

Humana Inc. (HUM)

\$245.99 (Stock Price as of 11/26/2025)

Price Target (6-12 Months): **\$246.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 07/29/25)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM: A

Value: A

Growth: B

Momentum: D

Summary

Humana's third quarter earnings beat estimates. Its Medicaid business benefits from several contract wins and renewals, contributing to strong top-line growth. Strategic buyouts place it well for growth. It expects total revenues to be at least \$128 billion in 2025. HUM expects membership in state-based contracts to witness an increase of around 160,000 in 2025. Its premium grew 9% YoY in the first nine months of 2025. Solid contributions from the Insurance and CenterWell segments bode well. However, rising operating costs are affecting profits. Its expenses grew 9.6% YoY in the first nine months of 2025. It expects Individual Medicare Advantage memberships to witness a decline of around 425,000 this year. It expects the Insurance unit benefit ratio to be in the range of 90.1-90.5% for 2025. As such, the stock warrants a cautious stance.

Data Overview

52 Week High-Low	\$315.35 - \$206.87
20 Day Average Volume (sh)	1,784,854
Market Cap	\$29.6 B
YTD Price Change	-3.0%
Beta	0.42
Dividend / Div Yld	\$3.54 / 1.4%
Industry	Medical - HMOs
Zacks Industry Rank	Bottom 12% (213 out of 243)

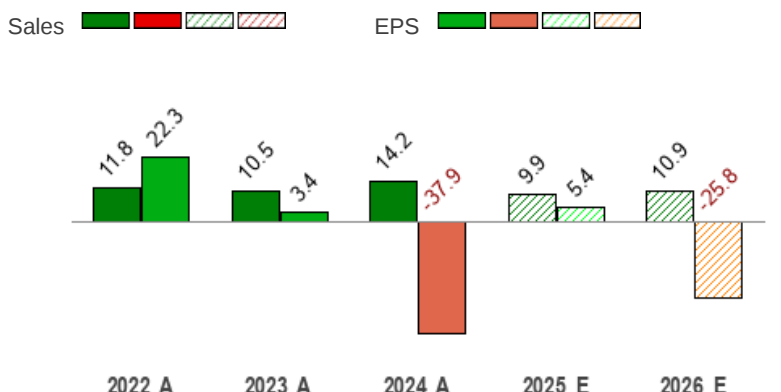
Last EPS Surprise	11.3%
Last Sales Surprise	2.1%
EPS F1 Est- 4 week change	0.0%
Expected Report Date	02/10/2026
Earnings ESP	0.0%

P/E TTM	13.0
P/E F1	14.4
PEG F1	-1.3
P/S TTM	0.2

Price, Consensus & Surprise⁽¹⁾



Sales and EPS Growth Rates (Y/Y %)⁽²⁾



Sales Estimates (millions of \$)⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2026	34,961 E	35,584 E	35,417 E	36,897 E	142,859 E
2025	32,112 A	32,388 A	32,649 A	31,859 E	128,822 E
2024	29,332 A	29,380 A	29,300 A	29,199 A	117,210 A

EPS Estimates⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2026	10.23 E	5.06 E	1.50 E	-4.11 E	12.68 E
2025	11.58 A	6.27 A	3.24 A	-3.93 E	17.08 E
2024	7.23 A	6.96 A	4.16 A	-2.16 A	16.21 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 11/26/2025.

(2) The report's text, the analyst-provided estimates, and the price target are as of 11/18/2025.

Overview

Founded in 1964 and headquartered in Louisville, KY, Humana Inc. is one of the largest health care plan providers in the United States. It was organized as a Delaware corporation in the year 1964. It provides health insurance benefits under Health Maintenance Organization (HMO), Private Fee-For-Service (PFFS), and Preferred Provider Organization (PPO) plans. The company also provides other benefits with specialty products including dental, vision, and other supplementary benefits.

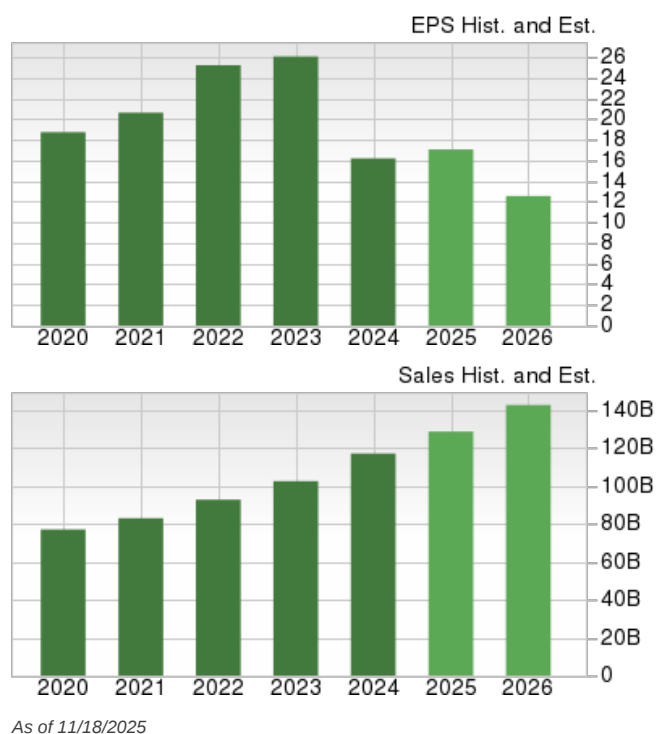
It exited 2024 with around 16.3 million members under its medical benefit plans and approximately 4.6 million members in its specialty product category.

Humana's medical and specialty insurance products allow members to access healthcare services primarily through its networks of healthcare providers. In December 2022, it redistributed some of its businesses within its earlier reportable segments - Retail, Group and Specialty, and Healthcare Services. The realignment gave rise to two distinct segments: Insurance and CenterWell.

The Insurance segment (generated 97% of its total segment revenue in 2024): The Insurance unit encompasses businesses that were part of the Retail as well as Group and Specialty segments. Earlier contained within the Healthcare Services unit, the Pharmacy Benefit Manager (PBM) business also forms a part of the newly formed Insurance segment.

The CenterWell (3%): This comprises the payor-agnostic healthcare services offerings of Humana that includes pharmacy dispensing services, provider services and home services.

Also, there is the Other Businesses category that includes businesses, which are not separately reportable because they do not meet the quantitative thresholds.



Reasons To Buy:

▲ **Strong Care Delivery Model:** Humana's care delivery model is built on three foundational pillars aimed at enhancing the consumer experience: simplifying interactions with the company, actively involving members in clinical care programs and supporting healthcare providers in the transition from traditional fee-for-service (FFS) models to value-based care arrangements. It focuses on delivering physician-led primary care that prioritizes quality, consistency, integration, cost-efficiency and a member-centric approach. Its adjusted revenues improved 10.4% year over year to \$97.1 billion in the first nine months of 2025. HUM expects total revenues to be at least \$128 billion in 2025. Its growing focus in Florida is a major positive. Its shares have outperformed the industry over the past year.

Humana benefits from strong premium growth, strategic acquisitions, and a robust cash position, all of which act as major tailwinds for the company.

▲ **Membership Growth:** Humana continues to expand its membership base, particularly within Medicare Advantage and state-based programs, which remain key growth engines. As of Sept. 30, 2025, approximately 3,553,000 members, or 68%, of HUM's individual Medicare Advantage members were in value-based relationships under its integrated care delivery model. An increase in membership leads to a rise in premiums. The company's premium grew 9.9% in 2022, 15.5% in 2023, 10.7% in 2024 and 9% in the first nine months of 2025. Membership in state-based contracts is anticipated to witness an increase of around 160,000 in 2025.

▲ **Inorganic Growth:** HUM's strategic acquisitions have carved a growth path for the company in a competitive market space. These include the purchase of Family Physicians Group, Your Home Advantage and Curo, which have helped the company to deepen its reach in the home health and hospice market. The buyout of Enclara expanded its hospice pharmacy business line. Its iCare buyout in Wisconsin expanded its Medicare business. Purchasing all the assets of Wisconsin-based Inclusa enhanced its Medicaid business. It also doesn't shy away from divesting non-core operations to improve profitability. HUM closed the sale of a 60% stake in its Kindred at Home subsidiary's Hospice and Personal Care segments to CD&R to boost efficiency and keep costs down. It retained the remaining 40% stake to gain from the standalone company's long-term success.

▲ **Strong Cash Position:** As of Sept. 30, 2025, the company had cash, cash equivalents and investment securities of \$22.1 billion, higher than its long-term debt of \$12.6 billion. Humana has been returning excess capital to shareholders in the past several years. It bought back shares worth \$109 million in the first nine months of 2025. It had a leftover share repurchase capacity of \$2.8 billion as of Nov. 4, 2025.

Reasons To Sell:

- ▼ **Concerns in Medicare Unit:** Despite witnessing strong, consistent performance in its Medicare business in recent quarters, the unit is currently facing challenges. As Humana decided to exit certain unprofitable plans and counties, its individual Medicare Advantage membership is expected to take a hit. The company anticipates Individual Medicare Advantage memberships to witness a decline of around 425,000 in 2025. Group Medicare Advantage membership is expected to stay relatively flat from the 2024-end figure of 0.5 million. This poses a potential challenge to Humana's Medicare business growth.
- ▼ **Rising Expenses:** Humana has been witnessing increasing operating expenses for the past few years. In 2022, 2023, 2024 and the first nine months of 2025, the metric jumped 11.5%, 14.9%, 12.5% and 9.6%, year over year, respectively. Higher benefits and operating costs are expected to remain a negative for its profitability in the coming days. As elective procedures continue to rise, medical costs are likely to jump. It expects the benefit ratio for the insurance segment to be between 90.1-90.5% for 2025, the high end indicating an increase from the 2024 level of 90.4%. Also, lower-than-expected reimbursement rates can affect its results.
- ▼ **Elevated Interest Expenses:** Humana is grappling with a debt-laden balance sheet, which induces an increase in interest expenses. This might put pressure on the company's margins. Interest expenses increased 23% in both 2022 and 2023. It increased 33.9% year over year in 2024. As of Sept. 30, 2025, long-term debt increased 13.1% from the 2024-end level, primarily due to the issuance of new senior notes in March 2025. Although, interest expenses declined 2.2% in the first nine months of 2025.

Declining Medicare memberships, rising operating expenses and interest expense level continue to bother the company.

Last Earnings Report

Humana Beats Q3 Earnings on Premium Growth, Updates 2025 View

Humana reported third-quarter 2025 adjusted earnings of \$3.24 per share, which beat the Zacks Consensus Estimate by 11.3%. The bottom line decreased 22.1% year over year.

Adjusted revenues of \$32.65 billion advanced 11.4% year over year. The top line beat the consensus mark by 2.1%.

The better-than-expected quarterly results were supported by increased premiums, partially offset by elevated expense levels and declining medical memberships.

FY Quarter Ending **12/31/2024**

Earnings Reporting Date	Nov 05, 2025
Sales Surprise	2.09%
EPS Surprise	11.34%
Quarterly EPS	3.24
Annual EPS (TTM)	18.93

Q3 Operational Update

Humana's premiums improved 9.9% year over year to \$30.7 billion, beating the Zacks Consensus Estimate by 1.2%. Services revenues of \$1.6 billion climbed 45.1% year over year and beat the consensus mark by 15.5%. Investment income came in at \$338 million, which slipped 1.5% year over year. The metric beat our model estimate of \$312.6 million.

The benefit ratio deteriorated 120 basis points (bps) year over year to 91.1% in the third quarter. Total operating expenses of \$32.2 billion escalated 12.5% year over year, higher than our estimate of \$31.2 billion. The year-over-year increase was due to higher benefits and operating costs. Adjusted operating cost ratio deteriorated 50 bps year over year to 11.8%.

HUM's net income totaled \$194 million in the quarter under review, which plunged 59.6% year over year.

Q3 Segmental Update

Insurance

The segment recorded adjusted revenues of \$31.2 billion in the third quarter, which improved 9.9% year over year, resulting from improved per-member Medicare premiums coupled with an expanding customer base in stand-alone prescription drug plans and state-based contract businesses.

Adjusted operating income fell 17.9% year over year to \$270 million. The adjusted benefit ratio of 91.1% deteriorated 60 bps year over year. Adjusted operating cost ratio improved 10 bps year over year to 9%.

Total medical membership of the segment was 15 million as of Sep. 30, 2025, which tumbled 8.3% year over year. The metric lagged the Zacks Consensus Estimate of 15.2 million and our model estimate of 15.7 million.

CenterWell

Revenues in the unit advanced 16.6% year over year to \$5.9 billion in the quarter under review, which outpaced the Zacks Consensus Estimate by 7.1%. The metric benefited from the back of higher revenues stemming from the company's pharmacy and primary care businesses.

Adjusted operating income was \$358 million, which decreased 18.5% year over year. The operating cost ratio deteriorated 260 bps year over year to 93.9%, due to higher volumes in CenterWell Specialty Pharmacy.

Humana's Financial Update (As of Sept. 30, 2025)

Humana exited the third quarter with cash and cash equivalents of \$5.4 billion, which surged from the 2024-end level of \$2.2 billion. Total assets of \$49.7 billion increased from the \$46.5 billion figure at 2024-end.

Long-term debt amounted to \$12.6 billion, up from the \$11.1 billion figure as of Dec. 31, 2024. Debt to capitalization improved 160 bps year over year to 40.3% at the third-quarter end.

Total stockholders' equity of \$18.5 billion improved from the \$16.4 billion figure at 2024-end.

HUM generated net cash from operations of \$2.6 billion in the first nine months of 2025, which dipped from the prior-year comparable period's \$3.5 billion.

HUM's Capital Deployment Update

Humana bought back shares worth \$109 million in the first nine months of 2025, indicating no buybacks in the third quarter. It also paid dividends of \$321 million during the first three quarters.

2025 View

Adjusted earnings per share (EPS) estimate reiterated at around \$17.00, which indicates a 4.9% rise from the 2024 figure. GAAP EPS is projected to be roughly \$12.26, down from the earlier view of around \$13.77.

Revenues are still estimated to be a minimum of \$128 billion. The updated guidance implies an 8.7% increase from the 2024 figure. The Insurance segment's revenues are still forecasted at a minimum of \$123 billion. Revenues of the CenterWell segment are still expected at a minimum of \$21.5 billion.

Management anticipates Individual Medicare Advantage membership to witness a decline of around 425,000 in 2025, while the earlier view called for a decrease of up to 500,000. Group Medicare Advantage membership is still expected to stay relatively flat from the 2024-end figure.

Membership from the Medicare stand-alone PDP is expected to increase around 200,000 this year. State-based contracts are now expected to witness membership growth of around 160,000.

The benefit ratio of the Insurance unit continues to be projected between 90.1% and 90.5% for 2025. The consolidated adjusted operating cost ratio is anticipated to be within the band of 11.3-11.7%.

GAAP cash flow from operations continues to be estimated within \$2.4 billion and \$2.9 billion. Meanwhile, capital expenditures are still projected to be roughly \$650 million. The adjusted effective tax rate is expected to be around 25% while the weighted average share count is still anticipated at around 121 million.

Valuation

Humana's shares are down 7.7% over the year-to-date period and down 15.7% over the trailing 12-month period. Stocks in the Zacks sub-industry is down 31.1% over the year-to-date period, while the Zacks Medical sector is up 4.6%. Over the past year, the Zacks sub-industry is down 39.1%, while the sector is up 0.1%.

The S&P 500 index is up 16.1% over the year-to-date period and 15.7% in the past year.

The stock is currently trading at 17.73X forward 12-month earnings, which compares to 15.04X for the Zacks sub-industry, 20.55X for the Zacks sector and 23.20X for the S&P 500 index.

Over the past five years, the stock has traded as high as 22.63X and as low as 11.34X, with a 5-year median of 17.71X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$246.00 price target reflects 18.62X forward earnings.

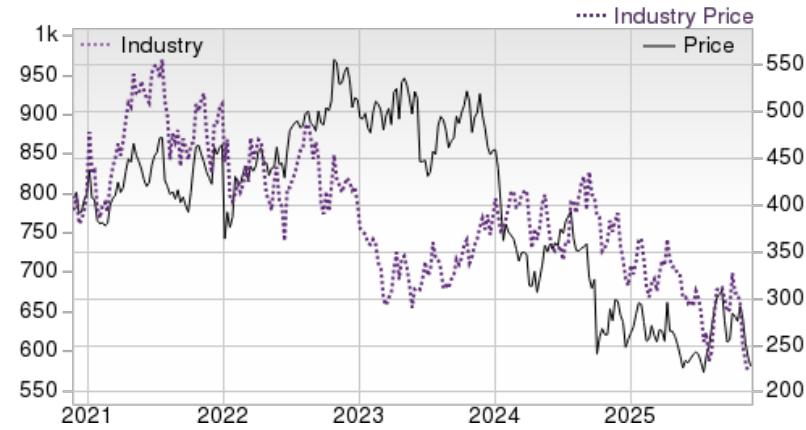
The table below shows summary valuation data for HUM.

Valuation Multiples - HUM					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	17.73	15.04	20.55	23.2
	5-Year High	22.63	19.57	23.63	23.81
	5-Year Low	11.34	11.58	17.88	15.73
	5-Year Median	17.71	16.2	20.59	21.2
P/S F12M	Current	0.2	0.41	2.11	5.29
	5-Year High	0.72	0.99	3.39	5.52
	5-Year Low	0.2	0.34	2.01	3.84
	5-Year Median	0.57	0.8	2.63	5.06
P/B TTM	Current	1.52	2.13	3.72	8.33
	5-Year High	4.37	4.56	6.04	9.19
	5-Year Low	1.45	1.69	3.46	6.62
	5-Year Median	3.47	3.64	4.52	8.05

As of 11/17/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Bottom 12% (213 out of 243)



Top Peers ⁽¹⁾

Company (Ticker)	Rec	Rank
Centene Corporation (CNC)	Neutral	3
The Joint Corp. (JYNT)	Neutral	4
Select Medical Holdi...(SEM)	Neutral	2
UnitedHealth Group I...(UNH)	Neutral	3
Cigna Group (CI)	Underperform	5
Molina Healthcare, I...(MOH)	Underperform	5
Aethlon Medical, Inc...(AEMD)	NA	
American Caresource ...(GNOW)	NA	

Industry Comparison ⁽¹⁾ Industry: Medical - Hmos				Industry Peers		
	HUM	X Industry	S&P 500	CNC	MOH	SEM
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Underperform	Neutral
Zacks Rank (Short Term)	3	-	-	3	5	2
VGM Score	A	-	-	B	B	B
Market Cap	29.59 B	8.04 B	37.79 B	19.40 B	8.04 B	1.91 B
# of Analysts	11	6.5	22	8	7	3
Dividend Yield	1.44%	0.00%	1.47%	0.00%	0.00%	1.62%
Value Score	A	-	-	A	A	A
Cash/Price	0.81	0.53	0.04	1.07	1.10	0.04
EV/EBITDA	5.99	6.52	14.43	2.86	1.82	7.04
PEG Ratio	-1.25	1.31	2.21	1.31	NA	0.57
Price/Book (P/B)	1.59	1.68	3.33	0.92	1.92	0.95
Price/Cash Flow (P/CF)	10.31	7.36	14.90	3.99	5.68	6.15
P/E (F1)	14.40	13.45	20.17	19.69	10.63	12.49
Price/Sales (P/S)	0.23	0.28	3.03	0.10	0.18	0.36
Earnings Yield	6.94%	6.01%	4.94%	5.07%	9.40%	7.98%
Debt/Equity	0.68	0.72	0.57	0.83	0.92	0.87
Cash Flow (\$/share)	23.87	16.88	8.99	9.90	26.12	2.50
Growth Score	B	-	-	D	C	D
Hist. EPS Growth (3-5 yrs)	0.83%	4.77%	8.17%	4.77%	18.27%	-9.11%
Proj. EPS Growth (F1/F0)	5.37%	-38.91%	8.30%	-72.11%	-38.41%	30.85%
Curr. Cash Flow Growth	-30.97%	-4.12%	7.09%	1.16%	7.95%	-30.27%
Hist. Cash Flow Growth (3-5 yrs)	-0.73%	6.11%	7.32%	14.85%	12.42%	-3.40%
Current Ratio	2.02	1.39	1.18	1.08	1.68	1.09
Debt/Capital	40.42%	42.71%	38.16%	45.51%	47.89%	46.56%
Net Margin	1.02%	1.98%	12.77%	-2.85%	1.98%	2.05%
Return on Equity	12.86%	10.34%	17.03%	7.82%	22.95%	7.41%
Sales/Assets	2.56	1.74	0.53	2.20	2.79	0.94
Proj. Sales Growth (F1/F0)	9.90%	9.97%	5.59%	18.50%	10.40%	4.40%
Momentum Score	D	-	-	D	D	D
Daily Price Chg	3.41%	0.03%	0.69%	-0.50%	1.06%	-1.03%
1 Week Price Chg	-4.23%	0.16%	2.57%	0.33%	2.92%	4.20%
4 Week Price Chg	-15.95%	-7.07%	-1.13%	5.68%	-7.46%	7.91%
12 Week Price Chg	-21.15%	-11.79%	5.65%	31.27%	-16.22%	19.27%
52 Week Price Chg	-17.09%	-26.61%	13.57%	-34.16%	-49.99%	-24.28%
20 Day Average Volume	1,784,854	1,554,105	3,023,376	9,875,520	2,054,244	1,323,355
(F1) EPS Est 1 week change	-0.02%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.04%	0.02%	0.23%	18.30%	-5.64%	4.04%
(F1) EPS Est 12 week change	0.48%	0.49%	0.60%	22.18%	-24.83%	5.22%
(Q1) EPS Est Mthly Chg	-8.41%	-7.72%	-0.09%	-42.99%	-68.70%	-7.02%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

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The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	A
Growth Score	B
Momentum Score	D
VGM Score	A

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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