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

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

For the fiscal year ended December 31, 2025

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.)

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

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

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

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

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

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

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

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

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

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

The aggregate market value of voting stock held by non-affiliates of the Registrant as of June 30, 2025 was $29,182,689,695 calculated using the average price on June 30, 2025 of $242.82 per share.

The number of shares outstanding of the Registrant's Common Stock as of January 31, 2026 was 120,595,967.

DOCUMENTS INCORPORATED BY REFERENCE

Parts II and III incorporate herein by reference portions of the Registrant's Definitive Proxy Statement to be filed pursuant to Regulation 14A with respect to the Annual Meeting of Stockholders scheduled to be held on April 16, 2026. Such Definitive Proxy Statement will be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

HUMANA INC.
INDEX TO ANNUAL REPORT ON FORM 10-K
For the Year Ended December 31, 2025

		Page
	Part I	
Item 1.	Business	4
Item 1A.	Risk Factors	20
Item 1B.	Unresolved Staff Comments	34
Item 1C.	Cybersecurity	34
Item 2.	Properties	36
Item 3.	Legal Proceedings	36
Item 4.	Mine Safety Disclosures	36
	Part II	
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	37
Item 6.	Reserved	40
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	41
Item 7A.	Quantitative and Qualitative Disclosures about Market Risk	63
Item 8.	Financial Statements and Supplementary Data	65
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	116
Item 9A.	Controls and Procedures	116
Item 9B.	Other Information	117
Item 9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	117
	Part III	
Item 10.	Directors, Executive Officers and Corporate Governance	118
Item 11.	Executive Compensation	119
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	119
Item 13.	Certain Relationships and Related Transactions, and Director Independence	120
Item 14.	Principal Accountant Fees and Services	120
	Part IV	
Item 15.	Exhibits, Financial Statement Schedule	121
Item 16.	Form 10-K Summary	133
	Signatures and Certifications	134

HCMO - SUPP - 000526
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Forward-Looking Statements

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

PART I

ITEM 1. BUSINESS

General

Headquartered in Louisville, Kentucky, Humana Inc. and its subsidiaries, referred to throughout this document as "we," "us," "our," the "Company" or "Humana," is committed to putting health first – for our teammates, our customers, and our company. Through our Humana insurance services, and our CenterWell health care services, we make it easier for the millions of people we serve to achieve their best health – delivering the care and service they need, when they need it. These efforts are leading to a better quality of life for Medicare and Medicaid participants, families, individuals, military service personnel, and communities at large.

As of December 31, 2025, we had approximately 15 million members in our medical benefit plans, as well as approximately 4.7 million members in our specialty products. During 2025, 83% of our total premiums and services revenue were derived from contracts with the federal government, including 14% derived from our individual Medicare Advantage contracts in Florida with the Centers for Medicare and Medicaid Services, or CMS, under which we provided health insurance coverage to approximately 1.0 million members as of December 31, 2025.

Humana Inc. was organized as a Delaware corporation in 1964. Our principal executive offices are located at 101 East Main Street, Louisville, Kentucky 40202, the telephone number at that address is (502) 580-1000, and our website address is www.humana.com. We have made available free of charge through the Investor Relations section of our web site our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, and, if applicable, amendments to those reports filed or furnished pursuant to Section 13(a) of the Exchange Act, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission.

This Annual Report on Form 10-K, or 2025 Form 10-K, contains both historical and forward-looking information. See Part I, Item 1A, "Risk Factors" of this Form 10-K for a description of a number of factors that may adversely affect our results or business.

Business Segments

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

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

Our Products

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

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Our Insurance Segment Products

The Insurance segment is comprised of insurance products serving Medicare and state-based contract beneficiaries, as well as individuals and employers. The segment also includes our Pharmacy Benefit Manager, or PBM, business. These products are described in the discussion that follows.

The following table presents our premiums and services revenue for the Insurance segment by product for the year ended December 31, 2025:

	Insurance Segment Premiums and Services Revenue	Percent of Consolidated Premiums and Services Revenue
	(dollars in millions)	
Premiums:		
Individual Medicare Advantage	$ 90,403	70.3 %
Group Medicare Advantage	9,014	7.0 %
Medicare stand-alone PDP	6,844	5.3 %
Total Medicare	106,261	82.6 %
Specialty benefits	989	0.8 %
Medicare Supplement	1,098	0.9 %
State-based contracts and other	14,477	11.2 %
Total premiums revenue	122,825	95.5 %
Services:		
Military services and other	1,017	0.8 %
Services revenue	1,017	0.8 %
Total Insurance segment premiums and services revenue	$ 123,842	96.3 %

Medicare

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

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

Individual Medicare Advantage Products

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

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

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

CMS uses a risk-adjustment model that adjusts premiums paid to Medicare Advantage, or MA, plans according to health status of covered members. The risk-adjustment model, which CMS implemented pursuant to the Balanced Budget Act of 1997 (BBA) and the Benefits Improvement and Protection Act of 2000 (BIPA), generally pays more where a plan's membership has higher expected costs. Under this model, rates paid to MA plans are based on actuarially determined bids, which include a process whereby our prospective payments are based on our estimated cost of providing standard Medicare-covered benefits to an enrollee with a "national average risk profile." That baseline payment amount is adjusted to account for certain demographic characteristics and health status of our enrolled members. Under the risk-adjustment methodology, all MA plans must collect from providers and submit the necessary diagnosis code information to CMS within prescribed deadlines. The CMS risk-adjustment model uses the diagnosis data, collected from providers, to calculate the health status-related risk-adjusted premium payment to MA plans, which CMS further adjusts for coding pattern differences between the health plans and the government fee-for-service (FFS) program. We generally rely on providers, including certain providers in our network who are our employees, to code their claim submissions with appropriate diagnoses, which we send to CMS as the basis for our health status-adjusted payment received from CMS under the actuarial risk-adjustment model. We also rely on these providers to document appropriately all medical data, including the diagnosis data submitted with claims. In addition, we conduct medical record reviews as part of our data and payment accuracy compliance efforts, to more accurately reflect diagnosis conditions under the risk adjustment model. For additional information, refer to Note 17 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" and Part I, Item 1A, "Risk Factors" of this Form 10-K.

At December 31, 2025, we provided health insurance coverage under CMS contracts to approximately 5.2 million individual Medicare Advantage members, including approximately 1.0 million members in Florida. These

HCMO - SUPP - 000530
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Florida contracts accounted for premiums revenue of approximately $17.8 billion, which represented approximately 20% of our individual Medicare Advantage premiums revenue, or 14% of our consolidated premiums and services revenue for the year ended December 31, 2025.

Our individual Medicare Advantage products covered under Medicare Advantage contracts with CMS are renewed generally for a calendar year term unless CMS notifies us of its decision not to renew by May 1 of the calendar year in which the contract would end, or we notify CMS of our decision not to renew by the first Monday in June of the calendar year in which the contract would end. All material contracts between Humana and CMS relating to our Medicare Advantage products have been renewed for 2026, and all of our product offerings filed with CMS and going to market for 2026 have been approved.

Individual Medicare Stand-Alone Prescription Drug Products

We offer stand-alone prescription drug plans, or PDPs, under Medicare Part D, including a PDP offering co-branded with Walmart Inc., or the Humana-Walmart plan. Generally, Medicare-eligible individuals enroll in one of our plan choices between October 15 and December 7 for coverage that begins on the following January 1. Our stand-alone PDP offerings consist of plans offering basic coverage with benefits mandated by Congress, as well as plans providing enhanced coverage with varying degrees of out-of-pocket costs for premiums, deductibles, and co-insurance. Our revenues from CMS and the beneficiary are determined from our PDP bids submitted annually to CMS. These revenues also reflect the health status of the beneficiary and risk sharing provisions as more fully described in Note 2 to the audited Consolidated Financial Statements included in Item 8. – Financial Statements and Supplementary Data, titled "Receivables and Revenue Recognition." Our stand-alone PDP contracts with CMS are renewed generally for a calendar year term unless CMS notifies us of its decision not to renew by May 1 of the calendar year in which the contract would end, or we notify CMS of our decision not to renew by the first Monday in June of the calendar year in which the contract would end. All material contracts between Humana and CMS relating to our Medicare stand-alone PDP products have been renewed for 2026, and all of our product offerings filed with CMS and going to market for 2026 have been approved.

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

Group Medicare Advantage and Medicare Stand-Alone PDP

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

Medicare Supplement

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

HCMO - SUPP - 000531
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State-based Contracts

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

We have contracts in multiple states to serve Medicaid-eligible members, including Florida, Kentucky, Illinois, Indiana, Louisiana, Ohio, Oklahoma, South Carolina, Virginia and Wisconsin.

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

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

Specialty

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

Military Services

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

We delivered services under the T2017 East Region contract from commencement on January 1, 2018 through expiration on December 31, 2024. The T2017 East Region contract comprised 32 states and approximately 6 million TRICARE beneficiaries. In December 2022, we were awarded the next generation of TRICARE Managed Care Support Contracts, or T-5, for the updated TRICARE East Region by the Defense Health Agency of the DoD. The T-5 East Region contract commenced on January 1, 2025 and comprises 24 states, and Washington D.C., and approximately 4.6 million beneficiaries. The transition period for the T-5 contract began in January 2024 and overlapped the final year of the T2017 contract. The length of the contract is one transition year followed by eight annual option periods, which, if all options are exercised, would result in a total contract length of nine years.

Our CenterWell Segment Products

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

HCMO - SUPP - 000532
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information on our intersegment revenues, refer to Note 18 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

The following table presents our services revenue for the CenterWell segment by line of business for the year ended December 31, 2025:

	CenterWell Segment Services Revenue	Percent of Consolidated Premiums and Services Revenue
	(dollars in millions)	
Intersegment revenues:		
Home solutions	$ 2,127	n
Pharmacy solutions	11,741	n
Primary care	3,789	n
Total intersegment revenues	$ 17,657	n
External services revenue:		
Home solutions	$ 1,401	1.1
Pharmacy solutions	1,218	0.9
Primary care	2,197	1.7
Total external services revenue	$ 4,816	3.7

n/a – not applicable

Pharmacy Solutions

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

Primary Care

We operate full-service, value-based senior focused primary care centers in a number of states, including Arizona, Georgia, Florida, Indiana, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Nevada, North Carolina, South Carolina, Tennessee, Texas, and Virginia staffed by primary care providers and medical specialists with a primary focus on the senior population under our primary care business. Our primary care business operates these clinics primarily under the Conviva Senior Primary Care and CenterWell Senior Primary Care brands. Our primary care subsidiaries operate our medical center business through both employed physicians and care providers, and through third-party management service organizations with whom we contract to arrange for and manage certain clinical services. Our primary care business currently operates 350 primary care clinics and employs approximately 1,300 primary care providers. Primary care serves approximately 491,100 patients, primarily under risk sharing arrangements with Humana Medicare Advantage health plans, third-party Medicare Advantage health plans and CMS administered risk sharing arrangements for Original Medicare.

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

HCMO - SUPP - 000533
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Our primary care business previously entered into a strategic partnership with Welsh, Carson, Anderson & Stowe, or WCAS, to accelerate the expansion of our primary care model through the development of clinics. As of December 31, 2025, there were 146 primary care clinics operating under the partnership. For additional information, refer to Note 4 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

Home Solutions

CenterWell Home Health

We operate CenterWell Home Health, one of the nation's largest home health providers, through which we are actively involved in the care management of our customers with the greatest needs via in-home care. CenterWell Home Health has locations in 37 states, providing extensive geographic coverage with approximately 68% overlap with our individual Medicare Advantage membership. Our home solutions geographic scale and clinical breadth provides the opportunity to offer care beyond our health plan members. Through the integration of these home health operations, we are focused on accelerating clinical innovation and the development and roll out of a value-based operating model at scale, more closely aligning incentives to focus on improving patient outcomes and reducing the total cost of care. This is critical to deploying a value-based, advanced home health model at scale that makes it easier for patients and providers to benefit from our full continuum of home-based capabilities, leveraging the best channel to deliver the right care needed at the right time.

OneHome

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

Hospice

We completed the sale of a 60% interest in Gentiva Hospice on August 11, 2022 and we account for our remaining minority ownership in Gentiva Hospice using the equity method of accounting. At December 31, 2025 and 2024, we owned approximately 35%. For additional information on our ownership interest of Gentiva Hospice, refer to Note 4 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

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Insurance Medical Membership

The following table summarizes total insurance medical membership (in thousands) at December 31, 2025, by market and product:

	Insurance Medical Membership							
	Individual Medicare Advantage	Group Medicare Advantage	Medicare stand-alone PDP	Medicare Supplement	State-based contracts and other	Military services	Total	Percent of Total
Florida	1,006.2	11.1	112.8	24.0	569.9	—	1,724.0	11.5 %
Texas	437.9	4.8	148.2	63.2	—	—	654.1	4.4 %
Kentucky	131.3	74.3	184.9	19.3	205.4	—	615.2	4.1 %
North Carolina	253.0	179.4	87.3	7.6	—	—	527.3	3.5 %
Ohio	192.0	17.4	80.1	28.3	179.4	—	497.2	3.3 %
Louisiana	194.1	7.8	49.4	3.8	139.3	—	394.4	2.6 %
Illinois	224.9	41.6	98.0	11.7	12.8	—	389.0	2.6 %
Virginia	158.7	2.7	104.2	9.9	105.2	—	380.7	2.5 %
Georgia	272.8	2.8	77.6	22.0	—	—	375.2	2.5 %
Tennessee	191.8	12.8	90.1	10.9	62.9	—	368.5	2.5 %
Oklahoma	74.1	3.3	52.3	11.1	185.5	—	326.3	2.2 %
Michigan	176.6	29.8	77.2	11.8	—	—	295.4	2.0 %
California	133.8	4.1	110.0	45.8	—	—	293.7	2.0 %
Indiana	158.0	18.8	64.8	13.1	32.5	—	287.2	1.9 %
South Carolina	170.9	0.4	29.6	12.5	37.1	—	250.5	1.7 %
Wisconsin	82.7	8.1	67.1	5.7	55.3	—	218.9	1.5 %
Washington	103.0	15.2	71.0	8.5	5.5	—	203.2	1.4 %
Pennsylvania	80.4	10.0	65.9	17.6	19.7	—	193.6	1.3 %
Alabama	97.4	29.0	50.6	7.7	—	—	184.7	1.2 %
Arizona	121.5	0.9	51.9	7.9	—	—	182.2	1.1 %
TRICARE	—	—	—	—	—	4,605.4	4,605.4	30.7 %
Others	988.2	94.1	789.6	156.0	5.1	—	2,033.0	13.5 %
Totals	5,249.3	568.4	2,462.6	498.4	1,615.6	4,605.4	14,999.7	100.0 %

Provider Arrangements

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

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

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

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

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

Capitation

We offer providers a continuum of opportunities to increase the integration of care and offer assistance to providers in transitioning from a fee-for-service to a value-based arrangement. These include performance bonuses, shared savings and shared risk relationships. For some of our medical membership, we share risk with providers under capitation contracts where physicians and hospitals accept varying levels of financial risk for a defined set of membership. Under the typical capitation arrangement, we prepay these providers a monthly fixed-fee per member, known as a capitation (per capita) payment, to cover all or a defined portion of the benefits provided to the capitated member.

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

At December 31, 2025, approximately 2,260,900 members, or 15.1%, of our medical membership, were covered under shared risk value-based arrangements, which provide all member benefits, including 1,947,900 individual Medicare Advantage members, or 37.1%, of our total individual Medicare Advantage membership.

Physicians under capitation arrangements typically have stop loss coverage so that a physician's financial risk for any single member is limited to a maximum amount on an annual basis. We typically process all claims and measure the financial performance of our capitated providers and require guarantees in certain instances. However, we delegated claim processing functions under capitation arrangements covering approximately 299,900 members, including 299,100 individual Medicare Advantage members, or 15.4%, of the 1,947,900 individual Medicare Advantage members covered under shared risk value-based contracts at December 31, 2025, with the provider assuming substantially all the risk of coordinating the members' health care benefits. Capitation expense under delegated arrangements for which we have a limited view of the underlying claims experience was approximately $3.7 billion, or 3.3%, of total benefits expense, for the year ended December 31, 2025. We remain financially responsible for health care services to our members in the event our providers fail to provide such services.

Accreditation Assessment

Our accreditation assessment program consists of several internal programs, including those that credential providers and those designed to meet the audit standards of federal and state agencies as well as external accreditation standards. We also offer quality and outcome measurement and improvement programs such as the Health Care Effectiveness Data and Information Set, or HEDIS, which is used by employers, government purchasers

HCMO - SUPP - 000536
PUBLIC

and the National Committee for Quality Assurance (NCQA) to evaluate health plans based on various criteria, including effectiveness of care and member satisfaction.

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

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

We maintain accreditation for certain of our health plans and/or departments from NCQA, the Accreditation Association for Ambulatory Health Care (AAAHC), and/or URAC.

NCQA reviews our compliance based on standards for quality improvement, population health management, credentialing, utilization management, network management, and member experience. We have achieved and maintained NCQA health plan accreditation in many of our Medicare and Medicaid markets. Humana's subsidiary, CenterWell Pharmacy, Inc., holds accreditations from URAC.

Sales and Marketing

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

At December 31, 2025, we employed approximately 1,000 sales representatives, as well as approximately 2,200 telemarketing representatives who assisted in the marketing of Medicare products, including Medicare Advantage and PDP, and specialty products in our Insurance segment, including making appointments for sales representatives with prospective members. We have a marketing arrangement with Walmart Inc., or Walmart, for our individual Medicare stand-alone PDP offering. We also sell group Medicare Advantage products through large employers. In addition, we market our Medicare and individual specialty products through licensed independent brokers and agents. For our Medicare products, commissions paid to employed sales representatives and independent brokers and agents are based on a per unit commission structure, regulated in structure and amount by CMS. For our individual specialty products, we generally pay brokers a commission based on premiums, with commissions varying by market and premium volume. In addition to a commission based directly on premium volume for sales to particular customers, we also have programs that pay brokers and agents based on other metrics. These include commission bonuses based on sales that attain certain levels or involve particular products. We also pay additional commissions based on aggregate volumes of sales involving multiple customers.

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

Underwriting

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

HCMO - SUPP - 000537
PUBLIC

Competition

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

Government Regulation

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

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

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

Certain Other Services

Captive Insurance Company

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

Centralized Intercompany Services

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

Human Capital Management

Our associates are essential to our success in delivering on our core strategy, and creating positive healthcare experiences for our members. We are committed to recruiting, developing, and retaining strong and diverse teams. As of December 31, 2025, we had approximately 67,060 associates.

Our Culture, Engagement and Approach to Work

We believe that our members' experience is linked to our associates' experience and that engaged, productive associates are the key to building a healthy company and caring environment where our associates go above and beyond for our members, driving innovation, and offering fulfilling experiences that incentivizes them to stay with

HCMO - SUPP - 000538
PUBLIC

us over the long-term. We provide opportunities for our associates to add to their personal well-being experiences that go beyond health to enhance their individual need for purpose, belonging and security. With an average tenure of 7 years at our Company, our associates' loyalty reflects our culture and commitment to growth. We believe that voluntary turnover rate (VTR) is an important indicator of workforce satisfaction as we strive for our associates to choose us over other opportunities. During 2025, our VTR was 13.8%, representing a decrease from 14.4% in 2024.

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

Pay and Benefits Philosophy, Compensation and Financial Security

We believe a fair and transparent workplace is essential for associate trust and engagement. To that end, our Company advances pay transparency and equity to ensure compensation decisions are unbiased, competitive and aligned with our commitment to support every associate's success. Each year, we conduct a comprehensive pay equity/gap analysis to identify and address potential pay disparities between associates performing similar work in similar capacities. Our pay and benefits structure is designed to attract, motivate, incentivize, retain, and reward our associates, at all levels of the organization, for their skill development, demonstration of our values and performance fostering an engaged and talented team. Our Total Rewards program complements these efforts by providing competitive compensation, robust benefits and resources that support health, financial security and work-life balance. While our programs vary by location, associate type and business, they generally include:

HCMO - SUPP - 000539
PUBLIC

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

Talent Development and Growth Opportunities

We are committed to promoting continuous learning and growth by offering associates a variety of resources to enhance their skills and advance their careers. Our professional development initiatives ensure associates have access to tools, mentorship and opportunities that enable them to succeed in their current roles and prepare for future growth opportunities, strengthening our organization and driving innovation. We also offer our associates education and certification program assistance through partner organizations, and reduce or eliminate cost barriers to support achievement of their educational and career goals.

Additional information related to our human capital management can be found by referencing our Definitive Proxy Statement of the Annual Meeting of Stockholders scheduled to be held on April 16, 2026 appearing under the caption "Human Capital Management."

HCMO - SUPP - 000540
PUBLIC

Information About Our Executive Officers

Set forth below are names and ages of all of our current executive officers as of February 1, 2026, their positions, and the date first elected as an executive officer**:**

Name	Age	Position	First Elected Officer	
James A. Rechtin	55	President and Chief Executive Officer, Director	01/24	(1)
David E. Dintenfass	55	President, Enterprise Growth	02/24	(2)
John-Paul W. Felter	42	Senior Vice President, Chief Accounting Officer and Controller	08/22	(3)
Aaron C. Martin	56	President, Medicare Advantage	01/26	(4)
Japan A. Mehta	45	Chief Information Officer	02/25	(5)
Celeste M. Mellet	49	Chief Financial Officer	01/25	(6)
Michelle A. O'Hara	50	Chief Human Resources Officer	01/25	(7)
George Renaudin II	57	President, Insurance	02/23	(8)
Sanjay K. Shetty, M.D.	52	President, CenterWell	04/23	(9)
Joseph C. Ventura	49	Chief Legal Officer	02/19	(10)

(1) Mr. Rechtin currently serves as Director, President and Chief Executive Officer (Principal Executive Officer), having held these positions since July 1, 2024. Mr. Rechtin was elected President and Chief Operating Officer upon joining the Company in January 2024 and served in that capacity through June 2024. Prior to joining the Company, Mr. Rechtin served as President and CEO at Envision Healthcare, having held that position from 2020 to 2023. Previously, Mr. Rechtin was President of OptumCare in 2019 after serving in multiple senior-level roles at Davita Medical Group from 2014 to 2019.

(2) Mr. Dintenfass currently serves as President, Enterprise Growth, having joined the Company in February 2024. Prior to joining the Company, Mr. Dintenfass had a series of leadership roles at Fidelity Investments from 2015 to 2024 where he most recently served as Executive Vice President, Head of Product and Emerging Segments, leading a P&L portfolio across retail and workplace investing. Mr. Dintenfass also served as Fidelity's Chief Marketing Officer and Head of Customer Experience Design. Before Fidelity, Mr. Dintenfass spent over five years at Bank of America in a variety of strategy and marketing roles across Consumer and Small Business banking and Merrill Lynch Wealth Management. Earlier in his career, Mr. Dintenfass spent 13 years at Procter & Gamble in global P&L and brand management roles of increasing responsibility. Mr. Dintenfass began his career as a consultant at McKinsey & Company.

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

(4) Mr. Martin currently serves as President, Medicare Advantage, having been elected to this position in January 2026. Prior to joining the Company, Mr. Martin served as Vice President, Healthcare for Amazon.com, Inc. for four years from 2022 through 2025. Previously, Mr. Martin was employed at Providence St. Joseph Health, where held roles of increasing responsibility from 2014 through 2022, and most recently served as EVP, Chief Digital Officer and Managing General Partner for Providence Ventures.

HCMO - SUPP - 000541
PUBLIC

(5) Mr. Mehta currently serves as Chief Information Officer, having been elected to this position in February 2025. Prior to joining the Company, Mr. Mehta served as Chief Data Officer at Citigroup for six years from 2018 to 2025. Previously, he held the role of CIO for Citi Global Wealth across a mix of client segments. Additionally, he served in the CIO role for Global Consumer Technology in Asia Pacific and Europe. Prior to Citi, Mr. Mehta held technology and digital leadership roles at JPMorgan, Barclays and Verizon.

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

(7) Ms. O'Hara currently serves as Chief Human Resources Officer, having been elected to this position in January 2025. Prior to joining the Company, Ms. O'Hara served as Executive Vice President and Chief Human Resources Officer from 2019 to 2025 at Science Applications International Corporation (SAIC). Prior to becoming Chief Human Resources Officer in 2019, Ms. O'Hara held various roles of increasing responsibility at SAIC that included talent acquisition, integrated talent management, total rewards and human resources.

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

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

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

Executive officers are elected annually by our Board of Directors and serve until their successors are elected or until resignation or removal. There are no family relationships among any of our executive officers.

HCMO - SUPP - 000542
PUBLIC

ITEM 1A. RISK FACTORS

Risks Relating to Our Business

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

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

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

Key to our operational strategy is the implementation of clinical initiatives that we believe provide a better health care experience for our members, lower the cost of healthcare services delivered to our members, and appropriately document the risk profile of our members. Our profitability and competitiveness depend in large part

HCMO - SUPP - 000543
PUBLIC

on our ability to appropriately manage health care costs through, among other things, the application of medical management programs such as our chronic care management program.

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

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

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

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

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

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

If we fail to effectively implement our operational and strategic initiatives, including our Medicare initiatives, which are of particular importance given the concentration of our revenues in these products, our state-based contracts strategy, the growth of our CenterWell businesses, and our integrated care delivery model, our business may be materially adversely affected.

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

HCMO - SUPP - 000544
PUBLIC

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

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

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

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

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

If we fail to properly maintain the integrity of our data, to strategically maintain existing or implement new information systems (including systems powered by or incorporating AI/ML), or to protect our proprietary rights to our systems, our business may be materially adversely affected.

Our business depends significantly on effective information systems and the integrity and timeliness of the data we use to run our business. Our business strategy involves providing members and providers with easy to use products that leverage our information to meet their needs. Our ability to adequately price our products and services, provide effective and efficient service to our customers, develop new and innovative products and services (including enhanced technologies that improved connectivity across products and meet consumer expectations for engaging in their health care), automate and deploy new technologies to simplify administrative processes and clinical decision making, provide timely payments to care providers, drive administrative and operational efficiencies, and timely and accurately report our financial results depends significantly on the performance of, and integrity of the data, in our information systems. These systems require an ongoing commitment of significant resources to maintain, protect, and enhance existing systems and develop and integrate new systems, including systems powered by or incorporating artificial intelligence and machine learning (including generative AI) (AI/ML), to keep pace with continuing changes in information processing technology, evolving industry and regulatory standards, and changing customer preferences, and even with such resources there is no assurance that we will be able to do so. In addition, changes to laws, regulations and guidance regarding how we may use AI/ML could make

HCMO - SUPP - 000545
PUBLIC

it harder for us to conduct our business using AI/ML, require us to retrain our AI/ML, delete data produced by our AI/ML, or prevent or limit our use of AI/ML. Our use of AI/ML technologies could also result in additional compliance costs, regulatory investigations, actions, fines or penalties, and consumer or other lawsuits.

If the information we rely upon to run our businesses was found to be inaccurate, unreliable, or biased, if we fail to improve service levels or maintain the integrity of our data, or if we fail to effectively maintain our information systems and develop and integrate new systems (including systems powered by or incorporating AI/ML), or if our use of AI/ML technologies were to result in inaccuracies, biases or errors, we could have operational disruptions, problems in determining medical cost estimates and establishing appropriate pricing, customer and health care provider disputes, reputational challenges, regulatory or other legal obstacles (including potential investigations and enforcement), difficulty preventing and detecting fraud, increases in operating expenses, difficulty driving administrative or operational efficiencies to enhance our operations and reduce costs, loss of existing customers, difficulty in attracting new customers, or other adverse consequences, each of which may result in a material adverse effect on our results of operations, financial position, and cash flows.

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

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

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

In the ordinary course of our business, we process, store and transmit large amounts of data, and rely on third-party service providers to do the same, including protected personal information subject to privacy, security or data breach notification laws, as well as proprietary or confidential information relating to our business or a third-party with which we do business. We have been, and will likely continue to be, regular targets of attempted cybersecurity attacks and other security threats and may be, and have been, subject to breaches of our information technology systems, including breaches of the information technology systems of third-party service providers. For example, in February 2024, Change Healthcare experienced a significant cybersecurity incident that disrupted its ability to provide services, impacting payers, providers and pharmacies nationwide, including us. Although the impact of such attacks has not been material to our operations or results of operations, financial position, or cash flow through December 31, 2025, we can provide no assurance that we will be able to detect, prevent, or contain the effects of such cybersecurity attacks or other information security risks or threats, or that such an attack will not be material to our business, in the future. Further, because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and are increasing in sophistication, in part due to use of evolving AI/ML technologies (including generative AI), and because our businesses are changing as well, we may be unable to anticipate these techniques and threats, detect data security incidents or implement adequate preventive measures. A cybersecurity attack may penetrate our layered security controls and lead to the misappropriation of or compromise of protected personal information or proprietary or confidential information, create system disruptions, cause shutdowns, or deploy viruses, ransomware, and other malicious software programs that attack our systems or those of our third-party service providers. A cybersecurity attack that bypasses our information technology systems,

HCMO - SUPP - 000546
PUBLIC

or the security of our third-party service providers, could materially affect us due to the theft, destruction, loss, misappropriation or release of sensitive personal information, confidential information or proprietary information (including intellectual property), operational or business delays resulting from the disruption of our IT systems, extortion attempts, or negative publicity resulting in reputation or brand damage with our members, customers, providers, and other stakeholders.

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

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

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

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

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

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

The health benefits industry continues to receive significant negative publicity reflecting the public perception of the industry. This publicity and perception have been accompanied by increased litigation, including some large jury awards, legislative activity, regulation, and governmental review of industry practices. These factors may materially adversely affect our ability to market our products or services, may require us to change our products or

HCMO - SUPP - 000547
PUBLIC

services or otherwise change our business practices, may increase the regulatory burdens under which we operate, and may require us to pay large judgments or fines. Any combination of these factors could further increase our cost of doing business and adversely affect our results of operations, financial position, and cash flows.

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

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

A significant portion of our revenues relates to federal and state government health care coverage programs, including the Medicare, military services, and Medicaid programs. These programs accounted for approximately 93% of our total premiums and services revenue for the year ended December 31, 2025. These programs involve various risks, as described further below.

- At December 31, 2025, under our contracts with CMS we provided health insurance coverage to approximately 1.0 million individual Medicare Advantage members in Florida. These contracts accounted for approximately 14% of our total premiums and services revenue for the year ended December 31, 2025. The loss of these and other CMS contracts (which are generally renewed annually) or significant changes in the Medicare Advantage and Prescription Drug Plan programs as a result of legislative or regulatory action, including changes to the Part D prescription drug benefit design (such as the changes to plan sponsor liability across the different Part D coverage phases that began to apply in plan year 2025) or reductions in premium payments to us or increases in member benefits or changes to member eligibility criteria without corresponding increases in premium payments to us, may have a material adverse effect on our results of operations, financial position, and cash flows.

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

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

  In 2012, CMS released an MA contract-level RADV methodology that would extrapolate the results of each CMS RADV audit sample to the audited MA contract's entire health status-related risk adjusted

HCMO - SUPP - 000548
PUBLIC

premium amount for the year under audit. In doing so, CMS recognized “that the documentation standard used in RADV audits to determine a contract’s payment error (medical records) is different from the documentation standard used to develop the Part C risk-adjustment model (FFS claims).” To correct for this difference, CMS stated that it would apply a “Fee-for-Service Adjuster (FFS Adjuster)” as “an offset to the preliminary recovery amount.” This adjuster would be “calculated by CMS based on a RADV-like review of records submitted to support FFS claims data.” CMS stated that this methodology would apply to audits beginning with payment year (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 (the "Proposed RADV Rule") 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 2026 preserved Humana’s position that CMS should apply an FFS Adjuster in any RADV audit that CMS intends to extrapolate. CMS confirmed its intent to apply the Final RADV Rule, including the first application of extrapolated audit results to determine audit settlements without the use of a FFS Adjuster, to CMS audits conducted for PY 2018 and subsequent years when it selected certain of Humana's MA contracts for PY 2018 RADV audits. Further, on May 21, 2025, CMS announced that it will conduct RADV audits for all eligible MA contracts for each payment year in all newly initiated audits and expedite the completion of RADV audits for PY 2018 through PY 2024 by early 2026. The Final RADV Rule, including the lack of a FFS Adjuster, and any related regulatory, industry or company reactions, the expansion of CMS's auditing efforts to include all eligible MA contracts, the acceleration of RADV audits for PY 2018 through PY 2024, other changes CMS may make to the RADV audit methodology for these years, and combination of these expanded auditing efforts with the application of the Final RADV Rule, could each 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. On September 25, 2025, the Court granted our motion for summary judgment and vacated the Final RADV Rule, finding that the Final RADV Rule was procedurally invalid under the APA because it was not a “logical outgrowth” of the Proposed RADV Rule. On November 21, 2025, the government notified the court of its appeal of that decision, which is now pending at the United States Court of Appeals for the Fifth Circuit and captioned Humana v Kennedy. There can be no assurances as to the final disposition of this lawsuit. We remain committed to working alongside CMS to promote the integrity of the MA program as well as affordability and cost certainty for our members. It is critical that MA plans are paid accurately and that payment model principles, including the application of a FFS Adjuster, are in accordance with

HCMO - SUPP - 000549
PUBLIC

the requirements of the Social Security Act, which, if not implemented correctly could have a material adverse effect on our results of operations, financial position, or cash flows.

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

- Our CMS contracts which cover members' prescription drugs under Medicare Part D contain provisions for risk sharing and certain payments for prescription drug costs for which we are not at risk. These provisions, certain of which are described below, affect our ultimate payments from CMS.

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

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

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

- Our primary care and home solutions businesses derive a substantial portion of their revenues from third-party payors and directly from the federal and state governments through participation in fee-for-service Medicare. This concentration of revenues subjects these businesses to reductions in Medicare

HCMO - SUPP - 000550
PUBLIC

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

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

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

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

We are and will continue to be regularly subject to new laws and regulations, changes to existing laws and regulations, and judicial determinations that impact the interpretation and applicability of those laws and regulations. The Patient Protection and Affordable Care Act and The Health Care and Education Reconciliation Act of 2010 (which we collectively refer to as the Health Care Reform Law), the Families First Coronavirus Response Act (the "Families First Act"), the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), and the Inflation Reduction Act of 2022 (the "Inflation Reduction Act"), and related regulations, are examples of laws which have enacted significant reforms to various aspects of the U.S. health insurance industry, including among others, mandated coverage requirements, mandated benefits and guarantee issuance associated with commercial medical insurance, rebates to policyholders based on minimum benefit ratios, adjustments to Medicare Advantage premiums, the establishment of federally facilitated or state-based exchanges coupled with programs designed to spread risk among insurers, the introduction of plan designs based on set actuarial values, and changes to the Part D prescription drug benefit design.

It is reasonably possible that these laws and regulations, as well as other current or future legislative, judicial or regulatory changes, including restrictions on our ability to manage our provider network, market and sell our products, or otherwise operate our business, or restrictions on profitability, increases in member benefits or changes to member eligibility criteria without corresponding increases in premium payments to us, further restrictions on service arrangements and fee payments between intercompany or vertically-integrated assets, increases in regulation of our prescription drug benefit businesses, or changes to the Part D prescription drug benefit design (and uncertainty arising from the implementation of these changes) may have a material adverse effect on our results of operations (including restricting revenue, enrollment and premium growth in certain products and market segments, restricting our ability to expand into new markets, increasing our medical and operating costs, further lowering our

Medicare payment rates and increasing our expenses associated with assessments); our financial position (including our ability to maintain the value of our goodwill); and our cash flows.

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

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

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

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

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

Corporate Practice of Medicine and Other Laws

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

HCMO - SUPP - 000552
PUBLIC

restructuring or reorganization of our business, may result in a material adverse effect on our results of operations, financial position, or cash flows.

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

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

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

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

State Regulation of our Products and Services

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

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

Certain of our healthcare services businesses require a Certificate of Need, or CON, to operate in certain states. These states restrict the entry of new providers or services and the expansion of existing providers or services in their state through a CON process, which is periodically evaluated and updated as required by applicable state law. To the extent that we require a CON or other similar approvals to expand our operations, our expansion could be adversely affected by our inability to obtain the necessary approval. To the extent laws in these CON states change,

HCMO - SUPP - 000553
PUBLIC

including the elimination of the CON requirement, the intangible value associated with these CONs may be impaired.

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

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

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

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

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

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

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

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

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

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

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

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

We are also subject to risks inherent in the packaging and distribution of pharmaceuticals and other health care products, including the application of state laws and regulations related to the operation of internet and mail-order pharmacies, violations of which could expose us to civil and criminal penalties, and manufacturing, distribution or

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other supply chain disruptions (including disruptions that occur as a result of catastrophes, including acts of terrorism, public health emergencies, epidemics or pandemics (such as COVID-19), or natural disasters (such as hurricanes and earthquakes) which could occur more frequently or with more intense effects as a result of the impacts of global climate change), each of which could impact the availability or cost of supplying of such products.

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

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

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

Because we operate as a holding company, we are dependent upon dividends and administrative expense reimbursements from our subsidiaries to fund the obligations of Humana Inc., our parent company. Certain of our insurance subsidiaries operate in states that regulate the payment of dividends, loans, administrative expense reimbursements or other cash transfers to Humana Inc., and require minimum levels of equity as well as limit investments to approved securities. The amount of dividends that may be paid to Humana Inc. by these insurance subsidiaries, without prior approval by state regulatory authorities, or ordinary dividends, is limited based on the entity's level of statutory income and statutory capital and surplus. In most states, prior notification is provided before paying a dividend even if approval is not required. Actual dividends paid may vary due to consideration of excess statutory capital and surplus and expected future surplus requirements related to, for example, premium volume and product mix. Dividends from our non-insurance companies such as in our CenterWell segment are generally not restricted by Departments of Insurance. In the event that we are unable to provide sufficient capital to fund the obligations of Humana Inc., our results of operations, financial position, and cash flows may be materially adversely affected.

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

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

We believe that certain of our customers place importance on our claims paying ability, financial strength, and debt ratings, and we may lose customers and compete less successfully if our ratings were to be downgraded. In

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addition, our credit ratings impact our ability to obtain future borrowings and investment capital on favorable terms. If our credit ratings were to be lowered, our cost of borrowing likely would increase, our sales and earnings could decrease, and our results of operations, financial position, and cash flows may be materially adversely affected.

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

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

We believe our cash balances, investment securities, operating cash flows, and funds available under our credit agreement or from other public or private financing sources, taken together, provide adequate resources to fund ongoing operating and regulatory requirements, acquisitions, future expansion opportunities, and capital expenditures for at least the next twelve months, as well as to refinance or repay debt, and repurchase shares. However, continuing adverse securities and credit market conditions may significantly affect the availability of credit. While there is no assurance in the current economic environment, we have no reason to believe the lenders participating in our credit agreement will not be willing and able to provide financing in accordance with the terms of the agreement.

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Risk Management and Strategy

In the ordinary course of our business, we process, store and transmit large amounts of data, and rely on third-party service providers to do the same, including sensitive personal information as well as proprietary or confidential information relating to our business or a third-party with which we do business. The protection of information and business processes is a key component of our overall risk management program, and reflected in our Code of Ethics, security standards, and privacy policies. We employ a comprehensive set of controls and defensive measures

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designed to safeguard information and protect our customers' data, including by deploying both proactive and defensive practices against the evolving cyber threat landscape. Examples of these processes include:

a. Employing a qualified Chief Information Security Officer.
b. Maintaining tools to identify malicious cyber activity.
c. Monitoring risks posed by threat actors, including through partnerships with industry groups and government agencies.
d. Providing annual cybersecurity training to our associates.
e. Testing our associates' knowledge through internal phishing simulations.
f. Engaging an independent third-party audit firm to perform an Annual Service Organizational Controls (SOC) 2 audit of enterprise claims platforms.
g. Reporting data breaches, as required by law, to the U.S. Department of Health and Human Services (HHS), Office for Civil Rights (OCR), and various state agencies; our reports are publicly available, free of charge, and can be obtained through the OCR Portal at https://ocrportal.hhs.gov/ocr/breach.
h. Maintaining a program to identify cybersecurity risks associated with certain third-party vendors, which is one component of an overall vendor risk management program.
i. Maintaining a 24/7 Cybersecurity Operations Center to monitor, detect and respond to cyber events and incidents.
j. Maintaining a program of identity and access management.

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

Although we have been subject to breaches of our information technology systems, including breaches of the information technology systems of third-party service providers, the impact of such attacks has not been material to our business strategy, operations or results of operations, financial position, or cash flows through December 31, 2025. We do not believe that cybersecurity threats resulting from any previous cybersecurity incidents of which we are aware are reasonably likely to materially affect the Company. For additional information on the risks we face from cybersecurity threats, please refer to Part I, Item 1A, "Risk Factors" of this Form 10-K.

Governance

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

Management is responsible for designing and implementing our governance framework and controls for managing our material risks from cybersecurity threats, under the oversight of our Board of Directors. Our Chief Information Security Officer is responsible for assessing and managing identified cybersecurity risks, evaluating and remediating cybersecurity incidents. Our Chief Information Security Officer reports to our Chief Information Officer, who is in turn responsible for the management of Humana's data and information technology risks more generally. Our Chief Information Officer and Chief Information Security Officer are each senior executives with more than two decades of experience leading technology teams in large, regulated industries. Our Enterprise Leadership Team, and our Chief Information Security Officer, regularly report to the Audit Committee, Technology

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Committee, and full Board of Directors regarding our cybersecurity program, including reporting cybersecurity incidents as appropriate.

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

ITEM 2. PROPERTIES

Our principal executive office is located in the Humana Building, 101 East Main Street, Louisville, Kentucky 40202. In addition to the headquarters in Louisville, Kentucky, we maintain other principal operating facilities used for customer service, enrollment, and/or claims processing and certain other corporate functions. Our key administrative functions are located in Louisville, Kentucky; Arlington, Virginia; and Green Bay, Wisconsin. We also have regional administrative support offices in Arizona, Florida, Georgia, Illinois, Massachusetts, New York, Tennessee and Texas.

We owned or leased numerous medical centers and administrative offices at December 31, 2025. The medical centers we operate are primarily located in Florida and Texas, including full-service, multi-specialty medical centers staffed by primary care providers and medical specialists. Of these medical centers, approximately 372 of these facilities are leased or subleased to our contracted providers to operate.

ITEM 3. LEGAL PROCEEDINGS

We are party to a variety of legal actions in the ordinary course of business, certain of which may be styled as class-action lawsuits. Among other matters, this litigation may include employment matters, claims of medical malpractice, bad faith, nonacceptance or termination of providers, anticompetitive practices, improper rate setting, provider contract rate disputes, qui tam litigation brought by individuals seeking to sue on behalf of the government, failure to disclose network discounts and various other provider arrangements, general contractual matters, intellectual property matters, and challenges to subrogation practices. For a discussion of our material legal actions, including those not in the ordinary course of business, see “Legal Proceedings and Certain Regulatory Matters” in Note 17 to the audited Consolidated Financial Statements included in Item 8. – Financial Statements and Supplementary Data. We cannot predict the outcome of these suits with certainty.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

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

Market Information

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

Holders of our Capital Stock

As of January 31, 2026, there were 1,424 holders of record of our common stock and 684,397 beneficial holders of our common stock**.**

Dividends

The following table provides details of dividend payments, excluding dividend equivalent rights, in 2024 and 2025, under our Board approved quarterly cash dividend policy:

Record Date	Payment Date	Amount per Share	Total Amount
			(in millions)
2024 payments			
12/29/2023	1/26/2024	$0.8850	$108
3/29/2024	4/26/2024	$0.8850	$107
6/28/2024	7/26/2024	$0.8850	$106
9/30/2024	10/25/2024	$0.8850	$107
2025 payments			
12/31/2024	1/31/2025	$0.8850	$107
3/28/2025	4/25/2025	$0.8850	$107
6/27/2025	7/25/2025	$0.8850	$106
9/26/2025	10/31/2025	$0.8850	$106

In October 2025, the Board declared a cash dividend of $0.8850 per share payable on January 30, 2026 to stockholders of record on December 26, 2025 for an aggregate amount of $107 million. In February 2026, the Board declared a cash dividend of $0.8850 per share payable on April 24, 2026 to stockholders of record on March 27, 2026. Declaration and payment of future quarterly dividends is at the discretion of our Board and may be adjusted as business needs or market conditions change.

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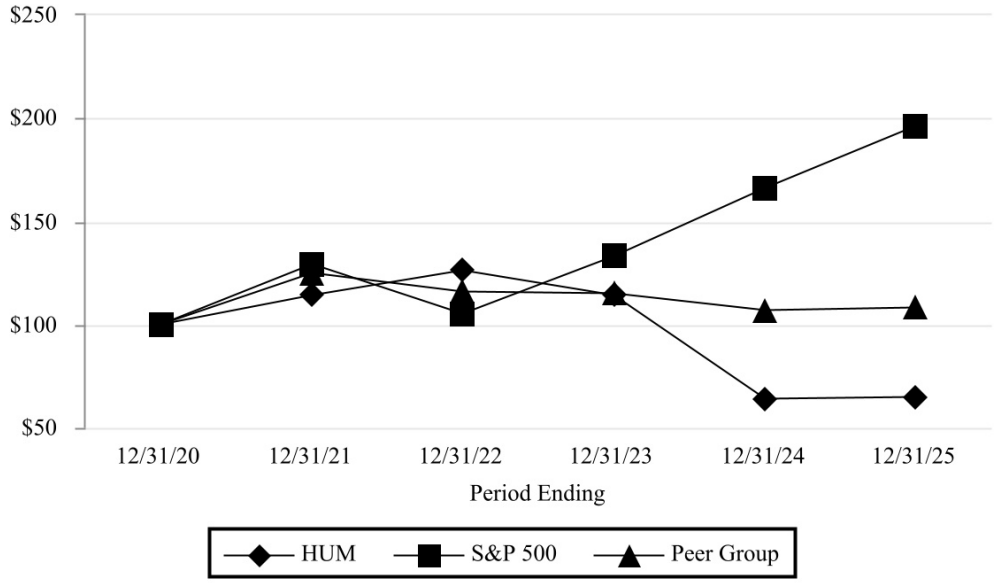
Stock Total Return Performance

The following graph compares our total return to stockholders with the returns of the Standard & Poor's Composite 500 Index ("S&P 500") and the Dow Jones US Select Health Care Providers Index ("Peer Group") for the five years ended December 31, 2025. The graph assumes an investment of $100 in each of our common stock, the S&P 500, and the Peer Group on December 31, 2020, and that dividends were reinvested when paid.



	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025
HUM	$ 100	$ 114	$ 126	$ 114	$ 64	$ 65
S&P 500	$ 100	$ 129	$ 105	$ 133	$ 166	$ 196
Peer Group	$ 100	$ 125	$ 116	$ 115	$ 107	$ 108

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

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Issuer Purchases of Equity Securities

The following table provides information about purchases by us during the three months ended December 31, 2025 of equity securities that are registered by us pursuant to Section 12 of the Exchange Act:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)(2)	Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1) (2)
October 2025	—	$ —	—	$ 2,826,757,902
November 2025	—	—	—	2,826,757,902
December 2025	—	—	—	2,826,757,902
Total	—	$ —	—	

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

(2) Effective February 16, 2024, the Board of Directors replaced the February 2023 repurchase authorization (of which approximately $824 million remained unused) with a new share repurchase authorization for repurchases of up to $3 billion of our common shares exclusive of shares repurchased in connection with employee stock plans, expiring as of February 15, 2027, which we refer to as the 2024 repurchase authorization. Our remaining repurchase authorization was $2.7 billion as of February 18, 2026.

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ITEM 6. [Reserved]

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

For discussion of 2023 items and year-over-year comparisons between 2024 and 2023 that are not included in this 2025 Form 10-K, refer to "Item 7. – Management Discussion and Analysis of Financial Condition and Results of Operations" found in our Form 10-K for the year ended December 31, 2024, that was filed with the Securities and Exchange Commission on February 20, 2025.

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 Medicare and Medicaid participants, 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

During 2025, we finalized our exit from the Employer Group Commercial Medical Products business, which included 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 were 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.

Value Creation Initiatives and Impairment Charges

In order to create capacity to fund growth in our businesses, we committed to drive additional value for the enterprise through cost saving and productivity initiatives. In addition, in response to sustained macroeconomic, regulatory and competitive pressures impacting the industry, we initiated a substantial multi-year transformation program designed to re-align our cost structure, operating model and technology footprint with evolving market conditions.

As a result of these initiatives, we recorded charges of $449 million, $281 million and $436 million in 2025, 2024 and 2023, respectively, primarily within operating costs in the consolidated statements of income. We expect to incur additional charges over the course of the program.

The value creation initiative charges primarily relate to $329 million, $25 million and $199 million in severance and other employee related charges in connection with workforce optimization in 2025, 2024 and 2023, respectively, as well as $40 million, $256 million and $237 million in asset impairments in 2025, 2024 and 2023, respectively. The remainder of the 2025 charges primarily relate to external consulting spend.

In addition, we recorded impairment charges of $253 million, $200 million and $91 million in 2025, 2024 and 2023, respectively. The impairment charges included impairment of indefinite-lived intangible assets for $128 million, $200 million and $55 million in 2025, 2024 and 2023, respectively, included within operating costs in our consolidated statements of income. The remaining impairment charges were included within investment income in our consolidated statements of income.

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In addition to the value creation initiatives, we also recorded severance charges of $70 million in 2023 within operating costs in our consolidated statement of income as a result of our exit from the Employer Group Commercial Medical Products business.

Business Segments

Our two reportable segments, Insurance and CenterWell, are based on a combination of the type of health plan customer and adjacent businesses centered on well-being solutions for our health plans and other customers, as described below. Our Chief Executive Officer, the Chief Operating Decision Maker, utilizes these segment groupings and results of each segment, measured by income (loss) from operations, to assess performance and allocate resources primarily during our annual budget process and periodic forecast updates. For segment financial information, refer to Note 18 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

The Insurance segment consists of Medicare benefits, marketed to individuals or directly via group Medicare accounts, as well as our contract with CMS to administer the Limited Income Newly Eligible Transition, or LI-NET, prescription drug plan program and contracts with various states to provide Medicaid, dual eligible demonstration, and Long-Term Support Services benefits, which we refer to collectively as our state-based contracts. This segment also includes products consisting of specialty health insurance benefits marketed to individuals and employer groups, including dental, vision, and other supplemental health benefits. In addition, our Insurance segment includes our Military services business, primarily our T-5 East Region contract, as well as the operations of our PBM business.

The CenterWell segment includes our pharmacy solutions, primary care, and home solutions operations. 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.

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

Seasonality

Our Medicare benefit costs rise as members pay their contractual portion of claims responsibility, progress through their annual deductible and maximum out-of-pocket expenses, as well as incurring higher episodic cost of care resulting in a higher benefit ratio throughout the year.

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 stand-alone prescription drug plan, or PDP, 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. Effective January 1, 2025, the Medicare Part D coverage gap was eliminated as mandated by the Inflation Reduction Act of 2022, or IRA. The benefit design changes reduced out-of-pocket costs for beneficiaries, resulting in greater cost sharing and a leveling of net prescription costs throughout the year as compared to the historical seasonal decline prior to the IRA. 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.

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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.

Highlights

- Our strategy is to offer our members affordable health care combined with a positive consumer experience in growing markets. At the core of this strategy is our integrated care delivery model, which unites quality care, high member engagement, and sophisticated data analytics. Our approach to primary, physician-directed care for our members aims to provide quality care that is consistent, integrated, cost-effective, and member-focused, provided by both employed physicians and physicians with network contract arrangements. The model is designed to improve health outcomes and affordability for individuals and for the health system as a whole, while offering our members a simple, seamless healthcare experience. We believe this strategy is positioning us for long-term growth in both membership and earnings. We offer providers a continuum of opportunities to increase the integration of care and offer assistance to providers in transitioning from a fee-for-service to a value-based arrangement. These include performance bonuses, shared savings and shared risk relationships. At December 31, 2025, approximately 3,586,100 members, or 68%, of our individual Medicare Advantage members were in value-based relationships under our integrated care delivery model, as compared to 3,994,300 members, or 71%, at December 31, 2024.

- Net income attributable to Humana was $1.2 billion, or $9.84 per diluted common share, and $1.2 billion, or $9.98 per diluted common share, in 2025 and 2024, respectively. This comparison was significantly impacted by put/call valuation adjustments associated with non-consolidating minority interest investments, charges associated with value creation initiatives, impairment charges, loss on sale of business and settlement of certain litigation expenses. The impact of these adjustments to our consolidated income before income taxes and equity in net earnings and diluted earnings per common share was as follows for the 2025 and 2024 periods:

	2025	2024
	(in millions)	
Consolidated income before income taxes and equity in net losses:		
Put/call valuation adjustments associated with our non-consolidating minority interest investments	$ 513	$ 296
Value creation initiatives	449	281
Impairment charges	253	200
Loss on sale of business	67	—
Settlement of certain litigation expenses	15	—
Total	$ 1,297	$ 777

	2025	2024
Diluted earnings per common share:		
Put/call valuation adjustments associated with our non-consolidating minority interest investments	$ 4.25	$ 2.45
Value creation initiatives	3.72	2.33
Impairment charges	2.09	1.65
Loss on sale of business	0.55	—
Settlement of certain litigation expenses	0.13	—
Cumulative net tax impact	(3.36)	(1.50)
Total	$ 7.38	$ 4.93

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Regulatory Environment

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

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

We intend for the discussion of our financial condition and results of operations that follows to assist in the understanding of our financial statements and related changes in certain key items in those financial statements from year to year, including the primary factors that accounted for those changes. Transactions between reportable segments primarily consist of sales of products and services rendered by our CenterWell segment, primarily pharmacy solutions, primary care, and home solutions, to our Insurance segment customers and are described in Note 18 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

HCMO - SUPP - 000567
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Comparison of Results of Operations for 2025 and 2024

The following discussion primarily details our results of operations for the year ended December 31, 2025, or the 2025 period, and the year ended December 31, 2024, or the 2024 period.

Consolidated

			Change	
	2025	2024	Dollars	Percentage
	(dollars in millions, except per common share results)			
Revenues:				
Insurance premiums	$ 122,825	$ 112,104	$ 10,721	9.6 %
Services:				
Insurance	1,017	966	51	5.3 %
CenterWell	4,816	3,465	1,351	39.0 %
Total services revenue	5,833	4,431	1,402	31.6 %
Investment income	1,006	1,226	(220)	(17.9)%
Total revenues	129,664	117,761	11,903	10.1 %
Operating expenses:				
Benefits	110,812	100,664	10,148	10.1 %
Operating costs	15,450	13,696	1,754	12.8 %
Depreciation and amortization	698	839	(141)	(16.8)%
Total operating expenses	126,960	115,199	11,761	10.2 %
Income from operations	2,704	2,562	142	5.5 %
Loss on sale of business	67	—	67	100.0 %
Interest expense	631	660	(29)	(4.4)%
Other expense, net	451	181	270	149.2 %
Income before income taxes and equity in net losses	1,555	1,721	(166)	(9.6)%
Provision for income taxes	250	413	(163)	(39.5)%
Equity in net losses	(102)	(94)	8	8.5 %
Net income	$ 1,203	$ 1,214	$ (11)	(0.9)%
Diluted earnings per common share	$ 9.84	$ 9.98	$ (0.14)	(1.4)%
Benefit ratio (a)	90.2 %	89.8 %		0.4 %
Operating cost ratio (b)	12.0 %	11.8 %		0.2 %
Effective tax rate	17.4 %	25.5 %		(8.1)%

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

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

Premiums Revenue

Consolidated premiums revenue increased $10.7 billion, or 9.6%, from $112.1 billion in the 2024 period to $122.8 billion in the 2025 period primarily due to higher per member Medicare premiums, largely driven by an increased direct subsidy due to the IRA, and higher per member state-based contracts premiums, as well as membership growth in the state-based contracts and stand-alone PDP businesses. These factors were partially offset by the membership decline within the individual Medicare Advantage business, inclusive of the decision to exit certain unprofitable plans and counties in 2025.

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Services Revenue

Consolidated services revenue increased $1.4 billion, or 31.6%, from $4.4 billion in the 2024 period to $5.8 billion in the 2025 period primarily due to higher revenues associated with external growth in the primary care and pharmacy solutions businesses, partially offset by the impact of the v28 risk model revision impacting the primary care business.

Investment Income

Investment income decreased $0.2 billion, or 17.9%, from $1.2 billion in the 2024 period to $1.0 billion in the 2025 period primarily due to lower interest income on our debt securities, as well as non-cash impairment charge in the fourth quarter of 2025 related to our minority ownership interest in a joint-venture investment, deemed unrecoverable based on recent market activity.

Benefits Expense

Consolidated benefits expense increased $10.1 billion, or 10.1%, from $100.7 billion in the 2024 period to $110.8 billion in the 2025 period. The consolidated benefit ratio increased 40 basis points from 89.8% in the 2024 period to 90.2% in the 2025 period primarily due to a shift in line of business mix resulting from growth in the state-based contracts and stand-alone PDP businesses that carry a higher benefit ratio, combined with a reduction in individual Medicare Advantage membership, incremental investments to improve member and patient outcomes and support operational excellence, and the year-over-year increase in the Medicare stand-alone PDP benefit ratio driven by the impact of the IRA. These factors were partially offset by individual Medicare Advantage pricing inclusive of plan exits and benefit design changes that more than offset claims trend and the funding environment, as well as the anticipated higher favorable prior-period medical claims development in the 2025 period.

Consolidated benefits expense included $1.0 billion of favorable prior-period medical claims reserve development in the 2025 period and $701 million of favorable prior-period medical claims reserve development in the 2024 period. Prior-period medical claims reserve development decreased the consolidated benefit ratio by approximately 80 basis points in the 2025 period and decreased the consolidated benefit ratio by approximately 60 basis points in the 2024 period. Prior-period medical claims reserve development excludes the effects of provider risk-sharing arrangements, which are accounted for separately based on contractual settlement terms.

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 $1.8 billion, or 12.8%, from $13.7 billion in the 2024 period to $15.5 billion in the 2025 period. The consolidated operating cost ratio increased 20 basis points from 11.8% in the 2024 period to 12.0% in the 2025 period primarily due to business mix changes, including within the CenterWell segment that runs a significantly higher operating cost ratio than the Insurance segment, the operating leverage impact associated with the loss of individual Medicare Advantage membership, as well as higher charges associated with the value creation plan. These factors were partially offset by administrative cost efficiencies resulting from the value creation initiatives, operating leverage associated with increased revenues from the impact of the IRA, and a lesser operating cost impact from impairment costs in the 2025 period compared to the 2024 period.

Depreciation and Amortization

Depreciation and amortization decreased $141 million, or 16.8%, from $839 million in the 2024 period to $698 million in the 2025 period primarily due to decreased capital spending.

Interest Expense

Interest expense decreased $29 million, or 4.4%, from $660 million in the 2024 period to $631 million in the 2025 period primarily due to decrease in interest rates and average debt balances.

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Income Taxes

Our effective tax rate was 17.4% and 25.5% for the 2025 period and 2024 period, respectively. The 2025 period effective income tax rate reflects the impact of a tax loss on sale of business, which exceeded the book loss. The related tax benefit is realizable via capital loss carryback. For a complete reconciliation of the federal statutory rate to the effective tax rate, refer to Note 12 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

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Insurance Segment

	2025	2024	Change Members	Change %
Membership:				
Individual Medicare Advantage	5,249,300	5,661,800	(412,500)	(7.3)%
Group Medicare Advantage	568,400	545,700	22,700	4.2 %
Medicare stand-alone PDP	2,462,600	2,288,200	174,400	7.6 %
Total Medicare	8,280,300	8,495,700	(215,400)	(2.5)%
Medicare Supplement	498,400	377,300	121,100	32.1 %
State-based contracts and other	1,615,600	1,459,900	155,700	10.7 %
Military services	4,605,400	6,009,100	(1,403,700)	(23.4)%
Commercial fully-insured	—	300	(300)	(100.0)%
Commercial ASO	—	4,800	(4,800)	(100.0)%
Total Medical Membership	14,999,700	16,347,100	(1,347,400)	(8.2)%
Total Specialty Membership	4,742,600	4,562,000	180,600	4.0 %

Members may not be unique to each product since members have the ability to enroll in more than one product.

	2025	2024	Change $	Change %
		(in millions)		
Premiums and Services Revenue:				
Premiums:				
Individual Medicare Advantage	$ 90,403	$ 88,019	$ 2,384	2.7%
Group Medicare Advantage	9,014	7,731	1,283	16.6%
Medicare stand-alone PDP	6,844	3,137	3,707	118.2%
Total Medicare	106,261	98,887	7,374	7.5%
Specialty benefits	989	955	34	3.6%
Medicare Supplement	1,098	846	252	29.8%
State-based contracts and other	14,477	10,915	3,562	32.6%
Commercial fully-insured	—	501	(501)	(100.0)%
Premiums revenue	122,825	112,104	10,721	9.6%
Services:				
Military services and other	1,017	916	101	11.0%
Commercial ASO	—	50	(50)	(100.0)%
Services revenue	1,017	966	51	5.3%
Total external revenues	$ 123,842	$ 113,070	$ 10,772	9.5%
Income from operations	$ 1,664	$ 1,289	$ 375	29.1%
Benefit ratio	90.4 %	90.4 %		— %
Operating cost ratio	9.1 %	9.2 %		(0.1)%

Income from operations

Insurance segment income from operations increased $0.4 billion, or 29.1%, from $1.3 billion in the 2024 period to $1.7 billion in the 2025 period primarily due to the same factors impacting the Insurance segment's benefit and operating cost ratios as more fully described below.

HCMO - SUPP - 000571
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Enrollment

Individual Medicare Advantage membership decreased 412,500 members, or 7.3%, from 5,661,800 members as of December 31, 2024 to 5,249,300 members as of December 31, 2025 inclusive of the decision to exit certain unprofitable plans and counties in 2025. Individual Medicare Advantage membership includes 760,500 D-SNP members as of December 31, 2025, a net decrease of 176,600 D-SNP members, or 18.8%, from 937,100 members as of December 31, 2024. For the full year 2026, we anticipate net membership growth in our individual Medicare Advantage offerings of approximately 25%.

Group Medicare Advantage membership increased 22,700 members, or 4.2%, from 545,700 members as of December 31, 2024 to 568,400 members as of December 31, 2025 consistent with expectations as we maintain pricing discipline in a competitive market. For the full year 2026, we anticipate net membership growth in our group Medicare Advantage offerings of approximately 150,000 members.

Medicare stand-alone PDP membership increased 174,400 members, or 7.6%, from 2,288,200 members as of December 31, 2024 to 2,462,600 members as of December 31, 2025 reflecting shifting competitive dynamics. For the full year 2026, we anticipate net membership growth in our Medicare stand-alone PDP offerings of approximately 1,000,000 members.

State-based contracts and other membership increased 155,700 members, or 10.7%, from 1,459,900 members as of December 31, 2024 to 1,615,600 members as of December 31, 2025 primarily due to the Virginia contract implemented in 2025 and the allocation of additional membership in Kentucky. For the full year 2026, we anticipate net membership growth in our state-based contracts of in a range of 25,000 to 100,000 members.

Specialty membership increased 180,600 members, or 4.0%, from 4,562,000 members as of December 31, 2024 to 4,742,600 members as of December 31, 2025 primarily reflecting growth in group dental and vision products.

Premiums revenue

Insurance segment premiums revenue increased $10.7 billion, or 9.6%, from $112.1 billion in the 2024 period to $122.8 billion in the 2025 period primarily due to higher per member Medicare premiums, largely driven by an increased direct subsidy due to the IRA, and higher per member state-based contracts premiums, as well as membership growth in the state-based contracts and stand-alone PDP businesses. These factors were partially offset by the membership decline within the individual Medicare Advantage business, inclusive of the decision to exit certain unprofitable plans and counties in 2025.

Services revenue

Insurance segment services revenue increased $0.1 billion, or 5.3%, from $966 million in the 2024 period to $1 billion in the 2025 period.

Benefits expense

The Insurance segment benefit ratio was unchanged at 90.4% in the 2024 and 2025 periods primarily due to a shift in line of business mix resulting from growth in the state-based contracts and stand-alone PDP businesses that carry a higher benefit ratio, combined with a reduction in individual Medicare Advantage membership, incremental investments to improve member and patient outcomes and support operational excellence, and the year-over-year increase in the Medicare stand-alone PDP benefit ratio driven by the impact of the IRA. These factors were offset by individual Medicare Advantage pricing inclusive of plan exits and benefit design changes that more than offset claims trend and the funding environment, as well as the anticipated higher favorable prior-period medical claims development in the 2025 period.

The Insurance segment benefits expense included $1.0 billion of favorable prior-period medical claims reserve development in the 2025 period and $701 million of favorable prior-period medical claims reserve development in the 2024 period. Prior-period medical claims reserve development decreased the Insurance segment benefit ratio by approximately 80 basis points in the 2025 period and decreased the Insurance segment benefit ratio by

HCMO - SUPP - 000572
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approximately 60 basis points in the 2024 period. Prior-period medical claims reserve development excludes the effects of provider risk-sharing arrangements, which are accounted for separately based on contractual settlement terms.

Operating costs

The Insurance segment operating cost ratio decreased 10 basis points from 9.2% in the 2024 period to 9.1% in the 2025 period primarily due to administrative cost efficiencies resulting from the value creation initiatives and operating leverage associated with increased revenues from the impact of the IRA. These factors were partially offset by the operating leverage impact associated with the loss of individual Medicare Advantage membership.

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CenterWell Segment

	2025	2024	Change	
			Dollars	Percentage
	(in millions)			
Revenues:				
Services:				
Home solutions	$ 1,401	$ 1,313	$ 88	6.7 %
Pharmacy solutions	1,218	904	314	34.7 %
Primary care	2,197	1,248	949	76.0 %
Total external revenues	4,816	3,465	1,351	39.0 %
Intersegment revenues:				
Home solutions	2,127	2,050	77	3.8 %
Pharmacy solutions	11,741	10,724	1,017	9.5 %
Primary care	3,789	3,697	92	2.5 %
Intersegment revenues	17,657	16,471	1,186	7.2 %
Total revenues	$ 22,473	19,936	2,537	12.7 %
Income from operations	$ 1,339	$ 1,329	$ 10	0.8 %
Operating cost ratio	93.1 %	92.2 %		0.9 %

Income from operations

CenterWell income from operations was relatively unchanged at $1.3 billion in the 2024 and 2025 periods, reflecting the same factors impacting the CenterWell segment's revenue and operating cost ratio as more fully described below.

Services revenue

CenterWell services revenue increased $1.4 billion, or 39.0%, from $3.5 billion in the 2024 period to $4.8 billion in the 2025 period primarily due to higher revenues associated with growth in the primary care and pharmacy solutions businesses, partially offset by the impact of the v28 risk model revision impacting the primary care business.

Intersegment revenues

CenterWell intersegment revenues increased $1.2 billion, or 7.2%, from $16.5 billion in the 2024 period to $17.7 billion in the 2025 period primarily due to higher revenues associated with growth in the pharmacy solutions business.

Operating costs

The CenterWell segment operating cost ratio increased 90 basis points from 92.2% in the 2024 period to 93.1% in the 2025 period primarily resulting from the continued phase-in of the v28 risk model revision within the primary care business, as well as the uptick of volume within CenterWell Specialty Pharmacy that carries a higher operating cost ratio than the traditional pharmacy business. These factors were partially offset by continued maturation of the v28 mitigation activities within the primary are business and administrative cost efficiencies resulting from the value creation initiatives.

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

HCMO - SUPP - 000574
PUBLIC

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

Cash and cash equivalents increased to $4.2 billion at December 31, 2025 from $2.2 billion at December 31, 2024. The change in cash and cash equivalents for the years ended December 31, 2025, 2024 and 2023 is summarized as follows:

	2025	2024	2023
		(in millions)	
Net cash provided by operating activities	$ 921	$ 2,966	$ 3,981
Net cash provided by (used in) investing activities	2,273	(2,952)	(3,492)
Net cash used in financing activities	(1,215)	(2,487)	(856)
Increase (decrease) in cash and cash equivalents	$ 1,979	$ (2,473)	$ (367)

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Cash Flow from Operating Activities

Cash flows provided by operations of $0.9 billion in the 2025 period decreased $2.0 billion from cash flows provided by operations of $3.0 billion in the 2024. The decrease in our operating cash flows primarily reflected timing impacts, including the year-over-year increase in receivables due to the IRA and the unfavorable impact of working capital items.

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

The detail of total net receivables (exclusive of Part D IRA impacts) was as follows at December 31, 2025, 2024 and 2023:

				Change	
	2025	2024	2023	2025	2024
	(in millions)				
Medicare	$ 2,209	$ 1,745	$ 1,426	$ 464	$ 319
State-based contracts	705	614	215	91	399
Military services	163	180	148	(17)	32
Other	299	263	334	36	(71)
Allowance for doubtful accounts	(106)	(98)	(88)	(8)	(10)
Total net receivables	$ 3,270	$ 2,704	$ 2,035	566	669
Reconciliation to cash flow statement:					
Receivables disposed				4	—
Change in receivables per cash flow statement				$ 570	$ 669

The changes in Medicare receivables for the 2025 period reflects higher per member Medicare premiums, partially offset by lower individual Medicare Advantage membership. The change in Medicare receivables for the 2024 period reflects individual Medicare Advantage membership growth. In addition, both periods further reflect 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 2025, 2024 and 2023 periods, we acquired various businesses for approximately $81 million, $89 million and $233 million, respectively, net of cash and cash equivalents received. Net proceeds from the sale of business were $115 million in the 2025 period.

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 $523 million, $568 million and $794 million in the 2025, 2024 and 2023 periods, respectively.

Net proceeds of investment securities were $2.8 billion in the 2025 period. Net purchases of investment securities were $2.2 billion and $2.5 billion in the 2024 and 2023 periods, respectively.

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Cash Flow from Financing Activities

Our financing cash flows are significantly impacted by the timing of claims payments and the related receipts from CMS associated with Medicare Part D claim subsidies for which we do not assume risk. Monthly prospective payments from CMS for reinsurance and low-income cost subsidies are based on assumptions submitted with our annual bid. Settlement of the reinsurance and low-income cost subsidies is based on a reconciliation made approximately 9 months after the close of each calendar year. Claim payments were higher than receipts from CMS associated with Medicare Part D claim subsidies for which we do not assume risk by $1 billion and $1.8 billion in the 2025 and 2024 periods, respectively, and receipts from CMS associated with Medicare Part D claim subsidies for which we do not assume risk were higher than claim payments by $0.8 billion in the 2023 period. Our net receivable from CMS for subsidies and brand name prescription drug discounts was $1.5 billion at December 31, 2025 compared to a net receivable of $530 million at December 31, 2024.

Under our administrative services only TRICARE contract, health care costs payments for which we do not assume risk exceeded reimbursements from the federal government by $74 million and $92 million in the 2025 and 2024 periods, respectively, and reimbursements from the federal government exceeded health care costs payments for which we do not assume risk by $57 million in the 2023 period.

In March 2025, we issued $750 million of 5.550% unsecured senior notes due May 1, 2035, $500 million of 6.000% unsecured senior notes due May 1, 2055, and an additional $250 million of our existing 5.375% unsecured senior notes due April 15, 2031. Our net proceeds, reduced for the underwriters' discounts and commissions paid, were $1.481 billion. We used the net proceeds of these offerings to repay the remaining $577 million aggregate principal amount of our 4.500% unsecured senior notes on their maturity date of April 1, 2025. The remaining net proceeds will be used for general corporate purposes, which may include the repayment of our existing indebtedness, including borrowings under our commercial paper program.

In November 2024, we repaid our $500 million 5.700% unsecured senior notes due March 13, 2026.

In March 2024, we issued $1.5 billion of 5.375% unsecured senior notes due April 15, 2031 and $1.0 billion of 5.750% unsecured senior notes due April 15, 2054. Our net proceeds, reduced for the underwriters' discounts and commissions paid, were $2.2 billion. We used the net proceeds for general corporate purposes, which included the repayment of existing indebtedness, including borrowings under our commercial paper program.

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

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

In May 2025, 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 and a portion of our $600 million aggregate principal amount of 3.950% senior notes maturing in March 2027 during the period beginning on May 1, 2025 and ending on August 29, 2025. For the year ended December 31, 2025, we repurchased $200 million principal amount of these senior notes for approximately $194 million cash.

In October 2025, we entered into a Rule 10b5-1 Repurchase Plan to repurchase a portion of our $750 million aggregate principal amount of 2.150% senior notes maturing in February 2032, a portion of our $500 million aggregate principal amount of 3.125% senior notes maturing in August 2029 and a portion of our $750 million aggregate principal amount of 3.700% senior notes maturing in March 2029 during the period beginning on October 3, 2025 and ending on December 31, 2025. For the period ended December 31, 2025, we repurchased $200 million principal amount of these senior notes for approximately $177 million cash.

HCMO - SUPP - 000577
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In August 2023, we entered into a Rule 10b5-1 Repurchase Plan to repurchase a portion of our $750 million aggregate principal amount of 1.350% senior notes maturing in February 2027, our $600 million aggregate principal amount of 3.950% senior notes maturing in March 2027, our $750 million aggregate principal amount of 3.700% senior notes maturing in March 2029, and our $500 million aggregate principal amount of 3.125% senior notes maturing in August 2029 during the period beginning on August 7, 2023 and ending on November 15, 2023. For the year ended December 31, 2023, we repurchased $339 million principal amount of these senior notes for approximately $310 million cash.

In March 2023, we entered into a Rule 10b5-1 Repurchase Plan to repurchase a portion of our $1.5 billion aggregate principal amount of 0.650% senior notes maturing in August 2023 and our $600 million aggregate principal amount of 3.850% senior notes maturing in October 2024 during the period beginning on March 13, 2023 and ending on July 21, 2023. For the year ended December 31, 2023, we repurchased $361 million principal amount of these senior notes for approximately $358 million cash. We repaid the remaining $1.2 billion aggregate principal amount of our 0.650% senior notes due on their maturity date of August 3, 2023. We repaid the remaining $559 million aggregate principal amount of our 3.850% senior notes on their maturity date of October 1, 2024.

We participate in a securities lending program where we loan certain investment securities for short periods of time in exchange for collateral. Net proceeds from the securities lending program were $220 million and $418 million in 2025 and 2024, respectively. We have previously entered into an uncommitted receivables purchase facility under which certain pharmaceutical rebate receivables may be sold on a non-recourse basis to a financial institution. Net repayments from the uncommitted receivables purchase facility were $123 million in 2025. Net proceeds provided by the uncommitted receivables purchase facility were $123 million in 2024.

We participate in a commercial paper program. Net repayments from issuance of commercial paper were $5 million in 2025 and the maximum principal amount outstanding at any one time during 2025 was $1.2 billion. Net repayments from the issuance of commercial paper were $907 million in 2024 and the maximum principal amount outstanding at any one time during 2024 was $2.7 billion. Net proceeds from issuance of commercial paper were $211 million in 2023 and the maximum principal amount outstanding at any one time during 2023 was $3.3 billion.

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

We repurchased common shares for $151 million, $817 million and $1.6 billion in 2025, 2024 and 2023, respectively, under share repurchase plans authorized by the Board of Directors and in connection with employee stock plans.

We paid dividends to stockholders of $430 million in 2025, $431 million in 2024, and $431 million in 2023.

Future Sources and Uses of Liquidity

Dividends

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

Stock Repurchases

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

Debt

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

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Acquisitions & Divestitures

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

Liquidity Requirements

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

Adverse changes in our credit rating may increase the rate of interest we pay and may impact the amount of credit available to us in the future. Our investment-grade credit rating at December 31, 2025 was BBB according to Standard & Poor's Rating Services, or S&P, and Baa2 according to Moody's Investors Services, Inc., or Moody's. A downgrade by S&P to BB+ or by Moody's to Ba1 triggers an interest rate increase of 25 basis points with respect to $250 million of our senior notes. Successive one notch downgrades increase the interest rate an additional 25 basis points, or annual interest expense by approximately $1 million, up to a maximum 100 basis points, or annual interest expense by approximately $3 million.

In addition, we operate as a holding company in a highly regulated industry. Humana Inc., our parent company, is dependent upon dividends and administrative expense reimbursements from our subsidiaries, most of which are subject to regulatory restrictions. We continue to maintain significant levels of aggregate excess statutory capital and surplus in our state-regulated operating subsidiaries. Cash, cash equivalents, and short-term investments at the parent company were $1.5 billion at December 31, 2025 compared to $0.6 billion at December 31, 2024. This increase primarily reflects working capital changes, net proceeds from the issuance of senior notes, and proceeds from sale of business, partially offset by repayments of senior notes, capital contributions to certain subsidiaries, cash dividends to shareholders, capital expenditures, and common stock repurchases. 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). Our regulated insurance subsidiaries paid dividends to our parent company of $1.1 billion in 2025, $1.5 billion in 2024, and $1.8 billion in 2023. Subsidiary capital requirements from significant premium growth may impact the amount of regulated subsidiary dividends. Refer to our parent company financial statements and accompanying notes in Schedule I - Parent Company Financial Information. The amount of ordinary dividends that may be paid to our parent company in 2026 is approximately $1.1 billion, in the aggregate. Actual dividends paid may vary due to consideration of excess statutory capital and surplus and expected future surplus requirements related to, for example, premium volume and product mix.

On February 13, 2026, we completed the acquisition of a primary care business for consideration of approximately $941 million.

Regulatory Requirements

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

Off-Balance Sheet Arrangements

As of December 31, 2025, we were not involved in any special purpose entity, or SPE, transactions. For a detailed discussion of off-balance sheet arrangements, please refer to Note 17 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

HCMO - SUPP - 000579
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Guarantees and Indemnifications

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

Government Contracts

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

Critical Accounting Policies and Estimates

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

Benefits Expense Recognition

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

The completion and claims per member per month trend factors are the most significant factors impacting the IBNR estimate. The portion of IBNR estimated using completion factors for claims incurred prior to the most recent two months is generally less variable than the portion of IBNR estimated using trend factors. The following table illustrates the sensitivity of these factors, experience and the estimated potential impact on our operating results caused by reasonably likely changes in these factors based on December 31, 2025 data:

Completion Factor (a):		Claims Trend Factor (b):	
Factor Change (c)	Change in Benefits Payable	Factor Change (c)	Change in Benefits Payable
	(dollars in millions)		
0.70%	$633	4.50%	$855
0.60%	$542	4.00%	$760
0.50%	$452	3.50%	$665
0.40%	$362	3.00%	$570
0.30%	$271	2.50%	$475
0.20%	$181	2.00%	$380
0.10%	$90	1.50%	$285
0.05%	$45	1.00%	$190
0.03%	$27	0.50%	$95

HCMO - SUPP - 000580
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(a) Reflects estimated potential changes in benefits payable at December 31, 2025 caused by changes in completion factors for incurred months prior to the most recent two months.

(b) Reflects estimated potential changes in benefits payable at December 31, 2025 caused by changes in annualized claims trend used for the estimation of per member per month incurred claims for the most recent two months.

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

The following table provides a historical perspective regarding the accrual and payment of our benefits payable. Components of the total incurred claims for each year include amounts accrued for current year estimated benefits expense as well as adjustments to prior year estimated accruals. Refer to Note 11 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K for information about incurred and paid claims development as of December 31, 2025 as well as cumulative claim frequency and the total of IBNR included within the net incurred claims amounts.

	2025	2024	2023
	(in millions)		
Balances at January 1	$ 10,440	$ 10,241	$ 9,264
Acquisitions	—	—	62
Incurred related to:			
Current year	111,841	101,365	89,266
Prior years	(1,029)	(701)	(872)
Total incurred	110,812	100,664	88,394
Paid related to:			
Current year	(102,215)	(91,281)	(79,545)
Prior years	(9,070)	(9,184)	(7,934)
Total paid	(111,285)	(100,465)	(87,479)
Balances at December 31	$ 9,967	$ 10,440	$ 10,241

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

	Favorable Development by Changes in Key Assumptions					
	2025		2024		2023	
	Amount	Factor Change (a)	Amount	Factor Change (a)	Amount	Factor Change (a)
	(dollars in millions)					
Trend factors	$ (541)	(2.8)%	$ (473)	(2.6)%	$ (586)	(3.5)%
Completion factors	(488)	(0.5)%	(228)	(0.3)%	(286)	(0.4)%
Total	$ (1,029)		$ (701)		$ (872)	

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

As previously discussed, our reserving practice is to consistently recognize the actuarial best estimate of our ultimate liability for claims, which generally results in favorable reserve development, or reserves that are considered redundant. We experienced favorable medical claims reserve development related to prior fiscal years of $1.0 billion in 2025, $701 million in 2024, and $872 million in 2023.

The favorable medical claims reserve development for 2025, 2024, and 2023 primarily reflects the consistent application of trend and completion factors.

HCMO - SUPP - 000581
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Our favorable development for each of the years presented above is discussed further in Note 11 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

We continually adjust our historical trend and completion factor experience with our knowledge of recent events that may impact current trends and completion factors when establishing our reserves. Because our reserving practice is to consistently recognize the actuarial best point estimate as required by actuarial standards, there is a reasonable possibility that variances between actual trend and completion factors and those assumed in our December 31, 2025 estimates would fall within the ranges previously presented in our sensitivity table.

Revenue Recognition

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

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

Premiums revenue is estimated by multiplying the membership covered under the various contracts by the contractual rates. Premiums revenue is recognized as income in the period members are entitled to receive services, and is net of estimated uncollectible amounts, retroactive membership adjustments, and adjustments to recognize rebates under the minimum benefit ratios required under the Patient Protection and Affordable Care Act and The Health Care and Education Reconciliation Act of 2010, which we collectively refer to as the Health Care Reform Law. Medicare Advantage and Medicaid products are subject to minimum benefit ratio requirements. Estimated calendar year rebates recognized ratably during the year are revised each period to reflect current experience. Retroactive membership adjustments result from enrollment changes not yet processed, or not yet reported by the federal government and various states. We routinely monitor the collectability of specific accounts, the aging of receivables, historical retroactivity trends, estimated rebates, as well as prevailing and anticipated economic conditions, and reflect any required adjustments in current operations. Premiums received prior to the service period are recorded as unearned revenues.

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Medicare Risk-Adjustment Provisions

CMS uses a risk-adjustment model that adjusts premiums paid to Medicare Advantage, or MA, plans according to health status of covered members. The risk-adjustment model, which CMS implemented pursuant to the Balanced Budget Act of 1997 (BBA) and the Benefits Improvement and Protection Act of 2000 (BIPA), generally pays more where a plan's membership has higher expected costs. Under this model, rates paid to MA plans are based on actuarially determined bids, which include a process whereby our prospective payments are based on our estimated cost of providing standard Medicare-covered benefits to an enrollee with a "national average risk profile." That baseline payment amount is adjusted to account for certain demographic characteristics and health status of our enrolled members. Under the risk-adjustment methodology, all MA plans must collect from providers and submit the necessary diagnosis code information to CMS within prescribed deadlines. The CMS risk-adjustment model uses the diagnosis data, collected from providers, to calculate the health status-related risk-adjusted premium payment to MA plans, which CMS further adjusts for coding pattern differences between the health plans and the government fee-for-service (FFS) program. We generally rely on providers, including certain providers in our network who are our employees, to code their claim submissions with appropriate diagnoses, which we send to CMS as the basis for our health status-adjusted payment received from CMS under the actuarial risk-adjustment model. We also rely on these providers to document appropriately all medical data, including the diagnosis data submitted with claims. In addition, we conduct medical record reviews as part of our data and payment accuracy compliance efforts, to more accurately reflect diagnosis conditions under the risk adjustment model. For additional information, refer to Note 17 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" and Part I, Item 1A, "Risk Factors" of this Form 10-K.

Investment Securities

Investment securities totaled $16.2 billion, or 33% of total assets at December 31, 2025, and $18.6 billion, or 40% of total assets at December 31, 2024. The investment portfolio was primarily comprised of debt securities, detailed below, at December 31, 2025 and December 31, 2024. The fair value of investment securities were as follows at December 31, 2025 and 2024:

	12/31/2025	Percentage of Total	12/31/2024	Percentage of Total
	(dollars in millions)			
U.S. Treasury and other U.S. government corporations and agencies:				
U.S. Treasury and agency obligations	$ 2,278	14.1 %	$ 3,227	17.3 %
Mortgage-backed securities	3,651	22.5 %	3,995	21.4 %
Tax-exempt municipal securities	428	2.6 %	526	2.8 %
Mortgage-backed securities:				
Residential	388	2.4 %	522	2.8 %
Commercial	1,012	6.2 %	1,206	6.5 %
Asset-backed securities	783	4.8 %	1,403	7.5 %
Corporate debt securities	7,656	47.4 %	7,756	41.7 %
Total debt securities	16,196	100.0 %	18,635	100.0 %

Approximately 97% of our debt securities were investment-grade quality, with a weighted average credit rating of AA- by S&P at December 31, 2025. Most of the debt securities that were below investment-grade were rated B. 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.

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Gross unrealized losses and fair values aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position were as follows at December 31, 2025:

	Less than 12 months		12 months or more		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(in millions)					
U.S. Treasury and other U.S. government corporations and agencies:						
U.S. Treasury and agency obligations	$ 643	$ (7)	$ 857	$ (32)	$ 1,500	$ (39)
Mortgage-backed securities	593	(3)	2,373	(333)	2,966	(336)
Tax-exempt municipal securities	51	—	347	(14)	398	(14)
Mortgage-backed securities:						
Residential	10	—	321	(46)	331	(46)
Commercial	77	—	794	(47)	871	(47)
Asset-backed securities	85	—	263	(12)	348	(12)
Corporate debt securities	872	(6)	3,785	(367)	4,657	(373)
Total debt securities	$ 2,331	$ (16)	$ 8,740	$ (851)	$ 11,071	$ (867)

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

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

We participate in a securities lending program to optimize investment income. We loan certain investment securities for short periods of time in exchange for collateral initially equal to at least 102% of the fair value of the investment securities on loan. The fair value of the loaned investment securities is monitored on a daily basis, with additional collateral obtained or refunded as the fair value of the loaned investment securities fluctuates. The collateral, which may be in the form of cash or U.S. Government securities, is deposited by the borrower with an independent lending agent. Any cash collateral, which is reinvested by the lending agent primarily in short-term, highly liquid investments, is recorded as a securities lending collateral asset within other current assets on our consolidated balance sheet at the end of the reporting period. We record a corresponding liability to reflect our

HCMO - SUPP - 000584
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obligation to return the collateral within trade accounts payable and accrued expenses on our consolidated balance sheet at the end of the reporting period. Collateral received in the form of securities is not recorded in our consolidated balance sheets because, absent default by the borrower, we do not have the right to sell, pledge or otherwise reinvest securities collateral. Loaned securities continue to be carried as investment securities on the consolidated balance sheet at the end of the reporting period. Earnings on the invested cash collateral, net of expense, associated with the securities lending payable are recorded as investment income.

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

All issuers of debt securities we own that were trading at an unrealized loss at December 31, 2025 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 December 31, 2025, we did not intend to sell any debt securities with an unrealized loss position in accumulated other comprehensive income, and it is not likely that we will be required to sell these debt securities before recovery of their amortized cost basis. Additionally, we did not record any material credit allowances for debt securities that were in an unrealized loss position at December 31, 2025, 2024 or 2023.

Goodwill, Indefinite-lived and Long-lived Assets

At December 31, 2025, goodwill, indefinite-lived and other long-lived assets represented 27% of total assets and 74% of total stockholders’ equity, compared to 29% and 83%, respectively, at December 31, 2024. The decrease in goodwill, indefinite-lived and other long-lived assets as a percentage of total assets is primarily attributable to the increase in cash and cash equivalents and other assets, partially offset by the decrease in investment securities. The decrease in goodwill, indefinite-lived and other long-lived assets as a percentage of total stockholders' equity is primarily attributable to the increase in retained earnings and the decrease in accumulated other comprehensive loss.

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

We perform a quantitative assessment to review goodwill for impairment to determine both the existence and amount of goodwill impairment, if any. Our strategy, long-range business plan, and annual planning process support our goodwill impairment tests. These tests are performed, at a minimum, annually in the fourth quarter, and are based on an evaluation of future discounted cash flows. We rely on this discounted cash flow analysis to determine fair value. However, outcomes from the discounted cash flow analysis are compared to other market approach valuation methodologies for reasonableness. We use discount rates that correspond to a market-based weighted-average cost of capital and terminal growth rates that correspond to long-term growth prospects, consistent with the long-term inflation rate. Key assumptions in our cash flow projections, including changes in membership, premium yields, medical and operating cost trends, and certain government contract extensions, are consistent with those utilized in our long-range business plan and annual planning process. If these assumptions differ from actual, including the impact of the Health Care Reform Law or changes in government reimbursement rates, the estimates

HCMO - SUPP - 000585
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underlying our goodwill impairment tests could be adversely affected. The fair value of our reporting units with significant goodwill exceeded carrying amounts by a substantial margin. However, unfavorable changes in key assumptions or combinations of assumptions including a significant increase in the discount rate, decrease in the long-term growth rate or substantial reduction in our underlying cash flow assumptions, including revenue expectations and growth rates, operating cost trends, and projected operating income could have a significant negative impact on the estimated fair value of our home solutions reporting unit, which accounted for $4.4 billion of goodwill. Impairment tests completed for 2025, 2024, and 2023 did not result in an impairment loss.

Indefinite-lived intangible assets relate to Certificate of Needs (CON) and Medicare licenses acquired in connection with our CenterWell Home Health (formerly Kindred at Home) acquisition with a carrying value of $1.1 billion at December 31, 2025. Like goodwill, we are required to test at least annually for impairment and more frequently if adverse events or changes in circumstances indicate that the asset may be impaired. These tests are performed, at a minimum, annually in the fourth quarter. If the carrying amount of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized. Fair values of indefinite-lived intangible assets are determined based on the income approach. For our CON intangible assets, unfavorable changes in key assumptions or combinations of assumptions, including a significant increase in the discount rate, decrease in the long-term growth rate or substantial reduction in the underlying cash flow assumptions, including revenue growth rates, operating cost trends, and projected operating income could have a significant negative impact on the estimated fair value of our CON intangible assets, which account for $790 million of our intangible assets. Impairment tests completed on our indefinite-lived intangible assets for 2025, 2024 and 2023 resulted in impairment charges of $128 million, $200 million and $55 million, respectively. These charges reflect the amount by which the carrying value exceeded its estimated fair value. The fair values of the assets were measured using Level 3 inputs, such as projected revenues and operating cash flows.

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

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

The level of our pretax earnings is subject to market risk due to changes in interest rates and the resulting impact on investment income and interest expense. We have entered into interest-rate swap agreements with major financial institutions to convert our interest-rate exposure on some of our senior notes payable from fixed rates to variable rates, based on Secured Overnight Financing Rate (SOFR), to align interest costs more closely with floating interest rates received on our cash equivalents and investment securities Under the revolving credit agreements, at our option, we can borrow on either a competitive advance basis or a revolving credit basis. The revolving credit portion bears interest at either Term SOFR or the base rate plus a spread. The competitive advance portion of any borrowings will bear interest at market rates prevailing at the time of borrowing on either a fixed rate or a floating rate based on Term SOFR, at our option. There were no borrowings outstanding under our credit agreements at December 31, 2025 or December 31, 2024.

Interest rate risk also represents a market risk factor affecting our consolidated financial position due to our significant investment portfolio, consisting primarily of fixed maturity securities of investment-grade quality with a weighted average S&P credit rating of AA- at December 31, 2025. Our net unrealized loss position decreased $562

HCMO - SUPP - 000586
PUBLIC

million from a net unrealized loss position of $1.4 billion at December 31, 2024 to a net unrealized loss position of $0.8 billion at December 31, 2025. At December 31, 2025, we had gross unrealized losses of $0.9 billion on our investment portfolio primarily due to an increase in market interest rates since the time the securities were purchased. We did not record any material credit allowances for debt securities that were in an unrealized loss position during 2025 and 2024. While we believe that these impairments will be recovered and we currently do not have the intent to sell such securities, given the current market conditions and the significant judgments involved, there is a continuing risk that future declines in fair value may occur and material realized losses from sales or credit loss impairments may be recorded in future periods.

Duration is the time-weighted average of the present value of the bond portfolio's cash flow. Duration is indicative of the relationship between changes in fair value and changes in interest rates, providing a general indication of the sensitivity of the fair values of our fixed maturity securities to changes in interest rates. However, actual fair values may differ significantly from estimates based on duration. The average duration of our investment portfolio, including cash and cash equivalents, was approximately 3.6 years as of December 31, 2025 and 3.8 years as of December 31, 2024. Based on the duration including cash equivalents, a 1% increase in interest rates would generally decrease the December 31, 2025 fair value of our securities by approximately $723 million.

We have also evaluated the impact on our investment income and interest expense resulting from a hypothetical change in interest rates of 100, 200, and 300 basis points over the next twelve-month period, as reflected in the following table. The evaluation was based on our investment portfolio, outstanding indebtedness, and outstanding swap contract portfolio at December 31, 2025 and 2024. Our investment portfolio consists of cash, cash equivalents, and investment securities. The modeling technique used to calculate the pro forma net change in pretax earnings considered the cash flows related to fixed income investments and debt, which are subject to interest rate changes during a prospective twelve-month period. This evaluation measures parallel shifts in interest rates and may not account for certain unpredictable events that may affect interest income, including unexpected changes of cash flows into and out of the portfolio, changes in the asset allocation, including shifts between taxable and tax-exempt securities, spread changes specific to various investment categories and the mix of short-term versus long-term debt. In the past ten years, changes in 10 year US treasury rates during the year have not exceeded 300 basis points, have changed between 200 and 300 basis points one time, have changed between 100 and 200 basis points five times, and have changed by less than 100 basis points four times.

	Increase (decrease) in pretax earnings given an interest rate decrease of X basis points			Increase (decrease) in pretax earnings given an interest rate increase of X basis points		
	(300)	(200)	(100)	100	200	300
	(in millions)					
As of December 31, 2025						
Investment income (a)	$ (286)	$ (196)	$ (97)	$ 98	$ 196	$ 294
Interest expense (b)	195	130	65	(65)	(130)	(195)
Pretax	$ (91)	$ (66)	$ (32)	$ 33	$ 66	$ 99
As of December 31, 2024						
Investment income (a)	$ (322)	$ (210)	$ (105)	$ 106	$ 207	$ 308
Interest expense (b)	123	82	41	(41)	(82)	(123)
Pretax	$ (199)	$ (128)	$ (64)	$ 65	$ 125	$ 185

(a) As of December 31, 2025 and 2024, none of our investments had interest rates below 1%.

(b) The interest rate under our senior notes, which represents 100% at December 31, 2025 and 2024, respectively, of total debt, is fixed, unaffected by changes in interest rates. We did not have any variable rate term loans at December 31, 2025 and December 31, 2024. There were no borrowings outstanding under the credit agreement at December 31, 2025 or December 31, 2024. There were no commercial paper outstanding under our commercial paper program at December 31, 2025 or December 31, 2024.

HCMO - SUPP - 000587
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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Humana Inc.
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2025	2024
	(in millions, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,200	$ 2,221
Investment securities	15,703	18,214
Receivables, net of allowances of $108 in 2025 and $98 in 2024	3,270	2,704
Other current assets	9,560	6,676
Total current assets	32,733	29,815
Property and equipment, net	2,231	2,532
Long-term investment securities	493	421
Goodwill	9,686	9,631
Equity method investments	638	697
Other long-term assets	3,128	3,383
Total assets	$ 48,909	$ 46,479
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Benefits payable	$ 9,967	$ 10,440
Trade accounts payable and accrued expenses	5,717	5,259
Book overdraft	306	403
Unearned revenues	356	260
Short-term debt	—	577
Total current liabilities	16,346	16,939
Long-term debt	12,369	11,144
Other long-term liabilities	2,457	1,951
Total liabilities	31,172	30,034
Commitments and contingencies (Note 17)		
Stockholders' Equity:		
Preferred stock, $1 par; 10,000,000 shares authorized; none issued	—	—
Common stock, $0.16 2/3 par; 300,000,000 shares authorized; 198,719,321 shares issued at December 31, 2025 and 198,718,810 shares issued at December 31, 2024	33	33
Capital in excess of par value	3,600	3,463
Retained earnings	29,075	28,317
Accumulated other comprehensive loss	(633)	(1,067)
Treasury stock, at cost, 78,128,009 shares at December 31, 2025 and 78,077,195 shares at December 31, 2024	(14,418)	(14,371)
Total stockholders' equity	17,657	16,375
Noncontrolling interests	80	70
Total equity	17,737	16,445
Total liabilities and equity	$ 48,909	$ 46,479

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

HCMO - SUPP - 000588
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Humana Inc.
CONSOLIDATED STATEMENTS OF INCOME

	For the year ended December 31,		
	2025	2024	2023
	(in millions, except per share results)		
Revenues:			
Premiums	$ 122,825	$ 112,104	$ 101,272
Services	5,833	4,431	4,033
Investment income	1,006	1,226	1,069
Total revenues	129,664	117,761	106,374
Operating expenses:			
Benefits	110,812	100,664	88,394
Operating costs	15,450	13,696	13,188
Depreciation and amortization	698	839	779
Total operating expenses	126,960	115,199	102,361
Income from operations	2,704	2,562	4,013
Loss on sale of business	67	—	—
Interest expense	631	660	493
Other expense, net	451	181	137
Income before income taxes and equity in net losses	1,555	1,721	3,383
Provision for income taxes	250	413	836
Equity in net losses	(102)	(94)	(63)
Net income	$ 1,203	$ 1,214	$ 2,484
Net (income) loss attributable to noncontrolling interests	(15)	(7)	5
Net income attributable to Humana	$ 1,188	$ 1,207	$ 2,489
Basic earnings per common share	$ 9.87	$ 10.01	$ 20.09
Diluted earnings per common share	$ 9.84	$ 9.98	$ 20.00

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

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Humana Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the year ended December 31,		
	2025	2024	2023
	(in millions)		
Net income attributable to Humana	$ 1,188	$ 1,207	$ 2,489
Other comprehensive (loss) income:			
Change in gross unrealized investment (losses) gains	622	(62)	372
Effect of income taxes	(142)	15	(85)
Total change in unrealized investment (losses) gains, net of tax	480	(47)	287
Reclassification adjustment for net realized (gains) losses included in investment income	(60)	(27)	25
Effect of income taxes	14	6	(7)
Total reclassification adjustment, net of tax	(46)	(21)	18
Other comprehensive (loss) income, net of tax	434	(68)	305
Comprehensive income attributable to Humana	$ 1,622	$ 1,139	$ 2,794

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

Humana Inc.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock		Capital In Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
	Issued Shares	Amount							
	(dollars in millions, share amounts in thousands)								
Balances, December 31, 2022	198,667	$ 33	$ 3,246	$ 25,492	$ (1,304)	$ (12,156)	$ 15,311	$ 59	$ 15,370
Net income				2,489			2,489	(5)	2,484
Distribution from noncontrolling interest holders, net								7	7
Acquisition								(5)	(5)
Other comprehensive income					305		305		305
Common stock repurchases	—		—			(1,586)	(1,586)		(1,586)
Dividends and dividend equivalents			—	(441)			(441)		(441)
Stock-based compensation			175				175		175
Restricted stock unit vesting	23	—	(80)			80	—		—
Stock option exercises	—	—	5			4	9		9
Balances, December 31, 2023	198,690	$ 33	$ 3,346	$ 27,540	$ (999)	$ (13,658)	$ 16,262	$ 56	$ 16,318
Net income				1,207			1,207	7	1,214
Distribution from noncontrolling interest holders, net							—	7	7
Other comprehensive loss					(68)		(68)		(68)
Common stock repurchases	—		—			(803)	(803)		(803)
Dividends and dividend equivalents			—	(430)			(430)		(430)
Stock-based compensation			207				207		207
Restricted stock unit vesting	29	—	(90)			90	—		—
Balances, December 31, 2024	198,719	$ 33	$ 3,463	$ 28,317	$ (1,067)	$ (14,371)	$ 16,375	$ 70	$ 16,445
Net income				1,188			1,188	15	1,203
Distribution to noncontrolling interest holders, net							—	(5)	(5)
Other comprehensive income					434		434		434
Common stock repurchases	—		—			(151)	(151)		(151)
Dividends and dividend equivalents			—	(430)			(430)		(430)
Stock-based compensation			241				241		241
Restricted stock unit vesting	—	—	(104)			104	—		—
Balances, December 31, 2025	198,719	$ 33	$ 3,600	$ 29,075	$ (633)	$ (14,418)	$ 17,657	$ 80	$ 17,737

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

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Humana Inc.
CONSOLIDATED STATEMENTS OF CASH FLOW

	For the year ended December 31,		
	2025	2024	2023
	(in millions)		
Cash flows from operating activities			
Net income	$ 1,203	$ 1,214	$ 2,484
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss on sale of business	67	—	—
Loss (gain) on investment securities, net	50	(24)	54
Equity in net losses	102	94	63
Stock-based compensation	241	207	175
Depreciation	773	908	850
Amortization	51	60	67
Impairment of property and equipment	28	237	206
Impairment of indefinite-lived intangible assets	128	200	55
Deferred income taxes	75	(192)	(167)
Changes in operating assets and liabilities, net of effect of businesses acquired and dispositions:			
Receivables	(570)	(669)	(337)
Other assets	(2,173)	1,003	(1,318)
Benefits payable	(472)	199	915
Other liabilities	1,322	(373)	841
Unearned revenues	96	(6)	(20)
Other, net	—	108	113
Net cash provided by operating activities	921	2,966	3,981
Cash flows from investing activities			
Proceeds from sale of business, net	115	—	—
Acquisitions, net of cash and cash equivalents acquired	(81)	(89)	(233)
Purchases of property and equipment	(546)	(575)	(1,004)
Proceeds from sale of property and equipment	23	7	210
Changes in securities lending collateral receivable	(220)	(418)	—
Purchases of investment securities	(6,440)	(8,185)	(7,552)
Proceeds from maturities of investment securities	2,912	2,982	1,292
Proceeds from sales of investment securities	6,510	3,376	3,795
Other	—	(50)	—
Net cash provided by (used in) investing activities	2,273	(2,952)	(3,492)
Cash flows from financing activities			
(Payments) receipts from contract deposits, net	(1,076)	(1,933)	828
Proceeds from issuance of senior notes, net	1,481	2,232	2,544
Repayment of senior notes	(948)	(1,107)	(1,832)
(Repayments) proceeds from issuance of commercial paper, net	(5)	(907)	211
Proceeds from short-term borrowings	—	—	100
Repayment of short-term borrowings	—	—	(100)
Repayment of term loan	—	—	(500)
Debt issue costs	(5)	(7)	(7)
Common stock repurchases	(151)	(817)	(1,573)
Dividends paid	(430)	(431)	(431)
Changes in securities lending payable	220	418	—
Changes in rebate factor payable	(123)	123	—
Change in book overdraft	(97)	50	55
Other, net	(81)	(108)	(151)
Net cash used in financing activities	(1,215)	(2,487)	(856)
Increase (decrease) in cash and cash equivalents	1,979	(2,473)	(367)
Cash and cash equivalents at beginning of period	2,221	4,694	5,061
Cash and cash equivalents at end of period	$ 4,200	$ 2,221	$ 4,694

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Humana Inc.
CONSOLIDATED STATEMENTS OF CASH FLOW—(Continued)

	For the year ended December 31,		
	2025	**2024**	**2023**
Supplemental cash flow disclosures:		**(in millions)**	
Interest payments	$ 628	$ 584	$ 394
Details of businesses acquired in purchase transactions:			
Fair value of assets acquired, net of cash acquired	$ 91	$ 124	$ 462
Less: Fair value of liabilities assumed	(10)	(35)	(234)
Less: Noncontrolling interests acquired	—	—	5
Cash paid for acquired businesses, net of cash acquired	$ 81	$ 89	$ 233

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

1. REPORTING ENTITY

Nature of Operations

Humana Inc., headquartered in Louisville, Kentucky, is committed to putting health first – for our teammates, our customers, and our company. Through our Humana insurance services, and our CenterWell health care services, we make it easier for the millions of people we serve to achieve their best health – delivering the care and service they need, when they need it. These efforts are leading to a better quality of life for Medicare and Medicaid participants, families, individuals, military service personnel, and communities at large. References throughout these notes to consolidated financial statements to "we," "us," "our," "Company," and "Humana," mean Humana Inc. and its subsidiaries. We derived approximately 83% of our total premiums and services revenue from contracts with the federal government in 2025, including 14% related to our federal government contracts with the Centers for Medicare and Medicaid Services, or CMS, to provide health insurance coverage for individual Medicare Advantage members in Florida. CMS is the federal government's agency responsible for administering the Medicare program.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The areas involving the most significant use of estimates are the estimation of benefits payable, the impact of risk adjustment provisions related to our Medicare contracts, the valuation and related impairment recognition of investment securities, and the valuation and related impairment recognition of long-lived assets, including goodwill and indefinite-lived intangible assets. These estimates are based on knowledge of current events and anticipated future events, and accordingly, actual results may ultimately differ materially from those estimates.

Employer Group Commercial Medical Products Business Exit

During 2025, we finalized our exit from the Employer Group Commercial Medical Products business, which included 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 were 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.

Value Creation Initiatives and Impairment Charges

In order to create capacity to fund growth in our businesses, we committed to drive additional value for the enterprise through cost saving and productivity initiatives. In addition, in response to sustained macroeconomic, regulatory and competitive pressures impacting the industry, we initiated a substantial multi-year transformation program designed to re-align our cost structure, operating model and technology footprint with evolving market conditions.

As a result of these initiatives, we recorded charges of $449 million, $281 million and $436 million in 2025, 2024 and 2023, respectively, primarily within operating costs in the consolidated statements of income. We expect to incur additional charges over the course of the program.

The value creation initiative charges primarily relate to $329 million, $25 million and $199 million in severance and other employee related charges in connection with workforce optimization in 2025, 2024 and 2023, respectively, as well as $40 million, $256 million and $237 million in asset impairments in 2025, 2024 and 2023, respectively. The remainder of the 2025 charges primarily relate to external consulting spend.

In addition, we recorded impairment charges of $253 million, $200 million and $91 million in 2025, 2024 and 2023, respectively. The impairment charges included impairment of indefinite-lived intangible assets for $128 million, $200 million and $55 million in 2025, 2024 and 2023, respectively, included within operating costs in our consolidated statements of income. The remaining impairment charges were included within investment income in our consolidated statements of income.

In addition to the value creation initiatives, we also recorded severance charges of $70 million in 2023 within operating costs in our consolidated statement of income as a result of our exit from the Employer Group Commercial Medical Products business.

Cash and Cash Equivalents

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

Investment Securities

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

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

Potential expected credit loss impairment is considered using a variety of factors, including the extent to which the fair value has been less than cost; adverse conditions specifically related to the industry, geographic area or financial condition of the issuer or underlying collateral of a debt security; changes in the quality of the debt security's credit enhancement; payment structure of the debt security; changes in credit rating of the debt security by the rating agencies; failure of the issuer to make scheduled principal or interest payments on the debt security and changes in prepayment speeds. For debt securities, we take into account expectations of relevant market and

economic data. For example, with respect to mortgage and asset-backed securities, such data includes underlying loan level data and structural features such as seniority and other forms of credit enhancements. We estimate the amount of the expected credit loss component of a debt security as the difference between the amortized cost and the present value of the expected cash flows of the security. The present value is determined using the best estimate of future cash flows discounted at the implicit interest rate at the date of purchase. The expected credit loss cannot exceed the full difference between the amortized cost basis and the fair value.

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

Receivables and Revenue Recognition

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

Premiums Revenue

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

Premiums revenue is estimated by multiplying the membership covered under the various contracts by the contractual rates. Premiums revenue is recognized as income in the period members are entitled to receive services, and is net of estimated uncollectible amounts, retroactive membership adjustments, and adjustments to recognize rebates under the minimum benefit ratios required under the Patient Protection and Affordable Care Act and The Health Care and Education Reconciliation Act of 2010, which we collectively refer to as the Health Care Reform Law. Medicare Advantage and Medicaid products are subject to minimum benefit ratio requirements. Estimated calendar year rebates recognized ratably during the year are revised each period to reflect current experience. Retroactive membership adjustments result from enrollment changes not yet processed, or not yet reported by the federal government and various states. We routinely monitor the collectability of specific accounts, the aging of receivables, historical retroactivity trends, estimated rebates, as well as prevailing and anticipated economic conditions, and reflect any required adjustments in current operations. Premiums received prior to the service period are recorded as unearned revenues.

HCMO - SUPP - 000596
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Medicare Part D

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

The risk corridor provisions compare costs targeted in our bids to actual prescription drug costs, limited to actual costs that would have been incurred under the standard coverage as defined by CMS. Variances exceeding certain thresholds may result in CMS making additional payments to us or require us to refund to CMS a portion of the premiums we received. As risk corridor provisions are considered in our overall annual bid process, we estimate and recognize an adjustment to premiums revenue related to these provisions based upon pharmacy claims experience. We record a receivable or payable at the contract level and classify the amount as current or long-term in our consolidated balance sheets based on the timing of expected settlement.

Reinsurance and low-income cost subsidies represent funding from CMS in connection with the Medicare Part D program for which we assume no risk. Reinsurance subsidies represent funding from CMS for its portion of prescription drug costs which exceed the member's out-of-pocket threshold, or the catastrophic coverage level. Low-income cost subsidies represent funding from CMS for all or a portion of the deductible, the coinsurance and co-payment amounts above the out-of-pocket threshold for low-income beneficiaries. Monthly prospective payments from CMS for reinsurance and low-income cost subsidies are based on assumptions submitted with our annual bid. A reconciliation and related settlement of CMS's prospective subsidies against actual prescription drug costs we paid is made after the end of the year. The Health Care Reform Law mandated consumer discounts of 75% on brand name and generic prescription drugs for Part D plan participants in the coverage gap prior to January 1, 2025. These discounts were funded by CMS and pharmaceutical manufacturers while we administered the application of these funds. Effective January 1, 2025, the Medicare Part D coverage gap was eliminated as mandated by the Inflation Reduction Act of 2022. The standard Part D benefit now comprises three phases: the deductible phase, the initial coverage phase and the catastrophic coverage phase. Beneficiaries' out-of-pocket expenses for covered prescription drugs are capped at $2,000, after which they incur no additional cost sharing for the remainder of the year. In addition, the Coverage Gap Discount Program was replaced by the Manufacturer Discount Program, requiring pharmaceutical manufacturers to provide discounts on brand name drugs during both the initial coverage and catastrophic phases.

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

	2025	2024	2023
		(in millions)	
Part D subsidy/discount payments	$ (12,121)	$ (17,762)	$ (17,582
Part D subsidy/discount reimbursements	11,119	15,921	18,353
Net (payments) reimbursements	$ (1,002)	$ (1,841)	$ 771

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

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

each calendar year. We continue to revise our estimates with respect to the risk corridor provisions based on subsequent period pharmacy claims data. For additional information regarding amounts recorded to our consolidated balance sheets related to the risk corridor settlement and subsidies from CMS with respect to the Medicare Part D program, refer to Note 7.

Patient services revenue

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

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

Our primary care business recognizes revenues for certain value-based arrangements. Under these value-based arrangements, we enter into agreements with health plans to stand ready to deliver, integrate, direct and control the administration and management of certain health care services for our patients. In exchange, we receive a premium that is typically paid on a per member per month basis. These value-based arrangements represent a single performance obligation where revenues are recognized in the period in which we are obligated to provide integrated health care services to our patients. Fee-for-service revenue is recognized at agreed upon rates, net of contractual allowances, as the performance obligation is completed on the date of service.

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

For the year ended December 31, 2025, revenue recognized from performance obligations related to prior periods (for example, due to changes in transaction price), was not material. Further, revenue expected to be recognized in any future year related to remaining performance obligations is not material.

Other services revenue

Services revenue includes the processing of claims, offering access to our provider networks and clinical programs, and responding to customer service inquiries from members of self-funded groups. Services revenue is recognized in the period services are performed and are net of estimated uncollectible amounts. We routinely monitor the collectability of specific accounts, the aging of receivables, as well as prevailing and anticipated economic conditions, and reflect any required adjustments in current operations. Services revenue received prior to the service period is recorded as unearned revenue.

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

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

HCMO - SUPP - 000598
PUBLIC

	2025	2024	2023
		(in millions)	
Health care cost payments	$ (5,641)	$ (7,477)	$ (7,07
Health care cost reimbursements	5,567	7,385	7,13
Net (payments) reimbursements	$ (74)	$ (92)	$ 5

Receivables

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

At December 31, 2025 and 2024, accounts receivable related to services were $367 million and $360 million, respectively. For the years ended December 31, 2025, 2024 and 2023, we had no material bad-debt expense and there were no material contract assets, contract liabilities or deferred contract costs recorded on the consolidated balance sheet at December 31, 2025 and 2024.

Other Current Assets

Other current assets include amounts associated with Medicare Part D, rebates due from pharmaceutical manufacturers and other amounts due within one year. We accrue pharmaceutical rebates as they are earned based on contractual terms and usage of the product. The balance of pharmaceutical rebates receivable was $1.9 billion and $1.7 billion at December 31, 2025 and 2024, respectively.

In October 2024, we entered an uncommitted receivables purchase facility, or the Facility, under which certain pharmaceutical rebate receivables may be sold on a non-recourse basis to a financial institution. Although the sale is made without recourse, we provide collection services related to the transferred assets without compensation. The Facility's initial total capacity was $1.19 billion with a one year term, unless terminated early or extended. In October 2025, we extended the Facility for an additional one year term and updated its capacity to $1.09 billion. As control of, and risk related to, the receivables are transferred to the financial institution, the transactions under the Facility are accounted for as a true sale. The derecognition of our receivables transferred to a financial institution reduce our net pharmaceutical rebate receivable balance included in “Other current assets” on our accompanying consolidated balance sheets and generate a loss on discounted receivables included in “Operating costs” on our accompanying consolidated statements of income. As servicer of the purchased receivables, we establish a payable to the financial institution included in “Trade accounts payable and accrued expenses” on our accompanying consolidated balance sheets for rebates collected from manufacturers not yet remitted to the financial institution. Cash proceeds from the sale of receivables to the financial institution are classified as an operating activity included in “Changes in other assets” and rebates collected from manufacturers not yet remitted to the financial institution are classified as a financing activity included in “Changes in rebate factor payable” on our accompanying consolidated statement of cash flows. For the year ended December 31, 2025, we sold $1.5 billion of pharmaceutical rebate receivables under the Facility and the loss on discounted receivables was not material. During 2025, we collected $1.0 billion, of the $1.5 billion sold, from manufacturers and remitted back to the financial institution. For the year ended December 31, 2024, we sold $639 million of pharmaceutical rebate receivables under the Facility and the loss on discounted receivables was not material. As of December 31, 2024, we collected $168 million from manufacturers, $123 million of which had not been remitted to the financial institution. During 2025, the $123 million was remitted back to the financial institution and the remaining $471 million receivables sold were collected from the manufacturers and remitted back to the financial institution.

Policy Acquisition Costs

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

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

Long-Lived Assets

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

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

Equity Method Investments

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

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

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

For additional information regarding our equity method investments, refer to Note 4.

Goodwill and Intangible Assets

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

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

We perform a quantitative assessment to review goodwill for impairment to determine both the existence and amount of goodwill impairment, if any. Impairment tests are performed, at a minimum, in the fourth quarter of each year supported by our long-range business plan and annual planning process. We rely on an evaluation of future discounted cash flows to determine fair value of our reporting units. The fair value of our reporting units with significant goodwill exceeded carrying amounts. However, unfavorable changes in key assumptions or combinations of assumptions including a significant increase in the discount rate, decrease in the long-term growth rate or substantial reduction in our underlying cash flow assumptions, including revenue expectations and growth rates, operating cost trends, and projected operating income could have a significant negative impact on the estimated fair value of our home solutions reporting unit, which accounted for $4.4 billion of goodwill. Impairment tests completed for 2025, 2024, and 2023 did not result in an impairment loss.

Intangible assets with indefinite lives relate to Certificate of Needs (CON) and Medicare licenses acquired as part of our acquisition of CenterWell Home Health (formerly Kindred at Home) are included within other long-term assets in the consolidated balance sheet at December 31, 2025 and December 31, 2024. We are required to annually compare the fair values of other indefinite-lived intangible assets to their carrying amounts. If the carrying amount of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized. Fair values of indefinite-lived intangible assets are determined based on the income approach. For our CON intangible assets, unfavorable changes in key assumptions or combinations of assumptions, including a significant increase in the discount rate, decrease in the long-term growth rate or substantial reduction in the underlying cash flow assumptions, including revenue growth rates, operating cost trends, and projected operating income could have a significant negative impact on the estimated fair value of our CON intangible assets, which account for $790 million of our intangible assets. Impairment tests completed on our indefinite-lived intangible assets for 2025, 2024 and 2023 resulted in impairment charges of $128 million, $200 million and $55 million, respectively. These charges reflect the amount by which the carrying value exceeded its estimated fair value. The fair values of the assets were measured using Level 3 inputs, such as projected revenues and operating cash flows.

Definite-lived intangible assets primarily relate to acquired customer contracts/relationships and are included with other long-term assets in the consolidated balance sheets. Definite-lived intangible assets are amortized over the useful life generally using the straight-line method. We review definite-lived intangible assets for impairment under our long-lived asset policy.

Benefits Payable and Benefits Expense Recognition

Benefits expense includes claim payments, capitation payments, pharmacy costs net of rebates, allocations of certain centralized expenses and various other costs incurred to provide health insurance coverage to members, as well as estimates of future payments to hospitals and others for medical care and other supplemental benefits provided on or prior to the balance sheet date. Capitation payments represent monthly contractual fees disbursed to primary care and other providers who are responsible for providing medical care to members. Pharmacy costs represent payments for members' prescription drug benefits, net of rebates from drug manufacturers. Receivables for such pharmacy rebates are included in other current assets in our consolidated balance sheets. Other supplemental benefits include dental, vision, and other supplemental health products.

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

Benefits expense is recognized in the period in which services are provided and includes an estimate of the cost of services which have been incurred but not yet reported, or IBNR. Our reserving practice is to consistently recognize the actuarial best point estimate within a level of confidence required by actuarial standards. Actuarial standards of practice generally require a level of confidence such that the liabilities established for IBNR have a

greater probability of being adequate versus being insufficient. Therefore, in many situations, the claim amounts ultimately settled will be less than the estimate that satisfies the actuarial standards of practice.

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

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

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

We reassess the profitability of our contracts for providing insurance coverage to our members when current operating results or forecasts indicate probable future losses. We establish a premium deficiency reserve in current operations to the extent that the sum of expected future costs, claim adjustment expenses, and maintenance costs exceeds related future premiums under contracts. For purposes of determining premium deficiencies, contracts are grouped in a manner consistent with our method of acquiring, servicing, and measuring the profitability of such contracts. Losses recognized as a premium deficiency result in a beneficial effect in subsequent periods as operating losses under these contracts are charged to the liability previously established. Because the majority of our member

HCMO - SUPP - 000602
PUBLIC

contracts renew annually, we would not record a material premium deficiency reserve, except when unanticipated adverse events or changes in circumstances indicate otherwise.

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

Future policy benefits payable

Future policy benefits payable includes liabilities for long-duration insurance policies primarily related to certain blocks of insurance assumed in acquisitions, primarily life and annuities in run-off status, and are included in our consolidated balance sheet within other long-term liabilities. Most of these policies are subject to reinsurance. For additional information regarding reinsurance, refer to Note 19.

Book Overdraft

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

Income Taxes

We recognize an asset or liability for the deferred tax consequences of temporary differences between the tax bases of assets or liabilities and their reported amounts in the consolidated financial statements. These temporary differences will result in taxable or deductible amounts in future years when the reported amounts of the assets or liabilities are recovered or settled. We also recognize the future tax benefits such as net operating and capital loss carryforwards as deferred tax assets. A valuation allowance is provided against these deferred tax assets if it is more likely than not that some portion or all of the deferred tax assets will not be realized. Future years' tax expense may be increased or decreased by adjustments to the valuation allowance or to the estimated accrual for income taxes. Deferred tax assets and deferred tax liabilities are further adjusted for changes in the enacted tax rates.

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

Noncontrolling Interests

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

Stock-Based Compensation

We generally recognize stock-based compensation expense, as determined on the date of grant at fair value, on a straight-line basis over the period during which an employee is required to provide service in exchange for the award (the vesting period). In addition, for awards with both time and performance-based conditions, we generally recognize compensation expense on a straight line basis over the vesting period when it is probable that the

performance condition will be achieved. We estimate expected forfeitures and recognize compensation expense only for those awards which are expected to vest. We estimate the grant-date fair value of stock options using the Black-Scholes option-pricing model.

For additional information regarding our stock-based compensation plans, refer to Note 14.

Earnings Per Common Share

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

For additional information regarding our earnings per share, refer to Note 15.

Fair Value

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

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

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

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

Fair value of actively traded debt and equity securities are based on quoted market prices. Fair value of other debt securities are based on quoted market prices of identical or similar securities or based on observable inputs like interest rates generally using a market valuation approach, or, less frequently, an income valuation approach and are generally classified as Level 2. Fair value of privately held investment grade debt securities are estimated using a variety of valuation methodologies, including both market and income approaches, where an observable quoted market does not exist and are generally classified as Level 3. For privately-held investment grade debt securities, such methodologies include reviewing the value ascribed to the most recent financing, comparing the security with securities of publicly-traded companies in similar lines of business with similar credit characteristics, and reviewing the underlying financial performance including estimating discounted cash flows.

We obtain at least one price for each security from a third-party pricing service. These prices are generally derived from recently reported trades for identical or similar securities, including adjustments through the reporting date based upon observable market information. When quoted prices are not available, the third-party pricing service may use quoted market prices of comparable securities or discounted cash flow analysis, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include benchmark yields, reported trades, credit spreads, broker quotes, default rates, and

prepayment speeds. We are responsible for the determination of fair value and as such we perform analysis on the prices received from the third-party pricing service to determine whether the prices are reasonable estimates of fair value. Our analysis includes a review of monthly price fluctuations as well as a quarterly comparison of the prices received from the pricing service to prices reported by our third-party investment adviser. In addition, on a quarterly basis we examine the underlying inputs and assumptions for a sample of individual securities across asset classes, credit rating levels, and various durations.

Recently Issued Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In December 2023, the FASB issued Accounting Standards Update No. 2023-09 — Income Taxes (Topic 740): Improvements to Income Tax Disclosures, effective for annual 2025 year-end financial statements. The updated guidance requires additional disclosure and disaggregated information in the income tax rate reconciliation along with qualitative explanation of individually significant reconciling items. The updated guidance also requires disclosure of the income taxes paid (net of refunds received) disaggregated by jurisdiction. Our income tax footnote was updated to reflect the adoption of the standard, which did not have a material impact on our disclosures.

Accounting Pronouncements Effective in Future Periods

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

In September 2025, the FASB issued Accounting Standards Update No. 2025-06 — Intangibles — Goodwill and Other — Internal Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. The new guidance modernizes consideration of different methods of software development, updating the requirements for capitalization of software costs. The new guidance requires prospective application (with retrospective application permitted). The new guidance will be effective for us beginning with our interim 2028 financial statements, with early adoption permitted. We are currently evaluating the impact on our consolidated results of operations, financial position, and cash flows.

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

3. ACQUISITIONS AND DIVESTITURES

During 2025, 2024, and 2023, we acquired various health and wellness related businesses, and divested of a business during 2025, that individually or in the aggregate, have not had a material impact on our results of operations, financial condition, or cash flows. The results of operations and financial condition of these businesses acquired have been included in our consolidated statements of income and consolidated balance sheets from the respective acquisition dates. Acquisition and divestiture related costs recognized in 2025, 2024 and 2023 were not material to our results of operations. For asset acquisitions, the goodwill acquired is partially amortizable as deductible expenses for tax purposes. The pro forma financial information assuming the acquisitions had occurred as of the beginning of the calendar year prior to the year of acquisition, as well as the revenues and earnings generated during the year of acquisition, was not material for disclosure purposes.

On February 13, 2026, we completed the acquisition of a primary care business for consideration of approximately $941 million.

HCMO - SUPP - 000605
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4. EQUITY METHOD INVESTMENTS

We completed the sale of a 60% interest in Gentiva Hospice on August 11, 2022 and we account for our remaining minority ownership in Gentiva Hospice using the equity method of accounting. At December 31, 2025 and 2024, we owned approximately 35%. This investment was reflected in equity method investments in our December 31, 2025 and 2024 consolidated balance sheets, with our share of loss reported as equity in net losses in our consolidated statements of income for the years ended December 31, 2025, 2024, and 2023.

The summarized balance sheets at December 31, 2025 and 2024 and statements of income for the years ended December 31, 2025, 2024, and 2023 of Gentiva Hospice were as follows:

Balance sheets	**December 31, 2025**	**December 31, 2024**
	(in millions)	
Current assets	$ 430	$ 407
Non-current assets	3,922	3,957
Current liabilities	327	413
Non-current liabilities	2,690	2,483
Shareholders' equity	1,335	1,468

Statements of income	**For the year ended December 31, 2025**	**For the year ended December 31, 2024**	**For the year ended December 31, 20**
	(in millions)		
Revenues	$ 2,054	$ 1,994	$ 1,8
Expenses	2,138	2,086	1,8
Net loss	(84)	(92)	(2

Our primary care business previously entered into a strategic partnership with Welsh, Carson, Anderson & Stowe, or WCAS, to accelerate the expansion of our primary care model through the development of clinics. As of December 31, 2025, there were 146 primary care clinics operating under the partnership. In addition, the agreements include a series of put and call options through which WCAS may require us to purchase their interest in the entity, and through which we may acquire WCAS's interest, over the next 1 to 9 years. We have the option to purchase the first two cohorts of clinics in 2026 for approximately $1.0 billion to $1.5 billion based on current projections. All existing cohorts can be called by us from 2026 to 2033 or put to us by WCAS from 2027 to 2034 and could require $3.0 billion to $5.0 billion to purchase based on current projections. These estimates are dependent on multiple factors including the actual timing of when the put or call options are exercised, expected revenue growth at each center within the respective cohort and future capital contributions, among other factors. For additional information on inputs relevant to these put and call options, refer to Note 6.

Other equity method investments

We have several other individually immaterial equity method investments included within equity method investments in our consolidated balance sheets as of December 31, 2025 and 2024 with our share of income or loss reported as equity in net losses in our consolidated statements of income for the years ended December 31, 2025, 2024 and 2023.

HCMO - SUPP - 000606
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5. INVESTMENT SECURITIES

Investment securities classified as current and long-term were as follows at December 31, 2025 and 2024, respectively:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(in millions)		
December 31, 2025				
U.S. Treasury and other U.S. government corporations and agencies:				
U.S. Treasury and agency obligations	$ 2,314	$ 3	$ (39)	$ 2,278
Mortgage-backed securities	3,980	7	(336)	3,651
Tax-exempt municipal securities	442	—	(14)	428
Mortgage-backed securities:				
Residential	434	—	(46)	388
Commercial	1,058	1	(47)	1,012
Asset-backed securities	791	4	(12)	783
Corporate debt securities	7,998	31	(373)	7,656
Total debt securities	$ 17,017	$ 46	$ (867)	16,196
December 31, 2024				
U.S. Treasury and other U.S. government corporations and agencies:				
U.S. Treasury and agency obligations	$ 3,336	$ 1	$ (110)	$ 3,227
Mortgage-backed securities	4,504	—	(509)	3,995
Tax-exempt municipal securities	548	—	(22)	526
Mortgage-backed securities:				
Residential	586	—	(64)	522
Commercial	1,290	1	(85)	1,206
Asset-backed securities	1,424	3	(24)	1,403
Corporate debt securities	8,330	21	(595)	7,756
Total debt securities	$ 20,018	$ 26	$ (1,409)	18,635

We own certain corporate debt securities of Gentiva Hospice. The book value and fair value are $381 million and $383 million, respectively, at December 31, 2025. The book value and fair value were $381 million and $396 million, respectively, at December 31, 2024.

We participate in a securities lending program where we loan certain investment securities for short periods of time in exchange for collateral, consisting of cash or U.S. Government securities, initially equal to at least 102% of the fair value of the investment securities on loan. Collateral with a fair value of $638 million was held at December 31, 2025. At December 31, 2025, collateral from lending our investment securities was reinvested in short-term, highly liquid assets. In addition, we participated in non-cash securities lending with a fair value of $193 million at December 31, 2025.

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 December 31, 2025 and 2024, respectively:

	Less than 12 months		12 months or more		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(in millions)					
December 31, 2025						
U.S. Treasury and other U.S. government corporations and agencies:						
U.S. Treasury and agency obligations	$ 643	$ (7)	$ 857	$ (32)	$ 1,500	$ (39)
Mortgage-backed securities	593	(3)	2,373	(333)	2,966	(336)
Tax-exempt municipal securities	51	—	347	(14)	398	(14)
Mortgage-backed securities:						
Residential	10	—	321	(46)	331	(46)
Commercial	77	—	794	(47)	871	(47)
Asset-backed securities	85	—	263	(12)	348	(12)
Corporate debt securities	872	(6)	3,785	(367)	4,657	(373)
Total debt securities	$ 2,331	$ (16)	$ 8,740	$ (851)	$ 11,071	$ (867)
December 31, 2024						
U.S. Treasury and other U.S. government corporations and agencies:						
U.S. Treasury and agency obligations	$ 2,343	$ (68)	$ 456	$ (42)	$ 2,799	$ (110)
Mortgage-backed securities	1,766	(50)	2,203	(459)	3,969	(509)
Tax-exempt municipal securities	97	(1)	405	(21)	502	(22)
Mortgage-backed securities:						
Residential	130	(2)	343	(62)	473	(64)
Commercial	58	(1)	992	(84)	1,050	(85)
Asset-backed securities	419	(5)	436	(19)	855	(24)
Corporate debt securities	2,385	(51)	4,269	(544)	6,654	(595)
Total debt securities	$ 7,198	$ (178)	$ 9,104	$ (1,231)	$ 16,302	$ (1,409)

Approximately 97% of our debt securities were investment-grade quality, with a weighted average credit rating of AA- by Standard & Poor's Rating Service, or S&P at December 31, 2025. Our remaining debt securities below investment grade were primarily rated B. 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 1,150 positions out of a total of approximately 2,110 positions at December 31, 2025. All issuers of debt securities we own that were trading at an unrealized loss at December 31, 2025 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 December 31, 2025, we did not intend to sell any debt securities with an unrealized loss position in accumulated other comprehensive income, and it is not likely that we will be required to sell these debt securities before recovery of their amortized cost basis. Additionally, we did not record any material credit allowances for debt securities that were in an unrealized loss position at December 31, 2025, 2024 or 2023.

The detail of (losses) gains related to investment securities and included within investment income was as follows for the years ended December 31, 2025, 2024, and 2023:

	2025	2024	2023
	(in millions)		
Gross gains on investment securities	$ 82	$ 37	$ 46
Gross losses on investment securities	(132)	(13)	(101)
Gross gains on equity securities	—	—	1
Gross losses on equity securities	—	—	—
Net recognized (losses) gains on investment securities	$ (50)	$ 24	$ (54)

Gains and losses recognized related to equity securities for the years ended December 31, 2025, 2024, and 2023 were not material.

The contractual maturities of debt securities available for sale at December 31, 2025, 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
	(in millions)	
Due within one year	$ 1,003	$ 99
Due after one year through five years	4,407	4,32
Due after five years through ten years	4,037	3,92
Due after ten years	1,307	1,11
Mortgage and asset-backed securities	6,263	5,83
Total debt securities	$ 17,017	$ 16,19

6. FAIR VALUE

Financial Assets

The following table summarizes our fair value measurements at December 31, 2025 and 2024, respectively, for financial assets measured at fair value on a recurring basis:

	Fair Value	Fair Value Measurements Using: Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
		(in millions)		
December 31, 2025				
Cash equivalents	$ 3,945	$ 3,945	$ —	$ —
Debt securities:				
U.S. Treasury and other U.S. government corporations and agencies:				
U.S. Treasury and agency obligations	2,278	—	2,278	—
Mortgage-backed securities	3,651	—	3,651	—
Tax-exempt municipal securities	428	—	428	—
Mortgage-backed securities:				
Residential	388	—	388	—
Commercial	1,012	—	996	16
Asset-backed securities	783	—	656	127
Corporate debt securities	7,656	—	7,359	297
Total debt securities	16,196	—	15,756	440
Securities lending invested collateral	638	638	—	—
Total invested assets	$ 20,779	$ 4,583	$ 15,756	$ 440
December 31, 2024				
Cash equivalents	$ 2,048	$ 2,048	$ —	$ —
Debt securities:				
U.S. Treasury and other U.S. government corporations and agencies:				
U.S. Treasury and agency obligations	3,227	—	3,227	—
Mortgage-backed securities	3,995	—	3,995	—
Tax-exempt municipal securities	526	—	526	—
Mortgage-backed securities:				
Residential	522	—	522	—
Commercial	1,206	—	1,199	7
Asset-backed securities	1,403	—	1,330	73
Corporate debt securities	7,756	—	7,514	242
Total debt securities	18,635	—	18,313	322
Securities lending invested collateral	418	418	—	—
Total invested assets	$ 21,101	$ 2,466	$ 18,313	$ 322

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Our Level 3 assets had a fair value of $440 million, or 2.1% of total invested assets, and $322 million, or 1.5% of total invested assets, at December 31, 2025 and 2024, respectively. During the years ended December 31, 2025 and 2024, the changes in the fair value of the assets measured using significant unobservable inputs (Level 3) were comprised of the following:

	2025				2024			
	Mortgage-backed securities: Commercial	Asset-backed securities	Corporate debt securities	Total	Mortgage-backed securities: Commercial	Asset-backed securities	Corporate debt securities	Total
	(in millions)				(in millions)			
Beginning balance at January 1	$ 7	$ 73	$ 242	$ 322	$ 4	$ 38	$ 176	$ 218
Total gains or losses:								
Realized in earnings	—	—	—	—	(1)	—	—	(1)
Unrealized in other comprehensive income	—	1	8	9	—	—	(1)	(1)
Purchases	9	55	64	128	6	36	72	114
Sales	—	—	—	—	(2)	—	(1)	(3)
Settlements	—	(2)	(17)	(19)	—	(1)	(4)	(5)
Transfers Out	—	—	—	—	—	—	—	—
Transfers In	—	—	—	—	—	—	—	—
Balance at December 31	$ 16	$ 127	$ 297	$ 440	$ 7	$ 73	$ 242	$ 322

Interest Rate Swaps

We have entered into interest-rate swap agreements with major financial institutions to convert our interest-rate exposure on some of our senior notes payable from fixed rates to variable rates, based on Secured Overnight Financing Rate (SOFR), to align interest costs more closely with floating interest rates received on our cash equivalents and investment securities. These swap agreements were qualified and designated as a fair value hedge. Our interest rate swaps are recognized in other assets or other liabilities, as appropriate, in our 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 increase to the carrying value of the senior notes was approximately $6 million at December 31, 2025. Our swap positions at December 31, 2025 included swap assets of $57 million included within other long-term assets on our consolidated balance sheet, and swap liabilities of $51 million included within other long-term liabilities on our consolidated balance sheet. The cumulative, aggregate adjustment to the carrying value of the senior notes was a decrease of approximately $129 million at December 31, 2024. Our swap positions at December 31, 2024 included swap liabilities of $129 million, included within other long-term liabilities on our consolidated balance sheet. We include the gain or loss on the swap agreements in interest expense on our 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 years ended December 31, 2025 and December 31, 2024.

The following table summarizes the notional amounts at December 31, 2025 and December 31, 2024, respectively, for our senior notes under the swap agreements:

Senior Notes Under Swap Agreements	Notional amount at December 31, 2025	Notional amount at December 31, 2024
	(in millions)	
$1,500 million, 5.375% due April, 15, 2031	$ 700	$ 700
$750 million, 5.875% due March 1, 2033	650	650
$850 million, 5.950% due March 15, 2034	800	800
$750 million, 5.550% due May 1, 2035	600	—
$400 million, 4.625% due December 1, 2042	400	400
$750 million, 4.950% due October 1, 2044	600	400
$400 million, 4.800% due March 15, 2047	350	200
$500 million, 3.950% due August 15, 2049	450	450
$750 million, 5.500% due March 15, 2053	700	700
$1,000 million, 5.750% due April 15, 2054	800	700
$500 million, 6.000% due May 1, 2055	450	—
Total Senior Notes Under Swap Agreements	$ 6,500	$ 5,000

Financial Liabilities

Our debt is recorded at carrying value in our consolidated balance sheets. The carrying value of our senior notes debt outstanding, net of unamortized debt issuance costs, was $12.4 billion at December 31, 2025 and $11.7 billion at December 31, 2024. The fair value of our senior note debt was $12.2 billion at December 31, 2025 and $11.2 billion at December 31, 2024. The fair value of our senior note debt is determined based on Level 2 inputs, including quoted market prices for the same or similar debt, or if no quoted market prices are available, on the current prices estimated to be available to us for debt with similar terms and remaining maturities. Carrying value approximates fair value for our term loans and commercial paper borrowings. We had no outstanding commercial paper borrowings at December 31, 2025 and December 31, 2024.

Put and Call Options Measured at Fair Value

The put and call options fair values associated with our primary care strategic partnership with Welsh, Carson, Anderson & Stowe, or WCAS, which are exercisable at a fixed revenue exit multiple and provide a minimum return on WCAS' investment if exercised, are measured at fair value each reporting period using a Monte Carlo simulation. The put and call options fair values, derived from the Monte Carlo simulation, were $1,400 million and $13 million, respectively, at December 31, 2025. The put and call options fair values, derived from the Monte Carlo simulation, were $883 million and $10 million, respectively, at December 31, 2024. The put liability and call asset are included within other long-term liabilities and other long-term assets, respectively, within our consolidated balance sheets. Fair value changes to the put and call options are included within Other expense, net within our consolidated income statement.

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The significant unobservable inputs utilized in these Level 3 fair value measurements (and selected values) include the enterprise value, annualized volatility and credit spread. Enterprise value was derived from a discounted cash flow model, which utilized significant unobservable inputs for long-term revenue, to measure underlying cash flows, weighted average cost of capital and long term growth rate. The table below presents the assumptions used for December 31, 2025 and 2024, respectively:

	December 31, 2025	December 31, 2024
Annualized volatility	18.8% - 19.9%	17.5% to 18.9%
Credit spread	1.1% - 1.6%	0.9% to 1.5%
Revenue exit multiple	1.5x - 2.5x	1.5x - 2.5x
Weighted average cost of capital	10.5% - 14.5%	11.0% to 14.5%
Long term growth rate	3.0 %	3.0 %

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

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Certain assets and liabilities are measured at fair value on a non-recurring basis subject to fair value adjustment only in certain circumstances.

As disclosed in Note 3, we acquired various health and wellness related businesses during 2025, 2024, and 2023. The values of net tangible assets acquired and the resulting goodwill and other intangible assets were recorded at fair value primarily using Level 3 inputs. The majority of the related tangible assets acquired and liabilities assumed were recorded at their carrying value as of the respective dates of acquisition, as their carrying values approximated their fair values due to their short-term nature. The fair values of goodwill and other intangible assets acquired in these acquisitions were internally estimated primarily based on the income approach. The income approach estimates fair value based on the present value of the cash flows that the assets are expected to generate in the future. We developed internal estimates for expected cash flows and discount rates in the present value calculations. There were no material asset or liabilities measured at fair value on a nonrecurring basis during 2025, 2024, or 2023 other than the assets and liabilities assumed in these acquisitions and any subsequent impairments. We recorded impairment charges of $128 million and $200 million relating to indefinite-lived intangible assets in 2025 and 2024, respectively.

7. MEDICARE PART D

We cover prescription drug benefits in accordance with Medicare Part D under multiple contracts with the Centers for Medicare and Medicaid Services, or CMS. The accompanying consolidated balance sheets include the following amounts associated with Medicare Part D as of December 31, 2025 and 2024. CMS subsidies/discounts 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 funded by CMS and pharmaceutical manufacturers.

Effective January 1, 2025, the Medicare Part D coverage gap was eliminated as mandated by the Inflation Reduction Act of 2022. The standard Part D benefit now comprises three phases: the deductible phase, the initial coverage phase and the catastrophic coverage phase. Beneficiaries' out-of-pocket expenses for covered prescription drugs are capped at $2,000, after which they incur no additional cost sharing for the remainder of the year. In addition, the Coverage Gap Discount Program was replaced by the Manufacturer Discount Program, requiring pharmaceutical manufacturers to provide discounts on brand name drugs during both the initial coverage and catastrophic phases. These changes are anticipated to reduce out-of-pocket costs for beneficiaries and impact plan liabilities accordingly.

The accompanying consolidated balance sheets include $1.5 billion of net assets and $530 million of net assets associated with subsidy programs at December 31, 2025 and December 31, 2024, respectively.

The accompanying consolidated balance sheets also include $1.6 billion of net assets and $126 million of net assets associated with cost sharing programs at December 31, 2025 and December 31, 2024, respectively.

For additional information regarding our prescription drug benefits coverage in accordance with Medicare Part D, refer to Note 2.

8. PROPERTY AND EQUIPMENT, NET

Property and equipment was comprised of the following at December 31, 2025 and 2024:

	2025	2024
	(in millions)	
Land	$ 15	$ 17
Buildings and leasehold improvements	1,064	1,038
Equipment	1,447	1,400
Computer software	2,993	3,216
	5,519	5,671
Accumulated depreciation	(3,288)	(3,139)
Property and equipment, net	$ 2,231	$ 2,532

Depreciation expense was $753 million in 2025, $884 million in 2024, and $831 million in 2023, including amortization expense for capitalized internally developed and purchased software of $536 million in 2025, $660 million in 2024, and $589 million in 2023.

9. GOODWILL AND OTHER INTANGIBLE ASSETS

Changes in the carrying amount of goodwill for our reportable segments for the years ended December 31, 2025 and 2024 were as follows:

	Insurance	CenterWell	Total
		(in millions)	
Balance at January 1, 2024	$ 2,663	$ 6,887	$ 9,550
Acquisitions	—	81	81
Balance at December 31, 2024	2,663	6,968	9,631
Acquisitions	—	72	72
Dispositions	—	(17)	(17)
Balance at December 31, 2025	$ 2,663	$ 7,023	$ 9,686

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The following table presents details of our other intangible assets included in other long-term assets in the accompanying consolidated balance sheets at December 31, 2025 and 2024:

	Weighted Average Life	2025			2024		
		Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
		(in millions)					
Other intangible assets:							
Certificates of need	Indefinite	$ 790	$ —	$ 790	$ 910	$ —	$ 910
Medicare licenses	Indefinite	262	—	262	270	—	270
Customer contracts/relationships	8.6 years	732	692	40	965	759	206
Trade names and technology	6.1 years	104	97	7	139	119	20
Provider contracts	11.9 years	67	65	2	67	64	3
Noncompetes and other	8.4 years	85	58	27	85	51	34
Total other intangible assets	8.5 years	$ 2,040	$ 912	$ 1,128	$ 2,436	$ 993	$ 1,443

Amortization expense for other intangible assets was approximately $51 million, $60 million and $67 million in 2025, 2024 and 2023, respectively.

We recorded impairment charges of $128 million, $200 million and $55 million relating to indefinite-lived intangible assets in 2025, 2024 and 2023 respectively.

We disposed $138 million of intangible assets in connection with the divestiture of a business in 2025.

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

	(in millions)
2026	$ 24
2027	14
2028	9
2029	8
2030	8

10. LEASES

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

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

Right-of-use assets included within other long-term assets in our consolidated balance sheets were $485 million and $445 million at December 31, 2025 and December 31, 2024, respectively. Operating lease liabilities included

within trade accounts payable and accrued expenses in our consolidated balance sheets were $126 million and $130 million at December 31, 2025 and December 31, 2024, respectively. Additionally, operating lease liabilities included within other long-term liabilities in our consolidated balance sheets were $418 million and $392 million at December 31, 2025 and December 31, 2024, respectively. The classification of our operating lease liabilities is based on the remaining lease term.

For the years ended December 31, 2025, 2024 and 2023, total fixed operating lease costs, excluding short-term lease costs, were $128 million, $121 million and $145 million, respectively, and are included within operating costs in our consolidated statements of income. Short-term lease costs were not material for the years ended December 31, 2025, 2024 and 2023. In addition, for the years ended December 31, 2025, 2024 and 2023, total variable operating lease costs were $114 million, $127 million and $120 million, respectively, and are included within operating costs in our consolidated statements of income.

We sublease facilities or partial facilities to third-party tenants for space not used in our operations. For the years ended December 31, 2025, 2024 and 2023, sublease rental income was $47 million, $50 million and $66 million, respectively, and is included within operating costs in our consolidated statements of income.

The weighted average remaining lease term is 6.2 years and 5.1 years at December 31, 2025 and December 31, 2024, respectively. The weighted average discount rate is 5.1% and 4.6% at December 31, 2025 and December 31, 2024, respectively. For the years ended December 31, 2025, 2024 and 2023, cash paid for amounts included in the measurement of lease liabilities included within our operating cash flows was $140 million, $143 million and $166 million, respectively.

Maturity of Lease Liabilities	**December 31, 2025**
For the years ended December 31,	**(in millions)**
2026	$ 15
2027	12
2028	10
2029	6
2030	4
After 2030	13
Total lease payments	63
Less: Interest	8
Present value of lease liabilities	$ 54

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

11. BENEFITS PAYABLE

On a consolidated basis, which represents our Insurance segment net of eliminations, activity in benefits payable was as follows for the years ended December 31, 2025, 2024 and 2023:

	2025	2024	2023
		(in millions)	
Balances at January 1	$ 10,440	$ 10,241	$ 9,264
Acquisitions	—	—	62
Incurred related to:			
Current year	111,841	101,365	89,266
Prior years	(1,029)	(701)	(872)
Total incurred	110,812	100,664	88,394
Paid related to:			
Current year	(102,215)	(91,281)	(79,545)
Prior years	(9,070)	(9,184)	(7,934)
Total paid	(111,285)	(100,465)	(87,479)
Balances at December 31	$ 9,967	$ 10,440	$ 10,241

The total estimate of benefits payable for claims incurred but not reported, or IBNR, is included within the net incurred claims amounts. At December 31, 2025 and 2024, benefits payable included IBNR of approximately $6.6 billion and $7.3 billion, primarily associated with claims incurred in each respective year. The cumulative number of reported claims as of December 31, 2025 was approximately 229.1 million for claims incurred in 2025, 223.7 million for claims incurred in 2024, and 218.8 million for claims incurred in 2023.

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, which generally results in favorable reserve development, or reserves that are considered redundant. We experienced favorable medical claims reserve development related to prior fiscal years of $1.0 billion in 2025, $701 million in 2024, and $872 million in 2023.

The medical claims reserve development for 2025, 2024, and 2023 primarily reflects the consistent application of trend and completion factors. The favorable development recognized in 2025 resulted primarily from trend factors and completion factors developing more favorably than originally expected. The favorable development recognized in 2024 and 2023 primarily resulted from trend factors developing more favorably than originally expected.

Incurred and Paid Claims Development

The following discussion provides information about incurred and paid claims development as of December 31, 2025, net of reinsurance, as well as cumulative claim frequency and the total of IBNR included within the net incurred claims amounts. The information about incurred and paid claims development for the years ended December 31, 2024 and 2023 is presented as supplementary information.

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

The following tables provide information about incurred and paid claims development as of December 31, 2025, net of reinsurance.

Claims Incurred Year	Incurred Claims, Net of Reinsurance For the Years Ended December 31, 2023 Unaudited	2024 Unaudited	2025
	(in millions)		
2023 & Prior	$ 89,328	$ 88,675	$ 88,615
2024		101,365	100,396
2025			111,841
Total			$ 300,852

Claims Incurred Year	Cumulative Paid Claims, Net of Reinsurance For the Years Ended December 31, 2023 Unaudited	2024 Unaudited	2025
	(in millions)		
2023 & Prior	$ 79,545	$ 88,319	$ 88,584
2024		91,281	100,086
2025			102,215
Total			290,885
Benefits payable, net of reinsurance			$ 9,967

For additional information regarding our benefits payable and benefits expense recognition, refer to Note 2.

12. INCOME TAXES

The provision for income taxes consisted of the following for the years ended December 31, 2025, 2024 and 2023:

	2025	2024	2023
		(in millions)	
Current provision			
Federal	$ 130	$ 566	$ 915
State and local	45	39	84
Foreign	—	—	1
Total current provision	175	605	1,000
Deferred tax expense (benefit)			
Federal	89	(179)	(178)
State and local	(14)	(13)	6
Foreign	—	—	8
Total deferred tax expense (benefit)	75	(192)	(164)
Total provision for income taxes	$ 250	$ 413	$ 836

The reconciliation of the income tax provision at the U.S. statutory rate to the provision for income tax as reported for the years ended December 31, 2025, 2024 and 2023 are as follows:

	2025		2024		2023	
			($ in millions)			
U.S. federal statutory tax rate	$ 302	21.0 %	$ 340	21.0 %	$ 698	21.0 %
State and local income taxes, net of federal income tax effect	(6)	(0.4)%	14	0.9 %	76	2.3 %
Changes in unrecognized tax benefits	47	3.3 %	29	1.8 %	37	1.1 %
Gain/loss on acquisitions and dispositions	(102)	(7.1)%	—	— %	(1)	— %
Other adjustments	9	0.6 %	30	1.8 %	26	0.8 %
Provision for income taxes and effective income tax rate	$ 250	17.4 %	$ 413	25.5 %	$ 836	25.2 %

The components of income before provision for income taxes for the years ended December 31, 2025, 2024 and 2023 are as follows:

	2025	2024	2023
		(in millions)	
Domestic	$ 1,485	$ 1,662	$ 3,351
Foreign	(47)	(42)	(26)
Total	$ 1,438	$ 1,620	$ 3,325

As of December 31, 2025, the Company paid income taxes net of refund of $231 million for federal income taxes and $41 million for state and local income taxes ($20 million for the state of Florida, and $21 million for other states). As of December 31, 2024, the Company paid income taxes net of refund of $506 million for federal income taxes and $64 million for state and local income taxes. As of December 31, 2023, the Company paid income taxes net of refund of $903 million for federal income taxes, $92 million for state and local income taxes, and $2 million for foreign income taxes.

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

Principal components of our net deferred tax balances at December 31, 2025 and 2024 were as follows:

	Assets (Liabilities)	
	2025	2024
	(in millions)	
Benefits payable	$ 174	$ 217
Compensation and other accrued expense	172	171
Net operating loss carryforward	148	93
Deferred acquisition costs	35	39
Other	26	6
Unearned revenues	35	6
Investment securities	544	510
Total deferred income tax assets	1,134	1,042
Valuation allowance	(139)	(85)
Total deferred income tax assets, net of valuation allowance	995	957
Depreciable property and intangible assets	(523)	(502)
Prepaid expenses	(353)	(172)
Other	(35)	(23)
Total deferred income tax liabilities	(911)	(697)
Total net deferred income tax assets (liabilities)	$ 84	$ 260
Amounts recognized in the consolidated balance sheets:		
Other long-term assets	$ 84	$ 260

All deferred tax assets and liabilities are classified as noncurrent in our consolidated balance sheets as other long-term assets and liabilities at December 31, 2025 and 2024, respectively.

Valuation allowances are provided when it is considered more likely than not deferred tax assets will not be realized. The valuation allowances primarily relate to future tax benefits on certain federal, state and non-U.S. net operating loss carryforwards. At December 31, 2025, we had approximately $0.5 million of federal net operating losses, $2.0 billion of pre-tax state net operating losses, and approximately $141 million of Puerto Rico net operating losses to carry forward. A portion of these loss carryforwards, if not used to offset future taxable income, will expire from 2026 through 2042. The remaining balance of the net operating loss carryforwards has no expiration date. Due to limitations and uncertainty regarding our ability to use some of the loss carryforwards and certain other deferred tax assets, a valuation allowance of $139 million was established. For the remainder of the net operating loss carryforwards and other cumulative temporary differences, based on our historical record of producing taxable income and profitability, we have concluded that future operating income will be sufficient to recover these deferred tax assets.

We file income tax returns in the United States and Puerto Rico. The U.S. Internal Revenue Service, or IRS, has completed its examinations of our consolidated income tax returns for 2022 and prior years. Our 2023 tax return is in the post-filing review period under the Compliance Assurance Process, or CAP, as we received a “no-change” letter in April of 2025. For our 2024 tax return, we received a full acceptance letter under the CAP, indicating that we have completed the advance (pre-filing) review stage. With a few exceptions, which are immaterial in the aggregate, we are no longer subject to state, local and foreign tax examinations for years before 2021. We are not aware of any material adjustments that may be proposed as a result of any ongoing or future examinations.

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13. DEBT

The carrying value of debt outstanding was as follows at December 31, 2025 and 2024:

	2025	2024
	(in millions)	
Short-term debt:		
Senior notes:		
$600 million, 4.500% due April 1, 2025	—	577
Total senior notes	—	577
Total short-term debt	$ —	$ 577
Long-term debt:		
Senior notes:		
$750 million, 1.350% due February 3, 2027	563	689
$600 million, 3.950% due March 15, 2027	466	538
$500 million, 5.750% due March 1, 2028	491	490
$500 million, 5.750% due December 1, 2028	497	496
$750 million, 3.700% due March 23, 2029	586	585
$500 million, 3.125% due August 15, 2029	388	433
$500 million, 4.875% due April 1, 2030	497	497
$1,500 million, 5.375% due April, 15, 2031	1,493	1,226
$750 million, 2.150% due February 3, 2032	592	744
$750 million, 5.875% due March 1, 2033	750	726
$850 million, 5.950% due March 15, 2034	832	806
$750 million, 5.550% due May 1, 2035	746	—
$250 million, 8.150% due June 15, 2038	260	260
$400 million, 4.625% due December 1, 2042	374	366
$750 million, 4.950% due October 1, 2044	717	714
$400 million, 4.800% due March 15, 2047	396	392
$500 million, 3.950% due August 15, 2049	517	505
$750 million, 5.500% due March 15, 2053	727	705
$1,000 million, 5.750% due April, 15, 2054	991	972
$500 million, 6.000% due May 1, 2055	486	—
Total long-term debt	$ 12,369	$ 11,144

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

For the years ending December 31,	(in millions)
2026	$ —
2027	1,031
2028	993
2029	979
2030	500
Thereafter	8,996

Senior Notes

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

In March 2025, we issued $750 million of 5.550% unsecured senior notes due May 1, 2035, $500 million of 6.000% unsecured senior notes due May 1, 2055, and an additional $250 million of our existing 5.375% unsecured senior notes due April 15, 2031. Our net proceeds, reduced for the underwriters' discounts and commissions paid, were $1.481 billion. We used the net proceeds of these offerings to repay the remaining $577 million aggregate principal amount of our 4.500% unsecured senior notes on their maturity date of April 1, 2025. The remaining net proceeds will be used for general corporate purposes, which may include the repayment of our existing indebtedness, including borrowings under our commercial paper program.

In May 2025, 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 and a portion of our $600 million aggregate principal amount of 3.950% senior notes maturing in March 2027 during the period beginning on May 1, 2025 and ending on August 29, 2025. For the period ended September 30, 2025, we repurchased $200 million principal amount of these senior notes for approximately $194 million cash.

In October 2025, we entered into a Rule 10b5-1 Repurchase Plan to repurchase a portion of our $750 million aggregate principal amount of 2.150% senior notes maturing in February 2032, a portion of our $500 million aggregate principal amount of 3.125% senior notes maturing in August 2029 and a portion of our $750 million aggregate principal amount of 3.700% senior notes maturing in March 2029 during the period beginning on October 3, 2025 and ending on December 31, 2025. For the period ended December 31, 2025, we repurchased $200 million principal amount of these senior notes for approximately $177 million cash.

We have entered into interest-rate swap agreements with major financial institutions to convert our interest-rate exposure on some of our senior notes payable from fixed rates to variable rates, based on Secured Overnight Financing Rate (SOFR), to align interest costs more closely with floating interest rates received on our cash equivalents and investment securities, as further described in Note 6. As a result, the carrying value of these senior notes has been adjusted to reflect changes in value caused by an increase or decrease in interest rates. The cumulative, aggregate increase to the carrying value of the senior notes was approximately $6 million at December 31, 2025.

Revolving Credit Agreements

In May 2025, we entered into an amended and restated 5-year, $5.0 billion unsecured revolving credit agreement. The May 2025 revolving credit agreement (i) increases the amount of the commitments under our June 2023 revolving credit agreement from $2.642 billion to $5.0 billion and (ii) replaces our existing May 2024 364-day $2.1 billion unsecured revolving credit agreement, which expired in accordance with its terms.

Under the revolving credit agreement, 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 varies depending on our credit ratings ranging from 79.5 to 130.0 basis points. As of December 31, 2025, our SOFR spread was 101.5 basis points. We also pay an annual facility fee regardless of utilization. This facility fee varies depending on our credit ratings ranging from 8.0 to 20.0 basis points. As of December 31, 2025, our facility fee was 11.0 basis points.

The terms of our revolving credit agreements include standard provisions related to conditions of borrowing which could limit our ability to borrow additional funds. In addition, 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% as measured in accordance with the revolving credit agreements as of December 31, 2025. Upon our agreement with one or more financial institutions, we may expand the aggregate commitments under the revolving credit agreement by up to $1.0 billion, to a maximum of $6.0 billion.

At December 31, 2025, we had no borrowings and approximately $10 million of letters of credit outstanding under the revolving credit agreement. Accordingly, as of December 31, 2025, we had $4.990 billion of remaining borrowing capacity under the credit agreement (which excludes the uncommitted $1.0 billion of incremental loan facilities), none of which would be restricted by our financial covenant compliance requirement.

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

Commercial Paper

Under our commercial paper program we may issue short-term, unsecured commercial paper notes privately placed on a discount basis through certain broker dealers at any time. Amounts available under the program may be borrowed, repaid and re-borrowed from time to time. The net proceeds of issuances have been and are expected to be used for general corporate purposes. The maximum principal amount outstanding at any one time during the year ended December 31, 2025 was $1.2 billion, with no outstanding amount at December 31, 2025 and December 31, 2024.

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 December 31, 2025 we had no outstanding short-term FHLB borrowings.

14. EMPLOYEE BENEFIT PLANS

Employee Savings Plan

We have defined contribution retirement savings plans covering eligible associates which include matching contributions based on the amount of our associates' contributions to the plans. The cost of these plans amounted to approximately $304 million in 2025, $293 million in 2024, and $278 million in 2023. The Company's cash match is invested pursuant to the participant's contribution direction. Based on the closing price of our common stock of $256.13 on December 31, 2025, approximately 3% of the retirement and savings plan's assets were invested in our common stock, or approximately 1.0 million shares, representing approximately 0.9% of the shares outstanding as of December 31, 2025. At December 31, 2025, approximately 5.1 million shares of our common stock were reserved for issuance under our defined contribution retirement savings plans.

Stock-Based Compensation

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

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

55 and a minimum requirement of 5 years of service, as retirement-eligible. Upon exercise, stock-based compensation awards are settled with authorized but unissued company stock or treasury stock.

The compensation expense that has been charged against income for these plans was as follows for the years ended December 31, 2025, 2024, and 2023:

	2025	2024	2023
	(in millions)		
Stock-based compensation expense by type:			
Restricted stock	$ 233	$ 198	$ 168
Stock options	8	9	7
Total stock-based compensation expense	241	207	175
Tax benefit recognized	(44)	(29)	(28)
Stock-based compensation expense, net of tax	$ 197	$ 178	$ 147

The tax benefit recognized in our consolidated financial statements is based on the amount of compensation expense recorded for book purposes, subject to limitations on the deductibility of annual employee compensation as mandated by regulation. The actual tax benefit realized in our tax return is based on the intrinsic value, or the excess of the market value over the exercise or purchase price, of stock options exercised and restricted stock vested during the period, subject to limitations on the deductibility of annual employee compensation as mandated by regulation. The actual tax benefit realized for the deductions taken on our tax returns from option exercises and restricted stock vesting totaled $27 million in 2025, $21 million in 2024, and $30 million in 2023. There was no capitalized stock-based compensation expense during these years.

At December 31, 2025, there were approximately 13.7 million shares reserved for stock award plans under the Humana Inc. Amended & Restated Plan, or 2019 Plan. These reserved shares included giving effect to, under the Amended & Restated Plan, 4.4 million shares of common stock available for future grants assuming all stock options were granted or 1.3 million shares available for future grants assuming all restricted stock were granted. Shares may only be issued from the Amended & Restated Plan, as any shares remaining in all other historical equity plans are not available for issuance.

Restricted Stock

Restricted stock is granted with a fair value equal to the market price of our common stock on the date of grant and generally vests in equal annual tranches over a three year period from the date of grant. Certain of our restricted stock grants also include performance-based conditions generally associated with strategic measures aligned with our growth objectives. Restricted stock units have forfeitable dividend equivalent rights equal to the dividend paid on common stock. The weighted-average grant date fair value of our restricted stock was $257.55 in 2025, $364.59 in 2024, and $508.23 in 2023. Activity for our restricted stock was as follows for the year ended December 31, 2025:

	Shares	Weighted-Average Grant-Date Fair Value
	(shares in thousands)	
Nonvested restricted stock at December 31, 2024	868	$ 426.40
Granted	1,049	257.55
Vested	(578)	354.60
Forfeited	(108)	318.50
Nonvested restricted stock at December 31, 2025	1,231	$ 319.91

Approximately 31% of the nonvested restricted stock at December 31, 2025 included performance-based conditions.

The fair value of shares vested was $152 million during 2025, $157 million during 2024, and $236 million during 2023. Total compensation expense not yet recognized related to nonvested restricted stock was $237 million at December 31, 2025. We expect to recognize this compensation expense over a weighted-average period of approximately 1.7 years. There are no other contractual terms covering restricted stock once vested.

Stock Options

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

In 2025, no stock options were granted. The weighted-average fair value of each option granted during 2024 and 2023 is provided below. The fair value was estimated on the date of grant using the Black-Scholes pricing model with the weighted-average assumptions indicated below:

	2024	2023
Weighted-average fair value at grant date	$ 96.42	$ 130.74
Expected option life (years)	3.5 years	3.0 years
Expected volatility	28.8 %	31.6 %
Risk-free interest rate at grant date	4.3 %	4.5 %
Dividend yield	0.9 %	0.7 %

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

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

Activity for our option plans was as follows for the year ended December 31, 2025:

	Shares Under Option	Weighted-Average Exercise Price
	(shares in thousands)	
Options outstanding at December 31, 2024	375	$ 404.61
Forfeited	(21)	375.21
Options outstanding at December 31, 2025	354	$ 406.35
Options exercisable at December 31, 2025	235	$ 406.54

As of December 31, 2025, outstanding stock options, substantially all of which are expected to vest, had no intrinsic value, and a weighted-average remaining contractual term of 3.8 years. As of December 31, 2025, exercisable stock options had no intrinsic value, and a weighted-average remaining contractual term of 3.1 years. There was no intrinsic value of stock options exercised during 2025, compared with $0.1 million during 2024 and $3 million during 2023. No cash was received from stock option exercises in 2025. Cash received from stock option exercises totaled $0.3 million in 2024 and $9 million in 2023.

Total compensation expense not yet recognized related to nonvested options was $6 million at December 31, 2025. We expect to recognize this compensation expense over a weighted-average period of approximately 1 year.

15. EARNINGS PER COMMON SHARE COMPUTATION

Detail supporting the computation of basic and diluted earnings per common share was as follows for the years ended December 31, 2025, 2024 and 2023:

	2025	2024	2023
	(dollars in millions, except per common share results, number of shares/options in thousands)		
Net income available for common stockholders	$ 1,188	$ 1,207	$ 2,489
Weighted-average outstanding shares of common stock used to compute basic earnings per common share	120,454	120,571	123,866
Dilutive effect of:			
Employee stock options	—	3	32
Restricted stock	372	295	543
Shares used to compute diluted earnings per common share	120,826	120,869	124,441
Basic earnings per common share	$ 9.87	$ 10.01	$ 20.09
Diluted earnings per common share	$ 9.84	$ 9.98	$ 20.00
Number of antidilutive stock options and restricted stock awards excluded from computation	895	814	207

16. STOCKHOLDERS' EQUITY

Dividends

The following table provides details of dividend payments, excluding dividend equivalent rights, in 2023, 2024, and 2025, under our Board approved quarterly cash dividend policy:

Payment Date	Amount per Share	Total Amount
		(in millions)
2023	$3.44	$428
2024	$3.54	$428
2025	$3.54	$426

In October 2025, the Board declared a cash dividend of $0.885 per share payable on January 30, 2026 to stockholders of record on December 26, 2025 for an aggregate amount of $107 million. In February 2026, the Board declared a cash dividend of $0.885 per share payable on April 24, 2026 to stockholders of record on March 27, 2026. Declaration and payment of future quarterly dividends is at the discretion of our Board and may be adjusted as business needs or market conditions change.

Stock Repurchases

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

Effective February 16, 2024, the Board of Directors replaced the February 2023 repurchase authorization (of which approximately $824 million remained unused) with a new share repurchase authorization for repurchases of up to $3 billion of our common shares exclusive of shares repurchased in connection with employee stock plans, expiring as of February 15, 2027, which we refer to as the 2024 repurchase authorization. During the year ended December 31, 2025, we repurchased 0.4 million shares in open market transactions for $100 million. These shares were repurchased at an average price of $233.73 under the February 2024 share repurchase authorization. During the year ended December 31, 2024, we repurchased 1.9 million shares in open market transactions for $750 million. These shares were repurchased at an average price of $384.65 under the February 2023 and 2024 share repurchase authorizations.

Our remaining repurchase authorization was $2.7 billion as of February 18, 2026.

Excluding shares acquired in connection with employee stock plans, share repurchases were as follows during the years ended December 31, 2025, 2024 and 2023:

		2025		2024		2023	
Authorization Date	Purchase Not to Exceed	Shares	Cost	Shares	Cost	Shares	Cost
			(in millions)				
February 2024	$ 3,000	0.4	$ 100	0.2	$ 74	—	$ -
February 2023	$ 3,000	—	$ —	1.7	$ 676	3.1	$ 1,50
February 2021	$ 3,000	—	$ —	—	$ —	—	$ -
Total repurchases		0.4	$ 100	1.9	$ 750	3.1	$ 1,50

In connection with employee stock plans, we acquired 0.2 million common shares for $51 million in 2025, 0.2 million common shares for $46 million in 2024, and 0.2 million common shares for $73 million in 2023.

Regulatory Requirements

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

Although minimum required levels of equity are largely based on premium volume, product mix, and the quality of assets held, minimum requirements vary significantly at the state level. Our state regulated insurance subsidiaries had aggregate statutory capital and surplus of approximately $14.1 billion and $13.2 billion as of December 31, 2025 and 2024, respectively, which exceeded aggregate minimum regulatory requirements of $6.9 billion and $11.4 billion, respectively. The amount of ordinary dividends that may be paid to our parent company in 2026 is approximately $1.1 billion in the aggregate. The amount, timing and mix of ordinary and extraordinary dividend payments will vary due to state regulatory requirements, the level of excess statutory capital and surplus and expected future surplus requirements related to, for example, premium volume and product mix. Actual dividends that were paid to our parent company were approximately $1.1 billion in 2025, $1.5 billion in 2024, and $1.8 billion in 2023.

17. COMMITMENTS, GUARANTEES AND CONTINGENCIES

Purchase Obligations

We have agreements to purchase services, primarily information technology related services, or to make improvements to real estate, in each case that are enforceable and legally binding on us and that specify all significant terms, including: fixed or minimum levels of service to be purchased; fixed, minimum or variable price provisions; and the appropriate timing of the transaction. We have purchase obligation commitments of $1.2 billion in 2026, $953 million in 2027, $595 million in 2028, $298 million in 2029, and $273 million in 2030. Purchase obligations exclude agreements that are cancellable without penalty.

Off-Balance Sheet Arrangements

As part of our ongoing business, we do not participate or knowingly seek to participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, or SPEs, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As of December 31, 2025, we were not involved in any SPE transactions.

Guarantees and Indemnifications

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

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

Government Contracts

Our Medicare products, which accounted for approximately 83% of our total premiums and services revenue for the year ended December 31, 2025, 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 2026, and all of our product offerings filed with CMS and going to market for 2026 have been approved.

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

MA plans, which CMS further adjusts for coding pattern differences between the health plans and the government fee-for-service (FFS) program. We generally rely on providers, including certain providers in our network who are our employees, to code their claim submissions with appropriate diagnoses, which we send to CMS as the basis for our health status-adjusted payment received from CMS under the actuarial risk-adjustment model. We also rely on these providers to document appropriately all medical data, including the diagnosis data submitted with claims. In addition, we conduct medical record reviews as part of our data and payment accuracy compliance efforts, to more accurately reflect diagnosis conditions under the risk adjustment model.

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

In 2012, CMS released an MA contract-level RADV methodology that would extrapolate the results of each CMS RADV audit sample to the audited MA contract's entire health status-related risk adjusted premium amount for the year under audit. In doing so, CMS recognized "that the documentation standard used in RADV audits to determine a contract's payment error (medical records) is different from the documentation standard used to develop the Part C risk-adjustment model (FFS claims)." To correct for this difference, CMS stated that it would apply a "Fee-for-Service Adjuster (FFS Adjuster)" as "an offset to the preliminary recovery amount." This adjuster would be "calculated by CMS based on a RADV-like review of records submitted to support FFS claims data." CMS stated that this methodology would apply to audits beginning with payment year (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 (the "Proposed RADV Rule") 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 2026 preserved Humana's position that CMS should apply an FFS Adjuster in any RADV audit that CMS intends to extrapolate. CMS confirmed its intent to apply the Final RADV Rule, including the first application of extrapolated audit results to determine audit settlements without the use of a FFS Adjuster, to CMS audits conducted for PY 2018 and subsequent years when it selected certain of Humana's MA contracts for PY 2018 RADV audits. Further, on May 21, 2025, CMS announced that it will conduct RADV audits for all eligible MA contracts for each payment year in all newly initiated audits and expedite the completion of RADV audits for PY 2018 through PY 2024 by early 2026. The Final RADV Rule, including the lack of a FFS Adjuster, and any related regulatory, industry or company reactions, the expansion of CMS's auditing efforts to include all eligible MA contracts, the acceleration of RADV audits for PY 2018 through PY 2024, other changes CMS may make to the RADV audit methodology for these years, and combination of these expanded auditing efforts with the application of the Final RADV Rule, could each have a material adverse effect on our results of operations, financial position, or cash flows.

HCMO - SUPP - 000629
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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. On September 25, 2025, the Court granted our motion for summary judgment and vacated the Final RADV Rule, finding that the Final RADV Rule was procedurally invalid under the APA because it was not a “logical outgrowth” of the Proposed RADV Rule. On November 21, 2025, the government notified the court of its appeal of that decision, which is now pending at the United States Court of Appeals for the Fifth Circuit and captioned Humana v Kennedy. There can be no assurances as to the final disposition of this lawsuit. We remain committed to working alongside CMS to promote the integrity of the MA program as well as affordability and cost certainty for our members. It is critical that MA plans are paid accurately and that payment model principles, including the application of a FFS Adjuster, are in accordance with the requirements of the Social Security Act, which, if not implemented correctly could have a material adverse effect on our results of operations, financial position, or cash flows.

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

Our state-based Medicaid business, which accounted for approximately 10% of our total premiums and services revenue for the year ended December 31, 2025, primarily served members enrolled in Medicaid, and in certain circumstances members who qualify for both Medicaid and Medicare, under contracts with various states.

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, 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

From time to time, the Civil Division of the United States Department of Justice has provided us with information requests, concerning our Medicare Part C risk adjustment practices. These requests relate to our oversight and submission of risk adjustment data generated by providers, as well as to our business and compliance practices related to risk adjustment data generated by our providers and by our Medicare Advantage Organizations. We continue to cooperate with the Department of Justice on these requests.

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. September 25, 2025, the Court granted our motion for summary judgment and vacated the Final RADV Rule, finding that the Final RADV Rule was procedurally invalid under the APA because it was not a "logical outgrowth" of the Proposed RADV Rule. On November 21, 2025, the government notified the court of its appeal of that decision, which is now pending at the United States Court of Appeals for the Fifth Circuit and captioned Humana v Kennedy. There can be no assurances as to the final disposition of this lawsuit. See “Government Contracts” in this Note 17 for additional information regarding this matter.

In June 2024, a putative stockholder class action was filed against Humana Inc. and certain of our current and former executive officers under the federal securities laws in the United States District Court for the District of Delaware. The case, now captioned In re Humana Inc. Securities Litigation, alleges that between July 2022 and October 2024, Humana made false or misleading statements in its periodic SEC filings and statements to the financial markets about our financial performance and the medical costs, Star Ratings and certain distribution relationships with respect to our Medicare Advantage business. The action seeks, among other things, unspecified compensatory damages and attorneys' fees. Between July 2024 and March 2025, parallel stockholder derivative

HCMO - SUPP - 000630
PUBLIC

actions were filed in the United States District Court for the Western District of Kentucky, now consolidated and captioned In re Humana Shareholder Derivative Action, and Nicolaou v. Broussard, was filed in Commonwealth of Kentucky, Jefferson Circuit Court, alleging that the same claimed acts and omissions underlying the federal securities law case, as well as certain Medicare Advantage distribution relationships, also constitute a breach of fiduciary duty by certain of our current and former directors and executive officers. The actions seek, among other things, reforms to the Company's corporate governance and internal procedures, unspecified damages and attorneys' fees. We will vigorously defend against the allegations in all cases.

On October 18, 2024, Humana Inc., along with co-plaintiff Americans for Beneficiary Choice, filed suit against the United States Department of Health and Human Services and its Secretary, Centers for Medicare and Medicaid Services, and its Administrator, in the United States District Court, Northern District of Texas, Fort Worth Division, seeking a determination that they violated the Administrative Procedure Act in administering the Medicare Advantage and Part D Star Ratings program. On October 14, 2025, the Court issued a decision rejecting our challenge to the 2025 Star Ratings. On November 25, 2025, we notified the court of our appeal, which is now pending at the United States Court of Appeals for the Fifth Circuit. There is no assurance that we will ultimately prevail in the lawsuit. For additional information on this matter, refer to Part I, Item 1A, "Risk Factors" of this Form 10-K.

On May 1, 2025, the Department of Justice (DOJ) filed a complaint in partial intervention related to a qui tam lawsuit filed by an individual formerly employed by eHealth, Inc., in the United States District Court for the District of Massachusetts. The intervened lawsuit is captioned United States of America ex. rel. Andrew Shea v. eHealth, Inc., et al., Case No. 1:21-cv-11777-DJC. The complaint alleges certain civil violations in connection with non-commission payments Humana made to three call center broker partners. The complaint also includes allegations relating to Humana's marketing of Medicare Advantage plans to Medicare-eligible beneficiaries under the age of 65. The action seeks damages and penalties on behalf of the United States under the federal False Claims Act. The court ordered the qui tam action unsealed following the filing of DOJ's complaint in partial intervention on May 1, 2025. We take seriously our obligations to comply with applicable regulatory requirements and laws, and will vigorously defend against these allegations.

On December 30, 2025, the United States Court of Appeals for the Sixth Circuit denied Humana's petition for permission to appeal a district court order certifying a class in the action of *David Elliott v Humana Inc*., alleging violations of the Telephone Consumer Protection Act ("TCPA"), 47 U.S.C. §227. The class action will proceed in the United States District Court, Western District of Kentucky. We take seriously our obligations to comply with TCPA and other consumer privacy requirements, and we will vigorously defend against these allegations.

Other Lawsuits and Regulatory Matters

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

We also are involved in various other lawsuits that arise, for the most part, in the ordinary course of our business operations, certain of which may be styled as class-action lawsuits. Among other matters, this litigation may include employment matters, claims of medical malpractice, bad faith, personal injury, nonacceptance or termination of providers, anticompetitive practices, improper rate setting, provider contract rate and payment disputes, including disputes over reimbursement rates required by statute, disputes arising from competitive procurement process, general contractual matters, intellectual property matters, and challenges to subrogation

practices. Under state guaranty assessment laws, including those related to state cooperative failures in the industry, we may be assessed (up to prescribed limits) for certain obligations to the policyholders and claimants of insolvent insurance companies that write the same line or lines of business as we do.

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

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

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

The outcome of any current or future litigation or governmental or internal investigations, including the matters described above, cannot be accurately predicted, nor can we predict any resulting judgments, penalties, fines or other sanctions that may be imposed at the discretion of federal or state regulatory authorities or as a result of actions by third parties. Nevertheless, it is reasonably possible that any such outcome of litigation, judgments, penalties, fines or other sanctions could be substantial, and the outcome of these matters may have a material adverse effect on our results of operations, financial position, and cash flows, and may also affect our reputation.

18. SEGMENT INFORMATION

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

The Insurance segment consists of Medicare benefits, marketed to individuals or directly via group Medicare accounts, as well as our contract with CMS to administer the Limited Income Newly Eligible Transition, or LI-NET, prescription drug plan program and contracts with various states to provide Medicaid, dual eligible demonstration, and Long-Term Support Services benefits, which we refer to collectively as our state-based contracts. This segment also includes products consisting of specialty health insurance benefits marketed to individuals and employer groups, including dental, vision, and other supplemental health benefits. In addition, our Insurance segment includes our Military services business, primarily our T-5 East Region contract, as well as the operations of our PBM business.

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The CenterWell segment includes our pharmacy solutions, primary care, and home solutions 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 includes the operations of CenterWell Pharmacy (our mail-order pharmacy business), CenterWell Specialty Pharmacy, and retail pharmacies jointly located within CenterWell Senior primary care clinics. In addition, our CenterWell intersegment revenues include revenues earned by certain owned providers and our home solutions business, including fee-for-service and certain value-based arrangements with our health plans.

We present our consolidated results of operations from the perspective of the health plans. As a result, the cost of providing benefits to our members, whether provided via a third-party 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 $14.1 billion in 2025, $20.3 billion in 2024, and $20.7 billion in 2023. In addition, depreciation and amortization expense associated with certain businesses delivering benefits to our members, primarily associated with our primary care and pharmacy solutions operations, are included with benefits expense. The amount of this expense was $125 million in 2025, $129 million in 2024, and $138 million in 2023.

Other than those described previously, the accounting policies of each segment are the same and are described in Note 2. Transactions between reportable segments primarily consist of sales of products and services rendered by our CenterWell segment, primarily pharmacy solutions, primary care, and home solutions, to our Insurance segment customers. Intersegment sales and expenses are recorded primarily at fair value and eliminated in consolidation. Members served by our segments often use the same provider networks, enabling us in some instances to obtain more favorable contract terms with providers. Our segments also share indirect costs and assets. As a result, the profitability of each segment is interdependent. We allocate most operating expenses to our segments. Assets and certain corporate income and expenses are not allocated to the segments, including the portion of investment income not supporting segment operations, interest expense on corporate debt, and certain other corporate expenses. These items are managed at a corporate level. These corporate amounts are reported separately from our reportable segments and are included with intersegment eliminations in the tables presenting segment results below. Premium and services revenues derived from our contracts with the federal government, as a percentage of our total premium and services revenues, were approximately 83% for 2025, 85% for 2024 and 84% for 2023.

	Insurance	CenterWell	Eliminations/ Corporate	Consolidated
		(in millions)		
2025				
External revenues				
Premiums revenue	$ 122,825	$ —	$ —	$ 122,825
Services revenue	1,017	4,816	—	5,833
Total external revenues	123,842	4,816	—	128,658
Intersegment revenues	4	17,657	(17,661)	—
Investment income	717	—	289	1,006
Total revenues	124,563	22,473	(17,372)	129,664
Operating expenses:				
Benefits	111,043	—	(231)	110,812
Operating costs	11,260	20,915	(16,725)	15,450
Depreciation and amortization	596	219	(117)	698
Total operating expenses	122,899	21,134	(17,073)	126,960
Income (loss) from operations	$ 1,664	$ 1,339	$ (299)	$ 2,704

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

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

HCMO - SUPP - 000634
PUBLIC

19. REINSURANCE

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

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

Reinsurance recoverables represent the portion of future policy benefits payable and benefits payable that are covered by reinsurance. Reinsurance recoverables, included in other long-term assets, were $159 million at December 31, 2025 and $167 million at December 31, 2024. The amount of these reinsurance recoverables resulting from 100% coinsurance agreements was approximately $159 million at December 31, 2025 and approximately $167 million at December 31, 2024. Premiums ceded were $7 million in 2025, $5 million in 2024 and $1 million in 2023. Benefits ceded were $3 million in 2025, $4 million in 2024, and $3 million in 2023.

We evaluate the financial condition of our reinsurers on a regular basis. Protective Life Insurance Company, with $146 million in reinsurance recoverables, is well-known and well-established with a AM Best rating of A+ at December 31, 2025. The remaining reinsurance recoverables of $13 million are divided between 7 other reinsurers, with none subject to funds withheld accounts or other financial guarantees supporting the repayment of these amounts.

During 2025, we entered an agreement with an unrelated insurer that does not qualify for reinsurance accounting under GAAP, and is accounted for using deposit accounting accordingly. We entered into this contract to minimize the risk of catastrophic loss, reducing capital and surplus requirements. Total deposit assets and liabilities related to the reinsurance agreement that does not qualify for reinsurance accounting under GAAP was not material as of December 31, 2025.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Humana Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Humana Inc. and its subsidiaries (the "Company") as of December 31, 2025 and 2024, and the related consolidated statements of income, of comprehensive income, of stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2025, including the related notes and financial statement schedule listed in the index appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

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

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

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

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance

HCMO - SUPP - 000636
PUBLIC

with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

Critical Audit Matters

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

Valuation of Incurred but not yet Reported Benefits Payable

As described in Notes 2 and 11 to the consolidated financial statements, the Company's incurred but not yet reported benefits payable (IBNR) was $6.6 billion as of December 31, 2025. Management develops its estimate for IBNR using actuarial methodologies and assumptions, primarily based upon historical claim experience. Actuarial standards of practice generally require a level of confidence such that the liabilities established for IBNR have a greater probability of being adequate versus being insufficient. For periods prior to the most recent two months, a completion factor method uses historical paid claims patterns to estimate the percentage of claims incurred during a given period that have historically been adjudicated as of the reporting period. Changes in claim inventory levels and known changes in claim payment processes are taken into account in these estimates. For the most recent two months, the incurred claims are estimated primarily from a trend analysis based upon per member per month claims trends developed from historical experience in the preceding months, adjusted for known changes in estimates of hospital admissions, recent hospital and drug utilization data, provider contracting changes, changes in benefit levels, changes in member cost sharing, changes in medical management processes, product mix and workday seasonality.

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

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

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

As described in Notes 2 and 9 to the consolidated financial statements, the Company's goodwill balance was $9.7 billion as of December 31, 2025, of which $4.4 billion relates to the Home Solutions reporting unit. The Company's

other intangible assets balance was $1.1 billion as of December 31, 2025, of which $0.8 billion relates to the Certificates of Need intangible assets. Impairment tests are performed, at a minimum, in the fourth quarter of each year and more frequently if adverse events or changes in circumstances indicate that the asset may be impaired. Management uses future discounted cash flows analyses to determine fair value. Key assumptions in management's future discounted cash flow analyses include revenue growth rates, long-term growth rates, operating cost trends, projected operating income, and discount rates. The annual impairment assessment of the Certificates of Need intangible assets resulted in an impairment charge of $0.1 billion in the year ended December 31, 2025.

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

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

/s/ PricewaterhouseCoopers LLP
Louisville, Kentucky
February 19, 2026

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

HCMO - SUPP - 000638
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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Management's Responsibility for Financial Statements and Other Information

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

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

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

Evaluation of Disclosure Controls and Procedures

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

Based on our evaluation as of December 31, 2025, we as the principal executive officer, the principal financial officer and the principal accounting officer of the Company have concluded that the Company's disclosure controls and procedures (as defined in the Securities Exchange Act of 1934) are effective to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported as specified in Securities and Exchange Commission rules and forms.

Management's Report on Internal Control Over Financial Reporting

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

HCMO - SUPP - 000639
PUBLIC

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

We assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2025. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control – Integrated Framework* (2013). Based on our assessment, we determined that, as of December 31, 2025, the Company's internal control over financial reporting was effective based on those criteria.

The effectiveness of our internal control over financial reporting as of December 31, 2025 has been audited by PricewaterhouseCoopers LLP, our independent registered public accounting firm, who also audited the Company's consolidated financial statements included in our Annual Report on Form 10-K, as stated in their report which appears on pages 113-115.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

(a) None.

(b) During the three months ended December 31, 2025, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

HCMO - SUPP - 000640
PUBLIC

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors

The information required by this Item is herein incorporated by reference from our Definitive Proxy Statement for the Annual Meeting of Stockholders scheduled to be held on April 16, 2026 appearing under the caption “Proposal One: Election of Directors” in such Definitive Proxy Statement.

Executive Officers of the Registrant

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

Code of Conduct for Chief Executive Officer and Senior Financial Officers

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

Code of Business Conduct and Ethics

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

Corporate Governance Items

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

- a determination of independence for each member of our Board of Directors;
- the name, membership, role, and charter of each of the various committees of our Board of Directors;
- the name(s) of the directors designated as a financial expert under rules and regulations promulgated by the SEC;
- the responsibility of the Company’s Chairman or Lead Independent Director, as applicable, to convene, set the agenda for, and lead executive sessions of the non-management directors, pursuant to our Corporate Governance Guidelines;
- the pre-approval process of non-audit services provided by our independent accountants;
- our By-laws and Certificate of Incorporation;
- our Majority Vote policy, pursuant to our By-laws;
- our Related Persons Transaction Policy;

HCMO - SUPP - 000641
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- the process by which interested parties can communicate with directors;
- the process by which stockholders can make director nominations (pursuant to our By-laws);
- our Corporate Governance Guidelines;
- Stock Ownership Guidelines for directors and for executive officers;
- the Humana Inc. Ethics Every Day and any waivers thereto; and
- the Code of Conduct for the Chief Executive Officer and Senior Financial Officers and any waivers thereto.

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

Additional information about these items can be found in, and is incorporated by reference to, our Definitive Proxy Statement for the Annual Meeting of Stockholders scheduled to be held on April 16, 2026.

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

None.

Audit Committee Financial Expert

The information required by this Item is herein incorporated by reference from our Definitive Proxy Statement for the Annual Meeting of Stockholders scheduled to be held on April 16, 2026 appearing under the caption "Corporate Governance – Audit Committee" of such Definitive Proxy Statement.

Audit Committee Composition and Independence

The information required by this Item is herein incorporated by reference from our Definitive Proxy Statement for the Annual Meeting of Stockholders scheduled to be held on April 16, 2026 appearing under the caption "Corporate Governance – Committee Membership and Attendance" of such Definitive Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION

Additional information required by this Item is incorporated herein by reference from our Definitive Proxy Statement for the Annual Meeting of Stockholders scheduled to be held on April 16, 2026.

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

Equity compensation plan information

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

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Information concerning stock option awards and the number of securities remaining available for future issuance under our equity compensation plans in effect as of December 31, 2025 follows:

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a))	
Equity compensation plans approved by security holders (1)	354,178	$ 406.349	$ 4,366,493	(2)(3)(4)
Equity compensation plans not approved by security holders	—	—	—	
Total	354,178	$ 406.349	$ 4,366,493	

(1) The above table does not include awards of shares of restricted stock or restricted stock units. For information concerning these awards, see Note 14.
(2) The Humana Inc. 2011 Stock Incentive Plan was approved by stockholders at the Annual Meeting held on April 21, 2011. On July 5, 2011, 18.5 million shares were registered with the Securities and Exchange Commission on Form S-8.
(3) The Humana Inc. Amended and Restated Stock Incentive Plan was approved by stockholders at the Annual Meeting held on April 18, 2019. On May 1, 2019, 16 million shares were registered with the Securities and Exchange Commission on Form S-8.
(4) Of the number listed above, 1,303,431 shares (from the Amended and Restated Plan) can be issued as restricted stock at December 31, 2025 (giving effect to the provision that one restricted share is equivalent to 3.35 stock options in the Amended and Restated Plan). No remaining shares available may be issued from any historical equity plans with the exception of the Amended & Restated Plan.

The information under the captions “Stock Ownership Information - Security Ownership of Certain Beneficial Owners of Company Common Stock” and “Stock Ownership Information - Security Ownership of Directors and Executive Officers” in our Definitive Proxy Statement for the Annual Meeting of Stockholders scheduled to be held on April 16, 2026, is herein incorporated by reference.

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

The information required by this Item is herein incorporated by reference from our Definitive Proxy Statement for the Annual Meeting of Stockholders scheduled to be held on April 16, 2026 appearing under the captions “Certain Transactions with Management and Others” and “Corporate Governance – Director Independence” of such Definitive Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is herein incorporated by reference from our Definitive Proxy Statement for the Annual Meeting of Stockholders scheduled to be held on April 16, 2026 appearing under the caption “Audit Committee Report” of such Definitive Proxy Statement.

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULE

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

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

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

Schedule I	Parent Company Condensed Financial Information at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023

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

(3) Exhibits:

3(a) Restated Certificate of Incorporation of Humana Inc. filed with the Secretary of State of Delaware on November 9, 1989, as restated to incorporate the amendment of January 9, 1992, and the correction of March 23, 1992, and the amendment dated April 24, 2024 (incorporated herein by reference to Exhibit 3(i) to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2024).

(b) Humana Inc. Amended and Restated By-laws, effective as of December 7, 2023 (incorporated herein by reference to Exhibit 3(b) to Humana Inc.'s Current Report on Form 8-K filed on December 7, 2023).

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

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

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

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

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

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

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

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

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

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(x)	Thirtieth Supplemental Indenture, dated March 5, 2025, between Humana Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to Humana Inc.'s Current Report on Form 8-K filed on March 5, 2025).
(y)	Thirty-First Supplemental Indenture, dated March 5, 2025, between Humana Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.4 to Humana Inc.'s Current Report on Form 8-K filed on March 5, 2025).
(z)	Description of Securities (incorporated herein by reference to Exhibit 4(x) to Humana Inc.'s Annual Report on Form 10-K for the year ended December 31, 2024).
10(a)*	Humana Inc. Executive Incentive Compensation Plan, as amended and restated January 1, 2020 (incorporated herein by reference to Exhibit 10(b) to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2020).
(b)*	Trust under Humana Inc. Deferred Compensation Plans (incorporated herein by reference to Exhibit 10(p) to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 1999, File No. 001-05975).
(c)*	The Humana Inc. Deferred Compensation Plan for Non-Employee Directors (as amended on October 18, 2012) (incorporated herein by reference to Exhibit 10(m) to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2012).
(d)*†	Humana Inc. Executive Severance Policy, effective as amended February 18, 2026.
(e)*	Humana Inc. Deferred Compensation Plan (incorporated herein by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-8 (Reg. No. 333-171616), filed on January 7, 2011).
(f)*†	Humana Retirement Equalization Plan, as amended and restated as of January 1, 2026.
(g)*	Letter agreement with Humana Inc. officers concerning health insurance availability (incorporated herein by reference to Exhibit 10(mm) to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 1994, File No. 001-05975).
(h)*	Executive Long-Term Disability Program (incorporated herein by reference to Exhibit 10(a) to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004).
(i)*	Indemnity Agreement (incorporated herein by reference to Appendix B to Humana Inc.'s Proxy Statement with respect to the Annual Meeting of Stockholders held on January 8, 1987).
(j)*	Summary of the Company's Financial Planning Program for our executive officers (incorporated herein by reference to Exhibit 10(v) to Humana's Inc.'s Annual Report on Form 10-K filed on February 22, 2013).
(k)	Five-Year $5 Billion Amended and Restated Credit Agreement, dated as of May 30, 2025, among Humana Inc., and JPMorgan Chase Bank, N.A. as Agent, Bank of America, N.A. as Syndication Agent, Citibank, N.A., Goldman Sachs Bank USA, PNC Bank, U.S. Bank, National Association and Wells Fargo Bank, N.A., as Documentation Agents, and JPMorgan Chase Bank, N.A., BofA Securities, Inc., Citibank, N.A., Goldman Sachs Bank USA, PNC Capital Markets LLC, U.S. Bank, National Association and Wells Fargo Securities, LLC, as Joint Lead Arrangers and Joint Bookrunners (incorporated herein by reference to Exhibit 10.1 to Humana Inc.'s Current Report on Form 8-K filed on July 30, 2025)).
(l)*†	Transition & Separation Agreement, dated as of December 15, 2025, by and between Humana Inc. and George Renaudin.
(m)	Form of CMS Coordinated Care Plan Agreement (incorporated herein by reference to Exhibit 10.1 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, File No. 001-05975).
(n)	Form of CMS Private Fee for Service Agreement (incorporated herein by reference to Exhibit 10.2 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, File No. 001-05975).

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

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(ff)*	Form of Company's Incentive Stock Option Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (incorporated herein by reference to Exhibit 10.5 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2019).
(gg)*	Form of Company's Stock Option Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (Non-Qualified Stock Options) (incorporated herein by reference to Exhibit 10.6 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2019).
(hh)*	Form of Company's Stock Option Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (Non-Qualified Stock Options) (incorporated herein by reference to Exhibit 10(nn) to Humana Inc.'s Annual Report on Form 10-K for the year ended December 31, 2020).
(ii)*	Form of Company's Incentive Stock Option Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (incorporated herein by reference to Exhibit 10(oo) to Humana Inc.'s Annual Report on Form 10-K for the year ended December 31, 2020).
(jj)*	Form of Company's Restricted Stock Unit Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (without retirement provisions) (incorporated herein by reference to Exhibit 10(qq) to Humana Inc.'s Annual Report on Form 10-K for the year ended December 31, 2020).
(kk)*	Form of Company's Restricted Stock Unit Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (incorporated herein by reference to Exhibit 10(mm) to Humana Inc.'s Annual Report on Form10-K for the year ended December 31, 2023).
(ll)*	Form of Company's Restricted Stock Unit Agreement with Performance Vesting and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (incorporated herein by reference to Exhibit 10(nn) to Humana Inc.'s Annual Report on Form 10-K for the year ended December 31, 2023).
(mm)*	Form of Company's Incentive Stock Option Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (incorporated herein by reference to Exhibit 10(oo) to Humana Inc.'s Annual Report on Form 10-K for the year ended December 31, 2023).
(nn)*	Form of Company's Stock Option Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (Non-Qualified Stock Options) (incorporated herein by reference to Exhibit 10(pp) to Humana Inc.'s Annual Report on Form 10-K for the year ended December 31, 2023).
(oo)*†	Amendment 2025-1 to the Humana Inc. Deferred Compensation Plan for Non-Employee Directors, effective as of January 1, 2026.
(pp)*†	Second Amendment to the Humana Inc. Deferred Compensation Plan, effective as of January 1, 2026.
14	Code of Conduct for Chief Executive Officer & Senior Financial Officers (incorporated herein by reference to Exhibit 14 to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2003).
19.1	Policy Regarding Transactions in Company Securities, Inside Information and Confidentiality as of December 2023 (incorporated herein by reference to Exhibit 19.1 to Humana Inc.'s Annual Report on Form 10-K for the year ended December 31, 2024).
21 †	List of subsidiaries.
23 †	Consent of PricewaterhouseCoopers LLP.
31.1 †	CEO certification pursuant to Rule 13a-14(a)/15d-14(a).
31.2 †	CFO certification pursuant to Rule 13a-14(a)/15d-14(a).

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32 †	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes – Oxley Act of 2002.
97*	Humana Inc. Compensation Recoupment Policy, effective October 2, 2023 (incorporated herein by reference to Exhibit 97 to Humana Inc.'s Annual Report on Form 10-K for the year ended December 31, 2023).
101	The following materials from Humana Inc.'s Annual Report on Form 10-K formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Consolidated Balance Sheets at December 31, 2025 and 2024; (ii) the Consolidated Statements of Income for the years ended December 31, 2025, 2024 and 2023; (iii) the Consolidated Statements of Comprehensive Income for the years ended December 31, 2025, 2024 and 2023; (iv) the Consolidated Statements of Stockholders' Equity as of December 31, 2025, 2024, and 2023; (v) the Consolidated Statements of Cash Flows for the years ended December 31, 2025, 2024 and 2023; and (vi) Notes to Consolidated Financial Statements. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
104	Cover Page Interactive Data File formatted in Inline XBRL and contained in Exhibit 101.

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

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

†Submitted electronically with this report.

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Humana Inc.

SCHEDULE I—PARENT COMPANY FINANCIAL INFORMATION
CONDENSED BALANCE SHEETS

	December 31,	
	2025	2024
	(in millions, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,328	$ 329
Investment securities	215	233
Receivable from operating subsidiaries	3,342	2,874
Other current assets	1,854	595
Total current assets	6,739	4,031
Property and equipment, net	1,653	1,876
Investment in subsidiaries	31,516	31,011
Other long-term assets	944	364
Total assets	$ 40,852	$ 37,282
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Payable to operating subsidiaries	$ 7,505	$ 7,144
Short-term debt	—	577
Current portion of notes payable to operating subsidiaries	702	36
Book overdraft	43	70
Other current liabilities	2,152	1,565
Total current liabilities	10,402	9,392
Long-term debt	12,369	11,144
Other long-term liabilities	424	371
Total liabilities	23,195	20,907
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $1 par; 10,000,000 shares authorized; none issued	—	—
Common stock, $0.16 2/3 par; 300,000,000 shares authorized; 198,719,321 shares issued at December 31, 2025 and 198,718,810 shares issued at December 31, 2024	33	33
Capital in excess of par value	3,600	3,463
Retained earnings	29,075	28,317
Accumulated other comprehensive (loss) income	(633)	(1,067)
Treasury stock, at cost, 78,128,009 shares at December 31, 2025 and 78,077,195 shares at December 31, 2024	(14,418)	(14,371)
Total stockholders' equity	17,657	16,375
Total liabilities and stockholders' equity	$ 40,852	$ 37,282

See accompanying notes to the parent company financial statements.

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Humana Inc.

SCHEDULE I—PARENT COMPANY FINANCIAL INFORMATION
CONDENSED STATEMENTS OF INCOME

	For the year ended December 31,		
	2025	2024	2023
	(in millions)		
Revenues:			
Management fees charged to operating subsidiaries	$ 3,477	$ 3,064	$ 2,075
Investment and other income, net	51	34	42
Total revenues	3,528	3,098	2,117
Expenses:			
Operating costs	3,274	2,588	2,016
Depreciation	603	728	656
Interest	623	655	489
Total expenses	4,500	3,971	3,161
Loss on sale of business	67	—	—
Other income, net	(62)	(115)	(184)
Loss before income taxes and equity in net earnings of subsidiaries	(977)	(758)	(860)
Benefit for income taxes	(361)	(91)	(146)
Loss before equity in net earnings of subsidiaries	(616)	(667)	(714)
Equity in net earnings of subsidiaries	1,804	1,874	3,203
Net income attributable to Humana	$ 1,188	$ 1,207	$ 2,489

See accompanying notes to the parent company financial statements.

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Humana Inc.

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

	For the year ended December 31,		
	2025	2024	2023
	(in millions)		
Net income attributable to Humana	$ 1,188	$ 1,207	$ 2,489
Other comprehensive (loss) income:			
Change in gross unrealized investment (losses) gains	622	(62)	372
Effect of income taxes	(142)	15	(85)
Total change in unrealized investment (losses) gains, net of tax	480	(47)	287
Reclassification adjustment for net realized (gains) losses included in investment income	(60)	(27)	25
Effect of income taxes	14	6	(7)
Total reclassification adjustment, net of tax	(46)	(21)	18
Other comprehensive (loss) income, net of tax	434	(68)	305
Comprehensive income attributable to Humana	$ 1,622	$ 1,139	$ 2,794

See accompanying notes to the parent company financial statements.

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Humana Inc.

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

	For the year ended December 31,		
	2025	2024	2023
	(in millions)		
Net cash provided by operating activities	$ 2,495	$ 3,454	$ 3,042
Cash flows from investing activities:			
Acquisitions, net of cash acquired	(81)	(89)	(233)
Proceeds from sale of business	115	—	—
Capital contributions to operating subsidiaries	(1,024)	(1,698)	(792)
Purchases of property and equipment, net	(440)	(426)	(761)
Purchases of investment securities	(3)	(16)	(17)
Proceeds from sale of investment securities	8	—	41
Maturities of investment securities	27	32	67
Changes in securities lending collateral	(2)	—	—
Other	—	(50)	—
Net cash used in investing activities	(1,400)	(2,247)	(1,695)
Cash flows from financing activities:			
Proceeds from issuance of senior notes, net	1,476	2,225	2,537
Repayments of senior notes	(948)	(1,107)	(1,832)
(Repayments) proceeds from issuance of commercial paper, net	(5)	(907)	211
Repayment of term loan	—	—	(500)
Change in book overdraft	(27)	(5)	2
Common stock repurchases	(151)	(817)	(1,573)
Dividends paid	(430)	(431)	(431)
Changes in securities lending payable	2	—	—
Proceeds from stock option exercises and other	(13)	(86)	(125)
Net cash used in financing activities	(96)	(1,128)	(1,711)
Increase (decrease) in cash and cash equivalents	999	79	(364)
Cash and cash equivalents at beginning of year	329	250	614
Cash and cash equivalents at end of year	$ 1,328	$ 329	$ 250

See accompanying notes to the parent company financial statements.

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Humana Inc.

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

1. BASIS OF PRESENTATION

Parent company financial information has been derived from our consolidated financial statements and excludes the accounts of all operating subsidiaries. This information should be read in conjunction with our consolidated financial statements. Refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K for a summary of significant accounting policies.

2. TRANSACTIONS WITH SUBSIDIARIES

Services Fee

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

Dividends

Cash dividends received from subsidiaries and included as a component of net cash provided by operating activities were $1.1 billion in 2025, $1.5 billion in 2024, and $1.8 billion in 2023.

Guarantee

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

Intercompany Note

In December 2025, we entered into a $665 million note payable in relation to self-insured arrangements with Managed Care Indemnity, Inc., our wholly-owned captive subsidiary. The note matures in one year due December 2026, bearing interest at Term SOFR or the base rate plus a spread. The SOFR spread varies depending on our credit ratings ranging from 79.5 to 130.0 basis points. As of December 31, 2025, our SOFR spread was 101.5 basis points.

3. REGULATORY REQUIREMENTS

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

Although minimum required levels of equity are largely based on premium volume, product mix, and the quality of assets held, minimum requirements vary significantly at the state level. Our state regulated insurance subsidiaries had aggregate statutory capital and surplus of approximately $14.1 billion and $13.2 billion as of December 31, 2025 and 2024, respectively, which exceeded aggregate minimum regulatory requirements of $6.9

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billion and $11.4 billion, respectively. The amount of ordinary dividends that may be paid to our parent company in 2026 is approximately $1.1 billion in the aggregate. The amount, timing and mix of ordinary and extraordinary dividend payments will vary due to state regulatory requirements, the level of excess statutory capital and surplus and expected future surplus requirements related to, for example, premium volume and product mix. Actual dividends that were paid to our parent company were approximately $1.1 billion in 2025, $1.5 billion in 2024, and $1.8 billion in 2023.

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

4. ACQUISITIONS & DIVESTITURES

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

5. INCOME TAXES

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

6. DEBT

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

7. STOCKHOLDERS' EQUITY

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

HCMO - SUPP - 000655
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ITEM 16. FORM 10-K SUMMARY

None.

HCMO - SUPP - 000656
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SIGNATURES

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

HUMANA INC.

By: /s/ CELESTE M. MELLET
Celeste M. Mellet
Chief Financial Officer
(Principal Financial Officer)

Date: February 19, 2026

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

Signature	Title	Date
/s/ CELESTE M. MELLET **Celeste M. Mellet**	Chief Financial Officer (Principal Financial Officer)	February 19, 2026
/s/ JOHN-PAUL W. FELTER **John-Paul W. Felter**	Senior Vice President, Chief Accounting Officer and Controller (Principal Accounting Officer)	February 19, 2026
/s/ JAMES A. RECHTIN **James A. Rechtin**	President and Chief Executive Officer, Director (Principal Executive Officer)	February 19, 2026
/s/ KURT J. HILZINGER **Kurt J. Hilzinger**	Chairman of the Board	February 19, 2026
/s/ RAQUEL C. BONO, M.D. **Raquel C. Bono, M.D.**	Director	February 19, 2026
/s/ FRANK A. D'AMELIO **Frank A. D'Amelio**	Director	February 19, 2026
/s/ DAVID T. FEINBERG, M.D. **David T. Feinberg, M.D.**	Director	February 19, 2026
/s/ WAYNE A. I. FREDERICK, M.D. **Wayne A. I. Frederick, M.D.**	Director	February 19, 2026
/s/ JOHN W. GARRATT **John W. Garratt**	Director	February 19, 2026
/s/ KAREN W. KATZ **Karen W. Katz**	Director	February 19, 2026
/s/ MARCY S. KLEVORN **Marcy S. Klevorn**	Director	February 19, 2026
/s/ JORGE S. MESQUITA **Jorge S. Mesquita**	Director	February 19, 2026
/s/ GORDON SMITH **Gordon Smith**	Director	February 19, 2026

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HUMANA INC. EXECUTIVE SEVERANCE POLICY

This Humana Inc. Executive Severance Policy has been adopted by the Organization & Compensation Committee (the "Committee") of the Board of Directors of the Company to apply to selected executive employees of the Company. Executives will be eligible for coverage under the Policy for the payment of severance benefits upon termination of employment under certain circumstances, subject to the conditions set forth below. This Policy shall be effective as of the Effective Date as provided herein.

1. Definitions. For purposes of this Policy, the following terms shall have the following meaning:

"*Annual Base Salary*" shall mean an Executive's stated annual compensation without regard to any bonus, perquisite or other benefits.

"*Annual Bonus*" means the annual bonus or incentive compensation payable to Executive under the Company's annual bonus or incentive compensation program in which Executive participates from time to time.

"*Cause*" means (i) a felony conviction of Executive, (ii) the failure of Executive to contest prosecution for a felony, or (iii) Executive's willful misconduct or dishonesty, any of which is determined by the Compensation Committee to be directly and materially harmful to the business or reputation of the Company or any of its subsidiaries.

"*CEO*" shall mean the Company's President and Chief Executive Officer.

"CEO Direct Reports" shall mean Executive Officers of the Company who are direct reports to the Company's President and Chief Executive Officer.

"*Company*" means Humana Inc., a Delaware corporation. "*Code*" means the Internal Revenue Code of 1986, as amended.

"*Compensation Committee*" means the Organization and Compensation Committee of the Board of Directors of the Company.

"*Date of Termination*" means the effective date of the relevant Executive's termination of employment with the Company.

"*Effective Date*" means March 1, 2023, or such later date as determined by the Compensation Committee with respect to an Executive.

"*Executive*" means Executive Officers of the Company (including the CEO) and such other individuals as identified by the Compensation Committee, in each case employed by the Company or an affiliate of the Company on a full-time or part-time basis. Individuals will continue to be deemed an "Executive" eligible for the rights and benefits under this Policy for a

period of twelve (12) months following a change in role or title at the Company that would otherwise have caused the individual to cease to be an eligible Executive Officer or other individual identified by the Compensation Committee as eligible.

"*Executive Officer*" shall include those executive officers designated by the Board under Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended.

"*Policy*" means this Humana Inc. Executive Severance Policy.

"Separation from Service" means a termination of the employment relationship of the Executive with the Company or an affiliate within the meaning of Section 409A of the Code and Treasury Regulation section 1.409A-1(h) or any successor thereto.

"*Severance Period*" means (i) for the CEO, twenty-four (24) months following the Date of Termination, (ii) for CEO Direct Reports, eighteen (18) months following the Date of Termination and (iii) for all other Executives, six (6) months plus two (2) weeks per year of completed service.

"*Severance Rate"* means (i) for the CEO and Executive Officers of the Company who are direct reports to the CEO, such Executive's then current Annual Base Salary plus the target annual bonus or incentive compensation which could have been earned by such Executive, calculated as if all relevant goals had been met during the Company's then-current fiscal year pursuant to the terms of the incentive compensation plan in which the CEO participates, and (ii) for all of Executives, such Executive's then current Annual Base Salary.

2. Term of Policy. The term of this Policy shall begin on the Effective Date and shall continue in effect until modified or terminated by the Company pursuant to Section 13 hereof.

3. Termination. The Company may terminate the employment of Executive for any reason and at any time. In the event that the Company terminates the employment of Executive without Cause, Executive shall be entitled to the following rights and benefits under this Section 3:

3.1 Severance Benefits. Subject to Executive's compliance with all terms of this Policy, including, without limitation, Sections 5 and 6 hereof:

(i) Salary Continuation Payments. The Company will pay Executive salary continuation through the Severance Period at an annual rate equal to such Executive's Severance Rate; provided that any payments that would otherwise be paid during the Severance Period that remain outstanding as of March 15 of the year following the year during which the Date of Termination occurred shall be paid in a lump sum on such date. Salary continuation under this Section 3.1 shall be paid on a bi-weekly basis in accordance with the Company's customary payroll practices with the first payment to be made in accordance with Section 5 hereof, subject to the accelerated payment of the remaining amounts in accordance with the prior sentence.

(ii) Pro-Rata Bonus. The Company will pay Executive an amount equal to the product of (A) the Annual Bonus, if any, that Executive would have earned for the calendar year in which the Date of Termination occurs, based on achievement of the applicable

performance goals for each such calendar year, as uniformly applied to other Executives who remain employed through the end of the applicable performance period and (B) a fraction, the numerator of which is the number of days Executive was employed by the Company during the calendar year of termination, and the denominator of which is the number of days in such calendar year. This amount shall be paid on the date that Annual Bonuses are normally paid, but in no event later than March 15th of the year following the year in which the Date of Termination occurs.

(iii) Continued Health Benefit Coverage. The Company will provide to each Executive and Executive's eligible dependents, through the end of the (i) applicable Severance Period for such Executive, or (ii) the effective date of Executive's coverage under equivalent benefits from a new employer (provided that no such equivalent benefits shall be considered effective unless and until all pre-existing condition limitations and waiting period restrictions have been waived or have otherwise lapsed), at the Compensation Committee's option, either (A) continued medical and dental coverage under the Company's health care plan at the same level of coverage to which such Executive was entitled on the Date of Termination, subject to eligibility requirements and other conditions contained in the plan, including the requirement that Executive continue to pay the "employee portion" of the cost thereof, or (B) equivalent benefits (or equivalent cash value, payable on an after-tax basis), as determined in the sole reasonable discretion of the Compensation Committee. The coverage provided pursuant to this Section 3.1(iii) shall be in satisfaction of the Company's obligation to provide coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA).

(iv) Outplacement Services; Financial Planning. The Company will provide an Executive who is the CEO or a CEO Direct Report or otherwise designated by the Committee (i) with financial planning services during the one year period immediately following the Date of Termination on the same terms as the financial planning services were provided to such Executive immediately prior to the Date of Termination, and (ii) with outplacement services through an outplacement firm of the Company's choosing at a level of services to be determined by the Company, with such services to extend until the earlier of (A) one year following the Date of Termination or (B) the date Executive secures full time employment.

3.2 Accrued Rights. Within fifteen (15) business days following the Date of Termination, the Company will pay or provide Executive with (i) all accrued but unpaid base salary through the Date of Termination, (ii) vacation pay accrued but not used in accordance with the Company's vacation pay policy, (iii) any previously awarded but unpaid Annual Bonus for a completed calendar year prior to the Date of Termination, (iv) any unreimbursed business expenses that are reimbursable under the Company's business expense policy, and (v) all rights and benefits under the employee benefit plans of the Company in which Executive is then participating, (collectively, the "Accrued Rights").

3.3 No Additional Rights. Except as provided in this Section 3, Executive's participation under any benefit plan, program, policy or arrangement sponsored or maintained by the Company shall be treated in accordance with the terms of the applicable plan. Without limiting the generality of the foregoing, Executive's eligibility for and active participation in any of the retirement plans maintained by the Company will end on the Date of Termination and Executive will earn no additional benefits, including, without limitation, any additional service

credit, under those plans after that date. Executive shall be treated as a terminated employee for purposes of all such benefit plans and programs effective as of the Date of Termination, and shall receive all payments and benefits due under such plans and programs in accordance with the terms and conditions thereof.

4. Other Terminations. The Company may terminate the employment of Executive for any reason and at any time. In the event that the Company terminates the employment of Executive during the term of the Policy, other than a termination of employment by the Company for Cause, the Company will pay or provide Executive with all Accrued Rights. Executive may terminate his or her employment for any reason and at any time and shall not be entitled to any payments or benefits under this Policy by reason of such termination of employment from the Company. This Policy shall have no effect on the rights and benefits to which an Executive is entitled upon retirement under (without limitation) any retirement or savings plan of the Company, which shall be governed exclusively by the terms of such plans and agreements, as applicable.

5. Release.

5.1 As a condition precedent to receiving the payments and benefits as provided herein, Executive will execute (and not revoke) a general release of claims (the "Release"), in a form provided by the Company. If Executive fails to execute and deliver the Release, or revokes the Release, Executive agrees that he shall not be entitled to receive the payments and benefits described herein. For purposes of this Policy, the Release shall be considered to have been executed by Executive if it is signed by Executive's legal representative in the case of legal incompetence or on behalf of Executive's estate in the case of Executive's death.

5.2 Except as otherwise specified or agreed to by Executive and the Company, payment of any amounts described hereunder that are subject to the Release will begin on the 60th day following the Date of Termination, with the first such payment to include any amounts attributable to payroll intervals occurring prior to such date, provided, however, that, to the extent that the payments are exempt from Section 409A of the Code, such exempt payments shall be made beginning with the first payroll date following the effectiveness of the Release.

6. Restrictive Covenants. In consideration of Executive's employment by, position with and access to confidential information and trade secrets of the Company and the rights and benefits provided by this Policy, the sufficiency of which Executive acknowledges, Executive hereby agrees and acknowledges by his/her signature on the Executive Severance Policy Acknowledgment that the covenants attached as Exhibit A hereto are effective as of the Effective Date hereof (the "Restrictive Covenants Effective Date"), with the restricted period for such non- competition and non-solicitation covenants to be the applicable Severance Period for the Executive, commencing upon the Date of Termination.

7. Section 409A.

7.1 Compliance. It is intended that this Policy be exempt from the provisions of Section 409A of the Code and this Policy shall be construed, administered, and governed in a

manner consistent with this intent. If and to the extent that any payment or benefit under this Policy is determined by the Company to constitute "non-qualified deferred compensation" subject to Section 409A of the Code and is payable to Executive by reason of Executive's termination of employment, then such payment or benefit shall be made or provided to Executive only upon a Separation from Service as defined for purposes of Section 409A of the Code. Each severance payment under this Policy will be considered a "separate payment" and not one of a series of payments for purposes of Section 409A of the Code. To the extent that any benefits to be provided to Executive pursuant to this Policy are considered nonqualified deferred compensation and are reimbursements subject to Treasury Regulation Section 1.409A-3(i)(1)(iv), then (i) the reimbursement of eligible expenses related to such benefits shall be made on or before the last day of the Executive's taxable year following the Executive's taxable year in which the expense was incurred and (ii) notwithstanding anything to the contrary in this Policy or any plan providing for such benefits, the amount of expenses eligible for reimbursement during any taxable year of the Executive shall not affect the expenses eligible for reimbursement in any other taxable year. Nothing in this Policy will provide a basis for any person to take action against the Company or its affiliates based on matters covered by Section 409A of the Code and in no event will the Company or its affiliates be liable for any additional tax, interest or penalties that may be imposed on Executive under Section 409A of the Code or any damages for failing to comply with Section 409A of the Code.

7.2 Six Month Delay for Specified Executives. To the extent that any amount payable or benefit to be provided under this Policy constitutes a nonexempt "nonqualified deferred compensation plan" (as defined in Section 409A of the Code) upon a Separation from Service, and to the extent an Executive is deemed to be a "specified employee" (as that term is defined in Section 409A of the Code and pursuant to procedures established by the Company) on the Date of Termination, notwithstanding any other provision in this Policy to the contrary, such payment or benefit provision will not be made to the Executive during the six month period immediately following the Date of Termination. Instead, on the first day of the seventh month following the Date of Termination, all amounts that otherwise would have been paid or provided to the Executive during the six month period, but were not paid or provided because of this Section 7.2, will be paid or provided to the Executive at such time without interest. This six month delay will cease to be applicable if the Executive incurs a Separation from Service due to death or if the Executive dies before the six month period has expired.

8. Withholding Taxes. All compensation payable pursuant to this Policy shall be subject to reduction by all applicable withholding, social security and other federal, state and local taxes and deductions, and the Company shall be authorized to make all such withholdings to the extent it determines necessary under applicable law.

9. Acknowledgment. Executive acknowledges that this Policy does not constitute a contract of employment or impose on the Company any obligation to retain Executive as an employee and that this Policy does not prevent Executive from terminating employment at any time.

10. Non-Duplication of Benefits; CIC Policy. The severance benefit under this Policy is not intended to duplicate any other benefits provided by the Company in connection with the termination of an employee's employment, such as wage replacement benefits, pay-in-lieu-of-

notice, severance pay, or similar benefits under any other benefit plans, severance programs, employment contracts, or applicable federal or state laws, such as the WARN Acts. Should such other benefits be payable, the severance benefit under this Policy will be reduced accordingly or, alternatively, severance benefits previously paid under this Policy will be treated as having been paid to satisfy such other benefit obligations. In either case, the Company will determine how to apply this provision and may override other provisions in this Policy in doing so. In addition, and notwithstanding anything else provided herein, to the extent Executive is entitled to severance payments and benefits upon termination of employment pursuant to the Company's Change in Control Policy or any other change in control arrangements, this Policy will cease to apply and Executive's entitlement to severance benefits shall be governed solely by the Change in Control Policy.

11. Administration. The Compensation Committee is responsible for the administration of this Policy and shall have all powers and duties necessary to fulfill its responsibilities. The Compensation Committee shall determine any and all questions of fact, resolve all questions of interpretation of the Policy which may arise, and exercise all other powers and discretion necessary to be exercised under the terms of the Policy which it is herein given or for which no contrary provision is made. The Compensation Committee shall have full power and discretion to interpret the Policy and related documents, to resolve ambiguities, inconsistencies and omissions, to determine any question of fact, and to determine the rights and benefits, if any, of any Executive or other employee, in accordance with the provisions of the Policy. The Compensation Committee's decision with respect to any matter shall be final and binding on all parties concerned. The validity of any such interpretation, construction, decision, or finding of fact shall not be given de novo review if challenged in court, by arbitration, or in any other forum, and shall be upheld unless clearly arbitrary or capricious. The Compensation Committee may, from time to time, by action of its appropriate officers, delegate to designated persons or entities the right to exercise any of its powers or the obligation to carry out its duties under the Policy.

12. Amendment and Termination. The Company reserves the right to amend or terminate this Policy at any time and in any manner, without consent or advance notice to Executives or other employees. No amendment or termination of the Policy shall affect the rights of an Executive whose Date of Termination has occurred prior to the date of such amendment or termination of the Policy and who remains entitled to severance payments or benefits under this Policy.

Adopted by the Board of Directors on February 15, 2023, amended on February 18, 2026.

EXHIBIT A

Restrictive Covenants, Confidential Information and Trade Secrets

The Executive recognizes that the Executive's position with the Company requires considerable responsibility and trust, and, in reliance on the Executive's loyalty, the Company may entrust the Executive with highly sensitive confidential, restricted and proprietary information involving Trade Secrets and Confidential Information involving all aspects of Company Business, including aspects outside of Executive's specific responsibilities.

"Trade Secret" shall be defined as any scientific or technical information, design, process, procedure, formula or improvement that is valuable and not generally known to competitors of the Company. "Confidential Information" is any data or information, other than Trade Secrets, that is important, competitively sensitive, and not generally known by the public, including, but not limited to, the Company's business plans, business prospects, training manuals, product development plans, bidding and pricing procedures, market strategies, internal performance statistics, financial data, confidential personnel information concerning employees of the Company, supplier data, operational or administrative plans, policy manuals, and terms and conditions of contracts and agreements. The terms "Trade Secrets" and "Confidential Information" shall not apply to information which is (i) already in the Executive's possession (unless such information was used in connection with formulating the Company's business plans, obtained by the Executive from the Company or was obtained by the Executive in the course of the Executive's employment by the Company), or (ii) required to be disclosed by any applicable law.

Except as may be required by law or legal process or an order of a court of competent jurisdiction, the Executive will not use or disclose any Trade Secrets or Confidential Information of the Company at any time after termination of employment and prior to such time as they cease to be Trade Secrets or Confidential Information through no act of the Executive in violation of this Section.

Upon termination of employment, Executive will surrender to the Company all memoranda, notes, records, plans, manuals or other documents pertaining to the Company's business or the Executive's employment (including all copies thereof). The Executive will also leave with the Company all materials involving Trade Secrets or Confidential Information of the Company. All such information and materials, whether or not made or developed by the Executive, shall be the sole and exclusive property of the Company, and the Executive hereby assigns to the Company all of the Executive's right, title and interest in and to any and all of such information and materials.

Agreement Not to Compete and Agreement Not to Solicit

The Executive hereby covenants and agrees that, for a period commencing on the Restrictive Covenants Effective Date and ending at the conclusion of the applicable Severance Period (as defined in the Humana Inc. Executive Severance Policy (the "Policy")), the Executive, directly or indirectly, personally, or as an employee, officer, director, partner, member, owner,

stockholder, investor or principal of, or consultant or independent contractor with, another entity, shall not participate in any business which competes with the Company including, without limitation, health maintenance organizations, insurance companies or prepaid health plan businesses in which the Company has been actively engaged during any part of the two (2) year period immediately preceding the Date of Termination (as defined in the Policy) ("Company Business"), in any Geographic Area (as defined below) in which the Company and/or any of its Affiliates is then doing business. For purposes of this Policy, "Geographic Area" means any state, commonwealth or territory of the United States or any equivalent entity in any foreign country.

The Executive hereby covenants and agrees that, for a period commencing on the Restrictive Covenants Effective Date and ending at the conclusion of the applicable Severance Period, the Executive, directly or indirectly, personally, or as an employee, officer, director, partner, member, owner, stockholder, investor or principal of, or consultant or independent contractor with, another entity, shall not: (1) interfere with the relationship of the Company and any of its employees, agents, representatives, consultants or advisors; (2) divert, or attempt to cause the diversion from the Company, any Company Business, nor interfere with relationships of the Company with its policyholders, agents, brokers, dealers, distributors, marketers, sources of supply or customers; or
(3) solicit, recruit or otherwise induce or influence any employee of the Company to accept employment in any business which competes with the Company Business, in any Geographic Area in which the Company and/or any of its Affiliates is then doing business.

This Agreement shall be governed by, and construed in accordance with, the laws of the State of Kentucky without regard to its conflict of laws rules.

If any provision of this Agreement is or becomes or is deemed invalid, illegal or unenforceable in any relevant jurisdiction, such provision shall be construed or deemed amended to conform to applicable laws or if it cannot be so construed or amended, it shall be stricken and the remainder of the Agreement shall remain in full force and effect.

HUMANA RETIREMENT EQUALIZATION PLAN

AMENDED AND RESTATED AS OF JANUARY 1, 2026

TABLE OF CONTENTS

Page

ARTICLE 1

PURPOSE AND APPLICABILITY OF PLAN

1.1 Purpose of Plan 2
1.2 Applicability of Plan 2

ARTICLE 2 DEFINITIONS

2.1 Accounts 2
2.2 Beneficiary and Secondary Beneficiary 2
2.3 Benefits 2
2.4 Board of Directors 3
2.5 Change in Control 3
2.6 Code 3
2.7 Common Stock 3
2.8 Compensation Committee 3
2.9 Daily Allocation Date 3
2.10 Effective Dates 3
2.11 Employee 3
2.12 Employer 3
2.13 Initial Year Contributions 3
2.14 Investment Options 3
2.15 Matching Contribution Account 3
2.16 Matching Contribution Benefit 4
2.17 OTRP Rollover Account 4
2.18 Participant 4
2.19 Participation Date 4
2.20 Payment Commencement Date 4
2.21 Plan 4
2.22 Plan Administrator 4
2.23 Plan Year 4
2.24 Qualified Matching Contribution Account 4
2.25 Qualified Plans 4
2.26 Qualified Retirement Account 4
2.27 Quarterly Allocation Date 4
2.28 Related Employer 5
2.29 Retirement 5
2.30 Retirement Account 5
2.31 Retirement Benefit 5
2.32 Retirement Savings Plan 5

TABLE OF CONTENTS

Page

2.33 Section 409A 5
2.34 Savings & Investment Plan 5
2.35 Separation from Service 5
2.36 Sponsoring Employer 6

ARTICLE 3 PARTICIPATION IN THE PLAN

3.1 Eligible Employees 6
3.2 Provisions of Plan Binding on Participants 6
3.3 Notification of Participation 6
3.4 Termination of Benefit Accrual 6

ARTICLE 4 BENEFITS

4.1 Amount of Benefits 7
4.2 Accrual of Benefits 7
4.3 Investment Options 8
4.4 Reallocation Among Investment Options 8
4.5 Adjustments to Account Balances 8

ARTICLE 5

DISTRIBUTION OF ACCOUNTS

5.1 Eligibility for Distribution of Accounts 8
5.2 Payments to Specified Employees 9
5.3 Standard Form of Distribution 9
5.4 Alternative Forms of Distribution 9
5.5 Changes to Form of Distribution 9
5.6 Change in Control Election 10
5.7 Rabbi Trust 10
5.8 Source of Funding 10
5.9 Distributions to Beneficiaries 11
5.10 Accelerated Distribution Upon Loss of Tax Deferral 11
5.11 Payments to Person of Diminished Legal Capacity 11

TABLE OF CONTENTS

Page

ARTICLE 6

PLAN ADMINISTRATION

6.1 Duties of the Plan Administrator 11
6.2 Establishment of Rules and Claims Procedure 11
6.3 Employment of Advisors 12
6.4 Payment of Expenses 12

ARTICLE 7

AMENDMENTS AND RESERVATION OF COMPANY RIGHTS

7.1 Rights Generally to Make Amendments 12
7.2 Conditions to Amendment, Suspension or Termination 12
7.3 Partial Termination of the Plan 13

ARTICLE 8 CHANGE IN EMPLOYMENT

8.1 Participant Transfer from Employer to Employer 13
8.2 Participant Transfer from Employer to Related Employer 13

ARTICLE 9 MISCELLANEOUS PROVISIONS

9.1 Prohibition Against Assignment 13
9.2 Plan Voluntary on Part of Employers 13
9.3 Plan Not Contract of Employment 14
9.4 Form of Notice 14
9.5 Construction 14

HUMANA RETIREMENT EQUALIZATION PLAN

AMENDED AND RESTATED AS OF JANUARY 1, 2026

WHEREAS, HUMANA INC., a Delaware corporation with its principal place of business in Louisville, Kentucky ("Sponsoring Employer"), has adopted the Humana Retirement Savings Plan, which is intended to be qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended ("Code"), the Humana Savings & Investment Plan, which is intended to be qualified under Code Section 401(a), and the Humana Puerto Rico Retirement Savings Plan, which is intended to be qualified under the Puerto Rico Internal Revenue Code, (collectively, the "Qualified Plans"), and

WHEREAS, certain employees of the Sponsoring Employer and its subsidiaries are eligible for allocations of employer matching contributions to matching contribution accounts under the Qualified Plans, and

WHEREAS, pursuant to the terms of the Qualified Plans, the benefits of certain employees of the Sponsoring Employer and its subsidiaries have been and will be reduced because of the limitation on compensation of Code Section 401(a)(17), the nondiscrimination requirements of Code Sections 401(k) and 401(m), and certain other limitations imposed by applicable provisions of the Code and the Puerto Rico Internal Revenue Code, and

WHEREAS, the Sponsoring Employer desires to continue to provide a benefit to a select group of management and highly compensated employees in the amount of the reduction of their benefits and employer contributions under the Qualified Plans, and

WHEREAS, on September 1, 1982, the Sponsoring Employer adopted the Humana Supplemental Executive Retirement Plan, and

WHEREAS, on May 11, 1988, the Sponsoring Employer adopted the Humana Thrift Excess Plan, and

WHEREAS, on December 31, 2003, the Sponsoring Employer merged the Humana Supplemental Executive Retirement Plan and the Humana Thrift Excess Plan, and amended and restated those plans as a single plan, namely the Humana Supplemental Executive Retirement and Savings Plan (the "Plan"), and

WHEREAS, effective January 1, 2011, the Sponsoring Employer amended the Plan to change the name of the Plan to the Humana Retirement Equalization Plan and to make other design changes consistent with changes made to the Qualified Plans,

WHEREAS, effective January 1, 2013, the Sponsoring Employer amended and Restated the Plan and made certain amendments to the Plan thereafter to clarify certain operations of the Plan,

WHEREAS, effective January 1, 2023, the Sponsoring Employer amended and Restated the Plan and made certain amendments to the Plan thereafter to clarify certain operations of the Plan, and

WHEREAS, the Sponsoring Employer now desires to amend and restate the Plan to clarify certain operations of the Plan, expand the included Qualified Plans, and to terminate a portion of the Plan as it relates to certain Participants.

NOW, THEREFORE, the Sponsoring Employer, pursuant to the right to amend the Plan contained in Article 7, hereby approves and adopts this amendment and restatement effective January 1, 2026.

ARTICLE 1

PURPOSE AND APPLICABILITY OF PLAN

1.1 Purpose of Plan. The purpose of the Plan shall be to provide benefits to Participants whose benefits under the Qualified Plans have been or will be reduced because of the compensation limitation of Code Section 401(a)(17), the nondiscrimination requirements of Code Sections 401(k) and 401(m), and certain limitations imposed by applicable provisions of the Code and the Puerto Rico Internal Revenue Code, upon the terms and conditions, and subject to the limitations, contained herein.

1.2 Applicability of Plan. The provisions of the Plan shall apply only to persons eligible for and participating in Qualified Plans on and after the Effective Dates.

ARTICLE 2 DEFINITIONS

As used herein, the following words and phrases shall have the meanings specified below, unless a different meaning is plainly required by the context. Terms not defined herein shall have the meanings specified in the Retirement Savings Plan.

2.1 Accounts. A Participant's Retirement Account, if any, Matching Contribution Account, if any, and OTRP Rollover Account, if any.

2.2 Beneficiary and Secondary Beneficiary. The person or persons (or a trust) named as the Participant's beneficiary as set forth under the Qualified Plans unless a Participant has elected in writing a different Beneficiary and Secondary Beneficiary for this Plan, in which case the written election for this Plan shall govern benefits under this Plan.

2.3 Benefits. The benefits available under the Plan, including the Retirement Benefit, the Matching Contribution Benefit, and the amount credited to the OTRP Rollover Account, unless otherwise specified.

2.4 Board of Directors. The Board of Directors of the Sponsoring Employer.

2.5 Change in Control. Change in Control shall have the meaning set forth in the Humana Inc. 2011 Stock Incentive Plan.

2.6 Code. The Internal Revenue Code of 1986, as it has been and may be amended from time to time. Reference to any section of the Code shall include any provision successor thereto.

2.7 Common Stock. The common stock, par value $0.16 2/3 per share, of the Sponsoring Employer, or any other securities or property into which such stock may be converted or exchanged.

2.8 Compensation Committee. The Organization and Compensation Committee of the Board of Directors of the Sponsoring Employer.

2.9 Daily Allocation Date. Each business day on which Common Stock is traded on the New York Stock Exchange as reported in the Composite Tape.

2.10 Effective Dates. The effective dates of this Plan, which shall be September 1, 1982, in the case of contributions to the Retirement Accounts, May 1, 1988, in the case of contributions to the Matching Contribution Accounts and November 1, 2007, in the case of contributions to the OTRP Rollover Account.

2.11 Employee. Any member of a select group of management and highly compensated employees as designated by the Sponsoring Employer and employed by an Employer.

2.12 Employer. The Sponsoring Employer and each corporation which is a member of the "affiliated group" (as defined in Code Section 1504(a)) with the Sponsoring Employer that has adopted either of the Qualified Plans with the consent of the Sponsoring Employer. When used with reference to an Employee or Participant, the term shall mean the Employer employing the Employee or Participant.

2.13 Initial Year Contribution. Contributions made to the Accounts of a Participant pursuant to Section 4.1 of the Plan for the Plan Year in which that Participant's Participation Date occurred, including all investment gains (or losses) attributable to such contributions.

2.14 Investment Options. The investment vehicles in which a Participant's Accounts may be deemed invested as provided in Sections 4.3 and 4.4 for purposes of making adjustments to those Accounts for gains (or losses) as provided in Section 4.5. Investment Options are limited to the identical investment funds offered from time to time for investing accounts held under the Retirement Savings Plan (including the Humana Unitized Stock Fund) except that no part of any Accounts may be deemed invested in a brokerage account.

2.15 Matching Contribution Account. The account established by that name on behalf of a Participant, formerly named Supplemental Pretax Savings Account prior to January 1, 2011, to which the Participant's Matching Contribution Benefit is credited and any adjustments to the account balance as provided in Section 4.5.

2.16 **Matching Contribution Benefit**. The benefit described in Section 4.1(a), formerly named Supplemental Pretax Savings Benefit prior to January 1, 2011.

2.17 **OTRP Rollover Account.** The account which reflects balances transferred from the Humana Officers' Target Retirement Plan on November 1, 2007, and any adjustments to the account balance as provided in Section 4.5.

2.18 **Participant.** An Employee who has met the requirements of Article 3 for participation hereunder. Where the context so permits or requires, the term shall also include a person who was a Participant prior to the Participant's Separation from Service with an Employer and who is entitled to his Account balance after such person's Separation from Service.

2.19 **Participation Date.** The later of the Effective Date or the effective date of participation set forth in a notice a Participant receives as described in Section 3.3 of the Plan.

2.20 **Payment Commencement Date.** The date on which the payment of a Participant's Accounts are scheduled to be paid or commence pursuant to Article 5 and the applicable election of the Participant.

2.21 **Plan.** The Humana Retirement Equalization Plan provided for herein, as it may be amended from time to time. Prior to January 1, 2011, the Plan was known as the Humana Supplemental Executive Retirement and Savings Plan.

2.22 **Plan Administrator.** The Plan Administrator shall be the Sponsoring Employer.

2.23 **Plan Year.** The twelve consecutive month period commencing on the first day of January and ending on the last day of the immediately following December.

2.24 **Qualified Matching Contribution Account.** A Participant's subaccount under a Qualified Plan that holds the employer matching contributions allocated to that Participant and other amounts credited to the subaccount according to the terms of the applicable Qualified Plan.

2.25 **Qualified Plans.** Each of the Retirement Savings Plan, the Savings & Investment Plan, and the Humana Puerto Rico Retirement Savings Plan.

2.26 **Qualified Retirement Account.** A Participant's subaccount under a Qualified Plan that holds the employer profit sharing contribution allocated to that Participant as of January 1, 2011, and other amounts credited to the subaccount according to the terms of the applicable Qualified Plan. No additional employer profit sharing contributions will be allocated to a Participant's Qualified Retirement Account on or after January 1, 2011.

2.27 **Quarterly Allocation Date**. The last day of each calendar quarter on which Common Stock is traded on the New York Stock Exchange as reported on its Composite Tape.

2.28 **Related Employer.** Any subsidiary or affiliate of the Sponsoring Employer which is a member of the "affiliated group" (as defined in Code Section 1504(a)) with the Sponsoring Employer that has not adopted either of the Qualified Plans.

2.29 **Retirement.** Effective January 1, 2010, a Participant's retirement on or after the first day of the month coincident with or following the date on which all of the following shall have occurred:

(a) the Participant has completed five years of retirement service;

(b) the Participant has reached at least age 55; and

(c) the Participant's age plus years of retirement service equals or exceeds 65.

A Participant's "years of retirement service" shall be determined as provided for in the Retirement Savings Plan.

2.30 **Retirement Account.** The account established by that name on behalf of a Participant, formerly named Supplemental Retirement Account prior to January 1, 2011, to which the Participant's Retirement Benefit is credited and any adjustments to the account balance as provided in Section 4.5.

2.31 **Retirement Benefit.** The benefit described in Section 4.1(b)(1), formerly named Supplemental Retirement Benefit prior to January 1, 2011.

2.32 **Retirement Savings Plan.** The Humana Retirement Savings Plan, as it may be amended from time to time.

2.33 **Savings & Investment Plan.** The Humana Savings & Investment Plan, as it may be amended from time to time.

2.34 **Section 409A.** Code Section 409A and the regulations and interpretive guidance issued thereunder.

2.35 **Separation from Service.** A Participant will be treated as having a Separation from Service if it is not reasonably expected that the Participant will continue to provide services to the Sponsoring Employer or any other Employer who has adopted the Qualified Plans (whether as an employee or independent contractor, but not as a director) that exceeds 20% of the average level of bona fide services performed by the Participant over the immediately preceding 36-month period (or the full period of services if the Participant has been providing services for less than 36 months).

2.36 **Sponsoring Employer.** Humana Inc., a Delaware corporation, an any successor employer by merger, purchase of assets or otherwise who adopts the Plan and Rabbi Trust as the Sponsor of the Plan.

ARTICLE 3 PARTICIPATION IN THE PLAN

3.1 Eligible Employees. The following persons are eligible to participate in this Plan to the extent of the Benefit provided to that eligible Participant:

(a) Matching Contribution Benefit. Each Employee who is a participant in a Qualified Plan after May 1, 1988, and eligible to receive employer matching contributions under that Qualified Plan may participate in the Matching Contribution Benefit. For the avoidance of doubt, no Employee hired on or after January 1, 2023, may participate in the Matching Contribution Benefit before being credited with one year of service under a Qualified Plan.

(b) Frozen Benefits. No Employee may become eligible for the benefits described below after the dates identified below, but Employees previously eligible will continue to participate in the Plan with respect to any benefit earned before such date:

(1) Retirement Benefit. Each Employee who was a participant in a Qualified Plan after August 31, 1982, and before January 1, 2011, was eligible to participate in the Retirement Benefit. No Employee will become eligible to participate in the Retirement Benefit on or after January 1, 2011.

(2) ORTP Rollover Account. Each person who had an account transferred to the Plan from the Humana Officers' Target Retirement Plan as of November 1, 2007, is eligible to participate in the ORTP Rollover Account established in their name under this Plan.

(d) No Other Participation. Except as otherwise set forth in this Section 3.1, no other Employee or person may become a Participant or participate in any other Benefits under the Plan.

3.2 Provisions of Plan Binding on Participants. Upon becoming a Participant, a Participant shall be bound then and thereafter by the terms of this Plan, including all amendments to the Plan.

3.3 Notification of Participation. Each Employee shall become a Participant on the date he or she receives notification to that effect.

3.4 Termination of Benefit Accrual. An Employee's accrual of Benefits under this Plan shall cease upon the Employee's Separation from Service.

ARTICLE 4 BENEFITS

4.1 Amount of Benefits.

(a) Matching Contribution Benefits. For any Plan Year in which a Participant who meets the eligibility requirements of Section 3.1(a) and makes elective deferrals (i) to the Retirement Savings Plan or the Savings & Investment Plan equal to the Code Section 402(g) limit in effect for that Plan Year, or (ii) the Humana Puerto Rico Retirement Savings Plan equal to the Puerto Rico Internal Revenue Code Section 1081.01(d)(7)(A)(i) limit, subject to Section 4.2, the Participant will have credited to his Matching Contribution Account as a Matching Contribution Benefit an amount equal to the difference, if any, between the actual Employer matching contribution to the Qualified Matching Contribution Account made on behalf of the Participant for such Plan Year and the amount the Employer matching contribution would otherwise have been on behalf of such Participant for that Plan Year but for the applicable legal limitations on the Participant's contributions and the Employer's contributions, based solely on the Participant's compensation earned after meeting the eligibility requirements of Section 3.1(a).

(b) Frozen Benefits. The following benefits were frozen as of the dates indicated, and no additional benefits may be earned under this subsection. The following describes what was previously earned.

(1) Retirement Benefits. Each Participant in the Retirement Benefit had credited to his Retirement Account for each Plan Year after August 31, 1982, and before January 1, 2011, as a Retirement Benefit an amount equal to the difference, if any, between the actual contribution by the Employer to a Qualified Retirement Account on behalf of the Participant for such Plan Year and the amount of the contribution which would otherwise have been made by the Employer under the applicable Qualified Plan on behalf of that Participant for that Plan Year but for the compensation limitation of Code Section 401(a)(17), the annual additions limitations imposed by Code Section 415, and effective January 1, 2008, and before January 1, 2011, with respect to limitations imposed by applicable sections of the Puerto Rico Internal Revenue Code. No Participant will be entitled to a Retirement Benefit for any Plan Year beginning on or after January 1, 2011.

(2) OTRP Rollover Account. A Participant's OTRP Rollover Account is the amount of a Participant's accrued benefit transferred from the Humana Officers' Target Retirement Plan as of November 1, 2007.

4.2 Accrual of Benefits. The Retirement Benefit shall be deemed to accrue to the Participant's Retirement Account and the Matching Contribution Benefit shall be deemed to accrue to the Matching Contribution Account no later than the date of the filing of the Sponsoring Employer's annual tax return for the tax year that includes the last day of the Plan Year. No benefit will accrue with respect to any Plan Year if the Participant ceases to be an active employee before the end of such Plan Year, unless cessation of employment is due to death, Retirement, disability or a Change in Control, in which case the Participant will be entitled to benefits prorated to the date on which the Participant ceases to be an active employee. No Retirement Benefit will accrue after the date the annual retirement contribution for the plan year beginning January 1, 2010, is made to the applicable Qualified Plan.

4.3 Investment Options.

(a) Allocation Among Investment Options. Each Participant shall elect the Investment Options in which future accruals to the Participant's Matching Contribution Account shall be deemed to be allocated. A Participant's accruals may be allocated in one percent increments among one or more of the Investment Options. If the Participant allocates less than 100% of his or her accruals pursuant to this Section 4.3(b), unallocated accruals shall be deemed to be allocated to the default investment option established by the Plan Administrator, or if no such default has been established by the Plan Administrator, to the default investment option established under the Retirement Savings Plan. A Participant may change the allocation of future accruals to his or her Matching Contribution Account at any time in one percent increments among the Investment Options in such manner as the Plan Administrator may prescribe from time to time, which may include an online alternative.

(b) OTRP Rollover. Amounts allocated to a Participant's OTRP Account shall initially be deemed to be invested in the applicable age appropriate target retirement fund Investment Option. Subsequently, a Participant may reallocate the balance in his or her OTRP Rollover Account pursuant to Section 4.4.

4.4 Reallocation Among Investment Options. Each Participant may reallocate the balances in his or her Accounts on any Daily Allocation Date among the Investment Options in one percent increments and shall be effected in such manner as the Plan Administrator may prescribe from time to time, which may include an online alternative.

4.5 Adjustments to Account Balances. The balances in Participants' Accounts shall be adjusted for gains (or losses) as if such amounts were actually invested in the Investment Options selected by the Participants, except that for purposes of adjusting any Accounts deemed to be invested in the Humana Unitized Stock Fund, the value of any dividend payments paid on Common Stock held in the Humana Unitized Stock Fund will be adjusted as of the Quarterly Allocation Date. Upon a Participant's Separation from Service or cessation of active participation in this Plan for any reason, the balances in the Participant's Accounts will continue to be allocated among the Investment Options subject to reallocation pursuant to Section 4.4.

ARTICLE 5 DISTRIBUTION OF ACCOUNTS

5.1 Eligibility for Distribution of Accounts. Except as otherwise provided in Article 5, distribution of the Participant's Accounts shall commence no later than 90 days following the Participant's Separation from Service (the "Payment Commencement Date"). The form of distribution shall be governed by Sections 5.3, 5.4, and 5.5, notwithstanding the form of distribution of the Participant's benefits from the applicable Qualified Plan. All payments shall be made in cash.

5.2 Distributions to Specified Employees. Notwithstanding any other provision in the Plan, distribution of Benefits owed to any Participant pursuant to the Plan who is a "specified employee" as defined under Section 409A and Treasury Regulation §1.409A-1(i), shall not be made or commenced pursuant to the Plan to the Participant before the date that is six months after the Participant's Separation from Service, and shall be paid or commenced as soon as practicable

on or after such date, but in no event later than the last day of the Plan Year that contains such date or, if later, by the 15th day of the third month following such date and the Participant is not permitted, directly or indirectly, to designate the taxable year of the payment; provided, however, that this Section 5.2 shall not apply if the Participant's Separation from Service occurs by reason of his or her death. If this Section 5.2 applies and the method of distribution of the Participant's Benefits is not a lump sum, the first payment to the Participant will include all amounts that would have been paid during the six-month period but for this Section 5.2.

5.3 Standard Form of Distribution. If a Participant does not elect an alternative form of distribution in accordance with Section 5.4, the Participant's distribution will be made in the form of a single lump-sum payment.

5.4 Alternative Forms of Distribution. Before the date that is 30 days after a Participant's Participation Date, a Participant may elect one of the following alternative forms of distribution:

(a) Monthly, quarterly, or annual installments for a period not to exceed 20 years, to the extent permitted under Section 409A; provided, however, that this form of distribution will only be available if the Participant's balance in the account from which the periodic payments would be made exceeds $100,000, or such lesser amount, if any, permitted under Section 409A. Effective January 1, 2026, if a Participant's benefit payments are in the form of installments, the Participant's Accounts will be deemed to remain invested according to the Participant's investment elections as provided in Section 4.3; or

(b) An annuity in any form permitted from the Retirement Savings Plan at the time of a Participant's election; provided, however, that an annuity form of distribution will only be available if (i) the Participant's balance in the account from which the annuity payment would be made exceeds $100,000, or such lesser amount, if any, permitted under Section 409A, and (ii) the election (including any change described in Section 5.5) was made before January 1, 2011.

A Participant's initial election pursuant to this Section 5.4 shall become irrevocable on the 30th day after the Participant's Participation Date. Except for changes made to the form of distribution in accordance with Section 5.5, the Participant's initial election will be the sole form of distribution of all Benefits that accrue to that Participant under this Plan, except that a Participant's Initial Year Contribution will be paid at the time and in the manner provided for in Sections 5.1 and 5.3.

5.5 Changes to Form of Distribution. At any time after the date that is 30 days after a Participant's Participation Date, a Participant may change that form of distribution to one of the alternative forms of distribution provided in Sections 5.3 or 5.4(a), provided that any change to the form of distribution (i) will not be effective for 12 months after the date on which such election is made, (ii) must be made not less than 12 months prior to the date of the first scheduled payment of the Participant's Account balance, and (iii) will result in a Payment Commencement Date that is at least five years after the previously scheduled Payment Commencement Date. A Participant may not change any Change in Control election (or non-election) the Participant has made under Section 5.6.

5.6 Change in Control Election. Prior to the date that is 30 days after a Participant's Participation Date, a Participant may make a separate election that in the event of a Change in Control which also constitutes a "change in ownership or effective control" of the Company or a "change in ownership of a substantial portion of the assets of" the Company, in each case within the meaning of Section 409A, his or her Account balance shall be distributed in:

(a) A lump sum to be paid at the effective time of the Change in Control; or

(b) A lump sum to be paid following the Participant's Separation from Service within two years following the Change in Control.

If the Participant does not make a separate Change in Control election, his or her Account balance will be paid at the time and in the manner provided for in Sections 5.1, 5.2 or, except for the Participant's Initial Year Contribution, pursuant to the Participant's alternative election made in accordance with Section 5.3or 5.4.

5.7 Rabbi Trust. Upon the effective date of a Change in Control, the Sponsoring Employer shall create a "Rabbi Trust" (i.e., a grantor trust described in IRS Revenue Procedure 92-64 designed to hold funds to be used to pay benefits under a deferred compensation arrangement without such funds becoming taxable to the Participants entitled to such benefits until paid to such Participants) in the form similar to that set forth on Appendix B with a major financial institution selected by the Sponsoring Employer to which the Sponsoring Employer shall transfer funds in an amount equal to the aggregate balance of all Participants' Accounts as of the date of the Change in Control, but excluding amounts to be paid in a lump sum immediately following the Change in Control. The Sponsoring Employer shall continue to transfer funds to the Rabbi Trust following the Change in Control, no less frequently than annually, so that the assets of the Rabbi Trust remain equal to the aggregate balance of all Participants' Benefits payable pursuant to the terms of the Plan as of the Change in Control plus any benefits that accrue under the Plan following the Change in Control.

5.8 Source of Funding. The Accounts established under this Plan shall not be funded but shall constitute liabilities of the Sponsoring Employer, payable when due from the general assets of the Employer or, if a Rabbi Trust has been established pursuant to Section 5.7, such Rabbi Trust. No Participant or other person shall have any right or claim to the payment of any Account which in any manner whatsoever is superior to or different from the right or claim of a general and unsecured creditor of the Sponsoring Employer.

5.9 Distributions to Beneficiaries. If at the time of a Participant's death a distribution is still outstanding, the remaining Account balance shall be paid to the Participant's Beneficiary in a single lump sum as soon as practicable following the death of the Participant and the determination of the Beneficiary but in no event later than 90 days after the Participant's death. If a Participant's death occurs while any amount remains in the Participant's Accounts and the Participant's Beneficiary does not survive the Participant, the remaining Account balance shall be paid to the Participant's Secondary Beneficiary. If a deceased Participant is not survived by either a Beneficiary or Secondary Beneficiary (or if no Beneficiary was effectively named), the remaining Account balance shall be paid in a single sum to the estate of the Participant and the Plan Administrator shall be fully protected in paying the Account balance to the deceased

Participant's personal representative, irrespective of whether payments are actually made to a person or persons who in fact are not the personal representative of the deceased Participant.

5.10 Accelerated Distribution Upon Loss of Tax Deferral. In the event that this Plan fails to satisfy the requirements of Section 409A and as a consequence a Participant becomes subject to federal income tax on all or any portion of his or her Account Balance for which such Participant is not then scheduled to receive a distribution under the Plan, notwithstanding any other provision of the Plan or distribution election made by such Participant, the Plan Administrator shall accelerate the payment of that portion of the Participant's Accounts which the Plan Administrator reasonably determines to be subject to such taxation in a lump sum payable on a date determined by the Plan Administrator.

5.11 Payment to Persons of Diminished Legal Capacity. In making any payment to or for the benefit of any minor or incompetent Beneficiary, or incompetent Participant, the Plan Administrator, in its sole, absolute and uncontrolled discretion, may, but need not, make such payment to a legal or natural guardian or other relative of such minor or court appointed committee of such incompetent, or to any adult with whom such minor or incompetent temporarily or permanently resides, and any such guardian, committee, relative or other person shall have full authority and discretion to expend such distribution for the use and benefit of such minor or incompetent, and the receipt by such guardian, committee, relative or other person shall be a complete discharge to the Employer, without any responsibility on its part to see to the application thereof.

ARTICLE 6

PLAN ADMINISTRATION

6.1 Duties of Plan Administrator. The Plan Administrator, or its designee, shall be responsible for making all policy decisions which arise under the Plan and shall be responsible for administering the Plan and keeping records of Benefits and Accounts.

6.2 Establishment of Rules and Claims Procedure. Subject to the limitations of the Plan, the Plan Administrator or its designee shall from time to time establish rules for the administration of the Plan. Without limiting the generality of the preceding sentence, it is specifically provided that the Plan Administrator shall set forth the procedures to be followed in presenting claims for benefits under the Plan. In case of any factual dispute hereunder, the Plan Administrator or its designee shall resolve such dispute giving due weight to all evidence available to it. The Plan Administrator or its designee shall interpret the Plan and shall determine all questions arising in the administration, interpretation and application of the Plan. All such determinations shall be final, conclusive and binding. Any claim for benefits from the Plan, any declaratory judgment action to determine any person's rights or status under the Plan, or any other claim related to the Plan may only be brought in a court of competent jurisdiction in and for Louisville, Kentucky.

6.3 Employment of Advisors. The Plan Administrator or its designee may employ such counsel, accountants, recordkeepers, and other advisors as it shall deem advisable. The Sponsoring Employer shall pay the compensation of such counsel, accountants, recordkeepers, and

other advisors and any other expenses incurred by the Plan Administrator in the administration of the Plan.

6.4 Payment of Expenses. The reasonable costs and expenses incurred by the Plan Administrator or its designee in the performance of its duties hereunder, excluding compensation for services, but including, without limitation, reasonable fees for legal, accounting, recordkeeping, and other services rendered, shall be paid by the Sponsoring Employer.

ARTICLE 7

AMENDMENTS AND RESERVATION OF COMPANY RIGHTS

7.1 Rights Generally to Make Amendments. By action of the Board of Directors, the Sponsoring Employer shall have the right at any time by instrument of writing, to modify, alter, amend or terminate the Plan in whole or in part, provided that any Benefit which has actually accrued and become distributable hereunder shall not be affected thereby. The Sponsoring Employer shall have the right to determine the eligibility of another employer to participate in the Plan as an Employer, and no employer may become an Employer unless and until approved by the Sponsoring Employer. Further, no amendment shall be made which shall decrease any Participant's Account balance. Subject to the foregoing restrictions, the committee appointed pursuant to Article 12 of the Retirement Savings Plan shall also have the authority to amend the Plan in any manner which is necessary to comply with Section 409A and the authority to adopt any other amendment to the Plan which does not have the effect of materially increasing the liability of any Employer; provided, however, that no amendment by such committee may affect any Participant who is a member of such committee unless it applies to Participants generally.

7.2 Conditions to Amendments, Suspension or Termination. Notwithstanding the provisions of Section 7.1, no amendment, suspension or termination shall adversely affect:

(a) The Benefits of any Participant, or the Beneficiary or Secondary Beneficiary of any Participant who has retired prior thereto; or

(b) The right of any Participant then employed by the Employer to receive upon retirement or other termination of employment, or the Participant's Beneficiary or Secondary Beneficiary to receive upon the Participant's death, the accrued Benefits to which such person would have been entitled under the Plan prior to its amendment, suspension or termination.

7.3 Partial Termination of the Plan. By action of the committee appointed under the Retirement Savings Plan dated September 11, 2025, the Plan was amended to terminate and liquidate the portion of the Plan as it relates to all Participants who were employed by Enclara Pharmacia, Inc. ("Enclara") on August 29, 2025, due to the divestiture of Enclara from the Sponsoring Employer's controlled group of corporations in accordance with Treasury Regulation Section 1.409A-3(j)(4)(ix)(B) in a transaction that was a Change in Control and a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5). The entire account balance of each affected Participant will be distributed to that Participant no later than 12 months following September 11, 2025, provided that no Participant may direct when payment is made.

ARTICLE 8 CHANGE IN EMPLOYMENT

8.1 Participant Transfer from Employer to Employer. A Participant who transfers employment from one Employer to another Employer shall not be considered as terminating employment with an Employer and shall continue to be a Participant in this Plan without interruption.

8.2 Participant Transfer from Employer to Related Employer. A Participant who transfers employment from an Employer to a Related Employer shall not be considered as terminating employment with an Employer and shall remain an active Participant in the Plan, except that no further benefits shall be accrued on such Participant's behalf under Article 4. Although no further benefits may be accrued, the Participant's Accounts may continue to be allocated among the Investments Options in accordance with Sections 4.3 and 4.4.

ARTICLE 9 MISCELLANEOUS PROVISIONS

9.1 Prohibition Against Assignment. Neither the interest of a Participant or any other person nor the Account balances payable hereunder are subject to the claim of creditors of Participants or their Beneficiaries, and will not be subject to attachment, garnishment or any other legal process. Neither a Participant nor the Participant's Beneficiaries may assign, sell, borrow on or otherwise encumber any of the Participant's beneficial interest in the Plan, nor shall any such benefits be in any manner liable for or subject to the deeds, contracts, liabilities, engagements or torts of any Participant or Beneficiary. All such payments and rights thereto are expressly declared to be non-assignable and non-transferable, and in the event of any attempt of assignment or transfer, the Employer shall have no further liability hereunder.

9.2 Plan Voluntary on Part of Employers. Although it is the intention of each Employer that this Plan shall be continued, this Plan is entirely voluntary on the part of each Employer, and the continuance of the Plan is not assumed as a contractual obligation of an Employer other than as may be provided by Article 7.

9.3 Plan Not Contract of Employment. This Plan shall not be deemed to constitute a contract between the Employer and any Participant or to be a consideration or an inducement for the employment of any Participant or Employee. Nothing contained in this Plan shall be deemed to give any Participant or Employee the right to be retained in the service of the Employer or to interfere with the right of the Employer to discharge any Participant or Employee at any time regardless of the effect which such discharge shall have upon such individual as a Participant in the Plan.

9.4 Form of Notice. Any references in this Plan to written notice may, at the option of the Employer, be made by electronic notice.

9.5 Construction.

(a) This Plan shall be construed and enforced according to the laws of the Commonwealth of Kentucky, and all provisions hereunder shall be administered according to the laws thereof. It is intended that this Plan be exempt from Title I of the Employee Retirement Income Security Act of 1974, as amended, under Section 4(b)(5) thereof, as an excess benefit plan and as a plan which is unfunded and maintained by the Employer for the purpose of providing deferred compensation for a select group of highly compensated employees, and any ambiguities in construction shall be resolved in favor of interpretation which will effectuate such intentions.

(b) Any words herein used in the singular shall be read and construed as though used in the plural in all cases where they would so apply.

(c) Titles of articles and headings to sections are inserted for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles and headings, shall control.

IN WITNESS WHEREOF, the Sponsoring Employer has caused this instrument to be executed and attested thereto by its duly authorized officer this 8th day of December, 2025.

HUMANA INC.

By: /s/ Jessica Klein

Title: SVP, Total Rewards

Attest:

By: /s/ Joseph C. Ventura

Title: Chief Legal Officer

APPENDIX A FORM OF RABBI TRUST

TRUST UNDER __ DEFERRED COMPENSATION PLAN

THIS TRUST AGREEMENT ("Trust Agreement") is made this Click and type Day of Click and type Month , Click and type Year , by and between (i) <**NAME OF COMPANY CREATING TRUST>**, a **<state of incorporation**> corporation ("Company") and (ii) <**NAME OF TRUSTEE>**, ("Trustee").

Recitals:

A. Company has adopted the <Name of Company creating Trust> Deferred Compensation Plan ("Plan"), which is a nonqualified deferred compensation plan.

B. Company has incurred or expects to incur liability under the terms of such Plan with respect to the individuals participating in such Plan.

C. Company wishes to establish a trust (hereinafter called "Trust") and to contribute to the Trust assets that shall be held therein, subject to the claims of Company's creditors in the event of Company's Insolvency (as herein defined), until paid to Plan participants and their beneficiaries in such manner and at such times as specified in the Plan.

D. It is the intention of the parties that this Trust shall constitute an unfunded arrangement and shall not affect the status of the Plan as an unfunded plan maintained for the purpose of providing deferred compensation for a select group of management or highly compensated employees for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended.

E. It is the intention of Company to make contributions to the Trust to provide itself with a source of funds to assist it in the meeting of its liabilities under the Plan.

Agreement:

Now, Therefore, the parties do hereby establish the Trust and agree that the Trust shall be comprised, held and disposed of as follows:

1. ESTABLISHMENT OF TRUST.

(a) Company hereby deposits with Trustee in trust $___, which shall become the principal of the Trust to be held, administered and disposed of by Trustee as provided in this Trust Agreement.

(b) The Trust hereby established is revocable by Company; it shall become irrevocable upon a "Change in Control" as that term is defined in the Plan.

(c) The Trust is intended to be a grantor trust, of which Company is the grantor, within the meaning of subpart E, part I, subchapter J, chapter 1, subtitle A of the Internal Revenue Code of 1986, as amended, and shall be construed accordingly.

(d) The principal of the Trust, and any earnings thereon shall be held separate and apart from other funds of Company and shall be used exclusively for the uses and purposes of Plan participants and general creditors as herein set forth. Plan participants and their beneficiaries shall have no preferred claim on, or

any beneficial ownership interest in, any assets of the Trust. Any rights created under the Plan and this Trust Agreement shall be mere unsecured contractual rights of Plan participants and their beneficiaries against Company. Any assets held by the Trust will be subject to the claims of Company's general creditors under federal and state law in the event of Insolvency.

(e) Company, in its sole discretion, may at any time, or from time to time, make additional deposits of cash or other property in trust with Trustee to augment the principal to be held, administered and disposed of by Trustee as provided in this Trust Agreement. Neither Trustee nor any Plan participant or beneficiary shall have any right to compel such additional deposits.

2. PAYMENTS TO PLAN PARTICIPANTS AND THEIR BENEFICIARIES.

(a) Company shall deliver to Trustee a schedule (the "Payment Schedule") that indicates the amounts payable in respect of each Plan participant (and his or her beneficiaries), that provides a formula or other instructions acceptable to Trustee for determining the amounts so payable, the form in which such amount is to be paid (as provided for or available under the Plan), and the time of commencement for payment of such amounts. Except as otherwise provided herein, Trustee shall make payments to the Plan participants and their beneficiaries in accordance with such Payment Schedule. The Trustee shall make provision for the reporting and withholding of any federal, state or local taxes that may be required to be withheld with respect to the payment of benefits pursuant to the terms of the Plan and shall pay amounts withheld to the appropriate taxing authorities or determine that such amounts have been reported, withheld and paid by Company.

(b) The entitlement of a Plan participant or his or her beneficiaries to benefits under the Plan shall be determined by Company or such party as it shall designate under the Plan, and any claim for such benefits shall be considered and reviewed under the procedures set out in the Plan.

(c) Company may make payment of benefits directly to Plan participants or their beneficiaries as they become due under the terms of the Plan. Company shall notify Trustee of its decision to make payment of benefits directly prior to the time amounts are payable to participants or their beneficiaries. In addition, if the principal of the Trust, and any earnings thereon, are not sufficient to make payments of benefits in accordance with the terms of the Plan, Company shall make the balance of each such payment as it falls due. Trustee shall notify Company where principal and earnings are not sufficient.

3. TRUSTEE RESPONSIBILITY REGARDING PAYMENTS TO TRUST BENEFICIARY WHEN COMPANY IS INSOLVENT.

(a) Trustee shall cease payment of benefits to Plan participants and their beneficiaries if Company is Insolvent. Company shall be considered "Insolvent" for purposes of this Trust Agreement if
(i) Company is unable to pay its debts as they become due, or (ii) Company is subject to a pending proceeding as a debtor under the United States Bankruptcy Code.

(b) At all times during the continuance of this Trust, as provided in Section 1(d) hereof, the principal and income of the Trust shall be subject to claims of general creditors of Company under federal and state law as set forth below.

(1) The Board of Directors of Company and the Chief Executive Officer of Company shall have the duty to inform Trustee in writing of Company's Insolvency. If a person claiming to be a creditor of Company alleges in writing to Trustee that Company has become Insolvent, Trustee

shall determine whether Company is Insolvent and, pending such determination, Trustee shall discontinue payment of benefits to Plan participants or their beneficiaries.

(2) Unless Trustee has actual knowledge of Company's Insolvency, or has received notice from Company or a person claiming to be a creditor alleging that Company is Insolvent, Trustee shall have no duty to inquire whether Company is Insolvent. Trustee may in all events rely on such evidence concerning Company's solvency as may be furnished to Trustee and that provides Trustee with a reasonable basis for making a determination concerning Company's solvency.

(3) If at any time Trustee has determined that Company is Insolvent, Trustee shall discontinue payments to Plan participants or their beneficiaries and shall hold the assets of the Trust for the benefit of Company's general creditors. Nothing in this Trust Agreement shall in any way diminish any rights of Plan participants or their beneficiaries to pursue their rights as general creditors of Company with respect to benefits due under the Plan or otherwise.

(4) Trustee shall resume the payment of benefits to Plan participants or their beneficiaries in accordance with Section 2 of this Trust Agreement only after Trustee has determined that Company is not Insolvent (or is no longer Insolvent).

(c) Provided that there are sufficient assets, if Trustee discontinues the payment of benefits from the Trust pursuant to Section 3(b) hereof and subsequently resumes such payments, the first payment following such discontinuance shall include the aggregate amount of all payments due to Plan participants or their beneficiaries under the terms of the Plan for the period of such discontinuance, less the aggregate amount of any payments made to Plan participants or their beneficiaries by Company in lieu of the payments provided for hereunder during any such period of discontinuance.

4. PAYMENTS TO COMPANY. Except as provided in Section 3 hereof, after the Trust has become irrevocable, Company shall have no right or power to direct Trustee to return to Company or to divert to others any of the Trust assets before all payment of benefits have been made to Plan participants and their beneficiaries pursuant to the terms of the Plan.

5. INVESTMENT AUTHORITY.

(a) The Trustee may invest in securities (including stock or rights to acquire stock) or obligations issued by Company. All rights associated with assets of the Trust shall be exercised by Trustee or the person designated by Trustee, and shall in no event be exercised by or rest with the Plan Participants. The Committee shall direct Trustee as to the investment of the Trust assets.

(b) Company shall have the right at any time, and from time to time in its sole discretion, to substitute assets of equal fair market value for any asset held by the Trust. This right is exercisable by Company in a nonfiduciary capacity without the approval or consent of any person in a fiduciary capacity.

(c) All amounts paid to Trustee by Company shall be held and administered by Trustee as a single trust and Trustee shall not be required to segregate and invest separately any part of the Trust representing interests of individual Plan participants.

(d) Neither any Plan participant nor their beneficiaries shall have any authority or control whatsoever over the investments of the Trust.

(e) Trustee shall have all the powers necessary to carry out the provisions hereunder. Trustee shall have the custody of all cash, securities and investments received or purchased in accordance with the terms hereof. Trustee may sell or exchange any property or asset of the Trust at public or private sale, with or without advertisement, upon terms acceptable to Trustee and in such manner as Trustee may deem wise and proper. The proceeds of any such sale or exchange may be reinvested as provided hereunder. The purchaser of any such property from Trustee shall not be required to look to the application of the proceeds of any such sale or exchange by Trustee. Trustee may participate in the reorganization, recapitalization, merger or consolidation of any corporation in which Trustee may own stock or securities and may exercise any subscription rights or conversion privileges, and generally may exercise any of the powers of any owner with respect to any stock or other securities or property comprising the Trust. Trustee may, through any duly authorized officer or proxy, vote or refrain from voting any shares of stock or securities which Trustee may own from time to time.

(f) Trust may retain in cash such funds as from time to time it may deem advisable.

(g) Trustee may hold stocks or other securities in its own name as Trustee, with or without the designation of the Trust, or in the name of a nominee selected by it for that purpose, and may deposit securities with a depository trust company, but Trustee shall nevertheless be obligated to account for all securities owned by it as a part of the Trust, notwithstanding the name in which the same may be held.

6. DISPOSITION OF INCOME. During the term of this Trust, all income received by the Trust, net of expenses and taxes, shall be accumulated and reinvested.

7. ACCOUNTING BY TRUSTEE. Trustee shall keep accurate and detailed records of all investments, receipts, disbursements and all other transactions required to be made, including such specific records as shall be agreed upon in writing between Company and Trustee. Within 45 days following the close of each calendar year, and within 45 days after the removal or resignation of Trustee, Trustee shall deliver to Company a written account of its administration of the Trust during such year or during the period from the close of the last preceding year to the date of such removal or resignation, setting forth all investments, receipts, disbursements and other transactions effected by it, including a description of all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued interest paid or receivable being shown separately), and showing all cash, securities and other property held in the Trust at the end of such year or as of the date of such removal or resignation, as the case may be.

8. RESPONSIBILITY OF TRUSTEE.

(a) Trustee shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; provided, however, that Trustee shall incur no liability to any person for any action taken pursuant to a direction, request or approval given by Company which is contemplated by, and in conformity with, the terms of the Plan or this Trust and is given in writing by Company. In the event of a dispute between Company and a party, Trustee may apply to a court of competent jurisdiction to resolve the dispute.

(b) If Trustee undertakes or defends any litigation arising in connection with this Trust, Company agrees to indemnify Trustee against Trustee's costs, expenses and liabilities (including, without limitation, reasonable attorneys' fees and expenses) relating thereto and to be primarily liable for such payments. If Company does not pay such costs, expenses and liabilities in a reasonably timely manner, Trustee may obtain payment from the Trust.

(c) Trustee may consult with legal counsel (who may also be counsel for Company generally) with respect to any of its duties or obligations hereunder.

(d) Trustee shall have, without exclusion, all powers conferred on trustees by applicable law, unless expressly provided otherwise herein; provided, however, that if an insurance policy is held as an asset of the Trust, Trustee shall have no power to name a beneficiary of the policy other than the Trust, to assign the policy (as distinct from conversion of the policy to a different form) other than to a successor Trustee, or to loan to any person the proceeds of any borrowing against such policy.

(e) Notwithstanding the provisions of Section 8(d) hereof, Trustee may loan to Company the proceeds of any borrowing against any insurance policy held as an asset of the Trust.

(f) Notwithstanding any powers granted to Trustee pursuant to this Trust Agreement or by applicable law, Trustee shall not have any power that could give this Trust the objective of carrying on a business and dividing the gains therefrom within the meaning of Treas. Reg. § 301.7701-2.

9. COMPENSATION AND EXPENSES OF TRUSTEE. Company shall pay all administrative and Trustee's fees and expenses. If not so paid, the fees and expenses shall be paid from the Trust.

10. RESIGNATION AND REMOVAL OF TRUSTEE.

(a) Trustee may resign at any time by written notice to Company, which shall be effective 30 days after receipt of such notice unless Company and Trustee agree otherwise.

(b) Trustee may be removed by Company on 10 days notice or upon shorter notice acceptable by Trustee; provided, however, that upon a Change in Control, Trustee may not be removed by Company for one year.

(c) If Trustee resigns within one year after a Change in Control, Company shall apply to a court of competent jurisdiction for the appointment of a successor Trustee or for instructions.

(d) Upon resignation or removal of Trustee and appointment of a successor Trustee, all assets shall subsequently be transferred to the successor Trustee. The transfer shall be completed within 30 days after receipt of notice of resignation, removal or transfer, unless Company extends the time limit.

(e) If Trustee resigns or is removed, a successor shall be appointed, in accordance with Section 11 hereof, by the effective date of resignation or removal under Sections 10(a) or 10(b) hereof. If no such appointment has been made, Trustee may apply to a court of competent jurisdiction for appointment of a successor or for instructions. All expenses of Trustee in connection with the proceeding shall be allowed as administrative expenses of the Trust.

11. APPOINTMENT OF SUCCESSOR.

(a) If Trustee resigns or is removed in accordance with Sections 10(a) or 10(b) hereof, Company may appoint any third party, such as a bank trust department or other party that may be granted corporate trustee powers under state law, as a successor to replace Trustee upon resignation or removal. The appointment shall be effective when accepted in writing by the new Trustee, who shall have all of the rights and powers of the former Trustee, including ownership rights in the Trust assets. The former Trustee shall execute any instrument necessary or reasonably requested by Company or the successor Trustee to evidence the transfer.

(b) The successor Trustee need not examine the records and acts of any prior Trustee and may retain or dispose of existing Trust assets, subject to Sections 7 and 8 hereof. The successor Trustee shall not be responsible for, and Company shall indemnify and defend the successor Trustee from, any claim or liability resulting from any action or inaction of any prior Trustee or from any other past event, or any condition existing at the time it becomes successor Trustee.

12. AMENDMENT OR TERMINATION.

(a) This Trust Agreement may be amended by a written instrument executed by Trustee and Company. Notwithstanding the foregoing, no such amendment shall conflict with the terms of the Plan or shall make the Trust revocable after it has become irrevocable in accordance with Section 1(b) hereof.

(b) The Trust shall not terminate until the date on which Plan participants and their beneficiaries are no longer entitled to benefits pursuant to the terms of the Plan unless sooner revoked in accordance with Section 1(b) hereof. Upon termination of the Trust, any assets remaining in the Trust shall be returned to Company.

(c) This Trust Agreement may not be amended by Company for one year following a Change in Control.

13. MISCELLANEOUS.

(a) Any provision of this Trust Agreement prohibited by law shall be ineffective to the extent of any such prohibition, without invalidating the remaining provisions hereof.

(b) Benefits payable to Plan participants and their beneficiaries under this Trust Agreement may not be anticipated, assigned (either at law or in equity), alienated, pledged, encumbered or subjected to attachment, garnishment, levy, execution or other legal or equitable process.

(c) This Trust Agreement shall be governed by and construed in accordance with, the laws of the Commonwealth of Kentucky without regard to its conflict of laws rules.

14. EFFECTIVE DATE. The effective date of this Trust Agreement shall be the date of its execution.

In Witness Whereof, the parties have executed this Trust Agreement as of the date first written above.

x_Name of Company Creating Trust_x

By: __ Title: ____
(“x_DefinedName_x”)

x_Name of Trustee_x

By: __ Title: ____
(“x_DefinedName_x”)

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TRANSITION & SEPARATION AGREEMENT

This Transition & Separation Agreement (the "**Agreement**") sets forth the understanding between you, George Renaudin, and Humana Inc. and its affiliates and subsidiaries ("**Humana**") with respect to your separation from employment with Humana.

RECITALS:

A. The Parties have mutually agreed that your position will be eliminated and therefore your employment with Humana will terminate as of an agreed upon date; and

B. In order to ensure a smooth transition prior to your exit, Humana has requested that you continue your employment as President – Insurance (the "**Role**") until a transition date to be determined before the end of the third quarter of 2026 (the "**Transition Date**") and subsequently in an interim role as "Strategic Advisor" to the Company reporting to the Chief Executive Officer.

NOW, THEREFORE, in consideration of your agreement to the terms set forth below and the mutual benefits to be derived hereunder, it is agreed:

A. EMPLOYMENT STATUS

1. *Acceptance of Interim and Variable Staffing Pool Roles*. You agree to accept employment as a "Strategic Advisor," effective as of the Transition Date (the "**Interim Role**"), during which time you will devote substantial time and effort to advising Humana's Insurance business segment, including development of Humana's bid strategy, distribution relationships, leadership development, and interoperability efforts. Humana agrees that you will remain employed in the Interim Role until December 31, 2026, and that effective January 1, 2027, Humana will transition you to a Variable Staffing Pool associate (the "**VSP Role**"), as defined in Humana's Requisition Policy, assigned to advise Humana. In order to maintain your employment while in the VSP Role, you agree to perform at least one hour of work every 60 days until March 31, 2027, at which time your employment will be terminated (the "**Separation Date**"). You agree and acknowledge that you are not eligible for payments under any Humana severance policy or Humana's Change In Control Policy while you are in either the Interim or VSP Role, except as provided in this Agreement and/or the Executive Severance Policy. Humana agrees that it will not change your employment status to the VSP Role prior to January 1, 2027 without your express written consent. In the event that during the period that you are in the Interim Role you obtain other full-time employment and intend to accept such other employment, you agree to provide Humana with at least 30 days prior written notice setting forth the date of such change in status, and effective on such date your status will change to the VSP Role through the Separation Date (a "**Voluntary VSP Status Change**"). Notwithstanding the change of such status prior to January 1, 2027, you shall still be entitled to all compensation, equity and benefits as described in this Agreement as if your status was in the Interim Role through December 31, 2026, and you will be treated as continuing in the VSP Role through the Separation Date, except

that in the event of a Voluntary VSP Status Change, you will not be eligible for the Company's 401(k) Plan and Retirement Equalization Plan matching contributions while serving in the VSP Role.

2. *Compensation*.

(a) Subject to your compliance with Section B (3) of this Agreement, your current base salary of $760,000 will continue in the Interim Role and will be paid bi-weekly through December 31, 2026, while in the Interim Role. You acknowledge and agree that you will not be eligible for future salary increases while you are in the Interim Role.

(b) Effective January 1, 2027, you will receive an hourly rate of $365.38 for work performed in the VSP Role, which will be paid bi-weekly. You acknowledge and agree that you will not be eligible for future salary increases.

(c) In the event incentive compensation for the 2025 plan year is paid pursuant to the terms and provisions of the Annual Incentive Plan ("**AIP**"), you will be entitled to receive an incentive compensation payment (without proration) for the applicable performance period. For your Individual Multiplier portion of AIP, Humana will pay you 100% of the total AIP award calculation. Any incentive compensation payable to you will be paid at the same time as such amounts are paid to other participants in the AIP whether or not you are then employed by Humana in any capacity or you are in the VSP Role. For the avoidance of doubt, your incentive compensation for 2025 will be in the same amount and payable at the same time as if you were employed in the Role for the entire year, whether or not you are then employed by Humana in any capacity or you are in the VSP Role.

(d) In the event incentive compensation for the 2026 plan year is paid pursuant to the terms and provisions of the AIP, you will be entitled to receive an incentive compensation payment (without proration) for the applicable performance period. For your Individual Multiplier portion of AIP, Humana will pay you 100% of the total AIP award calculation. Any incentive compensation payable to you will be paid at the same time as such amounts are paid to other participants in the AIP whether or not you are then employed by Humana in any capacity or you are in the VSP Role. For the avoidance of doubt, your incentive compensation for 2026 will be in the same amount and payable at the same time as if you were employed in the Role for the entire year, whether or not you are then employed by Humana in any capacity or you are in the VSP Role.

(e) While serving in the Role or the Interim Role, you shall also be entitled to the Company's 401K Plan and Retirement Equalization Plan matching contributions. Notwithstanding the foregoing, in the event of a Voluntary VSP Status Change, you will not be eligible for the Company's 401K Plan and Retirement Equalization Plan matching contributions while serving in the VSP Role.

3. *Severance Benefits*: Upon the Separation Date you will be eligible to receive benefits under Humana's Executive Severance Policy, subject to your complying with the terms and conditions of this Agreement and the Executive Severance Policy, except as modified in this Agreement.

4. *Equity*: You agree and acknowledge that you are not eligible for future equity grants while serving in either the Interim or VSP Role. Exhibit A hereto sets the Stock Options, Restricted Stock Units and Performance Stock Units that were granted to you and are outstanding as of the date hereof.

5. *Benefits*: While serving in the Role, the Interim Role or the VSP Role, you may continue to participate, to the extent you may be eligible, in the "employee benefit plans" (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended) maintained from time to time by Humana for employees of Humana and its subsidiaries.

(a) *Medical/Dental Benefits*. If eligible, your rights to Continued Health Benefit Coverage shall be in accordance with Section 3.1(iii) of the Executive Severance Policy other than the last sentence thereof. You will be required to pay your portion of premiums or related payments as designated in such employee benefit plans and/or as designated by Humana directly to Humana. You shall be required to comply with the conditions attendant to coverage by such plans and shall comply with and be entitled to benefits only in accordance with the terms and conditions of such plans as they may be amended from time to time. Nothing herein contained shall be construed as requiring Humana to establish or continue any particular employee benefit plan in discharge of its obligations under this Agreement. At Humana's sole discretion, Humana may replace such employee benefit plans with employee benefit plans similar to Humana's affiliates. Your active coverage or participation in such employee benefits plans shall end on the Separation Date, unless otherwise provided by the terms of such plan, by the Executive Severance Policy or by law. Thereafter, you will have COBRA continuation rights for dental or medical coverage.

(b) *Deferred Compensation*. Any deferred compensation benefits that become payable to you upon the Separation Date will be paid in accordance with the terms of the applicable plan.

B. **MISCELLANEOUS**

1. *Cessation of Status as an Officer*: Effective as of the Transition Date, you will no longer be an officer or director of Humana Inc., and of any subsidiaries and other affiliates of Humana Inc. of which you are an officer or director. Accordingly, you will not hold yourself out as being an officer or director, or as having any authority to bind, Humana Inc. or any such subsidiary or affiliate. You agree to execute any documents necessary to reflect the change in status.

2. *Non-Compete Agreement and Agreement Not to Solicit*: You understand and agree that, subject to the agreed upon amendments to the Restricted Period (as set forth on Exhibit B hereto), (i) the provisions of any Stock Agreement entered into by you and Humana Inc. entitled "Agreement Not to Solicit" and "Agreement Not to Compete" and (ii) the provisions of Exhibit A to Humana's Executive Severance Policy, in each case, remain in full force and effect and those obligations will continue during the applicable periods set forth on Exhibit B hereto (collectively, the "Restrictive Covenants"). You understand and agree that any violation of the provisions of the Restrictive Covenants will in each case result in irreparable injury to Humana, that the remedy at law for any violation or threatened violation of such Restrictive Covenants are inadequate and in the event of any such breach or threatened breach, Humana, in addition to any other remedies or damages available to it at law or in equity, shall be entitled to temporary injunctive relief before trial as a matter of course, and to permanent injunctive relief without the necessity of proving actual damages.

3. *Confidential Information and Trade Secrets*: You recognize that your position with the Company has required considerable responsibility and trust, and, in reliance on your loyalty, the Company has entrusted you with highly sensitive confidential, restricted and proprietary information involving Trade Secrets and Confidential Information. "Trade Secret" shall be defined as any scientific or technical information, design, process, procedure, formula or improvement that is valuable and not generally known to competitors of the Company. "Confidential Information" is any data or information, other than Trade Secrets, that is important, competitively sensitive, and not generally known by the public, including, but not limited to, the Company's business plans, business prospects, training manuals, product development plans, bidding and pricing procedures, market strategies, internal performance statistics, financial data, confidential personnel information concerning employees of the Company, supplier data, operational or administrative plans, policy manuals, and terms and conditions of contracts and agreements. The terms "Trade Secrets" and "Confidential Information" shall not apply to information which is (i) already in your possession (unless such information was used in connection with formulating the Company's business plans, obtained by you from the Company or was obtained by you in the course of your employment by the Company), or (ii) required to be disclosed by any applicable law. Except as may be required by law or legal process or an order of a court of competent jurisdiction, you will not use or disclose any Trade Secrets or Confidential Information of the Company at any time after termination of employment and prior to such time as they cease to be Trade Secrets or Confidential Information through no act of yours in violation of this Section B(3). Upon termination of employment, you will surrender to the Company all memoranda, notes, records, plans, manuals or other documents pertaining to the Company's business or your employment (including all copies thereof). You will also leave with the Company all materials involving Trade Secrets or Confidential Information of the Company. All such information and materials, whether or not made or developed by you, shall be the sole and exclusive property of the Company, and you hereby assign to the Company all of your right, title and interest in and to any and all of such information and materials. The Company will not and will cause the Chief Executive Officer and the other officers and directors of Humana not to, disparage you or your performance, or otherwise take any action which could reasonably be expected to adversely affect your personal or professional reputation. You will not disparage the Company or any of its executive officers, directors, agents or employees, or otherwise take any action which could reasonably be expected to adversely affect the personal or professional reputation of the Company or any of its directors, officers, agents or

employees. Further, and consistent with the foregoing, as of the Transition Date, including for the duration of the Severance Period (as defined in the Humana Inc. Executive Severance Policy), you will not hold yourself out as a source or an expert with respect to the Company's financial performance or financial or strategic prospects and you will not comment on the same, unless any such comment shall be approved in advance in writing by the Chief Executive Officer of Humana. Nothing in this Agreement, however, shall prevent you from responding accurately to any question, inquiry or request for information when required by legal or administrative process.

4. *Entire Agreement*: This Agreement, the Executive Severance Policy (as modified herein), the Retirement Equalization Plan and the Stock Agreements reflect the entire understanding between Humana and you with respect to compensation and benefits available during your service in the Interim Role and VSP Role, and no statements, promises or inducements, whether written or oral, made by either party that are not contained in this Agreement, the Executive Severance Policy (as modified herein), the Retirement Equalization Plan or the Stock Agreements shall be valid or binding upon the parties to this Agreement.

5. *Severability*: In the event any portion of this Agreement is held to be unenforceable, the remainder of this Agreement shall remain in full force and effect and shall be enforced in harmony with the purpose of the Agreement.

6. *Code Section 409A*: It is intended that this Agreement will comply with, or be exempt from, Section 409A of the Internal Revenue Code of 1986, as amended (the "**Section 409A**") and the interpretive guidance thereunder, including, without limitation, the exemptions for short-term deferrals, separation pay arrangements, reimbursements, and in-kind distributions, and this Agreement shall be administered, interpreted and construed in a manner that does not result in the imposition of additional taxes, penalties or interest under Section 409A. Humana agrees to negotiate in good faith with you to make amendments to the Agreement, as both parties mutually agree are necessary or desirable to avoid the imposition of taxes, penalties or interest under Section 409A. If an amount to be paid under this Agreement is payable in two or more installments, each installment shall be treated as a separate payment for purposes of Section 409A. For purposes of this Agreement, a termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits subject to the requirements of Section 409A upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A, and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment," or like terms shall mean a "separation from service" within the meaning of Section 409A. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following your separation from service shall instead be paid on the first business day after the date that is six months following your separation from service. Neither Humana nor you will have the right to accelerate or defer the delivery of any such payments or benefits except to the extent specifically permitted or required by Section 409A. The Company shall indemnify and hold you harmless if you incur additional tax under Section 409A as a result of a violation of Section 409A under this Agreement (an "Indemnified Section 409A Violation") that

occurs as a result of (1) the Company's clerical error (other than an error caused by erroneous information provided to the Company by you), (2) the Company's failure to administer this Agreement or any deferred compensation arrangement or plan in accordance with its written terms (such written terms, the "Employment Documents"), or (3) the Company's failure to maintain the Employment Documents in compliance with Section 409A of the Code; provided, that the indemnification set forth in clause (3) shall not be available to you if (x) the Company has made a reasonable, good faith attempt to maintain the Employment Documents in compliance with Code Section 409A but has failed to do so or (y) the Company has maintained the Employment Documents in compliance with Section 409A of the Code but subsequent issuance by the Internal Revenue Service or the Department of the Treasury of interpretive authority results in the Employment Documents not (or no longer) complying with Section 409A of the Code (except that, if the Company is permitted by such authority or other authority to amend the Employment Documents to bring them into compliance with Section 409A of the Code and fails to do so, then such indemnification shall be provided to you). In the event of an Indemnified Section 409A Violation, the Company shall reimburse you for (1) the 20% additional income tax described in Section 409A(a)(1)(B)(i)(II) of the Code (to the extent that you incur the 20% additional income tax as a result of the Indemnified Section 409A Violation), and (2) any interest or penalty that is assessed with respect to your failure to make a timely payment of the 20% additional income tax described in clause (1), provided that you pay the 20% additional income tax promptly upon being notified that the tax is due.

C. **ACKNOWLEDGMENTS**: You and Humana hereby acknowledge and agree:

1. that you were provided a sufficient period to review and consider this Agreement and are advised to contact an attorney,

2. that you understand each of the terms of this Agreement and the effect of executing this Agreement by your signature; and

3. that you are executing this Agreement as your own free act and deed, without any coercion or duress, and that you agree to each of the terms and provisions of this Agreement.

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IN WITNESS WHEREOF, as their free and voluntary act, the parties have executed this Agreement as of the date indicated.

HUMANA INC.

By: /s/ Joseph C. Ventura
Name: Joseph C. Ventura
Title: Chief Legal Officer
Date: December 15, 2025

By: /s/ George Renaudin
Name: George Renaudin
Date: December 15, 2025

THE HUMANA INC. DEFERRED COMPENSATION PLAN

FOR NON-EMPLOYEE DIRECTORS

Amendment 2025-1

Article 8 of the Humana Inc. Deferred Compensation Plan for Non-Employee Directors (the "Plan") allows Humana Inc. (the "Company"), by action of the Board, to amend the Plan at any time. Accordingly, the Plan is hereby amended, effective as of January 1, 2026 ("Effective Date") with respect to Investment Options (as defined in the Plan document) offered to participants in the plan and the default investment option determined by the Plan Administrator (as defined in the Plan document).

1. Section 2.17 is amended to read in its entirety as follows:

   "**Investment Option**" shall mean the investment vehicles in which a Director's Cash Account shall be deemed invested pursuant to Article 5. The Plan Administrator will determine Investment Options. The Plan Administrator, in its sole discretion, shall be permitted to add or remove Investment Options from the Plan menu from time to time, provided that any such additions or removals of investment options shall not be effective with respect to any period prior to the effective date of such change

2. Section 4.2(b)(i) is amended to read in its entirety as follows:

   "in the case of a cash dividend, or a dividend of stock of the Company (other than Common Stock) or other property, in each case paid on or after November 1, 2012, additional cash credits will be made to a Director's Cash Account equal to the cash amount of such dividend per share (or the fair market value, on the date of payment, of dividends per share paid in such stock or other property), multiplied by the aggregate number of Stock Units credited to such Director's Stock Unit Account, if applicable, and such credits will be initially allocated to the default Investment Option as determined by the Plan Administrator under Section 5.1."

3. Section 5.1 is amended to read in its entirety as follows:

   Investment Options. Each Director shall elect the Investment Options in which Deferral Amounts credited to the Director's Cash Account shall be deemed to be allocated. A Director's cash Deferral Amounts may be allocated in one percent increments among one or more of the Investment Options. If the Director allocates less than 100% of his cash Deferral Amounts pursuant to this Section 5.1, unallocated cash Deferral Amounts shall be deemed to be allocated to the default Investment Option as determined by the Plan Administrator. A Director may change the allocation for subsequent Deferral Amounts to his or her Cash Account at any time in such manner as the Plan Administrator may prescribe.

Except as amended hereby, the terms of the Plan remain in full force and effect.

IN WITNESS WHEREOF, the undersigned executed this Plan as of the 1st day of January, 2026, to be effective as of the Effective Date.

HUMANA INC.

By: Joseph C. Ventura (Print Name)

Its: Chief Legal Officer (Title)

/s/ Joseph C. Ventura (Signature)

SECOND AMENDMENT

TO THE

HUMANA INC. DEFERRED COMPENSATION PLAN

Effective Date: January 1, 2026

This Second Amendment to the Humana Inc. Deferred Compensation Plan (the "Plan") is adopted by Humana Inc. (the "Company") pursuant to Article VIII of the Plan.

RECITALS

WHEREAS, the Company maintains the Plan for the benefit of certain key employees; and

WHEREAS, the Company desires to amend the Plan on a prospective basis, effective January 1, 2026, to revise certain provisions related to deferral elections and distributions; and

WHEREAS, all deferrals made prior to January 1, 2026, shall continue to be governed by the provisions of the Plan as in effect prior to this Amendment.

AMENDMENTS

1. **Amendment to Definition of Payment Commencement Date**

   Section 2.1(19) is hereby amended to read in its entirety as follows:

   > (19) Payment Commencement Date**:** With respect to any Deferral Election, the applicable payment commencement date set forth in Section 4.1.

2. **Amendment to Section 4.1 – Deferral Election**

   Section 4.1 is hereby amended to read in its entirety as follows:

   > 4.1 Deferral Election**.** Each Participant may elect to have the payment of up to 80% of his or her Incentive Compensation for a Plan Year deferred pursuant to the Plan; provided, that such amount must be equal to or greater than 15% of the Participant's Incentive Compensation. Deferral Elections shall be made only in percentage terms and not in dollar amounts. Each Deferral Election shall be made on a deferral election form to be provided by the Company and shall specify (i) the Deferral Percentage, (ii) the Deferral Period, and (iii) the Distribution Method. For purposes of the Plan, "Deferral Period," with respect to any Deferral Election, shall mean the period commencing on the Allocation Date and ending, at the election of the Participant, on (A) the date of the Participant's Separation from Service, (B) July 1 of a specified year designated by the Participant in his or her Deferral Election, or (C) the earlier of (A) or (B). The Payment Commencement Date for a Participant's separation payment under (A) is July 1 of the calendar year next following the year of the Participant's Separation from Service. The Payment Commencement Date for a fixed date election under (B) is July 1 of the designated calendar year.

3. **Amendment to Section 6.2 – Distribution Method**

Section 6.2 is hereby amended to read in its entirety as follows:

> 6.2 Distribution Method**.** Distribution of amounts credited to a Participant's Account shall be made in accordance with the Distribution Method elected by the Participant in the applicable Deferral Election. For purposes of the Plan, "Distribution Method" shall mean, with respect to payments of amounts credited to a Participant's Account pursuant to a Deferral Election, either (i) a lump sum payment on the Payment Commencement Date or (ii) a number of annual installments not exceeding 10 specified by the Participant in his or her Deferral Election, with (A) the first installment to be paid on the Payment Commencement Date for the applicable payment date or event described in Section 4.1 and (B) installments subsequent to the first installment to be paid on July 1 each year thereafter. If the amount payable under a Deferral Election is less than $100,000, the Distribution Method for that Deferral Election shall be a lump sum.

4. **Amendment to Schedule A**

Schedule A is deleted in its entirely and replaced by the attached Schedule A.

Except as specifically amended above, the Plan remains unchanged and, as amended above remains in full force and effect.

IN WITNESS WHEREOF, the undersigned, being duly authorized, has caused this Amendment to be executed on behalf of the Company as of the Effective Date first written above.

HUMANA INC.

By: Joseph C. Ventura (Print Name)

Its: Chief Legal Officer (Title)

Date: January 1, 2026

/s/ Joseph C. Ventura (Signature)

Schedule A

Participating Subsidiaries

American Dental Plan of North Carolina, Inc.

American Dental Providers of Arkansas, Inc.

American Tax Credit Corporate Georgia Fund III, L.L.C.

Availity, L.L.C.

CAC - Florida Medical Centers, LLC

CareNetwork, Inc.

CarePlus Health Plans, Inc.

Cariten Health Plan Inc.

Cariten Insurance Company

CenterWell Pharmacy, Inc. (formerly Humana Pharmacy, Inc.)

CHA HMO, Inc.

CHA Service Company

CompBenefits Company

CompBenefits Corporation

CompBenefits Dental, Inc.

CompBenefits Direct, Inc.

CompBenefits Insurance Company

CompBenefits of Alabama, Inc.

CompBenefits of Georgia, Inc.

Corphealth Provider Link, Inc.

Corphealth, Inc.

CPHP Holdings, Inc.

DefenseWeb Technologies, Inc.

Dental Care Plus Management, Corp.

DentiCare, Inc.

Emphesys Insurance Company

Emphesys, Inc.

Green Ribbon Health, L.L.C.

Gentiva Health Services (USA) LLC

Health Value Management, Inc.

Healthcare E-Commerce Initiative, Inc.

HUM INT, LLC HUM-e-FL, Inc.

HUM-Holdings International, Inc.

Humana Active Outlook, Inc.

Humana AdvantageCare Plan, Inc.

Humana Benefit Plan of Illinois, Inc.

Humana Dental Company

Humana Employers Health Plan of Georgia, Inc.

Humana Europe, Ltd.

Humana Government Network Services, Inc.

Humana Health Benefit Plan of Louisiana, Inc.

Humana Health Insurance Company of Florida, Inc.

Humana Health Plan Interests, Inc.

Humana Health Plan of California, Inc.

Humana Health Plan of Ohio, Inc.

Humana Health Plan of Texas, Inc.

Humana Health Plan, Inc.

Humana Health Plans of Puerto Rico, Inc.

Humana Innovation Enterprises, Inc.

Humana Insurance Company

Humana Insurance Company of Kentucky

Humana Insurance Company of New York

Humana Insurance of Puerto Rico, Inc.

Humana MarketPOINT of Puerto Rico, Inc.

Humana MarketPOINT, Inc

Humana Medical Plan of Michigan, Inc.

Humana Medical Plan of Utah, Inc.

Humana Medical Plan, Inc.

Humana Military Dental Services, Inc.

Humana Military Healthcare Services, Inc.

Humana Pharmacy Solutions, Inc.

Humana Veterans Healthcare Services, Inc.

Humana WellWorks LLC

Humana Wisconsin Health Organization Insurance Corporation

HumanaCares, Inc.

HumanaDental Insurance Company

HumanaDental, Inc.

Humco, Inc.

Hummingbird Coaching Systems LLC

Independent Care Health Plan

INFOCUS Technology, Inc.

Kanawha HealthCare Solutions, Inc.

Kanawha Insurance Company

KMG America Corporation

Managed Care Indemnity, Inc.

PHP Companies, Inc.

Preferred Health Partnership of Tennessee, Inc.

Preferred Health Partnership, Inc.

Preservation on Main, Inc.

Sensei, Inc. Texas Dental Plans, Inc.

The Dental Concern, Inc.

The Dental Concern, Ltd.

516-526 West Main Street Condominium Council of Co-Owners, Inc.

EXHIBIT 21

HUMANA INC.
SUBSIDIARY LIST

ALABAMA
Mid-South Home Health Agency, LLC

ARKANSAS
Humana Regional Health Plan, Inc.

CALIFORNIA
Asian American Home Care, Inc.
Humana Health Plan of California, Inc.
Professional Healthcare at Home, LLC

COLORADO
Alpine Home Health Care, LLC

DELAWARE
Access Home Health of Florida, LLC
American Homecare Management Corp.
Care Solutions ACO, LLC
CDO 1, LLC
CDO 2, LLC
CenterWell Care Solutions, Inc.
CenterWell Certified Healthcare Corp.
CenterWell Health Services (Certified), Inc.
CenterWell Health Services (USA), LLC
CenterWell Health Services Holding Corp.
CenterWell Health Services, Inc.
CenterWell Home Health Services, LLC
CenterWell Pharmacy, Inc.
CenterWell Primary Care Holdings, LLC
CenterWell Therapy Services, LLC
CompBenefits Corporation
CompBenefits Direct, Inc.
Conviva Care Solutions, LLC
Conviva Care Solutions II, LLC
Conviva Group Holdings, LLC
Conviva Health Management, LLC
Conviva Health MSO of Texas, Inc.
Conviva Medical Center Management, LLC
Echo Primary Care Holdings, LLC
Emphesys, Inc.
FPG Acquisition Corp.
FPG Acquisition Holdings Corp.
FPG Holding Company, LLC
Go365, LLC
H Coding Services, Inc.
Harden Healthcare Holdings, LLC
Harden Home Health, LLC
Health Value Management, Inc.

Healthfield Operating Group, LLC
Healthfield, LLC
HHS Healthcare Corp.
HUM Provider Holdings, LLC
Humana at Home, Inc.
Humana Care Holdings, Inc.
Humana Digital Health and Analytics Platform Services, Inc.
Humana Direct Contracting Entity, Inc.
Humana Government Business, Inc.
Humana Inc.
Humana Innovation Enterprises, Inc.
Humana WellWorks LLC
HumanaDental, Inc.
Integracare Holdings, Inc.
Integracare Intermediate Holdings, Inc.
KAH Development 10, L.L.C.
KAH Development 12, L.L.C.
KAH Development 14, L.L.C.
KAH Development 4, L.L.C.
Kentucky Homecare Holdings, Inc.
Kentucky Homecare Parent Inc.
KND Development 50, L.L.C.
Marvel Merger Sub, LLC
Mid-South Home Health, LLC
North Region Providers, LLC
PF Development 10, L.L.C.
PF Development 15, L.L.C.
PF Development 16, L.L.C.
PF Development 21, L.L.C.
PF Development 5, L.L.C.
PF Development 7, L.L.C.
PF Development 9, L.L.C.
PHHC Acquisition Corp.
Primary Care Holdings II, LLC
Prime Healthcare Home Care and Hospice, LLC
Prime Healthcare Home Care Holdings, LLC
Prime West Jv Holdings, LLC
Professional Healthcare, LLC
SHC Holding, Inc.
Transcend Population Health Management II, LLC
Trilogy Home Healthcare SW FL, Inc.
Vitality HHS Holdings, Inc.
Vitality Home Care, Inc.
Voyager Home Health, Inc.
Voyager Hospicecare, Inc.

DOMINICAN REPUBLIC
Trueshore S.R. L.

FLORIDA
A & A HomeCare, Inc.
Accredited Home Health of Broward, Inc.
Advanced Oncology Services, Inc.

All About Home Care Management, LLC
Altercare LLC
Altercare of Palm Beach County, LLC
Amicus Medical Center LLC
Amicus Medical Group, Inc.
Amicus Medical Services Organization, LLC
Balanced Home Healthcare, Inc.
Bridges Home Health, Inc.
Care Hope Holdings, Inc.
Care Hope Home Health Agency, Inc.
Care Partners Home Care, LLC
CarePlus Health Plans, Inc.
CenterWell Accountable Care, LLC
CenterWell Senior Primary Care (FL), Inc.
CenterWell Senior Primary Care (Vitality), Inc.
CompBenefits Company
Conviva Physician Group, LLC
Conviva Specialty, LLC
Elite Health Medical Centers, LLC
Elite Health Primary Care, LLC
FPG Senior Services, LLC
Homecare Holdings, Inc.
HUM-e-FL, Inc.
Humana At Home 1, Inc.
Humana Dental Company
Humana Health Insurance Company of Florida, Inc.
Humana Medical Plan, Inc.
Med. Tech. Services of South Florida, Inc.
Medstar Home Health, LLC
Med-Tech Services of Dade, Inc.
Med-Tech Services of Palm Beach, Inc.
METCARE of Florida, Inc.
Metropolitan Health Networks, Inc.
M-SAC, Inc.
On the Way Home Care, Inc.
One Home Health Holdings, LLC
One Home Medical Equipment, LLC
One Homecare Solutions, LLC
One Infusion Pharmacy, LLC
One Nursing Care, LLC
One TPA Systems, Inc.
Quality Living Home Health Care LLC
Senior Home Care, Inc.
South Florida Cardiology Associates, LLC
Trident Home Health, LLC
Trueshore BPO, LLC

GEORGIA
Capital Care Resources of South Carolina, LLC
Capital Care Resources, LLC
Capital Health Management Group, LLC
Chattahoochee Valley Home Care Services, LLC
Chattahoochee Valley Home Health, LLC

CHMG Acquisition LLC
CHMG of Atlanta, LLC
CHMG of Griffin, LLC
Healthfield Home Health, LLC
Healthfield of Southwest Georgia, LLC
Healthfield of Statesboro, LLC
Healthfield of Tennessee, LLC
Humana Employers Health Plan of Georgia, Inc.
Mid-South Home Health of Gadsden, LLC
Total Care Home Health of Louisburg, LLC
Total Care Home Health of North Carolina, LLC
Total Care Home Health of South Carolina, LLC

ILLINOIS
CompBenefits Dental, Inc.
Dental Care Plus Management, Corp.
Humana Benefit Plan of Illinois, Inc.
Humana Healthcare Research, Inc.

IOWA
Hawkeye Health Services, Inc.

KENTUCKY
Arcadian Health Plan, Inc.
CHA HMO, Inc.
First Crown Insurance, Inc.
Humana Active Outlook, Inc.
Humana Health Plan, Inc.
Humana Insurance Company
Humana Insurance Company of Kentucky
Humana MarketPOINT, Inc.
Humana Pharmacy Solutions, Inc.
Humana Real Estate Company
Humco, Inc.
The Dental Concern, Inc.

LOUISIANA
Humana Health Benefit Plan of Louisiana, Inc.
Synergy Home Care-Acadiana Region, Inc.
Synergy Home Care-Capitol Region, Inc.
Synergy Home Care-Central Region, Inc.
Synergy Home Care-Northeastern Region, Inc.
Synergy Home Care-Northshore Region, Inc.
Synergy Home Care-Northwestern Region, Inc.
Synergy Home Care-Southeastern Region, Inc.
Synergy, Inc.

MICHIGAN
CenterWell IPA Solutions, LLC
Humana Medical Plan of Michigan, Inc.

MISSISSIPPI

Gilbert's Home Health Agency, Inc.
Home Health Care Affiliates of Central Mississippi, L.L.C.
Home Health Care Affiliates of Mississippi, Inc.
Home Health Care Affiliates, Inc.
Van Winkle Home Health Care, Inc.

MISSOURI
Missouri Home Care of Rolla, Inc.

NEVADA
Southern Nevada Home Health Care, Inc.

NEW YORK
Harris, Rothenberg International Inc.
Humana Health Company of New York, Inc.
Humana Insurance Company of New York
Humana Life Insurance Company of New York, Inc.
New York Healthcare Services, Inc.
QC-Medi New York, Inc.

NORTH CAROLINA
Eastern Carolina Home Health Agency, LLC
Healthcare Planning of America, LLC
Home Health Care of Carteret County, LLC
Innovative Financial Group Holdings, LLC
Innovative Financial Partners, LLC
Rees Financial LLC
TAR Heel Health Care Services, LLC
The Lead Store LLC
Versa Management LLC

OHIO
Humana Health Plan of Ohio, Inc.

PENNSYLVANIA
Humana Medical Plan of Pennsylvania, Inc.

PUERTO RICO
Humana Health Plans of Puerto Rico, Inc.
Humana Insurance of Puerto Rico, Inc.
Humana Management Services of Puerto Rico, Inc.
Humana MarketPOINT of Puerto Rico, Inc.

SOUTH CAROLINA
Humana Benefit Plan of South Carolina, Inc.

TENNESSEE
Cariten Health Plan Inc.
PHP Companies, Inc.

TEXAS
Aberdeen Holdings, Inc.
Able Home Healthcare, Inc.
BWB Sunbelt Home Health Services, LLC
CompBenefits Insurance Company
Corpus Christi Home Care, Inc.
DentiCare, Inc.
Emphesys Insurance Company
Focus Care Health Resources, Inc.
GBA Holding, Inc.
GBA West, LLC
Harden Healthcare, LLC
Home Health of Rural Texas, Inc.
Horizon Health Care Services, Inc.
Humana Benefit Plan of Texas, Inc.
Humana Health Plan of Texas, Inc.
Integracare Home Health Services, Inc.
Integracare of Albany, LLC
Integracare of Athens-Home Health, LLC
Integracare of Olney Home Health, LLC
Integracare of Texas, LLC
Integracare of West Texas-Home Health, LLC
Integracare of Wichita Falls, LLC
One Home Health Holdings CCTX, LLC
One Home Medical Equipment TX, LLC
Outreach Health Services of North Texas, LLC
Texas Dental Plans, Inc.
Vernon Home Health Care Agency, LLC

UTAH
Home Health Services, Inc.
Humana Medical Plan of Utah, Inc.

VERMONT
Managed Care Indemnity, Inc.
WEST VIRGINIA
First Home Health, Inc.
Nursing Care-Home Health Agency, Inc.

WISCONSIN
CareNetwork, Inc.
Humana Wisconsin Health Organization Insurance Corporation
HumanaDental Insurance Company
Independent Care Health Plan

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-277734) and Form S-8 (Nos. 033-49305, 333-04435, 333-57095, 333-86801, 333-41408, 333-86280, 333-105622, 333-134887, 333-162747, 333-171616, 333-175350, 333-231154, and 033-264543) of Humana Inc. of our report dated February 19, 2026 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Louisville, Kentucky

February 19, 2026

Exhibit 31.1

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

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

1. I have reviewed this annual report on Form 10-K of Humana Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

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

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

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2026

Signature: /s/ JAMES A. RECHTIN

James A. Rechtin
Principal Executive Officer

Exhibit 31.2

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

I, Celeste M. Mellet, principal financial officer of Humana Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Humana Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

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

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

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2026

Signature: /s/ CELESTE M. MELLET

Celeste M. Mellet
Principal Financial Officer

Exhibit 32

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

In connection with the Annual Report of Humana Inc. (the "Company") on Form 10-K for the period ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned hereby certifies, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, in his capacity as an officer of Humana Inc., that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ JAMES A. RECHTIN

James A. Rechtin
President and Chief Executive Officer (Principal Executive Officer)

February 19, 2026

/s/ CELESTE M. MELLET

Celeste M. Mellet
Chief Financial Officer (Principal Financial Officer)

February 19, 2026

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.

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

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

For the fiscal year ended December 31, 2024

or

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

For the transition period from _____ to _____

Commission file number 1-5975

HUMANA INC.

(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

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

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

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

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

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

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

		Page
	Part I	
Item 1.	Business	4
Item 1A.	Risk Factors	20
Item 1B.	Unresolved Staff Comments	34
Item 1C.	Cybersecurity	34
Item 2.	Properties	36
Item 3.	Legal Proceedings	36
Item 4.	Mine Safety Disclosures	36
	Part II	
Item 5.	Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	37
Item 6.	Reserved	40
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	41
Item 7A.	Quantitative and Qualitative Disclosures about Market Risk	64
Item 8.	Financial Statements and Supplementary Data	66
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	117
Item 9A.	Controls and Procedures	117
Item 9B.	Other Information	118
Item 9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	118
	Part III	
Item 10.	Directors, Executive Officers and Corporate Governance	119
Item 11.	Executive Compensation	120
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	120
Item 13.	Certain Relationships and Related Transactions, and Director Independence	121
Item 14.	Principal Accounting Fees and Services	121
	Part IV	
Item 15.	Exhibits, Financial Statement Schedule	122
Item 16.	Form 10-K Summary	134
	Signatures and Certifications	135

HCMO - SUPP - 000717
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Forward-Looking Statements

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

PART I

ITEM 1. BUSINESS

General

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

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

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

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

Business Segments

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

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

Our Products

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

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Our Insurance Segment Products

The Insurance segment is comprised of insurance products serving Medicare and state-based contract beneficiaries, as well as individuals and employers. The segment also includes our Pharmacy Benefit Manager, or PBM, business. These products are described in the discussion that follows.

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

	Insurance Segment Premiums and Services Revenue	Percent of Consolidated Premiums and Services Revenue
	(dollars in millions)	
Premiums:		
Individual Medicare Advantage	$ 88,019	75.6 %
Group Medicare Advantage	7,731	6.6 %
Medicare stand-alone PDP	3,137	2.7 %
Total Medicare	98,887	84.9 %
Commercial fully-insured	501	0.4 %
Specialty benefits	955	0.8 %
Medicare Supplement	846	0.7 %
State-based contracts and other	10,915	9.4 %
Total premiums revenue	112,104	96.2 %
Services:		
Commercial ASO	50	— %
Military services and other	916	0.8 %
Services revenue	966	0.8 %
Total Insurance segment premiums and services revenue	$ 113,070	97.0 %

Medicare

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

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

Individual Medicare Advantage Products

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

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

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

CMS uses a risk-adjustment model which adjusts premiums paid to Medicare Advantage, or MA, plans according to health status of covered members. The risk-adjustment model, which CMS implemented pursuant to the Balanced Budget Act of 1997 (BBA) and the Benefits Improvement and Protection Act of 2000 (BIPA), generally pays more where a plan's membership has higher expected costs. Under this model, rates paid to MA plans are based on actuarially determined bids, which include a process whereby our prospective payments are based on our estimated cost of providing standard Medicare-covered benefits to an enrollee with a "national average risk profile." That baseline payment amount is adjusted to account for certain demographic characteristics and health status of our enrolled members. Under the risk-adjustment methodology, all MA plans must collect from providers and submit the necessary diagnosis code information to CMS within prescribed deadlines. The CMS risk-adjustment model uses the diagnosis data, collected from providers, to calculate the health status-related risk-adjusted premium payment to MA plans, which CMS further adjusts for coding pattern differences between the health plans and the government fee-for-service (FFS) program. We generally rely on providers, including certain providers in our network who are our employees, to code their claim submissions with appropriate diagnoses, which we send to CMS as the basis for our health status-adjusted payment received from CMS under the actuarial risk-adjustment model. We also rely on these providers to document appropriately all medical data, including the diagnosis data submitted with claims. In addition, we conduct medical record reviews as part of our data and payment accuracy compliance efforts, to more accurately reflect diagnosis conditions under the risk adjustment model. For additional information, refer to Note 17 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" and Part I, Item 1A, "Risk Factors" of this Form 10-K.

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

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

Our individual Medicare Advantage products covered under Medicare Advantage contracts with CMS are renewed generally for a calendar year term unless CMS notifies us of its decision not to renew by May 1 of the calendar year in which the contract would end, or we notify CMS of our decision not to renew by the first Monday in June of the calendar year in which the contract would end. All material contracts between Humana and CMS relating to our Medicare Advantage products have been renewed for 2025, and all of our product offerings filed with CMS for 2025 have been approved.

Individual Medicare Stand-Alone Prescription Drug Products

We offer stand-alone prescription drug plans, or PDPs, under Medicare Part D, including a PDP offering co-branded with Walmart Inc., or the Humana-Walmart plan. Generally, Medicare-eligible individuals enroll in one of our plan choices between October 15 and December 7 for coverage that begins on the following January 1. Our stand-alone PDP offerings consist of plans offering basic coverage with benefits mandated by Congress, as well as plans providing enhanced coverage with varying degrees of out-of-pocket costs for premiums, deductibles, and co-insurance. Our revenues from CMS and the beneficiary are determined from our PDP bids submitted annually to CMS. These revenues also reflect the health status of the beneficiary and risk sharing provisions as more fully described in Note 2 to the audited Consolidated Financial Statements included in Item 8. – Financial Statements and Supplementary Data, titled "Receivables and Revenue Recognition." Our stand-alone PDP contracts with CMS are renewed generally for a calendar year term unless CMS notifies us of its decision not to renew by May 1 of the calendar year in which the contract would end, or we notify CMS of our decision not to renew by the first Monday in June of the calendar year in which the contract would end. All material contracts between Humana and CMS relating to our Medicare stand-alone PDP products have been renewed for 2025, and all of our product offerings filed with CMS for 2025 have been approved.

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

Group Medicare Advantage and Medicare Stand-Alone PDP

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

Medicare Supplement

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

State-based Contracts

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

We have contracts in multiple states to serve Medicaid-eligible members, including Florida, Kentucky, Illinois, Indiana, Louisiana, Ohio, Oklahoma, South Carolina and Wisconsin.

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

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

Specialty

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

Commercial Fully-Insured and ASO

In February 2023, we announced our planned exit from the Employer Group Commercial Medical Products business, which includes all fully insured, self-funded and Federal Employee Health Benefit medical plans, as well as associated wellness and rewards programs. Following a strategic review, we determined the Employer Group Commercial Medical Products business was no longer positioned to sustainably meet the needs of commercial members over the long term or support our long-term strategic plans. We anticipate the exit of this line of business to be finalized in the first half of 2025.

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

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

Military Services

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

We delivered services under the T2017 East Region contract from commencement on January 1, 2018 through expiration on December 31, 2024. The T2017 East Region contract comprised 32 states and approximately 6 million TRICARE beneficiaries. In December 2022, we were awarded the next generation of TRICARE Managed Care Support Contracts, or T-5, for the updated TRICARE East Region by the Defense Health Agency of the DoD. The T-5 East Region contract commenced on January 1, 2025 and comprises 24 states, and Washington D.C., and approximately 4.6 million beneficiaries. The transition period for the T-5 contract began in January 2024 and overlapped the final year of the T2017 contract. The length of the contract is one transition year followed by eight annual option periods, which, if all options are exercised, would result in a total contract length of nine years.

Our CenterWell Segment Products

The products offered by our CenterWell segment are key to our integrated care delivery model. This segment includes our pharmacy solutions, primary care, and home solutions operations. The CenterWell segment also includes our strategic partnerships with Welsh, Carson, Anderson & Stowe, or WCAS, to develop and operate senior-focused, payor-agnostic, primary care centers, as well as our minority ownership interest in hospice operations. Services offered by this segment are designed to enhance the overall healthcare experience. These services may lead to lower utilization associated with improved member health and/or lower drug costs. For information on our intersegment revenues, refer to Note 18 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

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

	CenterWell Segment Services Revenue	Percent of Consolidated Premiums and Services Revenue
	(dollars in millions)	
Intersegment revenues:		
Home solutions	$ 2,050	r
Pharmacy solutions	10,724	r
Primary care	3,697	r
Total intersegment revenues	$ 16,471	r
External services revenue:		
Home solutions	$ 1,313	1.1
Pharmacy solutions	904	0.8
Primary care	1,248	1.1
Total external services revenue	$ 3,465	3.0

n/a – not applicable

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Pharmacy Solutions

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

Primary Care

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

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

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

Home Solutions

CenterWell Home Health

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

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OneHome

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

Hospice

On August 11, 2022, we completed the sale of a 60% interest in Gentiva (formerly Kindred) Hospice, to Clayton, Dubilier & Rice, or CD&R. Upon closing, Gentiva Hospice was restructured into a new stand-alone company. We continue to own approximately 35% minority ownership in Gentiva Hospice operations. For additional information on the sale of Gentiva Hospice, refer to Note 3 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

Insurance Medical Membership

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

	Insurance Medical Membership									
	Individual Medicare Advantage	Group Medicare Advantage	Medicare stand-alone PDP	Medicare Supplement	State-based contracts and other	Commercial fully-insured	Commercial ASO	Military services	Total	Percent of Total
Florida	924.8	11.3	113.2	20.2	580.2	0.3	0.1	—	1,650.1	10.10 %
Texas	470.6	5.0	145.8	44.8	—	—	—	—	666.2	4.10 %
North Carolina	321.8	174.3	78.6	6.1	—	—	—	—	580.8	3.60 %
Georgia	338.7	2.9	67.4	14.2	—	—	—	—	423.2	2.60 %
Kentucky	132.6	74.3	200.8	13.0	148.9	—	3.1	—	572.7	3.50 %
Ohio	213.1	17.3	73.3	28.4	186.4	—	—	—	518.5	3.20 %
Tennessee	209.4	13.5	74.5	8.7	47.0	—	—	—	353.1	2.20 %
Illinois	206.3	38.3	74.7	8.2	14.1	—	—	—	341.6	2.10 %
Louisiana	212.4	10.5	41.2	3.8	148.7	—	—	—	416.6	2.50 %
California	119.3	4.2	134.8	26.9	0.1	—	—	—	285.3	1.70 %
Oklahoma	77.4	3.4	47.4	5.7	186.1	—	—	—	320.0	2.00 %
Indiana	158.9	20.8	55.7	12.6	35.0	—	—	—	283.0	1.70 %
South Carolina	208.0	0.5	32.7	8.1	33.5	—	—	—	282.8	1.70 %
Virginia	185.1	2.7	73.8	6.9	—	—	—	—	268.5	1.60 %
New York	142.1	9.7	56.2	8.0	—	—	—	—	216.0	1.30 %
Michigan	174.5	30.2	53.0	7.2	—	—	1.6	—	266.5	1.60 %
Wisconsin	81.8	6.1	59.6	6.0	55.3	—	—	—	208.8	1.30 %
Mississippi	142.9	0.4	49.8	5.1	—	—	—	—	198.2	1.20 %
Pennsylvania	99.0	9.7	74.3	10.2	14.2	—	—	—	207.4	1.30 %
Arizona	131.2	0.3	48.2	7.6	—	—	—	—	187.3	1.10 %
TRICARE	—	—	—	—	—	—	—	6,009.1	6,009.1	36.80 %
Others	1,111.9	110.3	733.2	125.6	10.4	—	—	—	2,091.4	12.80 %
Totals	5,661.8	545.7	2,288.2	377.3	1,459.9	0.3	4.8	6,009.1	16,347.1	100.0 %

Provider Arrangements

We provide our members with access to health care services through our networks of health care providers whom we employ or with whom we have contracted, including hospitals and other independent facilities such as outpatient surgery centers, primary care providers, specialist physicians, dentists, and providers of ancillary health care services and facilities. These ancillary services and facilities include laboratories, ambulance services, medical

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equipment services, home health agencies, mental health providers, rehabilitation facilities, nursing homes, optical services, and pharmacies. Our membership base and the ability to influence where our members seek care generally enable us to obtain contractual discounts with providers.

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

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

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

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

Capitation

We offer providers a continuum of opportunities to increase the integration of care and offer assistance to providers in transitioning from a fee-for-service to a value-based arrangement. These include performance bonuses, shared savings and shared risk relationships. For some of our medical membership, we share risk with providers under capitation contracts where physicians and hospitals accept varying levels of financial risk for a defined set of membership. Under the typical capitation arrangement, we prepay these providers a monthly fixed-fee per member, known as a capitation (per capita) payment, to cover all or a defined portion of the benefits provided to the capitated member.

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

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

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

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

Accreditation Assessment

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

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

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

We maintain accreditation for certain of our health plans and/or departments from NCQA, the Accreditation Association for Ambulatory Health Care (AAAHC), and/or URAC.

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

Sales and Marketing

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

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

HCMO - SUPP - 000728
PUBLIC

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

Underwriting

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

Competition

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

Government Regulation

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

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

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

Certain Other Services

Captive Insurance Company

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

Centralized Intercompany Services

We provide centralized intercompany services to each of our health plans and to our business segments from our headquarters and service centers. These services include management information systems, product development

HCMO - SUPP - 000729
PUBLIC

and administration, finance, human resources, accounting, law, public relations, marketing, insurance, purchasing, risk management, internal audit, actuarial, underwriting, claims processing, billing/enrollment, and customer service. Through intercompany service agreements approved, if required, by state regulatory authorities, Humana Inc., our parent company, charges a services fee for reimbursement of certain centralized services provided to its subsidiaries to the extent that Humana Inc. is the service provider.

Human Capital Management

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

Our Culture, Engagement and Approach to Work

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

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

Pay and Benefits Philosophy, Compensation and Financial Security

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

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

Talent Development and Growth Opportunities

We are committed to promoting continuous learning and growth by offering employees a comprehensive range of resources to enhance their skills and advance their careers. Our professional development initiatives ensure employees have access to tools, mentorship and opportunities that enable them to succeed in their current roles and prepare for future growth opportunities, thereby strengthening our organization and driving innovation. We also offer our associates education and certification program assistance through partner organizations, and reduce or eliminate cost barriers to support achievement of their educational and career goals.

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

HCMO - SUPP - 000731
PUBLIC

Information About Our Executive Officers

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

Name	Age	Position	First Elected Officer	
James A. Rechtin	54	President and Chief Executive Officer, Director	01/24	(1)
Vishal Agrawal, M.D.	50	Chief Strategy and Corporate Development Officer	12/18	(2)
David E. Dintenfass	54	President, Enterprise Growth	02/24	(3)
John-Paul W. Felter	41	Senior Vice President, Chief Accounting Officer and Controller	08/22	(4)
Japan A. Mehta	44	Chief Information Officer	02/25	(5)
Celeste M. Mellet	48	Chief Financial Officer	01/25	(6)
Michelle A. O'Hara	49	Chief Human Resources Officer	01/25	(7)
George Renaudin II	56	President, Insurance	02/23	(8)
Sanjay K. Shetty, M.D.	51	President, CenterWell	04/23	(9)
Joseph C. Ventura	48	Chief Legal Officer	02/19	(10)

(1) Mr. Rechtin currently serves as Director, President and Chief Executive Officer (Principal Executive Officer), having held these positions since July 1, 2024. Mr. Rechtin was elected President and Chief Operating Officer upon joining the Company in January 2024 and served in that capacity through June 2024. Prior to joining the Company, Mr. Rechtin served as President and CEO at Envision Healthcare, having held that position from 2020 to 2023. Previously, Mr. Rechtin was President of OptumCare in 2019 after serving in multiple senior-level roles at Davita Medical Group from 2014 to 2019.

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

(3) Mr. Dintenfass currently serves as President, Enterprise Growth, having joined the Company in February 2024. Prior to joining the Company, Mr. Dintenfass had a series of leadership roles at Fidelity Investments from 2015 to 2024 where he most recently served as Executive Vice President, Head of Product and Emerging Segments, leading a P&L portfolio across retail and workplace investing. Mr. Dintenfass also served as Fidelity's Chief Marketing Officer and Head of Customer Experience Design. Before Fidelity, Mr. Dintenfass spent over five years at Bank of America in a variety of strategy and marketing roles across Consumer and Small Business banking and Merrill Lynch Wealth Management. Earlier in his career, Mr. Dintenfass spent 13 years at Procter & Gamble in global P&L and brand management roles of increasing responsibility. Mr. Dintenfass began his career as a consultant at McKinsey & Company.

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

HCMO - SUPP - 000732
PUBLIC

(5) Mr. Mehta currently serves as Chief Information Officer, having been elected to this position in February 2025. Prior to joining the Company, Mr. Mehta served as Chief Data Officer at Citigroup for six years from 2018 to 2025. Previously, he held the role of CIO for Citi Global Wealth across a mix of client segments. Additionally, he served in the CIO role for Global Consumer Technology in Asia Pacific and Europe. Prior to Citi, Mr. Mehta held technology and digital leadership roles at JPMorgan, Barclays and Verizon.

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

(7) Ms. O'Hara currently serves as Chief Human Resources Officer, having been elected to this position in January 2025. Prior to joining the Company, Ms. O'Hara served as Executive Vice President and Chief Human Resources Officer from 2019 to 2025 at Science Applications International Corporation (SAIC). Prior to becoming Chief Human Resources Officer in 2019, Ms. O'Hara held various roles of increasing responsibility at SAIC that included talent acquisition, integrated talent management, total rewards and human resources.

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

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

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

Executive officers are elected annually by our Board of Directors and serve until their successors are elected or until resignation or removal. There are no family relationships among any of our executive officers.

HCMO - SUPP - 000733
PUBLIC

ITEM 1A. RISK FACTORS

Risks Relating to Our Business

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

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

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

Key to our operational strategy is the implementation of clinical initiatives that we believe provide a better health care experience for our members, lower the cost of healthcare services delivered to our members, and appropriately document the risk profile of our members. Our profitability and competitiveness depend in large part

HCMO - SUPP - 000734
PUBLIC

on our ability to appropriately manage health care costs through, among other things, the application of medical management programs such as our chronic care management program.

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

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

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

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

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

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

If we fail to effectively implement our operational and strategic initiatives, including our Medicare initiatives, which are of particular importance given the concentration of our revenues in these products, our state-based contracts strategy, the growth of our CenterWell businesses, and our integrated care delivery model, our business may be materially adversely affected.

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

HCMO - SUPP - 000735
PUBLIC

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

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

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

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

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

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

Our business depends significantly on effective information systems and the integrity and timeliness of the data we use to run our business. Our business strategy involves providing members and providers with easy to use products that leverage our information to meet their needs. Our ability to adequately price our products and services, provide effective and efficient service to our customers, develop new and innovative products and services (including enhanced technologies that improved connectivity across products and meet consumer expectations for engaging in their health care), automate and deploy new technologies to simplify administrative processes and clinical decision making, provide timely payments to care providers, drive administrative and operational efficiencies, and timely and accurately report our financial results depends significantly on the performance of, and integrity of the data, in our information systems. These systems require an ongoing commitment of significant resources to maintain, protect, and enhance existing systems and develop and integrate new systems, including systems powered by or incorporating artificial intelligence and machine learning (including generative AI) (AI/ML), to keep pace with continuing changes in information processing technology, evolving industry and regulatory standards, and changing customer preferences, and even with such resources there is no assurance that we will be

HCMO - SUPP - 000736
PUBLIC

able to do so. If the information we rely upon to run our businesses was found to be inaccurate, unreliable, or biased, if we fail to improve service levels or maintain the integrity of our data, or if we fail to effectively maintain our information systems and develop and integrate new systems (including systems powered by or incorporating AI/ML), or if our use of AI/ML technologies were to result in inaccuracies, biases or errors, we could have operational disruptions, problems in determining medical cost estimates and establishing appropriate pricing, customer and health care provider disputes, reputational challenges, regulatory or other legal obstacles (including potential investigations and enforcement), difficulty preventing and detecting fraud, increases in operating expenses, difficulty driving administrative or operational efficiencies to enhance our operations and reduce costs, loss of existing customers, difficulty in attracting new customers, or other adverse consequences, each of which may result in a material adverse effect on our results of operations, financial position, and cash flows.

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

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

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

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

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

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

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

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

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

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

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

HCMO - SUPP - 000738
PUBLIC

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

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

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

- At December 31, 2024, under our contracts with CMS we provided health insurance coverage to approximately 924,800 individual Medicare Advantage members in Florida. These contracts accounted for approximately 14% of our total premiums and services revenue for the year ended December 31, 2024. The loss of these and other CMS contracts (which are generally renewed annually) or significant changes in the Medicare Advantage and Prescription Drug Plan programs as a result of legislative or regulatory action, including changes to the Part D prescription drug benefit design (such as the changes to plan sponsor liability across the different Part D coverage phases that will apply beginning in plan year 2025) or reductions in premium payments to us or increases in member benefits or changes to member eligibility criteria without corresponding increases in premium payments to us, may have a material adverse effect on our results of operations, financial position, and cash flows.
- Our military services business, which accounted for approximately 1% of our total premiums and services revenue for the year ended December 31, 2024, primarily consisted of the TRICARE T2017 East Region contract. We delivered services under the T2017 East Region contract from commencement on January 1, 2018 through expiration on December 31, 2024. The T2017 East Region contract comprised 32 states and approximately 6 million TRICARE beneficiaries. In December 2022, we were awarded the next generation of TRICARE Managed Care Support Contracts, or T-5, for the updated TRICARE East Region by the Defense Health Agency of the DoD. The T-5 East Region contract commenced on January 1, 2025 and comprises 24 states, and Washington D.C., and approximately 4.6 million beneficiaries. The transition period for the T-5 contract began in January 2024 and overlapped the final year of the T2017 contract. The length of the contract is one transition year followed by eight annual option periods, which, if all options are exercised, would result in a total contract length of nine years.

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

HCMO - SUPP - 000739
PUBLIC

conduct medical record reviews as part of our data and payment accuracy compliance efforts, to more accurately reflect diagnosis conditions under the risk adjustment model.

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

In 2012, CMS released an MA contract-level RADV methodology that would extrapolate the results of each CMS RADV audit sample to the audited MA contract's entire health status-related risk adjusted premium amount for the year under audit. In doing so, CMS recognized "that the documentation standard used in RADV audits to determine a contract's payment error (medical records) is different from the documentation standard used to develop the Part C risk-adjustment model (FFS claims)." To correct for this difference, CMS stated that it would apply a "Fee-for-Service Adjuster (FFS Adjuster)" as "an offset to the preliminary recovery amount." This adjuster would be "calculated by CMS based on a RADV-like review of records submitted to support FFS claims data." CMS stated that this methodology would apply to audits beginning with PY 2011. Humana relied on CMS's 2012 guidance in submitting MA bids to CMS. Humana also launched a "Self-Audits" program in 2013 that applied CMS's 2012 RADV audit methodology and included an estimated FFS Adjuster. Humana completed Self-Audits for PYs 2011-2016 and reported results to CMS.

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

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

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

Social Security Act, which, if not implemented correctly could have a material adverse effect on our results of operations, financial position, or cash flows.

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

- Our CMS contracts which cover members' prescription drugs under Medicare Part D contain provisions for risk sharing and certain payments for prescription drug costs for which we are not at risk. These provisions, certain of which are described below, affect our ultimate payments from CMS.

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

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

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

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

HCMO - SUPP - 000741
PUBLIC

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

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

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

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

We are and will continue to be regularly subject to new laws and regulations, changes to existing laws and regulations, and judicial determinations that impact the interpretation and applicability of those laws and regulations. The Patient Protection and Affordable Care Act and The Health Care and Education Reconciliation Act of 2010 (which we collectively refer to as the Health Care Reform Law), the Families First Coronavirus Response Act (the "Families First Act"), the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), and the Inflation Reduction Act of 2022 (the "Inflation Reduction Act"), and related regulations, are examples of laws which have enacted significant reforms to various aspects of the U.S. health insurance industry, including among others, mandated coverage requirements, mandated benefits and guarantee issuance associated with commercial medical insurance, rebates to policyholders based on minimum benefit ratios, adjustments to Medicare Advantage premiums, the establishment of federally facilitated or state-based exchanges coupled with programs designed to spread risk among insurers, the introduction of plan designs based on set actuarial values, and changes to the Part D prescription drug benefit design.

It is reasonably possible that these laws and regulations, as well as other current or future legislative, judicial or regulatory changes, including restrictions on our ability to manage our provider network, market and sell our products, or otherwise operate our business, or restrictions on profitability, including reviews by regulatory bodies that may compare our Medicare Advantage business profitability to our non-Medicare Advantage business profitability, or compare the profitability of various products within our Medicare Advantage business, and require that they remain within certain ranges of each other, increases in member benefits or changes to member eligibility criteria without corresponding increases in premium payments to us, further restrictions on service arrangements and fee payments between intercompany or vertically-integrated assets, increases in regulation of our prescription drug benefit businesses, or changes to the Part D prescription drug benefit design (and uncertainty arising from the implementation of these changes) may have a material adverse effect on our results of operations (including

restricting revenue, enrollment and premium growth in certain products and market segments, restricting our ability to expand into new markets, increasing our medical and operating costs, further lowering our Medicare payment rates and increasing our expenses associated with assessments); our financial position (including our ability to maintain the value of our goodwill); and our cash flows.

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

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

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

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

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

Corporate Practice of Medicine and Other Laws

As a corporate entity, Humana Inc. is not licensed to practice medicine. Many states in which we operate through our subsidiaries limit the practice of medicine to licensed individuals or professional organizations comprised of licensed individuals, and business corporations generally may not exercise control over the medical decisions of physicians. Statutes and regulations relating to the practice of medicine, fee-splitting between physicians and referral sources, and similar issues vary widely from state to state. Under management agreements between certain of our subsidiaries and affiliated physician-owned professional groups, these groups retain sole responsibility for all medical decisions, as well as for hiring and managing physicians and other licensed healthcare providers, developing operating policies and procedures, implementing professional standards and controls, and maintaining malpractice insurance. We believe that our health services operations comply with applicable state

HCMO - SUPP - 000743
PUBLIC

statutes regarding corporate practice of medicine, fee-splitting, and similar issues. However, any enforcement actions by governmental officials alleging non-compliance with these statutes, which could subject us to penalties or restructuring or reorganization of our business, may result in a material adverse effect on our results of operations, financial position, or cash flows.

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

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

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

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

State Regulation of our Products and Services

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

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

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

HCMO - SUPP - 000744
PUBLIC

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

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

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

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

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

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

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

other providers. Any of these events may have a material adverse effect on the provision of services to our members and our results of operations, financial position, and cash flows.

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

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

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

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

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

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

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

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

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

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

Because we operate as a holding company, we are dependent upon dividends and administrative expense reimbursements from our subsidiaries to fund the obligations of Humana Inc., our parent company. Certain of our insurance subsidiaries operate in states that regulate the payment of dividends, loans, administrative expense reimbursements or other cash transfers to Humana Inc., and require minimum levels of equity as well as limit investments to approved securities. The amount of dividends that may be paid to Humana Inc. by these insurance subsidiaries, without prior approval by state regulatory authorities, or ordinary dividends, is limited based on the entity's level of statutory income and statutory capital and surplus. In most states, prior notification is provided before paying a dividend even if approval is not required. Actual dividends paid may vary due to consideration of excess statutory capital and surplus and expected future surplus requirements related to, for example, premium volume and product mix. Dividends from our non-insurance companies such as in our CenterWell segment are generally not restricted by Departments of Insurance. In the event that we are unable to provide sufficient capital to fund the obligations of Humana Inc., our results of operations, financial position, and cash flows may be materially adversely affected.

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

Claims paying ability, financial strength, and debt ratings by recognized rating organizations are an increasingly important factor in establishing the competitive position of insurance companies. Ratings information is broadly disseminated and generally used throughout the industry. Historically, rating agencies take action to lower ratings due to, among other things, perceived concerns about liquidity or solvency, the competitive environment in the insurance industry, the inherent uncertainty in determining reserves for future claims, the outcome of pending litigation and regulatory investigations, and possible changes in the methodology or criteria applied by the rating agencies. Each of the rating agencies reviews its ratings periodically and there can be no assurance that current

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ratings will be maintained in the future. Our ratings reflect each rating agency's opinion of our financial strength, operating performance, and ability to meet our debt obligations or obligations to policyholders, but are not evaluations directed toward the protection of investors in our common stock and should not be relied upon as such.

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

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

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

We believe our cash balances, investment securities, operating cash flows, and funds available under our credit agreement or from other public or private financing sources, taken together, provide adequate resources to fund ongoing operating and regulatory requirements, acquisitions, future expansion opportunities, and capital expenditures for at least the next twelve months, as well as to refinance or repay debt, and repurchase shares. However, continuing adverse securities and credit market conditions may significantly affect the availability of credit. While there is no assurance in the current economic environment, we have no reason to believe the lenders participating in our credit agreement will not be willing and able to provide financing in accordance with the terms of the agreement.

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

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ITEM 1C. CYBERSECURITY

Risk Management and Strategy

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

a. Employing a qualified Chief Information Security Officer.
b. Maintaining tools to identify malicious cyber activity.
c. Monitoring risks posed by threat actors, including through partnerships with industry groups and government agencies.
d. Providing annual cybersecurity training to our associates.
e. Testing our associates' knowledge through internal phishing simulations.
f. Engaging an independent third-party audit firm to perform an Annual Service Organizational Controls (SOC) 2 audit of enterprise claims platforms.
g. Reporting data breaches, as required by law, to the U.S. Department of Health and Human Services (HHS), Office for Civil Rights (OCR), and various state agencies; our reports are publicly available, free of charge, and can be obtained through the OCR Portal at https://ocrportal.hhs.gov/ocr/breach.
h. Maintaining a program to identify cybersecurity risks associated with certain third-party vendors, which is one component of an overall vendor risk management program.

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

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

Governance

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

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

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

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

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

ITEM 2. PROPERTIES

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

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

ITEM 3. LEGAL PROCEEDINGS

We are party to a variety of legal actions in the ordinary course of business, certain of which may be styled as class-action lawsuits. Among other matters, this litigation may include employment matters, claims of medical malpractice, bad faith, nonacceptance or termination of providers, anticompetitive practices, improper rate setting, provider contract rate disputes, qui tam litigation brought by individuals seeking to sue on behalf of the government, failure to disclose network discounts and various other provider arrangements, general contractual matters, intellectual property matters, and challenges to subrogation practices. For a discussion of our material legal actions, including those not in the ordinary course of business, see "Legal Proceedings and Certain Regulatory Matters" in Note 17 to the audited Consolidated Financial Statements included in Item 8. – Financial Statements and Supplementary Data. We cannot predict the outcome of these suits with certainty.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

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

Market Information

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

Holders of our Capital Stock

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

Dividends

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

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

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

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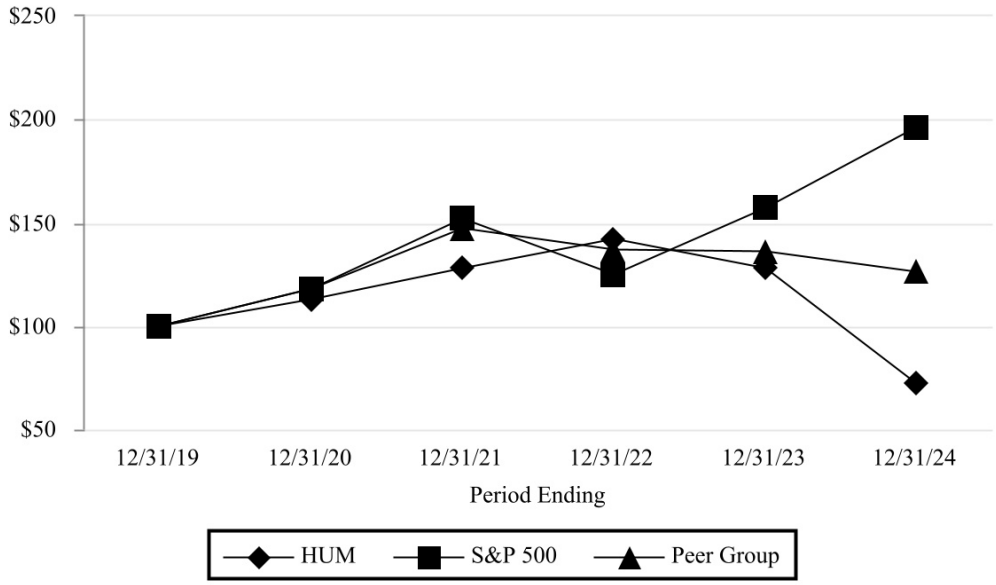
Stock Total Return Performance

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



	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024
HUM	$ 100	$ 113	$ 128	$ 142	$ 128	$ 72
S&P 500	$ 100	$ 118	$ 152	$ 125	$ 157	$ 196
Peer Group	$ 100	$ 118	$ 147	$ 137	$ 136	$ 126

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

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Issuer Purchases of Equity Securities

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

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)(2)	Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1) (2)
October 2024	—	$ —	—	$ 2,926,243,841
November 2024	—	—	—	2,926,243,841
December 2024	—	—	—	2,926,243,841
Total	—	$ —	—	

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

(2) Effective February 16, 2024, the Board of Directors replaced the February 2023 repurchase authorization (of which approximately $824 million remained unused) with a new share repurchase authorization for repurchases of up to $3 billion of our common shares exclusive of shares repurchased in connection with employee stock plans, expiring as of February 15, 2027, which we refer to as the 2024 repurchase authorization. Our remaining repurchase authorization was $2.9 billion as of February 19, 2025.

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ITEM 6. [Reserved]

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

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

Executive Overview

General

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

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

Employer Group Commercial Medical Products Business Exit

In February 2023, we announced our planned exit from the Employer Group Commercial Medical Products business, which includes all fully insured, self-funded and Federal Employee Health Benefit medical plans, as well as associated wellness and rewards programs. No other Humana health plan offerings are materially affected. Following a strategic review, we determined the Employer Group Commercial Medical Products business was no longer positioned to sustainably meet the needs of commercial members over the long term or support our long-term strategic plans. We anticipate the exit of this line of business to be finalized in the first half of 2025.

Value Creation Initiatives and Impairment Charges

In order to create capacity to fund growth and investment in our Medicare Advantage business and further expansion of our healthcare services capabilities beginning in 2022, we committed to drive additional value for the enterprise through cost saving, productivity initiatives, and value acceleration from previous investments. As a result of these initiatives, we recorded charges of $281 million and $436 million in 2024 and 2023, respectively, primarily within operating costs in the consolidated statements of income.

The value creation initiative charges primarily relate to $256 million and $237 million in asset impairments in 2024 and 2023, respectively, as well as $25 million and $199 million in severance charges in connection with workforce optimization in 2024 and 2023, respectively.

In addition, we recorded impairment charges of $200 million, relating to indefinite-lived intangible assets, in 2024 and $91 million, including $55 million relating to indefinite-lived intangible assets, in 2023. The indefinite-lived intangible asset impairment charges were included within operating costs in our consolidated statements of income with the remaining impairment charges included within investment income.

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

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COVID-19

The emergence and spread of the novel coronavirus, or COVID-19, beginning in the first quarter of 2020 has impacted our business. Initially during periods of increased incidences of COVID-19, a reduction in non-COVID-19 hospital admissions for non-emergent and elective medical care resulted in lower overall healthcare system utilization. At the same time, COVID-19 treatment and testing costs increased utilization. During 2022, we experienced lower overall utilization of the healthcare system than anticipated, as the reduction in COVID-19 utilization following the increased incidence associated with the Omicron variant outpaced the increase in non-COVID-19 utilization.

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

Business Segments

Our two reportable segments, Insurance and CenterWell, are based on a combination of the type of health plan customer and adjacent businesses centered on well-being solutions for our health plans and other customers, as described below. Our Chief Executive Officer, the Chief Operating Decision Maker, utilizes these segment groupings and results of each segment, measured by income (loss) from operations, to assess performance and allocate resources primarily during our annual budget process and periodic forecast updates. For segment financial information, refer to Note 18 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

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

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

Seasonality

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

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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. Beginning in 2025, changes to Part D under the Inflation Reduction Act are expected to increase risk-adjusted direct subsidies and cap members' out-of-pocket costs and as a result significantly impact seasonality and cost trends.

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

The Insurance segment also experiences seasonality in the operating cost ratio as a result of costs incurred in the second half of the year associated with the Medicare marketing season. The Insurance segment may experience adverse impacts in the operating cost ratio as a result of our Employer Group Commercial Medical Products exit. The Employer Group Commercial Fully-Insured business did not impact the Insurance segment operating cost ratio for the year-ended December 31, 2024 and increased the Insurance segment operating cost ratio by 30 basis points for the year ended December 31, 2023.

Highlights

- Our strategy offers our members affordable health care combined with a positive consumer experience in growing markets. At the core of this strategy is our integrated care delivery model, which unites quality care, high member engagement, and sophisticated data analytics. Our approach to primary, physician-directed care for our members aims to provide quality care that is consistent, integrated, cost-effective, and member-focused, provided by both employed physicians and physicians with network contract arrangements. The model is designed to improve health outcomes and affordability for individuals and for the health system as a whole, while offering our members a simple, seamless healthcare experience. We believe this strategy is positioning us for long-term growth in both membership and earnings. We offer providers a continuum of opportunities to increase the integration of care and offer assistance to providers in transitioning from a fee-for-service to a value-based arrangement. These include performance bonuses, shared savings and shared risk relationships. At December 31, 2024, approximately 3,994,300 members, or 71%, of our individual Medicare Advantage members were in value-based relationships under our integrated care delivery model, as compared to 3,764,300 members, or 70%, at December 31, 2023.

- Net income attributable to Humana was $1.2 billion, or $9.98 per diluted common share, and $2.5 billion, or $20.00 per diluted common share, in 2024 and 2023, respectively. This comparison was significantly impacted by put/call valuation adjustments associated with non-consolidating minority interest investments, charges associated with value creation initiatives, transaction and integration costs, impairment charges and an accrual related to certain anticipated litigation expenses. The impact of these adjustments to our consolidated income before income taxes and equity in net earnings and diluted earnings per common share was as follows for the 2024 and 2023 periods:

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	2024	2023
	(in millions)	
Consolidated income before income taxes and equity in net losses:		
Put/call valuation adjustments associated with our non-consolidating minority interest investments	$ 296	$ 320
Transaction and integration costs	—	(48)
Accrued charge related to certain anticipated litigation expenses	—	105
Value creation initiatives	281	436
Impairment charges	200	91
Total	$ 777	$ 904

	2024	2023
Diluted earnings per common share:		
Put/call valuation adjustments associated with our non-consolidating minority interest investments	$ 2.45	$ 2.57
Transaction and integration costs	—	(0.38)
Accrued charge related to certain anticipated litigation expenses	—	0.84
Value creation initiatives	2.33	3.50
Impairment charges	1.65	0.73
Net tax impact of transactions	(1.50)	(1.67)
Total	$ 4.93	$ 5.59

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Regulatory Environment

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

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

We intend for the discussion of our financial condition and results of operations that follows to assist in the understanding of our financial statements and related changes in certain key items in those financial statements from year to year, including the primary factors that accounted for those changes. Transactions between reportable segments primarily consist of sales of products and services rendered by our CenterWell segment, primarily pharmacy, primary care, and home solutions, to our Insurance segment customers and are described in Note 18 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

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Comparison of Results of Operations for 2024 and 2023

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

Consolidated

			Change	
	2024	2023	Dollars	Percentage
	(dollars in millions, except per common share results)			
Revenues:				
Insurance premiums	$ 112,104	$ 101,272	$ 10,832	10.7 %
Services:				
Insurance	966	1,000	(34)	(3.4)%
CenterWell	3,465	3,033	432	14.2 %
Total services revenue	4,431	4,033	398	9.9 %
Investment income	1,226	1,069	157	14.7 %
Total revenues	117,761	106,374	11,387	10.7 %
Operating expenses:				
Benefits	100,664	88,394	12,270	13.9 %
Operating costs	13,696	13,188	508	3.9 %
Depreciation and amortization	839	779	60	7.7 %
Total operating expenses	115,199	102,361	12,838	12.5 %
Income from operations	2,562	4,013	(1,451)	(36.2)%
Interest expense	660	493	167	33.9 %
Other expense, net	181	137	44	32.1 %
Income before income taxes and equity in net losses	1,721	3,383	(1,662)	(49.1)%
Provision for income taxes	413	836	(423)	(50.6)%
Equity in net losses	(94)	(63)	31	49.2 %
Net income	$ 1,214	$ 2,484	$ (1,270)	(51.1)%
Diluted earnings per common share	$ 9.98	$ 20.00	$ (10.02)	(50.1)%
Benefit ratio (a)	89.8 %	87.3 %		2.5 %
Operating cost ratio (b)	11.8 %	12.5 %		(0.7)%
Effective tax rate	25.5 %	25.2 %		0.3 %

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

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

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Premiums Revenue

Consolidated premiums revenue increased $10.8 billion, or 10.7%, from $101.3 billion in the 2023 period to $112.1 billion in the 2024 period primarily due to higher per member Medicare premiums as well as Medicare Advantage and state-based contracts membership growth. These factors were partially offset by the continued decline in stand-alone PDP membership, as well as a decline in membership in our group commercial medical business as a result of our decision to exit the business.

Services Revenue

Consolidated services revenue increased $0.4 billion, or 9.9%, from $4.0 billion in the 2023 period to $4.4 billion in the 2024 period primarily due to higher revenues associated with growth in the primary care business, partially offset by the impact of the v28 risk model revision.

Investment Income

Investment income increased $0.16 billion, or 14.7%, from $1.07 billion in the 2023 period to $1.23 billion in the 2024 period primarily due to an increase in interest income on our debt securities.

Benefits Expense

Consolidated benefits expense increased $12.3 billion, or 13.9%, from $88.4 billion in the 2023 period to $100.7 billion in the 2024 period. The consolidated benefit ratio increased 250 basis points from 87.3% in the 2023 period to 89.8% in the 2024 period primarily due to the continued impact of elevated Medicare Advantage and state-based contracts medical cost trends in the 2024 period as well as lower favorable prior period medical claims reserve development. These factors were partially offset by the impact of the pricing and benefit design of our 2024 Medicare Advantage products, which included a reduction in member benefits in response to the net impact of the 2024 final rate notice and the initial emergence of increased medical cost trends in 2023. Further, the year-over-year comparison continues to reflect a shift in line of business mix, with growth in Medicare Advantage and state-based contracts and other membership, which can carry a higher benefit ratio.

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

Operating Costs

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

Consolidated operating costs increased $0.5 billion, or 3.9%, from $13.2 billion in the 2023 period to $13.7 billion in the 2024 period. The consolidated operating cost ratio decreased 70 basis points from 12.5% in the 2023 period to 11.8% in the 2024 period. The ratio decrease was primarily due to scale efficiencies associated with growth in individual Medicare Advantage membership, administrative cost efficiencies resulting from our value creation initiatives, a lesser impact of commission expense for brokers in the 2024 period compared to the 2023 period as a result of significant individual Medicare Advantage membership growth in 2023, a lesser impact from charges related to value creation initiatives in the 2024 period compared to the 2023 period, as well as the impact of the accrued charge related to certain anticipated litigation expenses in the 2023 period. These factors were partially offset by significantly reduced compensation accruals in the 2023 period related to the annual incentive plan offered to employees across all levels of the company as our 2023 performance was negatively impacted by higher-than-anticipated Medicare Advantage utilization trends, as well as higher impairment costs in the 2024 period.

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Depreciation and Amortization

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

Interest Expense

Interest expense increased $167 million, or 33.9%, from $493 million in the 2023 period to $660 million in the 2024 period primarily due to an increase in interest rates and higher average debt balances.

Income Taxes

Our effective tax rate was 25.5% and 25.2% for the 2024 period and 2023 period, respectively. The year-over-year increase in the effective income tax rate is primarily due to a change in the mix of current year earnings between our Insurance segment and our CenterWell health services segment, as our CenterWell health services segment is subject to a higher effective tax rate than our Insurance segment. For a complete reconciliation of the federal statutory rate to the effective tax rate, refer to Note 12 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

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Insurance Segment

	2024	2023	Change Members	Change %
Membership:				
Individual Medicare Advantage	5,661,800	5,408,900	252,900	4.7 %
Group Medicare Advantage	545,700	509,600	36,100	7.1 %
Medicare stand-alone PDP	2,288,200	2,849,100	(560,900)	(19.7)%
Total Medicare	8,495,700	8,767,600	(271,900)	(3.1)%
Medicare Supplement	377,300	307,200	70,100	22.8 %
Commercial fully-insured	300	338,700	(338,400)	(99.9)%
State-based contracts and other	1,459,900	1,228,800	231,100	18.8 %
Military services	6,009,100	5,960,200	48,900	0.8 %
Commercial ASO	4,800	255,300	(250,500)	(98.1)%
Total Medical Membership	16,347,100	16,857,800	(510,700)	(3.0)%
Total Specialty Membership	4,562,000	4,868,300	(306,300)	(6.3)%

	2024	2023	Change $	Change %
		(in millions)		
Premiums and Services Revenue:				
Premiums:				
Individual Medicare Advantage	$ 88,019	$ 78,837	$ 9,182	11.6 %
Group Medicare Advantage	7,731	6,869	862	12.5 %
Medicare stand-alone PDP	3,137	2,189	948	43.3 %
Total Medicare	98,887	87,895	10,992	12.5 %
Commercial fully-insured	501	3,527	(3,026)	(85.8)%
Specialty benefits	955	1,007	(52)	(5.2)%
Medicare Supplement	846	735	111	15.1 %
State-based contracts and other	10,915	8,108	2,807	34.6 %
Premiums revenue	112,104	101,272	10,832	10.7 %
Commercial ASO	50	237	(187)	(78.9)%
Military services and other	916	763	153	20.1 %
Services revenue	966	1,000	(34)	(3.4)%
Total external revenues	$ 113,070	$ 102,272	$ 10,798	10.6 %
Income from operations	$ 1,289	$ 2,654	$ (1,365)	(51.4)%
Benefit ratio	90.4 %	88.0 %		2.4 %
Operating cost ratio	9.2 %	10.2 %		(1.0)%

Income from operations

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

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Enrollment

Individual Medicare Advantage membership increased 252,900 members, or 4.7%, from 5,408,900 members as of December 31, 2023 to 5,661,800 members as of December 31, 2024 primarily due to membership additions associated with the 2024 Annual Election Period, or AEP. Individual Medicare Advantage membership includes 937,100 D-SNP members as of December 31, 2024, a net increase of 65,800 D-SNP members, or 7.6%, from 871,300 members as of December 31, 2023. For the full year 2025, we anticipate net membership decline in our individual Medicare Advantage offerings of approximately 550,000 members.

Group Medicare Advantage membership increased 36,100 members, or 7.1%, from 509,600 members as of December 31, 2023 to 545,700 members as of December 31, 2024 primarily due to growth in small and medium group accounts. For the full year 2025, we anticipate net membership growth in our group Medicare Advantage offerings to be relatively flat.

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

State-based contracts and other membership increased 231,100 members, or 18.8%, from 1,228,800 members as of December 31, 2023 to 1,459,900 members as of December 31, 2024 reflecting the impact of membership additions associated with the implementation of new contracts partially offset with membership loss as a result of the public health of emergency unwind. For the full year 2025, we anticipate net membership growth in our state-based contracts of approximately 175,000 to 250,000 members.

Specialty membership decreased 306,300 members, or 6.3%, from 4,868,300 members as of December 31, 2023 to 4,562,000 members as of December 31, 2024 primarily due to non-renewal of dental and vision plans as a result of exit from the Employer Group Commercial Medical Products business.

The decrease in commercial fully-insured and ASO membership as of December 31, 2024 compared to December 31, 2023 is due to our exit of the Employer Group Commercial Medical Products business.

Premiums revenue

Insurance segment premiums revenue increased $10.8 billion, or 10.7%, from $101.3 billion in the 2023 period to $112.1 billion in the 2024 period primarily due to higher per member Medicare premiums as well as Medicare Advantage and state-based contracts membership growth. These factors were partially offset by the continued decline in stand-alone PDP membership, as well as a decline in membership in our group commercial medical business as a result of our decision to exit the business.

Services revenue

Insurance segment services revenue decreased $34 million, or 3.4%, from $1.0 billion in the 2023 period to $966 million in the 2024 period.

Benefits expense

The Insurance segment benefit ratio increased 240 basis points from 88.0% in the 2023 period to 90.4% in the 2024 period primarily due to the continued impact of elevated Medicare Advantage and state-based contracts medical cost trends in the 2024 period as well as lower favorable prior period medical claims reserve development. These factors were partially offset by the impact of the pricing and benefit design of our 2024 Medicare Advantage products, which included a reduction in member benefits in response to the net impact of the 2024 final rate notice and the initial emergence of increased medical cost trends in 2023. Further, the year-over-year comparison continues to reflect a shift in line of business mix, with growth in Medicare Advantage and state-based contracts and other membership, which can carry a higher benefit ratio.

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

Operating costs

The Insurance segment operating cost ratio decreased 100 basis points from 10.2% in the 2023 period to 9.2% in the 2024 period primarily due to scale efficiencies associated with growth in individual Medicare Advantage membership, administrative cost efficiencies resulting from our value creation initiatives, a lesser impact of commission expense for brokers in the 2024 period compared to the 2023 period as a result of significant individual Medicare Advantage membership growth in 2023, as well as the impact of the accrued charge related to certain anticipated litigation expenses included in the 2023 period. These factors were partially offset by significantly reduced compensation accruals in the 2023 period.

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CenterWell Segment

	2024	2023	Change	
			Dollars	Percentage
	(in millions)			
Revenues:				
Services:				
Home solutions	$ 1,313	$ 1,342	$ (29)	(2.2)%
Pharmacy solutions	904	849	55	6.5 %
Primary care	1,248	842	406	48.2 %
Total external revenues	3,465	3,033	432	14.2 %
Intersegment revenues:				
Home solutions	2,050	1,589	461	29.0 %
Pharmacy solutions	10,724	10,451	273	2.6 %
Primary care	3,697	3,332	365	11.0 %
Intersegment revenues	16,471	15,372	1,099	7.1 %
Total revenues	$ 19,936	18,405	1,531	8.3 %
Income from operations	$ 1,329	$ 1,404	$ (75)	(5.3)%
Operating cost ratio	92.2 %	91.2 %		1.0 %

Income from operations

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

Services revenue

CenterWell services revenue increased $0.4 billion, or 14.2%, from $3.0 billion in the 2023 period to $3.5 billion in the 2024 period primarily due to higher revenues associated with growth in the primary care business, partially offset by the impact of the v28 risk model revision.

Intersegment revenues

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

Operating costs

The CenterWell segment operating cost ratio increased 100 basis points from 91.2% in the 2023 period to 92.2% in the 2024 period primarily due to the unfavorable impact of the v28 risk model revision to the primary care business and the impact of significantly reduced compensation accruals in the 2023 period, partially offset by administrative cost efficiencies resulting from our value creation initiatives and positive prior-period medical claims reserve development within the Primary Care Organization.

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

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

	2024	2023	2022
		(in millions)	
Net cash provided by operating activities	$ 2,966	$ 3,981	$ 4,587
Net cash used in investing activities	(2,952)	(3,492)	(1,006)
Net cash used in financing activities	(2,487)	(856)	(1,914)
(Decrease) increase in cash and cash equivalents	$ (2,473)	$ (367)	$ 1,667

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Cash Flow from Operating Activities

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

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

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

				Change	
	2024	2023	2022	2024	2023
	(in millions)				
Medicare	$ 1,745	$ 1,426	$ 1,260	$ 319	$ 166
State-based contracts	614	215	65	399	150
Military services	180	148	101	32	47
Other	263	334	318	(71)	16
Allowance for doubtful accounts	(98)	(88)	(70)	(10)	(18)
Total net receivables	$ 2,704	$ 2,035	$ 1,674	669	361
Reconciliation to cash flow statement:					
Receivables acquired				—	(24)
Change in receivables per cash flow statement				$ 669	$ 337

The changes in Medicare receivables for both the 2024 period and the 2023 period reflect individual Medicare Advantage membership growth and the typical pattern caused by the timing of accruals and related collections associated with the CMS risk-adjustment model. The increase in State-based contracts receivables for the 2024 and 2023 periods is primarily related to expansion to various states.

Cash Flow from Investing Activities

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

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

Our ongoing capital expenditures primarily relate to our information technology initiatives, support of services in our primary care operations including medical and administrative facility improvements necessary for activities such as the provision of care to members, claims processing, billing and collections, wellness solutions, care coordination, regulatory compliance and customer service. Total net capital expenditures, excluding acquisitions, were $568 million, $794 million and $1.1 billion in the 2024, 2023 and 2022 periods, respectively.

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

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Cash Flow from Financing Activities

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

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

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

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

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

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

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

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

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

In November 2024, we repaid our $500 million 5.700% unsecured senior notes due March 13, 2026.

In August 2023, we entered into a Rule 10b5-1 Repurchase Plan to repurchase a portion of our $750 million aggregate principal amount of 1.350% senior notes maturing in February 2027, our $600 million aggregate principal amount of 3.950% senior notes maturing in March 2027, our $750 million aggregate principal amount of 3.700% senior notes maturing in March 2029, and our $500 million aggregate principal amount of 3.125% senior notes

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maturing in August 2029 during the period beginning on August 7, 2023 and ending on November 15, 2023. For the year ended December 31, 2023, we repurchased $339 million principal amount of these senior notes for approximately $310 million cash.

In March 2023, we entered into a Rule 10b5-1 Repurchase Plan to repurchase a portion of our $1.5 billion aggregate principal amount of 0.650% senior notes maturing in August 2023 and our $600 million aggregate principal amount of 3.850% senior notes maturing in October 2024 during the period beginning on March 13, 2023 and ending on July 21, 2023. For the year ended December 31, 2023, we repurchased $361 million principal amount of these senior notes for approximately $358 million cash. We repaid the remaining $1.2 billion aggregate principal amount of our 0.650% senior notes due on their maturity date of August 3, 2023. We repaid the remaining $559 million aggregate principal amount of our 3.850% senior notes on their maturity date of October 1, 2024.

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

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

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

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

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

Future Sources and Uses of Liquidity

Dividends

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

Stock Repurchases

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

Debt

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

Acquisitions & Divestitures

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

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Liquidity Requirements

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

Adverse changes in our credit rating may increase the rate of interest we pay and may impact the amount of credit available to us in the future. Our investment-grade credit rating at December 31, 2024 was BBB according to Standard & Poor's Rating Services, or S&P, and Baa2 according to Moody's Investors Services, Inc., or Moody's. A downgrade by S&P to BB+ or by Moody's to Ba1 triggers an interest rate increase of 25 basis points with respect to $250 million of our senior notes. Successive one notch downgrades increase the interest rate an additional 25 basis points, or annual interest expense by $1 million, up to a maximum 100 basis points, or annual interest expense by $3 million.

In addition, we operate as a holding company in a highly regulated industry. Humana Inc., our parent company, is dependent upon dividends and administrative expense reimbursements from our subsidiaries, most of which are subject to regulatory restrictions. We continue to maintain significant levels of aggregate excess statutory capital and surplus in our state-regulated operating subsidiaries. Cash, cash equivalents, and short-term investments at the parent company were $0.6 billion at December 31, 2024 compared to $0.5 billion at December 31, 2023. This increase primarily reflects working capital changes, net proceeds from the issuance of senior notes and commercial paper, proceeds from the sale and maturities of investment securities, dividends from insurance subsidiaries and cash from certain non-insurance subsidiaries within our CenterWell segment partially offset by common stock repurchases, repayment of maturing senior notes, repayment of borrowings under the commercial paper program, purchases of investment securities, capital expenditures, capital contributions to certain subsidiaries, cash dividends to shareholders and acquisitions. Our use of operating cash derived from our non-insurance subsidiaries, such as our CenterWell segment, is generally not restricted by departments of insurance (or comparable state regulators). Our regulated insurance subsidiaries paid dividends to our parent company of $1.5 billion in 2024, $1.8 billion in 2023, and $1.3 billion in 2022. Subsidiary capital requirements from significant premium growth may impact the amount of regulated subsidiary dividends. Refer to our parent company financial statements and accompanying notes in Schedule I - Parent Company Financial Information. The amount of ordinary dividends that may be paid to our parent company in 2025 is approximately $1.3 billion, in the aggregate. Actual dividends paid may vary due to consideration of excess statutory capital and surplus and expected future surplus requirements related to, for example, premium volume and product mix.

Regulatory Requirements

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

Off-Balance Sheet Arrangements

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

Guarantees and Indemnifications

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

Government Contracts

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

Critical Accounting Policies and Estimates

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

Benefits Expense Recognition

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

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

Completion Factor (a):		Claims Trend Factor (b):	
Factor Change (c)	Decrease in Benefits Payable	Factor Change (c)	Decrease in Benefits Payable
	(dollars in millions)		
0.90%	$793	4.00%	$727
0.80%	$705	4.75%	$682
0.70%	$617	3.50%	$636
0.60%	$529	3.25%	$591
0.50%	$440	3.00%	$545
0.40%	$352	2.75%	$500
0.30%	$264	2.50%	$454
0.20%	$176	2.25%	$409
0.10%	$88	2.00%	$363
0.05%	$44	1.75%	$318
0.03%	$22	1.50%	$273

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

HCMO - SUPP - 000772
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(b) Reflects estimated potential changes in benefits payable at December 31, 2024 caused by changes in annualized claims trend used for the estimation of per member per month incurred claims for the most recent two months.

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

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

	2024	2023	2022
	(in millions)		
Balances at January 1	$ 10,241	$ 9,264	$ 8,289
Acquisitions	—	62	—
Incurred related to:			
Current year	101,365	89,266	76,105
Prior years	(701)	(872)	(415)
Total incurred	100,664	88,394	75,690
Paid related to:			
Current year	(91,281)	(79,545)	(67,287)
Prior years	(9,184)	(7,934)	(7,428)
Total paid	(100,465)	(87,479)	(74,715)
Balances at December 31	$ 10,440	$ 10,241	$ 9,264

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

	Favorable Development by Changes in Key Assumptions					
	2024		2023		2022	
	Amount	Factor Change (a)	Amount	Factor Change (a)	Amount	Factor Change (a)
	(dollars in millions)					
Trend factors	$ (473)	(2.6)%	$ (586)	(3.5)%	$ (387)	(2.8)%
Completion factors	(228)	(0.3)%	(286)	(0.4)%	(28)	— %
Total	$ (701)		$ (872)		$ (415)	

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

As previously discussed, our reserving practice is to consistently recognize the actuarial best estimate of our ultimate liability for claims. Actuarial standards require the use of assumptions based on moderately adverse experience, which generally results in favorable reserve development, or reserves that are considered redundant. We experienced favorable medical claims reserve development related to prior fiscal years of $701 million in 2024, $872 million in 2023, and $415 million in 2022.

The favorable medical claims reserve development for 2024, 2023, and 2022 primarily reflects the consistent application of trend and completion factors estimated using an assumption of moderately adverse conditions.

HCMO - SUPP - 000773
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Our favorable development for each of the years presented above is discussed further in Note 11 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

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

Revenue Recognition

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

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

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

HCMO - SUPP - 000774
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Medicare Risk-Adjustment Provisions

CMS uses a risk-adjustment model which adjusts premiums paid to Medicare Advantage, or MA, plans according to health status of covered members. The risk-adjustment model, which CMS implemented pursuant to the Balanced Budget Act of 1997 (BBA) and the Benefits Improvement and Protection Act of 2000 (BIPA), generally pays more where a plan's membership has higher expected costs. Under this model, rates paid to MA plans are based on actuarially determined bids, which include a process whereby our prospective payments are based on our estimated cost of providing standard Medicare-covered benefits to an enrollee with a "national average risk profile." That baseline payment amount is adjusted to account for certain demographic characteristics and health status of our enrolled members. Under the risk-adjustment methodology, all MA plans must collect from providers and submit the necessary diagnosis code information to CMS within prescribed deadlines. The CMS risk-adjustment model uses the diagnosis data, collected from providers, to calculate the health status-related risk-adjusted premium payment to MA plans, which CMS further adjusts for coding pattern differences between the health plans and the government fee-for-service (FFS) program. We generally rely on providers, including certain providers in our network who are our employees, to code their claim submissions with appropriate diagnoses, which we send to CMS as the basis for our health status-adjusted payment received from CMS under the actuarial risk-adjustment model. We also rely on these providers to document appropriately all medical data, including the diagnosis data submitted with claims. In addition, we conduct medical record reviews as part of our data and payment accuracy compliance efforts, to more accurately reflect diagnosis conditions under the risk adjustment model. For additional information, refer to Note 17 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" and Part I, Item 1A, "Risk Factors" of this Form 10-K.

Investment Securities

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

	12/31/2024	Percentage of Total	12/31/2023	Percentage of Total
	(dollars in millions)			
U.S. Treasury and other U.S. government corporations and agencies:				
U.S. Treasury and agency obligations	$ 3,227	17.3 %	$ 2,667	15.7 %
Mortgage-backed securities	3,995	21.4 %	3,522	20.7 %
Tax-exempt municipal securities	526	2.8 %	858	5.0 %
Mortgage-backed securities:				
Residential	522	2.8 %	400	2.4 %
Commercial	1,206	6.5 %	1,345	7.9 %
Asset-backed securities	1,403	7.5 %	1,771	10.4 %
Corporate debt securities	7,756	41.7 %	6,445	37.9 %
Total debt securities	18,635	100.0 %	17,008	100.0 %

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

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

	Less than 12 months		12 months or more		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(in millions)					
U.S. Treasury and other U.S. government corporations and agencies:						
U.S. Treasury and agency obligations	$ 2,343	$ (68)	$ 456	$ (42)	$ 2,799	$ (110)
Mortgage-backed securities	1,766	(50)	2,203	(459)	3,969	(509)
Tax-exempt municipal securities	97	(1)	405	(21)	502	(22)
Mortgage-backed securities:						
Residential	130	(2)	343	(62)	473	(64)
Commercial	58	(1)	992	(84)	1,050	(85)
Asset-backed securities	419	(5)	436	(19)	855	(24)
Corporate debt securities	2,385	(51)	4,269	(544)	6,654	(595)
Total debt securities	$ 7,198	$ (178)	$ 9,104	$ (1,231)	$ 16,302	$ (1,409)

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

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

We participate in a securities lending program to optimize investment income. We loan certain investment securities for short periods of time in exchange for collateral initially equal to at least 102% of the fair value of the investment securities on loan. The fair value of the loaned investment securities is monitored on a daily basis, with additional collateral obtained or refunded as the fair value of the loaned investment securities fluctuates. The collateral, which may be in the form of cash or U.S. Government securities, is deposited by the borrower with an independent lending agent. Any cash collateral, which is reinvested by the lending agent primarily in short-term, highly liquid investments, is recorded as a securities lending collateral asset within other current assets on our

consolidated balance sheet at the end of the reporting period. We record a corresponding liability to reflect our obligation to return the collateral within trade accounts payable and accrued expenses on our consolidated balance sheet at the end of the reporting period. Collateral received in the form of securities is not recorded in our consolidated balance sheets because, absent default by the borrower, we do not have the right to sell, pledge or otherwise reinvest securities collateral. Loaned securities continue to be carried as investment securities on the consolidated balance sheet at the end of the reporting period. Earnings on the invested cash collateral, net of expense, associated with the securities lending payable are recorded as investment income.

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

All issuers of debt securities we own that were trading at an unrealized loss at December 31, 2024 remain current on all contractual payments. After taking into account these and other factors previously described, we believe these unrealized losses primarily were caused by an increase in market interest rates in the current markets since the time the debt securities were purchased. At December 31, 2024, we did not intend to sell any debt securities with an unrealized loss position in accumulated other comprehensive income, and it is not likely that we will be required to sell these debt securities before recovery of their amortized cost basis. Additionally, we did not record any material credit allowances for debt securities that were in an unrealized loss position at December 31, 2024, 2023 or 2022.

Goodwill, Indefinite-lived and Long-lived Assets

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

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

We perform a quantitative assessment to review goodwill for impairment to determine both the existence and amount of goodwill impairment, if any. Our strategy, long-range business plan, and annual planning process support our goodwill impairment tests. These tests are performed, at a minimum, annually in the fourth quarter, and are based on an evaluation of future discounted cash flows. We rely on this discounted cash flow analysis to determine fair value. However, outcomes from the discounted cash flow analysis are compared to other market approach valuation methodologies for reasonableness. We use discount rates that correspond to a market-based weighted-average cost of capital and terminal growth rates that correspond to long-term growth prospects, consistent with the long-term inflation rate. Key assumptions in our cash flow projections, including changes in membership, premium yields, medical and operating cost trends, and certain government contract extensions, are consistent with those utilized in our long-range business plan and annual planning process. If these assumptions differ from actual, including the impact of the Health Care Reform Law or changes in government reimbursement rates, the estimates underlying our goodwill impairment tests could be adversely affected. The fair value of our reporting units with

HCMO - SUPP - 000777
PUBLIC

significant goodwill exceeded carrying amounts by a substantial margin. However, unfavorable changes in key assumptions or combinations of assumptions including a significant increase in the discount rate, decrease in the long-term growth rate or substantial reduction in our underlying cash flow assumptions, including revenue growth rates, operating cost trends, and projected operating income could have a significant negative impact on the estimated fair value of our home solutions reporting unit, which accounted for $4.4 billion of goodwill. Impairment tests completed for 2024, 2023, and 2022 did not result in an impairment loss.

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

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

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

The level of our pretax earnings is subject to market risk due to changes in interest rates and the resulting impact on investment income and interest expense. We have entered into interest-rate swap agreements with major financial institutions to convert our interest-rate exposure on some of our senior notes payable from fixed rates to variable rates, based on Secured Overnight Financing Rate (SOFR), to align interest costs more closely with floating interest rates received on our cash equivalents and investment securities Under the revolving credit agreements, at our option, we can borrow on either a competitive advance basis or a revolving credit basis. The revolving credit portion bears interest at either Term SOFR or the base rate plus a spread. The competitive advance portion of any borrowings will bear interest at market rates prevailing at the time of borrowing on either a fixed rate or a floating rate based on Term SOFR, at our option. There were no borrowings outstanding under our credit agreements at December 31, 2024 or December 31, 2023.

Interest rate risk also represents a market risk factor affecting our consolidated financial position due to our significant investment portfolio, consisting primarily of fixed maturity securities of investment-grade quality with a weighted average S&P credit rating of AA- at December 31, 2024. Our net unrealized loss position increased $89 million from a net unrealized loss position of $1.3 billion at December 31, 2023 to a net unrealized loss position of

HCMO - SUPP - 000778
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$1.4 billion at December 31, 2024. At December 31, 2024, we had gross unrealized losses of $1.4 billion on our investment portfolio primarily due to an increase in market interest rates since the time the securities were purchased. We did not record any material credit allowances for debt securities that were in an unrealized loss position during 2024 and 2023. While we believe that these impairments will be recovered and we currently do not have the intent to sell such securities, given the current market conditions and the significant judgments involved, there is a continuing risk that future declines in fair value may occur and material realized losses from sales or credit loss impairments may be recorded in future periods.

Duration is the time-weighted average of the present value of the bond portfolio's cash flow. Duration is indicative of the relationship between changes in fair value and changes in interest rates, providing a general indication of the sensitivity of the fair values of our fixed maturity securities to changes in interest rates. However, actual fair values may differ significantly from estimates based on duration. The average duration of our investment portfolio, including cash and cash equivalents, was approximately 3.8 years as of December 31, 2024 and 3.0 years as of December 31, 2023. Based on the duration including cash equivalents, a 1% increase in interest rates would generally decrease the December 31, 2024 fair value of our securities by approximately $783 million.

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

	Increase (decrease) in pretax earnings given an interest rate decrease of X basis points			Increase (decrease) in pretax earnings given an interest rate increase of X basis points		
	(300)	(200)	(100)	100	200	300
	(in millions)					
As of December 31, 2024						
Investment income (a)	$ (322)	$ (210)	$ (105)	$ 106	$ 207	$ 308
Interest expense (b)	123	82	41	(41)	(82)	(123)
Pretax	$ (199)	$ (128)	$ (64)	$ 65	$ 125	$ 185
As of December 31, 2023						
Investment income (a)	$ (338)	$ (222)	$ (111)	$ 111	$ 224	$ 336
Interest expense (b)	129	86	43	(43)	(86)	(129)
Pretax	$ (209)	$ (136)	$ (68)	$ 68	$ 138	$ 207

(a) As of December 31, 2024 and 2023, none of our investments had interest rates below 1%.

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

HCMO - SUPP - 000779
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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Humana Inc.

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2024	2023
	(in millions, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,221	$ 4,694
Investment securities	18,214	16,626
Receivables, net of allowances of $98 in 2024 and $88 in 2023	2,704	2,035
Other current assets	6,676	6,631
Total current assets	29,815	29,986
Property and equipment, net	2,532	3,030
Long-term investment securities	421	382
Goodwill	9,631	9,550
Equity method investments	697	740
Other long-term assets	3,383	3,377
Total assets	$ 46,479	$ 47,065
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Benefits payable	$ 10,440	$ 10,241
Trade accounts payable and accrued expenses	5,259	6,569
Book overdraft	403	353
Unearned revenues	260	266
Short-term debt	577	1,443
Total current liabilities	16,939	18,872
Long-term debt	11,144	10,213
Other long-term liabilities	1,951	1,662
Total liabilities	30,034	30,747
Commitments and contingencies (Note 17)		
Stockholders' Equity:		
Preferred stock, $1 par; 10,000,000 shares authorized; none issued	—	—
Common stock, $0.16 2/3 par; 300,000,000 shares authorized; 198,718,810 shares issued at December 31, 2024 and 198,690,082 shares issued at December 31, 2023	33	33
Capital in excess of par value	3,463	3,346
Retained earnings	28,317	27,540
Accumulated other comprehensive loss	(1,067)	(999)
Treasury stock, at cost, 78,077,195 shares at December 31, 2024 and 76,465,862 shares at December 31, 2023	(14,371)	(13,658)
Total stockholders' equity	16,375	16,262
Noncontrolling interests	70	56
Total equity	16,445	16,318
Total liabilities and equity	$ 46,479	$ 47,065

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

Humana Inc.
CONSOLIDATED STATEMENTS OF INCOME

	For the year ended December 31,		
	2024	2023	2022
	(in millions, except per share results)		
Revenues:			
Premiums	$ 112,104	$ 101,272	$ 87,712
Services	4,431	4,033	4,776
Investment income	1,226	1,069	382
Total revenues	117,761	106,374	92,870
Operating expenses:			
Benefits	100,664	88,394	75,690
Operating costs	13,696	13,188	12,671
Depreciation and amortization	839	779	709
Total operating expenses	115,199	102,361	89,070
Income from operations	2,562	4,013	3,800
Gain on sale of Gentiva Hospice	—	—	(237)
Interest expense	660	493	401
Other expense, net	181	137	68
Income before income taxes and equity in net losses	1,721	3,383	3,568
Provision for income taxes	413	836	762
Equity in net losses	(94)	(63)	(4)
Net income	$ 1,214	$ 2,484	$ 2,802
Net (income) loss attributable to noncontrolling interests	(7)	5	4
Net income attributable to Humana	$ 1,207	$ 2,489	$ 2,806
Basic earnings per common share	$ 10.01	$ 20.09	$ 22.20
Diluted earnings per common share	$ 9.98	$ 20.00	$ 22.08

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

HCMO - SUPP - 000781
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Humana Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

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

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Humana Inc.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock		Capital In Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
	Issued Shares	Amount							
	(dollars in millions, share amounts in thousands)								
Balances, December 31, 2021	198,649	$ 33	$ 3,082	$ 23,086	$ 42	$ (10,163)	$ 16,080	$ 23	$ 16,103
Net income				2,806			2,806	(4)	2,802
Distribution to noncontrolling interest holders, net								(1)	(1)
Sale of Gentiva Hospice								(11)	(11)
Acquisition								52	52
Other comprehensive loss					(1,346)		(1,346)		(1,346)
Common stock repurchases	—		—			(2,096)	(2,096)		(2,096)
Dividends and dividend equivalents			—	(400)			(400)		(400)
Stock-based compensation			216				216		216
Restricted stock unit vesting	18	—	(78)			78	—		—
Stock option exercises	—	—	26			25	51		51
Balances, December 31, 2022	198,667	$ 33	$ 3,246	$ 25,492	$ (1,304)	$ (12,156)	$ 15,311	$ 59	$ 15,370
Net income				2,489			2,489	(5)	2,484
Distribution from noncontrolling interest holders, net							—	7	7
Acquisition							—	(5)	(5)
Other comprehensive income					305		305		305
Common stock repurchases	—		—			(1,586)	(1,586)		(1,586)
Dividends and dividend equivalents			—	(441)			(441)		(441)
Stock-based compensation			175				175		175
Restricted stock unit vesting	23	—	(80)			80	—		—
Stock option exercises	—	—	5			4	9		9
Balances, December 31, 2023	198,690	$ 33	$ 3,346	$ 27,540	$ (999)	$ (13,658)	$ 16,262	$ 56	$ 16,318
Net income				1,207			1,207	7	1,214
Distribution from noncontrolling interest holders, net							—	7	7
Other comprehensive loss					(68)		(68)		(68)
Common stock repurchases	—		—			(803)	(803)		(803)
Dividends and dividend equivalents			—	(430)			(430)		(430)
Stock-based compensation			207				207		207
Restricted stock unit vesting	29	—	(90)			90	—		—
Balances, December 31, 2024	198,719	$ 33	$ 3,463	$ 28,317	$ (1,067)	$ (14,371)	$ 16,375	$ 70	$ 16,445

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

HCMO - SUPP - 000783
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Humana Inc.
CONSOLIDATED STATEMENTS OF CASH FLOW

	For the year ended December 31,		
	2024	2023	2022
	(in millions)		
Cash flows from operating activities			
Net income	$ 1,214	$ 2,484	$ 2,802
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on sale of Gentiva Hospice	—	—	(237)
(Gain) loss on investment securities, net	(24)	54	205
Equity in net losses	94	63	4
Stock-based compensation	207	175	216
Depreciation	908	850	749
Amortization	60	67	96
Impairment of property and equipment	237	206	248
Impairment of indefinite-lived intangible assets	200	55	—
Deferred income taxes	(192)	(167)	(100)
Changes in operating assets and liabilities, net of effect of businesses acquired and dispositions:			
Receivables	(669)	(337)	(54)
Other assets	1,003	(1,318)	(463)
Benefits payable	199	915	975
Other liabilities	(373)	841	44
Unearned revenues	(6)	(20)	32
Other, net	108	113	70
Net cash provided by operating activities	2,966	3,981	4,587
Cash flows from investing activities			
Proceeds from sale of Gentiva Hospice, net	—	—	2,701
Acquisitions, net of cash and cash equivalents acquired	(89)	(233)	(337)
Purchases of property and equipment	(575)	(1,004)	(1,137)
Proceeds from sale of property and equipment	7	210	17
Changes in securities lending collateral receivable	(418)	—	—
Purchases of investment securities	(8,185)	(7,552)	(6,049)
Proceeds from maturities of investment securities	2,982	1,292	1,365
Proceeds from sales of investment securities	3,376	3,795	2,434
Other	(50)	—	—
Net cash used in investing activities	(2,952)	(3,492)	(1,006)
Cash flows from financing activities			
(Payments) receipts from contract deposits, net	(1,933)	828	1,993
Proceeds from issuance of senior notes, net	2,232	2,544	1,982
Repayment of senior notes	(1,107)	(1,832)	(1,000)
(Repayments) proceeds from issuance of commercial paper, net	(907)	211	(376)
Proceeds from short-term borrowings	—	100	—
Repayment of short-term borrowings	—	(100)	—
Repayment of term loan	—	(500)	(2,000)
Debt issue costs	(7)	(7)	(6)
Common stock repurchases	(817)	(1,573)	(2,096)
Dividends paid	(431)	(431)	(392)
Changes in securities lending payable	418	—	—
Changes in rebate factor payable	123	—	—
Change in book overdraft	50	55	(28)
Other, net	(108)	(151)	9
Net cash used in financing activities	(2,487)	(856)	(1,914)
(Decrease) increase in cash and cash equivalents	(2,473)	(367)	1,667
Cash and cash equivalents at beginning of period	4,694	5,061	3,394
Cash and cash equivalents at end of period	$ 2,221	$ 4,694	$ 5,061

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Humana Inc.
CONSOLIDATED STATEMENTS OF CASH FLOW—(Continued)

	For the year ended December 31,		
	2024	**2023**	**2022**
Supplemental cash flow disclosures:		**(in millions)**	
Interest payments	$ 584	$ 394	$ 354
Income tax payments, net	$ 570	$ 997	$ 758
Details of businesses acquired in purchase transactions:			
Fair value of assets acquired, net of cash acquired	$ 124	$ 462	$ 460
Less: Fair value of liabilities assumed	(35)	(234)	(70)
Less: Noncontrolling interests acquired	—	5	(53)
Cash paid for acquired businesses, net of cash acquired	$ 89	$ 233	$ 337

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

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1. REPORTING ENTITY

Nature of Operations

Humana Inc., headquartered in Louisville, Kentucky, is committed to putting health first – for our teammates, our customers, and our company. Through our Humana insurance services, and our CenterWell health care services, we make it easier for the millions of people we serve to achieve their best health – delivering the care and service they need, when they need it. These efforts are leading to a better quality of life for people with Medicare, Medicaid, families, individuals, military service personnel, and communities at large. References throughout these notes to consolidated financial statements to "we," "us," "our," "Company," and "Humana," mean Humana Inc. and its subsidiaries. We derived approximately 85% of our total premiums and services revenue from contracts with the federal government in 2024, including 14% related to our federal government contracts with the Centers for Medicare and Medicaid Services, or CMS, to provide health insurance coverage for individual Medicare Advantage members in Florida. CMS is the federal government's agency responsible for administering the Medicare program.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The areas involving the most significant use of estimates are the estimation of benefits payable, the impact of risk adjustment provisions related to our Medicare contracts, the valuation and related impairment recognition of investment securities, and the valuation and related impairment recognition of long-lived assets, including goodwill and indefinite-lived intangible assets. These estimates are based on knowledge of current events and anticipated future events, and accordingly, actual results may ultimately differ materially from those estimates.

Employer Group Commercial Medical Products Business Exit

In February 2023, we announced our planned exit from the Employer Group Commercial Medical Products business, which includes all fully insured, self-funded and Federal Employee Health Benefit medical plans, as well as associated wellness and rewards programs. No other Humana health plan offerings are materially affected. Following a strategic review, we determined the Employer Group Commercial Medical Products business was no longer positioned to sustainably meet the needs of commercial members over the long term or support our long-term strategic plans. We anticipate the exit of this line of business to be finalized in the first half of 2025.

Value Creation Initiatives and Impairment Charges

In order to create capacity to fund growth and investment in our Medicare Advantage business and further expansion of our healthcare services capabilities beginning in 2022, we committed to drive additional value for the enterprise through cost saving, productivity initiatives, and value acceleration from previous investments. As a result of these initiatives, we recorded charges of $281 million, $436 million and $473 million in 2024, 2023 and 2022, respectively, primarily within operating costs in the consolidated statements of income.

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

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

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

COVID-19

The emergence and spread of the novel coronavirus, or COVID-19, beginning in the first quarter of 2020 has impacted our business. Initially during periods of increased incidences of COVID-19, a reduction in non-COVID-19 hospital admissions for non-emergent and elective medical care resulted in lower overall healthcare system utilization. At the same time, COVID-19 treatment and testing costs increased utilization. During 2022, we experienced lower overall utilization of the healthcare system than anticipated, as the reduction in COVID-19 utilization following the increased incidence associated with the Omicron variant outpaced the increase in non-COVID-19 utilization.

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

Cash and Cash Equivalents

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

Investment Securities

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

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

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

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

Receivables and Revenue Recognition

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

Premiums Revenue

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

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

HCMO - SUPP - 000788
PUBLIC

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

Medicare Part D

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

The risk corridor provisions compare costs targeted in our bids to actual prescription drug costs, limited to actual costs that would have been incurred under the standard coverage as defined by CMS. Variances exceeding certain thresholds may result in CMS making additional payments to us or require us to refund to CMS a portion of the premiums we received. As risk corridor provisions are considered in our overall annual bid process, we estimate and recognize an adjustment to premiums revenue related to these provisions based upon pharmacy claims experience. We record a receivable or payable at the contract level and classify the amount as current or long-term in our consolidated balance sheets based on the timing of expected settlement.

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

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

	2024	2023	2022
		(in millions)	
Part D subsidy/discount payments	$ (17,762)	$ (17,582)	$ (16,530
Part D subsidy/discount reimbursements	15,921	18,353	18,498
Net (payments) reimbursements	$ (1,841)	$ 771	$ 1,968

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

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

HCMO - SUPP - 000789
PUBLIC

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

Patient services revenue

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

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

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

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

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

Administrative services fees

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

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

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

	2024	2023	2022
	(in millions)		
Health care cost payments	$ (7,477)	$ (7,073)	$ (7,11(
Health care cost reimbursements	7,385	7,130	7,13:
Net (payments) reimbursements	$ (92)	$ 57	$ 2:

Receivables

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

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

Other Current Assets

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

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

Policy Acquisition Costs

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

HCMO - SUPP - 000791
PUBLIC

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

Long-Lived Assets

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

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

Equity Method Investments

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

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

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

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

Goodwill and Intangible Assets

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

HCMO - SUPP - 000792
PUBLIC

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

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

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

Definite-lived intangible assets primarily relate to acquired customer contracts/relationships and are included with other long-term assets in the consolidated balance sheets. Definite-lived intangible assets are amortized over the useful life generally using the straight-line method. We review definite-lived intangible assets for impairment under our long-lived asset policy.

Benefits Payable and Benefits Expense Recognition

Benefits expense includes claim payments, capitation payments, pharmacy costs net of rebates, allocations of certain centralized expenses and various other costs incurred to provide health insurance coverage to members, as well as estimates of future payments to hospitals and others for medical care and other supplemental benefits provided on or prior to the balance sheet date. Capitation payments represent monthly contractual fees disbursed to primary care and other providers who are responsible for providing medical care to members. Pharmacy costs represent payments for members' prescription drug benefits, net of rebates from drug manufacturers. Receivables for such pharmacy rebates are included in other current assets in our consolidated balance sheets. Other supplemental benefits include dental, vision, and other supplemental health products.

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

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

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

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

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

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

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

HCMO - SUPP - 000794
PUBLIC

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

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

Future policy benefits payable

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

Book Overdraft

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

Income Taxes

We recognize an asset or liability for the deferred tax consequences of temporary differences between the tax bases of assets or liabilities and their reported amounts in the consolidated financial statements. These temporary differences will result in taxable or deductible amounts in future years when the reported amounts of the assets or liabilities are recovered or settled. We also recognize the future tax benefits such as net operating and capital loss carryforwards as deferred tax assets. A valuation allowance is provided against these deferred tax assets if it is more likely than not that some portion or all of the deferred tax assets will not be realized. Future years' tax expense may be increased or decreased by adjustments to the valuation allowance or to the estimated accrual for income taxes. Deferred tax assets and deferred tax liabilities are further adjusted for changes in the enacted tax rates.

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

Noncontrolling Interests

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

Stock-Based Compensation

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

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

Earnings Per Common Share

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

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

Fair Value

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

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

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

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

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

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

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

Recently Issued Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In December 2023, the FASB issued Accounting Standards Update No. 2023-07, Segment Reporting — Improvements to Reportable Segment Disclosures. The new guidance requires incremental disclosures related to a public entity's reportable segments but does not change the definition of a segment, the method for determining segments, or the criteria for aggregating operating segments into reportable segments. The new guidance became effective for us beginning with our annual 2024 year-end financial statements. The adoption of ASU 2023-07 in 2024 did not have a material impact on our consolidated financial statements. Our segment footnote disclosure was updated to reflect adoption of the standard.

Accounting Pronouncements Effective in Future Periods

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

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

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

HCMO - SUPP - 000797
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3. ACQUISITIONS AND DIVESTITURES

On August 11, 2022, we completed the sale of a 60% interest in Gentiva (formerly Kindred) Hospice to Clayton, Dubilier & Rice, or CD&R, for cash proceeds of approximately $2.7 billion, net of cash disposed, including debt repayments from Gentiva Hospice to Humana of $1.9 billion. In connection with the sale, we recognized a pre-tax gain, net of transaction costs, of $237 million which was reported as a gain on sale of Gentiva Hospice in the accompanying consolidated statement of income for the year ended December 31, 2022. Prior to the sale, Gentiva Hospice revenues and pretax earnings through the date of sale for the year ended December 31, 2022, were $958 million and $150 million, respectively.

During 2024, 2023, and 2022, 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 have been included in our consolidated statements of income and consolidated balance sheets from the respective acquisition dates. Acquisition-related costs recognized in each of 2024, 2023 and 2022 were not material to our results of operations. For asset acquisitions, the goodwill acquired is partially amortizable as deductible expenses for tax purposes. The pro forma financial information assuming the acquisitions had occurred as of the beginning of the calendar year prior to the year of acquisition, as well as the revenues and earnings generated during the year of acquisition, were not material for disclosure purposes.

4. EQUITY METHOD INVESTMENTS

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

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

Balance sheets	**December 31, 2024**	**December 31, 2023**
	(in millions)	
Current assets	$ 407	$ 415
Non-current assets	3,957	4,260
Current liabilities	413	409
Non-current liabilities	2,483	2,719
Shareholders' equity	1,468	1,547

Statements of income	**For the year ended December 31, 2024**	**For the year ended December 31, 2023**
	(in millions)	
Revenues	$ 1,994	$ 1,850
Expenses	2,086	1,873
Net loss	(92)	(23

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

Other equity method investments

We have several other individually immaterial equity method investments included within equity method investments in our consolidated balance sheets as of December 31, 2024 and 2023 with our share of income or loss reported as equity in net losses in our consolidated statements of income for the years ended December 31, 2024, 2023 and 2022.

HCMO - SUPP - 000799
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5. INVESTMENT SECURITIES

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

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in millions)			
December 31, 2024				
U.S. Treasury and other U.S. government corporations and agencies:				
U.S. Treasury and agency obligations	$ 3,336	$ 1	$ (110)	$ 3,227
Mortgage-backed securities	4,504	—	(509)	3,995
Tax-exempt municipal securities	548	—	(22)	526
Mortgage-backed securities:				
Residential	586	—	(64)	522
Commercial	1,290	1	(85)	1,206
Asset-backed securities	1,424	3	(24)	1,403
Corporate debt securities	8,330	21	(595)	7,756
Total debt securities	$ 20,018	$ 26	$ (1,409)	18,635
December 31, 2023				
U.S. Treasury and other U.S. government corporations and agencies:				
U.S. Treasury and agency obligations	$ 2,717	$ 1	$ (51)	$ 2,667
Mortgage-backed securities	3,946	1	(425)	3,522
Tax-exempt municipal securities	879	1	(22)	858
Mortgage-backed securities:				
Residential	465	1	(66)	400
Commercial	1,471	—	(126)	1,345
Asset-backed securities	1,813	2	(44)	1,771
Corporate debt securities	7,011	28	(594)	6,445
Total debt securities	$ 18,302	$ 34	$ (1,328)	17,008

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

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

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

	Less than 12 months		12 months or more		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(in millions)					
December 31, 2024						
U.S. Treasury and other U.S. government corporations and agencies:						
U.S. Treasury and agency obligations	$ 2,343	$ (68)	$ 456	$ (42)	$ 2,799	$ (110)
Mortgage-backed securities	1,766	(50)	2,203	(459)	3,969	(509)
Tax-exempt municipal securities	97	(1)	405	(21)	502	(22)
Mortgage-backed securities:						
Residential	130	(2)	343	(62)	473	(64)
Commercial	58	(1)	992	(84)	1,050	(85)
Asset-backed securities	419	(5)	436	(19)	855	(24)
Corporate debt securities	2,385	(51)	4,269	(544)	6,654	(595)
Total debt securities	$ 7,198	$ (178)	$ 9,104	$ (1,231)	$ 16,302	$ (1,409)
December 31, 2023						
U.S. Treasury and other U.S. government corporations and agencies:						
U.S. Treasury and agency obligations	$ 1,899	$ (12)	$ 431	$ (39)	$ 2,330	$ (51)
Mortgage-backed securities	958	(12)	2,269	(413)	3,227	(425)
Tax-exempt municipal securities	160	(1)	523	(21)	683	(22)
Mortgage-backed securities:						
Residential	—	—	373	(66)	373	(66)
Commercial	18	—	1,303	(126)	1,321	(126)
Asset-backed securities	120	(1)	1,364	(43)	1,484	(44)
Corporate debt securities	466	(2)	4,783	(592)	5,249	(594)
Total debt securities	$ 3,621	$ (28)	$ 11,046	$ (1,300)	$ 14,667	$ (1,328)

Approximately 97% of our debt securities were investment-grade quality, with a weighted average credit rating of AA- by Standard & Poor's Rating Service, or S&P at December 31, 2024. Our remaining debt securities below investment grade were primarily rated B+, the higher end of the below investment-grade rating scale. Tax-exempt

municipal securities were diversified among general obligation bonds of states and local municipalities in the United States as well as special revenue bonds issued by municipalities to finance specific public works projects such as utilities, water and sewer, transportation, or education. Our general obligation bonds are diversified across the United States with no individual state exceeding approximately 1% of our total debt securities. Our investment policy limits investments in a single issuer and requires diversification among various asset types.

Our unrealized losses from all debt securities were generated from approximately 1,780 positions out of a total of approximately 2,200 positions at December 31, 2024. All issuers of debt securities we own that were trading at an unrealized loss at December 31, 2024 remain current on all contractual payments. After taking into account these and other factors previously described, we believe these unrealized losses primarily were caused by an increase in market interest rates in the current markets since the time the debt securities were purchased. At December 31, 2024, we did not intend to sell any debt securities with an unrealized loss position in accumulated other comprehensive income, and it is not likely that we will be required to sell these debt securities before recovery of their amortized cost basis. Additionally, we did not record any material credit allowances for debt securities that were in an unrealized loss position at December 31, 2024, 2023 or 2022.

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

	2024	2023	2022
	(in millions)		
Gross gains on investment securities	$ 37	$ 46	$ 62
Gross losses on investment securities	(13)	(101)	(144)
Gross gains on equity securities	—	1	51
Gross losses on equity securities	—	—	(174)
Net recognized gains (losses) on investment securities	$ 24	$ (54)	$ (205)

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

	2024	2023	2022
	(in millions)		
Net gains (losses) recognized on equity securities during the period	$ —	$ 1	$ (123)
Less: Net gains (losses) recognized on equity securities sold during the period	—	1	(105)
Unrealized losses recognized on equity securities still held at the end of the period	$ —	$ —	$ (18)

The contractual maturities of debt securities available for sale at December 31, 2024, regardless of their balance sheet classification, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
	(in millions)	
Due within one year	$ 1,070	$ 1,06
Due after one year through five years	5,565	5,39
Due after five years through ten years	4,292	3,97
Due after ten years	1,287	1,06
Mortgage and asset-backed securities	7,804	7,12
Total debt securities	$ 20,018	$ 18,63

6. FAIR VALUE

Financial Assets

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

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
		(in millions)		
December 31, 2024				
Cash equivalents	$ 2,048	$ 2,048	$ —	$ —
Debt securities:				
U.S. Treasury and other U.S. government corporations and agencies:				
U.S. Treasury and agency obligations	3,227	—	3,227	—
Mortgage-backed securities	3,995	—	3,995	—
Tax-exempt municipal securities	526	—	526	—
Mortgage-backed securities:				
Residential	522	—	522	—
Commercial	1,206	—	1,199	7
Asset-backed securities	1,403	—	1,330	73
Corporate debt securities	7,756	—	7,514	242
Total debt securities	18,635	—	18,313	322
Securities lending invested collateral	418	418	—	—
Total invested assets	$ 21,101	$ 2,466	$ 18,313	$ 322
December 31, 2023				
Cash equivalents	$ 4,582	$ 4,582	$ —	$ —
Debt securities:				
U.S. Treasury and other U.S. government corporations and agencies:				
U.S. Treasury and agency obligations	2,667	—	2,667	—
Mortgage-backed securities	3,522	—	3,522	—
Tax-exempt municipal securities	858	—	858	—
Mortgage-backed securities:				
Residential	400	—	396	4
Commercial	1,345	—	1,345	—
Asset-backed securities	1,771	—	1,733	38
Corporate debt securities	6,445	—	6,269	176
Total debt securities	17,008	—	16,790	218
Total invested assets	$ 21,590	$ 4,582	$ 16,790	$ 218

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

	For the year ended December 31, 2024	For the year ended December 31, 2023
	Private Placements	
	(in millions)	
Beginning balance at January 1	$ 218	$ 101
Total gains or losses:		
Realized in earnings	(1)	—
Unrealized in other comprehensive income	(1)	3
Purchases	114	115
Sales	(3)	—
Settlements	(5)	—
Transfers Out	—	(8)
Transfers In	—	7
Balance at December 31	$ 322	$ 218

Interest Rate Swaps

We have entered into interest-rate swap agreements with major financial institutions to convert our interest-rate exposure on some of our senior notes payable from fixed rates to variable rates, based on Secured Overnight Financing Rate (SOFR), to align interest costs more closely with floating interest rates received on our cash equivalents and investment securities. These swap agreements were qualified and designated as a fair value hedge. Our interest rate swaps are recognized in other assets or other liabilities, as appropriate, in our consolidated balance sheets at fair value as of the reporting date. Our interest rate swaps are highly effective at reflecting the fair value of our hedged fixed rate senior notes payable. We utilize market-based financing rates, forward yield curves and discount rates in determining fair value of these swaps at each reporting date, a Level 2 measure within the fair value hierarchy. The cumulative, aggregate adjustment to the carrying value of the senior notes was a decrease of approximately $129 million at December 31, 2024. The swap liability, included within other long-term liabilities on our consolidated balance sheet, was approximately $129 million at December 31, 2024. The swap asset, included within other long-term assets on our consolidated balance sheet, was approximately $68 million at December 31, 2023. We include the gain or loss on the swap agreements in interest expense on our consolidated statement of income, the same line item as the offsetting loss or gain on the related senior notes. The gain or loss due to hedge ineffectiveness was not material for the year ended December 31, 2024.

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

Senior Notes Under Swap Agreements	Notional amount at December 31, 2024	Notional amount at December 31, 2023
	(in millions)	
$750 million, 5.875% due March 1, 2033	$ 650	$ 650
$850 million, 5.950% due March 15, 2034	800	400
$500 million, 3.950% due August 15, 2049	450	450
$750 million, 5.500% due March 15, 2053	700	300
$400 million, 4.625% due December 1, 2042	400	—
$750 million, 4.950% due October 1, 2044	400	—
$1,250 million, 5.375% due April, 15, 2031	700	—
$400 million, 4.800% due March 15, 2047	200	—
$1,000 million, 5.750% due April 15, 2054	700	—

Financial Liabilities

Our debt is recorded at carrying value in our consolidated balance sheets. The carrying value of our senior notes debt outstanding, net of unamortized debt issuance costs, was $11.7 billion at December 31, 2024 and $10.8 billion at December 31, 2023. The fair value of our senior note debt was $11.2 billion at December 31, 2024 and $10.6 billion at December 31, 2023. The fair value of our senior note debt is determined based on Level 2 inputs, including quoted market prices for the same or similar debt, or if no quoted market prices are available, on the current prices estimated to be available to us for debt with similar terms and remaining maturities. Carrying value approximates fair value for our term loans and commercial paper borrowings. We had no outstanding commercial paper borrowings at December 31, 2024. The commercial paper borrowings were $0.9 billion at December 31, 2023.

Put and Call Options Measured at Fair Value

The put and call options fair values associated with our Primary Care Organization strategic partnership with Welsh, Carson, Anderson & Stowe, or WCAS, which are exercisable at a fixed revenue exit multiple and provide a minimum return on WCAS' investment if exercised, are measured at fair value each reporting period using a Monte Carlo simulation. The put and call options fair values, derived from the Monte Carlo simulation, were $883 million and $10 million, respectively, at December 31, 2024. The put and call options fair values, derived from the Monte Carlo simulation, were $595 million and $18 million, respectively, at December 31, 2023. The put liability and call asset are included within other long-term liabilities and other long-term assets, respectively, within our consolidated balance sheets.

The significant unobservable inputs utilized in these Level 3 fair value measurements (and selected values) include the enterprise value, annualized volatility and credit spread. Enterprise value was derived from a discounted cash flow model, which utilized significant unobservable inputs for long-term revenue, to measure underlying cash flows, weighted average cost of capital and long term growth rate. The table below presents the assumptions used for December 31, 2024 and 2023, respectively:

	December 31, 2024	December 31, 2023
Annualized volatility	17.5% - 18.9%	16.1% to 17.8%
Credit spread	0.9% - 1.5%	0.9% to 1.1%
Revenue exit multiple	1.5x - 2.5x	1.5x - 2.5x
Weighted average cost of capital	11.0% - 14.5%	11.0% to 12.5%
Long term growth rate	3.0 %	3.0 %

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

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Certain assets and liabilities are measured at fair value on a non-recurring basis subject to fair value adjustment only in certain circumstances. As disclosed in Note 3, we completed the sale of a 60% interest in Gentiva Hospice on August 11, 2022. The carrying value of the assets and liabilities of Gentiva Hospice disposed approximates fair value. The amount of goodwill included in the carrying value is based on the relative fair value of Gentiva Hospice as compared to the total fair value of our home solutions reporting unit included within the CenterWell segment.

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

7. MEDICARE PART D

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

	2024		2023	
	Risk Corridor Settlement	CMS Subsidies/ Discounts	Risk Corridor Settlement	CMS Subsidies/ Discounts
	(in millions)			
Other current assets	$ 190	$ 1,203	$ 224	$ 514
Trade accounts payable and accrued expenses	(83)	(673)	(232)	(1,825)
Net current asset (liability)	107	530	(8)	(1,311)
Other long-term assets	58	—	17	—
Other long-term liabilities	(39)	—	(77)	—
Net long-term asset (liability)	19	—	(60)	—
Total net asset (liability)	$ 126	$ 530	$ (68)	$ (1,311)

8. PROPERTY AND EQUIPMENT, NET

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

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

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

9. GOODWILL AND OTHER INTANGIBLE ASSETS

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

	Insurance	CenterWell	Total
	(in millions)		
Balance at January 1, 2023	$ 2,472	$ 6,670	$ 9,142
Acquisitions	191	217	408
Balance at December 31, 2023	2,663	6,887	9,550
Acquisitions	—	81	81
Balance at December 31, 2024	$ 2,663	$ 6,968	$ 9,631

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

	Weighted Average Life	2024			2023		
		Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
		(in millions)					
Other intangible assets:							
Certificates of need	Indefinite	$ 910	$ —	$ 910	$ 1,092	$ —	$ 1,092
Medicare licenses	Indefinite	270	—	270	288	—	288
Customer contracts/relationships	9.4 years	965	759	206	956	718	238
Trade names and technology	6.7 years	139	119	20	139	109	30
Provider contracts	11.9 years	67	64	3	67	62	5
Noncompetes and other	8.4 years	85	51	34	84	44	40
Total other intangible assets	9.2 years	$ 2,436	$ 993	$ 1,443	$ 2,626	$ 933	$ 1,693

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

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

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

	(in millions)
2025	$ 59
2026	45
2027	34
2028	30
2029	29

10. LEASES

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

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

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

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

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

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

Maturity of Lease Liabilities	December 31, 2024
For the years ended December 31,	(in millions)
2025	$ 14
2026	12
2027	10
2028	7
2029	4
After 2029	6
Total lease payments	56
Less: Interest	4
Present value of lease liabilities	$ 52

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

11. BENEFITS PAYABLE

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

	2024	2023	2022
		(in millions)	
Balances at January 1	$ 10,241	$ 9,264	$ 8,289
Acquisitions	—	62	—
Incurred related to:			
Current year	101,365	89,266	76,105
Prior years	(701)	(872)	(415)
Total incurred	100,664	88,394	75,690
Paid related to:			
Current year	(91,281)	(79,545)	(67,287)
Prior years	(9,184)	(7,934)	(7,428)
Total paid	(100,465)	(87,479)	(74,715)
Balances at December 31	$ 10,440	$ 10,241	$ 9,264

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

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

As previously discussed, our reserving practice is to consistently recognize the actuarial best estimate of our ultimate liability for claims. Actuarial standards require the use of assumptions based on moderately adverse experience, which generally results in favorable reserve development, or reserves that are considered redundant. We experienced favorable medical claims reserve development related to prior fiscal years of $701 million in 2024, $872 million in 2023, and $415 million in 2022.

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

Incurred and Paid Claims Development

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

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

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

	Incurred Claims, Net of Reinsurance For the Years Ended December 31,		
Claims Incurred Year	**2022 Unaudited**	**2023 Unaudited**	**2024**
		(in millions)	
2022 & Prior	$ 76,105	$ 75,447	$ 75,399
2023		89,328	88,675
2024			101,365
Total			$ 265,439

	Cumulative Paid Claims, Net of Reinsurance For the Years Ended December 31,		
Claims Incurred Year	**2022 Unaudited**	**2023 Unaudited**	**2024**
		(in millions)	
2022 & Prior	$ 67,287	$ 74,989	$ 75,399
2023		79,545	88,319
2024			91,281
Total			254,999
Benefits payable, net of reinsurance			$ 10,440

For additional information regarding our benefits payable and benefits expense recognition, refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in this Form 10-K.

12. INCOME TAXES

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

	2024	2023	2022
		(in millions)	
Current provision:			
Federal	$ 566	$ 915	$ 755
States and Puerto Rico	39	85	107
Total current provision	605	1,000	862
Deferred benefit	(192)	(164)	(100)
Provision for income taxes	$ 413	$ 836	$ 762

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

	2024	2023	2022
		(in millions)	
Income tax provision at federal statutory rate	$ 340	$ 698	$ 750
States, net of federal benefit, and Puerto Rico	36	61	49
Tax exempt investment income	(3)	(3)	(3)
Nondeductible executive compensation	31	19	30
State lookback review refund claims	(17)	—	—
Tax effect from sale of Gentiva Hospice	—	—	(72)
Unrecognized Tax Benefits	29	37	—
Other, net	(3)	24	8
Provision for income taxes	$ 413	$ 836	$ 762

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

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

	Assets (Liabilities)	
	2024	2023
	(in millions)	
Net operating loss carryforward	$ 93	$ 84
Compensation and other accrued expense	171	218
Benefits payable	217	150
Deferred acquisition costs	39	43
Other	6	16
Unearned revenues	6	5
Investment securities	510	419
Total deferred income tax assets	1,042	935
Valuation allowance	(85)	(73)
Total deferred income tax assets, net of valuation allowance	957	862
Depreciable property and intangible assets	(502)	(642)
Prepaid expenses	(172)	(156)
Other	(23)	(16)
Total deferred income tax liabilities	(697)	(814)
Total net deferred income tax assets (liabilities)	$ 260	$ 48
Amounts recognized in the consolidated balance sheets:		
Other long-term assets	$ 260	$ 48

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

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

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

13. DEBT

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

	2024	2023
	(in millions)	
Short-term debt:		
Commercial paper	$ —	$ 871
Senior notes:		
$600 million, 3.850% due October 1, 2024	—	572
$600 million, 4.500% due April 1, 2025	577	—
Total senior notes	577	572
Total short-term debt	$ 577	$ 1,443
Long-term debt:		
Senior notes:		
$600 million, 4.500% due April 1, 2025	$ —	$ 598
$500 million, 5.700% due March 13, 2026	—	498
$750 million, 1.350% due February 3, 2027	689	688
$600 million, 3.950% due March 15, 2027	538	537
$500 million, 5.750% due March 1, 2028	490	495
$500 million, 5.750% due December 1, 2028	496	495
$750 million, 3.700% due March 23, 2029	585	590
$500 million, 3.125% due August 15, 2029	433	433
$500 million, 4.875% due April 1, 2030	497	496
$1,250 million, 5.375% due April, 15, 2031	1,226	—
$750 million, 2.150% due February 3, 2032	744	743
$750 million, 5.875% due March 1, 2033	726	750
$850 million, 5.950% due March 15, 2034	806	840
$250 million, 8.150% due June 15, 2038	260	261
$400 million, 4.625% due December 1, 2042	366	396
$750 million, 4.950% due October 1, 2044	714	740
$400 million, 4.800% due March 15, 2047	392	396
$500 million, 3.950% due August 15, 2049	505	529
$750 million, 5.500% due March 15, 2053	705	728
$1,000 million, 5.750% due April, 15, 2054	972	—
Total long-term debt	$ 11,144	$ 10,213

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

For the years ending December 31,	(in millions)
2025	$ 577
2026	—
2027	1,231
2028	993
2029	1,025
Thereafter	8,150

Senior Notes

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

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

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

We have entered into interest-rate swap agreements with major financial institutions to convert our interest-rate exposure on some of our senior notes payable from fixed rates to variable rates, based on Secured Overnight Financing Rate (SOFR), to align interest costs more closely with floating interest rates received on our cash equivalents and investment securities, as further described in Note 6. As a result, the carrying value of these senior notes has been adjusted to reflect changes in value caused by an increase or decrease in interest rates. The cumulative, aggregate adjustment to the carrying value of the senior notes was a decrease of approximately $129 million at December 31, 2024.

Revolving Credit Agreements

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

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

Under the credit agreements, at our option, we can borrow on either a competitive advance basis or a revolving credit basis. The revolving credit portion bears interest at Term SOFR or the base rate plus a spread. The

competitive advance portion of any borrowings will bear interest at market rates prevailing at the time of borrowing on either a fixed rate or a floating rate based Term SOFR, at our option.

The SOFR spread, currently 114 basis points under the 5-year revolving credit agreement and 116 basis points under the 364-day revolving credit agreement, varies depending on our credit ratings ranging from 92.0 to 130.0 basis points under the 5-year revolving credit agreement and from 94.0 to 135.0 basis points under the 364-day revolving credit agreement. We also pay an annual facility fee regardless of utilization. This facility fee, currently 11.0 basis points, under the 5-year revolving credit agreement and 9.0 basis points under the 364-day revolving agreement, varies depending on our credit ratings ranging from 8.0 to 20.0 basis points under the 5-year revolving credit agreement and from 6.0 to 15.0 basis points under the 364-day revolving credit agreement.

The terms of our revolving credit agreements include standard provisions related to conditions of borrowing which could limit our ability to borrow additional funds. In addition, 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 41.9% as measured in accordance with the revolving credit agreements as of December 31, 2024. Upon our agreement with one or more financial institutions, we may expand the aggregate commitments under the revolving credit agreements by up to $500 million, to a maximum of $5.25 billion, across the 5-year and 364-day revolving credit agreements.

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

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

Commercial Paper

Under our commercial paper program we may issue short-term, unsecured commercial paper notes privately placed on a discount basis through certain broker dealers at any time. Amounts available under the program may be borrowed, repaid and re-borrowed from time to time. The net proceeds of issuances have been and are expected to be used for general corporate purposes. The maximum principal amount outstanding at any one time during the year ended December 31, 2024 was $2.7 billion, with none outstanding at December 31, 2024 compared to $871 million outstanding at December 31, 2023.

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. In 2023, we received a short-term cash advance of $100 million from FHLB with certain of our marketable securities as collateral and subsequently repaid the outstanding balance in December 2023. At December 31, 2024 we had no outstanding short-term FHLB borrowings.

14. EMPLOYEE BENEFIT PLANS

Employee Savings Plan

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

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

Stock-Based Compensation

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

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

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

	2024	2023	2022
		(in millions)	
Stock-based compensation expense by type:			
Restricted stock	$ 198	$ 168	$ 207
Stock options	9	7	9
Total stock-based compensation expense	207	175	216
Tax benefit recognized	(29)	(28)	(28)
Stock-based compensation expense, net of tax	$ 178	$ 147	$ 188

The tax benefit recognized in our consolidated financial statements is based on the amount of compensation expense recorded for book purposes, subject to limitations on the deductibility of annual compensation in excess of $500,000 per employee as mandated by the Health Care Reform Law. The actual tax benefit realized in our tax return is based on the intrinsic value, or the excess of the market value over the exercise or purchase price, of stock options exercised and restricted stock vested during the period, subject to limitations on the deductibility of annual compensation in excess of $500,000 per employee as mandated by the Health Care Reform Law. The actual tax benefit realized for the deductions taken on our tax returns from option exercises and restricted stock vesting totaled $21 million in 2024, $30 million in 2023, and $31 million in 2022. There was no capitalized stock-based compensation expense during these years.

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

Restricted Stock

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

	Shares	Weighted-Average Grant-Date Fair Value
	(shares in thousands)	
Nonvested restricted stock at December 31, 2023	754	$ 488.06
Granted	686	364.59
Vested	(497)	389.41
Forfeited	(75)	433.72
Nonvested restricted stock at December 31, 2024	868	$ 426.40

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

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

Stock Options

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

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

	2024	2023	2022
Weighted-average fair value at grant date	$ 96.42	$ 130.74	$ 113.35
Expected option life (years)	3.5 years	3.0 years	3.6 years
Expected volatility	28.8 %	31.6 %	36.1 %
Risk-free interest rate at grant date	4.3 %	4.5 %	1.8 %
Dividend yield	0.9 %	0.7 %	0.7 %

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

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

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

	Shares Under Option	Weighted-Average Exercise Price
	(shares in thousands)	
Options outstanding at December 31, 2023	242	$ 415.18
Granted	149	385.05
Exercised	(1)	259.26
Forfeited	(15)	391.61
Options outstanding at December 31, 2024	375	$ 404.61
Options exercisable at December 31, 2024	166	$ 393.73

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

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

15. EARNINGS PER COMMON SHARE COMPUTATION

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

	2024	2023	2022
	(dollars in millions, except per common share results, number of shares/options in thousands)		
Net income available for common stockholders	$ 1,207	$ 2,489	$ 2,806
Weighted-average outstanding shares of common stock used to compute basic earnings per common share	120,571	123,866	126,419
Dilutive effect of:			
Employee stock options	3	32	50
Restricted stock	295	543	625
Shares used to compute diluted earnings per common share	120,869	124,441	127,094
Basic earnings per common share	$ 10.01	$ 20.09	$ 22.20
Diluted earnings per common share	$ 9.98	$ 20.00	$ 22.08
Number of antidilutive stock options and restricted stock awards excluded from computation	814	207	205

16. STOCKHOLDERS' EQUITY

Dividends

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

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

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

Stock Repurchases

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

Effective February 16, 2024, the Board of Directors replaced the February 2023 repurchase authorization (of which approximately $824 million remained unused) with a new share repurchase authorization for repurchases of up to $3 billion of our common shares exclusive of shares repurchased in connection with employee stock plans, expiring as of February 15, 2027, which we refer to as the 2024 repurchase authorization. During the year ended December 31, 2024, we repurchased approximately 0.2 million common shares in open market transactions under the 2024 repurchase authorization for $74 million at an average price of $339.55 and approximately 1.7 million common shares in open market transactions under the February 2023 repurchase authorization for $676 million at an average price of $390.30.

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

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

		2024		2023		2022	
Authorization Date	Purchase Not to Exceed	Shares	Cost	Shares	Cost	Shares	Cost
			(in millions)				
February 2024	3,000	0.2	$ 74	—	$ —	—	$ -
February 2023	3,000	1.7	$ 676	3.1	$ 1,500	—	$ -
February 2021	3,000	—	$ —	—	$ —	4.3	$ 2,00
Total repurchases		1.9	$ 750	3.1	$ 1,500	4.3	$ 2,00

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

Regulatory Requirements

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

Although minimum required levels of equity are largely based on premium volume, product mix, and the quality of assets held, minimum requirements vary significantly at the state level. Our state regulated insurance subsidiaries had aggregate statutory capital and surplus of approximately $13.2 billion and $12.2 billion as of December 31, 2024 and 2023, respectively, which exceeded aggregate minimum regulatory requirements of $11.4 billion and $9.8 billion, respectively. The amount of ordinary dividends that may be paid to our parent company in 2025 is approximately $1.3 billion in the aggregate. The amount, timing and mix of ordinary and extraordinary dividend payments will vary due to state regulatory requirements, the level of excess statutory capital and surplus and expected future surplus requirements related to, for example, premium volume and product mix. Actual dividends that were paid to our parent company were approximately $1.5 billion in 2024, $1.8 billion in 2023, and $1.3 billion in 2022.

17. COMMITMENTS, GUARANTEES AND CONTINGENCIES

Purchase Obligations

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

Off-Balance Sheet Arrangements

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

Guarantees and Indemnifications

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

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

Government Contracts

Our Medicare products, which accounted for approximately 85% of our total premiums and services revenue for the year ended December 31, 2024, primarily consisted of products covered under the Medicare Advantage and Medicare Part D Prescription Drug Plan contracts with the federal government. These contracts are renewed generally for a calendar year term unless CMS notifies us of its decision not to renew by May 1 of the calendar year in which the contract would end, or we notify CMS of our decision not to renew by the first Monday in June of the calendar year in which the contract would end. All material contracts between Humana and CMS relating to our Medicare products have been renewed for 2025, and all of our product offerings filed with CMS for 2025 have been approved.

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

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

In 2012, CMS released an MA contract-level RADV methodology that would extrapolate the results of each CMS RADV audit sample to the audited MA contract's entire health status-related risk adjusted premium amount for the year under audit. In doing so, CMS recognized "that the documentation standard used in RADV audits to determine a contract's payment error (medical records) is different from the documentation standard used to develop the Part C risk-adjustment model (FFS claims)." To correct for this difference, CMS stated that it would apply a "Fee-for-Service Adjuster (FFS Adjuster)" as "an offset to the preliminary recovery amount." This adjuster would be "calculated by CMS based on a RADV-like review of records submitted to support FFS claims data." CMS stated that this methodology would apply to audits beginning with PY 2011. Humana relied on CMS's 2012 guidance in submitting MA bids to CMS. Humana also launched a "Self-Audits" program in 2013 that applied CMS's 2012 RADV audit methodology and included an estimated FFS Adjuster. Humana completed Self-Audits for PYs 2011-2016 and reported results to CMS.

In October 2018, however, CMS issued a proposed rule announcing possible changes to the RADV audit methodology, including elimination of the FFS Adjuster. CMS proposed applying its revised methodology, including extrapolated recoveries without application of a FFS Adjuster, to RADV audits dating back to PY 2011. On January 30, 2023, CMS published a final rule related to the RADV audit methodology (Final RADV Rule). The Final RADV Rule confirmed CMS's decision to eliminate the FFS Adjuster. The Final RADV Rule states CMS's intention to extrapolate results from CMS and HHS-OIG RADV audits beginning with PY 2018, rather than PY

2011 as proposed. However, CMS's Final RADV Rule does not adopt a specific sampling, extrapolation or audit methodology. CMS instead stated its general plan to rely on "any statistically valid method . . . that is determined to be well-suited to a particular audit."

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

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

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

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

Our military services business, which accounted for approximately 1% of our total premiums and services revenue for the year ended December 31, 2024, primarily consisted of the TRICARE T2017 East Region contract. We delivered services under the T2017 East Region contract from commencement on January 1, 2018 through expiration on December 31, 2024. The T2017 East Region contract comprised 32 states and approximately 6 million TRICARE beneficiaries. In December 2022, we were awarded the next generation of TRICARE Managed Care Support Contracts, or T-5, for the updated TRICARE East Region by the Defense Health Agency of the DoD. The T-5 East Region contract commenced on January 1, 2025 and comprises 24 states, and Washington D.C., and approximately 4.6 million beneficiaries. The transition period for the T-5 contract began in January 2024 and overlapped the final year of the T2017 contract. The length of the contract is one transition year followed by eight annual option periods, which, if all options are exercised, would result in a total contract length of nine years.

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

Legal Proceedings and Certain Regulatory Matters

From time to time, the Civil Division of the United States Department of Justice has provided us with information requests, concerning our Medicare Part C risk adjustment practices. These requests relate to our oversight and submission of risk adjustment data generated by providers, as well as to our business and compliance practices related to risk adjustment data generated by our providers and by our Medicare Advantage Organizations. We continue to cooperate with the Department of Justice on these requests.

On January 19, 2016, an individual filed a qui tam suit captioned United States of America ex rel. Steven Scott v. Humana Inc in United States District Court, Western District of Kentucky, Louisville division. As previously disclosed, during 2023, we accrued certain anticipated expenses in connection with this matter. On August 15, 2024, Humana settled the claims in this suit, and paid the United States $90 million.

On September 1, 2023, Humana Inc. and Humana Benefit Plan of Texas, Inc. filed suit against the United States Department of Health and Human Services, and Xavier Becerra in his official capacity as Secretary, in the United States District Court, Northern District of Texas, Fort Worth Division seeking a determination that the Final RADV Rule violates the APA and should be set aside. There is no assurance that we will prevail in the lawsuit. See “Government Contracts” in this Note 17 for additional information regarding this matter.

In June 2024, a putative stockholder class action was filed against Humana Inc. and certain of our current and former executive officers under the federal securities laws in the United States District Court for the District of Delaware. The case, now captioned In re Humana Inc. Securities Litigation, alleges that between July 2022 and October 2024, Humana made false or misleading statements in its periodic SEC filings and statements to the financial markets about our financial performance and the medical costs and Star Ratings in our Medicare Advantage business. The action seeks, among other things, unspecified compensatory damages and attorneys' fees. Between July and November 2024, parallel stockholder derivative actions captioned Silva v. Broussard, Spikes v. Broussard, and Noble v. Broussard, respectively, were filed in the United States District Court for the Western District of Kentucky alleging that the same claimed acts and omissions underlying the federal securities law case also constitute a breach of fiduciary duty by certain of our current and former directors and executive officers. The actions seek, among other things, reforms to the Company's corporate governance and internal procedures, unspecified damages and attorneys' fees. We will vigorously defend against the allegations in all cases.

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

Other Lawsuits and Regulatory Matters

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

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

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

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

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

The outcome of any current or future litigation or governmental or internal investigations, including the matters described above, cannot be accurately predicted, nor can we predict any resulting judgments, penalties, fines or other sanctions that may be imposed at the discretion of federal or state regulatory authorities or as a result of actions by third parties. Nevertheless, it is reasonably possible that any such outcome of litigation, judgments, penalties, fines or other sanctions could be substantial, and the outcome of these matters may have a material adverse effect on our results of operations, financial position, and cash flows, and may also affect our reputation.

18. SEGMENT INFORMATION

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

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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.

In February 2023, we announced our planned exit from the Employer Group Commercial Medical Products business, which includes all fully insured, self-funded and Federal Employee Health Benefit medical plans, as well as associated wellness and rewards programs. No other Humana health plan offerings are materially affected. Following a strategic review, we determined the Employer Group Commercial Medical Products business was no longer positioned to sustainably meet the needs of commercial members over the long term or support our long-term strategic plans. We anticipate the exit of this line of business to be finalized in the first half of 2025.

The CenterWell segment includes our pharmacy, 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 includes the operations of CenterWell Pharmacy (our mail-order pharmacy business), CenterWell Specialty Pharmacy, and retail pharmacies jointly located within CenterWell Senior Primary Care clinics. In addition, our CenterWell intersegment revenues include revenues earned by certain owned providers and our home solutions business, including fee-for-service and certain value-based arrangements with our health plans.

We present our consolidated results of operations from the perspective of the health plans. As a result, the cost of providing benefits to our members, whether provided via a third-party provider or internally through a stand-alone subsidiary, is classified as benefits expense and excludes the portion of the cost for which the health plans do not bear responsibility, including member co-share amounts and government subsidies of $20.3 billion in 2024, $20.7 billion in 2023, and $19.7 billion in 2022. In addition, depreciation and amortization expense associated with certain businesses delivering benefits to our members, primarily associated with our primary care and pharmacy operations, are included with benefits expense. The amount of this expense was $129 million in 2024, $138 million in 2023, and $122 million in 2022.

Other than those described previously, the accounting policies of each segment are the same and are described in Note 2. Transactions between reportable segments primarily consist of sales of products and services rendered by our CenterWell segment, primarily pharmacy, primary care, and home solutions, to our Insurance segment customers. Intersegment sales and expenses are recorded primarily at fair value and eliminated in consolidation. Members served by our segments often use the same provider networks, enabling us in some instances to obtain more favorable contract terms with providers. Our segments also share indirect costs and assets. As a result, the profitability of each segment is interdependent. We allocate most operating expenses to our segments. Assets and certain corporate income and expenses are not allocated to the segments, including the portion of investment income not supporting segment operations, interest expense on corporate debt, and certain other corporate expenses. These items are managed at a corporate level. These corporate amounts are reported separately from our reportable segments and are included with intersegment eliminations in the tables presenting segment results below.

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

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

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

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

19. REINSURANCE

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

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

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

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

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Humana Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

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

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

Basis for Opinions

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

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

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

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in

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

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

Critical Audit Matters

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

Valuation of Incurred but not yet Reported Benefits Payable

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

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

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of IBNR, including controls over the actuarial methodologies and development of significant assumptions related to completion factors, per member per month claims trends, and the potential for moderately adverse conditions. These procedures also included, among others, the involvement of professionals with

specialized skill and knowledge to assist in developing an independent estimate of IBNR. This independent estimate includes a range of reasonable outcomes, including outcomes under moderately adverse conditions, which are compared to management's estimate of IBNR. Developing the independent estimate involved developing independent completion factors and per member per month claims trends assumptions using management's data, testing the completeness and accuracy of data provided by management, and evaluating the reasonableness of management's assumptions.

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

As described in Notes 2 and 9 to the consolidated financial statements, the Company's goodwill balance was $9.6 billion as of December 31, 2024, of which $4.4 billion relates to the Home Solutions reporting unit. The Company's other intangible assets balance was $1.4 billion as of December 31, 2024, of which $0.9 billion relates to the Certificates of Need intangible assets. Impairment tests are performed, at a minimum, in the fourth quarter of each year and more frequently if adverse events or changes in circumstances indicate that the asset may be impaired. Management uses future discounted cash flows analyses to determine fair value. Key assumptions in management's future discounted cash flow analyses include revenue growth rates, long-term growth rates, operating cost trends, projected operating income, and discount rates. The annual impairment assessment of the Certificates of Need intangible assets resulted in an impairment charge of $0.2 billion in the year ended December 31, 2024.

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

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

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

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

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

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Management's Responsibility for Financial Statements and Other Information

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

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

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

Evaluation of Disclosure Controls and Procedures

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

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

Management's Report on Internal Control Over Financial Reporting

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

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

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

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

Changes in Internal Control over Financial Reporting

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

ITEM 9B. OTHER INFORMATION

(a) None.

(b) During the three months ended December 31, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors

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

Executive Officers of the Registrant

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

Code of Conduct for Chief Executive Officer and Senior Financial Officers

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

Code of Business Conduct and Ethics

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

Corporate Governance Items

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

- a determination of independence for each member of our Board of Directors;
- the name, membership, role, and charter of each of the various committees of our Board of Directors;
- the name(s) of the directors designated as a financial expert under rules and regulations promulgated by the SEC;
- the responsibility of the Company’s Lead Independent Director, if applicable, to convene, set the agenda for, and lead executive sessions of the non-management directors, pursuant to our Corporate Governance Guidelines;
- the pre-approval process of non-audit services provided by our independent accountants;
- our By-laws and Certificate of Incorporation;
- our Majority Vote policy, pursuant to our By-laws;
- our Related Persons Transaction Policy;

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- the process by which interested parties can communicate with directors;
- the process by which stockholders can make director nominations (pursuant to our By-laws);
- our Corporate Governance Guidelines;
- Stock Ownership Guidelines for directors and for executive officers;
- the Humana Inc. Ethics Every Day and any waivers thereto; and
- the Code of Conduct for the Chief Executive Officer and Senior Financial Officers and any waivers thereto.

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

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

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

None.

Audit Committee Financial Expert

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

Audit Committee Composition and Independence

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

ITEM 11. EXECUTIVE COMPENSATION

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

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

Equity compensation plan information

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

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

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a))	
Equity compensation plans approved by security holders (1)	375,066	$ 404.615	$ 10,778,492	(2)(3)(4)
Equity compensation plans not approved by security holders	—	—	—	
Total	375,066	$ 404.615	$ 10,778,492	

(1) The above table does not include awards of shares of restricted stock or restricted stock units. For information concerning these awards, see Note 14.
(2) The Humana Inc. 2011 Stock Incentive Plan was approved by stockholders at the Annual Meeting held on April 21, 2011. On July 5, 2011, 18.5 million shares were registered with the Securities and Exchange Commission on Form S-8.
(3) The Humana Inc. Amended and Restated Stock Incentive Plan was approved by stockholders at the Annual Meeting held on April 18, 2019. On May 1, 2019, 16 million shares were registered with the Securities and Exchange Commission on Form S-8.
(4) Of the number listed above, 3,674,990 (1,445,966 from the 2011 Plan and 2,229,024 from the Amended and Restated Plan) can be issued as restricted stock at December 31, 2024 (giving effect to the provision that one restricted share is equivalent to 2.29 stock options in the 2011 Plan and 3.35 stock options in the Amended and Restated Plan).

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

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

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

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

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

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULE

(a) The financial statements, Report of Independent Registered Public Accounting Firm (PCAOB ID 238), financial statement schedule and exhibits set forth below are filed as part of this report.

(1) Financial Statements – The response to this portion of Item 15 is submitted as Item 8 of Part II of this report.

(2) The following Consolidated Financial Statement Schedule is included herein:

Schedule I	Parent Company Condensed Financial Information at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022

All other schedules have been omitted because they are not applicable.

(3) Exhibits:

3(a) Restated Certificate of Incorporation of Humana Inc. filed with the Secretary of State of Delaware on November 9, 1989, as restated to incorporate the amendment of January 9, 1992, and the correction of March 23, 1992, and the amendment dated April 24, 2024 (incorporated herein by reference to Exhibit 3(i) to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2024).

(b) Humana Inc. Amended and Restated By-laws, effective as of December 7, 2023 (incorporated herein by reference to Exhibit 3(b) to Humana Inc.'s Current Report on Form 8-K filed on December 7, 2023).

4(a) Indenture, dated as of August 5, 2003, by and between Humana Inc. and The Bank of New York, as trustee (incorporated herein by reference to Exhibit 4.1 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2003, File No. 001-05975).

(b) Fourth Supplemental Indenture, dated as of June 5, 2008, by and between Humana Inc. and The Bank of New York Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.3 to Humana Inc.'s Current Report on Form 8-K filed on June 5, 2008).

(c) Indenture, dated as of March 30, 2006, by and between Humana Inc. and The Bank of New York Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to Humana Inc.'s Registration Statement on Form S-3 filed on March 31, 2006, Req. No. 333-132878).

(d) There are no instruments defining the rights of holders with respect to long-term debt in excess of 10 percent of the total assets of Humana Inc. on a consolidated basis. Other long-term indebtedness of Humana Inc. is described herein in Note 13 to Consolidated Financial Statements. Humana Inc. agrees to furnish copies of all such instruments defining the rights of the holders of such indebtedness not otherwise filed as an Exhibit to this Annual Report on Form 10-K to the Commission upon request.

(e) Sixth Supplemental Indenture, dated as of December 10, 2012, by and between Humana Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.3 to Humana Inc.'s Current Report on Form 8-K filed on December 10, 2012).

(f) Ninth Supplemental Indenture, dated as of September 19, 2014, by and between Humana Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.6 to Humana Inc.'s Current Report on Form 8-K filed on September 19, 2014).

(g) Tenth Supplemental Indenture, dated March 16, 2017, between Humana Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to Humana Inc.'s Current Report on Form 8-K filed on March 16, 2017).

(h) Eleventh Supplemental Indenture, dated March 16, 2017, between Humana Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.4 to Humana Inc.'s Current Report on Form 8-K filed on March 16, 2017).

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(i)	Fourteenth Supplemental Indenture, dated August 15, 2019, between Humana Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to Humana Inc.'s Current Report on Form 8-K filed on August 15, 2019).
(j)	Fifteenth Supplemental Indenture, dated August 15, 2019, between Humana Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.4 to Humana Inc.'s Current Report on Form 8-K filed on August 15, 2019).
(k)	Sixteenth Supplemental Indenture, dated March 26, 2020, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to Humana Inc.'s Current Report on Form 8-K, filed March 27, 2020).
(l)	Seventeenth Supplemental Indenture, dated March 26, 2020, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.4 to Humana Inc.'s Current Report on Form 8-K, filed March 27, 2020).
(m)	Nineteenth Supplemental Indenture, dated August 3, 2021, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.4 to Humana Inc.'s Current Report on Form 8-K filed on August 3, 2021).
(n)	Twentieth Supplemental Indenture, dated August 3, 2021, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.6 to Humana Inc.'s Current Report on Form 8-K filed on August 3, 2021).
(o)	Twenty-First Supplemental Indenture, dated March 23, 2022, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to Humana Inc.'s Current Report on Form 8-K filed on March 23, 2022).
(p)	Twenty-Second Supplemental Indenture, dated November 22, 2022, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to Humana Inc.'s Current Report on Form 8-K filed on November 22, 2022).
(q)	Twenty-Third Supplemental Indenture, dated November 22, 2022, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.4 to Humana Inc.'s Current Report on Form 8-K filed on November 22, 2022).
(r)	Twenty-Fourth Supplemental Indenture, dated March 13, 2023, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to Humana Inc.'s Current Report on Form 8-K filed on March 13, 2023).
(s)	Twenty-Fifth Supplemental Indenture, dated March 13, 2023, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.4 to Humana Inc.'s Current Report on Form 8-K filed on March 13, 2023).
(t)	Twenty-Sixth Supplemental Indenture, dated November 9, 2023, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to Humana Inc.'s Current Report on Form 8-K filed on November 9, 2023).
(u)	Twenty-Seventh Supplemental Indenture, dated November 9, 2023, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.4 to Humana Inc.'s Current Report on Form 8-K filed on November 9, 2023).
(v)	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).
(w)	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).
(x)†	Description of Securities.

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10(a)*	Humana Inc. Executive Incentive Compensation Plan, as amended and restated January 1, 2020 (incorporated herein by reference to Exhibit 10(b) to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2020).
(b)*	Trust under Humana Inc. Deferred Compensation Plans (incorporated herein by reference to Exhibit 10(p) to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 1999, File No. 001-05975).
(c)*	The Humana Inc. Deferred Compensation Plan for Non-Employee Directors (as amended on October 18, 2012) (incorporated herein by reference to Exhibit 10(m) to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2012).
(d)*	Humana Inc. Executive Severance Policy, effective as of March 1, 2023 (incorporated herein by reference to Exhibit 10.3 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2023).
(e)*	Humana Inc. Deferred Compensation Plan (incorporated herein by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-8 (Reg. No. 333-171616), filed on January 7, 2011).
(f)*	Humana Retirement Equalization Plan, as amended and restated as of January 1, 2011 (incorporated herein by reference to Exhibit 10(p) to Humana Inc.'s Annual Report on Form 10-K filed on February 18, 2011).
(g)*	Letter agreement with Humana Inc. officers concerning health insurance availability (incorporated herein by reference to Exhibit 10(mm) to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 1994, File No. 001-05975).
(h)*	Executive Long-Term Disability Program (incorporated herein by reference to Exhibit 10(a) to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004).
(i)*	Indemnity Agreement (incorporated herein by reference to Appendix B to Humana Inc.'s Proxy Statement with respect to the Annual Meeting of Stockholders held on January 8, 1987).
(j)*	Summary of the Company's Financial Planning Program for our executive officers (incorporated herein by reference to Exhibit 10(v) to Humana's Inc.'s Annual Report on Form 10-K filed on February 22, 2013).
(k)	Five-Year $2.5 Billion Amended and Restated Credit Agreement, dated as of June 2, 2023, among Humana Inc., and JPMorgan Chase Bank, N.A. as Agent, Bank of America, N.A. as Syndication Agent, Citibank, N.A., Goldman Sachs Bank USA, PNC Capital Markets LLC, U.S. Bank, National Association and Wells Fargo Securities, LLC, as Documentation Agents, and JPMorgan Chase Bank, N.A., BofA Securities, Inc., Citibank, N.A., Goldman Sachs Bank USA, PNC Capital Markets LLC, U.S. Bank, National Association and Wells Fargo Securities, LLC, as Joint Lead Arrangers and Joint Bookrunners (incorporated herein by reference to Exhibit 10.1 to Humana Inc.'s Current Report on Form 8-K filed on June 2, 2023)).
(l)	First Amendment to Fifth Amended and Restated Credit Agreement, dated as of May 31, 2024, among Humana Inc., and JPMorgan Chase Bank, N.A. as Agent, and certain banks and other financial institutions party thereto (incorporated herein by reference to Exhibit 10.2 to Humana Inc.'s Current Report on Form 8-K filed on June 5, 2024).
(m)	364-Day Revolving Credit Agreement, dated as of May 31, 2024, among Humana Inc., and JPMorgan Chase Bank, N.A. as Agent, Bank of America, N.A. as Syndication Agent, Citibank, N.A., Goldman Sachs Bank USA, PNC Capital Markets LLC, U.S. Bank, National Association and Wells Fargo Securities, LLC, as Documentation Agents, and JPMorgan Chase Bank, N.A., BofA Securities, Inc., Citibank, N.A., Goldman Sachs Bank USA, PNC Capital Markets LLC, U.S. Bank, National Association and Wells Fargo Securities, LLC, as Joint-Lead Arrangers and Joint Bookrunners (incorporated herein by reference to Exhibit 10.1 to Humana Inc.'s Current Report on Form 8-K filed on June 5, 2024).
(n)	Form of CMS Coordinated Care Plan Agreement (incorporated herein by reference to Exhibit 10.1 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, File No. 001-05975).

HCMO - SUPP - 000838
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(o)	Form of CMS Private Fee for Service Agreement (incorporated herein by reference to Exhibit 10.2 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, File No. 001-05975).
(p)	Addendum to Agreement Providing for the Operation of a Medicare Voluntary Prescription Drug Plan (incorporated herein by reference to Exhibit 10.3 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, File No. 001-05975).
(q)	Addendum to Agreement Providing for the Operation of an Employer/Union-only Group Medicare Advantage Prescription Drug Plan (incorporated herein by reference to Exhibit 10.4 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, File No. 001-05975).
(r)	Addendum to Agreement Providing for the Operation of an Employer/Union-only Group Medicare Advantage-Only Plan (incorporated herein by reference to Exhibit 10.5 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, File No. 001-05975).
(s)	Addendum to Agreement Providing for the Operation of a Medicare Advantage Regional Coordinated Care Plan (incorporated herein by reference to Exhibit 10.6 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, File No. 001-05975).
(t)	Explanatory Note regarding Medicare Prescription Drug Plan Contracts between Humana and CMS (incorporated herein by reference to Exhibit 10(nn) to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2005, File No. 001-05975).
(u)*	Humana Inc. 2011 Stock Incentive Plan (incorporated herein by reference to Appendix A to Humana Inc.'s Proxy Statement with respect to the Annual Meeting of Stockholders held on April 21, 2011).
(v)*	Transition & Separation Agreement, dated as of May 13, 2024, by and between Humana Inc. and Bruce D. Broussard (incorporated herein by reference to Exhibit 10.1 to Humana Inc.'s on Form 8-K filed on May 13, 2024).
(w)*†	Transition & Separation Agreement, dated as of December 2, 2024, by and between Humana Inc. and Susan Diamond.
(x)*†	Offer Letter, dated as of November 20, 2024, by and between Humana Inc. and Celeste Mellet.
(y)*	Humana Inc. Change in Control Policy, effective March 1, 2019 (incorporated herein by reference to Exhibit 10(aa) to Humana Inc.'s Annual Report on Form 10-K filed on February 21, 2019).
(z)	Form of Commercial Paper Dealer Agreement between Humana Inc., as Issuer, and the Dealer party thereto (incorporated herein by reference to Exhibit 10.1 to Humana Inc.'s current report on Form 8-K filed on October 7, 2014).
(aa)*	Form of Company's Stock Option Agreement under the 2011 Stock Incentive Plan (Incentive Stock Options) (incorporated herein by reference to Exhibit 10(jj) to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2015).
(bb)*	Form of Company's Stock Option Agreement under the 2011 Stock Incentive Plan (Non-Qualified Stock Options with Non-Compete/Non-Solicit) (incorporated herein by reference to Exhibit 10(kk) to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2015).
(cc)*	Form of Company's Incentive Stock Option Agreement and Agreement not to Compete or Solicit under the 2011 Stock Incentive Plan (incorporated herein by reference to Exhibit 10(hh) to Humana Inc.'s Annual Report on Form 10-K filed on February 21, 2019).
(dd)*	Form of Company's Stock Option Agreement and Agreement not to Compete or Solicit under the 2011 Stock Incentive Plan (Non-Qualified Stock Options) (incorporated herein by reference to Exhibit 10(ii) to Humana Inc.'s Annual Report on Form 10-K filed on February 21, 2019).
(ee)*	Amended and Restated Humana Inc. Stock Incentive Plan (incorporated herein by reference to Appendix A to Humana Inc.'s Proxy Statement with respect to the Annual Meeting of Stockholders held on April 18, 2019).
(ff)*	First Amendment to the Amended and Restated Humana Inc. Stock Incentive Plan (incorporated herein by reference to Exhibit 10(ee) to Humana Inc.'s Annual Report on Form 10-K filed on December 31, 2023).

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(gg)*	Form of Company's Incentive Stock Option Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (incorporated herein by reference to Exhibit 10.5 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2019).
(hh)*	Form of Company's Stock Option Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (Non-Qualified Stock Options) (incorporated herein by reference to Exhibit 10.6 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2019).
(ii)*	Form of Company's Stock Option Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (Non-Qualified Stock Options) (incorporated herein by reference to Exhibit 10(nn) to Humana Inc.'s Annual Report on Form 10-K for the year ended December 31, 2020).
(jj)*	Form of Company's Incentive Stock Option Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (incorporated herein by reference to Exhibit 10(oo) to Humana Inc.'s Annual Report on Form 10-K for the year ended December 31, 2020).
(kk)*	Form of Company's Restricted Stock Unit Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (without retirement provisions) (incorporated herein by reference to Exhibit 10(qq) to Humana Inc.'s Annual Report on Form 10-K for the year ended December 31, 2020).
(ll)*	Form of Company's Restricted Stock Unit Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (incorporated herein by reference to Exhibit 10(mm) to Humana Inc.'s Annual Report on Form10-K for the year ended December 31, 2023).
(mm)*	Form of Company's Restricted Stock Unit Agreement with Performance Vesting and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (incorporated herein by reference to Exhibit 10(nn) to Humana Inc.'s Annual Report on Form 10-K for the year ended December 31, 2023).
(nn)*	Form of Company's Incentive Stock Option Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (incorporated herein by reference to Exhibit 10(oo) to Humana Inc.'s Annual Report on Form 10-K for the year ended December 31, 2023).
(oo)*	Form of Company's Stock Option Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (Non-Qualified Stock Options) (incorporated herein by reference to Exhibit 10(pp) to Humana Inc.'s Annual Report on Form 10-K for the year ended December 31, 2023).
14	Code of Conduct for Chief Executive Officer & Senior Financial Officers (incorporated herein by reference to Exhibit 14 to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2003).
19.1†	Policy Regarding Transactions in Company Securities, Inside Information and Confidentiality as of December 2023.
21 †	List of subsidiaries.
23 †	Consent of PricewaterhouseCoopers LLP.
31.1 †	CEO certification pursuant to Rule 13a-14(a)/15d-14(a).
31.2 †	CFO certification pursuant to Rule 13a-14(a)/15d-14(a).
32 †	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes – Oxley Act of 2002.

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97* Humana Inc. Compensation Recoupment Policy, effective October 2, 2023 (incorporated herein by reference to Exhibit 97 to Humana Inc.'s Annual Report on Form 10-K for the year ended December 31, 2023).

101 The following materials from Humana Inc.'s Annual Report on Form 10-K formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Consolidated Balance Sheets at December 31, 2024 and 2023; (ii) the Consolidated Statements of Income for the years ended December 31, 2024, 2023 and 2022; (iii) the Consolidated Statements of Comprehensive Income for the years ended December 31, 2024, 2023 and 2022; (iv) the Consolidated Statements of Stockholders' Equity as of December 31, 2024, 2023, and 2022; (v) the Consolidated Statements of Cash Flows for the years ended December 31, 2024, 2023 and 2022; and (vi) Notes to Consolidated Financial Statements. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

104 Cover Page Interactive Data File formatted in Inline XBRL and contained in Exhibit 101.

*Exhibits 10(a) through and including 10(j), and Exhibits 10(u) through and including 10(y), as well as Exhibits 10(aa) through and including Exhibit 10(oo) are compensatory plans or management contracts.

**Pursuant to Rule 24b-2 of the Exchange Act, confidential portions of this exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

†Submitted electronically with this report.

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Humana Inc.

SCHEDULE I—PARENT COMPANY FINANCIAL INFORMATION
CONDENSED BALANCE SHEETS

	December 31,	
	2024	2023
	(in millions, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 329	$ 250
Investment securities	233	260
Receivable from operating subsidiaries	2,874	2,050
Other current assets	595	717
Total current assets	4,031	3,277
Property and equipment, net	1,876	2,334
Investment in subsidiaries	31,011	29,666
Other long-term assets	364	348
Total assets	$ 37,282	$ 35,625
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Payable to operating subsidiaries	$ 7,144	$ 5,768
Short-term debt	577	1,443
Current portion of notes payable to operating subsidiaries	36	36
Book overdraft	70	75
Other current liabilities	1,565	1,566
Total current liabilities	9,392	8,888
Long-term debt	11,144	10,213
Other long-term liabilities	371	262
Total liabilities	20,907	19,363
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $1 par; 10,000,000 shares authorized; none issued	—	—
Common stock, $0.16 2/3 par; 300,000,000 shares authorized; 198,718,810 shares issued at December 31, 2024 and 198,690,082 shares issued at December 31, 2023	33	33
Capital in excess of par value	3,463	3,346
Retained earnings	28,317	27,540
Accumulated other comprehensive (loss) income	(1,067)	(999)
Treasury stock, at cost, 78,077,195 shares at December 31, 2024 and 76,465,862 shares at December 31, 2023	(14,371)	(13,658)
Total stockholders' equity	16,375	16,262
Total liabilities and stockholders' equity	$ 37,282	$ 35,625

See accompanying notes to the parent company financial statements.

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Humana Inc.

SCHEDULE I—PARENT COMPANY FINANCIAL INFORMATION
CONDENSED STATEMENTS OF INCOME

	For the year ended December 31,		
	2024	2023	2022
	(in millions)		
Revenues:			
Management fees charged to operating subsidiaries	$ 3,064	$ 2,075	$ 1,554
Investment and other (loss) income, net	34	42	(88)
Total revenues	3,098	2,117	1,466
Expenses:			
Operating costs	2,588	2,016	1,700
Depreciation	728	656	581
Interest	655	489	400
Total expenses	3,971	3,161	2,681
Other income, net	(115)	(184)	—
Loss before income taxes and equity in net earnings of subsidiaries	(758)	(860)	(1,215)
Benefit for income taxes	(91)	(146)	(266)
Loss before equity in net earnings of subsidiaries	(667)	(714)	(949)
Equity in net earnings of subsidiaries	1,874	3,203	3,755
Net income attributable to Humana	$ 1,207	$ 2,489	$ 2,806

See accompanying notes to the parent company financial statements.

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Humana Inc.

SCHEDULE I—PARENT COMPANY FINANCIAL INFORMATION
CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	For the year ended December 31,		
	2024	2023	2022
	(in millions)		
Net income attributable to Humana	$ 1,207	$ 2,489	$ 2,806
Other comprehensive (loss) income:			
Change in gross unrealized investment (losses) gains	(62)	372	(1,819)
Effect of income taxes	15	(85)	418
Total change in unrealized investment (losses) gains, net of tax	(47)	287	(1,401)
Reclassification adjustment for net realized (gains) losses included in investment income	(27)	25	72
Effect of income taxes	6	(7)	(17)
Total reclassification adjustment, net of tax	(21)	18	55
Other comprehensive (loss) income, net of tax	(68)	305	(1,346)
Comprehensive income attributable to Humana	$ 1,139	$ 2,794	$ 1,460

See accompanying notes to the parent company financial statements.

Humana Inc.

SCHEDULE I—PARENT COMPANY FINANCIAL INFORMATION
CONDENSED STATEMENTS OF CASH FLOWS

	For the year ended December 31,		
	2024	2023	2022
	(in millions)		
Net cash provided by operating activities	$ 3,454	$ 3,042	$ 4,868
Cash flows from investing activities:			
Acquisitions, net of cash acquired	(89)	(233)	(337)
Capital contributions to operating subsidiaries	(1,698)	(792)	(484)
Purchases of property and equipment, net	(426)	(761)	(931)
Purchases of investment securities	(16)	(17)	(63)
Proceeds from sale of investment securities	—	41	468
Maturities of investment securities	32	67	30
Other	(50)	—	—
Net cash used in investing activities	(2,247)	(1,695)	(1,317)
Cash flows from financing activities:			
Proceeds from issuance of senior notes, net	2,225	2,537	1,976
Repayments of senior notes	(1,107)	(1,832)	(1,000)
(Repayments) proceeds from issuance of commercial paper, net	(907)	211	(376)
Repayment of term loan	—	(500)	(2,000)
Change in book overdraft	(5)	2	5
Common stock repurchases	(817)	(1,573)	(2,096)
Dividends paid	(431)	(431)	(392)
Proceeds from stock option exercises and other	(86)	(125)	40
Net cash used in financing activities	(1,128)	(1,711)	(3,843)
Increase (decrease) in cash and cash equivalents	79	(364)	(292)
Cash and cash equivalents at beginning of year	250	614	906
Cash and cash equivalents at end of year	$ 329	$ 250	$ 614

See accompanying notes to the parent company financial statements.

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Humana Inc.

SCHEDULE I—PARENT COMPANY FINANCIAL INFORMATION
NOTES TO CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

Parent company financial information has been derived from our consolidated financial statements and excludes the accounts of all operating subsidiaries. This information should be read in conjunction with our consolidated financial statements. Refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K for a summary of significant accounting policies.

2. TRANSACTIONS WITH SUBSIDIARIES

Services Fee

Through intercompany service agreements approved, if required, by state regulatory authorities, Humana Inc., our parent company, charges a services fee for reimbursement of certain centralized services provided to its subsidiaries including information systems, disbursement, investment and cash administration, marketing, legal, finance, and medical and executive management oversight.

Dividends

Cash dividends received from subsidiaries and included as a component of net cash provided by operating activities were $1.5 billion in 2024, $1.8 billion in 2023, and $1.3 billion in 2022.

Guarantee

Through indemnity agreements approved by state regulatory authorities, certain of our regulated subsidiaries generally are guaranteed by our parent company in the event of insolvency for: (1) member coverage for which premium payment has been made prior to insolvency; (2) benefits for members then hospitalized until discharged; and (3) payment to providers for services rendered prior to insolvency. Our parent has also guaranteed the obligations of our military services subsidiaries and funding to maintain required statutory capital levels of certain other regulated subsidiaries.

3. REGULATORY REQUIREMENTS

Certain of our subsidiaries operate in states that regulate the payment of dividends, loans, or other cash transfers to Humana Inc., our parent company, and require minimum levels of equity as well as limit investments to approved securities. The amount of dividends that may be paid to Humana Inc. by these subsidiaries, without prior approval by state regulatory authorities, or ordinary dividends, is limited based on the entity's level of statutory income and statutory capital and surplus. If the dividend, together with other dividends paid within the preceding twelve months, exceeds a specified statutory limit or is paid from sources other than earned surplus, it is generally considered an extraordinary dividend requiring prior regulatory approval. In most states, prior notification is provided before paying a dividend even if approval is not required.

Although minimum required levels of equity are largely based on premium volume, product mix, and the quality of assets held, minimum requirements vary significantly at the state level. Our state regulated insurance subsidiaries had aggregate statutory capital and surplus of approximately $13.2 billion and $12.2 billion as of December 31, 2024 and 2023, respectively, which exceeded aggregate minimum regulatory requirements of $11.4 billion and $9.8 billion, respectively. The amount of ordinary dividends that may be paid to our parent company in 2025 is approximately $1.3 billion in the aggregate. The amount, timing and mix of ordinary and extraordinary dividend payments will vary due to state regulatory requirements, the level of excess statutory capital and surplus and expected future surplus requirements related to, for example, premium volume and product mix. Actual dividends that were paid to our parent company were approximately $1.5 billion in 2024, $1.8 billion in 2023, and $1.3 billion in 2022.

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Our use of operating cash flows derived from our non-insurance subsidiaries, such as in our Healthcare Services segment, is generally not restricted by state departments of insurance (or comparable state regulators).

4. ACQUISITIONS & DIVESTITURES

Refer to Note 3 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K for a description of certain acquisitions and divestitures.

5. INCOME TAXES

Refer to Note 12 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K for a description of income taxes.

6. DEBT

Refer to Note 13 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K for a description of debt.

7. STOCKHOLDERS' EQUITY

Refer to Note 16 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K for a description of stockholders’ equity, including stock repurchases and stockholder dividends.

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ITEM 16. FORM 10-K SUMMARY

None.

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SIGNATURES

Pursuant to the requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

HUMANA INC.

By: /s/ CELESTE M. MELLET
Celeste M. Mellet
Chief Financial Officer
(Principal Financial Officer)

Date: February 20, 2025

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the date indicated.

Signature	Title	Date
/s/ CELESTE M. MELLET **Celeste M. Mellet**	Chief Financial Officer (Principal Financial Officer)	February 20, 2025
/s/ JOHN-PAUL W. FELTER **John-Paul W. Felter**	Senior Vice President, Chief Accounting Officer and Controller (Principal Accounting Officer)	February 20, 2025
/s/ JAMES A. RECHTIN **James A. Rechtin**	President and Chief Executive Officer, Director (Principal Executive Officer)	February 20, 2025
/s/ KURT J. HILZINGER **Kurt J. Hilzinger**	Chairman of the Board	February 20, 2025
/s/ RAQUEL C. BONO, M.D. **Raquel C. Bono, M.D.**	Director	February 20, 2025
/s/ FRANK A. D'AMELIO **Frank A. D'Amelio**	Director	February 20, 2025
/s/ DAVID T. FEINBERG, M.D. **David T. Feinberg, M.D.**	Director	February 20, 2025
/s/ WAYNE A. I. FREDERICK, M.D. **Wayne A. I. Frederick, M.D.**	Director	February 20, 2025
/s/ JOHN W. GARRATT **John W. Garratt**	Director	February 20, 2025
/s/ KAREN W. KATZ **Karen W. Katz**	Director	February 20, 2025
/s/ MARCY S. KLEVORN **Marcy S. Klevorn**	Director	February 20, 2025
/s/ JORGE S. MESQUITA **Jorge S. Mesquita**	Director	February 20, 2025
/s/ BRAD D. SMITH **Brad D. Smith**	Director	February 20, 2025
/s/ GORDON SMITH **Gordon Smith**	Director	February 20, 2025

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DESCRIPTION OF REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

The following is a summary of information concerning our common stock, par value $.16 2/3 per share (the "common stock"). The summaries and descriptions below do not purport to be complete statements of, and are entirely qualified by, the relevant provisions of our Restated Certificate of Incorporation (the "certificate of incorporation") and Amended and Restated By-Laws (the "by-laws"), each of which is filed as an exhibit to our Annual Report on Form 10-K, and of the General Corporation Law of the State of Delaware (the "DGCL").

General

Our common stock is traded on the New York Stock Exchange under the symbol "HUM." The transfer agent and registrar for our common stock is American Stock Transfer & Trust Company.

Authorized Capital Stock

We are authorized to issue up to 300,000,000 shares of common stock, par value $.16 2/3 per share, and 10,000,000 shares of preferred stock, par value $1 per share. Without stockholder action, our board of directors is authorized to provide for the issuance of shares of preferred stock in one or more classes or series, to establish from time to time the number of shares to be included in each such class or series, to fix the designation, voting powers, preferences and relative, participating, options or other special rights of the shares of each such class or series and any qualifications, limitations or restrictions thereof.

Dividends

Subject to any preferential rights of any outstanding shares of our preferred stock, the holders of our common stock are entitled to receive, to the extent permitted by law, dividends as and when declared by our board of directors.

Liquidation

In the event of the liquidation or dissolution of our company, the holders of common stock will be entitled to receive ratably the balance of net assets available for distribution after payment of any liquidation or distribution preference payable with respect to any then outstanding shares of our preferred stock.

Voting Rights

Each share of our common stock is entitled to one vote with respect to matters brought before the stockholders. All voting is on a non-cumulative basis. All of our directors are elected at the annual meeting of our stockholders. Under our certificate of incorporation, neither our board of directors nor our stockholders may amend the by-laws to authorize the election of directors by cumulative voting or classify our directors by terms differing in dated of expiration without unanimous approval of our stockholders.

Our by-laws provide that nominees for director are elected by a majority vote standard in uncontested elections, and by a plurality vote standard in contested elections. We have a resignation policy applicable to any nominee who is an incumbent director who fails to be re-elected in an uncontested election. Any director may be removed from office, either with or without cause, by the affirmative vote of the holders of a majority of all of the shares of stock outstanding and entitled to vote for the election of directors.

Other Rights

There are no preemptive, conversion, redemption or sinking fund provisions applicable to our common stock.

Fully Paid and Non-Assessable

The outstanding shares of our common stock are fully paid and non-assessable.

Proxy Access

Our by-laws permit a stockholder, or a group of up to 20 stockholders, owning at least three percent of our outstanding common stock continuously for at least three years to nominate and include in our annual meeting proxy materials director nominees constituting up to the greater of two directors or twenty percent of our board of directors, provided that the stockholders and nominees satisfy the requirements specified in our by-laws.

Anti-Takeover Effects of Delaware Law and Certain Provisions of Our Certificate of Incorporation and By-Laws

The provisions of Delaware law, our certificate of incorporation and by-laws may have the effect of delaying, deferring or discouraging another person from acquiring control of our company, including takeover attempts that might result in a premium over the market price for the shares of common stock. These provisions, described below, could deprive the stockholders of opportunities to realize a premium on the shares of our common stock owned by them.

Delaware Anti-Takeover Statute

Section 203 of the DGCL prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years after the time that the person became an interested stockholder, unless the business combination or the transaction in which such person became an interested stockholder is approved in a prescribed manner or another prescribed exemption applies. Generally, a "business combination" is defined to include mergers, asset sales, and other transactions resulting in financial benefit to a stockholder, and an " interested stockholder" is defined as any person or entity, together with its affiliates and associates, that is, at any time within the past three years was, the beneficial owner of at least 15% of a corporation's outstanding voting stock. The statute could prohibit or delay mergers or other takeovers or change-in-control attempts and, accordingly, may discourage attempts to acquire us.

Advanced Notice Procedures for Stockholder Proposals and Director Nominations

Our by-laws set forth advance notice provisions with respect to stockholders seeking to bring business before an annual meeting of stockholders, or to nominate candidates for election as directors at an annual meeting of stockholders or special meeting of stockholders called by our board of directors for that purpose. Our by-laws also specify various requirements as to the timing, form and content of a stockholder's notice.

Special Meetings

Special meetings of our stockholders may be held if our board of directors, its chairman, our chief executive officer or our president calls a meeting. However, these persons must call a meeting if stockholders owning one-fourth of our shares then issued and outstanding and entitled to vote on matters to be submitted to our stockholders request in writing that a meeting be held, subject to certain requirements specified in our by-laws.

Preferred Stock

The ability of our board of directors to establish the rights and issue substantial amounts of preferred stock without the need for stockholder approval, while providing desirable flexibility in connection with possible acquisitions, financings and other corporate transactions, may discourage, delay, defer or prevent a change of control of us.

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TRANSITION & SEPARATION AGREEMENT

This Transition & Separation Agreement (the "**Agreement**") sets forth the understanding between you, **Susan Diamond**, and Humana Inc. and its affiliates and subsidiaries ("**Humana**" or the "**Company**") with respect to your separation from employment with Humana.

RECITALS:

A. The Parties have mutually agreed that you will transition from the role of Chief Financial Officer (the "Role") of Humana as of January 11, 2025 (the "**Transition Date**"), but continue to provide services to the Company in various capacities after the Transition Date; and

B. In order to ensure a smooth transition following your retirement as Chief Financial Officer, Humana has requested that you continue to provide services as a strategic advisor from January 11, 2025 through December 31, 2025 (the "**VSP Transition Date**") and thereafter as a Variable Staffing Pool associate (the "**VSP Role**") from January 1, 2026 through March 1, 2027 (the "**Separation Date**").

NOW, THEREFORE, in consideration of your agreement to the terms set forth below and the mutual benefits to be derived hereunder, it is agreed:

A. EMPLOYMENT STATUS

1. *Acceptance of Interim and Variable Staffing Pool Roles*. You agree to accept employment as a "Strategic Advisor," effective as of the Transition Date (the "**Interim Role**"), advising Humana with respect to strategic matters. Humana agrees that you will remain employed in the Interim Role until December 31, 2025, and that effective as of January 1, 2026, Humana will transition you to the VSP Role, as defined in Humana's Requisition Policy. While serving in the Interim Role and the VSP Role, you will be expected to (i) continue to serve as a director representing Humana on the board of directors of various joint venture and investment companies in Humana's portfolio, (ii) advise business teams as requested regarding ongoing operational and regulatory matters, including participating in public policy advocacy matters, and (iii) serve as a strategic consultant to the Company. In order to maintain your employment while in the VSP Role, you agree to perform at least one hour of work every 60 days until March 1, 2027, at which time your employment will be terminated in accordance with Section 3 of the Executive Severance Policy. You agree and acknowledge that you are not eligible for payments under any Humana severance policy or Humana's Change In Control Policy while you are in either the Interim Role or VSP Role, except as provided in this Agreement and/or the Executive Severance Policy. Humana agrees that it will not change your employment status to the VSP Role prior to January 1, 2026, without your express written consent. In the event that during the period that you are in the Interim Role you obtain other full-time employment and intend to accept such other full-time employment, you agree to provide Humana with at least 30 days prior written notice, which notice shall set forth the date of such change in status, and effective on such date, your status will change to the VSP Role through the Separation Date (a "**Voluntary VSP Status Change**"). Notwithstanding the change of such status, you shall still be entitled to all compensation, equity and benefits described in this Agreement as if your status was in

the Interim Role through the VSP Transition Date, and you will be treated as continuing in the VSP Role through the Separation Date. Notwithstanding the foregoing, in the event of a Voluntary VSP Status Change, you will not be eligible for the Company's 401(k) Plan and Retirement Equalization Plan matching contributions while serving in the VSP Role. For the avoidance of doubt, "full-time employment" shall not be deemed to include (i) the provision of part-time consulting services, or (ii) service on the board of directors or advisory board of for-profit or not-for-profit organizations, provided, however, that the provision of services described in (i) and (ii) shall not exceed 20 hours per week for any single corporation, firm or entity, and provided further that any such services shall be provided in compliance with your obligations (a) not to compete with the Company, (b) to disclose and avoid potential conflicts of interest, and (c) regarding the provision of services while in the Interim Role or the VSP Role, as applicable.

2. *Compensation*.

(a) Subject to your compliance with Section B (3) of this Agreement, your current base salary of $875,000 will continue in the Interim Role and will be paid bi-weekly through December 31, 2025. You acknowledge and agree that you will not be eligible for future salary increases while you are in the Interim Role.

(b) Effective as of the VSP Transition Date, you will receive an hourly rate of $420.67 for work performed in the VSP Role, which will be paid bi-weekly according to the normal payroll cycles. You acknowledge and agree that you will not be eligible for future salary increases or to participate in the Annual Incentive Plan (the "**AIP**") following the VSP Transition Date.

(c) In the event incentive compensation for 2024 is paid pursuant to the terms and provisions of the AIP, you will be entitled to receive an incentive compensation payment for 2024 based upon actual salary earned during the year, applying any adjustments that may be made to such payments for members of the Company's Management Team. Notwithstanding the above, for your Individual Multiplier portion of AIP, Humana will pay you 100% of the total AIP award calculation. Any incentive compensation payable to you will be paid at the same time as such amounts are paid to other participants in the AIP whether or not you are then employed by Humana in any capacity or you are in the VSP Role.

(d) In the event incentive compensation for 2025 is paid pursuant to the terms and provisions of the AIP, you will be entitled to receive an incentive compensation payment for 2025 based upon actual salary earned during the year while in the Interim Role, applying any adjustments that may be made to such payments generally for associates, but not applying any such adjustments that may be made exclusively for the Company's Management Team. For your Individual Multiplier portion of AIP, Humana will pay you 100% of the total AIP award calculation. Any incentive compensation payable to you will be paid at the same time as such amounts are paid to other participants in the AIP whether or not you are then employed by Humana in any capacity or you are in the VSP Role.

(e) During 2024 and 2025 you shall also be entitled to the Company's 401K Plan and Retirement Equalization Plan matching contributions while serving as Chief Financial Officer or in the Interim Role. Notwithstanding the foregoing, in the event of a Voluntary VSP Status Change, you will not be eligible for the Company's 401K Plan and Retirement Equalization Plan matching contributions while serving in the VSP Role.

3. *Severance Benefits*: Upon the Separation Date you will be eligible to receive benefits under Humana's Executive Severance Policy, subject to your complying with the terms and conditions of this Agreement and the Executive Severance Policy, as modified by the terms set forth herein.

4. *Equity*: You agree and acknowledge that you are not eligible for future equity grants under the Company's stock incentive plans while serving in either the Interim Role or the VSP Role. Following the Separation Date, all outstanding vested or unvested equity awards will be treated in accordance with the terms of the Company's stock incentive plan and any equity agreements evidencing such equity grants following the Transition Date or Separation Date, as applicable.

5. *Benefits*: While serving in the Role, the Interim Role or the VSP Role, you may continue to participate, to the extent you may be eligible, in the "employee benefit plans" (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended) maintained from time to time by Humana for employees of Humana and its subsidiaries. For the avoidance of doubt, if eligible to participate under such plans, your health benefit coverage shall continue until the end of the Severance Period without regard to your position in Humana, including but not limited to in your VSP Role, and whether or not you are employed by Humana, unless you have obtained health benefit coverage from a new employer that is generally comparable to the health benefit coverage provided by Humana. You will be required to pay your portion of premiums or related payments as designated in such employee benefit plans and/or as designated by Humana directly to Humana. You shall be required to comply with the conditions attendant to coverage by such plans and shall comply with and be entitled to benefits only in accordance with the terms and conditions of such plans as they may be amended from time to time. Nothing herein contained shall be construed as requiring Humana to establish or continue any particular employee benefit plan in discharge of its obligations under this Agreement. At Humana's sole discretion, Humana may replace such employee benefit plans with employee benefit plans similar to Humana's affiliates. Your active coverage or participation in such employee benefits plans shall end on the Separation Date, unless otherwise provided by the terms of such plan, by the Executive Severance Policy or by law. Thereafter, you will have COBRA continuation rights for dental or medical coverage.

While serving in the Interim Role or the VSP Role, you will be eligible for the same financial planning benefit as an Executive Officer of the Company.

Any deferred compensation benefits that become payable to you upon the Separation Date will be paid in accordance to the terms of the applicable plan. Humana shall continue its matching contribution to the Retirement Equalization Plan for your benefit, unless you are in your VSP Role as a result of a Voluntary VSP Status Change.

B. MISCELLANEOUS

1. *Cessation of Status as an Officer*: Effective on the Transition Date, you will no longer be an officer or director of Humana Inc., and of any subsidiaries and other affiliates of Humana Inc. of which you are an officer or director, other than such joint venture or investment companies as the Company shall determine. Accordingly, you will not hold yourself out as being an officer or director, or as having any authority to bind, Humana Inc. or any such subsidiary or affiliate. You agree to execute any documents necessary to reflect the change in status.

2. *Non-Compete Agreement and Agreement Not to Solicit*: You understand and agree that (i) the provisions of any Stock Agreement entered into by you and Humana Inc. entitled "Agreement Not to Solicit" or "Agreement Not to Compete", and (ii) the provisions of Exhibit A to Humana's Executive Severance Policy, in each case remain in full force and effect and those obligations will continue during the applicable periods set forth in such documents. You understand and agree that any violation of the provisions of (x) the Stock Agreements entitled "Agreement Not to Solicit," or "Agreement Not to Compete," or (y) Exhibit A to Humana's Executive Severance Policy, will in each case result in irreparable injury to Humana, that the remedy at law for any violation or threatened violation of such provision(s) are inadequate and in the event of any such breach or threatened breach, Humana, in addition to any other remedies or damages available to it at law or in equity, shall be entitled to temporary injunctive relief before trial as a matter of course, and to permanent injunctive relief without the necessity of proving actual damages;

3. *Executive Assistant*. During the time you are serving in the Interim Role, you may continue to be able to use the services of your assistant, Ms. Zahira Hoback, in the same manner as you have been utilizing her services on the date of this Agreement; and notwithstanding the provisions of the Agreement Not to Solicit or similar provisions in any agreement with Humana to which you are a party, you may solicit, offer employment and hire Ms. Hoback, if Ms. Hoback chooses to accept any such offer of employment.

4. *Confidential Information, Trade Secrets and Non-disparagement*: You recognize that your position with the Company has required considerable responsibility and trust, and, in reliance on your loyalty, the Company has entrusted you with highly sensitive confidential, restricted and proprietary information involving Trade Secrets and Confidential Information. "Trade Secret" shall be defined as any scientific or technical information, design, process, procedure, formula or improvement that is valuable and not generally known to competitors of the Company. "Confidential Information" is any data or information that is important, competitively sensitive, and not generally known by the public, including, but not limited to, the Company's business plans, business prospects, training manuals, product development plans, bidding and pricing procedures, market strategies, internal performance statistics, financial data, confidential personnel information concerning employees of the Company, supplier data, operational or administrative plans, policy manuals, and terms and conditions of contracts and agreements. Except as may be required by law or legal process or an order of a court of competent jurisdiction, you will not use or disclose any Trade Secrets or Confidential Information of the Company at any time after termination of employment and prior to such time as they cease to be Trade Secrets or Confidential Information through no act of yours in violation of this Section B(3). Upon termination of employment, you will surrender to the Company all memoranda, notes, records, plans, manuals or other documents or data pertaining to the Company's business or your employment (including all copies thereof). You will also leave with the Company all materials involving Trade Secrets or Confidential Information of the Company. All such information and materials, whether or not made or developed by you, shall be the sole and exclusive property of the Company, and you hereby assign to the Company all of your right, title and interest in and to any and all of such information and materials. The Company agrees that its officers and directors will not disparage you or your performance, or otherwise take any action which could reasonably be expected to adversely affect your personal or professional reputation. You will not disparage the Company or any of its executive officers, directors, agents or employees, or otherwise take any action which could reasonably be expected to adversely affect the personal or professional reputation of the Company or any of its directors, officers, agents or employees. Further, and consistent

with the foregoing, as of the Transition Date, you will not hold yourself out as a source or an expert with respect to the Company's financial performance or financial or strategic prospects and you will not comment on the same, unless any such comment shall be approved in advance in writing by the Chief Executive Officer of Humana. Nothing in this Agreement shall prevent you from responding accurately to any question, inquiry or request for information when required by legal or administrative process.

5. *Cooperation in Legal Actions:* You agree that, if requested by Humana, you will fully cooperate in the event that your assistance or testimony is needed in any current or future litigation, threatened litigation, investigation or other dispute arising from events and circumstances which occurred during your employment with Humana.

6. *Entire Agreement*: This Agreement, the Retirement Equalization Plan and the Stock Agreements reflect the entire understanding between Humana and you with respect to compensation and benefits available during your service in the Interim Role and VSP Role, and no statements, promises or inducements, whether written or oral, made by either party that are not contained in this Agreement, the Retirement Equalization Plan or the Stock Agreements shall be valid or binding upon the parties to this Agreement.

7. *Severability*: In the event any portion of this Agreement is held to be unenforceable, the remainder of this Agreement shall remain in full force and effect and shall be enforced in harmony with the purpose of the Agreement.

8. *Code Section 409A*: It is intended that this Agreement will comply with, or be exempt from, Section 409A of the Internal Revenue Code of 1986, as amended (the "**Section 409A**") and the interpretive guidance thereunder, including, without limitation, the exemptions for short-term deferrals, separation pay arrangements, reimbursements, and inkind distributions, and this Agreement shall be administered, interpreted and construed in a manner that does not result in the imposition of additional taxes, penalties or interest under Section 409A. Humana agrees to negotiate in good faith with you to make amendments to the Agreement, as both parties mutually agree are necessary or desirable to avoid the imposition of taxes, penalties or interest under Section 409A. If an amount to be paid under this Agreement is payable in two or more installments, each installment shall be treated as a separate payment for purposes of Section 409A. For purposes of this Agreement, a termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits subject to the requirements of Section 409A upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A, and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment," or like terms shall mean a "separation from service" within the meaning of Section 409A. Neither Humana nor you will have the right to accelerate or defer the delivery of any such payments or benefits except to the extent specifically permitted or required by Section 409A.

C. ACKNOWLEDGMENTS: You and Humana hereby acknowledge and agree:

1. that you were provided a sufficient period to review and consider this Agreement and are advised to contact an attorney,

2. that you understand each of the terms of this Agreement and the effect of executing this Agreement by your signature; and

3. that you are executing this Agreement as your own free act and deed, without any coercion or duress, and that you agree to each of the terms and provisions of this Agreement.

[*REMAINDER OF PAGE INTENTIONALLY LEFT BLANK*]

1. **IN WITNESS WHEREOF**, as their free and voluntary act, the parties have executed this Agreement as of the date indicated.

HUMANA

By: /s/ James Rechtin
Name: James Rechtin
Title: Chief Executive Officer
Date: December 2, 2024

By: /s/ Susan Diamond
Name: Susan Diamond
Date: December 2, 2024

Humana

November 20, 2024

Mrs. Celeste Mellet

Dear Celeste,

This letter is intended to formally offer you the role of **Chief Financial Officer** of Humana Inc., with a start date on or around January 1, 2025. The information below outlines your total compensation package.

Salary
Your initial annual base salary will be ***$975,000*** and may be increased periodically based on your personal performance and/or overall company results.

Associate Incentive Plan
You will be eligible for participation in Humana's Associate Incentive Plan (AIP). Your targeted incentive amount will be ***125%*** of your prorated annual base salary earnings. On an annualized basis, this would result in an annual incentive target of ***$1,218,750***. Your incentive potential is calculated on earned salary in a calendar year and is based upon the Company and you personally meeting specific objectives. Additional details of this incentive plan will be provided to you after your hire date.

Cash Sign-On Bonus
You are receiving a cash sign-on bonus of ***$7,300,000*** broken down as follows: ***$6,000,000*** to be paid within the first 45 days after your start date, an additional ***$700,000*** to be paid on or near the first anniversary of your start date and a final payment of ***$600,000*** to be paid on or near the second anniversary of your start date, in each case dependent upon you being an employee as of the relevant date of payment. By signing this offer letter, you are agreeing to reimburse Humana according to the following schedule if you voluntarily leave employment by the Company:

- If prior to completing one full year of service, $6,000,000;
- If after completing one full year of service, but prior to completing two full years of service, $4,700,000; and
- If after completing two full years of service, but prior to completing three full years of service, $2,950,000

For the avoidance of doubt, if your employment is terminated by the Company for any reason other than Cause, including death or Disability (as defined in the Amended and Restated Humana Inc. Stock Incentive Plan), or if you terminate your employment by the Company with Good Reason (as defined in the Humana Inc. Change in Control Policy without the requirement of a Change in Control), you shall be entitled to keep the entire cash sign-on bonus.

The information transmitted is intended only for the person or entity to which it is addressed and may contain CONFIDENTIAL material. If you receive this material/information in error, please contact the sender and delete or destroy the material/information.

Equity Awards

You will be awarded ***$6,000,000*** in grant value of Humana equity for your **Initial Equity Award** pursuant to the Amended and Restated Humana Inc. Stock Incentive Plan (the "SIP"), using the form of agreement attached as Appendix A. This award will be delivered in 100% restricted share units (RSUs), with an anticipated grant date on the later of (x) the first business day following your start date with the Company, or (y) the first business day upon which the Company is otherwise able to grant equity awards under current policies and procedures, and will vest ratably over three years on the anniversary of the grant. The number of shares granted will be based on the average of the high and low stock price on the grant date.

In addition to the Initial Equity Award, for 2025, to the extent that annual LTI awards are approved generally for senior executives by the Organization & Compensation Committee of the Board (the "Committee"), you will be recommended to receive ***$4,100,000*** in grant date value of Humana equity for your **Initial Annual Equity Award**, pursuant to the SIP, contingent upon approval by the Committee. The Initial Annual Equity Award will be made the ordinary course of business in connection with the Company's customary granting practices, and will include the same grant date, vesting schedule, and award mix (performance-based stock units, restricted stock units, and stock options) as approved by the Company's Organization & Compensation Committee for all of the Company's executive officers. Based on current granting practices, your Initial Annual Equity Award would be awarded in the following mix: 50% performance share units (PSUs), approximately **$2,050,000**; 25% restricted share units (RSUs), approximately **$1,025,000**; and 25% stock options (options), approximately **$1,025,000**.

For each of your initial and annual equity grant, you will receive award agreements from Schwab that acknowledges each element of your grant and contains other terms and conditions specific to each of your awards, including, if applicable, a non-compete and/or a non-solicitation provision. Each agreement must be signed within 10 days of receipt in order to receive the equity grant.

Benefits

The company provides a very competitive benefits program. The medical plan offerings are high deductible health plans (HDHPs) with Health Savings Accounts (HSAs) and consumer directed health plans (CDHPs) with Personal Care Accounts (PCAs). The HSA gives associates the opportunity to fund their health care on a pretax basis, while the HDHP and CDHP provide a safety net in the event of a major illness or injury.

Retirement Benefits

You will be eligible to participate in the Humana Inc. 401(k) Retirement Savings Plan ("401(k) Plan") and the Amended and Restated Humana Retirement Equalization Plan, in each case with a 7.5% matching contribution beginning after one year service the Company.

Severance Benefits

The company's Executive Severance Policy entitles recipients, terminated for any reason other than Cause, to (i) eighteen (18) month's continued base salary and (ii) with respect to any performance year under the Company's short-term incentive compensation plan, a payment equal to the annual bonus as actually performed, pro-rated for time worked during the performance year.

Matching Gifts

The Humana Foundation will match your actual gifts (not pledges) up to ***$30,000*** annually, subject to a $100 minimum gift. Gifts may be monetary or marketable securities. Organizations eligible to receive matching gifts are those organizations and institutions classified by the IRS as tax-exempt under Section 501(c) of the Internal Revenue Code. Fully accredited public or private educational institutions, including primary and secondary schools, junior colleges, universities, graduate or professional schools are also eligible.

Financial Planning
You are entitled to Humana's Executive Benefit Comprehensive Financial Counseling Service. The services are contracted and include benefits and compensation planning, estate planning, insurance review and evaluation, cash-flow analysis, income-tax planning, retirement planning, capital planning and financial oversight. (Value is approximately $20,000 per year.)

Executive Physical
You are eligible for an annual physical exam through the Executive Health Program. (Value is approximately $7,500 per year.)

Pre-Employment Information
This letter is intended to outline Humana's offer to you and does not constitute an employment contract between you and Humana. Your employment will be at-will and not guaranteed. You will be expected to follow all Humana policies and procedures during your employment. Humana reserves the right to amend, modify, reduce, discontinue or terminate any or all policies and benefits at the company's discretion including any of the policies and benefits outlined in this letter.

This offer is contingent upon the successful completion of your background investigation and pre-employment drug testing (which must be completed within 48 hours of receipt of your eScreen Notification for drug testing) and completion of any remaining reference checks.

Humana is strongly committed to creating a workplace that benefits health and well-being of our associates and allows us to deliver unexpected value and quality to our members. In order to further our commitment to perfect service Humana has a Periodic Mandatory Drug and Alcohol Testing with Random Selection for positions deemed a safety impact position. Should your position be considered a safety impact position within the organization, it is subject to our Periodic Mandatory Drug and Alcohol Testing with Random Selection policy. Safety impact positions include, but are not limited to, associates who: drive Humana vehicles, or are either in direct contact with or are responsible for dispensing prescription drugs.

As required by law, this offer of employment is subject to satisfactory proof of your identity and eligibility to work in the United States. Within three business days of your employment date, on or around January 1, 2025, you must provide proof of that eligibility. To facilitate meeting this requirement, proceed to www.uscis.gov/portal/site/uscis to review a list of acceptable forms of identification for completing the I-9 form. Please bring the acceptable forms of identification with you on your first day.

Prior to your start date, you will receive an e-mail from a representative of the Human Resource department that will provide you with additional information concerning your onboarding with Humana. You will initially be assigned to work out of the Company's New York City office, with appropriate travel expected to other Company locations in the fulfillment of your duties in the role. You will also receive a packet of information from our Corporate Secretary's office relating

to certain forms required in connection with your status as an officer of the Company for purposes of Section 16 under the Securities Exchange Act of 1934. On your first day of employment, you will receive an Executive Onboarding Plan and Welcome Packet, which will provide you with additional benefit information and the forms necessary to facilitate a smooth transition into Humana.

I am enthusiastic about your potential to contribute to the growth of Humana, and I look forward to welcoming you to the Humana team. Please feel free to contact me if you have any questions.

Sincerely,

Jessica Klein
Senior Vice President, Total Rewards

I accept the position and agree to the terms outlined in this letter.

/s/ Celeste Mellet

Mrs. Celeste Mellet

November 20, 2024

Date

Policy Regarding Transactions in Company Securities, Inside Information and Confidentiality

Important federal legislation prohibits insider trading and "tipping" inside information, subjecting employers of those who engage in such illegal acts to potential sanctions. As a result, the Company wishes to remind all personnel of its policies regarding trading in Humana securities, inside information and confidentiality. Any violation of these policies may result in immediate dismissal and may subject the individual involved to both civil and criminal penalties. This is an extremely important matter and we urge you to read the following with care.

Prohibitions Against Trading on or Tipping Inside Information

Federal securities laws restrict corporate insiders (which includes all employees) from purchasing or selling Company securities while aware of material, non-public information about the Company, as well as the communication of such information to any other person for such use. Material information is any information that a reasonable investor would consider important in determining whether to buy, sell, or hold securities. Non-public information is information that has not been effectively disseminated to the investing public.

It is the policy of the Company that Company personnel (including members of the Company's Board of Directors, officers and all employees) and their respective immediate family and household members (collectively, "Covered Persons") may not purchase or sell any securities of the Company, or any other corporation or business (including, without limitation, a gift, loan, pledge or hedge, contribution to a trust, or any other sale or transfer, regardless of how the securities are held), while aware of material, non-public information concerning the Company, or other corporation or business, as applicable. It is also the Company's policy that all inside information concerning the Company--or, for that matter, any other corporation or business--which is obtained by Company personnel in the course of their employment may not be communicated to any other person (including relatives, friends or business associates, and regardless of the purpose for which such communication may be made), except to the extent necessary to perform work for the Company.

A determination as to whether information is material or is inside information depends on all of the related facts and circumstances. Information you should consider material includes but is not limited to earnings estimates, consolidate operating results, changes in previously released earnings estimates, significant merger, acquisition or divestiture proposals or agreements, major litigation, significant product news, dividend changes, extraordinary management developments and the occurrence of a significant cybersecurity event. In addition, it should be emphasized that material information does not have to relate to a company's business; information about the content of a forthcoming publication in the financial press which is expected to affect the market price of a security could well be material.

Confidentiality

All internal information concerning the Company, and any other corporation or business about which Company personnel obtain information in the course of their employment, must be kept strictly confidential and should not be discussed with any other person inside or outside of the Company, except to the extent necessary to perform work for the Company, nor should such information be discussed with any person within the Company under circumstances where it could be overheard. Written information should be appropriately safeguarded and should not be left where it may be seen by persons not entitled to that information.

The unauthorized disclosure of such information could result in serious consequences to the Company, whether or not such disclosure is made for the purpose of facilitating improper trading in securities of the Company or such other corporation or business. In addition to other circumstances in which it may be applicable, this confidentiality policy must be strictly adhered to in responding to inquiries about the Company made by the press, financial analysts or other members of the financial community. It is important that responses to any such inquiries be made on behalf of the Company by a duly designated officer. Accordingly, Company personnel should not respond to such inquiries unless expressly authorized to do so.

Exceptions to Trading Restrictions

The trading restrictions of this policy do not apply to the following:

a. Retirement and Savings Plan. Investing plan contributions in a Company stock fund in accordance with the terms of the Company's Retirement and Savings Plan. However, any changes in your investment election regarding the Company's stock are subject to trading restrictions under this policy.

b. Options. Exercising stock options granted under the Amended and Restated Humana Inc. Stock Incentive Plan (or other stock incentive plan of the Company) where no Company stock is sold in the market to fund the exercise price of an option. However, the sale of any shares issued on the exercise of Company-granted stock options and any cashless exercise of Company-granted stock options are subject to trading restrictions under this policy.

Blackout Periods

During certain periods of time described below, referred to as "Blackout Periods", certain Covered Periods are prohibited from trading in the Company's securities.

a. Quarterly Blackout Periods. Covered Persons who are or may be expected to be aware of the Company's quarterly financial results are prohibited from trading in the Company's securities during the period beginning at the close of the market on the last day of each fiscal quarter and ending twenty-four (24) hours after the Company's issuance of its quarterly earnings release. The length of any quarterly Blackout Period may be extended by the Chief Legal Officer or Corporate Secretary at any time.

   Covered Persons subject to these quarterly Blackout Periods include members of the Board of Directors, Executive Officers, and all other persons who are informed by the Chief Legal Officer or Corporate Secretary that they are subject to the quarterly blackout periods.

b. Other Blackout Periods. From time to time, other events or types of material, non-public information regarding the Company may be pending and not publicly disclosed. While such information remains material and non-public, the Company may impose special blackout periods during which Covered Persons are prohibited from trading in the Company's securities. If the Company imposes a special blackout period, it will notify the Covered Persons affected, but the existence of such a blackout will not be announced and must be kept confidential.

   Covered Persons subject to such Blackout Periods include members of the Board of Directors, Executive Officers, and all other persons who are informed by the Chief Legal Officer or Corporate Secretary that they are subject to such a Blackout Period.

It should be noted that (i) even if a Covered Person has not specifically been designated as subject to a Blackout Period or (ii) during all periods when a Blackout Period is not in effect, a Covered Person who is in possession of any material, non-public information must comply at all times with the terms of this policy.

Pre-clearance of Trades and Other Transactions by Executive Officers and Directors

All members of the Board of Directors, Executive Officers, and any other persons designated by the Chief Legal Officer as being subject to the Company's pre-clearance procedures, together with their respective immediate family and household members family, may not engage in any transaction involving the Company's securities (including, without limitation, a stock plan transaction such as an option exercise, gift, loan, pledge or hedge, contribution to a trust, or any other sale or transfer) without first obtaining pre-clearance from the Chief Legal Officer and Corporate Secretary.

For purposes of this section, "Executive Officer" shall include those executive officers designated by the Board of Directors under Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended.

Additional Prohibited Transactions

The Company considers it improper for Covered Persons to engage in short-term, speculative or certain monetization transactions in the Company's securities. Therefore, it is the Company's policy that Covered Persons may not engage in any of the following transactions:

a. Short Sales. Short sales of Company securities evidence an expectation on the part of the seller that the securities will decline in value. In addition, short sales may reduce the seller's incentive to improve the Company's performance. For these reasons, Covered Persons must refrain from engaging in short sales of Company securities.

b. Derivative Securities. A transaction in derivative securities may create the appearance that the individual is trading based on inside information. Transactions in derivative securities also may focus the individual's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, Covered Persons personnel are prohibited from engaging in transactions in puts, calls, forward sales contracts, equity swaps, exchange funds, collars or other derivative securities, designed to hedge or offset any decrease in the market value of the Company's equity securities, on an exchange or in any other organized market.

c. Margin Accounts and Pledged Securities. Covered Persons are prohibited from holding Company securities in margin accounts or pledging Company securities as collateral.

Conclusion

We expect all Company personnel to abide by the foregoing policies and procedures. Again, it should be emphasized that any violation may result in serious legal difficulties and may constitute grounds for disciplinary action, including termination of employment. Any questions concerning the policies and procedures set forth herein should be directed to the Company's Law Department and any inquiries made about the Company by persons outside the Company should be directed to the Company's Investor Relations Department. You should not try to resolve any uncertainties on your own.

Humana Inc.

EXHIBIT 21

HUMANA INC.
SUBSIDIARY LIST

ALABAMA
Mid-South Home Health Agency, LLC

ARKANSAS
Humana Regional Health Plan, Inc.

CALIFORNIA
Asian American Home Care, Inc.
Humana Health Plan of California, Inc.
Professional Healthcare at Home, LLC

COLORADO
Alpine Home Health Care, LLC

DELAWARE
Access Home Health of Florida, LLC
Amazing Home Health Holdings, LLC
American Homecare Management Corp.
Care Solutions ACO, LLC
CDO 1, LLC
CDO 2, LLC
CenterWell Care Solutions, Inc.
CenterWell Certified Healthcare Corp.
CenterWell Health Services (Certified), Inc.
CenterWell Health Services (USA), LLC
CenterWell Health Services Holding Corp.
CenterWell Health Services, Inc.
CenterWell Home Health Services, LLC
CenterWell Pharmacy, Inc.
CompBenefits Corporation
CompBenefits Direct, Inc.
Conviva Care Solutions, LLC
Conviva Care Solutions II, LLC
Conviva Group Holdings, LLC
Conviva Health Management, LLC
Conviva Health MSO of Texas, Inc.
Conviva Medical Center Management, LLC
Eagle NY Rx, LLC
Eagle Rx Holdco, Inc.
Eagle Rx, Inc.
Echo Primary Care Holdings, LLC
Edge Health MSO, Inc.
Emphesys, Inc.
Enclara Pharmacia, Inc.
FPG Acquisition Corp.
FPG Acquisition Holdings Corp.
FPG Holding Company, LLC
Go365, LLC
Harden Healthcare Holdings, LLC
Harden Home Health, LLC
Health Value Management, Inc.
Healthfield Operating Group, LLC
Healthfield, LLC

HHS Healthcare Corp.
Hospice Pharmacy Solutions, LLC
HP Solutions Holdings, LLC
HUM Provider Holdings, LLC
Humana at Home, Inc.
Humana Care Holdings, Inc.
Humana Digital Health and Analytics Platform Services, Inc.
Humana Direct Contracting Entity, Inc.
Humana Government Business, Inc.
Humana Inc.
Humana Innovation Enterprises, Inc.
Humana WellWorks LLC
HumanaDental, Inc.
Integracare Holdings, Inc.
Integracare Intermediate Holdings, Inc.
KAH Development 10, L.L.C.
KAH Development 12, L.L.C.
KAH Development 14, L.L.C.
KAH Development 4, L.L.C.
Kentucky Homecare Holdings, Inc.
Kentucky Homecare Parent Inc.
KND Development 50, L.L.C.
Mid-South Home Health, LLC
North Region Providers, LLC
One Home Medical Equipment NC, LLC
One Home Medical Equipment VA, LLC
One Infusion Pharmacy NC, LLC
One Infusion Pharmacy VA, LLC
Outcome Resources, LLC
PBM Holding Co.
PBM Plus Mail Service Pharmacy, LLC
PF Development 10, L.L.C.
PF Development 15, L.L.C.
PF Development 16, L.L.C.
PF Development 21, L.L.C.
PF Development 5, L.L.C.
PF Development 7, L.L.C.
PF Development 9, L.L.C.
PHH Acquisition Corp.
PHHC Acquisition Corp.
Primary Care Holdings II, LLC
Prime West Jv Holdings, LLC
Professional Healthcare, LLC
SHC Holding, Inc.
Transcend Population Health Management II, LLC
Trilogy Home Healthcare NE FL, Inc.
Trilogy Home Healthcare SW FL, Inc.
Vitality HHS Holdings, Inc.
Vitality Home Care, Inc.
Voyager Home Health, Inc.
Voyager Hospicecare, Inc.

DOMINICAN REPUBLIC
Trueshore S.R. I.

FLORIDA
A & A HomeCare, Inc.

Accredited Home Health of Broward, Inc.
Advanced Oncology Services, Inc.
All About Home Care Management, LLC
Altercare LLC
Altercare of Palm Beach County, LLC
Amazing Home Health Care, Inc.
Amicus Medical Center LLC
Amicus Medical Group, Inc.
Amicus Medical Services Organization, LLC
Balanced Home Healthcare, Inc.
Bridges Home Health, Inc.
Care Hope Holdings, Inc.
Care Hope Home Health Agency, Inc.
Care Partners Home Care, LLC
CarePlus Health Plans, Inc.
CenterWell Accountable Care, LLC
CenterWell Senior Primary Care (FL), Inc.
CompBenefits Company
Complex Clinical Management, Inc.
Conviva Physician Group, LLC
Conviva Specialty, LLC
Elite Health Medical Centers, LLC
Elite Health Primary Care, LLC
FPG Senior Services, LLC
Homecare Holdings, Inc.
HUM-e-FL, Inc.
Humana At Home 1, Inc.
Humana Dental Company
Humana Health Insurance Company of Florida, Inc.
Humana Medical Plan, Inc.
Med. Tech. Services of South Florida, Inc.
Medstar Home Health, LLC
Med-Tech Services of Dade, Inc.
Med-Tech Services of Palm Beach, Inc.
METCARE of Florida, Inc.
Metropolitan Health Networks, Inc.
M-SAC, Inc.
On the Way Home Care, Inc.
One Home Health Holdings, LLC
One Home Medical Equipment, LLC
One Homecare Solutions, LLC
One Homecare Systems, LLC
One Infusion Pharmacy, LLC
One Nursing Care, LLC
One TPA Systems, Inc.
Quality Living Home Health Care LLC
Senior Home Care, Inc.
SeniorBridge Family Companies (FL), Inc.
South Florida Cardiology Associates, LLC
Trident Home Health, LLC
Trueshore BPO, LLC

GEORGIA
Capital Care Resources of South Carolina, LLC
Capital Care Resources, LLC
Capital Health Management Group, LLC
Chattahoochee Valley Home Care Services, LLC

Chattahoochee Valley Home Health, LLC
CHMG Acquisition LLC
CHMG of Atlanta, LLC
CHMG of Griffin, LLC
Healthfield Home Health, LLC
Healthfield of Southwest Georgia, LLC
Healthfield of Statesboro, LLC
Healthfield of Tennessee, LLC
Humana Employers Health Plan of Georgia, Inc.
Mid-South Home Health of Gadsden, LLC
Total Care Home Health of Louisburg, LLC
Total Care Home Health of North Carolina, LLC
Total Care Home Health of South Carolina, LLC

ILLINOIS
CompBenefits Dental, Inc.
Dental Care Plus Management, Corp.
Humana Benefit Plan of Illinois, Inc.
Humana Healthcare Research, Inc.

IOWA
Hawkeye Health Services, Inc.

KENTUCKY
CHA HMO, Inc.
Humana Active Outlook, Inc.
Humana Health Plan, Inc.
Humana Insurance Company of Kentucky
Humana MarketPOINT, Inc.
Humana Pharmacy Solutions, Inc.
Humana Real Estate Company
Humco, Inc.
The Dental Concern, Inc.

LOUISIANA
Humana Health Benefit Plan of Louisiana, Inc.
Synergy Home Care-Acadiana Region, Inc.
Synergy Home Care-Capitol Region, Inc.
Synergy Home Care-Central Region, Inc.
Synergy Home Care-Northeastern Region, Inc.
Synergy Home Care-Northshore Region, Inc.
Synergy Home Care-Northwestern Region, Inc.
Synergy Home Care-Southeastern Region, Inc.
Synergy, Inc.

MICHIGAN
CenterWell IPA Solutions, LLC
Humana Medical Plan of Michigan, Inc.
Prime Accountable Care West, LLC

MISSISSIPPI
Gilbert's Home Health Agency, Inc.
Home Health Care Affiliates of Central Mississippi, L.L.C.
Home Health Care Affiliates of Mississippi, Inc.
Home Health Care Affiliates, Inc.
Van Winkle Home Health Care, Inc.

MISSOURI
Missouri Home Care of Rolla, Inc.

NEVADA
Southern Nevada Home Health Care, Inc.

NEW YORK
Alexander Infusion, LLC
CenterWell Services of New York, Inc.
Harris, Rothenberg International Inc.
Humana Health Company of New York, Inc.
Humana Insurance Company of New York
Humana Life Insurance Company of New York, Inc.
New York Healthcare Services, Inc.
QC-Medi New York, Inc.
Quality Care - USA, Inc.
SeniorBridge Family Companies (NY), Inc.

NORTH CAROLINA
Eastern Carolina Home Health Agency, LLC
Healthcare Planning of America, LLC
Home Health Care of Carteret County, LLC
Innovative Financial Group Holdings, LLC
Innovative Financial Partners, LLC
Rees Financial LLC
TAR Heel Health Care Services, LLC
The Lead Store LLC
Versa Management LLC

OHIO
Humana Health Plan of Ohio, Inc.
Hummingbird Coaching Systems LLC

PENNSYLVANIA
Humana Medical Plan of Pennsylvania, Inc.

PUERTO RICO
Humana Health Plans of Puerto Rico, Inc.
Humana Insurance of Puerto Rico, Inc.
Humana Management Services of Puerto Rico, Inc.
Humana MarketPOINT of Puerto Rico, Inc.

SOUTH CAROLINA
Humana Benefit Plan of South Carolina, Inc.

TENNESSEE
Cariten Health Plan Inc.
PHP Companies, Inc.
Preferred Health Partnership, Inc.

TEXAS
Aberdeen Holdings, Inc.
Able Home Healthcare, Inc.
BWB Sunbelt Home Health Services, LLC
California Hospice, LLC

CompBenefits Insurance Company
Corpus Christi Home Care, Inc.
DentiCare, Inc.
Emphesys Insurance Company
Focus Care Health Resources, Inc.
GBA Holding, Inc.
GBA West, LLC
Georgia Hospice, LLC
Harden Clinical Services, LLC
Harden HC Texas Holdco, LLC
Harden Healthcare, LLC
Harden Hospice, LLC
Home Health of Rural Texas, Inc.
Horizon Health Care Services, Inc.
Humana At Home (San Antonio), Inc.
Humana Benefit Plan of Texas, Inc.
Humana Health Plan of Texas, Inc.
Integracare Home Health Services, Inc.
Integracare of Albany, LLC
Integracare of Athens-Home Health, LLC
Integracare of Olney Home Health, LLC
Integracare of Texas, LLC
Integracare of West Texas-Home Health, LLC
Integracare of Wichita Falls, LLC
Lighthouse Hospice - Metroplex, LLC
Lighthouse Hospice Management, LLC
Lighthouse Hospice-San Antonio, LLC
One Home Health Holdings CCTX, LLC
One Home Medical Equipment TX, LLC
Outreach Health Services of North Texas, LLC
Texas Dental Plans, Inc.
Vernon Home Health Care Agency, LLC
Voyager Acquisition, L.P.

UTAH
Home Health Services, Inc.
Humana Medical Plan of Utah, Inc.

VERMONT
Managed Care Indemnity, Inc.

WASHINGTON
Arcadian Health Plan, Inc.

WEST VIRGINIA
First Home Health, Inc.
Nursing Care-Home Health Agency, Inc.

WISCONSIN
CareNetwork, Inc.
GuidantRx, Inc.
Humana Insurance Company
Humana Wisconsin Health Organization Insurance Corporation
HumanaDental Insurance Company
Independent Care Health Plan

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-254041) and Form S-8 (Nos. 033-49305, 333-04435, 333-57095, 333-86801, 333-41408, 333-86280, 333-105622, 333-134887, 333-162747, 333-171616, 333-175350, 333-231154, and 033-264543) of Humana Inc. of our report dated February 20, 2025 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Louisville, Kentucky

February 20, 2025

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF SARBANES-OXLEY ACT OF 2002

I, James A. Rechtin, principal executive officer of Humana Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Humana Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 20, 2025

Signature: /s/ JAMES A. RECHTIN

James A. Rechtin
Principal Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF SARBANES-OXLEY ACT OF 2002

I, Celeste M. Mellet, principal financial officer of Humana Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Humana Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 20, 2025

Signature: /s/ CELESTE M. MELLET

Celeste M. Mellet
Principal Financial Officer

Exhibit 32

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Humana Inc. (the "Company") on Form 10-K for the period ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned hereby certifies, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, in his capacity as an officer of Humana Inc., that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ JAMES A. RECHTIN

James A. Rechtin
President and Chief Executive Officer (Principal Executive Officer)

February 20, 2025

/s/ CELESTE M. MELLET

Celeste M. Mellet
Chief Financial Officer (Principal Financial Officer)

February 20, 2025

A signed original of this written statement required by Section 906 has been provided to Humana Inc. and will be retained by Humana Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2023

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 1-5975

HUMANA INC.

(Exact name of registrant as specified in its charter)

Delaware	**61-0647538**
(State or other jurisdiction of incorporation of organization)	(I.R.S. Employer Identification No.)

500 West Main Street, Louisville, Kentucky 40202
(Address of principal executive offices, and zip code)

Registrant's telephone number, including area code: **(502) 580-1000**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of exchange on which registered
Common stock, $0.16 2/3 par value	**HUM**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The aggregate market value of voting stock held by non-affiliates of the Registrant as of June 30, 2023 was $55,096,895,366 calculated using the average price on June 30, 2023 of $445.24 per share.

The number of shares outstanding of the Registrant's Common Stock as of January 31, 2024 was 120,653,315.

DOCUMENTS INCORPORATED BY REFERENCE

Parts II and III incorporate herein by reference portions of the Registrant's Definitive Proxy Statement to be filed pursuant to Regulation 14A with respect to the Annual Meeting of Stockholders scheduled to be held on April 18, 2024. Such Definitive Proxy Statement will be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

HUMANA INC.
INDEX TO ANNUAL REPORT ON FORM 10-K
For the Year Ended December 31, 2023

		Page
	Part I	
Item 1.	Business	4
Item 1A.	Risk Factors	22
Item 1B.	Unresolved Staff Comments	36
Item 1C.	Cybersecurity	36
Item 2.	Properties	37
Item 3.	Legal Proceedings	38
Item 4.	Mine Safety Disclosures	38
	Part II	
Item 5.	Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	39
Item 6.	Reserved	42
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	43
Item 7A.	Quantitative and Qualitative Disclosures about Market Risk	67
Item 8.	Financial Statements and Supplementary Data	69
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	124
Item 9A.	Controls and Procedures	124
Item 9B.	Other Information	125
Item 9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	125
	Part III	
Item 10.	Directors, Executive Officers and Corporate Governance	126
Item 11.	Executive Compensation	127
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	127
Item 13.	Certain Relationships and Related Transactions, and Director Independence	128
Item 14.	Principal Accounting Fees and Services	128
	Part IV	
Item 15.	Exhibits, Financial Statement Schedule	129
Item 16.	Form 10-K Summary	141
	Signatures and Certifications	142

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Forward-Looking Statements

Some of the statements under "Business," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and elsewhere in this report may contain forward-looking statements which reflect our current views with respect to future events and financial performance. These forward-looking statements are made within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, or the Exchange Act. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and we are including this statement for purposes of complying with these safe harbor provisions. We have based these forward-looking statements on our current expectations and projections about future events, trends and uncertainties. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions, including the information discussed under the section entitled "Risk Factors" in this report. In making these statements, we are not undertaking to address or update them in future filings or communications regarding our business or results. Our business is highly complicated, regulated and competitive with many different factors affecting results.

PART I

ITEM 1. BUSINESS

General

Headquartered in Louisville, Kentucky, Humana Inc. and its subsidiaries, referred to throughout this document as "we," "us," "our," the "Company" or "Humana," is committed to putting health first – for our teammates, our customers, and our company. Through our Humana insurance services, and our CenterWell health care services, we make it easier for the millions of people we serve to achieve their best health – delivering the care and service they need, when they need it. These efforts are leading to a better quality of life for people with Medicare, Medicaid, families, individuals, military service personnel, and communities at large.

As of December 31, 2023, we had approximately 17 million members in our medical benefit plans, as well as approximately 5 million members in our specialty products. During 2023, 84% of our total premiums and services revenue were derived from contracts with the federal government, including 14% derived from our individual Medicare Advantage contracts in Florida with the Centers for Medicare and Medicaid Services, or CMS, under which we provide health insurance coverage to approximately 851,300 members as of December 31, 2023.

Humana Inc. was organized as a Delaware corporation in 1964. Our principal executive offices are located at 500 West Main Street, Louisville, Kentucky 40202, the telephone number at that address is (502) 580-1000, and our website address is www.humana.com. We have made available free of charge through the Investor Relations section of our web site our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, and, if applicable, amendments to those reports filed or furnished pursuant to Section 13(a) of the Exchange Act, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission.

This Annual Report on Form 10-K, or 2023 Form 10-K, contains both historical and forward-looking information. See Part I, Item 1A, "Risk Factors" of this Form 10-K for a description of a number of factors that may adversely affect our results or business.

Business Segments

During December 2022, we realigned our businesses into two distinct segments: Insurance and CenterWell. The Insurance segment includes the businesses that were previously included in the Retail and Group and Specialty segments, as well as the Pharmacy Benefit Manager, or PBM, business which was previously included in the Healthcare Services segment. The CenterWell segment (formerly Healthcare Services) represents our payor-agnostic healthcare services offerings, including pharmacy solutions, primary care, and home solutions. In addition to the

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new segment classifications being utilized to assess performance and allocate resources, we believe this simpler structure will create greater collaboration across the Insurance and CenterWell businesses and will accelerate work that is underway to centralize and integrate operations within the organization. 2021 segment financial information was recast to conform to the 2022 presentation.

Our two reportable segments, Insurance and CenterWell, are based on a combination of the type of health plan customer and adjacent businesses centered on well-being solutions for our health plans and other customers. These segment groupings are consistent with information used by our Chief Executive Officer, the Chief Operating Decision Maker, to assess performance and allocate resources. For additional information on our business segments and segment financial information, refer to Note 18 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

Our Products

Our medical and specialty insurance products allow members to access health care services primarily through our networks of health care providers with whom we have contracted. These products may vary in the degree to which members have coverage. Health maintenance organizations, or HMOs, include comprehensive managed care benefits generally through a participating network of physicians, hospitals, and other providers. Preferred provider organizations, or PPOs, provide members the freedom to choose any health care provider. However, PPOs generally require the member to pay a greater portion of the provider’s fee in the event the member chooses not to use a provider participating in the PPO’s network. Point of Service, or POS, plans combine the advantages of HMO plans with the flexibility of PPO plans. In general, POS plans allow members to choose, at the time medical services are needed, to seek care from a provider within the plan’s network or outside the network. In addition, we offer services to our health plan members as well as to third parties that promote health and wellness, including pharmacy solutions, primary care, and home solutions, as well as services and capabilities to advance population health. At the core of our strategy is our integrated care delivery model, which unites quality care, high member engagement, and sophisticated data analytics. Three core elements of the model are to improve the consumer experience by simplifying the interaction with us, engaging members in clinical programs, and offering assistance to providers in transitioning from a fee-for-service, or FFS, to a value-based arrangement. Our approach to primary, physician-directed care for our members aims to provide quality care that is consistent, integrated, cost-effective, and member-focused. The model is designed to improve health outcomes and affordability for individuals and for the health system as a whole, while offering our members a simple, seamless healthcare experience. The discussion that follows describes the products offered by each of our segments.

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Our Insurance Segment Products

The Insurance segment is comprised of products serving Medicare and state-based contract beneficiaries sold on a retail basis to individuals including medical and supplemental benefit plans. 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 life insurance benefits, as well as administrative services only, or ASO. In addition, our Insurance segment includes our military services business as well as the operations of our PBM business. These products are described in the discussion that follows.

The following table presents our premiums and services revenue for the Insurance segment by product for the year ended December 31, 2023:

	Insurance Segment Premiums and Services Revenue	Percent of Consolidated Premiums and Services Revenue
	(dollars in millions)	
Premiums:		
Individual Medicare Advantage	$ 78,837	74.9 %
Group Medicare Advantage	6,869	6.5 %
Medicare stand-alone PDP	2,189	2.1 %
Total Medicare	87,895	83.5 %
Commercial fully-insured	3,527	3.3 %
Specialty benefits	1,007	1.0 %
Medicare Supplement	735	0.7 %
State-based contracts and other	8,108	7.7 %
Total premiums revenue	101,272	96.2 %
Services:		
Commercial ASO	237	0.2 %
Military services and other	763	0.7 %
Services revenue	1,000	0.9 %
Total Insurance segment premiums and services revenue	$ 102,272	97.1 %

Medicare

We have participated in the Medicare program for private health plans for over 30 years and have established a national presence, offering at least one type of Medicare plan in all 50 states. We have a geographically diverse membership base that we believe provides us with greater ability to expand our network of PPO and HMO providers. We employ strategies including health assessments and clinical guidance programs such as lifestyle and fitness programs for seniors to guide Medicare beneficiaries in making cost-effective decisions with respect to their health care. We believe these strategies result in cost savings that occur from making positive behavior changes.

Medicare is a federal program that provides persons age 65 and over and some disabled persons under the age of 65 certain hospital and medical insurance benefits. CMS, an agency of the United States Department of Health and Human Services, administers the Medicare program. Hospitalization benefits are provided under Part A, without the payment of any premium, for up to 90 days per incident of illness plus a lifetime reserve aggregating 60 days. Eligible beneficiaries are required to pay an annually adjusted premium to the federal government to be eligible for physician care and other services under Part B. Beneficiaries eligible for Part A and Part B coverage under traditional fee-for-service Medicare are still required to pay out-of-pocket deductibles and coinsurance. Throughout this document this program is referred to as Medicare FFS. As an alternative to Medicare FFS, in geographic areas where a managed care organization has contracted with CMS pursuant to the Medicare Advantage program, Medicare beneficiaries may choose to receive benefits from a Medicare Advantage organization under Medicare Part C. Pursuant to Medicare Part C, Medicare Advantage organizations contract with CMS to offer Medicare

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Advantage plans to provide benefits at least comparable to those offered under Medicare FFS. Our Medicare Advantage, or MA, plans are discussed in the following sections. Prescription drug benefits are provided under Part D.

Individual Medicare Advantage Products

We contract with CMS under the Medicare Advantage program to provide a comprehensive array of health insurance benefits, including wellness programs, chronic care management, and care coordination, to Medicare eligible persons under HMO, PPO, Private Fee-For-Service, or PFFS, and Special Needs Plans, including Dual Eligible Special Needs, or D-SNP, plans in exchange for contractual payments received from CMS, usually a fixed payment per member per month. With each of these products, the beneficiary receives benefits in excess of Medicare FFS, typically including reduced cost sharing, enhanced prescription drug benefits, care coordination, data analysis techniques to help identify member needs, complex case management, tools to guide members in their health care decisions, care management programs, wellness and prevention programs and, in some instances, a reduced monthly Part B premium. Most Medicare Advantage plans offer the prescription drug benefit under Part D as part of the basic plan, subject to cost sharing and other limitations. Accordingly, all of the provisions of the Medicare Part D program described in connection with our stand-alone prescription drug plans in the following section also are applicable to most of our Medicare Advantage plans. Medicare Advantage plans may charge beneficiaries monthly premiums and other copayments for Medicare-covered services or for certain extra benefits. Generally, Medicare-eligible individuals enroll in one of our plan choices between October 15 and December 7 for coverage that begins on the following January 1.

Our Medicare HMO and PPO plans, which cover Medicare-eligible individuals residing in certain counties, may eliminate or reduce coinsurance or the level of deductibles on many other medical services while seeking care from participating in-network providers or in emergency situations. Except in emergency situations or as specified by the plan, most HMO plans provide no out-of-network benefits. PPO plans carry an out-of network benefit that is subject to higher member cost-sharing. In some cases, these beneficiaries are required to pay a monthly premium to the HMO or PPO plan in addition to the monthly Part B premium they are required to pay the Medicare program.

Most of our Medicare PFFS plans are network-based products with in and out of network benefits due to a requirement that Medicare Advantage organizations establish adequate provider networks, except in geographic areas that CMS determines have fewer than two network-based Medicare Advantage plans. In these areas, we offer Medicare PFFS plans that have no preferred network. Individuals in these plans pay us a monthly premium to receive typical Medicare Advantage benefits along with the freedom to choose any health care provider that accepts individuals at rates equivalent to Medicare FFS payment rates.

CMS uses a risk-adjustment model which adjusts premiums paid to Medicare Advantage, or MA, plans according to health status of covered members. The risk-adjustment model, which CMS implemented pursuant to the Balanced Budget Act of 1997 (BBA) and the Benefits Improvement and Protection Act of 2000 (BIPA), generally pays more where a plan's membership has higher expected costs. Under this model, rates paid to MA plans are based on actuarially determined bids, which include a process whereby our prospective payments are based on our estimated cost of providing standard Medicare-covered benefits to an enrollee with a "national average risk profile." That baseline payment amount is adjusted to account for certain demographic characteristics and health status of our enrolled members. Under the risk-adjustment methodology, all MA plans must collect from providers and submit the necessary diagnosis code information to CMS within prescribed deadlines. The CMS risk-adjustment model uses the diagnosis data, collected from providers, to calculate the health status-related risk-adjusted premium payment to MA plans, which CMS further adjusts for coding pattern differences between the health plans and the government fee-for-service (FFS) program. We generally rely on providers, including certain providers in our network who are our employees, to code their claim submissions with appropriate diagnoses, which we send to CMS as the basis for our health status-adjusted payment received from CMS under the actuarial risk-adjustment model. We also rely on these providers to document appropriately all medical data, including the diagnosis data submitted with claims. In addition, we conduct medical record reviews as part of our data and payment accuracy compliance efforts, to more accurately reflect diagnosis conditions under the risk adjustment model. For additional information,

refer to Note 17 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" and Part I, Item 1A, "Risk Factors" of this Form 10-K.

At December 31, 2023, we provided health insurance coverage under CMS contracts to approximately 5,408,900 individual Medicare Advantage members, including approximately 851,300 members in Florida. These Florida contracts accounted for premiums revenue of approximately $14.9 billion, which represented approximately 19% of our individual Medicare Advantage premiums revenue, or 14% of our consolidated premiums and services revenue for the year ended December 31, 2023.

Our individual Medicare Advantage products covered under Medicare Advantage contracts with CMS are renewed generally for a calendar year term unless CMS notifies us of its decision not to renew by May 1 of the calendar year in which the contract would end, or we notify CMS of our decision not to renew by the first Monday in June of the calendar year in which the contract would end. All material contracts between Humana and CMS relating to our Medicare Advantage products have been renewed for 2024, and all of our product offerings filed with CMS for 2024 have been approved.

Individual Medicare Stand-Alone Prescription Drug Products

We offer stand-alone prescription drug plans, or PDPs, under Medicare Part D, including a PDP offering co-branded with Walmart Inc., or the Humana-Walmart plan. Generally, Medicare-eligible individuals enroll in one of our plan choices between October 15 and December 7 for coverage that begins on the following January 1. Our stand-alone PDP offerings consist of plans offering basic coverage with benefits mandated by Congress, as well as plans providing enhanced coverage with varying degrees of out-of-pocket costs for premiums, deductibles, and co-insurance. Our revenues from CMS and the beneficiary are determined from our PDP bids submitted annually to CMS. These revenues also reflect the health status of the beneficiary and risk sharing provisions as more fully described in Note 2 to the audited Consolidated Financial Statements included in Item 8. – Financial Statements and Supplementary Data, titled “Receivables and Revenue Recognition.” Our stand-alone PDP contracts with CMS are renewed generally for a calendar year term unless CMS notifies us of its decision not to renew by May 1 of the calendar year in which the contract would end, or we notify CMS of our decision not to renew by the first Monday in June of the calendar year in which the contract would end. All material contracts between Humana and CMS relating to our Medicare stand-alone PDP products have been renewed for 2024, and all of our product offerings filed with CMS for 2024 have been approved.

We have administered CMS’s Limited Income Newly Eligible Transition, or LI-NET, prescription drug plan program since 2010. This program allows individuals who receive Medicare’s low-income subsidy to also receive immediate prescription drug coverage at the point of sale if they are not already enrolled in a Medicare Part D plan. CMS temporarily enrolls newly identified individuals with both Medicare and Medicaid into the LI-NET prescription drug plan program, and subsequently transitions each member into a Medicare Part D plan that may or may not be a Humana Medicare plan.

Group Medicare Advantage and Medicare Stand-Alone PDP

We offer products that enable employers that provide post-retirement health care benefits to replace Medicare wrap or Medicare supplement products with Medicare Advantage or stand-alone PDPs from Humana. These products are primarily offered as PPO plans on the same Medicare platform as individual Medicare Advantage plans. These plans offer the same types of benefits and services available to members in our individual Medicare plans discussed previously, however, group Medicare Advantage plans typically have richer benefit offerings than individual Medicare Advantage plans, including prescription drug coverage in the gap, for instance, due to the desire of many customers to closely match their pre-retirement benefit structure.

Medicare Supplement

We also offer Medicare supplement products that help pay the medical expenses that Medicare FFS does not cover, such as copayments, coinsurance and deductibles.

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State-based Contracts

Through our state-based contracts, we serve members enrolled in Medicaid, a program funded by both the federal and state governments and administered by states to care for their most vulnerable populations. Within federal guidelines, states determine whom to cover, but general categories for traditional Medicaid programs include: children and parents receiving assistance through Temporary Assistance to Needy Families (TANF); Aged, Blind, and Disabled (ABD) individuals; and Medicaid Expansion adults. Through Medicaid Managed Long-Term Support Services (MLTSS) programs, states offer programs to deliver support services to people who receive home and community or institution-based services for long-term care.

We have contracts in multiple states to serve Medicaid-eligible members, including Florida, Kentucky, Illinois, Louisiana, Ohio, South Carolina and Wisconsin. We were awarded new Medicaid contracts in Oklahoma and Indiana, which we expect to become effective April 1, 2024 and July 1, 2024, respectively.

We also serve members who qualify for both Medicaid and Medicare, referred to as "dual eligible", through our Medicaid, Medicare Advantage, and stand-alone prescription drug plans. As the dual eligible population represents a disproportionate share of costs, Humana is participating in varied integration models designed to improve health outcomes and reduce avoidable costs. These programs largely operate separately from traditional Medicaid programs.

As part of our individual Medicare Advantage products, we also offer Dual-Eligible Special Needs Plans (D-SNP). In connection with offering a D-SNP in a particular state, we are required to enter into a special coordinating contract with the applicable state Medicaid agency. To meet federal requirements that took effect in 2021, states have implemented new D-SNP requirements to strengthen Medicaid-Medicare integration requirements for D-SNPs. Some states are also moving to support the dual eligible population by linking D-SNP participation to enrollment in a plan that also participates in a state-based Medicaid program to coordinate and integrate both Medicare and Medicaid benefits.

Group Commercial Coverage

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.

We sell specialty and ancillary insurance benefits consisting of dental, vision, life and disability to employer groups. In addition, we sell dental and vision specialty insurance benefits to individuals.

For in-force group commercial medical customers and members, our commercial products include a broad spectrum of major medical benefits with multiple in-network coinsurance levels and annual deductible choices that employers of all sizes can offer to their employees on either a fully-insured, through HMO, PPO, or POS plans, or self-funded basis. Our plans integrate clinical programs, plan designs, communication tools, and spending accounts.

Our ASO products are offered to small group and large group employers who self-insure their employee health plans. We receive fees to provide administrative services which generally include the processing of claims, offering access to our provider networks and clinical programs, and responding to customer service inquiries from members of self-funded employers. These products may include all of the same benefit and product design characteristics of our fully-insured HMO, PPO, or POS products described previously. Under ASO contracts, self-funded employers generally retain the risk of financing the costs of health benefits, with large group customers retaining a greater share and small group customers a smaller share of the cost of health benefits. All small group ASO customers and many

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large group ASO customers purchase stop loss insurance coverage from us to cover catastrophic claims or to limit aggregate annual costs.

Military Services

Under our TRICARE contracts with the United States Department of Defense, or DoD, we provide administrative services to arrange health care services for active-duty and retired military personnel and their dependents. We have participated in the TRICARE program since 1996 under contracts with the DoD. Under our contracts, we provide administrative services while the federal government retains all of the risk of the cost of health benefits. Accordingly, we account for revenues under the current contract net of estimated health care costs similar to an administrative services fee only agreement.

On January 1, 2018, we began to deliver services under the T2017 East Region contract. The T2017 East Region contract comprises 32 states and approximately 6 million TRICARE beneficiaries. The T2017 East Region contract, which was originally set to expire on December 31, 2022, was subsequently extended by the DoD and is currently scheduled to expire on December 31, 2024, unless further extended.

In December 2022, we were awarded the next generation of TRICARE Managed Care Support Contracts, or T-5, for the updated TRICARE East Region by the Defense Health Agency of the DoD. The T-5 East Region contract comprises 24 states, and Washington D.C., and covers approximately 4.6 million beneficiaries. The transition period for the T-5 contract began in January 2024 and will overlap the final year of the T2017 contract. The length of the contract is one transition year followed by eight annual option periods, which, if all options are exercised, would result in a total contract length of nine years.

Our CenterWell Segment Products

The products offered by our CenterWell segment are key to our integrated care delivery model. This segment includes our pharmacy solutions, primary care, and home solutions operations. The CenterWell segment also includes our strategic partnerships with Welsh, Carson, Anderson & Stowe, or WCAS, to develop and operate senior-focused, payor-agnostic, primary care centers, as well as our minority ownership interest in hospice operations. Services offered by this segment are designed to enhance the overall healthcare experience. These services may lead to lower utilization associated with improved member health and/or lower drug costs. For information on our intersegment revenues, refer to Note 18 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

The following table presents our services revenue for the CenterWell segment by line of business for the year ended December 31, 2023:

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	CenterWell Segment Services Revenue	Percent of Consolidated Premiums and Services Revenue
	(dollars in millions)	
Intersegment revenues:		
Home solutions	$ 1,589	n
Pharmacy solutions	10,451	n
Primary care	3,332	n
Total intersegment revenues	$ 15,372	n
External services revenue:		
Home solutions	$ 1,342	1.3
Pharmacy solutions	849	0.8
Primary care	842	0.8
Total external services revenue	$ 3,033	2.9

n/a – not applicable

Pharmacy Solutions

Our pharmacy solutions business includes the operations of CenterWell Pharmacy (our mail-order pharmacy business), CenterWell Specialty Pharmacy, and other retail pharmacies located within CenterWell Primary Care clinics for brand, generic, specialty drugs, over the counter medications and supplies, as well as hospice pharmacy drugs.

Primary Care

We operate full-service, value-based senior focused primary care centers in a number of states, including Georgia, Florida, Kansas, Louisiana, Missouri, Nevada, North Carolina, South Carolina, Texas, Arizona and Kentucky staffed by primary care providers and medical specialists with a primary focus on the senior population under our Primary Care Organization, or PCO. PCO operates these clinics primarily under the Conviva Care Centers and CenterWell Senior Primary Care brands. Our primary care subsidiaries operate our medical center business through both employed physicians and care providers, and through third party management service organizations with whom we contract to arrange for and manage certain clinical services. PCO currently operates 296 primary care clinics and employs approximately 890 primary care providers. PCO serves approximately 294,200 patients, primarily under risk sharing arrangements with Humana Medicare Advantage health plans, third party Medicare Advantage health plans and CMS administered risk sharing arrangements for Medicare FFS.

PCO also operates a Medical Services Organization, or MSO, through Conviva that coordinates medical care for Medicare Advantage beneficiaries in Florida and Texas. This MSO provides resources in care coordination, financial risk management, clinical integration and patient engagement that help physicians improve the patient experience as well as care outcomes. Conviva's MSO collaborates with physicians, medical groups and integrated delivery systems to successfully transition to value-based care by engaging, partnering and offering practical services and solutions.

In 2020, our Primary Care Organization entered into a strategic partnership with Welsh, Carson, Anderson & Stowe, or WCAS, to accelerate the expansion of our primary care model. In May 2022, we established a second strategic partnership with WCAS to develop additional centers between 2023 and 2025. As of December 31, 2023, there were 108 primary care clinics operating under the partnership and we have capacity to open or acquire up to approximately 60 additional centers through the existing partnership agreements. For additional information, refer to Note 4 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

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Home Solutions

CenterWell Home Health

We are actively involved in the care management of our customers with the greatest needs via in-home care. On August 17, 2021, we fully acquired Kindred at Home, or KAH, the nation's largest home health and hospice provider with locations in 40 states, providing extensive geographic coverage with approximately 65% overlap with our individual Medicare Advantage membership. Our home solutions geographic scale and clinical breadth provides the opportunity to offer care beyond our health plan members. We have fully-integrated the home health operations, now branded CenterWell Home Health, allowing us to accelerate clinical innovation and the development and roll out of a value-based operating model at scale, more closely aligning incentives to focus on improving patient outcomes and reducing the total cost of care. This is critical to deploying a value-based, advanced home health model at scale that makes it easier for patients and providers to benefit from our full continuum of home-based capabilities, leveraging the best channel to deliver the right care needed at the right time.

Onehome

Onehome serves as the convener for the value-based model meeting the needs of health plans by serving their members through a full-risk model for integrated home-based services. Onehome manages a full range of post-acute patient needs, integrating and coordinating with physicians, hospitals and health plans for the provision of home health and infusion services as well as the distribution of durable medical equipment, or DME, at patients' homes. Onehome served 14% of our MA members with our value-based model as of December 31, 2023.

Hospice

Hospice care is an important offering in the full continuum of care we offer patients, and we have been successful in delivering the desired patient experience and outcomes through partnership models, including through participation in the CMS hospice Value-Based Insurance Design, or VBID, model. As such, on August 11, 2022, we completed the sale of a 60% interest in Gentiva (formerly Kindred) Hospice, to Clayton, Dubilier & Rice, or CD&R. Upon closing, Gentiva Hospice was restructured into a new stand-alone company. We continue to own a 35% minority ownership in Gentiva Hospice operations. For additional information on the sale of Gentiva Hospice, refer to Note 3 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

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Insurance Medical Membership

The following table summarizes total insurance medical membership (in thousands) at December 31, 2023, by market and product:

	Insurance Medical Membership									
	Individual Medicare Advantage	Group Medicare Advantage	Medicare stand-alone PDP	Medicare Supplement	State-based contracts and Other	Fully-insured commercial Group	ASO	Military services	Total	Percent of Total
Florida	851.3	9.1	131.9	17.5	656.6	73.8	24.5	—	1,764.7	10.50 %
Texas	446.0	4.6	202.7	29.2	—	49.8	29.9	—	762.2	4.50 %
Kentucky	138.1	74.2	169.2	10.0	160.3	51.1	51.0	—	653.9	3.90 %
Ohio	213.0	18.7	90.9	30.8	115.5	16.1	17.7	—	502.7	3.00 %
Georgia	348.9	3.1	81.2	9.7	—	33.9	56.9	—	533.7	3.20 %
North Carolina	251.2	175.3	96.0	5.7	—	—	—	—	528.2	3.10 %
Illinois	200.5	31.7	107.3	7.1	18.5	8.9	1.9	—	375.9	2.20 %
Tennessee	203.1	12.2	79.3	8.0	37.7	11.8	6.2	—	358.3	2.10 %
Louisiana	227.9	10.1	43.2	3.8	143.1	11.3	11.5	—	450.9	2.70 %
California	115.3	1.8	163.9	16.2	4.6	—	—	—	301.8	1.80 %
Missouri/Kansas	137.8	11.1	128.1	10.6	0.2	13.4	13.0	—	314.2	1.90 %
Michigan	154.8	31.7	75.0	4.7	—	0.4	1.7	—	268.3	1.60 %
Wisconsin	81.8	6.8	65.7	6.5	57.7	26.8	21.9	—	267.2	1.60 %
South Carolina	195.3	0.2	36.9	6.1	27.6	—	—	—	266.1	1.60 %
Indiana	150.9	11.4	65.9	12.4	—	8.5	7.4	—	256.5	1.50 %
Virginia	169.4	2.8	84.6	5.9	—	—	—	—	262.7	1.60 %
New York	144.6	12.1	67.2	7.3	1.0	—	—	—	232.2	1.40 %
Arizona	131.9	0.3	63.2	7.6	—	4.8	1.7	—	209.5	1.20 %
Pennsylvania	107.2	4.6	100.8	5.7	—	—	—	—	218.3	1.30 %
Mississippi	129.9	0.4	49.4	4.2	—	0.7	0.1	—	184.7	1.10 %
TRICARE	—	—	—	—	—	—	—	5,960.2	5,960.2	35.30 %
Others	1010.0	87.4	946.7	98.2	6.0	27.4	9.9	—	2,185.6	12.90 %
Totals	5,408.9	509.6	2,849.1	307.2	1,228.8	338.7	255.3	5,960.2	16,857.8	100.0 %

Provider Arrangements

We provide our members with access to health care services through our networks of health care providers whom we employ or with whom we have contracted, including hospitals and other independent facilities such as outpatient surgery centers, primary care providers, specialist physicians, dentists, and providers of ancillary health care services and facilities. These ancillary services and facilities include laboratories, ambulance services, medical equipment services, home health agencies, mental health providers, rehabilitation facilities, nursing homes, optical services, and pharmacies. Our membership base and the ability to influence where our members seek care generally enable us to obtain contractual discounts with providers.

We use a variety of techniques to provide access to effective and efficient use of health care services for our members. These techniques include the coordination of care for our members, product and benefit designs, hospital inpatient management systems, the use of sophisticated analytics, and enrolling members into various care management programs. The focal point for health care services in many of our HMO networks is the primary care provider who, under contract with us, provides services to our members, and may control utilization of appropriate services by directing or approving hospitalization and referrals to specialists and other providers. Some physicians may have arrangements under which they can earn bonuses when certain target goals relating to the provision of quality patient care are met. We have available care management programs related to complex chronic conditions such as congestive heart failure and coronary artery disease. We also have programs for prenatal and premature infant care, asthma related illness, end stage renal disease, diabetes, cancer, and certain other conditions.

We typically contract with hospitals on either (1) a per diem rate, which is an all-inclusive rate per day, (2) a case rate for diagnosis-related groups (DRG), which is an all-inclusive rate per admission, or (3) a discounted charge for inpatient hospital services. Outpatient hospital services generally are contracted at a flat rate by type of service, ambulatory payment classifications, or APCs, or at a discounted charge. APCs are similar to flat rates except multiple services and procedures may be aggregated into one fixed payment. These contracts are often multi-year agreements, with rates that are adjusted for inflation annually based on the consumer price index, other nationally recognized inflation indexes, or specific negotiations with the provider. Outpatient surgery centers and other ancillary providers typically are contracted at flat rates per service provided or are reimbursed based upon a nationally recognized fee schedule such as the Medicare allowable fee schedule.

Our contracts with physicians typically are renewed automatically each year, unless either party gives written notice, generally ranging from 90 to 120 days, to the other party of its intent to terminate the arrangement. Most of the physicians in our PPO networks and some of our physicians in our HMO networks are reimbursed based upon a fixed fee schedule, which typically provides for reimbursement based upon a percentage of the standard Medicare allowable fee schedule.

The terms of our contracts with hospitals and physicians may also vary between Medicare and commercial business. A significant portion of our Medicare network contracts, including those with both hospitals and physicians, are tied to Medicare reimbursement levels and methodologies.

Capitation

We offer providers a continuum of opportunities to increase the integration of care and offer assistance to providers in transitioning from a fee-for-service to a value-based arrangement. These include performance bonuses, shared savings and shared risk relationships. For some of our medical membership, we share risk with providers under capitation contracts where physicians and hospitals accept varying levels of financial risk for a defined set of membership, primarily HMO membership. Under the typical capitation arrangement, we prepay these providers a monthly fixed-fee per member, known as a capitation (per capita) payment, to cover all or a defined portion of the benefits provided to the capitated member.

We believe these value-based arrangements represent a key element of our integrated care delivery model at the core of our strategy. Our health plan subsidiaries may enter into these value-based arrangements with third party providers or our owned provider subsidiaries.

At December 31, 2023, approximately 2,165,600 members, or 12.8% of our medical membership, were covered under shared risk value-based arrangements, which provide all member benefits, including 1,917,300 individual Medicare Advantage members, or 35.4% of our total individual Medicare Advantage membership.

Physicians under capitation arrangements typically have stop loss coverage so that a physician’s financial risk for any single member is limited to a maximum amount on an annual basis. We typically process all claims and measure the financial performance of our capitated providers and require guarantees in certain instances. However, we delegated claim processing functions under capitation arrangements covering approximately 289,000 HMO members, including 288,300 individual Medicare Advantage members, or 15.0% of the 1,917,300 individual Medicare Advantage members covered under value-based contracts at December 31, 2023, with the provider assuming substantially all the risk of coordinating the members’ health care benefits. Capitation expense under delegated arrangements for which we have a limited view of the underlying claims experience was approximately $3.4 billion, or 3.9% of total benefits expense, for the year ended December 31, 2023. We remain financially responsible for health care services to our members in the event our providers fail to provide such services.

Accreditation Assessment

Our accreditation assessment program consists of several internal programs, including those that credential providers and those designed to meet the audit standards of federal and state agencies as well as external accreditation standards. We also offer quality and outcome measurement and improvement programs such as the Health Care Effectiveness Data and Information Set, or HEDIS, which is used by employers, government purchasers

and the National Committee for Quality Assurance (NCQA) to evaluate health plans based on various criteria, including effectiveness of care and member satisfaction.

Providers participating in our networks must satisfy specific criteria, including licensing, patient access, office standards, after-hours coverage, and other factors. Most participating hospitals also meet accreditation criteria established by CMS and/or The Joint Commission.

Recredentialing of participating providers occurs every three years, unless otherwise required by state or federal regulations. Recredentialing of participating providers includes verification of their medical licenses, review of their malpractice liability claims histories, review of their board certifications, if applicable, and review of applicable quality information. A committee composed of a peer group of providers reviews the applications of providers being considered for credentialing and recredentialing.

We maintain accreditation for certain of our health plans and/or departments from NCQA, the Accreditation Association for Ambulatory Health Care (AAAHC), and/or URAC. Certain commercial businesses, such as those impacted by a third-party labor agreement or those where a request is made by the employer, may require or prefer accredited health plans.

NCQA reviews our compliance based on standards for quality improvement, population health management, credentialing, utilization management, network management, and member experience. We have achieved and maintained NCQA accreditation in many of our commercial, Medicare and Medicaid markets for HMO, POS, and PPO products, and our wellness program, Go365. Humana's pharmacy organization is accredited by URAC.

Sales and Marketing

We use various methods to market our products, including television, radio, the Internet, telemarketing, wholesale distributors (general agencies) and direct mailings.

At December 31, 2023, we employed approximately 1,000 sales representatives, as well as approximately 2,500 telemarketing representatives who assisted in the marketing of Medicare products, including Medicare Advantage and PDP, and specialty products in our Insurance segment, including making appointments for sales representatives with prospective members. We have a marketing arrangement with Walmart Inc., or Walmart, for our individual Medicare stand-alone PDP offering. We also sell group Medicare Advantage products through large employers. In addition, we market our Medicare and individual specialty products through licensed independent brokers and agents. For our Medicare products, commissions paid to employed sales representatives and independent brokers and agents are based on a per unit commission structure, regulated in structure and amount by CMS. For our individual specialty products, we generally pay brokers a commission based on premiums, with commissions varying by market and premium volume. In addition to a commission based directly on premium volume for sales to particular customers, we also have programs that pay brokers and agents based on other metrics. These include commission bonuses based on sales that attain certain levels or involve particular products. We also pay additional commissions based on aggregate volumes of sales involving multiple customers.

In our Insurance segment, we market our specialty products to individuals through their employers or other groups, which typically offer employees or members a selection of specialty products, pay for all or part of the premiums, and make payroll deductions for any premiums payable by the employees. We use licensed independent brokers, independent agents, digital insurance agencies, and employees to sell our specialty products. We pay brokers and agents using the same commission structure described above for our specialty products.

HCMO - SUPP - 000890
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Underwriting

Since 2014, the Patient Protection and Affordability Care Act and The Health Care and Education Reconciliation Act of 2010, which we collectively refer to as the Health Care Reform Law, requires certain group health plans to guarantee issuance and renew coverage without pre-existing condition exclusions or health-status rating adjustments. Accordingly, certain group health plans are not subject to underwriting. Further, underwriting techniques are not employed in connection with our individual Medicare, military services, or Medicaid products because government regulations require us to accept all eligible applicants regardless of their health or medical history.

Competition

The health benefits industry is highly competitive. Our competitors vary by local market and include other managed care companies, national insurance companies, and other HMOs and PPOs. Many of our competitors have a larger membership base and/or greater financial resources than our health plans in the markets in which we compete. Our ability to sell our products and to retain customers may be influenced by such factors as those described in Part I, Item 1A, "Risk Factors" of this Form 10-K.

Government Regulation

Diverse legislative and regulatory initiatives at both the federal and state levels continue to affect aspects of the nation’s health care system, including the Health Care Reform Law at the federal level and laws in certain states limiting the entry of new providers or services though a certificate of need, or CON, process.

Our management works proactively to ensure compliance with all governmental laws and regulations affecting our business. We are unable to predict how existing federal or state laws and regulations may be changed or interpreted, what additional laws or regulations affecting our businesses may be enacted or proposed, when and which of the proposed laws will be adopted or what effect any such new laws and regulations will have on our results of operations, financial position, or cash flows.

For a description of certain material current activities in the federal and state legislative areas, see Part I, Item 1A, "Risk Factors" of this Form 10-K.

Certain Other Services

Captive Insurance Company

We bear general business risks associated with operating our Company such as professional and general liability, employee workers’ compensation, cybersecurity, and officer and director errors and omissions risks. Professional and general liability risks may include, for example, medical malpractice claims and disputes with members regarding benefit coverage. We retain certain of these risks through our wholly-owned, captive insurance subsidiary. We reduce exposure to these risks by insuring levels of coverage for losses in excess of our retained limits with a number of third-party insurance companies. We remain liable in the event these insurance companies are unable to pay their portion of the losses.

Centralized Intercompany Services

We provide centralized intercompany services to each of our health plans and to our business segments from our headquarters and service centers. These services include management information systems, product development and administration, finance, human resources, accounting, law, public relations, marketing, insurance, purchasing, risk management, internal audit, actuarial, underwriting, claims processing, billing/enrollment, and customer service. Through intercompany service agreements approved, if required, by state regulatory authorities, Humana Inc., our parent company, charges a services fee for reimbursement of certain centralized services provided to its subsidiaries to the extent that Humana Inc. is the service provider.

HCMO - SUPP - 000891
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Human Capital Management

Our associates are essential to our success in delivering on our core strategy, and creating positive healthcare experiences for our members. We are committed to recruiting, developing, and retaining strong, diverse teams, actively promoting a culture of inclusion and diversity. As of December 31, 2023, we had approximately 67,600 associates.

Our Culture

We believe that our members' experience is linked to our associates' experience and that engaged, productive associates are the key to building a healthy company and a caring environment where our associates go above and beyond for our members, driving innovation, and offering fulfilling experiences that incentivizes them to stay with us over the long-term. We provide opportunities for our associates to add to their personal well-being experiences that go beyond health to enhance their individual need for purpose, belonging and security. On average, our associates spend 7 years at our Company, which is a testament to our commitment to their growth, well-being, and our culture, a culture that is further reinforced by our voluntary turnover rate, or VTR. We believe our VTR is an important indicator of workforce satisfaction as our associates continue to choose us over other opportunities. During 2023, our VTR was 13.4%, representing a decrease from 17% in 2022.

We regularly measure our success and seek opportunities to advance engagement through an Associate Experience Survey, or AES, and continuous listening campaigns. Continuous listening involves our proactive solicitation, analysis and response to associate feedback throughout the year by using pulse surveys. By regularly surveying samples of our workforce, we are able to continuously assess our effectiveness and act when needed, which in turn helps to strengthen our culture and support associate engagement. We aim to conduct a confidential, third-party administered AES on an annual basis and encourage all of our associates to participate. The AES is an in-depth survey covering eighteen dimensions that align to the Company's strategy and employee engagement. We aggregate survey results, provide them to our entire associate population and encourage leaders to use the information to create open, honest action plans with their teams to build upon our collective engagement.

Our culture is further strengthened by optimizing the well-being and effectiveness of our workforce. Through alternative work styles, such as home, hybrid home, office, hybrid office, and field, we help associates work more productively, communicate more easily and collaborate more freely. We encourage collaboration between leaders and their associates to identify and leverage the appropriate work style that both supports the achievement of business goals and personal work preferences. Alternate work styles enable associates to work from a job-appropriate location of their choice for all or some portion of their work schedule and to create a work schedule that better fits the diverse demands of today's work environment. When managed effectively, alternative work styles can enhance a company's employment brand, foster the development and effective delivery of innovative and diverse business solutions, right-size a company's energy-consumption footprint, and increase associate engagement and well-being.

Inclusion and Diversity

Our Office of Diversity, Equity & Inclusion, or DEI Office, efforts are led by our Chief Diversity, Equity & Inclusion Officer, who reports directly to the Chief Administrative Officer. The DEI Office connects to business groups across the enterprise to cultivate a diverse and inclusive culture that is representative of the communities we serve. By prioritizing DEI across our business, we enable associates to bring their whole selves to work, while also driving the innovation and insights needed to better serve our diverse members and communities. Together with key partners like our Chief Health Equity Officer, our Executive Diversity, Equity & Inclusion Council, or the Council, our Network Resource Groups, or NRGs, and Culture & Engagement professionals, we strive to expand our culture of inclusion to build deep relationships and create simple, personalized experiences for all of our stakeholders.

Our Council exists to help integrate inclusion, diversity, and equity into the fabric of the organization from the top down, connecting activities to a broader business-driven, results oriented strategy, and leverages leadership to advance DEI into the fabric of our culture. The Council reflects the diversity of our associates and communities we

HCMO - SUPP - 000892
PUBLIC

serve. Chaired by our CEO, the Council sets its DEI objectives that complement our Talent and Diversity measure category and ensures transparency and accountability as they work towards them. We are committed to having diversity represented at all levels and have developed a pathway for diverse talent within our recruiting initiatives. We have also incorporated balanced interview panels into our interview process, through which we strategically engage a broad spectrum of interviewers that bring greater diversity and perspective. This proven best practice strengthens the candidate experience and hiring of diverse talent, ensuring we get the right talent for any given role, and minimizes the potential for personal blind spots when evaluating candidates.

Our inclusion and diversity objectives also aim to build an awareness of biases and beliefs, identify differences and similarities of our multi-generational workforce and enable associates to leverage differences to drive innovation and create value. We are committed to growing our associates' inclusion skills and diversity knowledge and provide a variety of associate training programs and workshop opportunities. It is also our fundamental belief that every person has the right to a safe workplace. This includes having freedom of gender identity and expression, which we have included within our non-discrimination and anti-harassment policies.

Our associates' vast experiences and perceptions, unique characteristics, backgrounds and beliefs, drive the groundbreaking, strategic thinking that gives our Company its competitive edge in a diverse marketplace. Our approach fosters innovative thinking and creativity, expands insights and generates better business outcomes.

Pay and Benefits Philosophy, Compensation and Financial Security

We believe all of our associates have the right to receive a competitive wage and we are committed to maintaining a pay and benefits philosophy that is market-based and recognizes an associate's contributions so that we can attract and retain an engaged, talented team. Further, we believe in fostering a fair and inclusive work environment, one where all associates receive equitable pay for their contributions. Each year, we conduct a comprehensive pay equity/gap analysis to identify and address potential pay disparities between associates performing similar work in similar capacities. Our pay and benefits structure is designed to motivate, incentivize and reward our associates, at all levels of the organization, for their skill development, demonstration of our values and performance. While our programs vary by location, associate type and business, they generally include:

HCMO - SUPP - 000893
PUBLIC

Financial	
• Competitive base pay, with additional incentive, supplemental, and/or recognition pay • 401(k) retirement savings plans with Company match program • Life insurance • Short - and long-term disability insurance	• Tuition assistance program • Paid internship • Charitable gift matching program • Comprehensive financial well-being programs and support, including and employer-sponsored personal emergency savings account with matching funds from the Company
Health	
• Medical, dental and vision benefits • Supplemental health benefits • Long-term care insurance • Whole-person well-being and rewards programs and platform • Incentives for engaging in well-being programs	• Health savings account (HSA) and flexible savings account (FSA) contributions • On-site health and fitness centers • On-site health screenings and vaccinations • Weekly paid well-being time • On-demand fitness classes, nutritional education through teaching kitchens, and digital coaching apps
Life	
• Paid time off, paid holidays, paid volunteer time off and jury duty pay • Adoption assistance • Paid parental leave program (6 weeks) • Paid caregiver time off program (2 weeks) • Nursing moms program with on-site lactation rooms	• Mental health support, including our robust Employee Assistance Program and Work-Life Services • Employee discount programs and services • Helping hands program • Transit services
Learning and Development	
• Diversity, equity, and inclusion training • Internal and external learning events	• Access to degree and certification programs with tuition assistance

Talent Development and Growth Opportunities

We champion the individual goals and development of our associates, and provide a number of programs and resources to support their efforts. The Humana Learning Center gives our associates the opportunity to earn professional certifications through continued education programs and to participate in instructor-led and online courses designed to strengthen soft and hard-skills and enhance leadership development. Our Career Cultivation team sponsors workshops and events to promote associate accountability within their personal and professional growth as part of overall career development. Our associates are also encouraged to participate in mentoring programs with people of various backgrounds and cultures. We view mentoring as an essential development tool for sharing skills and knowledge so we can all succeed. We also utilize development programs to enhance talent within our business segments through targeted internal initiatives, where we aim to upskill and reskill existing associates for opportunities in new career pathways.

Additional information related to our human capital can be found by referencing our Definitive Proxy Statement of the Annual Meeting of Stockholders scheduled to be held on April 18, 2024 appearing under the caption "Human Capital Management."

HCMO - SUPP - 000894
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Information About Our Executive Officers

Set forth below are names and ages of all of our current executive officers as of February 1, 2024, their positions, and the date first elected as an executive officer**:**

Name	Age	Position	First Elected Officer	
Bruce D. Broussard	61	Chief Executive Officer, Director	12/11	(1)
Vishal Agrawal, M.D.	49	Chief Strategy and Corporate Development Officer	12/18	(2)
Samir M. Deshpande	59	Chief Information Officer	07/17	(3)
Susan M. Diamond	50	Chief Financial Officer	07/19	(4)
John-Paul W. Felter	40	Senior Vice President, Chief Accounting Officer and Controller	08/22	(5)
William K. Fleming, PharmD	56	Chief Corporate Affairs Officer	03/17	(6)
Timothy S. Huval	57	Chief Administrative Officer	12/12	(7)
James. A. Rechtin	53	President and Chief Operating Officer	01/24	(8)
George Renaudin II	55	President, Medicare & Medicaid	02/23	(9)
Sanjay K. Shetty, M.D.	50	President, CenterWell	04/23	(10)
Joseph C. Ventura	47	Chief Legal Officer	02/19	(11)

(1) Mr. Broussard currently serves as Director and Chief Executive Officer (Principal Executive Officer), having held these positions since January 1, 2013. Mr. Broussard was elected President upon joining the Company in December 2011 and served in that capacity through December 2012. Prior to joining the Company, Mr. Broussard was Chief Executive Officer of McKesson Specialty/US Oncology, Inc. US Oncology was purchased by McKesson in December 2010. At US Oncology, Mr. Broussard served in a number of senior executive roles, including Chief Financial Officer, Chief Executive Officer, and Chairman of the Board.

(2) Dr. Agrawal currently serves as Chief Strategy and Corporate Development Officer, having joined the Company in December 2018. Prior to joining the Company, Dr. Agrawal was Senior Advisor for The Carlyle Group L.P., having held that position from October 2017 to December 2018. Previously, Dr. Agrawal was President and Chief Growth Officer of Ciox Health, the largest health information exchange and release of information services organization in the U.S. from December of 2015 to October 2018. Prior to joining Ciox Health, Dr. Agrawal served as President of Harris Healthcare Solutions from January 2013 to December 2015.

(3) Mr. Deshpande currently serves as Chief Information Officer, having been elected to this position in July 2021, from his prior role as Chief Technology and Risk Officer. Before joining the Company in July 2017, Mr. Deshpande spent 17 years at Capital One in key leadership positions, most recently as Business Chief Risk Officer for the U.S. and international card business. He previously served as the Business Chief Risk Officer and Head of Enterprise Services for the Financial Services Division, responsible for Business Risk, Data Science, Data Quality, Process Excellence and Project Management. He also led marketing and analysis for the Home Loans, Auto Finance, and Credit Card businesses, with responsibilities for business strategy, credit, product and marketing.

(4) Ms. Diamond currently serves as Chief Financial Officer, having been elected to this position in June 2021, from her prior role as Segment President, Home Business. Ms. Diamond joined the Company in June 2004

HCMO - SUPP - 000895
PUBLIC

and has spent the majority of her career in various leadership roles in the Medicare and Home businesses, with a particular passion and emphasis on growth and consumer segmentation strategies for the Company's individual Medicare Advantage and Stand-Alone Part D offerings. Ms. Diamond also served for two and a half years as the Enterprise Vice President of Finance, where she was responsible for enterprise planning and forecasting, trend analytics and had responsibility for each of the Company's line of business CFOs and controllers.

(5) Mr. Felter currently serves as Senior Vice President, Chief Accounting Officer and Controller, having been elected to this position in August 2022. Before joining the Company, Mr. Felter served as Senior Director - Investment Finance for OneAmerica Financial Partners, Inc. in 2022. Prior to OneAmerica, Mr. Felter spent nearly 11 years in multiple roles of increasing responsibility at Ernst & Young LLP where he oversaw large audit engagements for public and private entities with a concentration in the health insurance sector.

(6) Dr. Fleming currently serves as Chief Corporate Affairs Officer, having been elected to this position in April 2023, from his prior role as Segment President, Pharmacy Solutions and Chief Corporate Affairs Officer. Prior to that, Dr. Fleming held positions of Segment President, Clinical and Pharmacy Solutions, Segment President, Healthcare Services, and President of the Company's pharmacy business. Dr. Fleming joined the Company in 1994.

(7) Mr. Huval currently serves as Chief Administrative Officer, having been elected to this position in July 2019, from his previous role as Chief Human Resources Officer. Prior to joining the Company, Mr. Huval spent 10 years at Bank of America in multiple senior-level roles, including Human Resources executive and Chief Information Officer for Global Wealth & Investment Management, as well as Human Resources executive for both Global Treasury Services and Technology & Global Operations.

(8) Mr. Rechtin currently serves as President and Chief Operating Officer, having been elected to this position in January 2024. Prior to joining the Company, Mr. Rechtin served as President and CEO at Envision Healthcare, having held that position from 2020 to 2023. Previously, Mr. Rechtin was President of OptumCare in 2019 after serving in multiple senior-level roles at Davita Medical Group from 2014 to 2019.

(9) Mr. Renaudin currently services as President, Medicare & Medicaid, having been elected to this position in February 2023. Mr. Renaudin joined the Company in April 2004 and since then has held various leadership roles of increasing responsibility, most recently holding the position of President, Medicare.

(10) Dr. Shetty currently serves as President, CenterWell, having been elected to this position in April 2023. Prior to joining the Company, Dr. Shetty spent nearly 13 years at Steward Health Care System in multiple senior-level roles, including President of Steward North America, President, Steward South Region and Executive Vice President, President, Steward Medical Group and Executive Vice President, Steward Health Care System, Executive Vice President for Corporate and Business Development, and President, Steward Health Care Network.

(11) Mr. Ventura currently serves as Chief Legal Officer. He joined the Company in January 2009 and since then has held various positions of increasing responsibility in the Company's Law Department, including most recently, Senior Vice President, Associate General Counsel & Corporate Secretary from July 2017 until February 2019.

Executive officers are elected annually by our Board of Directors and serve until their successors are elected or until resignation or removal. Pursuant to our previously announced leadership succession plan, we expect that Mr. Broussard will step down as Chief Executive Officer in the latter half of 2024 and that Mr. Rechtin will become President and Chief Executive Officer at that time. There are no family relationships among any of our executive officers.

HCMO - SUPP - 000896
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ITEM 1A. RISK FACTORS

Risks Relating to Our Business

If we do not design and price our products properly and competitively, if the premiums we charge are insufficient to cover the cost of health care services delivered to our members, if we are unable to implement clinical initiatives to provide a better health care experience for our members, lower costs and appropriately document the risk profile of our members, or if our estimates of benefits expense are inadequate, our profitability may be materially adversely affected. We estimate the costs of our benefits expense payments, and design and price our products accordingly, using actuarial methods and assumptions based upon, among other relevant factors, claim payment patterns, medical cost inflation, and historical developments such as claim inventory levels and claim receipt patterns. These estimates involve extensive judgment, and have considerable inherent variability because they are extremely sensitive to changes in claim payment patterns and medical cost trends. Accordingly, our reserves may be insufficient.

We use a substantial portion of our revenues to pay the costs of health care services delivered to our members, including claims payments, capitation payments to providers (predetermined amounts paid to cover services), estimates of future payments to hospitals and others for medical care provided to our members, and various other costs. Generally, premiums in the health care business are fixed for one-year periods. Accordingly, costs we incur in excess of our benefit cost projections generally are not recovered in the contract year through higher premiums. We estimate the costs of our future benefit claims and other expenses using actuarial methods and assumptions based upon claim payment patterns, medical inflation, historical developments, including claim inventory levels and claim receipt patterns, and other relevant factors. We also record benefits payable for future payments. We continually review estimates of future payments relating to benefit claims costs for services incurred in the current and prior periods and make necessary adjustments to our reserves, including premium deficiency reserves where appropriate. However, these estimates involve extensive judgment, and have considerable inherent variability that is sensitive to claim payment patterns and medical cost trends. Many factors may and often do cause actual health care costs to exceed what was estimated and used to set our premiums. These factors may include:

- increased use of medical facilities and services, and the increased cost of such services;
- increased use or cost of prescription drugs, including specialty prescription drugs;
- the introduction of new or costly treatments, prescription drugs, or new technologies;
- our membership mix;
- variances in actual versus estimated levels of cost associated with new products, benefits or lines of business, product changes or benefit level changes;
- changes in the demographic characteristics of an account or market;
- changes or reductions of our utilization management functions such as preauthorization of services, concurrent review or requirements for physician referrals;
- changes in our purchase discounts or rebates received from manufacturers and wholesalers;
- pharmacy volume rebates received from drug manufacturers, which in Medicare Part D are fully reported to CMS and factored into member premium pricing and CMS reimbursement to the plan;
- catastrophes, including acts of terrorism, public health emergencies, epidemics or pandemics (such as COVID-19), or natural disasters (such as hurricanes and earthquakes) which could occur more frequently or with more intense effects as a result of the impact of global climate change;
- medical cost inflation; and
- government mandated benefits, member eligibility criteria, or other legislative, judicial, or regulatory changes.

Key to our operational strategy is the implementation of clinical initiatives that we believe provide a better health care experience for our members, lower the cost of healthcare services delivered to our members, and appropriately document the risk profile of our members. Our profitability and competitiveness depend in large part

HCMO - SUPP - 000897
PUBLIC

on our ability to appropriately manage health care costs through, among other things, the application of medical management programs such as our chronic care management program.

While we proactively attempt to effectively manage our operating expenses, increases or decreases in staff-related expenses, any costs associated with exiting products, additional investment in new products (including our opportunities in the Medicare programs, state-based contracts, and expansion of clinical capabilities as part of our integrated care delivery model), investments in health and well-being product offerings, acquisitions, new taxes and assessments, inflation, and implementation of regulatory requirements may increase our operating expenses.

Failure to adequately price our products or estimate sufficient benefits payable or effectively manage our operating expenses, may result in a material adverse effect on our results of operations, financial position, and cash flows.

We are in a highly competitive industry. Some of our competitors are more established in the health care industry in terms of a larger market share and have greater financial resources than we do in some markets. In addition, other companies may enter our markets in the future, including emerging competitors in the Medicare program or competitors in the delivery of health care services. We believe that barriers to entry in our markets are not substantial, so the addition of new competitors can occur relatively easily, and customers enjoy significant flexibility in moving between competitors through the Medicare Annual Enrollment Period. While health plans compete on the basis of many factors, including service and the quality and depth of provider networks, we expect that price will continue to be a significant basis of competition. In addition to the challenge of controlling health care costs, we face intense competitive pressure to contain premium prices. Factors such as business consolidations, strategic alliances, legislative and regulatory reform, and marketing practices create pressure to contain premium price increases, despite being faced with increasing medical and administrative costs.

The policies and decisions of the federal and state governments regarding the Medicare Advantage and Prescription Drug Plans, military services and Medicaid programs in which we participate have a substantial impact on our profitability. These governmental policies and decisions, which we cannot predict with certainty, directly shape the premiums or other revenues to us under the programs, the eligibility and enrollment of our members, the services we provide to our members, and our administrative, health care services, and other costs associated with these programs. Legislative or regulatory actions, such as changes to the programs in which we participate, those resulting in a reduction in premium payments to us, an increase in our cost of administrative and health care services, or additional fees, taxes or assessments, may have a material adverse effect on our results of operations, financial position, and cash flows.

Premium increases, introduction of new product designs, and our relationships with our providers in various markets, among other issues, could also affect our membership levels. Other actions that could affect membership levels include our possible exit from or entrance into Medicare or commercial markets, or the termination of a large contract.

If we do not compete effectively in our markets, if we set rates too high or too low in highly competitive markets to keep or increase our market share, if membership does not increase as we expect, if membership declines, or if we lose membership with favorable medical cost experience while retaining or increasing membership with unfavorable medical cost experience, our results of operations, financial position, and cash flows may be materially adversely affected.

If we fail to effectively implement our operational and strategic initiatives, including our Medicare initiatives, which are of particular importance given the concentration of our revenues in these products, our state-based contracts strategy, the growth of our CenterWell businesses, and our integrated care delivery model, our business may be materially adversely affected. In addition, there can be no assurances that we will be successful in maintaining or improving our Star ratings in future years.

Our future performance depends in large part upon our ability to execute our strategy, including opportunities created by the expansion of our Medicare programs, our strategy with respect to state-based contracts, including those covering members dually eligible for the Medicare and Medicaid programs, the growth of our pharmacy,

primary care, and home solutions businesses, and the successful implementation of our integrated care delivery model.

We have made substantial investments in the Medicare program to enhance our ability to participate in these programs. The growth of our Medicare products is an important part of our business strategy, and the attendant concentration of revenues intensifies the risks to us inherent in Medicare products. Any failure to achieve this growth may have a material adverse effect on our results of operations, financial position, or cash flows.

The achievement of star ratings of 4-star or higher qualifies Medicare Advantage plans for premium bonuses. Our Medicare Advantage plans' operating results may be significantly affected by their star ratings. Despite our operational efforts to improve our star ratings, there can be no assurances that we will be successful in maintaining or improving our star ratings in future years. In addition, audits of our performance for past or future periods may result in downgrades to our star ratings. Accordingly, our plans may not be eligible for full level quality bonuses, which could adversely affect the benefits such plans can offer, reduce membership and/or reduce profit margins.

If we fail to properly maintain the integrity of our data, to strategically maintain existing or implement new information systems, or to protect our proprietary rights to our systems, our business may be materially adversely affected.

Our business depends significantly on effective information systems and the integrity and timeliness of the data we use to run our business. Our business strategy involves providing members and providers with easy to use products that leverage our information to meet their needs. Our ability to adequately price our products and services, provide effective and efficient service to our customers, and to timely and accurately report our financial results depends significantly on the integrity of the data in our information systems. These systems require an ongoing commitment of significant resources to maintain, protect, and enhance existing systems and develop and integrate new systems to keep pace with continuing changes in information processing technology, evolving industry and regulatory standards, and changing customer preferences, and even with such resources there is no assurance that we will be able to do so. If the information we rely upon to run our businesses was found to be inaccurate or unreliable or if we fail to improve service levels or maintain effectively our information systems and data integrity, we could have operational disruptions, problems in determining medical cost estimates and establishing appropriate pricing, customer and health care provider disputes, regulatory or other legal problems, difficulty preventing and detecting fraud, have increases in operating expenses, loss of existing customers, difficulty in attracting new customers, or other adverse consequences, each of which may result in a material adverse effect on our results of operations, financial position, and cash flows.

We depend on independent third parties for significant portions of our systems-related support, equipment, facilities, and certain data, including data center operations, data network, voice communication services and pharmacy data processing. This dependence makes our operations vulnerable to such third parties' failure to perform adequately under the contract, due to internal or external factors. A change in service providers could result in a decline in service quality and effectiveness or less favorable contract terms which may adversely affect our operating results.

We rely on our agreements with customers and service providers, confidentiality agreements with employees, and our trade secrets and copyrights to protect our proprietary rights. These legal protections and precautions may not prevent misappropriation of our proprietary information. The misappropriation of our proprietary information could hinder our ability to market and sell products and services and may result in a material adverse effect on our results of operations, financial position and cash flows.

If we, and the third-party service providers on whom we rely, are unable to defend our information technology systems against cybersecurity attacks, contain such attacks when they occur, or prevent other privacy or data security incidents that result in security breaches that disrupt our operations or in the unintentional dissemination of sensitive personal information or proprietary or confidential information, we could be exposed to significant regulatory fines or penalties, liability or reputational damage, or experience a material adverse effect on our results of operations, financial position, and cash flows.

HCMO - SUPP - 000899
PUBLIC

In the ordinary course of our business, we process, store and transmit large amounts of data, and rely on third-party service providers to do the same, including sensitive personal information as well as proprietary or confidential information relating to our business or a third-party with which we do business. We have been, and will likely continue to be, regular targets of attempted cybersecurity attacks and other security threats and may be, and have been, subject to breaches of our information technology systems, including breaches of the information technology systems of third-party service providers. Although the impact of such attacks has not been material to our operations or results of operations, financial position, or cash flow through December 31, 2023, we can provide no assurance that we will be able to detect, prevent, or contain the effects of such cybersecurity attacks or other information security risks or threats, or that such an attack will not be material to our business, in the future. A cybersecurity attack may penetrate our layered security controls and lead to the misappropriation of or compromise of sensitive personal information or proprietary or confidential information, create system disruptions, cause shutdowns, or deploy viruses, ransomware, and other malicious software programs that attack our systems. A cybersecurity attack that bypasses our information technology systems, or the security of third-party service providers, could materially affect us due to the theft, destruction, loss, misappropriation or release of confidential information or intellectual property, operational or business delays resulting from the disruption of our IT systems, extortion attempts, or negative publicity resulting in reputation or brand damage with our members, customers, providers, and other stakeholders.

The costs to detect, prevent, eliminate or address cybersecurity threats and vulnerabilities before or after an incident could be substantial. Our remediation efforts may not be successful and could result in interruptions, delays, or cessation of service, and loss of existing or potential members. In addition, breaches of our security measures or the security measures of third-party service providers, and the unauthorized dissemination of sensitive personal information or proprietary or confidential information about us or our members or other third-parties, can expose our associates' or members' private information and result in the risk of financial or medical identity theft, or expose us or other third-parties to a risk of loss or misuse of this information, result in significant regulatory fines or penalties, litigation and potential liability for us, damage our brand and reputation, or otherwise harm our business.

We are involved in various legal actions and governmental and internal investigations, any of which, if resolved unfavorably to us, could result in substantial monetary damages or changes in our business practices. Increased litigation and negative publicity could increase our cost of doing business.

We are or may become a party to a variety of legal actions that affect our business, including breach of contract actions, employment compensation and other labor and employment practice suits, employee benefit claims, stockholder suits and other securities laws claims, intellectual and other property claims, and tort claims.

In addition, because of the nature of the health care business, we are subject to a variety of legal actions relating to our business operations, including the design, management, and offering of products and services. These include and could include in the future: claims relating to the methodologies for calculating premiums; claims relating to the denial of health care benefit payments; claims relating to the denial or rescission of insurance coverage; challenges to the use of some software products used in administering claims; claims relating to our administration of our Medicare Part D offerings; medical malpractice actions brought against our employed providers or affiliated physician-owned professional groups, or against our health plans based on our medical necessity decisions or brought against us on the theory that we are liable for a third-party providers' alleged malpractice; claims arising from any adverse medical consequences resulting from our recommendations about the appropriateness of providers' proposed medical treatment plans for patients; allegations of anti-competitive and unfair business activities; provider disputes over compensation or non-acceptance or termination of provider contracts; false claims litigation, such as qui tam lawsuits, brought by individuals who seek to sue on behalf of the government, alleging that we, as a government contractor, submitted false claims to the government or retained overpayments from the government, among other allegations, resulting from coding and review practices under the Medicare risk-adjustment model; claims related to the failure to disclose some business practices; claims relating to customer audits and contract performance; claims relating to dispensing of drugs associated with our in-house dispensing pharmacies; and professional liability claims arising out of the delivery of healthcare and related services to the public.

In some cases, substantial non-economic or punitive damages as well as treble damages under the federal False Claims Act, Racketeer Influenced and Corrupt Organizations Act and other statutes may be sought.

While we currently have insurance coverage for some of these potential liabilities, other potential liabilities may not be covered by insurance, insurers may dispute coverage, or the amount of our insurance may not be enough to cover the damages awarded. In addition, some types of damages, like punitive damages, may not be covered by insurance. In some jurisdictions, coverage of punitive damages is prohibited. Insurance coverage for all or some forms of liability may become unavailable or prohibitively expensive in the future.

The health benefits industry continues to receive significant negative publicity reflecting the public perception of the industry. This publicity and perception have been accompanied by increased litigation, including some large jury awards, legislative activity, regulation, and governmental review of industry practices. These factors may materially adversely affect our ability to market our products or services, may require us to change our products or services or otherwise change our business practices, may increase the regulatory burdens under which we operate, and may require us to pay large judgments or fines. Any combination of these factors could further increase our cost of doing business and adversely affect our results of operations, financial position, and cash flows.

See "Legal Proceedings and Certain Regulatory Matters" in Note 17 to the audited Consolidated Financial Statements included in Item 8. - Financial Statements and Supplementary Data. We cannot predict the outcome of these matters with certainty.

As a government contractor, we are exposed to risks that may materially adversely affect our business or our willingness or ability to participate in government health care programs.

A significant portion of our revenues relates to federal and state government health care coverage programs, including the Medicare, military services, and Medicaid programs. These programs accounted for approximately 91% of our total premiums and services revenue for the year ended December 31, 2023. These programs involve various risks, as described further below.

- At December 31, 2023, under our contracts with CMS we provided health insurance coverage to approximately 851,300 individual Medicare Advantage members in Florida. These contracts accounted for approximately 14% of our total premiums and services revenue for the year ended December 31, 2023. The loss of these and other CMS contracts (which are generally renewed annually) or significant changes in the Medicare Advantage and Prescription Drug Plan programs as a result of legislative or regulatory action, including changes to the Part D prescription drug benefit design (such as the changes to plan sponsor liability across the different Part D coverage phases that will apply beginning in plan year 2025) or reductions in premium payments to us or increases in member benefits or changes to member eligibility criteria without corresponding increases in premium payments to us, may have a material adverse effect on our results of operations, financial position, and cash flows.
- Our military services business, which accounted for approximately 1% of our total premiums and services revenue for the year ended December 31, 2023, primarily consisted of the TRICARE T2017 East Region contract. The T2017 East Region contract comprises 32 states and covers approximately 6.0 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 United States Department of Defense, or DoD, and is currently scheduled to expire on December 31, 2024 unless further extended. In December 2022, we were awarded the next generation of TRICARE Managed Care Support Contracts, or T-5, for the updated TRICARE East Region by the DoD. The T-5 East Region contract comprises 24 states and Washington, D.C., and covers approximately 4.6 million beneficiaries. The transition period for the T-5 contract began in January 2024 and will overlap the final year of the T2017 contract. The T-5 East Region contract includes certain provisions pursuant to which we have guaranteed certain discounts to expected costs over the life of the contract. The loss of the T2017 or T-5 East Region contracts, should either occur, or our failure to deliver

on the contractually agreed discounts, may have a material adverse effect on our results of operations, financial position, and cash flows.

- CMS uses a risk-adjustment model which adjusts premiums paid to Medicare Advantage, or MA, plans according to health status of covered members. The risk-adjustment model, which CMS implemented pursuant to the Balanced Budget Act of 1997 (BBA) and the Benefits Improvement and Protection Act of 2000 (BIPA), generally pays more where a plan's membership has higher expected costs. Under this model, rates paid to MA plans are based on actuarially determined bids, which include a process whereby our prospective payments are based on our estimated cost of providing standard Medicare-covered benefits to an enrollee with a "national average risk profile." That baseline payment amount is adjusted to account for certain demographic characteristics and health status of our enrolled members. Under the risk-adjustment methodology, all MA plans must collect from providers and submit the necessary diagnosis code information to CMS within prescribed deadlines. The CMS risk-adjustment model uses the diagnosis data, collected from providers, to calculate the health status-related risk-adjusted premium payment to MA plans, which CMS further adjusts for coding pattern differences between the health plans and the government fee-for-service (FFS) program. We generally rely on providers, including certain providers in our network who are our employees, to code their claim submissions with appropriate diagnoses, which we send to CMS as the basis for our health status-adjusted payment received from CMS under the actuarial risk-adjustment model. We also rely on these providers to document appropriately all medical data, including the diagnosis data submitted with claims. In addition, we conduct medical record reviews as part of our data and payment accuracy compliance efforts, to more accurately reflect diagnosis conditions under the risk adjustment model.

  CMS and the Office of the Inspector General of Health and Human Services, or HHS-OIG, perform audits of various companies' risk adjustment diagnosis data submissions. We refer to these audits as Risk-Adjustment Data Validation Audits, or RADV audits. RADV audits review medical records in an attempt to validate provider medical record documentation and coding practices that influence the calculation of health status-related premium payments to MA plans.

  In 2012, CMS released an MA contract-level RADV methodology that would extrapolate the results of each CMS RADV audit sample to the audited MA contract's entire health status-related risk adjusted premium amount for the year under audit. In doing so, CMS recognized "that the documentation standard used in RADV audits to determine a contract's payment error (medical records) is different from the documentation standard used to develop the Part C risk-adjustment model (FFS claims)." To correct for this difference, CMS stated that it would apply a "Fee-for-Service Adjuster (FFS Adjuster)" as "an offset to the preliminary recovery amount." This adjuster would be "calculated by CMS based on a RADV-like review of records submitted to support FFS claims data." CMS stated that this methodology would apply to audits beginning with PY 2011. Humana relied on CMS's 2012 guidance in submitting MA bids to CMS. Humana also launched a "Self-Audits" program in 2013 that applied CMS's 2012 RADV audit methodology and included an estimated FFS Adjuster. Humana completed Self-Audits for PYs 2011-2016 and reported results to CMS.

  In October 2018, however, CMS issued a proposed rule announcing possible changes to the RADV audit methodology, including elimination of the FFS Adjuster. CMS proposed applying its revised methodology, including extrapolated recoveries without application of a FFS Adjuster, to RADV audits dating back to PY 2011. On January 30, 2023, CMS published a final rule related to the RADV audit methodology (Final RADV Rule). The Final RADV Rule confirmed CMS's decision to eliminate the FFS Adjuster. The Final RADV Rule states CMS's intention to extrapolate results from CMS and HHS-OIG RADV audits beginning with PY 2018, rather than PY 2011 as proposed. However, CMS's Final RADV Rule does not adopt a specific sampling, extrapolation or audit methodology. CMS instead stated its general plan to rely on "any statistically valid method . . . that is determined to be well-suited to a particular audit."

HCMO - SUPP - 000902
PUBLIC

We believe that the Final RADV Rule fails to address adequately the statutory requirement of actuarial equivalence and violates the Administrative Procedure Act ("APA"). CMS failed to meet its legal obligations in the federal rulemaking process to give a reasoned justification for the rule or provide a meaningful opportunity for public comment. They also chose to apply the rule retroactively rather than prospectively, as required by law. Humana's actuarially certified bids through PY 2023 preserved Humana's position that CMS should apply an FFS Adjuster in any RADV audit that CMS intends to extrapolate. We expect CMS to apply the Final RADV Rule, including the first application of extrapolated audit results to determine audit settlements without a FFS Adjuster, to CMS and HHS-OIG RADV audits conducted for PY 2018 and subsequent years. The Final RADV Rule, including the lack of a FFS Adjuster, and any related regulatory, industry or company reactions, could have a material adverse effect on our results of operations, financial position, or cash flows.

In addition, as part of our internal compliance efforts, we routinely perform ordinary course reviews of our internal business processes related to, among other things, our risk coding and data submissions in connection with the risk adjustment model. These reviews may also result in the identification of errors and the submission of corrections to CMS that may, either individually or in the aggregate, be material. As such, the result of these reviews may have a material adverse effect on our results of operations, financial position, or cash flows.

On September 1, 2023, Humana Inc. and Humana Benefit Plan of Texas, Inc. filed suit against the United States Department of Health and Human Services, and Xavier Becerra in his official capacity as Secretary, in the United States District Court, Northern District of Texas, Fort Worth Division seeking a determination that the Final RADV Rule violates the APA and should be set aside. We remain committed to working alongside CMS to promote the integrity of the MA program as well as affordability and cost certainty for our members. It is critical that MA plans are paid accurately and that payment model principles, including the application of a FFS Adjuster, are in accordance with the requirements of the Social Security Act, which, if not implemented correctly could have a material adverse effect on our results of operations, financial position, or cash flows.

- Our CMS contracts which cover members' prescription drugs under Medicare Part D contain provisions for risk sharing and certain payments for prescription drug costs for which we are not at risk. These provisions, certain of which are described below, affect our ultimate payments from CMS.

  The premiums from CMS are subject to risk corridor provisions which compare costs targeted in our annual bids to actual prescription drug costs, limited to actual costs that would have been incurred under the standard coverage as defined by CMS. Variances exceeding certain thresholds may result in CMS making additional payments to us or require us to refund to CMS a portion of the premiums we received (known as a "risk corridor"). We estimate and recognize an adjustment to premiums revenue related to the risk corridor payment settlement based upon pharmacy claims experience. The estimate of the settlement associated with these risk corridor provisions requires us to consider factors that may not be certain until CMS completes the applicable final payment year reconciliation, including member eligibility differences with CMS incurred allowable drug costs after rebates and other discounts, and low-income subsidy amounts.

  Reinsurance and low-income cost subsidies represent payments from CMS in connection with the Medicare Part D program for which we assume no risk. Reinsurance subsidies represent payments for CMS's portion of claims costs which exceed the member's out-of-pocket threshold, or the catastrophic coverage level. Low-income cost subsidies represent payments from CMS for all or a portion of the deductible, the coinsurance and co-payment amounts above the out-of-pocket threshold for low-income beneficiaries. Monthly prospective payments from CMS for reinsurance and low-income cost subsidies are based on assumptions submitted with our annual bid. A reconciliation and settlement of CMS's prospective subsidies against actual prescription drug costs we paid is made after the end of the applicable year.

Settlement of the reinsurance and low-income cost subsidies as well as the risk corridor payment is based on a reconciliation made approximately 9 months after the close of each calendar year. This reconciliation process requires us to submit claims data necessary for CMS to administer the program. Our claims data may not pass CMS's claims edit processes due to various reasons, including discrepancies in eligibility or classification of low-income members. To the extent our data does not pass CMS's claim edit processes, we may bear the risk for all or a portion of the claim which otherwise may have been subject to the risk corridor provision or payment which we would have otherwise received as a low-income subsidy or reinsurance claim. In addition, in the event the settlement represents an amount CMS owes us, there is a negative impact on our cash flows and financial condition as a result of financing CMS's share of the risk. The opposite is true in the event the settlement represents an amount we owe CMS. Further, legislative or regulatory changes to how actual prescription drug costs are reported or calculated or other changes to the Part D prescription drug benefit design may lower reinsurance or low-income cost subsidies paid by CMS and may have a material adverse effect on our results of operations, financial position, or cash flows.

- Our primary care and home health businesses derive a substantial portion of their revenues from third-party payors and directly from the federal and state governments through participation in fee-for-service Medicare. This concentration of revenues subjects these businesses to reductions in Medicare reimbursement rates or changes in the rules governing the Medicare program, including changes to CMS's risk adjustment model that may apply to our primary care business through its contracts with third-party payors. It is reasonably possible that such changes in reimbursement rates or changes to the Medicare programs in which our primary care and home health business participate may have a material adverse effect on our results of operations, financial position, or cash flows.

- We are subject to various other governmental audits and investigations. Under state laws, our HMOs and health insurance companies are audited by state departments of insurance for financial and contractual compliance. Our HMOs are audited for compliance with health services by state departments of health. Audits and investigations, including audits of risk adjustment data, are also conducted by state attorneys general, CMS, HHS-OIG, the Office of Personnel Management, the Department of Justice, the Department of Labor, and the Defense Contract Audit Agency. All of these activities could result in the loss of licensure or temporary or permanent exclusion from participating in various government health care programs (such as Medicare and Medicaid), including a limitation on our ability to market or sell products, the imposition of fines, penalties and other civil and criminal sanctions, or changes in our business practices. The outcome of any current or future governmental or internal investigations cannot be accurately predicted, nor can we predict any resulting penalties, fines or other sanctions that may be imposed at the discretion of federal or state regulatory authorities. Nevertheless, it is reasonably possible that any such outcome of litigation, penalties, fines or other sanctions could be substantial, and the outcome of these matters may have a material adverse effect on our results of operations, financial position, and cash flows. Certain of these matters could also affect our reputation. In addition, disclosure of any adverse investigation or audit results or sanctions could negatively affect our industry or our reputation in various markets and make it more difficult for us to sell our products and services.

Our business activities are subject to substantial government regulation. New laws or regulations, or legislative, judicial, or regulatory changes in existing laws or regulations or their manner of application could increase our cost of doing business and may have a material adverse effect on our results of operations, or cash flows.

New Laws or Regulations, or Future Legislative, Judicial or Regulatory Changes

We are and will continue to be regularly subject to new laws and regulations, changes to existing laws and regulations, and judicial determinations that impact the interpretation and applicability of those laws and regulations. The Patient Protection and Affordable Care Act and The Health Care and Education Reconciliation Act of 2010 (which we collectively refer to as the Health Care Reform Law), the Families First Coronavirus Response Act (the

"Families First Act"), the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), and the Inflation Reduction Act of 2022 (the "Inflation Reduction Act"), and related regulations, are examples of laws which have enacted significant reforms to various aspects of the U.S. health insurance industry, including among others, mandated coverage requirements, mandated benefits and guarantee issuance associated with commercial medical insurance, rebates to policyholders based on minimum benefit ratios, adjustments to Medicare Advantage premiums, the establishment of federally facilitated or state-based exchanges coupled with programs designed to spread risk among insurers, the introduction of plan designs based on set actuarial values, and changes to the Part D prescription drug benefit design.

It is reasonably possible that these laws and regulations, as well as other current or future legislative, judicial or regulatory changes, including restrictions on our ability to manage our provider network, market and sell our products, or otherwise operate our business, or restrictions on profitability, including reviews by regulatory bodies that may compare our Medicare Advantage business profitability to our non-Medicare Advantage business profitability, or compare the profitability of various products within our Medicare Advantage business, and require that they remain within certain ranges of each other, increases in member benefits or changes to member eligibility criteria without corresponding increases in premium payments to us, increases in regulation of our prescription drug benefit businesses, or changes to the Part D prescription drug benefit design (and uncertainty arising from the implementation of these changes) may have a material adverse effect on our results of operations (including restricting revenue, enrollment and premium growth in certain products and market segments, restricting our ability to expand into new markets, increasing our medical and operating costs, further lowering our Medicare payment rates and increasing our expenses associated with assessments); our financial position (including our ability to maintain the value of our goodwill); and our cash flows.

Additionally, potential legislative changes or judicial determinations, including activities to repeal or replace these laws and regulations, including the Health Care Reform Law or declare all or certain portions of these laws and regulations unconstitutional or contrary to law, create uncertainty for our business, and we cannot predict when, or in what form, such legislative changes or judicial determinations may occur.

Health Insurance Portability and Accountability Act (HIPAA) and the Health Information Technology for Economic and Clinical Health Act (HITECH Act)

The use of individually identifiable health data by our business is regulated at federal and state levels. These laws and rules are changed frequently by legislation or administrative interpretation. Various state laws address the use and maintenance of individually identifiable health data. Most are derived from the privacy provisions in the federal Gramm-Leach-Bliley Act and the Health Insurance Portability and Accountability Act, or HIPAA. HIPAA includes administrative provisions directed at simplifying electronic data interchange through standardizing transactions, establishing uniform health care provider, payer, and employer identifiers, and seeking protections for the confidentiality and security of patient data. The rules do not provide for complete federal preemption of state laws, but rather preempt all inconsistent state laws unless the state law is more stringent. These regulations set standards for the security of electronic health information, including requirements that insurers provide customers with notice regarding how their non-public personal information is used, including an opportunity to "opt out" of certain disclosures.

The HITECH Act, one part of the American Recovery and Reinvestment Act of 2009, significantly broadened and strengthened the scope of the privacy and security regulations of HIPAA and imposes additional limits on the use and disclosure of protected health information, or PHI. Among other requirements, the HITECH Act and HIPAA requires us and other covered entities to report any unauthorized release or use of or access to PHI to any impacted individuals and to HHS in those instances where the unauthorized activity poses a significant risk of financial, reputational or other harm to the individuals, and to notify the media in any states where 500 or more people are impacted by any unauthorized release or use of or access to PHI, requires business associates to comply with certain provisions of the HIPAA privacy and security rule, and grants enforcement authority to state attorneys general in addition to the HHS Office of Civil Rights.

HCMO - SUPP - 000905
PUBLIC

In addition, there are numerous federal and state laws and regulations addressing patient and consumer privacy concerns, including unauthorized access or theft of personal information. State statutes and regulations vary from state to state and could impose additional penalties. Violations of HIPAA or applicable federal or state laws or regulations could subject us to significant criminal or civil penalties, including significant monetary penalties. Compliance with HIPAA and other privacy regulations requires significant systems enhancements, training and administrative effort. HIPAA can also expose us to additional liability for violations by our business associates (e.g., entities that provide services to health plans and providers).

Corporate Practice of Medicine and Other Laws

As a corporate entity, Humana Inc. is not licensed to practice medicine. Many states in which we operate through our subsidiaries limit the practice of medicine to licensed individuals or professional organizations comprised of licensed individuals, and business corporations generally may not exercise control over the medical decisions of physicians. Statutes and regulations relating to the practice of medicine, fee-splitting between physicians and referral sources, and similar issues vary widely from state to state. Under management agreements between certain of our subsidiaries and affiliated physician-owned professional groups, these groups retain sole responsibility for all medical decisions, as well as for hiring and managing physicians and other licensed healthcare providers, developing operating policies and procedures, implementing professional standards and controls, and maintaining malpractice insurance. We believe that our health services operations comply with applicable state statutes regarding corporate practice of medicine, fee-splitting, and similar issues. However, any enforcement actions by governmental officials alleging non-compliance with these statutes, which could subject us to penalties or restructuring or reorganization of our business, may result in a material adverse effect on our results of operations, financial position, or cash flows.

Anti-Kickback, Physician Self-Referral, and Other Fraud and Abuse Laws

We are subject to various federal and state healthcare fraud and abuse laws including the federal False Claims Act (the "False Claims Act"), the federal anti-kickback statute (the "Anti-Kickback Statute"), the federal "Stark Law," and related state laws. Potential sanctions for violating these laws include recoupment or reduction of government reimbursement amounts, civil penalties, treble damages, and exclusion from participating in the Medicare and Medicaid programs or other government healthcare programs. The False Claims Act prohibits knowingly submitting, conspiring to submit, or causing to be submitted, false claims, records, or statements to the federal government, or intentionally failing to return overpayments, in connection with reimbursement by federal government programs. The Anti-Kickback Statute prohibits the offer, payment, solicitation, or receipt of any form of remuneration to induce, or in return for, the referral of business under Medicare or other governmental health program. The Stark Law prohibits physicians from referring Medicare or Medicaid beneficiaries for certain services to any entity with which the physician, or an immediate family member of the physician, has a financial relationship, unless the financial relationship fits within a permissible exception.

Many states also have enacted laws similar in scope and purpose to the Anti-Kickback Statute and, in more limited instances, the Stark Law, that are not limited to services for which Medicare or Medicaid payment is made. In addition, most states have statutes, regulations, or professional codes that restrict a physician from accepting various kinds of remuneration in exchange for making referrals. These laws vary from state to state and have seldom been interpreted by the courts or regulatory agencies. In states that have enacted these statutes, we believe that regulatory authorities and state courts interpreting these statutes may regard federal law under the Anti-Kickback Statute and the Stark Law as persuasive.

We believe that our operations comply with the Anti-Kickback Statute, the Stark Law, and similar federal or state laws addressing fraud and abuse. These laws are subject to modification and changes in interpretation, and are enforced by authorities vested with broad discretion. We continually monitor developments in this area. If these laws are interpreted in a manner contrary to our interpretation or are reinterpreted or amended, or if new legislation is enacted with respect to healthcare fraud and abuse, illegal remuneration, or similar issues, we may be required to restructure our affected operations to maintain compliance with applicable law. There can be no assurances that any

HCMO - SUPP - 000906
PUBLIC

such restructuring will be possible or, if possible, would not have a material adverse effect on our results of operations, financial position, or cash flows.

State Regulation of our Products and Services

Laws in each of the states (and Puerto Rico) in which we operate our HMOs, PPOs and other health insurance-related services regulate our operations including: capital adequacy and other licensing requirements, policy language describing benefits, mandated benefits and processes, entry, withdrawal or re-entry into a state or market, rate increases, delivery systems, utilization review procedures, quality assurance, complaint systems, enrollment requirements, claim payments, marketing, and advertising. The HMO, PPO, and other health insurance-related products we offer are sold under licenses issued by the applicable insurance regulators.

Our licensed insurance subsidiaries are also subject to regulation under state insurance holding company and Puerto Rico regulations. These regulations generally require, among other things, prior approval and/or notice of new products, rates, benefit changes, and certain material transactions, including dividend payments, purchases or sales of assets, intercompany agreements, and the filing of various financial and operational reports.

Certain of our healthcare services businesses require a Certificate of Need, or CON, to operate in certain states. These states restrict the entry of new providers or services and the expansion of existing providers or services in their state through a CON process, which is periodically evaluated and updated as required by applicable state law. To the extent that we require a CON or other similar approvals to expand our operations, our expansion could be adversely affected by our inability to obtain the necessary approval. To the extent laws in these CON states change, including the elimination of the CON requirement, the intangible value associated with these CONs may be impaired.

Any failure by us to manage acquisitions, divestitures and other significant transactions successfully may have a material adverse effect on our results of operations, financial position, and cash flows.

As part of our business strategy, we frequently engage in discussions with third parties regarding possible investments, acquisitions, divestitures, strategic alliances, joint ventures, and outsourcing transactions and often enter into agreements relating to such transactions in order to further our business objectives. In order to pursue our acquisition strategy successfully, we must identify suitable candidates for and successfully complete transactions, some of which may be large and complex, and manage post-closing issues such as the integration of acquired companies or employees. Integration and other risks can be more pronounced for larger and more complicated transactions, transactions outside of our core business space, or if multiple transactions are pursued simultaneously. The failure to successfully integrate acquired entities and businesses or failure to produce results consistent with the financial model used in the analysis of our transactions may cause asset write-offs, restructuring costs or other expenses and may have a material adverse effect on our results of operations, financial position, and cash flows. If we fail to identify and complete successfully transactions that further our strategic objectives, we may be required to expend resources to develop products and technology internally. In addition, from time to time, we evaluate alternatives for our businesses that do not meet our strategic, growth or profitability objectives, and we may divest or wind down such businesses. There can be no assurance that we will be able to complete any such divestiture on terms favorable to us, and the divestiture of certain businesses could result, individually or in the aggregate, in the recognition of material losses and a material adverse effect on our results of operations.

If we fail to develop and maintain satisfactory relationships with the providers of care to our members, our business may be adversely affected.

We employ or contract with physicians, hospitals and other providers to deliver health care to our members. Our products encourage or require our customers to use these contracted providers. A key component of our integrated care delivery strategy is to increase the number of providers who share medical cost risk with us or have financial incentives to deliver quality medical services in a cost-effective manner.

In any particular market, providers could refuse to contract with us, demand higher payments, or take other actions that could result in higher health care costs for us, less desirable products for customers and members or

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difficulty meeting regulatory or accreditation requirements. In some markets, some providers, particularly hospitals, physician specialty groups, physician/hospital organizations, or multi-specialty physician groups, may have significant market positions and negotiating power. In addition, physician or practice management companies, which aggregate physician practices for administrative efficiency and marketing leverage, may compete directly with us. If these providers refuse to contract with us, use their market position to negotiate unfavorable contracts with us or place us at a competitive disadvantage, or do not enter into contracts with us that encourage the delivery of quality medical services in a cost-effective manner, our ability to market products or to be profitable in those areas may be adversely affected.

In some situations, we have contracts with individual or groups of primary care providers for an actuarially determined, fixed fee per month to provide a basket of required medical services to our members. This type of contract is referred to as a "capitation" contract. The inability of providers to properly manage costs under these capitation arrangements can result in the financial instability of these providers and the termination of their relationship with us. In addition, payment or other disputes between a primary care provider and specialists with whom the primary care provider contracts can result in a disruption in the provision of services to our members or a reduction in the services available to our members. The financial instability or failure of a primary care provider to pay other providers for services rendered could lead those other providers to demand payment from us even though we have made our regular fixed payments to the primary provider. There can be no assurance that providers with whom we contract will properly manage the costs of services, maintain financial solvency or avoid disputes with other providers. Any of these events may have a material adverse effect on the provision of services to our members and our results of operations, financial position, and cash flows.

The success of our healthcare services businesses depends on our ability, and the ability of our affiliated physician-owned professional groups and management services organizations, to recruit, hire, acquire, contract with, and retain physicians, nurses and other medical professionals who are experienced in providing care services to older adults. The market to acquire or manage physician practices, and to employ or contract with individual physicians, nurses and other medical professionals is, and is expected to remain, highly competitive, and the performance of our healthcare services businesses may be adversely impacted if we, and our affiliated physician-owned professional groups and management services organizations, are unable to attract, maintain satisfactory relationships with, and retain physicians, nurses and other medical professionals, or if these businesses are unable to retain patients following the departure of a physician, nurses or other medical professional. In addition, our healthcare services businesses contract with competitors of our health benefits businesses, and these businesses could be materially impacted if they are unable to maintain relationships with these companies, or fail to adequately negotiate the terms of their contracts with these third-party payers, including the price and other terms of fixed fee (or capitated) agreements under which our primary care business assumes the risk that the actual cost of a basket of services provided to a patient exceeds the reimbursement provided by the health plan third-party payers.

We face significant competition in attracting and retaining talented employees. Further, managing succession for, and retention of, key executives is critical to our success, and our failure to do so could adversely affect our businesses, operating results and/or future performance.

Our success depends on our ability to attract, develop and retain qualified employees and executives, including those with diverse backgrounds, experiences and skill sets, to operate and expand our business. We face intense competition for qualified employees, and there can be no assurance that we will be able to attract and retain such employees or that such competition among potential employers will not result in increasing salaries. In addition, while we have development and succession plans in place for our key employees and executives, these plans do not guarantee the services of our key employees and executives will continue to be available to us. If we are unable to attract, develop, retain and effectively manage the development and succession plans for key employees and executives, our business, results of operations and future performance could be adversely affected.

Our pharmacy business is highly competitive and subjects us to regulations and distribution and supply chain risks in addition to those we face with our core health benefits businesses.

Our in-house dispensing pharmacy business competes with locally owned drugstores, retail drugstore chains, supermarkets, discount retailers, membership clubs, internet companies and other mail-order and long-term care pharmacies.

Our pharmacy business also subjects us to extensive federal, state, and local regulation. The practice of pharmacy is generally regulated at the state level by state boards of pharmacy. Many of the states where we deliver pharmaceuticals, including controlled substances, have laws and regulations that require out-of-state mail-order pharmacies to register with that state's board of pharmacy. Federal agencies further regulate our pharmacy operations, requiring registration with the U.S. Drug Enforcement Administration and individual state controlled substance authorities in order to dispense controlled substances. In addition, the FDA inspects facilities in connection with procedures to effect recalls of prescription drugs. The Federal Trade Commission also has requirements for mail-order sellers of goods. The U.S. Postal Service, or USPS, has statutory authority to restrict the transmission of drugs and medicines through the mail to a degree that may have an adverse effect on our mail-order operations. The USPS historically has exercised this statutory authority only with respect to controlled substances. If the USPS restricts our ability to deliver drugs through the mail, alternative means of delivery could be significantly more expensive. The U.S. Department of Transportation has regulatory authority to impose restrictions on drugs inserted in the stream of commerce. These regulations generally do not apply to the USPS and its operations. In addition, we are subject to CMS rules regarding the administration of our PDP plans and intercompany pricing between our PDP plans and our pharmacy business.

We are also subject to risks inherent in the packaging and distribution of pharmaceuticals and other health care products, including the application of state laws and regulations related to the operation of internet and mail-order pharmacies, violations of which could expose us to civil and criminal penalties, and manufacturing, distribution or other supply chain disruptions (including disruptions that occur as a result of catastrophes, including acts of terrorism, public health emergencies, epidemics or pandemics (such as COVID-19), or natural disasters (such as hurricanes and earthquakes) which could occur more frequently or with more intense effects as a result of the impacts of global climate change), each of which could impact the availability or cost of supplying of such products.

Changes in the prescription drug industry pricing benchmarks may adversely affect our financial performance.

Contracts in the prescription drug industry generally use certain published benchmarks to establish pricing for prescription drugs. These benchmarks include average wholesale price, which is referred to as "AWP," average selling price, which is referred to as "ASP," and wholesale acquisition cost. It is uncertain whether payors, pharmacy providers, pharmacy benefit managers, or PBMs, and others in the prescription drug industry will continue to utilize AWP as it has previously been calculated, or whether other pricing benchmarks will be adopted for establishing prices within the industry. Legislation may lead to changes in the pricing for Medicare and Medicaid programs. Regulators have conducted investigations into the use of AWP for federal program payment, and whether the use of AWP has inflated drug expenditures by the Medicare and Medicaid programs. Federal and state proposals have sought to change the basis for calculating payment of certain drugs by the Medicare and Medicaid programs. Adoption of ASP in lieu of AWP as the measure for determining payment by Medicare or Medicaid programs for the drugs sold in our in-house dispensing pharmacy business may reduce the revenues and gross margins of this business which may result in a material adverse effect on our results of operations, financial position, and cash flows.

Our ability to obtain funds from certain of our licensed subsidiaries is restricted by state insurance regulations.

Because we operate as a holding company, we are dependent upon dividends and administrative expense reimbursements from our subsidiaries to fund the obligations of Humana Inc., our parent company. Certain of our

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insurance subsidiaries operate in states that regulate the payment of dividends, loans, administrative expense reimbursements or other cash transfers to Humana Inc., and require minimum levels of equity as well as limit investments to approved securities. The amount of dividends that may be paid to Humana Inc. by these insurance subsidiaries, without prior approval by state regulatory authorities, or ordinary dividends, is limited based on the entity's level of statutory income and statutory capital and surplus. In most states, prior notification is provided before paying a dividend even if approval is not required. Actual dividends paid may vary due to consideration of excess statutory capital and surplus and expected future surplus requirements related to, for example, premium volume and product mix. Dividends from our non-insurance companies such as in our CenterWell segment are generally not restricted by Departments of Insurance. In the event that we are unable to provide sufficient capital to fund the obligations of Humana Inc., our results of operations, financial position, and cash flows may be materially adversely affected.

Downgrades in our debt ratings, should they occur, may adversely affect our business, results of operations, and financial condition.

Claims paying ability, financial strength, and debt ratings by recognized rating organizations are an increasingly important factor in establishing the competitive position of insurance companies. Ratings information is broadly disseminated and generally used throughout the industry. Historically, rating agencies take action to lower ratings due to, among other things, perceived concerns about liquidity or solvency, the competitive environment in the insurance industry, the inherent uncertainty in determining reserves for future claims, the outcome of pending litigation and regulatory investigations, and possible changes in the methodology or criteria applied by the rating agencies. Each of the rating agencies reviews its ratings periodically and there can be no assurance that current ratings will be maintained in the future. Our ratings reflect each rating agency’s opinion of our financial strength, operating performance, and ability to meet our debt obligations or obligations to policyholders, but are not evaluations directed toward the protection of investors in our common stock and should not be relied upon as such.

We believe that certain of our customers place importance on our claims paying ability, financial strength, and debt ratings, and we may lose customers and compete less successfully if our ratings were to be downgraded. In addition, our credit ratings impact our ability to obtain future borrowings and investment capital on favorable terms. If our credit ratings were to be lowered, our cost of borrowing likely would increase, our sales and earnings could decrease, and our results of operations, financial position, and cash flows may be materially adversely affected.

Volatility or disruption in the securities and credit markets, including changes in interest rates, may significantly and adversely affect the value of our investment portfolio and the investment income that we derive from this portfolio.

Ongoing volatility or disruption in the securities and credit markets, including changes in interest rates, may significantly and adversely affect the value of our significant investment portfolio and the investment income that we derive from this portfolio. We evaluate our investment securities for impairment on a quarterly basis. This review is subjective and requires a high degree of judgment. For the purpose of determining gross realized gains and losses, the cost of investment securities sold is based upon specific identification. For debt securities held, we recognize an impairment loss in income when the fair value of the debt security is less than the carrying value and we have the intent to sell the debt security or it is more likely than not that we will be required to sell the debt security before recovery of our amortized cost basis, or if a credit loss has occurred. When we do not intend to sell or are not required to sell a security in an unrealized loss position, potential credit related impairments are considered using a variety of factors, including the extent to which the fair value has been less than cost, adverse conditions specifically related to the industry, geographic area or financial condition of the issuer or underlying collateral of a security; payment structure of the security; changes in credit rating of the security by the rating agencies; the volatility of the fair value changes; and changes in fair value of the security after the balance sheet date. For debt securities, we take into account expectations of relevant market and economic data. We continuously review our investment portfolios and there is a continuing risk that declines in fair value may occur and additional material realized losses from sales or credit related impairments may be recorded in future periods.

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We believe our cash balances, investment securities, operating cash flows, and funds available under our credit agreement or from other public or private financing sources, taken together, provide adequate resources to fund ongoing operating and regulatory requirements, acquisitions, future expansion opportunities, and capital expenditures for at least the next twelve months, as well as to refinance or repay debt, and repurchase shares. However, continuing adverse securities and credit market conditions may significantly affect the availability of credit. While there is no assurance in the current economic environment, we have no reason to believe the lenders participating in our credit agreement will not be willing and able to provide financing in accordance with the terms of the agreement.

Our access to additional credit will depend on a variety of factors such as market conditions, the general availability of credit, both to the overall market and our industry, our credit ratings and debt capacity, as well as the possibility that customers or lenders could develop a negative perception of our long or short-term financial prospects. Similarly, our access to funds could be limited if regulatory authorities or rating agencies were to take negative actions against us. If a combination of these factors were to occur, we may not be able to successfully obtain additional financing on favorable terms or at all.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Risk Management and Strategy

In the ordinary course of our business, we process, store and transmit large amounts of data, and rely on third-party service providers to do the same, including sensitive personal information as well as proprietary or confidential information relating to our business or a third-party. The protection of information and business processes is an integrated component in our overall risk management program, and reflected in our Code of Ethics, security standards, and privacy policies. We employ processes to safeguard information and protect our members' data, including by deploying both proactive and defensive practices against the evolving cyber threat landscape. Examples of these processes include:

a. Employing a qualified Chief Information Security Officer.
b. Maintaining tools to identify malicious cyber activity.
c. Monitoring risks posed by threat actors, including through partnerships with industry groups and government agencies.
d. Providing annual cybersecurity training to our associates.
e. Testing our associates' knowledge through internal phishing simulations.
f. Engaging an independent third-party audit firm to perform an Annual Service Organizational Controls (SOC) 2 audit of enterprise claims platforms.
g. Reporting data breaches, as required by law, to the U.S. Department of Health and Human Services (HHS), Office for Civil Rights (OCR), and various state agencies; our reports are publicly available, free of charge, and can be obtained through the OCR Portal at https://ocrportal.hhs.gov/ocr/breach.
h. Maintaining a program to identify cybersecurity risks associated with certain third party vendors, which is one component of an overall vendor risk management program.

We also enhance our information technology infrastructure and security protocols to assess, identify, protect against, and manage material risks from cybersecurity threats following a risk-based approach. In addition, we conduct cybersecurity risk assessments at least annually, and periodically engage an independent auditor or other external assessors to aid in pro-active risk identification, prevention, detection, mitigation, and remediation. Our efforts to manage against cybersecurity threats are further guided by Federal and state laws, as well as contractual

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commitments with third parties, which regulate our collection, use and disclosure of confidential information such as protected health information and personally identifiable information.

Although we have been subject to breaches of our information technology systems, including breaches of the information technology systems of third-party service providers, the impact of such attacks has not been material to our business strategy, operations or results of operations, financial position, or cash flows through December 31, 2023. We do not believe that cybersecurity threats resulting from any previous cybersecurity incidents of which we are aware are reasonably likely to materially affect the Company. For additional information on the risks we face from cybersecurity threats, please refer to Part I, Item 1A, "Risk Factors" of this Form 10-K.

Governance

As part of its overall responsibility for oversight of our enterprise risk management, our Board of Directors reviews material risks to our Company, including risks from cybersecurity threats. The Board has designated our Audit Committee and Technology Committee with joint oversight over our information technology internal controls, cybersecurity, business continuity and disaster recovery programs.

Management is responsible for designing and implementing our governance framework and controls for managing our material risks from cybersecurity threats, under the oversight of our Board of Directors. Our Chief Information Security Officer is responsible for assessing and managing identified cybersecurity risks, and evaluating and remediating cybersecurity incidents, and sharing information directly with the Audit Committee and Technology Committee, or full Board of Directors, when appropriate. Our Chief Information Security Officer reports to our Chief Information Officer, who is in turn responsible for the management of Humana's data and information technology risks more generally. Our Chief Information Officer is a senior executive and industry leader in risk management practices in highly regulated fields. Our Chief Information Security Officer is an experienced cybersecurity executive and leader in the field, with many years of relevant experience working in highly regulated industries.

Among our cybersecurity and risk teams, we utilize established governance mechanisms to enable a transparent and holistic approach to cybersecurity risk management, and the evaluation and remediation of cybersecurity incidents. These processes enable cross-functional engagement from our enterprise information protection, enterprise risk management, enterprise compliance, information technology, legal, privacy, and data governance teams.

As a key component of this governance framework, the Audit Committee and Technology Committee also receive regular updates regarding our cybersecurity program and cybersecurity incidents from our Chief Information Security Officer.

ITEM 2. PROPERTIES

Our principal executive office is located in the Humana Building, 500 West Main Street, Louisville, Kentucky 40202. In addition to the headquarters in Louisville, Kentucky, we maintain other principal operating facilities used for customer service, enrollment, and/or claims processing and certain other corporate functions in Louisville, Kentucky; Green Bay, Wisconsin; Tampa, Florida; Cincinnati, Ohio; San Antonio, Texas; San Juan, Puerto Rico; and Austin, Texas.

We owned or leased numerous medical centers and administrative offices at December 31, 2023. The medical centers we operate are primarily located in Florida and Texas, including full-service, multi-specialty medical centers staffed by primary care providers and medical specialists. Of these medical centers, approximately 324 of these facilities are leased or subleased to our contracted providers to operate.

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ITEM 3. LEGAL PROCEEDINGS

We are party to a variety of legal actions in the ordinary course of business, certain of which may be styled as class-action lawsuits. Among other matters, this litigation may include employment matters, claims of medical malpractice, bad faith, nonacceptance or termination of providers, anticompetitive practices, improper rate setting, provider contract rate disputes, qui tam litigation brought by individuals seeking to sue on behalf of the government, failure to disclose network discounts and various other provider arrangements, general contractual matters, intellectual property matters, and challenges to subrogation practices. For a discussion of our material legal actions, including those not in the ordinary course of business, see "Legal Proceedings and Certain Regulatory Matters" in Note 17 to the audited Consolidated Financial Statements included in Item 8. – Financial Statements and Supplementary Data. We cannot predict the outcome of these suits with certainty.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock trades on the New York Stock Exchange under the symbol HUM.

Holders of our Capital Stock

As of January 31, 2024, there were 1,602 holders of record of our common stock and 637,767 beneficial holders of our common stock.

Dividends

The following table provides details of dividend payments, excluding dividend equivalent rights, in 2022 and 2023, under our Board approved quarterly cash dividend policy:

Record Date	Payment Date	Amount per Share	Total Amount
			(in millions)
2022 payments			
12/31/2021	1/28/2022	$0.7000	$90
3/31/2022	4/29/2022	$0.7875	$100
6/30/2022	7/29/2022	$0.7875	$100
9/30/2022	10/28/2022	$0.7875	$100
2023 payments			
12/30/2022	1/27/2023	$0.7875	$98
3/31/2023	4/28/2023	$0.8850	$111
6/30/2023	7/28/2023	$0.8850	$110
9/29/2023	10/27/2023	$0.8850	$109

In October 2023, the Board declared a cash dividend of $0.8850 per share payable on January 26, 2024 to stockholders of record on December 29, 2023 for an aggregate amount of $108 million. In February 2024, the Board declared a cash dividend of $0.885 per share payable on April 26, 2024 to stockholders of record on March 29, 2024. Declaration and payment of future quarterly dividends is at the discretion of our Board and may be adjusted as business needs or market conditions change.

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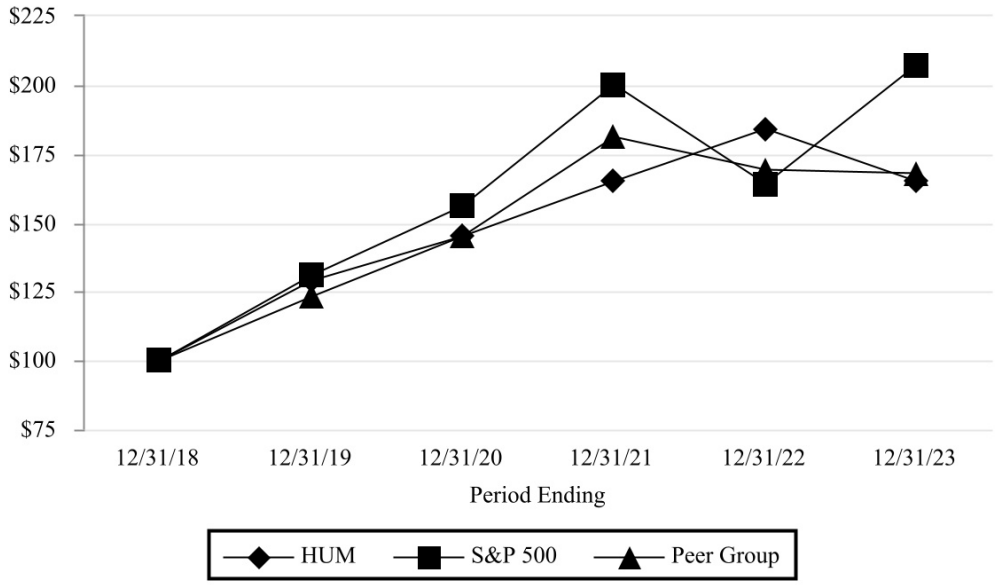
Stock Total Return Performance

The following graph compares our total return to stockholders with the returns of the Standard & Poor's Composite 500 Index ("S&P 500") and the Dow Jones US Select Health Care Providers Index ("Peer Group") for the five years ended December 31, 2023. The graph assumes an investment of $100 in each of our common stock, the S&P 500, and the Peer Group on December 31, 2018, and that dividends were reinvested when paid.



	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023
HUM	$ 100	$ 129	$ 145	$ 165	$ 184	$ 165
S&P 500	$ 100	$ 131	$ 156	$ 200	$ 164	$ 207
Peer Group	$ 100	$ 123	$ 145	$ 181	$ 169	$ 168

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

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Issuer Purchases of Equity Securities

The following table provides information about purchases by us during the three months ended December 31, 2023 of equity securities that are registered by us pursuant to Section 12 of the Exchange Act:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)(2)	Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1) (2)
October 2023	220,245	$ 507.67	220,245	$ 1,917,683,190
November 2023	860,260	485.36	860,260	1,500,150,885
December 2023	—	—	—	1,500,150,885
Total	1,080,505		1,080,505	

(1) Excludes 0.2 million shares repurchased in connection with employee stock plans.

(2) On February 15, 2023, the Board of Directors replaced the previous share repurchase authorization of up to $3 billion (of which approximately $1 billion remained unused) with a new authorization for repurchases of up to $3 billion of our common shares exclusive of shares repurchased in connection with employee stock plans, expiring as of February 15, 2026, which we refer to as the February 2023 repurchase authorization. Our remaining repurchase authorization under the February 2023 repurchase authorization was $824 million as of February 15, 2024.

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ITEM 6. [Reserved]

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For discussion of 2021 items and year-over-year comparisons between 2022 and 2021 that are not included in this 2023 Form 10-K, refer to "Item 7. – Management Discussion and Analysis of Financial Condition and Results of Operations" found in our Form 10-K for the year ended December 31, 2022, that was filed with the Securities and Exchange Commission on February 16, 2023.

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 (formerly Kindred) Hospice to Clayton, Dubilier & Rice, or CD&R, for cash proceeds of approximately $2.7 billion, net of cash disposed, including debt repayments from Gentiva Hospice to Humana of $1.9 billion. In connection with the sale we recognized a pre-tax gain, net of transaction costs, of $237 million, which was reported as a gain on sale of Gentiva Hospice in the accompanying consolidated statements of income for the year ended December 31, 2022.

COVID-19

The emergence and spread of the novel coronavirus, or COVID-19, beginning in the first quarter of 2020 has impacted our business. Initially during periods of increased incidences of COVID-19, a reduction in non-COVID-19 hospital admissions for non-emergent and elective medical care resulted in lower overall healthcare system utilization. At the same time, COVID-19 treatment and testing costs increased utilization. During 2022, we experienced lower overall utilization of the healthcare system than anticipated, as the reduction in COVID-19 utilization following the increased incidence associated with the Omicron variant outpaced the increase in non-COVID-19 utilization. The significant disruption in utilization during 2020 also impacted our ability to implement clinical initiatives to manage health care costs and chronic conditions of our members, and appropriately document their risk profiles, and, as such, significantly affected our 2021 revenue under the risk adjustment payment model for Medicare Advantage plans. Finally, changes in utilization patterns and actions taken in 2021 as a result of the COVID-19 pandemic, including the suspension of certain financial recovery programs for a period of time and shifting the timing of claim payments and provider capitation surplus payments, impacted our claim reserve development and operating cash flows for 2021.

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The COVID-19 National Emergency declared in 2020 was terminated on April 10, 2023 and the Public Health Emergency expired on May 11, 2023.

Value Creation Initiatives and Impairment Charges

In order to create capacity to fund growth and investment in our Medicare Advantage business and further expansion of our healthcare services capabilities beginning in 2022, we committed to drive additional value for the enterprise through cost saving, productivity initiatives, and value acceleration from previous investments. As a result of these initiatives, we recorded charges of $436 million and $473 million in 2023 and 2022, respectively, within operating costs in the consolidated statements of income. These charges were recorded at the corporate level and not allocated to the segments. We expect to incur additional charges through the end of 2024.

The value creation initiative charges primarily relate to $237 million and $248 million in asset impairments in 2023 and 2022, respectively, as well as $199 million and $116 million in severance charges in connection with workforce optimization in 2023 and 2022, respectively. The remainder of the 2022 charges primarily relate to external consulting fees.

During 2023, we also recorded severance charges of $70 million within operating costs in our consolidated statement of income as a result of our exit from the Employer Group Commercial Medical Products business and impairment charges of $91 million, including $55 million relating to indefinite-lived intangibles. The indefinite-lived intangibles impairment charges were included within operating costs in our consolidated statement of income with the remaining impairment charges included within investment income.

Business Segments

During December 2022, we realigned our businesses into two distinct segments: Insurance and CenterWell. The Insurance segment includes the businesses that were previously included in the Retail and Group and Specialty segments, as well as the Pharmacy Benefit Manager, or PBM, business which was previously included in the Healthcare Services segment. The CenterWell segment (formerly Healthcare Services) represents our payor-agnostic healthcare services offerings, including pharmacy solutions, primary care, and home solutions. In addition to the new segment classifications being utilized to assess performance and allocate resources, we believe this simpler structure will create greater collaboration across the Insurance and CenterWell businesses and will accelerate work that is underway to centralize and integrate operations within the organization. 2021 segment financial information was recast to conform to the 2022 presentation.

Our two reportable segments, Insurance and CenterWell, are based on a combination of the type of health plan customer and adjacent businesses centered on well-being solutions for our health plans and other customers, as described below. These segment groupings are consistent with information used by our Chief Executive Officer, the Chief Operating Decision Maker, to assess performance and allocate resources. For segment financial information, refer to Note 18 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

The Insurance segment consists of Medicare benefits, marketed to individuals or directly via group Medicare accounts, as well as our contract with CMS to administer the Limited Income Newly Eligible Transition, or LI-NET, prescription drug plan program and contracts with various states to provide Medicaid, dual eligible demonstration, and Long-Term Support Services benefits, which we refer to collectively as our state-based contracts. This segment also includes products consisting of employer group commercial fully-insured medical and specialty health insurance benefits marketed to individuals and employer groups, including dental, vision, and other supplemental health benefits, as well as administrative services only, or ASO. In addition, our Insurance segment includes our military services business, primarily our T-2017 East Region contract, as well as the operations of our PBM business.

The CenterWell segment includes our pharmacy solutions, primary care, and home solutions operations. The segment also includes our strategic partnerships with WCAS to develop and operate senior-focused, payor-agnostic, primary care centers, as well as our minority ownership interest in Gentiva Hospice operations. Services offered by

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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 services rendered by our CenterWell segment, primarily pharmacy solutions, primary care, and home solutions, to our Insurance segment customers. Intersegment sales and expenses are recorded at fair value and eliminated in consolidation. Members served by our segments often use the same provider networks, enabling us in some instances to obtain more favorable contract terms with providers. Our segments also share indirect costs and assets. As a result, the profitability of each segment is interdependent. We allocate most operating expenses to our segments. Assets and certain corporate income and expenses are not allocated to the segments, including the portion of investment income not supporting segment operations, interest expense on corporate debt, and certain other corporate expenses. These items are managed at a corporate level. These corporate amounts are reported separately from our reportable segments and are included with intersegment eliminations.

Seasonality

COVID-19 disrupted the pattern of our quarterly earnings and operating cash flows largely due to the temporary deferral of non-essential care which resulted in reductions in non-COVID-19 hospital admissions and lower overall healthcare system utilization during higher levels of COVID-19 hospital admissions. At the same time, during periods of increased incidences of COVID-19, COVID-19 treatment and testing costs increase.

One of the product offerings of our Insurance segment is Medicare stand-alone prescription drug plans, or PDP, under the Medicare Part D program. Our quarterly Insurance segment earnings and operating cash flows are impacted by the Medicare Part D benefit design and changes in the composition of our membership. The Medicare Part D benefit design results in coverage that varies as a member's cumulative out-of-pocket costs pass through successive stages of a member's plan period, which begins annually on January 1 for renewals. These plan designs generally result in us sharing a greater portion of the responsibility for total prescription drug costs in the early stages and less in the latter stages. As a result, the PDP benefit ratio generally decreases as the year progresses. In addition, the number of low income senior members as well as year-over-year changes in the mix of membership in our standalone 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 did not impact the Insurance segment benefit ratio for the year ended December 31, 2023 and increased the Insurance segment benefit ratio by 10 basis points for the year ended December 31, 2022.

The Insurance segment also experiences seasonality in the operating cost ratio as a result of costs incurred in the second half of the year associated with the Medicare marketing season. The Insurance segment may experience adverse impacts in the operating cost ratio as a result of our Employer Group Commercial Medical Products exit phased over the 18 to 24 months following our February 2023 announcement. The Employer Group Commercial Fully-Insured business increased the Insurance segment operating cost ratio by 30 basis points and increased the Insurance segment operating cost ratio by 40 basis points for the years ended December 31, 2023 and 2022, respectively.

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Highlights

- Our strategy offers our members affordable health care combined with a positive consumer experience in growing markets. At the core of this strategy is our integrated care delivery model, which unites quality care, high member engagement, and sophisticated data analytics. Our approach to primary, physician-directed care for our members aims to provide quality care that is consistent, integrated, cost-effective, and member-focused, provided by both employed physicians and physicians with network contract arrangements. The model is designed to improve health outcomes and affordability for individuals and for the health system as a whole, while offering our members a simple, seamless healthcare experience. We believe this strategy is positioning us for long-term growth in both membership and earnings. We offer providers a continuum of opportunities to increase the integration of care and offer assistance to providers in transitioning from a fee-for-service to a value-based arrangement. These include performance bonuses, shared savings and shared risk relationships. At December 31, 2023, approximately 3,764,300 members, or 70%, of our individual Medicare Advantage members were in value-based relationships under our integrated care delivery model, as compared to 3,175,500 members, or 70%, at December 31, 2022.

- On January 31, 2024, Centers for Medicare & Medicaid Services, or CMS, issued its preliminary 2025 Medicare Advantage and Part D payment rates and proposed policy changes, collectively, the Advance Notice. CMS has invited public comment on the Advance Notice before publishing final rates on or before April 1, 2024, or the Final Notice. In the Advance Notice, CMS estimates Medicare Advantage plans across the sector will, on average, experience a 0.16% decrease in benchmark funding based on proposals included therein. As indicated by CMS, its estimate excludes the impact of fee-for-service county rebasing/re-pricing since the related impact is dependent upon finalization of certain data, which will be available with the publication of the Final Notice. Based on our preliminary analysis using the same factors included in CMS' estimate, the components of which are detailed on CMS' website, we anticipate the proposals in the Advance Notice would result in a change to our benchmark funding that is approximately 160 basis points worse than our expectation of a flat rate environment. This difference is primarily due to the proposed effective growth rate restatements, which we did not anticipate in light of the higher medical cost trends experienced across the industry, as well as the negative impact of CMS' proposed normalization factors. As part of our typical engagement with the agency, we will provide actuarial data with respect to our concerns regarding these items. We will continue to analyze the Advance Notice and will draw upon our program expertise to provide CMS formal commentary on the impact of the Advance Notice and the related impact upon Medicare beneficiaries' quality of care, affordability, and service to its members through the Medicare Advantage program.

- Net income attributable to Humana was $2.5 billion, or $20.00 per diluted common share, and $2.8 billion, or $22.08 per diluted common share, in 2023 and 2022, respectively. This comparison was significantly impacted by the gain on sale of Gentiva Hospice, put/call valuation adjustments associated with non-consolidating minority interest investments, transaction and integration costs, the change in the fair market value of publicly-traded equity securities, an accrued charge related to certain litigation expenses, charges associated with value creation initiatives, and impairment charges. 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 and 2022 periods:

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	2023	2022
	(in millions)	
Consolidated income before income taxes and equity in net (losses) earnings:		
Gain on sale of Gentiva Hospice	$ —	$ (237)
Put/call valuation adjustments associated with our non-consolidating minority interest investments	320	68
Transaction and integration costs	(48)	105
Change in fair market value of publicly-traded equity securities	(1)	123
Accrued charge related to certain anticipated litigation expenses	105	—
Value creation initiatives	436	473
Impairment charges	91	—
Total	$ 903	$ 532

	2023	2022
Diluted earnings per common share:		
Gain on sale of Gentiva Hospice	$ —	$ (1.86)
Put/call valuation adjustments associated with our non-consolidating minority interest investments	2.57	0.53
Transaction and integration costs	(0.38)	0.83
Change in fair market value of publicly-traded equity securities	(0.01)	0.97
Accrual charge related to certain anticipated litigation expenses	0.84	—
Value creation initiatives	3.50	3.72
Impairment charges	0.73	—
Net tax impact of transactions	(1.67)	(1.52)
Total	$ 5.58	$ 2.67

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Regulatory Environment

We are and will continue to be regularly subject to new laws and regulations, changes to existing laws and regulations, and judicial determinations that impact the interpretation and applicability of those laws and regulations. The Health Care Reform Law, the Families First Act, the CARES Act, and the Inflation Reduction Act, and related regulations, are examples of laws which have enacted significant reforms to various aspects of the U.S. health insurance industry, including, among others, mandated coverage requirements, mandated benefits and guarantee issuance associated with insurance products, rebates to policyholders based on minimum benefit ratios, adjustments to Medicare Advantage premiums, the establishment of federally facilitated or state-based exchanges coupled with programs designed to spread risk among insurers, and the introduction of plan designs based on set actuarial values, and changes to the Part D prescription drug benefit design.

It is reasonably possible that these laws and regulations, as well as other current or future legislative, judicial or regulatory changes including restrictions on our ability to manage our provider network, manage and sell our products, or otherwise operate our business, or restrictions on profitability, including reviews by regulatory bodies that may compare our Medicare Advantage profitability to our non-Medicare Advantage business profitability, or compare the profitability of various products within our Medicare Advantage business, and require that they remain within certain ranges of each other, increases in member benefits or changes to member eligibility criteria without corresponding increases in premium payments to us, increases in regulation of our prescription drug benefit businesses, or changes to the Part D prescription drug benefit design (and uncertainty arising from the implementation of these changes) in the aggregate may have a material adverse effect on our results of operations (including restricting revenue, enrollment and premium growth in certain products and market segments, restricting our ability to expand into new markets, increasing our medical and operating costs, further lowering our Medicare payment rates and increasing our expenses associated with assessments); our financial position (including our ability to maintain the value of our goodwill); and our cash flows.

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 services rendered by our CenterWell segment, primarily pharmacy solutions, primary care, and home solutions, to our Insurance segment customers and are described in Note 18 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

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Comparison of Results of Operations for 2023 and 2022

The following discussion primarily details our results of operations for the year ended December 31, 2023, or the 2023 period, and the year ended December 31, 2022, or the 2022 period.

Consolidated

			Change	
	2023	2022	Dollars	Percentage
	(dollars in millions, except per common share results)			
Revenues:				
Insurance premiums	$ 101,272	$ 87,712	$ 13,560	15.5 %
Services:				
Insurance	1,000	850	150	17.6 %
CenterWell	3,033	3,926	(893)	(22.7)%
Total services revenue	4,033	4,776	(743)	(15.6)%
Investment income	1,069	382	687	179.8 %
Total revenues	106,374	92,870	13,504	14.5 %
Operating expenses:				
Benefits	88,394	75,690	12,704	16.8 %
Operating costs	13,188	12,671	517	4.1 %
Depreciation and amortization	779	709	70	9.9 %
Total operating expenses	102,361	89,070	13,291	14.9 %
Income from operations	4,013	3,800	213	5.6 %
Gain on sale of Gentiva Hospice	—	(237)	(237)	(100.0)%
Interest expense	493	401	92	22.9 %
Other expense, net	137	68	69	101.5 %
Income before income taxes and equity in net losses	3,383	3,568	(185)	(5.2)%
Provision for income taxes	836	762	74	9.7 %
Equity in net losses	(63)	(4)	59	1475.0 %
Net income	$ 2,484	$ 2,802	$ (318)	(11.3)%
Diluted earnings per common share	$ 20.00	$ 22.08	$ (2.08)	(9.4)%
Benefit ratio (a)	87.3 %	86.3 %		1.0 %
Operating cost ratio (b)	12.5 %	13.7 %		(1.2)%
Effective tax rate	25.2 %	21.4 %		3.8 %

(a) Represents total benefits expense as a percentage of premiums revenue.

(b) Represents total operating costs, excluding depreciation and amortization, as a percentage of total revenues less investment income.

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Premiums Revenue

Consolidated premiums revenue increased $13.6 billion, or 15.5%, from $87.7 billion in the 2022 period to $101.3 billion in the 2023 period primarily due to individual Medicare Advantage and state-based contracts membership growth and higher per member individual Medicare Advantage premiums. These factors were partially offset by the year-over-year decline in membership associated with group commercial medical, group Medicare Advantage and stand-alone PDP products, as well as the phase-out of COVID-19 sequestration relief in 2022.

Services Revenue

Consolidated services revenue decreased $0.7 billion, or 15.6%, from $4.8 billion in the 2022 period to $4.0 billion in the 2023 period primarily due to the divestiture of the 60% ownership of Gentiva Hospice in August 2022.

Investment Income

Investment income increased $0.7 billion, or 179.8%, from $0.4 billion in the 2022 period to $1.1 billion in the 2023 period primarily due to 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.

Benefits Expense

Consolidated benefits expense increased $12.7 billion, or 16.8%, from $75.7 billion in the 2022 period to $88.4 billion in the 2023 period. The consolidated benefit ratio increased 100 basis points from 86.3% in the 2022 period to 87.3% in the 2023 period primarily due to investments in the benefit design of our Medicare Advantage products for 2023, higher than anticipated Medicare Advantage utilization trends, which further increased in the fourth quarter of 2023, driven by inpatient utilization, primarily for the months of November and December, and non-inpatient trends, predominately in the categories of physician, outpatient surgeries and supplemental benefits, as well as the impact of continued individual Medicare Advantage growth following the 2023 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, decreased average unit costs given the additional 20% payment on COVID-19 admissions during the Public Health Emergency, which expired on May 11, 2023, as well as higher favorable prior-period development in 2023. Further, the 2023 ratio 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 ratio.

Consolidated benefits expense included $872 million of favorable prior-period medical claims reserve development in the 2023 period and $415 million of favorable prior-period medical claims reserve development in the 2022 period. Prior-period medical claims reserve development decreased the consolidated benefit ratio by approximately 90 basis points in the 2023 period and decreased the consolidated benefit ratio by approximately 50 basis points in the 2022 period.

Operating Costs

Our segments incur both direct and shared indirect operating costs. We allocate the indirect costs shared by the segments primarily as a function of revenues. As a result, the profitability of each segment is interdependent.

Consolidated operating costs increased $0.5 billion, or 4.1%, from $12.7 billion in the 2022 period to $13.2 billion in the 2023 period. The consolidated operating cost ratio decreased 120 basis points from 13.7% in the 2022 period to 12.5% in the 2023 period. The ratio decrease was primarily due to the divestiture of the 60% ownership of Gentiva Hospice in August 2022, which carried a significantly higher operating cost ratio compared to the historical consolidated operating cost ratio, scale efficiencies associated with growth in individual Medicare Advantage membership, administrative cost efficiencies as a result of our value creation initiatives, as well as the impact of significantly reduced compensation accruals in 2023 for the annual incentive plan offered to employees across all levels of the company, in accordance with plan requirements, as our 2023 performance was negatively impacted by the previously-discussed higher Medicare Advantage utilization trends. These factors were partially offset by an

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increase in commissions for brokers related to the individual Medicare Advantage membership growth in 2023, the impact of accelerated charges related to value creation initiatives in 2023 compared to 2022, impairment charges expensed in 2023, the phase-out of COVID-19 sequestration relief in 2022, and an accrual recorded in 2023 related to certain anticipated litigation expenses.

Depreciation and Amortization

Depreciation and amortization increased $70 million, or 9.9%, from $709 million in the 2022 period to $779 million in the 2023 period primarily due to capital expenditures.

Interest Expense

Interest expense increased $92 million, or 22.9%, from $401 million in the 2022 period to $493 million in the 2023 period primarily due to higher average interest cost on outstanding borrowings.

Income Taxes

Our effective tax rate during 2023 was 25.2% compared to the effective tax rate of 21.4% in 2022. The year-over-year increase in the effective income tax rates is primarily due to the favorable adjustment in relation to tax basis over book basis for the sale of Gentiva Hospice recognized in 2022, which resulted in book income in excess of taxable gain, an increase in our federal and state audit reserves for 2023, as well as a reduction in the recognized value of certain net operating losses. For a complete reconciliation of the federal statutory rate to the effective tax rate, refer to Note 12 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

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Insurance Segment

	2023	2022	Change Members	Change %
Membership:				
Individual Medicare Advantage	5,408,900	4,565,600	843,300	18.5 %
Group Medicare Advantage	509,600	565,100	(55,500)	(9.8)%
Medicare stand-alone PDP	2,849,100	3,551,300	(702,200)	(19.8)%
Total Medicare	8,767,600	8,682,000	85,600	1.0 %
Medicare Supplement	307,200	313,600	(6,400)	(2.0)%
Commercial fully-insured	338,700	556,300	(217,600)	(39.1)%
State-based contracts and other	1,228,800	1,137,300	91,500	8.0 %
Military services	5,960,200	5,959,900	300	— %
Commercial ASO	255,300	430,100	(174,800)	(40.6)%
Total Medical Membership	16,857,800	17,079,200	(221,400)	(1.3)%
Total Specialty Membership	4,868,300	5,194,800	(326,500)	(6.3)%

	2023	2022	Change $	Change %
		(in millions)		
Premiums and Services Revenue:				
Premiums:				
Individual Medicare Advantage	$ 78,837	$ 65,591	$ 13,246	20.2 %
Group Medicare Advantage	6,869	7,297	(428)	(5.9)%
Medicare stand-alone PDP	2,189	2,269	(80)	(3.5)%
Total Medicare	87,895	75,157	12,738	16.9 %
Commercial fully-insured	3,527	4,389	(862)	(19.6)%
Specialty benefits	1,007	1,047	(40)	(3.8)%
Medicare Supplement	735	743	(8)	(1.1)%
State-based contracts and other	8,108	6,376	1,732	27.2 %
Total premiums revenue	101,272	87,712	13,560	15.5 %
Commercial ASO	237	300	(63)	(21.0)%
Military services and other	763	550	213	38.7 %
Services revenue	1,000	850	150	17.6 %
Total premiums and services revenue	$ 102,272	$ 88,562	$ 13,710	15.5 %
Income from operations	$ 2,654	$ 3,022	$ (368)	(12.2)%
Benefit ratio	88.0 %	86.6 %		1.4 %
Operating cost ratio	10.2 %	10.4 %		(0.2)%

Income from operations

Insurance segment income from operations decreased $0.4 billion, or 12.2%, from $3.0 billion in the 2022 period to $2.6 billion in the 2023 period 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.

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Enrollment

Individual Medicare Advantage membership increased 843,300 members, or 18.5%, from 4,565,600 members as of December 31, 2022 to 5,408,900 members as of December 31, 2023 primarily due to membership additions associated with the 2023 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, or D-SNP, membership. Individual Medicare Advantage membership includes 871,300 D-SNP members as of December 31, 2023, a net increase of 202,400 members, or 30.3%, from 668,900 members as of December 31, 2022. For the full year 2024, we anticipate a net membership growth in our individual Medicare Advantage offerings of approximately 100,000 members.

Group Medicare Advantage membership decreased 55,500 members, or 9.8%, from 565,100 members as of December 31, 2022 to 509,600 members as of December 31, 2023 reflecting the net loss of certain large accounts partially offset by continued growth in small group accounts. For the full year 2024, we anticipate a net membership growth in our group Medicare Advantage offerings of approximately 45,000 members.

Medicare stand-alone PDP membership decreased 702,200 members, or 19.8%, from 3,551,300 members as of December 31, 2022 to 2,849,100 members as of December 31, 2023 primarily due to continued intensified competition for Medicare stand-alone PDP offerings. For the full year 2024, we anticipate a net membership decline in our Medicare stand-alone PDP offerings of approximately 650,000 members.

State-based contracts and other membership increased 91,500 members, or 8.0%, from 1,137,300 members as of December 31, 2022 to 1,228,800 members as of December 31, 2023 reflecting the impact 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. For the full year 2024, we anticipate a net membership growth in our state-based contracts of approximately 250,000 members.

Commercial fully-insured medical membership decreased 217,600 members, or 39.1%, from 556,300 members as of December 31, 2022 to 338,700 members as of December 31, 2023 and commercial ASO medical membership decreased 174,800 members, or 40.6%, from 430,100 members as of December 31, 2022 to 255,300 members as of December 31, 2023. These decreases reflect our planned exit of the Employer Group Commercial Medical Products business, which includes all fully insured, self-funded and Federal Employee Health Benefit medical plans, as well as associated wellness and rewards programs. The exit from this line of business will be phased over the 18 to 24 months following our February 2023 announcement.

Specialty membership decreased 326,500 members, or 6.3%, from 5,194,800 members as of December 31, 2022 to 4,868,300 members as of December 31, 2023 reflecting the decline in membership associated with our Optional Supplemental Benefit products as a result of enhanced mandatory dental and vision supplemental benefits on Medicare Advantage plans. In addition, the decline reflects loss of dental and vision individuals due to terminations as well as loss of dental and vision groups cross-sold with commercial medical products.

Premiums revenue

Insurance segment premiums revenue increased $13.6 billion, or 15.5%, from $87.7 billion in the 2022 period to $101.3 billion in the 2023 period primarily due to individual Medicare Advantage and state-based contracts membership growth and higher per member individual Medicare Advantage premiums. These factors were partially offset by the year-over-year decline in membership associated with group commercial medical, group Medicare Advantage and stand-alone PDP products, as well as the phase-out of COVID-19 sequestration relief in 2022.

Services revenue

Insurance segment services revenue increased $0.15 billion, or 17.6%, from $0.85 billion in the 2022 period to $1 billion in the 2023 period.

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Benefits expense

The Insurance segment benefit ratio increased 140 basis points from 86.6% in the 2022 period to 88.0% in the 2023 period primarily due to investments in the benefit design of our Medicare Advantage products for 2023, higher than anticipated Medicare Advantage utilization trends, which further increased in the fourth quarter of 2023, driven by inpatient utilization, primarily for the months of November and December, and non-inpatient trends, predominately in the categories of physician, outpatient surgeries and supplemental benefits, as well as the impact of continued individual Medicare Advantage growth following the 2023 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, decreased average unit costs given the additional 20% payment on COVID-19 admissions during the Public Health Emergency, which expired on May 11, 2023, as well as higher favorable prior-period development in 2023. Further, the 2023 ratio 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 ratio.

The Insurance segment benefits expense included $872 million of favorable prior-period medical claims reserve development in the 2023 period and $415 million of favorable prior-period medical claims reserve development in the 2022 period. Prior-period medical claims reserve development decreased the Insurance segment benefit ratio by approximately 90 basis points in the 2023 period and decreased the Insurance segment benefit ratio by approximately 50 basis points in the 2022 period.

Operating costs

The Insurance segment operating cost ratio decreased 20 basis points from 10.4% in the 2022 period to 10.2% in the 2023 period primarily due to scale efficiencies associated with growth in individual Medicare Advantage membership, administrative cost efficiencies as a result of our value creation initiatives, as well as the impact of significantly reduced compensation accruals in 2023 for the annual incentive plan offered to employees across all levels of the company, in accordance with plan requirements, as our 2023 performance was negatively impacted by the previously-discussed higher Medicare Advantage utilization trends. These factors were partially offset by an increase in commissions for brokers related to the individual Medicare Advantage membership growth in 2023, the phase-out of COVID-19 sequestration relief in 2022 and an accrual recorded in 2023 related to certain anticipated litigation expenses.

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CenterWell Segment

	2023	2022	Change	
			Dollars	Percentage
	(in millions)			
Revenues:				
Services:				
Home solutions	$ 1,342	$ 2,333	$ (991)	(42.5)%
Pharmacy solutions	849	1,025	(176)	(17.2)%
Primary care	842	568	274	48.2 %
Total services revenue	3,033	3,926	(893)	(22.7)%
Intersegment revenues:				
Home solutions	1,589	553	1,036	187.3 %
Pharmacy solutions	10,451	9,841	610	6.2 %
Primary care	3,332	2,979	353	11.8 %
Total intersegment revenues	15,372	13,373	1,999	14.9 %
Total services and intersegment revenues	$ 18,405	17,299	1,106	6.4 %
Income from operations	$ 1,404	$ 1,291	$ 113	8.8 %
Operating cost ratio	91.2 %	91.5 %		(0.3)%

Income from operations

CenterWell segment income from operations increased $0.1 billion, or 8.8%, from $1.3 billion in the 2022 period to $1.4 billion in the 2023 period.

Services revenue

CenterWell segment services revenue decreased $0.9 billion, or 22.7%, from $3.9 billion in the 2022 period to $3.0 billion in the 2023 period primarily due to the divestiture of the 60% ownership of Gentiva Hospice in August 2022.

Intersegment revenues

CenterWell segment intersegment revenues increased $2.0 billion, or 14.9%, from $13.4 billion in the 2022 period to $15.4 billion in the 2023 period primarily due to individual Medicare Advantage membership growth, which led to higher pharmacy solutions revenues, higher revenues associated with growth in the primary care business, and greater revenues associated with the home solutions business as a result of the expansion of the value-based care home model in 2023 compared to 2022.

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Operating costs

The CenterWell segment operating cost ratio decreased 30 basis points from 91.5% in the 2022 period to 91.2% in the 2023 period primarily due to an improving ratio in the primary care business driven by year-over-year medical costs favorability, administrative cost efficiencies related to the pharmacy solutions business, as well as the impact of significantly reduced compensation accruals in 2023 for the annual incentive plan offered to employees across all levels of the company, in accordance with plan requirements, as our 2023 performance was negatively impacted by the previously-discussed higher Medicare Advantage utilization trends. These factors were partially offset by the divestiture 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 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.

Liquidity

Historically, our primary sources of cash have included receipts of premiums, services revenue, and investment and other income, as well as proceeds from the sale or maturity of our investment securities, and borrowings. Our primary uses of cash historically have included disbursements for claims payments, operating costs, interest on borrowings, taxes, purchases of investment securities, acquisitions, capital expenditures, repayments on borrowings, dividends, and share repurchases. Because premiums generally are collected in advance of claim payments by a period of up to several months, our business normally should produce positive cash flows during periods of increasing premiums and enrollment. Conversely, cash flows would be negatively impacted during periods of decreasing premiums and enrollment. From period to period, our cash flows may also be affected by the timing of working capital items including premiums receivable, benefits payable, and other receivables and payables. Our cash flows are impacted by the timing of payments to and receipts from CMS associated with Medicare Part D subsidies for which we do not assume risk. The use of cash flows may be limited by regulatory requirements of state departments of insurance (or comparable state regulators) which require, among other items, that our regulated subsidiaries maintain minimum levels of capital and seek approval before paying dividends from the subsidiaries to the parent. Our use of cash flows derived from our non-insurance subsidiaries, such as in our CenterWell segment, is generally not restricted by state departments of insurance (or comparable state regulators).

For additional information on our liquidity risk, please refer to Part I, Item 1A, "Risk Factors" of this Form 10-K.

Cash and cash equivalents decreased to $4.7 billion at December 31, 2023 from $5.1 billion at December 31, 2022. The change in cash and cash equivalents for the years ended December 31, 2023, 2022 and 2021 is summarized as follows:

	2023	2022	2021
		(in millions)	
Net cash provided by operating activities	$ 3,981	$ 4,587	$ 2,262
Net cash used in investing activities	(3,492)	(1,006)	(6,556)
Net cash (used in) provided by financing activities	(856)	(1,914)	3,015
(Decrease) increase in cash and cash equivalents	$ (367)	$ 1,667	$ (1,279)

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Cash Flow from Operating Activities

Cash flows provided by operations of $4.0 billion in the 2023 period decreased $606 million from cash flows provided by operations of $4.6 billion in the 2022 period primarily due to lower earnings in the 2023 period compared to the 2022 period combined with the unfavorable impact of working capital changes.

The most significant drivers of changes in our working capital are typically the timing of payments of benefits expense and receipts for premiums. Benefits expense includes claim payments, capitation payments, pharmacy costs net of rebates, allocations of certain centralized expenses and various other costs incurred to provide health insurance coverage to members, as well as estimates of future payments to hospitals and others for medical care and other supplemental benefits provided on or prior to the balance sheet date. For additional information regarding our benefits payable and benefits expense recognition, refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

The detail of total net receivables was as follows at December 31, 2023, 2022 and 2021:

				Change	
	2023	2022	2021	2023	2022
	(in millions)				
Medicare	$ 1,426	$ 1,260	$ 1,214	$ 166	$ 46
Commercial and other	549	383	579	166	(196)
Military services	148	101	104	47	(3)
Allowance for doubtful accounts	(88)	(70)	(83)	(18)	13
Total net receivables	$ 2,035	$ 1,674	$ 1,814	361	(140)
Reconciliation to cash flow statement:					
Receivables (acquired) disposed				(24)	194
Change in receivables per cash flow statement				$ 337	$ 54

The changes in Medicare receivables for both the 2023 period and the 2022 period reflect individual Medicare Advantage membership growth and the typical pattern caused by the timing of accruals and related collections associated with the CMS risk-adjustment model. The increase in Commercial and other receivables for the 2023 period is primarily related to Medicaid membership growth. The decrease in Commercial and other receivables for 2022 primarily relates to the Gentiva Hospice disposition.

Cash Flow from Investing Activities

During the 2022 period, we completed the sale of a 60% interest of Gentiva Hospice to CD&R for cash proceeds of approximately $2.7 billion, net of cash disposed, including debt repayments from Gentiva Hospice to Humana of $1.9 billion. In connection with the sale we recognized a pre-tax gain, net of transaction costs, of $237 million which was reported as a gain on sale of Gentiva Hospice in the accompanying consolidated statement of income for the year ended December 31, 2022.

During the 2023 period and 2022 period, we acquired various businesses for approximately $233 million and $337 million, respectively, net of cash and cash equivalents received.

During 2021, we acquired Kindred at Home and other primary care businesses for cash consideration of approximately $4.2 billion, net of cash received.

Our ongoing capital expenditures primarily relate to our information technology initiatives, support of services in our primary care operations including medical and administrative facility improvements necessary for activities such as the provision of care to members, claims processing, billing and collections, wellness solutions, care coordination, regulatory compliance and customer service. Net capital expenditures, excluding acquisitions, were $794 million, $1.1 billion and $1.3 billion in the 2023, 2022 and 2021 periods, respectively.

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Net purchases of investment securities were $2.5 billion, $2.3 billion and $1.1 billion in the 2023, 2022 and 2021 periods, respectively.

Cash Flow from Financing Activities

Our financing cash flows are significantly impacted by the timing of claims payments and the related receipts from CMS associated with Medicare Part D claim subsidies for which we do not assume risk. Monthly prospective payments from CMS for reinsurance and low-income cost subsidies are based on assumptions submitted with our annual bid. Settlement of the reinsurance and low-income cost subsidies is based on a reconciliation made approximately 9 months after the close of each calendar year. Receipts from CMS associated with Medicare Part D claim subsidies for which we do not assume risk were higher than claim payments by $771 million and $2 billion in the 2023 and 2022 periods, respectively, and claim payments were higher than receipts from CMS associated with Medicare Part D claim subsidies for which we do not assume risk by $261 million in the 2021 period. Our net payable from CMS for subsidies and brand name prescription drug discounts was $1.3 billion at December 31, 2023 compared to a net payable of $540 million at December 31, 2022.

Under our administrative services only TRICARE contract, reimbursements from the federal government exceeded health care costs payments for which we do not assume risk by $57 million and $25 million in the 2023 and 2022 periods, respectively, and health care costs payments for which we do not assume risk exceeded reimbursements from the federal government by $45 million in the 2021 period.

In November 2023, we issued $500 million of 5.750% unsecured senior notes due December 1, 2028 and $850 million of 5.950% unsecured senior notes due March 15, 2034. Our net proceeds, reduced for the underwriters' discounts and commissions paid, were $1.3 billion.

In March 2023, we issued $500 million of 5.700% unsecured senior notes due March 13, 2026 and $750 million of 5.500% unsecured senior notes due March 15, 2053. Our net proceeds, reduced for the underwriters' discounts and commissions paid, were $1.2 billion. We used the net proceeds to repay outstanding amounts under our $500 million Delayed Draw Term Loan. The remaining net proceeds were used for general corporate purposes, which included the repayment of existing indebtedness, including borrowings under our commercial paper program.

In November 2022, we issued $500 million of 5.750% unsecured senior notes due March 1, 2028 and $750 million of 5.875% unsecured senior notes due March 1, 2033. Our net proceeds, reduced for the underwriters' discounts and commissions paid, were $1.2 billion.

In March 2022, we issued $750 million of 3.700% unsecured senior notes due March 23, 2029. Our net proceeds, reduced for the underwriters' discounts and commissions paid, were $744 million.

In August 2021, we issued $1.5 billion of 0.650% unsecured senior notes due August 3, 2023, $750 million of 1.350% unsecured senior notes due February 3, 2027 and $750 million of 2.150% unsecured senior notes due February 3, 2032. Our net proceeds, reduced for the underwriters' discounts and commissions paid, were $3.0 billion.

In August 2023, we entered into a Rule 10b5-1 Repurchase Plan to repurchase a portion of our $750 million aggregate principal amount of 1.350% senior notes maturing in February 2027, our $600 million aggregate principal amount of 3.950% senior notes maturing in March 2027, our $750 million aggregate principal amount of 3.700% senior notes maturing in March 2029, and our $500 million aggregate principal amount of 3.125% senior notes maturing in August 2029 during the period beginning on August 7, 2023 and ending on November 15, 2023. For the year ended December 31, 2023, we repurchased $339 million principal amount of these senior notes for approximately $310 million cash.

In March 2023, we entered into a Rule 10b5-1 Repurchase Plan to repurchase a portion of our $1.5 billion aggregate principal amount of 0.650% senior notes maturing in August 2023 and our $600 million aggregate principal amount of 3.850% senior notes maturing in October 2024 during the period beginning on March 13, 2023 and ending on July 21, 2023. For the year ended December 31, 2023, we repurchased $361 million principal amount

of these senior notes for approximately $358 million cash. We repaid the remaining $1.2 billion aggregate principal amount of our 0.650% senior notes due on their maturity date of August 3, 2023.

We repaid $600 million aggregate principal amount of our 3.150% senior notes due on their maturity date of December 1, 2022 and $400 million aggregate principal amount of our 2.900% senior notes due on their maturity date of December 15, 2022.

We entered into a commercial paper program in October 2014. Net proceeds from issuance of commercial paper were $211 million in 2023 and the maximum principal amount outstanding at any one time during 2023 was $3.3 billion. Net repayments from the issuance of commercial paper were $376 million in 2022 and the maximum principal amount outstanding at any one time during 2022 was $1.5 billion. Net proceeds from issuance of commercial paper were $352 million in 2021 and the maximum principal amount outstanding at any one time during 2021 was $1.2 billion.

We received a short-term cash advance of $100 million from FHLB with certain of our marketable securities as collateral and subsequently repaid the outstanding balance in December 2023.

In August 2022, we repaid the $2.0 billion October 2021 Term Loan Agreement without a prepayment penalty due.

In October 2021, we entered into a $2.0 billion term loan agreement and applied the proceeds to finance the repayment in full of the outstanding assumed Kindred at Home debt.

In August 2021, we borrowed $500 million under the delayed draw term loan agreement, which was used, in combination with other debt financing, to fund the approximate $5.8 billion transaction price of Gentiva Hospice.

We repurchased common shares for $1.6 billion, $2.1 billion and $79 million in 2023, 2022 and 2021, respectively, under share repurchase plans authorized by the Board of Directors and in connection with employee stock plans.

We paid dividends to stockholders of $431 million in 2023, $392 million in 2022, and $354 million in 2021.

Future Sources and Uses of Liquidity

Dividends

For a detailed discussion of dividends to stockholders, please refer to Note 16 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

Stock Repurchases

For a detailed discussion of stock repurchases, please refer to Note 16 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

Debt

For a detailed discussion of our debt, including our senior notes, term loans, credit agreement and commercial paper program, please refer to Note 13 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

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

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opportunities, and capital expenditures for at least the next twelve months, as well as to refinance or repay debt, and repurchase shares.

Adverse changes in our credit rating may increase the rate of interest we pay and may impact the amount of credit available to us in the future. Our investment-grade credit rating at December 31, 2023 was BBB+ according to Standard & Poor's Rating Services, or S&P, and Baa2 according to Moody's Investors Services, Inc., or Moody's. A downgrade by S&P to BB+ or by Moody's to Ba1 triggers an interest rate increase of 25 basis points with respect to $250 million of our senior notes. Successive one notch downgrades increase the interest rate an additional 25 basis points, or annual interest expense by $1 million, up to a maximum 100 basis points, or annual interest expense by $3 million.

In addition, we operate as a holding company in a highly regulated industry. Humana Inc., our parent company, is dependent upon dividends and administrative expense reimbursements from our subsidiaries, most of which are subject to regulatory restrictions. We continue to maintain significant levels of aggregate excess statutory capital and surplus in our state-regulated operating subsidiaries. Cash, cash equivalents, and short-term investments at the parent company decreased to $0.5 billion at December 31, 2023 from $0.9 billion at December 31, 2022. This decrease primarily reflects common stock repurchases, repayment of maturing senior notes, capital expenditures, capital contributions to certain subsidiaries, cash dividends to shareholders and acquisitions, partially offset by net proceeds from the senior notes, 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 regulators. Our regulated insurance subsidiaries paid dividends to our parent company of $1.8 billion in 2023, $1.3 billion in 2022, and $1.6 billion in 2021. Subsidiary capital requirements from significant premium growth has impacted the amount of regulated subsidiary dividends over the last two years. Refer to our parent company financial statements and accompanying notes in Schedule I - Parent Company Financial Information. The amount of ordinary dividends that may be paid to our parent company in 2024 is approximately $1.1 billion, in the aggregate. Actual dividends paid may vary due to consideration of excess statutory capital and surplus and expected future surplus requirements related to, for example, premium volume and product mix.

Regulatory Requirements

For a detailed discussion of our regulatory requirements, including aggregate statutory capital and surplus as well as dividends paid from the subsidiaries to our parent, please refer to Note 16 to the to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

Off-Balance Sheet Arrangements

As of December 31, 2023, we were not involved in any special purpose entity, or SPE, transactions. For a detailed discussion of off-balance sheet arrangements, please refer to Note 17 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

Guarantees and Indemnifications

For a detailed discussion of our guarantees and indemnifications, please refer to Note 17 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

Government Contracts

For a detailed discussion of our government contracts, including our Medicare, military services, and Medicaid and state-based contracts, please refer to Note 17 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

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Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements and accompanying notes, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements and accompanying notes requires us to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We continuously evaluate our estimates and those critical accounting policies primarily related to benefits expense and revenue recognition as well as accounting for impairments related to our investment securities, goodwill, indefinite-lived and long-lived assets. These estimates are based on knowledge of current events and anticipated future events and, accordingly, actual results ultimately may differ from those estimates. We believe the following critical accounting policies involve the most significant judgments and estimates used in the preparation of our consolidated financial statements.

Benefits Expense Recognition

Benefits expense is recognized in the period in which services are provided and includes an estimate of the cost of services which have been incurred but not yet reported, or IBNR. Our reserving practice is to consistently recognize the actuarial best point estimate within a level of confidence required by actuarial standards. For further discussion of our reserving methodology, including our use of completion and claims per member per month trend factors to estimate IBNR, refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

The completion and claims per member per month trend factors are the most significant factors impacting the IBNR estimate. The portion of IBNR estimated using completion factors for claims incurred prior to the most recent two months is generally less variable than the portion of IBNR estimated using trend factors. The following table illustrates the sensitivity of these factors assuming moderately adverse experience and the estimated potential impact on our operating results caused by reasonably likely changes in these factors based on December 31, 2023 data:

Completion Factor (a):		Claims Trend Factor (b):	
Factor Change (c)	Decrease in Benefits Payable	Factor Change (c)	Decrease in Benefits Payable
	(dollars in millions)		
0.90%	$707	4.50%	$750
0.80%	$628	4.25%	$709
0.70%	$550	4.00%	$667
0.60%	$471	3.75%	$625
0.50%	$393	3.50%	$584
0.40%	$314	3.25%	$542
0.30%	$236	3.00%	$500
0.20%	$157	2.75%	$459
0.10%	$79	2.50%	$417
0.05%	$39	2.25%	$375
0.03%	$20	2.00%	$333

(a) Reflects estimated potential changes in benefits payable at December 31, 2023 caused by changes in completion factors for incurred months prior to the most recent two months.

(b) Reflects estimated potential changes in benefits payable at December 31, 2023 caused by changes in annualized claims trend used for the estimation of per member per month incurred claims for the most recent two months.

(c) The factor change indicated represents the percentage point change.

The following table provides a historical perspective regarding the accrual and payment of our benefits payable. Components of the total incurred claims for each year include amounts accrued for current year estimated benefits

expense as well as adjustments to prior year estimated accruals. Refer to Note 11 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K for information about incurred and paid claims development as of December 31, 2023 as well as cumulative claim frequency and the total of IBNR included within the net incurred claims amounts.

	2023	2022	2021
	(in millions)		
Balances at January 1	$ 9,264	$ 8,289	$ 8,143
Acquisitions	62	—	42
Incurred related to:			
Current year	89,266	76,105	70,024
Prior years	(872)	(415)	(825)
Total incurred	88,394	75,690	69,199
Paid related to:			
Current year	(79,545)	(67,287)	(62,149)
Prior years	(7,934)	(7,428)	(6,946)
Total paid	(87,479)	(74,715)	(69,095)
Balances at December 31	$ 10,241	$ 9,264	$ 8,289

The following table summarizes the changes in estimate for incurred claims related to prior years attributable to our key assumptions. As previously described, our key assumptions consist of trend and completion factors estimated using an assumption of moderately adverse conditions. The amounts below represent the difference between our original estimates and the actual benefits expense ultimately incurred as determined from subsequent claim payments.

	Favorable Development by Changes in Key Assumptions					
	2023		2022		2021	
	Amount	Factor Change (a)	Amount	Factor Change (a)	Amount	Factor Change (a)
	(dollars in millions)					
Trend factors	$ (586)	(0.7)%	$ (387)	(0.6)%	$ (361)	(3.3)%
Completion factors	(286)	(0.4)%	(28)	— %	(464)	(0.9)%
Total	$ (872)		$ (415)		$ (825)	

(a) The factor change indicated represents the percentage point change.

As previously discussed, our reserving practice is to consistently recognize the actuarial best estimate of our ultimate liability for claims. Actuarial standards require the use of assumptions based on moderately adverse experience, which generally results in favorable reserve development, or reserves that are considered redundant. We experienced favorable medical claims reserve development related to prior fiscal years of $872 million in 2023, $415 million in 2022, and $825 million in 2021.

The favorable medical claims reserve development for 2023, 2022, and 2021 primarily reflects the consistent application of trend and completion factors estimated using an assumption of moderately adverse conditions. The favorable development recognized in 2023 and 2021 primarily resulted from trend factors developing more favorably than originally expected as well as for 2021 completion factors developing faster than expected. The favorable development recognized in 2022 resulted primarily from completion factors remaining largely unchanged, resulting in lower overall development as compared to 2023 and 2021.

Our favorable development for each of the years presented above is discussed further in Note 11 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

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We continually adjust our historical trend and completion factor experience with our knowledge of recent events that may impact current trends and completion factors when establishing our reserves. Because our reserving practice is to consistently recognize the actuarial best point estimate using an assumption of moderately adverse conditions as required by actuarial standards, there is a reasonable possibility that variances between actual trend and completion factors and those assumed in our December 31, 2023 estimates would fall towards the middle of the ranges previously presented in our sensitivity table.

Revenue Recognition

We generally establish one-year commercial membership contracts with employer groups, subject to cancellation by the employer group on 30-day written notice. Our Medicare contracts with CMS renew annually. Our military services contracts with the federal government and certain contracts with various state Medicaid programs generally are multi-year contracts subject to annual renewal provisions.

We receive monthly premiums from the federal government and various states according to government specified payment rates and various contractual terms. We bill and collect premiums from employer groups and members in our Medicare and other individual products monthly. Changes in premium revenues resulting from the periodic changes in risk-adjustment scores derived from medical diagnoses for our membership are estimated by projecting the ultimate annual premium and recognized ratably during the year with adjustments each period to reflect changes in the ultimate premium.

Premiums revenue is estimated by multiplying the membership covered under the various contracts by the contractual rates. Premiums revenue is recognized as income in the period members are entitled to receive services, and is net of estimated uncollectible amounts, retroactive membership adjustments, and adjustments to recognize rebates under the minimum benefit ratios required under the Health Care Reform Law. We estimate policyholder rebates by projecting calendar year minimum benefit ratios for the small group and large group markets, as defined by the Health Care Reform Law using a methodology prescribed by HHS, separately by state and legal entity. Medicare Advantage products are also subject to minimum benefit ratio requirements under the Health Care Reform Law. Estimated calendar year rebates recognized ratably during the year are revised each period to reflect current experience. Retroactive membership adjustments result from enrollment changes not yet processed, or not yet reported by an employer group or the government. We routinely monitor the collectability of specific accounts, the aging of receivables, historical retroactivity trends, estimated rebates, as well as prevailing and anticipated economic conditions, and reflect any required adjustments in current operations. Premiums received prior to the service period are recorded as unearned revenues.

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Medicare Risk-Adjustment Provisions

CMS uses a risk-adjustment model which adjusts premiums paid to Medicare Advantage, or MA, plans according to health status of covered members. The risk-adjustment model, which CMS implemented pursuant to the Balanced Budget Act of 1997 (BBA) and the Benefits Improvement and Protection Act of 2000 (BIPA), generally pays more where a plan's membership has higher expected costs. Under this model, rates paid to MA plans are based on actuarially determined bids, which include a process whereby our prospective payments are based on our estimated cost of providing standard Medicare-covered benefits to an enrollee with a "national average risk profile." That baseline payment amount is adjusted to account for certain demographic characteristics and health status of our enrolled members. Under the risk-adjustment methodology, all MA plans must collect from providers and submit the necessary diagnosis code information to CMS within prescribed deadlines. The CMS risk-adjustment model uses the diagnosis data, collected from providers, to calculate the health status-related risk-adjusted premium payment to MA plans, which CMS further adjusts for coding pattern differences between the health plans and the government fee-for-service (FFS) program. We generally rely on providers, including certain providers in our network who are our employees, to code their claim submissions with appropriate diagnoses, which we send to CMS as the basis for our health status-adjusted payment received from CMS under the actuarial risk-adjustment model. We also rely on these providers to document appropriately all medical data, including the diagnosis data submitted with claims. In addition, we conduct medical record reviews as part of our data and payment accuracy compliance efforts, to more accurately reflect diagnosis conditions under the risk adjustment model. For additional information, refer to Note 17 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" and Part I, Item 1A, "Risk Factors" of this Form 10-K.

Investment Securities

Investment securities totaled $17.0 billion, or 36% of total assets at December 31, 2023, and $14.3 billion, or 33% of total assets at December 31, 2022. The investment portfolio was primarily comprised of debt securities, detailed below, at December 31, 2023 and December 31, 2022. The fair value of investment securities were as follows at December 31, 2023 and 2022:

	12/31/2023	Percentage of Total	12/31/2022	Percentage of Total
	(dollars in millions)			
U.S. Treasury and other U.S. government corporations and agencies:				
U.S. Treasury and agency obligations	$ 2,667	15.7 %	$ 1,039	7.3 %
Mortgage-backed securities	3,522	20.7 %	3,230	22.6 %
Tax-exempt municipal securities	858	5.0 %	728	5.1 %
Mortgage-backed securities:				
Residential	400	2.4 %	401	2.8 %
Commercial	1,345	7.9 %	1,399	9.8 %
Asset-backed securities	1,771	10.4 %	1,731	12.1 %
Corporate debt securities	6,445	37.9 %	5,726	40.2 %
Total debt securities	17,008	100.0 %	14,254	100.0 %
Common stock	—	— %	7	— %
Total investment securities	$ 17,008	100.0 %	$ 14,261	100.0 %

Approximately 97% of our debt securities were investment-grade quality, with a weighted average credit rating of AA- by S&P at December 31, 2023. Most of the debt securities that were below investment-grade were rated B+, the higher end of the below investment-grade rating scale. Tax-exempt municipal securities were diversified among general obligation bonds of states and local municipalities in the United States as well as special revenue bonds issued by municipalities to finance specific public works projects such as utilities, water and sewer, transportation, or education. Our general obligation bonds are diversified across the United States with no individual state

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exceeding approximately 1% of our total debt securities. Our investment policy limits investments in a single issuer and requires diversification among various asset types.

Gross unrealized losses and fair values aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position were as follows at December 31, 2023:

	Less than 12 months		12 months or more		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(in millions)					
U.S. Treasury and other U.S. government corporations and agencies:						
U.S. Treasury and agency obligations	$ 1,899	$ (12)	$ 431	$ (39)	$ 2,330	$ (51)
Mortgage-backed securities	958	(12)	2,269	(413)	3,227	(425)
Tax-exempt municipal securities	160	(1)	523	(21)	683	(22)
Mortgage-backed securities:						
Residential	—	—	373	(66)	373	(66)
Commercial	18	—	1,303	(126)	1,321	(126)
Asset-backed securities	120	(1)	1,364	(43)	1,484	(44)
Corporate debt securities	466	(2)	4,783	(592)	5,249	(594)
Total debt securities	$ 3,621	$ (28)	$ 11,046	$ (1,300)	$ 14,667	$ (1,328)

Under the current expected credit losses model, or CECL, expected losses on available for sale debt securities are recognized through an allowance for credit losses rather than as reductions in the amortized cost of the securities. For debt securities whose fair value is less than their amortized cost which we do not intend to sell or are not required to sell, we evaluate the expected cash flows to be received as compared to amortized cost and determine if an expected credit loss has occurred. In the event of an expected credit loss, only the amount of the impairment associated with the expected credit loss is recognized in income with the remainder, if any, of the loss recognized in other comprehensive income. To the extent we have the intent to sell the debt security or it is more likely than not we will be required to sell the debt security before recovery of our amortized cost basis, we recognize an impairment loss in income in an amount equal to the full difference between the amortized cost basis and the fair value.

Potential expected credit loss impairment is considered using a variety of factors, including the extent to which the fair value has been less than cost; adverse conditions specifically related to the industry, geographic area or financial condition of the issuer or underlying collateral of a debt security; changes in the quality of the debt security's credit enhancement; payment structure of the debt security; changes in credit rating of the debt security by the rating agencies; failure of the issuer to make scheduled principal or interest payments on the debt security and changes in prepayment speeds. For debt securities, we take into account expectations of relevant market and economic data. For example, with respect to mortgage and asset-backed securities, such data includes underlying loan level data and structural features such as seniority and other forms of credit enhancements. We estimate the amount of the expected credit loss component of a debt security as the difference between the amortized cost and the present value of the expected cash flows of the security. The present value is determined using the best estimate of future cash flows discounted at the implicit interest rate at the date of purchase. The expected credit loss cannot exceed the full difference between the amortized cost basis and the fair value.

The risks inherent in assessing the impairment of an investment include the risk that market factors may differ from our expectations, facts and circumstances factored into our assessment may change with the passage of time, or we may decide to subsequently sell the investment. The determination of whether a decline in the value of an investment is related to a credit event requires us to exercise significant diligence and judgment. The discovery of new information and the passage of time can significantly change these judgments. The status of the general

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economic environment and significant changes in the national securities markets influence the determination of fair value and the assessment of investment impairment. There is a continuing risk that declines in fair value may occur and additional material realized losses from sales or expected credit loss impairments may be recorded in future periods.

All issuers of debt securities we own that were trading at an unrealized loss at December 31, 2023 remain current on all contractual payments. After taking into account these and other factors previously described, we believe these unrealized losses primarily were caused by an increase in market interest rates in the current markets since the time the debt securities were purchased. At December 31, 2023, we did not intend to sell any debt securities with an unrealized loss position in accumulated other comprehensive income, and it is not likely that we will be required to sell these debt securities before recovery of their amortized cost basis. Additionally, we did not record any material credit allowances for debt securities that were in an unrealized loss position at December 31, 2023, 2022 or 2021.

Goodwill, Indefinite-lived and Long-lived Assets

At December 31, 2023, goodwill, indefinite-lived and other long-lived assets represented 30% of total assets and 87% of total stockholders' equity, compared to 33% and 92%, respectively, at December 31, 2022. The decrease in goodwill, indefinite-lived and other long-lived assets as a percentage of total assets is primarily attributable to the increase in investment securities.

For goodwill, we are required to test at least annually for impairment at a level of reporting referred to as the reporting unit, and more frequently if adverse events or changes in circumstances indicate that the asset may be impaired. A reporting unit either is our operating segments or one level below the operating segments, referred to as a component, which comprise our reportable segments. A component is considered a reporting unit if the component constitutes a business for which discrete financial information is available that is regularly reviewed by management. We are required to aggregate the components of an operating segment into one reporting unit if they have similar economic characteristics. Goodwill is assigned to the reporting unit that is expected to benefit from a specific acquisition.

We perform a quantitative assessment to review goodwill for impairment to determine both the existence and amount of goodwill impairment, if any. Our strategy, long-range business plan, and annual planning process support our goodwill impairment tests. These tests are performed, at a minimum, annually in the fourth quarter, and are based on an evaluation of future discounted cash flows. We rely on this discounted cash flow analysis to determine fair value. However, outcomes from the discounted cash flow analysis are compared to other market approach valuation methodologies for reasonableness. We use discount rates that correspond to a market-based weighted-average cost of capital and terminal growth rates that correspond to long-term growth prospects, consistent with the long-term inflation rate. Key assumptions in our cash flow projections, including changes in membership, premium yields, medical and operating cost trends, and certain government contract extensions, are consistent with those utilized in our long-range business plan and annual planning process. If these assumptions differ from actual, including the impact of the Health Care Reform Law or changes in government reimbursement rates, the estimates underlying our goodwill impairment tests could be adversely affected. The fair value of our reporting units with significant goodwill exceeded carrying amounts by a substantial margin. However, unfavorable changes in key assumptions or combinations of assumptions including a significant increase in the discount rate, decrease in the long-term growth rate or substantial reduction in our underlying cash flow assumptions, including revenue growth rates, medical and operating cost trends, and projected operating income could have a significant negative impact on the estimated fair value of our home solutions and primary care reporting units, which accounted for $4.4 billion and $1.2 billion of goodwill, respectively. Impairment tests completed for 2023, 2022, and 2021 did not result in an impairment loss.

Indefinite-lived intangible assets relate to Certificate of Needs (CON) and Medicare licenses acquired in connection with our August 2021 KAH acquisition with a carrying value of $1.4 billion at December 31, 2023. Like goodwill, we are required to test at least annually for impairment and more frequently if adverse events or changes in circumstances indicate that the asset may be impaired. These tests are performed, at a minimum, annually in the fourth quarter. If the carrying amount of an indefinite-lived intangible asset exceeds its fair value, an impairment

loss is recognized. Fair values of indefinite-lived intangible assets are determined based on the income approach. Impairment tests completed for 2023 and 2022 did not result in material impairment losses. These charges reflect the amount by which the carrying value exceeded its estimated fair value. Impairment tests completed for 2021 did not result in an impairment loss. The fair values of the assets were measured using Level 3 inputs, such as projected revenues and operating cash flows.

Long-lived assets consist of property and equipment and other definite-lived intangible assets. These assets are depreciated or amortized over their estimated useful life, and are subject to impairment reviews. We periodically review long-lived assets whenever adverse events or changes in circumstances indicate the carrying value of the asset may not be recoverable. In assessing recoverability, we must make assumptions regarding estimated future cash flows and other factors to determine if an impairment loss may exist, and, if so, estimate fair value. We also must estimate and make assumptions regarding the useful life we assign to our long-lived assets. If these estimates or their related assumptions change in the future, we may be required to record impairment losses or change the useful life, including accelerating depreciation or amortization for these assets. Other than the impairment charges as described in Footnote 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K, there were no other impairment losses in the last three years.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our earnings and financial position are exposed to financial market risk, including those resulting from changes in interest rates.

The level of our pretax earnings is subject to market risk due to changes in interest rates and the resulting impact on investment income and interest expense. In the past we have, and in the future we may enter into interest rate swap agreements depending on market conditions and other factors. Under the revolving credit agreements, at our option, we can borrow on either a competitive advance basis or a revolving credit basis. The revolving credit portion bears interest at either LIBOR plus a spread or the base rate plus a spread. The competitive advance portion of any borrowings will bear interest at market rates prevailing at the time of borrowing on either a fixed rate or a floating rate based on LIBOR, at our option. The revolving credit agreements provide for the transition from LIBOR and do not require amendment in connection with such transition. There were no borrowings outstanding under our credit agreements at December 31, 2023 or December 31, 2022.

Interest rate risk also represents a market risk factor affecting our consolidated financial position due to our significant investment portfolio, consisting primarily of fixed maturity securities of investment-grade quality with a weighted average S&P credit rating of AA- at December 31, 2023. Our net unrealized position increased $0.4 billion from a net unrealized loss position of $1.7 billion at December 31, 2022 to a net unrealized loss position of $1.3 billion at December 31, 2023. At December 31, 2023, we had gross unrealized losses of $1.3 billion on our investment portfolio primarily due to an increase in market interest rates since the time the securities were purchased. We did not record any material credit allowances for debt securities that were in an unrealized loss position during 2023 and 2022. While we believe that these impairments will be recovered and we currently do not have the intent to sell such securities, given the current market conditions and the significant judgments involved, there is a continuing risk that future declines in fair value may occur and material realized losses from sales or credit loss impairments may be recorded in future periods.

Duration is the time-weighted average of the present value of the bond portfolio’s cash flow. Duration is indicative of the relationship between changes in fair value and changes in interest rates, providing a general indication of the sensitivity of the fair values of our fixed maturity securities to changes in interest rates. However, actual fair values may differ significantly from estimates based on duration. The average duration of our investment portfolio, including cash and cash equivalents, was approximately 3.0 years as of December 31, 2023 and 3.2 years as of December 31, 2022. Based on the duration including cash equivalents, a 1% increase in interest rates would generally decrease the December 31, 2023 fair value of our securities by approximately $656 million.

We have also evaluated the impact on our investment income and interest expense resulting from a hypothetical change in interest rates of 100, 200, and 300 basis points over the next twelve-month period, as reflected in the

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following table. The evaluation was based on our investment portfolio and our outstanding indebtedness at December 31, 2023 and 2022. Our investment portfolio consists of cash, cash equivalents, and investment securities. The modeling technique used to calculate the pro forma net change in pretax earnings considered the cash flows related to fixed income investments and debt, which are subject to interest rate changes during a prospective twelve-month period. This evaluation measures parallel shifts in interest rates and may not account for certain unpredictable events that may affect interest income, including unexpected changes of cash flows into and out of the portfolio, changes in the asset allocation, including shifts between taxable and tax-exempt securities, spread changes specific to various investment categories and the mix of short-term versus long-term debt. In the past ten years, changes in 10 year US treasury rates during the year have not exceeded 300 basis points, have changed between 200 and 300 basis points one time, have changed between 100 and 200 basis points four times, and have changed by less than 100 basis points five times.

	Increase (decrease) in pretax earnings given an interest rate decrease of X basis points			Increase (decrease) in pretax earnings given an interest rate increase of X basis points		
	(300)	(200)	(100)	100	200	300
	(in millions)					
As of December 31, 2023						
Investment income (a)	$ (338)	$ (222)	$ (111)	$ 111	$ 224	$ 336
Interest expense (b)	129	86	43	(43)	(86)	(129)
Pretax	$ (209)	$ (136)	$ (68)	$ 68	$ 138	$ 207
As of December 31, 2022						
Investment income (a)	$ (276)	$ (184)	$ (92)	$ 93	$ 186	$ 281
Interest expense (b)	56	37	19	(19)	(37)	(57)
Pretax	$ (220)	$ (147)	$ (73)	$ 74	$ 149	$ 224

(a) As of December 31, 2023, none of our investments had interest rates below 1%. As of December 31, 2022, some of our investments had interest rates below 1%, so the assumed hypothetical change in pretax earnings does not reflect the full 1% point reduction.

(b) The interest rate under our senior notes, which represent 93% of total debt, is fixed, unaffected by changes in interest rates. We did not have any variable rate term loans at December 31, 2023 and had $0.5 billion of variable rate term loans at December 31, 2022 which were used to fund the August 2021 KAH acquisition. There were no borrowings outstanding under the credit agreement at December 31, 2023 or December 31, 2022. There was $871 million and $595 million outstanding under our commercial paper program at December 31, 2023 and 2022, respectively. As of December 31, 2023 and December 31, 2022, our interest rates under our commercial paper program was not less than 1%.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Humana Inc.

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2023	2022
	(in millions, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,694	$ 5,061
Investment securities	16,626	13,881
Receivables, net of allowances of $88 in 2023 and $70 in 2022	2,035	1,674
Other current assets	6,631	5,567
Total current assets	29,986	26,183
Property and equipment, net	3,030	3,221
Long-term investment securities	382	380
Goodwill	9,550	9,142
Equity method investments	740	749
Other long-term assets	3,377	3,380
Total assets	$ 47,065	$ 43,055
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Benefits payable	$ 10,241	$ 9,264
Trade accounts payable and accrued expenses	6,569	5,238
Book overdraft	353	298
Unearned revenues	266	286
Short-term debt	1,443	2,092
Total current liabilities	18,872	17,178
Long-term debt	10,213	9,034
Other long-term liabilities	1,662	1,473
Total liabilities	30,747	27,685
Commitments and contingencies (Note 17)		
Stockholders' Equity:		
Preferred stock, $1 par; 10,000,000 shares authorized; none issued	—	—
Common stock, $0.16 2/3 par; 300,000,000 shares authorized; 198,690,082 shares issued at December 31, 2023 and 198,666,598 shares issued at December 31, 2022	33	33
Capital in excess of par value	3,346	3,246
Retained earnings	27,540	25,492
Accumulated other comprehensive loss	(999)	(1,304)
Treasury stock, at cost, 76,465,862 shares at December 31, 2023 and 73,691,955 shares at December 31, 2022	(13,658)	(12,156)
Total stockholders' equity	16,262	15,311
Noncontrolling interests	56	59
Total equity	16,318	15,370
Total liabilities and equity	$ 47,065	$ 43,055

The accompanying notes are an integral part of the consolidated financial statements.

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Humana Inc.
CONSOLIDATED STATEMENTS OF INCOME

	For the year ended December 31,		
	2023	2022	2021
	(in millions, except per share results)		
Revenues:			
Premiums	$ 101,272	$ 87,712	$ 79,822
Services	4,033	4,776	3,055
Investment income	1,069	382	187
Total revenues	106,374	92,870	83,064
Operating expenses:			
Benefits	88,394	75,690	69,199
Operating costs	13,188	12,671	10,121
Depreciation and amortization	779	709	596
Total operating expenses	102,361	89,070	79,916
Income from operations	4,013	3,800	3,148
Gain on sale of Gentiva Hospice	—	(237)	—
Interest expense	493	401	326
Other expense (income), net	137	68	(532)
Income before income taxes and equity in net earnings	3,383	3,568	3,354
Provision for income taxes	836	762	485
Equity in net (losses) earnings	(63)	(4)	65
Net income	$ 2,484	$ 2,802	$ 2,934
Net loss (income) attributable to noncontrolling interests	5	4	(1)
Net income attributable to Humana	$ 2,489	$ 2,806	$ 2,933
Basic earnings per common share	$ 20.09	$ 22.20	$ 22.79
Diluted earnings per common share	$ 20.00	$ 22.08	$ 22.67

The accompanying notes are an integral part of the consolidated financial statements.

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Humana Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the year ended December 31,		
	2023	2022	2021
	(in millions)		
Net income attributable to Humana	$ 2,489	$ 2,806	$ 2,933
Other comprehensive income (loss):			
Change in gross unrealized investment gains (losses)	372	(1,819)	(356)
Effect of income taxes	(85)	418	81
Total change in unrealized investment gains (losses), net of tax	287	(1,401)	(275)
Reclassification adjustment for net realized losses (gains) included in investment income	25	72	(103)
Effect of income taxes	(7)	(17)	23
Total reclassification adjustment, net of tax	18	55	(80)
Other comprehensive income (loss), net of tax	305	(1,346)	(355)
Comprehensive income attributable to equity method investments	—	—	6
Comprehensive income attributable to Humana	$ 2,794	$ 1,460	$ 2,584

The accompanying notes are an integral part of the consolidated financial statements.

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Humana Inc.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock		Capital In Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
	Issued Shares	Amount							
	(dollars in millions, share amounts in thousands)								
Balances, December 31, 2020	198,649	33	2,705	20,517	391	(9,918)	13,728	—	13,728
Net income				2,933			2,933	1	2,934
Acquisition								22	22
Other comprehensive loss					(349)		(349)		(349)
Common stock repurchases	—		262			(341)	(79)		(79)
Dividends and dividend equivalents			—	(364)			(364)		(364)
Stock-based compensation			180				180		180
Restricted stock unit vesting	—	—	(81)			81	—		—
Stock option exercises	—	—	16			15	31		31
Balances, December 31, 2021	198,649	33	3,082	23,086	42	(10,163)	16,080	23	16,103
Net income				2,806			2,806	(4)	2,802
Distribution to noncontrolling interest holders, net							—	(1)	(1)
Sale of Gentiva Hospice							—	(11)	(11)
Acquisition							—	52	52
Other comprehensive loss					(1,346)		(1,346)		(1,346)
Common stock repurchases	—		—			(2,096)	(2,096)		(2,096)
Dividends and dividend equivalents			—	(400)			(400)		(400)
Stock-based compensation			216				216		216
Restricted stock unit vesting	18	—	(78)			78	—		—
Stock option exercises	—	—	26			25	51		51
Balances, December 31, 2022	198,667	33	3,246	25,492	(1,304)	(12,156)	15,311	59	15,370
Net income				2,489			2,489	(5)	2,484
Distribution from noncontrolling interest holders, net							—	7	7
Acquisition							—	(5)	(5)
Other comprehensive income					305		305		305
Common stock repurchases	—		—			(1,586)	(1,586)		(1,586)
Dividends and dividend equivalents			—	(441)			(441)		(441)
Stock-based compensation			175				175		175
Restricted stock unit vesting	23	—	(80)			80	—		—
Stock option exercises	—	—	5			4	9		9
Balances, December 31, 2023	198,690	33	3,346	27,540	(999)	(13,658)	16,262	56	16,318

The accompanying notes are an integral part of the consolidated financial statements.

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Humana Inc.
CONSOLIDATED STATEMENTS OF CASH FLOW

	For the year ended December 31,		
	2023	**2022**	**2021**
		(in millions)	
Cash flows from operating activities			
Net income	$ 2,484	$ 2,802	$ 2,934
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on sale of Gentiva Hospice	—	(237)	—
Loss on investment securities, net	54	205	130
Gain on Kindred at Home equity method investment	—	—	(1,129)
Equity in net losses (earnings)	63	4	(65)
Stock-based compensation	175	216	180
Depreciation	850	749	640
Amortization	67	96	73
Impairment of property and equipment	206	248	—
Impairment of intangible assets	55	—	—
Deferred income taxes	(167)	(100)	15
Changes in operating assets and liabilities, net of effect of businesses acquired and dispositions:			
Receivables	(337)	(54)	(280)
Other assets	(1,318)	(463)	(491)
Benefits payable	915	975	104
Other liabilities	841	44	176
Unearned revenues	(20)	32	(65)
Other, net	113	70	40
Net cash provided by operating activities	3,981	4,587	2,262
Cash flows from investing activities			
Proceeds from sale of Gentiva Hospice, net	—	2,701	—
Acquisitions, net of cash and cash equivalents acquired	(233)	(337)	(4,187)
Purchases of property and equipment	(1,004)	(1,137)	(1,342)
Proceeds from sale of property and equipment	210	17	26
Purchases of investment securities	(7,552)	(6,049)	(7,197)
Proceeds from maturities of investment securities	1,292	1,365	2,597
Proceeds from sales of investment securities	3,795	2,434	3,547
Net cash used in investing activities	(3,492)	(1,006)	(6,556)
Cash flows from financing activities			
Receipts (withdrawals) from contract deposits, net	828	1,993	(306)
Proceeds from issuance of senior notes, net	2,544	1,982	2,984
Repayment of senior notes	(1,832)	(1,000)	—
Proceeds (repayments) from issuance of commercial paper, net	211	(376)	352
Proceeds from short-term borrowings	100	—	—
Repayment of short-term borrowings	(100)	—	—
Proceeds from term loan	—	—	2,500
Repayment of term loan	(500)	(2,000)	(2,078)
Debt issue costs	(7)	(6)	(31)
Common stock repurchases	(1,573)	(2,096)	(79)
Dividends paid	(431)	(392)	(354)
Change in book overdraft	55	(28)	6
Other, net	(151)	9	21
Net cash (used in) provided by financing activities	(856)	(1,914)	3,015
(Decrease) increase in cash and cash equivalents	(367)	1,667	(1,279)
Cash and cash equivalents at beginning of period	5,061	3,394	4,673
Cash and cash equivalents at end of period	$ 4,694	$ 5,061	$ 3,394

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Humana Inc.
CONSOLIDATED STATEMENTS OF CASH FLOW—(Continued)

	For the year ended December 31,		
	2023	**2022**	**2021**
Supplemental cash flow disclosures:		**(in millions)**	
Interest payments	$ 394	$ 354	$ 285
Income tax payments, net	$ 997	$ 758	$ 227
Details of businesses acquired in purchase transactions:			
Fair value of assets acquired, net of cash acquired	$ 462	$ 460	$ 9,804
Less: Fair value of liabilities assumed	(234)	(70)	(3,235)
Less: Noncontrolling interests acquired	5	(53)	(22)
Less: Remeasured existing Kindred at Home equity method investment	—	—	(2,360)
Cash paid for acquired businesses, net of cash acquired	$ 233	$ 337	$ 4,187

The accompanying notes are an integral part of the consolidated financial statements.

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1. REPORTING ENTITY

Nature of Operations

Humana Inc., headquartered in Louisville, Kentucky, is committed to putting health first – for our teammates, our customers, and our company. Through our Humana insurance services, and our CenterWell health care services, we make it easier for the millions of people we serve to achieve their best health – delivering the care and service they need, when they need it. These efforts are leading to a better quality of life for people with Medicare, Medicaid, families, individuals, military service personnel, and communities at large. References throughout these notes to consolidated financial statements to "we," "us," "our," "Company," and "Humana," mean Humana Inc. and its subsidiaries. We derived approximately 84% of our total premiums and services revenue from contracts with the federal government in 2023, including 14% related to our federal government contracts with the Centers for Medicare and Medicaid Services, or CMS, to provide health insurance coverage for individual Medicare Advantage members in Florida. CMS is the federal government's agency responsible for administering the Medicare program.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Our financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America. Our consolidated financial statements include the accounts of Humana Inc. and subsidiaries that the Company controls, including variable interest entities associated with medical practices for which we are the primary beneficiary. We do not own many of our medical practices but instead enter into exclusive management agreements with the affiliated Professional Associations, or P.A.s, that operate these medical practices. Based upon the provisions of these agreements, these affiliated P.A.s are variable interest entities and we are the primary beneficiary, and accordingly we consolidate the affiliated P.A.s. All significant intercompany balances and transactions have been eliminated.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The areas involving the most significant use of estimates are the estimation of benefits payable, the impact of risk adjustment provisions related to our Medicare contracts, the valuation and related impairment recognition of investment securities, and the valuation and related impairment recognition of long-lived assets, including goodwill and indefinite-lived intangible assets. These estimates are based on knowledge of current events and anticipated future events, and accordingly, actual results may ultimately differ materially from those estimates.

Value Creation Initiatives and Impairment Charges

In order to create capacity to fund growth and investment in our Medicare Advantage business and further expansion of our healthcare services capabilities beginning in 2022, we committed to drive additional value for the enterprise through cost saving, productivity initiatives, and value acceleration from previous investments. As a result of these initiatives, we recorded charges of $436 million and $473 million in 2023 and 2022, respectively, within operating costs in the consolidated statements of income. These charges were recorded at the corporate level and not allocated to the segments. We expect to incur additional charges through the end of 2024.

The value creation initiative charges primarily relate to $237 million and $248 million in asset impairments in 2023 and 2022, respectively, as well as $199 million and $116 million in severance charges in connection with workforce optimization in 2023 and 2022, respectively. The remainder of the 2022 charges primarily relate to external consulting fees.

During 2023, we also recorded severance charges of $70 million within operating costs in our consolidated statement of income as a result of our exit from the Employer Group Commercial Medical Products business and impairment charges of $91 million, including $55 million relating to indefinite-lived intangibles. The indefinite-

lived intangibles impairment charges were included within operating costs in our consolidated statement of income with the remaining impairment charges included within investment income.

COVID-19

The emergence and spread of the novel coronavirus, or COVID-19, beginning in the first quarter of 2020 has impacted our business. Initially during periods of increased incidences of COVID-19, a reduction in non-COVID-19 hospital admissions for non-emergent and elective medical care resulted in lower overall healthcare system utilization. At the same time, COVID-19 treatment and testing costs increased utilization. During 2022, we experienced lower overall utilization of the healthcare system than anticipated, as the reduction in COVID-19 utilization following the increased incidence associated with the Omicron variant outpaced the increase in non-COVID-19 utilization. The significant disruption in utilization during 2020 also impacted our ability to implement clinical initiatives to manage health care costs and chronic conditions of our members, and appropriately document their risk profiles, and, as such, significantly affected our 2021 revenue under the risk adjustment payment model for Medicare Advantage plans. Finally, changes in utilization patterns and actions taken in 2021 as a result of the COVID-19 pandemic, including the suspension of certain financial recovery programs for a period of time and shifting the timing of claim payments and provider capitation surplus payments, impacted our claim reserve development and operating cash flows for 2021.

The COVID-19 National Emergency declared in 2020 was terminated on April 10, 2023 and the Public Health Emergency expired on May 11, 2023.

Cash and Cash Equivalents

Cash and cash equivalents include cash, time deposits, money market funds, commercial paper, other money market instruments, and certain U.S. Government securities with an original maturity of three months or less. Carrying value approximates fair value due to the short-term maturity of the investments.

Investment Securities

Investment securities, which consist of debt and equity securities, are stated at fair value. Our debt securities have been categorized as available for sale. Debt securities available for current operations, as well as our equity securities, are classified as current assets, and debt securities available to fund our professional and other self-insurance liability requirements, as well as restricted statutory deposits, are classified as long-term assets. For the purpose of determining realized gross gains and losses for debt securities sold, that are included as a component of investment income in the consolidated statements of income, the cost of investment securities sold is based upon specific identification. Unrealized holding gains and losses for debt securities, net of applicable deferred taxes, are included in other comprehensive income or loss as a component of stockholders' equity until realized from a sale or an expected credit loss is recognized. For the purpose of determining gross gains and losses for equity securities, changes in fair value at the reporting date are included as a component of investment income in the consolidated statements of income.

Under the current expected credit losses model, or CECL, expected losses on available for sale debt securities are recognized through an allowance for credit losses rather than as reductions in the amortized cost of the securities. For debt securities whose fair value is less than their amortized cost which we do not intend to sell or are not required to sell, we evaluate the expected cash flows to be received as compared to amortized cost and determine if an expected credit loss has occurred. In the event of an expected credit loss, only the amount of the impairment associated with the expected credit loss is recognized in income with the remainder, if any, of the loss recognized in other comprehensive income. To the extent we have the intent to sell the debt security or it is more likely than not we will be required to sell the debt security before recovery of our amortized cost basis, we recognize an impairment loss in income in an amount equal to the full difference between the amortized cost basis and the fair value.

Potential expected credit loss impairment is considered using a variety of factors, including the extent to which the fair value has been less than cost; adverse conditions specifically related to the industry, geographic area or financial condition of the issuer or underlying collateral of a debt security; changes in the quality of the debt

security's credit enhancement; payment structure of the debt security; changes in credit rating of the debt security by the rating agencies; failure of the issuer to make scheduled principal or interest payments on the debt security and changes in prepayment speeds. For debt securities, we take into account expectations of relevant market and economic data. For example, with respect to mortgage and asset-backed securities, such data includes underlying loan level data and structural features such as seniority and other forms of credit enhancements. We estimate the amount of the expected credit loss component of a debt security as the difference between the amortized cost and the present value of the expected cash flows of the security. The present value is determined using the best estimate of future cash flows discounted at the implicit interest rate at the date of purchase. The expected credit loss cannot exceed the full difference between the amortized cost basis and the fair value.

Receivables and Revenue Recognition

We generally establish one-year commercial membership contracts with employer groups, subject to cancellation by the employer group on 30-day written notice. Our Medicare contracts with CMS renew annually. Our military services contracts with the federal government and certain contracts with various state Medicaid programs generally are multi-year contracts subject to annual renewal provisions.

Premiums Revenue

We receive monthly premiums from the federal government and various states according to government specified payment rates and various contractual terms. We bill and collect premium from employer groups and members in our Medicare and other individual products monthly. Changes in premium revenues resulting from the periodic changes in risk-adjustment scores derived from medical diagnoses for our membership are estimated by projecting the ultimate annual premium and are recognized ratably during the year, with adjustments each period to reflect changes in the ultimate premium. Receivables or payables are classified as current or long-term in our consolidated balance sheet based on the timing of the expected settlement.

Premiums revenue is estimated by multiplying the membership covered under the various contracts by the contractual rates. Premiums revenue is recognized as income in the period members are entitled to receive services and is net of estimated uncollectible amounts, retroactive membership adjustments, and adjustments to recognize rebates under the minimum benefit ratios required under the Health Care Reform Law. We estimate policyholder rebates by projecting calendar year minimum benefit ratios for the small group and large group markets, as defined by the Health Care Reform Law using a methodology prescribed by Health and Human Services, or HHS, separately by state and legal entity. Medicare Advantage and Medicaid products are also subject to minimum benefit ratio requirements. Estimated calendar year rebates recognized ratably during the year are revised each period to reflect current experience. Retroactive membership adjustments result from enrollment changes not yet processed, or not yet reported by an employer group or the government. We routinely monitor the collectability of specific accounts, the aging of receivables, historical retroactivity trends, estimated rebates, as well as prevailing and anticipated economic conditions, and reflect any required adjustments in current operations. Premiums received prior to the service period are recorded as unearned revenues.

Medicare Part D

We cover prescription drug benefits in accordance with Medicare Part D under multiple contracts with CMS. The payments we receive monthly from CMS and members, which are determined from our annual bid, represent amounts for providing prescription drug insurance coverage. We recognize premiums revenue for providing this insurance coverage ratably over the term of our annual contract. Our CMS payment is subject to risk sharing through the Medicare Part D risk corridor provisions. In addition, receipts for reinsurance and low-income cost subsidies as well as receipts for certain discounts on brand name prescription drugs in the coverage gap represent payments for prescription drug costs for which we are not at risk.

The risk corridor provisions compare costs targeted in our bids to actual prescription drug costs, limited to actual costs that would have been incurred under the standard coverage as defined by CMS. Variances exceeding certain thresholds may result in CMS making additional payments to us or require us to refund to CMS a portion of the premiums we received. As risk corridor provisions are considered in our overall annual bid process, we estimate

and recognize an adjustment to premiums revenue related to these provisions based upon pharmacy claims experience. We record a receivable or payable at the contract level and classify the amount as current or long-term in our consolidated balance sheets based on the timing of expected settlement.

Reinsurance and low-income cost subsidies represent funding from CMS in connection with the Medicare Part D program for which we assume no risk. Reinsurance subsidies represent funding from CMS for its portion of prescription drug costs which exceed the member's out-of-pocket threshold, or the catastrophic coverage level. Low-income cost subsidies represent funding from CMS for all or a portion of the deductible, the coinsurance and co-payment amounts above the out-of-pocket threshold for low-income beneficiaries. Monthly prospective payments from CMS for reinsurance and low-income cost subsidies are based on assumptions submitted with our annual bid. A reconciliation and related settlement of CMS's prospective subsidies against actual prescription drug costs we paid is made after the end of the year. The Health Care Reform Law mandates consumer discounts of 50% on brand name prescription drugs for Part D plan participants in the coverage gap. These discounts are funded by CMS and pharmaceutical manufacturers while we administer the application of these funds. We account for these subsidies and discounts as a deposit in our consolidated balance sheets and as a financing activity under receipts (withdrawals) from contract deposits, net in our consolidated statements of cash flows.

	2023	2022	2021
		(in millions)	
Part D subsidy/discount payments	$ (17,582)	$ (16,530)	$ (14,889
Part D subsidy/discount reimbursements	18,353	18,498	14,628
Net reimbursements (payments)	$ 771	$ 1,968	$ (261

We do not recognize premiums revenue or benefit expenses for these subsidies or discounts. Receipt and payment activity is accumulated at the contract level and recorded in our consolidated balance sheets in other current assets or trade accounts payable and accrued expenses depending on the contract balance at the end of the reporting period.

Settlement of the reinsurance and low-income cost subsidies as well as the risk corridor payment is based on a reconciliation made approximately 9 months after the close of each calendar year. Settlement with CMS for brand name prescription drug discounts is based on a reconciliation made approximately 14 to 18 months after the close of each calendar year. We continue to revise our estimates with respect to the risk corridor provisions based on subsequent period pharmacy claims data. For additional information regarding amounts recorded to our consolidated balance sheets related to the risk corridor settlement and subsidies from CMS with respect to the Medicare Part D program, refer to Note 7 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in this Form 10-K.

Patient services revenue

Patient services include services related to pharmacy solutions, primary care, and home solutions and other services and capabilities to promote wellness and advance population health.

For our pharmacy solutions business, external pharmacy revenues include the cost of pharmaceuticals (net of rebates), a negotiated dispensing fee and customer co-payments for drugs dispensed through our CenterWell Pharmacy (our mail-order pharmacy business), CenterWell Specialty Pharmacy, and retail pharmacies jointly located within CenterWell Senior Primary Care clinics. Pharmacy products are billed to customers based on the number of transactions occurring during the billing period. Services revenues related to product revenues from dispensing prescriptions are recorded when the prescription or product is shipped.

HCMO - SUPP - 000953
PUBLIC

Our primary care business recognizes revenues for certain value-based arrangements. Under these value-based arrangements, we enter into agreements with health plans to stand ready to deliver, integrate, direct and control the administration and management of certain health care services for our patients. In exchange, we receive a premium that is typically paid on a per-member per-month basis. These value-based arrangements represent a single performance obligation where revenues are recognized in the period in which we are obligated to provide integrated health care services to our patients. Fee-for-service revenue is recognized at agreed upon rates, net of contractual allowances, as the performance obligation is completed on the date of service.

For our home solutions businesses, revenues include net patient services revenue recorded based upon established billing rates, net of contractual allowances, discounts, or other implicit price concessions, and are recognized as performance obligations are satisfied, which is in the period services are rendered.

For the year ended December 31, 2023, revenue recognized from performance obligations related to prior periods (for example, due to changes in transaction price), was not material. Further, revenue expected to be recognized in any future year related to remaining performance obligations is not material.

Administrative services fees

Administrative services fees cover the processing of claims, offering access to our provider networks and clinical programs, and responding to customer service inquiries from members of self-funded groups. Revenues from providing administration services, also known as administrative services only, or ASO, are recognized in the period services are performed and are net of estimated uncollectible amounts. ASO fees are estimated by multiplying the membership covered under the various contracts by the contractual rates. Under ASO contracts, self-funded employers retain the risk of financing substantially all of the cost of health benefits. However, many ASO customers purchase stop loss insurance coverage from us to cover catastrophic claims or to limit aggregate annual costs. Accordingly, we have recorded premiums revenue and benefits expense related to these stop loss insurance contracts. We routinely monitor the collectability of specific accounts, the aging of receivables, as well as prevailing and anticipated economic conditions, and reflect any required adjustments in current operations. ASO fees received prior to the service period are recorded as unearned revenues.

Under our TRICARE contracts with the Department of Defense (DoD) we provide administrative services, including offering access to our provider networks and clinical programs, claim processing, customer service, enrollment, and other services, while the federal government retains all of the risk of the cost of health benefits. We account for revenues under our contracts net of estimated health care costs similar to an administrative services fee only agreement. Our contracts include fixed administrative services fees and incentive fees and penalties. Administrative services fees are recognized as services are performed.

Our TRICARE members are served by both in-network and out-of-network providers in accordance with our contracts. We pay health care costs related to these services to the providers and are subsequently reimbursed by the DoD for such payments. We account for the payments of the federal government's claims and the related reimbursements under deposit accounting in our consolidated balance sheets and as a financing activity under receipts (withdrawals) from contract deposits, net in our consolidated statements of cash flows.

	2023	2022	2021
		(in millions)	
Health care cost payments	$ (7,073)	$ (7,110)	$ (6,943
Health care cost reimbursements	7,130	7,135	6,898
Net reimbursements (payments)	$ 57	$ 25	$ (45

HCMO - SUPP - 000954
PUBLIC

Receivables

Receivables, including premium receivables, patient services revenue receivables, and ASO fee receivables, are shown net of allowances for estimated uncollectible accounts, retroactive membership adjustments, and contractual allowances.

At December 31, 2023 and 2022, accounts receivable related to services were $357 million and $291 million, respectively. For the years ended December 31, 2023, 2022 and 2021, we had no material bad-debt expense and there were no material contract assets, contract liabilities or deferred contract costs recorded on the consolidated balance sheet at December 31, 2023 and 2022.

Other Current Assets

Other current assets include amounts associated with Medicare Part D, rebates due from pharmaceutical manufacturers and other amounts due within one year. We accrue pharmaceutical rebates as they are earned based on contractual terms and usage of the product. The balance of pharmaceutical rebates receivable was $2.3 billion and $2.0 billion at December 31, 2023 and 2022, respectively. For additional information regarding amounts associated with Medicare Part D, refer to Note 7 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in this Form 10-K.

Policy Acquisition Costs

Policy acquisition costs are those costs that relate directly to the successful acquisition of new and renewal insurance policies. Such costs include commissions, costs of policy issuance and underwriting, and other costs we incur to acquire new business or renew existing business. We expense policy acquisition costs related to our employer-group prepaid health services policies as incurred. These short-duration employer-group prepaid health services policies typically have a 1-year term and may be canceled upon 30 days notice by the employer group.

Long-Lived Assets

Property and equipment is recorded at cost. Gains and losses on sales or disposals of property and equipment are included in operating costs in our consolidated income statements. Certain costs related to the development or purchase of internal-use software are capitalized. Depreciation is computed using the straight-line method over estimated useful lives ranging from 3 to 10 years for equipment, 3 to 5 years for computer software, and 10 to 20 years for buildings. Improvements to leased facilities are depreciated over the shorter of the remaining lease term or the anticipated life of the improvement.

We periodically review long-lived assets, including property and equipment and other definite-lived intangible assets, for impairment whenever adverse events or changes in circumstances indicate the carrying value of the asset may not be recoverable. Losses are recognized for a long-lived asset to be held and used in our operations when the undiscounted future cash flows expected to result from the use of the asset are less than its carrying value. We recognize an impairment loss based on the excess of the carrying value over the fair value of the asset. A long-lived asset held for sale is reported at the lower of the carrying amount or fair value less costs to sell. Depreciation expense is not recognized on assets held for sale. Losses are recognized for a long-lived asset to be abandoned when the asset ceases to be used. In addition, we periodically review the estimated lives of all long-lived assets for reasonableness.

Equity Method Investments

We use the equity method of accounting for equity investments in companies where we are able to exercise significant influence, but not control, over operating and financial policies of the investee. Judgment regarding the level of influence over each equity method investment includes considering key factors such as our ownership interest, representation on the board of directors, organizational structure, participation in policy-making decisions and material intra-entity transactions.

HCMO - SUPP - 000955
PUBLIC

Generally, under the equity method, original investments in these entities are recorded at cost and subsequently adjusted by our share of equity in income or losses after the date of acquisition as well as capital contributions to and distributions from these companies. Our proportionate share of the net income or loss of these companies is included in consolidated net income. Investment amounts in excess of our share of an investee's net assets are amortized over the life of the related asset creating the excess. Excess goodwill is not amortized.

We evaluate equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment might not be recoverable. Factors considered by us when reviewing an equity method investment for impairment include the length of time (duration) and the extent (severity) to which the fair value of the equity method investment has been less than carrying value, the investee's financial condition and near-term prospects and the intent and ability to hold the investment for a period of time sufficient to allow for anticipated recovery. An impairment that is other-than-temporary is recognized in the period identified.

For additional information regarding our equity method investments, refer to Note 4 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in this Form 10-K.

Goodwill and Intangible Assets

Goodwill represents the unamortized excess of cost over the fair value of the net tangible and other intangible assets acquired. We are required to test at least annually for impairment at a level of reporting referred to as the reporting unit, and more frequently if adverse events or changes in circumstances indicate that the asset may be impaired. A reporting unit either is our operating segments or one level below the operating segments, referred to as a component, which comprise our reportable segments. A component is considered a reporting unit if the component constitutes a business for which discrete financial information is available that is regularly reviewed by management. We aggregate the components of an operating segment into one reporting unit if they have similar economic characteristics. Goodwill is assigned to the reporting units that are expected to benefit from the specific synergies of the business combination.

We perform a quantitative assessment to review goodwill for impairment to determine both the existence and amount of goodwill impairment, if any. Impairment tests are performed, at a minimum, in the fourth quarter of each year supported by our long-range business plan and annual planning process. We rely on an evaluation of future discounted cash flows to determine fair value of our reporting units. The fair value of our reporting units with significant goodwill exceeded carrying amounts. However, unfavorable changes in key assumptions or combinations of assumptions including a significant increase in the discount rate, decrease in the long-term growth rate or substantial reduction in our underlying cash flow assumptions, including revenue growth rates, medical and operating cost trends, and projected operating income could have a significant negative impact on the estimated fair value of our home solutions and primary care reporting units, which accounted for $4.4 billion and $1.2 billion of goodwill, respectively. Impairment tests completed for 2023, 2022, and 2021 did not result in an impairment loss.

Intangible assets with indefinite lives relate to Certificate of Needs (CON) and Medicare licenses acquired as part of our acquisition of Kindred at Home, or KAH, and are included within other long-term assets in the consolidated balance sheet at December 31, 2023 and December 31, 2022. For additional information regarding our acquisition of KAH, refer to Note 3 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in this Form 10-K. We are required to annually compare the fair values of other indefinite-lived intangible assets to their carrying amounts. If the carrying amount of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized. Fair values of indefinite-lived intangible assets are determined based on the income approach. Impairment tests completed for 2023 and 2022 did not result in material impairment losses. These charges reflect the amount by which the carrying value exceeded its estimated fair value. Impairment tests completed for 2021 did not result in an impairment loss. The fair values of the assets were measured using Level 3 inputs, such as projected revenues and operating cash flows.

Definite-lived intangible assets primarily relate to acquired customer contracts/relationships and are included with other long-term assets in the consolidated balance sheets. Definite-lived intangible assets are amortized over the

useful life generally using the straight-line method. We review definite-lived intangible assets for impairment under our long-lived asset policy.

Benefits Payable and Benefits Expense Recognition

Benefits expense includes claim payments, capitation payments, pharmacy costs net of rebates, allocations of certain centralized expenses and various other costs incurred to provide health insurance coverage to members, as well as estimates of future payments to hospitals and others for medical care and other supplemental benefits provided on or prior to the balance sheet date. Capitation payments represent monthly contractual fees disbursed to primary care and other providers who are responsible for providing medical care to members. Pharmacy costs represent payments for members' prescription drug benefits, net of rebates from drug manufacturers. Receivables for such pharmacy rebates are included in other current assets in our consolidated balance sheets. Other supplemental benefits include dental, vision, and other supplemental health products.

We estimate the costs of our benefits expense payments using actuarial methods and assumptions based upon claim payment patterns, medical cost inflation, historical developments such as claim inventory levels and claim receipt patterns, and other relevant factors, and record benefit reserves for future payments. We continually review estimates of future payments relating to claims costs for services incurred in the current and prior periods and make necessary adjustments to our reserves.

Benefits expense is recognized in the period in which services are provided and includes an estimate of the cost of services which have been incurred but not yet reported, or IBNR. Our reserving practice is to consistently recognize the actuarial best point estimate within a level of confidence required by actuarial standards. Actuarial standards of practice generally require a level of confidence such that the liabilities established for IBNR have a greater probability of being adequate versus being insufficient, or such that the liabilities established for IBNR are sufficient to cover obligations under an assumption of moderately adverse conditions. Adverse conditions are situations in which the actual claims are expected to be higher than the otherwise estimated value of such claims at the time of the estimate. Therefore, in many situations, the claim amounts ultimately settled will be less than the estimate that satisfies the actuarial standards of practice.

We develop our estimate for IBNR using actuarial methodologies and assumptions, primarily based upon historical claim experience. Depending on the period for which incurred claims are estimated, we apply a different method in determining our estimate. For periods prior to the most recent two months, a completion factor method uses historical paid claims patterns to estimate the percentage of claims incurred during a given period that have historically been adjudicated as of the reporting period. Changes in claim inventory levels and known changes in claim payment processes are taken into account in these estimates. For the most recent two months, the incurred claims are estimated primarily from a trend analysis based upon per member per month claims trends developed from our historical experience in the preceding months, adjusted for known changes in estimates of hospital admissions, recent hospital and drug utilization data, provider contracting changes, changes in benefit levels, changes in member cost sharing, changes in medical management processes, product mix, and workday seasonality.

The completion factor method is used for the months of incurred claims prior to the most recent two months because the historical percentage of claims processed for those months is at a level sufficient to produce a consistently reliable result. Conversely, for the most recent two months of incurred claims, the volume of claims processed historically is not at a level sufficient to produce a reliable result, which therefore requires us to examine historical trend patterns as the primary method of evaluation. Changes in claim processes, including recoveries of overpayments, receipt cycle times, claim inventory levels, outsourcing, system conversions, and processing disruptions due to weather or other events affect views regarding the reasonable choice of completion factors. Claim payments to providers for services rendered are often net of overpayment recoveries for claims paid previously, as contractually allowed. Claim overpayment recoveries can result from many different factors, including retroactive enrollment activity, audits of provider billings, and/or payment errors. Changes in patterns of claim overpayment recoveries can be unpredictable and result in completion factor volatility, as they often impact older dates of service. The receipt cycle time measures the average length of time between when a medical claim was initially incurred and

HCMO - SUPP - 000957
PUBLIC

when the claim form was received. Increases in electronic claim submissions from providers decrease the receipt cycle time. If claims are submitted or processed on a faster (slower) pace than prior periods, the actual claim may be more (less) complete than originally estimated using our completion factors, which may result in reserves that are higher (lower) than required.

Medical cost trends potentially are more volatile than other segments of the economy. The drivers of medical cost trends include increases in the utilization of hospital facilities, physician services, new higher priced technologies and medical procedures, and new prescription drugs and therapies, as well as the inflationary effect on the cost per unit of each of these expense components. Other external factors such as government-mandated benefits or other regulatory changes, the tort liability system, increases in medical services capacity, direct to consumer advertising for prescription drugs and medical services, an aging population, lifestyle changes including diet and smoking, catastrophes, public health emergencies, epidemics and pandemics (such as COVID-19) also may impact medical cost trends. Internal factors such as system conversions, claims processing cycle times, changes in medical management practices and changes in provider contracts also may impact our ability to accurately predict estimates of historical completion factors or medical cost trends. All of these factors are considered in estimating IBNR and in estimating the per member per month claims trend for purposes of determining the reserve for the most recent two months. Additionally, we continually prepare and review follow-up studies to assess the reasonableness of the estimates generated by our process and methods over time. The results of these studies are also considered in determining the reserve for the most recent two months. Each of these factors requires significant judgment by management.

We reassess the profitability of our contracts for providing insurance coverage to our members when current operating results or forecasts indicate probable future losses. We establish a premium deficiency reserve in current operations to the extent that the sum of expected future costs, claim adjustment expenses, and maintenance costs exceeds related future premiums under contracts. For purposes of determining premium deficiencies, contracts are grouped in a manner consistent with our method of acquiring, servicing, and measuring the profitability of such contracts. Losses recognized as a premium deficiency result in a beneficial effect in subsequent periods as operating losses under these contracts are charged to the liability previously established. Because the majority of our member contracts renew annually, we would not record a material premium deficiency reserve, except when unanticipated adverse events or changes in circumstances indicate otherwise.

We believe our benefits payable are adequate to cover future claims payments required. However, such estimates are based on knowledge of current events and anticipated future events. Therefore, the actual liability could differ materially from the amounts provided.

Future policy benefits payable

Future policy benefits payable includes liabilities for long-duration insurance policies primarily related to certain blocks of insurance assumed in acquisitions, primarily life and annuities in run-off status, and are included in our consolidated balance sheet within other long-term liabilities. Most of these policies are subject to reinsurance. For additional information regarding reinsurance, refer to Note 19 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in this Form 10-K.

Book Overdraft

Under our cash management system, checks issued but not yet presented to banks that would result in negative bank balances when presented are classified as a current liability in the consolidated balance sheets. Changes in book overdrafts from period to period are reported in the consolidated statement of cash flows as a financing activity.

Income Taxes

We recognize an asset or liability for the deferred tax consequences of temporary differences between the tax bases of assets or liabilities and their reported amounts in the consolidated financial statements. These temporary differences will result in taxable or deductible amounts in future years when the reported amounts of the assets or

HCMO - SUPP - 000958
PUBLIC

liabilities are recovered or settled. We also recognize the future tax benefits such as net operating and capital loss carryforwards as deferred tax assets. A valuation allowance is provided against these deferred tax assets if it is more likely than not that some portion or all of the deferred tax assets will not be realized. Future years' tax expense may be increased or decreased by adjustments to the valuation allowance or to the estimated accrual for income taxes. Deferred tax assets and deferred tax liabilities are further adjusted for changes in the enacted tax rates.

We record tax benefits when it is more likely than not that the tax return position taken with respect to a particular transaction will be sustained. A liability, if recorded, is not considered resolved until the statute of limitations for the relevant taxing authority to examine and challenge the tax position has expired, or the tax position is ultimately settled through examination, negotiation, or litigation. We classify interest and penalties associated with uncertain tax positions in our provision for income taxes.

Noncontrolling Interests

The consolidated financial statements include all assets, liabilities, revenues and expenses of less than 100% owned affiliates that we control. Accordingly, we record noncontrolling interests in the earnings and equity of such entities. We record adjustments to noncontrolling interests for the allocable portion of income or loss to which the noncontrolling interest holders are entitled based upon their portion of the subsidiaries they own. Distributions to holders of noncontrolling interests are adjusted to the respective noncontrolling interest holders' balances. Noncontrolling interests, which relate to the minority ownership held by third party investors in certain of our businesses within our Insurance and CenterWell segments, are reported below net income under the heading "Net income attributable to noncontrolling interests" in the consolidated statements of income and presented as a component of equity in the consolidated balance sheets.

Stock-Based Compensation

We generally recognize stock-based compensation expense, as determined on the date of grant at fair value, on a straight-line basis over the period during which an employee is required to provide service in exchange for the award (the vesting period). In addition, for awards with both time and performance-based conditions, we generally recognize compensation expense on a straight line basis over the vesting period when it is probable that the performance condition will be achieved. We estimate expected forfeitures and recognize compensation expense only for those awards which are expected to vest. We estimate the grant-date fair value of stock options using the Black-Scholes option-pricing model.

For additional information regarding our stock-based compensation plans, refer to Note 14 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in this Form 10-K.

Earnings Per Common Share

We compute basic earnings per common share on the basis of the weighted-average number of unrestricted common shares outstanding. Diluted earnings per common share is computed on the basis of the weighted-average number of unrestricted common shares outstanding plus the dilutive effect of outstanding employee stock options and restricted shares, or units, using the treasury stock method.

For additional information regarding our earnings per share, refer to Note 15 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in this Form 10-K.

Fair Value

Assets and liabilities measured at fair value are categorized into a fair value hierarchy based on whether the inputs to valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our own assumptions about the assumptions market participants would use. The fair value hierarchy includes three levels of inputs that may be used to measure fair value as described below.

Level 1 – Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include securities that are traded in an active exchange market.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments as well as debt securities whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes assets and liabilities whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting our own assumptions about the assumptions market participants would use as well as those requiring significant management judgment.

Fair value of actively traded debt and equity securities are based on quoted market prices. Fair value of other debt securities are based on quoted market prices of identical or similar securities or based on observable inputs like interest rates generally using a market valuation approach, or, less frequently, an income valuation approach and are generally classified as Level 2. Fair value of privately held investment grade debt securities are estimated using a variety of valuation methodologies, including both market and income approaches, where an observable quoted market does not exist and are generally classified as Level 3. For privately-held investment grade debt securities, such methodologies include reviewing the value ascribed to the most recent financing, comparing the security with securities of publicly-traded companies in similar lines of business with similar credit characteristics, and reviewing the underlying financial performance including estimating discounted cash flows.

We obtain at least one price for each security from a third party pricing service. These prices are generally derived from recently reported trades for identical or similar securities, including adjustments through the reporting date based upon observable market information. When quoted prices are not available, the third party pricing service may use quoted market prices of comparable securities or discounted cash flow analysis, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include benchmark yields, reported trades, credit spreads, broker quotes, default rates, and prepayment speeds. We are responsible for the determination of fair value and as such we perform analysis on the prices received from the third party pricing service to determine whether the prices are reasonable estimates of fair value. Our analysis includes a review of monthly price fluctuations as well as a quarterly comparison of the prices received from the pricing service to prices reported by our third party investment adviser. In addition, on a quarterly basis we examine the underlying inputs and assumptions for a sample of individual securities across asset classes, credit rating levels, and various durations.

Recently Issued Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In November 2020, the FASB issued Accounting Standards Update No. 2020-11, Financial Services—Insurance (Topic 944): Effective Date and Early Application ("ASU 2020-11"). The amendments in ASU 2020-11 make changes to the effective date and early application of Accounting Standards Update No. 2018-12, Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts ("ASU 2018-12"), which was issued in November 2018. The amendments in ASU 2020-11 extended the original effective date by one year, and now the amendments are required for our interim and annual reporting periods beginning after December 15, 2022. The new guidance relates to accounting for long-duration contracts of insurers which revises key elements of the measurement models and disclosure requirements for long-duration contracts issued by insurers, including the amortization of deferred contract acquisition costs and the measurement of liabilities for future policy benefits using current, rather than locked-in, assumptions. The new guidance, limited to our Medicare Supplement product which represents less than 1% of consolidated premiums and services revenue, became effective for us

HCMO - SUPP - 000960
PUBLIC

beginning January 1, 2023 and was applied to contracts in force on the basis of their existing carrying value amounts at the beginning of the earliest period presented. The adoption of the new standard in 2023 did not have a material impact on our consolidated results of operations, financial position or cash flows.

Accounting Pronouncements Effective in Future Periods

In December 2023, the FASB issued Accounting Standards Update No. 2023-07, Segment Reporting — Improvements to Reportable Segment Disclosures. The new guidance requires incremental disclosures related to a public entity's reportable segments but does not change the definition of a segment, the method for determining segments, or the criteria for aggregating operating segments into reportable segments. The new guidance requires a public entity to disclose its significant segment expense categories and amounts for each reportable segment. The new guidance will be effective for us beginning with our annual 2024 year-end financial statements. We are currently evaluating the impact on our segment information footnote disclosures.

In December 2023, the FASB issued Accounting Standards Update No. 2023-09 — Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The new guidance requires significant additional disclosures about income taxes, primarily focused on the disclosure of income taxes paid and the rate reconciliation table. The new guidance requires prospective application (with retrospective application permitted). The new guidance will be effective for us beginning with our annual 2025 year-end financial statements, with early adoption permitted. We are currently evaluating the impact on our income tax footnote disclosures.

There are no other recently issued accounting standards that apply to us or that are expected to have a material impact on our results of operations, financial condition, or cash flows.

3. ACQUISITIONS AND DIVESTITURES

On August 11, 2022, we completed the sale of a 60% interest in Gentiva (formerly Kindred) Hospice to Clayton, Dubilier & Rice, or CD&R, for cash proceeds of approximately $2.7 billion, net of cash disposed, including debt repayments from Gentiva Hospice to Humana of $1.9 billion. In connection with the sale, we recognized a pre-tax gain, net of transaction costs, of $237 million which was reported as a gain on sale of Gentiva Hospice in the accompanying consolidated statement of income for the year ended December 31, 2022.

In June 2022, we classified Gentiva Hospice as held-for-sale and aggregated Gentiva Hospice's assets and liabilities separately on the balance sheet. The assets, liabilities and noncontrolling interest disposed of on August 11, 2022 were as follows:

		(in millions)
Cash and cash equivalents	$	73
Receivables, net of allowances		194
Other current assets		20
Property and equipment, net		44
Goodwill		2,331
Other assets		960
Total assets	$	3,622
Trade accounts payable and accrued expenses	$	245
Other long-term liabilities		285
Total liabilities	$	530
Noncontrolling interest	$	11

Other assets included $866 million identifiable intangibles consisting of Medicare licenses and CON.

Prior to the sale of a 60% interest in Gentiva Hospice on August 11, 2022, as discussed above, Gentiva Hospice revenues and pretax earnings through the date of sale for the year ended December 31, 2022, were $958 million and $150 million, respectively.

On August 17, 2021, we acquired the remaining 60% interest in Kindred at Home, or KAH, from TPG Capital and Welsh, Carson, Anderson & Stowe, or WCAS, two private equity funds, for an enterprise value of $8.2 billion, which included our equity value of $2.4 billion associated with our 40% minority ownership interest. The remeasurement to fair value of our previously held 40% equity method investment with a carrying value of approximately $1.3 billion, resulted in a $1.1 billion gain recognized in "Other (income) expense, net" in the accompanying consolidated statement of income for the year ended December 31, 2021. We paid the approximate $5.8 billion transaction price (net of our existing equity stake) through a combination of debt financing, the assumption of existing KAH indebtedness and parent company cash.

During 2023, 2022, and 2021, we acquired other health and wellness related businesses which other than the impacts to goodwill, individually or in the aggregate, have not had a material impact on our results of operations, financial condition, or cash flows. The results of operations and financial condition of these businesses have been included in our consolidated statements of income and consolidated balance sheets from the respective acquisition dates. Acquisition-related costs recognized in each of 2023, 2022 and 2021 were not material to our results of operations. For asset acquisitions the goodwill acquired is partially amortizable as deductible expenses for tax purposes. The pro forma financial information assuming the acquisitions had occurred as of the beginning of the calendar year prior to the year of acquisition, as well as the revenues and earnings generated during the year of acquisition, were not material for disclosure purposes.

4. EQUITY METHOD INVESTMENT

Prior to our acquisition of KAH in August 2021, we accounted for our 40% investment in KAH using the equity method of accounting. Our share of income or loss was reported as equity in net (losses) earnings in our consolidated statements of income.

We completed the sale of a 60% interest in Gentiva Hospice on August 11, 2022 and we account for our remaining minority ownership in Gentiva Hospice using the equity method of accounting. At December 31, 2023 and 2022 we owned 35% and 40%, respectively. This investment was reflected in equity method investments in our December 31, 2023 and 2022 consolidated balance sheets, with our share of income or loss reported as equity in net (losses) earnings in our consolidated statements of income.

The summarized balance sheets and statements of income at December 31, 2023 and 2022 of Gentiva Hospice were as follows:

Balance sheet	**December 31, 2023**	**December 31, 2022**
	(in millions)	
Current assets	$ 415	$ 297
Non-current assets	4,260	3,577
Current liabilities	409	269
Non-current liabilities	2,719	2,219
Shareholders' equity	1,547	1,386

Statements of income

	For the year ended December 31, 2023	**August 11, 2022 through December 31, 2022**
	(in millions)	
Revenues	$ 1,850	$ 654
Expenses	1,873	652
Net income	(23)	2

Other equity method investments

In 2020, our Primary Care Organization entered into a strategic partnership with Welsh, Carson, Anderson & Stowe, or WCAS, to accelerate the expansion of our primary care model. In May 2022, we established a second strategic partnership with WCAS to develop additional centers between 2023 and 2025. As of December 31, 2023, there were 108 primary care clinics operating under the partnership and we have capacity to open or acquire up to approximately 60 additional centers through the existing partnership agreements. In addition, the agreements include a series of put and call options through which WCAS may require us to purchase their interest in the entity, and through which we may acquire WCAS's interest, over the next 2 to 9 years. We have the option to purchase the first cohort of clinics in 2025 for approximately $550 million to $650 million based on current projections. All existing cohorts can be called by us from 2025 to 2030 and could require $2.0 billion to $3.0 billion based on current projections. These estimates are dependent on multiple factors including the actual timing of when the put or call options are exercised, expected revenue growth at each center within the respective cohort and future capital contributions, among other factors. For additional information on inputs relevant to these put and call options, refer to Note 6 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

We have several individually immaterial equity method investments, including our strategic partnership with WCAS as described above, included within equity method investments in our consolidated balance sheets as of December 31, 2023 and 2022 with our share of income or loss reported as equity in net (losses) earnings in our consolidated statements of income for the years ended December 31, 2023, 2022 and 2021.

5. INVESTMENT SECURITIES

Investment securities classified as current and long-term were as follows at December 31, 2023 and 2022, respectively:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(in millions)		
December 31, 2023				
U.S. Treasury and other U.S. government corporations and agencies:				
U.S. Treasury and agency obligations	$ 2,717	$ 1	$ (51)	$ 2,667
Mortgage-backed securities	3,946	1	(425)	3,522
Tax-exempt municipal securities	879	1	(22)	858
Mortgage-backed securities:				
Residential	465	1	(66)	400
Commercial	1,471	—	(126)	1,345
Asset-backed securities	1,813	2	(44)	1,771
Corporate debt securities	7,011	28	(594)	6,445
Total debt securities	$ 18,302	$ 34	$ (1,328)	17,008
Common stock				—
Total investment securities				$ 17,008
December 31, 2022				
U.S. Treasury and other U.S. government corporations and agencies:				
U.S. Treasury and agency obligations	$ 1,093	$ 1	$ (55)	$ 1,039
Mortgage-backed securities	3,697	4	(471)	3,230
Tax-exempt municipal securities	765	—	(37)	728
Mortgage-backed securities:				
Residential	477	—	(76)	401
Commercial	1,554	—	(155)	1,399
Asset-backed securities	1,809	1	(79)	1,731
Corporate debt securities	6,551	3	(828)	5,726
Total debt securities	$ 15,946	$ 9	$ (1,701)	14,254
Common stock				7
Total investment securities				$ 14,261

We own certain corporate debt securities of Gentiva Hospice. The book value and fair value are $379 million and $398 million, respectively, at December 31, 2023. The book value and fair value were $280 million and $278 million, respectively, at December 31, 2022.

Gross unrealized losses and fair values aggregated by investment category and length of time that individual debt securities have been in a continuous unrealized loss position were as follows at December 31, 2023 and 2022, respectively:

	Less than 12 months		12 months or more		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(in millions)					
December 31, 2023						
U.S. Treasury and other U.S. government corporations and agencies:						
U.S. Treasury and agency obligations	$ 1,899	$ (12)	$ 431	$ (39)	$ 2,330	$ (51)
Mortgage-backed securities	958	(12)	2,269	(413)	3,227	(425)
Tax-exempt municipal securities	160	(1)	523	(21)	683	(22)
Mortgage-backed securities:						
Residential	—	—	373	(66)	373	(66)
Commercial	18	—	1,303	(126)	1,321	(126)
Asset-backed securities	120	(1)	1,364	(43)	1,484	(44)
Corporate debt securities	466	(2)	4,783	(592)	5,249	(594)
Total debt securities	$ 3,621	$ (28)	$ 11,046	$ (1,300)	$ 14,667	$ (1,328)
December 31, 2022						
U.S. Treasury and other U.S. government corporations and agencies:						
U.S. Treasury and agency obligations	$ 512	$ (5)	$ 397	$ (50)	$ 909	$ (55)
Mortgage-backed securities	1,231	(104)	1,683	(367)	2,914	(471)
Tax-exempt municipal securities	64	(2)	615	(36)	679	(38)
Mortgage-backed securities:						
Residential	124	(16)	274	(60)	398	(76)
Commercial	243	(13)	1,157	(142)	1,400	(155)
Asset-backed securities	620	(32)	1,011	(46)	1,631	(78)
Corporate debt securities	1,625	(98)	3,825	(730)	5,450	(828)
Total debt securities	$ 4,419	$ (270)	$ 8,962	$ (1,431)	$ 13,381	$ (1,701)

Approximately 97% of our debt securities were investment-grade quality, with a weighted average credit rating of AA- by S&P at December 31, 2023. Most of the debt securities that were below investment-grade were rated B+, the higher end of the below investment-grade rating scale. Tax-exempt municipal securities were diversified among general obligation bonds of states and local municipalities in the United States as well as special revenue bonds issued by municipalities to finance specific public works projects such as utilities, water and sewer, transportation, or education. Our general obligation bonds are diversified across the United States with no individual state exceeding approximately 1% of our total debt securities. Our investment policy limits investments in a single issuer and requires diversification among various asset types.

Our unrealized loss from all debt securities was generated from approximately 1,560 positions out of a total of approximately 2,060 positions at December 31, 2023. All issuers of debt securities we own that were trading at an unrealized loss at December 31, 2023 remain current on all contractual payments. After taking into account these and other factors previously described, we believe these unrealized losses primarily were caused by an increase in market interest rates in the current markets since the time the debt securities were purchased. At December 31, 2023, we did not intend to sell any debt securities with an unrealized loss position in accumulated other comprehensive income, and it is not likely that we will be required to sell these debt securities before recovery of their amortized cost basis. Additionally, we did not record any material credit allowances for debt securities that were in an unrealized loss position at December 31, 2023, 2022 or 2021.

The detail of realized gains (losses) related to investment securities and included within investment income was as follows for the years ended December 31, 2023, 2022, and 2021:

	2023	2022	2021
	(in millions)		
Gross gains on investment securities	$ 46	$ 62	$ 219
Gross losses on investment securities	(101)	(144)	(8)
Gross gains on equity securities	1	51	23
Gross losses on equity securities	—	(174)	(364)
Net recognized losses on investment securities	$ (54)	$ (205)	$ (130)

The gains and losses related to equity securities for the years ended December 31, 2023, 2022 and 2021 was as follows:

	2023	2022	2021
	(in millions)		
Net gains (losses) recognized on equity securities during the period	$ 1	$ (123)	$ (341)
Less: Net gains (losses) recognized on equity securities sold during the period	1	(105)	(13)
Unrealized losses recognized on equity securities still held at the end of the period	$ —	$ (18)	$ (328)

The contractual maturities of debt securities available for sale at December 31, 2023, 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
	(in millions)	
Due within one year	$ 1,243	$ 1,23
Due after one year through five years	5,279	5,11
Due after five years through ten years	2,936	2,65
Due after ten years	1,149	96
Mortgage and asset-backed securities	7,695	7,03
Total debt securities	$ 18,302	$ 17,00

6. FAIR VALUE

Financial Assets

The following table summarizes our fair value measurements at December 31, 2023 and 2022, respectively, for financial assets measured at fair value on a recurring basis:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
		(in millions)		
December 31, 2023				
Cash equivalents	$ 4,582	$ 4,582	$ —	$ —
Debt securities:				
U.S. Treasury and other U.S. government corporations and agencies:				
U.S. Treasury and agency obligations	2,667	—	2,667	—
Mortgage-backed securities	3,522	—	3,522	—
Tax-exempt municipal securities	858	—	858	—
Mortgage-backed securities:				
Residential	400	—	396	4
Commercial	1,345	—	1,345	—
Asset-backed securities	1,771	—	1,733	38
Corporate debt securities	6,445	—	6,269	176
Total debt securities	17,008	—	16,790	218
Common stock	—	—	—	—
Total invested assets	$ 21,590	$ 4,582	$ 16,790	$ 218
December 31, 2022				
Cash equivalents	$ 4,832	$ 4,832	$ —	$ —
Debt securities:				
U.S. Treasury and other U.S. government corporations and agencies:				
U.S. Treasury and agency obligations	1,039	—	1,039	—
Mortgage-backed securities	3,230	—	3,230	—
Tax-exempt municipal securities	728	—	728	—
Mortgage-backed securities:				
Residential	401	—	401	—
Commercial	1,399	—	1,399	—
Asset-backed securities	1,731	—	1,731	—
Corporate debt securities	5,726	—	5,625	101
Total debt securities	14,254	—	14,153	101
Common stock	7	7	—	—
Total invested assets	$ 19,093	$ 4,839	$ 14,153	$ 101

Our Level 3 assets had fair values of $218 million, or 1.0% of total invested assets, and $101 million, or 0.5% of total invested assets, at December 31, 2023 and 2022, respectively. During the years ended December 31, 2023 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 year ended December 31, 2023	For the year ended December 31, 2022
	Private Placements	
	(in millions)	
Beginning balance at January 1	$ 101	$ 68
Total gains or losses:		
Realized in earnings	—	—
Unrealized in other comprehensive income	3	(14)
Purchases	115	47
Sales	—	—
Settlements	—	—
Transfers Out	(8)	—
Transfers In	7	—
Balance at December 31	$ 218	$ 101

Interest Rate Swaps

During 2023, we entered into interest-rate swap agreements with major financial institutions to convert our interest-rate exposure on our $750 million of 5.875% senior notes, our $750 million of 5.500% senior notes, our $500 million of 3.950% senior notes and our $850 million of 5.950% from fixed rates to variable rates to align interest costs more closely with floating interest rates received on our cash equivalents and investment securities. Our swap agreements, which are considered derivative instruments, exchange the fixed interest rate under our 5.875%, 5.500%, 3.950% and 5.950% senior notes for a variable interest rate based on SOFR. Interest rate swaps with notional amounts of $650 million, maturing September 1, 2032, $300 million, maturing March 15, 2033, $450 million maturing August 15, 2049 and $400 million, maturing March 15, 2034, were outstanding on our 5.875%, 5.500%, 3.950% and 5.950% senior notes, respectively, at December 31, 2023. These swap agreements were qualified and designated as a fair value hedge. Our interest rate swaps are recognized in other assets or other liabilities, as appropriate, in our consolidated balance sheets at fair value as of the reporting date. Our interest rate swaps are highly effective at reflecting the fair value of our hedged fixed rate senior notes payable. We utilize market-based financing rates, forward yield curves and discount rates in determining fair value of these swaps at each reporting date, a Level 2 measure within the fair value hierarchy. The swap asset, included within other long-term assets on our consolidated balance sheet, was approximately $68 million at December 31, 2023. We include the gain or loss on the swap agreements in interest expense on our consolidated statement of income, the same line item as the offsetting loss or gain on the related senior notes. The gain or loss due to hedge ineffectiveness was not material for the year ended December 31, 2023.

Financial Liabilities

Our debt is recorded at carrying value in our consolidated balance sheets. The carrying value of our senior notes debt outstanding, net of unamortized debt issuance costs, was $10.8 billion at December 31, 2023 and $10.0 billion at December 31, 2022. The fair value of our senior note debt was $10.6 billion at December 31, 2023 and $9.4 billion at December 31, 2022. The fair value of our senior note debt is determined based on Level 2 inputs, including quoted market prices for the same or similar debt, or if no quoted market prices are available, on the current prices estimated to be available to us for debt with similar terms and remaining maturities. Carrying value approximates

fair value for our term loans and commercial paper borrowings. The commercial paper borrowings were $0.9 billion at December 31, 2023 and the term loan and commercial paper borrowings were $1.1 billion at December 31, 2022.

Put and Call Options Measured at Fair Value

Our put and call options associated with our equity method investments are measured at fair value each period using a Monte Carlo simulation.

Effective April 27, 2021, with the signing of the definitive agreement to acquire the remaining 60% interest of KAH, the respective put and call options were terminated. As such, the $63 million put and $440 million call fair values as of the first quarter of 2021 were reduced to zero, resulting in $377 million in other expense (income), net in our consolidated statements of income for the year ended December 31, 2021.

The put and call options fair values associated with our Primary Care Organization strategic partnership with WCAS, which are exercisable at a fixed revenue exit multiple and provide a minimum return on WCAS' investment if exercised, are measured at fair value each reporting period using a Monte Carlo simulation. The put and call options fair values, derived from the Monte Carlo simulation, were $595 million and $18 million, respectively, at December 31, 2023. The put and call options fair values, derived from the Monte Carlo simulation, were $267 million and $10 million, respectively, at December 31, 2022.

The significant unobservable inputs utilized in these Level 3 fair value measurements (and selected values) include the enterprise value, annualized volatility and credit spread. Enterprise value was derived from a discounted cash flow model, which utilized significant unobservable inputs for long-term revenue, to measure underlying cash flows, weighted average cost of capital and long term growth rate. The table below presents the assumptions used for December 31, 2023 and 2022, respectively:

	December 31, 2023	December 31, 2022
Annualized volatility	16.1% - 17.8%	16.7% to 20.8
Credit spread	0.9% - 1.1%	1.3% to 1.5
Revenue exit multiple	1.5x - 2.5x	1.5x - 2.5
Weighted average cost of capital	11.0% - 12.5%	11.5% to 12.5
Long term growth rate	3.0 %	3.0

The assumptions used for annualized volatility, credit spread and weighted average cost of capital reflect the lowest and highest values where they differ significantly across the series of put and call options due to their expected exercise dates.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Certain assets and liabilities are measured at fair value on a non-recurring basis subject to fair value adjustment only in certain circumstances. As disclosed in Note 3, “Acquisitions”, we completed our acquisition of KAH during the third quarter of 2021. The net assets acquired and resulting goodwill and other intangible assets were recorded at fair value primarily using Level 3 inputs. The net tangible assets including receivables and accrued liabilities were recorded at their carrying value which approximated their fair value due to their short term nature. The fair value of goodwill and other intangible assets were internally estimated based on the income approach. The income approach estimates fair value based on the present value of cash flow that the assets could be expected to generate in the future. We developed internal estimates for expected cash flows in the present value calculation using inputs and significant assumptions that include historical revenues and earnings, long-term growth rate, discount rate, contributory asset charges and future tax rates, among others. The excess purchase price over the fair value of assets and liabilities acquired is recorded as goodwill.

As disclosed in Note 3, we completed the sale of a 60% interest in Gentiva Hospice on August 11, 2022. The carrying value of the assets and liabilities of Gentiva Hospice disposed approximates fair value. The amount of

goodwill included in the carrying value is based on the relative fair value of Gentiva Hospice as compared to the total fair value of our home solutions reporting unit included within the CenterWell segment.

Additionally, as disclosed in Note 3, we completed our acquisitions of certain health and wellness related businesses during 2023, 2022, and 2021. The values of net tangible assets acquired and the resulting goodwill and other intangible assets were recorded at fair value using Level 3 inputs. The majority of the related tangible assets acquired and liabilities assumed were recorded at their carrying values as of the respective dates of acquisition, as their carrying values approximated their fair values due to their short-term nature. The fair values of goodwill and other intangible assets acquired in these acquisitions were internally estimated primarily based on the income approach. The income approach estimates fair value based on the present value of the cash flows that the assets are expected to generate in the future. We developed internal estimates for the expected cash flows and discount rates in the present value calculations. Other than assets acquired and liabilities assumed in these acquisitions, there were no material assets or liabilities measured at fair value on a nonrecurring basis during 2023, 2022, or 2021.

7. MEDICARE PART D

We cover prescription drug benefits in accordance with Medicare Part D under multiple contracts with CMS. The accompanying consolidated balance sheets include the following amounts associated with Medicare Part D as of December 31, 2023 and 2022. CMS subsidies/discounts in the table below include the reinsurance and low-income cost subsidies funded by CMS for which we assume no risk as well as brand name prescription drug discounts for Part D plan participants in the coverage gap funded by CMS and pharmaceutical manufacturers. For additional information regarding our prescription drug benefits coverage in accordance with Medicare Part D, refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

	2023		2022	
	Risk Corridor Settlement	CMS Subsidies/ Discounts	Risk Corridor Settlement	CMS Subsidies/ Discounts
	(in millions)			
Other current assets	$ 224	$ 514	$ 240	$ 696
Trade accounts payable and accrued expenses	(232)	(1,825)	(166)	(1,236)
Net current (liability) asset	(8)	(1,311)	74	(540)
Other long-term assets	17	—	19	—
Other long-term liabilities	(77)	—	(78)	—
Net long-term liability	(60)	—	(59)	—
Total net (liability) asset	$ (68)	$ (1,311)	$ 15	$ (540)

8. PROPERTY AND EQUIPMENT, NET

Property and equipment was comprised of the following at December 31, 2023 and 2022.

	2023	2022
	(in millions)	
Land	$ 16	$ 17
Buildings and leasehold improvements	1,002	1,143
Equipment	1,320	1,246
Computer software	3,546	3,951
	5,884	6,357
Accumulated depreciation	(2,854)	(3,136)
Property and equipment, net	$ 3,030	$ 3,221

Depreciation expense was $831 million in 2023, $749 million in 2022, and $640 million in 2021, including amortization expense for capitalized internally developed and purchased software of $589 million in 2023, $525 million in 2022, and $443 million in 2021.

9. GOODWILL AND OTHER INTANGIBLE ASSETS

Changes in the carrying amount of goodwill for our reportable segments for the years ended December 31, 2023 and 2022 were as follows:

	Insurance	CenterWell	Total
	(in millions)		
Balance at January 1, 2022	$ 2,290	$ 8,802	$ 11,092
Acquisitions	182	199	381
Dispositions	—	(2,331)	(2,331)
Balance at December 31, 2022	2,472	6,670	9,142
Acquisitions	191	217	408
Balance at December 31, 2023	$ 2,663	$ 6,887	$ 9,550

The following table presents details of our other intangible assets included in other long-term assets in the accompanying consolidated balance sheets at December 31, 2023 and 2022:

	Weighted Average Life	2023			2022		
		Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
		(in millions)					
Other intangible assets:							
Certificates of need	Indefinite	$ 1,092	$ —	$ 1,092	$ 1,132	$ —	$ 1,132
Medicare licenses	Indefinite	288	—	288	286	—	286
Customer contracts/relationships	9.4 years	956	718	238	929	673	256
Trade names and technology	6.7 years	139	109	30	142	107	35
Provider contracts	11.9 years	67	62	5	73	63	10
Noncompetes and other	8.4 years	84	44	40	86	40	46
Total other intangible assets	9.2 years	$ 2,626	$ 933	$ 1,693	$ 2,648	$ 883	$ 1,765

Amortization expense for other intangible assets was approximately $67 million in 2023, $81 million in 2022, and $65 million in 2021.

During 2023 we recorded impairment charges of $55 million relating to indefinite-lived intangibles.

The following table presents our estimate of amortization expense for each of the five next succeeding fiscal years:

	(in millions)
2024	$ 60
2025	58
2026	43
2027	33
2028	28

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10. LEASES

We determine if a contract contains a lease by evaluating the nature and substance of the agreement. We lease facilities, computer hardware, and other furniture and equipment. Leases with an initial term of 12 months or less are not recorded on the balance sheet; we recognize lease expense for these leases on a straight-line basis over the lease term. For new lease agreements, we combine lease and nonlease components for all of our asset classes.

When portions of the lease payments are not fixed or depend on an index or rate, we consider those payments to be variable in nature. Our variable lease payments include, but are not limited to, common area maintenance, taxes and insurance which are not dependent upon an index or rate. Variable lease payments are recorded in the period in which the obligation for the payment is incurred. Most leases include options to renew, with renewal terms that can extend the lease term. The exercise of lease renewal options is at our sole discretion. Certain leases also include options to purchase the leased property. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Right-of-use assets included within other long-term assets in our consolidated balance sheets were $510 million and $515 million at December 31, 2023 and December 31, 2022, respectively. Operating lease liabilities included within trade accounts payable and accrued expenses in our consolidated balance sheets were $149 million and $152 million at December 31, 2023 and December 31, 2022, respectively. Additionally, operating lease liabilities included within other long-term liabilities in our consolidated balance sheets were $444 million and $456 million at December 31, 2023 and December 31, 2022, respectively. The classification of our operating lease liabilities is based on the remaining lease term.

For the years ended December 31, 2023, 2022 and 2021, total fixed operating lease costs, excluding short-term lease costs, were $145 million, $183 million and $159 million, respectively, and are included within operating costs in our consolidated statements of income. Short-term lease costs were not material for the years ended December 31, 2023, 2022 and 2021. In addition, for the years ended December 31, 2023, 2022 and 2021, total variable operating lease costs were $120 million, $101 million and $94 million, respectively, and are included within operating costs in our consolidated statements of income.

We sublease facilities or partial facilities to third party tenants for space not used in our operations. For the years ended December 31, 2023, 2022 and 2021, sublease rental income was $66 million, $52 million and $43 million, respectively, and is included within operating costs in our consolidated statements of income.

The weighted average remaining lease term is 5.4 years at December 31, 2023 and December 31, 2022. The weighted average discount rate is 3.9% and 3.2% at December 31, 2023 and December 31, 2022, respectively. For the years ended December 31, 2023, 2022 and 2021, cash paid for amounts included in the measurement of lease liabilities included within our operating cash flows was $166 million, $191 million and $165 million, respectively.

Maturity of Lease Liabilities	**December 31, 2023**
For the years ended December 31,	**(in millions)**
2024	$ 16
2025	14
2026	10
2027	7
2028	5
After 2028	10
Total lease payments	65
Less: Interest	6
Present value of lease liabilities	$ 59

As most of our leases do not provide an implicit rate, we use our incremental borrowing rate, as adjusted for collateralized borrowings, based on the information available at date of adoption or commencement date in determining the present value of lease payments.

11. BENEFITS PAYABLE

On a consolidated basis, which represents our Insurance segment net of eliminations, activity in benefits payable was as follows for the years ended December 31, 2023, 2022 and 2021:

	2023	2022	2021
		(in millions)	
Balances at January 1	$ 9,264	$ 8,289	$ 8,143
Acquisitions	62	—	42
Incurred related to:			
Current year	89,266	76,105	70,024
Prior years	(872)	(415)	(825)
Total incurred	88,394	75,690	69,199
Paid related to:			
Current year	(79,545)	(67,287)	(62,149)
Prior years	(7,934)	(7,428)	(6,946)
Total paid	(87,479)	(74,715)	(69,095)
Balances at December 31	$ 10,241	$ 9,264	$ 8,289

The total estimate of benefits payable for claims incurred but not reported, or IBNR, is included within the net incurred claims amounts. At December 31, 2023 and 2022, benefits payable included IBNR of approximately $6.6 billion and $5.7 billion, primarily associated with claims incurred in each respective year. The cumulative number of reported claims as of December 31, 2023 was approximately 200.0 million for claims incurred in 2023, 182.4 million for claims incurred in 2022, and 173.7 million for claims incurred in 2021.

Amounts incurred related to prior years vary from previously estimated liabilities as the claims ultimately are settled. Negative amounts reported for incurred related to prior years result from claims being ultimately settled for amounts less than originally estimated (favorable development).

As previously discussed, our reserving practice is to consistently recognize the actuarial best estimate of our ultimate liability for claims. Actuarial standards require the use of assumptions based on moderately adverse experience, which generally results in favorable reserve development, or reserves that are considered redundant. We experienced favorable medical claims reserve development related to prior fiscal years of $872 million in 2023, $415 million in 2022, and $825 million in 2021.

The medical claims reserve development for 2023, 2022, and 2021 primarily reflects the consistent application of trend and completion factors estimated using an assumption of moderately adverse conditions. The favorable development recognized in 2023 and 2021 primarily resulted from trend factors developing more favorably than originally expected as well as for 2021 completion factors developing faster than expected. The favorable development recognized in 2022 resulted primarily from completion factors remaining largely unchanged, resulting in lower overall development as compared to 2023 and 2021.

Incurred and Paid Claims Development

The following discussion provides information about incurred and paid claims development as of December 31, 2023, net of reinsurance, as well as cumulative claim frequency and the total of IBNR included within the net incurred claims amounts. The information about incurred and paid claims development for the years ended December 31, 2022 and 2021 is presented as supplementary information.

Claims frequency is measured as medical fee-for-service claims for each service encounter with a unique provider identification number. Our claims frequency measure includes claims covered by deductibles as well as claims under capitated arrangements. Claim counts may vary based on product mix and the percentage of delegated capitation arrangements.

The following tables provide information about incurred and paid claims development as of December 31, 2023, net of reinsurance.

	Incurred Claims, Net of Reinsurance For the Years Ended December 31,		
Claims Incurred Year	**2021 Unaudited**	**2022 Unaudited**	**2023**
		(in millions)	
2021 & Prior	$ 70,066	$ 69,698	$ 69,484
2022		76,105	75,447
2023			89,328
Total			$ 234,259

	Cumulative Paid Claims, Net of Reinsurance For the Years Ended December 31,		
Claims Incurred Year	**2021 Unaudited**	**2022 Unaudited**	**2023**
		(in millions)	
2021 & Prior	$ 62,149	$ 69,252	$ 69,484
2022		67,287	74,989
2023			79,545
Total			224,018
All outstanding benefit liabilities before 2021, net of reinsurance			N/A
Benefits payable, net of reinsurance			$ 10,241

For additional information regarding our benefits payable and benefits expense recognition, refer to Note 2 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in this Form 10-K.

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12. INCOME TAXES

The provision for income taxes consisted of the following for the years ended December 31, 2023, 2022 and 2021:

	2023	2022	2021
		(in millions)	
Current provision:			
Federal	$ 915	$ 755	$ 466
States and Puerto Rico	85	107	4
Total current provision	1,000	862	470
Deferred (benefit) expense	(164)	(100)	15
Provision for income taxes	$ 836	$ 762	$ 485

The provision for income taxes was different from the amount computed using the federal statutory rate for the years ended December 31, 2023, 2022 and 2021 due to the following:

	2023	2022	2021
		(in millions)	
Income tax provision at federal statutory rate	$ 698	$ 750	$ 718
States, net of federal benefit, and Puerto Rico	61	49	18
Tax exempt investment income	(3)	(3)	(3)
Nondeductible executive compensation	19	30	33
Non-taxable KAH gain	—	—	(264)
Tax effect from sale of Gentiva Hospice	—	(72)	—
Unrecognized Tax Benefits	37	—	—
Other, net	24	8	(17)
Provision for income taxes	$ 836	$ 762	$ 485

Deferred income tax balances reflect the impact of temporary differences between the tax bases of assets or liabilities and their reported amounts in our consolidated financial statements, and are stated at enacted tax rates expected to be in effect when the reported amounts are actually recovered or settled.

Principal components of our net deferred tax balances at December 31, 2023 and 2022 were as follows:

	Assets (Liabilities)	
	2023	2022
	(in millions)	
Net operating loss carryforward	$ 84	$ 105
Compensation and other accrued expense	218	158
Benefits payable	150	103
Deferred acquisition costs	43	43
Jobs tax credits	—	22
Other	16	16
Unearned revenues	5	7
Investment securities	419	454
Total deferred income tax assets	935	908
Valuation allowance	(73)	(57)
Total deferred income tax assets, net of valuation allowance	862	851
Depreciable property and intangible assets	(642)	(740)
Prepaid expenses	(156)	(132)
Other	(16)	(6)
Total deferred income tax liabilities	(814)	(878)
Total net deferred income tax assets (liabilities)	$ 48	$ (27)

All deferred tax assets and liabilities are classified as noncurrent in our consolidated balance sheets as other long-term assets and liabilities at December 31, 2023 and 2022, respectively.

At December 31, 2023, we had approximately $7 million of federal net operating losses and approximately $1.2 billion of pre-apportioned state and Puerto Rico net operating losses to carry forward. A portion of these loss carryforwards, if not used to offset future taxable income, will expire from 2024 through 2041. The balance of the net operating loss carryforwards has no expiration date. Due to limitations and uncertainty regarding our ability to use some of the loss carryforwards and certain other deferred tax assets, a valuation allowance of $73 million was established. For the remainder of the net operating loss carryforwards and other cumulative temporary differences, based on our historical record of producing taxable income and profitability, we have concluded that future operating income will be sufficient to recover these deferred tax assets.

We file income tax returns in the United States and Puerto Rico. The U.S. Internal Revenue Service, or IRS, has completed its examinations of our consolidated income tax returns for 2021 and prior years. Our 2022 tax return is in the post-filing review period under the Compliance Assurance Process, or CAP. Our 2023 tax return is under advance review by the IRS under CAP. With a few exceptions, which are immaterial in the aggregate, we are no longer subject to state, local and foreign tax examinations for years before 2020. We are not aware of any material adjustments that may be proposed as a result of any ongoing or future examinations. We do not have material uncertain tax positions reflected in our consolidated balance sheets.

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13. DEBT

The carrying value of debt outstanding was as follows at December 31, 2023 and 2022:

	2023	2022
	(in millions)	
Short-term debt:		
Commercial paper	$ 871	$ 595
Senior notes:		
$600 million, 3.850% due October 1, 2024	572	—
$1.5 billion, 0.650% due August 3, 2023	—	1,497
Total senior notes	572	1,497
Total short-term debt	$ 1,443	$ 2,092
Long-term debt:		
Senior notes:		
$600 million, 3.850% due October 1, 2024	$ —	$ 599
$600 million, 4.500% due April 1, 2025	598	597
$500 million, 5.700% due March 13, 2026	498	—
$750 million, 1.350% due February 3, 2027	688	745
$600 million, 3.950% due March 15, 2027	537	597
$500 million, 5.750% due March 1, 2028	495	494
$500 million, 5.750% due December 1, 2028	495	—
$750 million, 3.700% due March 23, 2029	590	743
$500 million, 3.125% due August 15, 2029	433	496
$500 million, 4.875% due April 1, 2030	496	495
$750 million 2.150% due February 3, 2032	743	743
$750 million, 5.875% due March 1, 2033	750	739
$850 million, 5.950% due March 15, 2034	840	—
$250 million, 8.150% due June 15, 2038	261	261
$400 million, 4.625% due December 1, 2042	396	396
$750 million, 4.950% due October 1, 2044	740	740
$400 million, 4.800% due March 15, 2047	396	396
$500 million, 3.950% due August 15, 2049	529	493
$750 million, 5.500% due March 15, 2053	728	—
Total senior notes	10,213	8,534
Term loans:		
Delayed draw term loan, due May 28, 2024	—	500
Total long-term debt	$ 10,213	$ 9,034

Maturities of the short-term and long-term debt for the years ending December 31, are as follows:

For the years ending December 31,	(in millions)
2024	$ 1,443
2025	600
2026	500
2027	1,231
2028	1,000
Thereafter	6,930

Senior Notes

Our senior notes, which are unsecured, may be redeemed at our option at any time at 100% of the principal amount plus accrued interest and a specified make-whole amount. The 8.150% senior notes are subject to an interest rate adjustment if the debt ratings assigned to the notes are downgraded (or subsequently upgraded). In addition, our senior notes contain a change of control provision that may require us to purchase the notes under certain circumstances.

In November 2023, we issued $500 million of 5.750% unsecured senior notes due December 1, 2028 and $850 million of our 5.950% unsecured senior notes due March 15, 2034. Our net proceeds, reduced for the underwriters' discounts and commissions paid, were $1.3 billion. We used the net proceeds for general corporate purposes, which included the repayment of existing indebtedness, including borrowings under our commercial paper program.

In March 2023, we issued $500 million of 5.700% unsecured senior notes due March 13, 2026 and $750 million of 5.500% unsecured senior notes due March 15, 2053. Our net proceeds, reduced for the underwriters' discounts and commissions paid, were $1.2 billion. We used the net proceeds to repay outstanding amounts under our $500 million Delayed Draw Term Loan. The remaining net proceeds were used for general corporate purposes, which included the repayment of existing indebtedness, including borrowings under our commercial paper program.

In August 2023, we entered into a Rule 10b5-1 Repurchase Plan to repurchase a portion of our $750 million aggregate principal amount of 1.350% senior notes maturing in February 2027, our $600 million aggregate principal amount of 3.950% senior notes maturing in March 2027, our $750 million aggregate principal amount of 3.700% senior notes maturing in March 2029, and our $500 million aggregate principal amount of 3.125% senior notes maturing in August 2029 during the period beginning on August 7, 2023 and ending on November 15, 2023. For the year ended December 31, 2023, we repurchased $339 million principal amount of these senior notes for approximately $310 million cash.

In March 2023, we entered into a Rule 10b5-1 Repurchase Plan to repurchase a portion of our $1.5 billion aggregate principal amount of 0.650% senior notes maturing in August 2023 and our $600 million aggregate principal amount of 3.850% senior notes maturing in October 2024 during the period beginning on March 13, 2023 and ending on July 21, 2023. For the year ended December 31, 2023, we repurchased $361 million principal amount of these senior notes for approximately $358 million cash. We repaid the remaining $1.2 billion aggregate principal amount of our 0.650% senior notes due on their maturity date of August 3, 2023.

During 2023, we entered into interest rate swap agreements to exchange the fixed interest rate under our 5.875%, 5.500%, 3.950% and 5.950% senior notes for a variable interest rate based on SOFR, as further described in Note 6. As a result, the carrying value of these senior notes has been adjusted to reflect changes in value caused by an increase or decrease in interest rates. The cumulative, aggregate adjustment to the carrying value of the 5.875%, 5.500%, 3.950% and 5.950% senior notes was $9 million, $13 million, $36 million and $10 million respectively, at December 31, 2023.

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 into 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 basis points under the 5-year revolving credit agreement and 105.5 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 basis points, under the 5-year revolving credit agreement and 7.0 basis points under the 364-day revolving agreement, varies depending on our credit ratings ranging from 8.0 to 20.0 basis points under the 5-year revolving credit agreement and from 6.0 to 15.0 basis points under the 364-day revolving credit agreement.

The terms of the revolving credit agreements include standard provisions related to conditions of borrowing which could limit our ability to borrow additional funds. In addition, the credit agreements contain customary restrictive covenants and a financial covenant regarding maximum debt to capitalization of 60%, as well as customary events of default. We are in compliance with this financial covenant, with actual debt to capitalization of 41.8% as measured in accordance with the revolving credit agreements as of December 31, 2023. Upon our agreement with one or more financial institutions, we may expand the aggregate commitments under the revolving credit agreements by up to $750 million in the aggregate, to a maximum of $4.75 billion, across the 5-year and 364-day revolving credit agreements.

At December 31, 2023, we had no borrowings and approximately $18 million of letters of credit outstanding under the revolving credit agreements. Accordingly, as of December 31, 2023, 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.

We have other customary relationships, including financial advisory and banking, with some parties to the revolving credit agreements.

Commercial Paper

Under our commercial paper program we may issue short-term, unsecured commercial paper notes privately placed on a discount basis through certain broker dealers at any time. Amounts available under the program may be borrowed, repaid and re-borrowed from time to time. The net proceeds of issuances have been and are expected to be used for general corporate purposes. The maximum principal amount outstanding at any one time during the year ended December 31, 2023 was $3.3 billion, with $871 million outstanding at December 31, 2023 compared to $595 million outstanding at December 31, 2022. The outstanding commercial paper at December 31, 2023 had a weighted average annual interest rate of 5.68%.

Other Short-Term Borrowings

We are a member, through one subsidiary, of the Federal Home Loan Bank of Cincinnati, or FHLB. As a member we have the ability to obtain short-term cash advances, subject to certain minimum collateral requirements. We received a short-term cash advance of $100 million from FHLB with certain of our marketable securities as

collateral and subsequently repaid the outstanding balance in December 2023. As of December 31, 2023 and December 31, 2022, we had no outstanding short-term FHLB borrowings.

14. EMPLOYEE BENEFIT PLANS

Employee Savings Plan

We have defined contribution retirement savings plans covering eligible employees which include matching contributions based on the amount of our employees' contributions to the plans. The cost of these plans amounted to approximately $278 million in 2023, $286 million in 2022, and $259 million in 2021. The Company's cash match is invested pursuant to the participant's contribution direction. Based on the closing price of our common stock of $457.81 on December 31, 2023, approximately 8% of the retirement and savings plan's assets were invested in our common stock, or approximately 1.3 million shares, representing approximately 1.1% of the shares outstanding as of December 31, 2023. At December 31, 2023, approximately 5.5 million shares of our common stock were reserved for issuance under our defined contribution retirement savings plans.

Stock-Based Compensation

We have plans under which options to purchase our common stock and restricted stock units have been granted to executive officers, directors and key employees. Awards generally require both a change in control and termination of employment within 2 years of the date of the change in control to accelerate the vesting, including those granted to retirement-eligible participants.

The terms and vesting schedules for stock-based awards vary by type of grant. Generally, the awards vest upon time-based conditions. We have also granted awards to certain employees that vest upon a combination of time and performance-based conditions. The stock awards of retirement-eligible participants are generally earned ratably over the service period for each tranche. Accordingly, upon retirement the earned portion of the current tranche will continue to vest on the originally scheduled vest date and any remaining unearned portion of the award will be forfeited. Our equity award program includes a retirement provision that generally treats employees with a combination of age and years of services with the Company totaling 65 or greater, with a minimum required age of 55 and a minimum requirement of 5 years of service, as retirement-eligible. Upon exercise, stock-based compensation awards are settled with authorized but unissued company stock or treasury stock.

The compensation expense that has been charged against income for these plans was as follows for the years ended December 31, 2023, 2022, and 2021:

	2023	2022	2021
		(in millions)	
Stock-based compensation expense by type:			
Restricted stock	$ 168	$ 207	$ 171
Stock options	7	9	9
Total stock-based compensation expense	175	216	180
Tax benefit recognized	(28)	(28)	(15)
Stock-based compensation expense, net of tax	$ 147	$ 188	$ 165

The tax benefit recognized in our consolidated financial statements is based on the amount of compensation expense recorded for book purposes, subject to limitations on the deductibility of annual compensation in excess of $500,000 per employee as mandated by the Health Care Reform Law. The actual tax benefit realized in our tax return is based on the intrinsic value, or the excess of the market value over the exercise or purchase price, of stock options exercised and restricted stock vested during the period, subject to limitations on the deductibility of annual compensation in excess of $500,000 per employee as mandated by the Health Care Reform Law. The actual tax benefit realized for the deductions taken on our tax returns from option exercises and restricted stock vesting totaled

$30 million in 2023, $31 million in 2022, and $28 million in 2021. There was no capitalized stock-based compensation expense during these years.

At December 31, 2023, there were approximately 11.0 million shares reserved for stock award plans under the Humana Inc. 2011 Stock Incentive Plan, or 2011 Plan, and approximately 14.8 million shares reserved for stock award plans under the Humana Inc. 2019 Stock Incentive Plan, or 2019 Plan. These reserved shares included giving effect to, under the 2011 Plan, 3.3 million shares of common stock available for future grants assuming all stock options were granted or 1.4 million shares available for future grants assuming all restricted stock were granted. These reserved shares included giving effect to, under the 2019 Plan, 9.7 million shares of common stock available for future grants assuming all stock options were granted or 2.9 million shares available for future grants assuming all restricted stock were granted. Shares may be issued from authorized but unissued company stock or treasury stock.

Restricted Stock

Restricted stock is granted with a fair value equal to the market price of our common stock on the date of grant and generally vests in equal annual tranches over a three year period from the date of grant. Certain of our restricted stock grants also include performance-based conditions generally associated with return on invested capital and strategic membership growth. Restricted stock units have forfeitable dividend equivalent rights equal to the dividend paid on common stock. The weighted-average grant date fair value of our restricted stock was $508.23 in 2023, $430.06 in 2022, and $381.34 in 2021. Activity for our restricted stock was as follows for the year ended December 31, 2023:

	Shares	Weighted-Average Grant-Date Fair Value
	(shares in thousands)	
Nonvested restricted stock at December 31, 2022	813	$ 429.22
Granted	437	508.23
Vested	(428)	389.26
Forfeited	(68)	441.20
Nonvested restricted stock at December 31, 2023	754	$ 488.06

Approximately 37% of the nonvested restricted stock at December 31, 2023 included performance-based conditions.

The fair value of shares vested was $236 million during 2023, $244 million during 2022, and $236 million during 2021. Total compensation expense not yet recognized related to nonvested restricted stock was $181 million at December 31, 2023. We expect to recognize this compensation expense over a weighted-average period of approximately 1.7 years. There are no other contractual terms covering restricted stock once vested.

Stock Options

Stock options are granted with an exercise price equal to the fair market value of the underlying common stock on the date of grant. Our stock plans, as approved by the Board of Directors and stockholders, define fair market value as the average of the highest and lowest stock prices reported on the composite tape by the New York Stock Exchange on a given date. Exercise provisions vary, but most options vest in whole or in part 1 to 3 years after grant and expire 7 years after grant.

The weighted-average fair value of each option granted during 2023, 2022, and 2021 is provided below. The fair value was estimated on the date of grant using the Black-Scholes pricing model with the weighted-average assumptions indicated below:

	2023	2022	2021
Weighted-average fair value at grant date	$ 130.74	$ 113.35	$ 92.21
Expected option life (years)	3.0 years	3.6 years	3.7 years
Expected volatility	31.6 %	36.1 %	33.8 %
Risk-free interest rate at grant date	4.5 %	1.8 %	0.4 %
Dividend yield	0.7 %	0.7 %	0.7 %

We calculate the expected term for our employee stock options based on historical employee exercise behavior and base the risk-free interest rate on a traded zero-coupon U.S. Treasury bond with a term substantially equal to the option's expected term.

The volatility used to value employee stock options is based on historical volatility. We calculate historical volatility using a simple-average calculation methodology based on daily price intervals as measured over the expected term of the option.

Activity for our option plans was as follows for the year ended December 31, 2023:

	Shares Under Option	Weighted-Average Exercise Price
	(shares in thousands)	
Options outstanding at December 31, 2022	204	$ 381.37
Granted	63	508.80
Exercised	(22)	371.05
Forfeited	(3)	491.82
Options outstanding at December 31, 2023	242	$ 415.18
Options exercisable at December 31, 2023	112	$ 366.69

As of December 31, 2023, outstanding stock options, substantially all of which are expected to vest, had an aggregate intrinsic value of $13 million, and a weighted-average remaining contractual term of 4.5 years. As of December 31, 2023, exercisable stock options had an aggregate intrinsic value of $10 million, and a weighted-average remaining contractual term of 3.6 years. The total intrinsic value of stock options exercised during 2023 was $3 million, compared with $32 million during 2022 and $18 million during 2021. Cash received from stock option exercises totaled $9 million in 2023, $51 million in 2022, and $30 million in 2021.

Total compensation expense not yet recognized related to nonvested options was $9 million at December 31, 2023. We expect to recognize this compensation expense over a weighted-average period of approximately 1.7 years.

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15. EARNINGS PER COMMON SHARE COMPUTATION

Detail supporting the computation of basic and diluted earnings per common share was as follows for the years ended December 31, 2023, 2022 and 2021:

	2023	2022	2021
	(dollars in millions, except per common share results, number of shares/options in thousands)		
Net income available for common stockholders	$ 2,489	$ 2,806	$ 2,933
Weighted-average outstanding shares of common stock used to compute basic earnings per common share	123,866	126,419	128,688
Dilutive effect of:			
Employee stock options	32	50	64
Restricted stock	543	625	644
Shares used to compute diluted earnings per common share	124,441	127,094	129,396
Basic earnings per common share	$ 20.09	$ 22.20	$ 22.79
Diluted earnings per common share	$ 20.00	$ 22.08	$ 22.67
Number of antidilutive stock options and restricted stock awards excluded from computation	207	205	216

16. STOCKHOLDERS' EQUITY

Dividends

The following table provides details of dividend payments, excluding dividend equivalent rights, in 2021, 2022, and 2023, under our Board approved quarterly cash dividend policy:

Payment Date	Amount per Share	Total Amount
		(in millions)
2021	$2.73	$351
2022	$3.06	$390
2023	$3.44	$428

In October 2023, the Board declared a cash dividend of $0.885 per share payable on January 26, 2024 to stockholders of record on December 29, 2023 for an aggregate amount of $108 million. In February 2024, the Board declared a cash dividend of $0.885 per share payable on April 26, 2024 to stockholders of record on March 29, 2024. Declaration and payment of future quarterly dividends is at the discretion of our Board and may be adjusted as business needs or market conditions change.

Stock Repurchases

Our Board of Directors may authorize the purchase of our common shares. Under our share repurchase authorization, shares may have been purchased from time to time at prevailing prices in the open market, by block purchases, through plans designed to comply with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, or in privately-negotiated transactions (including pursuant to accelerated share repurchase agreements with investment banks), subject to certain regulatory restrictions on volume, pricing, and timing.

On December 22, 2020, we entered into separate accelerated stock repurchase agreements, the December 2020 ASR Agreements, with Citibank, N.A., or Citi, and JPMorgan Chase Bank, or JPM, to repurchase $1.75 billion of our common stock as part of the $3 billion repurchase program authorized by the Board of Directors on July 30,

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2019. On December 23, 2020, in accordance with the December 2020 ASR Agreements, we made a payment of $1.75 billion ($875 million to Citi and $875 million to JPM) and received an initial delivery of 3.8 million shares of our common stock (1.9 million shares each from Citi and JPM). We recorded the payments to Citi and JPM as a reduction to stockholders' equity, consisting of an $1.5 billion increase in treasury stock, which reflects the value of the initial 3.8 million shares received upon initial settlement, and a $262.5 million decrease in capital in excess of par value, which reflects the value of stock held back by Citi and JPM pending final settlement of the December 2020 ASR Agreements. Upon final settlement of the December 2020 ASR agreements with Citi and JPM on May 4, 2021 and May 5, 2021, respectively, we received an additional 0.3 million shares and 0.3 million shares, respectively, as determined by the average daily volume weighted-averages share price of our common stock during the term of the agreement, less a discount, of $400.07 and $401.49, respectively, bringing the total shares received under the December 2020 ASR agreements to 4.4 million. In addition, upon settlement we reclassified the $262.5 million value of stock initially held back by Citi and JPM from capital in excess of par value to treasury stock.

On February 18, 2021, the Board of Directors replaced the previous share repurchase authorization of up to $3 billion (of which approximately $1 billion remained unused) with a new authorization for repurchases of up to $3 billion of our common shares exclusive of shares repurchased in connection with employee stock plans, expiring as of February 18, 2024.

On January 11, 2022, we entered into separate accelerated stock repurchase agreements, the January 2022 ASR Agreements, with Mizuho Markets Americas LLC, or Mizuho, and Wells Fargo Bank, or Wells Fargo, to repurchase $1 billion of our common stock as part of the $3 billion repurchase program authorized by the Board of Directors on February 18, 2021. On January 12, 2022, in accordance with the January 2022 ASR Agreements, we made a payment of $1 billion ($500 million to Mizuho and $500 million to Wells Fargo) and received an initial delivery of 2.2 million shares of our common stock (1.08 million shares each from Mizuho and Wells Fargo). We recorded the payments to Mizuho and Wells Fargo as a reduction to stockholders' equity, consisting of an $850 million increase in treasury stock, which reflects the value of the initial 2.2 million shares received upon initial settlement, and a $150 million decrease in capital in excess of par value, which reflects the value of stock held back by Mizuho and Wells Fargo pending final settlement of the January 2022 ASR Agreements. Upon final settlement of the January 2022 ASR Agreements with Mizuho and Wells Fargo on March 29, 2022 and March 30, 2022, respectively, we received an additional 0.1 million shares and 0.1 million shares, respectively, as determined by the average daily volume weighted-averages share price of our common stock during the term of the agreement, less a discount, of $410.96 and $411.66, respectively, bringing the total shares received under the January 2022 ASR Agreements to 2.4 million. In addition, upon settlement we reclassified the $150 million value of stock initially held back by Mizuho and Wells Fargo from capital in excess of par value to treasury stock.

On November 2, 2022, we entered into separate accelerated stock repurchase agreements, the November 2022 ASR Agreements, with Goldman Sachs & Co. LLC, or Goldman Sachs, and Mizuho Markets Americas LLC, or Mizuho, to repurchase $1 billion of our common stock as part of the $3 billion repurchase program authorized by the Board of Directors on February 18, 2021. In accordance with the November 2022 ASR Agreements, we made a payment of $1 billion ($500 million to Goldman Sachs on November 3, 2022 and $500 million to Mizuho on November 4, 2022) and received an initial delivery of 1.5 million shares of our common stock (0.760 million shares each from Goldman Sachs and Mizuho). We recorded the payments to Goldman Sachs and Mizuho as a reduction to stockholders' equity, consisting of an $850 million increase in treasury stock, which reflects the value of the initial 1.5 million shares received upon initial settlement, and a $150 million decrease in capital in excess of par value, which reflects the value of stock held back by Goldman Sachs and Mizuho pending final settlement of the November 2022 ASR Agreements. Upon final settlement of the November 2022 ASR Agreements with Goldman Sachs and Mizuho on December 15, 2022 and December 16, 2022, respectively, we received an additional 0.177 million shares and 0.177 million shares, respectively, as determined by the average daily volume weighted-averages share price of our common stock during the term of the agreement, less a discount, of $534.16 and $533.87, respectively, bringing the total shares received under the November 2022 ASR Agreements to 1.8 million. In addition, upon settlement we reclassified the $150 million value of stock initially held back by Goldman Sachs and Mizuho from capital in excess of par value to treasury stock.

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On February 15, 2023, the Board of Directors replaced the previous share repurchase authorization of up to $3 billion (of which approximately $1 billion remained unused) with a new authorization for repurchases of up to $3 billion of our common shares exclusive of shares repurchased in connection with employee stock plans, expiring as of February 15, 2026, which we refer to as the February 2023 repurchase authorization. During the year ended December 31, 2023, we repurchased 3.1 million common shares in open market transactions for $1.5 billion at an average price of $482.27 under the current share repurchase authorization. During the years ended December 31, 2022 and December 31, 2021, we did not repurchase shares in open market transactions.

Effective February 16, 2024, the Board of Directors replaced the February 2023 repurchase authorization (of which approximately $824 million remained unused) with a new share repurchase authorization for repurchases of up to $3 billion of our common shares exclusive of shares repurchased in connection with employee stock plans, expiring as of February 15, 2027, which we refer to as the 2024 repurchase authorization.

Excluding shares acquired in connection with employee stock plans, share repurchases were as follows during the years ended December 31, 2023, 2022 and 2021:

		2023		2022		2021	
Authorization Date	Purchase Not to Exceed	Shares	Cost	Shares	Cost	Shares	Cost
			(in millions)				
February 2023	3,000	3.1	$ 1,500	—	$ —	—	$ -
February 2021	3,000	—	$ —	4.3	$ 2,000	—	$ -
Total repurchases		3.1	$ 1,500	4.3	$ 2,000	—	$ -

In connection with employee stock plans, we acquired 0.2 million common shares for $73 million in 2023, 0.2 million common shares for $96 million in 2022, and 0.2 million common shares for $79 million in 2021.

For additional information regarding our stockholders' equity, refer to Note 16 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in our 2022 Form 10-K.

Regulatory Requirements

Certain of our subsidiaries operate in states that regulate the payment of dividends, loans, or other cash transfers to Humana Inc., our parent company, and require minimum levels of equity as well as limit investments to approved securities. The amount of dividends that may be paid to Humana Inc. by these subsidiaries, without prior approval by state regulatory authorities, or ordinary dividends, is limited based on the entity's level of statutory income and statutory capital and surplus. If the dividend, together with other dividends paid within the preceding twelve months, exceeds a specified statutory limit or is paid from sources other than earned surplus, it is generally considered an extraordinary dividend requiring prior regulatory approval. In most states, prior notification is provided before paying a dividend even if approval is not required.

Although minimum required levels of equity are largely based on premium volume, product mix, and the quality of assets held, minimum requirements vary significantly at the state level. Our state regulated insurance subsidiaries had aggregate statutory capital and surplus of approximately $12.2 billion and $11.3 billion as of December 31, 2023 and 2022, respectively, which exceeded aggregate minimum regulatory requirements of $9.8 billion and $8.4 billion, respectively. The amount of ordinary dividends that may be paid to our parent company in 2024 is approximately $1.1 billion in the aggregate. The amount, timing and mix of ordinary and extraordinary dividend payments will vary due to state regulatory requirements, the level of excess statutory capital and surplus and expected future surplus requirements related to, for example, premium volume and product mix. Actual dividends that were paid to our parent company were approximately $1.8 billion in 2023, $1.3 billion in 2022, and $1.6 billion in 2021.

17. COMMITMENTS, GUARANTEES AND CONTINGENCIES

Purchase Obligations

We have agreements to purchase services, primarily information technology related services, or to make improvements to real estate, in each case that are enforceable and legally binding on us and that specify all significant terms, including: fixed or minimum levels of service to be purchased; fixed, minimum or variable price provisions; and the appropriate timing of the transaction. We have purchase obligation commitments of $829 million in 2024, $518 million in 2025, $354 million in 2026, $273 million in 2027, and $209 million in 2028. Purchase obligations exclude agreements that are cancellable without penalty.

Off-Balance Sheet Arrangements

As part of our ongoing business, we do not participate or knowingly seek to participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, or SPEs, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As of December 31, 2023, we were not involved in any SPE transactions.

Guarantees and Indemnifications

Through indemnity agreements approved by the state regulatory authorities, certain of our regulated subsidiaries generally are guaranteed by Humana Inc., our parent company, in the event of insolvency for (1) member coverage for which premium payment has been made prior to insolvency; (2) benefits for members then hospitalized until discharged; and (3) payment to providers for services rendered prior to insolvency. Our parent also has guaranteed the obligations of certain of our non-regulated subsidiaries and funding to maintain required statutory capital levels of certain regulated subsidiaries.

In the ordinary course of business, we enter into contractual arrangements under which we may agree to indemnify a third party to such arrangement from any losses incurred relating to the services they perform on behalf of us, or for losses arising from certain events as defined within the particular contract, which may include, for example, litigation or claims relating to past performance. Such indemnification obligations may not be subject to maximum loss clauses. Historically, payments made related to these indemnifications have been immaterial.

Government Contracts

Our Medicare products, which accounted for approximately 83% of our total premiums and services revenue for the year ended December 31, 2023, primarily consisted of products covered under the Medicare Advantage and Medicare Part D Prescription Drug Plan contracts with the federal government. These contracts are renewed generally for a calendar year term unless CMS notifies us of its decision not to renew by May 1 of the calendar year in which the contract would end, or we notify CMS of our decision not to renew by the first Monday in June of the calendar year in which the contract would end. All material contracts between Humana and CMS relating to our Medicare products have been renewed for 2024, and all of our product offerings filed with CMS for 2024 have been approved.

CMS uses a risk-adjustment model which adjusts premiums paid to Medicare Advantage, or MA, plans according to health status of covered members. The risk-adjustment model, which CMS implemented pursuant to the Balanced Budget Act of 1997 (BBA) and the Benefits Improvement and Protection Act of 2000 (BIPA), generally pays more where a plan's membership has higher expected costs. Under this model, rates paid to MA plans are based on actuarially determined bids, which include a process whereby our prospective payments are based on our estimated cost of providing standard Medicare-covered benefits to an enrollee with a "national average risk profile." That baseline payment amount is adjusted to account for certain demographic characteristics and health status of our enrolled members. Under the risk-adjustment methodology, all MA plans must collect from providers and submit the necessary diagnosis code information to CMS within prescribed deadlines. The CMS risk-adjustment model uses the diagnosis data, collected from providers, to calculate the health status-related risk-adjusted premium

payment to MA plans, which CMS further adjusts for coding pattern differences between the health plans and the government fee-for-service (FFS) program. We generally rely on providers, including certain providers in our network who are our employees, to code their claim submissions with appropriate diagnoses, which we send to CMS as the basis for our health status-adjusted payment received from CMS under the actuarial risk-adjustment model. We also rely on these providers to document appropriately all medical data, including the diagnosis data submitted with claims. In addition, we conduct medical record reviews as part of our data and payment accuracy compliance efforts, to more accurately reflect diagnosis conditions under the risk adjustment model.

CMS and the Office of the Inspector General of Health and Human Services, or HHS-OIG, perform audits of various companies' risk adjustment diagnosis data submissions. We refer to these audits as Risk-Adjustment Data Validation Audits, or RADV audits. RADV audits review medical records in an attempt to validate provider medical record documentation and coding practices that influence the calculation of health status-related premium payments to MA plans.

In 2012, CMS released an MA contract-level RADV methodology that would extrapolate the results of each CMS RADV audit sample to the audited MA contract's entire health status-related risk adjusted premium amount for the year under audit. In doing so, CMS recognized "that the documentation standard used in RADV audits to determine a contract's payment error (medical records) is different from the documentation standard used to develop the Part C risk-adjustment model (FFS claims)." To correct for this difference, CMS stated that it would apply a "Fee-for-Service Adjuster (FFS Adjuster)" as "an offset to the preliminary recovery amount." This adjuster would be "calculated by CMS based on a RADV-like review of records submitted to support FFS claims data." CMS stated that this methodology would apply to audits beginning with PY 2011. Humana relied on CMS's 2012 guidance in submitting MA bids to CMS. Humana also launched a "Self-Audits" program in 2013 that applied CMS's 2012 RADV audit methodology and included an estimated FFS Adjuster. Humana completed Self-Audits for PYs 2011-2016 and reported results to CMS.

In October 2018, however, CMS issued a proposed rule announcing possible changes to the RADV audit methodology, including elimination of the FFS Adjuster. CMS proposed applying its revised methodology, including extrapolated recoveries without application of a FFS Adjuster, to RADV audits dating back to PY 2011. On January 30, 2023, CMS published a final rule related to the RADV audit methodology (Final RADV Rule). The Final RADV Rule confirmed CMS's decision to eliminate the FFS Adjuster. The Final RADV Rule states CMS's intention to extrapolate results from CMS and HHS-OIG RADV audits beginning with PY 2018, rather than PY 2011 as proposed. However, CMS's Final RADV Rule does not adopt a specific sampling, extrapolation or audit methodology. CMS instead stated its general plan to rely on "any statistically valid method . . . that is determined to be well-suited to a particular audit."

We believe that the Final RADV Rule fails to address adequately the statutory requirement of actuarial equivalence and violates the Administrative Procedure Act ("APA"). CMS failed to meet its legal obligations in the federal rulemaking process to give a reasoned justification for the rule or provide a meaningful opportunity for public comment. They also chose to apply the rule retroactively rather than prospectively, as required by law. Humana's actuarially certified bids through PY 2023 preserved Humana's position that CMS should apply an FFS Adjuster in any RADV audit that CMS intends to extrapolate. We expect CMS 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.

HCMO - SUPP - 000987
PUBLIC

On September 1, 2023, Humana Inc. and Humana Benefit Plan of Texas, Inc. filed suit against the United States Department of Health and Human Services, and Xavier Becerra in his official capacity as Secretary, in the United States District Court, Northern District of Texas, Fort Worth Division seeking a determination that the Final RADV Rule violates the APA and should be set aside. We remain committed to working alongside CMS to promote the integrity of the MA program as well as affordability and cost certainty for our members. It is critical that MA plans are paid accurately and that payment model principles, including the application of a FFS Adjuster, are in accordance with the requirements of the Social Security Act, which, if not implemented correctly could have a material adverse effect on our results of operations, financial position, or cash flows.

Our state-based Medicaid business accounted for approximately 7% of our total premiums and services revenue for the year ended December 31, 2023 primarily serving members enrolled in Medicaid, and in certain circumstances members who qualify for both Medicaid and Medicare, under contracts with various states.

Our military services business, which accounted for approximately 1% of our total premiums and services revenue for the year ended December 31, 2023, primarily consisted of the TRICARE T2017 East Region contract. The T2017 East Region contract comprises 32 states and approximately 6.0 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, 2024, unless further extended.

In December 2022, we were awarded the next generation of TRICARE Managed Care Support Contracts, or T-5, for the updated TRICARE East Region by the Defense Health Agency of the DoD.The T-5 East Region contract comprises 24 states, and Washington D.C., and covers approximately 4.6 million beneficiaries. The transition period for the T-5 contract began in January 2024 and will overlap the final year of the T2017 contract. The length of the contract is one transition year followed by eight annual option periods, which, if all options are exercised, would result in a total contract length of nine years.

The loss of any of the contracts above or significant changes in these programs as a result of legislative or regulatory action, including reductions in premium payments to us, regulatory restrictions on profitability, including reviews by regulatory bodies that may compare our Medicare Advantage profitability to our non-Medicare Advantage business profitability, or compare the profitability of various products within our Medicare Advantage business, and require that they remain within certain ranges of each other, or increases in member benefits or member eligibility criteria without corresponding increases in premium payments to us, may have a material adverse effect on our results of operations, financial position, and cash flows.

Legal Proceedings and Certain Regulatory Matters

As previously disclosed, the Civil Division of the United States Department of Justice provided us with an information request in December 2014, concerning our Medicare Part C risk adjustment practices. The request relates to our oversight and submission of risk adjustment data generated by providers in our Medicare Advantage network, as well as to our business and compliance practices related to risk adjustment data generated by our providers and by us, including medical record reviews conducted as part of our data and payment accuracy compliance efforts, the use of health and well-being assessments, and our fraud detection efforts. We believe that this request for information is in connection with a wider review of Medicare Risk Adjustment generally that includes a number of Medicare Advantage plans, providers and vendors. We cooperated with the Department of Justice, and we have not heard from the Department of Justice on this matter since 2020.

As previously disclosed, on January 19, 2016, an individual filed a qui tam suit captioned *United States of America ex rel. Steven Scott v. Humana, Inc.*, currently pending in United States District Court, Western District of Kentucky, Louisville Division. The complaint alleges certain civil violations by us in connection with the actuarial equivalence of the plan benefits under Humana's Basic PDP plan, a prescription drug plan offered by us under Medicare Part D. The action seeks damages and penalties on behalf of the United States under the False Claims Act. The court ordered the qui tam action unsealed on September 13, 2017, so that the relator could proceed, following notice from the U.S. Government that it was not intervening at that time. On March 31, 2022, the Court denied the parties' Motions for Summary Judgement. We take seriously our obligations to comply with applicable CMS

requirements and actuarial standards of practice, and continue to vigorously defend against these allegations. During 2023, we have accrued certain anticipated expenses in connection with this matter.

On September 1, 2023, Humana Inc. and Humana Benefit Plan of Texas, Inc. filed suit against the United States Department of Health and Human Services, and Xavier Becerra in his official capacity as Secretary, in the United States District Court, Northern District of Texas, Fort Worth Division seeking a determination that the Final RADV Rule violates the APA and should be set aside. There is no assurance that we will prevail in the lawsuit. See "Government Contracts" in this Note 17 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.

We also are involved in various other lawsuits that arise, for the most part, in the ordinary course of our business operations, certain of which may be styled as class-action lawsuits. Among other matters, this litigation may include employment matters, claims of medical malpractice, bad faith, nonacceptance or termination of providers, anticompetitive practices, improper rate setting, provider contract rate and payment disputes, including disputes over reimbursement rates required by statute, disputes arising from competitive procurement process, general contractual matters, intellectual property matters, and challenges to subrogation practices. Under state guaranty assessment laws, including those related to state cooperative failures in the industry, we may be assessed (up to prescribed limits) for certain obligations to the policyholders and claimants of insolvent insurance companies that write the same line or lines of business as we do.

As a government contractor, we may also be subject to false claims litigation, such as qui tam lawsuits brought by individuals who seek to sue on behalf of the government, alleging that the government contractor submitted false claims to the government or related overpayments from the government, including, among other allegations, those resulting from coding and review practices under the Medicare risk adjustment model. Qui tam litigation is filed under seal to allow the government an opportunity to investigate and to decide if it wishes to intervene and assume control of the litigation. If the government does not intervene, the individual may continue to prosecute the action on his or her own, on behalf of the government. We also are subject to other allegations of nonperformance of contractual obligations to providers, members, and others, including failure to properly pay claims, improper policy terminations, challenges to our implementation of the Medicare Part D prescription drug program and other litigation.

A limited number of the claims asserted against us are subject to insurance coverage. Personal injury claims, claims for extra contractual damages, care delivery malpractice, and claims arising from medical benefit denials are covered by insurance from our wholly owned captive insurance subsidiary and excess carriers, except to the extent that claimants seek punitive damages, which may not be covered by insurance in certain states in which insurance coverage for punitive damages is not permitted. In addition, insurance coverage for all or certain forms of liability has become increasingly costly and may become unavailable or prohibitively expensive in the future.

We record accruals for the contingencies discussed in the sections above to the extent that we conclude it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. No estimate of the possible loss or range of loss in excess of amounts accrued, if any, can be made at this time regarding the matters specifically described above because of the inherently unpredictable nature of legal proceedings, which also may be exacerbated by various factors, including: (i) the damages sought in the proceedings are unsubstantiated or

indeterminate; (ii) discovery is not complete; (iii) the proceeding is in its early stages; (iv) the matters present legal uncertainties; (v) there are significant facts in dispute; (vi) there are a large number of parties (including where it is uncertain how liability, if any, will be shared among multiple defendants); or (vii) there is a wide range of potential outcomes.

The outcome of any current or future litigation or governmental or internal investigations, including the matters described above, cannot be accurately predicted, nor can we predict any resulting judgments, penalties, fines or other sanctions that may be imposed at the discretion of federal or state regulatory authorities or as a result of actions by third parties. Nevertheless, it is reasonably possible that any such outcome of litigation, judgments, penalties, fines or other sanctions could be substantial, and the outcome of these matters may have a material adverse effect on our results of operations, financial position, and cash flows, and may also affect our reputation.

18. SEGMENT INFORMATION

During December 2022, we realigned our businesses into two distinct segments: Insurance and CenterWell. The Insurance segment includes the businesses that were previously included in the Retail and Group and Specialty segments, as well as the Pharmacy Benefit Manager, or PBM, business which was previously included in the Healthcare Services segment. The CenterWell segment (formerly Healthcare Services) represents our payor-agnostic healthcare services offerings, including pharmacy solutions, primary care, and home solutions. In addition to the new segment classifications being utilized to assess performance and allocate resources, we believe this simpler structure will create greater collaboration across the Insurance and CenterWell businesses and will accelerate work that is underway to centralize and integrate operations within the organization. 2021 segment financial information was recast to conform to the 2022 presentation.

Our two reportable segments, Insurance and CenterWell, are based on a combination of the type of health plan customer and adjacent businesses centered on well-being solutions for our health plans and other customers, as described below. These segment groupings are consistent with information used by our 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 solutions, primary care, and home solutions operations. The segment also includes our strategic partnerships with WCAS to develop and operate senior-focused, payor-agnostic, primary care centers, as well as our minority ownership interest in Gentiva Hospice 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.

HCMO - SUPP - 000990
PUBLIC

In addition, our CenterWell intersegment revenues includes revenues earned by certain owned providers (CenterWell Senior Primary Care) derived from certain value-based arrangements with our health plans. Under these value-based arrangements, our owned providers enter into agreements with our health plans to stand ready to deliver, integrate, direct and control the administration and management of certain health care services for our members. In exchange, the owned provider receives a premium that is typically paid on a per-member per-month basis. These value-based arrangements represent a single performance obligation where revenues are recognized in the period in which we are obligated to provide integrated health care services to our members. Fee-for-service revenue is recognized at agreed upon rates, net of contractual allowances, as the performance obligation is completed on the date of service.

We present our 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 $20.7 billion in 2023, $19.7 billion in 2022, and $18.1 billion in 2021. 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 $138 million in 2023, $122 million in 2022, and $108 million in 2021.

Other than those described previously, the accounting policies of each segment are the same and are described in Note 2. Transactions between reportable segments primarily consist of sales of services rendered by our CenterWell segment, primarily pharmacy solutions, primary care, and home solutions, to our Insurance segment customers. Intersegment sales and expenses are recorded at fair value and eliminated in consolidation. Members served by our segments often use the same provider networks, enabling us in some instances to obtain more favorable contract terms with providers. Our segments also share indirect costs and assets. As a result, the profitability of each segment is interdependent. We allocate most operating expenses to our segments. Assets and certain corporate income and expenses are not allocated to the segments, including the portion of investment income not supporting segment operations, interest expense on corporate debt, and certain other corporate expenses. These items are managed at a corporate level. These corporate amounts are reported separately from our reportable segments and are included with intersegment eliminations in the tables presenting segment results below.

Premium and services revenues derived from our contracts with the federal government, as a percentage of our total premium and services revenues, were approximately 84% for 2023, 82% for 2022 and 83% for 2021.

HCMO - SUPP - 000991
PUBLIC

	Insurance	CenterWell	Eliminations/ Corporate	Consolidated
		(in millions)		
2023				
External revenues				
Premiums:				
Individual Medicare Advantage	$ 78,837	$ —	$ —	$ 78,837
Group Medicare Advantage	6,869	—	—	6,869
Medicare stand-alone PDP	2,189	—	—	2,189
Total Medicare	87,895	—	—	87,895
Commercial fully-insured	3,527	—	—	3,527
Specialty benefits	1,007	—	—	1,007
Medicare Supplement	735	—	—	735
State-based contracts and other	8,108	—	—	8,108
Total premiums	101,272	—	—	101,272
Services revenue:				
Home solutions	—	1,342	—	1,342
Primary care	—	842	—	842
Commercial ASO	237	—	—	237
Military services and other	763	—	—	763
Pharmacy solutions	—	849	—	849
Total services revenue	1,000	3,033	—	4,033
Total external revenues	102,272	3,033	—	105,305
Intersegment revenues				
Services	31	4,921	(4,952)	—
Products	—	10,451	(10,451)	—
Intersegment revenues	31	15,372	(15,403)	—
Investment income	551	—	518	1,069
Total revenues	102,854	18,405	(14,885)	106,374
Operating expenses:				
Benefits	89,100	—	(706)	88,394
Operating costs	10,408	16,791	(14,011)	13,188
Depreciation and amortization	692	210	(123)	779
Total operating expenses	100,200	17,001	(14,840)	102,361
Income (loss) from operations	2,654	1,404	(45)	4,013
Interest expense	—	3	490	493
Other expense, net	—	—	137	137
Income (loss) before income taxes and equity in net losses	2,654	1,401	(672)	3,383
Equity in net losses	(6)	(57)	—	(63)
Segment earnings (loss)	$ 2,648	$ 1,344	$ (672)	$ 3,320
Net loss (income) attributable to noncontrolling interests	6	(1)	—	5
Segment earnings (loss) attributable to Humana	$ 2,654	$ 1,343	$ (672)	$ 3,325

HCMO - SUPP - 000992
PUBLIC

	Insurance	CenterWell	Eliminations/ Corporate	Consolidated
	(in millions)			
2022				
External revenues				
Premiums:				
Individual Medicare Advantage	$ 65,591	$ —	$ —	$ 65,591
Group Medicare Advantage	7,297	—	—	7,297
Medicare stand-alone PDP	2,269	—	—	2,269
Total Medicare	75,157	—	—	75,157
Commercial fully-insured	4,389	—	—	4,389
Specialty benefits	1,047	—	—	1,047
Medicare Supplement	743	—	—	743
State-based contracts and other	6,376	—	—	6,376
Total premiums	87,712	—	—	87,712
Services revenue:				
Home solutions	—	2,333	—	2,333
Primary care	—	568	—	568
Commercial ASO	300	—	—	300
Military services and other	550	—	—	550
Pharmacy solutions	—	1,025	—	1,025
Total services revenue	850	3,926	—	4,776
Total external revenues	88,562	3,926	—	92,488
Intersegment revenues				
Services	56	3,532	(3,588)	—
Products	—	9,841	(9,841)	—
Intersegment revenues	56	13,373	(13,429)	—
Investment income	223	8	151	382
Total revenues	88,841	17,307	(13,278)	92,870
Operating expenses:				
Benefits	75,934	—	(244)	75,690
Operating costs	9,251	15,835	(12,415)	12,671
Depreciation and amortization	634	181	(106)	709
Total operating expenses	85,819	16,016	(12,765)	89,070
Income (loss) from operations	3,022	1,291	(513)	3,800
Gain on sale of Gentiva Hospice	—	(237)	—	(237)
Interest expense	—	—	401	401
Other expense, net	—	—	68	68
Income (loss) before income taxes and equity in net earnings (losses)	3,022	1,528	(982)	3,568
Equity in net earnings (losses)	18	(22)	—	(4)
Segment earnings (loss)	$ 3,040	$ 1,506	$ (982)	$ 3,564
Net loss (income) attributable to noncontrolling interests	5	(1)	—	4
Segment earnings (loss) attributable to Humana	$ 3,045	$ 1,505	$ (982)	$ 3,568

HCMO - SUPP - 000993
PUBLIC

	Insurance	CenterWell	Eliminations/ Corporate	Consolidated
		(in millions)		
2021				
External revenues				
Premiums:				
Individual Medicare Advantage	$ 58,654	$ —	$ —	$ 58,654
Group Medicare Advantage	6,955	—	—	6,955
Medicare stand-alone PDP	2,371	—	—	2,371
Total Medicare	67,980	—	—	67,980
Commercial fully-insured	4,950	—	—	4,950
Specialty benefits	1,052	—	—	1,052
Medicare Supplement	731	—	—	731
State-based contracts and other	5,109	—	—	5,109
Total premiums	79,822	—	—	79,822
Services revenue:				
Home solutions	—	1,166	—	1,166
Primary care	—	413	—	413
Commercial ASO	306	—	—	306
Military services and other	547	—	—	547
Pharmacy solutions	—	623	—	623
Total services revenue	853	2,202	—	3,055
Total external revenues	80,675	2,202	—	82,877
Intersegment revenues				
Services	41	2,828	(2,869)	—
Products	—	9,024	(9,024)	—
Intersegment revenues	41	11,852	(11,893)	—
Investment income (loss)	214	4	(31)	187
Total revenues	80,930	14,058	(11,924)	83,064
Operating expenses:				
Benefits	69,639	—	(440)	69,199
Operating costs	8,340	12,968	(11,187)	10,121
Depreciation and amortization	539	152	(95)	596
Total operating expenses	78,518	13,120	(11,722)	79,916
Income (loss) from operations	2,412	938	(202)	3,148
Interest expense	—	—	326	326
Other income, net	—	—	(532)	(532)
Income before income taxes and equity in net earnings	2,412	938	4	3,354
Equity in net earnings	—	65	—	65
Segment earnings	$ 2,412	$ 1,003	$ 4	$ 3,419
Net income attributable to noncontrolling interest	—	(1)	—	(1)
Segment earnings attributable to Humana	$ 2,412	$ 1,002	$ 4	$ 3,418

19. REINSURANCE

Certain blocks of insurance assumed in acquisitions, primarily life and annuities in run-off status are subject to reinsurance where some or all of the underwriting risk related to these policies has been ceded to a third party. In addition, a large portion of our reinsurance takes the form of 100% coinsurance agreements where, in addition to all of the underwriting risk, all administrative responsibilities, including premium collections and claim payment, have also been ceded to a third party. We acquired these policies and related reinsurance agreements with the purchase of stock of companies in which the policies were originally written. We acquired these companies for business reasons unrelated to these particular policies, including the companies' other products and licenses necessary to fulfill strategic plans.

A reinsurance agreement between two entities transfers the underwriting risk of policyholder liabilities to a reinsurer while the primary insurer retains the contractual relationship with the ultimate insured. As such, these reinsurance agreements do not completely relieve us of our potential liability to the ultimate insured. However, given the transfer of underwriting risk, our potential liability is limited to the credit exposure which exists should the reinsurer be unable to meet its obligations assumed under these reinsurance agreements.

Reinsurance recoverables represent the portion of future policy benefits payable and benefits payable that are covered by reinsurance. Reinsurance recoverables, included in other long-term assets, were $173 million at December 31, 2023 and $181 million at December 31, 2022. The amount of these reinsurance recoverables resulting from 100% coinsurance agreements was approximately $173 million at December 31, 2023 and approximately $181 million at December 31, 2022. Premiums ceded were $1 million in 2023, $5 million in 2022 and $6 million in 2021. Benefits ceded were $3 million in 2023, $2 million in 2022, and $2 million in 2021.

We evaluate the financial condition of our reinsurers on a regular basis. Protective Life Insurance Company with $159 million in reinsurance recoverables is well-known and well-established with a AM Best rating of A+ at December 31, 2023. The remaining reinsurance recoverables of $15 million are divided between 8 other reinsurers, with $0.4 million subject to funds withheld accounts or other financial guarantees supporting the repayment of these amounts.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Humana Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Humana Inc. and its subsidiaries (the "Company") as of December 31, 2023 and 2022, and the related consolidated statements of income, of comprehensive income, of stockholders' equity and of cash flow for each of the three years in the period ended December 31, 2023, including the related notes and financial statement schedule listed in the index appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in

accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of Incurred but not yet Reported Benefits Payable

As described in Notes 2 and 11 to the consolidated financial statements, the Company's incurred but not yet reported benefits payable (IBNR) was $6.6 billion as of December 31, 2023. Management develops its estimate for IBNR using actuarial methodologies and assumptions, primarily based upon historical claim experience. Actuarial standards of practice generally require a level of confidence such that the liabilities established for IBNR have a greater probability of being adequate versus being insufficient, or such that the liabilities established for IBNR are sufficient to cover obligations under an assumption of moderately adverse conditions. As described by management, for the periods prior to the most recent two months, a completion factor method uses historical paid claims patterns to estimate the percentage of claims incurred during a given period that have historically been adjudicated as of the reporting period. Changes in claim inventory levels and known changes in claim payment processes are taken into account in these estimates. For the most recent two months, the incurred claims are estimated primarily from a trend analysis based upon per member per month claims trends developed from historical experience in the preceding months, adjusted for known changes in estimates of hospital admissions, recent hospital and drug utilization data, provider contracting changes, changes in benefit levels, changes in member cost sharing, changes in medical management processes, product mix and workday seasonality.

The principal considerations for our determination that performing procedures relating to the valuation of IBNR is a critical audit matter are the significant judgment by management when developing the estimate of IBNR, which in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating the actuarial methodologies and significant assumptions related to completion factors, per member per month claims trends, and the potential for moderately adverse conditions. Also, the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of IBNR, including controls over the actuarial methodologies and development of significant assumptions related to completion factors, per member per month claims trends, and the potential for moderately adverse conditions. These procedures also included, among others, the involvement of professionals with

HCMO - SUPP - 000997
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specialized skill and knowledge to assist in developing an independent estimate of IBNR. This independent estimate includes a range of reasonable outcomes, including outcomes under moderately adverse conditions, which are compared to management's estimate of IBNR. Developing the independent estimate involved developing independent completion factors and per member per month claims trends assumptions using management's data, testing the completeness and accuracy of data provided by management, and evaluating the reasonableness of management's assumptions.

Goodwill Impairment Assessments – Home Solutions and Primary Care Reporting Units

As described in Notes 2 and 9 to the consolidated financial statements, the Company's consolidated goodwill balance was $9.6 billion as of December 31, 2023, and the goodwill associated with the Home Solutions and Primary Care Reporting Units was $4.4 billion and $1.2 billion, respectively. Management conducts an impairment test in the fourth quarter of each year and more frequently if adverse events or changes in circumstances indicate that the asset may be impaired. Management relies on an evaluation of future discounted cash flows analysis to determine fair value and uses discount rates that correspond to a market-based weighted-average cost of capital, and terminal growth rates that correspond to long-term growth prospects, consistent with the long-term inflation rate. Key assumptions in management's cash flow projections, including revenue growth rates, medical and operating cost trends, and projected operating income, are supported with management's long-range business plan and annual planning process.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessments of the Home Solutions and Primary Care reporting units is a critical audit matter are the significant judgment by management when determining the fair value of the reporting units, which in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to the revenue and terminal growth rates, projected operating income, and the discount rates. Also, the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessments, including controls over the significant assumptions used in the valuation of the Home Solutions and Primary Care reporting units. These procedures also included, among others, testing management's process for determining the fair value estimate of the reporting units; evaluating the appropriateness of the discounted cash flows analysis; testing the completeness and accuracy of underlying data used in the analysis; and evaluating the reasonableness of the significant assumptions used by management related to the revenue and terminal growth rates, projected operating income, and the discount rates. Evaluating management's assumptions related to revenue and terminal growth rates and projected operating income involved considering the past performance of the reporting units and whether the assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the appropriateness of the Company's discounted cash flows analysis and the reasonableness of the significant assumptions related to the terminal growth rates and the discount rates.

/s/ PricewaterhouseCoopers LLP
Louisville, Kentucky
February 15, 2024

We have served as the Company's auditor since 1968.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Management's Responsibility for Financial Statements and Other Information

We are responsible for the preparation and integrity of the consolidated financial statements appearing in our Annual Report. The consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States and include amounts based on our estimates and judgments. All other financial information in this report has been presented on a basis consistent with the information included in the financial statements.

Our control environment is the foundation for our system of internal control over financial reporting and is embodied in our Code of Ethics and Business Conduct, which we currently refer to as the Humana Inc. Ethics Every Day. It sets the tone of our organization and includes factors such as integrity and ethical values. Our internal control over financial reporting is supported by formal policies and procedures which are reviewed, modified and improved as changes occur in business conditions and operations.

The Audit Committee of the Board of Directors, which is composed solely of independent outside directors, meets periodically with members of management, the internal auditors and our independent registered public accounting firm to review and discuss internal controls over financial reporting and accounting and financial reporting matters. Our independent registered public accounting firm and internal auditors report to the Audit Committee and accordingly have full and free access to the Audit Committee at any time.

Evaluation of Disclosure Controls and Procedures

We have established disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to members of senior management and the Board of Directors.

Based on our evaluation as of December 31, 2023, we as the principal executive officer, the principal financial officer and the principal accounting officer of the Company have concluded that the Company's disclosure controls and procedures (as defined in the Securities Exchange Act of 1934) are effective to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported as specified in Securities and Exchange Commission rules and forms.

Management's Report on Internal Control Over Financial Reporting

We are responsible for establishing and maintaining effective internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

HCMO - SUPP - 000999
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Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate or that the degree of compliance with the policies or procedures may deteriorate.

We assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2023. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control – Integrated Framework* (2013). Based on our assessment, we determined that, as of December 31, 2023, the Company's internal control over financial reporting was effective based on those criteria.

The effectiveness of our internal control over financial reporting as of December 31, 2023 has been audited by PricewaterhouseCoopers LLP, our independent registered public accounting firm, who also audited the Company's consolidated financial statements included in our Annual Report on Form 10-K, as stated in their report which appears on pages 121-123.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

(a) None.

(b) During the three months ended December 31, 2023, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors

The information required by this Item is herein incorporated by reference from our Definitive Proxy Statement for the Annual Meeting of Stockholders scheduled to be held on April 18, 2024 appearing under the caption “Proposal One: Election of Directors” in such Definitive Proxy Statement.

Executive Officers of the Registrant

A list of our executive officers and biographical information appears in Part I, Item 1, "Business" of this Form 10-K.

Code of Conduct for Chief Executive Officer and Senior Financial Officers

We have adopted a Code of Conduct for the Chief Executive Officer and Senior Financial Officers, violations of which should be reported to the Audit Committee. The code may be viewed through the Investor Relations section of our web site at www.humana.com. Any amendment to or waiver of the application of the Code of Conduct for the Chief Executive Officer and Senior Financial Officers will be promptly disclosed through the Investor Relations section of our web site at www.humana.com.

Code of Business Conduct and Ethics

Since 1995, we have operated under an omnibus Code of Ethics and Business Conduct, currently known as the Humana Inc. Ethics Every Day (the “Code”). All employees and directors are required to annually affirm in writing their acceptance of the Code. The Code was adopted by our Board of Directors in June 2014, replacing a previous iteration, known as the Humana Inc. Principles of Business Ethics, as the document to comply with the New York Stock Exchange Corporate Governance Standard 303A.10. The Code is available on the Investor Relations section of our web site at www.humana.com, and any waiver of the application of the Code with respect to directors or executive officers must be made by the Board of Directors and will be promptly disclosed on our web site at www.humana.com.

Corporate Governance Items

We have made available free of charge on or through the Investor Relations section of our web site at www.humana.com our annual reports on Form 10-K, quarterly reports on Form 10-Q, proxy statements, and all of our other reports, and, if applicable, amendments to those reports filed or furnished pursuant to Section 13(a) of the Exchange Act, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Also available on the Investor Relations section of our Internet web site at www.humana.com is information about our corporate governance, including:

- a determination of independence for each member of our Board of Directors;
- the name, membership, role, and charter of each of the various committees of our Board of Directors;
- the name(s) of the directors designated as a financial expert under rules and regulations promulgated by the SEC;
- the responsibility of the Company’s Lead Independent Director, if applicable, to convene, set the agenda for, and lead executive sessions of the non-management directors, pursuant to our Corporate Governance Guidelines;
- the pre-approval process of non-audit services provided by our independent accountants;
- our By-laws and Certificate of Incorporation;
- our Majority Vote policy, pursuant to our By-laws;
- our Related Persons Transaction Policy;
- the process by which interested parties can communicate with directors;

HCMO - SUPP - 001001
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- the process by which stockholders can make director nominations (pursuant to our By-laws);
- our Corporate Governance Guidelines;
- our Policy Regarding Transactions in Company Securities, Inside Information and Confidentiality;
- Stock Ownership Guidelines for directors and for executive officers;
- the Humana Inc. Ethics Every Day and any waivers thereto; and
- the Code of Conduct for the Chief Executive Officer and Senior Financial Officers and any waivers thereto.

Additional information about these items can be found in, and is incorporated by reference to, our Definitive Proxy Statement for the Annual Meeting of Stockholders scheduled to be held on April 18, 2024.

Material Changes to the Procedures by which Security Holders May Recommend Nominees to the Registrant's Board of Directors

None.

Audit Committee Financial Expert

The information required by this Item is herein incorporated by reference from our Definitive Proxy Statement for the Annual Meeting of Stockholders scheduled to be held on April 18, 2024 appearing under the caption "Corporate Governance – Audit Committee" of such Definitive Proxy Statement.

Audit Committee Composition and Independence

The information required by this Item is herein incorporated by reference from our Definitive Proxy Statement for the Annual Meeting of Stockholders scheduled to be held on April 18, 2024 appearing under the caption "Corporate Governance – Committee Membership and Attendance" of such Definitive Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION

Additional information required by this Item is incorporated herein by reference from our Definitive Proxy Statement for the Annual Meeting of Stockholders scheduled to be held on April 18, 2024.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Equity compensation plan information

We maintain plans under which options to purchase our common stock and awards of restricted stock may be made to officers, directors, and key employees. Stock options are granted with an exercise price equal to the fair market value of the underlying common stock on the date of grant. Our stock plans, as approved by the Board of Directors and stockholders, define fair market value as the average of the highest and lowest stock prices reported on the composite tape by the New York Stock Exchange on a given date. Exercise provisions vary, but most options vest in whole or in part 1 to 3 years after grant and expire up to 7 years after grant.

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Information concerning stock option awards and the number of securities remaining available for future issuance under our equity compensation plans in effect as of December 31, 2023 follows:

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a))	
Equity compensation plans approved by security holders (1)	242,006	$ 415.178	$ 13,036,391	(2)(3)(4)
Equity compensation plans not approved by security holders	—	—	—	
Total	242,006	$ 415.178	$ 13,036,391	

(1) The above table does not include awards of shares of restricted stock or restricted stock units. For information concerning these awards, see Note 14.
(2) The Humana Inc. 2011 Stock Incentive Plan was approved by stockholders at the Annual Meeting held on April 21, 2011. On July 5, 2011, 18.5 million shares were registered with the Securities and Exchange Commission on Form S-8.
(3) The Humana Inc. Amended and Restated Stock Incentive Plan was approved by stockholders at the Annual Meeting held on April 18, 2019. On May 1, 2019, 16 million shares were registered with the Securities and Exchange Commission on Form S-8.
(4) Of the number listed above, 4,348,987 (1,445,965 from the 2011 Plan and 2,903,023 from the Amended and Restated Plan) can be issued as restricted stock at December 31, 2023 (giving effect to the provision that one restricted share is equivalent to 2.29 stock options in the 2011 Plan and 3.35 stock options in the Amended and Restated Plan).

The information under the captions “Stock Ownership Information - Security Ownership of Certain Beneficial Owners of Company Common Stock” and “Stock Ownership Information - Security Ownership of Directors and Executive Officers” in our Definitive Proxy Statement for the Annual Meeting of Stockholders scheduled to be held on April 18, 2024, is herein incorporated by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is herein incorporated by reference from our Definitive Proxy Statement for the Annual Meeting of Stockholders scheduled to be held on April 18, 2024 appearing under the captions “Certain Transactions with Management and Others” and “Corporate Governance – Director Independence” of such Definitive Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is herein incorporated by reference from our Definitive Proxy Statement for the Annual Meeting of Stockholders scheduled to be held on April 18, 2024 appearing under the caption “Audit Committee Report” of such Definitive Proxy Statement.

HCMO - SUPP - 001003
PUBLIC

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULE

(a) The financial statements, Report of Independent Registered Public Accounting Firm (PCAOB ID 238), financial statement schedule and exhibits set forth below are filed as part of this report.

(1) Financial Statements – The response to this portion of Item 15 is submitted as Item 8 of Part II of this report.

(2) The following Consolidated Financial Statement Schedule is included herein:

Schedule I	Parent Company Condensed Financial Information at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021

All other schedules have been omitted because they are not applicable.

(3) Exhibits:

3(a) Restated Certificate of Incorporation of Humana Inc. filed with the Secretary of State of Delaware on November 9, 1989, as restated to incorporate the amendment of January 9, 1992, and the correction of March 23, 1992 (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).

(b) Humana Inc. Amended and Restated By-laws, effective as of December 7, 2023 (incorporated herein by reference to Exhibit 3(b) to Humana Inc.'s Current Report on Form 8-K filed on December 7, 2023).

4(a) Indenture, dated as of August 5, 2003, by and between Humana Inc. and The Bank of New York, as trustee (incorporated herein by reference to Exhibit 4.1 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2003, File No. 001-05975).

(b) Fourth Supplemental Indenture, dated as of June 5, 2008, by and between Humana Inc. and The Bank of New York Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.3 to Humana Inc.'s Current Report on Form 8-K filed on June 5, 2008).

(c) Indenture, dated as of March 30, 2006, by and between Humana Inc. and The Bank of New York Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to Humana Inc.'s Registration Statement on Form S-3 filed on March 31, 2006, Req. No. 333-132878).

(d) There are no instruments defining the rights of holders with respect to long-term debt in excess of 10 percent of the total assets of Humana Inc. on a consolidated basis. Other long-term indebtedness of Humana Inc. is described herein in Note 13 to Consolidated Financial Statements. Humana Inc. agrees to furnish copies of all such instruments defining the rights of the holders of such indebtedness not otherwise filed as an Exhibit to this Annual Report on Form 10-K to the Commission upon request.

(e) Sixth Supplemental Indenture, dated as of December 10, 2012, by and between Humana Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.3 to Humana Inc.'s Current Report on Form 8-K filed on December 10, 2012).

(f) Eighth Supplemental Indenture, dated as of September 19, 2014, by and between Humana Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.4 to Humana Inc.'s Current Report on Form 8-K filed on September 19, 2014).

(g) Ninth Supplemental Indenture, dated as of September 19, 2014, by and between Humana Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.6 to Humana Inc.'s Current Report on Form 8-K filed on September 19, 2014).

(h) Tenth Supplemental Indenture, dated March 16, 2017, between Humana Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to Humana Inc.'s Current Report on Form 8-K filed on March 16, 2017).

HCMO - SUPP - 001004
PUBLIC

(i)	Eleventh Supplemental Indenture, dated March 16, 2017, between Humana Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.4 to Humana Inc.'s Current Report on Form 8-K filed on March 16, 2017).
(j)	Fourteenth Supplemental Indenture, dated August 15, 2019, between Humana Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to Humana Inc.'s Current Report on Form 8-K filed on August 15, 2019).
(k)	Fifteenth Supplemental Indenture, dated August 15, 2019, between Humana Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.4 to Humana Inc.'s Current Report on Form 8-K filed on August 15, 2019).
(l)	Sixteenth Supplemental Indenture, dated March 26, 2020, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to Humana Inc.'s Current Report on Form 8-K, filed March 27, 2020).
(m)	Seventeenth Supplemental Indenture, dated March 26, 2020, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.4 to Humana Inc.'s Current Report on Form 8-K, filed March 27, 2020).
(n)	Nineteenth Supplemental Indenture, dated August 3, 2021, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.4 to Humana Inc.'s Current Report on Form 8-K filed on August 3, 2021).
(o)	Twentieth Supplemental Indenture, dated August 3, 2021, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.6 to Humana Inc.'s Current Report on Form 8-K filed on August 3, 2021).
(p)	Twenty-First Supplemental Indenture, dated March 23, 2022, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to Humana Inc.'s Current Report on Form 8-K filed on March 23, 2022).
(q)	Twenty-Second Supplemental Indenture, dated November 22, 2022, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to Humana Inc.'s Current Report on Form 8-K filed on November 22, 2022).
(r)	Twenty-Third Supplemental Indenture, dated November 22, 2022, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.4 to Humana Inc.'s Current Report on Form 8-K filed on November 22, 2022).
(s)	Twenty-Fourth Supplemental Indenture, dated March 13, 2023, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to Humana Inc.'s Current Report on Form 8-K filed on March 13, 2023).
(t)	Twenty-Fifth Supplemental Indenture, dated March 13, 2023, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.4 to Humana Inc.'s Current Report on Form 8-K filed on March 13, 2023).
(u)	Twenty-Sixth Supplemental Indenture, dated November 9, 2023, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to Humana Inc.'s Current Report on Form 8-K filed on November 9, 2023).
(v)	Twenty-Seventh Supplemental Indenture, dated November 9, 2023, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.4 to Humana Inc.'s Current Report on Form 8-K filed on November 9, 2023).
(w)	Description of Securities (incorporated herein by reference to Exhibit 4(o) to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2019).

HCMO - SUPP - 001005
PUBLIC

10(a)*	Humana Inc. Executive Incentive Compensation Plan, as amended and restated January 1, 2020 (incorporated herein by reference to Exhibit 10(b) to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2020).
(b)*	Trust under Humana Inc. Deferred Compensation Plans (incorporated herein by reference to Exhibit 10(p) to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 1999, File No. 001-05975).
(c)*	The Humana Inc. Deferred Compensation Plan for Non-Employee Directors (as amended on October 18, 2012) (incorporated herein by reference to Exhibit 10(m) to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2012).
(d)*	Humana Inc. Executive Severance Policy, effective as of March 1, 2023 (incorporated herein by reference to Exhibit 10.3 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2023).
(e)*	Humana Inc. Deferred Compensation Plan (incorporated herein by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-8 (Reg. No. 333-171616), filed on January 7, 2011).
(f)*	Humana Retirement Equalization Plan, as amended and restated as of January 1, 2011 (incorporated herein by reference to Exhibit 10(p) to Humana Inc.'s Annual Report on Form 10-K filed on February 18, 2011).
(g)*	Letter agreement with Humana Inc. officers concerning health insurance availability (incorporated herein by reference to Exhibit 10(mm) to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 1994, File No. 001-05975).
(h)*	Executive Long-Term Disability Program (incorporated herein by reference to Exhibit 10(a) to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004).
(i)*	Indemnity Agreement (incorporated herein by reference to Appendix B to Humana Inc.'s Proxy Statement with respect to the Annual Meeting of Stockholders held on January 8, 1987).
(j)*	Summary of the Company's Financial Planning Program for our executive officers (incorporated herein by reference to Exhibit 10(v) to Humana's Inc.'s Annual Report on Form 10-K filed on February 22, 2013).
(k)	Five-Year $2.5 Billion Amended and Restated Credit Agreement, dated as of June 2, 2023, among Humana Inc., and JPMorgan Chase Bank, N.A. as Agent, Bank of America, N.A. as Syndication Agent, Citibank, N.A., Goldman Sachs Bank USA, PNC Capital Markets LLC, U.S. Bank, National Association and Wells Fargo Securities, LLC, as Documentation Agents, and JPMorgan Chase Bank, N.A., BofA Securities, Inc., Citibank, N.A., Goldman Sachs Bank USA, PNC Capital Markets LLC, U.S. Bank, National Association and Wells Fargo Securities, LLC, as Joint Lead Arrangers and Joint Bookrunners (incorporated herein by reference to Exhibit 10.1 to Humana Inc.'s Current Report on Form 8-K filed on June 2, 2023)).
(l)	364-Day $1.5 Billion Revolving Credit Agreement, dated as of June 2, 2023, among Humana Inc., and JPMorgan Chase Bank, N.A. as Agent, Bank of America, N.A. as Syndication Agent, Citibank, N.A., Goldman Sachs Bank USA, PNC Capital Markets LLC, U.S. Bank, National Association and Wells Fargo Securities, LLC, as Documentation Agents, and JPMorgan Chase Bank, N.A., BofA Securities, Inc., Citibank, N.A., Goldman Sachs Bank USA, PNC Capital Markets LLC, U.S. Bank, National Association and Wells Fargo Securities, LLC, as Joint Lead Arrangers and Joint Bookrunners (incorporated herein by reference to Exhibit 10.2 to Humana Inc.'s Current Report on Form 8-K filed on June 2, 2023).
(m)	Form of CMS Coordinated Care Plan Agreement (incorporated herein by reference to Exhibit 10.1 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, File No. 001-05975).

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(n)	Form of CMS Private Fee for Service Agreement (incorporated herein by reference to Exhibit 10.2 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, File No. 001-05975).
(o)	Addendum to Agreement Providing for the Operation of a Medicare Voluntary Prescription Drug Plan (incorporated herein by reference to Exhibit 10.3 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, File No. 001-05975).
(p)	Addendum to Agreement Providing for the Operation of an Employer/Union-only Group Medicare Advantage Prescription Drug Plan (incorporated herein by reference to Exhibit 10.4 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, File No. 001-05975).
(q)	Addendum to Agreement Providing for the Operation of an Employer/Union-only Group Medicare Advantage-Only Plan (incorporated herein by reference to Exhibit 10.5 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, File No. 001-05975).
(r)	Addendum to Agreement Providing for the Operation of a Medicare Advantage Regional Coordinated Care Plan (incorporated herein by reference to Exhibit 10.6 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, File No. 001-05975).
(s)	Explanatory Note regarding Medicare Prescription Drug Plan Contracts between Humana and CMS (incorporated herein by reference to Exhibit 10(nn) to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2005, File No. 001-05975).
(t)*	Humana Inc. 2011 Stock Incentive Plan (incorporated herein by reference to Appendix A to Humana Inc.'s Proxy Statement with respect to the Annual Meeting of Stockholders held on April 21, 2011).
(u)*	Amended and Restated Employment Agreement, dated as of February 27, 2014, by and between Humana Inc. and Bruce D. Broussard (incorporated herein by reference to Exhibit 10.1 to Humana Inc.'s current report on Form 8-K filed on February 28, 2014).
(v)*	Amendment to the Amended and Restated Employment Agreement between Humana Inc. and Bruce D. Broussard, dated July 2, 2015 (incorporated herein by reference to Exhibit 10.1 to Humana Inc.'s current report on Form 8-K filed on July 9, 2015).
(w)*	Amendment No. 2, dated as of August 16, 2018, to the Amended and Restated Employment Agreement between Humana Inc. and Bruce D. Broussard, dated as of February 27, 2014 (incorporated herein by reference to Exhibit 10.1 to Humana Inc.s Current Report on Form 8-K, filed on August 20, 2018).
(x)*	Humana Inc. Change in Control Policy, effective March 1, 2019 (incorporated herein by reference to Exhibit 10(aa) to Humana Inc.'s Annual Report on Form 10-K filed on February 21, 2019).
(y)	Form of Commercial Paper Dealer Agreement between Humana Inc., as Issuer, and the Dealer party thereto (incorporated herein by reference to Exhibit 10.1 to Humana Inc.'s current report on Form 8-K filed on October 7, 2014).
(z)*	Form of Company's Stock Option Agreement under the 2011 Stock Incentive Plan (Incentive Stock Options) (incorporated herein by reference to Exhibit 10(jj) to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2015).
(aa)*	Form of Company's Stock Option Agreement under the 2011 Stock Incentive Plan (Non-Qualified Stock Options with Non-Compete/Non-Solicit) (incorporated herein by reference to Exhibit 10(kk) to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2015).
(bb)*	Form of Company's Incentive Stock Option Agreement and Agreement not to Compete or Solicit under the 2011 Stock Incentive Plan (incorporated herein by reference to Exhibit 10(hh) to Humana Inc.'s Annual Report on Form 10-K filed on February 21, 2019).
(cc)*	Form of Company's Stock Option Agreement and Agreement not to Compete or Solicit under the 2011 Stock Incentive Plan (Non-Qualified Stock Options) (incorporated herein by reference to Exhibit 10(ii) to Humana Inc.'s Annual Report on Form 10-K filed on February 21, 2019).

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(dd)*	Amended and Restated Humana Inc. Stock Incentive Plan (incorporated herein by reference to Appendix A to Humana Inc.'s Proxy Statement with respect to the Annual Meeting of Stockholders held on April 18, 2019).
(ee)*†	First Amendment to the Amended and Restated Humana Inc. Stock Incentive Plan.
(ff)*	Form of Company's Incentive Stock Option Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (incorporated herein by reference to Exhibit 10.5 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2019).
(gg)*	Form of Company's Stock Option Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (Non-Qualified Stock Options) (incorporated herein by reference to Exhibit 10.6 to Humana Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2019).
(hh)*	Form of Company's Stock Option Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (Non-Qualified Stock Options) (incorporated herein by reference to Exhibit 10(nn) to Humana Inc.'s Annual Report on Form 10-K for the year ended December 31, 2020).
(ii)*	Form of Company's Incentive Stock Option Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (incorporated herein by reference to Exhibit 10(oo) to Humana Inc.'s Annual Report on Form 10-K for the year ended December 31, 2020).
(jj)*	Form of Company's Restricted Stock Unit Agreement with Performance Vesting and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (incorporated herein by reference to Exhibit 10(pp) to Humana Inc.'s Annual Report on Form 10-K for the year ended December 31, 2020).
(kk)*	Form of Company's Restricted Stock Unit Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (without retirement provisions) (incorporated herein by reference to Exhibit 10(qq) to Humana Inc.'s Annual Report on Form 10-K for the year ended December 31, 2020).
(ll)*	Form of Company's Restricted Stock Unit Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (with retirement provisions) (incorporated herein by reference to Exhibit 10(rr) to Humana Inc.'s Annual Report on Form 10-K for the year ended December 31, 2020).
(mm)*†	Form of Company's Restricted Stock Unit Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan.
(nn)*†	Form of Company's Restricted Stock Unit Agreement with Performance Vesting and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan.
(oo)*†	Form of Company's Incentive Stock Option Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan.
(pp)*†	Form of Company's Stock Option Agreement and Agreement not to Compete or Solicit under the Amended and Restated Humana Inc. Stock Incentive Plan (Non-Qualified Stock Options).
14	Code of Conduct for Chief Executive Officer & Senior Financial Officers (incorporated herein by reference to Exhibit 14 to Humana Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2003).
21 †	List of subsidiaries.
23 †	Consent of PricewaterhouseCoopers LLP.

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31.1 †	CEO certification pursuant to Rule 13a-14(a)/15d-14(a).
31.2 †	CFO certification pursuant to Rule 13a-14(a)/15d-14(a).
32 †	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes – Oxley Act of 2002.

97*† Humana Inc. Compensation Recoupment Policy, effective October 2, 2023

101 The following materials from Humana Inc.'s Annual Report on Form 10-K formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Consolidated Balance Sheets at December 31, 2023 and 2022; (ii) the Consolidated Statements of Income for the years ended December 31, 2023, 2022 and 2021; (iii) the Consolidated Statements of Comprehensive Income for the years ended December 31, 2023, 2022 and 2021; (iv) the Consolidated Statements of Stockholders' Equity as of December 31, 2023, 2022, and 2021; (v) the Consolidated Statements of Cash Flows for the years ended December 31, 2023, 2022 and 2021; and (vi) Notes to Consolidated Financial Statements. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

104 Cover Page Interactive Data File formatted in Inline XBRL and contained in Exhibit 101.

*Exhibits 10(a) through and including 10(j), and Exhibits 10(t) through and including 10(x), as well as Exhibits 10(z) through and including Exhibit 10(pp) are compensatory plans or management contracts.

**Pursuant to Rule 24b-2 of the Exchange Act, confidential portions of this exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

†Submitted electronically with this report.

Humana Inc.

SCHEDULE I—PARENT COMPANY FINANCIAL INFORMATION
CONDENSED BALANCE SHEETS

	December 31,	
	2023	2022
	(in millions, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 250	$ 614
Investment securities	260	320
Receivable from operating subsidiaries	2,050	1,807
Other current assets	717	577
Total current assets	3,277	3,318
Property and equipment, net	2,334	2,393
Investment in subsidiaries	29,666	27,905
Other long-term assets	348	282
Total assets	$ 35,625	$ 33,898
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Payable to operating subsidiaries	$ 5,768	$ 5,421
Short-term debt	1,443	2,092
Current portion of notes payable to operating subsidiaries	36	36
Book overdraft	75	73
Other current liabilities	1,566	1,425
Total current liabilities	8,888	9,047
Long-term debt	10,213	9,034
Other long-term liabilities	262	506
Total liabilities	19,363	18,587
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $1 par; 10,000,000 shares authorized; none issued	—	—
Common stock, $0.16 2/3 par; 300,000,000 shares authorized; 198,690,082 shares issued at December 31, 2023 and 198,666,598 shares issued at December 31, 2022	33	33
Capital in excess of par value	3,346	3,246
Retained earnings	27,540	25,492
Accumulated other comprehensive (loss) income	(999)	(1,304)
Treasury stock, at cost, 76,465,862 shares at December 31, 2023 and 73,691,955 shares at December 31, 2022	(13,658)	(12,156)
Total stockholders' equity	16,262	15,311
Total liabilities and stockholders' equity	$ 35,625	$ 33,898

See accompanying notes to the parent company financial statements.

Humana Inc.

SCHEDULE I—PARENT COMPANY FINANCIAL INFORMATION
CONDENSED STATEMENTS OF INCOME

	For the year ended December 31,		
	2023	2022	2021
	(in millions)		
Revenues:			
Management fees charged to operating subsidiaries	$ 2,075	$ 1,554	$ 1,633
Investment and other (loss) income, net	42	(88)	(266)
Total revenues	2,117	1,466	1,367
Expenses:			
Operating costs	2,016	1,700	1,404
Depreciation	656	581	488
Interest	489	400	313
Total expenses	3,161	2,681	2,205
Other income, net	(184)	—	(672)
Loss before income taxes and equity in net earnings of subsidiaries	(860)	(1,215)	(166)
Benefit for income taxes	(146)	(266)	(259)
(Loss) income before equity in net earnings of subsidiaries	(714)	(949)	93
Equity in net earnings of subsidiaries	3,203	3,755	2,761
Equity in net earnings of equity method investments	—	—	79
Net income attributable to Humana	$ 2,489	$ 2,806	$ 2,933

See accompanying notes to the parent company financial statements.

Humana Inc.

SCHEDULE I—PARENT COMPANY FINANCIAL INFORMATION
CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	For the year ended December 31,		
	2023	2022	2021
	(in millions)		
Net income attributable to Humana	$ 2,489	$ 2,806	$ 2,933
Other comprehensive income (loss):			
Change in gross unrealized investment gains (losses)	372	(1,819)	(356)
Effect of income taxes	(85)	418	81
Total change in unrealized investment gains (losses), net of tax	287	(1,401)	(275)
Reclassification adjustment for net realized losses (gains) included in investment income	25	72	(103)
Effect of income taxes	(7)	(17)	23
Total reclassification adjustment, net of tax	18	55	(80)
Other comprehensive income (loss), net of tax	305	(1,346)	(355)
Comprehensive income attributable to equity method investments	—	—	6
Comprehensive income attributable to Humana	$ 2,794	$ 1,460	$ 2,584

See accompanying notes to the parent company financial statements.

Humana Inc.

SCHEDULE I—PARENT COMPANY FINANCIAL INFORMATION
CONDENSED STATEMENTS OF CASH FLOWS

	For the year ended December 31,		
	2023	2022	2021
	(in millions)		
Net cash provided by operating activities	$ 3,042	$ 4,868	$ 2,853
Cash flows from investing activities:			
Acquisitions, net of cash acquired	(233)	(337)	(4,187)
Capital contributions to operating subsidiaries	(792)	(484)	(2,580)
Purchases of property and equipment, net	(761)	(931)	(958)
Purchases of investment securities	(17)	(63)	(200)
Proceeds from sale of investment securities	41	468	71
Maturities of investment securities	67	30	122
Net cash used in investing activities	(1,695)	(1,317)	(7,732)
Cash flows from financing activities:			
Proceeds from issuance of senior notes, net	2,537	1,976	2,953
Repayments of senior notes	(1,832)	(1,000)	—
Proceeds (repayments) from issuance of commercial paper, net	211	(376)	352
Proceeds from issuance of term loan	—	—	2,500
Repayment of term loan	(500)	(2,000)	—
Change in book overdraft	2	5	(52)
Common stock repurchases	(1,573)	(2,096)	(79)
Dividends paid	(431)	(392)	(354)
Proceeds from stock option exercises and other	(125)	40	29
Net cash (used in) provided by financing activities	(1,711)	(3,843)	5,349
(Decrease) increase in cash and cash equivalents	(364)	(292)	470
Cash and cash equivalents at beginning of year	614	906	436
Cash and cash equivalents at end of year	$ 250	$ 614	$ 906

See accompanying notes to the parent company financial statements.

Humana Inc.

SCHEDULE I—PARENT COMPANY FINANCIAL INFORMATION
NOTES TO CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

Parent company financial information has been derived from our consolidated financial statements and excludes the accounts of all operating subsidiaries. This information should be read in conjunction with our consolidated financial statements.

2. TRANSACTIONS WITH SUBSIDIARIES

Services Fee

Through intercompany service agreements approved, if required, by state regulatory authorities, Humana Inc., our parent company, charges a services fee for reimbursement of certain centralized services provided to its subsidiaries including information systems, disbursement, investment and cash administration, marketing, legal, finance, and medical and executive management oversight.

Dividends

Cash dividends received from subsidiaries and included as a component of net cash provided by operating activities were $1.8 billion in 2023, $1.3 billion in 2022, and $1.6 billion in 2021.

Guarantee

Through indemnity agreements approved by state regulatory authorities, certain of our regulated subsidiaries generally are guaranteed by our parent company in the event of insolvency for: (1) member coverage for which premium payment has been made prior to insolvency; (2) benefits for members then hospitalized until discharged; and (3) payment to providers for services rendered prior to insolvency. Our parent has also guaranteed the obligations of our military services subsidiaries and funding to maintain required statutory capital levels of certain other regulated subsidiaries.

3. REGULATORY REQUIREMENTS

Certain of our subsidiaries operate in states that regulate the payment of dividends, loans, or other cash transfers to Humana Inc., our parent company, and require minimum levels of equity as well as limit investments to approved securities. The amount of dividends that may be paid to Humana Inc. by these subsidiaries, without prior approval by state regulatory authorities, or ordinary dividends, is limited based on the entity's level of statutory income and statutory capital and surplus. If the dividend, together with other dividends paid within the preceding twelve months, exceeds a specified statutory limit or is paid from sources other than earned surplus, it is generally considered an extraordinary dividend requiring prior regulatory approval. In most states, prior notification is provided before paying a dividend even if approval is not required.

Although minimum required levels of equity are largely based on premium volume, product mix, and the quality of assets held, minimum requirements vary significantly at the state level. Our state regulated insurance subsidiaries had aggregate statutory capital and surplus of approximately $12.2 billion and $11.3 billion as of December 31, 2023 and 2022, respectively, which exceeded aggregate minimum regulatory requirements of $9.8 billion and $8.4 billion, respectively. The amount of ordinary dividends that may be paid to our parent company in 2024 is approximately $1.1 billion in the aggregate. The amount, timing and mix of ordinary and extraordinary dividend payments will vary due to state regulatory requirements, the level of excess statutory capital and surplus and expected future surplus requirements related to, for example, premium volume and product mix. Actual dividends that were paid to our parent company were approximately $1.8 billion in 2023, $1.3 billion in 2022, and $1.6 billion in 2021.

Our use of operating cash flows derived from our non-insurance subsidiaries, such as in our Healthcare Services segment, is generally not restricted by state departments of insurance (or comparable state regulators).

4. ACQUISITIONS

Refer to Note 3 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K for a description of certain acquisitions.

5. INCOME TAXES

Refer to Note 12 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K for a description of income taxes.

6. DEBT

Refer to Note 13 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K for a description of debt.

7. STOCKHOLDERS' EQUITY

Refer to Note 16 to the audited Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K for a description of stockholders’ equity, including stock repurchases and stockholder dividends.

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ITEM 16. FORM 10-K SUMMARY

None.

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SIGNATURES

Pursuant to the requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

HUMANA INC.

By: /s/ SUSAN M. DIAMOND
Susan M. Diamond
Chief Financial Officer
(Principal Financial Officer)

Date: February 15, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the date indicated.

Signature	Title	Date
/s/ SUSAN M. DIAMOND **Susan M. Diamond**	Chief Financial Officer (Principal Financial Officer)	February 15, 2024
/s/ JOHN-PAUL W. FELTER **John-Paul W. Felter**	Senior Vice President, Chief Accounting Officer and Controller (Principal Accounting Officer)	February 15, 2024
/s/ BRUCE D. BROUSSARD **Bruce D. Broussard**	Chief Executive Officer, Director (Principal Executive Officer)	February 15, 2024
/s/ KURT J. HILZINGER **Kurt J. Hilzinger**	Chairman of the Board	February 15, 2024
/s/ RAQUEL C. BONO, M.D. **Raquel C. Bono, M.D.**	Director	February 15, 2024
/s/ FRANK A. D'AMELIO **Frank A. D'Amelio**	Director	February 15, 2024
/s/ DAVID T. FEINBERG, M.D. **David T. Feinberg, M.D.**	Director	February 15, 2024
/s/ WAYNE A. I. FREDERICK, M.D. **Wayne A. I. Frederick, M.D.**	Director	February 15, 2024
/s/ JOHN W. GARRATT **John W. Garratt**	Director	February 15, 2024
/s/ KAREN W. KATZ **Karen W. Katz**	Director	February 15, 2024
/s/ MARCY S. KLEVORN **Marcy S. Klevorn**	Director	February 15, 2024
/s/ WILLIAM J. MCDONALD **William J. McDonald**	Director	February 15, 2024
/s/ JORGE S. MESQUITA **Jorge S. Mesquita**	Director	February 15, 2024
/s/ BRAD D. SMITH **Brad D. Smith**	Director	February 15, 2024

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FIRST AMENDMENT
TO THE
AMENDED AND RESTATED
HUMANA INC.
STOCK INCENTIVE PLAN

This First Amendment (this "Amendment") to the Amended and Restated Humana Inc. Stock Incentive Plan (the "Plan") is effective as of February 24, 2024.

WHEREAS, the Plan provides for different treatment of the continued vesting of Options, Stock Appreciation Rights, and unvested shares of Restricted Stock and Restricted Stock Units in connection with (a) a Participant's Retirement and (b) and the termination of a Participant's employment, directorship or consultancy due to a Workforce Reduction or a Position Elimination;

WHEREAS, the Company wishes to amend the Plan to provide for the same continued vesting treatment in connection with (a) a Participant's Retirement and (b) and the termination of a Participant's employment, directorship or consultancy due to a Workforce Reduction or a Position Elimination; provided that the Participant has held an applicable Award for at least twelve (12) months from the original date of grant; and

WHEREAS, the Plan may be amended by the Board, subject to the restrictions set forth in Section 14 of the Plan.

NOW, THEREFORE, the Plan is hereby amended as follows:

1. Section 13(c). Section 13(c) is hereby amended and restated in its entirety as follows:

"(c) In the event of the Participant's Retirement:

(i) (A) To the extent any Option or Stock Appreciation Right (or portion thereof) is exercisable on the date of such Retirement, the Option or Stock Appreciation Right shall be exercisable for the two (2) year period after the date of such Retirement, but in no event beyond the expiration date of the Option or Stock Appreciation Right, and only to the extent the Option or Stock Appreciation Right (or portion hereof) was exercisable on the date of the Participant's Retirement and (B) (I) to the extent that the Option or Stock Appreciation Right (or portion thereof) (x) is not exercisable as of the date of such Retirement and (y) has been held by the Participant for at least twelve (12) months from the original date of grant, the unvested portion of the Option or Stock Appreciation Right shall continue to vest and become exercisable upon the regular vesting dates (as set forth in the Award Agreement) that would occur during the twelve (12) month period immediately following the date of such Retirement as if the Participant continued to be employed by the Company, and (II) to the extent that the Option or Stock Appreciation Right (or portion thereof) (x) is not exercisable as of the date of such Retirement and (y) has not been held by the Participant for at least twelve (12) months from the original date of grant, a prorated portion of the Option or Stock Appreciation Right that would have vested on the next scheduled vesting date (as set forth in the Award Agreement) shall vest and become exercisable upon the next scheduled vesting date, with the proration to be determined by calculating the product of (A) the quotient of (x) the number of completed months the Participant has been employed since the date of grant of the Option or Stock Appreciation Right or the most recent vesting date, as

applicable, divided by (y) the number of months in the current vesting period, multiplied by (B) the total number of Options or Stock Appreciation Rights that were scheduled to vest and become exercisable on the next scheduled vesting date; provided, that, the Committee may determine, in its sole discretion, that the restrictions on some or all of the Options or Stock Appreciation Rights held by the Participant as of the date of Retirement shall immediately lapse. The portion of the Option or Stock Appreciation Right that vests pursuant to clause (B) of this Section 13(c)(i) shall be exercisable at any time within two (2) years following the vesting date of such Option or Stock Appreciation Right, but in no event beyond the expiration date of the Option or Stock Appreciation Right.

(ii) (A) The portion of any unvested Shares of Restricted Stock or Restricted Stock Units (and related Dividend Equivalent Rights) that (x) the Participant has held for at least twelve (12) months from the original date of grant and (y) would ordinarily vest within twelve (12) months of the date of Retirement shall continue to vest on regularly scheduled vesting dates (as set forth in the Award Agreement) in the same manner as if the Participant continued to be employed by the Company through the applicable vesting dates, and (B) a prorated portion of any unvested Shares of Restricted Stock or Restricted Stock Units (and related Dividend Equivalent Rights) that (x) the Participant has held for less than twelve (12) months from the original date of grant and (y) would ordinarily vest within twelve (12) months of the date of Retirement shall continue to vest on regularly scheduled vesting (as set forth in the Award Agreement), with the proration to be determined by calculating the product of (i) the quotient of (x) the number of completed months the Participant has been employed since the date of grant or the most recent vesting date, as applicable, divided by (y) the number of months in the current restricted vesting period, multiplied by (ii) the total number of Shares of Restricted Stock or Restricted Stock Units that were scheduled to vest on the next scheduled vesting date; provided, that, the Committee may determine, in its sole discretion, that the restrictions on some or all of the Shares of Restricted Stock or Restricted Stock Units held by the Participant as of the date of termination of employment shall immediately lapse.

(iii) A prorated portion of any unvested Performance Awards that would have vested on the next scheduled vesting date (as set forth in the Award Agreement) shall vest on the next scheduled vesting date, with the proration to be determined by calculating the product of (i) the quotient of (x) the number of completed months the Participant has been employed since the date of grant or the most recent vesting date, as applicable, divided by (y) the number of months in the current restricted vesting period, multiplied by (ii) the total number of Performance Awards that were scheduled to vest on the next scheduled vesting date (taking into account achievement of applicable performance goals) ; provided, that, the Committee may determine, in its sole discretion, that the restrictions on some or all of the Performance Awards held by the Participant as of the date of Retirement shall immediately lapse. For purposes of the foregoing calculation, a month is complete on the day in the following month that corresponds to the date of grant."

2. Effect of Amendment. Except as expressly set forth herein, this Amendment shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations or agreements contained in the Plan, all of which are hereby ratified and affirmed in all respects and shall continue in full force and effect.

3. Defined Terms. Terms used but not defined herein have the meanings assigned to them in the Plan.

(As adopted by the Board on December 7, 2023.)

HUMANA INC.
RESTRICTED STOCK UNIT AGREEMENT
AND AGREEMENT NOT TO COMPETE OR SOLICIT
UNDER THE AMENDED AND RESTATED STOCK INCENTIVE PLAN

THIS RESTRICTED STOCK UNIT AGREEMENT (**"Agreement"**) made as of <award_date> (the "**Date of Grant**") by and between **HUMANA INC.**, a corporation duly organized and existing under the laws of the State of Delaware (hereinafter referred to as the **"Company"**), and <first_name> <middle_name> <last_name>**,** an employee of the Company (hereinafter referred to as **"Grantee"**).

WITNESSETH:

WHEREAS, the Amended and Restated Humana Inc. Stock Incentive Plan (the **"Plan"**) was approved by the Company's Board of Directors and stockholders; and

WHEREAS, the Company desires to award to Grantee Restricted Stock Units in accordance with the Plan.

NOW, THEREFORE, in consideration of the award of Restricted Stock Units to Grantee, the promises and mutual covenants hereinafter set forth, and other good and valuable consideration, the Company and Grantee agree as follows:

I. RESTRICTED STOCK UNIT GRANT

A. Grant. Subject to the terms and conditions hereinafter set forth, and in accordance with the provisions of the Plan, the Company hereby grants to Grantee, and Grantee hereby accepts from the Company <shares_awarded> Restricted Stock Units. Each Restricted Stock Unit represents the right of Grantee to receive one (1) Share on the date of distribution provided for in Section I(E)

. In addition, Grantee shall also have the right to receive all of the cash or in-kind dividends that are paid with respect to the Shares represented by the Restricted Stock Units to which this award relates ("**DERs**"). Dividend equivalents with respect to any such Share shall be paid on the same date that such Share is issued to Grantee pursuant to Section I(E) hereof. The DERs shall be subject to the same terms and conditions applicable to the Restricted Stock Units, including, without limitation, the restrictions and non-transferability, vesting, forfeiture and distribution provisions contained in Sections I(B) through I(E), inclusive, of this Agreement. In the event that the Restricted Stock Units are forfeited pursuant to Section I(D) hereof, the related DER shall also be forfeited.

B. **Restrictions and Non-Transferability.** The Restricted Stock Units and DERs may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated. In addition, such Restricted Stock Units and DERs shall be subject to forfeiture in accordance with the provisions of Section I(D).

C. **Vesting of Shares.** The Restricted Stock Units shall vest in three equal installments, with the first installment vesting on December 15 of the year in which the Date of Grant occurs, and the next two installments vesting on December 15 of each of the next two years (each such date, a "**Vesting Date**" and the period between each Vesting Date or between the Date of Grant and a Vesting Date, as applicable, a "**Vesting Period**") subject to Grantee's continued employment with the Company through each such Vesting Date; However, notwithstanding the foregoing, upon certain terminations of employment (as set forth below), all or a portion of the unvested Restricted Stock Units and DERs will vest in accordance with Sections 12 and 13 of the Plan.

D. Forfeiture. Except as set forth in Sections 12 and 13 of the Plan, upon the Last Day, but prior to the time the Restricted Stock Units and DERs have vested, the Restricted Stock Units and DERs shall be forfeited immediately by Grantee.

E. Distributions. The Company shall issue to Grantee (or, if applicable, Grantee's estate or personal representative) Shares (or such other securities or other property into which the Shares have been converted, with any partial Shares or other securities to be settled in cash) with respect to Grantee's Restricted Stock Units and dividend equivalents accrued pursuant to the DERs with respect to such Restricted Stock Units, within 30 days of the date that the Restricted Stock Units vest in accordance with Section I(C) hereof; provided, however, that, to the extent that the Restricted Stock Units are considered deferred compensation subject to Section 409A of the Code and the Restricted Stock Units vest in connection with Grantee's Change in Control Termination (defined below), then unless the Change in Control is a Section 409A Change in Control, the distribution of Shares (or such other securities or other property into which the Shares have been converted) shall not be accelerated to the vesting date but such distribution shall instead occur based on the Vesting Dates set forth in Section I(C) hereof. A "Section 409A Change in Control" shall mean a Change in Control that also constitutes a "change in ownership or effective control" of the Company or a "change in ownership of a substantial portion of the assets of" the Company, in each case within the meaning of Section 409A of the Code. Notwithstanding anything to the contrary contained herein, no Shares may be transferred to any person other than Grantee unless such other person demonstrates to the reasonable satisfaction of the Company such person's right to the transfer.

F. Taxes. Federal, state and local income and employment taxes and other amounts as may be required by law to be collected by the Company ("**Withholding Taxes**") in connection with the distribution of Shares, cash or other property or, to the extent applicable, vesting of the Restricted Stock Units or DERs hereunder, shall be paid by Grantee at such time. Notwithstanding the foregoing, the Company shall withhold delivery of a number of Shares with a Fair Market Value as of the distribution date equal to the Withholding Taxes required to be withheld in connection with such distribution.

II. AGREEMENT NOT TO COMPETE AND AGREEMENT NOT TO SOLICIT.

Grantee agrees and understands that the Company's business is a profit-generating business operating in a highly competitive business environment and that the Company has a legitimate business interest in, among other things, its confidential information and trade secrets (including as protected in other agreements and policies between the Company and Grantee) that it is providing Grantee, and in the significant time, money, training, team building and other efforts it expends to develop Grantee's skills to assist in performing Grantee's duties for the Company, including with respect to establishing, developing and maintaining the goodwill and business relationships with Protected Relationships (defined below) and employees, each of which Grantee agrees are valuable assets of the Company to which it has devoted substantial resources. Grantee acknowledges that the grant Grantee is receiving under the Plan is a meaningful way that the Company entrusts Grantee with its goodwill and aligns Grantee with the Company objective of increasing the value of the Company's business. Accordingly, Grantee acknowledges the importance of protecting the value of the Company's business through, among other things, covenants to restrict Grantee from engaging in activities that would adversely affect the value of the Company and its goodwill.

A. Agreement Not to Compete.

1. Grantee agrees that during the Restricted Period (defined below) and within the Restricted Geographic Area (defined below), Grantee will not, directly or indirectly, perform or engage in Competitive Product or Services (defined below) with a Competitor (defined below). Grantee may not accept employment with a Competitor (defined below) unless the Competitor's business is diversified and the Company receives Written Assurances from the Competitor and Grantee that are satisfactory to the Company that Grantee, during the Restricted Period, will not work on or provide Competitive Products or Services or otherwise use or disclose the Company's confidential information or trade secrets.

2. For Section II(A), such "Written Assurances" must contain a written statement detailing the identity of the Competitor and the nature of the services that Grantee will provide to the Competitor with sufficient detail to allow the Company to independently assess whether Grantee is or will be in violation of the Agreement. The Company must also receive such "Written Assurances" at least ten business days before Grantee commences employment for the Competitor. Such "Written Assurances" shall be delivered to the Company's Chief Human Resource Officer or his/her authorized delegate.

3. Nothing in this Agreement is intended to prevent Grantee from investing Grantee's funds in securities of a person engaged in a business that is directly competitive with the Company if the securities of such a person are listed for trading on a registered securities exchange or actively traded in an over-the-counter market and Grantee's holdings represent less than one percent (1%) of the total number of outstanding shares or principal amount of the securities of such a person.

B. Agreement Not to Solicit Protected Relationships. During the Restricted Period (defined below) and in connection with a Competitive Product or Service (defined below), Grantee shall not, individually or jointly with others, directly or indirectly, or by assisting others, (1) Solicit (defined below) any Protected Relationships (defined below); or (2) Solicit any Protected Relationships to terminate a relationship with the Company, its subsidiaries, and/or its affiliates, reduce the volume of their business dealings with the Company, its subsidiaries, and/or its affiliates, or to otherwise cease to accept services or products from the Company, its subsidiaries, and/or its affiliates.

C. Agreement Not to Solicit Employees. During the Restricted Period, Grantee shall not, individually or jointly with others, directly or indirectly, or by assisting others, (1) Solicit any employees or former employees of the Company, its subsidiaries, and/or its affiliates with whom Grantee worked, had business contact, or about which Grantee gained non-public or confidential information ("Employees or Former Employees"); (2) contact or communicate with Employees or Former Employees for the purpose of Soliciting them to terminate their employment or find employment or work with another person or entity; (3) provide, share, or pass along to any person or entity the name, contact and/or background information about any Employees or Former Employees or provide references or any other information about them; (4) provide, share, or pass along to Employees or Former Employees any information regarding potential jobs or entities or persons to work for, including but not limited to job openings, job postings, or the names or contact information of individuals or companies hiring people or accepting job applications; and/or (5) offer employment or work to any Employees or Former Employees. For purposes of this covenant, "Former Employees" shall refer to employees who are not employed by the Company, its subsidiaries, and/or its affiliates at the time of the attempted recruiting or hiring, but were employed by, or working for the Company, its subsidiaries, and/or its affiliates in the three months prior to the time of the attempted recruiting or hiring and/or interference.

D. Effect of a Change in Control Termination on Agreements Not to Compete and Not to Solicit.

1. In the event of a Change in Control Termination, the prohibitions on Grantee set forth in Section II(A) shall remain in full force and effect only if the acquirer or successor to the Company following the Change in Control shall, solely at its option, pay, within thirty (30) days following the Last Day (with the Company or its successor), to Grantee the Non-Compete Payment. Notwithstanding any previous agreement between Grantee and the Company relating to the prohibitions on Grantee set forth in Section II.A, the "Non-Compete Payment" shall be an amount at least equal to Grantee's then current annual base salary. Such amount shall be in addition to any other amounts paid or payable to Grantee with respect to other severance plans or policies maintained by the Company. For the avoidance of doubt, the provisions of this Section II(D) shall supersede any agreement between Grantee and the Company relating to the prohibitions on Grantee set forth in Section II(A), with the exception of any similar agreement contained in (i) any employment agreement between Grantee and the Company, (ii) any agreement between Grantee and the Company not related to the employment of Grantee by the Company, (iii) any severance plan or policy of the Company and (iv) any change in control severance plan or policy of the Company.

2. In the event of a Change in Control Termination, the prohibitions on Grantee set forth in Sections II(B) and II(C) shall remain in full force and effect.

E. Violation of Restrictive Covenants. This subsection sets forth the circumstances under which Grantee shall forfeit all or a portion of any vested or unvested Restricted Stock Units without payment and/or be required to repay or otherwise reimburse the Company for the gain or value realized in respect of all or a portion of the Restricted Stock Units.

1. If Grantee violates any provisions of Section II of this Agreement (a "Forfeiture Event"), Grantee shall immediately forfeit as of the date that the violation first occurs all unvested Restricted Stock Units without payment.. This provision does not alter the circumstances for forfeiture of unvested Restricted Stock Units as described in Section I(D) of this Agreement.

2. For any Restricted Stock Units that vested during the 12 month period prior to the Forfeiture Event or at any time after the Forfeiture event, Grantee shall be required to repay or otherwise reimburse the Company, immediately upon demand, an amount in Cash or Humana Inc. common stock equal to (i) equal to the aggregate Fair Market Value of the shares of Stock underlying such Restricted Stock Units on the date the Restricted Stock Units became vested and (ii) any dividend or DER amounts paid in respect of Shares.

3. The relief provided in this Section II(F) of the Agreement does not constitute the Company's exclusive remedy for the Grantee's violation of any of the provisions of Section II of the Agreement. As any forfeiture and repayment provisions are not adequate remedies at law, including because they do not repair the irreparable harm the Company will suffer from Grantee's breaches of this Agreement, the Company may seek any additional legal or equitable remedy, including injunctive relief, for such violations. The provisions in this section are essential economic conditions to the Company's grant of Restricted Stock Units. By receiving the Restricted Stock Units, Grantee agrees upon Grantee's violation of Section II of this Agreement that the Company may, subject to applicable state law, deduct from any amounts the Company owes the Grantee following the Last Day any amounts Grantee owes the Company under Section II(F).

4. The provisions under this Section II(F) of the Agreement and any amounts repayable by Grantee hereunder are intended to be in addition to any rights to repayment the Company may have under Section 304 of the Sarbanes-Oxley Act of 2002 and other applicable law.

5. In addition, if Grantee realizes any amounts in excess of what Grantee should have received under the terms of any Restricted Stock Units for any reason due to mistake in calculations or other administrative error, then Grantee shall be required to repay or reimburse any such excess amounts to the Company within thirty (30) days following the Company's written demand for repayment.

F. **Governing Law.** Notwithstanding any other provision herein to the contrary, the provisions of this Section II of the Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Kentucky without regard to its conflicts or choice of laws rules or principles that might otherwise refer construction or interpretation of this Section II to the substantive law of another jurisdiction.

G. **Injunctive Relief; Invalidity of Any Provision.** Grantee acknowledges that (1) his or her services to the Company, its subsidiaries, and/or its affiliates are of a special, unique and extraordinary character, (2) his or her position with the Company, its subsidiaries, and/or its affiliates will place him or her in a position of confidence and trust with respect to the operations of the Company, its subsidiaries, and/or its affiliates, (3) he or she will benefit from continued employment with the Company, its subsidiaries, and/or its affiliates, (4) the nature and periods of restrictions imposed by the covenants contained in this Section II are fair, reasonable and necessary to protect the Company, its subsidiaries, and/or its affiliates, (5) the Company, its subsidiaries, and/or its affiliates would sustain immediate and irreparable loss and damage from Grantee's wrongful use or disclosure of the Company, its subsidiaries, and/or its affiliates' confidential information or trade secrets and from Grantee's unfair competition or wrongful Solicitation of Protected Relationships, including with respect to the impairment of the Company's, its subsidiaries', and/or its affiliates' goodwill in its Protected Relationships, and (6) for the same reason, the Company's remedy at law (including under any forfeiture under Section II(F) above) for any such breach will be inadequate. Accordingly, Grantee agrees and consents that the Company, in addition to the recovery of damages and all other remedies available to it, at law or in equity, shall be entitled to seek temporary, preliminary, and permanent injunctions to prevent and/or halt a breach or threatened breach by Grantee of any covenant contained in Section II hereof. If any part or provision of this Section II is determined by a court of competent jurisdiction to be invalid in whole or in part, it shall be deemed to have been amended (and the court is authorized to amend), whether as to time, area covered or otherwise, as and to the extent required for its validity under applicable law, and as so amended, shall be enforceable. The parties further agree to execute all documents necessary to evidence such amendment.

H. Notice of Agreement. Grantee agrees that, during the Restricted Period, Grantee will tell any prospective new employer, partner, in a business venture, investors and/or any entity seeking to engage Grantee's services, prior to accepting employment, engagement as a consultant or contractor, or engaging in a business venture that this Agreement exists, and further, Grantee agrees to provide a true and correct copy of this Agreement to any such individual or entity prior to accepting any such employment or entering into any such employment or business venture.

I. Tolling. In the event Grantee violates one of the time-limited restrictions in Section II of this Agreement, the Company reserves the right to request as a form or equitable relief, and Grantee will not object, that a court of competent jurisdiction extend the time period for such violated restriction by one day for each day Grantee violated the restriction, up to the maximum extension equal to the length of the original period of the time-limited restrictions in Section II of this Agreement.

III. MISCELLANEOUS PROVISIONS

A. Binding Effect & Adjustment. This Agreement shall be binding and conclusive upon each successor and assign of the Company. Grantee's obligations hereunder shall not be assignable to any other person or entity. It is the intent of the parties to this Agreement that the benefits of any appreciation of the underlying Shares during the term of the Award shall be preserved in any event, including but not limited to a recapitalization, merger, consolidation, reorganization, stock dividend, stock split, reverse stock split, spin-off or similar transaction, or other change in corporate structure affecting the Shares, as more fully described in Sections 4.6 and 11 of the Plan. All obligations imposed upon Grantee and all rights granted to Grantee and to the Company shall be binding upon Grantee's heirs and legal representatives.

B. **Amendment**. This Agreement may only be amended by a writing executed by each of the parties hereto.

C. **Governing Law.** Except as to matters of federal law and the provisions of Section II hereof, this Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware without regard to its conflict of laws rules. This Agreement shall also be governed by, and construed in accordance with, the terms of the Plan.

D. No Employment Agreement. Nothing herein confers on Grantee any rights with respect to the continuance of employment or other service with the Company, nor will it interfere with any right the Company would otherwise have to terminate or modify the terms of Grantee's employment or other service at any time.

E. Severability. If any provision of this Agreement is or becomes or is deemed invalid, illegal or unenforceable in any relevant jurisdiction, or would disqualify this Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan, it shall be stricken and the remainder of the Agreement shall remain in full force and effect.

F. Defined Terms.

1. Any term used herein and not otherwise defined herein shall have the same meaning as in the Plan. Any conflict between this Agreement and the Plan will be resolved in favor of the Plan. Any disputes or questions of right or obligation which shall result from or relate to any interpretation of this Agreement shall be determined by the Committee. Any such determination shall be binding and conclusive upon Grantee and any person or persons claiming through Grantee as to any rights hereunder.

2. For the purposes of this Agreement, the following terms shall have the following meaning:

(i) "**Change in Control Termination**" means, in the event unvested Restricted Stock Units and DERs are assumed, converted, continued or substituted in connection with a Change in Control in accordance with Section 11.1 of the Plan, if the employment of Grantee is terminated within two years following the Change in Control (a) by the Company or its acquirer or successor for any reason other than Cause or (b) by Grantee with Good Reason.

(ii) "**Competitive Product or Service**" means any product, process, system or service (in existence or under development) of any person or organization other than the Company that is the same as, similar to, or competes with, a product, process, system or service (in existence or under development) upon which Grantee worked, had direct or indirect responsibilities, or had confidential information about at the Company during the twenty-four (24) months prior to the Grantee's Last Day (defined below).

(iii) "**Competitor**" means Grantee or any other person or organization, other than the Company or any of its subsidiaries, engaged in, or about to become engaged in, research or development, production, marketing, leasing, selling, or servicing of a Competitive Product or Service.

(iv) "**Last Day**" means Grantee's last day of employment with the Company, its subsidiaries, and/or its affiliates (or immediate successor) regardless of the reason for Grantee's separation.

(v) "**Protected Relationship**" means, but is not necessarily limited to, vendors, healthcare providers, hospitals, hospital systems, lobbyists, state Medicaid agencies, long-term care facilities, pharmaceutical manufacturers, policyholders, agents, brokers, dealers, distributers, customers, and/or other sources of supply or customers with whom within twenty-four months prior to the Last Day, Grantee, directly or indirectly (*e.g.*, through employees whom Grantee supervised) had material business contact and/or about whom Grantee obtained confidential information and trade secrets.

(vi) "**Restricted Geographic Area**" means the territory (*i.e.*: (i) state(s), (ii) county(ies), or (iii) city(ies)) in which, during the twenty-four (24) months prior to the Last Day, Grantee provided material services on behalf of the Company (or in which Grantee supervised directly, indirectly, in whole or in part, the servicing activities).

(vii) "**Restricted Period**" means the period of Grantee's employment with the Company, its subsidiaries, and/or its affiliates and a period of twelve (12) months after the Last Day. Grantee recognizes that the durational term is reasonably and narrowly tailored to the Company's, its subsidiaries', and/or its affiliates' legitimate business interest and need for protection with each position.

(viii) "**Solicit**" means to hire, entice, encourage, persuade, recruit, or solicit, or attempt to hire, entice, encourage, persuade, recruit, or solicit, either directly by Grantee or indirectly through another individual.

G. Execution. If Grantee shall fail to execute this Agreement, either manually with a paper document, or through the online grant agreement procedure with the Company's designated broker–dealer, and, if manually executed, return the executed original to the Secretary of the Company, the Award shall be null and void. The choice of form will be at the Company's discretion.

H. Section 409A. All Restricted Stock Units granted pursuant to this Agreement are intended either to be exempt from Section 409A of the Code, or, if subject to Section 409A of the Code, to be administered, operated and construed in compliance with Section 409A of the Code and any guidance issued thereunder. This Agreement and the Plan shall be administered in a manner consistent with this intent and any provision that would cause the Agreement or Plan to fail to satisfy the first sentence of this section shall have no force and effect. Notwithstanding anything contained herein to the contrary, Restricted Stock Units (and related DERs) that (a) constitute "nonqualified deferred compensation" as defined under Section 409A of the Code and (b) vest as a consequence of Grantee's termination of employment, shall not be delivered until the date that Grantee incurs a "separation from service" within the meaning of Section 409A of the Code (or, if Grantee is a "specified employee" within the meaning of Section 409A of the Code and any guidance issued thereunder, the date that is six months and one day following the date of such "separation from service" (or on the date of Grantee's death, if earlier)). In addition, each amount to be paid or benefit to be provided to Grantee pursuant to this Agreement that constitutes deferred compensation subject to Section 409A of the Code, shall be construed as a separate identified payment for purposes of Section 409A of the Code.

GRANTEE CERTIFIES THAT GRANTEE HAS READ AND UNDERSTANDS THIS AGREEMENT AND THE RESTRICTIONS CONTAINED THEREIN, AND HAS HAD AN OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL PRIOR TO SIGNING. GRANTEE ACKNOWLEDGES THAT THIS AGREEMENT MAY BE ACCEPTED ELECTRONICALLY BY GRANTEE, AND THAT AN ELECTRONIC COPY, HARD COPY, OR ACKNOWLEDGEMENT IS AS ENFORCEABLE AS AN ORIGINAL. GRANTEE ACKNOWLEDGES THAT GRANTEE HAD ABILITY TO PRINT A COPY OF THIS AGREEMENT AND TIME TO REVIEW IT PRIOR TO SIGNING.

IN WITNESS WHEREOF, Company has caused this Agreement to be executed on its behalf by its duly authorized officer, and Grantee has executed this Agreement, each as of the day first above written.

"Company"

ATTEST: **HUMANA INC.**

BY:_____ BY:_____
JOSEPH C. VENTURA BRUCE D. BROUSSARD
Chief Legal Officer President & Chief Executive Officer

"Grantee"

_____

<first_name> <middle_name> <last_name>

HUMANA INC.
RESTRICTED STOCK UNIT AGREEMENT WITH PERFORMANCE VESTING
AND AGREEMENT NOT TO COMPETE OR SOLICIT
UNDER THE AMENDED AND RESTATED STOCK INCENTIVE PLAN

THIS RESTRICTED STOCK UNIT AGREEMENT (**"Agreement"**) made as of <award_date> (the "**Date of Grant**") by and between **HUMANA INC.**, a corporation duly organized and existing under the laws of the State of Delaware (hereinafter referred to as the **"Company"**), and <first_name> <middle_name> <last_name>**,** an employee of the Company (hereinafter referred to as **"Grantee"**).

WITNESSETH:

WHEREAS, the Amended and Restated Humana Inc. Stock Incentive Plan (the **"Plan"**) was approved by the Company's Board of Directors and stockholders; and

WHEREAS, the Company desires to award to Grantee Restricted Stock Units in accordance with the Plan.

NOW, THEREFORE, in consideration of the award of Restricted Stock Units to Grantee, the promises and mutual covenants hereinafter set forth, and other good and valuable consideration, the Company and Grantee agree as follows:

I. RESTRICTED STOCK UNIT GRANT

A. Grant. Subject to the terms and conditions hereinafter set forth, and in accordance with the provisions of the Plan, the Company hereby grants to Grantee, and Grantee hereby accepts from the Company <shares_awarded> Performance-Based Restricted Stock Units (the "Restricted Stock Units") (which represents the target amount of shares available as set out on Appendix A). Each Restricted Stock Unit represents the right of Grantee to receive (i) one (1) Share on the date of distribution provided for in Section I(E). In addition, Grantee shall also have the right to receive all of the cash or in-kind dividends that are paid with respect to the Shares represented by the Restricted Stock Units to which this award relates ("DERs"). Dividend equivalents with respect to any such Share shall be paid on the same date that such Share is issued to Grantee pursuant to Section I(E). hereof. The DERs shall be subject to the same terms and conditions applicable to the Restricted Stock Units, including, without limitation, the restrictions and non-transferability, vesting, forfeiture and distribution provisions contained in Sections I(B) through I(E), inclusive, of this Agreement. In the event that the Restricted Stock Units are forfeited pursuant to Section I(D) hereof, the related DER shall also be forfeited.

B. **Restrictions and Non-Transferability.** The Restricted Stock Units and DERs may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated. In addition, such Restricted Stock Units and DERs shall be subject to forfeiture in accordance with the provisions of Section I(D).

C. **Vesting of Shares.** Subject to the terms set forth below, if as of the third anniversary of the Date of Grant (the "Vesting Date"), Grantee and the Company have achieved the performance goals to be set forth in Appendix A, the Restricted Stock Units and related DERs shall vest to the extent such performance goals have been achieved. Effective on the Vesting Date, any portion of the Restricted Stock Units and the related DERs for which the performance goals set forth in Appendix A have not been satisfied shall be immediately forfeited. However, notwithstanding the foregoing, upon

certain terminations of employment (as set forth below), all or a portion of the unvested Restricted Stock Units and DERs will vest in accordance with Sections 12 and 13 of the Plan.

D. Forfeiture. Except as set forth in Sections 12 and 13 of the Plan, upon the termination of Grantee's employment with the Company prior to the time the Restricted Stock Units and DERs have vested, the Restricted Stock Units and DERs shall be forfeited immediately by Grantee.

E. Distributions. The Company shall issue to Grantee (or, if applicable, Grantee's estate or personal representative) Shares (or such other securities or other property into which the Shares have been converted, with any partial Shares or other securities to be settled in cash) with respect to Grantee's Restricted Stock Units and dividend equivalents accrued pursuant to the DERs with respect to such Restricted Stock Units, within 30 days of the date that the Restricted Stock Units vest in accordance with Section I(C) hereof; provided, however, that, to the extent that the Restricted Stock Units are considered deferred compensation subject to Section 409A of the Code and the Restricted Stock Units vest in connection with Grantee's Change in Control Termination (defined below), then unless the Change in Control is a Section 409A Change in Control, the distribution of Shares (or such other securities or other property into which the Shares have been converted) shall not be accelerated to the vesting date but such distribution shall instead occur based on the Vesting Dates set forth in Section I(C) hereof. A "Section 409A Change in Control" shall mean a Change in Control that also constitutes a "change in ownership or effective control" of the Company or a "change in ownership of a substantial portion of the assets of" the Company, in each case within the meaning of Section 409A of the Code. Notwithstanding anything to the contrary contained herein, no Shares may be transferred to any person other than Grantee unless such other person demonstrates to the reasonable satisfaction of the Company such person's right to the transfer.

F. Taxes. Federal, state and local income and employment taxes and other amounts as may be required by law to be collected by the Company ("**Withholding Taxes**") in connection with the distribution of Shares, cash or other property or, to the extent applicable, vesting of the Restricted Stock Units or DERs hereunder, shall be paid by Grantee at such time. Notwithstanding the foregoing, the Company shall withhold delivery of a number of Shares with a Fair Market Value as of the distribution date equal to the Withholding Taxes required to be withheld in connection with such distribution.

II. AGREEMENT NOT TO COMPETE AND AGREEMENT NOT TO SOLICIT.

Grantee agrees and understands that the Company's business is a profit-generating business operating in a highly competitive business environment and that the Company has a legitimate business interest in, among other things, its confidential information and trade secrets (including as protected in other agreements and policies between the Company and Grantee) that it is providing Grantee, and in the significant time, money, training, team building and other efforts it expends to develop Grantee's skills to assist in performing Grantee's duties for the Company, including with respect to establishing, developing and maintaining the goodwill and business relationships with Protected Relationships (defined below) and employees, each of which Grantee agrees are valuable assets of the Company to which it has devoted substantial resources. Grantee acknowledges that the grant Grantee is receiving under the Plan is a meaningful way that the Company entrusts Grantee with its goodwill and aligns Grantee with the Company objective of increasing the value of the Company's business. Accordingly, Grantee acknowledges the importance of protecting the value of the Company's

business through, among other things, covenants to restrict Grantee from engaging in activities that would adversely affect the value of the Company and its goodwill.

A. Agreement Not to Compete.

1. Grantee agrees that during the Restricted Period (defined below) and within the Restricted Geographic Area (defined below), Grantee will not, directly or indirectly, perform or engage in Competitive Product or Services (defined below) with a Competitor (defined below). Grantee may not accept employment with a Competitor (defined below) unless the Competitor's business is diversified and the Company receives Written Assurances from the Competitor and Grantee that are satisfactory to the Company that Grantee, during the Restricted Period, will not work on or provide Competitive Products or Services or otherwise use or disclose the Company's confidential information or trade secrets.

2. For Section II(A), such "Written Assurances" must contain a written statement detailing the identity of the Competitor and the nature of the services that Grantee will provide to the Competitor with sufficient detail to allow the Company to independently assess whether Grantee is or will be in violation of the Agreement. The Company must also receive such "Written Assurances" at least ten business days before Grantee commences employment for the Competitor. Such "Written Assurances" shall be delivered to the Company's Chief Human Resource Officer or his/her authorized delegate.

3. Nothing in this Agreement is intended to prevent Grantee from investing Grantee's funds in securities of a person engaged in a business that is directly competitive with the Company if the securities of such a person are listed for trading on a registered securities exchange or actively traded in an over-the-counter market and Grantee's holdings represent less than one percent (1%) of the total number of outstanding shares or principal amount of the securities of such a person.

B. Agreement Not to Solicit Protected Relationships. During the Restricted Period (defined below) and in connection with a Competitive Product or Service (defined below), Grantee shall not, individually or jointly with others, directly or indirectly, or by assisting others, (1) Solicit (defined below) any Protected Relationships (defined below); or (2) Solicit any Protected Relationships to terminate a relationship with the Company, its subsidiaries, and/or its affiliates, reduce the volume of their business dealings with the Company, its subsidiaries, and/or its affiliates, or to otherwise cease to accept services or products from the Company, its subsidiaries, and/or its affiliates.

C. Agreement Not to Solicit Employees. During the Restricted Period, Grantee shall not, individually or jointly with others, directly or indirectly, or by assisting others, (1) Solicit any employees or former employees of the Company, its subsidiaries, and/or its affiliates with whom Grantee worked, had business contact, or about which Grantee gained non-public or confidential information ("Employees or Former Employees"); (2) contact or communicate with Employees or Former Employees for the purpose of Soliciting them to terminate their employment or find employment or work with another person or entity; (3) provide, share, or pass along to any person or entity the name, contact and/or background information about any Employees or Former Employees or provide references or any other information about them; (4) provide, share, or pass along to Employees or Former Employees any information regarding potential jobs or entities or persons to work for, including but not limited to job openings, job postings, or the names or contact information of individuals or companies hiring people or accepting job applications; and/or (5) offer employment or work to any Employees or Former Employees. For purposes of this covenant, "Former Employees" shall refer to employees who are

not employed by the Company, its subsidiaries, and/or its affiliates at the time of the attempted recruiting or hiring, but were employed by, or working for the Company, its subsidiaries, and/or its affiliates in the three months prior to the time of the attempted recruiting or hiring and/or interference.

D. Effect of a Change in Control Termination on Agreements Not to Compete and Not to Solicit.

1. In the event of a Change in Control Termination, the prohibitions on Grantee set forth in Section II(A) shall remain in full force and effect only if the acquirer or successor to the Company following the Change in Control shall, solely at its option, pay, within thirty (30) days following the Last Day (with the Company or its successor), to Grantee the Non-Compete Payment. Notwithstanding any previous agreement between Grantee and the Company relating to the prohibitions on Grantee set forth in Section II(A), the "Non-Compete Payment" shall be an amount at least equal to Grantee's then current annual base salary. Such amount shall be in addition to any other amounts paid or payable to Grantee with respect to other severance plans or policies maintained by the Company. For the avoidance of doubt, the provisions of this Section II(D) shall supersede any agreement between Grantee and the Company relating to the prohibitions on Grantee set forth in Section II(A), with the exception of any similar agreement contained in (i) any employment agreement between Grantee and the Company, (ii) any agreement between Grantee and the Company not related to the employment of Grantee by the Company, (iii) any severance plan or policy of the Company and (iv) any change in control severance plan or policy of the Company.

2. In the event of a Change in Control Termination, the prohibitions on Grantee set forth in Sections II(B) and II(C) shall remain in full force and effect.

E. Violation of Restrictive Covenants. This subsection sets forth the circumstances under which Grantee shall forfeit all or a portion of any vested or unvested Restricted Stock Units without payment and/or be required to repay or otherwise reimburse the Company any gain or value realized in respect of all or a portion of the Restricted Stock Units.

1. If Grantee violates any provisions of Section II of this Agreement (a "Forfeiture Event"), Grantee shall immediately forfeit as of the date that the violation first occurs all unvested Restricted Stock Units. This provision does not alter the circumstances for forfeiture of unvested Restricted Stock Units as described in Section I(D) of this Agreement.

2. For any Restricted Stock Units that vested during the 12 month period prior to the Forfeiture Event or at any time after the Forfeiture event, Grantee shall be required to repay or otherwise reimburse the Company, immediately upon demand, an amount in Cash or Humana Inc. common stock equal to (i) equal to the aggregate Fair Market Value of the shares of Stock underlying such Restricted Stock Units on the date the Restricted Stock Units became vested and (ii) any dividend or DER amounts paid in respect of Shares.

3. The relief provided in this Section II(F) of the Agreement does not constitute the Company's exclusive remedy for the Grantee's violation of any of the provisions of Section II of the Agreement. As any forfeiture and repayment provisions are not adequate remedies at law, including because they do not repair the irreparable harm the Company will suffer from Grantee's breaches of this Agreement, the Company may seek any additional legal or equitable remedy, including injunctive relief, for such violations. The provisions in this section are essential economic conditions to the Company's grant of Restricted Stock Units. By receiving the Restricted Stock Units, Grantee agrees upon Grantee's

violation of Section II of this Agreement that the Company may, subject to applicable state law, deduct from any amounts the Company owes Grantee following the Last Day any amounts Grantee owes the Company under Section II(F).

4. The provisions under this Section II(F) of the Agreement and any amounts repayable by Grantee hereunder are intended to be in addition to any rights to repayment the Company may have under Section 304 of the Sarbanes-Oxley Act of 2002 and other applicable law.

5. In addition, if Grantee realizes any amounts in excess of what Grantee should have received under the terms of any Restricted Stock Units for any reason due to mistake in calculations or other administrative error, then Grantee shall be required to repay or reimburse any such excess amounts to the Company within thirty (30) days following the Company's written demand for repayment.

F. **Governing Law.** Notwithstanding any other provision herein to the contrary, the provisions of this Section II of the Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Kentucky without regard to its conflicts or choice of laws rules or principles that might otherwise refer construction or interpretation of this Section II to the substantive law of another jurisdiction.

G. **Injunctive Relief; Invalidity of Any Provision.** Grantee acknowledges that (1) his or her services to the Company, its subsidiaries, and/or its affiliates are of a special, unique and extraordinary character, (2) his or her position with the Company, its subsidiaries, and/or its affiliates will place him or her in a position of confidence and trust with respect to the operations of the Company, its subsidiaries, and/or its affiliates, (3) he or she will benefit from continued employment with the Company, its subsidiaries, and/or its affiliates, (4) the nature and periods of restrictions imposed by the covenants contained in this Section II are fair, reasonable and necessary to protect the Company, its subsidiaries, and/or its affiliates, (5) the Company, its subsidiaries, and/or its affiliates would sustain immediate and irreparable loss and damage from Grantee's wrongful use or disclosure of the Company, its subsidiaries, and/or its affiliates' confidential information or trade secrets and from Grantee's unfair competition or wrongful Solicitation of Protected Relationships, including with respect to the impairment of the Company's, its subsidiaries', and/or its affiliates' goodwill in its Protected Relationships, and (6) for the same reason, the Company's remedy at law (including under any forfeiture under Section II(F) above) for any such breach will be inadequate. Accordingly, Grantee agrees and consents that the Company, in addition to the recovery of damages and all other remedies available to it, at law or in equity, shall be entitled to seek temporary, preliminary, and permanent injunctions to prevent and/or halt a breach or threatened breach by Grantee of any covenant contained in Section II hereof. If any part or provision of this Section II is determined by a court of competent jurisdiction to be invalid in whole or in part, it shall be deemed to have been amended (and the court is authorized to amend), whether as to time, area covered or otherwise, as and to the extent required for its validity under applicable law, and as so amended, shall be enforceable. The parties further agree to execute all documents necessary to evidence such amendment.

H. Notice of Agreement. Grantee agrees that, during the Restricted Period, Grantee will tell any prospective new employer, partner, in a business venture, investors and/or any entity seeking to engage Grantee's services, prior to accepting employment, engagement as a consultant or contractor, or engaging in a business venture that this Agreement exists, and further, Grantee agrees to provide a true and correct copy of this Agreement to any such individual or entity prior to accepting any such employment or entering into any such employment or business venture.

I. Tolling. In the event Grantee violates one of the time-limited restrictions in Section II of this Agreement, the Company reserves the right to request as a form or equitable relief, and Grantee will not object, that a court of competent jurisdiction extend the time period for such violated restriction by one day for each day Grantee violated the restriction, up to the maximum extension equal to the length of the original period of the time-limited restrictions in Section II of this Agreement.

III. MISCELLANEOUS PROVISIONS

A. Binding Effect & Adjustment. This Agreement shall be binding and conclusive upon each successor and assign of the Company. Grantee's obligations hereunder shall not be assignable to any other person or entity. It is the intent of the parties to this Agreement that the benefits of any appreciation of the underlying Shares during the term of the Award shall be preserved in any event, including but not limited to a recapitalization, merger, consolidation, reorganization, stock dividend, stock split, reverse stock split, spin-off or similar transaction, or other change in corporate structure affecting the Shares, as more fully described in Sections 4.6 and 11 of the Plan. All obligations imposed upon Grantee and all rights granted to Grantee and to the Company shall be binding upon Grantee's heirs and legal representatives.

B. **Amendment**. This Agreement may only be amended by a writing executed by each of the parties hereto.

C. **Governing Law.** Except as to matters of federal law and the provisions of Section II hereof, this Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware without regard to its conflict of laws rules. This Agreement shall also be governed by, and construed in accordance with, the terms of the Plan.

D. No Employment Agreement. Nothing herein confers on Grantee any rights with respect to the continuance of employment or other service with the Company, nor will it interfere with any right the Company would otherwise have to terminate or modify the terms of Grantee's employment or other service at any time.

E. Severability. If any provision of this Agreement is or becomes or is deemed invalid, illegal or unenforceable in any relevant jurisdiction, or would disqualify this Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan, it shall be stricken and the remainder of the Agreement shall remain in full force and effect.

F. Defined Terms.

1. Any term used herein and not otherwise defined herein shall have the same meaning as in the Plan. Any conflict between this Agreement and the Plan will be resolved in favor of the Plan. Any disputes or questions of right or obligation which shall result from or relate to any interpretation of this Agreement shall be determined by the Committee. Any such determination shall be binding and conclusive upon Grantee and any person or persons claiming through Grantee as to any rights hereunder.

2. For the purposes of this Agreement, the following terms shall have the following meaning:

(i) "**Change in Control Termination**" means, in the event unvested Restricted Stock Units and DERs are assumed, converted, continued or substituted in connection with a Change in Control in accordance with Section 11.1 of the Plan, if the employment of Grantee is terminated within two years following the Change in Control (a) by the Company or its acquirer or successor for any reason other than Cause or (b) by Grantee with Good Reason.

(ii) "**Competitive Product or Service**" means any product, process, system or service (in existence or under development) of any person or organization other than the Company that is the same as, similar to, or competes with, a product, process, system or service (in existence or under development) upon which Grantee worked, had direct or indirect responsibilities, or had confidential information about at the Company during the twenty-four (24) months prior to the Grantee's Last Day (defined below).

(iii) "**Competitor**" means Grantee or any other person or organization, other than the Company or any of its subsidiaries, engaged in, or about to become engaged in, research or development, production, marketing, leasing, selling, or servicing of a Competitive Product or Service.

(iv) "**Last Day**" means Grantee's last day of employment with the Company, its subsidiaries, and/or its affiliates (or immediate successor) regardless of the reason for Grantee's separation.

(v) "**Protected Relationship**" means, but is not necessarily limited to, vendors, healthcare providers, hospitals, hospital systems, lobbyists, state Medicaid agencies, long-term care facilities, pharmaceutical manufacturers, policyholders, agents, brokers, dealers, distributers, customers, and/or other sources of supply or customers with whom within twenty-four months prior to the Last Day, Grantee, directly or indirectly (*e.g.*, through employees whom Grantee supervised) had material business contact and/or about whom Grantee obtained confidential information and trade secrets.

(vi) "**Restricted Geographic Area**" means the territory (*i.e.*: (i) state(s), (ii) county(ies), or (iii) city(ies)) in which, during the twenty-four (24) months prior to the Last Day, Grantee provided material services on behalf of the Company (or in which Grantee supervised directly, indirectly, in whole or in part, the servicing activities).

(vii) "**Restricted Period**" means the period of Grantee's employment with the Company, its subsidiaries, and/or its affiliates and a period of twelve (12) months after the Last Day. Grantee recognizes that the durational term is reasonably and narrowly tailored to the Company's, its subsidiaries', and/or its affiliates' legitimate business interest and need for protection with each position.

(viii) "**Solicit**" means to hire, entice, encourage, persuade, recruit, or solicit, or attempt to hire, entice, encourage, persuade, recruit, or solicit, either directly by Grantee or indirectly through another individual.

G. Execution. If Grantee shall fail to execute this Agreement, either manually with a paper document, or through the online grant agreement procedure with the Company's designated broker–dealer, and, if manually executed, return the executed original to the Secretary of the Company, the Award shall be null and void. The choice of form will be at the Company's discretion.

H. Section 409A. All Restricted Stock Units granted pursuant to this Agreement are intended either to be exempt from Section 409A of the Code, or, if subject to Section 409A of the Code, to be administered, operated and construed in compliance with Section 409A of the Code and any guidance issued thereunder. This Agreement and the Plan shall be administered in a manner consistent with this intent and any provision that would cause the Agreement or Plan to fail to satisfy the first sentence of this section shall have no force and effect. Notwithstanding anything contained herein to the contrary, Restricted Stock Units (and related DERs) that (a) constitute "nonqualified deferred compensation" as defined under Section 409A of the Code and (b) vest as a consequence of Grantee's termination of employment, shall not be delivered until the date that Grantee incurs a "separation from service" within the meaning of Section 409A of the Code (or, if Grantee is a "specified employee" within the meaning of Section 409A of the Code and any guidance issued

thereunder, the date that is six months and one day following the date of such "separation from service" (or on the date of Grantee's death, if earlier)). In addition, each amount to be paid or benefit to be provided to Grantee pursuant to this Agreement that constitutes deferred compensation subject to Section 409A of the Code, shall be construed as a separate identified payment for purposes of Section 409A of the Code.

GRANTEE CERTIFIES THAT GRANTEE HAS READ AND UNDERSTANDS THIS AGREEMENT AND THE RESTRICTIONS CONTAINED THEREIN, AND HAS HAD AN OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL PRIOR TO SIGNING. GRANTEE ACKNOWLEDGES THAT THIS AGREEMENT MAY BE ACCEPTED ELECTRONICALLY BY GRANTEE, AND THAT AN ELECTRONIC COPY, HARD COPY, OR ACKNOWLEDGEMENT IS AS ENFORCEABLE AS AN ORIGINAL. GRANTEE ACKNOWLEDGES THAT GRANTEE HAD ABILITY TO PRINT A COPY OF THIS AGREEMENT AND TIME TO REVIEW IT PRIOR TO SIGNING.

IN WITNESS WHEREOF, Company has caused this Agreement to be executed on its behalf by its duly authorized officer, and Grantee has executed this Agreement, each as of the day first above written.

"Company"

ATTEST: **HUMANA INC.**

BY:_____ **BY:**_____
JOSEPH C. VENTURA **BRUCE D. BROUSSARD**
Chief Legal Officer **President & Chief Executive Officer**

"Grantee"

_____
<first_name> <middle_name> <last_name>

HUMANA INC.
INCENTIVE STOCK OPTION AGREEMENT
AND AGREEMENT NOT TO COMPETE OR SOLICIT
UNDER THE AMENDED AND RESTATED STOCK INCENTIVE PLAN

THIS AGREEMENT (**"Agreement"**) made as of <award_date> (the "**Date of Grant**") by and between **HUMANA INC.**, a corporation duly organized and existing under the laws of the State of Delaware (hereinafter referred to as the **"Company"**), and <first_name> <middle_name> <last_name>, an employee of the Company (hereinafter referred to as **"Optionee"**).

WITNESSETH

WHEREAS, the Amended and Restated Humana Inc. Stock Incentive Plan (the **"Plan"**), was approved by the Company's Board of Directors and stockholders; and

WHEREAS, the Company desires to grant to Optionee an option to purchase shares of common stock of the Company in accordance with the Plan;

NOW, THEREFORE, in consideration of the premises and mutual covenants hereinafter set forth, and other good and valuable consideration, the Company and Optionee agree as follows:

I. OPTION GRANT

A. Grant of Option. The Company hereby grants to Optionee, as a matter of separate inducement and agreement and not in lieu of salary or other compensation for services, an Incentive Stock Option to purchase <shares_awarded> shares of the $.16-2/3 par value common stock of the Company ("**Common Stock**") at the purchase price of $<award_price> per share (the "**Option**") exercisable on the terms and conditions set forth herein.

B. Term. The term of the Option shall commence upon the Date of Grant, and shall expire on <expire_Date> (the **"Expiration Date"**).

C. Vesting of Option. Except as otherwise set forth herein, the Option shall be exercisable by Optionee or his/her personal representative on and after the first anniversary of the Date of Grant in cumulative annual installments of one-third of the number of Shares covered hereby.

D. Effect of Termination of Employment on Option. If the employment of Optionee by the Company is terminated for Cause, all the rights of Optionee under this Agreement, whether or not exercisable, shall terminate immediately. If the employment of Optionee is terminated for any reason other than for Cause, the Option shall vest and remain exercisable in accordance with Sections 12 and 13 of the Plan, but in no event beyond the Expiration Date.

E. Exercise of Option.

1. The Option shall be exercisable only by written notice to the Secretary of the Company at the Company's principal executive offices, or through the online procedure to such broker-dealer as designated by the Company, Optionee or his/her legal representative as herein provided. Such notice shall state the number of Shares with respect to which the Option is being exercised and shall be signed, or authorized electronically, by Optionee or his/her legal representative, as applicable.

2. The purchase price shall be paid as follows: (i) In full in cash upon the exercise of the Option; (ii) By tendering to the Company Shares owned by Optionee prior to the date of exercise and having an aggregate Fair Market Value equal to the cash exercise price applicable to the Option; or (iii) A combination of I(E)(2)(i) and I(E)(2)(ii) above.

3. Federal, state and local income and employment taxes and other amounts as may be required by law to be collected by the Company (**"Withholding Taxes"**) in connection with the exercise of the Option shall be paid pursuant to the Plan by Optionee prior to the delivery of any Common Stock under this Agreement. The Company shall, at Optionee's election, withhold delivery of a number of Shares with a Fair Market Value as of the exercise date equal to the Withholding Taxes in satisfaction of Optionee's obligations hereunder.

II. AGREEMENT NOT TO COMPETE AND AGREEMENT NOT TO SOLICIT.

Optionee agrees and understands that the Company's business is a profit-generating business operating in a highly competitive business environment and that the Company has a legitimate business interest in, among other things, its confidential information and trade secrets (including as protected in other agreements and policies between the Company and Optionee) that it is providing Optionee, and in the significant time, money, training, team building and other efforts it expends to develop Optionee's skills to assist in performing Optionee's duties for the Company, including with respect to establishing, developing and maintaining the goodwill and business relationships with Protected Relationships (defined below) and employees, each of which Optionee agrees are valuable assets of the Company to which it has devoted substantial resources. Optionee acknowledges that the grant Optionee is receiving under the Plan is a meaningful way that the Company entrusts Optionee with its goodwill and aligns Optionee with the Company objective of increasing the value of the Company's business. Accordingly, Optionee acknowledges the importance of protecting the value of the Company's business through, among other things, covenants to restrict Optionee from engaging in activities that would adversely affect the value of the Company and its goodwill.

A. Agreement Not to Compete.

1. Optionee agrees that during the Restricted Period (defined below) and within the Restricted Geographic Area (defined below), Optionee will not, directly or indirectly, perform or engage in Competitive Product or Services (defined below) with a Competitor (defined below). Optionee may not accept employment with a Competitor (defined below) unless the Competitor's business is diversified and the Company receives Written Assurances from the Competitor and Optionee that are satisfactory to the Company that Optionee, during the Restricted Period, will not work on or provide Competitive Products or Services or otherwise use or disclose the Company's confidential information or trade secrets.

2. For Section II(A), such "Written Assurances" must contain a written statement detailing the identity of the Competitor and the nature of the services that Optionee will provide to the Competitor with sufficient detail to allow the Company to independently assess whether Optionee is or will be in violation of the Agreement. The Company must also receive such "Written Assurances" at least ten business days before Optionee commences employment for the Competitor. Such "Written Assurances" shall be delivered to the Company's Chief Human Resource Officer or his/her authorized delegate.

3. Nothing in this Agreement is intended to prevent Optionee from investing Optionee's funds in securities of a person engaged in a business that is directly competitive with the Company if the securities of such a person are listed for trading on a registered securities exchange or actively traded in an over-the-counter market and Optionee's holdings represent less than one percent (1%) of the total number of outstanding shares or principal amount of the securities of such a person.

B. Agreement Not to Solicit Protected Relationships. During the Restricted Period (defined below) and in connection with a Competitive Product or Service (defined below), Optionee shall not, individually or jointly with others, directly or indirectly, or by assisting others, (1) Solicit (defined below) any Protected Relationships (defined below); or (2) Solicit any Protected Relationships to terminate a relationship with the Company, its subsidiaries, and/or its affiliates, reduce the volume of their business dealings with the Company, its subsidiaries, and/or its affiliates, or to otherwise cease to accept services or products from the Company, its subsidiaries, and/or its affiliates.

C. Agreement Not to Solicit Employees. During the Restricted Period, Optionee shall not, individually or jointly with others, directly or indirectly, or by assisting others, (1) Solicit any employees or former employees of the Company, its subsidiaries, and/or its affiliates with whom Optionee worked, had business contact, or about which Optionee gained non-public or confidential information ("Employees or Former Employees"); (2) contact or communicate with Employees or Former Employees for the purpose of Soliciting them to terminate their employment or find employment or work with another person or entity; (3) provide, share, or pass along to any person or entity the name, contact and/or background information about any Employees or Former Employees or provide references or any other information about them; (4) provide, share, or pass along to Employees or Former Employees any information regarding potential jobs or entities or persons to work for, including but not limited to job openings, job postings, or the names or contact information of individuals or companies hiring people or accepting job applications; and/or (5) offer employment or work to any Employees or Former Employees. For purposes of this covenant, "Former Employees" shall refer to employees who are not employed by the Company, its subsidiaries, and/or its affiliates at the time of the attempted recruiting or hiring, but were employed by, or working for the Company, its subsidiaries, and/or its affiliates in the three months prior to the time of the attempted recruiting or hiring and/or interference.

D. Effect of a Change in Control Termination on Agreements Not to Compete and Not to Solicit.

1. In the event of a Change in Control Termination, the prohibitions on Optionee set forth in Section II(A) shall remain in full force and effect only if the acquirer or successor to the Company following the Change in Control shall, solely at its option, pay, within thirty (30) days following the Last Day (with the Company or its successor), to Optionee the Non-Compete Payment. Notwithstanding any previous agreement between Optionee and the Company relating to the prohibitions on Optionee set forth in Section II(A), the "Non-Compete Payment" shall be an amount at least equal to Optionee's then current annual base salary. Such amount shall be in addition to any other amounts paid or payable to Optionee with respect to other severance plans or policies maintained by the Company. For the avoidance of doubt, the provisions of this Section II(D) shall supersede any agreement between Optionee and the Company relating to the prohibitions on Optionee set forth in Section II(A), with the exception of any similar agreement contained in (i) any employment agreement between Optionee and the Company, (ii) any agreement between Optionee and the Company not related to the employment of Optionee by the Company, (iii) any severance plan or policy of the Company and (iv) any change in control severance plan or policy of the Company.

2. In the event of a Change in Control Termination, the prohibitions on Optionee set forth in Sections II(B) and II(C) shall remain in full force and effect.

E. **Violation of Restrictive Covenants.** This subsection sets forth the circumstances under which Optionee shall forfeit all or a portion of any vested or unvested Options held by Optionee without payment and/or be required to repay or otherwise reimburse the Company for the gain or value realized in respect of all or a portion of any exercised Options.

1. If Optionee violates any provisions of Section II of this Agreement (a "Forfeiture Event"), Optionee shall immediately forfeit as of the date that the violation first occurs all unexercised Options described above in Section I(A) (whether vested or unvested) without payment. This provision does not alter the circumstances for forfeiture of unexercised Options as described in Section I(D) of this Agreement.

2. If Optionee has exercised any of the Options prior to the Forfeiture Event, then for any Option that has been exercised during the 12 month period prior to the Forfeiture Event or at any time after the Forfeiture event, Optionee shall be required to repay or otherwise reimburse the Company, immediately upon demand, an amount in Cash or Humana Inc. common stock equal to the amount described below.

To the extent that (i) any Shares related to exercised Options have been sold or transferred, the amount shall be the aggregate gross proceeds realized by Optionee from such sale or transfer of the net Shares acquired after payment of the exercise price and any applicable taxes (the "**Net Shares**") (or, in the case of any disposition or transfer of the Net Shares for less than the Fair Market Value of such Net Shares, Optionee will repay or reimburse to the Company an amount equal to the Fair Market Value of such Net Shares) or (ii) if the Net Shares have not been sold at the time Company demand is made, the amount shall be the aggregate Fair Market Value of the Net Shares on the date the Options were exercised.

3. The relief provided in this Section II(F) of the Agreement does not constitute the Company's exclusive remedy for the Optionee's violation of any of the provisions of Section II of the Agreement. As any forfeiture and repayment provisions are not adequate remedies at law, including because they do not repair the irreparable harm the Company will suffer from Optionee's breaches of this Agreement, the Company may seek any additional legal or equitable remedy, including injunctive relief, for such violations. The provisions in this section are essential economic conditions to the Company's grant of Options. By receiving the Options, Optionee agrees upon Optionee's violation of Section II of this Agreement that the Company may, subject to applicable state law, deduct from any amounts the Company owes Optionee following the Last Day any amounts Optionee owes the Company under Section II(F).

4. The provisions under this Section II(F) of the Agreement and any amounts repayable by Optionee hereunder are intended to be in addition to any rights to repayment the Company may have under Section 304 of the Sarbanes-Oxley Act of 2002 and other applicable law.

5. In addition, if Optionee realizes any amounts in excess of what he or she should have received under the terms of any Options for any reason due to mistake in calculations or other administrative error, then Optionee shall be required to repay or reimburse any such excess amounts to the Company within thirty (30) days following the Company's written demand for repayment.

F. **Governing Law.** Notwithstanding any other provision herein to the contrary, the provisions of this Section II of the Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of

Kentucky without regard to its conflicts or choice of laws rules or principles that might otherwise refer construction or interpretation of this Section II to the substantive law of another jurisdiction.

G. **Injunctive Relief; Invalidity of Any Provision.** Optionee acknowledges that (1) his or her services to the Company, its subsidiaries, and/or its affiliates are of a special, unique and extraordinary character, (2) his or her position with the Company, its subsidiaries, and/or its affiliates will place him or her in a position of confidence and trust with respect to the operations of the Company, its subsidiaries, and/or its affiliates, (3) he or she will benefit from continued employment with the Company, its subsidiaries, and/or its affiliates, (4) the nature and periods of restrictions imposed by the covenants contained in this Section II are fair, reasonable and necessary to protect the Company, its subsidiaries, and/or its affiliates, (5) the Company, its subsidiaries, and/or its affiliates would sustain immediate and irreparable loss and damage from Optionee's wrongful use or disclosure of the Company, its subsidiaries, and/or its affiliates' confidential information or trade secrets and from Optionee's unfair competition or wrongful Solicitation of Protected Relationships, including with respect to the impairment of the Company's, its subsidiaries', and/or its affiliates' goodwill in its Protected Relationships, and (6) for the same reason, the Company's remedy at law (including under any forfeiture under Section II(F) above) for any such breach will be inadequate. Accordingly, Optionee agrees and consents that the Company, in addition to the recovery of damages and all other remedies available to it, at law or in equity, shall be entitled to seek temporary, preliminary, and permanent injunctions to prevent and/or halt a breach or threatened breach by Optionee of any covenant contained in Section II hereof. If any part or provision of this Section II is determined by a court of competent jurisdiction to be invalid in whole or in part, it shall be deemed to have been amended (and the court is authorized to amend), whether as to time, area covered or otherwise, as and to the extent required for its validity under applicable law, and as so amended, shall be enforceable. The parties further agree to execute all documents necessary to evidence such amendment.

H. **Notice of Agreement.** Optionee agrees that, during the Restricted Period, Optionee will tell any prospective new employer, partner, in a business venture, investors and/or any entity seeking to engage Optionee's services, prior to accepting employment, engagement as a consultant or contractor, or engaging in a business venture that this Agreement exists, and further, Optionee agrees to provide a true and correct copy of this Agreement to any such individual or entity prior to accepting any such employment or entering into any such employment or business venture.

I. **Tolling.** In the event Optionee violates one of the time-limited restrictions in Section II of this Agreement, the Company reserves the right to request as a form or equitable relief, and Optionee will not object, that a court of competent jurisdiction extend the time period for such violated restriction by one day for each day Optionee violated the restriction, up to the maximum extension equal to the length of the original period of the time-limited restrictions in Section II of this Agreement.

III. MISCELLANEOUS PROVISIONS

A. **Binding Effect & Adjustment.** This Agreement shall be binding and conclusive upon each successor and assign of the Company. Optionee's obligations hereunder shall not be assignable to any other person or entity. It is the intent of the parties to this Agreement that the benefits of any appreciation of the underlying Common Stock during the term of the Award shall be preserved in any event, including but not limited to a recapitalization, merger, consolidation,

reorganization, stock dividend, stock split, reverse stock split, spin-off or similar transaction, or other change in corporate structure affecting the Shares, as more fully described in Sections 4.6 and 11 of the Plan. All obligations imposed upon Optionee and all rights granted to Optionee and to the Company shall be binding upon Optionee's heirs and legal representatives.

B. **Amendment**. This Agreement may only be amended by a writing executed by each of the parties hereto.

C. **Governing Law.** Except as to matters of federal law and the provisions of Section II hereof, this Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware without regard to its conflict of laws rules. This Agreement shall also be governed by, and construed in accordance with, the terms of the Plan.

D. Jurisdiction; Service of Process. Any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this Agreement may be brought against any of the parties in the courts of the Commonwealth of Kentucky, County of Jefferson, or, if it has or can acquire jurisdiction, in the United States District Court for the Western District of Kentucky, and each of the parties consents to the jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and waives any objection to venue laid therein. Process in any action or proceeding referred to in the preceding sentence may be served on any party anywhere in the world.

E. No Employment Agreement. Nothing herein confers on Optionee any rights with respect to the continuance of employment or other service with the Company, nor will it interfere with any right the Company would otherwise have to terminate or modify the terms of Optionee's employment or other service at any time.

F. Severability. If any provision of this Agreement is or becomes or is deemed invalid, illegal or unenforceable in any relevant jurisdiction, or would disqualify this Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan, it shall be stricken and the remainder of the Agreement shall remain in full force and effect. Any provision in this Agreement determined by competent authority to be in conflict with 422 of the Internal Revenue Code of 1986, as amended, or its successor, in regard to qualifying this Option as an incentive stock option shall be ineffective ab initio to the extent of such conflict.

G. Assignment. The Option granted under this Agreement to Optionee may not be assigned, transferred, pledged, alienated or hypothecated in any manner during Optionee's lifetime, but shall be solely and exclusively the right of Optionee to exercise during his/her lifetime. Should Optionee attempt to assign, transfer, pledge, alienate or hypothecate the Option or any rights hereunder in any manner whatsoever, such action shall constitute a breach of the covenants hereunder and the Company may terminate the Option as to any then unexercised shares.

H. Defined Terms.

1. Any term used herein and not otherwise defined herein shall have the same meaning as in the Plan. Any conflict between this Agreement and the Plan will be resolved in favor of the Plan. Any disputes or questions of right or obligation which shall result from or relate to any interpretation of this Agreement shall be determined by the Committee. Any such determination shall be binding and conclusive upon Optionee and any person or persons claiming through Optionee as to any rights hereunder.

2. For the purposes of this Agreement, the following terms shall have the following meaning:

(i) "**Change in Control Termination**" means, in the event the Option is assumed, converted, continued or substituted in connection with a Change in Control in accordance with Section 11.1 of the Plan, if the employment of Optionee is terminated within two (2) years following the Change in Control (a) by the Company or its acquirer or successor for any reason other than Cause or (b) by Optionee with Good Reason.

(ii) "**Competitive Product or Service**" means any product, process, system or service (in existence or under development) of any person or organization other than the Company that is the same as, similar to, or competes with, a product, process, system or service (in existence or under development) upon which Optionee worked or for which Optionee had direct or indirect responsibilities, or had confidential information about at the Company during the twenty-four (24) months prior to the Optionee's Last Day (as defined below).

(iii) "**Competitor**" means Optionee or any other person or organization, other than the Company or any of its subsidiaries, engaged in, or about to become engaged in, research or development, production, marketing, leasing, selling, or servicing of a Competitive Product or Service.

(iv) "**Last Day**" means Optionee's last day of employment with the Company, its subsidiaries, and/or its affiliates (or immediate successor) regardless of the reason for Optionee's separation.

(v) "**Protected Relationship**" means, but is not necessarily limited to, vendors, healthcare providers, hospitals, hospital systems, lobbyists, long-term care facilities, state Medicaid agencies, pharmaceutical manufacturers, policyholders, agents, brokers, dealers, distributers, customers, and/or sources of supply or customers with whom, within twenty-four (24) months prior to the Last Day, Optionee, directly or indirectly (*e.g.*, through employees whom Optionee supervised) had material business contact and/or about whom Optionee obtained confidential information and trade secrets.

(vi) "**Restricted Geographic Area**" means the territory (*i.e.*: (i) state(s), (ii) county(ies), or (iii) city(ies)) in which, during the twenty-four (24) months prior to the Last Day, Optionee provided material services on behalf of the Company (or in which Optionee supervised directly, indirectly, in whole or in part, the servicing activities).

(vii) "**Restricted Period**" means the period of Optionee's employment with the Company, its subsidiaries', and/or its affiliates' and a period of twelve (12) months after the Last Day. Optionee recognizes that the durational term is reasonably and narrowly tailored to the Company's, its subsidiaries', and/or its affiliates' legitimate business interest and need for protection with each position.

(viii) "**Solicit**" means to hire, entice, encourage, persuade, recruit, or solicit, or attempt to hire, entice, encourage, persuade, recruit, or solicit, either directly by Optionee or indirectly through another individual.

I. Execution. If Optionee shall fail to execute this Agreement, either manually with a paper document, or through the online grant agreement procedure with the Company's designated broker–dealer, and, if manually executed, return the executed original to the Secretary of the Company, the Award shall be null and void. The choice of form will be at the Company's discretion.

IN WITNESS WHEREOF, Company has caused this Agreement to be executed on its behalf by its duly authorized officer, and Optionee has executed this Agreement, each as of the day first above written.

"Company"

ATTEST: **HUMANA INC.**

BY:_____ **BY:_____**
JOSEPH C. VENTURA **BRUCE D. BROUSSARD**
Chief Legal Officer **President & Chief Executive Officer**

“Optionee”

_____

<first_name> <middle_name> <last_name>

HUMANA INC.
STOCK OPTION AGREEMENT
AND AGREEMENT NOT TO COMPETE OR SOLICIT
UNDER THE AMENDED AND RESTATED STOCK INCENTIVE PLAN

THIS AGREEMENT (**"Agreement"**) made as of <award_date> (the "**Date of Grant**") by and between **HUMANA INC.**, a corporation duly organized and existing under the laws of the State of Delaware (hereinafter referred to as the **"Company"**), and <first_name> <middle_name> <last_name>, an employee of the Company (hereinafter referred to as **"Optionee"**).

WITNESSETH

WHEREAS, the Amended and Restated Humana Inc. Stock Incentive Plan (the **"Plan"**), was approved by the Company's Board of Directors and stockholders; and

WHEREAS, the Company desires to grant to Optionee an option to purchase shares of common stock of the Company in accordance with the Plan;

NOW, THEREFORE, in consideration of the premises and mutual covenants hereinafter set forth, and other good and valuable consideration, the Company and Optionee agree as follows:

I. OPTION GRANT

A. Grant of Option. The Company hereby grants to Optionee, as a matter of separate inducement and agreement and not in lieu of salary or other compensation for services, a Non-Qualified Stock Option to purchase <shares_awarded> shares of the $.16-2/3 par value common stock of the Company ("**Common Stock**") at the purchase price of <award_price> per share (the "**Option**") exercisable on the terms and conditions set forth herein.

B. Term. The term of the Option shall commence upon the Date of Grant, and shall expire on <expire_Date>.

C. Vesting of Option. Except as otherwise set forth herein, the Option shall be exercisable by Optionee or his/her personal representative on and after the first anniversary of the Date of Grant in cumulative annual installments of one-third of the number of Shares covered hereby.

D. Effect of Termination of Employment on Option. If the employment of Optionee by the Company is terminated for Cause, all the rights of Optionee under this Agreement, whether or not exercisable, shall terminate immediately. If the employment of Optionee is terminated for any reason other than for Cause, the Option shall vest and remain exercisable in accordance with Sections 12 and 13 of the Plan.

E. Exercise of Option.

1. The Option shall be exercisable only by written notice to the Secretary of the Company at the Company's principal executive offices, or through the online procedure to such broker-dealer as designated by the Company, Optionee or his/her legal representative as herein provided. Such notice shall state the number of Shares with respect to which the Option is being exercised and shall be signed, or authorized electronically, by Optionee or his/her legal representative, as applicable.

2. The purchase price shall be paid as follows: (a) In full in cash upon the exercise of the Option; (b) By tendering to the Company Shares owned by Optionee prior to the date of exercise and having an aggregate Fair Market Value equal to the cash exercise price applicable to the Option; (c) A combination of I(E)(2)(a) and I(E)(2)(b) above; or (d) Through the cashless exercise provisions of the designated broker-dealer as described in the procedures communicated to Optionee by the Company.

3. Federal, state and local income and employment taxes and other amounts as may be required by law to be collected by the Company (**"Withholding Taxes"**) in connection with the exercise of the Option shall be paid pursuant to the Plan by Optionee prior to the delivery of any Common Stock under this Agreement. The Company shall, at Optionee's election, withhold delivery of a number of Shares with a Fair Market Value as of the exercise date equal to the Withholding Taxes in satisfaction of Optionee's obligations hereunder.

II. AGREEMENT NOT TO COMPETE AND AGREEMENT NOT TO SOLICIT.

Optionee agrees and understands that the Company's business is a profit-generating business operating in a highly competitive business environment and that the Company has a legitimate business interest in, among other things, its confidential information and trade secrets (including as protected in other agreements and policies between the Company and Optionee) that it is providing Optionee, and in the significant time, money, training, team building and other efforts it expends to develop Optionee's skills to assist in performing Optionee's duties for the Company, including with respect to establishing, developing and maintaining the goodwill and business relationships with Protected Relationships (defined below) and employees, each of which Optionee agrees are valuable assets of the Company to which it has devoted substantial resources. Optionee acknowledges that the grant Optionee is receiving under the Plan is a meaningful way that the Company entrusts Optionee with its goodwill and aligns Optionee with the Company objective of increasing the value of the Company's business. Accordingly, Optionee acknowledges the importance of protecting the value of the Company's business through, among other things, covenants to restrict Optionee from engaging in activities that would adversely affect the value of the Company and its goodwill.

A. Agreement Not to Compete.

1. Optionee agrees that during the Restricted Period (defined below) and within the Restricted Geographic Area (defined below), Optionee will not, directly or indirectly, perform or engage in Competitive Product or Services (defined below) with a Competitor (defined below). Optionee may not accept employment with a Competitor (defined below) unless the Competitor's business is diversified and the Company receives Written Assurances from the Competitor and Optionee that are satisfactory to the Company that Optionee, during the Restricted Period, will not work on or provide Competitive Products or Services or otherwise use or disclose the Company's confidential information or trade secrets.

2. For Section II(A), such "Written Assurances" must contain a written statement detailing the identity of the Competitor and the nature of the services that Optionee will provide to the Competitor with sufficient detail to allow the Company to independently assess whether Optionee is or will be in violation of the Agreement. The Company must also receive such "Written Assurances" at least ten business days before Optionee commences employment for the Competitor. Such "Written Assurances" shall be delivered to the Company's Chief Human Resource Officer or his/her authorized delegate.

3. Nothing in this Agreement is intended to prevent Optionee from investing Optionee's funds in securities of a person engaged in a business that is directly competitive with the Company if the securities of such a person are listed for trading on a registered securities exchange or actively traded in an over-the-counter market and Optionee's holdings represent less than one percent (1%) of the total number of outstanding shares or principal amount of the securities of such a person.

B. Agreement Not to Solicit Protected Relationships. During the Restricted Period (defined below) and in connection with a Competitive Product or Service (defined below), Optionee shall not, individually or jointly with others, directly or indirectly, or by assisting others, (1) Solicit (defined below) any Protected Relationships (defined below); or (2) Solicit any Protected Relationships to terminate a relationship with the Company, its subsidiaries, and/or its affiliates, reduce the volume of their business dealings with the Company, its subsidiaries, and/or its affiliates, or to otherwise cease to accept services or products from the Company, its subsidiaries, and/or its affiliates.

C. Agreement Not to Solicit Employees. During the Restricted Period, Optionee shall not, individually or jointly with others, directly or indirectly, or by assisting others, (1) Solicit any employees or former employees of the Company, its subsidiaries, and/or its affiliates with whom Optionee worked, had business contact, or about which Optionee gained non-public or confidential information ("Employees or Former Employees"); (2) contact or communicate with Employees or Former Employees for the purpose of Soliciting them to terminate their employment or find employment or work with another person or entity; (3) provide, share, or pass along to any person or entity the name, contact and/or background information about any Employees or Former Employees or provide references or any other information about them; (4) provide, share, or pass along to Employees or Former Employees any

information regarding potential jobs or entities or persons to work for, including but not limited to job openings, job postings, or the names or contact information of individuals or companies hiring people or accepting job applications; and/or (5) offer employment or work to any Employees or Former Employees. For purposes of this covenant, "Former Employees" shall refer to employees who are not employed by the Company, its subsidiaries, and/or its affiliates at the time of the attempted recruiting or hiring, but were employed by, or working for the Company, its subsidiaries, and/or its affiliates in the three months prior to the time of the attempted recruiting or hiring and/or interference.

D. Effect of a Change in Control Termination on Agreements Not to Compete and Not to Solicit.

1. In the event of a Change in Control Termination, the prohibitions on Optionee set forth in Section II(A) shall remain in full force and effect only if the acquirer or successor to the Company following the Change in Control shall, solely at its option, pay, within thirty (30) days following the Last Day (with the Company or its successor), to Optionee the Non-Compete Payment. Notwithstanding any previous agreement between Optionee and the Company relating to the prohibitions on Optionee set forth in Section II(A), the "Non-Compete Payment" shall be an amount at least equal to Optionee's then current annual base salary. Such amount shall be in addition to any other amounts paid or payable to Optionee with respect to other severance plans or policies maintained by the Company. For the avoidance of doubt, the provisions of this Section II(D) shall supersede any agreement between Optionee and the Company relating to the prohibitions on Optionee set forth in Section II(A), with the exception of any similar agreement contained in (i) any employment agreement between Optionee and the Company, (ii) any agreement between Optionee and the Company not related to the employment of Optionee by the Company, (iii) any severance plan or policy of the Company and (iv) any change in control severance plan or policy of the Company.

2. In the event of a Change in Control Termination, the prohibitions on Optionee set forth in Sections II(B) and II(C) shall remain in full force and effect.

E. Violation of Restrictive Covenants. This subsection sets forth the circumstances under which Optionee shall forfeit all or a portion of any vested or unvested Options held by Optionee without payment and/or be required to repay or otherwise reimburse the Company for the gain or value realized in respect of all or a portion of any exercised Options.

1. If Optionee violates any provisions of Section II of this Agreement (a "Forfeiture Event"), Optionee shall immediately forfeit as of the date that the violation first occurs all unexercised Options described above in Section I(A) (whether vested or unvested) without payment. This provision

does not alter the circumstances for forfeiture of unexercised Options as described in Section I(D) of this Agreement.

2. If Optionee has exercised any of the Options prior to the Forfeiture Event, then for any Option that has been exercised during the 12 month period prior to the Forfeiture Event or at any time after the Forfeiture event, Optionee shall be required to repay or otherwise reimburse the Company, immediately upon demand, an amount in Cash or Humana Inc. common stock equal to the amount described below.

To the extent that (i) any Shares related to exercised Options have been sold or transferred, the amount shall be the aggregate gross proceeds realized by Optionee from such sale or transfer of the net Shares acquired after payment of the exercise price and any applicable taxes (the "**Net Shares**") (or, in the case of any disposition or transfer of the Net Shares for less than the Fair Market Value of such Net Shares, Optionee will repay or reimburse to the Company an amount equal to the Fair Market Value of such Net Shares) or (ii) if the Net Shares have not been sold at the time Company demand is made, the amount shall be the aggregate Fair Market Value of the Net Shares on the date the Options were exercised.

3. The relief provided in this Section II(F) of the Agreement does not constitute the Company's exclusive remedy for the Optionee's violation of any of the provisions of Section II of the Agreement. As any forfeiture and repayment provisions are not adequate remedies at law, including because they do not repair the irreparable harm the Company will suffer from Optionee's breaches of this Agreement, the Company may seek any additional legal or equitable remedy, including injunctive relief, for such violations. The provisions in this section are essential economic conditions to the Company's grant of Options. By receiving the Options, Optionee agrees upon Optionee's violation of Section II of this Agreement that the Company may, subject to applicable state law, deduct from any amounts the Company owes Optionee following the Last Day any amounts Optionee owes the Company under Section II(F).

4. The provisions under this Section II(F) of the Agreement and any amounts repayable by Optionee hereunder are intended to be in addition to any rights to repayment the Company may have under Section 304 of the Sarbanes-Oxley Act of 2002 and other applicable law.

5. In addition, if Optionee realizes any amounts in excess of what he or she should have received under the terms of any Options for any reason due to mistake in calculations or other administrative error, then Optionee shall be required to repay or reimburse any such excess amounts to the Company within thirty (30) days following the Company's written demand for repayment.

F. **Governing Law.** Notwithstanding any other provision herein to the contrary, the provisions of this Section II of the Agreement shall be governed by, and construed in accordance with, the

laws of the Commonwealth of Kentucky without regard to Kentucky's conflicts or choice of laws rules or principles that might otherwise refer construction or interpretation of this Section II to the substantive law of another jurisdiction.

G. **Injunctive Relief; Invalidity of Any Provision.** Optionee acknowledges that (1) his or her services to the Company, its subsidiaries, and/or its affiliates are of a special, unique and extraordinary character, (2) his or her position with the Company, its subsidiaries, and/or its affiliates will place him or her in a position of confidence and trust with respect to the operations of the Company, its subsidiaries, and/or its affiliates, (3) he or she will benefit from continued employment with the Company, its subsidiaries, and/or its affiliates, (4) the nature and periods of restrictions imposed by the covenants contained in this Section II are fair, reasonable and necessary to protect the Company, its subsidiaries, and/or its affiliates, (5) the Company, its subsidiaries, and/or its affiliates would sustain immediate and irreparable loss and damage from Optionee's wrongful use or disclosure of the Company, its subsidiaries, and/or its affiliates' confidential information or trade secrets and from Optionee's unfair competition or wrongful Solicitation of Protected Relationships, including with respect to the impairment of the Company's, its subsidiaries', and/or its affiliates' goodwill in its Protected Relationships, and (6) for the same reason, the Company's remedy at law (including under any forfeiture under Section II(F) above) for any such breach will be inadequate. Accordingly, Optionee agrees and consents that the Company, in addition to the recovery of damages and all other remedies available to it, at law or in equity, shall be entitled to seek temporary, preliminary, and permanent injunctions to prevent and/or halt a breach or threatened breach by Optionee of any covenant contained in Section II hereof. If any part or provision of this Section II is determined by a court of competent jurisdiction to be invalid in whole or in part, it shall be deemed to have been amended (and the court is authorized to amend), whether as to time, area covered or otherwise, as and to the extent required for its validity under applicable law, and as so amended, shall be enforceable. The parties further agree to execute all documents necessary to evidence such amendment.

H. **Notice of Agreement.** Optionee agrees that, during the Restricted Period, Optionee will tell any prospective new employer, partner, in a business venture, investors and/or any entity seeking to engage Optionee's services, prior to accepting employment, engagement as a consultant or contractor, or engaging in a business venture that this Agreement exists, and further, Optionee agrees to provide a true and correct copy of this Agreement to any such individual or entity prior to accepting any such employment or entering into any such employment or business venture.

I. **Tolling.** In the event Optionee violates one of the time-limited restrictions in Section II of this Agreement, the Company reserves the right to request as a form or equitable relief, and Optionee will not object, that a court of competent jurisdiction extend the time period for such violated restriction

by one day for each day Optionee violated the restriction, up to the maximum extension equal to the length of the original period of the time-limited restrictions in Section II of this Agreement.

III. MISCELLANEOUS PROVISIONS

A. Binding Effect & Adjustment. This Agreement shall be binding and conclusive upon each successor and assign of the Company. Optionee's obligations hereunder shall not be assignable to any other person or entity. It is the intent of the parties to this Agreement that the benefits of any appreciation of the underlying Common Stock during the term of the Award shall be preserved in any event, including but not limited to a recapitalization, merger, consolidation, reorganization, stock dividend, stock split, reverse stock split, spin-off or similar transaction, or other change in corporate structure affecting the Shares, as more fully described in Sections 4.6 and 11 of the Plan. All obligations imposed upon Optionee and all rights granted to Optionee and to the Company shall be binding upon Optionee's heirs and legal representatives.

B. **Amendment**. This Agreement may only be amended by a writing executed by each of the parties hereto.

C. **Governing Law.** Except as to matters of federal law and the provisions of Section II hereof, this Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware without regard to its conflict of laws rules. This Agreement shall also be governed by, and construed in accordance with, the terms of the Plan.

D. Jurisdiction; Service of Process. Any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this Agreement may be brought against any of the parties in the courts of the Commonwealth of Kentucky, County of Jefferson, or, if it has or can acquire jurisdiction, in the United States District Court for the Western District of Kentucky, and each of the parties consents to the jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and waives any objection to venue laid therein. Process in any action or proceeding referred to in the preceding sentence may be served on any party anywhere in the world.

E. No Employment Agreement. Nothing herein confers on Optionee any rights with respect to the continuance of employment or other service with the Company, nor will it interfere with any right the Company would otherwise have to terminate or modify the terms of Optionee's employment or other service at any time.

F. Severability. If any provision of this Agreement is or becomes or is deemed invalid, illegal or unenforceable in any relevant jurisdiction, or would disqualify this Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan, it shall be stricken and the remainder of the

Agreement shall remain in full force and effect. Any provision in this Agreement determined by competent authority to be in conflict with 422 of the Internal Revenue Code of 1986, as amended, or its successor, in regard to qualifying this Option as an incentive stock option shall be ineffective ab initio to the extent of such conflict.

G. Assignment. The Option granted under this Agreement to Optionee may not be assigned, transferred, pledged, alienated or hypothecated in any manner during Optionee's lifetime, but shall be solely and exclusively the right of Optionee to exercise during his/her lifetime. Should Optionee attempt to assign, transfer, pledge, alienate or hypothecate the Option or any rights hereunder in any manner whatsoever, such action shall constitute a breach of the covenants hereunder and the Company may terminate the Option as to any then unexercised shares.

H. Defined Terms.

1. Any term used herein and not otherwise defined herein shall have the same meaning as in the Plan. Any conflict between this Agreement and the Plan will be resolved in favor of the Plan. Any disputes or questions of right or obligation which shall result from or relate to any interpretation of this Agreement shall be determined by the Committee. Any such determination shall be binding and conclusive upon Optionee and any person or persons claiming through Optionee as to any rights hereunder.

2. For the purposes of this Agreement, the following terms shall have the following meaning:

(i) "**Change in Control Termination**" means, in the event the Option is assumed, converted, continued or substituted in connection with a Change in Control in accordance with Section 11.1 of the Plan, if the employment of Optionee is terminated within two (2) years following the Change in Control (a) by the Company or its acquirer or successor for any reason other than Cause or (b) by Optionee with Good Reason.

(ii) "**Competitive Product or Service**" means any product, process, system or service (in existence or under development) of any person or organization other than the Company that is the same as, similar to, or competes with, a product, process, system or service (in existence or under development) upon which Optionee worked or for which Optionee had direct or indirect responsibilities, or had confidential information about at the Company during the twenty-four (24) months prior to the Optionee's Last Day (as defined below).

(iii) "**Competitor**" means Optionee or any other person or organization, other than the Company or any of its subsidiaries, engaged in, or about to become engaged in, research or development, production, marketing, leasing, selling, or servicing of a Competitive Product or Service.

(iv) "**Last Day**" means Optionee's last day of employment with the Company, its subsidiaries, and/or its affiliates (or immediate successor) regardless of the reason for Optionee's separation.

(v) "**Protected Relationship**" means, but is not necessarily limited to, vendors, healthcare providers, hospitals, hospital systems, lobbyists, long-term care facilities, state Medicaid agencies, pharmaceutical manufacturers, policyholders, agents, brokers, dealers, distributers, customers, and/or sources of supply or customers with whom, within twenty-four (24) months prior to the Last Day, Optionee, directly or indirectly (*e.g.*, through employees whom Optionee supervised) had material business contact and/or about whom Optionee obtained confidential information and trade secrets.

(vi) "**Restricted Geographic Area**" means the territory (*i.e.*: (i) state(s), (ii) county(ies), or (iii) c ity(ies)) in which, during the twenty-four (24) months prior to the Last Day, Optionee provided material services on behalf of the Company (or in which Optionee supervised directly, indirectly, in whole or in part, the servicing activities).

(vii) "**Restricted Period**" means the period of Optionee's employment with the Company, its subsidiaries', and/or its affiliates' and a period of twelve (12) months after the Last Day. Optionee recognizes that the durational term is reasonably and narrowly tailored to the Company's, its subsidiaries', and/or its affiliates' legitimate business interest and need for protection with each position.

(viii) "**Solicit**" means to hire, entice, encourage, persuade, recruit, or solicit, or attempt to hire, entice, encourage, persuade, recruit, or solicit, either directly by Optionee or indirectly through another individual.

I. **Execution.** If Optionee shall fail to execute this Agreement, either manually with a paper document, or through the online grant agreement procedure with the Company's designated broker–dealer, and, if manually executed, return the executed original to the Secretary of the Company, the Award shall be null and void. The choice of form will be at the Company's discretion.

IN WITNESS WHEREOF, Company has caused this Agreement to be executed on its behalf by its duly authorized officer, and Optionee has executed this Agreement, each as of the day first above written.

"Company"

ATTEST: **HUMANA INC.**

BY:_____ **BY:_____**
JOSEPH C. VENTURA **BRUCE D. BROUSSARD**
Chief Legal Officer **President & Chief Executive Officer**

"Optionee"

_____

<first_name> <middle_name> <last_name>

EXHIBIT 21

HUMANA INC.
SUBSIDIARY LIST

ALABAMA
Mid-South Home Health Agency, LLC

ARKANSAS
Humana Regional Health Plan, Inc.

CALIFORNIA
Asian American Home Care, Inc.
Humana Health Plan of California, Inc.
Professional Healthcare at Home, LLC

COLORADO
Alpine Home Health Care, LLC

DELAWARE
Access Home Health of Florida, LLC
Amazing Home Health Holdings, LLC
American Homecare Management Corp.
CDO 1, LLC
CDO 2, LLC
CenterWell Care Solutions, Inc.
CenterWell Certified Healthcare Corp.
CenterWell Health Services (Certified), Inc.
CenterWell Health Services (USA) LLC
CenterWell Health Services Holding Corp.
CenterWell Health Services, Inc.
CenterWell Home Health Services, LLC
CenterWell Pharmacy, Inc.
CompBenefits Corporation
CompBenefits Direct, Inc.
Conviva Care Solutions, LLC
Conviva Care Solutions II, LLC
Conviva Group Holdings, LLC
Conviva Health Management, LLC
Conviva Health MSO of Texas, Inc.
Conviva Medical Center Management, LLC
Eagle NY Rx, LLC
Eagle Rx Holdco, Inc.
Eagle Rx, Inc.
Echo Primary Care Holdings, LLC
Edge Health MSO, Inc.
Emphesys, Inc.
Enclara Pharmacia, Inc.
FPG Acquisition Corp.
FPG Acquisition Holdings Corp.
FPG Holding Company, LLC
Go365, LLC
Harden Healthcare Holdings, LLC
Harden Home Health, LLC
Health Value Management, Inc.
Healthfield Operating Group, LLC
Healthfield, LLC
HHS Healthcare Corp.
Hospice Pharmacy Solutions, LLC
HP Solutions Holdings, LLC
HUM Provider Holdings, LLC
Humana at Home, Inc.
Humana Digital Health and Analytics Platform Services, Inc.
Humana Direct Contracting Entity, Inc.

Humana Government Business, Inc.
Humana Inc.
Humana Innovation Enterprises, Inc.
Humana WellWorks LLC
HumanaDental, Inc.
Integracare Holdings, Inc.
Integracare Intermediate Holdings, Inc.
KAH Development 10, L.L.C.
KAH Development 12, L.L.C.
KAH Development 14, L.L.C.
KAH Development 4, L.L.C.
Kentucky Homecare Holdings, Inc.
Kentucky Homecare Parent Inc.
KND Development 50, L.L.C.
Mid-South Home Health, LLC
North Region Providers, LLC
One Home Medical Equipment NC, LLC
One Home Medical Equipment VA, LLC
One Infusion Pharmacy NC, LLC
One Infusion Pharmacy TX, LLC
One Infusion Pharmacy VA, LLC
Outcome Resources,
PBM Holding Co.
PBM Plus Mail Service Pharmacy, LLC
PF Development 10, L.L.C.
PF Development 15, L.L.C.
PF Development 16, L.L.C.
PF Development 21, L.L.C.
PF Development 5, L.L.C.
PF Development 7, L.L.C.
PF Development 9, L.L.C.
Pharaoh JV, LLC
PHH Acquisition Corp.
PHHC Acquisition Corp.
Primary Care Holdings II, LLC
Prime West JV Holdings, LLC
Professional Healthcare, LLC
SHC Holding, Inc.
Transcend Population Health Management II, LLC
Trilogy Home Healthcare NE FL, Inc.
Trilogy Home Healthcare SW FL, Inc.
Vitality HHS Holdings, Inc.
Vitality Home Care, Inc.
Voyager Home Health, Inc.
Voyager Hospicecare, Inc.

DOMINICAN REPUBLIC
Trueshore S.R. I.

FLORIDA
A & A HomeCare, Inc.
Accredited Home Health of Broward, Inc.
Advanced Oncology Services, Inc.
All About Home Care Management, LLC
Altercare LLC
Altercare of Palm Beach County, LLC
Amazing Home Health Care, Inc.
Amicus Medical Center LLC
Amicus Medical Group, Inc.
Amicus Medical Services Organization, LLC
Care Hope Holdings, Inc.
Care Hope Home Health Agency, Inc.
Care Partners Home Care, LLC
CarePlus Health Plans, Inc.

CenterWell Accountable Care, LLC
CenterWell Senior Primary Care (FL), Inc.
CompBenefits Company
Complex Clinical Management, Inc.
Conviva Physician Group, LLC
Conviva Specialty, LLC
Elite Health Medical Centers, LLC
Elite Health Primary Care, LLC
FPG Senior Services, LLC
Homecare Holdings, Inc.
HUM-e-FL, Inc.
Humana At Home 1, Inc.
Humana Dental Company
Humana Health Insurance Company of Florida, Inc.
Humana Medical Plan, Inc.
Med. Tech. Services of South Florida, Inc.
Medstar Home Health, LLC
Med-Tech Services of Dade, Inc.
Med-Tech Services of Palm Beach, Inc.
METCARE of Florida, Inc.
Metropolitan Health Networks, Inc.
M-SAC, Inc.
On the Way Home Care, Inc.
One Home Health Holdings, LLC
One Home Medical Equipment, LLC
One Homecare Solutions, LLC
One Homecare Systems, LLC
One Infusion Pharmacy, LLC
One Nursing Care, LLC
One TPA Systems, Inc.
Quality Living Home Health Care LLC
SeniorBridge Family Companies (FL), Inc.
Senior Home Care, Inc.
South Florida Cardiology Associates, LLC
Trident Home Health, LLC
Trueshore BPO, LLC

GEORGIA
Capital Care Resources of South Carolina, LLC
Capital Care Resources, LLC
Capital Health Management Group, LLC
Chattahoochee Valley Home Care Services, LLC
Chattahoochee Valley Home Health, LLC
CHMG Acquisition LLC
CHMG of Atlanta, LLC
CHMG of Griffin, LLC
Healthfield Home Health, LLC
Healthfield of Southwest Georgia, LLC
Healthfield of Statesboro, LLC
Healthfield of Tennessee, LLC
Humana Employers Health Plan of Georgia, Inc.
Mid-South Home Health of Gadsden, LLC
Total Care Home Health of Louisburg, LLC
Total Care Home Health of North Carolina, LLC
Total Care Home Health of South Carolina, LLC

ILLINOIS
CompBenefits Dental, Inc.
Dental Care Plus Management, Corp.
Humana Benefit Plan of Illinois, Inc.
Humana Healthcare Research, Inc.

IOWA

Hawkeye Health Services, Inc.

KENTUCKY
516-526 West Main Street Condominium Council of Co-Owners, Inc.
CHA HMO, Inc.
Humana Active Outlook, Inc.
Humana Health Plan, Inc.
Humana Insurance Company of Kentucky
Humana MarketPOINT, Inc.
Humana Pharmacy Solutions, Inc.
Humana Real Estate Company
Humco, Inc.
The Dental Concern, Inc.

LOUISIANA
Humana Health Benefit Plan of Louisiana, Inc.
Synergy Home Care-Acadiana Region, Inc.
Synergy Home Care-Capitol Region, Inc.
Synergy Home Care-Central Region, Inc.
Synergy Home Care-Northeastern Region, Inc.
Synergy Home Care-Northshore Region, Inc.
Synergy Home Care-Northwestern Region, Inc.
Synergy Home Care-Southeastern Region, Inc.
Synergy, Inc.

MICHIGAN
CenterWell IPA Solutions, LLC
Humana Medical Plan of Michigan, Inc.
Prime Accountable Care West, LLC

MISSISSIPPI
Gilbert's Home Health Agency, Inc.
Home Health Care Affiliates of Central Mississippi, L.L.C.
Home Health Care Affiliates of Mississippi, Inc.
Home Health Care Affiliates, Inc.
Van Winkle Home Health Care, Inc.

MISSOURI
Missouri Home Care of Rolla, Inc.

NEVADA
Nevada Independent Physicians, LLC
Southern Nevada Home Health Care, Inc.

NEW YORK
Alexander Infusion, LLC
CenterWell Services of New York, Inc.
Harris, Rothenberg International Inc.
Humana Health Company of New York, Inc.
Humana Insurance Company of New York
New York Healthcare Services, Inc.
SeniorBridge Family Companies (NY), Inc.
QC-Medi New York, Inc.
Quality Care - USA, Inc.

NORTH CAROLINA
Eastern Carolina Home Health Agency, LLC
Healthcare Planning of America, LLC
Home Health Care of Carteret County, LLC
Innovative Financial Group Holdings, LLC

Innovative Financial Partners, LLC
Rees Financial LLC
TAR Heel Health Care Services, LLC
The Lead Store LLC
Versa Management LLC
Wake Forest Baptist Health Care at Home, LLC

OHIO
Humana Health Plan of Ohio, Inc.
Hummingbird Coaching Systems LLC

PENNSYLVANIA
Humana Medical Plan of Pennsylvania, Inc.

PUERTO RICO
Humana Health Plans of Puerto Rico, Inc.
Humana Insurance of Puerto Rico, Inc.
Humana Management Services of Puerto Rico, Inc.
Humana MarketPOINT of Puerto Rico, Inc.

SOUTH CAROLINA
Humana Benefit Plan of South Carolina, Inc.

TENNESSEE
Cariten Health Plan Inc.
PHP Companies, Inc.
Preferred Health Partnership, Inc.

TEXAS
Aberdeen Holdings, Inc.
Able Home Healthcare, Inc.
BWB Sunbelt Home Health Services, LLC
California Hospice, LLC
CompBenefits Insurance Company
Corpus Christi Home Care, Inc.
DentiCare, Inc.
Emphesys Insurance Company
Focus Care Health Resources, Inc.
GBA Holding, Inc.
GBA West, LLC
Georgia Hospice, LLC
Harden Clinical Services, LLC
Harden HC Texas Holdco, LLC
Harden Healthcare, LLC
Harden Hospice, LLC
Home Health of Rural Texas, Inc.
Horizon Health Care Services, Inc.
Humana At Home (Dallas), Inc.
Humana At Home (Houston), Inc.
Humana At Home (San Antonio), Inc.
Humana At Home (TLC), Inc.
Humana Benefit Plan of Texas, Inc.
Humana Health Plan of Texas, Inc.
Integracare Home Health Services, Inc.
Integracare of Albany, LLC
Integracare of Athens-Home Health, LLC
Integracare of Olney Home Health, LLC
Integracare of Texas, LLC
Integracare of West Texas-Home Health, LLC
Integracare of Wichita Falls, LLC
Lighthouse Hospice - Metroplex, LLC
Lighthouse Hospice Management, LLC

Lighthouse Hospice-San Antonio, LLC
One Home Health Holdings CCTX, LLC
One Home Medical Equipment TX, LLC
Outreach Health Services of North Texas, LLC
ROHC, L.L.C.
Texas Dental Plans, Inc.
Vernon Home Health Care Agency, LLC
Voyager Acquisition, L.P.

UTAH
Home Health Services, Inc.
Humana Medical Plan of Utah, Inc.

VERMONT
Managed Care Indemnity, Inc.

WASHINGTON
Arcadian Health Plan, Inc.

WEST VIRGINIA
First Home Health, Inc.
Nursing Care-Home Health Agency, Inc.

WISCONSIN
CareNetwork, Inc.
GuidantRx, Inc.
Humana Insurance Company
Humana Wisconsin Health Organization Insurance Corporation
HumanaDental Insurance Company
Independent Care Health Plan

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-254041) and Form S-8 (Nos. 033-49305, 333-04435, 333-57095, 333-86801, 333-41408, 333-86280, 333-105622, 333-134887, 333-162747, 333-171616, 333-175350, 333-231154, and 033-264543) of Humana Inc. of our report dated February 15, 2024 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Louisville, Kentucky

February 15, 2024

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 annual report on Form 10-K of Humana Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 15, 2024

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 annual report on Form 10-K of Humana Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 15, 2024

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 Annual Report of Humana Inc. (the "Company") on Form 10-K for the period ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned hereby certifies, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, in his capacity as an officer of Humana Inc., that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ BRUCE D. BROUSSARD

Bruce D. Broussard
Chief Executive Officer (Principal Executive Officer)

February 15, 2024

/s/ SUSAN M. DIAMOND

Susan M. Diamond
Chief Financial Officer (Principal Financial Officer)

February 15, 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.

HUMANA INC.
COMPENSATION RECOUPMENT POLICY
(Effective October 2, 2023)

This Humana Inc. Compensation Recoupment Policy ("**Policy**") has been adopted by the Board of Humana Inc. (the "**Company**"). This Policy provides for the recoupment of certain executive compensation in the event of (i) an accounting restatement resulting from material noncompliance with financial reporting requirements under U.S. federal securities laws in accordance with the terms and conditions set forth herein; and/or (ii) the Administrator's determination that an Executive has engaged in Improper Conduct within the meaning of this Policy. This Policy is intended to comply with the requirements of Section 10D of the Exchange Act (as defined below) and Section 303A.14 of the NYSE Listed Company Manual. This Compensation Recoupment Policy is intended to supersede and override the Humana Compensation Recoupment Policy which was approved by the Board on February 21, 2019.

1. Definitions. For the purposes of this Policy, the following terms shall have the meanings set forth below.

(a) "**Board**" means the Board of Directors of the Company.

(b) "**Administrator**" means the Board, the Compensation Committee or such other committee of the Board that, at the relevant time, has authority for making determinations as to the compensation of senior executives.

(c) "**Compensation Committee**" means the Organization & Compensation Committee of the Board.

(d) "**Covered Executive**" means any current or former Executive Officer.

(e) "**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended.

(f) "**Executive Officer**" means, with respect to the Company, any individual who serves as a current or former "Officer" within the meaning set forth in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), as applied by the Administrator from time to time. The determination as to an individual's status as an Executive Officer shall be made by the Administrator and such determination shall be final, conclusive and binding on such individual and all other interested persons.

(g) "**Financial Incentive-based Compensation**" means any compensation "received" by a Covered Executive during the applicable Recoupment Period; *provided* that:

(i) the compensation is granted, earned and/or vested based wholly or in part upon the achievement of a Financial Reporting Measure (including, for the avoidance of doubt, any cash or equity or equity-based compensation, whether deferred or current). For purposes of this Policy, "Financial Incentive-based Compensation" shall also be deemed to include any amounts which were determined based on (or were otherwise calculated by reference to) Financial Incentive-based Compensation (including, without limitation, any amounts under any long-term disability, life insurance or supplemental retirement or severance plan or agreement or any notional account that is based on Financial Incentive-based Compensation, as well as any earnings accrued thereon);

(ii) such Financial Incentive-based Compensation was received by such Covered Executive (A) after October 2, 2023, (B) after he or she commenced service as an Executive Officer and (C) while the Company had a class of securities publicly listed on a United States national securities exchange; and

(iii) such Covered Executive served as an Executive Officer at any time during the performance period applicable to such Financial Incentive-based Compensation.

For purposes of this Policy, Financial Incentive-based Compensation is "**received**" by a Covered Executive during the fiscal period in which the Financial Reporting Measure applicable to such Financial Incentive-based Compensation (or portion thereof) is attained, even if the payment or grant of such Financial Incentive-based Compensation is made thereafter.

(h) "**Financial Reporting Measure**" means any (i) measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, (ii) stock price measure or (iii) total shareholder return measure (and any measures that are derived wholly or in part from any measure referenced in clause (i), (ii) or (iii) above). For the avoidance of doubt, any such measure does not need to

be presented within the Company's financial statements or included in a filing with the U.S. Securities and Exchange Commission to constitute a Financial Reporting Measure.

(i) "**Financial Restatement**" means a restatement of the Company's financial statements due to the Company's material noncompliance with any financial reporting requirement under U.S. federal securities laws that is required in order to correct:

(i) an error in previously issued financial statements that is material to the previously issued financial statements; or

(ii) an error that would result in a material misstatement if (A) the error were corrected in the current period or (B) left uncorrected in the current period.

For purposes of this Policy, a Financial Restatement shall not be deemed to occur in the event of a revision of the Company's financial statements due to an out-of-period adjustment (i.e., when the error is immaterial to the previously issued financial statements and the correction of the error is also immaterial to the current period) or a retrospective (1) application of a change in accounting principles; (2) revision to reportable segment information due to a change in the structure of the Company's internal organization; (3) reclassification due to a discontinued operation; (4) application of a change in reporting entity, such as from a reorganization of entities under common control; or (5) revision for stock splits, reverse stock splits, stock dividends or other changes in capital structure.

(j) "**Improper Conduct**" means the following conduct that, in the sole discretion of the Administrator, is likely to cause or has caused material financial, operational, or reputational harm to the Company, materially disrupt, damage, impair or interfere with the business of the Company or its affiliates, or have a significant, adverse reputational or economic impact on the Company or any of its affiliates or divisions:

(i) the commission of an act of fraud, misappropriation or embezzlement in the course of employment (or actual knowledge of the fraud, misappropriation, or embezzlement in the course of employment of another person);

(ii) the commission of a criminal act, whether or not in the workplace, that in the Administrator's sole discretion, constitutes a felony or crime of comparable magnitude;

(iii) the material violation of a non-compete, non-solicitation, or confidentiality agreement; or

(iv) the willful and material breach of a Covered Executive's obligations under the Company's code of conduct relating to compliance with law or regulation.

(k) "**Incentive Compensation"** means (i) Financial Incentive-based Compensation; (ii) time-vesting awards; (iii) compensation awarded on the basis of the achievement of metrics that are not Financial Reporting Measures; and (iv) any compensation awarded solely at the discretion of the Administrator or the Board.

(l) "**NYSE**" means the New York Stock Exchange, or any successor thereof.

(m) "**Recoupment Period**" means (i) with respect to a recoupment triggered by a Financial Restatement, the three fiscal years completed immediately preceding the date of any applicable Recoupment Trigger Date and (ii) with respect to a recoupment triggered by Improper Conduct, the three fiscal years immediately preceding the Administrator's determination that Improper Conduct has occurred. Notwithstanding the foregoing, with respect to clawbacks triggered by Financial Restatements, the Recoupment Period additionally includes any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years, provided that a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine (9) to twelve (12) months would be deemed a completed fiscal year.

(n) "**Recoupment Trigger Date**" means (i) with respect to a recoupment triggered by a Financial Restatement, the earlier of (A) the date that the Board (or a committee thereof or the officer(s) of the Company authorized to take such action if Board action is not required) concludes, or reasonably should have concluded, that the Company is required to prepare a Financial Restatement, and (B) the date on which a court, regulator or other legally authorized body directs the Company to prepare a Financial Restatement; and (ii) with respect to a recoupment triggered by Improper Conduct, the date on which the Administrator determines that the Improper Conduct occurred.

2. Recoupment of Erroneously Awarded Compensation in Connection with a Financial Restatement.

(a) In the event of a Financial Restatement, if the amount of any Financial Incentive-based Compensation received by a Covered Executive on or after October 2, 2023 (the "**Awarded Compensation**") exceeds the amount of such Financial Incentive-based Compensation that would have otherwise been received by such Covered Executive if calculated based on the Financial Restatement (the "**Adjusted Compensation**"), the Company shall reasonably promptly recover from such Covered Executive an amount equal to the excess of the Awarded Compensation over the Adjusted Compensation, each calculated on a pre-tax basis (such excess amount, the "**Erroneously Awarded Compensation**").

(b) If (i) the Financial Reporting Measure applicable to the relevant Financial Incentive-based Compensation is stock price or total shareholder return (or any measure derived wholly or in part from either of such measures) and (ii) the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the Financial Restatement, then the amount of Erroneously Awarded Compensation shall be determined (on a pre-tax basis) based on the Company's reasonable estimate of the effect of the Financial Restatement on the Company's stock price or total shareholder return (or the derivative measure thereof) upon which such Financial Incentive-based Compensation was received.

(c) The Company's obligation to recover Erroneously Awarded Compensation is not dependent on (i) if or when the restated financial statements are filed or (ii) any fault of any Covered Executive for the accounting errors or other actions leading to a Financial Restatement.

(d) Notwithstanding anything to the contrary in Sections 2(a) through (c) hereof, the Company shall not be required to recover any Erroneously Awarded Compensation if both (x) the conditions set forth in either of the following clauses (i) or (ii) are satisfied and (y) the Administrator (or a majority of the independent directors serving on the Board) has determined that recovery of the Erroneously Awarded Compensation would be impracticable:

(i) the direct expense paid to a third party to assist in enforcing the recovery of the Erroneously Awarded Compensation under this Policy would exceed the amount of such Erroneously Awarded Compensation to be recovered; *provided* that, before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation pursuant to this Section 2(d), the Company shall have first made a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to make such recovery and provide that documentation to the NYSE; or

(ii) recovery of the Erroneously Awarded Compensation would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Sections 401(a)(13) or 411(a) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**").

(e) The Company shall not indemnify any Covered Executive, directly or indirectly, for any losses that such Covered Executive may incur in connection with the recovery of Erroneously Awarded Compensation pursuant to this Policy, including through the payment of insurance premiums or gross-up payments.

(f) Notwithstanding anything to the contrary herein, the Company has no obligation to seek recoupment of amounts paid to a Covered Executive which are granted, vested or earned based solely upon the occurrence or non-occurrence of nonfinancial events. Such exempt compensation includes, without limitation, base salary, time-vesting awards, compensation awarded on the basis of the achievement of metrics that are not Financial Reporting Measures or compensation awarded solely at the discretion of the Administrator or the Board, *provided* that such amounts are in no way contingent on, and were not in any way granted on the basis of, the achievement of any Financial Reporting Measure performance goal.

3. Recoupment of Incentive Compensation for Improper Conduct.

(a) In the event the Administrator determines that a Covered Executive engaged in Improper Conduct, the Administrator may, in its sole discretion, recover all or any portion of the Incentive Compensation paid to a Covered Executive during the Recoupment Period.

(a) The Administrator may consider any and all facts it considers relevant under all of the circumstances, including without limitation: (A) whether or not the Covered Executive engaged in Improper Conduct; (B) the likelihood of success of any recovery under this Policy under governing law as compared to the cost and effort involved; (C) whether the assertion of a claim may prejudice the interests of the Company, including in any related proceeding or investigation; (D) the passage of time since the occurrence of the Improper Conduct; and (E) any pending legal proceeding relating to the Improper Conduct.

(b) In no event will the amount of the Recoverable Incentive exceed the total amount of Incentive Compensation paid or granted during the Applicable Period.

4. Administration.

(a) This Policy shall be administered by the Administrator. All decisions of the Administrator shall be final, conclusive and binding upon the Company and the Covered Executives, their beneficiaries, executors, administrators and any other legal representative. The Administrator shall have full power and authority to (i) administer and interpret this Policy; (ii) correct any defect, supply any omission and reconcile any inconsistency in this Policy; and (iii) make any other determination and take any other action that the Administrator deems necessary or desirable for the administration of this Policy and to comply with applicable law (including Section 10D of the Exchange Act) and applicable stock market or exchange rules and regulations. Notwithstanding anything to the contrary contained herein, to the extent permitted by Section 10D of the Exchange Act and Section 303A.14 of the NYSE Listed Company Manual, the Board may, in its sole discretion, at any time and from time to time, administer this Policy in the same manner as the Administrator.

(b) The Administrator shall determine, in its sole discretion, the manner and timing in which any Incentive Compensation shall be recovered from a Covered Executive in accordance with applicable law, including, without limitation, by (i) requiring reimbursement of Financial Incentive-based Compensation previously paid in cash; (ii)seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer or other disposition of any equity or equity-based awards; (iii) offsetting the Incentive Compensation amount from any compensation otherwise owed by the Company or any of its affiliates to the Covered Executive; (iv) cancelling outstanding vested or unvested equity or equity-based awards; and/or (v) taking any other remedial and recovery action permitted by applicable law. For the avoidance of doubt, except as set forth in Section 2(d), in no event may the Company accept an amount that is less than the amount of Erroneously Awarded Compensation; *provided* that, to the extent necessary to avoid any adverse tax consequences to the Covered Executive pursuant to Section 409A of the Code, any offsets against amounts under any nonqualified deferred compensation plans (as defined under Section 409A of the Code) shall be made in compliance with Section 409A of the Code.

5. Amendment/Termination. Subject to Section 10D of the Exchange Act and Section 303A.14 of the NYSE Listed Company Manual, this Policy may be amended or terminated by the Administrator at any time. To the extent that any applicable law, or stock market or exchange rules or regulations require recovery of Erroneously Awarded Compensation in circumstances in addition to those specified herein, nothing in this Policy shall be deemed to limit or restrict the right or obligation of the Company to recover Erroneously Awarded Compensation to the fullest extent required by such applicable law, stock market or exchange rules and regulations.

6. Interpretation. Notwithstanding anything to the contrary herein, this Policy is intended to comply with the requirements of Section 10D of the Exchange Act and Section 303A.14 of the NYSE Listed Company Manual (and any applicable regulations, administrative interpretations or stock market or exchange rules and regulations adopted in connection therewith). The provisions of this Policy shall be interpreted in a manner that satisfies such requirements and this Policy shall be operated accordingly. If any provision of this Policy would otherwise frustrate or conflict with this intent, the provision shall be interpreted and deemed amended so as to avoid such conflict.

7. No Double Recovery. Any amounts recouped or clawed back pursuant to the Company's obligation to recover Erroneously Awarded Compensation shall count toward amounts recouped or clawed back pursuant to the Company's right to recover Incentive Compensation other than Erroneously Awarded Compensation and vice versa.

8. Other Compensation Clawback/Recoupment Rights. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies, rights or requirements with respect to the clawback or recoupment of any compensation that may be available to the Company pursuant to the terms of any other recoupment or clawback policy of the Company (or any of its affiliates) that may be in effect from time to time, any provisions in any employment agreement, offer letter, equity plan, equity award agreement or similar plan or agreement, and any other legal remedies available to the Company, as well as applicable law, stock market or exchange rules, listing standards or regulations; *provided*, *however*, that any amounts recouped or clawed back under any other policy that would be recoupable under this Policy shall count toward any required clawback or recoupment under this Policy and vice versa.

9. Disclosure. The circumstances of any recoupment of Erroneously Awarded Compensation pursuant to a Financial Restatement will be publicly disclosed where required by Section 10D of the Exchange Act, Items 402 and 601(b) of Regulation S-K and Section 303A.14 of the NYSE Listed Company Manual. For the avoidance of doubt, the Company has no obligation pursuant to this Policy to publicly disclose any recoupment of Incentive Compensation that is not Erroneously Awarded Compensation.

10. Miscellaneous.

(a) Any applicable award agreement or other document setting forth the terms and conditions of any compensation covered by this Policy shall be deemed to include the restrictions imposed herein and incorporate this Policy by reference and, in the event of any inconsistency, the terms of this Policy will govern. For the avoidance of doubt, this Policy applies to all compensation that is received on or after (i) October 2, 2023, with respect to a recoupment triggered by a Financial Restatement or (ii) February 21, 2019, with respect to a recoupment triggered by Improper Conduct, regardless of the date on which the award agreement or other document setting forth the terms and conditions of the Covered Executive's compensation became effective, including, without limitation, compensation received under the Humana Inc. 2011 Stock Incentive Plan, the 2019 Amended and Restated Humana Inc. Stock Incentive Plan, the Humana Inc. Executive Incentive Compensation Plan and any successor plan to each of the foregoing.

(b) This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

(c) If any provision of this Policy is determined to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted by applicable law and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.