



Molina Healthcare of Washington Closes Acquisition of Medicaid and Basic Health Plan Contracts

June 7, 2004

LONG BEACH, Calif.--(BUSINESS WIRE)--June 7, 2004--Molina Healthcare, Inc. (NYSE:MOH) announced today that it has closed its previously announced acquisition of the Healthy Options (Medicaid) and Basic Health Plan contracts from Premera Blue Cross. The transaction, which included the transfer of the membership associated with these contracts, was approved by Washington state authorities and became effective on June 1, 2004.

Pursuant to the agreement signed with Premera Blue Cross on February 27, 2004, Molina Healthcare of Washington, Inc. added approximately 43,000 Healthy Options members and 21,000 Basic Health Plan members. The addition of the Premera members increases Molina Healthcare of Washington's total health plan membership to approximately 268,000.

"We are honored to welcome our new members to Molina Healthcare," said Ann Koontz, Chief Executive Officer of Molina Healthcare of Washington. "We have worked very diligently to ensure a seamless transition and look forward to offering our services to these members. We would also like to thank the Washington Medical Assistance Administration and Healthcare Authority for their comprehensive and expeditious review, and we look forward to continuing to work closely with them."

J. Mario Molina, M.D., President and Chief Executive Officer of Molina Healthcare, Inc., said, "We are very pleased with the timely closing of this transaction, and we look forward to supporting our subsidiary's efforts in the Washington market. This acquisition adds value for our shareholders and exemplifies our continued commitment to executing our business strategy."

Molina Healthcare, Inc. is a growing, multi-state managed care organization that arranges for the delivery of healthcare services to persons eligible for Medicaid and other programs for low-income families and individuals. It currently operates health plans in California, Washington, Michigan and Utah. As of March 31, 2004, the Company had approximately 588,000 members.

The Company, from time to time, may discuss forward-looking information. Except for the historical information contained in this release, all forward-looking statements are predictions by the Company's management and are subject to various risks and uncertainties that may cause results to differ from management's current expectations. Such factors include the Company's third-party contracts, the Company's ability to accurately predict and effectively manage health benefits and other operating expenses, competition, changes in healthcare practices, changes in federal or state laws or regulations or the interpretation thereof, reduction in provider payments by governmental payors, disasters, numerous other factors affecting the delivery and cost of healthcare and other risks as detailed from time-to-time in the Company's reports and filings with the Securities and Exchange Commission. All forward-looking statements, if any, in this release represent the Company's judgment as of the date of this release. The Company disclaims, however, any intent or obligation to update forward-looking statements.

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