

**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): 05/29/2007

MOLINA HEALTHCARE, INC.

(Exact name of registrant as specified in its charter)

Commission File Number: 001-31719

DE
(State or other jurisdiction of
incorporation)

134204626
(IRS Employer
Identification No.)

**One Golden Shore Drive
Long Beach, CA 90802-4202**
(Address of principal executive offices, including zip code)

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

(Former name or former address, if changed since last report)

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))
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Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

Effective as of May 29, 2007, Dr. James W. Howatt, 60, was appointed as the Chief Medical Officer of Molina Healthcare, Inc. As Chief Medical Officer, Dr. Howatt will be responsible for oversight of the medical management functions of all of the Company's health plan subsidiaries, including utilization management, quality improvement, credentialing, pharmacy, and risk management activities. He will report to J. Mario Molina, M.D., President and Chief Executive Officer of Molina Healthcare.

Since February 2006, Dr. Howatt had served as the Chief Medical Officer of Molina Healthcare of Washington, Inc., the wholly owned health plan subsidiary of Molina Healthcare. As CMO of the Washington health plan, Dr. Howatt was responsible for oversight of that plan's utilization management, quality improvement, credentialing, pharmacy, and accreditation. From 2004 to February 2006, Dr. Howatt was Western Regional Medical Director for Humana Inc., where he was responsible for the coordination and oversight of quality, utilization management, credentialing, and accreditation for Humana's activities west of Kansas City. From 2002 to 2004, he was Vice President and Chief Medical Officer of Humana Arizona, where he was responsible for leading a variety of medical management functions and worked closely with the company's sales division to develop customer-focused benefit structures. Dr. Howatt has also served as Chief Medical Officer for Humana TRICARE, where he oversaw a \$2.5 billion health care operation that served three million beneficiaries and comprised a professional network of 40,000 providers, 800 institutions, and 13 medical directors.

In connection with his appointment, effective May 29, 2007, Dr. Howatt has been granted 3,050 shares of restricted stock and 9,000 stock options under the Molina Healthcare, Inc. 2002 Equity Incentive Plan. The stock and options both vest in equal one-quarter increments over four years from the date of grant. Dr. Howatt and the Company have also entered into a Change of Control Agreement which provides that Dr. Howatt shall be entitled to a severance payment equal to two times his base salary of \$320,000 plus a prorated bonus amount if, within the first twelve months after the occurrence of a change in control of Molina Healthcare, Inc., Dr. Howatt resigns for good reason or is terminated without cause. A copy of the Change in Control Agreement is attached hereto as Exhibit 10.1. Dr. Howatt shall also be entitled to severance pay in the event of his termination without cause pursuant to the Company's standard policy for senior executive officers.

Dr. Michael M. Siegel, who since February 2007 had been serving in an interim capacity pending the appointment of a Chief Medical Officer, has returned to his former position as Molina Healthcare's Vice President - Medical Director of Utilization Management and Quality Improvement.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

Ex. 10.1 -- Change in Control Agreement between Molina Healthcare, Inc. and Dr. James W. Howatt.

Signature(s)

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 29, 2007

By: /s/ Mark L. Andrews

Mark L. Andrews
Chief Legal Officer, Corporate Secretary

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
EX-10.1	Change in Control Agreement between Molina Healthcare, Inc. and Dr. James W. Howatt.

CHANGE IN CONTROL AGREEMENT

THIS CHANGE IN CONTROL AGREEMENT (the "Agreement") is entered into as of May 29, 2007, (the "Effective Date"), by and between James W. Howatt (the "Executive") and Molina Healthcare, Inc., a Delaware corporation (the "Company").

1. Definitions. The following definitions shall apply for all purposes under this Agreement:

(a) Change in Control. "Change in Control" means the occurrence of any of the following events after the Effective Date:

(i) The acquisition (other than by an Excluded Person), directly or indirectly, in one or more transactions, by any person or by any group of persons, within the meaning of Section 13(d) or 14(d) of the Exchange Act, of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of more than fifty percent (50%) of either the outstanding shares of common stock or the combined voting power of the Company's outstanding voting securities entitled to vote generally, whether or not the acquisition was previously approved by the existing directors, other than an acquisition that complies with clause (x) and (y) of paragraph (ii);

(ii) Consummation of a reorganization, merger, or consolidation of the Company or the sale or other disposition of all or substantially all of the Company's assets unless, immediately following such event, (x) all or substantially all of the stockholders of the Company immediately prior to such event own, directly or indirectly, more than fifty percent (50%) of the then outstanding voting securities of the resulting corporation (including without limitation, a corporation which as a result of such event owns the Company or all or substantially all of the Company's assets either directly or indirectly through one or more subsidiaries) and (y) the securities of the surviving or resulting corporation received or retained by the stockholders of the Company are publicly traded;

(iii) Approval by the stockholders of the complete liquidation or dissolution of the Company; or

(iv) A change in the composition of a majority of the directors on the Company's Board of Directors within 12 months if not approved by a majority of the pre-existing directors.

A transaction shall not constitute a Change in Control if its sole purpose is to change the state of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(b) Excluded Person. "Excluded Person" means:

(i) Any person described in and satisfying the conditions of Rule 13d-1(b)(1) under the Exchange Act;

(ii) The Company;

(iii) An employee benefit plan (or related trust) sponsored or maintained by the Company or its successor;

(iv) Any person who is the beneficial owner (as defined in Rule 13d-3 under the Exchange Act) of more than 15% of the Common Stock on the Effective Date (or any affiliate, successor, heir, descendant, or related party of or to such person).

(c) Good Reason. "Good Reason" shall mean that, on or after the effective date of a Change in Control, the Executive (without Executive's written consent):

(i) Has incurred a material reduction in his or her authority or responsibility in comparison to the Executive's authority or responsibility prior to the public announcement of the Change in Control (the "Announcement");

(ii) Has incurred one or more reductions in his or her "total compensation" which is defined as follows:

(A) any reduction in base salary, or

(B) any reduction in the target annual bonus percentage of base salary; or

(iii) Has been notified that his or her principal place of work will be relocated by a distance of 50 miles or more.

For purposes of this Agreement, "base salary" shall mean the Executive's annualized base salary as of the Effective Date, as may be subsequently adjusted upward for increases.

(d) Just Cause. "Just Cause" includes but is not limited to any of the following committed by Executive (or omitted to be done by Executive) that occur on or after the Effective Date:

(i) Theft, unethical or unlawful activity, or other dishonesty;

(ii) Neglect of or failure to perform employment duties;

(iii) Inability or unwillingness to perform employment duties;

(iv) Insubordination;

(v) Abuse of alcohol or other drugs or substances;

(vi) Breach of this Agreement;

(vii) A conviction of or plea of "guilty" or "no contest" to a felony under the laws of the United States or any state thereof; or

(viii) Any violation or breach of any Company policy that has been established to comply with either the Sarbanes-Oxley Act of 2002 (or any regulations or rules or decisions that implement/interpret such act) or any laws, rules, or requirements of the Securities and Exchange Commission or the New York Stock Exchange.

(e) Total Disability. "Total Disability" shall be deemed to occur on the ninetieth (90th) consecutive or non-consecutive calendar day within any twelve (12) month period that Executive is unable to perform his or her duties because of any physical or mental illness or disability.

2. Severance Payment and Equity Compensation.

(a) The Executive shall be entitled to receive a severance payment from the Company as provided herein (the "Severance Payment") if within the first twelve (12) month period after the occurrence of a Change in Control, either:

(i) The Executive voluntarily resigns his or her employment for Good Reason within sixty (60) days after the Executive becomes aware of the occurrence of an event specified in Section 1(c); or

(ii) The Company terminates the Executive's employment for any reason other than Just Cause, death, or Total Disability.

For all purposes under this Agreement, the amount of the Severance Payment shall be equal to two times (2X) the Executive's annual base salary, as in effect on the date of the termination of Executive's employment (or if Executive's salary was greater, on the date of the Announcement), plus a prorata portion of the Executive's target bonus for the fiscal year in which Executive's employment is terminated, based on the number of entire months of such fiscal year that have elapsed through the date of Executive's termination of employment as a fraction of twelve (12). The Severance Payment shall be made to Executive in a single lump sum cash payment not later than seven (7) business days following the date that Executive becomes entitled to a Severance Payment.

Except as may be provided under Sections 2(b) and 2(c), the Severance Payment shall be in lieu of any other post-termination employment payments.

(b) Incentive, Deferred Compensation, and Retirement Programs. If the Executive is entitled to a Severance Payment under Section 2(a) and notwithstanding anything to the contrary in any stock option or stock appreciation right (SAR) or deferred compensation plan or retirement plan or agreements, then (i) the Executive shall become immediately fully vested in all of his or her outstanding stock options, SARs, warrants, restricted stock, phantom stock, deferred compensation, retirement or similar plans or agreements of the Company, and (ii) the Executive (or his or her personal representative if applicable) shall be permitted to exercise any of his or her vested stock options/SARs until the earlier of (i) one (1) year after Executive's termination of employment or (ii) the term of such unexercised stock options, warrants, or SARs.

(c) Health Coverage. If the Executive is entitled to a Severance Payment under Section 2(a), the Company shall reimburse Executive for a portion of the cost of any group health continuation coverage that the Company is otherwise required to offer under the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) until the earlier of the date that (i) the Executive becomes covered by comparable health coverage, offered by another employer, or (ii) is twelve (12) months after the date upon which the Executive becomes entitled to a Severance Payment under Section 2(a). The Executive shall continue to be responsible to pay for the cost of the employee portion of COBRA coverage (such employee portion cost shall not be reimbursed by the Company).

(d) Mitigation. Except as may be expressly provided elsewhere in this Agreement, the Executive shall not be required to mitigate the amount of any payment or benefit contemplated by this Section 2 (whether by seeking new employment or in any other manner). No such payment shall be reduced by earnings that the Executive may receive from any other source.

(e) Conditions. All payments and benefits provided under this Section 2 are conditioned on Executive's continuing compliance with this Agreement and the Company's policies. All payments and benefits are also conditioned on, and in consideration for, Executive's execution (and effectiveness) of a release of claims and covenant not to sue substantially in the form provided in Exhibit A upon termination of employment, to be delivered by Executive simultaneously upon payment by the Company.

3. Successors.

(a) Company's Successors. Any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation, or otherwise) to all or substantially all of the Company's business and/or assets, shall be obligated to perform this

Agreement in the same manner and to the same extent as the Company would be required to perform it in the absence of a succession.

(b) Executive's Successors. This Agreement and all rights of the Executive hereunder shall inure to the benefit of, and be enforceable by, the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees.

4. Miscellaneous Provisions.

(a) Notice. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of the Executive, mailed notices shall be addressed to him or her at the home address which he or she most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

(b) Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Executive and by an authorized officer of the Company (other than the Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) Whole Agreement. This Agreement contains all the legally binding understandings and agreements between Executive and the Company pertaining to the subject matter of this Agreement and supersedes all such agreements, whether oral or in writing, previously entered into between the parties.

(d) Withholding Taxes. All payments made under this Agreement shall be subject to reduction to reflect taxes required to be withheld by law.

(e) Choice of Law. The validity, interpretation, construction, and performance of this Agreement shall be governed by the laws of the State of California without regard to the conflicts of laws principles thereof.

(f) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(g) Arbitration. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration in Los Angeles County in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Discovery shall be permitted to the same extent as in a proceeding under the Federal Rules of Civil Procedure, including (without limitation) such discovery as is specifically authorized by section 1283.05 of the California Code of Civil Procedure, without need of prior leave of the arbitrator under section 1283.05(e) of such Code. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. All fees and expenses of the arbitrator and such Association and attorney fees shall be paid as determined by the arbitrator.

(h) No Assignment. The rights of Executive to payments or benefits under this Agreement shall not be made subject to option or assignment, either by voluntary or involuntary assignment or by operation of law, including (without limitation) bankruptcy, garnishment, attachment or other creditor's process, and any action in violation of this Subsection (h) shall be void.

(i) Nondisparagement; Confidentiality. On the Effective Date and thereafter, Executive agrees that he/she will not disparage the Company or its directors, officers, employees, affiliates, subsidiaries, predecessors, successors or assigns in any written or oral communications to any third party. Executive further agrees that he/she will not direct anyone to make any disparaging oral or written remarks to any third parties. During Executive's employment and following Executive's termination of employment for any reason, Executive agrees to not intentionally use or disclose the confidential information or trade secrets of the Company.

(j) Nonsolicit. During the Executive's employment with Company and for twelve months after Executive's termination of employment, the Executive shall not, directly or indirectly, either as an individual or as an employee, agent, consultant, advisor, independent contractor, general partner, officer, director, stockholder, investor, lender, or in any other capacity whatsoever, of any person, firm, corporation, or partnership: (i) induce or attempt to induce any person who at the time of such inducement is an employee of the Company to perform work or service for any other person or entity other than the Company or (ii) participate or engage in the design, development, manufacture, production, marketing, sale, or servicing of any product, or the provision of any service, that directly or indirectly relates to Company business.

(k) Notice of Employment. During Executive's employment and for twelve months after Executive's termination of employment, Executive will promptly notify the Company in writing if Executive becomes (or agrees to become) an employee or director of any other employer. Such notice shall include the name of the other employer and the date of commencement of employment or service as a director.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

EXECUTIVE:

/s/ James W. Howatt

James W. Howatt

MOLINA HEALTHCARE, INC.:

/s/ Joseph M. Molina

By: Joseph M. Molina

Its: President, CEO, and Chairman of the Board

EXHIBIT A

Form of Release of Claims and Covenant Not To Sue

In consideration of the payments and other benefits that Molina Healthcare, Inc., a Delaware corporation (the "Company"), is providing to James W. Howatt ("Executive") under the Change in Control Agreement entered into by and between Executive and the Company, dated May 29, 2007, the Executive, on his or her own behalf and on behalf of Employee's representatives, agents, heirs and assigns, waives, releases, discharges and promises never to assert any and all claims, demands, actions, costs, rights, liabilities, damages or obligations of every kind and nature, whether known or unknown, suspected or unsuspected that Executive ever had, now have or might have as of the date of Executive's termination of employment with the Company against the Company or its predecessors, parent, affiliates, subsidiaries, stockholders, owners, directors, officers, employees, agents, attorneys, insurers, successors, or assigns (including all such persons or entities that have a current and/or former relationship with the Company) for any claims arising from or related to Executive's employment with the Company, its parent or any of its affiliates and subsidiaries and the termination of that employment.

These released claims also specifically include, but are not limited to, any claims arising under any federal, state and local statutory or common law, such as (as amended and as applicable) Title VII of the Civil Rights Act, the Age Discrimination in Employment Act, the Americans With Disabilities Act, the Employee Retirement Income Security Act, the Family Medical Leave Act, the Equal Pay Act, the Fair Labor Standards Act, the Industrial Welfare Commission Orders, the California Fair Employment and Housing Act, the California Constitution, the California Government Code, the California Labor Code and any other federal, state or local constitution, law, regulation or ordinance governing the terms and conditions of employment or the termination of employment, and the law of contract and tort and any claim for attorneys fees.

Furthermore, the Executive acknowledges that this waiver and release is knowing and voluntary and that the consideration given for this waiver and release is in addition to anything of value to which Executive was already entitled. Executive acknowledges that there may exist facts or claims in addition to or different from those which are now known or believed by Executive to exist. Nonetheless, this Agreement extends to all claims of every nature and kind whatsoever, whether known or unknown, suspected or unsuspected, past or present. Executive also expressly waives the provisions of California Civil Code section 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him/her must have materially affected his settlement with the debtor. With respect to the claims released in the preceding sentences, the Executive will not initiate or maintain any legal or administrative action or proceeding of any kind against the Company or its predecessors, parent, affiliates, subsidiaries, stockholders, owners,

directors, officers, employees, agents, successors, or assigns (including all such persons or entities that have a current or former relationship with the Company), for the purpose of obtaining any personal relief, nor assist or participate in any such proceedings, including any proceedings brought by any third parties (except as otherwise required or permitted by law). The Executive further acknowledges that he has been advised by this writing that:

" he should consult with an attorney prior to executing this release;

" he has at least twenty-one (21) days within which to consider this release;

" he has up to seven (7) days following the execution of this release by the parties to revoke the release;
and

" this release shall not be effective until such seven (7) day revocation period has expired.

Executive agrees that the release set forth above shall be and remain in effect in all respects as a complete general release as to the matters released.

EXECUTIVE

James W. Howatt

Date: