



Humana Earnings Call Insights Q2 2025



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Humana Earnings Release Q2 2025

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INDEX

Why This Report	2
Summary	3
Key Executives Quotes	4
• Cost Trends & Medicaid	4
• Medicare Part D & IRA Impact	5
• STARS Performance & Member Experience	6
• CenterWell & Specialty Pharmacy	7
• Investment & Guidance	7
• Bounce-Back Membership	8
• Membership Growth and Operational Limits	8
Financial Results	9
CMS Rebate Reallocation	11
Real-Time Intelligence. Strategic Advantage	12

WHY THIS REPORT

As Medicare Advantage competition intensifies, staying informed isn't optional, it's a strategic advantage. That's why HealthworksAI is curating rapid-turn summaries of earnings calls from key MA players, started with Humana. In a matter of minutes, you'll get the key themes and what it all means for your 2026 plan design, provider alignment, and market positioning.

This is part of our CI (Competitive Intelligence) Beta Series—insightful, fast, and focused on helping MA leaders to strategize.

SUMMARY

Humana delivered strong Q2 2025 results, outperforming expectations, particularly due to robust performance in CenterWell Pharmacy and better-than-expected individual Medicare Advantage (MA) membership. Medical cost trends were in line with projections, prompting the company to raise its full-year EPS guidance from ~\$16.25 to ~\$17.

James Rehtin, CEO, emphasized progress across four core areas: MA product experience, clinical excellence, operational efficiency, and capital allocation. Key initiatives included simplified prior authorization, integration with Epic's MyChart for transparency, and operational streamlining via early retirement programs and outsourcing. Clinical performance remains focused on STARS, with continued litigation pending and progress on BY27 and BY28.

Humana's Medicaid footprint expanded to 10 states with minimal impact from recent federal legislation. CenterWell Pharmacy exceeded expectations through higher volume and favorable drug mix. CFO Celeste Mele noted prudent capital deployment, including \$100M in share buybacks and \$200M in debt repurchases, while reaffirming commitment to disciplined investment, M&A, and shareholder returns. Overall, Humana remains focused on sustainable MA margin improvement and long-term shareholder value.

KEY EXECUTIVE QUOTES:

Cost Trends & Medicaid

Humana confirmed that medical and operating costs are trending in line or better than expected, citing outperformance in CenterWell growth and pharmacy revenue.

Medicaid performance is stable and aligned with internal expectations. Management emphasized Humana's advantage in Medicaid due to its LTSS-focused product mix, favorable state footprint, and value-based network structure—factors differentiating it from peers facing pressure in traditional Medicaid.

Leadership Quotes:



"You can't extrapolate across the whole industry that the Medicaid performance."

George Renaudin, President Insurance

[\[Link\]](#)



"We're much more oriented towards the LTSS population than the traditional Medicaid population. So that's one factor that you have to think about. The second is the state footprints."

George Renaudin, President Insurance

[\[Link\]](#)

Medicare Part D & IRA Impact

Part D performance is tracking as forecasted, with drug trends high but as expected. The company is well-positioned heading into 2026 despite IRA-driven uncertainty. Humana's bid strategy already accounts for IRA-related changes, and management noted a slightly better-than-expected subsidy environment industry-wide.

Medicare Advantage Strategy

Executives detailed how proactive benefit reductions and plan exits in 2024—25 strengthened pricing alignment. Despite peers reducing benefits in 2026, Humana expects its offering to remain competitively positioned due to its multi-year adjustments.

Leadership Quotes:



“We don't see bad membership. We see bad benefit packages and product.”

James Rehtin, President & CEO

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“We also did plan county exits for 2025 and impacted 560,000 members. We've recaptured 40% of those members in other MA offerings. Our goal was 50%, and we were happy with even more recaptured because those plans, we feel confident, are being priced correctly.”

George Renaudin, President Insurance

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STARS Performance & Member Experience

Though no early STARS preview data was available, Humana expects improved metric-level performance and remains confident in its direction. Leadership acknowledged potential member abrasion from benefit cuts but emphasized strong service, proactive communication, and positive Net Promoter Scores (NPS) as mitigating fact.

Leadership Quotes:



“You will see improvement in the underlying metric performance, meaning if you go metric by metric, our performance has gotten better.”

James Rehtin, President & CEO

[\[Link\]](#)



“We monitor NPS regularly... we do those to monitor what’s happening. We’re not seeing anything very alarming there at all.”

George Renaudin, President Insurance

CenterWell & Specialty Pharmacy

The CenterWell business, particularly pharmacy, outperformed due to strategic partnerships (e.g., Novo, Weight Watchers), access to limited-distribution drugs, and DTC momentum. These are expected to drive sustained performance into 2026.

Leadership Quotes:



“Our specific performance is further boosted by winning additional access to multiple limited distribution drugs that we previously wouldn’t have been able to access. So, this is really driven by the partnerships.”

Lisa Stoner, Vice President of Investor Relations

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Investment & Guidance

An additional \$100M in strategic investment was confirmed, focused on AI, retention, and STARS. Leadership explained spending is guided by ROI, with some 2026 investments pulled forward into 2025.

Leadership Quotes:



“We pulled some investment forward. So, things we thought we were going to do next year got pulled into this year. But ultimately, there’s a limit to what can be operationally absorbed in a given period.”

James Rehtin, President & CEO

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Bounce-Back Membership

Humana reported a strong return of members who had previously left, primarily due to disappointment with competitors' offerings. This is seen as validation of Humana's service quality and clearer benefit design.

Leadership Quotes:



“When somebody makes a decision to leave Humana and then bounces back more times than not, it's because they were surprised by what they were getting when they made the change. And the surprise might be that they didn't really understand the benefit package.”

James Rehtin, President & CEO

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Membership Growth and Operational Limits

While confident in product competitiveness, leadership acknowledged potential operational strain from outsized membership growth (>15—20%). However, the company's focus remains on long-term value, not short-term drag.

Leadership Quotes:



“If it's good growth and good membership, we will be focused on long-term value and we will continue to grow. We're not afraid of year-one economics.”

James Rehtin, President & CEO

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FINANCIAL RESULTS

Consolidated income before income taxes and equity in net losses	2Q25 (a)	2Q24 (a)	YTD 2025 (a)	YTD 2024 (a)
Generally Accepted Accounting Principles (GAAP)	\$741	\$918	\$2,432	\$1,932
Amortization associated with identifiable intangibles	15	15	30	31
Put/call valuation adjustments associated with company's non-consolidating minority interest investments	200	68	363	199
Value creation initiatives	29	68	53	97
Impairment charges	32	-	32	-
Impact of exit of employer group commercial medical products business	-	59	-	60
Adjusted (non-GAAP)	\$1,017	\$1,128	\$2,910	\$2,319

Diluted earnings per share (EPS)	2Q25 (a)	2Q24 (a)	YTD 2025 (a)	YTD 2024 (a)
GAAP	\$4.51	\$5.62	\$14.81	\$11.74
Amortization associated with identifiable intangibles	0.12	0.13	0.24	0.25
Put/call valuation adjustments associated with company's non-consolidating minority interest investments	1.66	0.57	3.01	1.65
Value creation initiatives	0.24	0.56	0.44	0.8
Impairment charges	0.27	-	0.26	-
Impact of exit of employer group commercial medical products business	-	0.49	-	0.5
Cumulative net tax impact of non-GAAP adjustments	-0.53	-0.41	-0.91	-0.75
Adjusted (non-GAAP)	\$6.27	\$6.96	\$17.85	\$14.19

CMS REBATE REALLOCATION: WHAT IT MEANS FOR MEDICARE ADVANTAGE PLANS

From Subsidy Shift to Strategic Reallocation

The recent CMS adjustment to Part D direct subsidies while presented as a technical update has become a strategic trigger for plan executives. Internally referred to by many clients as rebate reallocation, this refers to late-cycle shifts in rebate values (e.g., a \$10—\$20 delta from projected benchmarks) that can significantly impact final plan bids.

Plans must now respond with agility tweaking premiums, adjusting givebacks, and fine-tuning benefit configurations, all under high time pressure.

Rapid Response Requires Predictive Readiness

The organizations best prepared are those who've already run scenario simulations and can act on final rebate figures within hours, not days.

Where HealthworksAI's xAI-Powered Intelligence Delivers

This is where our Benefit Simulator, powered by HealthworksAI's xAI predictive analytics engine, creates true competitive advantage. With our platform, leading payers are able to:

- Pre-load likely subsidy ranges and simulate benefit trade-offs in advance.
- Quantify the enrollment and financial impact of each \$ rebate shift.
- Align decisions with Stars, market share, and benchmark positioning across counties.

Make It Annual. Make It Actionable.

As CMS continues to evolve its IRA-driven reimbursement strategy, plans must treat this as a recurring AEP ritual. HealthworksAI clients are operationalizing this now embedding it into their annual benefit design calendar. Those who simulate earlier, win earlier.

DON'T FALL BEHIND

- Your competitors already see what's next.
- These reports will plug directly into our **Benefit Strategy Simulator™** to test competitive scenarios by market, Stars, or subsidy impact.

REAL-TIME INTELLIGENCE. STRATEGIC ADVANTAGE

It's earnings season — and while others wait for industry roundups, our clients already have the insights.



Key executive quotes flagged by theme (Stars, ACA, Medicaid, MLR, Compliance)



Market movements decoded by enrollment, benefit shifts & margin levers



Used by top MA teams to inform 2026 bid strategy & pricing



Deep-dive earnings call analysis within 24—48 hours

Schedule your Competitive Intelligence Demo

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