HealthWorks AI

Humana Inc.
Q2, 2026 Results

Insights summarized from the July 29, 2026 earnings call

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Executive summary

Humana beat Q2 2026 estimates on both bases against last year's actuals: GAAP diluted EPS of $5.73 versus $4.51 in Q2 2025, Adjusted EPS of $7.61 versus $6.27, and the Insurance segment benefit ratio landed at 91.2%, exactly in line with management's own ‘slightly above 91 percent’ guidance. Shares fell anyway, down about 2.24% in premarket trading. Two things explain why. First, full-year GAAP EPS guidance was cut for the second consecutive quarter, now ‘at least $6.52,’ down from ‘at least $8.36’ set in April and ‘at least $8.89’ set in February, a 27% reduction from where the year started. Second, the cushion that has softened recent quarters is thinning: favorable prior-period claims reserve development came in at $53 million this quarter versus $161 million a year ago.

None of this changes the broader, already-known story. Full-year 2026 Adjusted EPS guidance has held at ‘at least $9.00’ all year, but that number is itself roughly half of 2025's actual $17.14, a decline management has attributed since February to the Bonus Year 2026 Star Ratings revenue headwind, not to anything new this quarter. What is moving is the GAAP side and the composition underneath Adjusted EPS: value creation initiative charges and non-cash valuation items tied to Humana's primary care joint venture are absorbing a larger share of earnings than a year ago. Individual Medicare Advantage membership is tracking toward its reaffirmed ~25% full-year growth guide (6.45 million members at quarter-end, up from 5.23 million a year ago), and CenterWell Senior Primary Care grew patients 27% year to date.

The Star Ratings recovery itself looks real, even if 2026 is still absorbing the cost of the prior decline. Management reported improvement in internally tracked Stars-related measures, with many improving faster than their historical rate of change.

Meanwhile Humana continues to expand rather than retrench, winning a statewide Illinois Medicaid contract as the only new entrant among six awardees, even as it plans for roughly 600,000 of its own MA members to be displaced by its own 2027 plan exits.

Section 2

Did they deliver on what they promised last quarter?

Measured against Humana's own stated commitments from its Q1 2026 and Q4 2025 earnings calls, since this is HealthWorksAI's first Humana Earnings Insight report.

What they promised in Q1 2026	What actually happened in Q2 2026	Verdict
2Q26 Insurance segment benefit ratio guided at 'slightly above 91 percent,' set on the Q1 2026 call.	Landed at 91.2%, exactly in line with guidance.	Delivered
Full-year 2026 Insurance segment benefit ratio guided at 92.75%, plus or minus 25 basis points.	Reaffirmed unchanged on the Q2 call.	On track
Full-year 2026 Adjusted EPS guided at 'at least $9.00,' set in February and reaffirmed on the Q1 call.	Reaffirmed unchanged again, still 'at least $9.00.'	On track
Full-year 2026 GAAP EPS guided at 'at least $8.36' on the Q1 call, already cut once from February's original 'at least $8.89.'	Cut again, to 'at least $6.52,' the second consecutive reduction, now 27% below where the year started.	Off track
Full-year 2026 individual Medicare Advantage membership growth guided at 'approximately 25 percent' over 2025.	Reaffirmed unchanged; actual growth at quarter-end running at 23.4% year over year (6.45 million vs. 5.23 million members).	On track
Medical and pharmacy cost trend guided 'in line with expectations' for both new and existing members, in the 7%-8% range.	Reaffirmed in line again on the Q2 call.	Delivered

Section 3

What's actually changing

- **Full-year 2026 Adjusted EPS guidance:** Humana has held its adjusted EPS guidance at ‘at least $9.00’ all year, but that number is itself roughly half of 2025's actual $17.14, guided since February as the price of the Bonus Year 2026 Star Ratings headwind. Nothing about that story is new this quarter.

- **GAAP EPS guidance:** Further, GAAP EPS guidance has now been cut twice in six months, from ‘at least $8.89 in February to ‘at least $8.36’ in April to ‘at least $6.52’ this quarter, driven by rising value creation initiative and non-cash valuation charges, not by weaker underlying insurance economics.

- **Star Ratings recovery is tracking ahead of pace on Humana's own numbers:** The firm has outpaced its own figures, clocking historical CAGR across 11 of 12 measured categories. The company is positioned for its 2028 top-quartile and 3%-plus margin commitments, though CMS's next actual ratings release is the real test.

- **Reserve development is a genuinely thinner cushion this year:** $53 million favorable in Q2 2026 versus $161 million in Q2 2025, a real, quantified year-over-year decline consistent with management's own guidance for lower favorable prior-period development in 2026.

- **Growth and expansion continue on multiple fronts even as margin absorbs pressure:** Individual MA membership tracking toward its ~25% full-year growth guide, CenterWell Senior Primary Care up 27% year to date, and a new statewide Illinois Medicaid win; Humana was the only new entrant chosen alongside five incumbents.

Section 4

Key leadership quotes

On the quarter, in context

“The first half of the year went well, and we're right where we said we'd be at Investor Day last year.”

Jim Rechtin — President and Chief Executive Officer, Humana Inc.

What this really means: management is framing this quarter as ‘on plan,’ not a surprise beat, consistent with a Star Ratings headwind that was already fully guided back in February.

On the 2028 margin commitment

“Our number one priority in MA bids was to make the necessary margin progression to remain on track to deliver our 2028 commitment of returning to a sustainable margin of at least 3%.”

Jim Rechtin — President and Chief Executive Officer, Humana Inc.

What this really means: Humana is explicitly prioritizing pricing discipline over enrollment volume in its own bid process, a specific, named margin target the company is holding itself to publicly, three years out.

On Star Ratings improvement

“Our rate of improvement outpaced, and in many places meaningfully outpaced, the historical CAGR across 11 of the 12 measures.”

Jim Rechtin — President and Chief Executive Officer, Humana Inc.

What this really means: a specific, quantified claim, 11 of 12 measures, rather than a vague ‘we're improving,’ worth holding management to once CMS actually publishes updated Star Ratings.

On the 2027 membership exposure

“For 2027, we anticipate these plan exits will impact approximately 600,000 members, though we will work to recapture a significant portion of that volume as we did in 2025.”

Celeste Mellet — Chief Financial Officer, Humana Inc.

What this really means: Humana is telling investors, in its own words, that roughly 600,000 of its own members are set to become contestable membership for competitors next AEP, a real, quantified number, not a vague risk disclosure.

On cost trend and the operating ratio

“Our 2Q consolidated operating cost ratio is down 120 basis points year-over-year, and we continue to expect a full year reduction of approximately 150 basis points.”

Celeste Mellet — Chief Financial Officer, Humana Inc.

What this really means: efficiency gains, not benefit richness, are carrying the cost ratio improvement this year, worth checking whether that pace holds once the value creation program's own charges roll off.

On the Star Ratings litigation

“We're not going to comment speculatively on the litigation itself...we don't feel that speculating on that does much for anybody.”

Jim Rechtin — President and Chief Executive Officer, Humana Inc.

What this really means: management is deliberately not connecting current commentary to the ongoing Star Ratings lawsuit, Humana's 2025 challenge was rejected by the court in October 2025 and is under appeal, a real, live legal risk this report's scorecard and guidance numbers don't currently price in.

Section 5

Where the guidance goes from here

Full-year 2026 outlook

Adjusted EPS guidance held at ‘at least $9.00’ (down from 2025's actual $17.14, guided since February as the Star Ratings headwind). GAAP EPS guidance cut a second time, to ‘at least $6.52’ from ‘at least $8.36.’ Insurance segment benefit ratio guidance unchanged at 92.75% ± 25 bps.

Next-year signal

Management frames 2027 as the year meaningful progress toward the 2028 commitment of returning to a sustainable margin of at least 3% becomes visible, with ‘actual 2027 results shaped by our final membership size and composition’ per CFO Celeste Mellet, and roughly 600,000 members from 2027 plan exits treated as partially recapturable volume rather than a clean loss.

What has to go right

Cost trend needs to hold at the guided 7%-8% (medical and pharmacy combined) without another leg up, prior-period reserve development needs to stabilize rather than keep thinning. Humana says its Star Ratings performance is improving, but investors will likely want to see that progress confirmed in CMS's official ratings, not just in the company's internal tracking.

Section 6

How the competitive picture is shifting

- Humana is holding to aggressive individual MA growth (~25% guided) at the same time UnitedHealth and Elevance have both signaled margin-over-membership discipline this earnings season, an outlier growth posture worth watching if your plan competes with Humana for the same members.
- The Illinois Medicaid win, the only new entrant chosen alongside five incumbents, shows continued Medicaid appetite even as some national payers have pulled back or flagged Medicaid margin pressure this season.
- Humana's own ~600,000-member 2027 plan-exit exposure is a real, named pool of contestable membership, the same dynamic driving this quarter's competitive-intelligence conversations around United's and CVS's service area reductions.

Section 7

What this means for your plan

If you compete with Humana in individual MA

Expect continued aggressive growth (~25% guided, already running near 23% year over year at Q2) even as some national peers protect margin over volume. The competitive intensity in overlapping markets may not be cooling the way broader industry commentary suggests.

If you're benchmarking your own Star Ratings recovery

Humana's own claimed pace, outpacing historical CAGR across 11 of 12 measures, is a real, quantified benchmark for how fast a Stars turnaround can move once a plan commits resources to it, worth comparing against your own trajectory.

If you have overlapping service areas with Humana

Humana itself is planning for roughly 600,000 of its own members to be displaced by its own 2027 plan exits and says it will only recapture a ‘significant portion.’ The rest becomes exactly the kind of open, contestable membership your own AEP strategy should be positioned to compete for.

If you're weighing how to message GAAP-versus-Adjusted guidance internally or to your board

Humana's widening gap, two consecutive GAAP guidance cuts against an unchanged Adjusted number, is a live example of how that story reads externally, worth considering before your own plan's guidance diverges the same way.

Client-specific implications: No account-specific overlap with Humana's individual MA growth markets or its Illinois Medicaid award could be independently verified for this report. If your book has direct membership exposure in states where Humana is aggressively growing individual MA, or in Illinois ahead of Humana's January 2027 Medicaid go-live, that is worth a direct account-level check rather than assuming from this report alone.

How our clients can use HealthWorksAI to act on this

This is exactly the kind of membership-in-motion story our platform is built to quantify before it shows up in enrollment reports. Clients can run SAE/SAR analysis to see which counties are driving Humana's individual MA growth and whether that growth is coming at your own plan's expense, use disruption analysis to model the roughly 600,000 members Humana itself expects to lose to 2027 plan exits, pressure-test enrollment predictions against Humana's reaffirmed ~25% growth guide, and pull a market snapshot ahead of Humana's Illinois Medicaid go-live in January 2027.

Section 8

What to watch next quarter

Star Ratings release	CMS's next published Star Ratings release, expected around October 2026: does Humana's claimed 11-of-12 measure improvement show up in actual bonus-year ratings, the real test behind the 2028 top-quartile commitment.
Q3 2026 earnings	Q3 2026 earnings call, expected late October or early November 2026: does GAAP EPS guidance get cut a third consecutive time, or stabilize at ‘at least $6.52.’
AEP 2027	AEP 2027, October through December 2026: how much of the ~600,000 members Humana expects to lose from its own 2027 plan exits actually gets recaptured versus lost to competitors.
Illinois Medicaid	Illinois Medicaid managed care go-live, January 2027: Humana's first entry as a new statewide entrant alongside five incumbents.
Litigation appeal	The ongoing Star Ratings litigation appeal: Humana's challenge to its 2025 Star Ratings was rejected by the court in October 2025 and is under appeal. Management is explicitly declining to comment, worth tracking independently rather than waiting for Humana to raise it.

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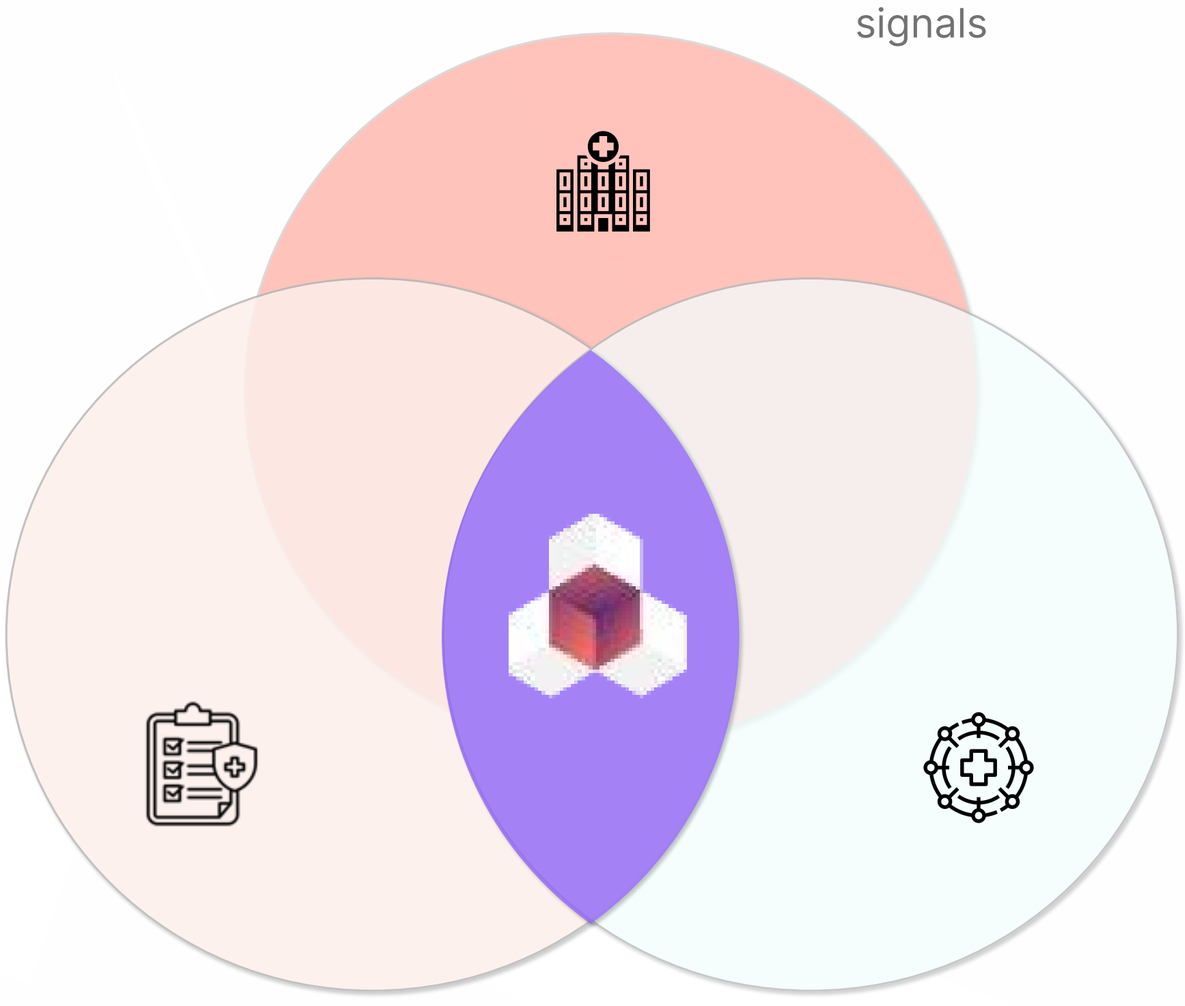
Market

Competitive landscape, enrollment shifts, disruption signals



Product

Benefit validation/ simulations, plan trade-offs, enrollment predictions

Network

Provider comparison/ benchmarking, NPI-level cost, quality, utilization scoring and ready to action lists

What is your opportunity and where is it?
Let’s connect to find out.