



Universal Care Agrees to Transfer Medi-Cal and Healthy Families Contracts to Molina Healthcare of California

December 17, 2004

LONG BEACH, Calif.--(BUSINESS WIRE)--Dec. 16, 2004--Molina Healthcare, Inc. (NYSE: MOH) announced today that its subsidiary, Molina Healthcare of California, Inc., had reached a definitive agreement with Universal Care, Inc. to transfer Universal Care's Medi-Cal (Medicaid) and Healthy Families Program (California's State Children's Health Insurance Program) contracts in San Diego County to Molina Healthcare of California, a leading California managed care organization. To take effect, the transfer must be approved by multiple governmental agencies, including: the Department of Managed Health Care, which regulates health plans; the Department of Health Services, which administers the Medi-Cal program; and the Managed Risk Medical Insurance Board, which administers the Healthy Families Program. Approximately 17,000 of Universal Care's Medi-Cal and Healthy Families members could be affected by the transaction. If approved, Molina hopes to begin providing coverage to these members in the second quarter of 2005. The consideration for the transfer of the contracts to Molina is \$6.2 million, subject to possible adjustment.

"If approved, this transaction will highly complement our proposed expansion into the San Diego Medicaid market," said Joann Zarza-Garrido, chief executive officer of Molina Healthcare of California. "The additional scale offered by this agreement will enable us to leverage our resources in order to bring important benefits to a greater number of people and communities."

About Molina Healthcare

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. Molina Healthcare, Inc. currently operates health plans in California, Michigan, New Mexico, Utah, and Washington. More information on Molina Healthcare, Inc., and its subsidiary, Molina Healthcare of California, can be obtained at www.molinahealthcare.com.

This press release contains forward-looking statements and information. All forward-looking statements are predictions subject to numerous risks and uncertainties that may cause actual results to differ materially. Such risks and uncertainties include, without limitation, those relating to: the ability to obtain the requisite governmental approvals, the ability to integrate Universal Care's Medi-Cal and Healthy Families members and provider network, provider relations and third party contracts, the ability to accurately predict and effectively manage health benefits and operating expenses, changes in federal or state laws or regulations or the interpretation thereof, reduction in provider payments by governmental payors, and numerous other factors affecting the delivery and cost of health care as detailed in Molina's periodic reports and filings with the Securities and Exchange Commission. All forward-looking statements represent Molina's judgment as of the date of this release. Molina disclaims any intent or obligation to update its forward-looking statements.

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