UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

Current Report

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 27, 2010

MOLINA HEALTHCARE, INC.

(Exact name of registrant as specified in its charter)

Delaware	1-31719	13-4204626
(State of incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

200 Oceangate, Suite 100, Long Beach, California 90802
(Address of principal executive offices)

Registrant’s telephone number, including area code: (562) 435-3666

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 7.01 **Regulation FD Disclosure.**

As part of the Company's presentation at its Investor Day Conference to be held in New York City on January 27, 2010, the Company intends to present and webcast certain slides. A copy of the Company's complete slide presentation is furnished as Exhibit 99.1 to this report. An audio and slide replay of the live broadcast of the Company's Investor Day presentation will be available for 30 days from the date of the presentation at the Company's website, www.molinahealthcare.com or at www.earnings.com.

The information in this Form 8-K and the exhibits attached hereto shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as expressly set forth by specific reference in such a filing.

Item 9.01 **Financial Statements and Exhibits.**

(d) Exhibits:

Exhibit No.	**Description**
99.1	Slides to be presented at the Investor Day Conference of Molina Healthcare, Inc. on January 27, 2010.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MOLINA HEALTHCARE, INC.

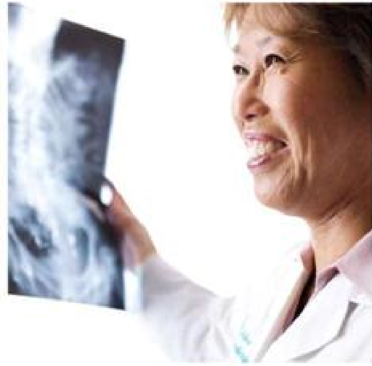
Date: January 27, 2010

By: */s/ Mark L. Andrews*

Mark L. Andrews
Chief Legal Officer, General Counsel,
and Corporate Secretary

EXHIBIT INDEX

Exhibit No.	Description
99.1	Slides to be presented at the Investor Day Conference of Molina Healthcare, Inc. on January 27, 2010.



Investor Day
2010A
January 27, 2010
New York, NY
MOLINA HEALTHCARE
Your Extended Family.

Cautionary statement

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: This slide presentation, as well as our accompanying oral remarks, contain numerous "forward looking statements" related to future events, plans, projections, or conditions, including, without limitation, statements regarding our earnings guidance for 2010, our pending acquisition of the HIM business of Unisys, and our medical cost-management initiatives for 2010. All of our forward-looking statements are based on our current expectations and assumptions. Actual results could differ materially due to numerous known and unknown risks and uncertainties, including risk factors related to the following:

- budgetary pressures on the federal and state governments;
- unexpected rate reductions or the rescission of expected rate increases;
- the enactment of federal health care reform;
- management of our medical costs, including flu levels and rates of utilization that are consistent with our expectations;
- final fourth quarter and full year 2009 financial results consistent with our expectations;
- the timely closing of the HIM business acquisition, including the need to obtain regulatory approvals, customer consents, and to satisfy other closing conditions;
- the integration of the HIM business and operations;
- the retention and renewal of the HIM business's state government contracts on terms consistent with our expectations;
- the accuracy of our operating cost and capital outlay projections for the HIM business;

and numerous other risk factors, including those discussed in our periodic reports and filings with the Securities and Exchange Commission. These reports can be accessed under the investor relations tab of our Company website or on the SEC's website at www.sec.gov. Given these risks and uncertainties, we can give no assurances that any results or events projected or contemplated by our forward-looking statements will in fact occur, and we caution investors not to place undue reliance on these statements. All forward-looking statements made during today's presentation represent our judgment as of January 27, 2010, and we disclaim any obligation to update such statements

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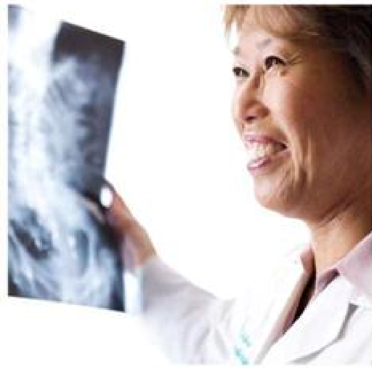
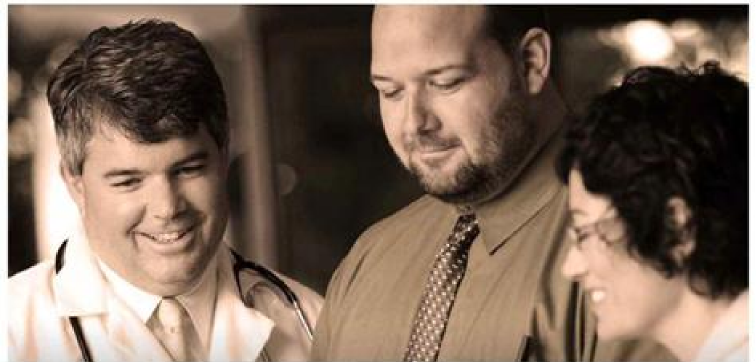


Investor Day 2010A

J. Mario Molina, MD
President & Chief Executive Officer

January 27, 2010
New York, NY



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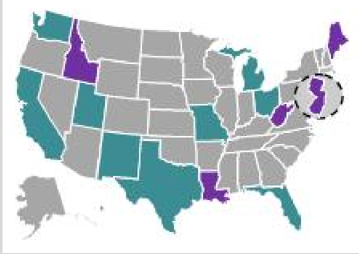
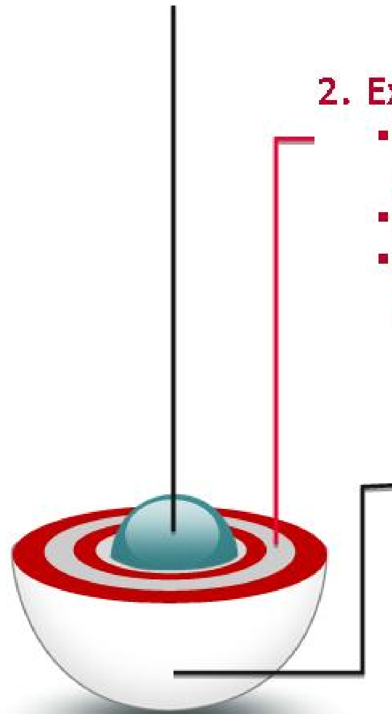
Growth Strategy





1. Leverage our core business

2. Expand the business:
   - Increased market penetration in existing markets
   - Strategic acquisitions
   - Entry into new markets or programs (risk & fee based)

3. Strive for operational excellence:
   - Quality & accreditation
   - Customer service
   - Administrative cost control
   - Technology

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Leveraging technology to sustain **growth**

- Molina Healthcare IT Center: state-of-the-art data processing
- Cisco HealthPresence™
- HIM: pending acquisition of technology focused company

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MOLINA HEALTHCARE

Building a flexible health care services **portfolio**

Molina Healthcare to acquire Unisys Health Information Management (HIM)

- $135MM purchase price
- Transaction expected to close in Q1/Q2 2010
- Accretive to operating cash flow but dilutive to EPS in 2010
- Molina acquires:
  - State Fiscal Agent contracts in Louisiana, West Virginia and New Jersey
  - MMIS / Fiscal Agent contracts in Idaho and Maine
  - Pharmacy Rebate Management contract in Florida
  - Market leading QNXT-based HealthPas MMIS platform technology
  - ~900 HIM employees

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Strategic alignment

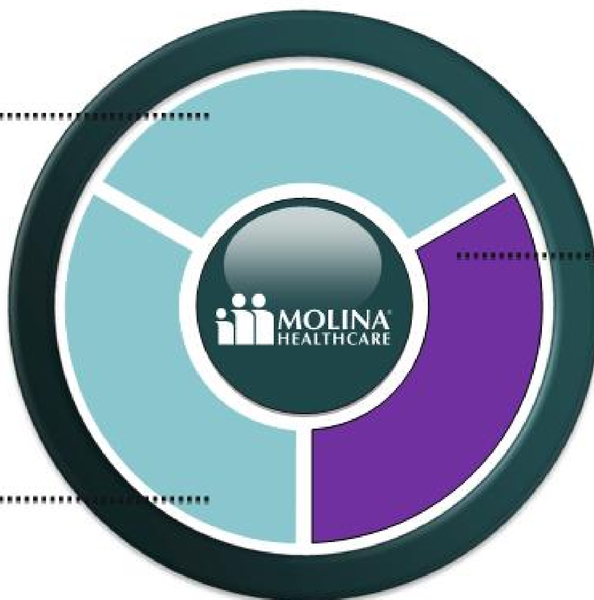
Molina Healthcare is aligning its business into three strategic business units that address specific market opportunities

1. Medicaid Managed Care

Medicaid program health plan outsourcing for selected members (ie TANF, ABD, CHIP) and other government programs, including risk medical management and primary care clinics

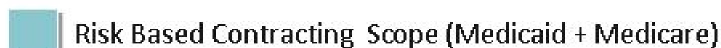
2. Medicare Managed Care

Medicare program health plan outsourcing for Special Needs Plan (SNP) members and low income MAPD



3. Medicaid Health Information Management

Design Development & Implementation, IT outsourcing, Assumption and Administration of Systems/Operations, Fiscal Agent Services, Care and Utilization Management



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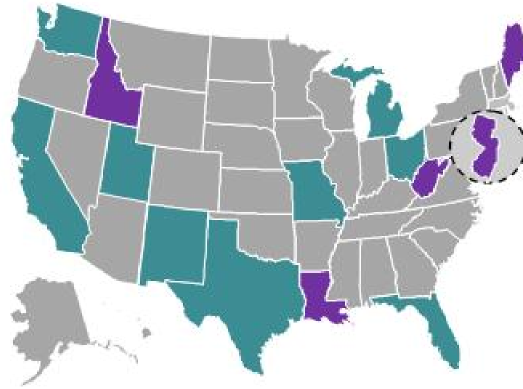
Building a flexible health care services **portfolio**

The combined services portfolio will include Molina's managed care offering combined with the systems and fiscal agent services of HIM's product suite.

Value Proposition for States:
Comprehensive medical management, cost containment, predictable state outlays, administrative simplification, improved care coordination, improved health outcomes

Molina



Value Proposition for States:
Control program design, low state fee schedules, very high drug rebates, enhanced federal matching funds, claims costs paid in arrears

HIM

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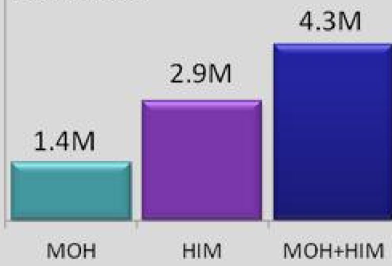
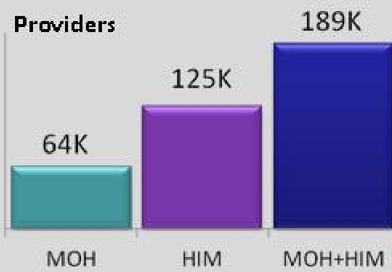
MOLINA HEALTHCARE

Snapshot of **combined operation** (Molina + HIM)





Medicaid Contracts

	Medicaid Managed Care (MCO)	MMIS/BPO Fiscal Agent Services	Design, Develop, & Implementation (DDI)
California	✓		
Louisiana		✓	
Florida	✓	✓	
Idaho		2010	✓
Maine		2010	✓
Michigan	✓		
Missouri	✓		
New Jersey		✓	
New Mexico	✓		
Ohio	✓		
Texas	✓		
Utah	✓		
Washington	✓		
West Virginia		✓	

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Unisys HIM: a **strong strategic fit**

- Diversifies the product portfolio for marketing Medicaid solutions to state governments (risk + fee for service)
- Enhanced competitive position and brand profile in U.S. Medicaid sector
- Increases geographic and revenue diversification into new states (Louisiana, West Virginia, New Jersey, Idaho & Maine)
- Access to successful revenue generating platform providing healthcare related services on a fee-for-service basis
- Entry to higher margin business
- Working platform for near-term business expansion
- Platform for creating significant additional shareholder value

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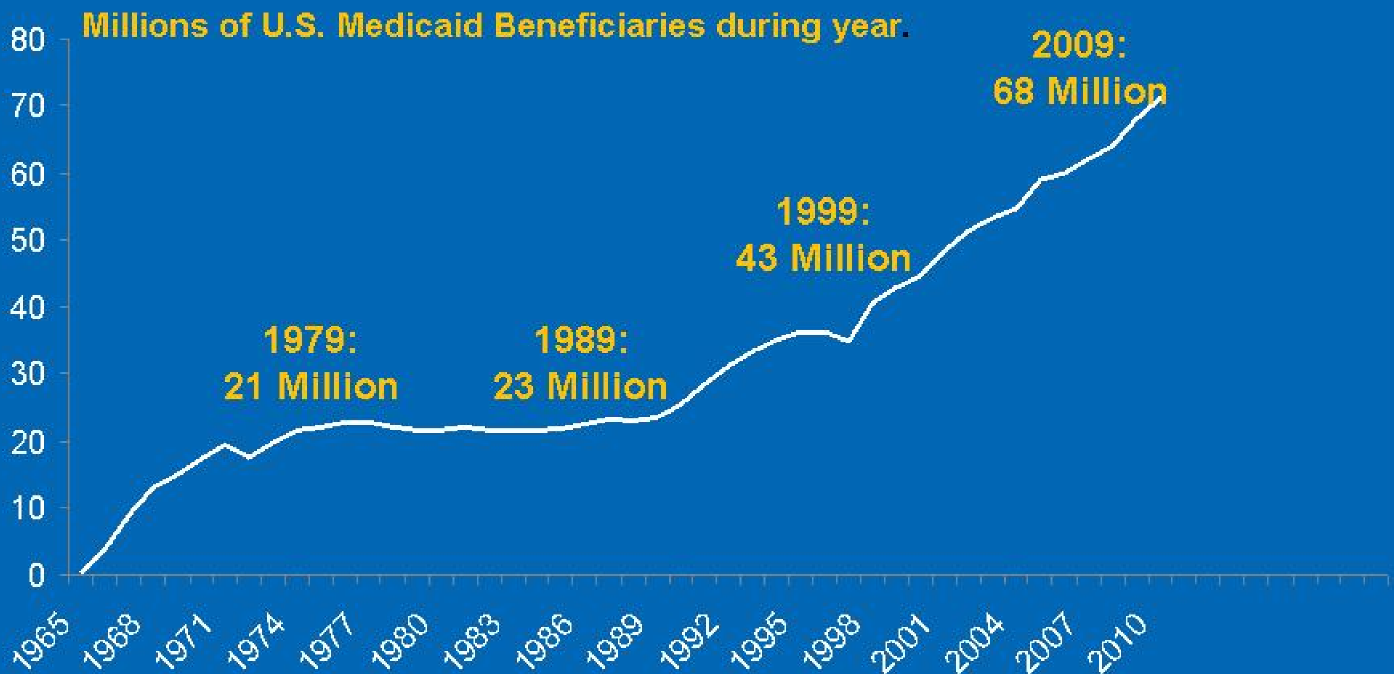
Molina Healthcare Investor's Day 2010

Anthony D Rodgers, Principal
Health Management Associates

Presentation Topics

- Medicaid MMIS Customers and Vendor Expectations
- High Level View of the MMIS Infrastructure
- The Medicaid Information Management Systems Market
- The Impact of Environmental Changes on the MMIS Market

Persons with Medicaid Coverage: Upward Growth for Two Decades



SOURCE: 1966 – 2008: HMA analysis of CMS and CBO historical data 2009-2019 and CBO Medicaid projections, 2009.

CMS Requirements for Fiscal Agents and State Operated MMIS Environments

- Business-driven enterprise architecture
- System environment must operated based on industry standards
- Efficient and effective data sharing capability
- Supports interoperability, system integration, and open architecture
- Support integration of clinical and administrative data
- Promote secure data exchange
- Provide built in security and privacy

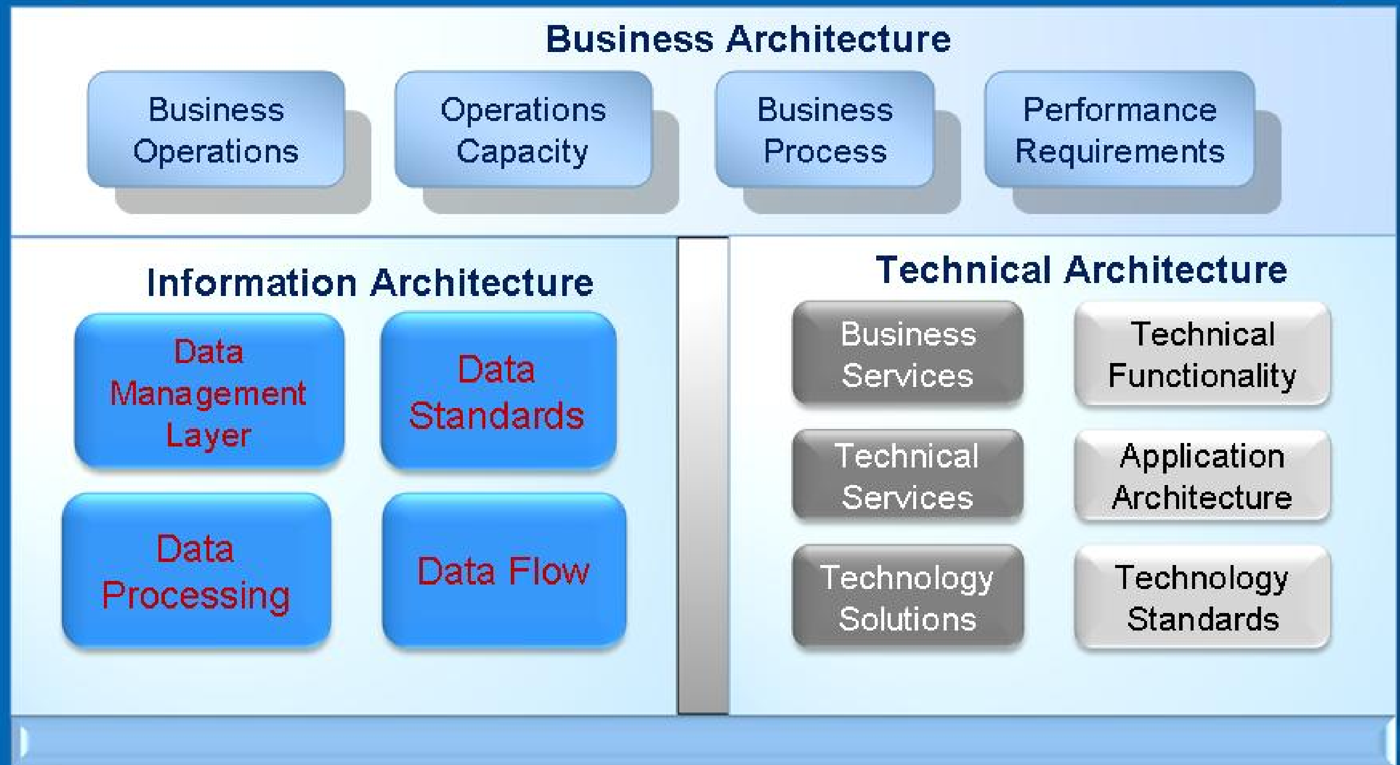
State and Federal Customer Expectations for MMIS Vendors and Fiscal Agents

- Align information requirements with Medicaid enterprise vision and direction
- Lower overall life-cycle maintenance and development costs
- Lower claims processing and administrative operations costs
- Enable interoperability and data sharing

Medicaid Information Management System Environment

Medicaid Information Technology Architecture

- Business Architecture
- Information Architecture
- Technical Architecture


Medicaid Information Technology Framework
Business Architecture
Business Operations
Operations Capacity
Business Process
Performance Requirements
Information Architecture
Data Management Layer
Data Standards
Data Processing
Data Flow
Technical Architecture
Business Services
Technical Functionality
Technical Services
Application Architecture
Technology Solutions
Technology Standards
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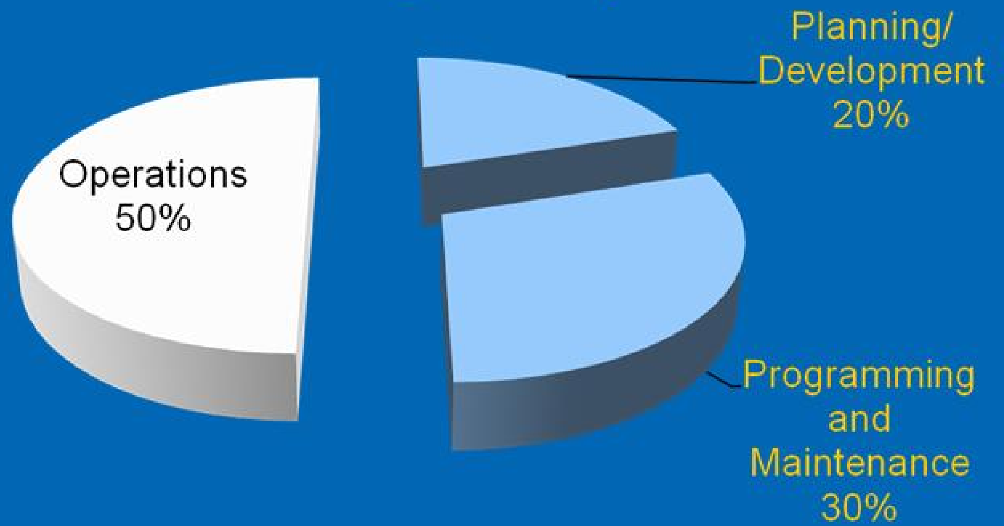
Health Management Associates

IT Life Cycle for New MMIS Business

Industry Fees and Charges

MMIS Life Cycle Expenditure



Scope of MMIS and Fiscal Agent Contracts with States

Administrative Services

- Eligibility
- Claims Adjudication
- Call Center Operations
- Medical and Utilization Review
- Decision Support
- Health Information Exchange
- Pharmacy Benefits and Rebate Management

Medicaid IT Environment

- Eligibility System
- Claims/Encounter Data Processing
- Medical Management System
- Provider Registry System
- Data Warehouse and Analytics
- Financial report systems
- Reporting system applications
- External data sharing interfaces
- Benefits Administration System
- Web and enterprise portals

Care Management

- Case Management
- Care Coordination Management
- Disease Management

The MMIS Market

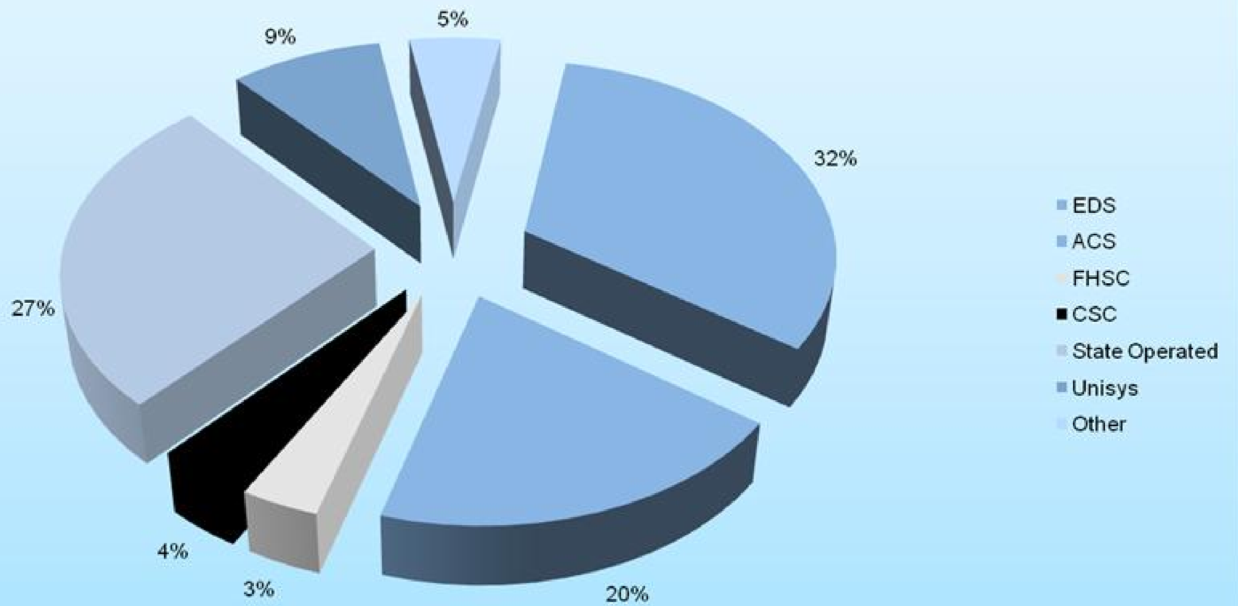
State MMIS Contracts Expiration Dates By Fiscal Year

MMIS Contractor	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
EDS	5	5	1	1	2	3	
ACS	4	-	1	2	2	1	1
CSC	-	-	-	1	2	1	-
Unisys	1	-	-	1			
MedStat	-	-	1				
First Health Services Corp	-	-	2				
Intercrossing							1
Clemson	-	1	-	-	-	-	-

Source: CMS MMIS fiscal agent contract status report
Note: State contract expiration dates include optional extensions years

MMIS Contractor Market Share

State Market Share Based on Number of Contracts

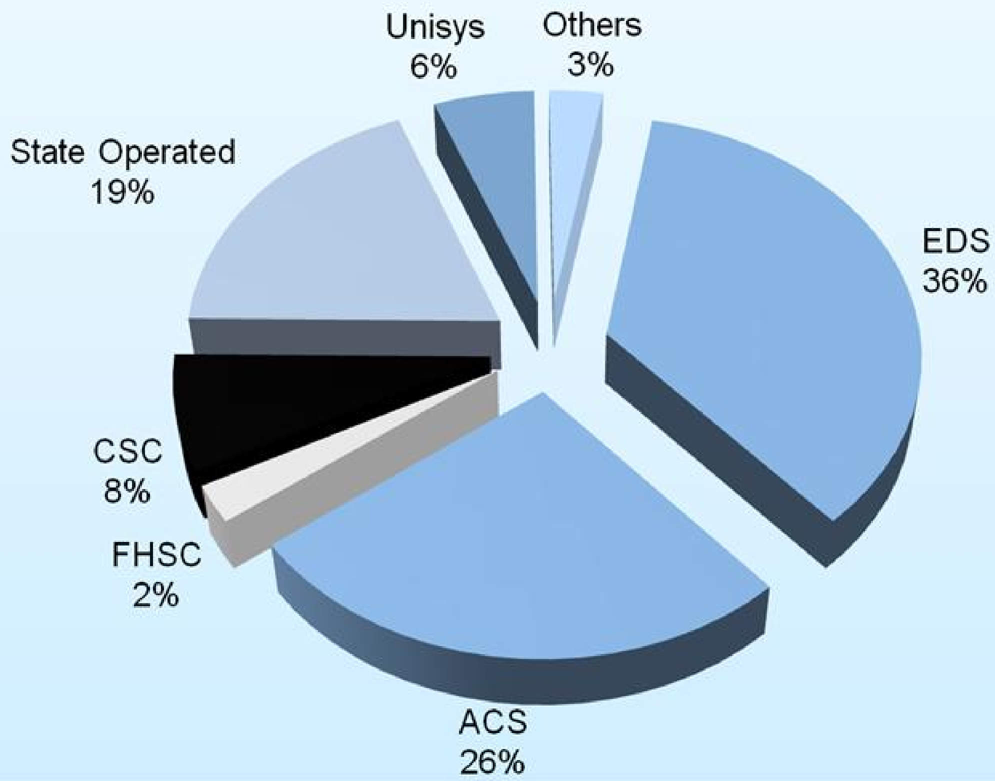


Competitors

MMIS IT Vendors	States Under Contract	Total Estimated Annual Revenues (In Millions)
EDS	18	$490.2 M
ACS	11	$365.9 M
FHSC	2	$32.1 M
InfoCrossing	1	$27.6 M
Clemson University	1	$15.1 M
CSC	2	$100. 2 M
State Operated (including Guam, Puerto Rico, Virgin Islands)	15	$ 260.4 M
Total State and Federal MMIS Expenditure (includes Unisys and PBM, and ASO IT vendors)	50	$1600.3 M

Based on CMS reported expenditures for Vendor and State Operated MMIS

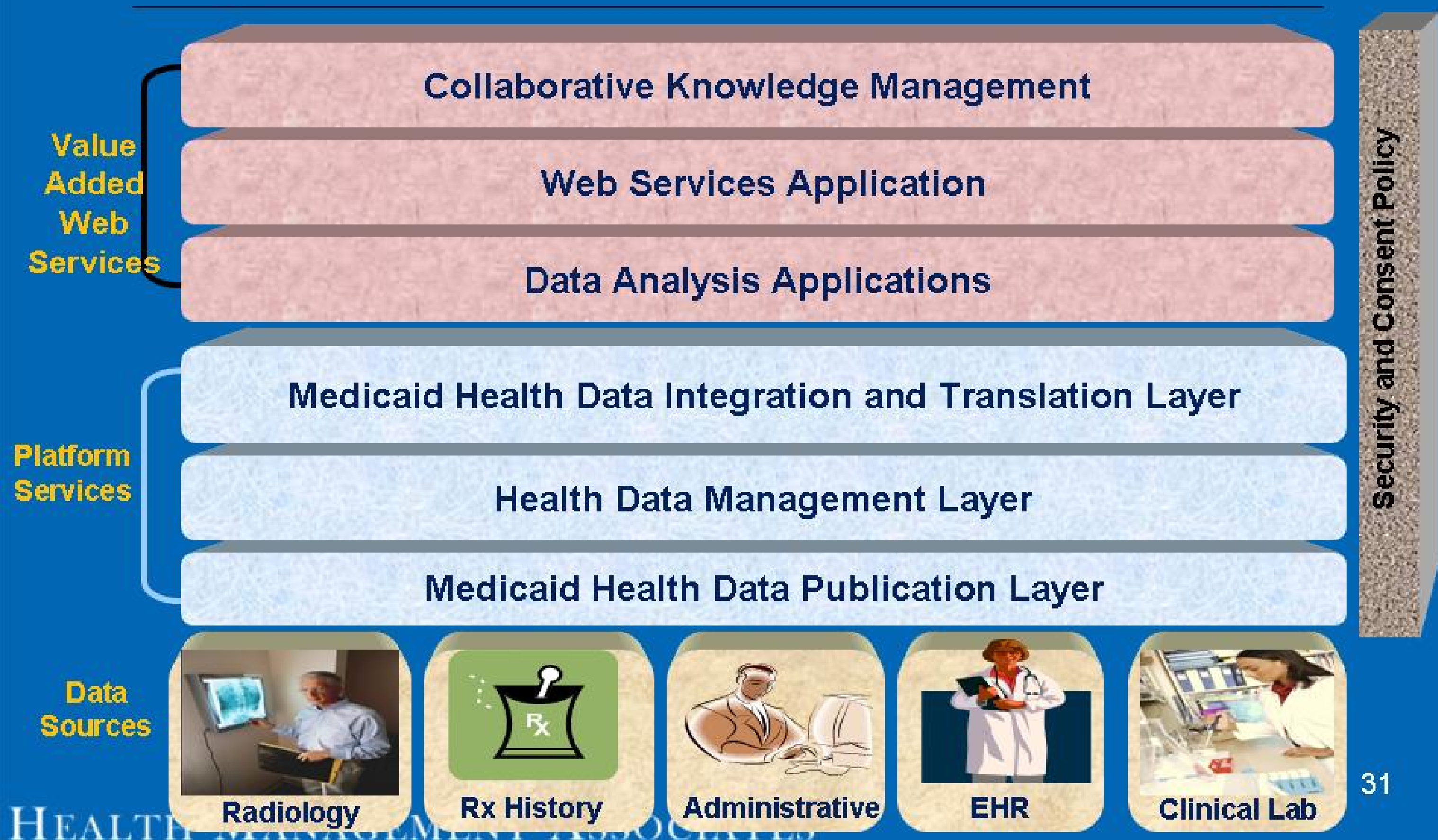
Market Share



Significant Changes in the MMIS Market Driven by New Requirements and HIT

MMIS Conversion to ICD 10

- Medicaid Programs are required to convert to HIPAA v5010/D.0 electronic transaction standards (Jan. 2012) and ICD-10-CM and ICD-10-PCS claims code sets (Oct. 2013)
- This will have a significant impact on the MMIS market "front end systems", core claims system, and "downstream" the interface and/or share data with claims systems.
- Significant time and resources will have to be spent by Medicaid to convert vendor or in-house legacy systems to be 5010 and ICD-10 compliant


Health Information Exchange Platform Architecture
Collaborative Knowledge Management
Web Services Application
Data Analysis Applications
Value Added Web Services
Medicaid Health Data Integration and Translation Layer
Health Data Management Layer
Medicaid Health Data Publication Layer
Platform Services
Security and Consent Policy
Data Sources
Radiology
Rx History
Administrative
EHR
Clinical Lab
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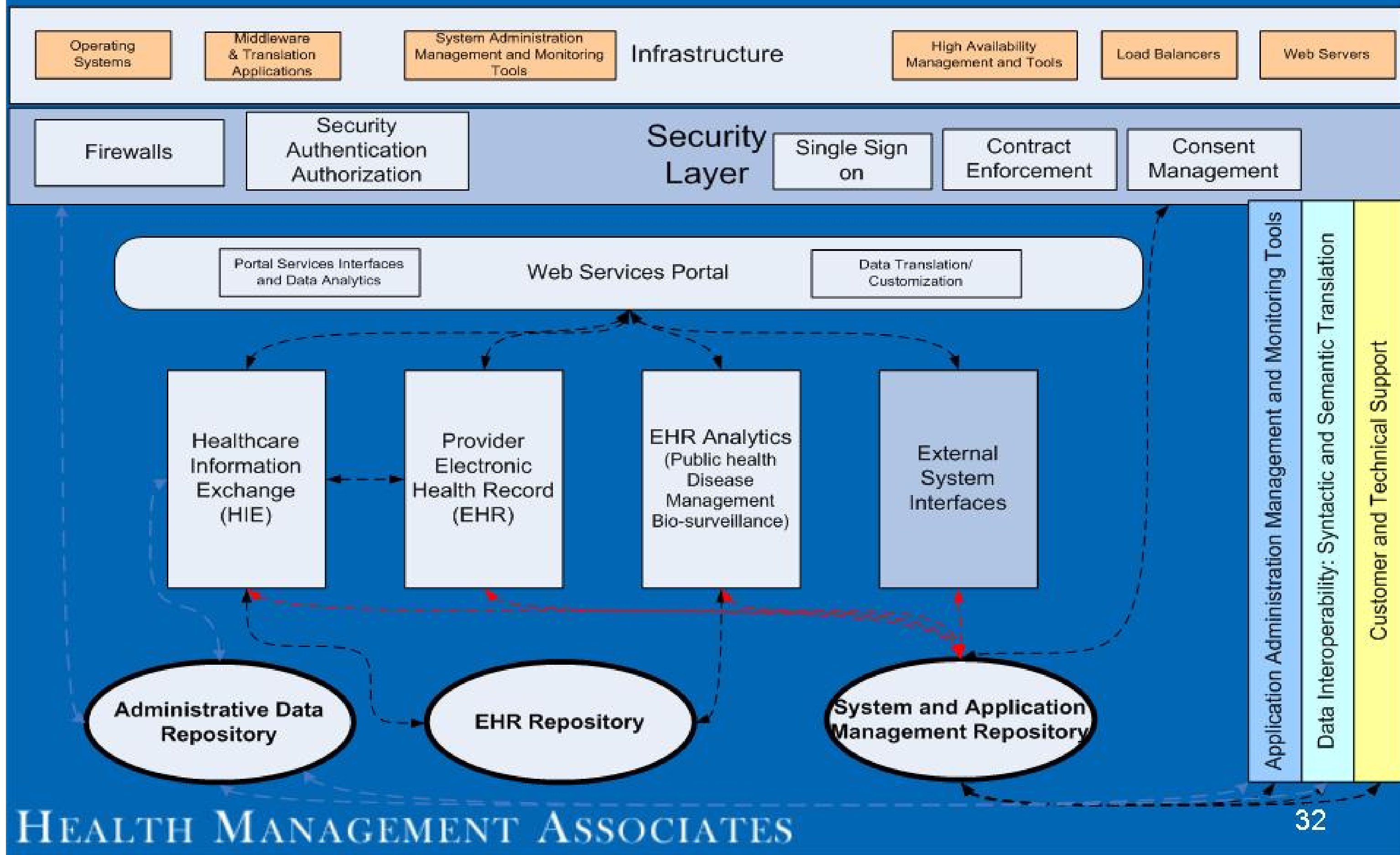
HEALTH MANAGEMENT ASSOCIATES



Medicaid HIT Infrastructure Platform Design
Operating Systems
Middleware & Translation Applications
System Administration Management and Monitoring Tools
Infrastructure
High Availability Management and Tools
Load Balancers
Web Servers
Firewalls
Security Authentication Authorization
Security Layer
Single Sign on
Contract Enforcement
Consent Management
Portal Services Interfaces and Data Analytics
Web Services Portal
Data Translation/ Customization
Healthcare Information Exchange (HIE)
Provider Electronic Health Record (EHR)
EHR Analytics (Public health Disease Management Bio-surveillance)
External System Interfaces
Administrative Data Repository
EHR Repository
System and Application Management Repository
Application Administration Management and Monitoring Tools
Data Interoperability: Syntactic and Semantic Translation
Customer and Technical Support
HEALTH MANAGEMENT ASSOCIATES
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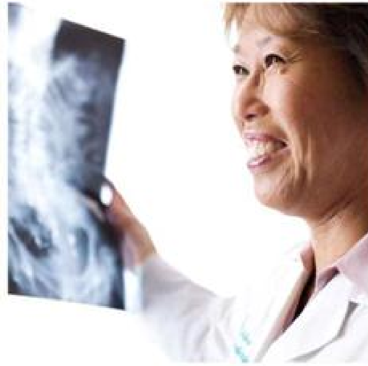
Questions



Cost Drivers of 2009

John Molina
Chief Financial Officer

January 27, 2010
New York, NY

2009-2010 Flu Season in Molina Markets

Flu activity has resulted in greater pharmacy and emergency room utilization.

United States & Molina Top Membership Markets

Number of Patients with Flu-Like Symptoms

14,000
12,000
10,000
8,000
6,000
4,000
2,000
0

July, August, September, October, November, December, January, February, March, April, May, June

'09Q3 | '09Q4 | '10Q1 | '10Q2

United States
California
Michigan
Ohio
Washington

over **75%** of Molina's membership resides in these states

Source: Google Flu Trends (http://www.google.org/flutrends)

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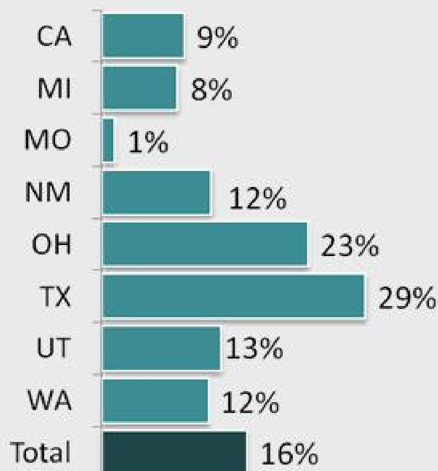
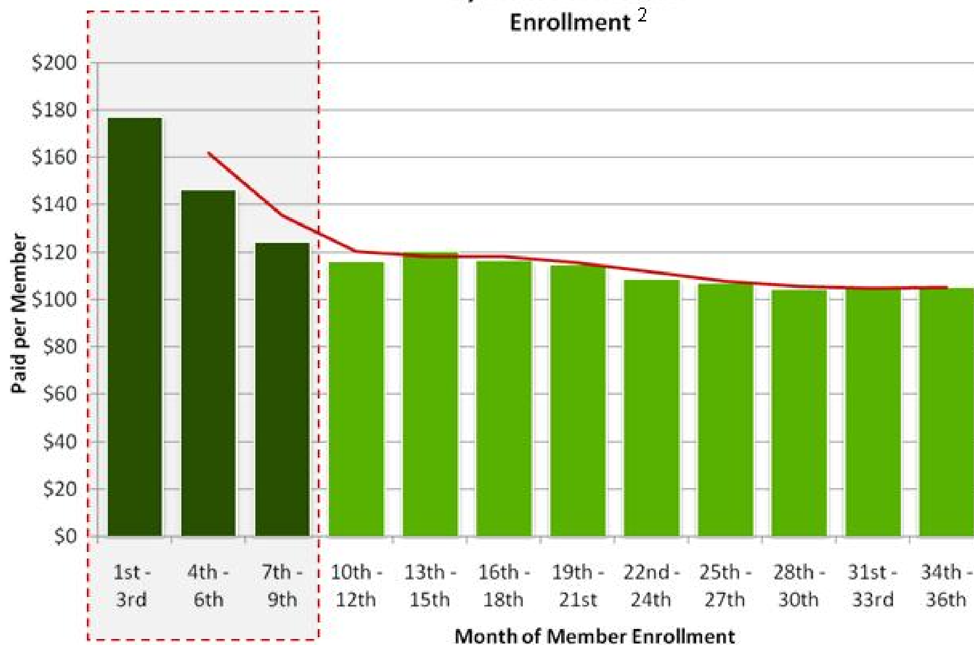
Length of Enrollment (LOE)



As length of enrollment increases, the paid PMPM decreases. Costs tend to be higher in the early months of a member's enrollment history.



1.Note: E denotes estimate. The Company is currently in the process of finalizing its results for the fourth quarter and full year 2009. There can be no assurance that the Company's final results for the fourth quarter of 2009 will be as specified above. All numbers are approximations.

2.Excludes recent start up and acquisition states (Texas, Missouri and Florida) where historical cost information did not go far enough to incorporate into time series.

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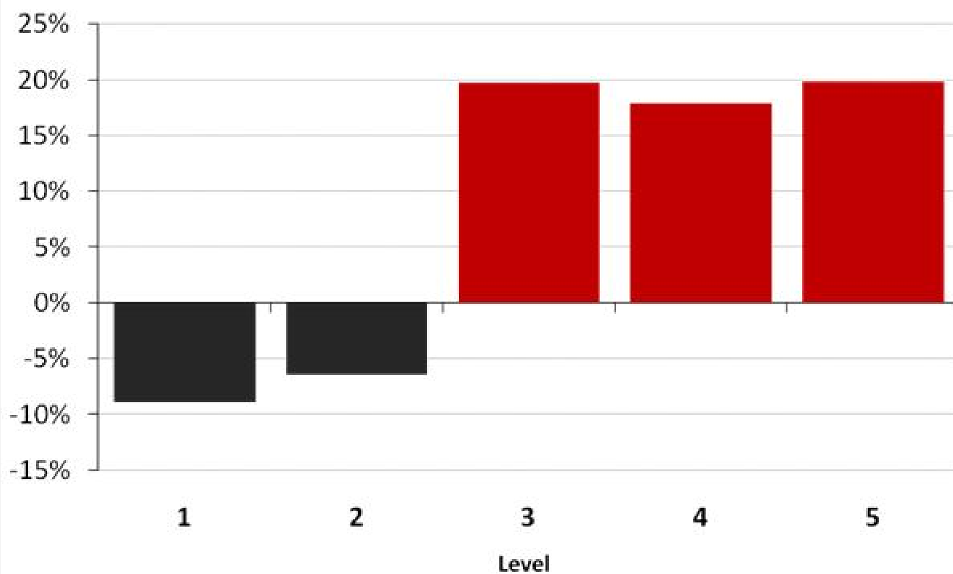
Trend in ER Facility and cost utilization

Coding to higher levels contributing to higher costs per visit. Cost per visit up 9%, utilization trend up 9%, total trend up 18%.



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Rising **outpatient** costs

	Acuity Level (level I least intensive care; level V most intensive care)				
	I	II	III	IV	V
ER Outpatient Visits/1,000 (1H09 vs 1H08)	(9%)	(6%)	20%	18%	20%
CMS Ambulatory Payment Classifications (APCs)[1]	$53	$86	$137	$218	$324
Examples of Possible interventions[2]	Immunization shot	Minor laceration repair; sling application	Asthma treatment	Cardiac monitoring; chest pain	Major trauma-car accident with multiple injuries

1. 2009 Outpatient Prospective Payment System (OPPS); CMS
2. American College of Emergency Physicians 2007

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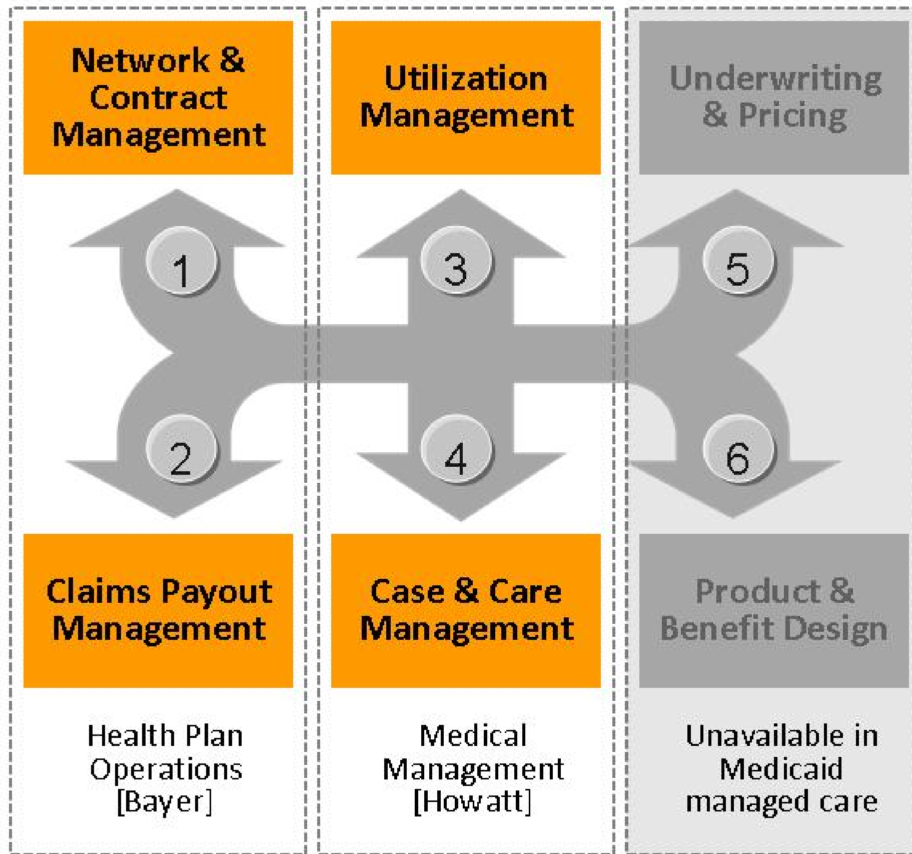
Addressing 2009 cost drivers in 2010



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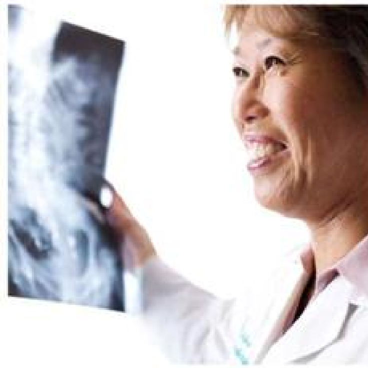
MOLINA HEALTHCARE



Network & Contract Management/Claims Payout Management

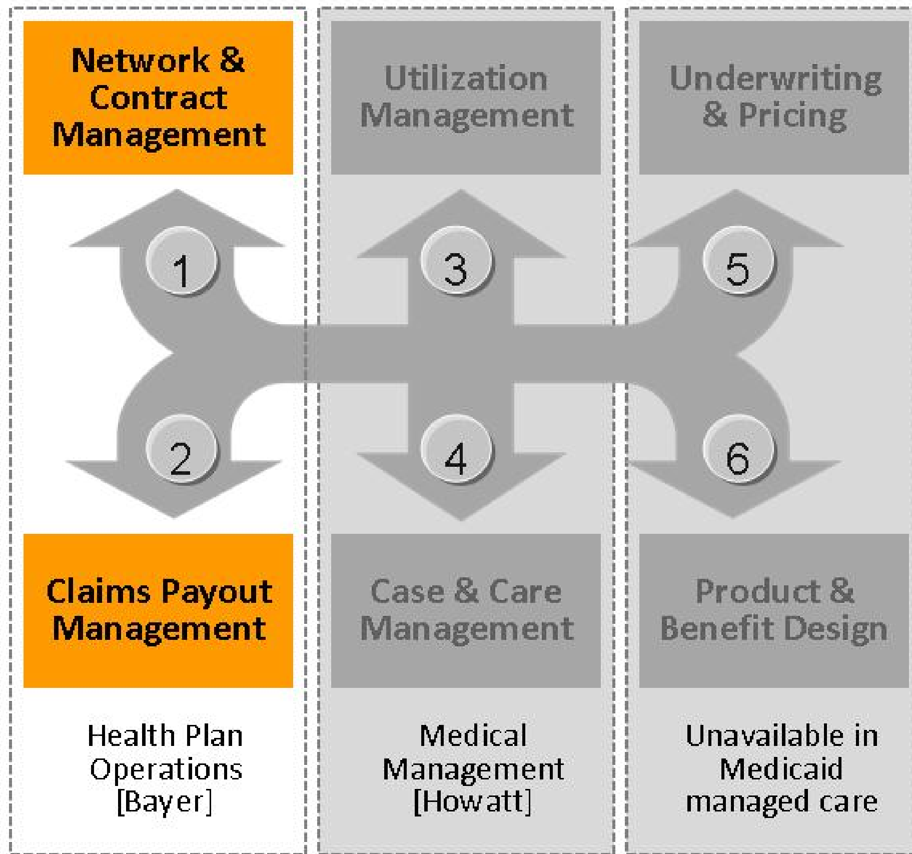
Terry Bayer

Chief Operating Officer

January 27, 2010

New York, NY

Addressing 2009 cost drivers in 2010



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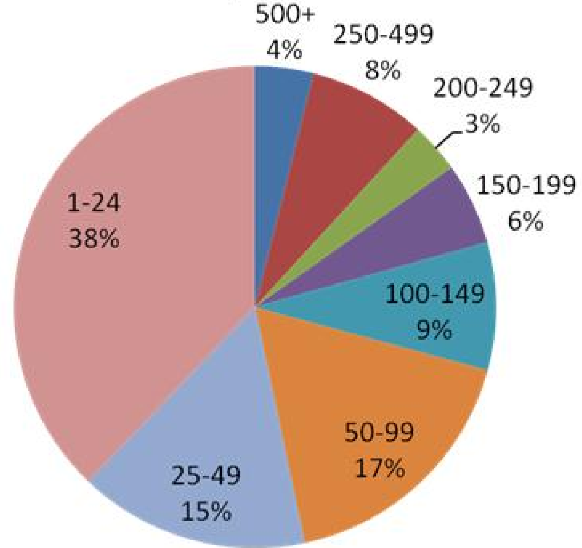
Refining the provider network

- In competing for state contracts we have built large provider networks
- As a result 38% of our primary care doctors have fewer than 25 members.



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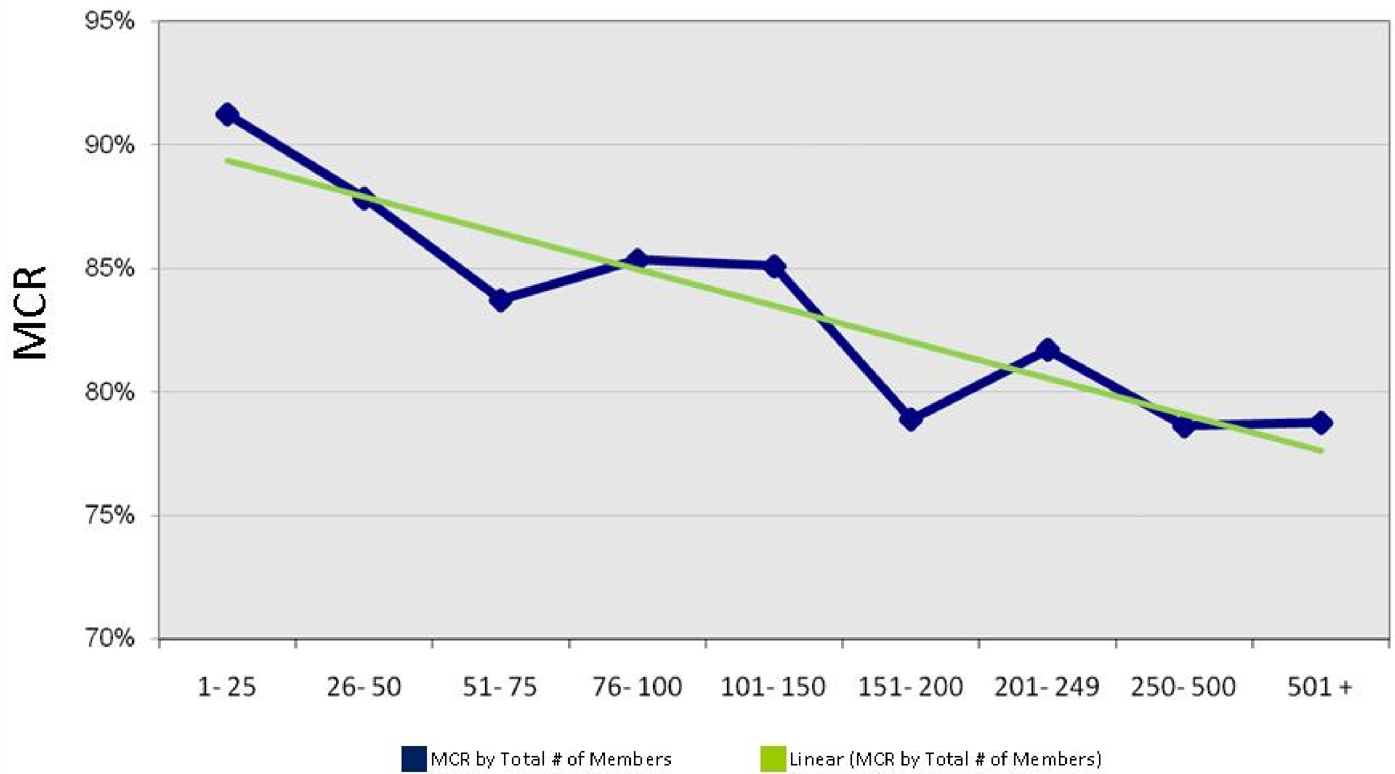
Medical Cost Ratio by Total Number of Members[1]

Providers with more members are more efficient.



1. MCR Composite including Michigan, Ohio, Washington, and New Mexico

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Refining the provider network

We can reduce the size of the provider panel without sacrificing quality or access, while **reducing both administrative and medical costs.**

38%	3%	92%
Percent of our providers with less than 25 members.	Percent of our overall membership that resides with providers with fewer than 25 members.	Medical Care Ratio associated with providers with fewer than 25 members.

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Benefits of refining the provider network

- Meaningful **volume** gets providers' attention
- Increased **commitment** to Medicaid
- Focused **support for Molina programs**
  - Improved HEDIS scores
  - Member education
  - Improved compliance
- Increases **loyalty among providers** and the health plan
- Referrals to **in-network specialists and hospitals**
- Lower **administrative costs** to maintain the network

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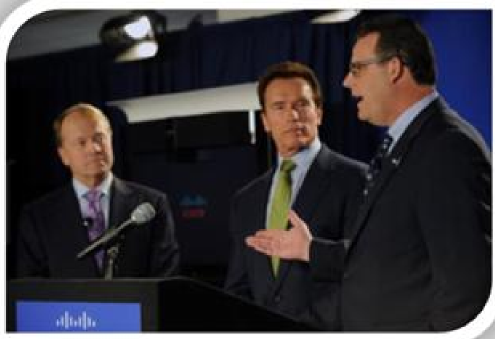
MOLINA HEALTHCARE

HealthPresence™ **expands** Molina's reach



(L-R) John Chambers, CEO Cisco Systems, Gov. Arnold Schwarzenegger, R-California, and Dr. Mario Molina, CEO Molina Healthcare, introduce the **HealthPresence™** Pilot at a press conference held at Molina headquarters in Long Beach, California (1/15/2010).

We are **leveraging technology** to enhance provider access for underserved populations

Benefits:

- Allows us to apply telemedicine to actually **examine patients**
- Provides **better care coordination** and patient management
- Highly **effective in rural areas** or where there are few specialty providers
- Lower healthcare costs due to **better controlled illness**
- Lower costs due **to fewer hospitalizations** and **lower ER** utilization

MOLINA HEALTHCARE

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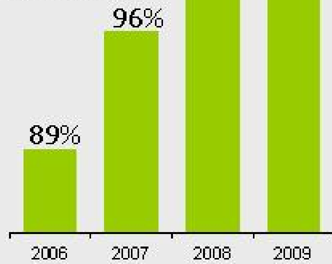
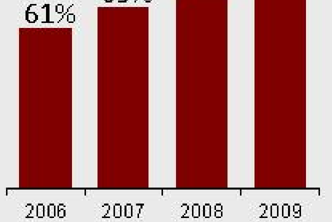
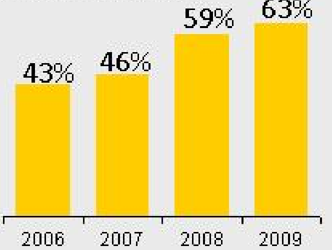
Efficiently **managing** medical claims







Despite a 20% increase in claims volume, claims inventories remain flat.

Medicaid	2006	2007	2008	2009 E*
Receipts Volume	7M	9M	11M	13M
Production Volume	7M	9M	11M	13M
Inventory Volume	0.3M	0.2M	0.09M	0.09M
Inventory Dollars	$285M	$212M	$115M	$131M
Inventory Dollars Per Member	$265	$184	$92	$90

Note: E denotes estimate. The Company is currently in the process of finalizing its results for the fourth quarter and full year 2009. There can be no assurance that the Company's final audited results for the fourth quarter and for fiscal year 2009 will be as specified above. The estimates of fourth quarter results as shown above constitute forward-looking statements and are subject to the risk that final audited results may vary. All numbers are approximations.

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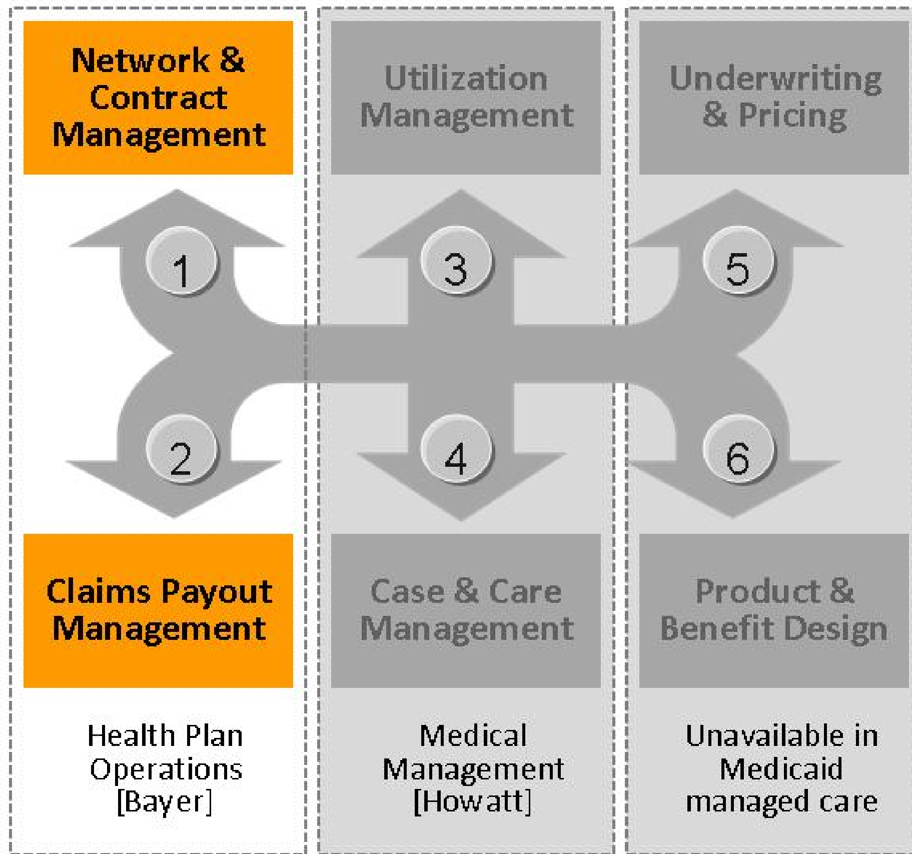
Addressing 2009 cost drivers in 2010



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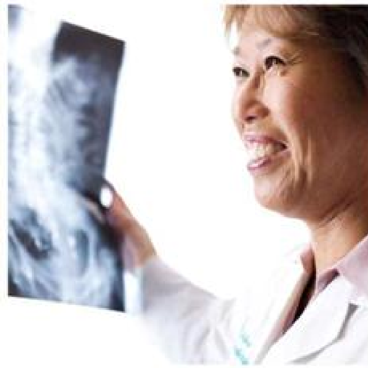
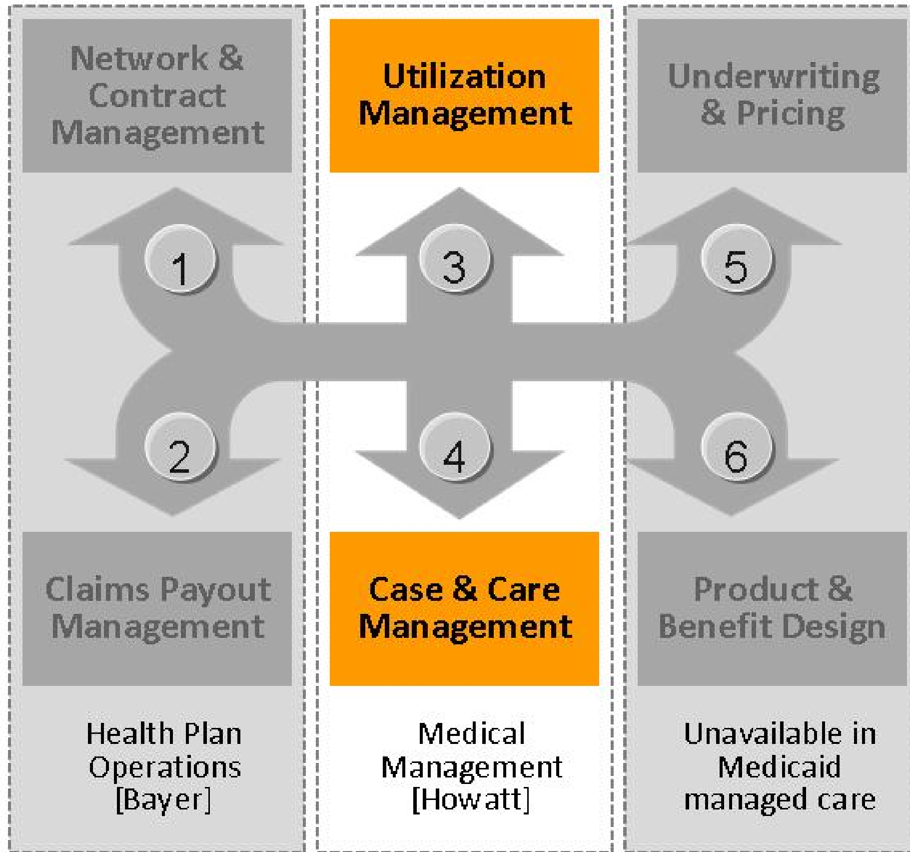


Medical Management

Jim Howatt, MD
Chief Medical Officer

January 27, 2010
New York, NY

Addressing 2009 cost drivers in 2010



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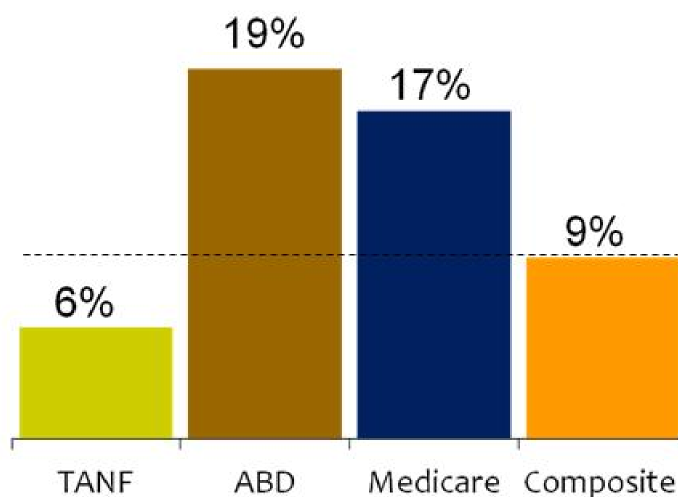
Reducing hospital readmissions

Addressing the problem:

- Discharge planning
- Telephone contact after discharge
- Outpatient support of the discharge plan
- Monitoring claims for readmissions

Reducing avoidable readmissions should lead to lower hospital costs.



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Reducing emergency room utilization

"In Ohio, 39% of our members who were seen in the ER returned within 30 days."

Kevin Smith, MD
Chief Medical Officer
Molina Healthcare of Ohio

The Problem:

- Unacceptably high number of ER visits are "repeats"
- Most repeat visits are for non-emergent conditions
- Most repeat visits occur within days of the initial visit so timely intervention is key

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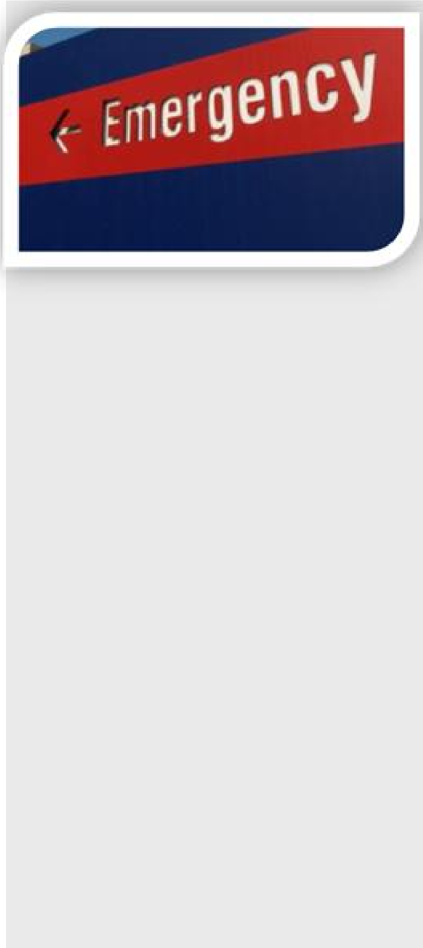
Reducing emergency room utilization



Management Actions:

- Launching a pilot in Ohio to take advantage of stepped-up provider cooperation plus new technology
  - 5 participating facilities are now providing notification of member ER visits within 3 to 5 days of service
  - "Eliza" interactive voice technology system will be used to contact members
- Missouri pilot program reduced ER utilization by members whom we are able to reach by about 50%

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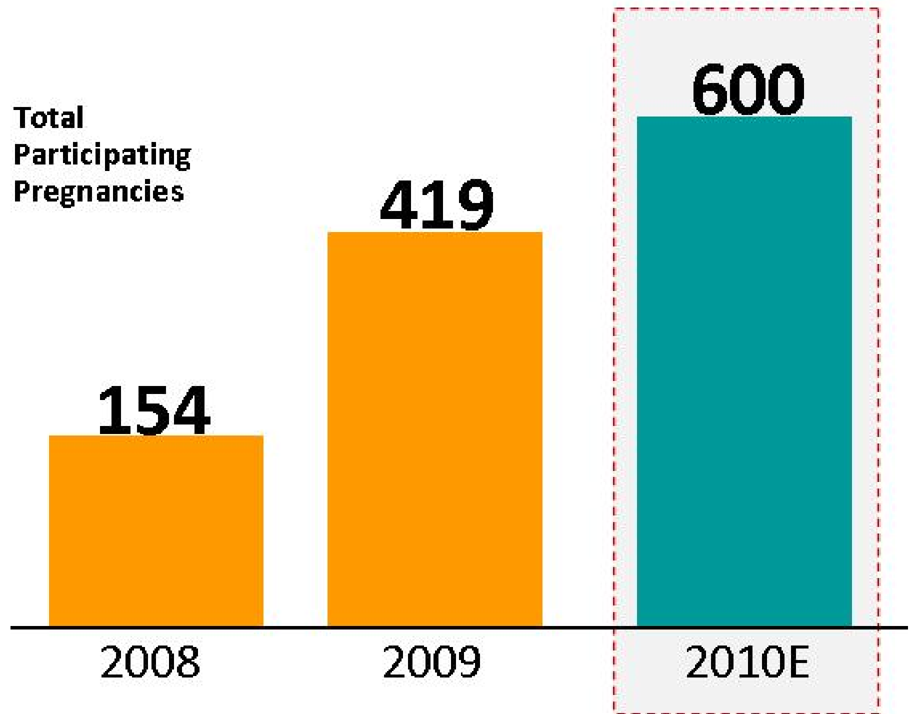
17-P Program

The 17-P program identifies pregnancies with a history of premature delivery, and includes a weekly administration of a hormone shot. Results in approximately $^{1}/_{3}$ reduction in repeat premature births.



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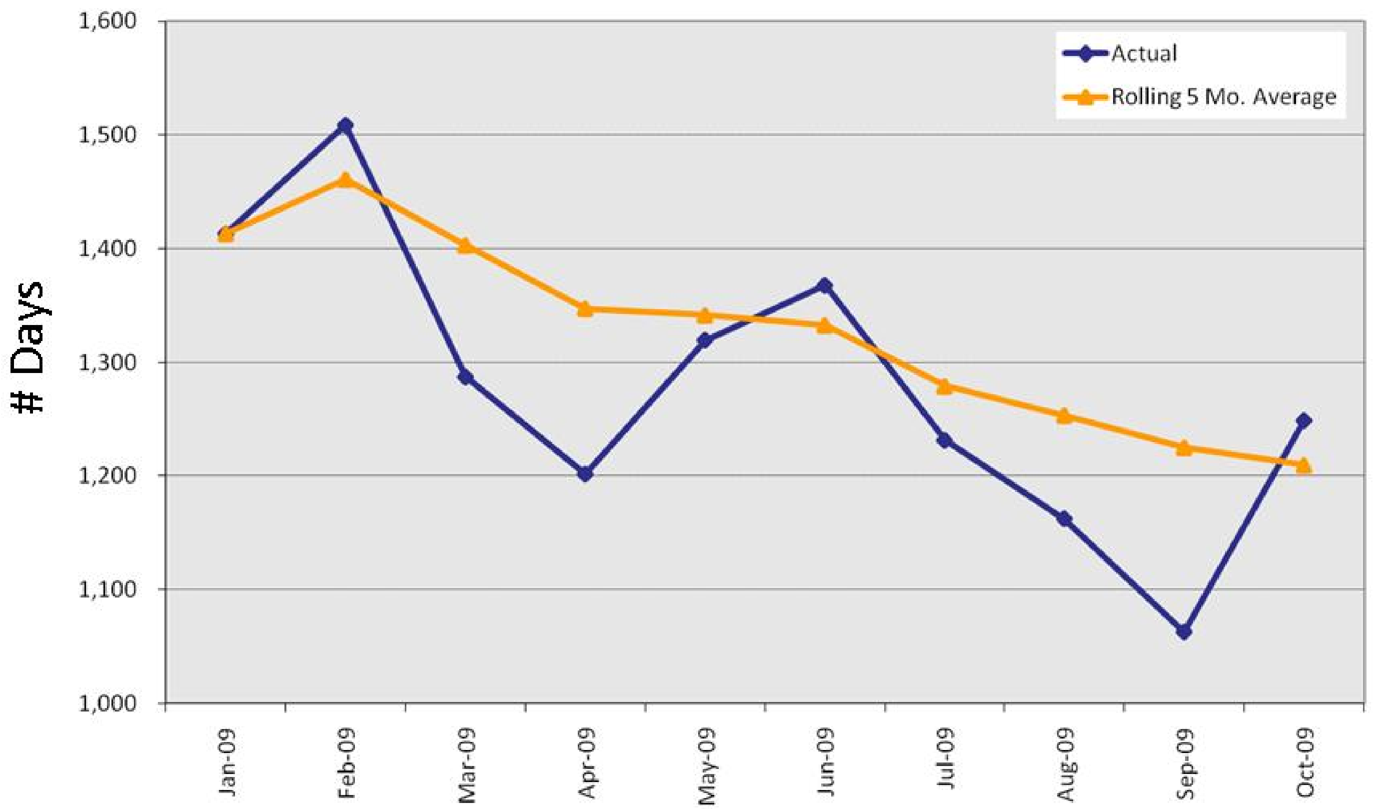
MHI Premature/NICU Days – All Plans



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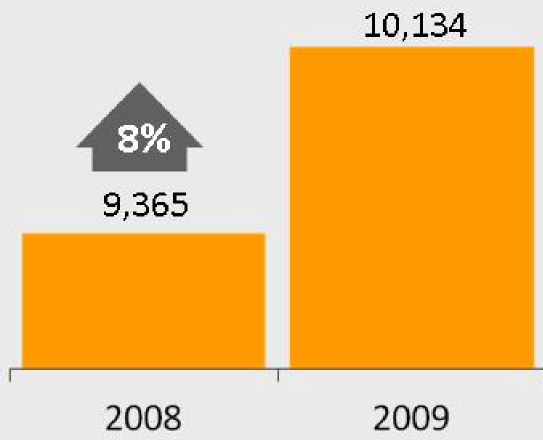
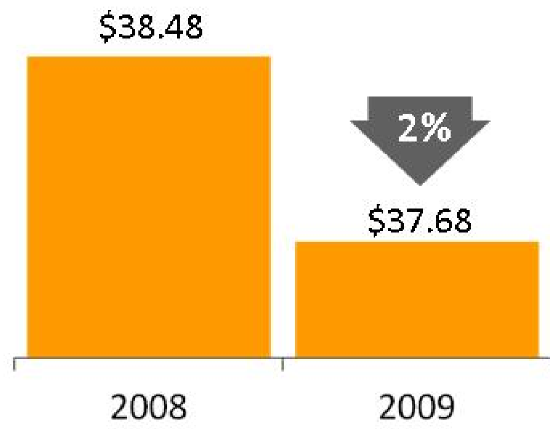
4Q08 vs 4Q09 pharmacy experience





Note: Both years exclude Missouri, where Rx benefit was carved out, 10/1/09.

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Person-centered **healthcare home**

(L-R) Edward Kim, VP Direct Delivery, Glen Bogner, President Molina Healthcare of Washington, participate in the new clinic's wall breaking event.

Molina Staff Model Clinic for Washington WMIP program

Breaking the wall between primary and behavioral health care services

- Coordinated care management for people with Severe Mental Illness (SMI)
- Increased access to primary care through collocation with behavioral health provider
- Integration of physical health, mental health and chemical dependency services
- Increased patient self management

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Q&A

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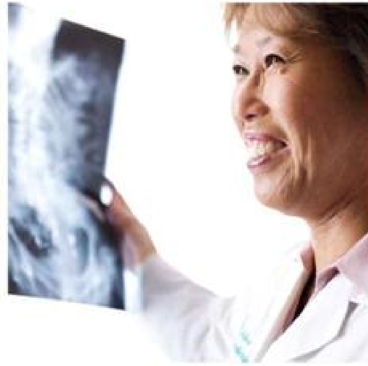

HIM Accounting Discussion
Joseph White
Chief Accounting Officer
January 27, 2010
New York, NY
MOLINA HEALTHCARE
Your Extended Family.

Two Different Financial Models

MMIS and HMO models have **complementary** strengths and **offsetting** weaknesses

MMIS (Fee Based) **Low revenue / High margin / Low variability**	**HMO (Risk Based)** **High revenue / Low margin / High variability**
Advantages ▪ Predictable expense ▪ Opportunity for administrative efficiencies ▪ Low capital requirements (system development cost paid by the states) ▪ Small downside ▪ Easy upstream of cash	**Advantages** ▪ Predictable revenue ▪ Opportunity for medical management efficiencies ▪ Revenue paid in advance ▪ Big upside
Disadvantages ▪ Variable revenue ▪ Revenue paid in arrears	**Disadvantages** ▪ Variable expense ▪ Large capital requirements (increasing with size) ▪ Difficult to upstream cash

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Two Different Accounting Profiles

MMIS and HMO models have different **accounting profiles**

MMIS (Fee Based)	HMO (Risk Based)
Income Statement ▪ Design, Development & Implementation (DDI) revenue recognized **long** after cash is received ▪ DDI expense recognized **long** after cash is paid	**Income Statement** ▪ Revenue recognition and cash receipt nearly **simultaneous** ▪ Expense recognition and cash disbursement nearly **simultaneous**
Balance Sheet ▪ Capitalized software costs ▪ Deferred revenue	**Balance Sheet** ▪ Cash ▪ Medical claims payable

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Why the Different Accounting Profiles?

Revenue:

▪**HMO** revenue is based upon the **eligibility** of the member for services

▪**MMIS** revenue is earned when the services are **performed**

- Business Process Outsourcing (BPO)– payment of claims, flat fees, PMPM fees
- DDI - milestone and certification payments for systems readiness

Expense:

▪**HMO** expense is **variable**.

- Medical expenses fluctuate with seasonality, disease outbreaks, and changes in provider payment practices.
- Administrative expenses are comparatively small.

▪**MMIS** expenses are more **predictable**.

- All expenses are administrative costs.
- DDI costs are amortized over contract life

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What Makes MMIS Revenue Complicated?

	REVENUE / EXPENSE	PAYMENT BASIS	EPS IMPACT	CASH IMPACT
BPO REVENUE/ EXPENSE	Instant*	Per Transaction Flat Fee PMPM	Instant	Instant
DDI REVENUE	Delayed	Milestones Certification	Delayed	Instant
DDI EXPENSE	Delayed	Salaries Software Hardware	Delayed	Instant

**Note: BPO revenue earned between "go live" and system certification may be deferred*

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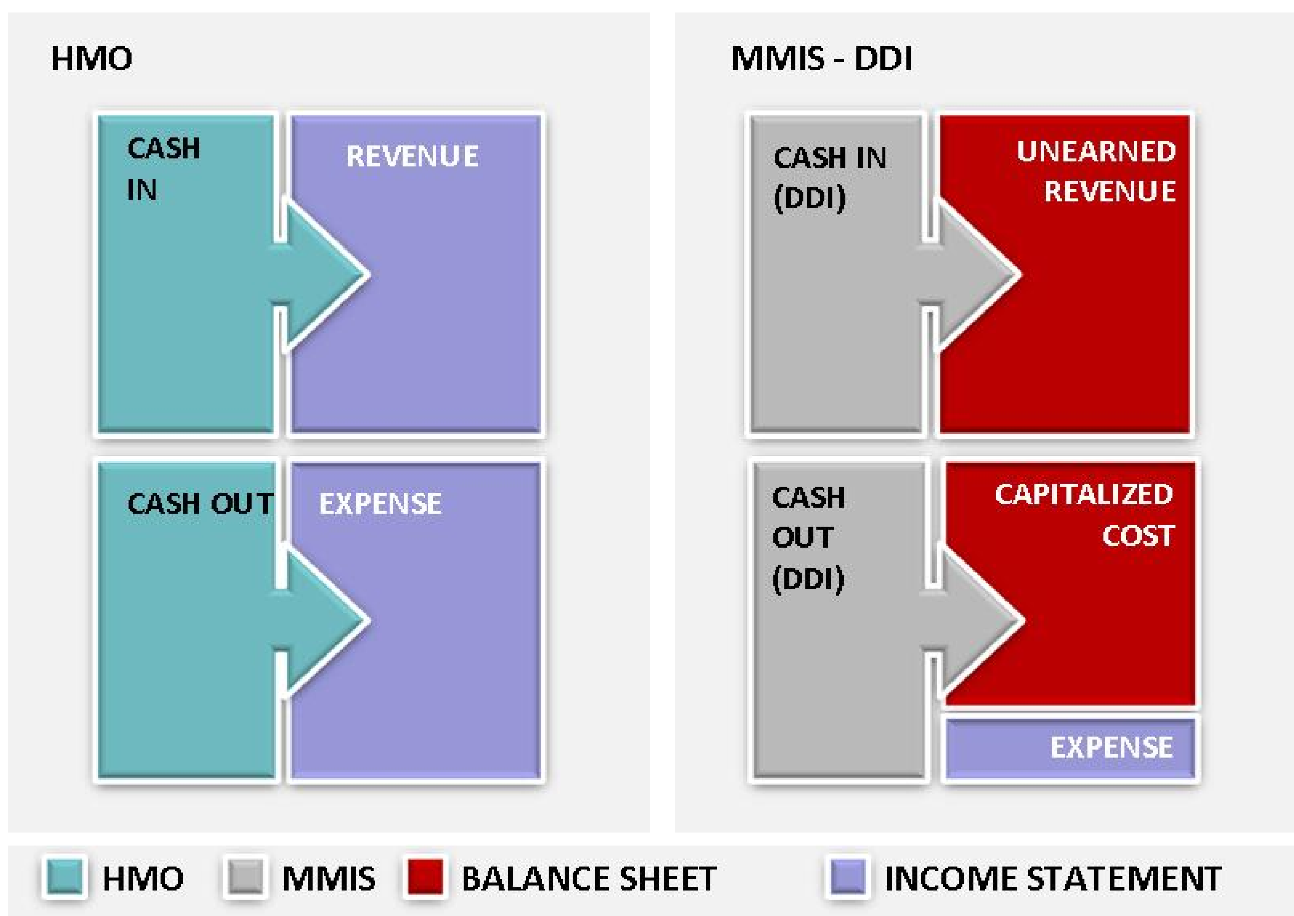
Revenue and Expense Recognition



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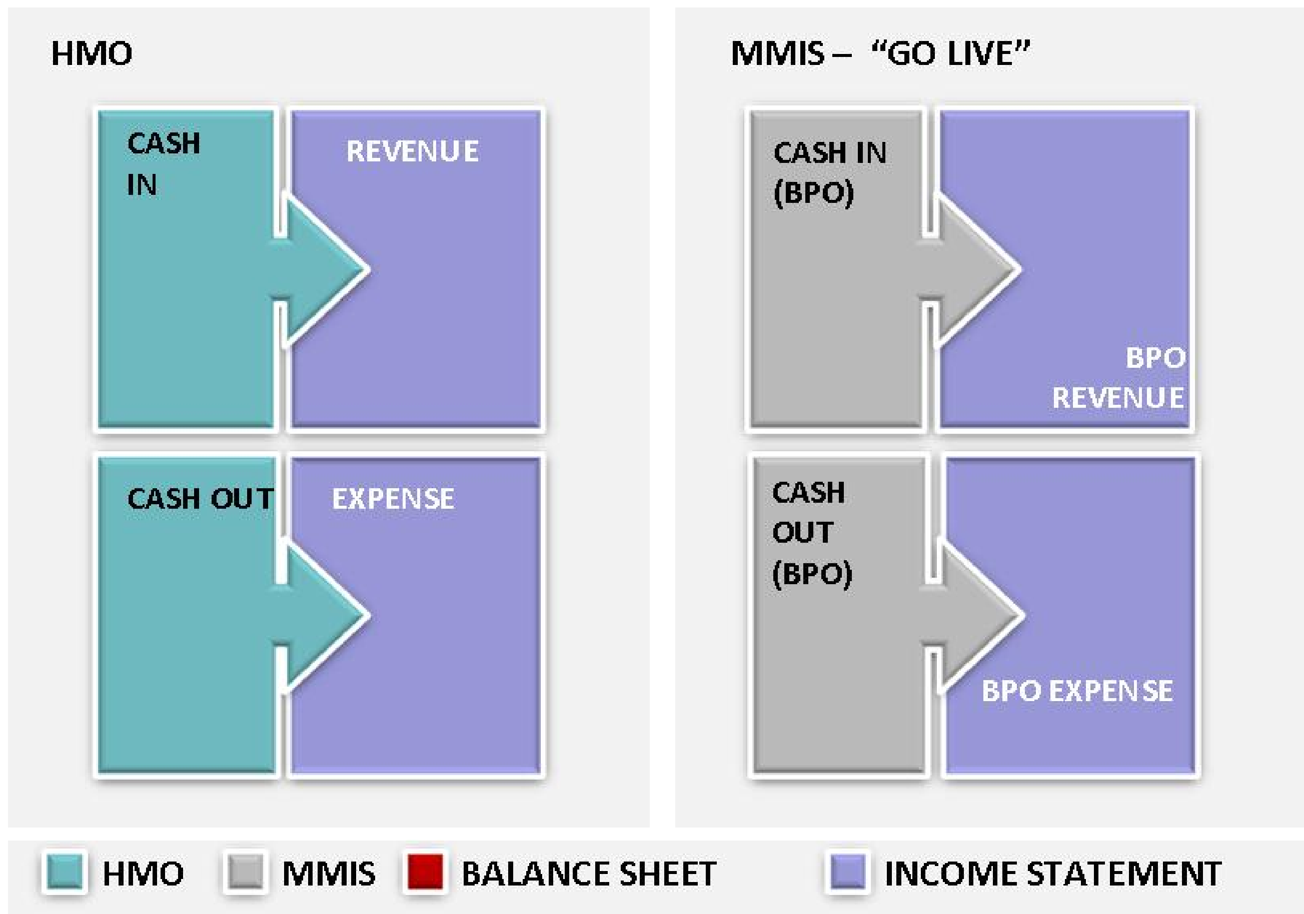
Revenue and Expense Recognition



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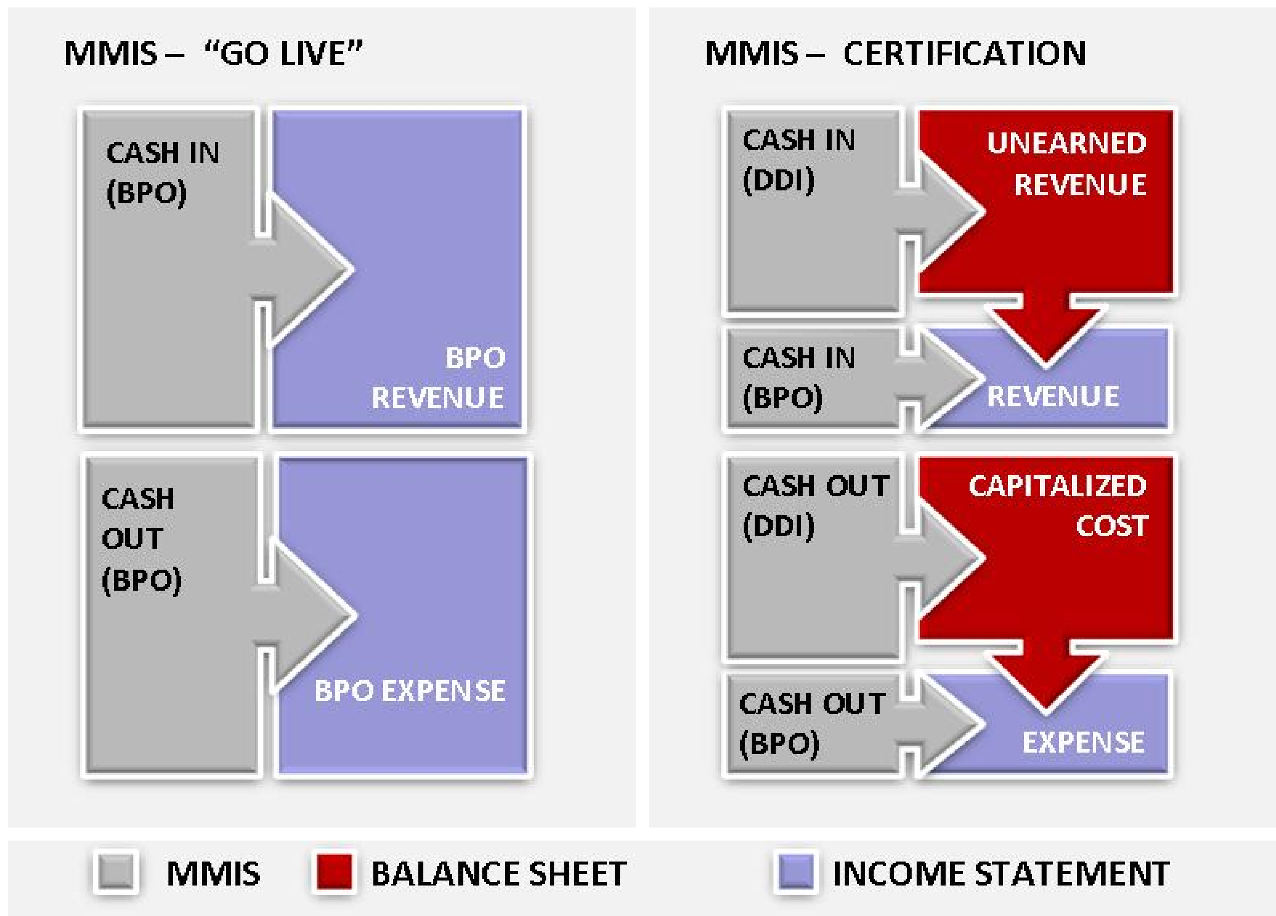
Revenue and Expense Recognition



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What Are the Keys to Profitability?

MMIS (Fee Based)	HMO (Risk Based)
Low revenue High margin Low variability	High revenue Low margin High variability
▪ Manage DDI process ▪ Enhance productivity ▪ Manage change orders ▪ Introduction of new products and services	▪ Manage medical costs ▪ Control administrative costs ▪ Grow enrollment

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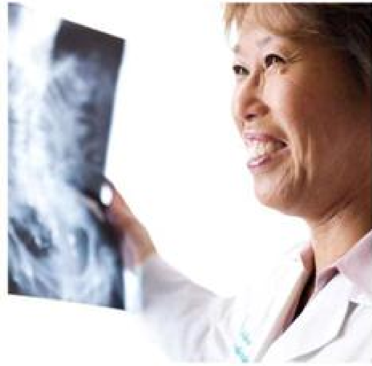

Financial Discussion

John Molina
Chief Financial Officer

January 27, 2010
New York, NY

Fourth Quarter 2009 Preliminary Financial Results

Please refer to The Company's cautionary statement on page 2.

4Q2009

The Company is currently in the process of finalizing its results for the fourth quarter and full year 2009. The Company plans to announce its complete audited results for the fourth quarter and full year 2009 on February 11, 2010.

- Higher utilization due to widespread flu across Molina markets
- Higher emergency room costs
- Margin compression related to state budget shortfalls
  - Rate decreases in New Mexico and Washington
- Missouri pharmacy carve-out
- Enrollment growth and the higher costs associated with new members
- Higher general and administrative costs (core + premium taxes)

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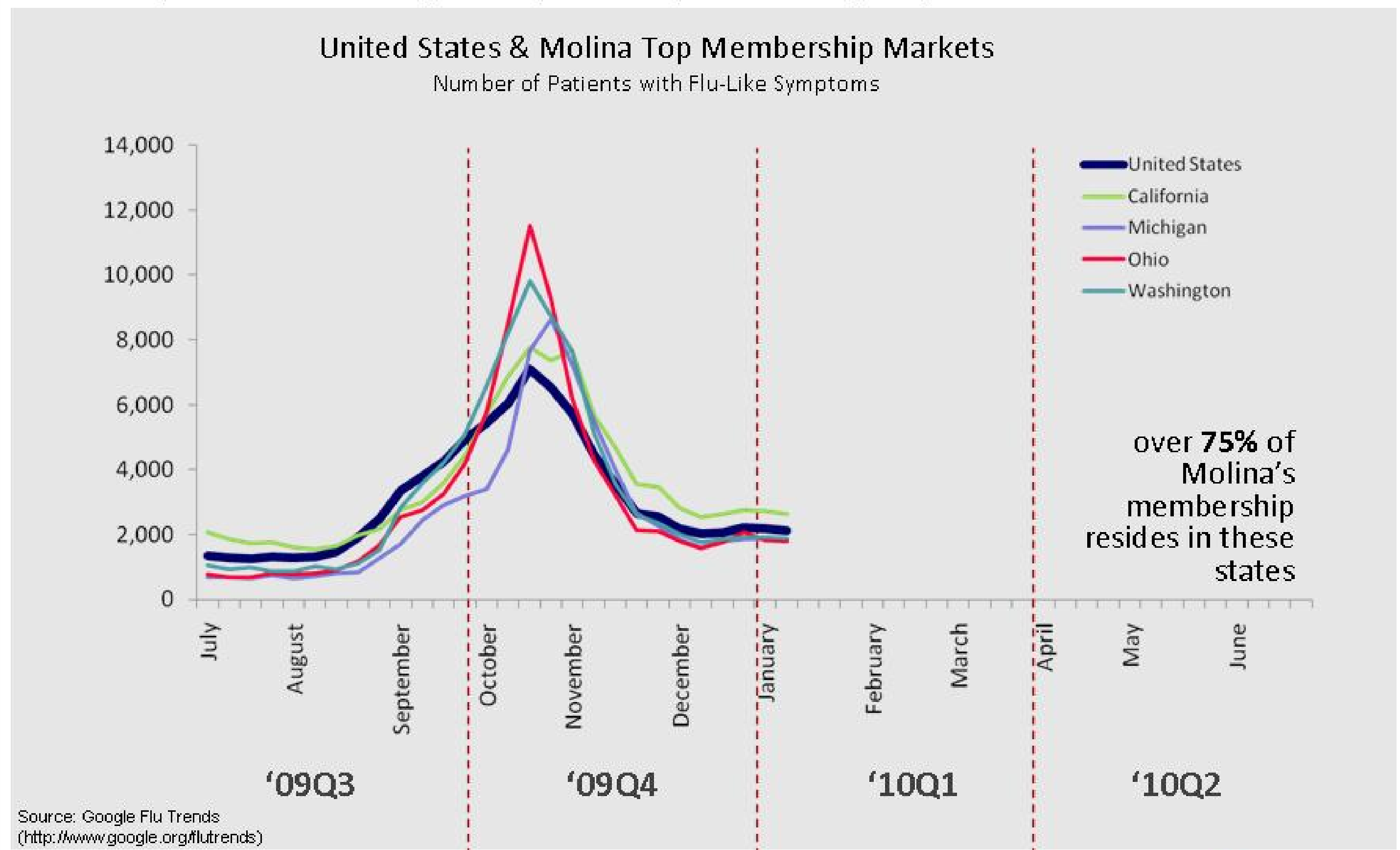
2009-2010 Flu Season in Molina Markets

Please refer to The Company's cautionary statement on page 2.

Flu activity has resulted in greater pharmacy and emergency room utilization.



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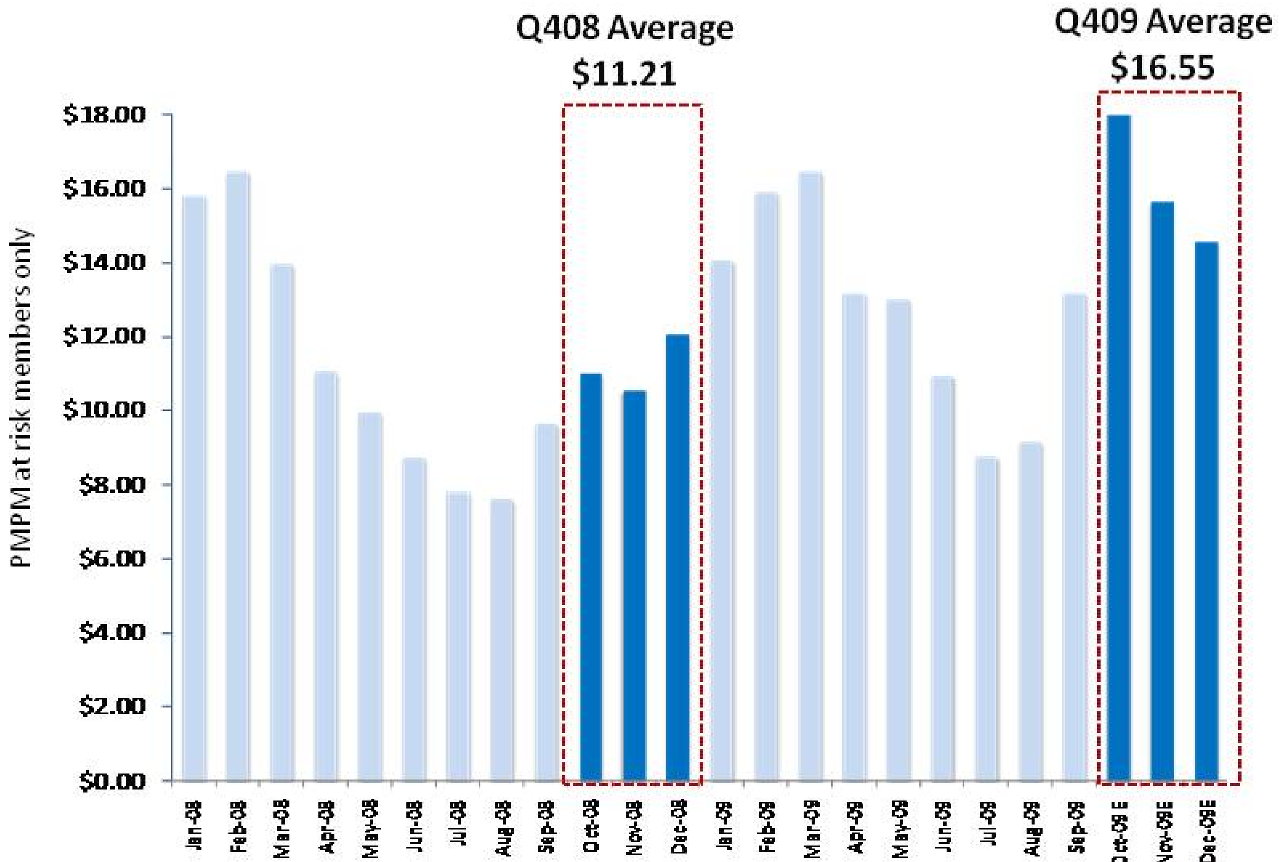
Flu Cost per Member per Month* 2008-2009

Please refer to The Company's cautionary statement on page 2.

Flu activity has resulted in higher utilization



* Per member per month applied to at risk members only

Note: E denotes estimate. The Company is currently in the process of finalizing its results for the fourth quarter and full year 2009. There can be no assurance that the Company's final audited results for the fourth quarter and for fiscal year 2009 will be as specified above. The estimates of fourth quarter results as shown above constitute forward-looking statements and are subject to the risk that final audited results may vary. All numbers are approximations.

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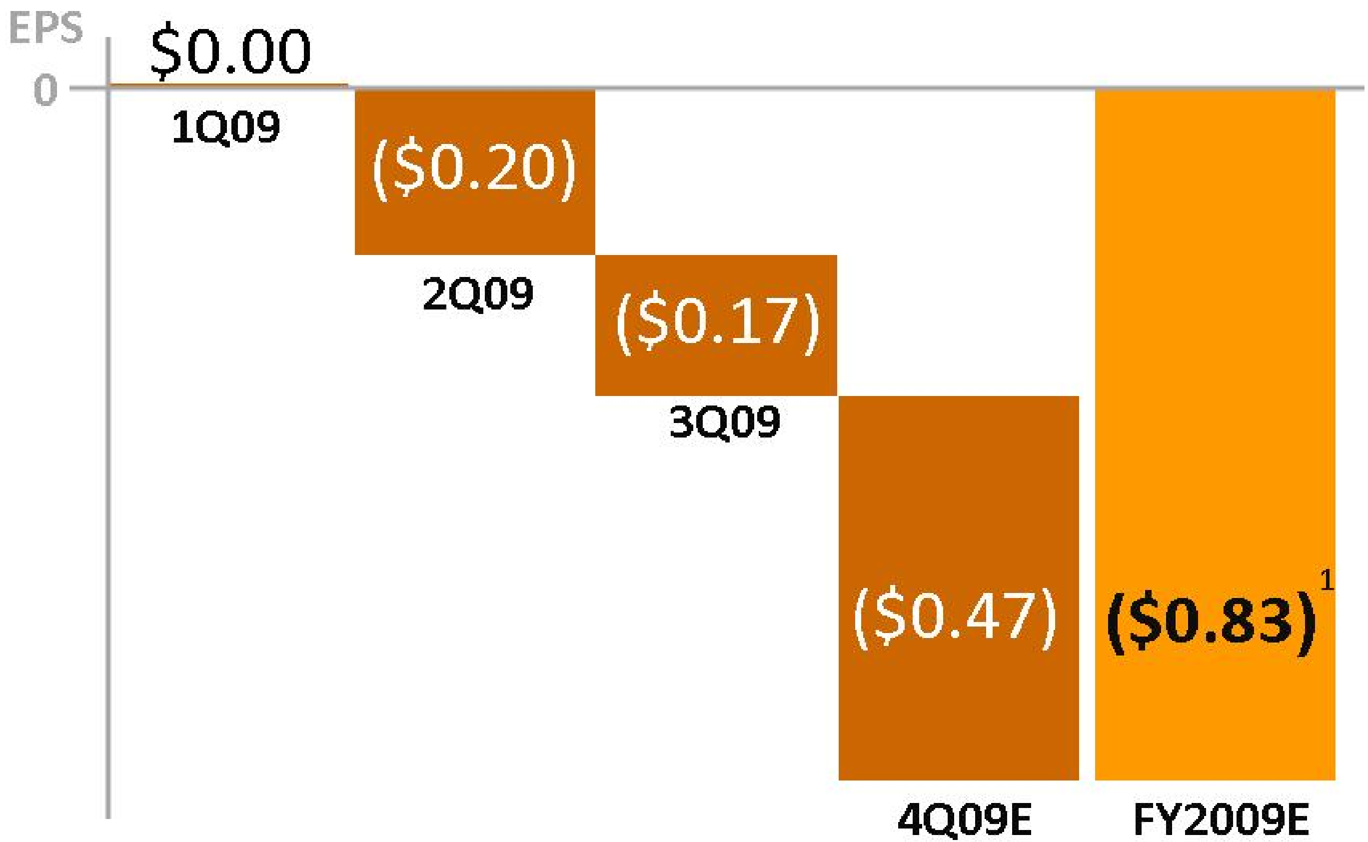
Flu Impact – EPS Incremental over 2008

Please refer to The Company's cautionary statement on page 2.



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1. Quarterly EPS does not sum to YTD EPS due to differing number of shares.

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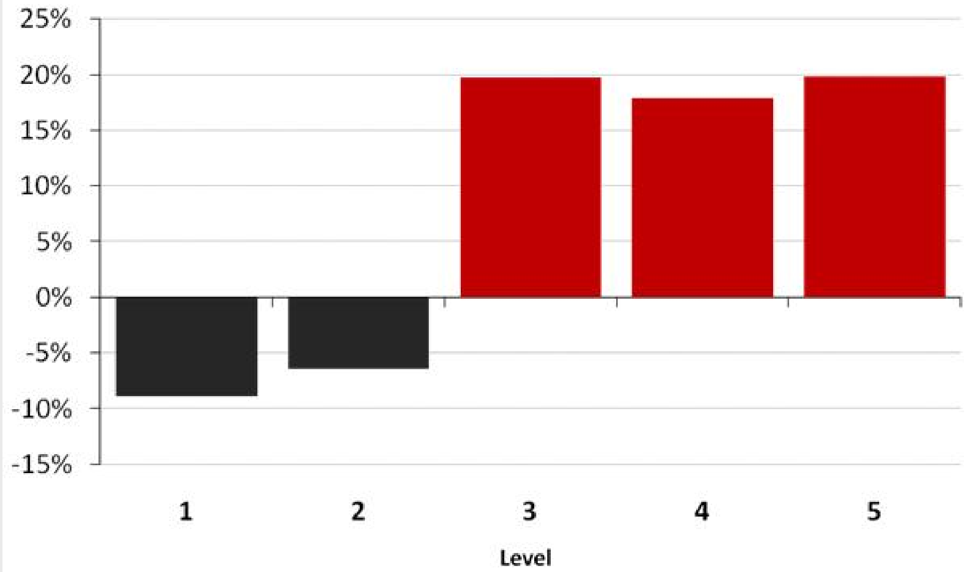
ER Costs

Please refer to The Company's cautionary statement on page 2.

Coding to higher levels contributing to higher costs per visit. Cost per visit up 9%, utilization trend up 9%, total trend up 18%.



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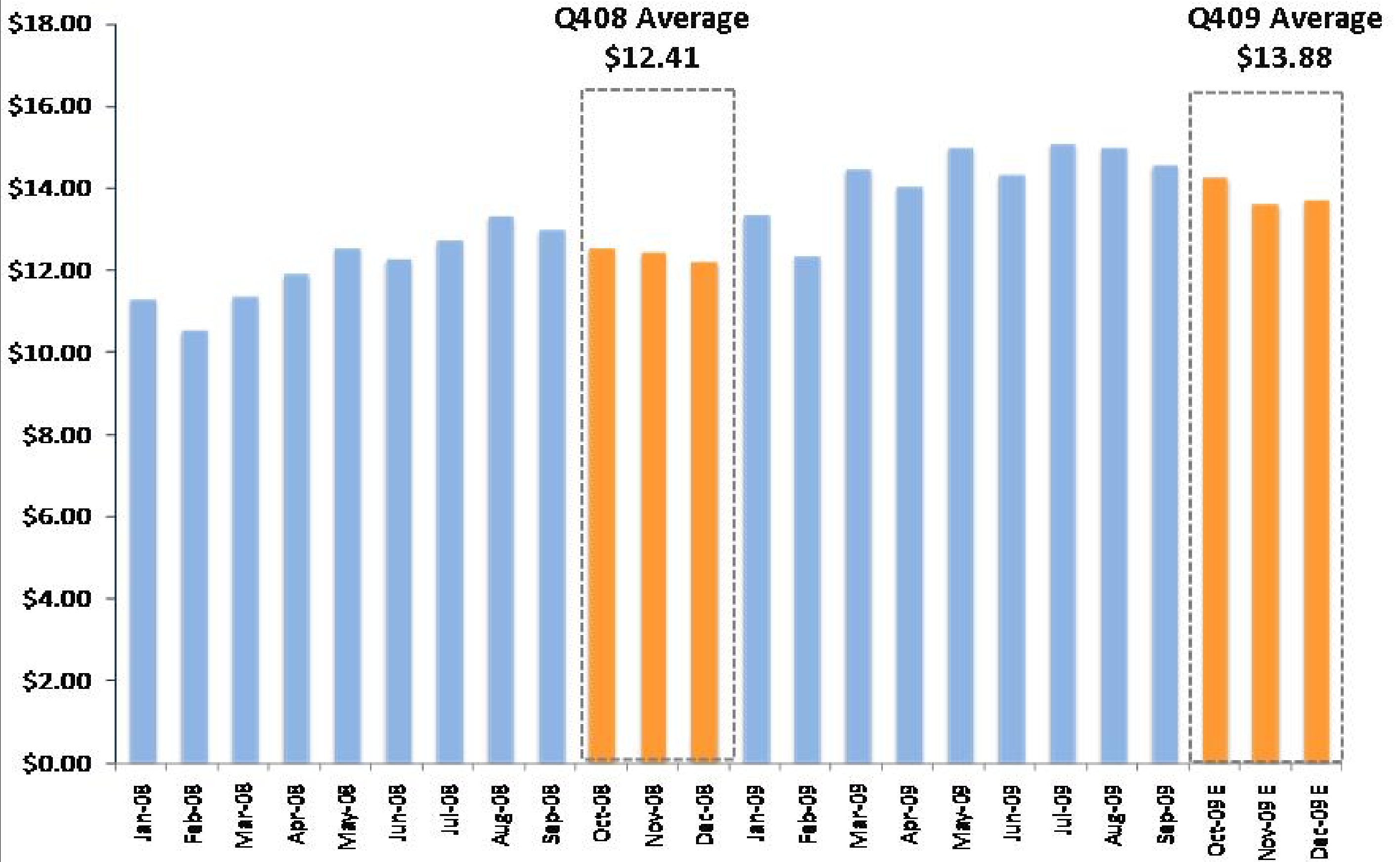
ER Facility (excluding Flu) Costs PMPM 2008-2009

Please refer to The Company's cautionary statement on page 2.



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ER Impact – EPS Incremental over 2008

Excluding the flu

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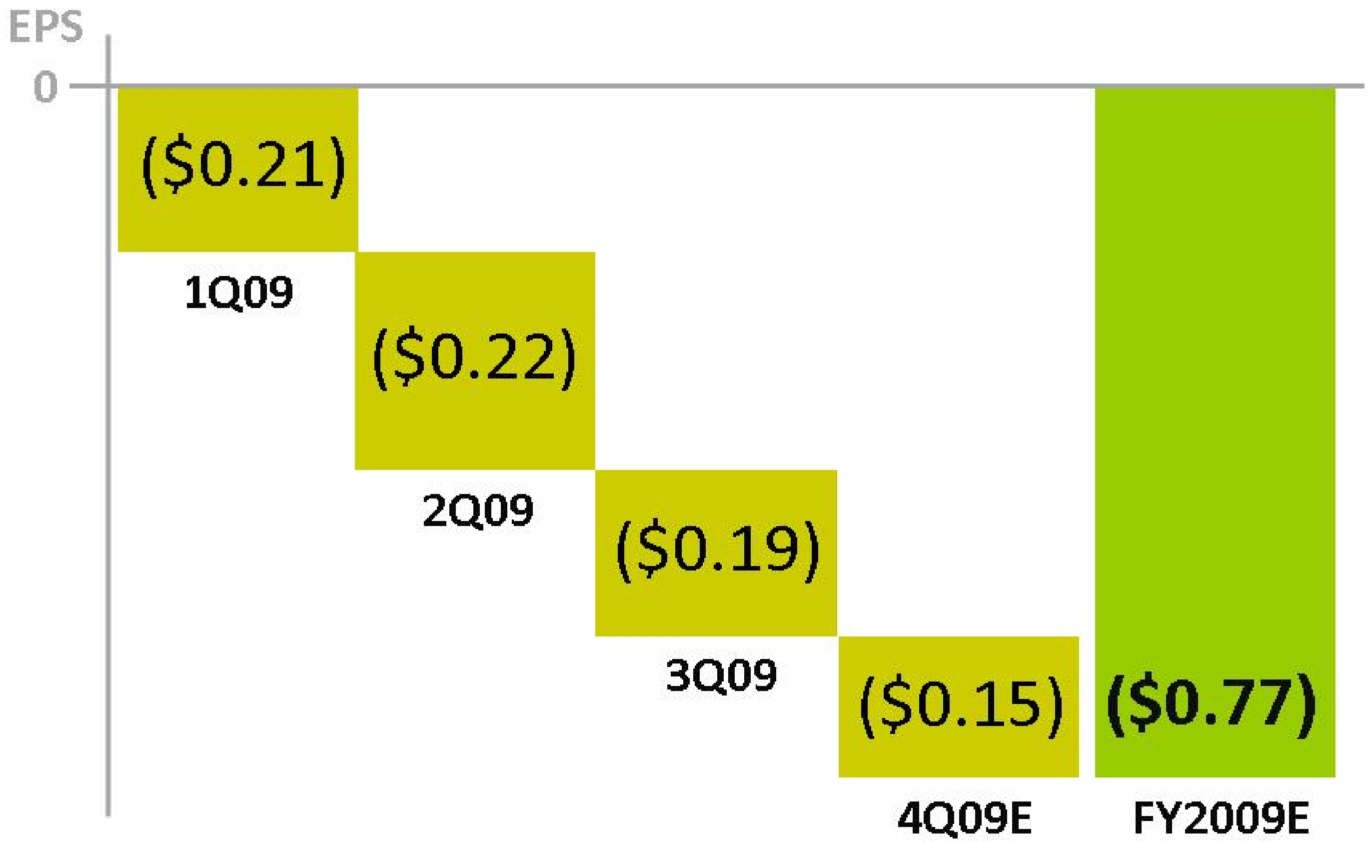

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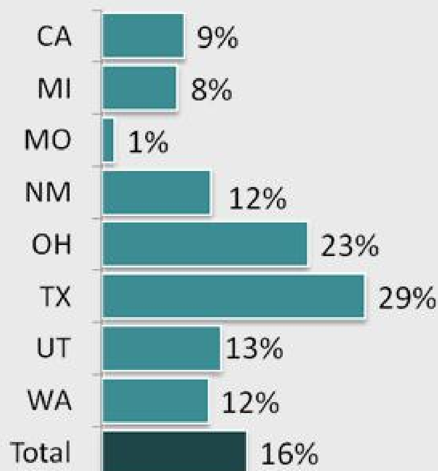
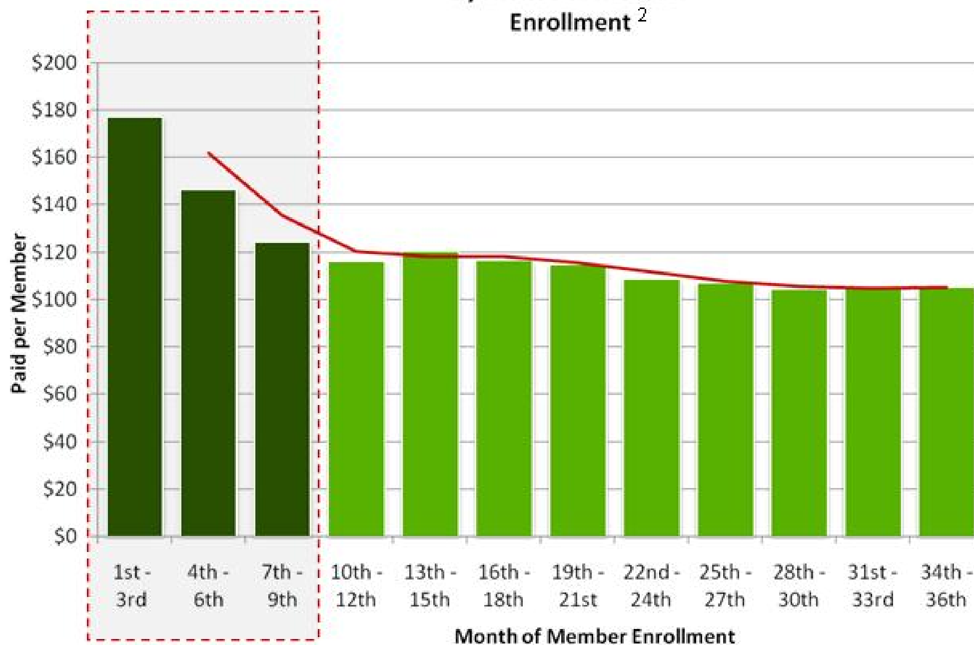
Length of Enrollment (LOE)

Please refer to The Company's cautionary statement on page 2.



As length of enrollment increases, the paid PMPM decreases. Costs tend to be higher in the early months of a member's enrollment history.



1.Note: E denotes estimate. The Company is currently in the process of finalizing its results for the fourth quarter and full year 2009. There can be no assurance that the Company's final results for the fourth quarter of 2009 will be as specified above. All numbers are approximations.

2.Excludes recent start up and acquisition states (Texas, Missouri and Florida) where historical cost information did not go far enough to incorporate into time series.

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New members and YOY growth

Please refer to The Company's cautionary statement on page 2.

State	2008	2009 E	% Change
California	322,000	351,000	9%
Florida	--	50,000	--
Michigan	206,000	223,000	8%
Missouri	77,000	78,000	1%
New Mexico	84,000	94,000	12%
Ohio	176,000	216,000	23%
Texas	31,000	40,000	29%
Utah	61,000	69,000	13%
Washington	299,000	334,000	12%
TOTAL	**1,256,000**	**1,455,000**	**16%**

Note: E denotes estimate. The Company is currently in the process of finalizing its results for the fourth quarter and full year 2009. There can be no assurance that the Company's final audited results for the fourth quarter and for fiscal year 2009 will be as specified above. The estimates of fourth quarter results as shown above constitute forward-looking statements and are subject to the risk that final audited results may vary. All numbers are approximations.

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Premiums Decreases in 2009

Please refer to The Company's cautionary statement on page 2.

2009 Premium Reductions:

Michigan

- July 1, 2009 reduction linked to fee schedules

Missouri

- Oct 1, 2009 reduction linked to pharmacy benefit ($1.0M) medical margin impact

Washington

- Jan 1, 2009 reduced medical margin ($13.0M)
- Feb 1, 2009 reduction linked to fee schedules
- Aug 1, 2009 reduction linked to fee schedules

New Mexico

- December 1, 2009 majority of rate reduction is linked to fee schedules

Total 2009 medical margin impact $14.0M, ($0.20) EPS

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Positive Drivers for 2010

Please refer to The Company's cautionary statement on page 2.

2010 G*

* G denotes guidance for the MOH Medical Business Unit only. Guidance does not include operations, integration or financing cost related to the HIM transaction

- Deceleration of enrollment growth
- Diminished costs from flu
- Known rate increases

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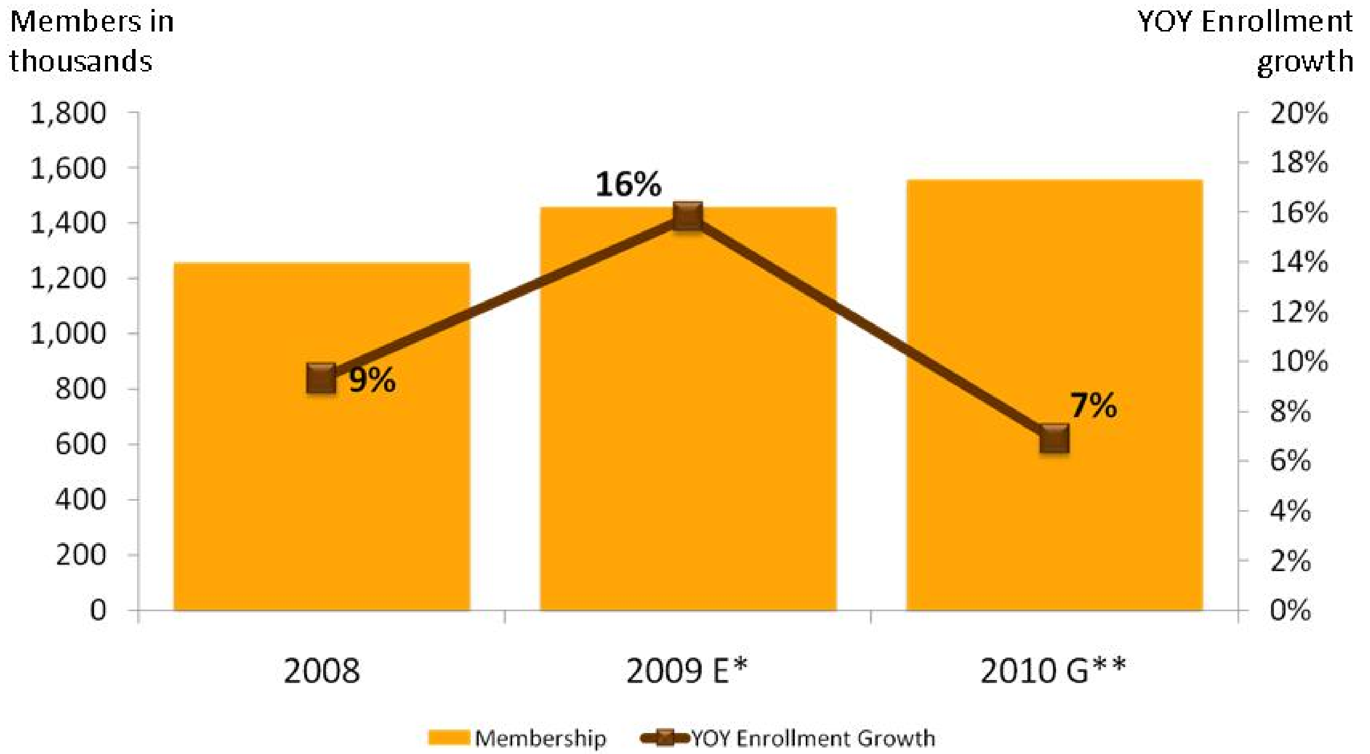
Membership 2008, 2009 E* and 2010 G**

Please refer to The Company's cautionary statement on page 2.



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** G denote guidance for the MOH Medical Business Unit only. Guidance does not include operations, integration or financing cost related to the HIM transaction.

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Rate Changes included in Guidance*

Please refer to The Company's cautionary statement on page 2.

Health Plan	2009	Gross / Net	2010	Gross / Net
California	Oct 1	2.0% / 4.0%	Jan 1	1.4% / 1.4%
Michigan	Oct 1	4.0% / 4.0%	n/a	0.0%
Missouri	Oct 1	(14.0%) / (2.0%)	n/a	0.0%
New Mexico	Dec 1	(9.0%) / ≈(9.0%)[1]	n/a	0.0%
Ohio	Oct 1	4.2% / 0.0%	Jan 1 Feb 1	6.1% / 6.1% (17.1%) / (0.8%)
Utah	n/a	0.0%	Jan 1	(1.0%) / (1.0%)
Washington	n/a	0.0%	Jan 1	(0.7%) / (0.7%)

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*Guidance for the MOH Medical Business Unit only. Guidance does not include operations, integration or financing cost related to the HIM transaction.
1. New Mexico net impact is unknown, majority of rate reduction is linked to the fee schedule.

Negative drivers for 2010

Please refer to The Company's cautionary statement on page 2.

2010 G*

* G denotes guidance for the MOH Medical Business Unit only. Guidance does not include operations, integration or financing cost related to the HIM transaction

- Rx carve-outs
- No rate increases assumed other than those already in effect January 1, 2010
- State budgets squeezed

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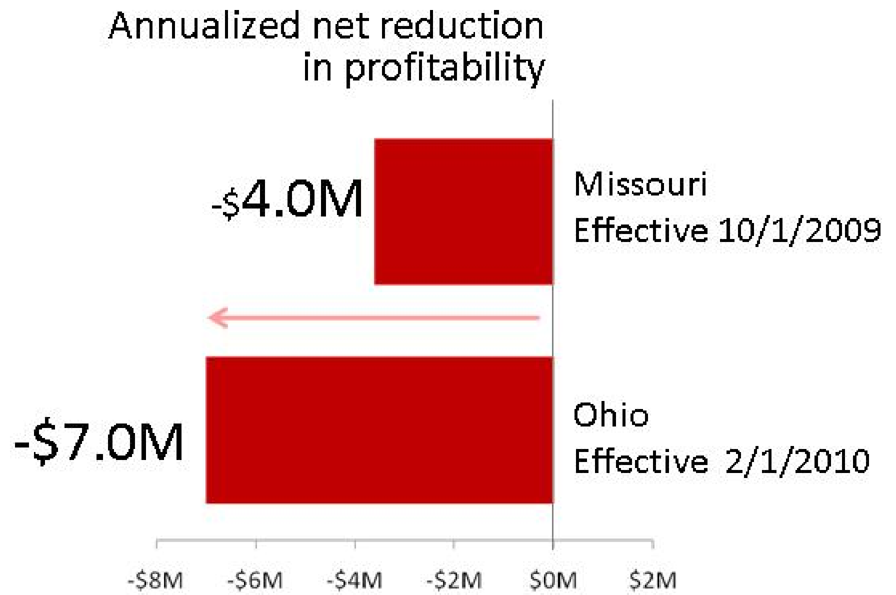
Please refer to The Company's cautionary statement on page 2.

2010 G*

* G denotes guidance for the MOH Medical Business Unit only. Guidance does not include operations, integration or financing cost related to the HIM transaction

Under pharmacy carve-out initiatives, the state carves out the pharmacy benefit from the MCO contract. Members then receive this benefit through the state's Fee-For-Service (FFS) program.



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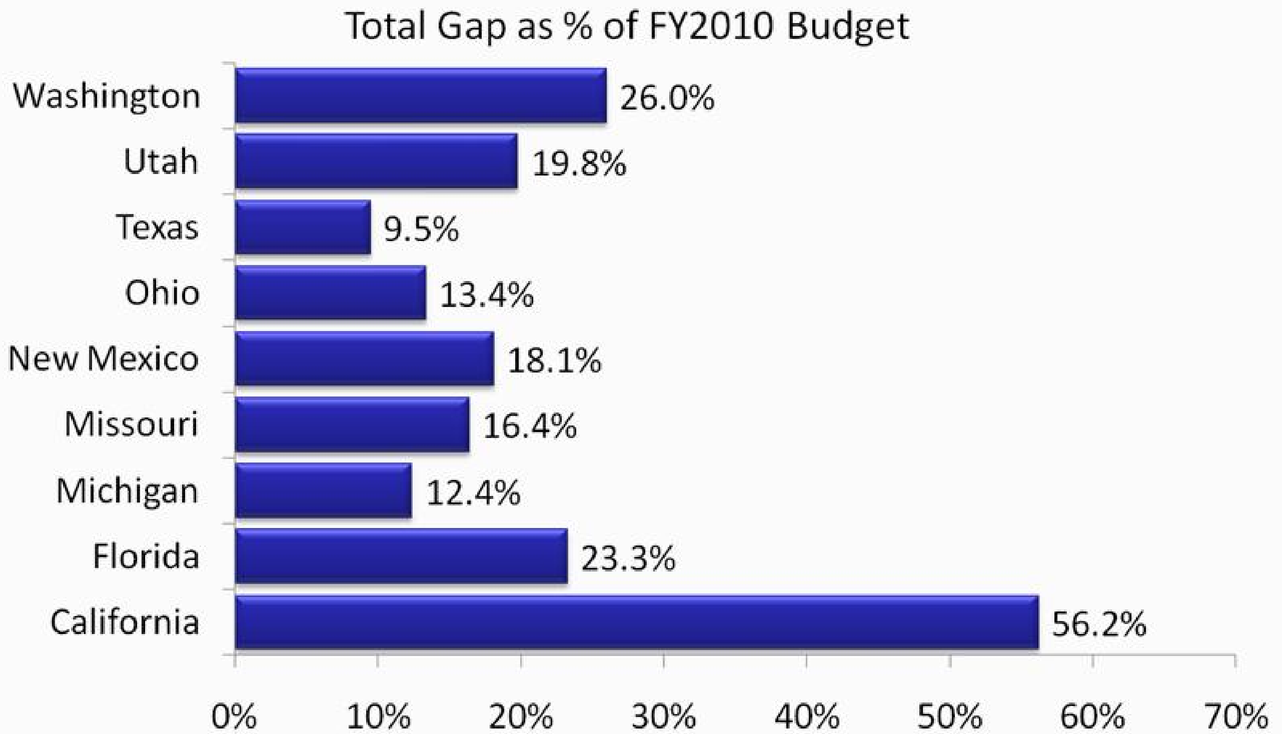
States Under Pressure

Please refer to The Company's cautionary statement on page 2.

For States in which MOH Health Plans participate, state revenues are expected to fall short of their budgets for FY2010.



Source: www.statehealthfacts.org

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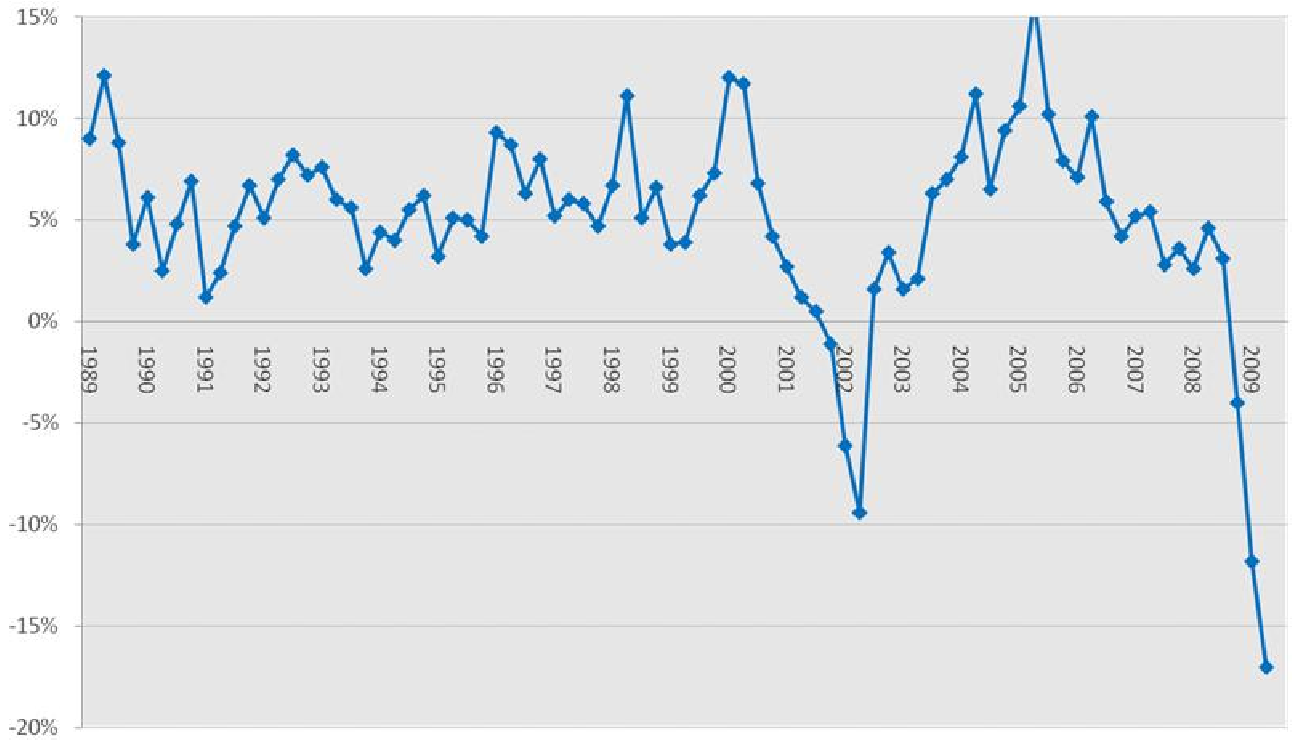
State budgets squeezed

State tax revenue

Please refer to The Company's cautionary statement on page 2.



Source: Percent change in quarterly state tax revenue, US Census Bureau, 9/30/2009

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What is NOT included in guidance

Please refer to The Company's cautionary statement on page 2.

2010 G*

* G denotes guidance for the MOH Medical Business Unit only. Guidance does not include operations, integration or financing cost related to the HIM transaction

- HIM
- Expectation that medical initiatives will bear fruit in 2010
- No unknown rate decreases
- No unknown rate increases

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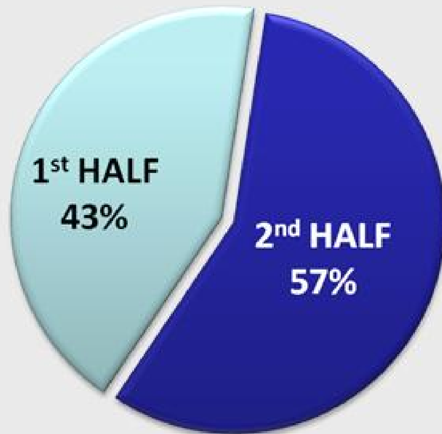
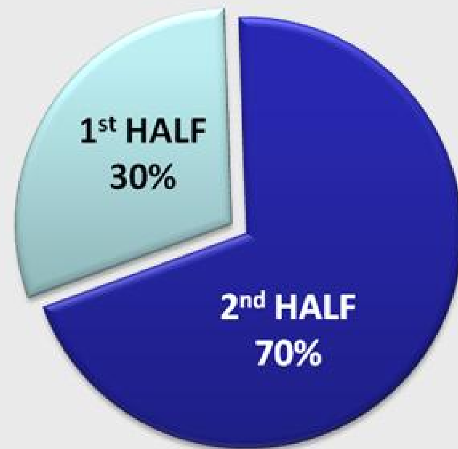
Seasonality of Earnings

Please refer to The Company's cautionary statement on page 2.

Traditionally*



2010 Guidance*



- California contract terminations not effective until late in first quarter
- Continued transition of Florida members to managed care
- Transition of new Ohio ABD members
- Transition of Utah membership to risk
- Flu

Note: "Traditionally" denotes the allocation of average earnings from 2002-2008.
Guidance is based on estimates for the MOH Medical Business Unit only. Guidance does not include operations, integration or financing cost related to the HIM transaction.

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2010 MOH Medical Business Unit Guidance

Please refer to The Company's cautionary statement on page 2.

	2010 G*
Premium Revenue	$3.9B
Investment Income	$9M
Medical Care Ratio	86%
G&A Ratio	11%
Core G&A Ratio (excluding Premium Tax)	7.6%
Depreciation & Amortization	$42.6M
Interest Expense	$13.8M
Net Income	$39M
Diluted EPS	$1.50
Diluted Shares Outstanding	26M

Note: All numbers are approximations. *G denotes guidance for the MOH Medical Business Unit only. Guidance does not include operations, integration or financing cost related to the HIM transaction.

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