

**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): May 30, 2019 (May 30, 2019)

**MOLINA HEALTHCARE, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation)

1-31719  
(Commission File Number)

13-4204626  
(IRS Employer Identification No.)

200 Oceangate, Suite 100, Long Beach, California 90802

(Address of principal executive offices)

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

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

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))

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.**

On May 30, 2019, the Company presented and webcast certain slides as part of the Company's presentation at its Investor Day Conference held in New York City. The slide presentation contains statements regarding, among other things, the Company's 2019 guidance, its business plans, expectations, growth prospects and aspirations, and longer-term outlook for the future. The Company cannot guarantee that it will actually achieve the plans, outlook, or expectations described in such statements. 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](http://www.molinahealthcare.com). The information contained in such websites is not part of this current report.

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 the Company under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits:

<b>Exhibit No.</b>	<b>Description</b>
99.1	Slide presentation given at the Investor Day Conference of Molina Healthcare, Inc. on May 30, 2019.

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**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: May 30, 2019

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

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EXHIBIT INDEX

Exhibit No.	Description
<a href="#">99.1</a>	<a href="#">Slide presentation given at the Investor Day Conference of Molina Healthcare, Inc. on May 30, 2019.</a>



# Molina Healthcare, Inc. Investor Day 2019

May 30, 2019

WIFI: [Molina Healthcare](#)  
Password: [#MOH2019](#)

# Agenda

9:30 am	Welcome and Overview	Julie Trudell
	Pivot to Growth:	Joe Zubretsky
	– Who We Are	
	– A Strong Foundation	
	– Margin Sustainability	
	– Disciplined and Steady Growth	
– Financial Outlook		
11:15 am	Break	
11:30 am	Panel Discussion:	
	– Margin Sustainability	Jim Woys
	– Growth Prospects	Pam Sedmak
	– Financial Profile	Tom Tran
	Management Team Q&A	
1:00 pm	Lunch	

# Cautionary Statement

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

This presentation and the accompanying oral remarks include forward-looking statements regarding, without limitation, the Company's 2019 guidance, its business plans, expectations, and longer-term outlook for the future. The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The Company cannot guarantee that it will actually achieve the plans, outlook, or expectations disclosed in its forward-looking statements and, accordingly, you should not place undue reliance on the Company's forward-looking statements. Those risks and uncertainties are discussed under Item 1A in the section entitled "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, and also in the Company's quarterly reports and other reports and filings with the Securities and Exchange Commission, or SEC. These reports can be accessed under the investor relations tab of the Company's website or on the SEC's website at [www.sec.gov](http://www.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 the results or events projected or contemplated by its forward-looking statements will in fact occur. All forward-looking statements in this presentation represent management's judgment as of May 30, 2019, 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.



# Pivot to Growth

**Joe Zubretsky**  
President & Chief Executive Officer



## Pivoting to Growth

Margin recovery complete, sustainability well under way, pivot to growth has begun



## Investment Thesis

Focused on sustainable industry leading margins and double digit growth



Double digit revenue growth



Return to shareholders in an accretive way



Lowest cost / highest margins in the business



Accomplished management team



Low capital requirements and significant excess cash flow



Pure play government business

## Outlook: Total Company Long-Term Growth 3 to 5 Years

Long-term, compound annual growth rates - average over time

<b>Premium Revenue Growth</b>	<b>10% - 12%</b>
<b>After-Tax Margin</b>	<b>3.8% - 4.2%</b>
<b>Net Income Growth</b>	<b>9% - 11%</b>
<b>EPS Growth</b>	<b>12% - 15%</b>



Additional  
upside could be  
provided  
through capital  
deployment



## Who We Are

**Joe Zubretsky**  
President & Chief Executive Officer

# Franchise

High-quality healthcare through government programs for disadvantaged people

**FORTUNE  
500**



**168**  
Ranking

**\$16.4B**  
Revenue  
2019E

**3.4M**  
Members  
1Q19

**15**  
Markets

# Mission

Commitment to providing high-quality care while delivering value to all stakeholders

Molina provides the disadvantaged with access to high-quality healthcare



The mission is equally balanced among all those we serve



Members



Shareholders



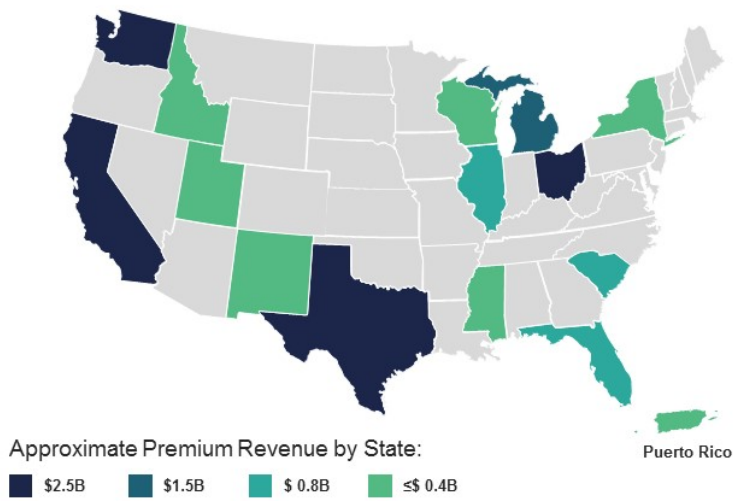
Government Agencies



Employees

# Footprint

Geographically diverse and national in scope



Geographically diversified with no state greater than 19% of premium revenue



Strong incumbency status, resilient state relationships and growth opportunities



Presence in many of the nation's largest managed care markets

# Transforming Molina

Transformation addressed each major component of the enterprise



## Operating Model

- Self-contained health plan and product line P&L's
- Clear decision rights
- Rigorous performance management



## Culture

- Accountability and ownership
- Transparency and trust
- Reliability and commitment
- The Molina brand



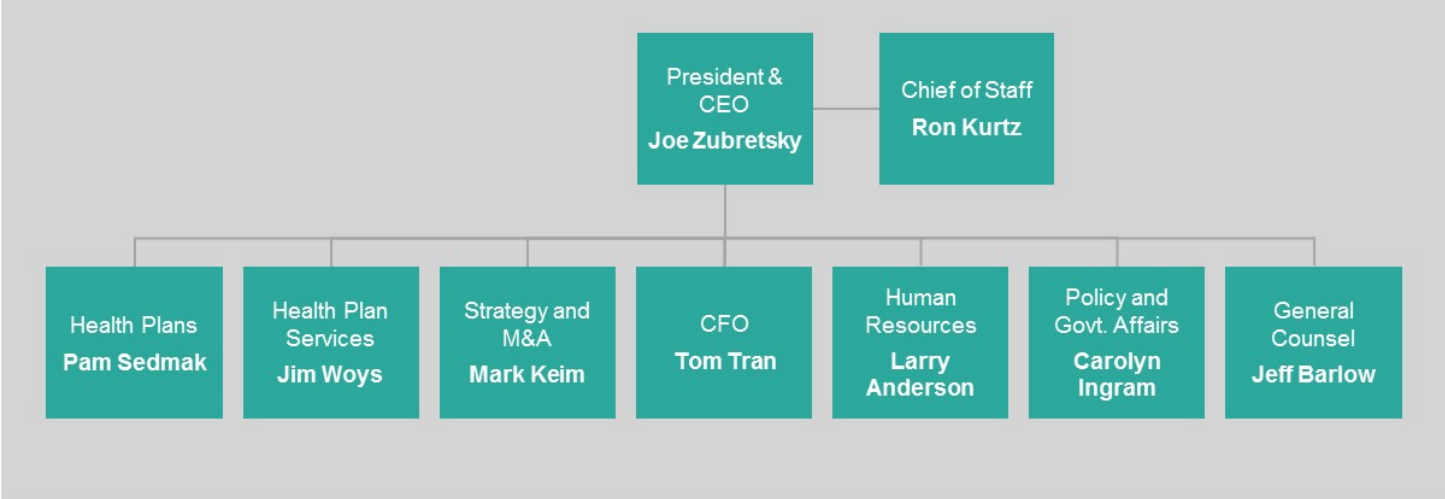
## Talent

- Entirely new at senior executive levels
- Middle management enhancement
- Seasoned managed care veterans



# Management Team

Team of industry-leading executives with over 20 decades of experience





# A Strong Foundation

## Full Year 2019 Guidance

Strong financial performance in a high-growth industry

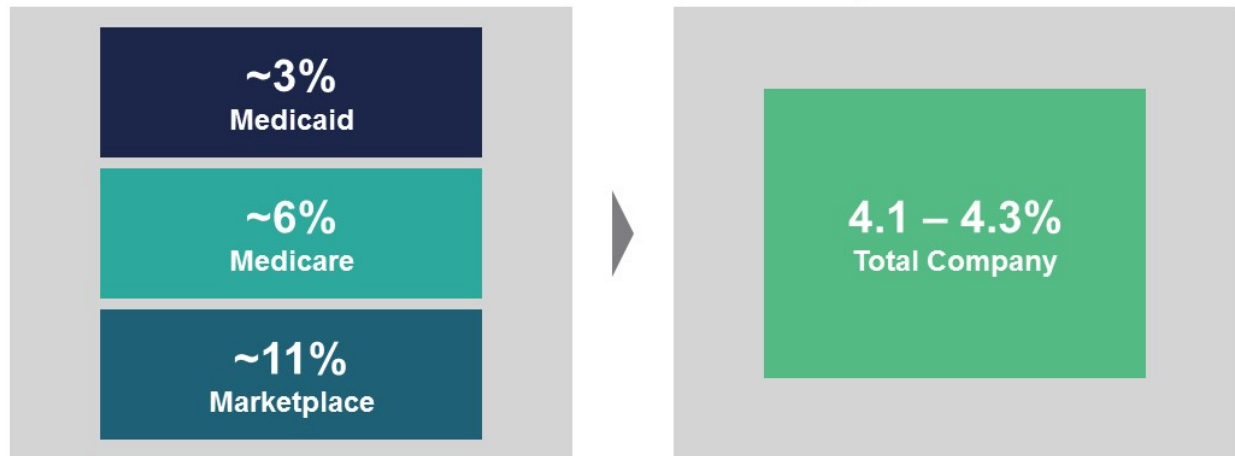
	As of 1Q19 <sup>(1)</sup>
<b>Total Revenue</b>	<b>~ \$16.4B</b>
<b>Medical Care Ratio %<sup>(2)</sup></b>	<b>~ 86%</b>
<b>G&amp;A %<sup>(3)</sup></b>	<b>~7.7%</b>
<b>EBITDA<sup>(4)</sup></b>	<b>\$1,080M - \$1,120M</b>
<b>Net Income</b>	<b>\$680M - \$710M</b>
<b>After-Tax Margin<sup>(5)</sup></b>	<b>4.1% - 4.3%</b>
<b>EPS</b>	<b>\$10.50 - \$11.00</b>

1. All amounts are estimates and do not include non-recurring significant items.
2. Medical care ratio represents medical costs as a percentage of premium revenue.
3. G&A ratio represents general and administrative expenses as a percentage of total revenue.
4. See reconciliation of non-GAAP financial measures at the end of this presentation.
5. After-tax margin represents net income as a percentage of total revenue.

## Strong, Sustainable Margins

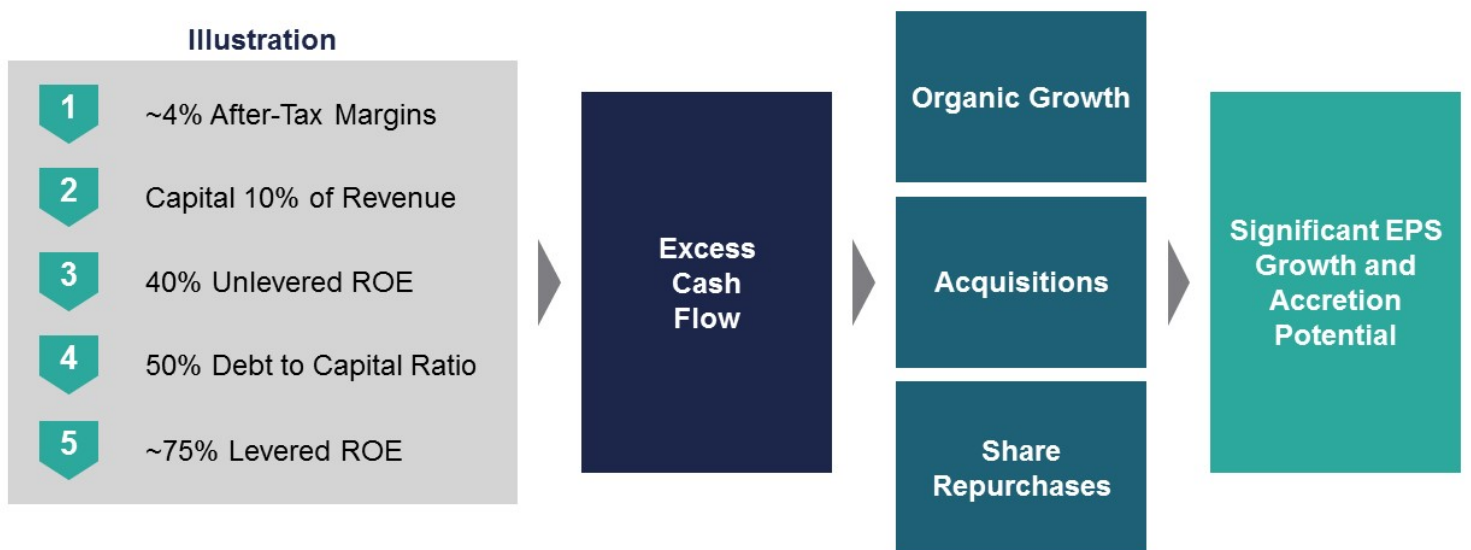
Best in class margins produce significant free cash flow

### Full Year 2019 Guidance After-Tax Margins



## Best in Class ROE Drives EPS

Significant cash generation creates flexibility for deployment



## A Strong and Stable Balance Sheet to Support Growth

In one year, restored a challenging balance sheet, now a strength

### 1Q19 Credit Stats

Debt to EBITDA Ratio	1.0x
Interest Coverage Ratio	14.7x
Debt / Capitalization	~45%
Debt Ratings	S&P: BB-    Moody's: B2

### Reserve Strength

Reserves at 3/31/19	\$2.0B
PYD 2018	~\$135M
PYD 2019 YTD	~\$55M

### Capital Levels 1Q19

~460%  
of RBC



### Liquidity

Parent Company Cash 1Q19	~\$440M
Remaining Subsidiary Dividends 2019E	~\$500M
Debt Capacity as of May 2019	~\$900M
Total Deployable Capital	~\$1.8B

## Excess Cash Flow Will be Invested Prudently

Will deploy capital to achieve stable, consistent growth and accretion

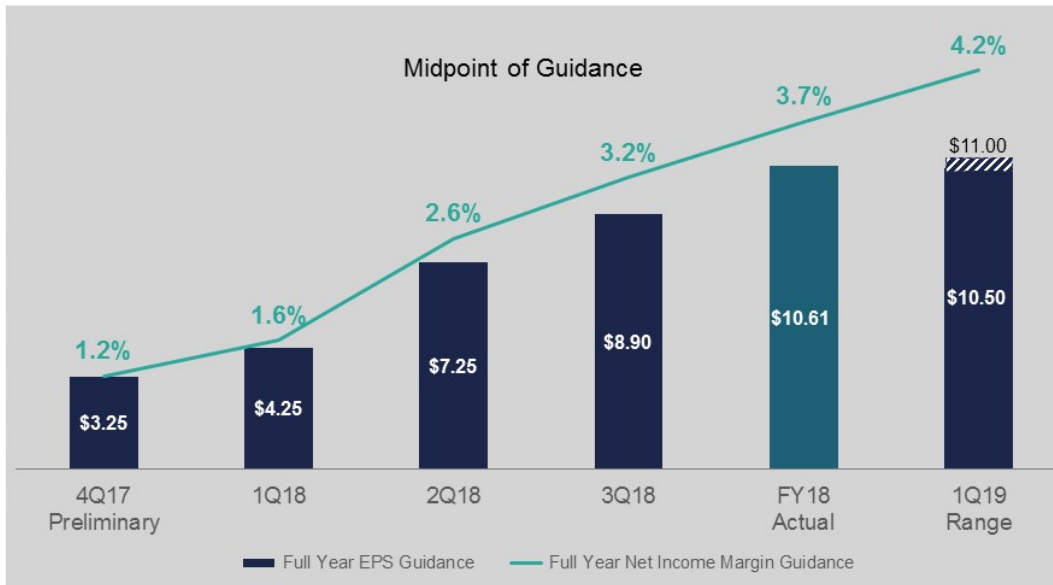
 <p>Re-invest in business</p>	<ul style="list-style-type: none"><li>– Organic growth is the highest priority</li><li>– Most efficient use of capital to grow</li><li>– All lines of business are high growth</li></ul>
 <p>Accretive bolt-on membership acquisitions</p>	<ul style="list-style-type: none"><li>– Expert acquisition team in place</li><li>– Robust pipeline, disciplined approach</li><li>– Strategic fit, operational synergies and EPS accretion</li></ul>
 <p>Return to Shareholders</p>	<ul style="list-style-type: none"><li>– Balanced approach to returning capital to shareholders</li><li>– Retire convertible debt</li><li>– Share repurchase</li></ul>

# Margin Sustainability



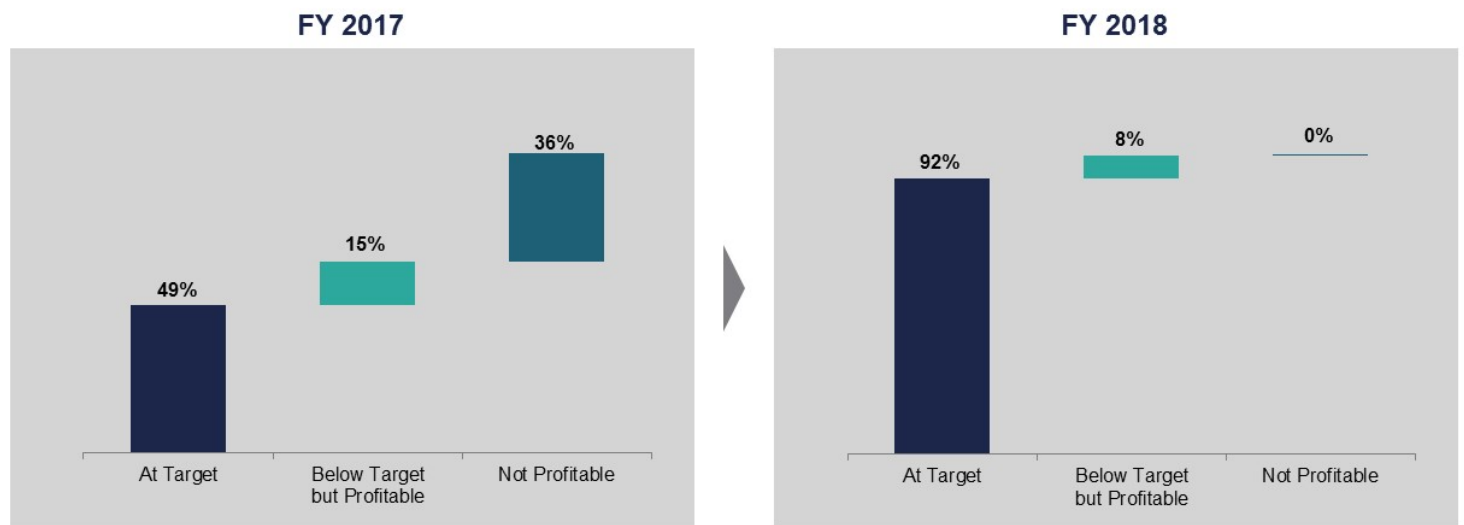
## Guidance Increases

Focusing on managed care fundamentals has yielded continued margin improvement



# High-Performing Health Plan Portfolio

Focus on underperforming business has improved portfolio margins



## The Rate Environment and Outlook

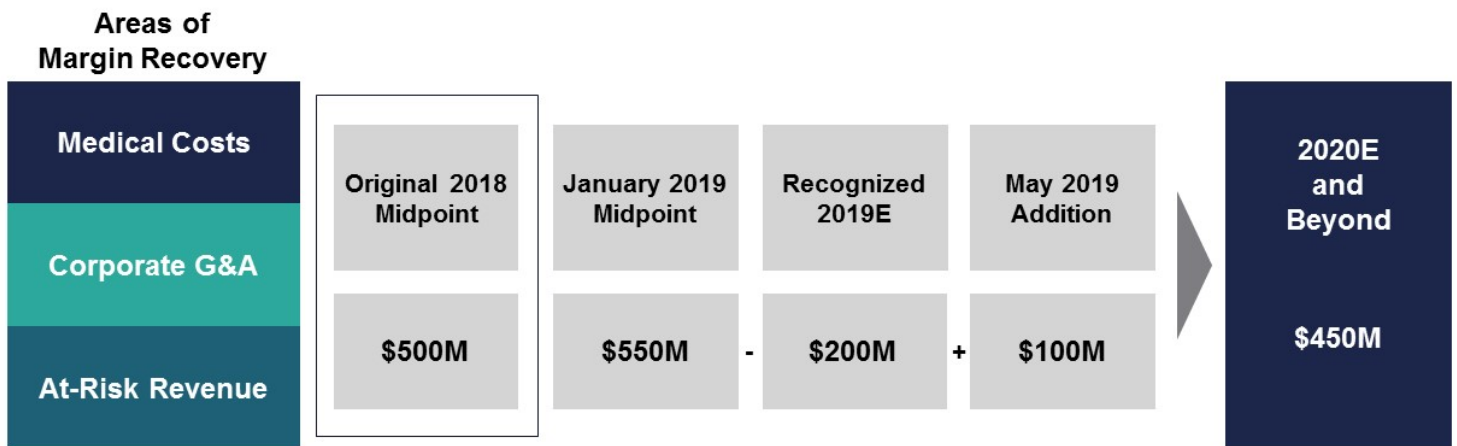
Rational and actuarially sound Medicaid rate environment with premium tracking to medical cost trend

### The typical rating dynamics:



# The Profit Improvement Inventory

An actionable inventory of initiatives to improve operating and financial performance



# Utilization Control

Ensuring members receive the right service, in the right setting, at the right cost






















## Actions:

- Standardizing business processes
- Enhancing medical economics engine
- High-acuity focus; NICU, OUD, BH, LTSS
- Refining clinical policies
- Detailed management of:
  - Inpatient admissions
  - ER utilization
  - Inpatient average length of stay
  - Pharmacy utilization trend

# Payment Integrity

Building “best in class” payment integrity capabilities to improve performance

Capabilities	Vendor Partners	Improvement Opportunity
Coordination of Benefits	   	
Pre-Pay	  	
Post-Pay	  	
Fraud, Waste and Abuse		
Subrogation		

 Significant Opportunity  
 Opportunity

## G&A Cost Scalability and Leverage

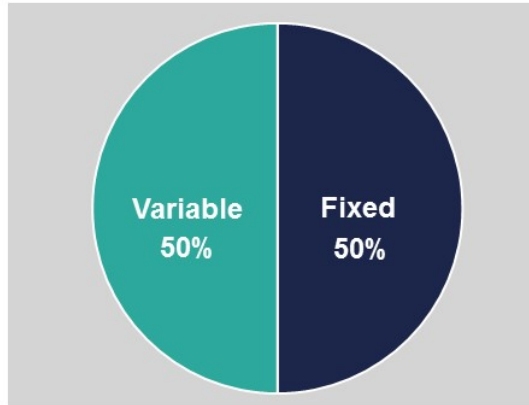
Continued cost actions and positive operating leverage fund investments while reducing G&A ratio

### Cost Actions

- Outsourcing
- Spans of control
- Lower cost labor pools
- Introducing automation, process redesign, and digitization

+

### Leveraging the Base



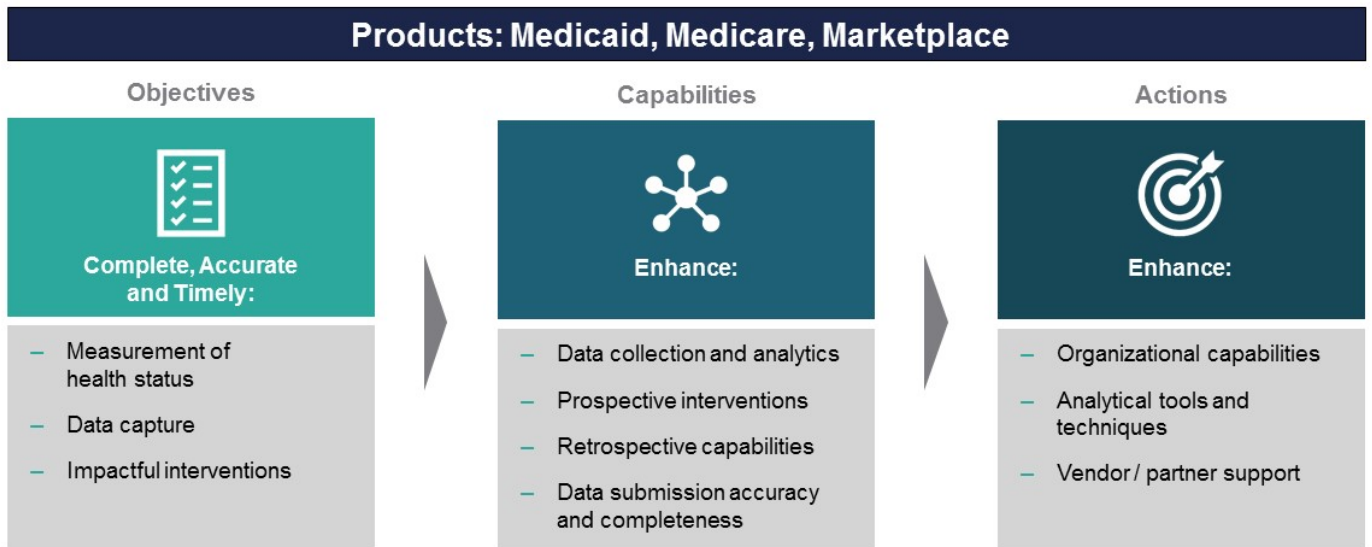
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### Funding Investments

- New business development
- Technology licensing
- Outsourcing
- Rent-to-own vendor focus
- Marketing and media

## Quality Scores and Risk Adjustment

Consistent quality gap closure and risk score data capture will retain at-risk revenue





# Optimal Operating Model

Fully integrated proprietary and rent-to-own operating model provides winning combination

## Internal Capabilities

 <b>Front Line and Pharmacy Utilization</b>	 <b>Provider Contracting/ Network</b>
 <b>Claims Payment</b>	 <b>Member / Provider Services</b>

## Outsourced/Co-Source

<b>PBM:</b> 	<b>Risk Adjustment:</b> 
<b>IT Infrastructure:</b> 	<b>Payment Integrity:</b> 

## **Disciplined and Steady Growth**

## Addressable Markets

High growth and synergistic portfolio

### Government Sector Managed Care Spending Growth (2016 - 2021 CAGR)

<b>Medicaid</b>	<b>5% - 8%</b>	<ul style="list-style-type: none"><li>– Underlying segment growth</li><li>– Increase in managed care, high-acuity populations</li></ul>
<b>Medicare Duals</b>	<b>8% - 12%</b>	<ul style="list-style-type: none"><li>– Elderly population continues to grow</li><li>– Increasing managed care penetration</li><li>– Medicare-Medicaid integration</li></ul>
<b>Marketplace</b>	<b>3% - 5%</b>	<ul style="list-style-type: none"><li>– Stabilized enrollment</li><li>– Government subsidies</li></ul>

Source: NHE, Medicaid Actuarial, Medicaid.gov, Medicare Trustees, CMS, CBO

## Pivot to Growth

Ongoing growth-oriented investments will drive top-line growth while sustaining margins



### RFP Process

- Rebuilt team
- Redesigned RFP process
- Engaged executive team
- Recent successes: WA, PR, and MS CHIP
- Pending awards: TX



### New Business Development

- Rebuilt team
- Focus on high probability targets
- Pre-RFP boots on the ground
- Revamped Government Affairs organization

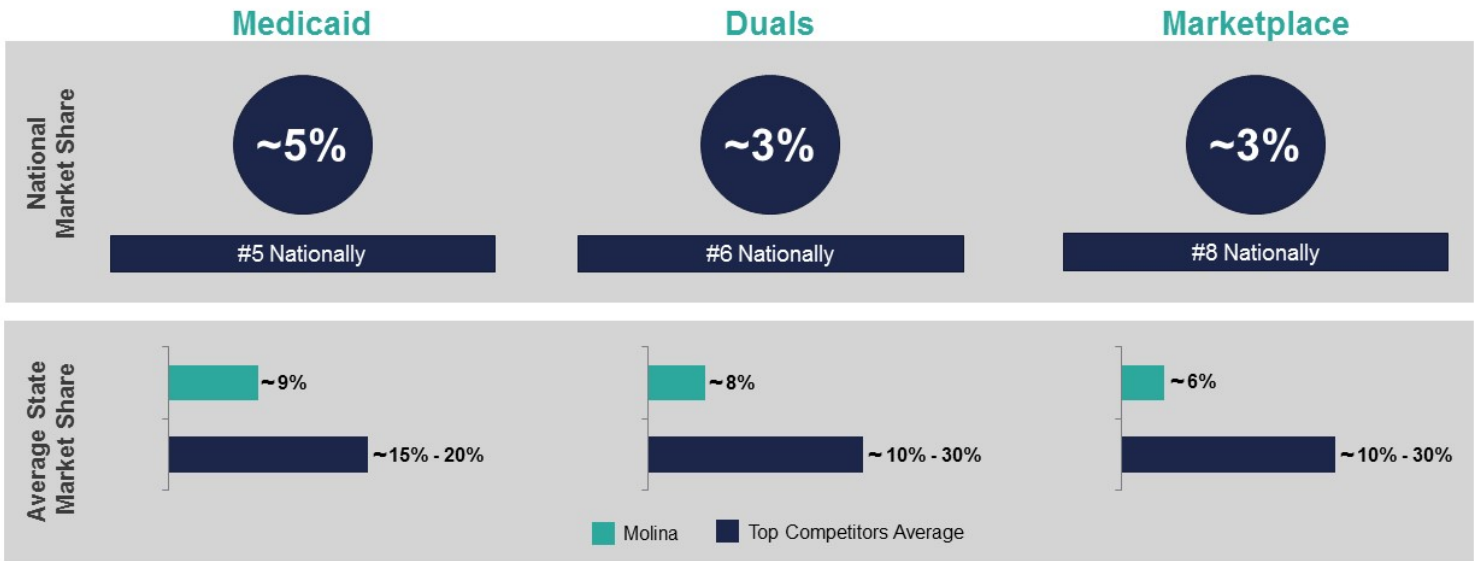


### Corporate Development

- Rebuilt team
- Significant managed care deal experience
- Expertise in identifying and executing transactions
- Joint ventures, member migrations
- Growing pipeline of acquisition targets

# Market Share Opportunity

Current national and local market shares present significant upside opportunity



# Molina's Growth Strategy

# Molina's Multi-Dimensional Growth Strategy Framework

A disciplined and steady approach to growth



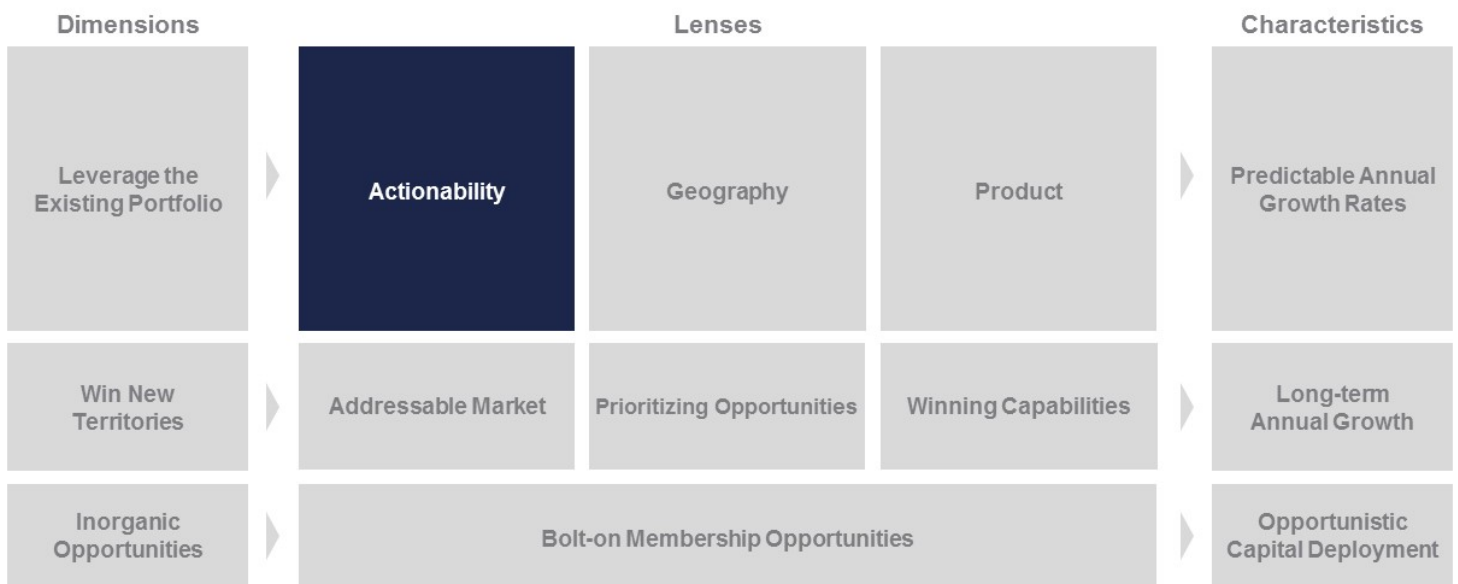


# Leverage the Existing Portfolio



# Molina's Multi-Dimensional Growth Strategy Framework

A disciplined and steady approach to growth



## Growth Lens One: Actionability...The “How”

Execute on highly actionable opportunity sets

### Opportunity Set:

- 1 Increase Medicaid market share
- 2 Add adjacent Medicaid geographies
- 3 Pursue Medicaid benefit carve-ins
- 4 Increase market share and penetration of other products in existing Medicaid footprint

## Opportunity Set One: Increase Medicaid Market Share

Capture Medicaid market share through tactical operating changes

### Opportunity

- National market share: 5%
- In-state market share ~9%; half of market share leaders
- Service area market share: 16%
- #2 - #4 player in most existing service areas

**1%**

Service Area  
Market Share

=

**\$750M**

Revenue

### Actions

- Capture eligibility re-determinations
- Deliver quality score improvement to capture more auto assignment
- Enhance voluntary selection through community involvement
- Local branding and marketing
- Enhance provider relationships

## Opportunity Set Two: Add Adjacent Medicaid Geographies

Achieve adjacent Medicaid geography growth through successful procurements in existing markets

### Opportunity

- Service area market share ~16%
- In-state market share is ~9%
- Ability to leverage fixed costs
- New potential regions in several states including TX

### Actions

- Enhance business development and RFP capabilities
- Actively evaluate every RFP expansion opportunity
- Foster relationships with community based organizations
- Continue to maintain strong standing within the state

## Opportunity Set Three: Increase Medicaid Benefit Carve-Ins

Drive Medicaid benefit carve-ins with state partners and capture with capabilities

### Opportunity

- Managing MLTSS benefits for 225K+ members
- \$40B+ of LTSS spend in Molina service areas
- Carve-in opportunities: MLTSS and BH
- Minimal MLTSS penetration in 6 Molina states
- Near-term opportunities for MLTSS in: IL, MI, SC, WI
- Near-term opportunity for BH in MI

### Actions

- Work with states to drive mandatory managed care movement legislatively
- Leverage the \$2B MLTSS platform
- Leverage BH integration capabilities in WA
- Work with states to ensure carve-ins are attached to existing Medicaid contracts
- Recent “wins” in OH and WA behavioral

## Opportunity Set Four: Penetration of Medicare Products in Medicaid Footprint

Achieve growth in existing and additional counties through enhanced offering

### Opportunity

- Increase market share in existing markets
- Offer DSNP in 400+ Medicaid-only counties
- Leverage Medicaid operational infrastructure

### Actions

- File DSNP in 150 new counties in 2019
- Develop products with competitive features and supplemental benefits
- Price competitively, balance margin and membership
- Leverage broker relationships and footprint

## Opportunity Set Four: Penetration of Marketplace Products in Medicaid Footprint

Drive Marketplace growth in existing and additional counties with focused products and pricing

### Opportunity

- Unique Marketplace product serving working poor
- Extension of, and priced off, Medicaid network
- Specialized broker channel specific to the Company's population
- Room to grow: Marketplace revenue previously \$4 billion gross in 2017

### Actions

- Tailor network unit cost to match pricing
- Refresh product suite
- Re-focus on high value metallic tiers
- Renew focus on outstanding broker relationships
- Intense analysis of pricing strategy vs. competitor position

## Opportunity Set Four: Marketplace Profit Pool Illustration

There are many possible paths to growing the profit pool longer-term

		Illustration	
	Full Year 2019 Guidance	Scenario 1: Margin Optimization	Scenario 2: Market Share Gain
Premium Revenue (Net of Risk Adjustment)	~\$1.5B	~ \$2.4B	~ 3.8B
After-Tax Income	~\$165M	~ \$216M	~ \$235M
After-Tax Margin %	~11%	~ 9%	~ 6%



# Molina's Multi-Dimensional Growth Strategy Framework

A disciplined and steady approach to growth



## Growth Lens Two: Geography...The “Where”

Geographic growth presents multiple opportunity sets

### Opportunity Set:

- 1 Across all forms of actionability, the growth prospects in existing states are robust
- 2 Each local health plan has a growth mandate and action plan
- 3 Centralized product expertise and capability executed locally is a winning model
- 4 Scaled but still underpenetrated, even in major geographies



## Growth Lens Two: Geography... Case Studies

Washington and Illinois case studies are instructive

### Washington



### Illinois



### Case Study

#### Washington:

- ✓ Won re-procurement
- ✓ Increased Medicaid market share
- ✓ Carved-in benefits
- ✓ Offered DSNP and Marketplace products

#### Illinois:

- ✓ Won Re-procurement expanded footprint
- ✓ Increased market share – bonus auto-assigns
- ✓ Carved-in benefits
- ✓ Expanding MMP

# Molina's Multi-Dimensional Growth Strategy Framework

A disciplined and steady approach to growth



## Growth Lens Three: Growth Trajectory by Product Offering...The “What”

Even without new RFP wins, long-term growth trajectories by line of business are strong

### Long Term Premium Revenue Growth Rates<sup>(1)</sup>

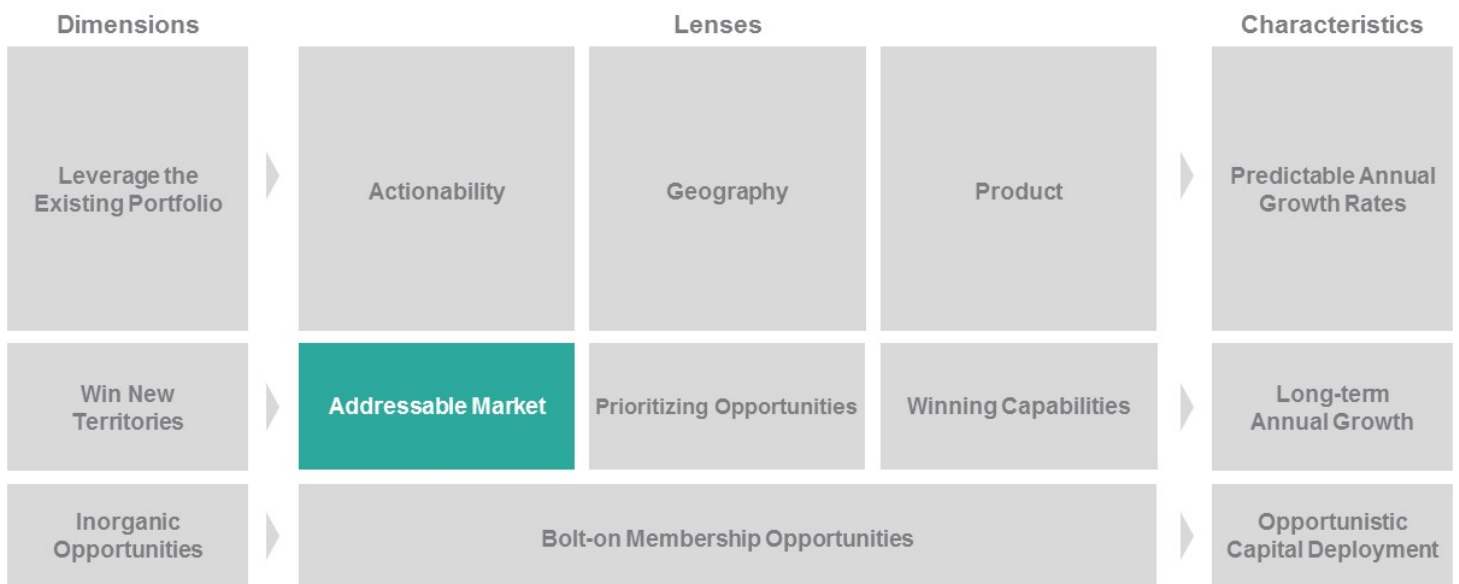


1. Long-term premium revenue growth rates represent 3 - 5 year CAGR off 2019E Guidance

# Win New Territories

# Molina's Multi-Dimensional Growth Strategy Framework

A disciplined and steady approach to growth

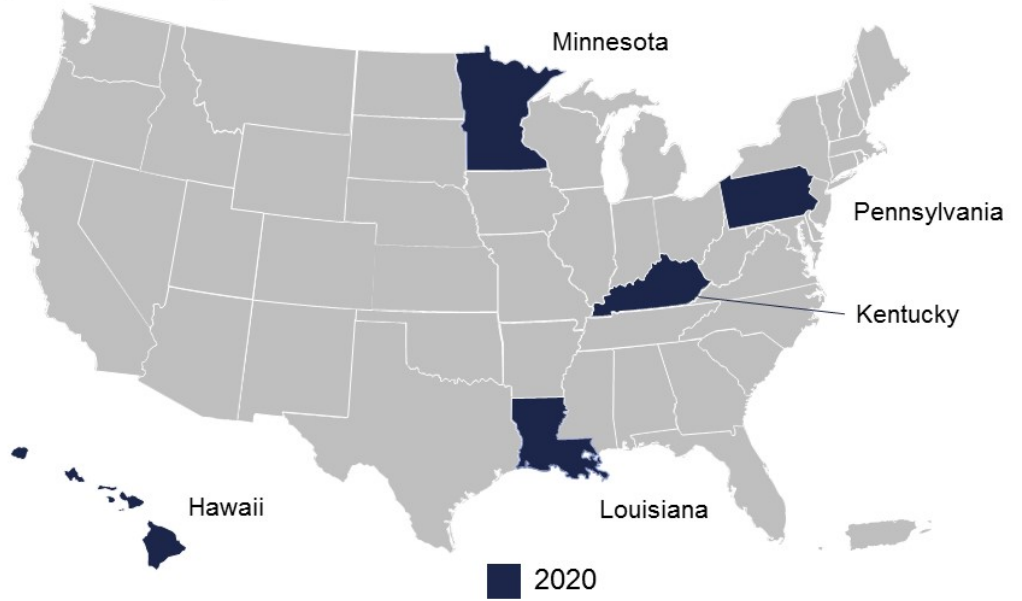




## Win New Territories: 2020 Addressable Market

Remain selective in choosing new states to pursue

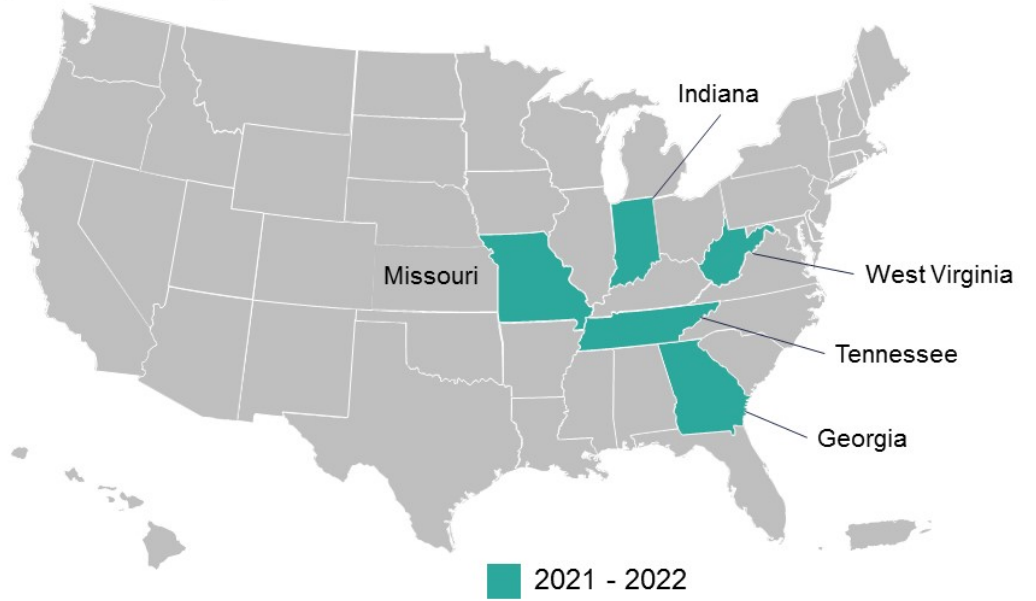
~\$33B



## Win New Territories: 2021 - 2022 Addressable Market

Remain selective in choosing new states to pursue

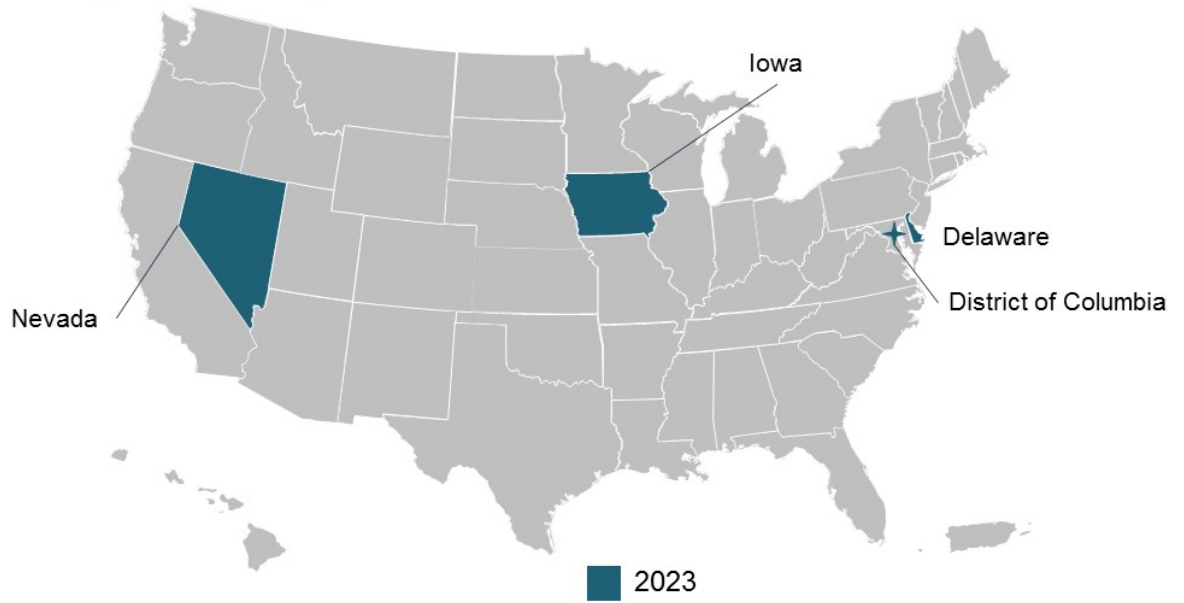
~\$17B



## Win New Territories: 2023 Addressable Market

Remain selective in choosing new states to pursue

~\$10B



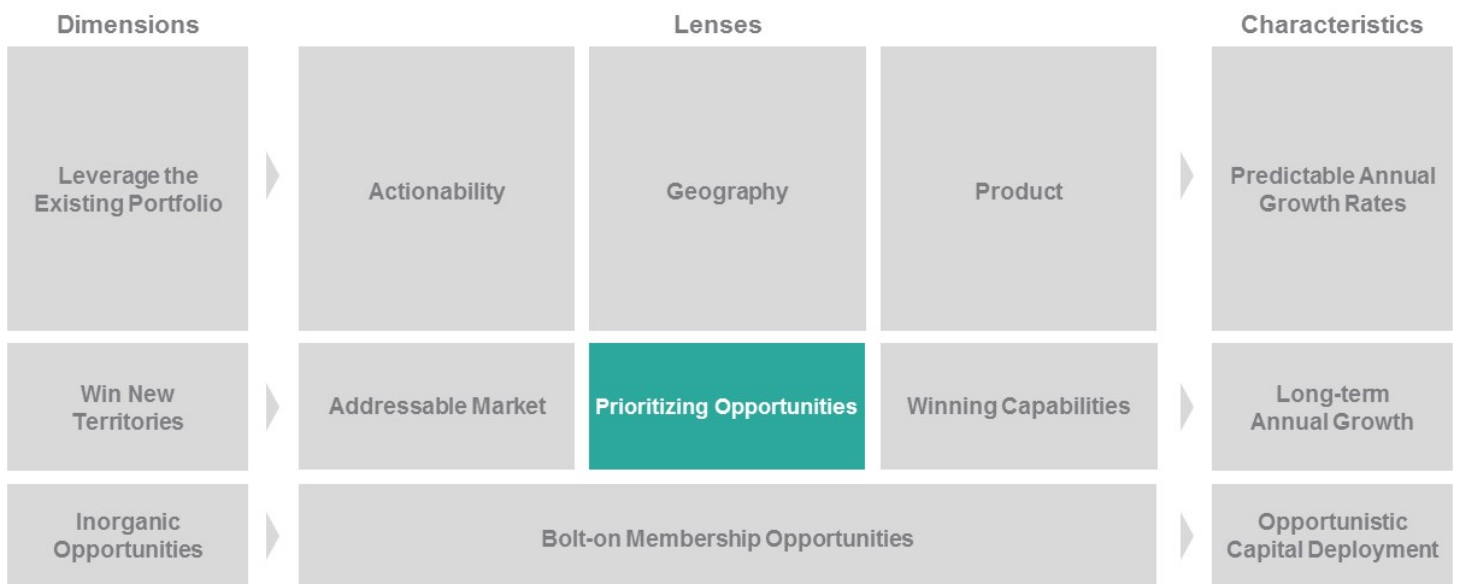
## Win New Territories: Foreseeable Addressable Market is ~\$60 Billion

Will target opportunities based on probabilities of success



# Molina's Multi-Dimensional Growth Strategy Framework

A disciplined and steady approach to growth



## Win New Territories: Prioritizing Opportunities

Disciplined approach to selecting opportunities based on probability of success

### Key Criteria

1

Size and duration of contract

5

Rational rate environment

2

Strength of incumbents

6

Future organic growth prospects

3

Number of awardees

7

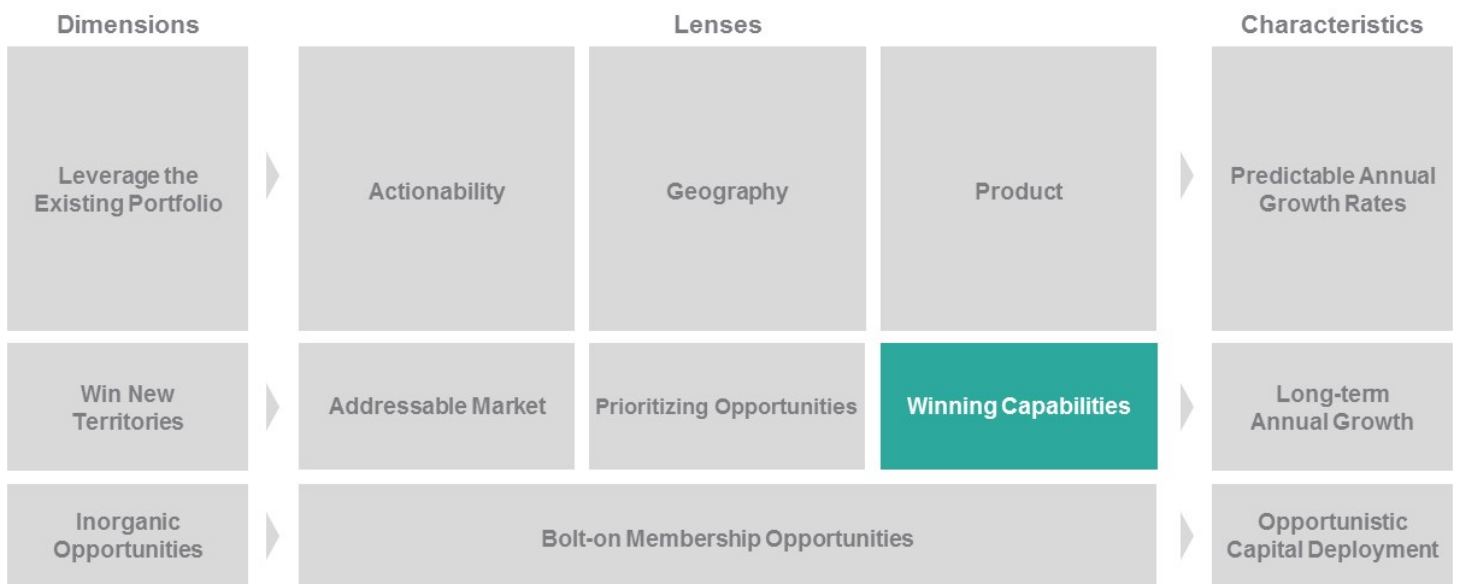
Local, political, and regulatory relationships

4

Ability to build high quality low cost network

# Molina's Multi-Dimensional Growth Strategy Framework

A disciplined and steady approach to growth



## Win New Territories: Winning Capabilities

Procurement is a technical sale; Molina has proven capabilities and solutions to win



### Table Stake Capabilities

- Member experience
- Provider experience
- Compliance excellence
- Low friction
- High quality and access to healthcare
- Managing high acuity members



### Innovation

- Long-term services and supports (LTSS)
- Complex care management
- PBM and Rx transparency
- Behavioral integration
- Social determinants of health
- Opioid use disorder



## Molina's Value Proposition

Partner of choice by delivering cost effective, reliable and seamless service



**Low Cost**



**Effective, High Quality,  
and Appropriate  
Access to Care**



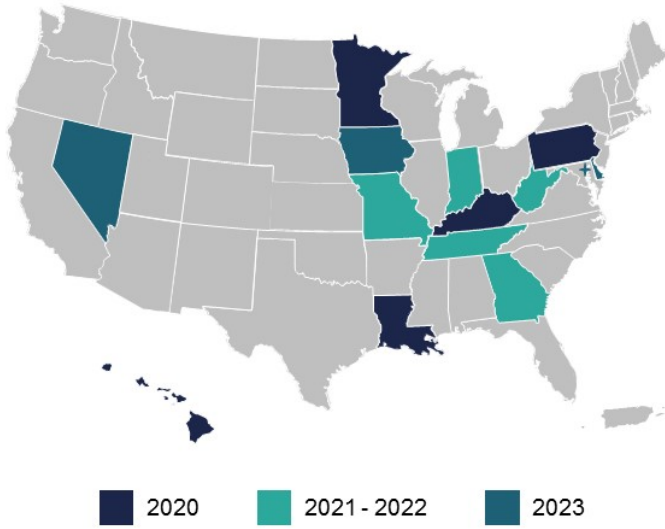
**Reliable Service and  
Seamless Experience**



**Partner of Choice**

## Win New Territories: Reprocurrency Pipeline

A conservative view of RFP success still drives incremental long-term revenue growth



Major RFP opportunities	~\$60B
Pursue subset of opportunities	~40%
Projected competitive win rate	~40%
Projected market share	15% - 20%
Incremental Medicaid revenue from RFPs in 2023	\$1.5B - \$2B

# Inorganic Growth Opportunities

# Molina's Multi-Dimensional Growth Strategy Framework

A disciplined and steady approach to growth



## Well-Positioned for Responsible Capital Deployment

Significant cash generation creates flexibility for deployment

### Sources of Cash

- 1 Molina's margins are highest in industry
- 2 Medicaid capital requirements are low relative to healthcare industry
- 3 Excess capital at the parent is substantial
- 4 EPS accretion can be higher under multiple deployment scenarios

### Uses of Cash

- 1 Organic growth opportunities
- 2 Targeted and focused acquisitions
- 3 Return to investors

## Capital Requirements and Capacity for Growth

Molina's strong cash flow make acquisitions actionable

### Annual Capital Deployment Illustration

Net income Full-Year 2019E	~\$700M
Statutory Capital Required for 10% Growth	~\$(150)M
Remaining Deployable Capital	~\$550M
<i>Leverage</i>	~2x
Levered Deployable Capital	~\$1.1B
Incremental Annual Revenue Potential at 0.5x Multiple	~\$2.0B

## Inorganic Growth Opportunities

Focus on strategic fit, operational synergies and EPS accretion

1

Attractive bolt-on membership opportunities in current states

2

More than 200 provider owned plans across the country

3

Turning around under-performing plans

4

Competitor divestitures present new opportunities

5

Opportunities pursued will lead to incremental EPS accretion

6

Will not pursue capability plays



# Financial Outlook



## Outlook: 2020 Premium Revenue Guidance

Business model provides good revenue visibility into 2020

### Growth Ranges

<b>Premium Revenue</b>	<b>\$17.0B - \$17.3B</b>
<b>% Growth</b>	<b>7% - 9%</b>

### Assumptions

- ✓ Growth in all three lines of business
- ✓ Does not include new RFP wins
- ✓ Assumes steady state in Texas
- ✓ Premium yield ~2%
- ✓ Volume and mix ~6%
- ✓ Health insurer fees not included

## Outlook: Total Company Long-Term Growth 3 to 5 Years

Long-term, compound annual growth rates - average over time

<b>Premium Revenue Growth</b>	<b>10% - 12%</b>
<b>After-Tax Margin</b>	<b>3.8% - 4.2%</b>
<b>Net Income Growth</b>	<b>9% - 11%</b>
<b>EPS Growth</b>	<b>12% - 15%</b>



Additional upside could be provided through capital deployment

## Outlook: Premium Revenue Growth by Line of Business

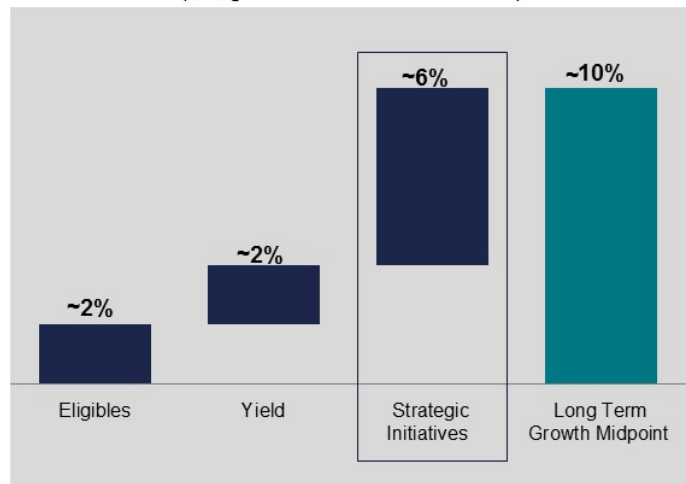
Remain disciplined, as the opportunity is significant even without inorganic growth

	Long-Term Growth 3 - 5 Years
Medicaid Growth Without RFPs	7% - 8%
Medicaid Growth From RFPs	\$1.5B - 2.0B
Total Medicaid Growth	9% - 11%
Medicare	14% - 16%
Marketplace	14% - 16%
Total	<b>10% - 12%</b>

## Outlook: Drivers of Long-Term Growth

Strategic initiatives that drive long-term growth in Medicaid

Medicaid Premium Revenue  
(Long Term Growth 9% - 11%)



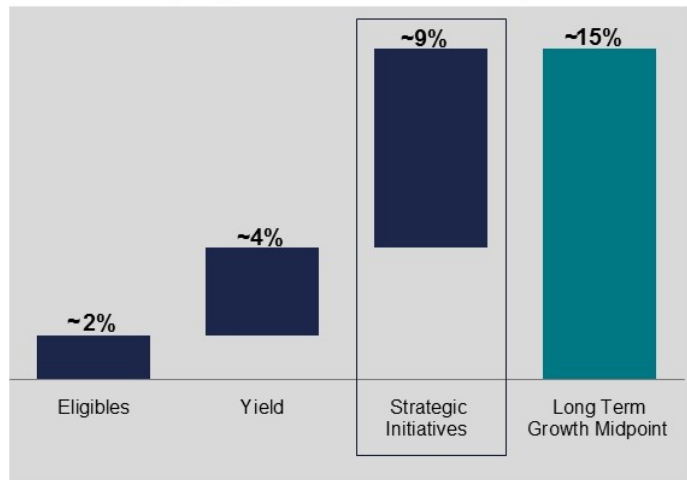
Strategic Initiatives:

- 1 Increase Medicaid market share
- 2 Add adjacent Medicaid geographies
- 3 Pursue Medicaid benefit carve-ins
- 4 Win Medicaid RFPs in new states

# Outlook: Drivers of Long-Term Growth

Strategic initiatives that drive long-term growth in Medicare

Medicare Premium Revenue  
(Long Term Growth 14% - 16%)



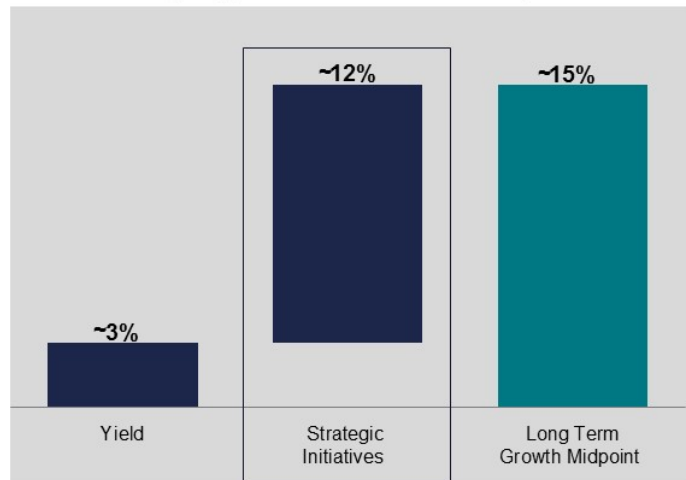
Strategic Initiatives:

- 1 Increase market share
- 2 Increase penetration in existing Medicaid footprint

## Outlook: Drivers of Long-Term Growth

Strategic initiatives that drive long-term growth in Marketplace

Marketplace Premium Revenue  
(Long Term Growth 14% - 16%)



Strategic Initiatives:

- 1 Increase market share
- 2 Increase penetration in existing Medicaid footprint

## Outlook: Long-Term After-Tax Margin Ranges

Long-term after-tax margins are expected to be attractive

### Assumptions

- 1 Good revenue visibility into 2020 and beyond
- 2 Rate environment: rational and actuarially sound
- 3 Margin improvement opportunities remain abundant
- 4 G&A leverage continues as top-line revenue grows

After-Tax Margin	2019 Guidance	3 - 5 Year Target
Medicaid	~3%	2.8% - 3.2%
Medicare	~6%	5.0% - 5.5%
Marketplace	~11%	8.5% - 9.5%
<b>Total Company</b>	<b>4.1% - 4.3%</b>	<b>3.8% - 4.2%</b>

## Outlook: Total Company Long-Term EPS Growth 3 to 5 Years

Excess cash at the parent of ~\$45 per share provides upside to outlook

### Growth Ranges (Assumes no Acquisitions)

<b>Net Income Growth</b>	<b>9% - 11%</b>
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<b>EPS Growth</b>	<b>12% - 15%</b>
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### Included in EPS Growth of 12% - 15%

- ✓ Outlook generates ~\$4B of cash
- ✓ Outlook assumes ~35% of cash for share repurchase or ~300 bps of EPS accretion
- ✓ Debt to capitalization ratio maintained at ~45%

### Upside to EPS Growth of 12% - 15%

- ✓ Excess cash at the parent of ~\$45 per share provides potential for additional EPS accretion



## Pivoting to Growth

With margin recovery complete, sustainability well under way, pivot to growth has already begun





# Panel Discussion



**Jim Woys**  
**Margin Sustainability**

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# Payment Integrity

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# Risk and Quality

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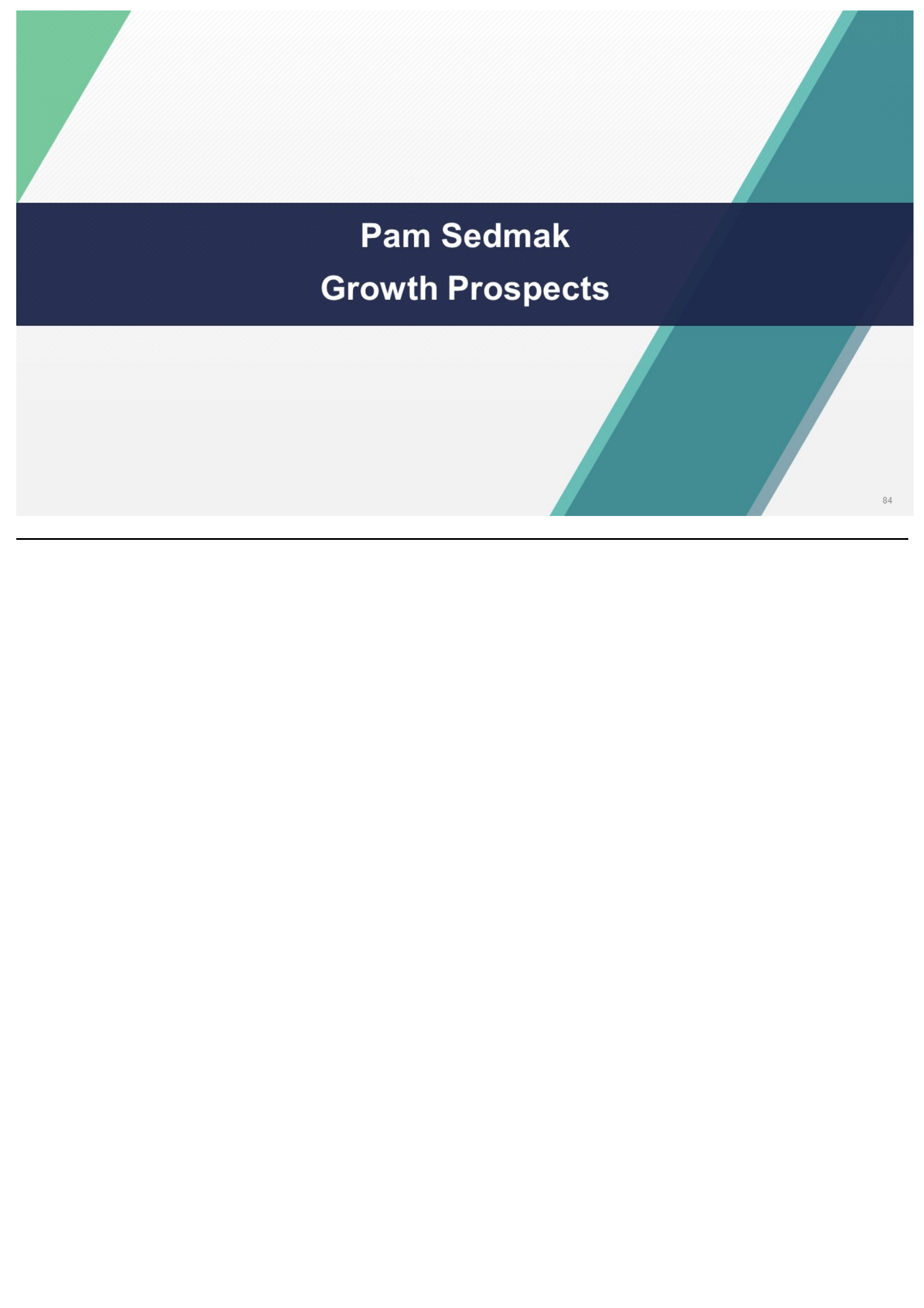
# Utilization Management

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# IT Capabilities

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**Pam Sedmak**  
**Growth Prospects**



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# RFP Pipeline and Evaluation Process

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# Approach to Medicaid RFPs

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# Reprocurement

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## Why Molina?

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# Market Share

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# Tom Tran

## Financial Profile

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# ROE Model

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# Long-Term Capital Deployment

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# Marketplace

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# Outlook

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## Executive Q&A

## Investment Thesis

Focused on sustainable industry leading margins and double digit growth



Double digit revenue growth



Return to shareholders in an accretive way



Lowest cost / highest margins in the business



Accomplished management team



Low capital requirements and significant excess cash flow



Pure play government business

# Reconciliation of Non-GAAP Financial Measures

## Reconciliation of Non-GAAP Financial Measures

2019 revised guidance as of 1Q19

	Low End	High End
Net Income	\$680M	\$710M
<b>Adjustments:</b>		
Depreciation, and Amortization of Intangible Assets and Capitalized Software	\$90M	\$90M
Interest Expense	\$90M	\$90M
Income Tax Expense	\$220M	\$230M
EBITDA	\$1,080	\$1,120