



Molina Healthcare Completes Transfer of Commercial Membership in New Mexico to Lovelace Sandia Health System

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LONG BEACH, Calif.--(BUSINESS WIRE)--Aug. 4, 2004--Molina Healthcare, Inc. (NYSE: MOH), a multi-state managed care organization providing quality care and accessible services to low-income families and individuals, announced today that, effective as of August 1, 2004, it has closed on the transfer of all of the commercial members of Cimarron Health Plan to Albuquerque-based Lovelace Sandia Health System, Inc. This transaction follows the recent closing of Molina Healthcare's acquisition of Health Care Horizons, Inc., the parent company of Cimarron. The consideration for the transfer paid by Lovelace was approximately \$16.0 million and the potential payment of an additional \$3.5 million subject to the satisfaction of certain conditions.

J. Mario Molina, M.D., president and chief executive officer of Molina Healthcare, Inc., said, "Part of the original strategy for the purchase of Health Care Horizons included the transfer of Cimarron's commercial membership in New Mexico. We are very pleased to have been able to execute that strategy in such a timely fashion. We believe this transaction is an excellent fit for all parties because it permits Molina to focus on its core Medicaid business while it allows Lovelace Sandia to provide services to the commercial members, many of whom were already receiving medical services through the Lovelace Sandia Health System."

Effective as of August 1, 2004, Molina has changed Cimarron's name to Molina Healthcare of New Mexico, Inc.

Molina Healthcare, Inc. is a rapidly 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, Utah, and New Mexico. More information on Molina Healthcare can be obtained at www.molinahealthcare.com.

This release contains forward-looking statements that are subject to numerous risks and uncertainties that may cause actual results to differ materially. Such factors include the company's satisfaction of all closing conditions, the company's ability to successfully integrate the Cimarron Salud members and business operations, the company's ability to accurately predict and effectively manage health benefits and other operating expenses, the company's third-party contracts, changes in healthcare practices, changes in federal or state laws or regulations or the interpretation thereof, 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 in this release represent the company's judgment as of the date of this release. The company disclaims any intent or obligation to update its forward-looking statements.

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