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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2025
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ________ to ________
Commission file number: 001-31719

MOLINA HEALTHCARE, INC.
(Exact name of registrant as specified in its charter)

Delaware	**13-4204626**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
200 Oceangate, Suite 100	
Long Beach, California	**90802**
(Address of principal executive offices)	**(Zip Code)**

(562) 435-3666
(Registrant's telephone number, including area code)
N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 Par Value	MOH	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒ Accelerated Filer ☐ Non-Accelerated Filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of the issuer's Common Stock, $0.001 par value, outstanding as of July 18, 2025, was approximately 54.2 million.

MOLINA HEALTHCARE, INC. FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2025

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CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In millions, except per-share amounts) (Unaudited)			
Revenue:				
Premium revenue	$ 10,868	$ 9,446	$ 21,496	$ 18,950
Premium tax revenue	431	298	819	595
Investment income	106	115	214	223
Other revenue	22	21	45	43
Total revenue	11,427	9,880	22,574	19,811
Operating expenses:				
Medical care costs	9,829	8,368	19,308	16,782
General and administrative expenses	711	691	1,485	1,402
Premium tax expenses	431	298	819	595
Depreciation and amortization	58	46	106	91
Other	25	43	50	81
Total operating expenses	11,054	9,446	21,768	18,951
Operating income	373	434	806	860
Interest expense	48	28	91	55
Income before income tax expense	325	406	715	805
Income tax expense	70	105	162	203
Net income	$ 255	$ 301	$ 553	$ 602
Net income per share - Basic	$ 4.75	$ 5.18	$ 10.23	$ 10.38
Net income per share - Diluted	$ 4.75	$ 5.17	$ 10.19	$ 10.33

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In millions) (Unaudited)			
Net income	$ 255	$ 301	$ 553	$ 602
Other comprehensive gain (loss):				
Unrealized investment gain (loss)	23	1	62	(4)
Less: effect of income taxes	5	1	15	(1)
Other comprehensive gain (loss), net of tax	18	—	47	(3)
Comprehensive income	$ 273	$ 301	$ 600	$ 599

See accompanying notes.

CONSOLIDATED BALANCE SHEETS

	June 30, 2025	December 31, 2024
	(Dollars in millions, except per-share amounts)	
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,499	$ 4,662
Investments	4,310	4,325
Receivables	3,865	3,299
Prepaid expenses and other current assets	438	487
Total current assets	13,112	12,773
Property, equipment, and capitalized software, net	305	288
Goodwill, and intangible assets, net	2,168	1,938
Restricted investments	291	286
Deferred income taxes, net	185	207
Other assets	148	138
Total assets	$ 16,209	$ 15,630
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Medical claims and benefits payable	$ 4,885	$ 4,640
Amounts due government agencies	1,821	1,874
Accounts payable, accrued liabilities and other	1,113	1,331
Deferred revenue	57	51
Total current liabilities	7,876	7,896
Long-term debt	3,375	2,923
Finance lease liabilities	188	195
Other long-term liabilities	167	120
Total liabilities	11,606	11,134
Stockholders' equity:		
Common stock, $0.001 par value, 150 million shares authorized; outstanding: 54 million shares at June 30, 2025 and 56 million at December 31, 2024	—	—
Preferred stock, $0.001 par value; 20 million shares authorized, no shares issued and outstanding	—	—
Additional paid-in capital	454	462
Accumulated other comprehensive loss	(10)	(57)
Retained earnings	4,159	4,091
Total stockholders' equity	4,603	4,496
Total liabilities and stockholders' equity	$ 16,209	$ 15,630

See accompanying notes.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock Outstanding	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total
			(In millions) (Unaudited)			
Balance at December 31, 2024	56	$ —	$ 462	$ (57)	$ 4,091	$ 4,496
Net income	—	—	—	—	298	298
Common stock purchases	(2)	—	(15)	—	(485)	(500)
Stock purchase excise tax	—	—	(5)	—	—	(5)
Other comprehensive income, net	—	—	—	29	—	29
Share-based compensation	—	—	(8)	—	—	(8)
Balance at March 31, 2025	54	—	434	(28)	3,904	4,310
Net income	—	—	—	—	255	255
Other comprehensive income, net	—	—	—	18	—	18
Share-based compensation	—	—	20	—	—	20
Balance at June 30, 2025	54	$ —	$ 454	$ (10)	$ 4,159	$ 4,603

	Common Stock Outstanding	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total
			(In millions) (Unaudited)			
Balance at December 31, 2023	58	$ —	$ 410	$ (82)	$ 3,887	$ 4,215
Net income	—	—	—	—	301	301
Other comprehensive loss, net	—	—	—	(3)	—	(3)
Share-based compensation	1	—	(20)	—	—	(20)
Balance at March 31, 2024	59	—	390	(85)	4,188	4,493
Net income	—	—	—	—	301	301
Share-based compensation	—	—	49	—	—	49
Balance at June 30, 2024	59	$ —	$ 439	$ (85)	$ 4,489	$ 4,843

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30,	
	2025	2024
	(In millions) (Unaudited)	
Operating activities:		
Net income	$ 553	$ 602
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	106	91
Deferred income taxes	22	21
Share-based compensation	30	68
Other, net	—	4
Changes in operating assets and liabilities:		
Receivables	(466)	(5)
Prepaid expenses and other current assets	10	16
Medical claims and benefits payable	(50)	(48)
Amounts due government agencies	(81)	(43)
Accounts payable, accrued liabilities and other	(301)	(307)
Deferred revenue	(59)	(405)
Income taxes	124	1
Net cash used in operating activities	(112)	(5)
Investing activities:		
Purchases of investments	(421)	(594)
Proceeds from sales and maturities of investments	717	506
Net cash paid in business combinations	(245)	(295)
Purchases of property, equipment and capitalized software	(64)	(54)
Other, net	18	2
Net cash provided by (used in) investing activities	5	(435)
Financing activities:		
Proceeds from borrowings under credit facility and term loan	650	—
Common stock purchases	(500)	—
Repayment of credit facility and term loan	(200)	—
Common stock withheld to settle employee tax obligations	(36)	(56)
Other, net	44	6
Net cash used in financing activities	(42)	(50)
Net decrease in cash, cash equivalents, and restricted cash and cash equivalents	(149)	(490)
Cash, cash equivalents, and restricted cash and cash equivalents at beginning of period	4,741	4,908
Cash, cash equivalents, and restricted cash and cash equivalents at end of period	$ 4,592	$ 4,418

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

JUNE 30, 2025

1. Organization and Basis of Presentation

Organization and Operations

Molina Healthcare, Inc. provides managed healthcare services under the Medicaid and Medicare programs, and through the state insurance marketplaces (the “Marketplace”). We currently have four reportable segments consisting of: 1) Medicaid; 2) Medicare; 3) Marketplace; and 4) Other. Our reportable segments are consistent with how we currently manage the business and view the markets we serve.

As of June 30, 2025, we served approximately 5.7 million members eligible for government-sponsored healthcare programs, located across 22 states.

Our state Medicaid contracts typically have terms of three years to five years, contain renewal options exercisable by the state Medicaid agency, and allow either the state or the health plan to terminate the contract with or without cause. Such contracts are subject to risk of loss in states that issue requests for proposal (“RFP”) open to competitive bidding by other health plans. If one of our health plans is not a successful responsive bidder to a state RFP, its contract may not be renewed.

In addition to contract renewal, our state Medicaid contracts may be periodically amended to include or exclude certain health benefits (such as pharmacy services, behavioral health services, or long-term care services); populations such as the aged, blind or disabled (“ABD”); and regions or service areas.

In Medicare, we enter into Medicare Advantage-Part D contracts with the Centers for Medicare and Medicaid Services (“CMS”) annually, and for dual-eligible programs, we enter into contracts with CMS, in partnership with each state’s department of health and human services. Such contracts typically have terms of one year to three years.

In Marketplace, we enter into contracts with CMS, which end on December 31 of each year, and must be renewed annually.

Consolidation and Interim Financial Information

The consolidated financial statements include the accounts of Molina Healthcare, Inc. and its subsidiaries. In the opinion of management, these financial statements reflect all normal recurring adjustments, which are considered necessary for a fair presentation of the results as of the dates and for the interim periods presented. All significant intercompany balances and transactions have been eliminated. The consolidated results of operations for the six months ended June 30, 2025 are not necessarily indicative of the results for the entire year ending December 31, 2025.

The unaudited consolidated interim financial statements have been prepared under the assumption that users of the interim financial data have either read or have access to our audited consolidated financial statements for the fiscal year ended December 31, 2024. Accordingly, certain disclosures that would substantially duplicate the disclosures contained in our December 31, 2024, audited consolidated financial statements have been omitted.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

2. Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and short-term, highly liquid investments that are both readily convertible into known amounts of cash and have a maturity of three months or less on the date of purchase. The following table provides a reconciliation of cash and cash equivalents, and restricted cash and cash equivalents reported within the accompanying consolidated balance sheets that sum to the total of the same such amounts presented in the accompanying consolidated statements of cash flows. The restricted cash and cash equivalents presented below are included in “Restricted investments” in the accompanying consolidated balance sheets.

	June 30,	
	2025	2024
	(In millions)	
Cash and cash equivalents	$ 4,499	$ 4,354
Restricted cash and cash equivalents	93	64
Total cash, cash equivalents, and restricted cash and cash equivalents presented in the consolidated statements of cash flows	$ 4,592	$ 4,418

Receivables

Receivables consist primarily of premium amounts due from government agencies, which are subject to potential retroactive adjustments, as well as pharmacy rebates and other receivables. Government receivables amounted to $2,662 million and $2,223 million at June 30, 2025 and December 31, 2024, respectively. We apply the current expected credit loss model to measure expected credit losses on our receivables based on available information about past events and reasonable and supportable forecasts. Because substantially all of our receivable amounts are readily determinable and substantially all of our creditors are governmental authorities, our allowance for credit losses is insignificant. Any amounts determined to be uncollectible are charged to expense when such determination is made.

Premium Revenue Recognition and Amounts Due Government Agencies

Premium revenue is generated from our contracts with state and federal agencies, in connection with our participation in the Medicaid, Medicare, and Marketplace programs. Premium revenue is generally received based on per member per month ("PMPM") rates established in advance of the periods covered. These premium revenues are recognized in the month that members are entitled to receive healthcare services, and premiums collected in advance are deferred. Many of our contracts contain provisions that may adjust or limit revenue or profit, as described below. Consequently, we recognize premium revenue as it is earned under such provisions. Liabilities accrued for premiums to be returned under such provisions are reported in the aggregate as "Amounts due government agencies" in the accompanying consolidated balance sheets. State Medicaid programs and the federal Medicare program periodically adjust premium rates, including certain components of premium revenue that are subject to accounting estimates and are described below, and in our 2024 Annual Report on Form 10-K, Note 2, "Significant Accounting Policies," under "Premium Revenue Recognition and Amounts Due Government Agencies," and "Quality Incentives."

Minimum MLR, Medical Cost Corridors and Profit Sharing. A portion of our Medicaid premium revenue may be returned if certain minimum amounts are not spent on defined medical care costs as a percentage of premium revenue, or minimum medical loss ratio ("Minimum MLR"). Under certain medical cost corridor provisions, the health plans may receive additional premiums if amounts spent on medical care costs exceed a defined maximum threshold. This includes remaining risk corridors that were enacted by various states in 2020 in response to the reduced demand for medical services stemming from COVID-19. Our contracts with certain states contain profit sharing provisions under which we refund amounts to the states if our health plans generate profit above a certain specified percentage. In some cases, we are limited in the amount of administrative costs that we may deduct in calculating the refund, if any. We recorded aggregate liabilities under the terms of such contract provisions of $771 million and $1,006 million at June 30, 2025 and December 31, 2024, respectively, to "Amounts due government agencies" in the accompanying consolidated balance sheets.

The Affordable Care Act ("ACA") established a Minimum MLR of 85% for Medicare. Federal regulations define what constitutes medical costs and premium revenue. If the Minimum MLR is not met, we may be required to pay rebates to the federal government. Our dual-eligible plans may also be subject to state-specific Minimum MLRs, medical cost corridors, and profit-sharing provisions. We recognize estimated rebates as an adjustment to premium revenue in our consolidated statements of income. We recorded a liability under the terms of such contract provisions of $40 million and $32 million at June 30, 2025 and December 31, 2024, respectively, to "Amounts due government agencies" in the accompanying consolidated balance sheets.

The ACA established a Minimum MLR of 80% for the Marketplace. If the Minimum MLR is not met, we may be required to pay rebates to our Marketplace policyholders. The Marketplace risk adjustment program discussed below is taken into consideration when computing the Minimum MLR. We recognize estimated rebates under the Minimum MLR as an adjustment to premium revenue in our consolidated statements of income. We recorded a liability under the terms of such contract provisions of $35 million and $30 million at June 30, 2025 and December 31, 2024, respectively, to "Amounts due government agencies" in the accompanying consolidated balance sheets.

Risk Adjustment. Our Medicare premiums are subject to retroactive increase or decrease based on the health status of our Medicare members (as measured by member risk score). We estimate our members' risk scores and the related amount of Medicare revenue that will ultimately be realized for the periods presented based on our knowledge of our members' health status, risk scores and CMS practices. We also estimate amounts owed to CMS for Part D settlements. We recorded a liability under the terms of such contract provisions of $117 million and $115 million at June 30, 2025 and December 31, 2024, respectively, to "Amounts due government agencies" in the accompanying consolidated balance sheets.

Under this program for our Marketplace business, our health plans' composite risk scores are compared with the overall average risk score for the relevant state and market pool. Generally, our health plans will make a risk adjustment payment into the pool if their composite risk scores are below the average risk score (risk adjustment payable) and will receive a risk adjustment payment from the pool if their composite risk scores are above the average risk score (risk adjustment receivable). We estimate our ultimate premium based on insurance policy year-to-date experience and recognize estimated premiums relating to the risk adjustment program as an adjustment to premium revenue in our consolidated statements of income. As of June 30, 2025, Marketplace risk adjustment payables amounted to $545 million and related receivables amounted to $252 million, for a net payable of $293 million. As of December 31, 2024, Marketplace risk adjustment payables amounted to $290 million and related receivables amounted to $192 million, for a net payable of $98 million.

Premium Deficiency Reserve on Loss Contracts

We assess the profitability of our contracts to determine if it is probable that a loss will be incurred in the future by reviewing current results and forecasts. For purposes of this assessment, contracts are grouped in a manner consistent with our method of acquiring, servicing and measuring the profitability of such contracts. A premium deficiency reserve ("PDR") is recognized if anticipated future medical care and administrative costs exceed anticipated future premium revenue, investment income and reinsurance recoveries.

Concentrations of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents, investments, receivables, and restricted investments. Our investments and a portion of our cash equivalents are managed by professional portfolio managers operating under documented investment guidelines. Our portfolio managers must obtain our prior approval before selling investments where the loss position of those investments exceeds certain levels. Our investments consist primarily of investment-grade debt securities with final maturities of less than 15 years, or less than 15 years average life for structured securities. Restricted investments are invested principally in cash, cash equivalents, U.S. Treasury securities, and corporate debt securities. Concentration of credit risk with respect to accounts receivable is limited because our payors consist principally of the federal government, and governments of each state in which our health plan subsidiaries operate.

Income Taxes

The provision for income taxes is determined using an estimated annual effective tax rate, which generally differs from the U.S. federal statutory rate primarily because of tax credits, state taxes, and nondeductible expenses such as certain compensation and other general and administrative expenses.

The effective tax rate may be subject to fluctuations during the year as new information is obtained. Such information may affect the assumptions used to estimate the annual effective tax rate, including projected pretax earnings, the mix of pretax earnings in the various tax jurisdictions in which we operate, valuation allowances against deferred tax assets, the recognition or the reversal of the recognition of tax benefits related to uncertain tax positions, and changes in or the interpretation of tax laws in jurisdictions where we conduct business. We recognize deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of our assets and liabilities, along with net operating loss and tax credit carryovers.

Recent Accounting Pronouncements

Recent accounting pronouncements issued by the Financial Accounting Standards Board (including its Emerging Issues Task Force), the American Institute of Certified Public Accountants, and the Securities and Exchange Commission ("SEC") did not have, nor does management expect such pronouncements to have, a significant impact on our present or future consolidated financial statements.

3. Net Income Per Share

The following table sets forth the calculation of basic and diluted net income per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In millions, except net income per share)			
Numerator:				
Net income	$ 255	$ 301	$ 553	$ 602
Denominator:				
Shares outstanding at the beginning of the period	53.6	58.1	55.0	57.8
Weighted-average number of shares issued:				
Stock-based compensation	—	—	0.2	0.2
Stock purchases	—	—	(1.1)	—
Denominator for basic net income per share	53.6	58.1	54.1	58.0
Effect of dilutive securities: (1)				
Stock-based compensation	0.1	0.1	0.2	0.3
Denominator for diluted net income per share	53.7	58.2	54.3	58.3
Net income per share - Basic (2)	$ 4.75	$ 5.18	$ 10.23	$ 10.38
Net income per share - Diluted (2)	$ 4.75	$ 5.17	$ 10.19	$ 10.33

(1) The dilutive effect of all potentially dilutive common shares is calculated using the treasury stock method. Certain potentially dilutive common shares issuable are not included in the computation of diluted net income per share because to do so would be anti-dilutive. For the three months ended June 30, 2025, 133,000 shares were excluded from diluted shares outstanding. For the three and six months ended June 30, 2024, 208,000 and 140,000 shares, respectively, were excluded from diluted shares outstanding.
(2) Source data for calculations in thousands.

4. Business Combinations

ConnectiCare. Effective February 1, 2025, we closed on our acquisition of 100% of the issued and outstanding capital stock of ConnectiCare Holding Company, Inc. (“ConnectiCare”) for $350 million in cash. For this transaction, we applied the acquisition method of accounting, where the total purchase price was preliminarily allocated to the tangible and intangible assets acquired and liabilities assumed, based on their fair values as of the acquisition date. The pro forma effects of this acquisition for prior periods were not material to our consolidated results of operations. Acquisition costs amounted to $3 million in the aggregate for the six months ended June 30, 2025, and were recorded as “General and administrative expenses” in the accompanying consolidated statements of income.

The valuation of the assets acquired and liabilities assumed has not yet been finalized. Further, the finalization of purchase price adjustments as provided in the stock purchase agreement is expected to occur in the first quarter of 2026. As a result, provisional estimates have been recorded and are subject to change, primarily for accounts that include the use of estimates, such as medical claims and benefits payable, receivables, amounts due government agencies, certain acquired intangible assets, and certain tax assets and liabilities.

Goodwill is calculated as the excess of the consideration transferred over the net assets recognized and represents the estimated future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. Such assets include synergies we expect to achieve as a result of the transaction, such as the use of our existing infrastructure to support the added membership, and future economic benefits arising from the assembled workforce. All of the goodwill was assigned to the Marketplace segment and is not deductible for income tax purposes. The following table summarizes the provisional fair values assigned to assets acquired and liabilities assumed, in millions.

Assets acquired:		
Current assets	$	461
Goodwill		222
Intangible assets		61
Other long-term assets		40
Liabilities assumed:		
Medical claims and benefits payable		(295)
Amounts due government agencies		(28)
Accounts payable, accrued and other long-term liabilities		(111)
Fair value of net assets acquired	$	350

The table below presents intangible assets acquired, by major class, for the ConnectiCare acquisition. The weighted-average amortization period, in the aggregate, is 9.8 years.

		Fair Value	Life
		(In millions)	(Years)
Contract rights - member list	$	36	7
Trade name		19	15
Provider network		6	10
	$	61	

5. Fair Value Measurements

We consider the carrying amounts of current assets and current liabilities to approximate their fair values because of the relatively short period of time between the origination of these instruments and their expected realization or payment. For our financial instruments measured at fair value on a recurring basis, we prioritize the inputs used in measuring fair value according to the three-tier fair value hierarchy. For a description of the methods and assumptions used to: a) estimate the fair value; and b) determine the classification according to the fair value hierarchy for each financial instrument, refer to our 2024 Annual Report on Form 10-K, Note 5, “Fair Value Measurements.”

Our financial instruments measured at fair value on a recurring basis at June 30, 2025, were as follows:

		Total		Observable Inputs (Level 1)		Directly or Indirectly Observable Inputs (Level 2)		Unobservable Inputs (Level 3)
				(In millions)				
Corporate debt securities	$	2,643	$	—	$	2,643	$	—
Mortgage-backed securities		980		—		980		—
Asset-backed securities		424		—		424		—
Municipal securities		196		—		196		—
U.S. Treasury notes		20		—		20		—
Other		47		—		47		—
Total assets	$	4,310	$	—	$	4,310	$	—

Our financial instruments measured at fair value on a recurring basis at December 31, 2024, were as follows:

	Total	Observable Inputs (Level 1)	Directly or Indirectly Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
	(In millions)			
Corporate debt securities	$ 2,744	$ —	$ 2,744	$ —
Mortgage-backed securities	914	—	914	—
Asset-backed securities	431	—	431	—
Municipal securities	183	—	183	—
U.S. Treasury notes	5	—	5	—
Other	48	—	48	—
Total assets	$ 4,325	$ —	$ 4,325	$ —

Fair Value Measurements – Disclosure Only

The carrying amounts and estimated fair values of our notes payable are classified as Level 2 financial instruments. Fair value for these securities is determined using a market approach based on quoted market prices for similar securities in active markets or quoted prices for identical securities in inactive markets.

	June 30, 2025		December 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In millions)			
4.375% Notes due 2028	$ 796	$ 782	$ 795	$ 759
3.875% Notes due 2030	645	603	645	578
3.875% Notes due 2032	743	683	743	648
6.250% Notes due 2033	741	763	740	741
Term Loan	450	450	—	—
Total	$ 3,375	$ 3,281	$ 2,923	$ 2,726

6. Investments

Available-for-Sale

We consider all of our investments classified as current assets to be available-for-sale. The following tables summarize our current investments as of the dates indicated:

	June 30, 2025			
		Gross Unrealized		
	Amortized Cost	Gains	Losses	Estimated Fair Value
	(In millions)			
Corporate debt securities	$ 2,630	$ 28	$ 15	$ 2,643
Mortgage-backed securities	1,003	6	29	980
Asset-backed securities	425	2	3	424
Municipal securities	197	2	3	196
U.S. Treasury notes	20	—	—	20
Other	48	—	1	47
Total	$ 4,323	$ 38	$ 51	$ 4,310

	December 31, 2024			
		Gross Unrealized		
	Amortized Cost	Gains	Losses	Estimated Fair Value
	(In millions)			
Corporate debt securities	$ 2,769	$ 10	$ 35	$ 2,744
Mortgage-backed securities	953	2	41	914
Asset-backed securities	435	2	6	431
Municipal securities	188	—	5	183
U.S. Treasury notes	5	—	—	5
Other	50	—	2	48
Total	$ 4,400	$ 14	$ 89	$ 4,325

The contractual maturities of our current investments as of June 30, 2025 are summarized below:

	Amortized Cost	Estimated Fair Value
	(In millions)	
Due in one year or less	$ 602	$ 600
Due after one year through five years	1,958	1,966
Due after five years through ten years	578	583
Due after ten years	1,185	1,161
Total	$ 4,323	$ 4,310

In the six months ended June 30, 2025, and 2024, maturities and redemptions of available-for-sale securities amounted to $654 million and $471 million, respectively, and sales amounted to $63 million and $35 million, respectively. Gross realized gains and losses from sales of available-for-sale securities are calculated under the specific identification method and are included in investment income. Gross realized investment gains were insignificant for the six months ended June 30, 2025 and 2024. Gross realized investment losses were insignificant for the six months ended June 30, 2025. Gross realized investment losses amounted to $3 million in the six months ended June 30, 2024, and were reclassified into earnings from other comprehensive income on a net-of-tax basis.

We have determined that unrealized losses at June 30, 2025, and December 31, 2024, primarily resulted from fluctuating interest rates, rather than a deterioration of the creditworthiness of the issuers. Further, as of June 30, 2025, we do not intend to sell, and it is not likely that we will be required to sell these investments prior to the recovery of their amortized cost basis. Therefore, we determined that an allowance for credit losses was not necessary.

The following table segregates those available-for-sale investments that have been in a continuous loss position for less than 12 months, and those that have been in a continuous loss position for 12 months or more as of June 30, 2025:

	In a Continuous Loss Position for Less than 12 Months			In a Continuous Loss Position for 12 Months or More		
	Estimated Fair Value	Unrealized Losses	Total Number of Positions	Estimated Fair Value	Unrealized Losses	Total Number of Positions
	(Dollars in millions)					
Corporate debt securities	$ 236	$ 2	28	$ 594	$ 13	286
Mortgage-backed securities	165	2	126	359	27	227
Asset-backed securities	—	—	—	107	3	53
Municipal securities	—	—	—	68	3	75
Other	—	—	—	15	1	16
Total	$ 401	$ 4	154	$ 1,143	$ 47	657

The following table segregates those available-for-sale investments that have been in a continuous loss position for less than 12 months, and those that have been in a continuous loss position for 12 months or more as of December 31, 2024:

	In a Continuous Loss Position for Less than 12 Months			In a Continuous Loss Position for 12 Months or More		
	Estimated Fair Value	Unrealized Losses	Total Number of Positions	Estimated Fair Value	Unrealized Losses	Total Number of Positions
	(Dollars in millions)					
Corporate debt securities	$ 811	$ 10	541	$ 935	$ 25	449
Mortgage-backed securities	271	5	197	406	36	244
Asset-backed securities	84	1	48	143	5	73
Municipal securities	38	1	27	95	4	89
Other	—	—	—	15	2	16
Total	$ 1,204	$ 17	813	$ 1,594	$ 72	871

Restricted Investments Held-to-Maturity

Pursuant to the regulations governing our state health plan subsidiaries, we maintain statutory deposits and deposits required by government authorities primarily in cash, cash equivalents, U.S. Treasury securities, and corporate debt securities. We also maintain restricted investments as protection against the insolvency of certain capitated providers. The use of these funds is limited as required by regulations in the various states in which we operate, or as needed in the event of insolvency of capitated providers. Therefore, such investments are reported as “Restricted investments” in the accompanying consolidated balance sheets.

We have the ability to hold these restricted investments until maturity and, as a result, we would not expect the value of these investments to decline significantly due to a sudden change in market interest rates. Our held-to-maturity restricted investments are carried at amortized cost, which approximates fair value. Such investments amounted to $291 million at June 30, 2025, of which $261 million will mature in one year or less, $25 million will mature in one through five years, and $5 million will mature after five years.

7. Medical Claims and Benefits Payable

The following tables present the components of the change in our medical claims and benefits payable for the periods indicated. The amounts presented for “Components of medical care costs related to: Prior years” represent the amount by which our original estimate of medical claims and benefits payable at the beginning of the year varied from the actual liabilities, based on information (principally the payment of claims) developed since those liabilities were first reported.

	Six Months Ended June 30, 2025				
	Medicaid	Medicare	Marketplace	Other	Consolidated
			(In millions)		
Medical claims and benefits payable, beginning balance	$ 3,667	$ 722	$ 251	$ —	$ 4,640
Components of medical care costs related to:					
Current year	14,833	2,813	1,815	48	19,509
Prior years	(162)	(70)	31	—	(201)
Total medical care costs	14,671	2,743	1,846	48	19,308
Payments for medical care costs related to:					
Current year	11,981	2,203	1,465	51	15,700
Prior years	2,978	641	284	15	3,918
Total paid	14,959	2,844	1,749	66	19,618
Acquired balances, net of post-acquisition adjustments	—	128	125	42	295
Change in non-risk and other payables	260	—	—	—	260
Medical claims and benefits payable, ending balance	$ 3,639	$ 749	$ 473	$ 24	$ 4,885

	Six Months Ended June 30, 2024				
	Medicaid	Medicare	Marketplace	Other	Consolidated
			(In millions)		
Medical claims and benefits payable, beginning balance	$ 3,444	$ 532	$ 228	$ —	$ 4,204
Components of medical care costs related to:					
Current year	13,870	2,555	876	—	17,301
Prior years	(458)	(52)	(9)	—	(519)
Total medical care costs	13,412	2,503	867	—	16,782
Payments for medical care costs related to:					
Current year	10,931	1,877	621	—	13,429
Prior years	2,237	728	196	—	3,161
Total paid	13,168	2,605	817	—	16,590
Acquired balances, net of post-acquisition adjustments	—	421	—	—	421
Change in non-risk and other payables	(177)	(63)	—	—	(240)
Medical claims and benefits payable, ending balance	$ 3,511	$ 788	$ 278	$ —	$ 4,577

Incurred but not paid (“IBNP”) plus expected development on reported claims as of June 30, 2025 was $3,036 million. IBNP includes the costs of claims incurred as of the balance sheet date which have been reported to us, and our best estimate of the cost of claims incurred but not yet reported to us. Our estimates of medical claims and benefits payable recorded at December 31, 2024, and 2023 developed favorably by approximately $201 million and $519 million as of June 30, 2025, and 2024, respectively.

The favorable prior year development recognized in the six months ended June 30, 2025 was primarily attributable to reserving under moderately adverse conditions, lower than expected utilization of medical services by our members and improved operating performance, mainly in the Medicaid segment. Consequently, the ultimate costs recognized in 2025, as claims payments were processed, were lower than our estimates in 2024.

8. Debt

The following table summarizes our outstanding debt obligations, all of which are non-current as of the dates reported below:

	June 30, 2025	December 31, 2024
	(In millions)	
Non-current long-term debt:		
4.375% Notes due 2028	$ 800	$ 800
3.875% Notes due 2030	650	650
3.875% Notes due 2032	750	750
6.250% Notes due 2033	750	750
Term Loan	450	—
Deferred debt issuance costs	(25)	(27)
Total	$ 3,375	$ 2,923

Credit Agreement

On February 19, 2025, we entered into a Third Amendment to our credit agreement (the "Amended Credit Agreement") which reflects the establishment of a delayed draw commitment ("Term Loan") in an aggregate principal amount of $500 million. The Term Loan matures on February 19, 2027. The Amended Credit Agreement also includes a revolving credit facility ("Credit Facility") of $1.25 billion, among other provisions. The Amended Credit Agreement has a term of five years, and all amounts outstanding (other than the Term Loan) will be due and payable on September 20, 2029. Borrowings under the Amended Credit Agreement bear interest based, at our election, on a base rate or other defined rate, plus in each case, the applicable margin. In addition to interest payable on the principal amount of indebtedness outstanding from time to time under the Amended Credit Agreement, we are required to pay a quarterly commitment fee. We have other relationships, including financial advisory and banking, with some parties to the Amended Credit Agreement.

The Amended Credit Agreement contains customary non-financial and financial covenants. As of June 30, 2025, we were in compliance with all financial and non-financial covenants under the Amended Credit Agreement.

In the six months ended June 30, 2025, we borrowed $500 million under the Term Loan and $150 million under the Credit Facility. In the six months ended June 30, 2025, we repaid $50 million under the Term Loan and $150 million under the Credit Facility. As of June 30, 2025, no amount was outstanding under the Credit Facility and $450 million was outstanding under the Term Loan.

Senior Notes

Our senior notes are described below. Each of these notes are senior unsecured obligations of the parent corporation, Molina Healthcare, Inc., and rank equally in right of payment with all existing and future senior debt, and senior to all existing and future subordinated debt of Molina Healthcare, Inc. In addition, each of the indentures governing the senior notes contain customary non-financial covenants and change of control provisions. As of June 30, 2025, we were in compliance with all non-financial covenants in the indentures governing the senior notes.

The indentures governing the senior notes contain cross-default provisions that are triggered upon default by us or any of our subsidiaries on any indebtedness in excess of the amount specified in the applicable indenture.

4.375% Notes due 2028. We have $800 million aggregate principal amount of senior notes (the "4.375% Notes") outstanding as of June 30, 2025, which are due June 15, 2028, unless earlier redeemed. Interest, at a rate of 4.375% per annum, is payable semiannually in arrears on June 15 and December 15.

3.875% Notes due 2030. We have $650 million aggregate principal amount of senior notes (the "3.875% Notes due 2030") outstanding as of June 30, 2025, which are due November 15, 2030, unless earlier redeemed. Interest, at a rate of 3.875% per annum, is payable semiannually in arrears on May 15 and November 15.

3.875% Notes due 2032. We have $750 million aggregate principal amount of senior notes (the "3.875% Notes due 2032") outstanding as of June 30, 2025, which are due May 15, 2032, unless earlier redeemed. Interest, at a rate of 3.875% per annum, is payable semiannually in arrears on May 15 and November 15.

6.250% Notes due 2033. We have $750 million aggregate principal amount of senior notes (the “6.250% Notes due 2033”) outstanding as of June 30, 2025, which are due January 15, 2033, unless earlier redeemed. Interest, at a rate of 6.250% per annum, is payable semiannually in arrears on January 15 and July 15.

9. Stockholders' Equity

In October 2024, our board of directors authorized the purchase of up to $1 billion of our common stock. This program had superseded the stock purchase program previously approved by our board of directors in September 2023. Under this program, pursuant to a Rule 10b5-1 trading plan, we purchased approximately 1,679,000 shares for $500 million in the first quarter of 2025 (average cost of $297.83 per share). These first quarter purchases exhausted the funds available under the board’s October 2024 $1 billion repurchase authorization.

We have accrued a stock repurchase excise tax of $13 million related to the current and prior year share repurchase programs as of June 30, 2025, located in “Accounts payable, accrued liabilities and other” and “Additional paid-in capital” in the accompanying consolidated balance sheets.

In April 2025, our board of directors newly authorized the purchase of up to an additional $1 billion of our common stock. This new program extends through December 31, 2026. In consultation with the Finance Committee of the Board, the exact timing and amount of any share repurchases shall be determined by management based on market conditions and share price, in addition to other factors, and subject to the restrictions relating to volume, price, and timing under applicable law. No shares have been repurchased to date under this new program.

10. Segments

We currently have four reportable segments consisting of: 1) Medicaid; 2) Medicare; 3) Marketplace; and 4) Other. Our reportable segments are consistent with how we currently manage the business and view the markets we serve.

The Medicaid, Medicare, and Marketplace segments represent the government-funded or sponsored programs under which we offer managed healthcare services. The Other segment, which is insignificant to our consolidated results of operations, includes long-term services and supports consultative services in Wisconsin and the commercial portion of the business acquired in connection with the ConnectiCare transaction that closed effective February 1, 2025.

The key metrics used to assess the performance of our segments are revenue, margin and medical care ratio (“MCR”). MCR represents the amount of medical care costs as a percentage of premium revenue. Therefore, the underlying margin, or the amount earned by the segments after medical or service costs are deducted from revenue, represents the most important measure of earnings reviewed by management, and is used by our chief executive officer, who is our chief operating decision maker, to review results, assess performance, and allocate resources. Such oversight and decision making includes, among others, pricing, approving capital expenditures, and identifying growth opportunities. We do not report total assets by segment since this is not a metric used to assess segment performance or allocate resources.

	Three Months Ended June 30, 2025				
	Medicaid	Medicare	Marketplace	Other	Total
			(In millions)		
Revenue:					
Premium revenue	$ 8,029	$ 1,608	$ 1,200	$ 31	$ 10,868
Service revenue	—	—	—	22	22
Revenue from external customers	8,029	1,608	1,200	53	10,890
Other operating revenues (1)					537
Total revenue					11,427
Operating Expenses:					
Medical care costs	7,332	1,447	1,025	25	9,829
Cost of service revenue	—	—	—	19	19
Segment expenses	7,332	1,447	1,025	44	9,848
Other operating expenses (2)					1,206
Operating income					373
Less: interest expense					48
Income before income tax expense					$ 325
Segment Margin:					
Medical margin	$ 697	$ 161	$ 175	$ 6	$ 1,039
Service margin	—	—	—	3	3

	Three Months Ended June 30, 2024				
	Medicaid	Medicare	Marketplace	Other	Total
			(In millions)		
Revenue:					
Premium revenue	$ 7,378	$ 1,441	$ 627	$ —	$ 9,446
Service revenue	—	—	—	20	20
Revenue from external customers	7,378	1,441	627	20	9,466
Other operating revenues (1)					414
Total revenue					9,880
Operating Expenses:					
Medical care costs	6,695	1,224	449	—	8,368
Cost of service revenue	—	—	—	18	18
Segment expenses	6,695	1,224	449	18	8,386
Other operating expenses (2)					1,060
Operating income					434
Less: interest expense					28
Income before income tax expense					$ 406
Segment Margin:					
Medical margin	$ 683	$ 217	$ 178	$ —	$ 1,078
Service margin	—	—	—	2	2

	Six Months Ended June 30, 2025									
	Medicaid		Medicare		Marketplace		Other		Total	
					(In millions)					
Revenue:										
Premium revenue	$	16,159	$	3,076	$	2,204	$	57	$	21,496
Service revenue		—		—		—		44		44
Revenue from external customers		16,159		3,076		2,204		101		21,540
Other operating revenues [1]										1,034
Total revenue										22,574
Operating Expenses:										
Medical care costs		14,671		2,743		1,846		48		19,308
Cost of service revenue		—		—		—		38		38
Segment expenses		14,671		2,743		1,846		86		19,346
Other operating expenses [2]										2,422
Operating income										806
Less: interest expense										91
Income before income tax expense									$	715
Segment Margin:										
Medical margin	$	1,488	$	333	$	358	$	9	$	2,188
Service margin		—		—		—		6		6

	Six Months Ended June 30, 2024									
	Medicaid		Medicare		Marketplace		Other		Total	
					(In millions)					
Revenue:										
Premium revenue	$	14,870	$	2,883	$	1,197	$	—	$	18,950
Service revenue		—		—		—		40		40
Revenue from external customers		14,870		2,883		1,197		40		18,990
Other operating revenues [1]										821
Total revenue										19,811
Operating Expenses:										
Medical care costs		13,412		2,503		867		—		16,782
Cost of service revenue		—		—		—		36		36
Segment expenses		13,412		2,503		867		36		16,818
Other operating expenses [2]										2,133
Operating income										860
Less: interest expense										55
Income before income tax expense									$	805
Segment Margin:										
Medical margin	$	1,458	$	380	$	330	$	—	$	2,168
Service margin		—		—		—		4		4

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(1) Other operating revenues include premium tax revenue, investment income, and certain other revenue.

(2) Other operating expenses include general and administrative expenses, premium tax expenses, depreciation and amortization, and certain other operating expenses.

11. Commitments and Contingencies

Legal Proceedings

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments, as well as various contractual provisions, governing our operations. Compliance with these laws, regulations, and contractual provisions can be subject to government audit, review, and interpretation, as well as regulatory actions. Penalties associated with violations of these laws, regulations, and contractual provisions can include significant fines and penalties, temporary or permanent exclusion from participating in publicly funded programs, a limitation on our ability to market or sell products, the repayment of previously billed and collected revenues, and reputational damage.

We are involved in legal actions in the ordinary course of business including, but not limited to, various employment claims, vendor disputes, and provider claims. Some of these legal actions seek monetary damages, including claims for punitive damages, which may not be covered by insurance. We review legal matters and update our estimates, or range of estimates, of reasonably possible and estimable losses and related disclosures, as necessary. We have accrued liabilities for legal matters for which we deem the loss to be both probable and reasonably estimable. These liability estimates could change as a result of further developments. The outcome of these legal actions are inherently uncertain. An adverse determination in one or more of these pending matters could have a material adverse effect on our consolidated financial position, results of operations, or cash flows.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this "Form 10-Q") contains forward-looking statements. We intend such forward-looking statements to be covered under the safe harbor provisions for forward-looking statements contained in 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. Many of the forward-looking statements are located under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations." Forward-looking statements provide current expectations of future events based on certain assumptions, and all statements other than statements of historical fact contained in this Form 10-Q may be forward-looking statements. In some cases, you can identify forward-looking statements by words such as "guidance," "future," "anticipates," "believes," "embedded," "estimates," "expects," "growth," "intends," "plans," "predicts," "projects," "will," "would," "could," "can," "may," or the negative of these terms or other similar expressions. Forward-looking statements contained in this Form 10-Q include, but are not limited to, statements regarding our future results of operations and financial position, industry and business trends, legislative and regulatory developments and their potential impact, business strategy, strategic transactions and commercial arrangements, membership, medical cost and market trends and our objectives for future operations. Readers are cautioned not to place undue reliance on any forward-looking statements, as forward-looking statements are not guarantees of future performance and the Company's actual results may differ significantly due to numerous known and unknown risks and uncertainties.

Those known risks and uncertainties include, but are not limited to, the risk factors identified in the section titled "Risk Factors" in our 2024 Annual Report on Form 10-K, including without limitation risks related to the following matters:

- *the implementation in 2025 of Medicaid rate adjustments and updates that are not commensurate with the current medical cost trends in our states and the health acuity levels of our members;*
- *federal or state legislative or regulatory changes, or changes through executive orders, to the Medicaid, Medicare, or Marketplace programs, including potential reductions in Medicaid funding, changes to the federal matching percentage paid to states for either the Medicaid expansion or general population, block grants or per capita caps, work requirements, the reduction or elimination of provider taxes, the non-renewal of Marketplace subsidies, or the implementation of new program integrity rules, insufficient Medicare Advantage rate adjustments, or amendments of the Affordable Care Act ("ACA");*
- *budget pressures on state governments and states' efforts to reduce rates or limit rate increases;*
- *evolving Marketplace dynamics including issues impacting enrollment, special enrollment periods, member choice, premium subsidies, risk adjustment estimates and results, Marketplace plan insolvencies or receiverships, and the potential for disproportionate enrollment of higher acuity members;*
- *the success of our efforts to retain existing or awarded government contracts, the success of our bid submissions in response to requests for proposal, and our ability to identify merger and acquisition targets to support our continued growth over time at projected levels;*
- *the success of the scaling up of our operations in new states in connection with request for proposal wins, and the satisfaction of all readiness review requirements under the new Medicaid contracts;*
- *our ability to integrate our acquisitions and realize benefits as projected;*
- *subsequent adjustments to reported premium revenue based upon subsequent developments or new information, including retroactive Medicaid rate adjustments in a state or changes to estimated amounts payable or receivable related to Marketplace risk adjustment;*
- *effective management of our medical costs;*
- *our ability to predict with a reasonable degree of accuracy utilization rates;*
- *cyber-attacks, ransomware attacks, or other privacy or data security incidents involving either ourselves or our contracted vendors, that result in an inadvertent unauthorized disclosure of protected information or operational delays;*
- *the ability to manage our operations, including maintaining and creating adequate internal systems and controls relating to authorizations, approvals, provider payments, and the overall success of our care management initiatives;*
- *operational improvements, efficiencies, and cost savings that are less than anticipated, or that result in unforeseen consequences, from our investments in artificial intelligence ("AI") administrative tools and initiatives;*
- *the impact of our working in a remote work environment;*

- *our receipt of adequate premium rates to support increasing pharmacy costs, including costs associated with specialty drugs and costs resulting from formulary changes that allow the option of higher-priced non-generic drugs;*
- *the interpretation, implementation, and estimates of amounts owed for federal or state medical cost expenditure floors, administrative cost and profit ceilings, premium stabilization programs, profit-sharing arrangements, and risk adjustment provisions and requirements;*
- *the interpretation and implementation of at-risk premium rules and state contract performance requirements regarding the achievement of certain quality measures, and our ability to recognize revenue amounts associated therewith;*
- *the transition of Medicare-Medicaid pilot programs in California, Illinois, Michigan, Ohio, South Carolina, and Texas serving those dually eligible for both Medicare and Medicaid, the increasing integration of Medicare and Medicaid programmatic and compliance requirements, and the extension or incorporation of federal Medicare requirements developed by the Centers for Medicare and Medicaid Services ("CMS") into state-administered Medicaid programs;*
- *the accurate estimation of incurred but not reported or paid medical costs across our health plans;*
- *changes in our annual effective tax rate due to federal and/or state legislation, or changes in our mix of earnings and other factors;*
- *the efficient and effective operations of the vendors on whom our business relies;*
- *complications, member confusion, or enrollment backlogs related to the renewal of Medicaid coverage;*
- *fraud, waste and abuse matters, government audits, reviews, or investigations, comment letters, and any fine, sanction, enrollment freeze, debarment, corrective action plan, monitoring program, or premium recovery that may result therefrom;*
- *the success of our providers, including delegated providers, the adequacy of our provider networks, the successful maintenance of relations with our providers, and potential medical or pharmaceutical supply shortfalls suffered by our providers incidental to the implementation of tariffs;*
- *approval by state regulators of dividends and distributions by our health plan subsidiaries;*
- *high dollar claims related to catastrophic illness;*
- *the favorable resolution of litigation, arbitration, or administrative proceedings;*
- *the greater scale and revenues of our health plans in California, New York, Texas, and Washington, and risks related to the concentration of our business in those states;*
- *the failure to comply with the financial or other covenants in the Amended Credit Agreement (as defined below) or the indentures governing our outstanding senior notes;*
- *the availability of adequate financing on acceptable terms to fund and capitalize our expansion and growth, and meet our general liquidity needs;*
- *the failure of a state in which we operate to renew its federal Medicaid waiver;*
- *risks associated with vaccine hesitancy and the potential for a new epidemic or pandemic, including risks presented by the H5N1 bird flu or the measles;*
- *changes generally affecting the managed care industry, including any new federal or state legislation that impacts the business space in which we operate;*
- *increases in government surcharges, taxes, and assessments;*
- *the impact of inflation on our medical costs and the cost of refinancing our outstanding indebtedness;*
- *the unexpected loss of the leadership of one or more of our senior executives; and*
- *increasing competition and consolidation in the Medicaid or general healthcare sector.*

Each of the terms "Molina Healthcare, Inc." "Molina Healthcare," "Company," "we," "our," and "us," as used herein, refers collectively to Molina Healthcare, Inc. and its wholly owned subsidiaries, unless otherwise stated. The forward-looking statements in this Form 10-Q are based upon information available to us as of the date of this Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. We qualify all of our forward-looking statements by these cautionary statements. These forward-looking statements speak only as of the date of this Form 10-Q. The Company assumes no obligation to revise or update any forward-looking statements for any reason, except as required by law.

This Form 10-Q and the following discussion of our financial condition and results of operations should be read in conjunction with the accompanying consolidated financial statements and the notes to those statements appearing elsewhere in this report, and the audited financial statements and Management's Discussion and Analysis appearing in our 2024 Annual Report on Form 10-K.

OVERVIEW

Molina Healthcare, Inc., a FORTUNE 500 company, provides managed healthcare services under the Medicaid and Medicare programs, and through the state insurance marketplaces (the “Marketplace”). We served approximately 5.7 million members as of June 30, 2025, located across 22 states.

SECOND QUARTER 2025 HIGHLIGHTS

We reported net income of $255 million, or $4.75 per diluted share, for the second quarter of 2025, which reflected the following:

- Membership of 5.7 million at June 30, 2025 increased 167,000, or 3.0%, compared with June 30, 2024, primarily due to the growth in the Marketplace segment, including the ConnectiCare acquisition, partially offset by the impact of a modest general contraction in Medicaid;
- Premium revenue of $10.9 billion, which increased 15% compared with the second quarter of 2024, and mainly reflects new contract wins, acquisitions, growth in our current footprint, and rate increases;
- Consolidated medical care ratio (“MCR”) of 90.4% compared with 88.6% for the second quarter of 2024, reflecting a very challenging medical cost trend environment for each of our segments, but moderated by our effective medical cost management;
- General and administrative expense (“G&A”) ratio of 6.2%, compared with 7.0% for the second quarter of 2024, reflecting reduced incentive compensation tied to lower expected performance, operating discipline and the continued benefit of fixed cost leverage as we grow our business; and
- Pre-tax margin of 2.8%.

CONSOLIDATED FINANCIAL SUMMARY

The following table summarizes our consolidated results of operations and other financial information for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In millions, except per-share amounts)			
Premium revenue	$ 10,868	$ 9,446	$ 21,496	$ 18,950
Less: medical care costs	9,829	8,368	19,308	16,782
Medical margin	1,039	1,078	2,188	2,168
MCR [(1)]	*90.4 %*	*88.6 %*	*89.8 %*	*88.6 %*
Other revenues:				
Premium tax revenue	431	298	819	595
Investment income	106	115	214	223
Other revenue	22	21	45	43
General and administrative expenses	711	691	1,485	1,402
G&A ratio [(2)]	*6.2 %*	*7.0 %*	*6.6 %*	*7.1 %*
Premium tax expenses	431	298	819	595
Depreciation and amortization	58	46	106	91
Other	25	43	50	81
Operating income	373	434	806	860
Interest expense	48	28	91	55
Income before income tax expense	325	406	715	805
Income tax expense	70	105	162	203
Net income	$ 255	$ 301	$ 553	$ 602
Net income per share – Diluted	$ 4.75	$ 5.17	$ 10.19	$ 10.33
Diluted weighted average shares outstanding	53.7	58.2	54.3	58.3
Other Key Statistics				
Ending Membership	5.7	5.6	5.7	5.6
Effective income tax rate	21.5 %	25.8 %	22.7 %	25.2 %
Pre-tax margin [(3)]	2.8 %	4.1 %	3.2 %	4.1 %

(1) MCR represents medical care costs as a percentage of premium revenue.
(2) G&A ratio represents general and administrative expenses as a percentage of total revenue.
(3) Pre-tax margin represents income before income tax expense as a percentage of total revenue.

CONSOLIDATED RESULTS

NET INCOME AND OPERATING INCOME

Net income in the second quarter of 2025 amounted to $255 million, or $4.75 per diluted share, compared with $301 million, or $5.17 per diluted share, in the second quarter of 2024. Net income in the six months ended June 30, 2025 amounted to $553 million, or $10.19 per diluted share, compared with $602 million, or $10.33 per diluted share, in the six months ended June 30, 2024.

The decline in net income in the second quarter of 2025 and six months ended June 30, 2025, when compared to the prior year, reflects a decline in operating income for both periods. The decrease in operating income was mainly attributable to an increase in the MCR, higher interest cost and lower investment income, partially offset by the benefit of higher membership and G&A expense efficiencies.

PREMIUM REVENUE

Premium revenue increased $1.4 billion, or 15%, in the second quarter of 2025, when compared with the second quarter of 2024, and increased $2.5 billion, or 13%, in the six months ended June 30, 2025, when compared with the six months ended June 30, 2024. The higher premium revenue reflects new contract wins, acquisitions, growth in our current footprint, and rate increases, partially offset by the impact of lower membership due to redeterminations that continued into the second half of 2024. See further discussion in “Reportable Segments—Segment Financial Performance,” below.

MEDICAL CARE RATIO

The consolidated MCR in the second quarter of 2025 increased to 90.4%, compared with 88.6% in the second quarter of 2024, or 180 basis points, and the consolidated MCR in the six months ended June 30, 2025 increased to 89.8%, compared with 88.6% MCR for the six months ended June 30, 2024, or 120 basis points. The increase in both periods reflects MCR increases in all our segments, reflecting a very challenging medical cost trend environment for each of our segments, but moderated by our consistently effective medical cost management. The consolidated MCR for the six months ended June 30, 2025 is above our long-term target range. See further discussion in “Reportable Segments—Segment Financial Performance,” below.

The impact of prior year reserve development in the six months ended June 30, 2025 was not significant, and its impact on earnings was mostly absorbed by minimum MLRs and medical cost corridors.

PREMIUM TAX REVENUE AND EXPENSES

The premium tax ratio (premium tax expense as a percentage of premium revenue plus premium tax revenue) was 3.8% and 3.1% for the second quarter of 2025 and 2024, respectively, and 3.7% and 3.0% for the six months ended June 30, 2025 and 2024, respectively. The current year ratio increases were mainly due to state mix changes in our Medicaid segment.

INVESTMENT INCOME

Investment income decreased to $106 million in the second quarter of 2025, compared with $115 million in the second quarter of 2024, and decreased to $214 million in the six months ended June 30, 2025, compared with $223 million in the six months ended June 30, 2024. The decrease was mainly attributable to a decline in interest rates, partially offset by an increase in average invested balances in each period.

OTHER REVENUE

Other revenue amounted to $22 million in the second quarter of 2025, compared with $21 million in the second quarter of 2024, and totaled $45 million in the six months ended June 30, 2025, compared with $43 million in the six months ended June 30, 2024. Other revenue mainly includes service revenue associated with long-term services and supports consultative services we provide in Wisconsin.

G&A EXPENSES

The G&A expense ratio was 6.2% in the second quarter of 2025, compared with 7.0% in the second quarter of 2024. The G&A expense ratio was 6.6% in the six months ended June 30, 2025, compared with 7.1% in the six months ended June 30, 2024. The change in G&A ratios reflects reduced incentive compensation tied to lower expected performance, operating discipline, and the continued benefit of operating leverage as we grow our business.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization was $58 million in the second quarter of 2025, compared with $46 million in the second quarter of 2024, and was $106 million in the six months ended June 30, 2025, compared with $91 million in the six months ended June 30, 2024. The increase is due to impacts from the ConnectiCare acquisition that closed in the first quarter of 2025.

OTHER OPERATING EXPENSES

Other operating expenses decreased by $18 million in the second quarter of 2025, compared with the second quarter of 2024, and decreased by $31 million in the six months ended June 30, 2025, compared with the six months ended June 30, 2024. These decreases reflect the impact of certain non-recurring costs associated with acquisitions, and costs for litigation incurred in 2024. Other operating expenses also include service costs associated with long-term services and supports consultative services we provide in Wisconsin, as noted above.

INTEREST EXPENSE

Interest expense was $48 million and $28 million in the second quarter of 2025 and 2024, respectively, and $91 million and $55 million for the six months ended June 30, 2025 and 2024, respectively. The increase is due to borrowings under the Credit Facility (as defined below) and the $500 million Term Loan issuance occurring in the first quarter of 2025 (as defined below), and the $750 million 6.250% Notes due 2033 that were issued in November 2024.

INCOME TAXES

Income tax expense amounted to $70 million in the second quarter of 2025, or 21.5% of pretax income, compared with income tax expense of $105 million, or 25.8% of pretax income, in the second quarter of 2024. Income tax expense amounted to $162 million in the six months ended June 30, 2025, or 22.7% of pretax income, compared with income tax expense of $203 million, or 25.2% of pretax income, in the six months ended June 30, 2024. The difference in the effective tax rate for both periods is due to an increase in tax benefits related to transferable federal tax credits, decreases in nondeductible expenses and state and local income taxes, and differences in discrete tax benefits recognized in the respective periods.

TRENDS AND UNCERTAINTIES

REGULATORY DEVELOPMENTS AND RELATED TRENDS

The President signed the One Big Beautiful Bill Act (“OBBBA”) into law in July 2025, which contains changes to the Medicaid and Marketplace programs. For Medicaid, the law requires states to establish work requirements, more frequent redeterminations, and cost sharing for the Expansion program over the period from 2027 to 2029, among other modifications. These changes are expected to reduce enrollment in state Medicaid programs, but the timing and magnitude of the reductions may vary by state depending on how quickly states implement the changes, as well as macroeconomic factors since some changes are subject to suspension in case of increases in local unemployment rates. We currently estimate the reduction in enrollment will be in the range of 15% to 20% on 1.3 million members in our expansion population, and any acuity shifts should be modest and gradual. An estimated two thirds of our expansion members already work in some capacity. The law also reduces revenues that states can raise through provider taxes to finance their share of Medicaid spending and limits payments to Medicaid providers to 100 percent of the mandated Medicare rate for Expansion states and 110 percent of the Medicare rate for non-Expansion states. These particular changes are scheduled to begin in 2028, and we expect may take 5 to 15 years to be fully implemented. Their impact is uncertain at this time and will depend on how states may adapt their future tax and Medicaid funding policies in response. Finally, the law also limits which legal aliens may be eligible for Marketplace premium tax credits (“PTCs”), and will require pre-enrollment eligibility verification in order for enrollees to receive PTCs. These changes are planned to be phased in over the period from 2026 to 2028 and are expected to reduce national Marketplace enrollment as well. The OBBBA also contains tax law changes affecting businesses, including modification of certain Tax Cuts & Jobs Act provisions. We are still evaluating, but do not expect the new law to have a material impact on our financial statements.

In June 2025, the Department of Health and Human Services (“HHS”) finalized the Marketplace Program Integrity and Affordability Rule. The rule, among other changes, shortens the open enrollment period (“OEP”) starting in 2027, eliminates the special enrollment period (“SEP”) for people with incomes at or below 150% federal poverty level, and tightens eligibility verification requirements for all enrollees. HHS expects the regulation to reduce Marketplace enrollment in 2026 predominantly in states that did not expand Medicaid. Its long term impacts are uncertain as many of the provisions sunset at the end of 2026 and some do not apply to state-based Marketplaces.

OTHER RECENT DEVELOPMENTS

RFPs and Acquisitions

Mississippi Procurement—Medicaid. Our new contract with the Mississippi Division of Medicaid commenced on July 1, 2025.

Nevada Procurement—Medicaid. In March 2025, the Nevada Department of Health and Human Services Division of Health Care Policy and Financing issued a notice of intent to award Medicaid and Children’s Health Insurance Program managed care contracts to our Nevada health plan. The new contract will cover Urban Clark and Urban

Washoe. The new contract is expected to begin on January 1, 2026 and run through December 31, 2030, with one two-year extension.

Illinois Procurement—Medicare. In March 2025, the Illinois Department of Healthcare and Family Services awarded a contract to provide a Fully Integrated Dual Eligible Special Needs Plan to our Illinois health plan. This contract will replace the state's Medicare-Medicaid Alignment Initiative demonstration program. The go-live date for the new contract is expected to be January 1, 2026. The contract is expected to have an initial term of four years, with the option to extend the contract from the initial term so long as the total contract term does not exceed ten years.

Connecticut Acquisition—Marketplace and Medicare. Effective February 1, 2025, we closed on our acquisition of ConnectiCare Holding Company, Inc. ("ConnectiCare"), a wholly owned subsidiary of EmblemHealth, Inc. ConnectiCare is a leading health plan in the state of Connecticut serving approximately 140,000 members across Marketplace, Medicare, and certain commercial products. The purchase price for the transaction was $350 million.

Florida Procurement—Medicaid. In July 2024, we were notified that the Florida Agency for Healthcare Administration awarded a Medicaid managed care contract to our Florida health plan. The contract commenced on February 1, 2025 and will run through December 31, 2030.

Wisconsin Procurement—Medicaid. In May 2024, the Wisconsin Department of Health Services awarded a contract to provide services under the Family Care and Family Care Partnership program in its Geographic Service Region 5 to our Wisconsin health plan. The contract commenced on January 1, 2025, and is expected to have a duration of two years, with an option for three two-year extensions.

Virginia Procurement—Medicaid. In April 2024, the Virginia Department of Medical Assistance Services ("DMAS") issued a notice of intent to award which did not include our Virginia health plan as an awardee for its Cardinal Care Managed Care ("CCMC") 2.0 procurement. We exercised our right to protest that decision, but DMAS upheld its issued notice of intent to award. We filed a legal action in Virginia Circuit Court over DMAS's decision not to award a CCMC 2.0 contract to our Virginia health plan, but we withdrew such action in May 2025. As result, our contracts with DMAS terminated effective June 30, 2025.

REPORTABLE SEGMENTS

As of June 30, 2025, we served approximately 5.7 million members eligible for Medicaid, Medicare, and other government-sponsored healthcare programs for low-income families and individuals, including Marketplace members, most of whom receive government premium subsidies.

We currently have four reportable segments consisting of: 1) Medicaid; 2) Medicare; 3) Marketplace; and 4) Other.

The Medicaid, Medicare, and Marketplace segments represent the government-funded or sponsored programs under which we offer managed healthcare services. The Other segment, which is insignificant to our consolidated results of operations, includes long-term services and supports consultative services in Wisconsin and the commercial portion of the business acquired in connection with the ConnectiCare transaction that closed effective February 1, 2025.

HOW WE ASSESS PERFORMANCE

We derive our revenues primarily from health insurance premiums. Our primary customers are state Medicaid agencies and the federal government.

The key metrics used to assess the performance of our segments are revenue, margin and medical care ratio ("MCR"). MCR represents the amount of medical care costs as a percentage of premium revenue. Therefore, the underlying margin, or the amount earned by the segments after medical or service costs are deducted from revenue, represents the most important measure of earnings reviewed by management, and is used by our chief executive officer, who is our chief operating decision maker, to review results, assess performance, and allocate resources. Such oversight and decision making includes, among others, pricing, approving capital expenditures, and identifying growth opportunities. We do not report total assets by segment since this is not a metric used to assess segment performance or allocate resources.

Management's discussion and analysis of the change in medical margin is discussed below under "Segment Financial Performance." For more information, see Notes to Consolidated Financial Statements, Note 10, "Segments."

SEGMENT MEMBERSHIP

The following table sets forth our membership by segment as of the dates indicated:

	June 30, 2025	December 31, 2024	June 30, 2024
Medicaid	4,774,000	4,890,000	4,942,000
Medicare	267,000	242,000	251,000
Marketplace	690,000	403,000	386,000
Other	15,000	—	—
Total	5,746,000	5,535,000	5,579,000

SEGMENT FINANCIAL PERFORMANCE

The following tables summarize premium revenue, medical margin, and MCR by segment for the periods indicated (dollars in millions):

	Three Months Ended June 30,					
	2025			2024		
	Premium Revenue	Medical Margin	MCR	Premium Revenue	Medical Margin	MCR
Medicaid	$ 8,029	$ 697	91.3 %	$ 7,378	$ 683	90.8 %
Medicare	1,608	161	90.0	1,441	217	84.9
Marketplace	1,200	175	85.4	627	178	71.6
Other	31	6	82.7	—	—	—
Total	$ 10,868	$ 1,039	90.4 %	$ 9,446	$ 1,078	88.6 %

	Six Months Ended June 30,					
	2025			2024		
	Premium Revenue	Medical Margin	MCR	Premium Revenue	Medical Margin	MCR
Medicaid	$ 16,159	$ 1,488	90.8 %	$ 14,870	$ 1,458	90.2 %
Medicare	3,076	333	89.2	2,883	380	86.8
Marketplace	2,204	358	83.7	1,197	330	72.4
Other	57	9	85.0	—	—	—
Total	$ 21,496	$ 2,188	89.8 %	$ 18,950	$ 2,168	88.6 %

Medicaid

Medicaid premium revenue increased $651 million, or 9%, in the second quarter of 2025, when compared with the second quarter of 2024. Medicaid premium revenue increased $1.3 billion, or 9%, in the six months ended June 30, 2025, when compared with the six months ended June 30, 2024. The increase for both periods was mainly due to revenue from the new contract win in New Mexico, which commenced in July 2024, expansions in Texas, which commenced in September 2024, and premium rate increases, which were partially offset by the impact of lower membership due to redeterminations that continued into the second half of 2024. Also contributing to the overall premium revenue increase is a lower impact of minimum MLRs and medical cost corridors in the second quarter of 2025 and six months ended June 30, 2025, when compared to the prior year.

The medical margin in our Medicaid program increased $14 million, or 2%, in the second quarter of 2025 when compared with the second quarter of 2024, and increased $30 million, or 2%, in the six months ended June 30, 2025 when compared with the six months ended June 30, 2024. The change was driven by the increased premium revenues discussed above, partially offset by an increase in the MCR, as described below.

The Medicaid MCR increased 50 basis points to 91.3% in the second quarter of 2025, from 90.8% in the second quarter of 2024, and increased 60 basis points to 90.8% in the six months ended June 30, 2025, from 90.2% in the six months ended June 30, 2024. The increase in both periods was driven by higher than expected medical costs from acuity shifts, changes in product mix and an increase in utilization among our continuing population from the second half of 2024 that has continued into 2025, including high-cost drugs and behavioral health services, as well as broader utilization pressure in inpatient and outpatient settings, partially offset by premium rate increases. The Medicaid MCR for the second quarter of 2025 is above our long-term target range.

Medicare

Medicare premium revenue increased $167 million, or 12%, in the second quarter of 2025 compared to the second quarter of 2024, and increased $193 million, or 7%, in the six months ended June 30, 2025 compared to the six months ended June 30, 2024. The increase primarily reflects membership growth associated with the ConnectiCare acquisition, partially offset by the impact of our exit from MAPD in thirteen states in 2025.

The medical margin for Medicare decreased $56 million in the second quarter of 2025, and decreased $47 million in the six months ended June 30, 2025, when compared to the same periods in 2024. The decrease in both periods was mainly due to the increase in MCR discussed below, partially offset by the year-over-year increase in premium revenues discussed above.

The Medicare MCR increased to 90.0% in the second quarter of 2025, or 510 basis points, compared to the second quarter of 2024, and increased to 89.2% in the six months ended June 30, 2025, or 240 basis points, compared to the six months ended June 30, 2024. The increase in each period resulted mainly from higher-than-expected utilization among our high-acuity member populations, particularly for LTSS benefits and high-cost pharmacy drugs, partially offset by pricing and benefit adjustments implemented for 2025 and the exit from MAPD in thirteen states. The Medicare MCR for the second quarter of 2025 is above our long-term target range.

Marketplace

Marketplace premium revenue increased $573 million in the second quarter of 2025 compared to the second quarter of 2024, and increased $1.0 billion in the six months ended June 30, 2025 compared to the six months ended June 30, 2024, due to an expected increase in membership in line with our product and pricing strategy to achieve growth, membership growth associated with the ConnectiCare acquisition, and the impact of membership gained from redeterminations in 2024. Our Marketplace membership as of June 30, 2025, amounted to 690,000 members, representing an increase of 304,000 members compared to June 30, 2024.

The Marketplace medical margin decreased $3 million in the second quarter of 2025 when compared with the second quarter of 2024, and increased $28 million in the six months ended June 30, 2025 when compared with the six months ended June 30, 2024. The changes in each period were impacted by the growth in premiums and margin associated with the higher membership, and the impact of MCR changes discussed below.

The Marketplace MCR increased to 85.4% in the second quarter of 2025, or 1,380 basis points, compared to 71.6% in the second quarter of 2024, and increased to 83.7% in the six months ended June 30, 2025, or 1,130 basis points, compared to 72.4% in the six months ended June 30, 2024. The increase in MCR for both periods was higher than expected, reflecting higher utilization relative to the risk adjustment revenue that we priced for among our continuing population and Special Enrollment Period members, prior year member reconciliations, and the impact of higher initial MCRs related to the ConnectiCare acquisition. Market indicators suggest that the overall risk pool is also significantly elevated.

Other

The Other segment includes service revenues and costs associated with long-term services and supports consultative services we provide in Wisconsin, the commercial portion of the business acquired in connection with the ConnectiCare transaction that closed effective February 1, 2025, and certain corporate amounts not allocated to the Medicaid, Medicare, or Marketplace segments. Such amounts were immaterial to our consolidated results of operations for the three and six months ended June 30, 2025 and 2024.

LIQUIDITY, FINANCIAL CONDITION AND CAPITAL RESOURCES

LIQUIDITY

We manage our cash, investments, and capital structure to meet the short- and long-term obligations of our business while maintaining liquidity and financial flexibility. We forecast, analyze, and monitor our cash flows to enable prudent investment management and financing within the confines of our financial strategy.

We maintain liquidity at two levels: 1) the regulated health plan subsidiaries; and 2) the parent company.

Our regulated health plan subsidiaries’ primary liquidity requirements include payment of medical claims and other health care services; payment of certain settlements with our state and federal customers, such as minimum medical loss ratio and risk corridors and Marketplace risk transfers on behalf of CMS; general and administrative costs directly incurred or paid through an administrative services agreement to the parent company; and federal tax payments to the parent company under an intercompany tax sharing agreement. Our regulated health plan subsidiaries meet their liquidity needs by generating cash flows from operating activities, primarily from premium revenue; cash flows from investing activities, including investment income and sales of investments; and capital contributions received from our parent company.

Our regulated health plan subsidiaries are each subject to applicable state regulations that, among other things, require the maintenance of minimum levels of capital and surplus. We continue to maintain levels of aggregate excess statutory capital and surplus in our regulated health plan subsidiaries that we believe are appropriate. See further discussion under “Regulatory Capital and Dividend Restrictions” below. When available and as permitted by applicable regulations, cash in excess of the capital needs of our regulated health plan subsidiaries is generally paid in the form of dividends to our parent company to be used for general corporate purposes. In the three and six months ended June 30, 2025, the parent company received $260 million and $370 million, respectively, in dividends and return of capital from the regulated health plan subsidiaries. See further discussion of dividends below in “Future Sources and Uses of Liquidity—Future Sources.”

Parent company liquidity requirements generally consist of payment of administrative costs not directly incurred by our regulated operations, including, but not limited to, staffing costs, lease payments, branding and certain information technology services; capital contributions paid to our regulated health plan subsidiaries, including funding for newer health plans; capital expenditures; debt service; funding for common stock purchases, acquisitions and other growth-related activities; and federal tax payments. In the three and six months ended June 30, 2025, the parent company contributed capital in the aggregate amount of $90 million and $129 million, respectively, to our regulated health plan subsidiaries to satisfy statutory capital and surplus requirements and to fund our Connecticut health plans acquired in the ConnectiCare acquisition and our New Mexico health plan. Our parent company normally meets its liquidity requirements from administrative services fees earned under administrative services agreements; dividends received from our regulated subsidiaries; federal tax payments collected from the regulated subsidiaries; proceeds received from the issuance of debt and equity securities; and cash flows from investing activities, including investment income and sales of investments.

Cash, cash equivalents and investments at the parent company amounted to approximately $100 million and $445 million as of June 30, 2025, and December 31, 2024, respectively. The decrease for the six months ended June 30, 2025 was primarily due to the purchase of approximately 1.7 million shares of our stock for $500 million in the first quarter of 2025, funding the ConnectiCare transaction for $350 million, and capital contributions to regulated health plan subsidiaries, partially offset by the timing of corporate payments, dividends received from regulated health plan subsidiaries and $450 million from net borrowing activity under the Credit Facility and Term Loan.

Investments

After considering expected cash flows from operating activities, we generally invest cash of regulated subsidiaries that exceeds our expected short-term obligations in longer term, investment-grade, and marketable debt securities to improve our overall investment return. These investments are made pursuant to board-approved investment policies which conform to applicable state laws and regulations.

Our investment policies are designed to provide liquidity, preserve capital, and maximize total return on invested assets, all in a manner consistent with state requirements that prescribe the types of instruments in which our subsidiaries may invest. These investment policies require that our investments have final maturities of less than 15 years, or less than 15 years average life for structured securities. Professional portfolio managers operating under documented guidelines manage our investments and a portion of our cash equivalents. Our portfolio managers must obtain our prior approval before selling investments where the loss position of those investments exceeds certain levels.

The overall rating of our portfolio is AA-. Our investment policy has directives in conjunction with state guidelines to minimize risks and exposures in volatile markets. Additionally, our portfolio managers assist us in navigating the current volatility in the capital markets.

Our restricted investments are invested principally in cash, cash equivalents, U.S. Treasury securities, and corporate debt securities; we have the ability to hold such restricted investments until maturity. All of our unrestricted investments are classified as current assets.

Cash Flow Activities

Our cash flows are summarized as follows:

	Six Months Ended June 30,		
	2025	2024	Change
		(In millions)	
Net cash used in operating activities	$ (112)	$ (5)	$ (107)
Net cash provided by (used in) investing activities	5	(435)	440
Net cash used in financing activities	(42)	(50)	8
Net decrease in cash, cash equivalents, and restricted cash and cash equivalents	$ (149)	$ (490)	$ 341

Operating Activities

We typically receive capitation payments monthly, in advance of payments for medical claims; however, government payors may adjust their payment schedules, positively or negatively impacting our reported cash flows from operating activities in any given period. For example, government payors may delay our premium payments, or they may prepay the following month's premium payment.

Net cash used in operations for the six months ended June 30, 2025 was $112 million, compared with $5 million in the six months ended June 30, 2024. The change in cash flow mainly results from timing differences in settlement of government agency receivables and payables, including minimum MLR and medical cost corridor settlements.

Investing Activities

Net cash provided by investing activities was $5 million in the six months ended June 30, 2025, compared with $435 million used in the six months ended June 30, 2024, an increase in cash flow of $440 million. This change in cash flow reflects the net impact of proceeds and purchases of investments, which amounted to net proceeds of $296 million in the six months ended June 30, 2025 and net purchases of $88 million in the six months ended June 30, 2024. Net cash used in business combinations amounted to $245 million in the six months ended June 30, 2025, related to the ConnectiCare acquisition, compared to $295 million in net cash used in the six months ended June 30, 2024, related to the Bright acquisition.

Financing Activities

Net cash used in financing activities was $42 million in the six months ended June 30, 2025, compared with $50 million used in the six months ended June 30, 2024, an increase in cash flow of $8 million. In the six months ended June 30, 2025, financing activity included common stock purchases of $500 million and $650 million in combined borrowings under the Credit Facility and Term Loan, partially offset by $200 million in repayment under the Credit Facility and Term Loan. In addition, in the six months ended June 30, 2025 and 2024, financing cash outflows included $36 million and $56 million, respectively, for common stock withheld to settle employee tax obligations.

FINANCIAL CONDITION

We believe that our cash resources, borrowing capacity available under our Amended Credit Agreement as discussed further below in "Future Sources and Uses of Liquidity—Future Sources," and internally generated funds will be sufficient to support our operations, regulatory requirements, debt repayment obligations and capital expenditures for at least the next 12 months.

Our working capital on a consolidated basis was $5.2 billion at June 30, 2025, compared with $4.9 billion at December 31, 2024. At June 30, 2025, our cash and investments amounted to $9.1 billion, compared with $9.3 billion at December 31, 2024. A significant portion of our portfolio is held in cash and cash equivalents, and we do not anticipate the fluctuations in the aggregate fair value of our financial assets to have a material impact on our liquidity or capital position since we intend to hold our securities to maturity. Net unrealized losses on our investments classified as current and available for sale decreased to $13 million at June 30, 2025 compared to $75 million at December 31, 2024. We have determined that the unrealized losses primarily resulted from fluctuating interest rates, rather than a deterioration of the creditworthiness of the issuers.

Because of the statutory restrictions that inhibit the ability of our health plan subsidiaries to transfer net assets to us, the amount of retained earnings readily available to pay dividends to our stockholders is generally limited to cash, cash equivalents and investments held by our unregulated parent. For more information, see the "Liquidity" discussion presented above.

Regulatory Capital and Dividend Restrictions

Each of our regulated, wholly owned subsidiaries must maintain a minimum amount of statutory capital determined by statute or regulations. Such statutes, regulations and capital requirements also restrict the timing, payment and amount of dividends and other distributions, loans or advances that may be paid to us as the sole stockholder. To the extent our subsidiaries must comply with these regulations, they may not have the financial flexibility to transfer funds to us. Based upon current statutes and regulations, the minimum capital and surplus requirement for these subsidiaries was estimated to be approximately $3.0 billion at June 30, 2025 and $2.6 billion at December 31, 2024. The aggregate capital and surplus of our wholly owned subsidiaries was in excess of these minimum capital requirements as of both dates.

Under applicable regulatory requirements, the amount of dividends that may be paid by our wholly owned subsidiaries without prior approval by regulatory authorities as of June 30, 2025, was approximately $430 million in the aggregate. The subsidiaries may pay dividends over this amount, but only after approval is granted by the regulatory authorities.

Based on our cash and investments balances as of June 30, 2025, management believes that our regulated, wholly owned subsidiaries remain well capitalized and exceed their regulatory minimum requirements. We have the ability, and have committed to provide, additional capital to each of our health plans as necessary to ensure compliance with minimum statutory capital requirements.

Debt Ratings

Each of our senior notes is rated “BB” by Standard & Poor’s, and “Ba2” by Moody’s Investor Service, Inc. A downgrade in our ratings could adversely affect our borrowing capacity and increase our borrowing costs.

Financial Covenants

Our Amended Credit Agreement contains customary non-financial and financial covenants, including a net leverage ratio and an interest coverage ratio. Such ratios are computed as defined by the terms of the Amended Credit Agreement.

In addition, the indentures governing each of our outstanding senior notes contain cross-default provisions that are triggered upon default by us or any of our subsidiaries on any indebtedness in excess of the amount specified in the applicable indenture. As of June 30, 2025, we were in compliance with all financial and non-financial covenants under the Amended Credit Agreement and other long-term debt.

FUTURE SOURCES AND USES OF LIQUIDITY

Future Sources

Our regulated subsidiaries generate significant cash flows from premium revenue, which is generally received a short time before related healthcare services are paid. Premium revenue is our primary source of liquidity. Thus, any decline in the receipt of premium revenue, and our profitability, could have a negative impact on our liquidity.

Dividends from Subsidiaries. When available and as permitted by applicable regulations, cash in excess of the capital needs of our regulated health plans is generally paid in the form of dividends to our unregulated parent company to be used for general corporate purposes.

Credit Agreement Borrowing Capacity. We are party to a credit agreement (the “Amended Credit Agreement”), which provides for a revolving credit facility (“Credit Facility”) of $1.25 billion, with a lending commitment termination date of September 20, 2029, and a delayed draw commitment in an aggregate principal amount of $500 million, with a maturity date of February 19, 2027 (“Term Loan”). The Amended Credit Agreement also provides for a $15 million swingline sub-facility and a $100 million letter of credit sub-facility, as well as incremental term loans available to finance certain acquisitions up to $800 million, plus an unlimited amount of such term loans as long as we maintain a minimum consolidated net leverage ratio. As of June 30, 2025, we had available borrowing capacity of $1.25 billion under the Credit Facility and no available capacity under the Term Loan. See further discussion in the Notes to Consolidated Financial Statements, Note 8, “Debt.”

Future Uses

Common Stock Purchases. In April 2025, our board of directors newly authorized the purchase of up to an additional $1 billion of our common stock. This new program extends through December 31, 2026. In consultation with the Finance Committee of the Board, the exact timing and amount of any share repurchases shall be determined by management based on market conditions and share price, in addition to other factors, and repurchases generally will be made in accordance with the volume, price, and timing parameters under Rule 10b-18 of the Securities Exchange Act of 1934, as amended. As of July 18, 2025, $1 billion remained available to purchase our common stock under this program through December 31, 2026.

Acquisitions. We have a disciplined and steady approach to growth. Organic growth, which includes leveraging our existing health plan portfolio and winning new territories, is our highest priority. In addition to organic growth, we will consider targeted acquisitions that are a strategic fit that we believe will leverage operational synergies, and lead to incremental earnings accretion.

Regulatory Capital Requirements and Dividend Restrictions. We have the ability, and have committed to provide, additional capital to each of our health plans as necessary to ensure compliance with minimum statutory capital requirements.

CONTRACTUAL OBLIGATIONS

A summary of future obligations under our various contractual obligations and commitments as of December 31, 2024 was disclosed in our 2024 Annual Report on Form 10-K.

There were no significant changes to our contractual obligations and commitments not otherwise disclosed or outside the ordinary course of business during the six months ended June 30, 2025.

CRITICAL ACCOUNTING ESTIMATES

When we prepare our consolidated financial statements, we use estimates based on assumptions that may affect reported amounts and disclosures; actual results could differ from these estimates. Our critical accounting estimates relate to:

- *Medical costs, claims and benefits payable*. Refer to Notes to Consolidated Financial Statements, Note 7, “Medical Claims and Benefits Payable,” for a table that presents the components of the change in medical claims and benefits payable, and for additional information regarding the factors used to determine our changes in estimates for all periods presented in the accompanying consolidated financial statements. Other than the discussion as noted above, in the six months ended June 30, 2025 there were no significant changes to our disclosure reported in “Critical Accounting Estimates” in our 2024 Annual Report on Form 10-K.
- *Premium Revenue Recognition and Amounts Due Government Agencies: Risk Adjustment*. For a discussion of this topic, including amounts recorded in our consolidated financial statements, refer to Notes to Consolidated Financial Statements, Note 2, “Significant Accounting Policies.”
- *Business Combinations, and Goodwill and intangible assets, net.* For a discussion of this topic, including amounts recorded in our consolidated financial statements, refer to Notes to Consolidated Financial Statements, Note 4, “Business Combinations.” Other than the discussion as noted above, in the six months ended June 30, 2025, there were no significant changes to our disclosure reported in “Critical Accounting Estimates” in our 2024 Annual Report on Form 10-K.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our earnings and financial position are exposed to financial market risk relating to changes in interest rates, and the resulting impact on investment income and interest expense.

Substantially all of our investments and restricted investments are subject to interest rate risk and will decrease in value if market interest rates increase. Assuming a hypothetical and immediate 1% increase in market interest rates at June 30, 2025, the fair value of our fixed income investments would decrease by approximately $118 million. Declines in interest rates over time will reduce our investment income.

For further information on fair value measurements and our investment portfolio, please refer to Notes to Consolidated Financial Statements, Note 5, “Fair Value Measurements,” and Note 6, “Investments.”

Borrowings under the Amended Credit Agreement bear interest based, at our election, on a base rate or other defined rate, plus in each case, the applicable margin. Our notes bear interest at specified rates, each payable semiannually in arrears. For further information, see Notes to Consolidated Financial Statements, Note 8, “Debt.”

CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures. Our management, with the participation of our chief executive officer and our chief financial officer, evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act). Based on that evaluation, our chief executive officer and chief financial officer concluded that, as of June 30, 2025, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting. There were no changes in our internal control over financial reporting during the quarter ended June 30, 2025, that materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

LEGAL PROCEEDINGS

For information regarding legal proceedings, see Notes to Consolidated Financial Statements, Note 11, “Commitments and Contingencies.”

RISK FACTORS

Certain risks may have a material adverse effect on our business, financial condition, cash flows, results of operations, or stock price, and you should carefully consider them before making an investment decision with respect to our securities. In addition to the other information set forth in this report, you should carefully consider the risk factors discussed under the caption “Risk Factors,” in our 2024 Annual Report on Form 10-K.

UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

ISSUER PURCHASES OF EQUITY SECURITIES

Purchases of common stock made by us, or on our behalf, during the second quarter of 2025, including shares withheld by us to satisfy our employees’ income tax obligations, are set forth below:

	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
April 1 - April 30	1,000	$ 327.71	—	$ 1,000,000,000
May 1 - May 31	—	$ —	—	$ 1,000,000,000
June 1 - June 30	—	$ —	—	$ 1,000,000,000
Total	1,000	$ 327.71	—	

(1) During the second quarter of 2025, we withheld approximately 1,000 shares of common stock to settle employee income tax obligations for releases of awards granted under the Molina Healthcare, Inc. 2019 Equity Incentive Plan. For further information refer to Notes to Consolidated Financial Statements, Note 9, “Stockholders' Equity.”

(2) For further information on our stock repurchase programs, refer to Notes to Consolidated Financial Statements, Note 9, “Stockholders' Equity.”

OTHER INFORMATION

(a) None.

(b) None.

(c) No director or officer (as defined in 17 CFR § 240.16a-1(f)) of the Company adopted or terminated (i) any contract, instruction or written plan for the purchase or sale of securities of the Company intended to satisfy the affirmative defense conditions of Rule 10b5-1(c), or (ii) any “non-Rule 10b5-1 trading arrangement” (as defined in 17 CFR § 229.408(c)) during the three months ended June 30, 2025.

INDEX TO EXHIBITS

Exhibit No.	Title	Method of Filing
10.1	Molina Healthcare, Inc. 2025 Equity Incentive Plan	Filed as Exhibit 10.1 to registrant's Form 8-K filed May 1, 2025
31.1	Section 302 Certification of Chief Executive Officer	Filed herewith.
31.2	Section 302 Certification of Chief Financial Officer	Filed herewith.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith.
101.INS	Inline XBRL Taxonomy Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the inline XBRL document.	Filed herewith.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.	Filed herewith.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.	Filed herewith.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.	Filed herewith.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.	Filed herewith.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.	Filed herewith.
104	Cover Page Interactive Data file (formatted as Inline XBRL and embedded within Exhibit 101)	Filed herewith.

SIGNATURES

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 thereunto duly authorized.

MOLINA HEALTHCARE, INC.
(Registrant)

Dated: July 24, 2025

/s/ JOSEPH M. ZUBRETSKY

Joseph M. Zubretsky
Chief Executive Officer
(Principal Executive Officer)

Dated: July 24, 2025

/s/ MARK L. KEIM

Mark L. Keim
Chief Financial Officer and Treasurer
(Principal Financial Officer)

EXHIBIT 31.1

CERTIFICATION

I, Joseph M. Zubretsky, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended June 30, 2025 of Molina Healthcare, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Dated: July 24, 2025

/s/ Joseph M. Zubretsky
Joseph M. Zubretsky
Chief Executive Officer, President and Director
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, Mark L. Keim, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended June 30, 2025 of Molina Healthcare, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Dated: July 24, 2025	/s/ Mark L. Keim
	Mark L. Keim
	Chief Financial Officer and Treasurer
	(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Molina Healthcare, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2025 (the “Report”), I, Joseph M. Zubretsky, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 24, 2025	/s/ Joseph M. Zubretsky
	Joseph M. Zubretsky
	Chief Executive Officer, President and Director
	(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Molina Healthcare, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2025 (the “Report”), I, Mark L. Keim, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 24, 2025	/s/ Mark L. Keim
	Mark L. Keim
	Chief Financial Officer and Treasurer
	(Principal Financial Officer)