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

FORM 8-K

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

Date of Report (Date of earliest event reported): September 18, 2014

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

Delaware
(State of incorporation)

1-31719
(Commission File Number)

13-4204626
(I.R.S. Employer Identification Number)

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

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-

Item 7.01. Regulation FD Disclosure.

On September 18, 2014, the Company presented and webcast certain slides as part of the Company's presentation at its Investor Day Conference held in New York City. A copy of the Company's complete slide presentation is included as Exhibit 99.1 to this report. An audio and slide replay of the live webcast of the Company's Investor Day presentation will be available for 30 days from the date of the presentation at the Company's website, www.molinahealthcare.com, or at www.earnings.com. The information contained in such websites is not part of this current report.

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

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits:

Exhibit No.	Description
99.1	Slide presentation given at the Investor Day Conference of Molina Healthcare, Inc. on September 18, 2014.

SIGNATURE

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

MOLINA HEALTHCARE, INC.

Date: September 18, 2014

By: /s/ Jeff D. Barlow
Jeff D. Barlow
Chief Legal Officer and Secretary

EXHIBIT INDEX

Exhibit No.	Description
99.1	Slide presentation given at the Investor Day Conference of Molina Healthcare, Inc. on September 18, 2014.



Investor Day 2014B

September 18, 2014
New York, New York

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NYSE

Cautionary Statement

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: This slide presentation and our accompanying oral remarks contain numerous “forward-looking statements” regarding, without limitation to: our 2014 financial guidance; our revenue, revenue mix, and membership projections; our business strategy; duals demonstration projects and their expected implementation start dates; the annual Health Insurer Fee or excise tax and its reimbursement by states on a grossed-up basis; the 2014 rate environment; the hepatitis C drug Sovaldi; our recent acquisitions in the State of Florida; and various other matters. All of our forward-looking statements are subject to numerous risks, uncertainties, and other factors that could cause our actual results to differ materially. Anyone viewing or listening to this presentation is urged to read the risk factors and cautionary statements found under Item 1A in our annual report on Form 10-K, as well as the risk factors and cautionary statements in our quarterly reports and in our other reports and filings with the Securities and Exchange Commission and available for viewing on its website at www.sec.gov. Except to the extent otherwise required by federal securities laws, we do not undertake to address or update forward-looking statements in future filings or communications regarding our business or operating results.

Approx. Time	Topic	Speaker
12:30pm-12:35pm	Opening Remarks	Juan José Orellana, SVP Investor Relations
12:35pm-1:10pm	Business Overview	Dr. J. Mario Molina, Chief Executive Officer
1:10pm-1:45pm	Operations Discussion	Terry Bayer, Chief Operating Officer
1:45pm-2:00pm	Q&A	
2:00pm-2:15pm	Break	
2:15pm-2:45pm	Recent Financing Transactions	Joseph White, Chief Accounting Officer
2:45pm-3:05pm	Q&A	
3:05pm-3:50pm	Finance Discussion	John Molina, Chief Financial Officer
3:50pm-4:30pm	Q&A	
4:30pm	End of Program	



Business Overview

J. Mario Molina, M.D.
President & Chief Executive Officer

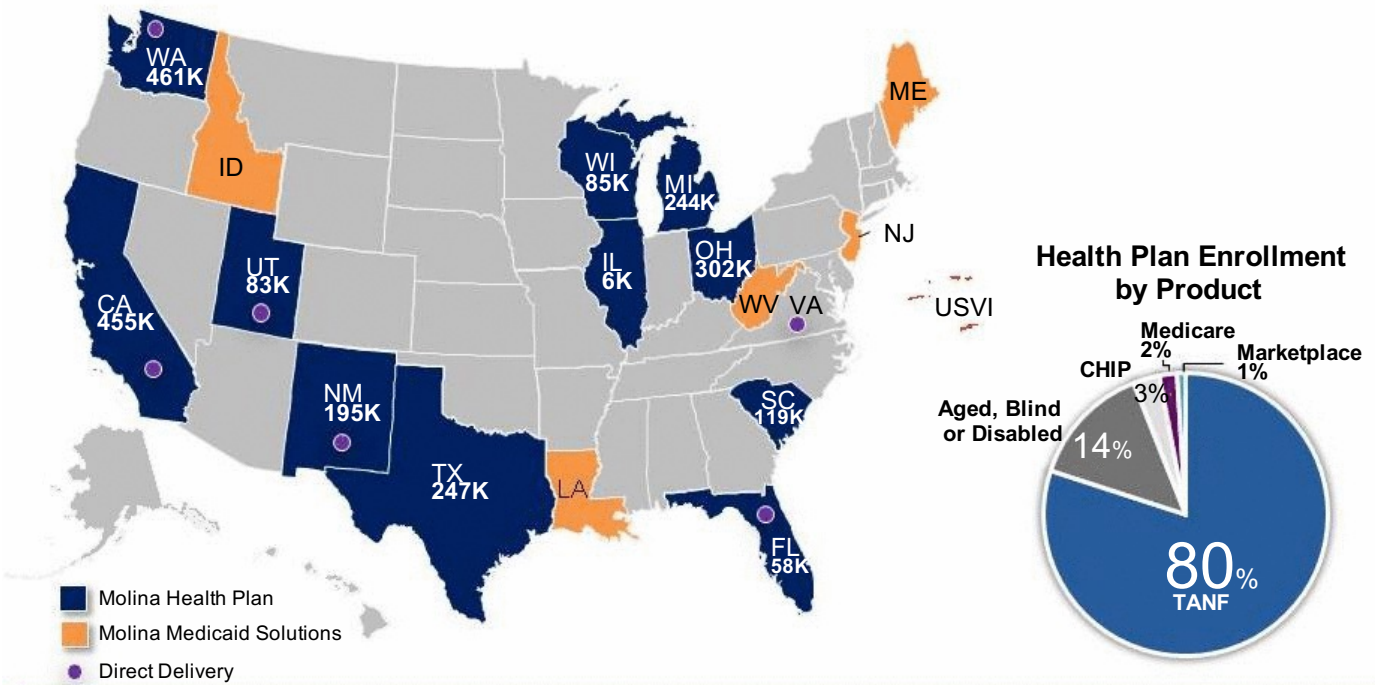
September 18, 2014
New York, New York

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Presence in Key Medicaid Markets

Health Plan footprint includes 4 of 5 largest Medicaid Markets

Health Plan Enrollment as of June 2014



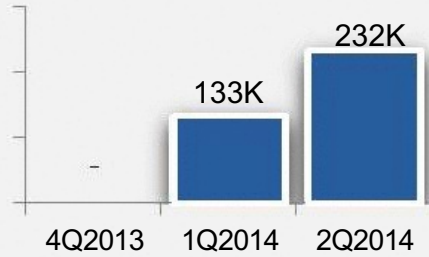
2.3 million members



- Medicare-Medicaid plan (MMP) program delay –Michigan
 - MMP enrollment on track
- TX Quality Revenue not yet recognized
- Delays in recognition and collection of Health Insurer Fee (HIF) reimbursement
- Medicaid expansion enrollment higher than anticipated
- Florida Medicaid Managed Medical Assistance (MMA) program launch
- Washington dispute settlements
- Convertible Senior Note transactions in September 2014

Medicaid Expansion Enrollment

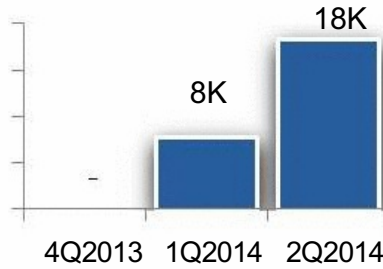
Enrollment from Molina States participating in Medicaid Expansion



≈ \$500M 1st Half Revenue

Marketplace Enrollment

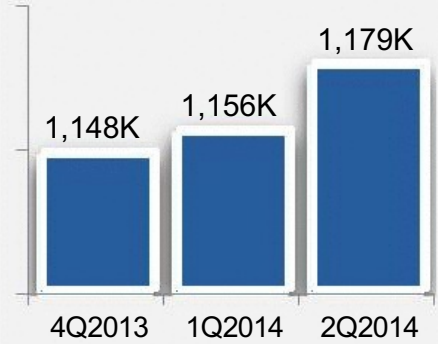
Enrollment in California, Florida, Michigan, New Mexico, Ohio, Texas, Utah, Washington and Wisconsin



≈ \$20M 1st Half Revenue

TANF & Welcome Mat Effect

Medicaid TANF Enrollment from Molina States participating in Medicaid Expansion

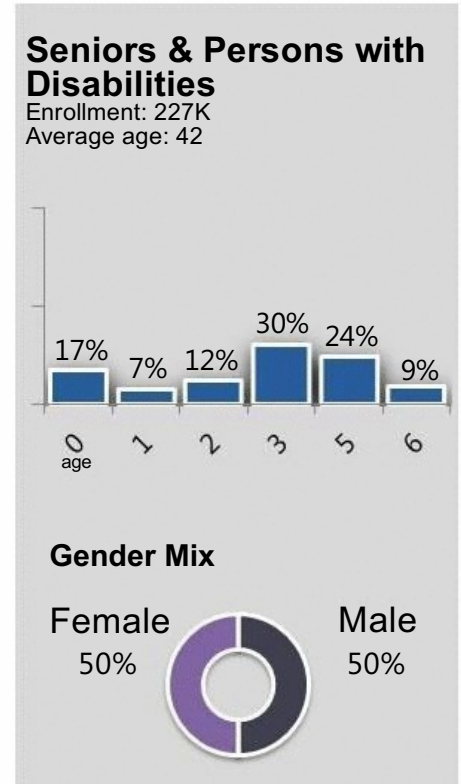
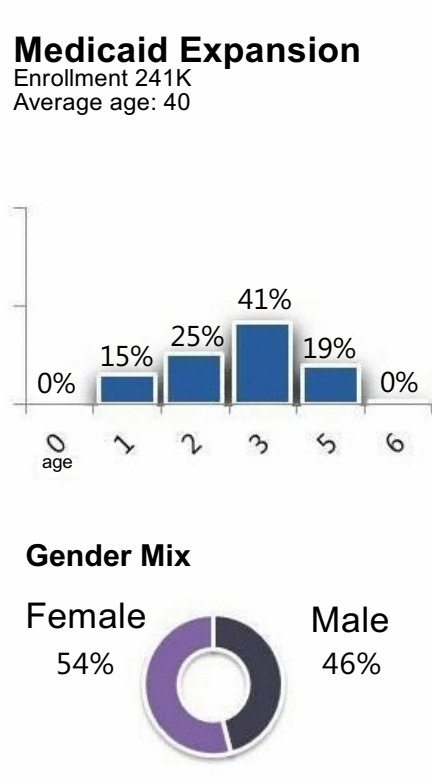
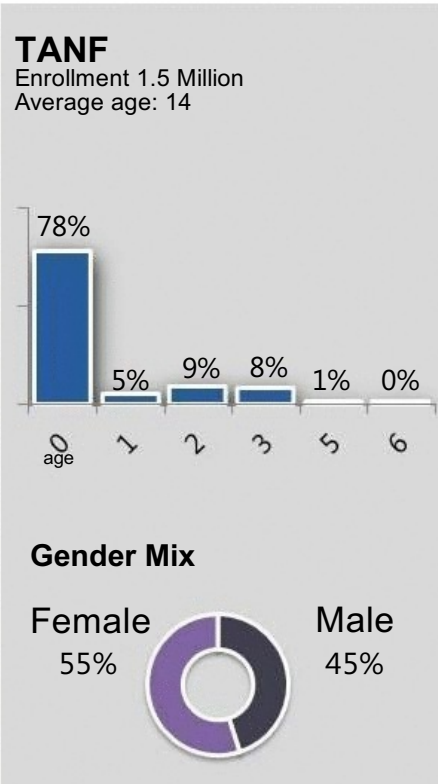


Not Materialized

Charts presented with varying scales.

Medicaid Expansion

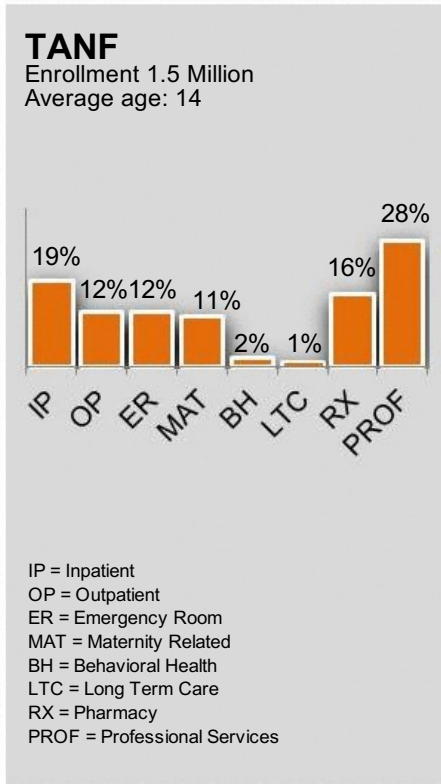
Enrollment Demographic Profile ¹



1. Molina internal analytics. Most recent data available.

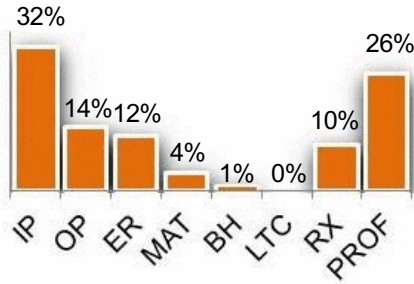
Medicaid Expansion

Medical Spending Profile by Service Category ¹



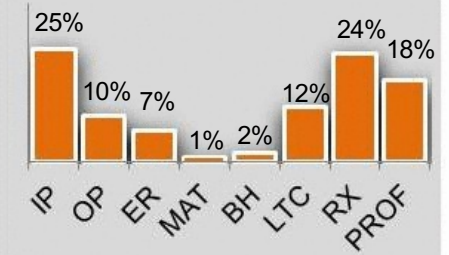
Medicaid Expansion

Enrollment 241K
Average age: 40



Seniors & Persons with Disabilities

Enrollment: 227K
Average age: 42



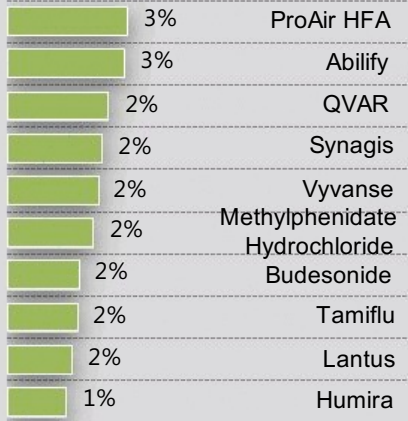
1. Molina internal analytics. Most recent data available.

Medicaid Expansion

Pharmacy Spending Profile¹ Top 10 Drugs by Spend

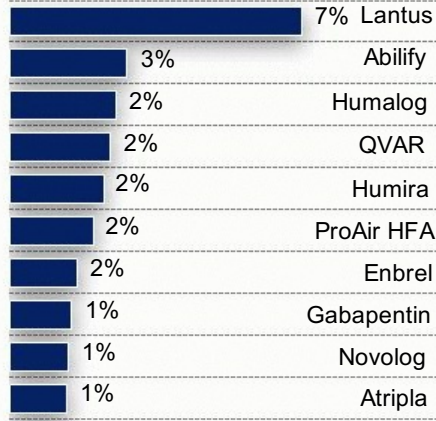
TANF

Enrollment 1.5 Million
Average age: 14



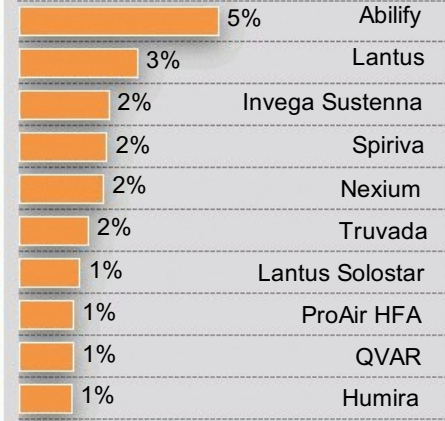
Medicaid Expansion

Enrollment 241K
Average age: 40



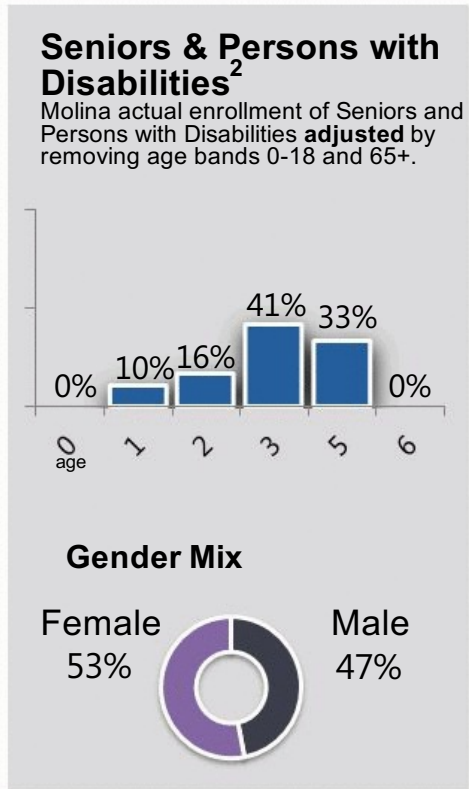
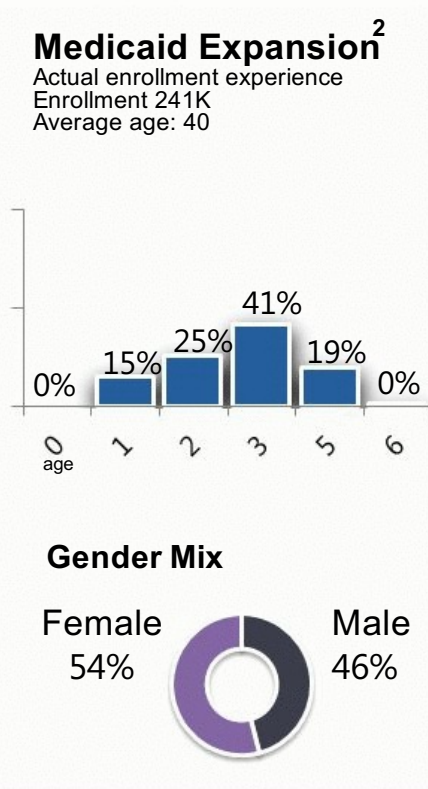
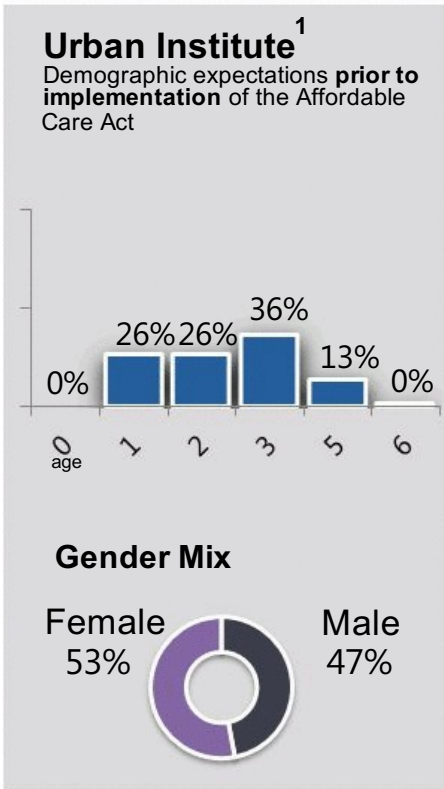
Seniors & Persons with Disabilities

Enrollment: 227K
Average age: 42



1. Molina internal analytics. Most recent data available.

ACA Medicaid Expansion Demographics vs. Actual Experience



1. Urban Institute. August 2012. <http://www.urban.org/UploadedPDF/412630-opting-in-medicaid.pdf>
 2. Molina internal analytics. Most recent data available

Please refer to the Company's cautionary statements



Molina is transforming from an acute care company to a chronic care company.

Business requirements are changing as we take on more complex patients.

Molina Footprint

Please refer to the Company's cautionary statements.

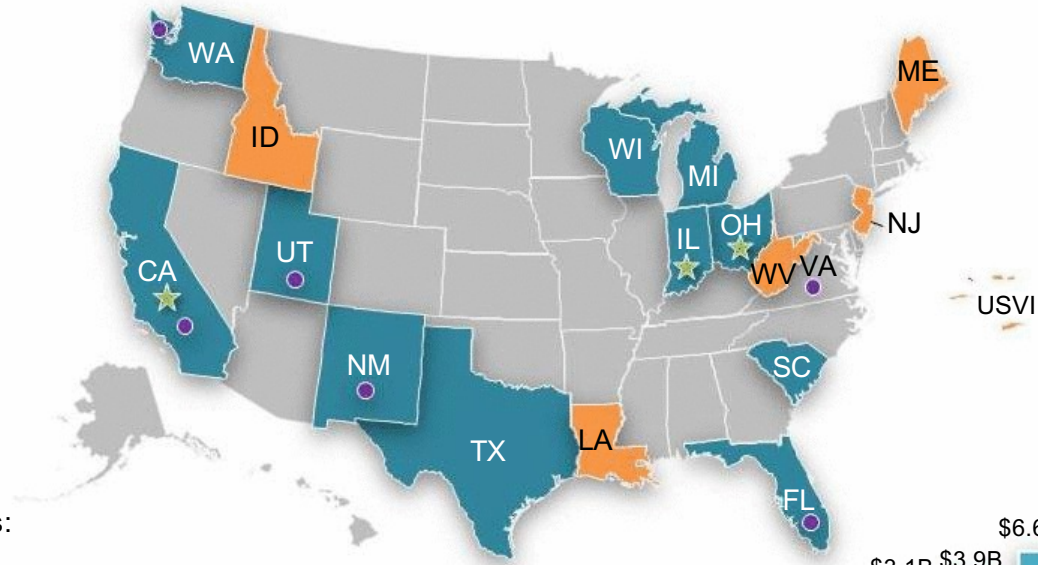
1980: Molina Healthcare is born...

2003: Molina becomes publicly traded on the New York Stock Exchange...

2008: Molina offers Medicare services...

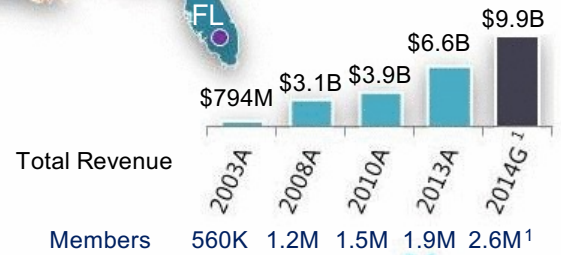
2010: Molina offers services through Molina Medicaid Solutions...

2014: Molina launches MMP Demos in three states...



Service Areas:

- Direct Delivery
- Molina Health Plan
- Molina Medicaid Solutions
- ★ MMP Demonstrations

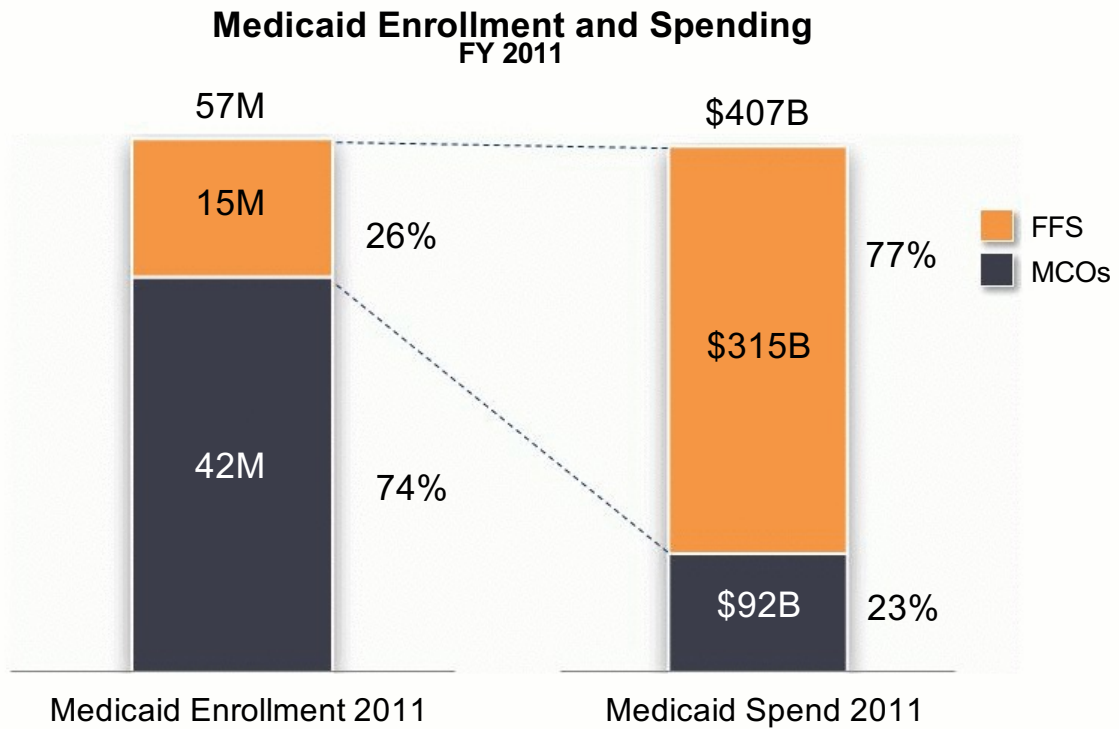


1. Constitutes forward-looking guidance issued on February 2014. Amounts are estimates and subject to change. Actual results may differ materially. See our risk factors as discussed in our Form 10-K and other periodic filings. © 2014 Molina Healthcare, Inc.



Medicaid Enrollment and Spending

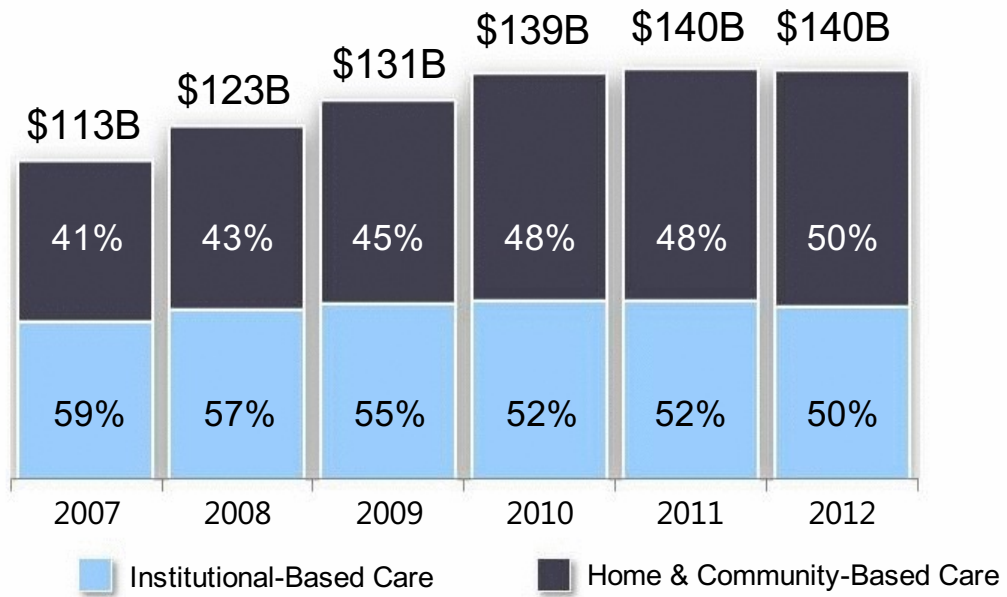
Managed Care Organizations (MCOs) and Fee-For-Service (FFS)



While most Enrollees are in Managed Care, most Medicaid Spending is still in Fee-for-Service

1. Managed care includes only risk based MCOs.
CMS-64 data for 2012, and: MACPAC, 'Report to Congress on Medicaid and CHIP', June 2013.

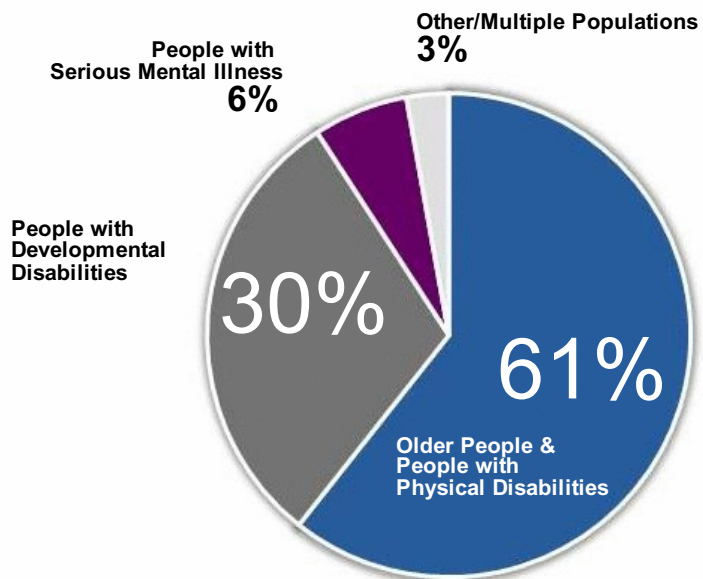
Medicaid Long-Term Services and Supports Expenditures 2007-2012¹



1. Truven Health Analytics. 'Medicaid Expenditures for Long-Term Services and Supports in FFY 2012', April 28, 2014.

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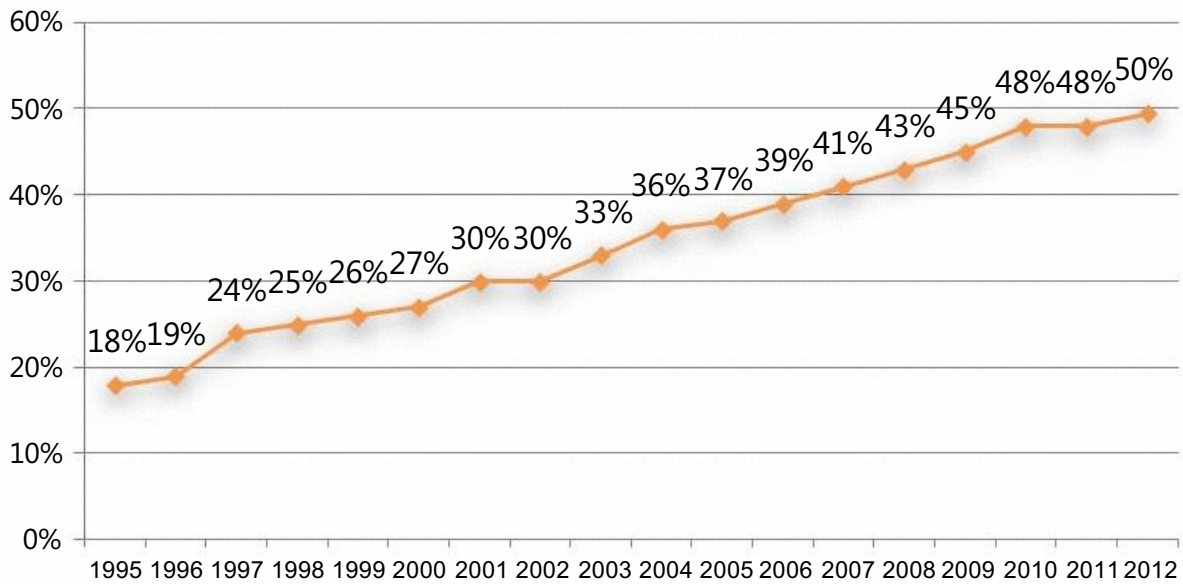
Full Medicaid LTSS spend in 2012: \$140B

1. Truven Health Analytics. "Medicaid Expenditures for Long-Term Services and Supports in FFY 2012", April 28, 2014.

Medicaid Home and Community-Based Services (HCBS) as % of LTSS Spending

Medicaid HCBS as Percent of Total Medicaid LTSS Expenditures¹

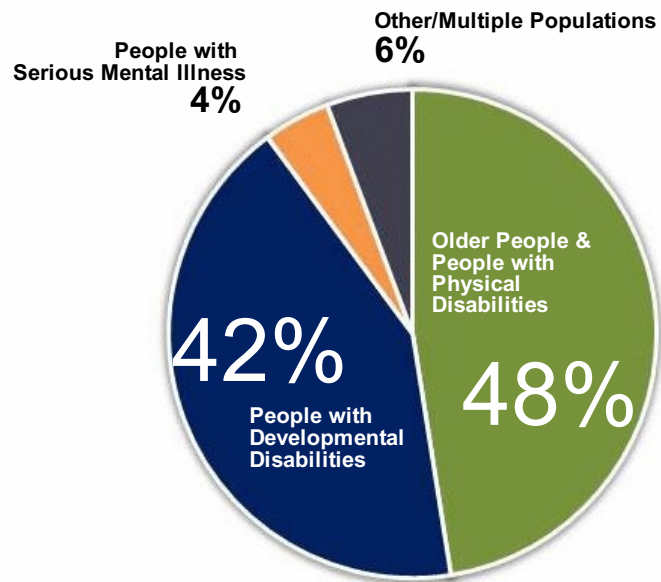
FY 1995 – FY 2012



Medicaid spend on Long-Term Care has been shifting toward Community-Based Care

1. Truven Health Analytics. 'Medicaid Expenditures for Long-Term Services and Supports in FFY 2012', April 28, 2014.





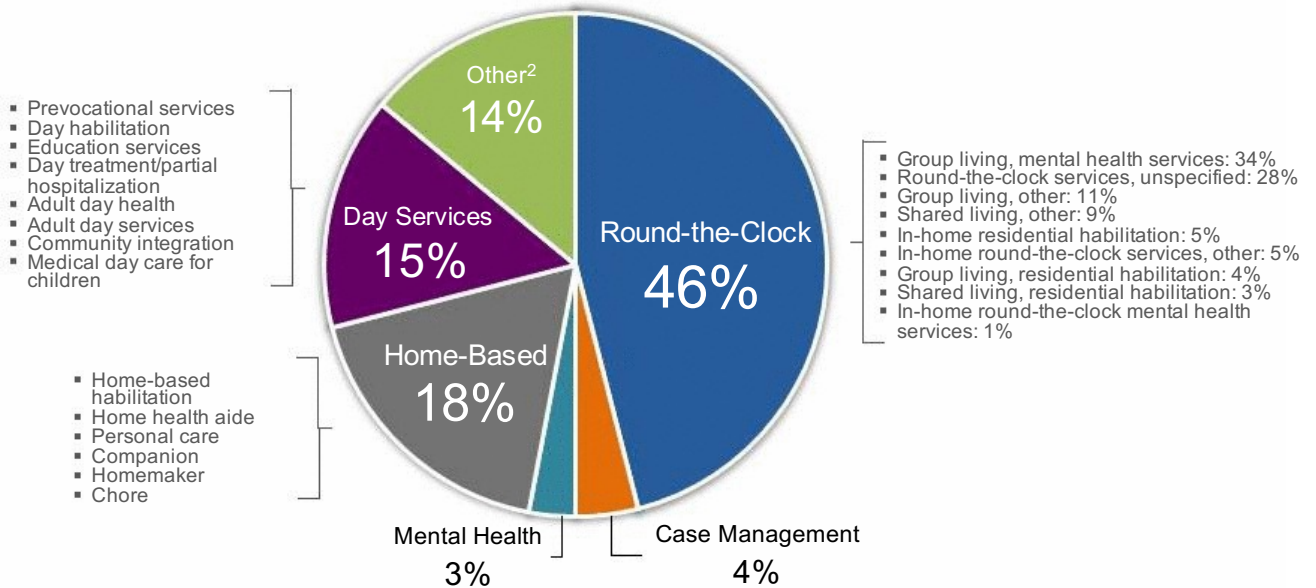
Medicaid HCBS total spend in 2012: \$69B

1. Truven Health Analytics. "Medicaid Expenditures for Long-Term Services and Supports in FFY 2012", April 28, 2014.

Medicaid Home and Community-Based Services (HCBS)

Medicaid expenditures for long-term care services have gradually shifted from institutional-based care to home and community-based care.

Medicaid HCBS Expenditures FY 2010¹

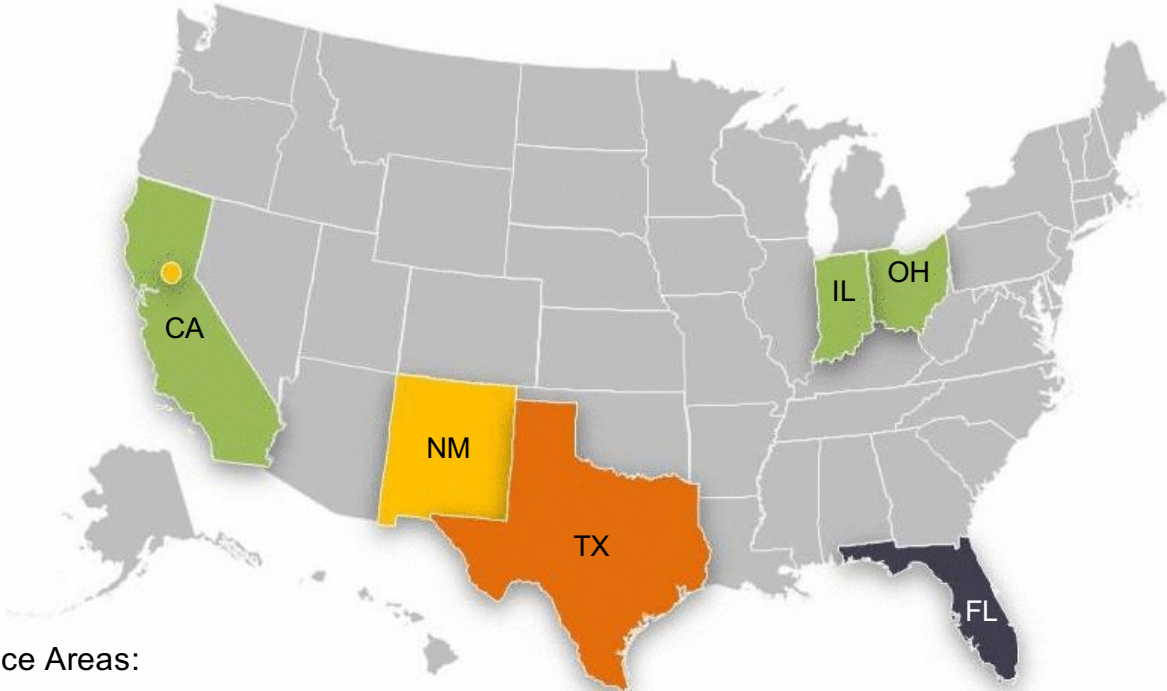


Medicaid HCBS total spend in 2012: \$69B





1. Mathematica Policy Research. 'The HCBS Taxonomy: A New Language for Classifying Home- and Community-Based Services', August 2013.
 2. Other includes expenses related to goods and services, interpreters, housing consultation, and claims where the procedure code could not be interpreted.



Molina Long Term Services & Support (LTSS) Footprint – as of September 2014



Service Areas:

-  MMP Demonstrations
-  LTSS "Stand Alone"
-  LTSS and Acute Care
-  Home and Community-Based Services (HCBS)

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Long Term Services & Supports Continuum of Care Management Model



Functional Elements



Mission



Our mission is to provide quality health services to financially vulnerable families and individuals covered by government programs.

Priorities

- Manage our growth
 - Organic growth
 - Medicaid expansion
 - Dual eligible population
 - RFPs
- Leverage our business portfolio
 - Health plan business
 - MMS
 - Direct delivery
- Strive for operational excellence
 - Quality care
 - STAR ratings





Operations Discussion

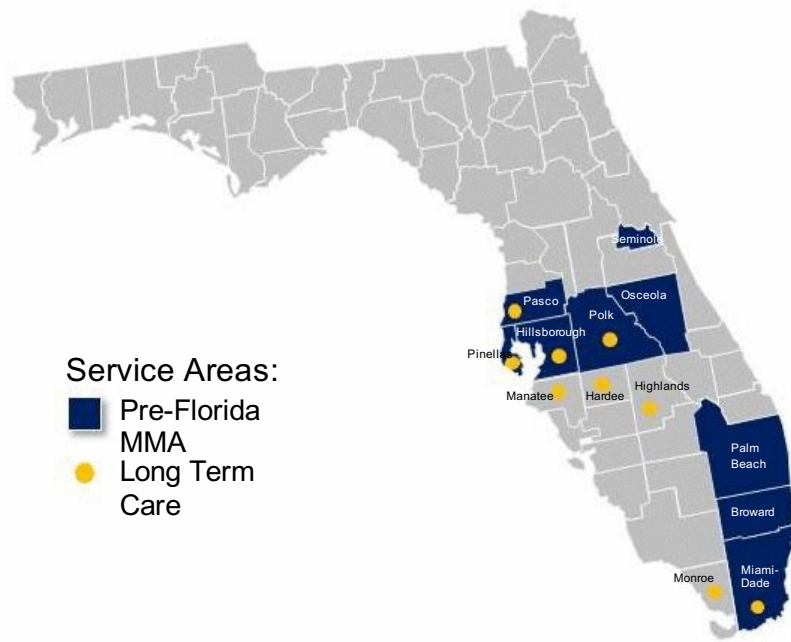
Terry Bayer
Chief Operating Officer

September 18, 2014
New York, New York

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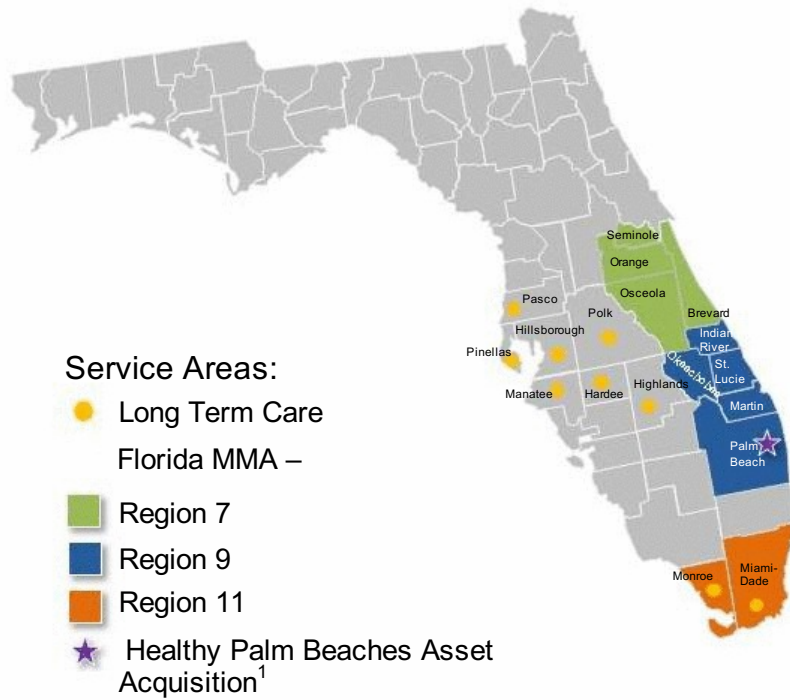
Yesterday

Pre-Florida Medicaid Managed Care (MMA) and Long Term Care...



Today

Long Term Care, Florida MMA and Healthy Palm Beaches Acquisition...



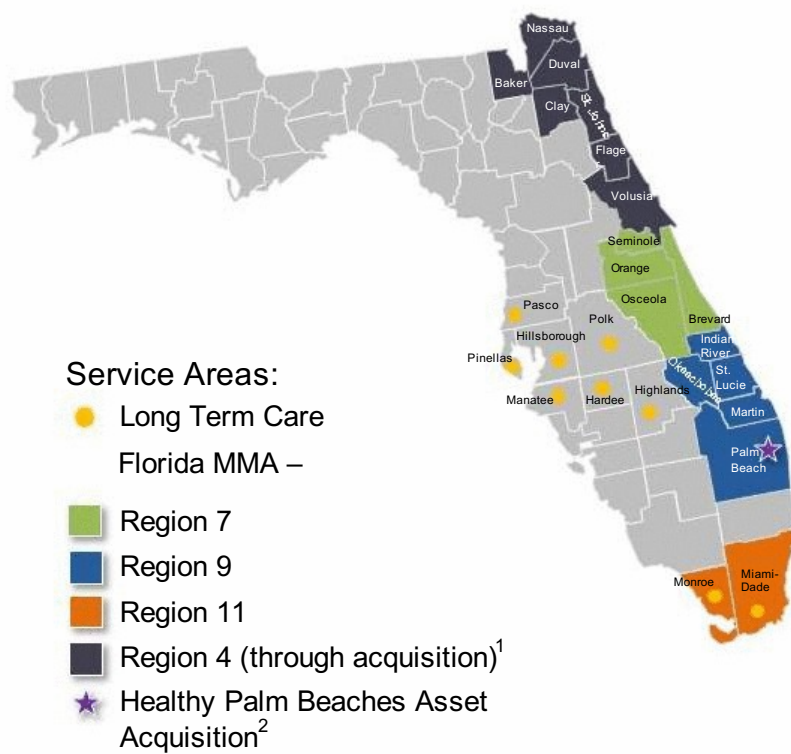
1. Molina acquired Medicaid assets of Healthy Palm Beaches, with an effective date of August 1, 2014.



- **On August 1st**, Molina acquired Medicaid business assets of a Florida health plan, Healthy Palm Beaches
- Approximately 11,500 members in Palm Beach County transferred over effective August 1, 2014
- Members transitioned into Molina as part of the Florida Managed Medical Assistance (MMA) program implementation

Tomorrow

Long Term Care, Florida MMA, and New Acquisitions^{1,2...}



1. New Florida MMA region added through the First Coast Advantage asset acquisition, with an effective date of December 1, 2014 pending AHCA approval.
 2. Molina acquired Medicaid assets of Healthy Palm Beaches, with an effective date of August 1, 2014.



- **On August 8th**, Molina agreed to acquire certain assets of a Florida health plan, First Coast Advantage
- Approximately 65,500 individuals eligible for transfer to Molina
- Anticipated effective date of December 1, 2014¹
- Will assume First Coast Advantage's Medicaid contract and certain provider agreements for Region 4 of the Florida MMA program
- Region 4 is in Northeast Florida and includes Baker, Clay, Duval, Flagler, Nassau, St. Johns and Volusia counties

1. Pending state approvals and satisfaction or waiver of customary closing conditions.

Molina Healthcare of Florida: Program Implementations

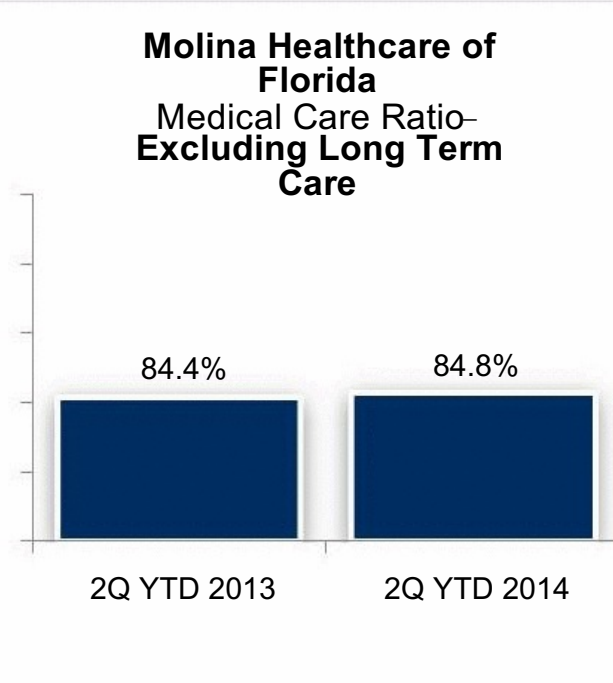
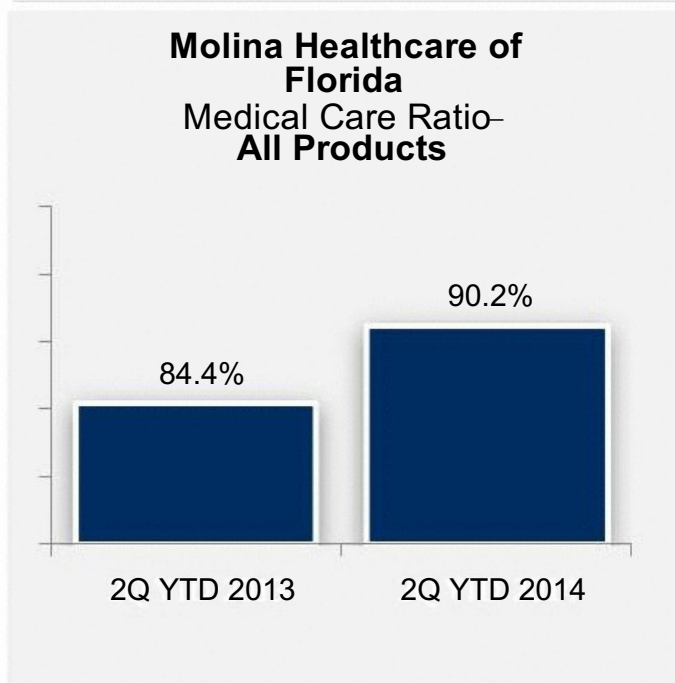
Covered lives and implementation dates

	Region 4	Region 5	Region 6	Region 7	Region 9	Region 9	Region 11	Region 11
Program Type	Florida MMA (through ² acquisition)	Long Term Care	Long Term Care	Florida MMA	Florida MMA	Florida MMA (through ³ acquisition)	Florida MMA ⁴	Long Term Care ⁴
Implementation Date	12/1/14	2/1/14	2/1/14	8/1/14	8/1/14	8/1/14	7/1/14	12/1/13
Covered Lives ¹	65K	1.6K	1.3K	11K	57K	11.5K	24K ³	3K

1. Membership is based on August data and rounded to nearest hundred.
 2. New Florida MMA region added through the First Coast Advantage asset acquisition, with an anticipated effective date of 12/1/14 (pending AHCA approval and satisfaction or waiver of customary closing conditions).
 3. Molina acquired assets of Healthy Palm Beaches in Palm Beach County, with an effective date of 08/01/14.
 4. In Region 11 there are approximately 1,200 members that are included in both LTC and MMA.



Molina Healthcare of Florida: Medical Care Ratio YoY Comparison



**Same Store MCR remains consistent through first half of 2014.
Higher MCR attributed to new Long Term Care enrollment.**

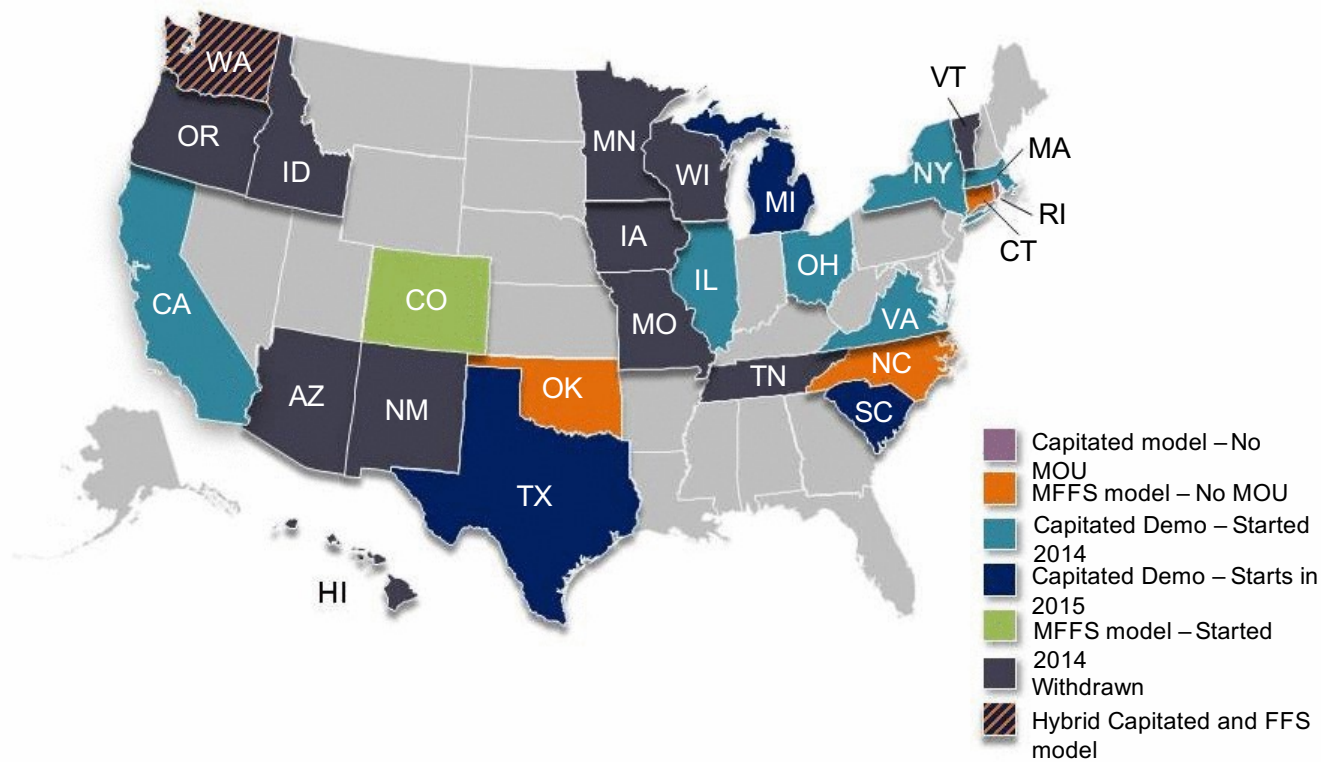


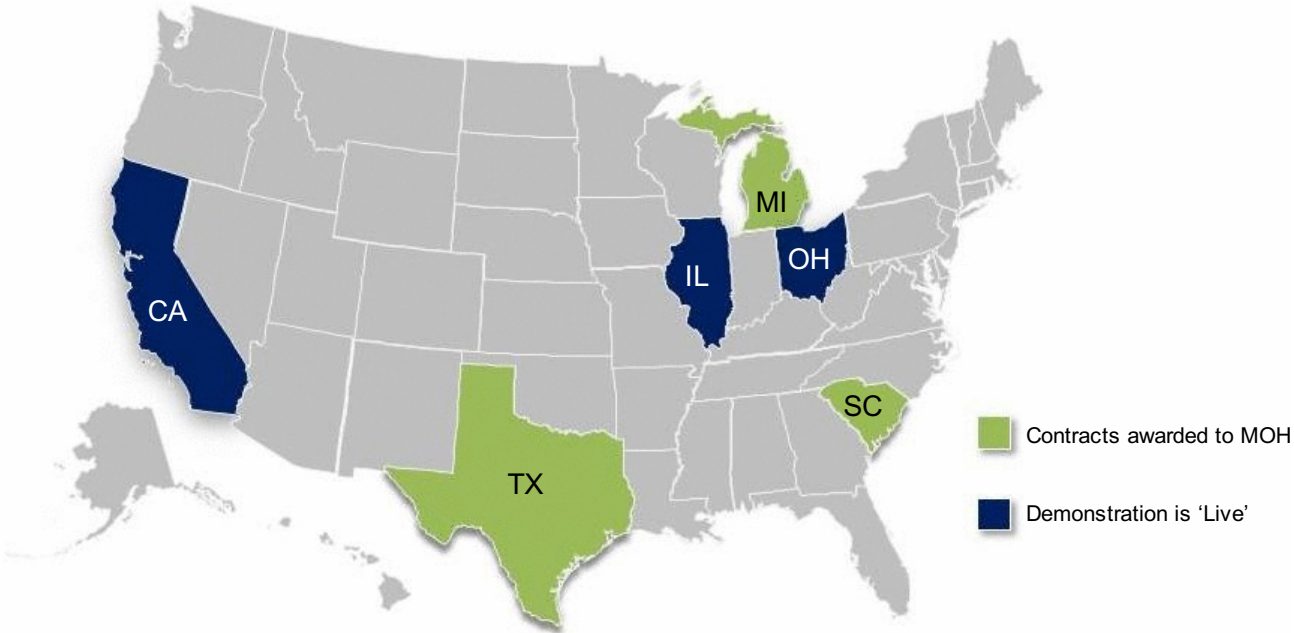
- Enrollment in MMP demos $\approx 15K$ ¹
- California opt-out rate $\approx 50\%$
- Enrollment tracking with expectations

1. Enrollment figure as of September 5th, 2014.

MMP Demonstrations – National View as of June 2014

Over two dozen states submitted applications, with ten states participating in the MMP demonstration





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- **Enrollment Files**
 - Lack of common data elements

- **Contact Centers**
 - Call volume trending lower than expected
 - Provider and members call to clarify benefits
 - Average talk time 10 minutes

- **Contract Management Team (CMT)**
 - Weekly or monthly and vary by state
 - Includes representatives from CMS and State
 - Effective way to manage early operational issues

Opportunity to Listen, Learn & Adjust



- **Health Risk Assessments & Initial Care Plans**
 - Large numbers and compressed time frames

- **Member Contact and Engagement**
 - Passive enrollment limits opportunity to engage member
 - Difficult to schedule assessment
 - Bad phone numbers and addresses

- **Reaching Members**
 - Mining claims data, prior auth/referral data to identify places to find members
 - Working with providers and pharmacies
 - Leveraging Community Connectors

Opportunity to Listen, Learn & Adjust

What Else is New Beyond the 2nd Quarter?

39

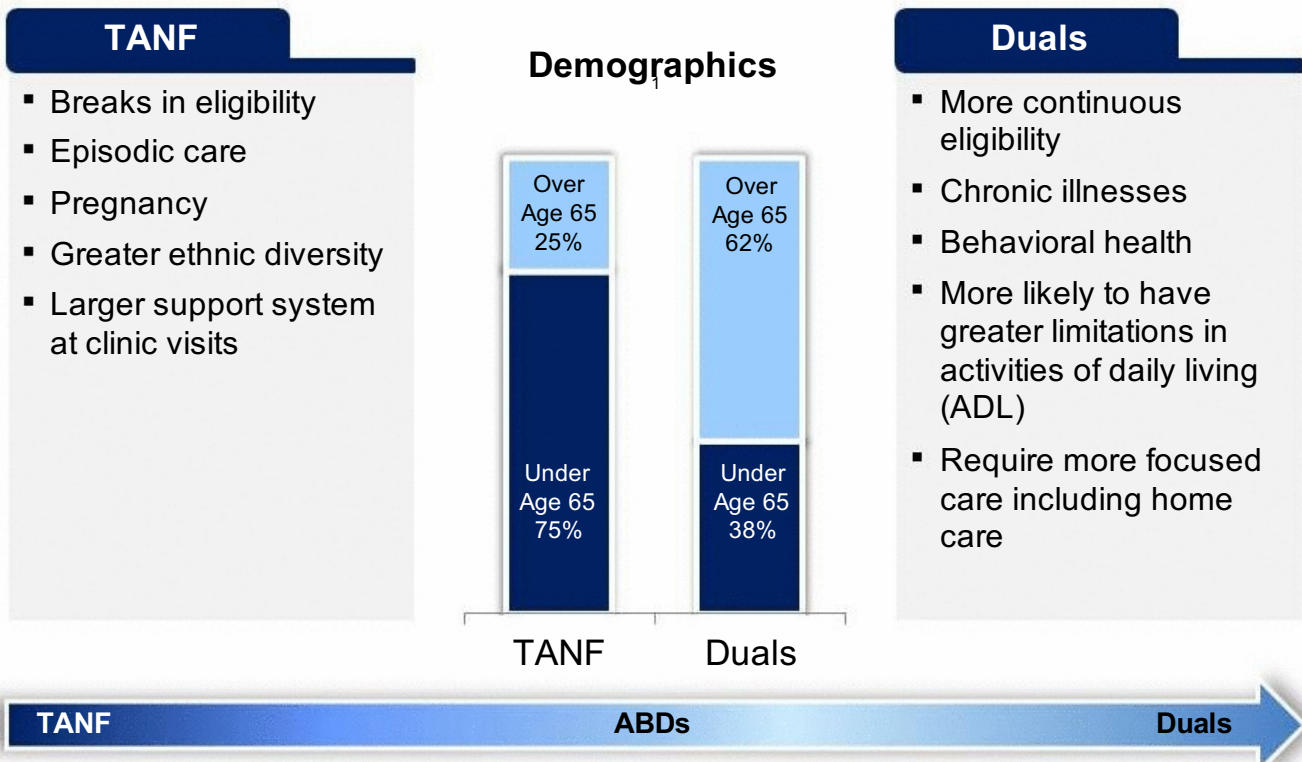


- Ohio Medicaid expansion
- Michigan Medicaid expansion
- Illinois new TANF members effective August 2014

Caring for the Dual Eligible

Shift from Acute Care company to a Chronic Care company

Two Ends of the Continuum



1. KFF.org

Shift of Care Model from Inpatient Care to Home-Based Outpatient Care



Member Experience



Care Management



Community Presence

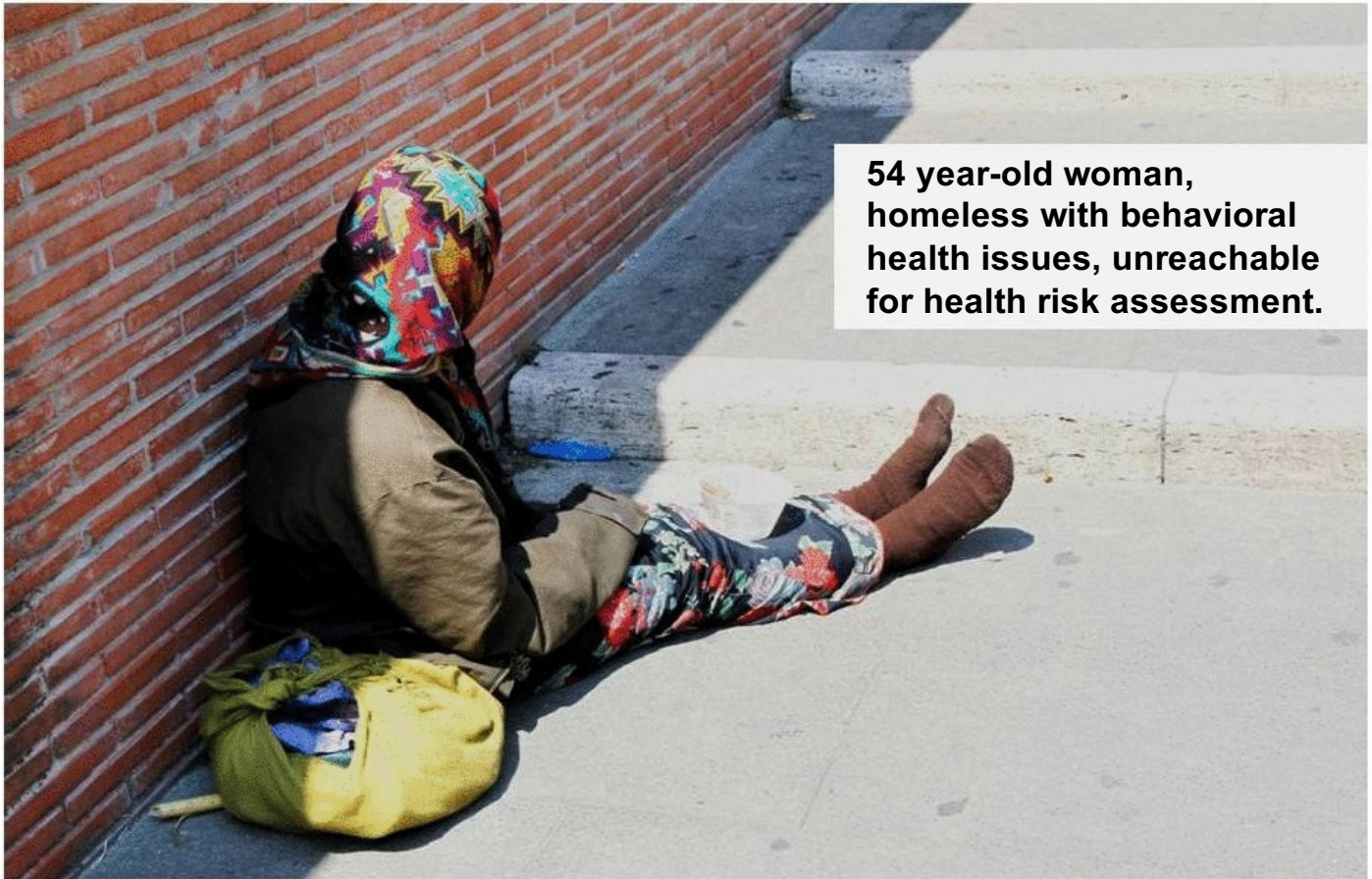
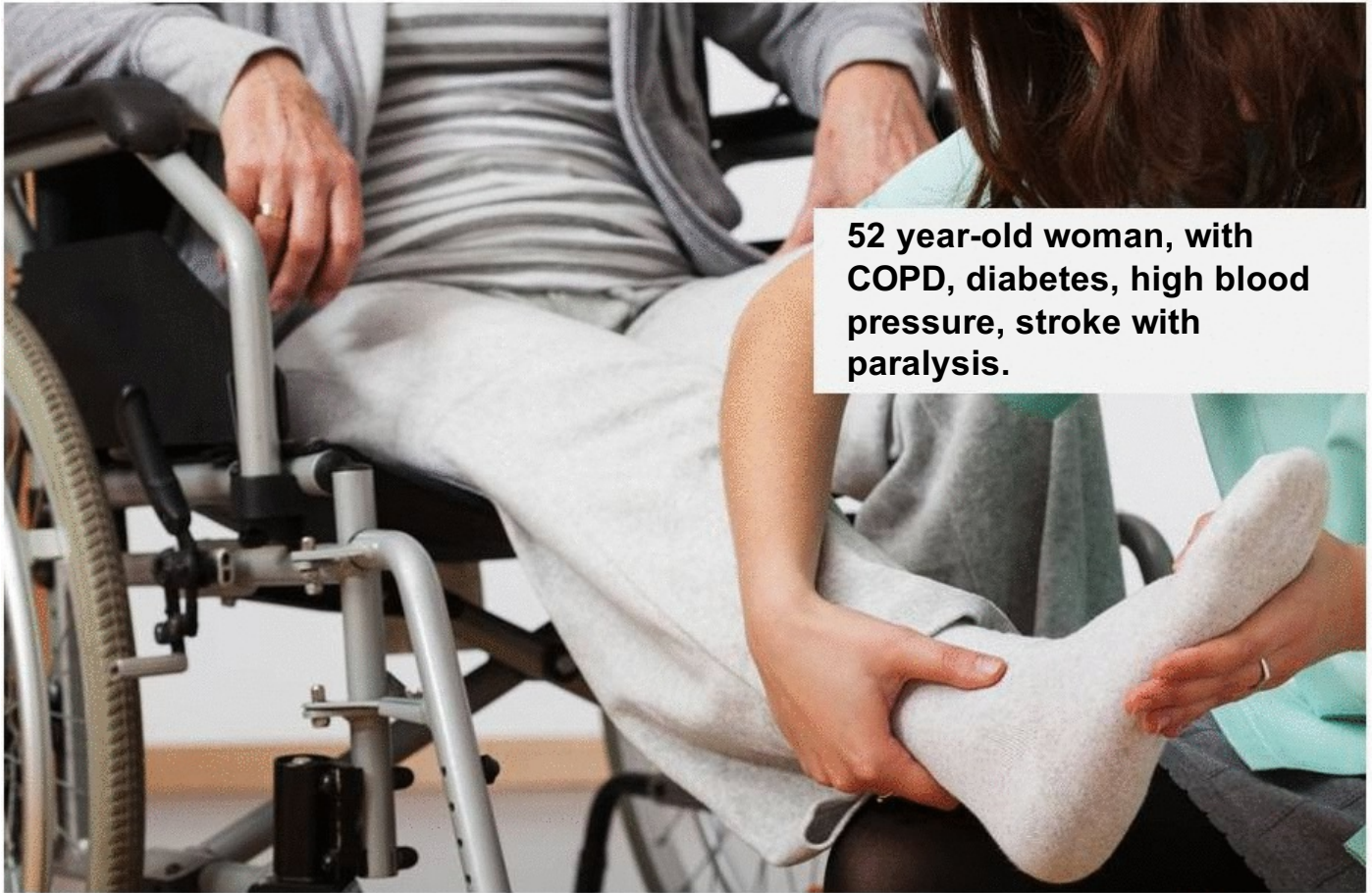


Image for illustrative purposes only. Not actual patients.



52 year-old woman, with COPD, diabetes, high blood pressure, stroke with paralysis.

Image for illustrative purposes only. Not actual patients.

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Long Term Services & Supports Continuum of Care Management Model







Recent Financing Transactions

Joseph White
Chief Accounting Officer

September 18, 2014
New York, New York

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\$301,551,000 September 2014



1.625% Convertible Senior Notes due 2044
Interest payable February 15 and August 15

- \$302M Convertible Debt (\$177M+\$125M)
- Underlying shares 5.2 million
- 1.625% coupon
- 30% conversion premium (\$58.09 per share)
- **No call spread**
- Net share settlement
- Maturity 8/15/2044
- Call / put at 8/19/2018
- GAAP interest rate 5%
 - \$0.12 diluted EPS (annualized);
 - \$0.05 cash/ \$0.07 non-cash diluted EPS

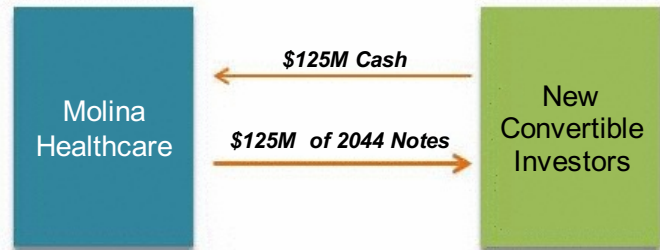
Exchange

1. \$176.6M of the 2014 notes exchanged, maturing in 2044
2. 2014 note holders exchanging their notes for 2044 notes received:
 - a. Shares of MOH stock as if they had held the 2014 notes to maturity
 - b. Interest payments on the 2014 notes as if they had held those notes to maturity
3. Remaining \$10.4M of 3.75% convertible notes will mature on October 1, 2014 as planned



New Issuance

1. An additional \$125M of 2044 notes were issued to new investors



MOH Convertible Debt Exchange

Basic terms summary – 1.125% 2020 notes vs. 1.625% 2044 notes

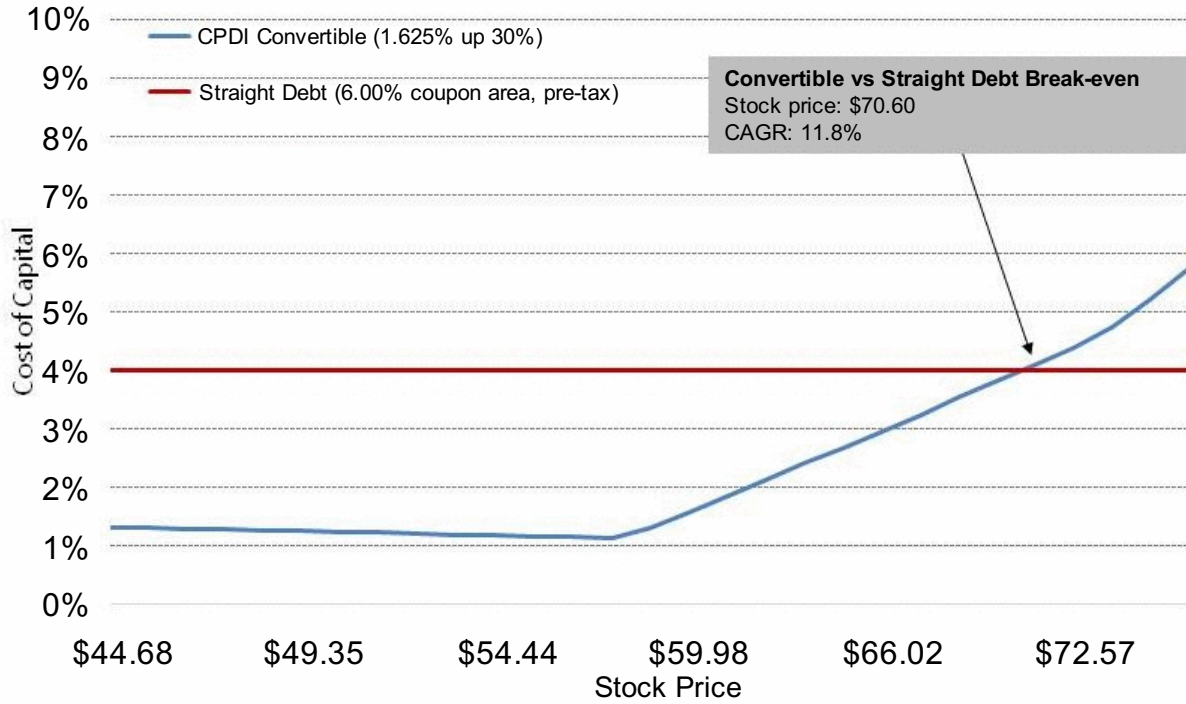
Please refer to the Company's cautionary statements.

	2020 Notes	2044 Notes
Principal Amount	\$550.0M	\$301.6M
Coupon rate	1.125%	1.625%
GAAP Interest rate	6%	5%
Call spread	Yes	No
Contingent interest	No	Yes
Maturity date	1/15/2020	8/15/2044
Settlement	Cash	Net shares
Conversion ratio	24.5277	17.2157
Conversion price	\$ 40.77	\$ 58.09
High strike	\$ 53.85	N/A
Put / call options	No	Yes – put and call at year 4
Conversion premium	32.5% / 75% (high strike)	30%

Cost of Capital Comparison

Molina CPDI convertible due 2044
After Tax Cost of Capital¹

Please refer to the Company's cautionary statements.

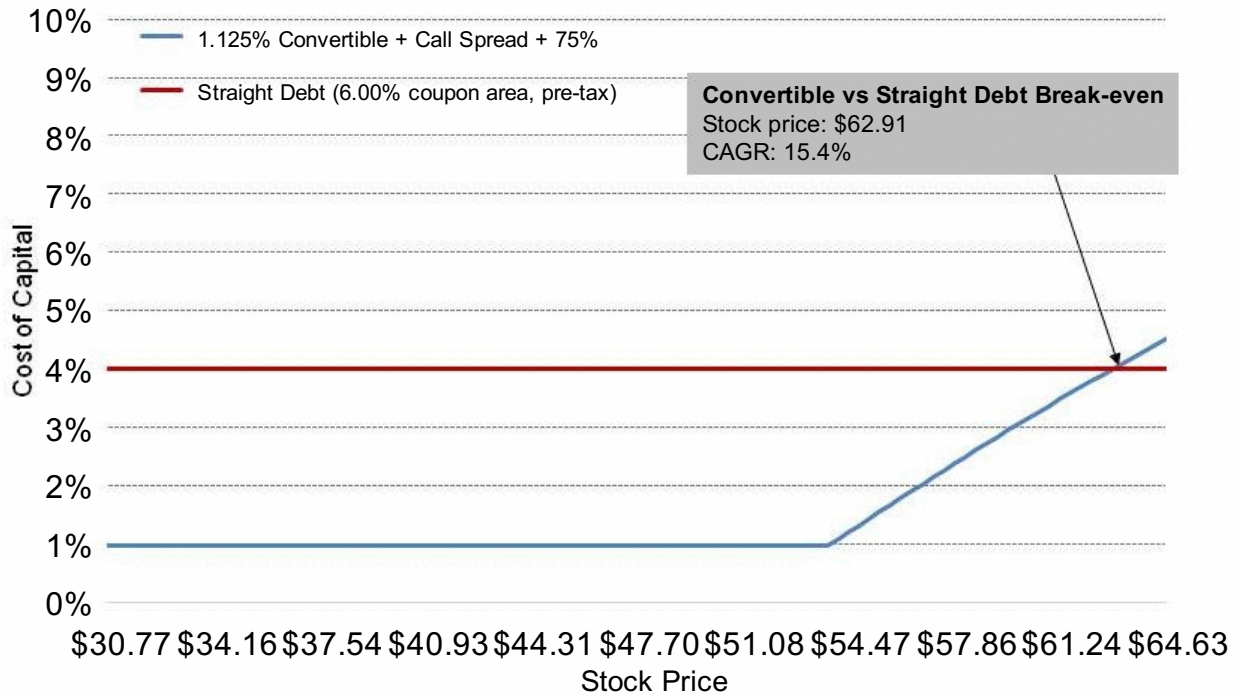


¹ Assumes a 40% tax rate, \$44.68 stock price at issuance.

Cost of Capital Comparison

Molina Convertible & Call Spread Due 2020
After Tax Cost of Capital

Please refer to the Company's cautionary statements.

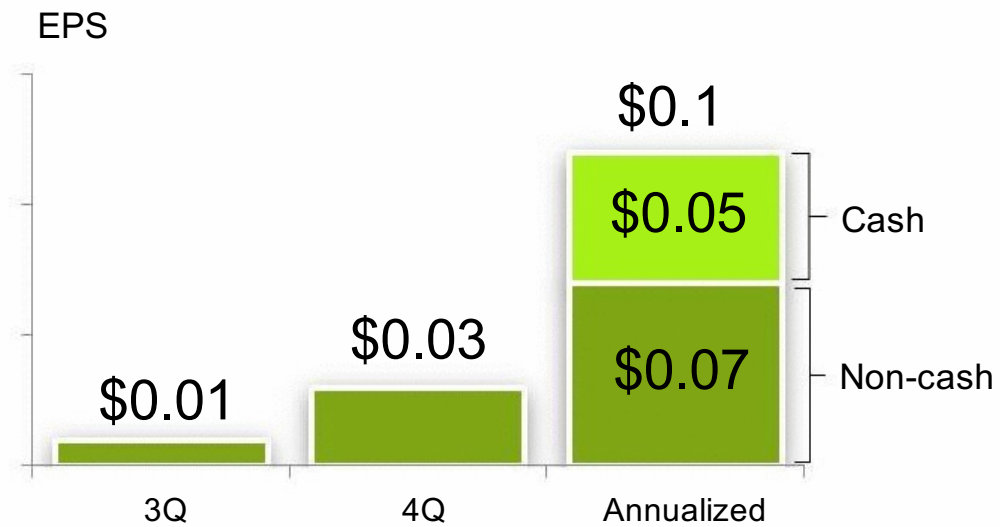


¹ Assumes a 40% tax rate, \$30.77 stock price at issuance.



Incremental Interest Impact of New Convert

Please refer to the Company's cautionary statements.



- Interest expense for the 2044 notes exchanged for 2014 notes began accruing effective 9/5/2014
- Interest expense for the additional 2044 notes issued began accruing effect 9/16/2014

Note:
(1) Approximately \$1M that had previously been categorized as interest expense in the guidance issued February, 2014 will be reported as "Other expense" in the Company's Consolidated Statements of Income for the quarter ended September 30, 2014. This amount represents interest paid and discount amortized for the 2014 notes exchanged for the period September 5, 2014 through September 30, 2014.

Estimated Shares Outstanding – 2nd half 2014

53

Bridge from 12/31/2013 to 12/31/2014

<i>(In thousands)</i>	Year ended 12/31/2014
Shares outstanding at the beginning of the period	45,871
Shares issued:	
3.75% Senior Notes	1,784
Employee equity incentives and other	945
Subtotal, estimated shares outstanding 12/31/2014	48,600
 <i>Adjustments for Weighted Shares Outstanding, Diluted:</i>	
Common stock equivalents - employee equity incentives	500
Weighting of shares issued - 3.75% Senior Notes	(160)
Weighting of shares issued - employee equity incentives and other	(440)
Weighted shares outstanding, Diluted (estimate)	48,500
 Weighted shares outstanding, Diluted (estimate) - Guidance Issued Feb 2014	
Estimated diluted shares for Q3 2014 EPS	47,700
Estimated diluted shares for Q4 2014 EPS	48,700
	48,900





Financial Discussion

John Molina
Chief Financial Officer

September 18, 2014
New York, New York

MOH
LISTED
NYSE

FINAL			
State	Effective Date	Rate Change	Notes
California	Jul-14	+5.5%	Normalized for -3% benefit change Excludes Medicaid Expansion
Florida	Jul-14	NA	MMA New Rates / Regions
Illinois	Jul-14	+2.5%	
Michigan	Oct-14	-2.5% to +3.5%	Rate Ranges (Low / High)
New Mexico	Jul-14	+0.0%	Normalized for +6% fee schedule & benefit changes
Ohio	Jan-14	+2.0%	Excludes new product and benefit expansions and risk adjustment
South Carolina	Jul-14	+1.5%	
Texas	Sep-14	+0.5%	
Utah	Jul-14	+0.0%	
Washington	Jan-14	+0.0%	Excludes new product and benefit expansions; net of fee schedule adjustments; excludes risk adjustment
Wisconsin	Jan-14	+1.0%	Excludes new product and benefit expansions

1. Medicaid Expansion rates will be adjusted retroactively back to 7/1/2014 (CA) and 1/1/2014 (WA).





Two separate one-time items to be recorded in the 3rd quarter of 2014; reducing pre-tax income by approximately \$11M

Amounts are not included in guidance issued February 2014

Both matters had been resolved previously on a go-forward basis effective January 1, 2014

No impact on premiums or membership related to January 1, 2014 and later

- September 2014
- Item 1 - Molina agrees to pay \$19M to the state to adjust premiums for two rate-related issues for the period 7/1/2012 to 12/31/2013
- Item 2 - State agrees to pay Molina \$8M to adjust premiums for member assignment issues for the period 7/1/2012 – 12/31/2013



- Total Health Insurer Fee (HIF) on **Medicaid revenue** approximately \$80M due September 30th, 2014
- Lack of tax deductibility requires revenue of \$130M
- Contractual agreements in hand representing approximately 50% of required revenue
- Payment has not yet been received from any state



- \$35M of 2014 revenue based on quality measures
- Many quality measures are new this year
- Calculation of performance is complex and subject to interpretation
- State has not released its calculation of 2013 performance
- Molina will compare its 2013 calculations to those released by state and adjust its 2014 calculations accordingly
- If Molina's 2014 calculations support achievement of the measurements, revenue will be recorded

What Admin Leverage May Do for MOH in Q3 and Q4 of 2014 60

Please refer to the Company's cautionary statements.



G&A Expense ¹

	1H14	2H14 ²
Total revenue	\$4.4B	\$5.5B
G&A expenses	\$381M	\$430M
G&A ratio	8.7%	7.7%
2 nd half admin at 1 st half G&A ratio		\$480M
2 nd half admin at projected G&A ratio		\$430M
2nd half benefit from lower ratio		\$50M

2014 Guidance G&A Ratio

	Guidance	Actual
1Q14	8.9%	9.1%
2Q14	8.6%	8.4%
3Q14	7.9%	-
4Q14	7.5%	-

Note(s):

1. G&A ratio computed as a percentage of total revenue.

2. Constitutes forward-looking guidance. Amounts are estimates and subject to change. Actual results may differ materially. See our risk factors as discussed in our Form 10-K and other periodic filings.

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Delays in Revenue Recognition Distort Normal Seasonality

Please refer to the Company's cautionary statements.

Adjusted Net Income Per Diluted Share, Continuing Operations, with Health Insurer Fee (HIF) and TX Quality Revenue Reimbursement Add-Backs ¹

Q2 YTD reported Adjusted EPS	\$1.35
+ HIF revenue we haven't recognized	\$0.29
+ TX Quality Revenue we haven't recognized	\$0.12
Total YTD Adjusted EPS with HIF and TX Quality Revenue add-backs	\$1.76

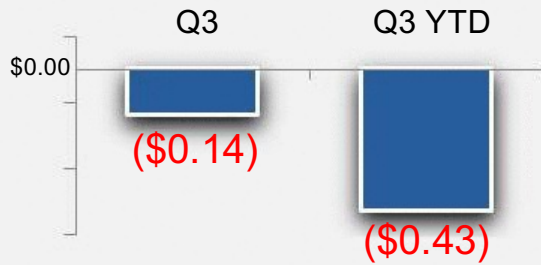
Note(s):

1. See Appendix for reconciliation of adjusted net income per diluted share, continuing operations, to GAAP net income per diluted share, continuing operations.

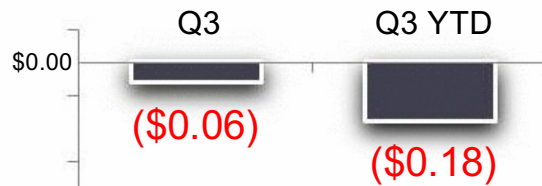
Substantial uncertainty around Q3 results

Delays in revenue recognition may continue

Delayed recognition of the Health Insurer Fee (HIF) reimbursement **may reduce** third quarter GAAP & Adjusted EPS by (~\$0.14)



Delays in recognition of Texas quality revenue **may reduce** third quarter GAAP & Adjusted EPS by (~\$0.06)



Includes

- Full Reimbursement of ACA Health Insurer Fee (HIF)
- Full Reimbursement of TX Quality Revenue

Excludes

- Increased dilution from convertible debt due to higher than anticipated share price
- Washington settlements and other agreements on contractual disputes
- Higher interest expense due to the issuance of 2044 convertible notes
- Sovaldi

- Rate increases that reach the mid-point of actuarial ranges
- Rates that adequately compensate health plans for new drugs/ new procedures / new technologies
- More cost effective delivery of medical care and other member services through care coordination
- Administrative cost leverage
- Reimbursement of the Health Insurer Fee (HIF)
- Ability of health plans to share in the savings they generate – fair sharing of profits AND losses through caps and floors on medical care costs

\$301,551,000 September 2014

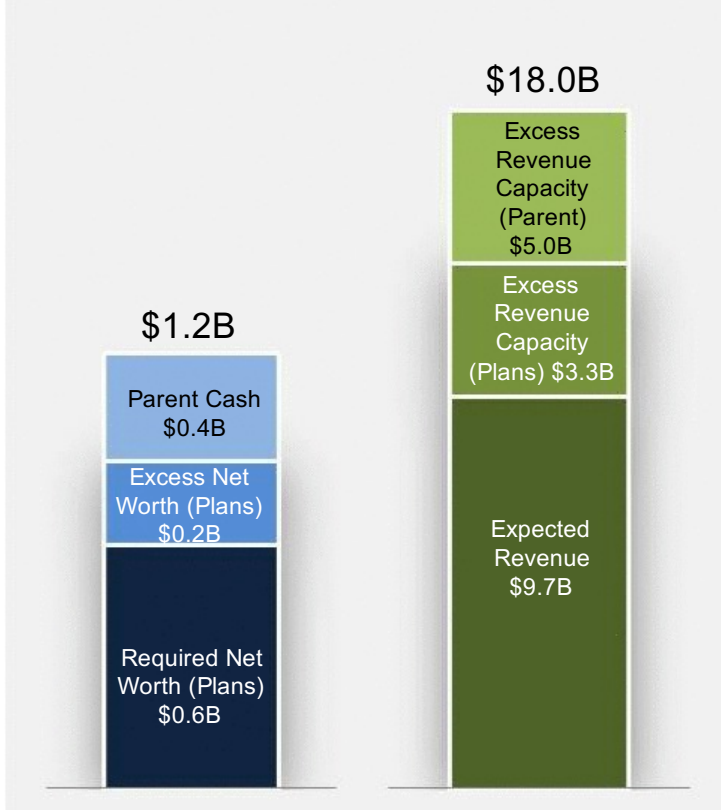


1.625% Convertible Senior Notes due 2044
Interest payable February 15 and August 15

- \$302M Convertible Debt (\$177M+\$125M)
- Underlying shares 5.2 million
- 1.625% coupon
- 30% conversion premium (\$58.09 per share)
- **No call spread**
- Net share settlement
- Maturity 8/15/2044
- Call / put at 8/19/2018
- GAAP interest rate 5%
 - \$0.12 diluted EPS (annualized);
 - \$0.05 cash/ \$0.07 non-cash diluted EPS

Please refer to the Company's cautionary statements.

Estimated Net Worth Revenue Capacity 12/31/14 12/31/14¹



Caveats:

- Regulators may require maintenance of net worth in excess of minimum requirements
- Capital demands on health plans in the event of losses
- Costs of acquisitions and other expansions
- Costs of MMS implementations in new and existing states
- Costs of infrastructure

1. Based upon minimum required net worth. Regulators may require maintenance of net worth in excess of minimum requirements.









GAAP reconciliation to Adjusted EPS

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Please refer to the Company's cautionary statements.

The following table reconciles net income per diluted share, continuing operations, to adjusted net income per diluted share, continuing operations, with Health Insurer Fee (HIF) and Texas Quality Revenue add-backs for six months ended June 30, 2014.

	Ended June 30, 2014
Net income per diluted share, continuing operations	\$ 0.26
Adjustments, net of tax:	
Depreciation, and amortization of capitalized software	0.58
Stock-based compensation	0.19
Amortization of convertible senior notes and lease financing obligations	0.18
Amortization of intangible assets	0.14
Adjusted net income per diluted share, continuing operations	\$ 1.35
Change in fair value of derivatives, net	—
HIF revenue not recognized	0.29
Texas Quality Revenue not recognized	0.12
Adjusted net income per diluted share, continuing operations with HIF and Texas Quality add-backs	\$ 1.76

Status of Reimbursement –ACA Health Insurer Fee (HIF) in Molina States

Please refer to the Company's cautionary statements.

Our guidance assumes the HIF and related tax effects will be fully reimbursed in all states.

	Comments	ACA Fee	Gross Up	Revenue	Revenue Recognized 06/30/14
California	Health plan has received letter from state committing to reimbursement of fee and tax impact upon CMS approval. State is collecting information needed from health plans to process payment.	\$7.3M	\$4.4M	\$11.6M	No
Florida	Contract amendment specifically calls for reimbursement of fee and tax impact.	\$3.6M	\$2.2M	\$5.8M	Yes
Illinois	Contract amendment specifically calls for reimbursement of fee and tax impact.	\$0.1M	\$0.1M	\$0.2M	Yes
Michigan	State legislature has appropriated funds for ACA fee and tax reimbursement. Awaiting supplemental legislation approving reimbursement.	\$10.7M	\$6.8M	\$17.5M	No
New Mexico	Health plan has received letter from state committing to reimbursement of fee and tax impact upon CMS approval. Mercer is working on approach now. Molina has shared information with the state.	\$7.1M	\$4.3M	\$11.3M	No
Ohio	Contract specifically calls for reimbursement of fee and tax impact.	\$18.2M	\$12.2M	\$30.4M	Yes
South Carolina	No revenue in 2013; We have contract amendment for reimbursement of fee and tax impact	\$0.0M	\$0.0M	\$0.0M	No
Texas	Informal support from state Medicaid agency. Molina has shared information as requested by the state.	\$11.8M	\$6.7M	\$18.5M	No
Utah	State has proposed rates effective July 1, 2014 that partially reimburses Molina for financial impact of the ACA fee.	\$3.3M	\$2.0M	\$5.3M	No
Washington	Contract specifically calls for reimbursement of fee and tax impact.	\$16.1M	\$9.2M	\$25.2M	Yes
Wisconsin	Contract specifically calls for reimbursement of fee and tax impact. State has committed to reimbursement by Sept. 26.	\$2.9M	\$1.9M	\$4.8M	Yes
Medicare	Included in bid pricing	\$7.7M	\$4.5M	\$12.2M	Yes
TOTAL FY 2014		\$88.6M	\$54.3M	\$142.9M	

Note: Constitutes forward-looking guidance. Amounts are estimates and subject to change. Actual results may differ materially. See our risk factors as discussed in our Form 10-K and other periodic filings. Numbers may not add up due to rounding

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