

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): November 1, 2021 (November 1, 2021)

MOLINA HEALTHCARE, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

001-31719
(Commission File Number)

13-4204626
(IRS Employer Identification No.)

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

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))

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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 7.01. Regulation FD Disclosure.

Note: The information furnished herewith pursuant to Item 7.01 of this Current Report on Form 8-K shall not be deemed to be “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, and shall not be incorporated by reference into any registration statement or other document filed by Molina Healthcare, Inc. (the “Company”) under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing. The furnishing of this report is not intended to constitute a determination by the Company that the information is material or that dissemination of the information is required by Regulation FD.

Uses and Definitions of Non-GAAP Financial Measures

The financial data provided to potential investors in connection with the Offering (as defined in Item 8.01 of this report) includes non-GAAP financial measures, including EBITDA and Adjusted EBITDA (collectively, the “Non-GAAP Financial Measures”). The Non-GAAP Financial Measures are supplemental measures of the Company’s performance that are not required by, or presented in accordance with, generally accepted accounting principles in the U.S. (“GAAP”). The Company believes that the Non-GAAP Financial Measures are useful supplemental measures to investors in comparing its performance to the performance of other public companies in the health care industry.

The Company defines EBITDA as net income adjusted for interest, taxes, depreciation and amortization.

The Company defines Adjusted EBITDA as EBITDA adjusted for non-cash stock-based compensation expense, transaction costs and other non-cash or non-recurring charges.

EBITDA and Adjusted EBITDA have important limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of the Company’s results as reported under GAAP. Some of these limitations are that EBITDA and Adjusted EBITDA:

- exclude certain tax payments that may represent a reduction in cash available to the Company;
- do not reflect the Company’s cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- do not reflect changes in, or cash requirements for, the Company’s working capital needs;
- do not reflect the significant interest expense, or the cash requirements, necessary to service interest or principal payments on the Company’s debt;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect any cash requirements for such replacements; and
- may be calculated differently than other companies in the Company’s industry, limiting their usefulness as comparative measures.

In addition to the foregoing, Adjusted EBITDA adjusts for certain exceptional items that reflect cash payments that were made or received, or will be made or received, in the future.

Because of these limitations, the Non-GAAP Financial Measures should not be considered as measures of discretionary cash available to the Company to invest in the growth of the Company's business. The Company compensates for these limitations by relying primarily on its GAAP results and using the Non-GAAP Financial Measures only on a supplemental basis.

The following EBITDA and Adjusted EBITDA information was provided to potential investors in connection with the Offering:

	Year Ended December 31,			Nine Months Ended September 30, (unaudited)	
	2018	2019	2020	2020	2021
	(dollars in millions)				
Net income	\$ 707	\$ 737	\$ 673	\$ 639	\$ 556
Adjustments:					
Depreciation, and amortization of intangible assets and capitalized software	118	89	88	64	96
Interest expense	115	87	102	72	90
Income tax expense	292	235	288	271	183
EBITDA	<u>\$ 1,232</u>	<u>\$ 1,148</u>	<u>\$ 1,151</u>	<u>\$ 1,046</u>	<u>\$ 925</u>
Stock-based compensation	27	39	57	43	49
Non-cash or non-recurring charges ^(a)	44	8	6	10	6
Transaction costs ^(b)	10	-	-	-	-
Adjusted EBITDA	<u>\$ 1,313</u>	<u>\$ 1,195</u>	<u>\$ 1,214</u>	<u>\$ 1,099</u>	<u>\$ 980</u>

(a) Represents non-cash or non-recurring charges of (i) \$44 million related to restructuring charges, loss on sale of subsidiaries, net of gain, and loss on debt extinguishment for the year ended December 31, 2018, (ii) \$8 million related to loss on debt extinguishment for the year ended December 31, 2019, (iii) \$6 million related to the premium deficiency reserve in Puerto Rico for the year ended December 31, 2020, (iv) \$10 million related to the premium deficiency reserve in Puerto Rico for the nine months ended September 30, 2020, and (v) \$6 million related to the premium deficiency reserve in Puerto Rico for the nine months ended September 30, 2021.

(b) Represents transaction costs related to repayment of the Company's 1.625% convertible senior notes due 2044 that were settled in 2018.

Item 8.01. Other Events.

On November 1, 2021, the Company issued a press release announcing it intends to privately offer (the "Offering"), subject to market and other conditions, \$750 million aggregate principal amount of senior notes due 2032 (the "Notes"). The Notes are to be offered and sold only to persons reasonably believed to be "qualified institutional buyers" pursuant to Rule 144A under the Securities Act, and to certain persons outside the United States in reliance on Regulation S under the Securities Act. The full text of the press release is attached as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits:

Exhibit No.	Description
99.1	Press release of Molina Healthcare, Inc. issued November 1, 2021
104	Cover page information from Molina Healthcare, Inc.'s Current Report on Form 8-K filed on November 1, 2021 formatted in iXBRL (Inline Extensible Business Reporting Language)

Molina Healthcare Announces Proposed Offering of \$750 Million of Senior Notes Due 2032

LONG BEACH, Calif.--(BUSINESS WIRE)--November 1, 2021--Molina Healthcare, Inc. (NYSE: MOH) (the "Company") today announced that it intends to privately offer, subject to market and other conditions, \$750 million aggregate principal amount of senior notes due 2032 (the "Notes"). The Company will make the offering pursuant to an exemption under the Securities Act of 1933, as amended (the "Securities Act"). The initial purchasers will offer the Notes only to persons reasonably believed to be "qualified institutional buyers" pursuant to Rule 144A under the Securities Act and to certain persons outside the United States in reliance on Regulation S under the Securities Act ("Regulation S").

The Notes will not be guaranteed by any of the Company's subsidiaries at the time of issuance. The interest rate, offering price and other terms of the Notes will be determined by negotiations between the Company and the representative of the initial purchasers. The issuance of the Notes will be subject to customary closing conditions.

The Company intends to use approximately \$725 million of the net proceeds from this offering to redeem the entire \$700 million outstanding principal amount of its 5.375% senior notes due 2022. The Company intends to use the remaining net proceeds of this offering for general corporate purposes, which may include repayment of indebtedness, share repurchases, funding for acquisitions, capital expenditures, additions to working capital and capital contributions to the Company's health plan subsidiaries to meet statutory requirements in new or existing states.

The Notes have not been registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the benefit of, a U.S. person (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act.

This press release shall not constitute an offer to sell or a solicitation of an offer to purchase the Notes and shall not constitute an offer, solicitation or sale in any state or jurisdiction where such offer, solicitation or sale is prohibited.

About Molina Healthcare

Molina Healthcare, Inc., a FORTUNE 500 company, provides managed healthcare services under the Medicaid and Medicare programs and through the state insurance marketplaces. Through its locally operated health plans, Molina Healthcare served approximately 4.8 million members as of September 30, 2021. For more information about Molina Healthcare, please visit molinahealthcare.com.

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

This press release contains “forward-looking statements,” including statements related to the Company’s offering of the Notes and the intended use of net proceeds of the offering, which are subject to risks and uncertainties, including, without limitation, risks related to whether the Company will consummate the offering of the Notes on the expected terms, or at all, market and other general economic conditions, and whether the Company will be able to satisfy the conditions required to close any sale of the Notes. Additional information regarding the risk factors to which the Company is subject is provided in greater detail in its periodic reports and filings with the Securities and Exchange Commission, including its annual report on Form 10-K for the year ended December 31, 2020 and in its quarterly reports on Form 10-Q for the quarters ended March 31, 2021, June 30, 2021 and September 30, 2021. These reports can be accessed under the investor relations tab of the Company’s website at molinahealthcare.com or on the SEC’s website at sec.gov. Given these risks and uncertainties, the Company can give no assurances that its forward-looking statements will prove to be accurate, or that any other results or events projected or contemplated by its forward-looking statements will in fact occur, and it cautions investors not to place undue reliance on these statements. All forward-looking statements in this release represent the Company’s judgment as of the date hereof, and, except as otherwise required by law, the Company disclaims any obligation to update any forward-looking statements to conform the statement to actual results or changes in its expectations.

Contacts

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