicare Supplement	323,200	294,000	294,000	29,200
Commercial fully-insured	Commercial fully-insured	409,300	574,500	(165,200)	(28.8)%	Commercial fully-insured	109,700	522,600	522,600	(412,900)
State-based contracts and other	State-based contracts and other	1,264,600	1,098,900	165,700	15.1 %	State-based contracts and other	1,261,400	1,371,500	1,371,500	(110,100)
Military		5,935,400	5,977,900	(42,500)	(0.7)%	Military services	5,955,300		5,930,700	24,600
Commercial ASO	Commercial ASO	284,300	438,600	(154,300)	(35.2)%	Commercial ASO	77,700	414,800	414,800	(337,100)
Total Medical Membership	Total Medical Membership	16,963,500	17,104,300	(140,800)	(0.8)%	Total Medical Membership	16,174,700	17,154,100	17,154,100	(979,400)
Total Specialty Membership (a)	Total Specialty Membership (a)	4,964,300	5,210,100	(245,800)	(4.7)%	Total Specialty Membership (a)	4,653,200	5,114,700	5,114,700	(461,500)

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

Group Medicare Advantage	Group Medicare Advantage	1,695	1,792	5,192	5,524	(97)	(5.4)%	(332)	(6.0)%	Group Medicare Advantage	1,989	1,765	1,765	224
Medicare stand-alone PDP	Medicare stand-alone PDP	493	534	1,677	1,779	(41)	(7.7)%	(102)	(5.7)%	Medicare stand-alone PDP	821	616	616	205
Total Medicare	Total Medicare	21,825	18,333	66,064	57,054	3,492	19.0 %	9,010	15.8 %	Total Medicare	25,258	22,190	22,190	3,068
Commercial fully-insured	Commercial fully-insured	842	1,075	2,810	3,324	(233)	(21.7)%	(514)	(15.5)%	Commercial fully-insured	256	1,018	1,018	(762)
Specialty benefits	Specialty benefits	252	262	758	784	(10)	(3.8)%	(26)	(3.3)%	Specialty benefits	239	254	254	(15)
Medicare Supplement	Medicare Supplement	185	188	546	555	(3)	(1.6)%	(9)	(1.6)%	Medicare Supplement	197	179	179	18
State-based contracts and other	State-based contracts and other	1,995	1,610	5,966	4,720	385	23.9 %	1,246	26.4 %	State-based contracts and other	2,311	1,909	1,909	402
Total premiums revenue	Total premiums revenue	25,099	21,468	76,144	66,437	3,631	16.9 %	9,707	14.6 %	Total premiums revenue	28,261	25,550	25,550	2,711
Commercial ASO	Commercial ASO	55	73	190	225	(18)	(24.7)%	(35)	(15.6)%	Commercial ASO	24	71	71	(47)
Military and other	Military and other	202	137	540	395	65	47.4 %	145	36.7 %	Military services and other	251		171	
Services revenue	Services revenue	257	210	730	620	47	22.4 %	110	17.7 %	Services revenue	275	242	242	33
Total premiums and services revenue	Total premiums and services revenue	\$25,356	\$21,678	\$76,874	\$67,057	\$3,678	17.0 %	\$9,817	14.6 %	Total premiums and services revenue	\$28,536	\$	\$25,792	\$
Income from operations	Income from operations	\$ 722	\$ 873	\$ 3,080	\$ 2,976	\$ (151)	(17.3)%	\$ 104	3.5 %	Income from operations	\$ 898	\$	\$ 1,327	\$
Benefit ratio	Benefit ratio	87.6 %	85.8 %	86.8 %	86.3 %		1.8 %		0.5 %	Benefit ratio	89.3 %		86.1 %	
Operating cost ratio	Operating cost ratio	10.4 %	10.6 %	9.9 %	9.7 %		(0.2)%		0.2 %	Operating cost ratio	8.3 %		9.4 %	

4538

#### Income from operations

Insurance segment income from operations decreased ~~\$0.2 billion~~ ~~\$0.4 billion~~, or ~~17.3%~~ ~~32.3%~~, from ~~\$1.3 billion in the 2023 quarter~~ to ~~\$0.9 billion in the 2022 quarter~~ to ~~\$0.7 billion in the 2023 2024 quarter~~ primarily due to the same factors impacting the segment's higher benefit ratio partially offset by the segment's lower operating cost ratio as more fully described below. Insurance segment income from operations increased ~~\$0.1 billion~~, or ~~3.5%~~, from ~~\$3.0 billion in the 2022 period~~ to ~~\$3.1 billion in the 2023 period~~ primarily due to growth in individual Medicare Advantage membership in 2023.

#### Enrollment

Individual Medicare Advantage membership increased 810,200 395,900 members, or 17.8% 7.7%, from September 30, 2022 March 31, 2023 to September 30, 2023 March 31, 2024 primarily due to membership additions associated with the previous AEP and continued growth in 2023. The year-over-year growth was further impacted by continued enrollment resulting from special elections, age-ins, and Dual Eligible Special Need Plans, most recent Annual Election Period, or D-SNP, membership AEP. Individual Medicare Advantage membership includes 868,000 922,200 D-SNP members as of September 30, 2023 March 31, 2024, a net increase of 201,000 140,100 D-SNP members, or 30.1% 18%, from 667,000 782,100 D-SNP members as of September 30, 2022 March 31, 2023.

Group Medicare Advantage membership decreased 54,300 increased 40,300 members, or 9.6% 7.9%, from September 30, 2022 March 31, 2023 to September 30, 2023 reflecting the net loss of certain large accounts partially offset by continued March 31, 2024 primarily due to growth in small and medium group accounts.

Medicare stand-alone PDP membership decreased 683,300 609,300 members, or 19.1% 20.6%, from September 30, 2022 March 31, 2023 to September 30, 2023 March 31, 2024 primarily due to continued intensified competition for Medicare stand-alone PDP offerings.

State-based contracts and other membership increased 165,700 decreased 110,100 members, or 15.1% 8.0%, from September 30, 2022 March 31, 2023 to September 30, 2023 reflecting March 31, 2024 primarily due to the impact end of membership additions associated with the implementation of the Louisiana and Ohio contracts effective January 2023 and February 2023, respectively, partially offset by ending the suspension of state eligibility redetermination efforts previously enacted as part of the Public Health Emergency.

Commercial fully-insured medical membership decreased 165,200 412,900 members, or 28.8% 79.0%, from September 30, 2022 March 31, 2023 to September 30, 2023 March 31, 2024 and commercial ASO medical membership decreased 154,300 337,100 members, or 35.2% 81.3%, from September 30, 2022 March 31, 2023 to September 30, 2023 March 31, 2024. These decreases reflect our planned exit of the Employer Group Commercial Medical Products business, which includes all fully insured, self-funded and Federal Employee Health Benefit medical plans, as well as associated wellness and rewards programs. The exit from this line of business will be phased over the 18 to 24 months following our February 2023 announcement.

Military membership decreased 42,500 members, or 0.7%, from September 30, 2022 to September 30, 2023. Membership includes military service members, retirees, and their families to whom we are providing healthcare services under the current TRICARE East Region contract.

Specialty membership decreased 245,800 461,500 members, or 4.7% 9.0%, from September 30, 2022 March 31, 2023 to September 30, 2023 reflecting the decline in membership associated with our Optional Supplemental Benefit products March 31, 2024 primarily due to non-renewal of dental and vision plans as a result of enhanced mandatory exit from the Employer Group Commercial Medical Products business partially offset by growth in dental and vision supplemental benefits on plans as a result of 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 enrollment.

#### Premiums Revenue

Insurance segment premiums revenue increased \$3.6 billion \$2.7 billion, or 16.9% 10.6%, from \$21.5 billion in the 2022 quarter to \$25.1 billion \$25.6 billion in the 2023 quarter and increased \$9.7 billion, or 14.6%, from \$66.4 billion to \$28.3 billion in the 2022 period to \$76.1 billion in the 2023 period 2024 quarter primarily due to individual Medicare Advantage and state-based contracts membership growth and higher per member Medicare premiums and individual and group Medicare Advantage premiums membership growth. These factors were partially offset by the year-over-year continued decline in membership associated with the our group commercial medical group Medicare Advantage and stand-alone PDP products. In addition, membership, as well as a decline in state-based contracts membership as a result of the period was negatively impacted by end of the phase-out suspension of COVID-19 sequestration relief in 2022.

46

---

state eligibility redetermination efforts previously enacted as part of the Public Health Emergency.

#### Services Revenue

Insurance segment services revenue increased \$47 million \$33 million, or 22.4% 13.6%, from \$210 million in the 2022 quarter to \$257 million \$242 million in the 2023 quarter and increased \$110 million, or 17.7%, from \$620 million to \$275 million in the 2022 period to \$730 million in the 2023 period 2024 quarter.

#### Benefits Expense

The Insurance segment benefit ratio increased 180 320 basis points from 85.8% for the 2022 quarter to 87.6% 86.1% for the 2023 quarter and increased 50 basis points from 86.3% to 89.3% for the 2022 period to 86.8% for the 2023 period 2024 quarter primarily due to investments higher Medicare Advantage medical cost trends in the 2024 quarter compared to the 2023 quarter partially offset by the impact of pricing and benefit design of our 2024 Medicare Advantage products, for 2023, which included a reduction in benefits in response to the continuation of elevated Medicare Advantage utilization trends initially discussed in the second quarter of 2023, combined with higher COVID-19 admissions in the 2023 quarter, without the offsetting net impact of lower non-COVID care, as well as the impact final rate notice and the initial emergence of continued individual Medicare Advantage growth following the previous Annual Election Period, or AEP, including a high proportion 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 and decreased average unit costs given the additional 20% payment on COVID-19 admissions during the Public Health Emergency, which expired on May 11, 2023. In addition, the period was favorably impacted by higher favorable prior-period medical claims reserve development cost trends. Further, the 2023 quarter and period ratios continue year-over-year comparison continues to reflect a shift in

39

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 **\$4 million** **\$535 million** of favorable prior-period medical claims reserve development in the **2023** **2024** quarter and **\$7 million** **\$522 million** of favorable prior-period medical claims reserve development in the **2022** quarter. The Insurance segment benefit expense included **\$758 million** of favorable prior-period medical claims reserve development in the **2023** period and **\$404 million** of favorable prior-period medical claims reserve development in the **2022** period. Prior-period medical claims reserve development did not impact the Insurance segment benefit ratio in the **2023** quarter or the **2022** quarter. Prior-period medical claims reserve development decreased the Insurance segment benefit ratio by approximately **100** **190** basis points in the **2023** period **2024** quarter and decreased the Insurance segment benefit ratio by approximately **50** **200** basis points in the **2022** period **2023** quarter.

#### Operating Costs

The Insurance segment operating cost ratio decreased **20** **110** basis points from **10.6%** **9.4%** for the **2022** **2023** quarter to **10.4%** **8.3%** for the **2023** **2024** quarter primarily due to scale efficiencies associated with growth in **the** **our** individual Medicare Advantage membership, **and** administrative cost efficiencies resulting from our value creation initiatives, **and** lower commission expense for brokers in the **2024** quarter compared to the **2023** quarter as a result of our value creation initiatives. These factors were partially offset by an increase in commissions for brokers related to the significant individual Medicare Advantage membership growth in **2023** and an accrual related to certain anticipated litigation expenses in the **2023** quarter. The Insurance segment operating cost ratio increased 20 basis points from 9.7% for the **2022** period to 9.9% for the **2023** period primarily due to the net unfavorable impact of the **2023** quarter operating cost ratio factors. In addition, the period was negatively impacted by the phase-out of COVID-19 sequestration relief in **2022**, **2023**.

**4740**

#### CenterWell Segment

Change											
				Three months		Nine Months Ended		Change			
				ended September		September 30, 2023		vs 2022			
				2023	2022	2023	2022	\$	%		
(\$ in millions)											
Change											
Three Months Ended March											
31,											
2024											
(\$ in millions)											
<b>Revenues:</b> <b>Revenues:</b>											
Services: <b>Services:</b>											
Services:											
Services:											
Three Months Ended March											
31,											
2024											

Home solutions											
Home solutions											
Home solutions	Home solutions	\$ 342	\$ 519	\$ 997	\$ 1,997	\$(177)	(34.1)%	\$(1,000)	(50.1)%	\$ 335	\$ 314
Pharmacy solutions	Pharmacy solutions	203	271	661	746	(68)	(25.1)%	(85)	(11.4)%	Pharmacy solutions	211
Primary care	Primary care	214	159	605	409	55	34.6 %	196	47.9 %	Primary care	242
Total services revenue	Total services revenue	759	949	2,263	3,152	(190)	(20.0)%	(889)	(28.2)%	Total services revenue	787
Intersegment revenues:	Intersegment revenues:										757
Home solutions	Home solutions	453	126	1,088	352	327	259.5 %	736	209.1 %		30
Home solutions											
Home solutions											
Pharmacy solutions	Pharmacy solutions	2,594	2,459	7,848	7,394	135	5.5 %	454	6.1 %	Pharmacy solutions	485
Primary care	Primary care	854	737	2,496	2,262	117	15.9 %	234	10.3 %	Primary care	314
Total intersegment revenues	Total intersegment revenues	3,901	3,322	11,432	10,008	579	17.4 %	1,424	14.2 %	Total intersegment revenues	2,617
Total services and intersegment revenues	Total services and intersegment revenues	\$4,660	\$4,271	\$13,695	\$13,160	\$ 389	9.1 %	\$ 535	4.1 %	Services and intersegment revenues	2,615
Income from operations	Income from operations	\$ 400	\$ 300	\$ 1,017	\$ 1,028	\$ 100	33.3 %	\$ (11)	(1.1)%	Income from operations	282
Operating cost ratio	Operating cost ratio	90.3 %	92.0 %	91.5 %	91.2 %	(1.7)%		0.3 %	cost ratio	Operating cost ratio	93.0 %

#### Income from operations

CenterWell income from operations increased \$0.1 billion decreased \$48 million, or **33.3% 14.5%**, from \$0.3 billion in the 2022 quarter to **\$0.4 billion \$330 million** in the 2023 quarter and decreased \$0.01 billion, or 1.1%, from \$1.03 billion to \$282 million in the 2022 period to **\$1.02 billion in the 2023 period 2024 quarter** primarily due to the same factors impacting the segment's higher operating cost ratio as more fully described below.

#### Services Revenue

CenterWell services revenue decreased \$0.2 billion increased \$30 million, or **20.0% 4.0%**, from \$0.9 billion in the 2022 quarter to **\$0.8 billion \$757 million** in the 2023 quarter and decreased \$0.9 billion, or 28.2%, from \$3.2 billion to \$787 million in the 2022 period to **\$2.3 billion in the 2023 period 2024 quarter** primarily due to higher revenues associated with growth in the divestiture primary care and home solutions businesses partially offset by a decline in revenues associated with the pharmacy solutions business and the impact of the 60% ownership of Gentiva Hospice in August 2022, v28 risk model revision.

#### Intersegment Revenues

CenterWell intersegment revenues increased **\$0.6 billion \$0.3 billion**, or **17.4% 7.6%**, from **\$3.3 billion in the 2022 quarter to \$3.9 billion \$3.7 billion** in the 2023 quarter and increased \$1.4 billion, or 14.2%, from \$10.0 billion to \$4.0 billion in the 2022 period to **\$11.4 billion in the 2023 period 2024 quarter** primarily due to individual Medicare Advantage membership growth, which led to higher pharmacy revenues, higher revenues associated with growth in the primary care business, and greater intersegment revenues associated with the home solutions business in the 2024 quarter as compared to the 2023 quarter as a result of the expansion of the value-based care home model in 2023 compared to 2022.

#### Operating Costs

The CenterWell segment operating cost ratio decreased 170 basis points from 92.0% for the 2022 quarter to 90.3% for the 2023 quarter primarily due to an improving ratio and higher intersegment revenues associated with growth in the primary care business, driven by year-over-year medical costs favorability and administrative cost efficiencies related to the pharmacy solutions business. These factors were partially offset by the divestiture impact of the 60% ownership of Gentiva Hospice in August 2022, which carried a lower operating cost ratio compared to other businesses within the segment, the expansion of the value-based care V28 risk 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. revision.

#### Operating Costs

The CenterWell segment operating cost ratio increased 30 140 basis points from 91.2% for the 2022 period to 91.5% 91.6% for the 2023 period quarter to 93.0% for the 2024 quarter primarily due to the unfavorable impact of the 2023 quarter operating cost ratio factors. V28 risk model revision to the primary care business.

41

#### Liquidity

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

For additional information regarding our liquidity risk, refer to Part I, Item 1A, "Risk Factors" in our 2022 2023 Form 10-K and Part II, Item 1A, "Risk Factors" of this Form 10-Q.

Cash and cash equivalents increased to approximately \$15.1 billion \$5.9 billion at September 30, 2023 March 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 nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 is summarized as follows:

		Nine Months Ended			
		2023	2022		
		Three Months Ended		Three Months Ended	
		2024	2024	2023	
Net cash provided by operating activities	Net cash provided by operating activities	\$11,115	\$ 9,714		
Net cash (used in) provided by investing activities		(2,610)	6		
Net cash used in investing activities					

Net cash provided by financing activities	Net cash provided by financing activities	1,582	444
Increase in cash and cash equivalents	Increase in cash and cash equivalents	\$10,087	\$10,164

#### Cash Flow from Operating Activities

Cash flows provided by operations of \$11.1 billion \$423 million in the 2023 period increased \$1.4 2024 quarter decreased \$6.3 billion from cash flows provided by operations of \$9.7 billion \$6.7 billion in the 2022 period 2023 quarter. Our operating cash flows for the 2023 period and the 2022 period quarter were significantly impacted by the early receipt of the Medicare premium remittance of \$7.1 \$6.6 billion in September March 2023 and \$5.8 billion in September 2022, because the payment date for October April 2023 and 2022, respectively, fell on a weekend. Generally, when the first day of a month falls on a weekend or holiday, with the

49

exception of January 1 (New Year's Day), we receive this payment at the end of the previous month. This also resulted in an increase to unearned revenues in our condensed consolidated balance sheet at September 30, 2023 and 2022. Our operating cash flows for the 2023 period also reflect higher earnings compared to the 2022 period. March 31, 2023.

The most significant drivers of changes in our working capital are typically the timing of payments of benefits expense and receipts for premiums. Benefits expense includes claim payments, capitation payments, pharmacy costs net of rebates, allocations of certain centralized expenses and various other costs incurred to provide health insurance coverage to members, as well as estimates of future payments to hospitals and others for medical care and other supplemental benefits provided on or prior to the balance sheet date. For additional information regarding our benefits payable and benefits expense recognition, refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our 2022 Form 10-K.

The detail of total net receivables at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 and reconciliation to cash flow for the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 was as follows:

	September 30, 2023	December 31, 2022	2023 Period Change	2022 Period Change
(in millions)				
Medicare	\$ 1,293	\$ 1,260	\$ 33	\$ 4
Commercial and other	479	383	96	(225)
Military	125	101	24	4
Allowances	(73)	(70)	(3)	12
<b>Total net receivables</b>	<b>\$ 1,824</b>	<b>\$ 1,674</b>	<b>\$ 150</b>	<b>\$ (205)</b>
Reconciliation to cash flow statement:				
Receivables from acquisition			(24)	—
Receivables disposed	March 31, 2024	December 31, 2023	2024 Quarter Change	2023 Quarter Change
Change in receivables per cash flow statement				
Medicare	\$ 3,288	\$ 1,426	\$ 126	\$ (11)
Commercial and other	553	549	4	66
Military services	169	148	21	(32)
Allowances	(85)	(88)	3	1
<b>Total net receivables</b>	<b>\$ 3,925</b>	<b>\$ 2,035</b>	<b>\$ 1,890</b>	<b>\$ 1,433</b>

The changes in Medicare receivables for both the 2023 period 2024 quarter 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. Significant collections occur with the mid-year and final settlements with CMS in the second and third quarter.

#### Cash Flow from Investing Activities

During the 2024 quarter and 2023 period and 2022 period, we acquired various businesses for approximately \$223 million \$14 million and \$293 million \$73 million, net of cash and cash equivalents received, respectively.

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 KAH Hospice to Humana of \$1.9 billion. In connection with the sale we recognized a pre-tax gain, net of transaction costs, of \$240 million which is reported as a gain on sale of KAH Hospice in the accompanying condensed consolidated statements of income for the three and nine months ended September 30, 2022.

Our ongoing capital expenditures primarily relate to our information technology initiatives, support of services in our primary care operations including medical and administrative facility improvements necessary for activities such as the provision of care to members, claims processing, billing and collections, wellness solutions, care coordination, regulatory compliance and customer service. Total net capital expenditures, excluding acquisitions, were \$721 million \$177 million in the 2024 quarter and \$223 million in the 2023 period and \$862 million in the 2022 period.

Net purchases of investment securities were \$1.7 billion \$223 million and \$1.5 billion \$996 million in the 2024 quarter and 2023 and 2022 periods, respectively.

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

Receipts from CMS associated with Medicare Part D claim subsidies for which we do not assume risk were higher than claim payments by \$2.5 billion \$569 million and \$3.7 billion \$3.03 billion in the 2024 and 2023 and 2022 periods, quarters, respectively.

Under our administrative services only TRICARE contracts, health care costs payments for which we do not assume risk exceeded reimbursements from the federal government by \$28 million \$70 million and \$29 million in the 2024 and 2023 period and reimbursements from the federal government exceeded health care costs payments for which we do not assume risk by \$60 million in the 2022 period.

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 three months ended September 30, 2023, we repurchased \$213 million principal amount of these senior notes for approximately \$196 million cash, quarters, respectively.

In March 2023, we entered into a Rule 10b5-1 Repurchase Plan to repurchase a portion issued \$1.3 billion 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 nine months ended September 30, 2023, we repurchased \$361 million principal amount of these senior notes for approximately \$358 million cash. In August 2023, we repaid the remaining \$1.2 billion aggregate principal amount of our 0.650% 5.375% unsecured senior notes due on their maturity date April 15, 2031 and \$1.0 billion of August 3, 2023 5.750% unsecured senior notes due April 15, 2054. Our net proceeds, reduced for the underwriters' discounts and commissions paid, were \$2.2 billion. We used the net proceeds for general corporate purposes, which include the repayment of existing indebtedness, including borrowings under our commercial paper program.

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

In August 2022, March 2023, we repaid entered into a Rule 10b5-1 Repurchase Plan, or the \$2.0 billion October 2021 Term Loan Agreement without Plan, to repurchase a prepayment penalty due.

In March 2022, we issued \$750 million portion of 3.700% unsecured our \$1.5 billion aggregate principal amount of 0.650% senior notes due March 23, 2029 maturing in August 2023 and our \$600 million aggregate principal amount of 3.850% senior notes maturing in October 2024 during the Plan period beginning on March 13, 2023 and ending on June 15, 2023. Our net proceeds, reduced At March 31, 2023, we repurchased \$61 million, for the underwriters' discounts and commissions paid, were \$744 million. cash totaling approximately \$60 million.

Net proceeds repayments from the issuance of commercial paper were \$1.6 billion \$644 million in the 2023 period 2024 quarter and net repayments from the issuance of commercial paper were \$660 million \$177 million in the 2022 period 2023 quarter. The maximum principal amount outstanding at any one time during the 2023 2024 period was \$2.3 billion \$2.7 billion.

We repurchased common shares for \$980 \$702 million and \$1.0 billion \$67 million in the 2024 quarter and 2023 period and 2022 period, quarter, respectively, under share repurchase plans authorized by the Board of Directors. We also acquired common shares in connection with employee stock plans for \$31 million \$15 million and \$32 million \$27 million in the 2024 quarter and 2023 period and 2022 period, quarter, respectively.

We paid dividends to stockholders of \$320 million \$109 million and \$100 million during the 2024 quarter and 2023 period and \$291 million during the 2022 period, quarter, respectively.

## Future Sources and Uses of Liquidity

### Dividends

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

51

---

### Stock Repurchases

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

### Debt

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

### Divestiture

On August 11, 2022, we completed the sale of a 60% interest in 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 \$240 million. Acquisitions

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

### Liquidity Requirements

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

Adverse changes in our credit rating may increase the rate of interest we pay and may impact the amount of credit available to us in the future. Our investment-grade credit rating at September 30, 2023 March 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

44

---

company were \$518 million \$509 million at September 30, 2023 March 31, 2024, remaining relatively unchanged compared to \$934 million \$510 million at December 31, 2022 December 31, 2023. This decrease primarily reflects common stock repurchases, repayment of the Delayed Draw Term Loan and senior notes, capital expenditures, repayment of borrowings under the commercial paper program, capital contributions to certain subsidiaries, cash dividends to shareholders and acquisitions partially offset by net proceeds from the issuance of senior notes and commercial paper, the sale of investment securities, dividends from insurance subsidiaries and cash from certain non-insurance subsidiaries within our CenterWell segment. Our use of operating cash derived from our non-insurance subsidiaries, such as our CenterWell segment, is generally not restricted by departments of insurance (or comparable state regulators).

#### **Regulatory Requirements**

Certain of our subsidiaries operate in states that regulate the payment of dividends, loans, or other cash transfers to Humana Inc., our parent company, and require minimum levels of equity as well as limit investments to approved securities. The amount of dividends that may be paid to Humana Inc. by these subsidiaries, without prior approval by state regulatory authorities, or ordinary dividends, is limited based on the entity's level of statutory income and statutory capital and surplus. If the dividend, together with other dividends paid within the preceding twelve months,

52

---

exceeds a specified statutory limit or is paid from sources other than earned surplus, it is generally considered an extraordinary dividend requiring prior regulatory approval. In most states, prior notification is provided before paying a dividend even if approval is not required.

Although minimum required levels of equity are largely based on premium volume, product mix, and the quality of assets held, minimum requirements vary significantly at the state level. Based on the most recently filed statutory financial statements as of June 30, 2023 December 31, 2023, our state regulated subsidiaries had aggregate statutory capital and surplus of approximately \$12.1 billion \$12.2 billion, which exceeded aggregate minimum regulatory requirements of \$9.1 billion \$9.8 billion. The amount of ordinary dividends that may be paid to our parent company was in 2024 is approximately \$661 million during \$1.1 billion in the nine months ended September 30, 2023, aggregate. Actual dividends paid to our parent company were approximately \$1.8 billion in 2023. 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.

53 45

---

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

Our earnings and financial position are exposed to financial market risk, including those resulting from changes in interest rates.<sup>4</sup>

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 AA at September 30, 2023 March 31, 2024. Our net unrealized position increased \$259 million \$114 million from a net unrealized loss position of \$1.7 billion \$1.3 billion at December 31, 2022 December 31, 2023 to a net unrealized loss position of \$2.0 billion \$1.4 billion at September 30, 2023 March 31, 2024. At September 30, 2023 March 31, 2024, we had gross unrealized losses of \$2.0 billion \$1.4 billion on our investment portfolio primarily due to an increase in market interest rates since the time the securities were purchased. There were no material credit allowances during the nine three months ended September 30, 2023 March 31, 2024. While we believe that these securities in an unrealized loss will recover in value over time and we currently do not have the intent to sell such securities, given the current market conditions and the significant judgments involved, there is a continuing risk that future declines in fair value may occur and material realized losses from sales or credit allowances may be recorded in future periods.

Duration is the time-weighted average of the present value of the bond portfolio's cash flow. Duration is indicative of the relationship between changes in fair value and changes in interest rates, providing a general indication of the sensitivity of the fair values of our fixed maturity securities to changes in interest rates. However, actual fair values may differ significantly from estimates based on duration. The average duration of our investment portfolio, including cash and cash equivalents, was approximately 2.93 years as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. Based on the duration, including cash equivalents, a 1% increase in interest rates would generally decrease the fair value of our securities by approximately \$654 million \$688 million at September 30, 2023 March 31, 2024.

#### Item 4. Controls and Procedures

Under the supervision and with the participation of our Chief Executive Officer, or CEO, our Chief Financial Officer, or CFO, and our Principal Accounting Officer, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures for the quarter ended **September 30, 2023** **March 31, 2024**.

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

There have been no changes in the Company's internal control over financial reporting during the quarter ended **September 30, 2023** **March 31, 2024** that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

5446

---

## Part II. Other Information

#### Item 1. Legal Proceedings

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

#### Item 1A. Risk Factors

There have been no changes to the risk factors included in our **2022** **2023** Form 10-K.

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

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

- (c) The following table provides information about our purchases of equity securities that are registered by us pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, during the three months ended **September 30, 2023** **March 31, 2024**:

Period	Total Number of Shares Purchased (1)(2)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)(2)	Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)(2)
July 2023	368,823	\$ 442.65	368,823	\$ 2,241,914,412
August 2023	287,179	484.30	287,179	2,102,834,796
September 2023	154,886	473.51	154,886	2,029,494,351
Total	810,888	\$ —	810,888	

Period	Total Number of Shares Purchased (1)(2)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)(2)	Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)(2)
January 2024	1,572,566	\$ 392.11	1,572,566	\$ 883,530,302
February 2024	181,648	371.58	181,648	2,992,126,583
March 2024	50,431	346.94	50,431	2,974,630,293
<b>Total</b>	<b>1,804,645</b>	<b>\$ 388.78</b>	<b>1,804,645</b>	

(1) 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 \$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 2024 repurchase authorization. Our remaining repurchase authorization was \$1.9 \$2.96 billion as of October 31, 2023 April 23, 2024.

(2) Excludes 61,733 0.04 million shares repurchased in connection with employee stock plans.

#### Item 3. Defaults Upon Senior Securities

None.

#### Item 4. Mine Safety Disclosures

Not applicable.

55 47

---

#### Item 5. Other Information

- None.
- None.
- During the three months ended September 30, 2023 March 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.

56 48

---

#### Item 6: Exhibits

3(i)	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 (incorporated herein by reference to Exhibit 4(i) to Humana Inc.'s Post-Effective Amendment No. 1 to the Registration Statement on Form S-8 (Reg. No. 33-49305) filed February 2, 1994).
3(ii)	Humana Inc. Amended and Restated By-laws, effective as of December 8, 2022 (incorporated herein by reference to Exhibit 3(b) to Humana Inc.'s Current Report on Form 8-K filed on December 8, 2022).
<u>10.1</u>	<u>Twenty-Eighth Supplemental Indenture, dated March 13, 2024, 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, 2024).</u>
<u>10.2</u>	<u>Twenty-Ninth Supplemental Indenture, dated March 13, 2024, 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, 2024).</u>
<u>31.1</u>	Principal Executive Officer certification pursuant to Section 302 of Sarbanes–Oxley Act of 2002.
<u>31.2</u>	Principal Financial Officer certification pursuant to Section 302 of Sarbanes–Oxley Act of 2002.
<u>32</u>	Principal Executive Officer and Principal Financial Officer certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes–Oxley Act of 2002.
101	The following materials from Humana Inc.'s Quarterly Report on Form 10-Q formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets at <u>September 30, 2023</u> <u>March 31, 2024</u> and <u>December 31, 2022</u> <u>December 31, 2023</u> ; (ii) the Condensed Consolidated Statements of Income for the three and nine months ended <u>September 30, 2023</u> <u>March 31, 2024</u> and <u>2022</u> ; (iii) the Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended <u>September 30, 2023</u> <u>March 31, 2024</u> and <u>2022</u> ; (iv) the Consolidated Statements of Stockholders' Equity for the three and nine months ended <u>September 30, 2023</u> <u>March 31, 2024</u> and <u>2022</u> ; (v) the Condensed Consolidated Statements of Cash Flows for the nine three months ended <u>September 30, 2023</u> <u>March 31, 2024</u> and <u>2022</u> ; and (vi) Notes to Condensed Consolidated Financial Statements. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
104	Cover Page Interactive Data File formatted in Inline XBRL and contained in Exhibit 101.

5749

#### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 1, 2023 April 24, 2024 By: /s/ JOHN-PAUL W. FELTER  
 HUMANA INC.  
 (Registrant)  
 John-Paul W. Felter  
 Senior Vice President, Chief Accounting Officer and Controller (Principal  
 Accounting Officer)

5850

Exhibit 31.1

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

I, Bruce D. Broussard, principal executive officer of Humana Inc., certify that:

1. I have reviewed this Report of Humana Inc. (the "Company") on Form 10-Q for the period ending **September 30, 2023** **March 31, 2024**;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **November 1, 2023** **April 24, 2024**

Signature: /s/ Bruce D. Broussard

Bruce D. Broussard  
Principal Executive Officer

**Exhibit 31.2**

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

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

1. I have reviewed this Report of Humana Inc. (the "Company") on Form 10-Q for the period ending **September 30, 2023** **March 31, 2024**;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d) Disclosed in this report any change in the registrant's internal control

over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **November 1, 2023** April 24, 2024

Signature: **/s/ Susan M. Diamond**

Susan M. Diamond  
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 Report of Humana Inc. (the "Company") on Form 10-Q for the period ending **September 30, 2023** **March 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 their capacity as an officer of Humana Inc., that:

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

**/s/ Bruce D. Broussard**

Bruce D. Broussard  
Principal Executive Officer

**November 1, 2023** April 24, 2024

**/s/ Susan M. Diamond**

Susan M. Diamond  
Principal Financial Officer

**November 1, 2023** April 24, 2024

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

#### DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2024, Refinitiv. All rights reserved. Patents Pending.