



Your Extended Family.

2016A

Investor Day

February 11, 2016 / New York, New York

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: our financial outlook and business expectations for 2016; expected rate changes in 2016; the integration of, and the achievement of expected revenues from our acquisitions; growth in our marketplace membership, including provider economics and risk adjustment estimates associated with the marketplaces; care integration and care management; expected RFP opportunities and the success of our responses; our growth and acquisition strategy; 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 from those projected in each forward-looking statement. 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 on Form 10-Q, in our current reports on Form 8-K, and in our other filings with the Securities and Exchange Commission and available for viewing on our website at sec.gov. Except to the extent 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.

Investor day 2015A

Agenda



Approx. Time	Topic	Speaker
12:30pm-12:35pm	Opening Remarks	Juan José Orellana, SVP Investor Relations
12:35pm-1:20pm	Business Overview, MLTSS and Duals	J. Mario Molina, MD, Chief Executive Officer; Terry Bayer, Chief Operating Officer
1:20pm-1:35pm	Q&A	
1:35pm-1:40pm	Break	
1:40pm-2:10pm	Marketplace FAQ	Joseph White, Chief Accounting Officer
2:15pm-3:00pm	2016 Outlook	John Molina, Chief Financial Officer; Joseph White, Chief Accounting Officer
3:00pm-3:30pm	Q&A	
3:30pm	End of Program	



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Investor Day

Business Overview

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

February 11, 2016 / New York, New York

Our mission

To provide quality health care to people receiving government assistance



Our values

We strive to be an exemplary organization. These are our values:



We sustain our mission by being profitable.

We are one Molina.

Medicaid Product Portfolio

Sticking with our knitting

Health Plans



Risk-based health plan outsourcing for Medicaid and other government programs.

Medicaid Health Information Management



Medicaid non-risk fee based fiscal agent services, business process outsourcing, and care and utilization management.

Direct Delivery Primary Care



Company owned and operated primary care community clinics.

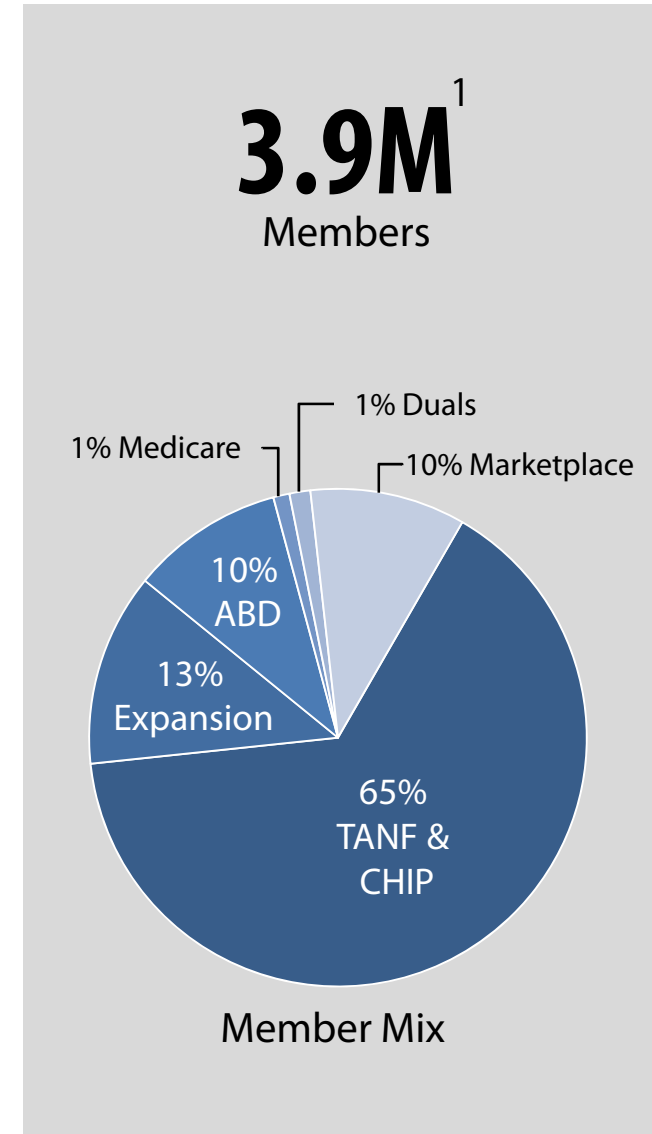
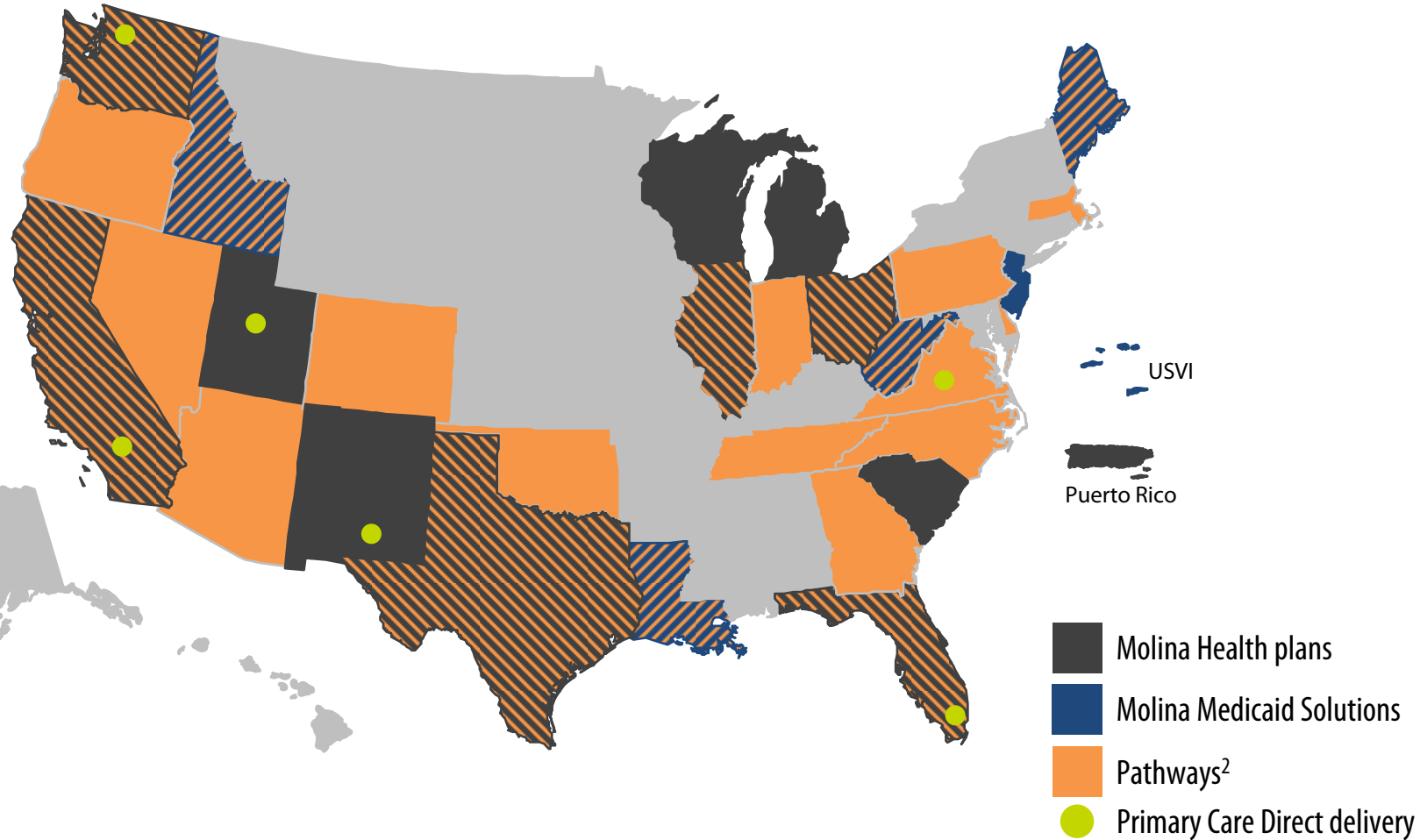
Medical Services Behavioral Health



Provider network of outcome based behavioral/mental health and social services.

Our footprint today

Health plan footprint includes 4 of 5 largest Medicaid markets



1. Total enrollment relates to estimated membership as of January, 2016.

2. Pathways was previously known as Providence Human Services and was acquired from The Providence Services Corporation in a transaction that closed on November 1, 2015.

2015 was a year of great accomplishments

Last year we made major progress in expanding to new markets and integrating new programs



2015 highlights

46%
revenue growth

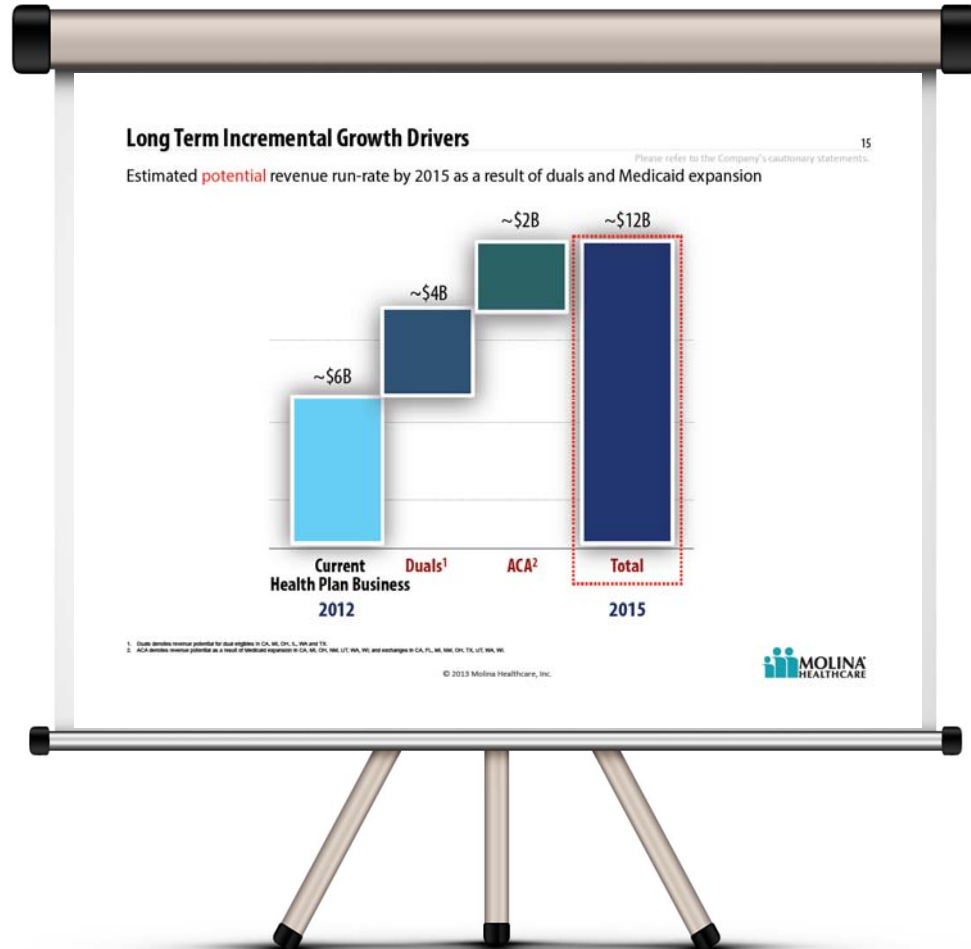
35%
enrollment growth

67%
Net income margin growth

Managing for the long run

Solid multi-year execution leads to a record year

Investor Day 2012B Revenue Goals



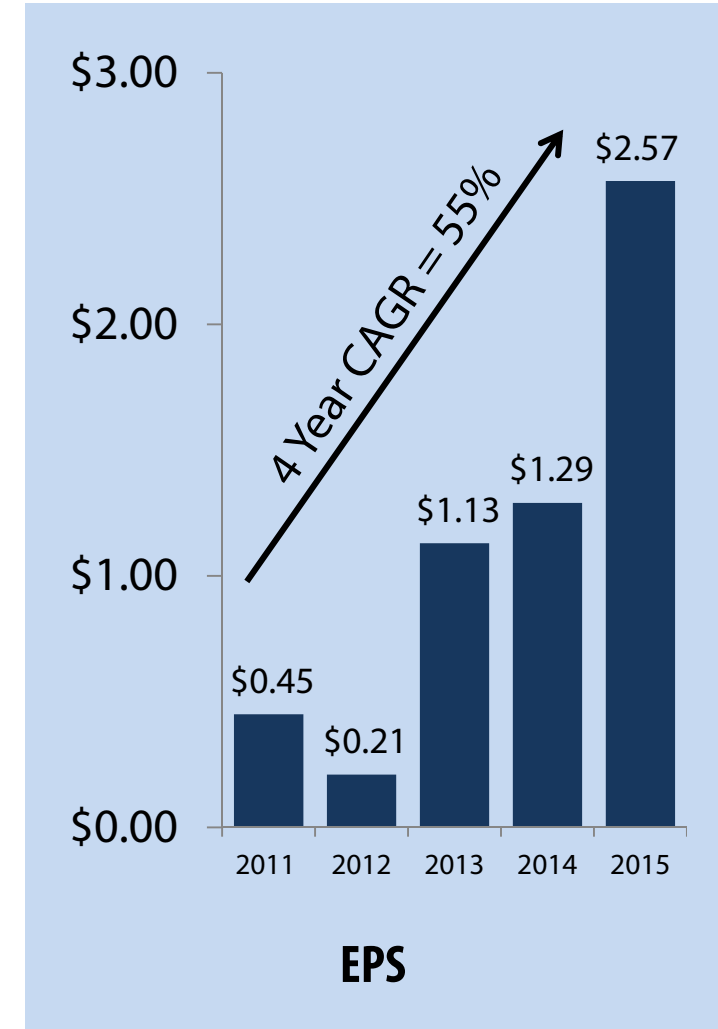
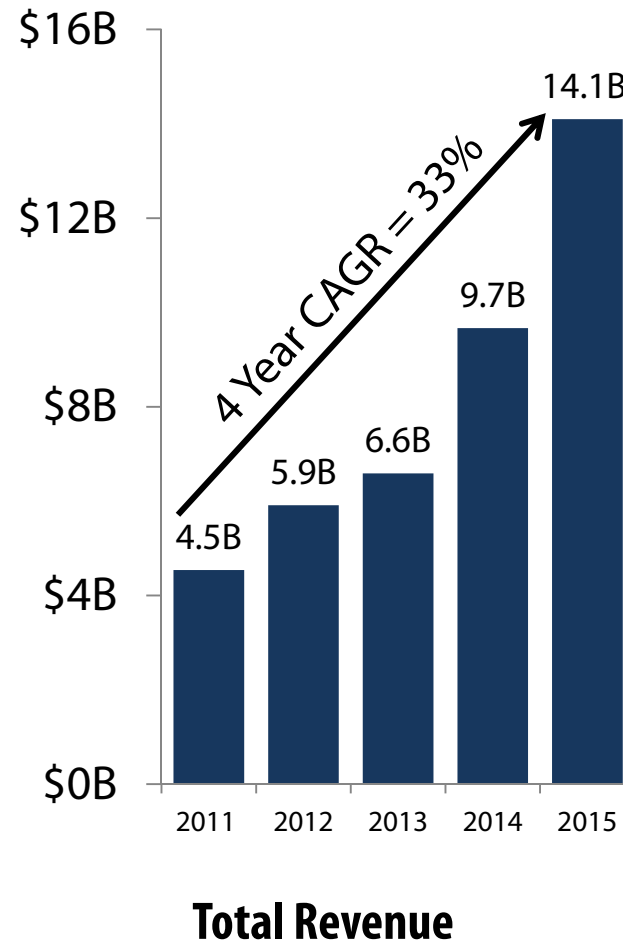
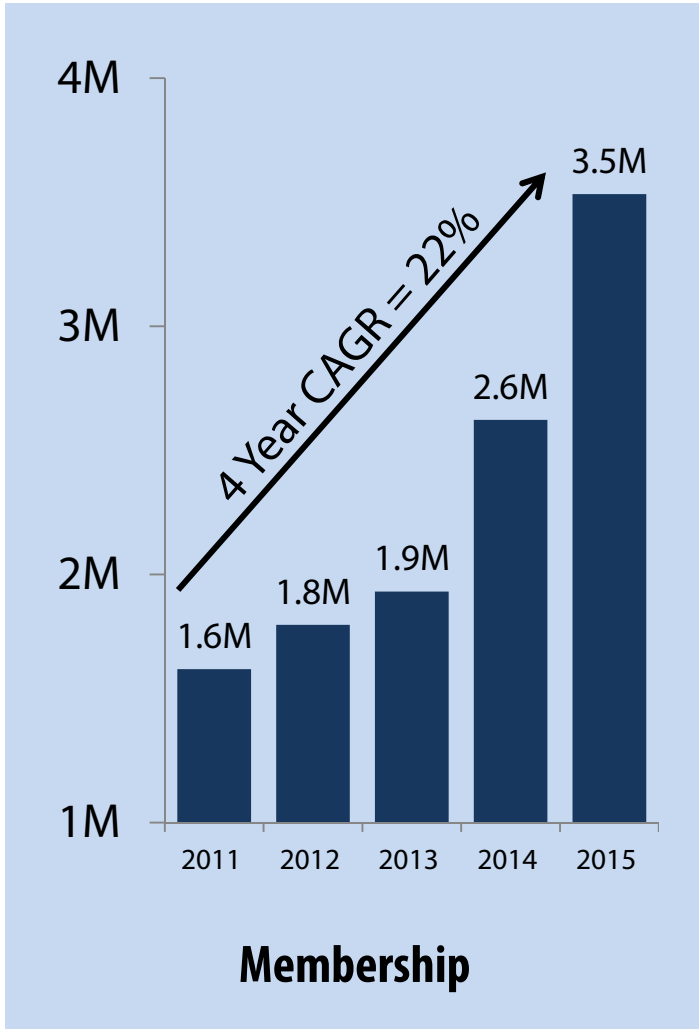
Investor Day 2016A Revenue Results

Total revenue for 2015:

\$14.1B

We continue to make progress

Earnings are catching up with growth



We manage our day-to-day business to long term goals

Strategic priorities

Expand our reach

- Organic growth in existing markets and RFPs
- In-market acquisitions
- Transition of members and benefits from FFS to managed care
- Capability-based provider acquisitions

Strive for operational excellence

- Improve care coordination
- Quality & accreditation
- Customer service
- Administrative cost control



Leverage the core business

- Strengthen operational performance
- Leverage group scale and competence

Maintain a diverse and flexible capital structure to support future growth

Staying focused on our mission has been – and will continue to be – vital to our success.

Our strategy positions us well to respond to major trends



1. Long Term Care Services are a managed care opportunity
2. States continue to expand Medicaid
3. Home and Community Based Service (HCBS) costs continue to increase
4. Integration of medical and behavioral health
5. Social determinants of health

How will we continue to grow?



Organic growth in existing markets
and RFPs

In-market acquisitions

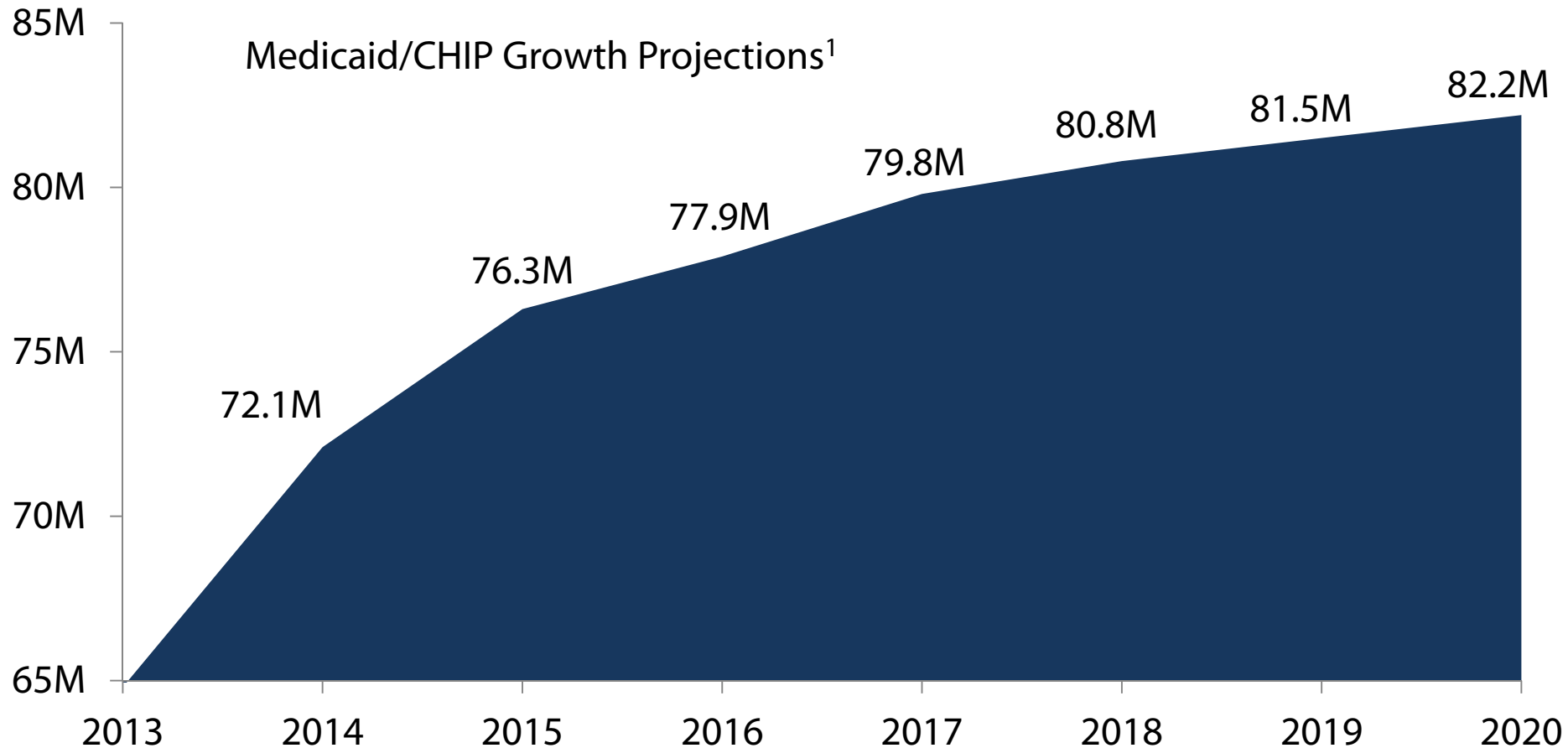
Marketplace

Transition of members and benefits
from FFS to managed care

Capability-based provider
acquisitions

Medicaid growth

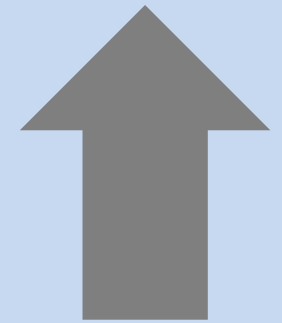
Steady organic growth is expected to continue over the next five years.



Historic Enrollment Growth

January 2016

3.9M
members



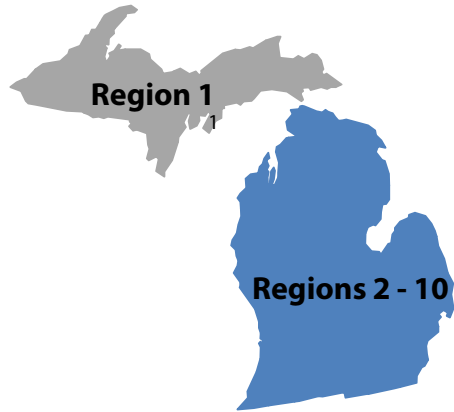
December 2014

2.6M
members

1. CMS, Office of the Actuary, National Health Expenditure Projections 2014 - 2024, Table 17 Health Insurance Enrollment and Enrollment Growth Rates <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsProjected.html>

Executing on our strategy: RFPs

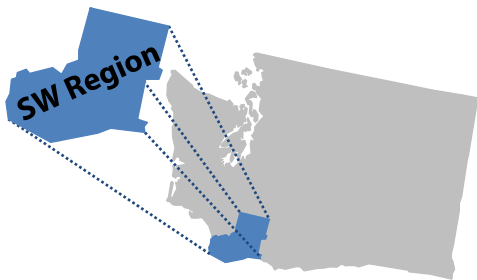
Michigan



- Successful re-procurement
- Won all 9 regions bid on¹
- Expands current geographic footprint by 18 counties
- HealthPlus and HAP Midwest acquisitions add an additional 150K members
- Contract became January 1, 2016

Awarded contracts will serve more than 1.7M beneficiaries across the state

Washington

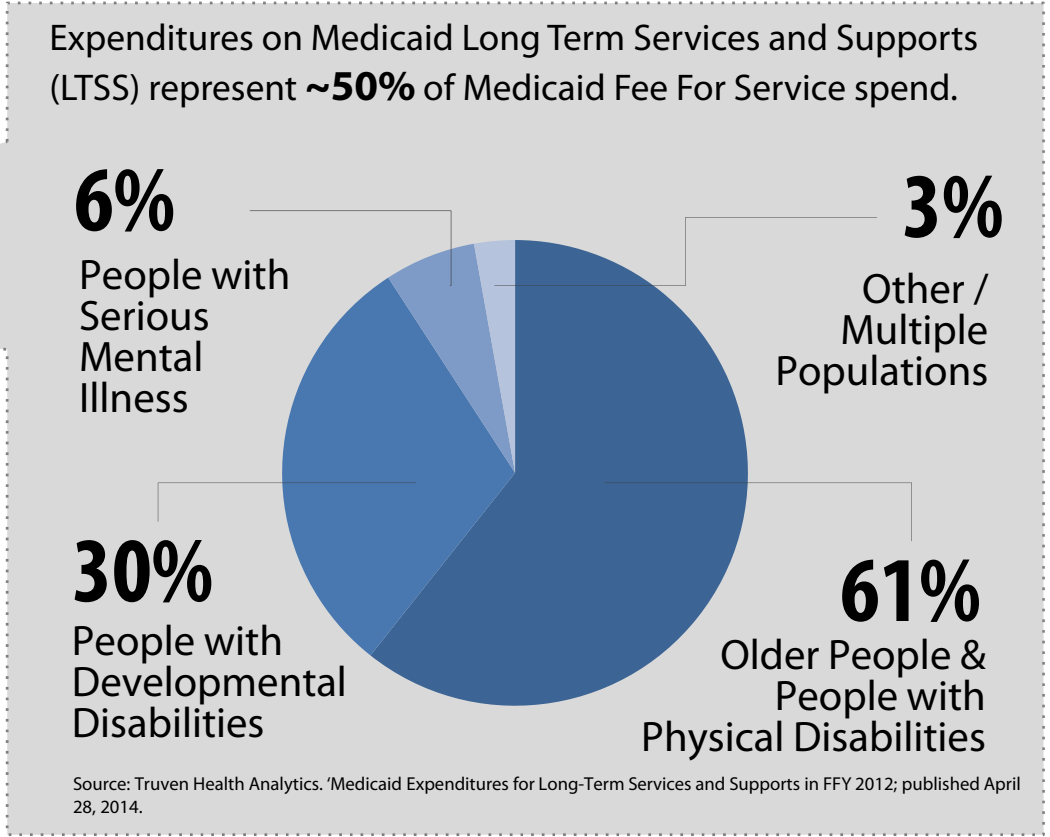
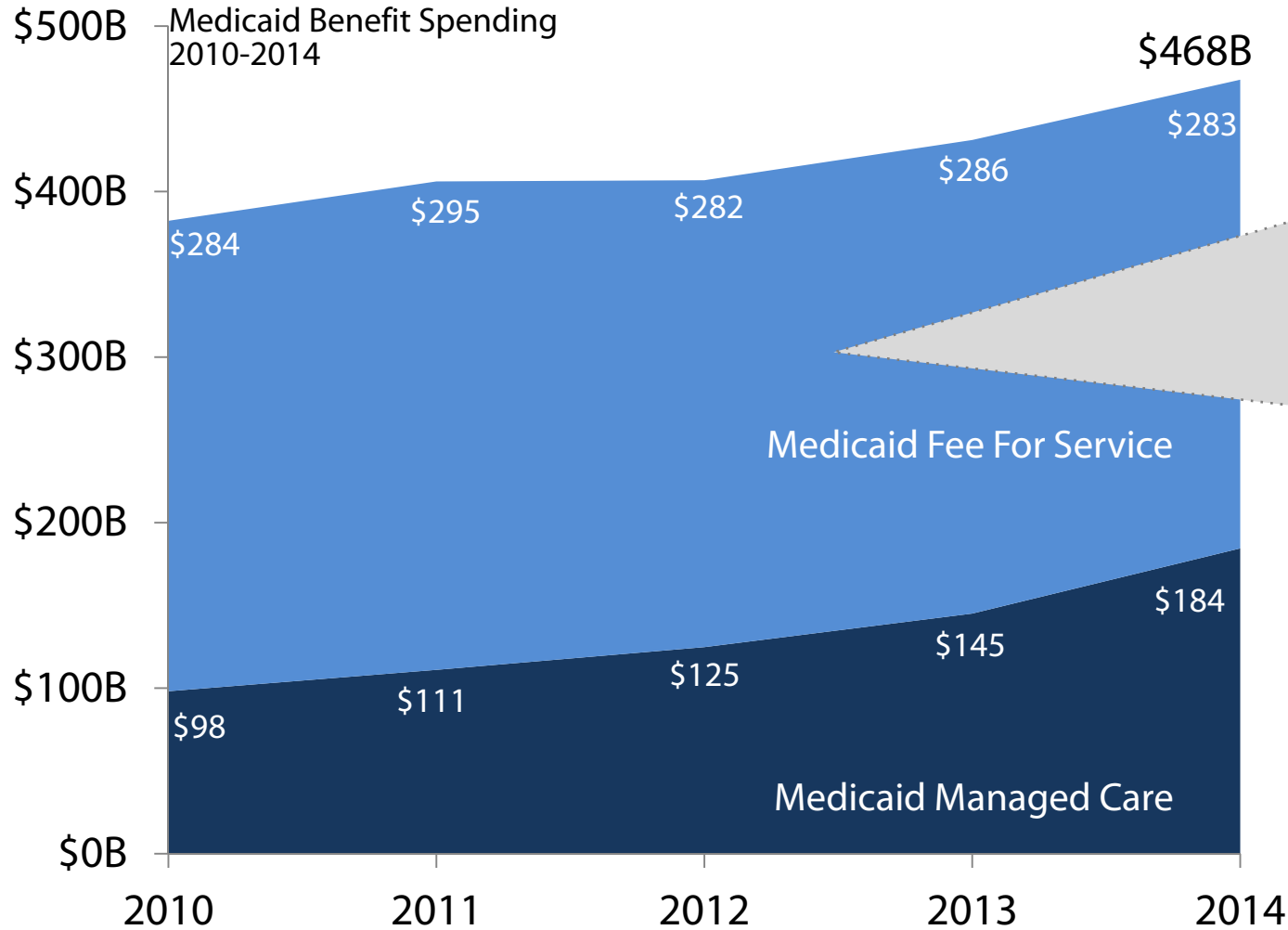


- Successful re-procurement for one region
- Combines physical health and behavioral health services into one contract
- CUP acquisition in SW region adds an additional 55K members
- New Medicaid contract will become effective April 1, 2016

One of two awardees in the region that will serve more than 120,000 beneficiaries

1. Molina did not bid on Region 1 in Michigan

60% of Medicaid spending is still in fee for service

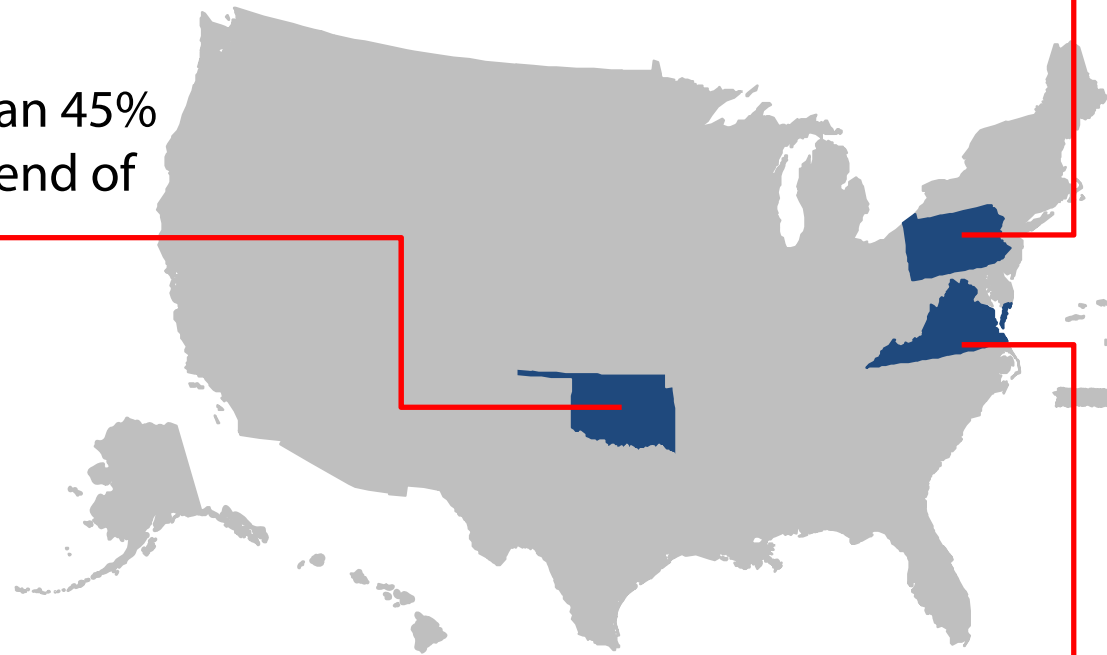


Sources:
 1. 2011 – 2014 March Medicaid and CHIP Program Statistics MACStats
 2. MACStats: Medicaid and CHIP Data Book, December 2015
 Note: Total spend includes FFS plus managed care and premium assistance only and excludes Medicare premiums and coinsurance and collections.

Upcoming RFP opportunities in 2016

Oklahoma: ABD

- 170K eligibles
- Encompass more than 45% of total Medicaid spend of \$2.4 billion



Pennsylvania: MLTSS

- 340k eligibles statewide, 130k utilizing MLTSS
- \$5.0 billion spent annually on LTSS

Virginia: MLTSS

- 120K eligibles
- \$2.1 billion of annual Medicaid spend

Acquisition strategy

How do the pieces fit together?



New Managed Care State	Existing Managed Care State	Provider / Capability
Rationale		
Diversification – revenue, risk, contracts	Fortify competitive position	Enhance provider alignment
Administrative cost leverage – long term	Administrative leverage – short term	Medical cost improvement – medium term
Criteria		
Competitive provider environment	Competitive provider environment	Increased member care oversight / management
Sizeable Medicaid population	Attractive price	Complementary to Molina care model
Favorable regulatory environment	Favorable regulatory environment	Difficult /expensive / time to develop internally
		Valuable talent

Executing on our growth strategy: acquisitions

9 acquisitions announced in 2015



In-market acquisitions:

- generally asset purchases
- provide greater scale
- entry to new service areas
- accretive



* Capability based provider acquisition

In-market acquisitions expected to add approximately \$1.5 billion in total revenue in 2016

Note: Estimated revenue based on annualized Company estimates. Please refer to the Company's cautionary statement.

Diagnoses of behavioral and mental health conditions are increasing

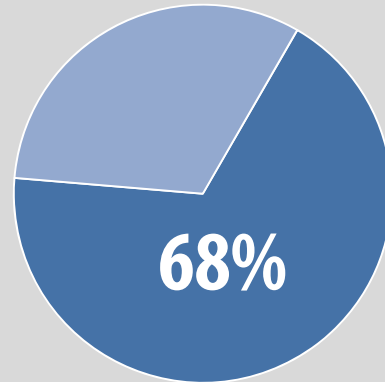


Mental and substance use disorders are expected to **surpass all physical diseases** as a major cause of worldwide disability by 2020

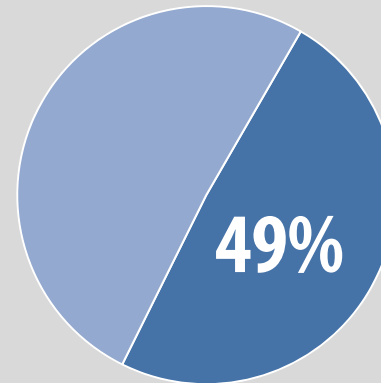


2X

Prevalence of mental illness among the **Medicaid population** is twice that of the general population



68% of adults with mental illness also have at least **1 chronic physical illness.**



49% of Medicaid enrollees with disabilities **have a psychiatric illness.**

2X-3X



Treatment of chronic physical health issues for patients with behavioral health needs is 2 to 3 times more expensive than patients with physical health only needs.

Source: Annals of Internal Medicine: Crowley RA, Kirschner N, for the Health and Public Policy Committee of the American College of Physicians. The Integration of Care for Mental Health, Substance Abuse, and Other Behavioral Health Conditions into Primary Care: Executive Summary of an American College of Physicians Position Paper. Ann Intern Med. 2015;163:298-299. doi:10.7326/M15-0510.

Introducing Pathways

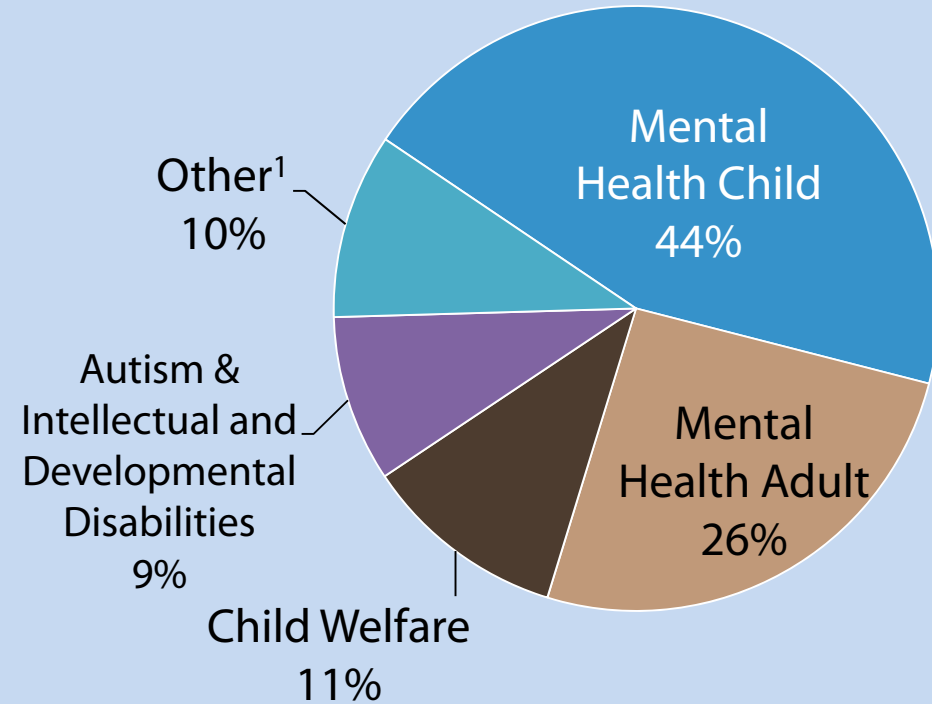
A capability-based provider acquisition



For more information,
visit Pathways.com



Pathways provides a growing number of behavioral health programs and social services to **Medicaid** beneficiaries throughout the nation.



1. Other includes Educational, Probational, and Substance Abuse

Medicaid and social services on the horizon

Social service needs inhibit many lower income individuals from getting better or maintaining good health.



CMS has announced a 5-year, \$157M program to pilot projects to better link Medicare and Medicaid patients to social services

- Housing
- Food insecurity
- Utilities
- Interpersonal safety
- Transportation

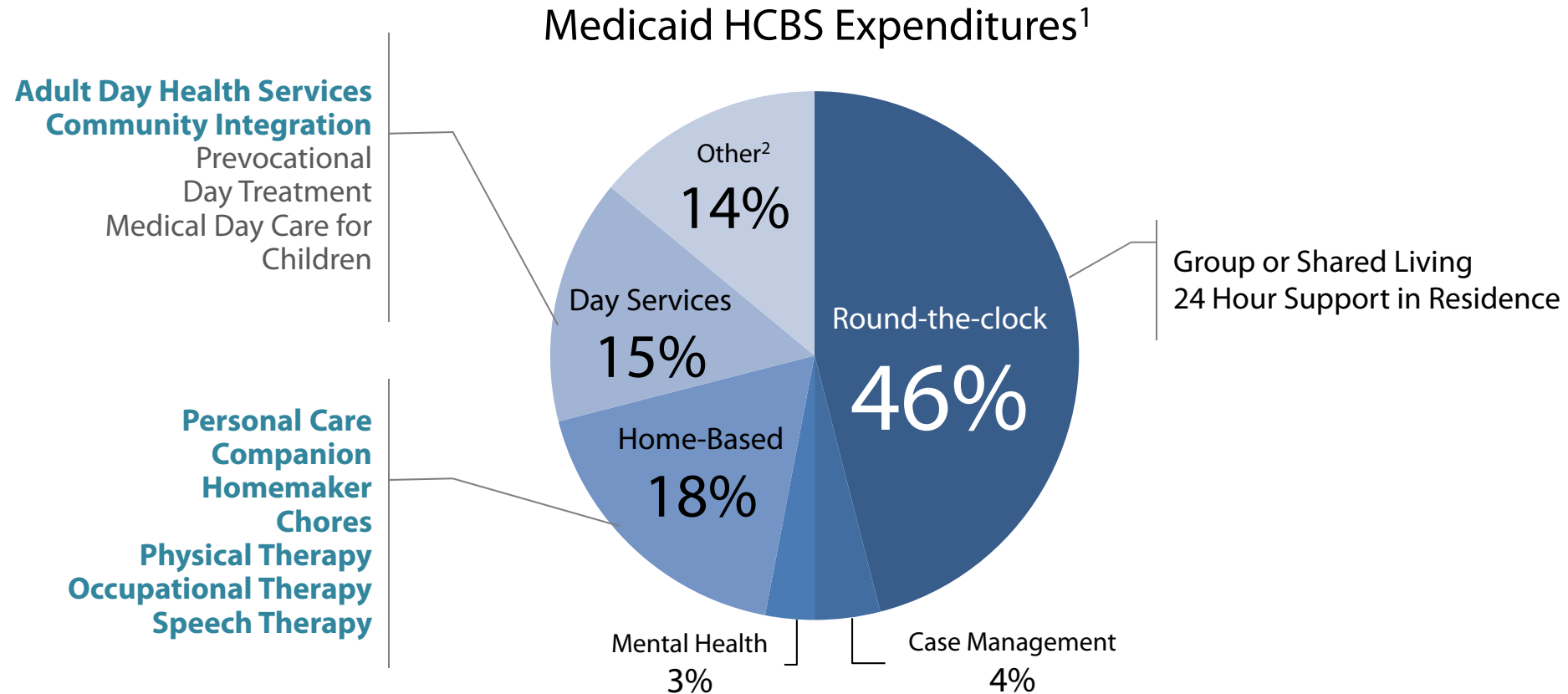
Social health issues become a more significant driver of health care costs as care complexity increases

Sources:

1. Kaiser Health News Feds Funding Effort To Tie Medical Services To Social Needs, Julie Rovner, January 5, 2016; <http://khn.org/news/feds-funding-effort-to-tie-medical-services-to-social-needs>
2. New England Journal of Medicine: Accountable Health Communities — Addressing Social Needs through Medicare and Medicaid; Dawn E. Alley, Ph.D., Chisara N. Asomugha, M.D., Patrick H. Conway, M.D., and Darshak M. Sanghavi, M.D.; January 5, 2016 DOI: 10.1056/NEJMp1512532; <http://www.nejm.org/doi/full/10.1056/NEJMp1512532>

Home and Community Based Services (HCBS)

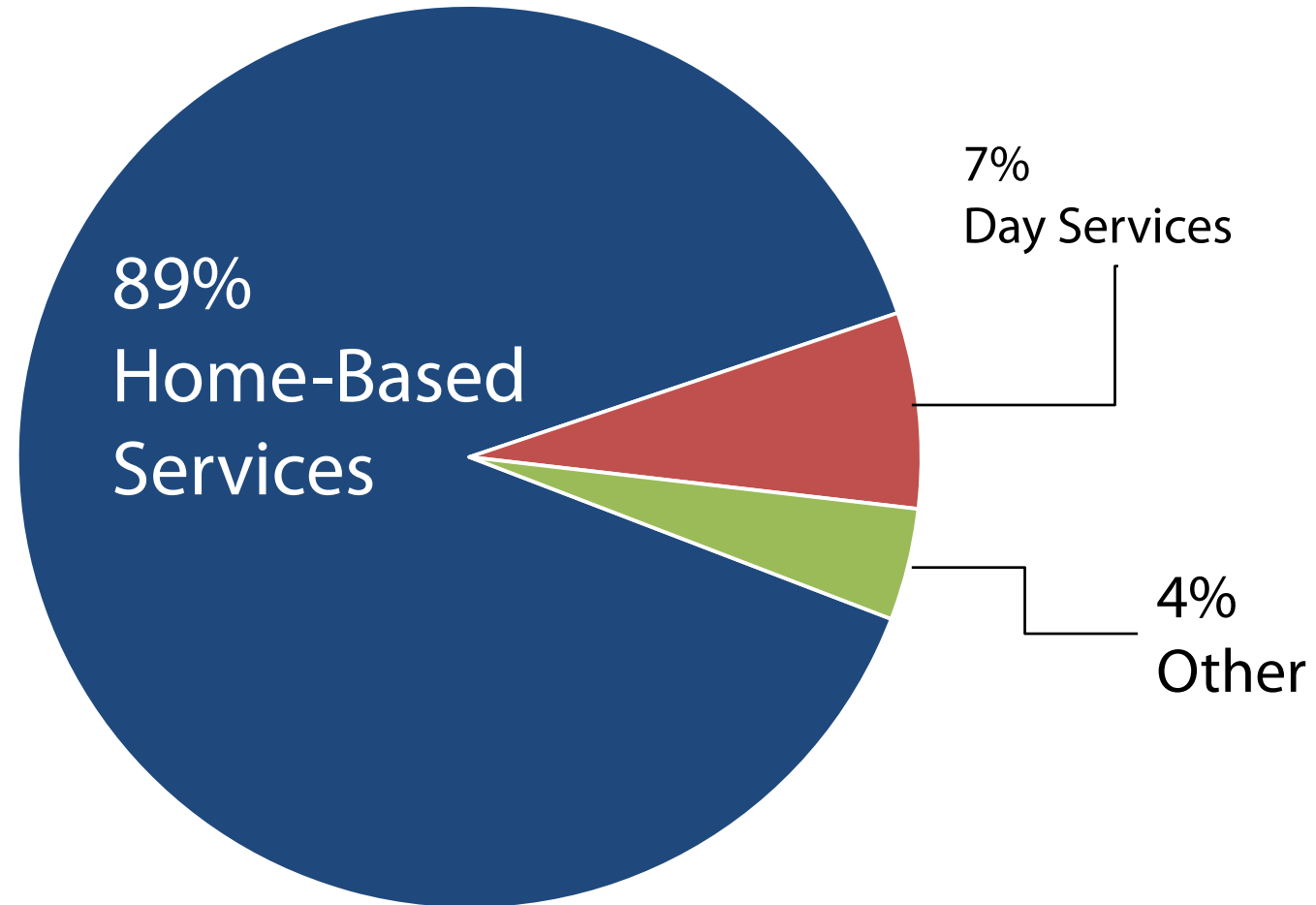
Behavioral and mental health services are significant drivers of cost



Medicaid HCBS total spend in 2013: \$75B³

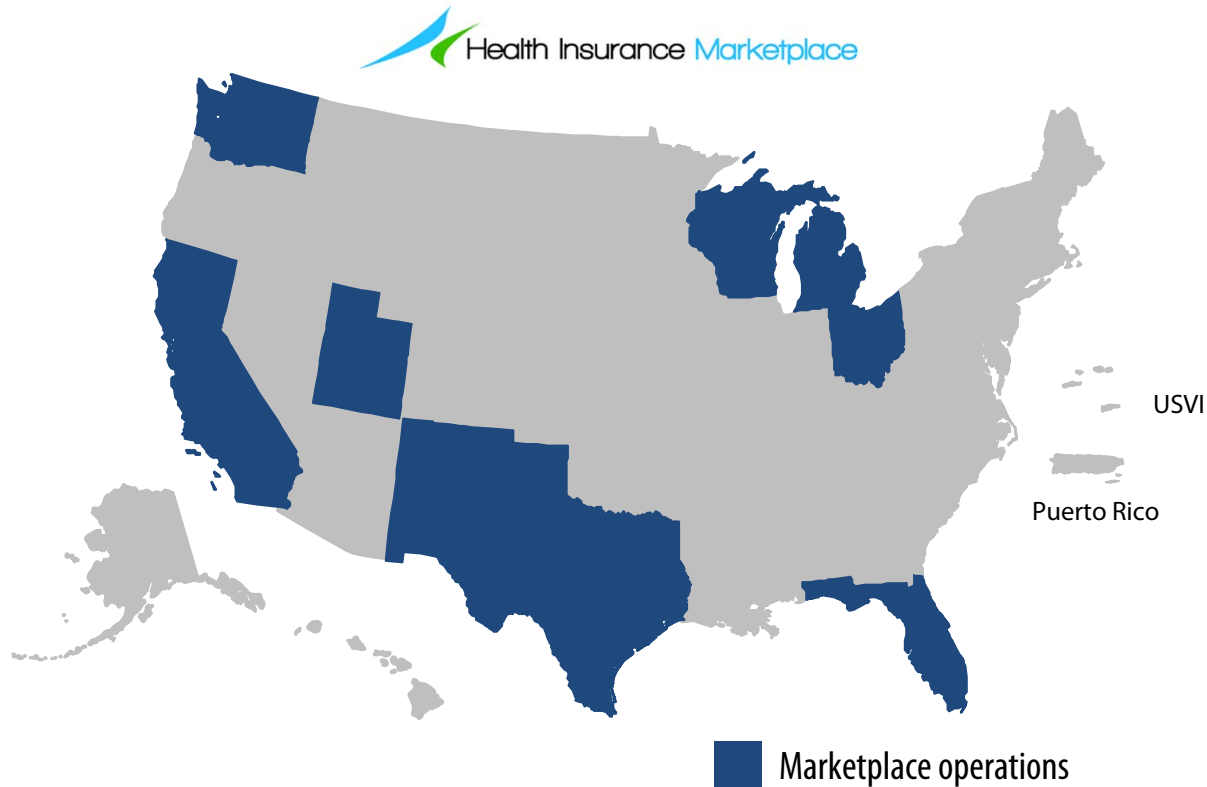
1. Mathematica Policy Research. 'The HCBS Taxonomy: A New Language for Classifying Home- and Community-Based Services', August 2013
 2. Other includes expenses related to goods and services, interpreters, housing consultation, and claims where the procedure code could not be interpreted
 3. Medicaid Expenditures for Long-Term Services and Supports (LTSS) in FYI 2013. Truven, Health Analytics June 30, 2015

Molina 2015 HCBS% Spend

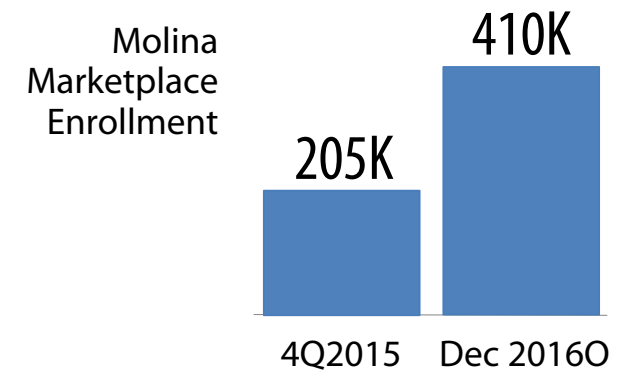


Marketplace

Penalty for lack of coverage in 2016 is 2.5% of yearly household income or \$695 per adult
Please refer to the Company's cautionary statement



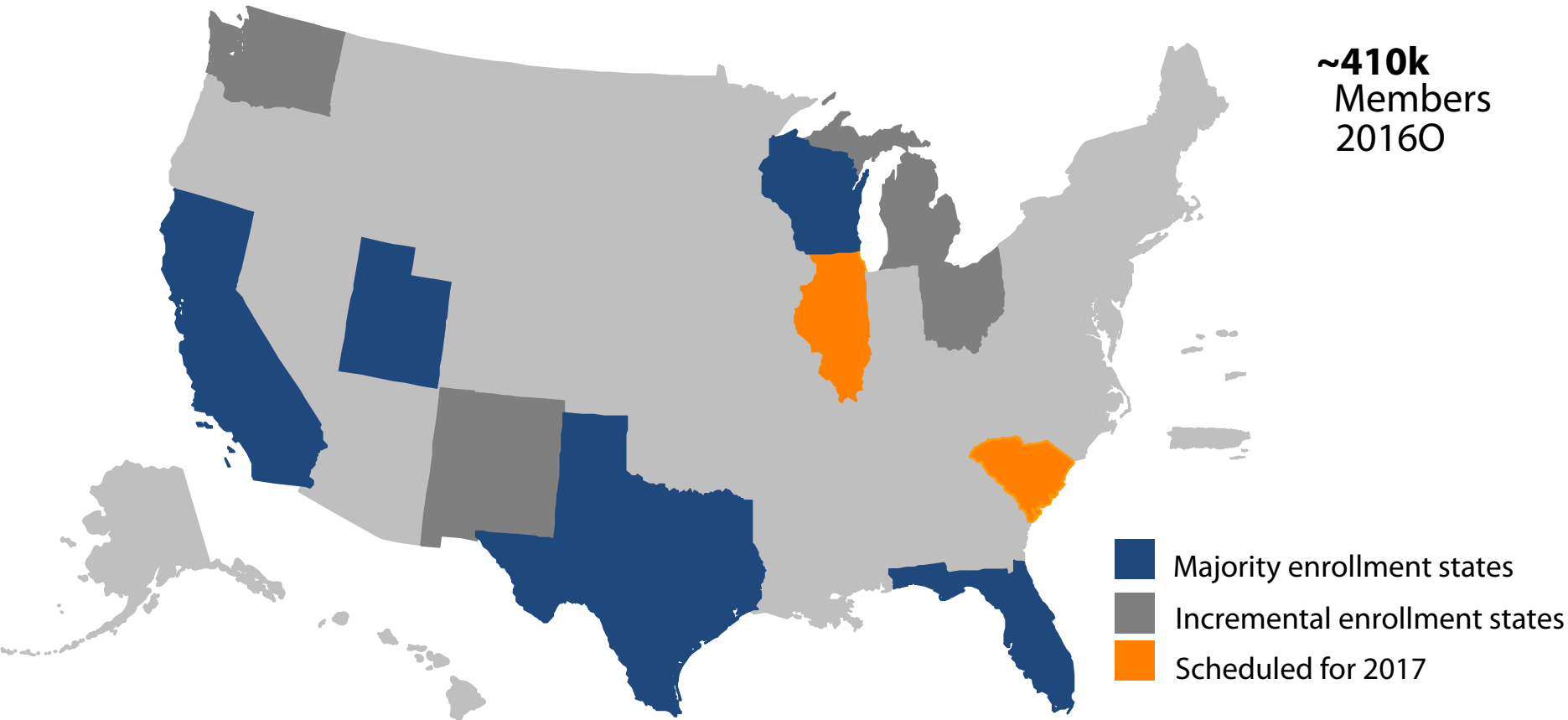
- Leverages existing Medicaid network
- Continuity for Medicaid members
- One platinum plan, limited gold
- Low MCR not sustainable in the long term



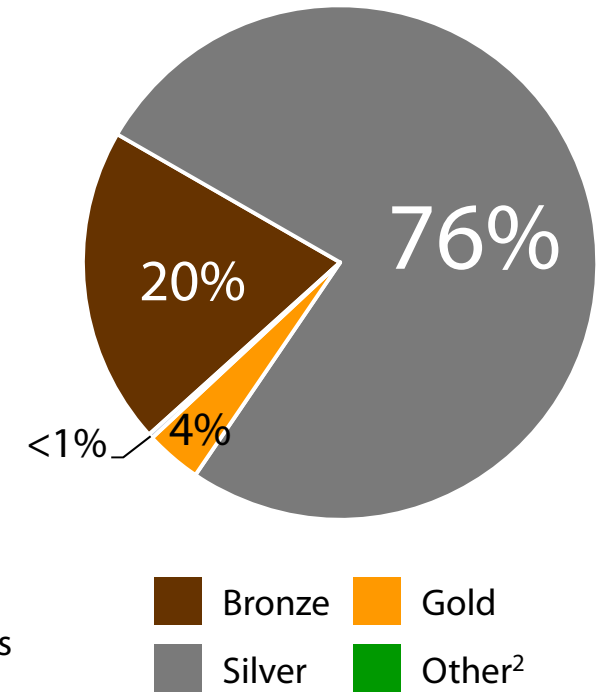
90% of Molina Marketplace members receive government subsidies

Marketplace

Focused on providing continuity to Medicaid members and extending services to the Medicaid ineligible low-income



Molina's Current Membership Distribution By Metal Type



More than 60% of members in non-expansion states would have qualified for Medicaid³

1. Based on internal Company documents through January. Totals do not tie to Company filings
2. Platinum and Catastrophic products are only offered in California, as required by the state
3. Based on internal Company estimates of current members selecting Silver 100, Silver 150 and Bronze plans Florida, Texas, Wisconsin and Utah.

One of a kind

Adding capabilities that can impact social determinants of health care

Focused on people receiving government assistance

Scalable administrative infrastructure

Consistent Medicaid national brand

Experienced management team

Mission driven culture





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MLTSS and Duals

Terry Bayer, Chief Operating Officer



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True Molina Story

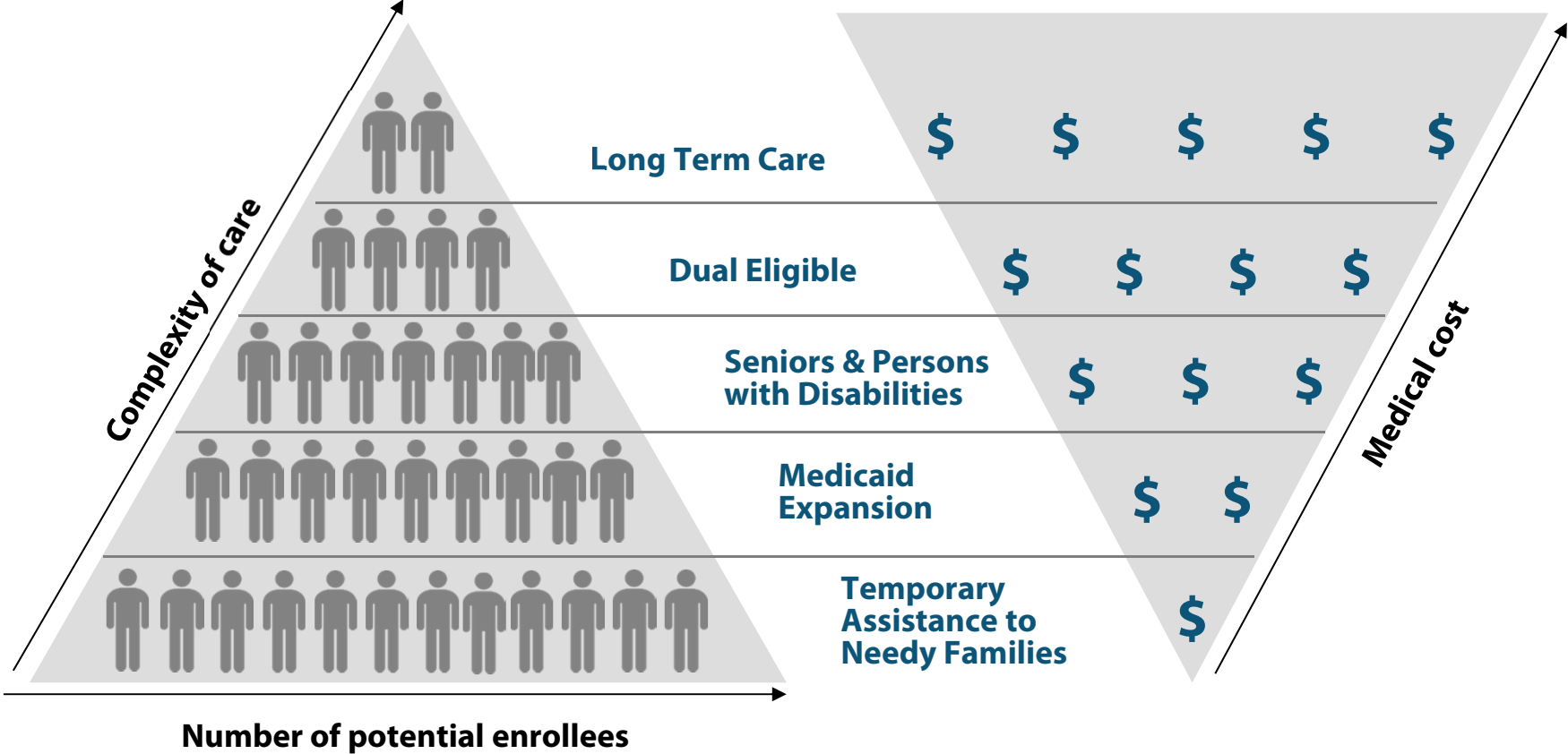
Vickie



https://www.youtube.com/watch?v=oPFB0Sxq_IA

Increasing complexity drives higher spend

Complex members continue to transition into managed care



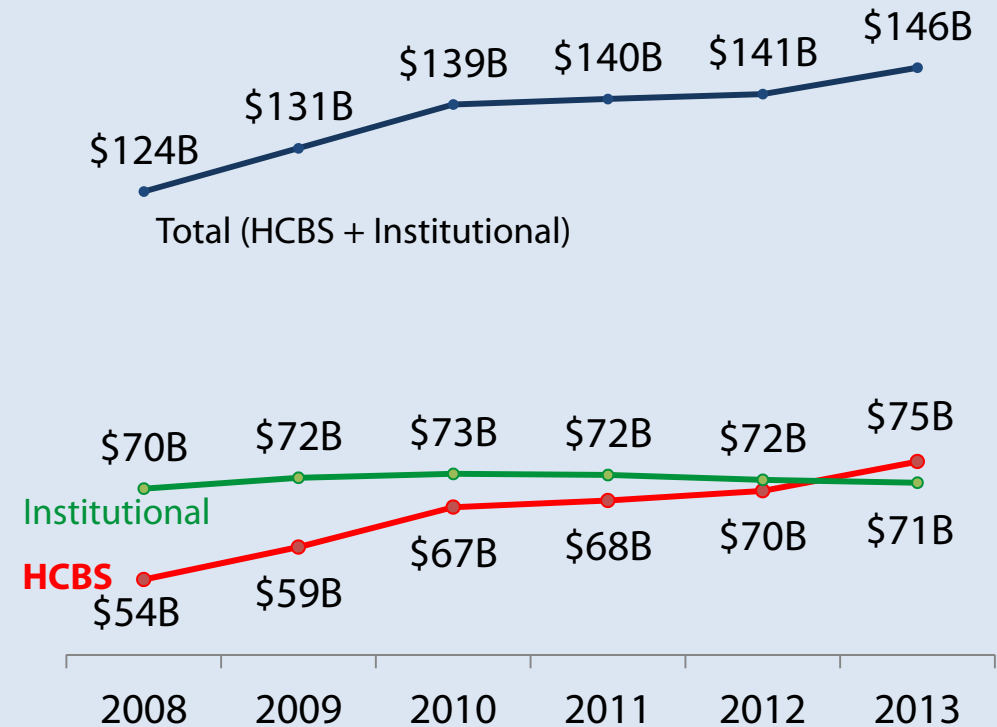
What are Managed Long Term Services and Supports?

MLTSS

Enables an individual to remain in their home or a community based setting, provides services and addresses barriers to social determinants of health. Provides long term care (residential) when needed.



**U.S. Medicaid Expenditures for LTSS¹
2008-2013**



1. Truven Health Analytics, Medicaid Expenditures for Long-Term Services and Supports (LTSS) in FY 2013, June 30, 2015

Long Term Services and Supports

Continuum of care management model



Many paths to MLTSS integration



DSNP+MLTSS



MMP

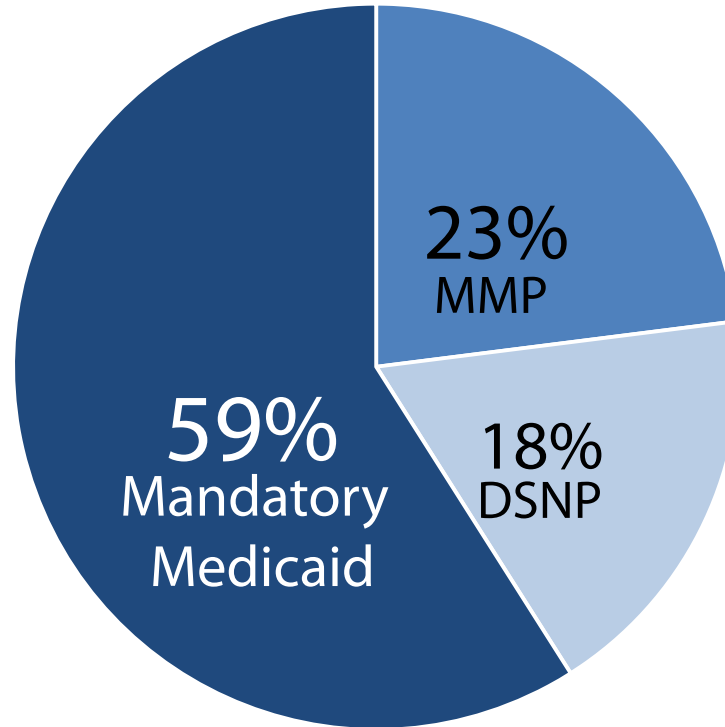


MLTSS

California		✓	✓
Florida	✓		✓
Illinois		✓	
Michigan		✓	
New Mexico	✓		✓
Ohio	✓	✓	
South Carolina		✓	
Texas	✓	✓	✓

Long Term Services & Supports (LTSS) opportunity

Composition of Members Utilizing LTSS Services



5% of total members / 20% of fee for service cost in 4Q2015

MLTSS opportunities

How will we impact quality and cost?



- Return to the community
- Remain at home
- Shorter stay
- Avoid unnecessary ED visits
- Reduce hospital admissions
- Reduce fraud, waste, and abuse

MLTSS Intervention point

Nursing home



- Comprehensive health assessment
- Integrated care
- More frequent provider visits
- Multi-disciplinary team

MLTSS intervention point

In home care



- Provide support for Activities of Daily Living (ADLs)
- Meals
- Transportation
- Caregivers
- Multi-disciplinary team

MLTSS intervention point

Homeless



- Community connectors outreach
- Transportation
- Substance abuse
- Behavioral health

Shift from inpatient care to home-based outpatient care



 **Member Experience**

 **Care Management**

 **Community Presence**

Nursing home to community transition



- Diagnosed with diabetes; cancer in remission
- Nursing home resident
- Transitioned home
- Continues to improve

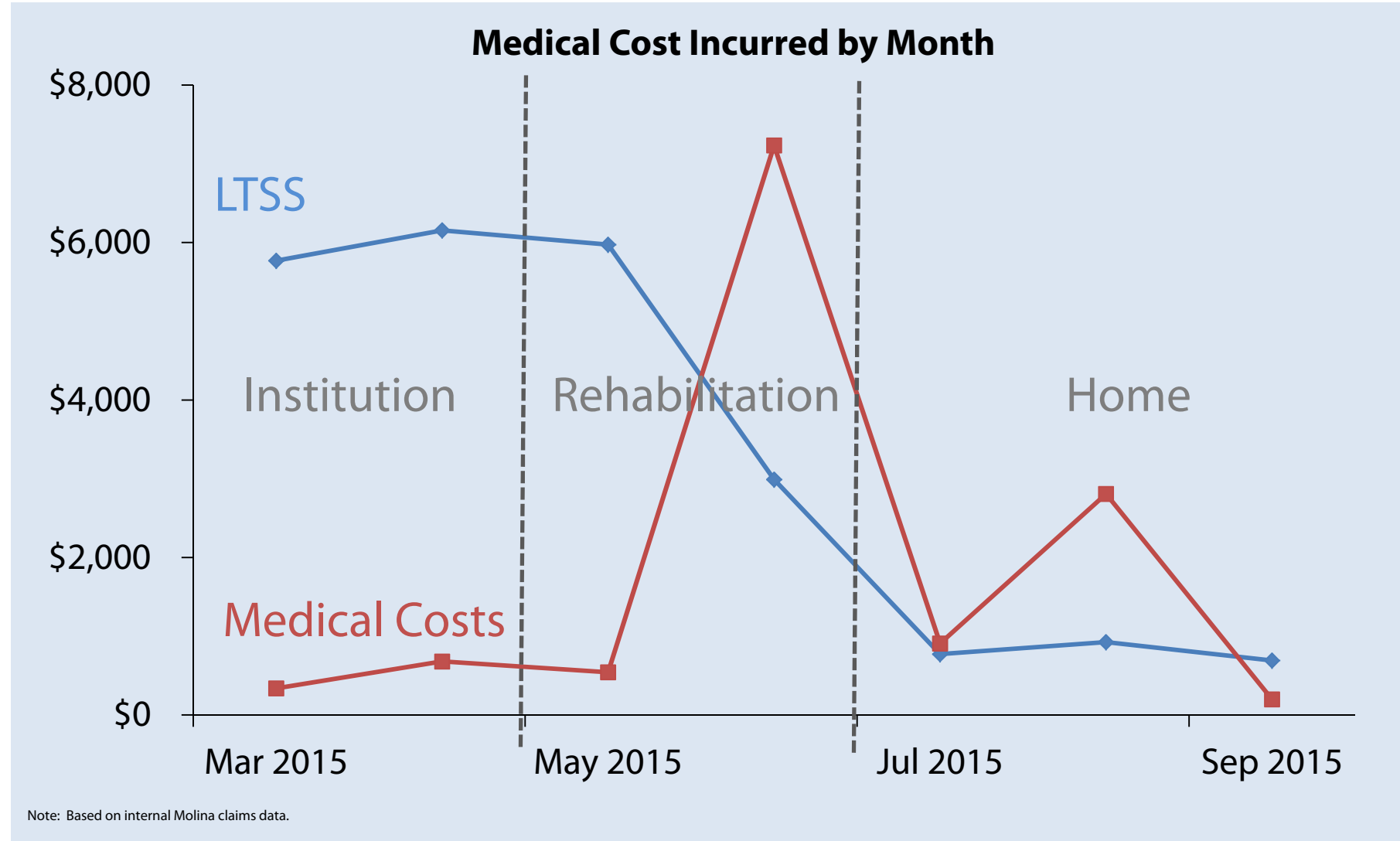


Notes: Images for illustrative purposes only. Not actual patients.

Nursing home to community transition



Note: Not actual patient.



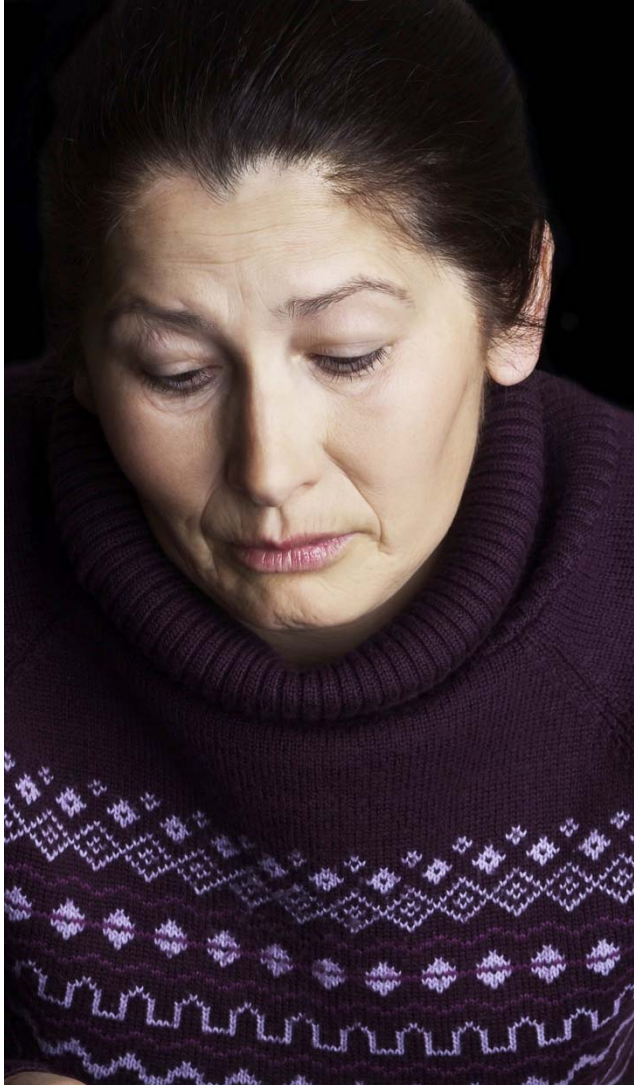
Nursing home to community transition



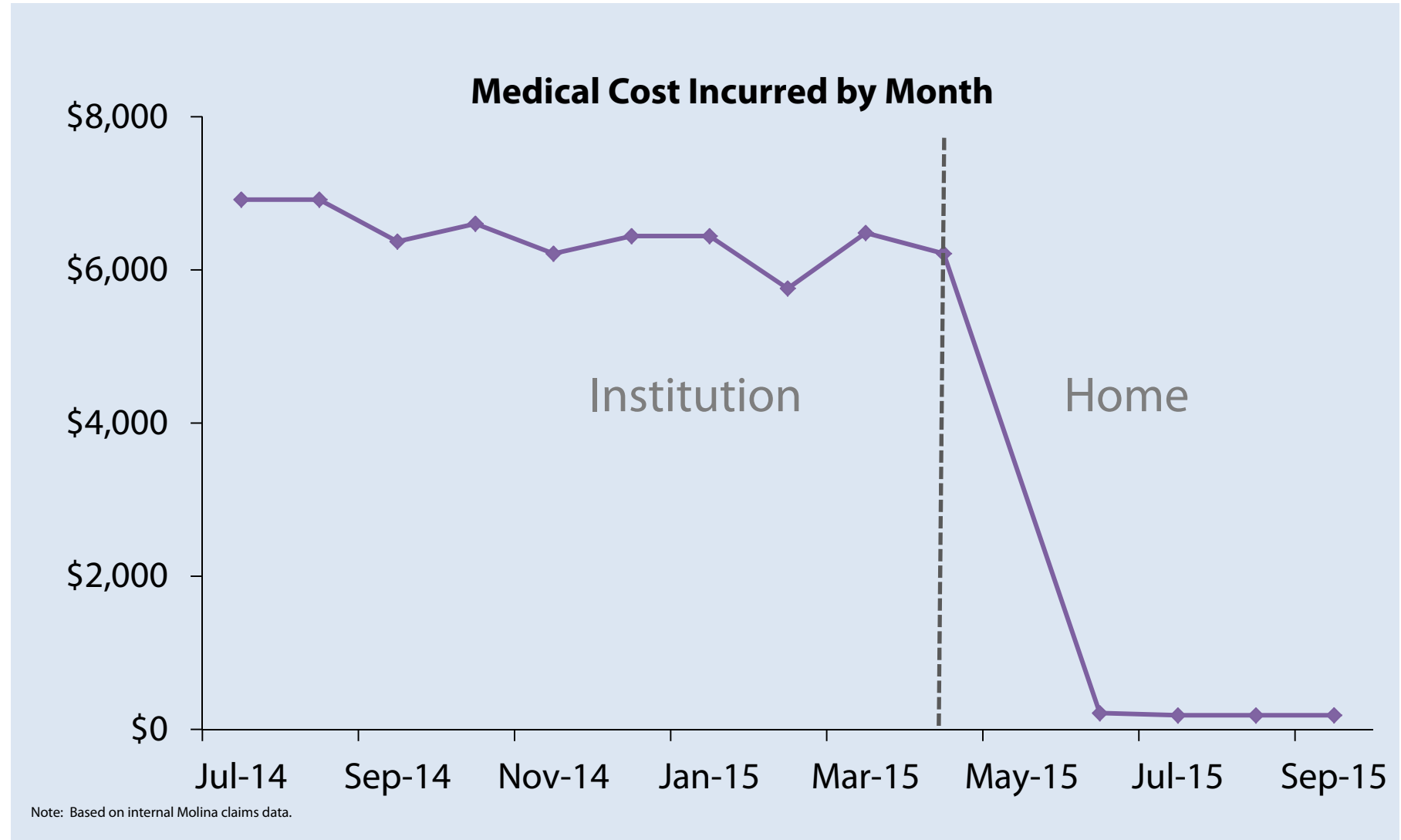
Notes: Images for illustrative purposes only. Not actual patients.

- Diagnosed with diabetes; bi-polar; depression
- Nursing home resident for long-term care
- Continues coverage with Molina for Medicaid funded services
- Transitioned home
- Continues to improve

Nursing home to community transition



Note: Not actual patient.







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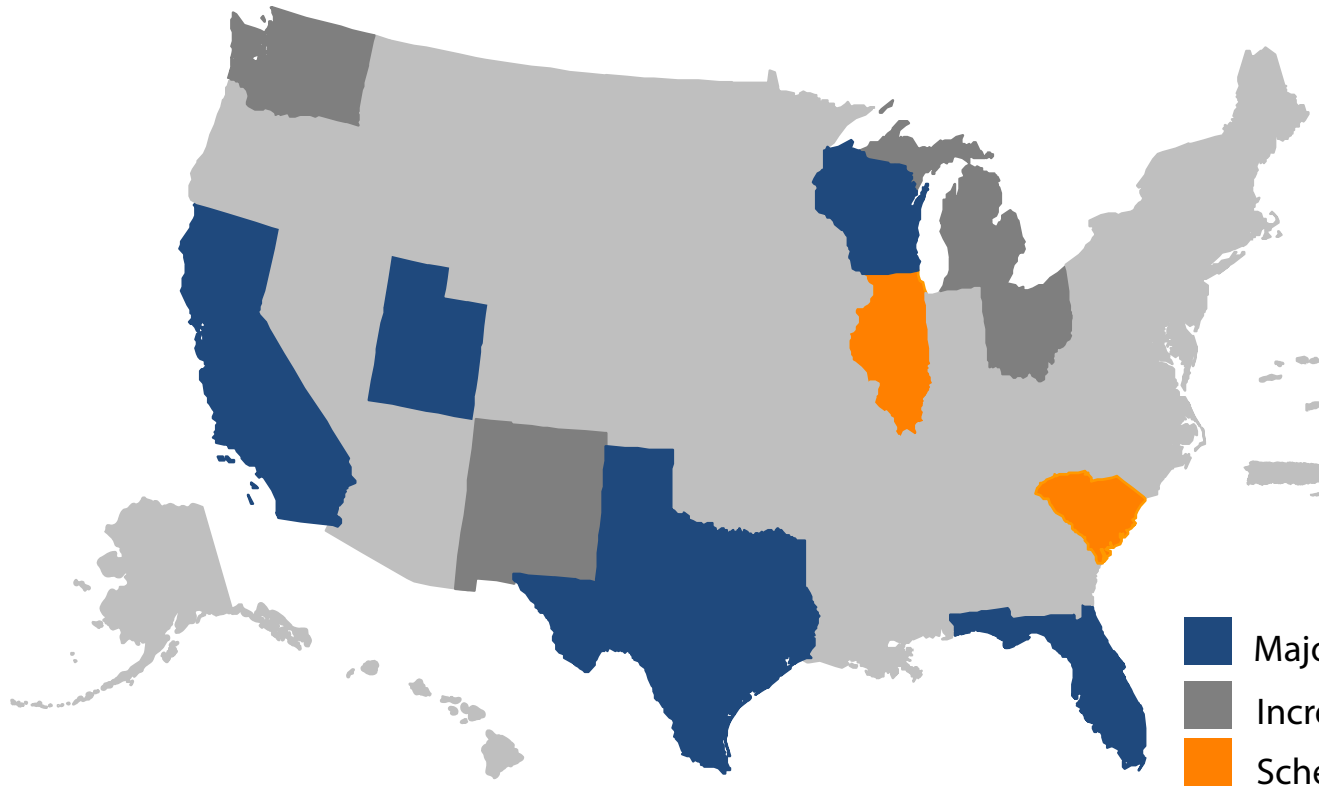
Marketplace FAQ

Joseph White, Chief Accounting Officer

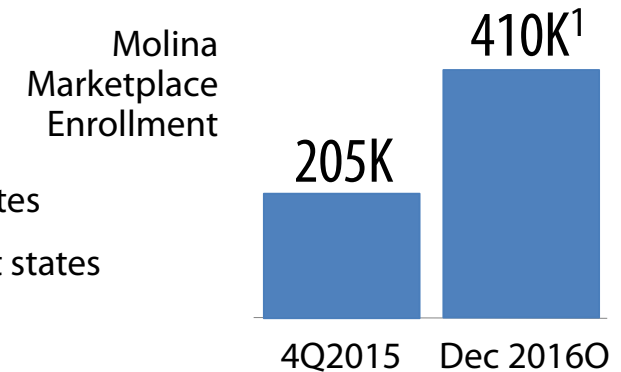
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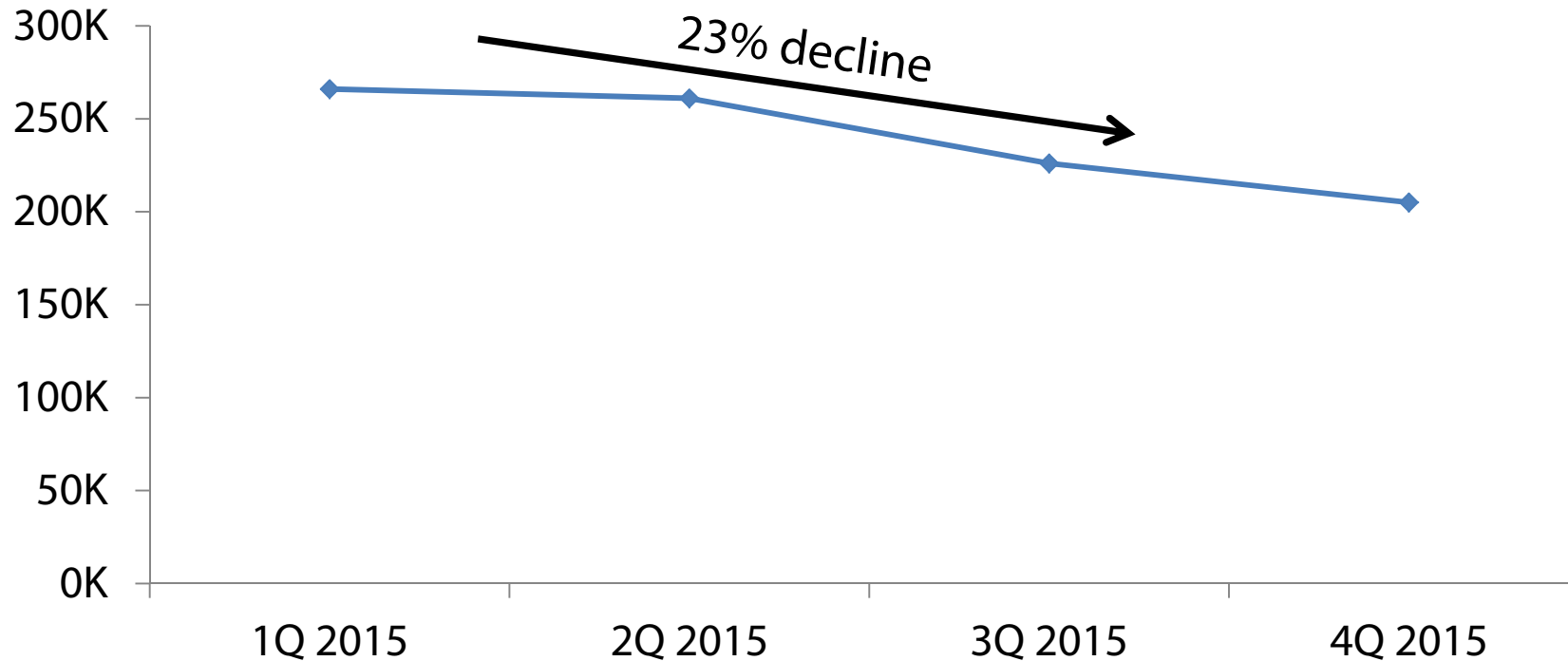
1. Based on internal Company estimates.

Marketplace attrition

Please refer to the Company's cautionary statement



2015 Consolidated Enrollment by Quarter

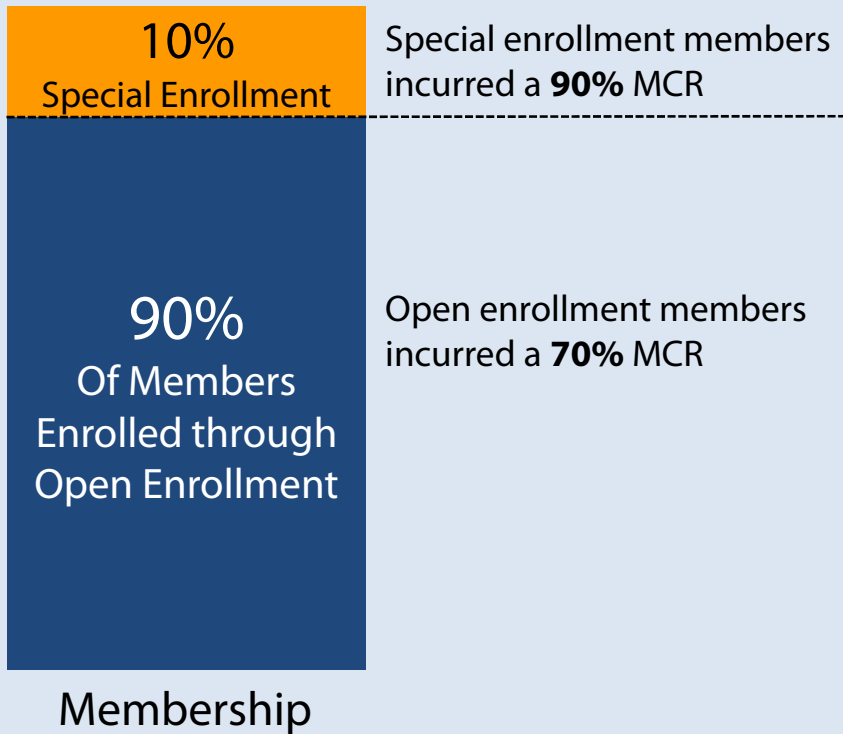


We expect similar membership attrition to continue in 2016

Marketplace special enrollment

In 2015, members added during the special enrollment period generated disproportionate costs

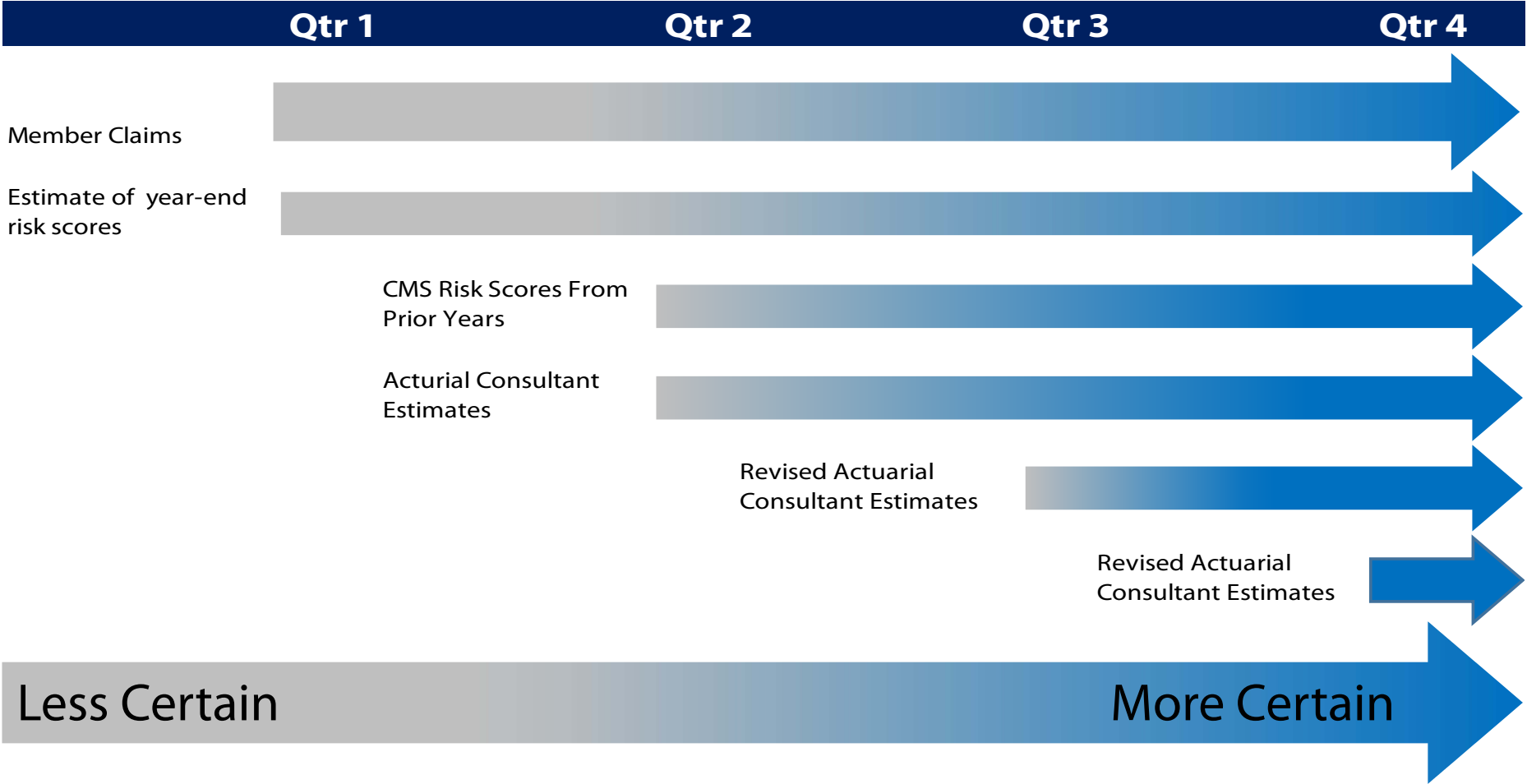
2015 Special Enrollment vs. Open Enrollment Membership and MCR



Special enrollment allowed within 60 days of specific events only:

- Childbirth / adoption
- Marriage
- Loss of coverage
- Changes in income that affect qualified coverage
- Other

Marketplace risk adjustment

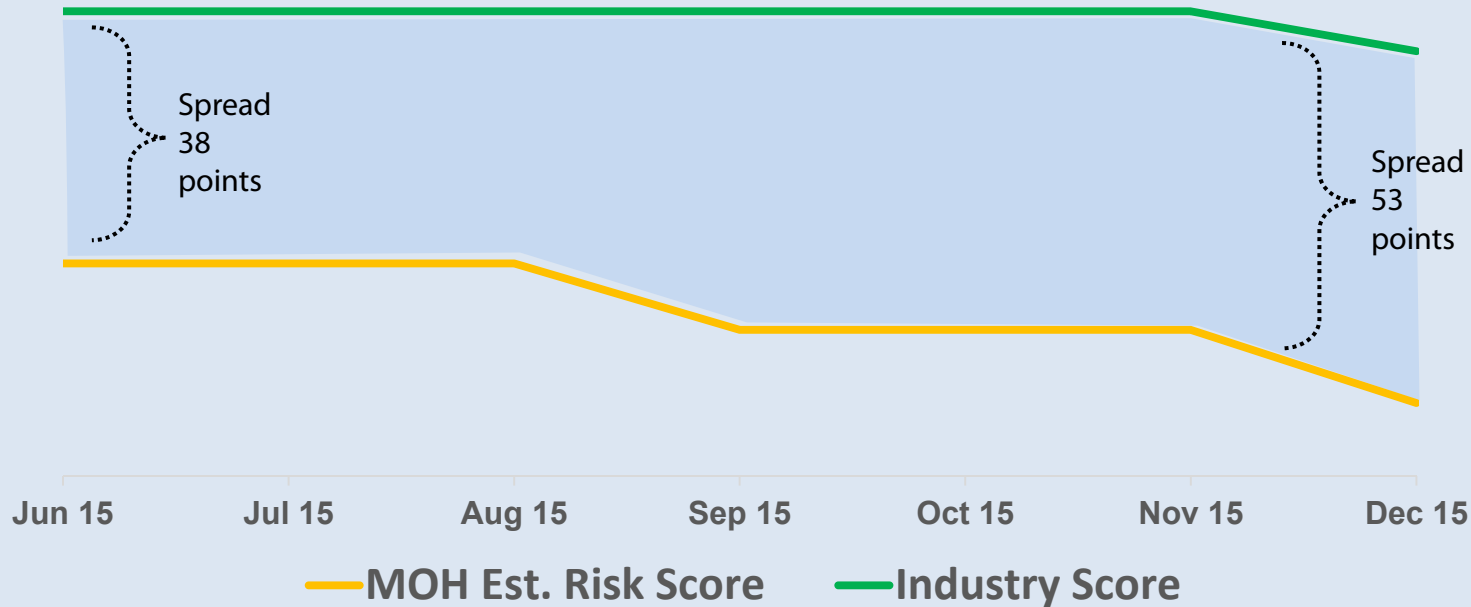


Note: Among Molina markets, state wide assessment of risk scores from independent sources is only available in CA, FL, OH, WA, WI

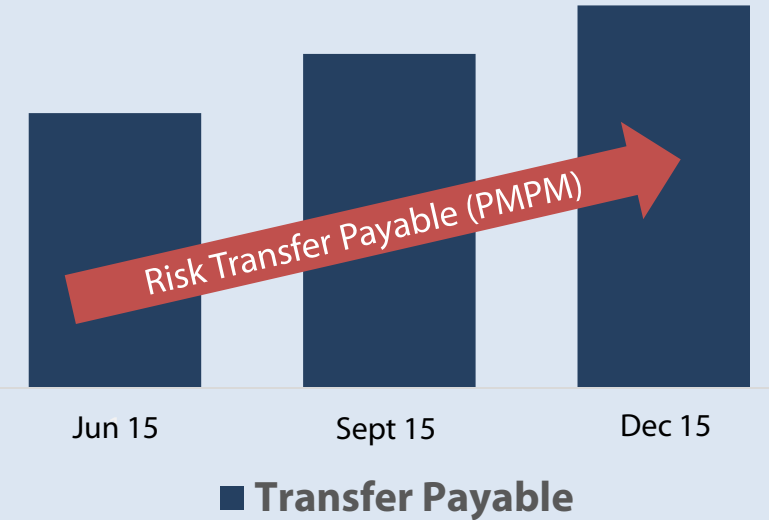
Marketplace risk adjustment

Projected risk scores below the industry average imply a risk transfer payable.

As the spread between projected MOH & industry risk scores have increased.....



...MOH Risk transfer estimates have increased





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2016 Outlook

John Molina, Chief Financial Officer

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Key drivers in 2016

Please refer to the Company's cautionary statement



- Initial integration of Pathways
- Growth in Marketplace membership
- Focus on the care integration and care management opportunity
- Added interest expense from 5 3/8% notes
- Integration of acquisitions
 - Will increase revenue by \$1.5 billion
 - Increases amortization expense for 2016

Comparison 2015 actual and 2016 outlook

Please refer to the Company's cautionary statement



	2015 Actual	2016 Outlook	Percentage Change
Premium Revenue	\$13.1B	\$15.7B	20%
Health Insurer Fee revenue	\$264M	\$335M	27%
Premium Tax Revenue	\$393M	\$450M	15%
Service Revenue	\$252M	\$550M	118%
Investment and Other Income	\$23M	\$40M	74%
Total Revenue	\$14.1B	\$17.0B	21%
Total Medical Care Cost	\$11.7B	\$13.8B	18%
<i>Medical Care Ratio¹</i>	89.0%	88.2%	(0.8%)
Total Cost of Service Revenue	\$193M	\$490M	154%
General & Administrative Expenses	\$1.1B	\$1.4B	27%
<i>G&A Ratio²</i>	8.2%	8.0%	(0.2%)
Premium Tax Expense	\$393M	\$450M	15%
Health Insurer Fee Expense	\$157M	\$220M	40%
Depreciation & Amortization	\$104M	\$140M	35%
Interest and Other Expense	\$65M	\$100M	54%
Income Before Taxes	\$322M	\$460M	43%
EBITDA³	\$509M	\$720M	41%
<i>Effective Tax Rate</i>	55.5%	56%	0.5%
<i>After Tax Margin</i>	1.0%	1.2%	0.2%
Diluted Shares	55.6M	58M	4%
Diluted EPS	\$2.57	\$3.50	36%
Adjusted EPS^{3, 4}	\$2.77	\$3.86	39%

Amounts are estimates – actual results may differ materially. See our risk factors as discussed in our Form 10-K and other periodic filings

1. Medical Care Ratio represents medical care costs as a percent of premium revenue
2. G&A ratio computed as a percentage of total revenue
3. See following reconciliations of GAAP financial measures to non-GAAP financial measures
4. Adjusted EPS for 2015 calculated in a manner consistent with 2016 Outlook

Adjusted net income¹

2016 Adjusted net income per diluted share will only add back amortization of intangibles
Please refer to the Company's cautionary statement

	2015 Actual ²	2016 Outlook
Net Income	\$143M	\$202M
<i>Adjustments, net of tax:</i>		
Amortization of intangible assets	\$11M	\$21M
Adjusted income from continuing operations	\$154M	\$223M
Weighted average shares outstanding, diluted	55.6M	58M
Net income per diluted share	\$2.57	\$3.50
Amortization of intangible assets	\$0.20	\$0.36
Adjusted net income per diluted share	\$2.77	\$3.86

We will no longer include amortization related to our senior convertible notes

1. This table reconciles net income, which we believe is the most comparable GAAP measure, to adjusted net income

2. 2015 is calculated using the new 2016 methodology for comparative purposes

Note: The Company believes that these non-GAAP financial measures (adjusted net income and adjusted net income per share) help investors better understand the impact that acquisitions have on our earnings, exclusive of non-cash charges.

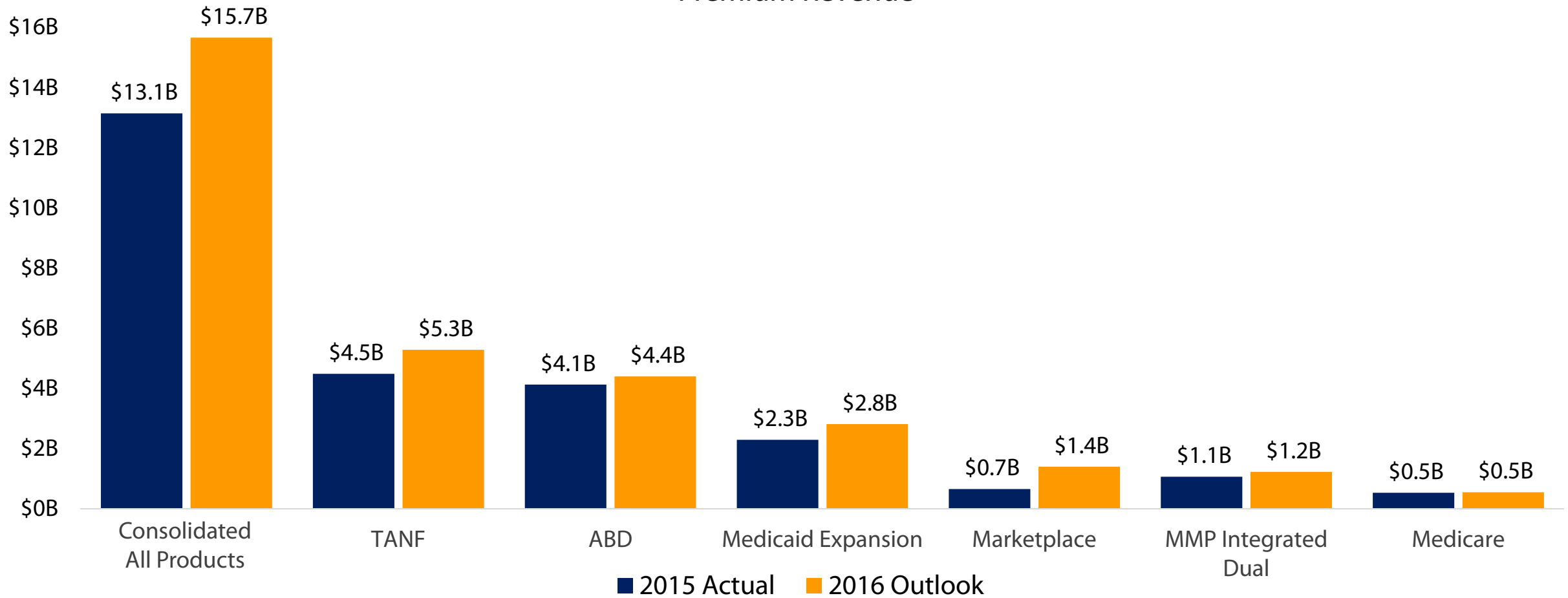
Effective January 1, 2016, the Company will no longer exclude amortization of convertible notes and lease financing obligations from its presentation of adjusted net income and adjusted net income per share. The Company made this change because various capital transactions that it completed in 2015 reduced the Company's relative reliance on convertible notes and lease financing as sources of capital. The Company believes that this change will enhance the comparability of these non-GAAP measures with the corresponding non-GAAP measures used by the Company's competitors.

Revenue by line of business

Please refer to the Company's cautionary statement



Premium Revenue



Note: Totals may not add due to rounding.

Acquisition revenue contribution

Please refer to the Company's cautionary statement



Acquisitions	Effective Date	2016 Revenue Contribution
Preferred	Aug 2015	\$50M
HealthPlus	Sep 2015	\$200M
Pathways	Nov 2015	\$360M
Integral	Nov 2015	\$295M
Mycare	Jan 2016	\$120M
Loyola	Jan 2016	\$45M
CUP	Jan 2016	\$180M
HAP	Jan 2016	\$200M
Better Health ¹	2Q 2016	\$50M
Total Acquisitions		\$1.5B

1. Better Health revenue contribution includes 9 months of revenue for 2016. Annualized estimated revenue contribution is \$65 million

Medicaid rate change outlook

Please refer to the Company's cautionary statement



State	2016 Outlook Known ¹		2016 Outlook Estimated	
	Effective Date	Rate Change	Effective Date	Rate Change
California	Jul-15	2%	Jul-16	1%
Florida	Sept-15	5%	Sept-16	4%
Illinois	Jan-16	NA	Jan-16	0%
Michigan	Jan-16	(0.5)%	Oct -16	1%
New Mexico	Jan-16	2%	NA	NA
Ohio	Jan-16	(1%)	NA	NA
Puerto Rico	Apr-16	NA	Apr-16	0%
South Carolina	Jul-15	(2.5%) ²	NA	NA
Texas	Sept-15	2%	Sept-16	1%
Utah	Jan-16	0.5%	NA	NA
Washington	Jan-16	8%	NA	NA
Wisconsin	Jan-16	2%	NA	NA

Note: Medicaid includes TANF, CHIP and ABD.

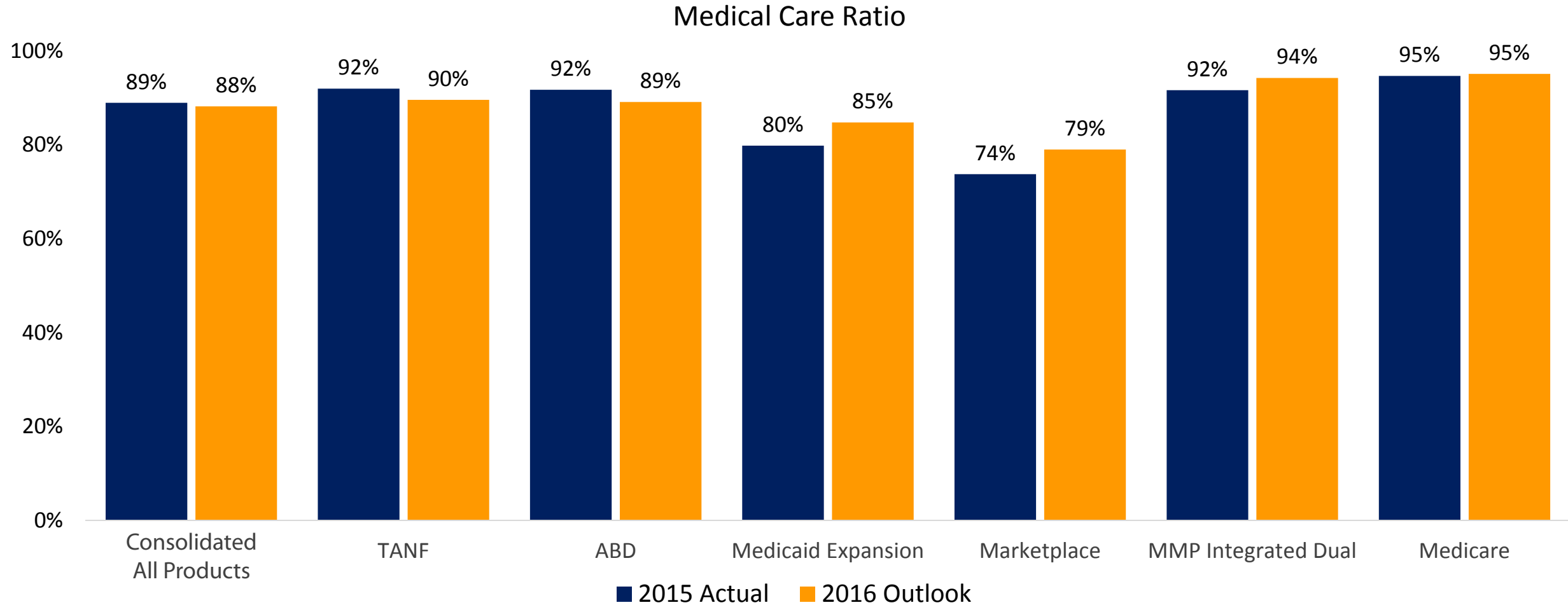
1. Outlook Known denotes rate changes for TANF, CHIP, ABD, and excludes changes related to risk adjustment

2. South Carolina Outlook excludes retroactive risk adjustment. With risk adjustment, rate decrease would have been (6%)

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Medical care ratio by line of business

Please refer to the Company's cautionary statement

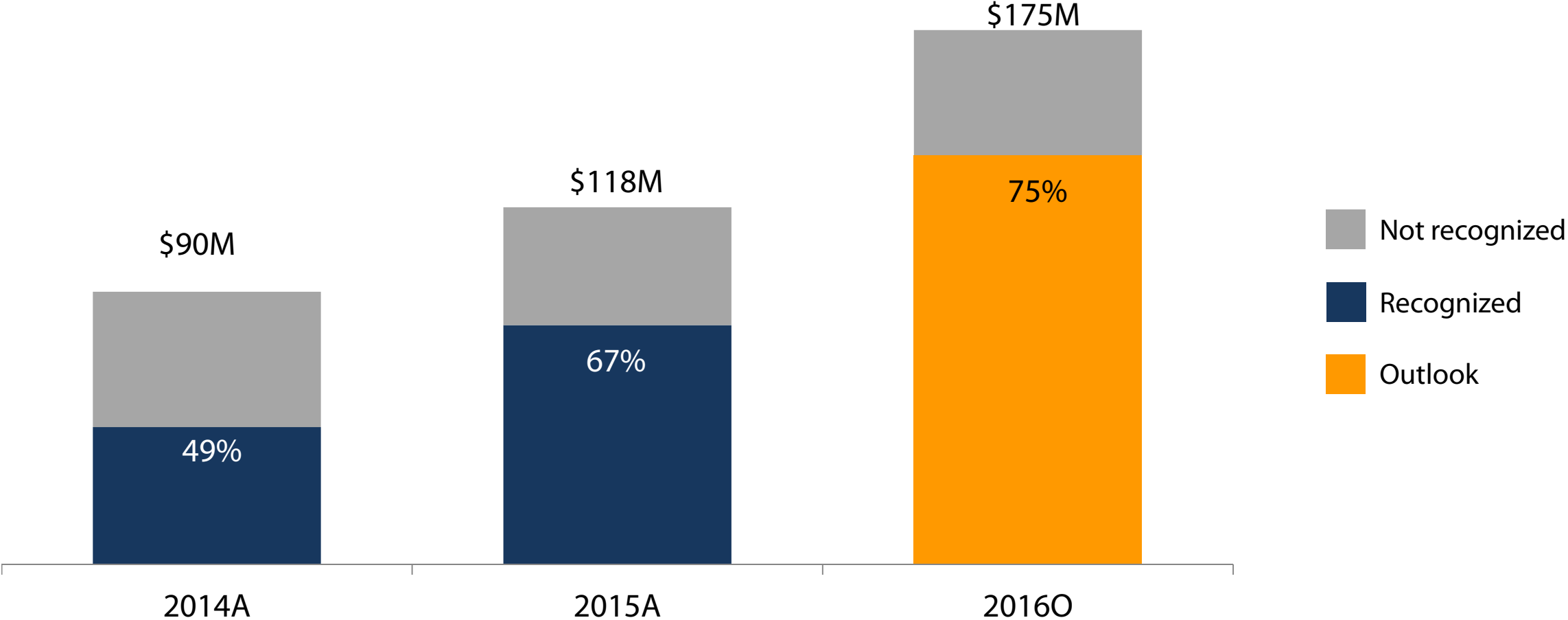


Quality revenue outlook

Please refer to the Company's cautionary statement



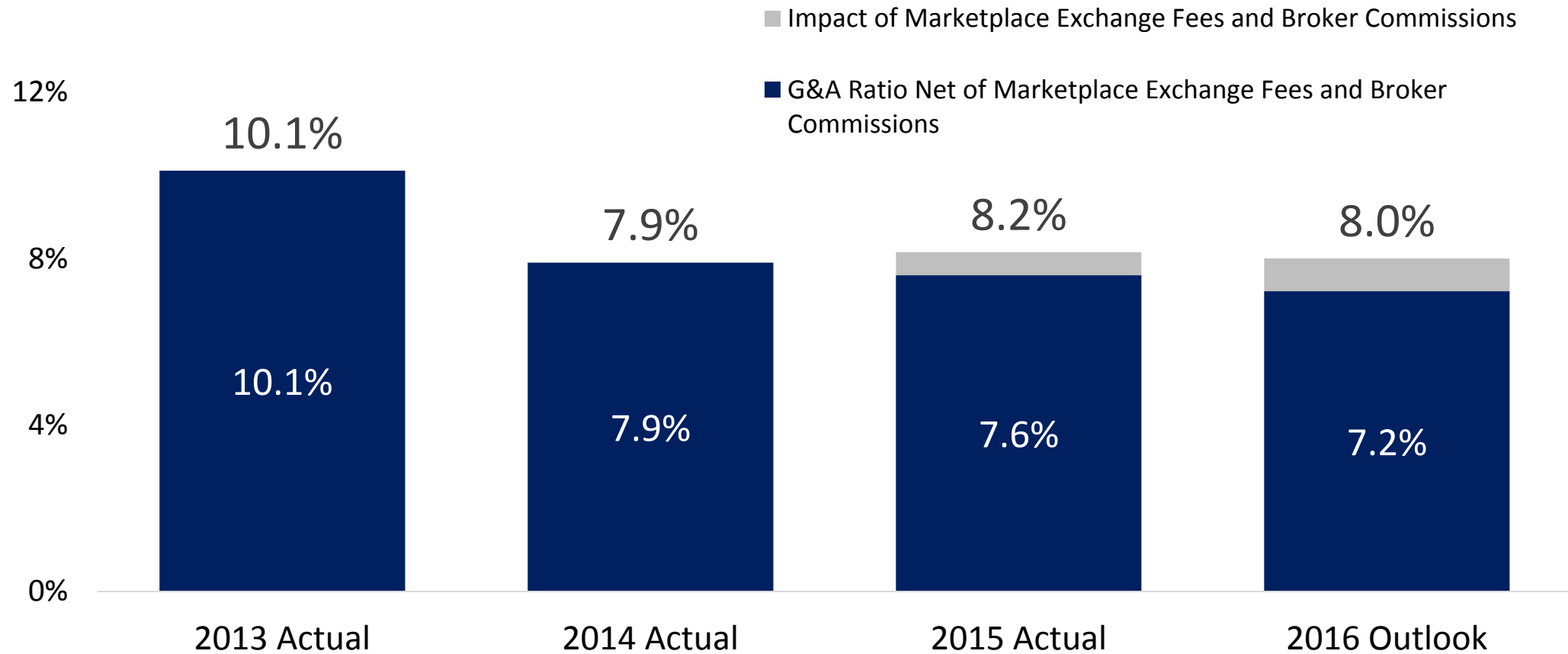
Historical and current outlook – 2016 assumptions



Totals indicate quality revenue available to be earned for the years specified.
Earned amounts include amounts recognized in the year indicated – whether related to prior or current year
"A" denotes actual; "O" denotes outlook.

G&A ratio – marketplace impact

Exchange fees and broker commissions
Please refer to the Company's cautionary statement

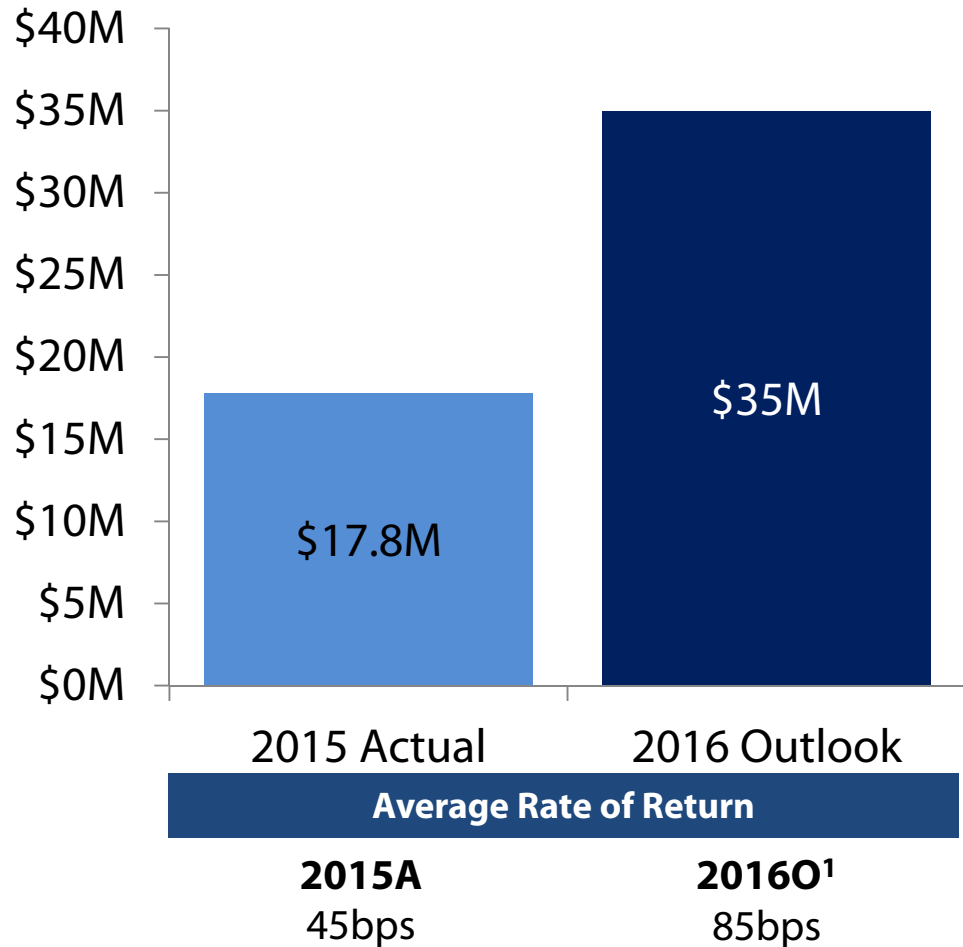


Investment income & interest expense outlook

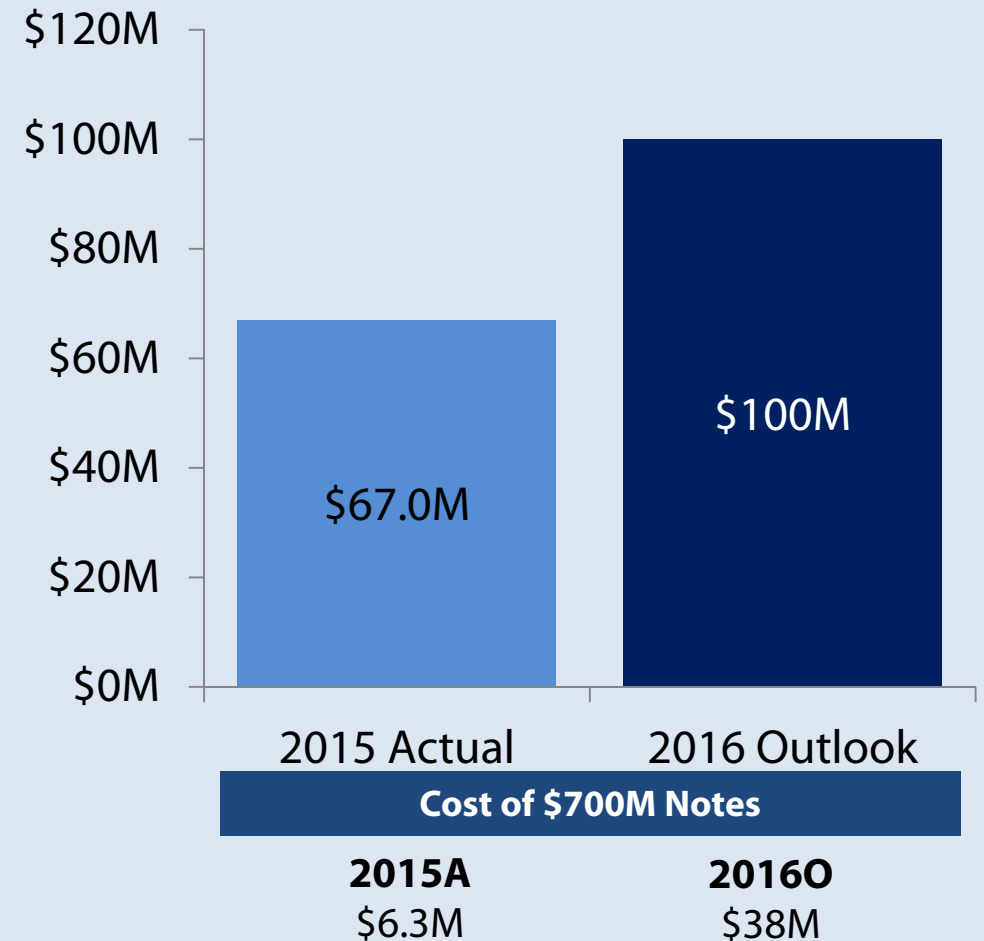
Please refer to the Company's cautionary statement



Investment Income



Interest Expense

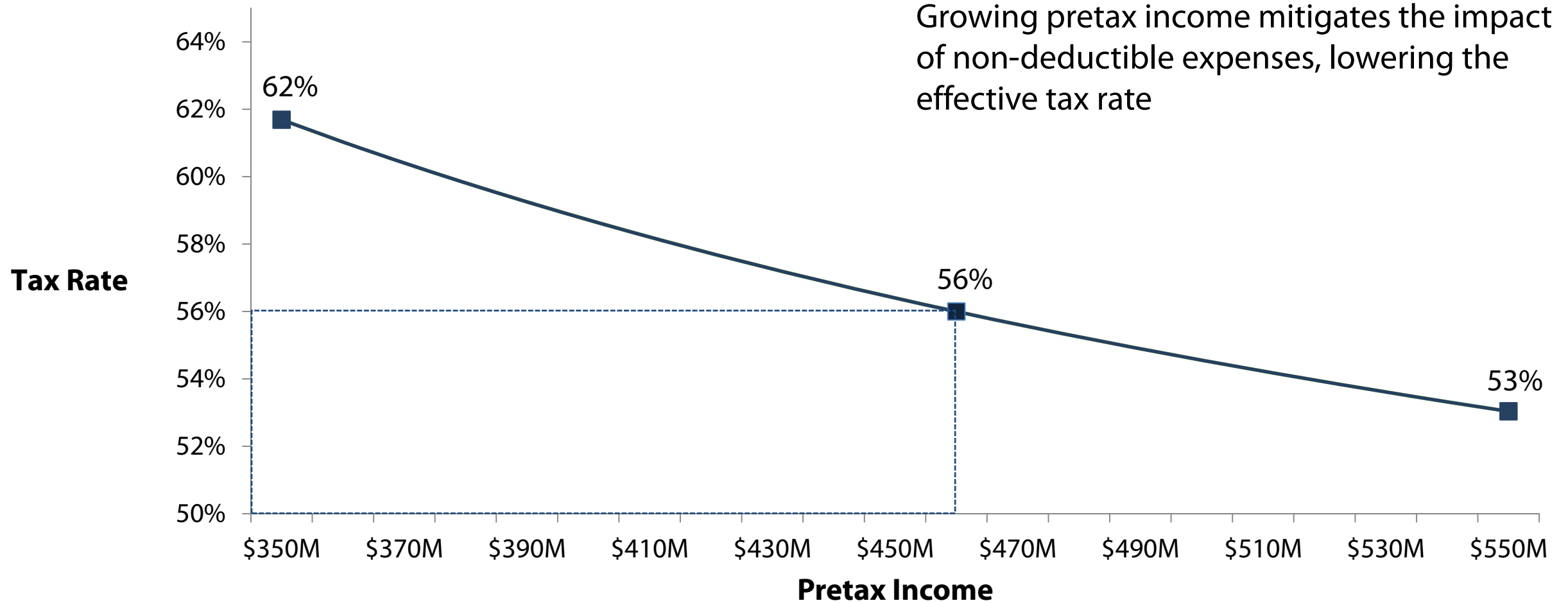


1. Outlook assumes a 3Q16 Federal rate increase at 100% probability and a 4Q16 rate increase at 75% probability. In 2016, 70% of increased investment return is due to higher invested balances, 30% is due to higher rates of return.

Effective tax rate

ETR sensitivity to pretax income¹

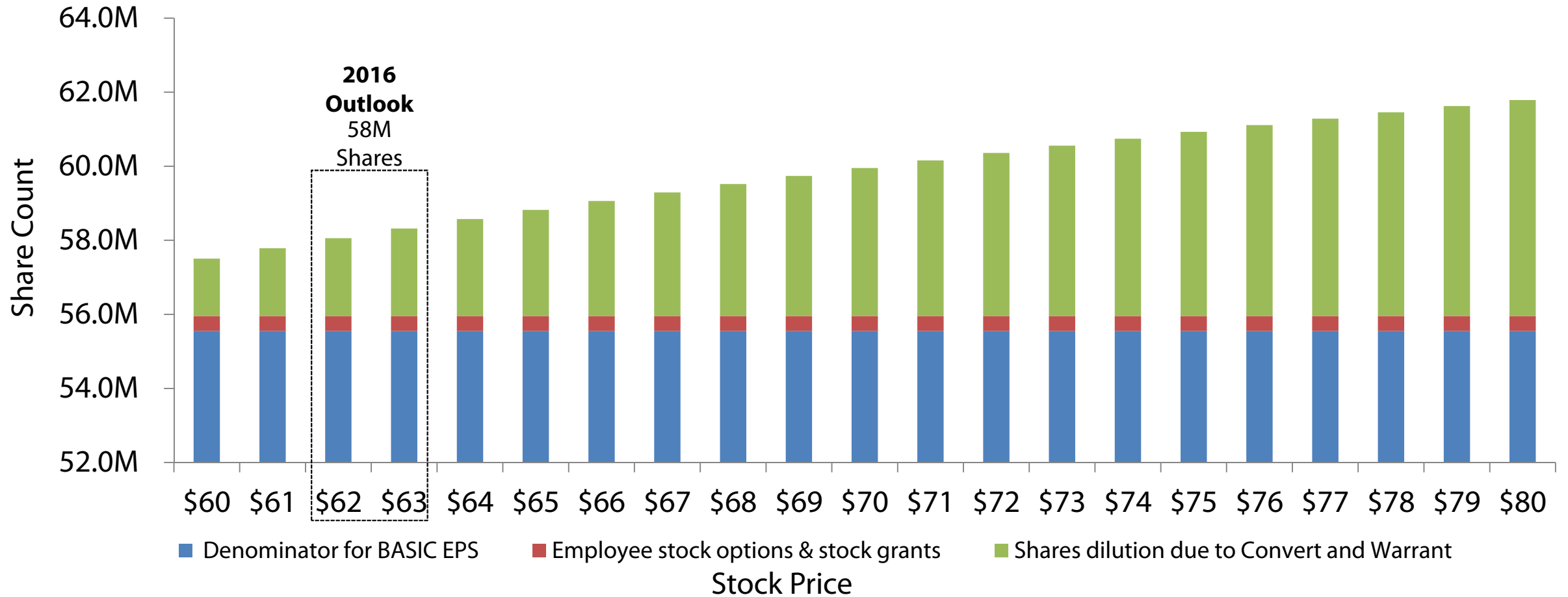
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1. ETR includes estimated 2016 non deductible expenses

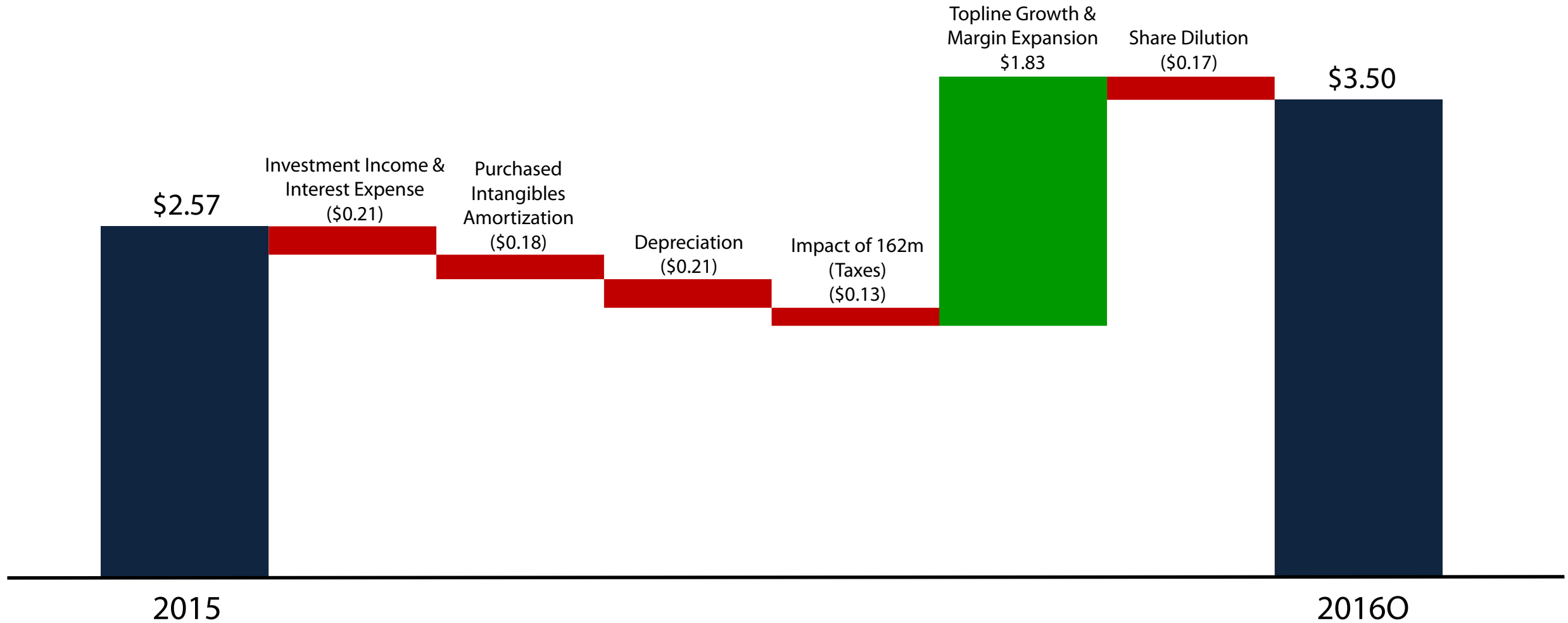
Share count sensitivity

Each one dollar increase in our stock price increases our share count for calculation of EPS by approximately 0.2 million shares
 Please refer to the Company's cautionary statement



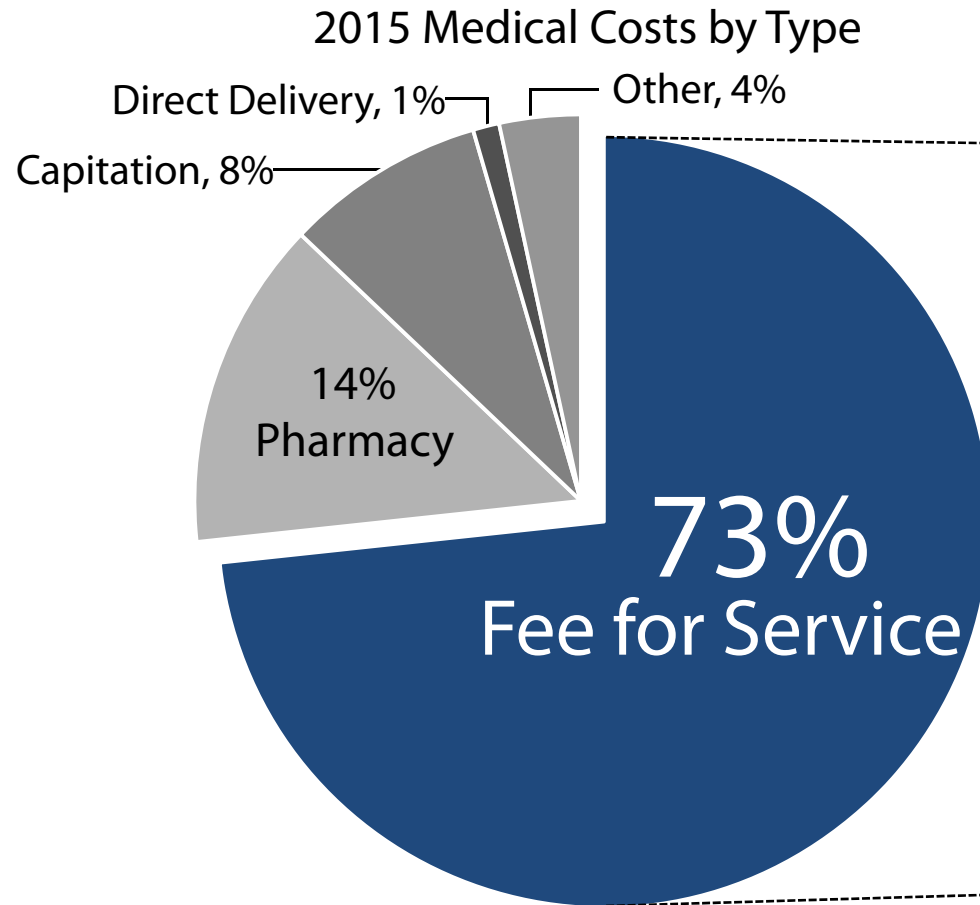
EPS bridge

Please refer to the Company's cautionary statement

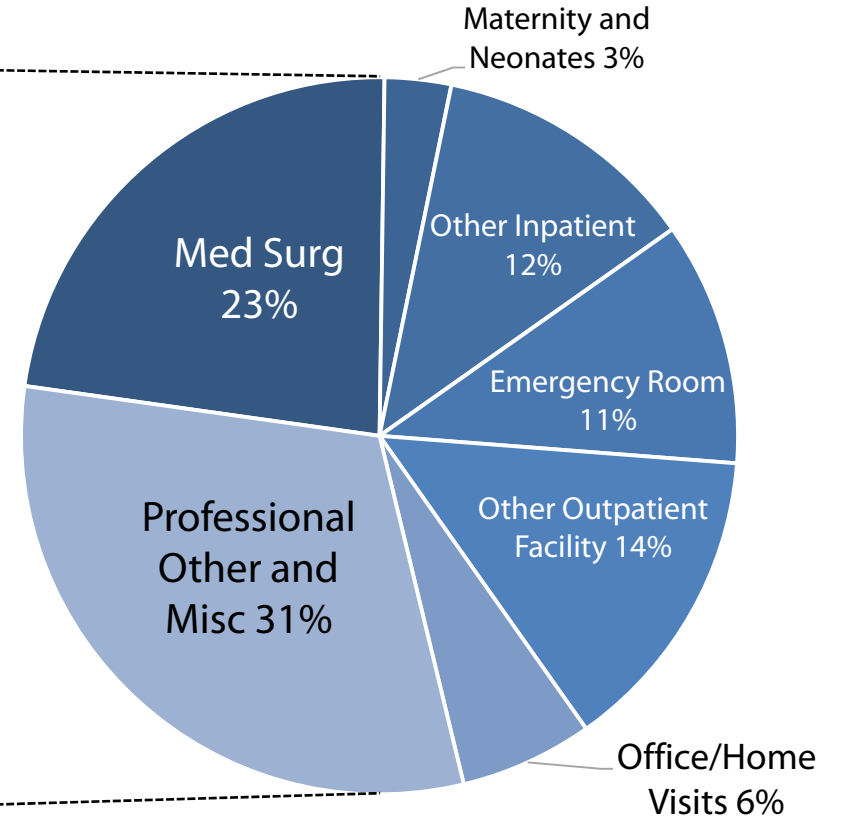


Medical care costs by cost type

The majority of our margin improvement will come from fee for services costs
Please refer to the Company's cautionary statement



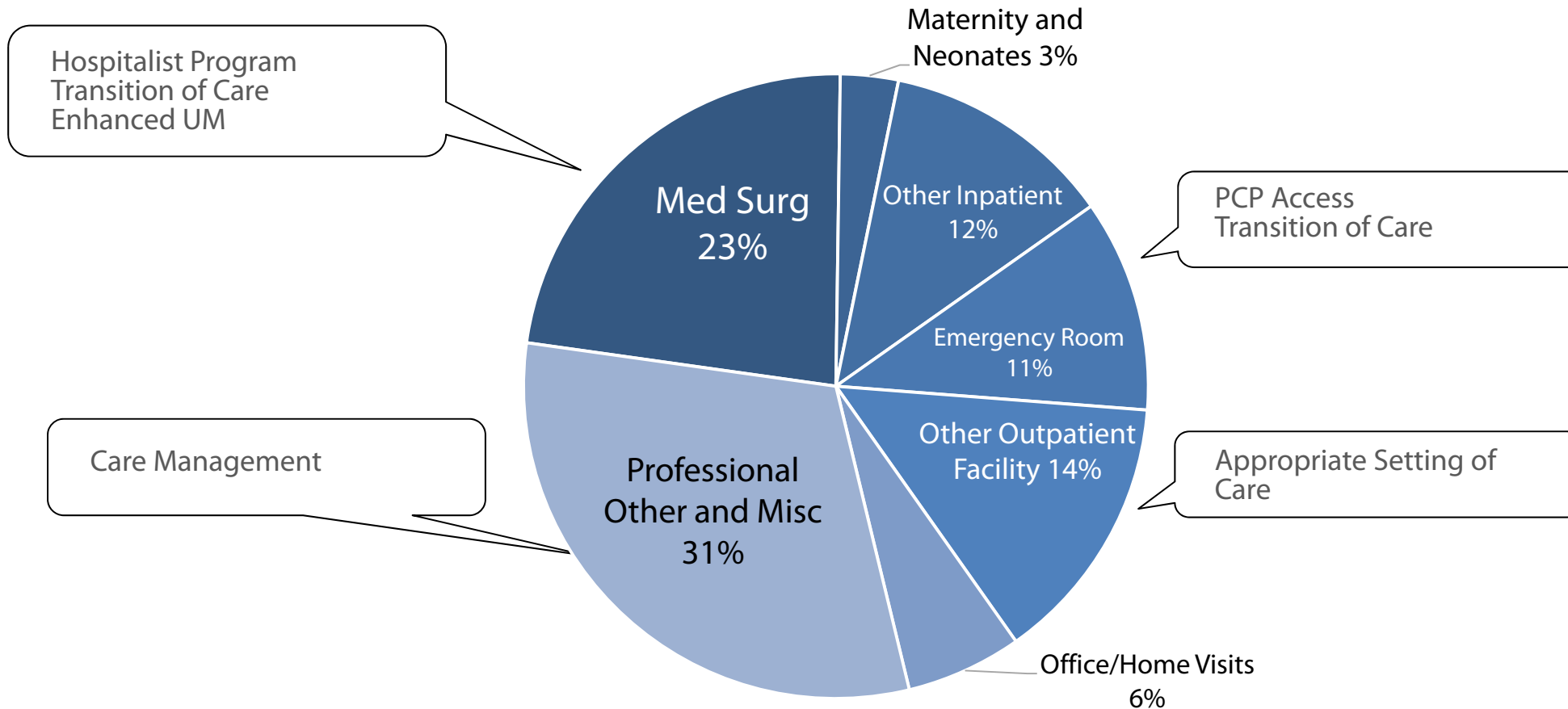
Fee for Service Cost Components



FY 2015 total medical cost spend = \$11.7B

The care management opportunity

Different interventions target different types of costs
Please refer to the Company's cautionary statement



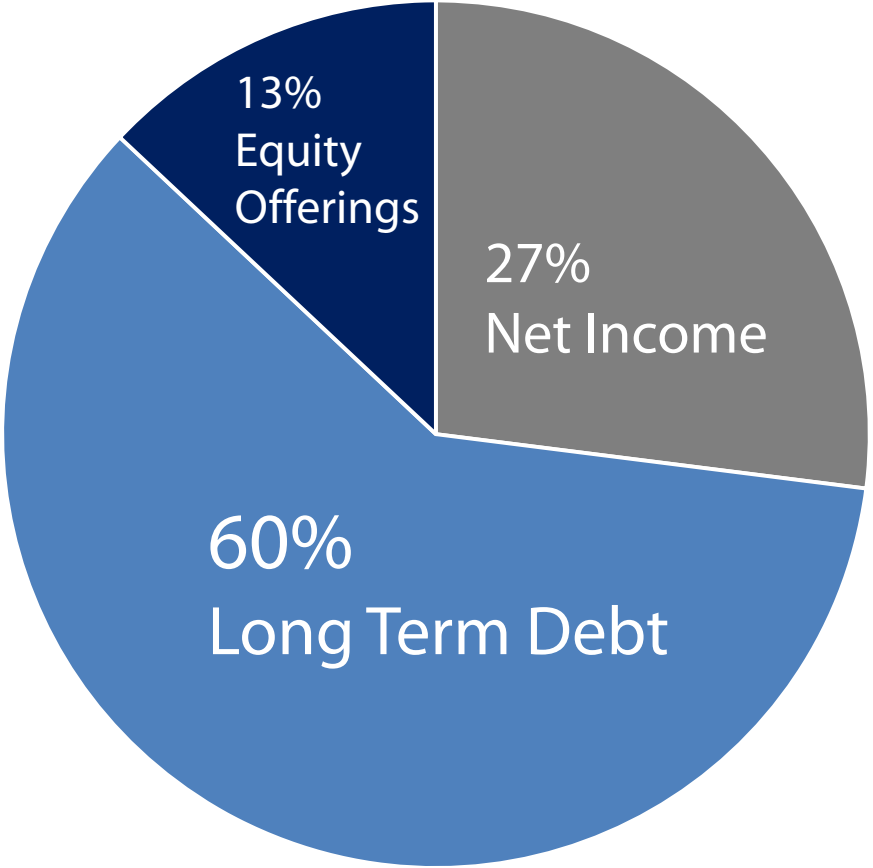
Fee For Service Spend \$8.6B FY2015

Sources of capital

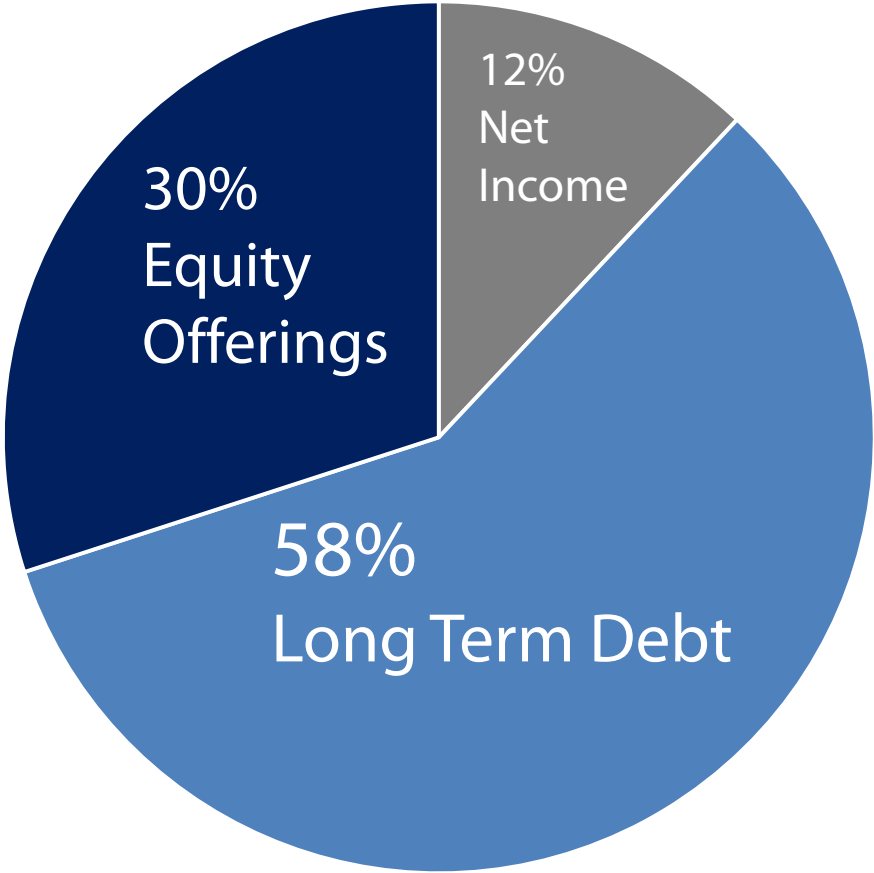
Historical average versus 2015



2006 – 2014 Average



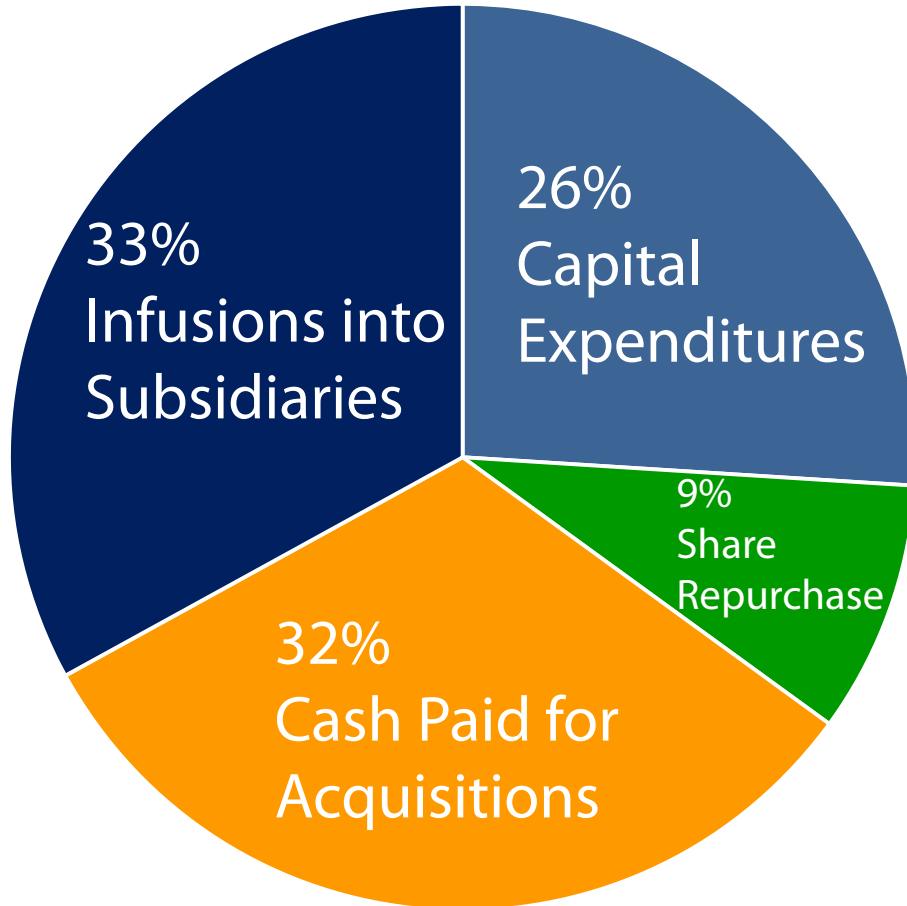
2015



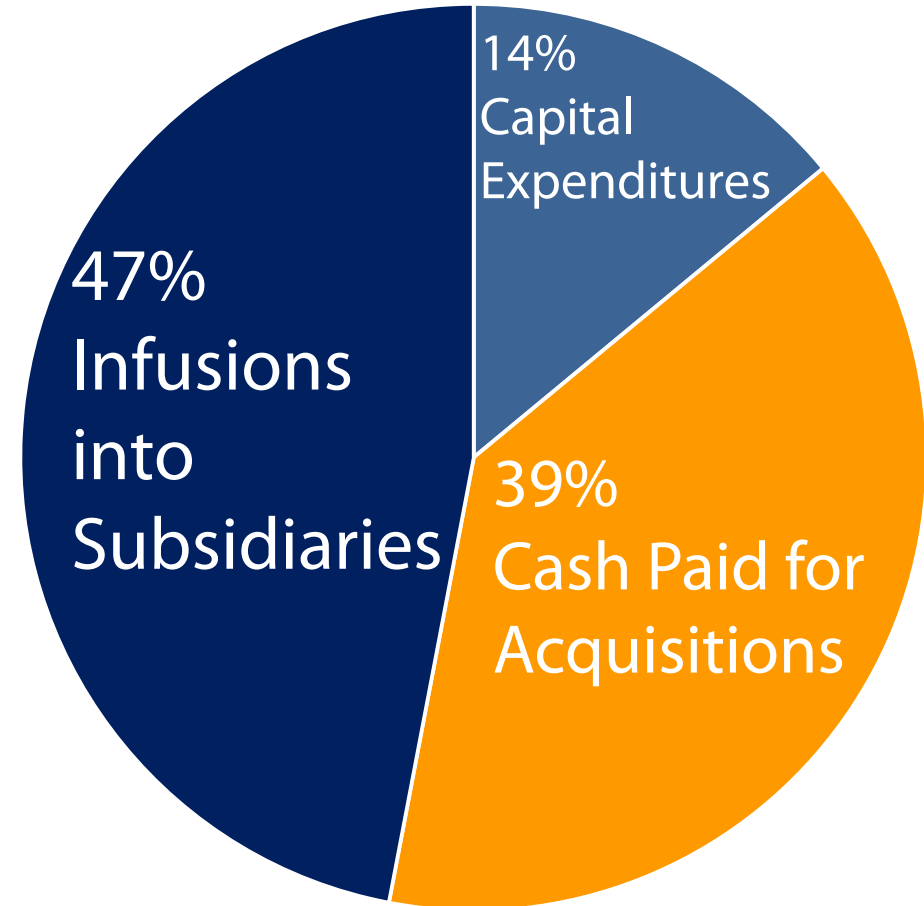
Capital deployment

Historical average versus 2015

2006 – 2014 Average



2015



Pathways opportunity

Please refer to the Company's cautionary statement



For more information,
visit Pathways.com



- Expansion of services
- Molina margin capture
- Care coordination
- RFP capture



Supplemental



EBITDA¹

Please refer to the Company's cautionary statement



	2015 Actual	2016 Outlook
Net Income	\$143M	\$202M
Adjustments		
Depreciation, and amortization of intangible assets and capitalized software	\$120M	\$161M
Interest Expense	\$67M	\$100M
Income Tax Expense	\$179M	\$257M
EBITDA	\$509M	\$720M

The Company believes that this non-GAAP financial measure (EBITDA) will help investors to better measure its ability to pay financial obligations that cannot be deferred or avoided as they become due.

1. This table reconciles net income, which we believe is the most comparable GAAP measure, to EBITDA

Medicaid expansion rate change outlook

Please refer to the Company's cautionary statement



State	Expansion Rate Outlook	
	Effective Date	Rate Change
California	Jan-16	(13%)
Michigan	Jan-16	3%
New Mexico	Jan-16	(8%)
Ohio	Jan-16	(7%)
Washington	Jan-16	5%
Wisconsin	Jan-16	1 %