



Molina Healthcare of Indiana Receives Notification of Changes in Indiana Contract

August 4, 2006

LONG BEACH, Calif.--(BUSINESS WIRE)--Aug. 4, 2006--Molina Healthcare, Inc. (NYSE:MOH) today announced that its Indiana health plan subsidiary, Molina Healthcare of Indiana, Inc., was informed by the Procurement Division of the Indiana Department of Administration that it had not been selected for contract negotiations to provide services in 2007 under the Hoosier Healthwise Medicaid program.

"Molina is committed to providing superior quality and excellent service to our patients and our providers. We were all disappointed to learn today that Molina Healthcare of Indiana was not selected by the State of Indiana to take part in its managed care program in 2007," said J. Mario Molina, president and chief executive officer of Molina Healthcare, Inc. "We are anxious to review the full procurement results to understand the basis for the state's decision."

As a result of its not being selected, Molina Healthcare of Indiana's contract with the state will expire as of December 31, 2006. As of June 30, 2006, Molina Healthcare of Indiana had approximately 37,000 members.

The Company does not expect the loss of the Indiana contract for 2007 to impact the fiscal year 2006 guidance given on August 1, 2006.

About Molina Healthcare, Inc.

Molina Healthcare, Inc. is a multi-state managed care organization that arranges for the delivery of healthcare services to persons eligible for Medicaid and other government-sponsored programs for low-income families and individuals. Molina Healthcare, Inc. currently operates health plans in California, Indiana, Michigan, New Mexico, Ohio, Utah, and Washington. More information about Molina Healthcare, Inc. can be viewed at www.molinahealthcare.com.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: This press release contains forward-looking statements that are subject to numerous risk factors that could cause our actual results to differ materially. Such risk factors include, without limitation, uncertainties regarding the future timing and effect of the Indiana Hoosier Healthwise request for services (RFS) process and its impact on other Indiana requests for services, our ability to accurately predict our 2006 earnings, and other risks and uncertainties as described in our reports and filings with the Securities and Exchange Commission and available for viewing on its website at www.sec.gov, including those risk factors discussed in Part I, "Item 1A. Risk Factors" in our 2005 Annual Report on Form 10-K filed on March 15, 2006.

CONTACT: Molina Healthcare, Inc.

Public Relations:

Katisha Robinson, 562-951-1593

or

Investor Relations:

Juan Jose Orellana, 562-435-3666

SOURCE: Molina Healthcare, Inc.