



## Molina Healthcare to Acquire Certain Assets of Passport Health Plan

July 17, 2020

*Enhances Readiness and Promotes Continuity of Care in Advance of Molina's New Kentucky Contract*

LONG BEACH, Calif.--(BUSINESS WIRE)--Jul. 17, 2020-- Molina Healthcare, Inc. (NYSE: MOH) ("Molina") announced today that it has entered into a definitive agreement to acquire certain assets related to the Medicaid and DSNP lines of business of Passport Health Plan ("Passport"). The purchase price for the transaction is approximately \$20 million, plus contingent consideration that is payable in 2021 based on Molina's Kentucky Health Plan's open enrollment results in 2020. Molina intends to fund the purchase with cash on hand.

The acquisition of Passport allows Molina to enhance operational readiness and promote continuity of care for members in advance of Molina's new contract award in the Kentucky Medicaid market. The anticipated reduction in health plan startup costs and the positive margin impact from incremental revenue will allow Molina to recover the purchase price from positive cash flow within the first year following the acquisition.

As part of the transaction, Molina will acquire the Passport name, a well-known brand in Kentucky, and will also extend continued career opportunities for approximately 500 Kentucky-based Passport and Evolent Health employees.

"Acquiring the operations as well as transferring over employees of Passport Health Plan provide us with a well-known brand in Kentucky and position us well to compete even more effectively in the market," said Joe Zubretsky, president and chief executive officer of Molina. "We look forward to being able to achieve a major objective of this transaction, which is the continuity of care for Passport's members."

Molina has agreed to operate the Passport Health Plan as soon as regulatory approval is obtained, with management and transition support services to be provided by Passport and its majority owner, Evolent Health, Inc., through the end of the 2020 calendar year. The transaction is subject to regulatory approvals and other customary closing conditions. The transaction is expected to close before the end of 2020.

Sheppard Mullin Richter & Hampton LLP and Winston & Strawn LLP represented Molina in the transaction.

### About Molina Healthcare

Molina Healthcare, Inc., a FORTUNE 500 company, provides managed health care services under the Medicaid and Medicare programs and through the state insurance marketplaces. Through its locally operated health plans, Molina Healthcare served approximately 3.4 million members as of March 31, 2020. For more information about Molina Healthcare, please visit [molinahealthcare.com](http://molinahealthcare.com).

### Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

This press release contains "forward-looking statements" regarding the proposed acquisition by Molina of certain assets of Passport Health Plan. All forward-looking statements are based on current expectations that are subject to numerous risk factors that could cause actual results to differ materially. Such risk factors include, without limitation, risks related to the following:

- (i) the possibility that the proposed transaction will not be completed on a timely basis or at all;
- (ii) the risk that regulatory or other approvals required for the proposed transaction may be delayed or not obtained, or are obtained subject to conditions that are not anticipated that could have an adverse effect on Molina;
- (iii) the possible attrition in our Kentucky membership pending the completion of and following the closing of the proposed transaction;
- (iv) the risk that Molina is unable to successfully retain or integrate the employees and operations of Passport;
- (v) the risk that the management and transition services provided to Molina in the proposed transaction will not be adequate to effectively support operations;
- (vi) the difficulty of maintaining provider relations and managing potential medical cost increases resulting from unfavorable changes in contracting or re-contracting with providers;
- (vii) the disruption from the announcement, pendency, and/or completion of the proposed transaction, including potential adverse reactions or changes to business relationships with customers, employees, suppliers, or regulators, making it more difficult to maintain business and operational relationships;
- (viii) the possibility that the expected synergies and value creation from the proposed transaction will not be realized, or will not be realized to the extent expected or within the expected time period;
- (ix) the exertion of management's time and resources, and other expenses incurred and business changes required, in connection with complying with the undertakings in connection with any regulatory, governmental, or third-party consents or approvals for the proposed transaction;
- (x) the risk that unexpected costs will be incurred in connection with the completion and/or integration of the proposed transaction or that the integration of the acquired assets will be more difficult or time consuming than expected; and
- (xi) the uncertainty around the duration and breadth of the COVID-19 pandemic, and the ultimate impact thereof on the benefits Molina expects to realize from the proposed transaction, which impact Molina cannot reasonably estimate at this time.

Additional information regarding the risk factors to which Molina is subject is provided in greater detail in its periodic reports and filings with the Securities and Exchange Commission, including its most recent Annual Report on Form 10-K. These reports can be accessed under the investor relations tab of Molina's website or on the SEC's website at [sec.gov](http://sec.gov). Given these risks and uncertainties, Molina cannot give assurances that its forward-looking statements will prove to be accurate, or that any other results or events projected or contemplated by its forward-looking statements will in fact occur, and Molina cautions investors not to place undue reliance on these statements. All forward-looking statements in this release

represent Molina's judgment as of the date hereof, and it disclaims any obligation to update any forward-looking statements to conform the statement to actual results or changes in its expectations that occur after the date of this release. Given these risks and uncertainties, Molina can give no assurances that its forward-looking statements will prove to be accurate, or that any other results or events projected or contemplated by its forward-looking statements will in fact occur, and it cautions investors not to place undue reliance on these statements. All forward-looking statements in this release represent Molina's judgment as of July 17, 2020, and, except as otherwise required by law, Molina disclaims any obligation to update any forward-looking statements to conform the statement to actual results or changes in its expectations.

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