Molina Healthcare, Inc.
Investor Day 2018

May 31, 2018

SSID: Molina Healthcare
Password: #MOH2018

Cautionary Statement

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995:

This slide presentation and our accompanying oral remarks contain forward-looking statements regarding, without limitation, our business, operations, turnaround, plans, guidance, projections, and longer-term outlook within the meaning of Section 27A of the Securities Act of 1933, or Securities Act, and Section 21E of the Securities Exchange Act of 1934, or Securities Exchange Act. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and we are including this statement for purposes of complying with such safe harbor provisions. All statements, other than statements of historical facts, included in this presentation may be deemed to be forward-looking statements for purposes of the Securities Act and the Securities Exchange Act. Without limiting the foregoing, we use the words “anticipate(s),” “believe(s),” “estimate(s),” “expect(s),” “guidance,” “intend(s),” “may,” “outlook,” “plan(s),” “project(s) or “projection(s),” “will,” “would,” “could,” “should,” and similar expressions to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We cannot guarantee that we will actually achieve the plans, intentions, outlook, or expectations disclosed in our forward-looking statements and, accordingly, you should not place undue reliance on our forward-looking statements. Anyone viewing or listening to this presentation is urged to read the risk factors and cautionary statements found under Item 1A in our Form 10-K annual report, as well as the risk factors and cautionary statements in our quarterly reports and in our other reports and filings with the Securities and Exchange Commission and available for viewing on its website at sec.gov. Except to the extent otherwise required by federal securities laws, we caution you that we do not undertake any obligation to update forward-looking statements made by us.

Agenda

9:30 – 9:35	Welcome and Overview	Ryan Kubota & Joe Zubretsky
9:35 – 9:50	Company Overview	Joe Zubretsky
9:50 – 10:50	The Plan	
10:50 – 11:15	Projections	
11:15 – 11:30	Break	
11:30 – 12:00	Health Plan Operations	Pam Sedmak
12:00 – 12:20	Financial Discussion	Joe White
12:20 – 1:00	Q&A	
1:00 – 2:00	Lunch	

Welcome and Overview

Investment Thesis

The growth opportunity in government-sponsored healthcare is enhanced by Molina's active turnaround

Long-Term Growth Potential	Strong presence in government-sponsored programs aligns with highest-growth profit pools in managed care
Compelling Turnaround Opportunity	Turnaround in a strong growth sector yields clear margin expansion opportunity
Low-Risk Execution	Turnaround builds upon a stabilized earnings base and is off to a solid start as evidenced by first quarter earnings and 2018 guidance

Early Accomplishments

Management has taken swift and decisive action in first six months

- Addressed burdensome SG&A profile
- Strengthened balance sheet
- Solved short-term liquidity challenge
- Revamped contract procurement process and posted early win
- Realigned management incentive programs with investor objectives
- Produced solid first quarter results and raised guidance
- Formed a new executive leadership team…

The Team

We have assembled a team of industry-leading senior executives who know how to win, recruit top talent and execute

- **President & CEO** — **Joe Zubretsky**
  - **Chief of Staff** — **Ron Kurtz**
  - **Health Plans** — **Pam Sedmak**
  - **Health Plan Services** — **Jim Woys**
  - **Transformation** — **Mark Keim**
  - **CFO** — **Tom Tran**
  - **General Counsel** — **Jeff Barlow**
  - **Human Resources** — **Sherri Hollingsworth**
  - **CMO** — **Hal Gooch, M.D.**

New management: President & CEO, Health Plans, Health Plan Services, Transformation, CFO

Company Overview

Joe Zubretsky
President & Chief Executive Officer

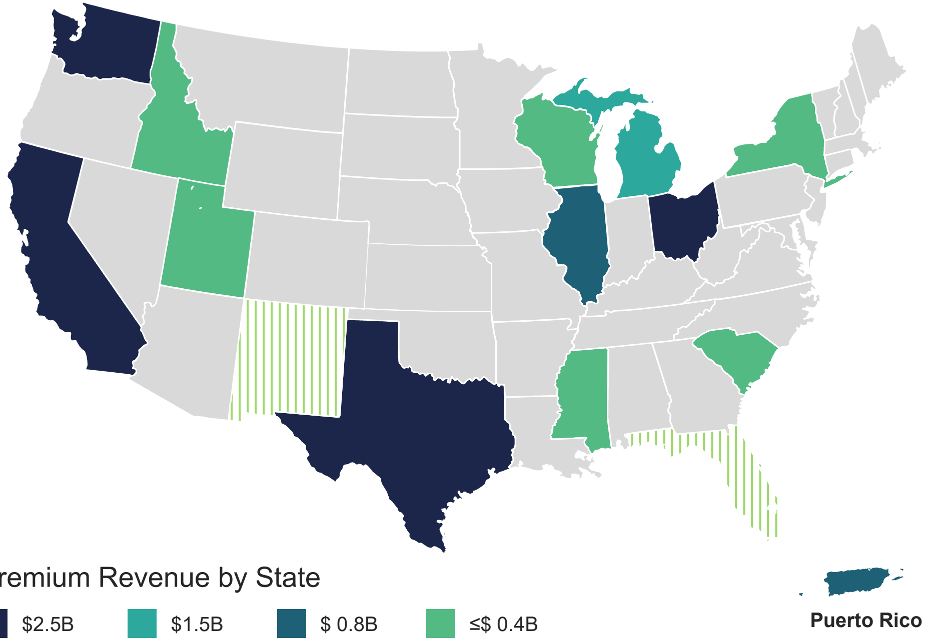
Our Franchise

High-quality health care through government programs for disadvantaged people

152 Ranking	$19B Revenue	4.1M Members	15 Markets
Began as a single clinic serving Medicaid patients	3-year revenue CAGR of 10% through 2018 revised guidance	3-year membership CAGR of 11% through March 2018	Well-diversified, staggered reprocurements

Geographic Diversification

Revenue base spans 14 states and the Commonwealth of Puerto Rico



Premium Revenue by State

$2.5B | $1.5B | $ 0.8B | ≤$ 0.4B

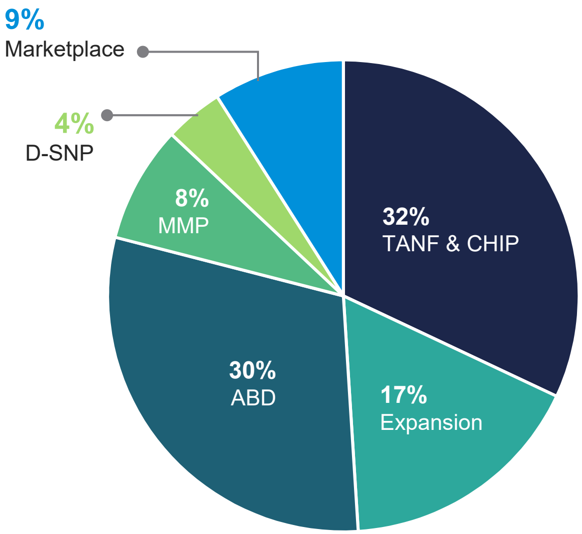
Florida and New Mexico Lost Revenue ($2.7B combined)

- Geographically diversified with no state greater than 18% of premium revenue
- Meaningful in-state market share
- Staggered reprocurements
- Strong incumbency status, resilient state relationships and growth opportunities

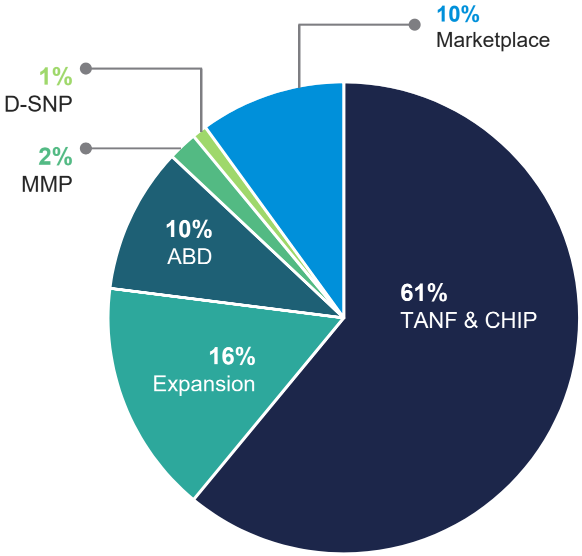
Full Range of Government-Sponsored Product Lines

Core Medicaid footprint provides access to valuable high-acuity populations

Premium Revenue Mix



Product Membership Mix



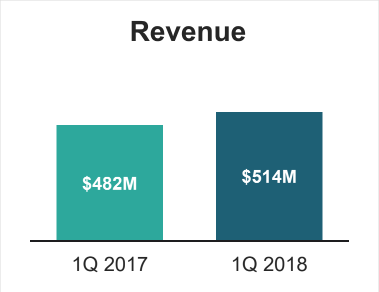
Note: Company estimates for 2018

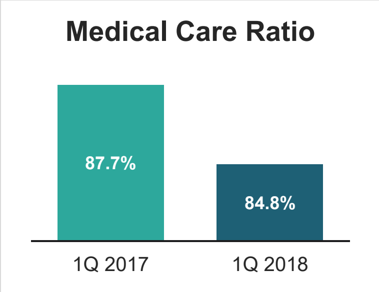
Complementary Business Lines

Opportunities for future growth in D-SNP, MMP, and Marketplace

D-SNP and MMP

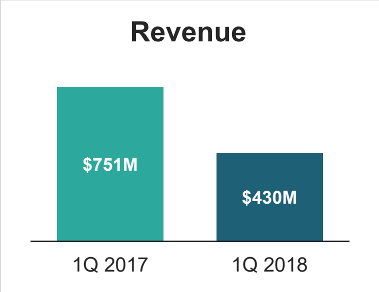
- Complements core Medicaid business
- High-acuity population
- Growth product line with opportunity for increased penetration
- Age-in opportunity

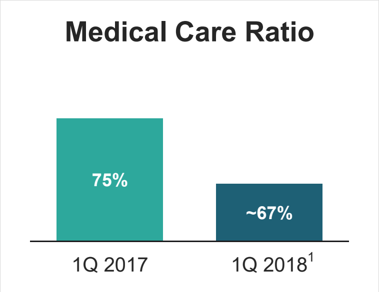




Marketplace

- Extension of core Medicaid population
- Leverage existing Medicaid network
- Risk pools stabilizing
- Potential to merge with Medicaid expansion



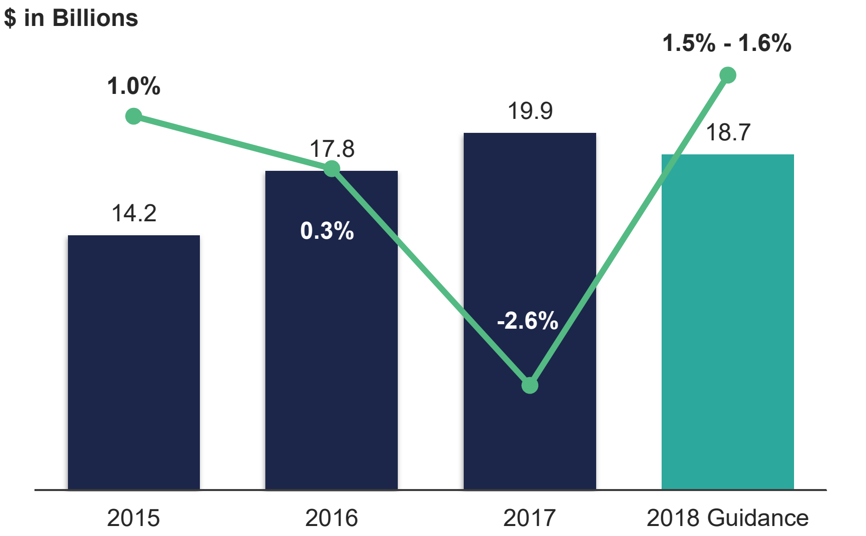


1 Medical Care Ratio excludes impact of prior year CSR of $70M

Pivoting from Past Performance

Turnaround underway as operational reset restores margins

Total Revenue and Net Income Margin



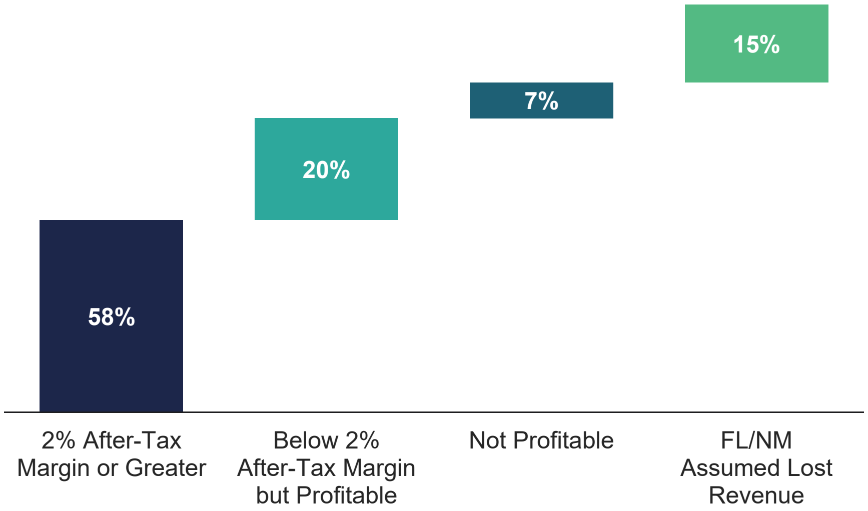
Turnaround Underway

- New management team
- Execution on managed care fundamentals
- Effective operational and financial infrastructure
- Improved Marketplace performance
- Effective management of high-acuity populations
- Stabilize existing footprint

Portfolio Performance

Strong base of well-performing businesses with significant performance upside across the enterprise

2018 Revenue Mix by Profitability



Opportunities for Improvement

- Leverage success in California, Ohio, Michigan, Texas, and Washington to other health plans
- Performance manage Illinois, New York, and Puerto Rico
- Manage effectively the pending run out of New Mexico and Florida
- Grow subscale plans

2018 Guidance

We reaffirm with a high degree of confidence

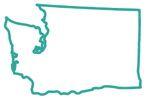
Guidance (as of April 30, 2018)	Low	High
Total Revenue	$18.7B	$18.7B
MCR	89%	88%
G&A Ratio	7.4%	7.4%
Net Profit Margin	1.5%	1.6%
Net Income per Diluted Share	$4.00	$4.50

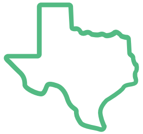
Key Assumptions

- No benefit from prior period development
- Excludes any restructuring costs that might be incurred subsequent to March 31, 2018
- Excludes impact of future potential capital transactions
- Includes $0.62 per diluted share of performance improvements not included in original guidance
- Includes $0.38 per diluted share for certain items not included in original 2018 guidance

Secure Existing Business

Recent success, process revamp, and incumbency fuel our confidence





$ in Billions

Company Health Plan	Washington	Puerto Rico	Texas	
Medicaid Programs	All	TANF and CHIP	ABD	TANF and CHIP
Annualized Revenue	$1.8	$0.7	$1.5	$0.3
Status	Awarded	Award Pending	Submitted	In-Flight
Award Date	May 24, 2018	June 2018	October 2018	January 2019

The Plan

Joe Zubretsky
President & Chief Executive Officer

The Plan: Overview

A clear path to attractive margins by 2019

1. **Margin recovery**
   Restore margins through operating improvements and managed care fundamentals

2. **Secure revenue base and position to grow**
   Win in-flight reprocurements and pursue measured growth

3. **Capital management**
   Enhance balance sheet and capital management discipline

The March to Margin Recovery

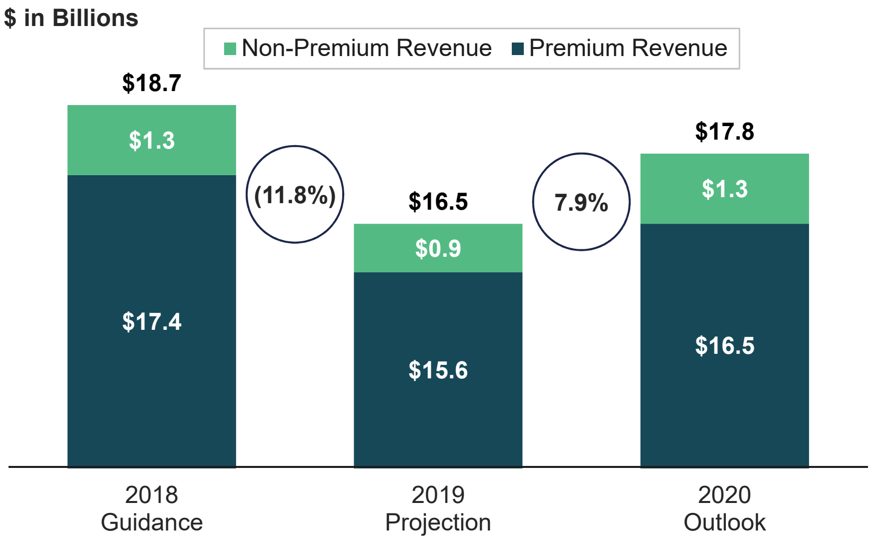
Turnaround is well underway with path to attractive margins by 2019

	2018	2019	2020
Organization	Rebuild senior leadership team	Fill talent gaps in second line	Seasoned management team in place
Margin Recovery	Identify and implement profit improvement initiatives	Manifest run-rate impact in earnings and achieve margins of at least 1.9%	Sustain margins of 2.3% or higher
Revenue Base	Defend existing revenue in reprocurements	Rebuild revenue pipeline	Harvest new revenue opportunities
Capital	De-lever and simplify capital structure	Achieve target capital structure	Redeploy free cash flow
Earnings	**GUIDANCE**	**PROJECTION**	**OUTLOOK**

Three-Year Outlook: Revenue

Despite lost contracts, we will maintain scale and resume measured growth in 2020

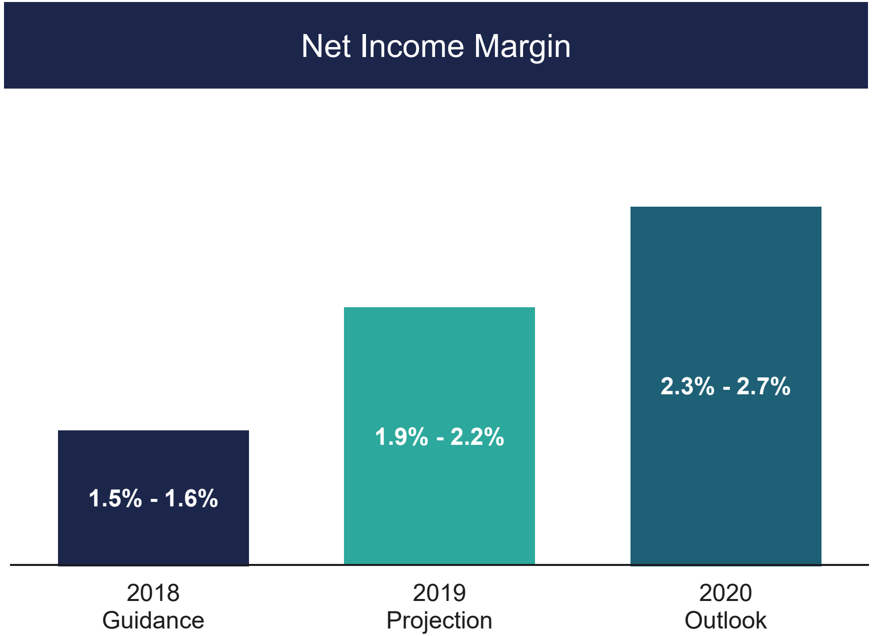
Total Revenue and Percentage Growth



- 2018 a year of decisive action, revenue stabilization, and turnaround
- 2019 revenue declines due to $2.7 billion premium loss in Florida and New Mexico, HIF moratorium
- Modest top-line growth resumes in 2020 from rebuilding pipeline in 2019, other short-term opportunities, and resumption of HIF
- Outlook assumes a reasonable rate environment

Three-Year Outlook: Net Income

Plan achieves attractive margins by 2019



In 2018, we stabilized the business and achieved a credible baseline

In 2019, we currently project to lose $50 million of contribution margin from Florida and New Mexico, but profit improvement initiatives expand margins

In 2020, we expect to drive margin recovery and return to growth, while restoring operating leverage

More efficient capital management expected to drive additional EPS upside to this earnings outlook

The Plan

A clear path to attractive margins by 2019

1 **Margin recovery**

Restore margins through operating improvements and managed care fundamentals

2 **Secure revenue base and position to grow**

Win in-flight reprocurements and pursue measured growth

3 **Capital management**

Enhance balance sheet and capital management discipline

Margin Recovery

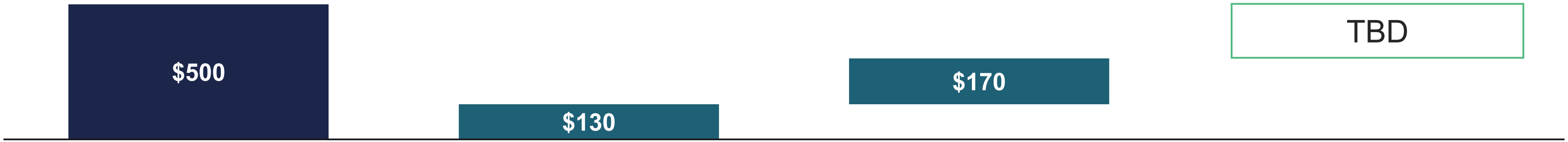
At the midpoint, profit improvement initiatives represent a $500 million opportunity for 2019 and beyond

	Margin Recovery Fundamentals	Opportunity Estimate ($ in Millions, before tax)
Medical Costs	Utilization Management High-Acuity Care Management Pharmacy Core Facility and Physician Networks Ancillary Services and Network Claims Payment Integrity	**$225 - $325**
Administrative Costs	Corporate SG&A Control Corporate SG&A Transformation	**$100 - $150**
Revenue	At-Risk Revenue	**$75 - $125**
Total		**$400 - $600**

Timing of Pre-Tax Earnings Impact

60% of the total opportunity realized in projection period after considering timing and execution risk

$ in Millions



Opportunity Midpoint	2019	2020	2021 and Beyond
	▪ Resources allocated ▪ Work streams commenced ▪ Redundancies harvested	▪ Behavioral change ▪ Process engineering and redesign ▪ Third party negotiation	▪ Greater execution complexity ▪ Transformation and innovation

Margin Recovery: Utilization Management

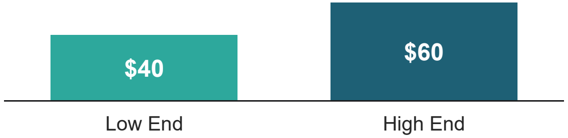
2017 Challenges

- Prior authorization and concurrent review processes
- Inpatient utilization; $4.8 billion annual expense
- Emergency room; $1.9 billion annual expense
- Excess short-term hospital admissions
- Clinical policy inventory
- Specialty referrals processes

2018 Actions

- Improving utilization management and concurrent review capabilities
- Moving short stays to observation status
- Deepening clinical policies focused on medical necessity
- Expanding specialty referrals
- Contracting rent-to-own specialty utilization management

Opportunity Estimate ($ in Millions)



Margin Recovery: High-Acuity Care Management

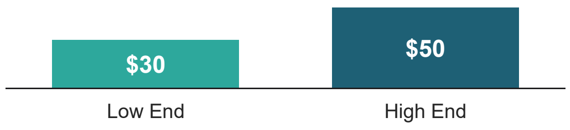
2017 Challenges

- Long-term care and behavioral health benefits under-managed
- Opioid Use Disorder; 65,000 members
- Disparate models of care deployed locally, leading to inconsistent interventions
- High-impact member engagement
- NICU utilization management; $210 million annual expense
- Long-term care benefit: 240,000 lives; $1.7 billion annual expense

2018 Actions

- Built new clinical leadership and enhancing care systems and platform
- Implementing opioid use disorder program
- Improving integration of behavioral, medical and long-term care services
- New NICU physician leadership with focus on improved performance
- Emphasizing targeted care coordination and improved transitions of care

Opportunity Estimate ($ in Millions)



Margin Recovery: Pharmacy

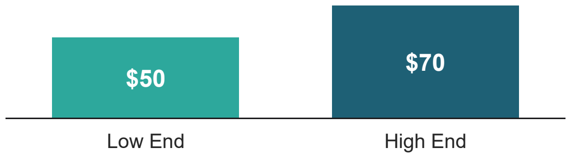
2017 Challenges

- Pharmacy benefit under-managed
- Utilization management (UM) and formulary compliance
- Specialty drug unit costs and site of service
- Generic dispensing rate too low
- Analytical expertise
- AWP discounts lower than market
- Average cost per script too high
- Gross annual spend $3.5 billion

2018 Actions

- Installed new pharmacy leadership
- Consolidating pharmacy UM under new leadership
- Implementing specialty drug management initiatives
- Adjusting formulary to encourage generic dispensing
- Outsourcing pharmacy advanced analytics
- Conducting market check and re-contracting PBM

Opportunity Estimate ($ in Millions)



Margin Recovery: Core Facility and Physician Networks

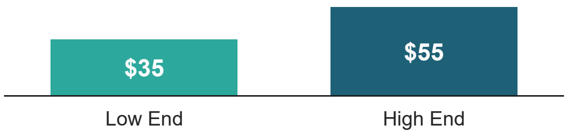
2017 Challenges

- Broad and untailored networks
- Inpatient cases reaching outlier status (% of billed charges)
- Contract unit costs not competitive in certain geographies
- Limited financial impact of value based reimbursement

2018 Actions

- Tailoring narrow networks to take advantage of scale
- Remediating disadvantageous outlier contract terms and leveraging competition among hospitals
- Partnering to share financial risk and opportunity with high-quality providers
- Aligning provider incentives through value based reimbursement

Opportunity Estimate ($ in Millions)



Margin Recovery: Ancillary Services

2017 Challenges

- No cost center focused leadership
- Behavioral health, lab, DME, dental, transportation, and vision undermanaged
- Multiple vendor contracts, inconsistent standards
- Behavioral health benefit: 330,000 lives, $400 million annual expense
- Non-behavioral ancillary services; $700 million annual expense

2018 Actions

- Established cost center leadership
- Coordinating ancillary services with medical services to realize greater value
- Moving to more efficient preferred vendors for national services
- Driving lab utilization to preferred vendors and points of service

Opportunity Estimate ($ in Millions)

Margin Recovery: Claims Payment Integrity

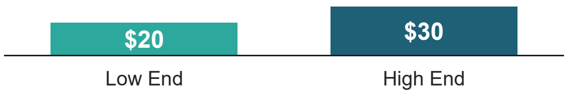
2017 Challenges

- Sub-optimal provider payment process
- Claims backlogs, excessive re-work
- Provider abrasion
- Grievances and appeals
- Claims edits not implemented to market standards
- $135 million in provider settlements in 2017
- $30 million in penalties and interest on claims in 2017

2018 Actions

- Established new claims and payment integrity leadership
- Increasing automation and standardization
- Standardizing system, benefit and provider configuration with quality assurance
- Revamping appeals and grievances process
- Installing full suite of claims edits and DRG groupers
- Deploy comprehensive COB capabilities

Opportunity Estimate ($ in Millions)



Margin Recovery: Corporate SG&A Control

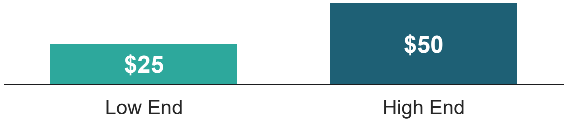
2017 Challenges

- Health plan operating decisions frequently subordinated to corporate headquarters
- Staffing, compensation and talent performance not always aligned with business needs
- Numerous labor pools in high-cost geographies
- Excess real estate capacity; 40% vacancy
- Heavy reliance on temporary and costly consultants

2018 Actions

- Transforming culture to emphasize centrality of the heath plans
- Continuing talent review, delayering and redundancy elimination; introducing salary levels and job families
- Realigning labor pools to access lower cost markets
- Consolidating footprint to rationalize office space
- Reducing dependence on consulting and contract labor

Opportunity Estimate ($ in Millions)



Margin Recovery: Corporate SG&A Transformation

2017 Challenges

- Majority of corporate functions performed in-house with low efficiency or efficacy benchmarking
- Low utilization of outsourcing opportunities even in commodity functions
- Low awareness of best-in-class service or economics
- IT operations costly and ineffective

2018 Actions

- Established office of transformation to lead analysis and action
- Evaluating all functions for co-sourcing and out-sourcing opportunities
- Measuring performance against best-in-class service and economics

Opportunity Estimate ($ in Millions)

Margin Recovery: At-Risk Revenue

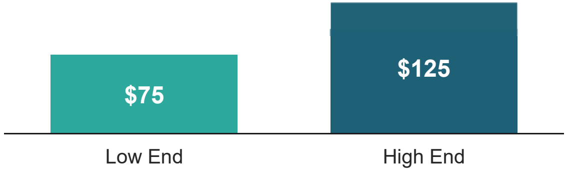
2017 Challenges

- Risk scores in Medicaid and Medicare are not consistent with member acuity
- Low quality scores reduce Medicaid auto-enrollment
- STAR ratings in Medicare range from 2.5 to 3.5; no 4.0 STAR plans
- Marketplace business pays 30% of gross revenue into the risk adjustment pool
- Retaining 70%-80% of Medicaid quality revenue

2018 Actions

- Established new clinical operations leadership; organizing centralized resources more effectively
- Incentivizing providers to submit complete encounter data
- Implementing improved HEDIS and other quality platforms that target STAR and at-risk quality measures
- Identifying and engaging more effectively with high-cost members
- Better member targeting and chart chases

Opportunity Estimate ($ in Millions)



The Plan

A clear path to attractive margins by 2019

1 **Margin recovery**

Restore margins through operating improvements and managed care fundamentals

2 **Secure revenue base and position to grow**

Win in-flight reprocurements and pursue measured growth

3 **Capital management**

Enhance balance sheet and capital management discipline

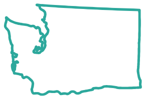
Secure Revenue Base and Position to Grow

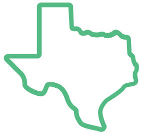
Focus on reprocurements and rebuilding the growth engine

	Action	Realized In
Secure Existing Business	Win reprocurements in Washington, Texas, and Puerto Rico	**2018**
Short-Term Opportunities	Pursue organic growth and carve-ins in current markets and products	**2019-2020**
Long-Term Strategic Value	Renew focus on procurements to enable opportunities in new markets	**2020 and Beyond**

Secure Existing Business

Recent success, process revamp, and incumbency fuel our confidence





$ in Billions

Company Health Plan	Washington	Puerto Rico	Texas	
Medicaid Programs	All	TANF and CHIP	ABD	TANF and CHIP
Annualized Revenue	$1.8	$0.7	$1.5	$0.3
Status	Awarded	Award Pending	Submitted	In-Flight
Award Date	May 24, 2018	June 2018	October 2018	January 2019

Short-Term Opportunities

Building on 2018 momentum, revenue opportunities in our core markets are achievable in 2019 and 2020

Sources of Growth

- Improve auto-assignment
- Increase voluntary selection
- Expand geographically in existing markets
- Benefit carve-ins
- Targeted Marketplace growth
- D-SNP penetration and expansion

Identified Pipeline ($ in Billions)	Realized In	Total Estimated Revenue ($ in Millions)
$1.0 - $1.5	2019	$600
$1.5 - $3.0	2020	$600

Long-Term Strategic Value

Renew focus on procurements to enable opportunities in new markets

$ in Billions

Sources of Growth	Identified Pipeline	Realized In	Total Estimated Revenue
▪ Improve auto-assignment ▪ Increase voluntary selection ▪ Expand geographically in existing markets ▪ Benefit carve-ins ▪ Targeted Marketplace growth ▪ D-SNP penetration and expansion ▪ **Expand to new states**	**$5.0 - $8.0**	**2020 and Beyond**	**TBD**

Potential New Markets	Kentucky	W. Virginia	Delaware	Indiana	Minnesota	Georgia	Tennessee	Nevada
2016 Medicaid Spend	$9.5	$3.5	$2.0	$10.5	$11.0	$9.5	$9.5	$3.5
2016 Managed Care Spend	$7.0	$1.5	$1.5	$4.5	$5.0	$4.0	$6.0	$1.5

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Enhance balance sheet and capital management discipline

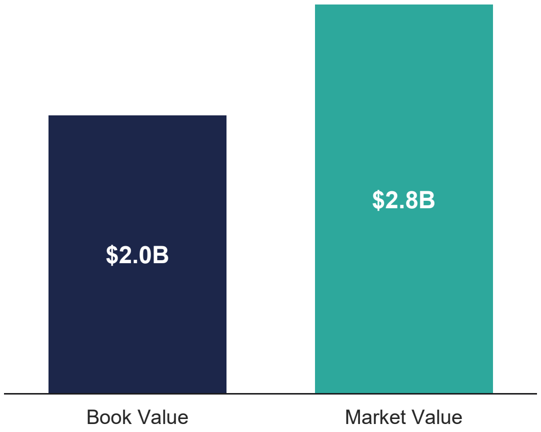
Capital Management: Debt Overview

Suboptimal capital structure creates an opportunity to drive shareholder value

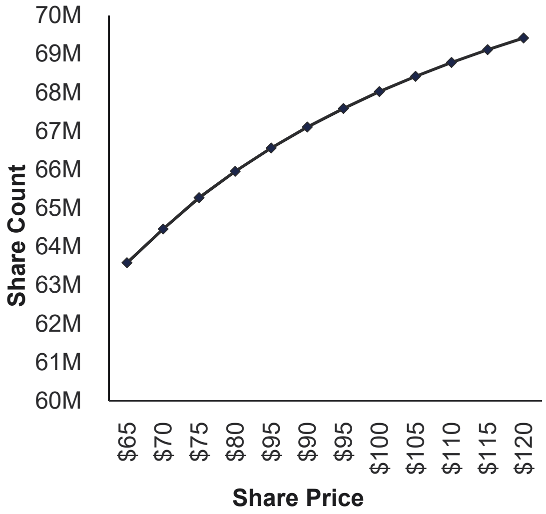
Summary

- Debt currently $2.0 billion of book value
- Convertible notes create share count volatility
- Revolver partially drawn and bridge facility in place
- Q1 Debt/Cap 56%
- Recent Moody's downgrade to B3

Convertible Bonds Drive Debt to Higher Values



Fully Diluted Shares

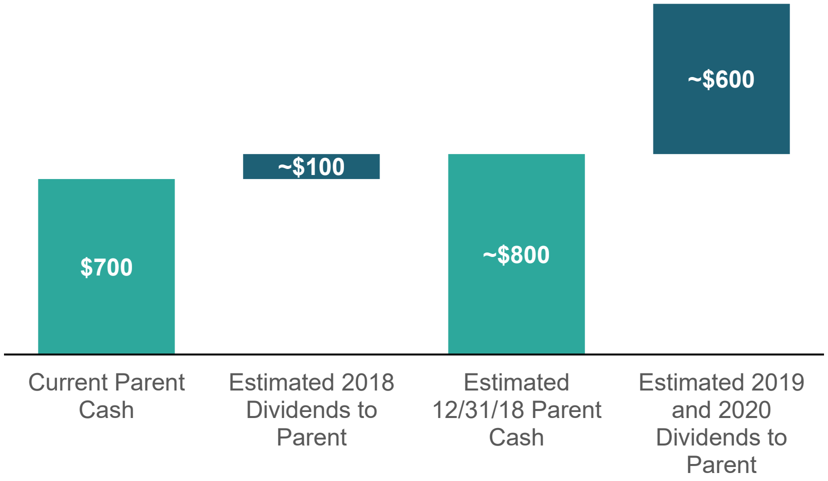


Note: Balance sheet as of March 31, 2018, market value as of May 25, 2018

Capital Management: Parent Company Cash Resources

Turnaround will generate substantial cash at the parent company

Sources of Cash ($ in Millions)



Robust dividend flow

- No new equity issuance needed
- Substantial parent-level cash balances
- Subsidiaries now adequately capitalized
- Parent company cash flow more predictable
- No reliance on revolver
- 2019 dividend includes expected release of Florida and New Mexico capital

Capital Management: $0.40 To $0.50 Per Share Opportunity

Significant and immediate redeployment opportunity on excess cash can drive shareholder value

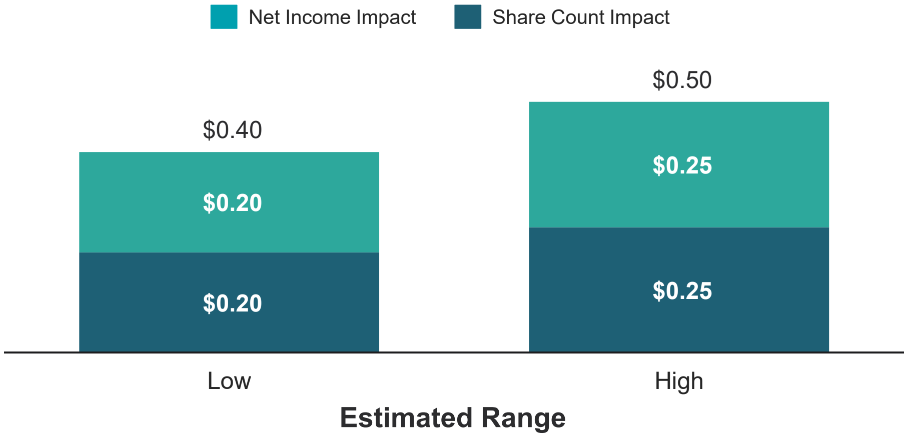
Cash Redeployment Strategies

1. Repay Revolver
2. Terminate Bridge Facility
3. Repurchase or Redeem Convertibles
4. Repurchase High-Yields
5. Stock Buyback

Potential Impact

Debt to Cap	From 56% To 50%

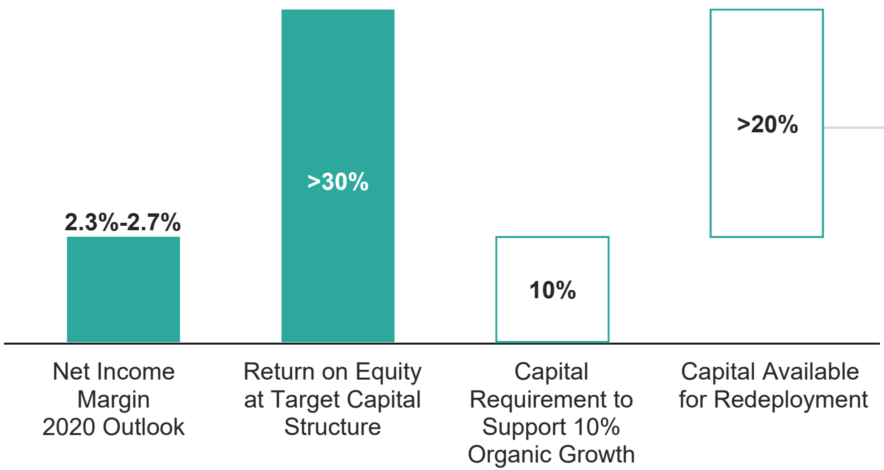
EPS Annualized



Capital Management: Longer-Term Outlook

With optimal capital structure, attractive underlying cash flow profile enables multiple redeployment strategies to drive incremental shareholder value

Excess Capital Generation



Capital Redeployment Strategies

1. Faster Organic Growth
2. Inorganic Growth
3. Share Repurchase
4. Shareholder Dividends

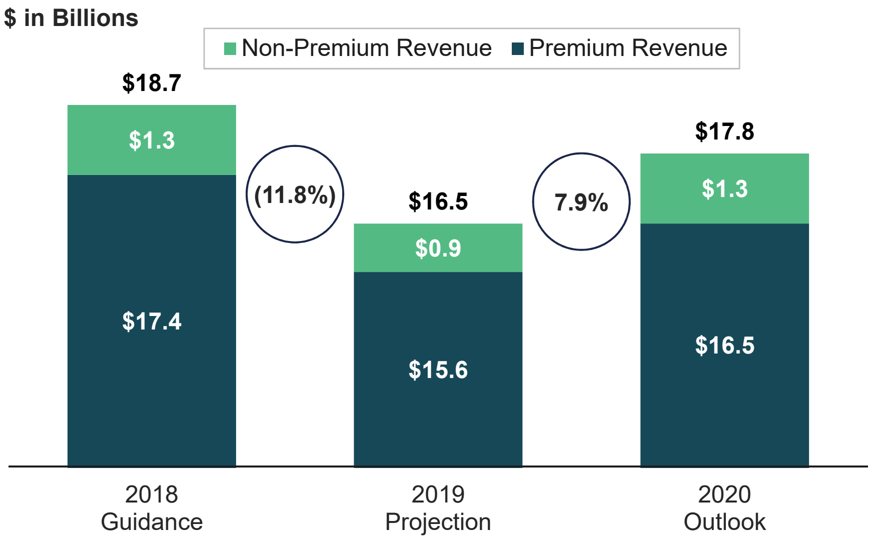
Projections

Joe Zubretsky
President & Chief Executive Officer

Three-Year Outlook: Revenue

Despite lost contracts, we will maintain scale and resume measured growth in 2020

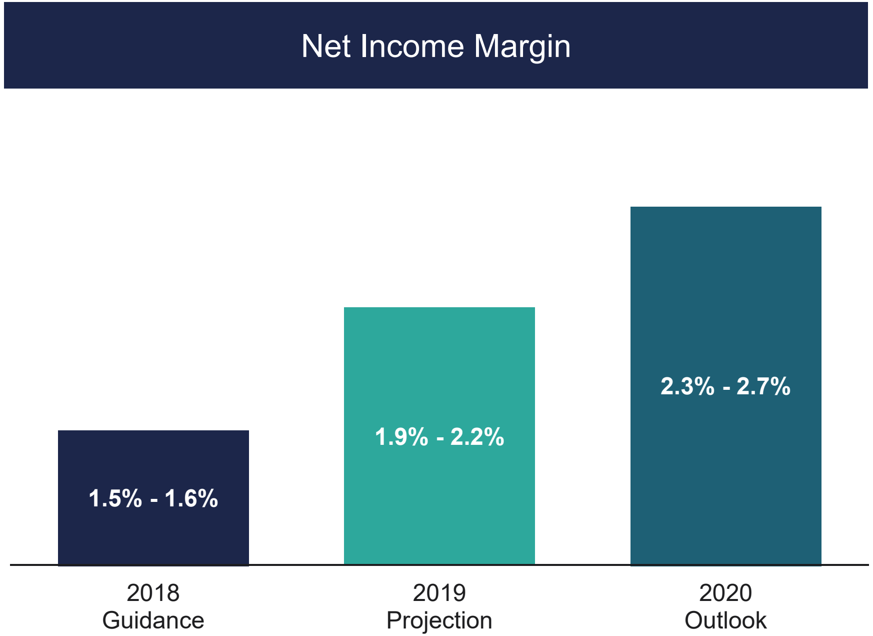
Total Revenue and Percentage Growth



- 2018 a year of decisive action, revenue stabilization, and turnaround
- 2019 revenue declines due to expected $2.7 billion premium loss in Florida and New Mexico, HIF moratorium
- Modest top-line growth resumes in 2020 from rebuilding pipeline in 2019, other short-term opportunities, and resumption of HIF
- Outlook assumes a reasonable rate environment

Three-Year Outlook: Net Income

Plan achieves attractive margins by 2019



In 2018, we stabilized the business and achieved a credible baseline

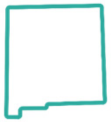
In 2019, we currently project to lose $50 million of contribution margin from Florida and New Mexico, but profit improvement initiatives expand margins

In 2020, we expect to return to growth and accelerate margin recovery

More efficient capital management expected to drive additional EPS upside to this earnings outlook

2019 Projections: Lost Medicaid Contracts

Lost revenue in New Mexico and Florida, currently under protest, is expected to be a modest headwind due to lost contribution margin



2018 Guidance Metrics	New Mexico	Florida	Total
Membership	220,000	355,000	575,000
Premium Revenue	$1.2B	$1.5B	$2.7B
Administrative Expense	$140M	$160M	$300M
Contribution to Fixed Overhead	$20M	$30M	$50M

2019 Projections: Premium Revenue

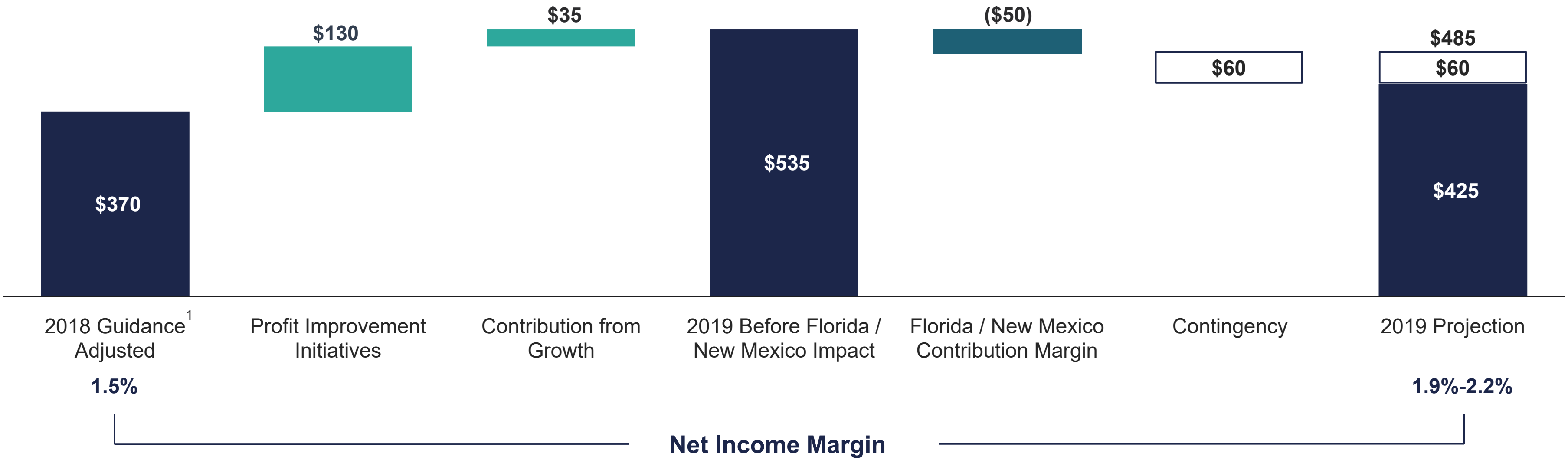
Contract losses are expected to lead to a decline in revenue in 2019

$ in Millions

2019 Projections: Pre-Tax Income

Profit improvement initiatives are expected to offset impact of contract losses

$ in Millions



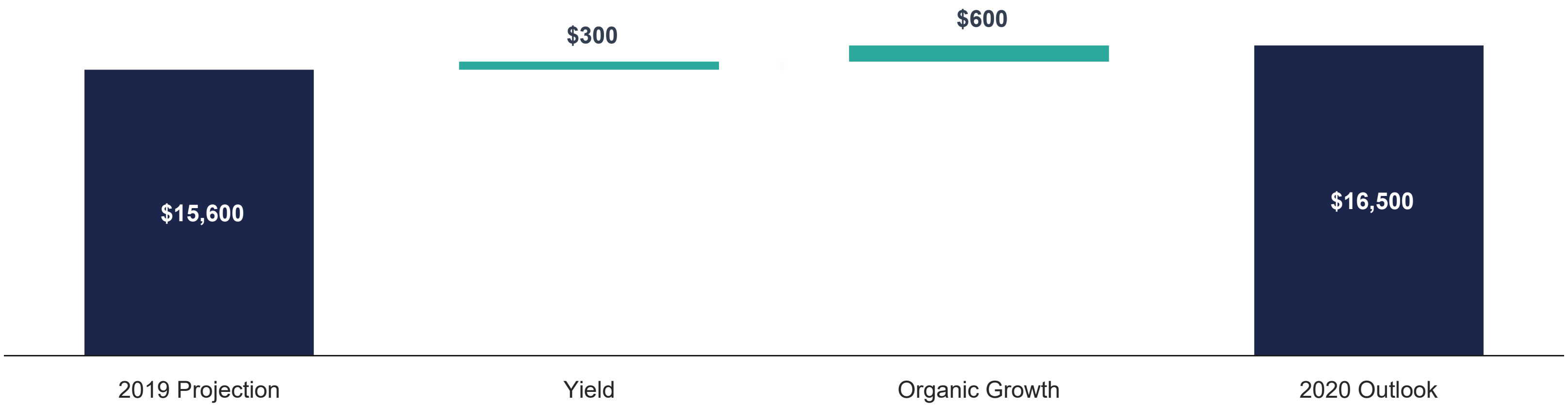
More efficient capital management is expected to drive additional EPS impact of $0.40-$0.50

1. 2018 Guidance Adjusted is 2018 income before taxes per 2018 Guidance, reduced by: 1) the net benefit of $35 million for items that were not included in the Company's preliminary 2018 Guidance; and 2) the impact of the ACA Health Insurer Fee.

2020 Outlook: Premium Revenue

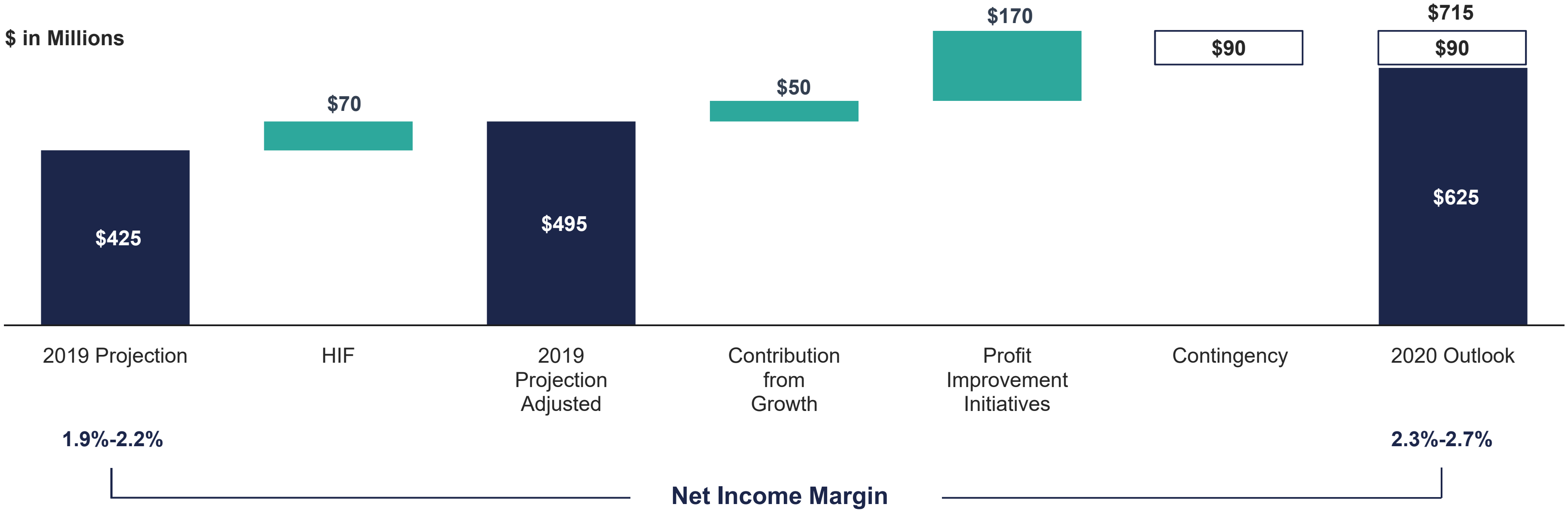
Organic growth and yield are expected to drive a 6% increase in 2020 and accelerate positive operating leverage

$ in Millions



2020 Outlook: Pre-Tax Income

Modest growth, operating leverage, and accelerating profit improvement initiatives are expected to sustain a 2.3% margin or higher by 2020



More efficient capital management is expected to drive additional EPS impact of $0.40-$0.50

Our Plan is Achievable

Profit opportunities are identified; merely executing on fundamentals will achieve our goals

Assumes only 60% of identified profit improvement initiatives harvested through 2020

In 2020, only $600 million of revenue growth from a short term pool of $1.5 to $3.0 billion is needed to accelerate operating leverage

Includes appropriate contingencies for inherent operating uncertainties

The Plan

A clear path to attractive margins by 2019

Break

Health Plan Operations

Pam Sedmak
Executive Vice President, Health Plan Operations

Core Competencies and Growing Strengths

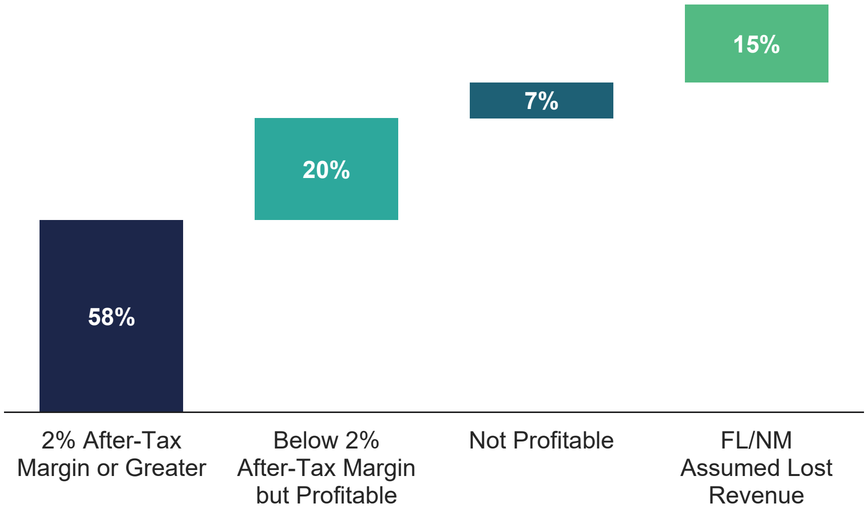
A solid foundation for building optimal performance

- Experienced plan presidents
- Deep experience managing government programs across multiple products
- Effective mid-level leaders identified and promoted
- Performing plans lead the way with proven best practices that we scale
- Strong relationships with state partners, providers and communities reinforced by new leadership
- Years of combined incumbency experience with significant local relationships
- Organic opportunities for long-term growth in all geographies

Portfolio Performance

Strong base of well-performing businesses with significant performance upside across the enterprise

2018 Revenue Mix by Profitability



Opportunities for Improvement

- Leverage success in California, Ohio, Michigan, Texas, and Washington to other health plans
- Performance manage Illinois, New York, and Puerto Rico
- Manage effectively the pending run out of New Mexico and Florida
- Grow subscale plans

Operating Discipline, Rigor, and Accountability

Essential for plan performance, margin recovery, and sustainability

Operating Discipline

- Weekly performance dashboards
- Regular forecast updates
- Monthly/quarterly operating reviews
- Performance improvement initiatives
- SWAT teams

✓ Early Indicators–Daily/Weekly

✓ Unpack Trends and Take Action

Multi-Disciplinary Approach

- Full organizational involvement
- Plan President – ultimate accountability
- Finance/actuary – stewardship, transparency
- Shared services – service level agreements
- Executive leadership team engagement

✓ Rigorous Bid and Rate Reviews

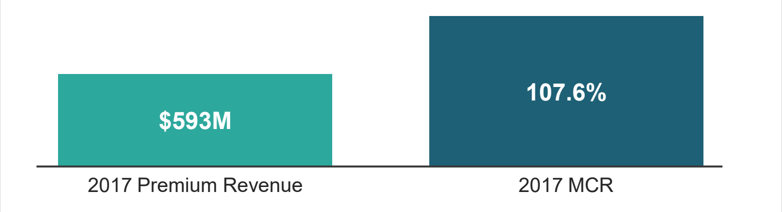
✓ Performance Incentive Alignment

Health Plan Performance Turnaround: Illinois

Impact of new leadership and operating discipline

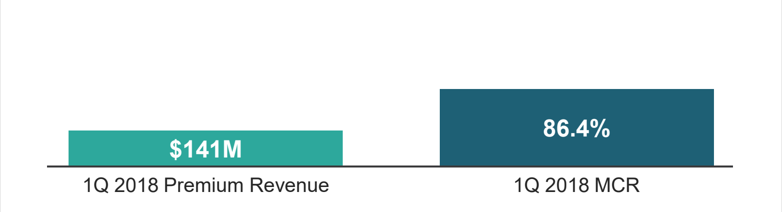
2017 Challenges

- Inexperienced senior leadership with high leadership turnover
- Pervasive provider claim payment issues
- Key provider facility contracts not competitive
- Health care services team allocated limited and ineffective resources



2018 Actions

- Installed completely new, seasoned leadership team
- Confirmed accuracy and completeness of all major provider contracts and reviewing payment accuracy of every large claim >$50,000
- Terminated a high-cost provider and renegotiated four facility contracts
- Hired new clinical leadership, retrained staff on proper clinical determinations, focused care managers on highest-risk cases, and integrated behavioral health into all clinical teams

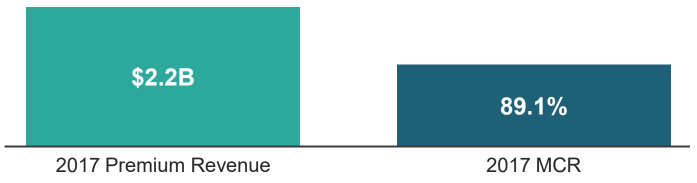


Health Plan Performance Turnaround: Ohio

Building momentum

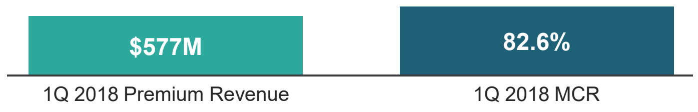
2017 Challenges

- New plan leadership with variable performance
- Clinical management inconsistent with a lack of focus on high-priority issues
- Marketplace underperforming – MCR 93.7% and low capture of at-risk revenue
- Significant gaps in provider network



2018 Actions

- Recruited seasoned CMO and head of health care services
- Reduced readmissions, inpatient short stays and ER visits, while significantly improving transitions of care
- Implemented comprehensive post-acute care program and materially improved at-risk revenue capture
- Successfully contracted with major provider and recontracted with other key providers in central and southeast regions

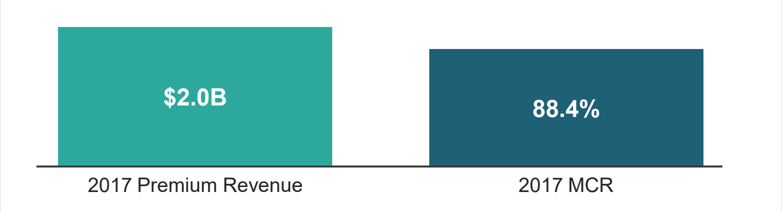


Product Performance: D-SNP and MMP

Focusing on the basics and sharing best practices

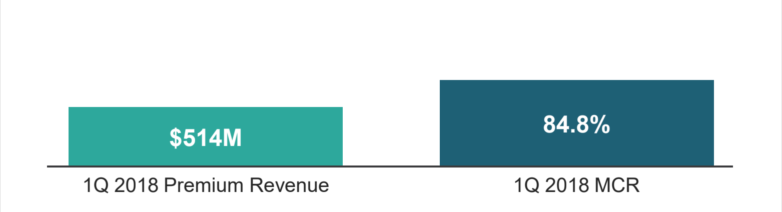
2017 Challenges

- Product leadership internally focused and lacking breadth of expertise
- Tactical, not strategic, approach to Medicare
- Costly distribution and sales channel
- Risk adjustment accuracy and completeness not aligned with relative risk assumed
- STARS performance decline impacting margin and ability to offer enhanced benefits



2018 Actions

- Restructuring organization – installing new leadership, flattening structure, reorienting focus, reducing costs
- Strategically targeting where and how best to play
- Reducing cost per sale and more efficiently supporting brokers
- Improved member identification for assessments/provider visits, more effective chart chases, and enhanced reporting
- Focusing on targeted STARS intervention plans (hybrid and administrative measures) improving medication therapy management, and member/provider experience



Product Performance: Marketplace

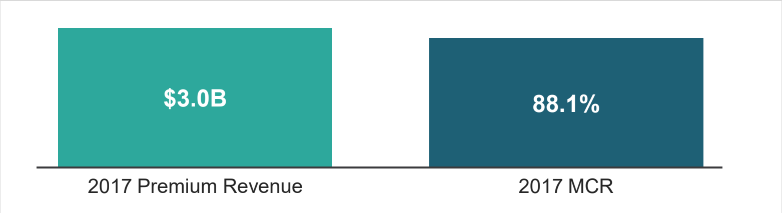
Stabilizing and building sustainability

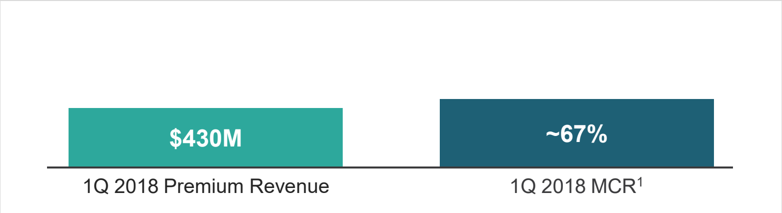
2017 Challenges

- Expanded footprint faster than capacity to manage
- Insufficient rates given level of risk transfer
- Non-competitive contracts with key providers in some geographies
- Risk adjustment accuracy and completeness not aligned with relative risk assumed
- Suboptimal operating processes

2018 Actions

- Reduced footprint by half, exiting non-competitive markets
- Increased rates to better account for level of risk transfer
- Retained select footprints where able to negotiate more competitive network terms
- Improved member identification for assessments/provider visits, more effective chart chases, and enhanced reporting
- Improved enrollment, claims, premium, deductible, and accumulator processes





1.Medical Care Ratio excludes impact of prior year CSR of $70M

Rebuilt Procurement Process

Procurements are given the highest priority; 2018 win in Washington

2017 Challenges	2018 Actions
Inadequate procurement resources	Full leadership restructuring and retraining
Procurement team drove/controlled process at parent company level	Plan President drives RFP with support and co-location of RFP team, win themes/strategies clearly defined
Procurement process entirely internal	Implemented outside, unbiased expert reviews of RFP responses to ensure concise and impactful answers
No executive leadership involvement in procurement process	Executive leadership fully engaged and applying all enterprise resources to procurement needs

Financial Discussion

Joe White
Chief Financial Officer

2018 Guidance

We reaffirm with a high degree of confidence

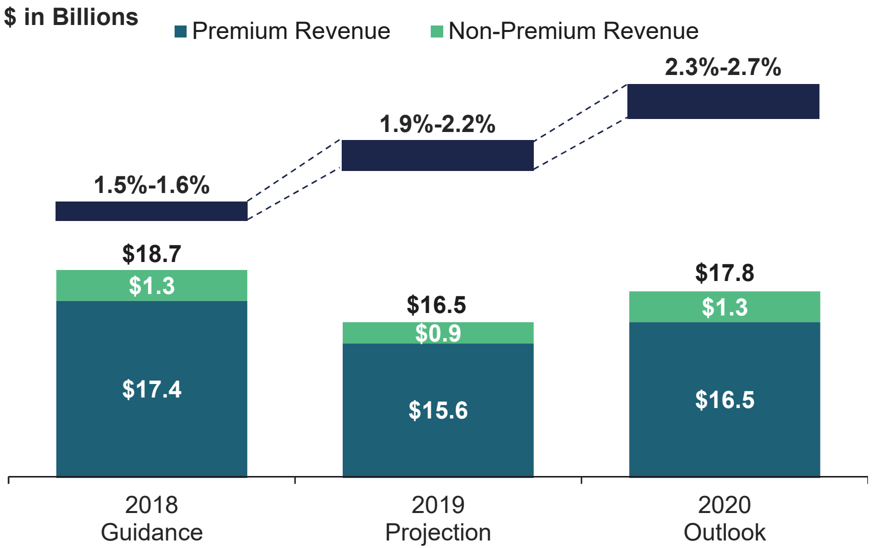
Guidance (as of April 30, 2018)	Low	High
Total Revenue	$18.7B	$18.7B
MCR	89%	88%
G&A Ratio	7.4%	7.4%
Net Profit Margin	1.5%	1.6%
Net Income per Diluted Share	$4.00	$4.50

Key Assumptions

- No benefit from prior period development
- Excludes any restructuring costs that might be incurred subsequent to March 31, 2018
- Excludes impact of future potential capital transactions
- Includes $0.62 per diluted share of performance improvements not included in original guidance
- Includes $0.38 per diluted share for certain items not included in original 2018 guidance

Revenue and Net Income Outlook

Despite the 2019 revenue setback, we expect to achieve sequential margin growth



Total Revenue and Net Income Margin

- 2019 margin percentages expand despite expected $2.7 billion premium loss in Florida and New Mexico
- Projection and Outlook include appropriate contingencies for inherent operating uncertainties
- In 2020, we expect to return to growth and accelerate margin recovery
- More efficient capital management expected to drive additional EPS upside to this earning outlook

Capital Management: $0.40 To $0.50 Per Share Opportunity

Significant and immediate redeployment opportunity on excess cash can drive shareholder value

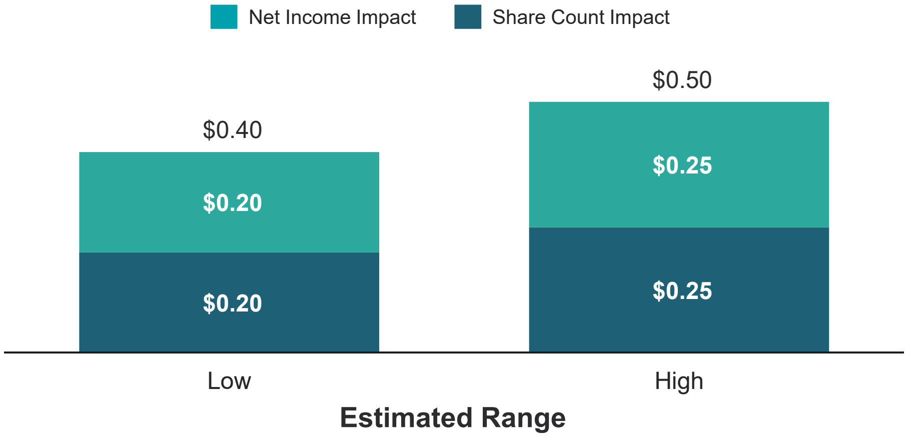
Cash Redeployment Strategies

1. Repay Revolver
2. Terminate Bridge Facility
3. Repurchase or Redeem Convertibles
4. Repurchase High-Yields
5. Stock Buyback

Potential Impact

Debt to Cap	From 56% To 50%

EPS Annualized



Financial Dimensions of Margin Recovery

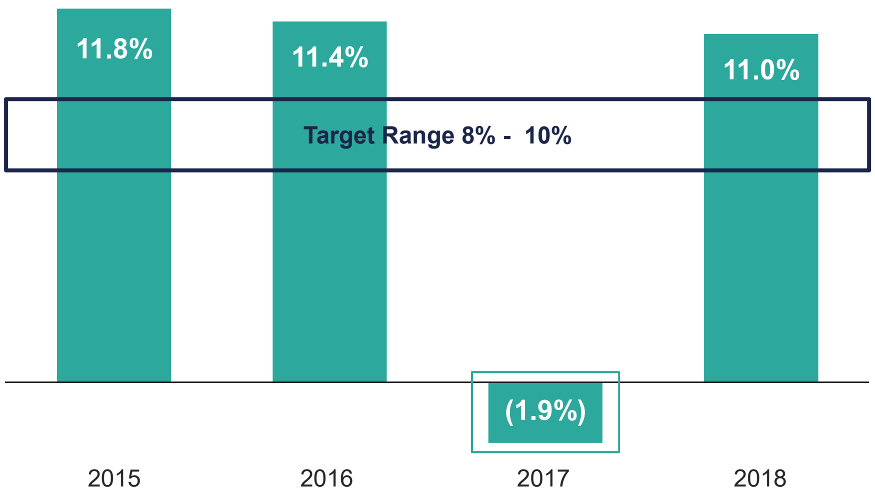
Financial actions expected to increase earnings and reduce volatility

	Action	Impact
Medical claims and benefits payable	Introduce more conservativism into estimates and improve processes	Less downward volatility to earnings
Marketplace risk adjustment liability	Introduce more conservativism into estimates and improve processes	Less downward volatility to earnings
Taxes	Increase pre-tax income	Reduced effective tax rate
Share count	Deploy cash	Reduced diluted shares outstanding

Medical Claims and Benefit Payable

Prior period development returned to historical levels in the first quarter 2018

Excess (Deficit) of Reserves
Held Over Amount Ultimately Paid



2017 Issues

- Unfavorable 2016 claims run-out exacerbated poor 2017 performance
- Inaccurate and inconsistent claims processing
- High volume of provider settlements
- Limited input from health plan teams

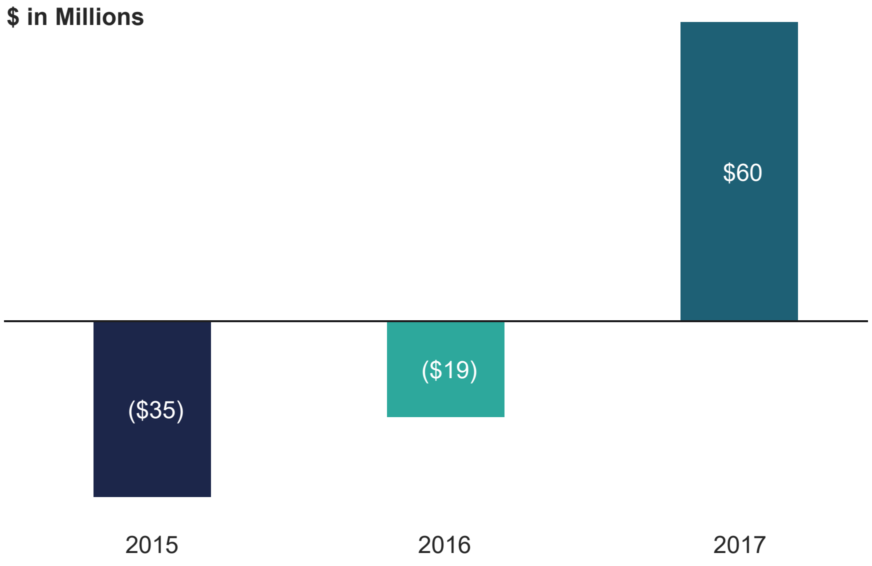
Actions

- Improved accuracy and consistency of claims processing
- More rigorous assessment of potential provider settlements
- Collaborative engagement of health plan, claims, finance and actuarial teams

Marketplace Risk Adjustment Liabilities

More rigorous estimates expected to reduce negative earnings volatility

Margin/(Deficit) on Marketplace Risk Adjustment Liability



2015 and 2016 year end estimates were inadequate, so starting in 2017 we added an incremental risk margin to our estimates.

Historical Issues

- Large prior year expenses recorded in 2016 and 2017
- Competitor risk scores underestimated
- No margin for adverse development of estimates

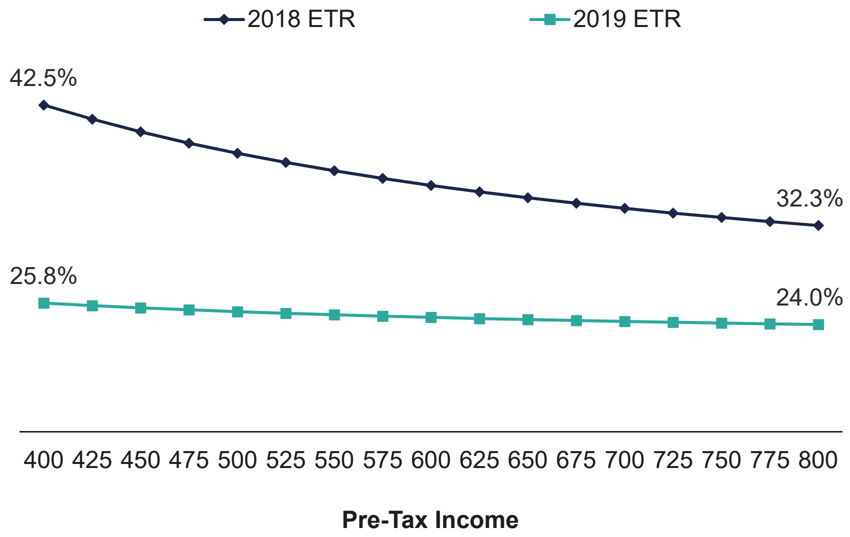
Actions

- More rigorous base estimates
- Greater reliance on third party estimates of competitor risk scores
- Margin added to estimates to account for unknown variability in competitor performance

Effective Tax Rate (ETR) and Pre-Tax Income

The Health Insurer Fee has a noticeable impact on ETR

ETR and Pre-Tax Income ($ in millions)



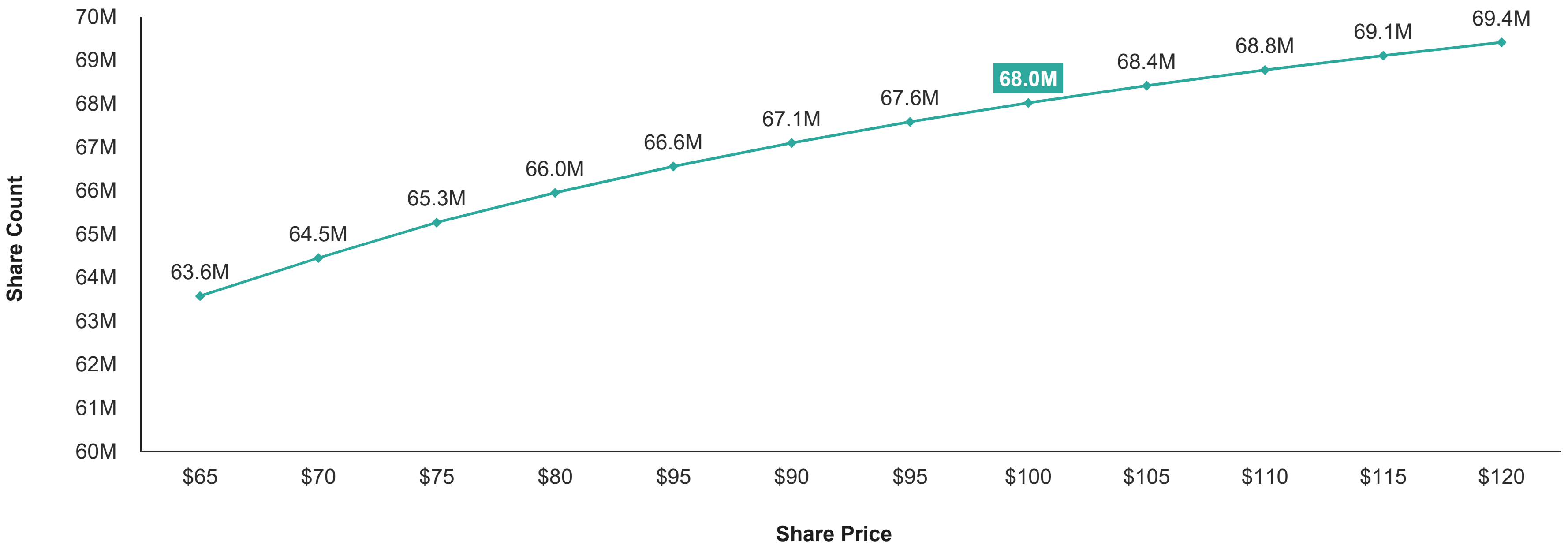
Nondeductible expenses (ACA health insurer fee and a portion of executive compensation) result in an effective tax rate that exceeds our statutory tax rate

Impact of nondeductible expenses on the effective tax rate is diluted as income before tax increases

Incremental changes to income before tax are tax-effected at a 22% statutory tax rate in most cases

Share Count Dilution and Stock Price

Convertible notes increase total fully-diluted share count as stock price rises



Q&A

Investment Thesis

The growth opportunity in government-sponsored healthcare is enhanced by Molina's active turnaround

Long-Term Growth Potential	Strong presence in government-sponsored programs aligns with highest-growth profit pools in managed care
Compelling Turnaround Opportunity	Turnaround in a strong growth sector yields clear margin expansion opportunity
Low-Risk Execution	Turnaround builds upon a stabilized earnings base and is off to a solid start as evidenced by first quarter earnings and 2018 guidance